

How to Evaluate Supplier Diversity in Your Organisation

Why is it important to evaluate supplier diversity?

An evaluation process helps ensure that a company's supplier diversity initiatives are:

- Authentic
- Impactful
- Aligned with the principles of diversity and inclusion.

Evaluating supplier diversity is an essential strategic investment for companies – aligning them with ethical considerations, regulatory requirements, and the expectations of various stakeholders, while contributing to broader business goals.

To ensure genuine diversity and inclusion, evaluations require a comprehensive approach. Regular reviews and adjustments based on evaluation findings allow companies to continually improve their supplier diversity efforts.

How should supplier diversity be measured?

To be effective, supplier diversity evaluations should include the following:

Clear objectives

Articulate the company's supplier diversity objectives, emphasising a commitment to real diversity and inclusion. Align these objectives with broader corporate goals and industry best practices.

Supplier demographics

Encourage suppliers to disclose their diversity status. Evaluate the diversity of your supplier base by examining the number and percentage of diverse suppliers in the supply chain.

Data Collection and Analysis

Collect and analyse comprehensive data on procurement spending, supplier demographics, and diversity metrics.

Diversity spend analysis

Assess the percentage of total procurement spending allocated to diverse suppliers and compare this against set goals and industry benchmarks. From here, you can identify any significant disparities and take corrective action as needed.

Operational integration

Assess how well diversity considerations are integrated into procurement processes. This includes evaluating the inclusion of diversity criteria in requests for proposals (RFPs), bid evaluations, and supplier selection.

Safety and compliance

Ensure that supplier diversity efforts align with safety and compliance standards in the resources sector.

Community impact

Evaluate the impact of supplier diversity initiatives on local communities by assessing job creation, economic development, and social contributions. Gather feedback from local communities on the perceived impact.

Innovation and collaboration

Assess the level of innovation and collaboration resulting from diverse supplier relationships. Share successful case studies highlighting collaboration.

Feedback mechanism

Establish a feedback mechanism for diverse suppliers, procurement teams, and other stakeholders to measure the effectiveness of supplier diversity initiatives and address any concerns or suggestions.

Continuous improvement strategies

Identify actionable strategies for continuous improvement based on evaluation findings. This may include refining procurement processes, expanding outreach efforts, providing diversity training for procurement teams, or implementing additional support programs for diverse suppliers.

Leadership commitment

Ensure leaders are committed to supplier diversity. Assess the level of involvement of executives in diversity initiatives and the integration of diversity and inclusion goals into leadership performance evaluations.

Metrics dashboard

Create a visual metrics dashboard displaying key supplier diversity indicators. This allows for easy monitoring and communication of progress to internal and external stakeholders.

External validation

Consider engaging external organisations or third-party certifications to validate and benchmark supplier diversity efforts. This provides an additional layer of transparency and credibility.

Employee training and awareness

Provide ongoing training to employees to raise awareness of the importance of supplier diversity. Ensure that employees understand their role in supporting diversity initiatives.

Public reporting and transparency

Demonstrate transparency by regularly reporting supplier diversity metrics publicly. This makes your company more accountable and allows stakeholders, including customers and investors, to assess your commitment to diversity and inclusion.

Supplier development programs

Implement and assess the effectiveness of supplier development programs that aim to support and nurture diverse suppliers. Measure the number of diverse suppliers participating in these programs and their levels of success.