



LEADING PRACTICE

Leading Practice Examples: Supplier Diversity

Statements and Goals

There are a variety of ways organizations support veteran reintegration into the civilian workforce. One approach includes purchasing from veteran-owned businesses. The following are leading practice recommendations and highlights:

- Ernst & Young searches for suppliers who can help the firm deliver exceptional services to its clients and ensure its overall success. An important part of Ernst & Young's procurement process is to promote a diverse population.¹
- Merrill Lynch² strives to form strong bonds with their surrounding communities and to help diversity-owned businesses thrive whenever and wherever they can. By guaranteeing that contract bidding opportunities are presented to certified diverse businesses, sharing Merrill Lynch's commitment to excellence, integrity, and service, Merrill Lynch generates mutually beneficial alliances that ultimately contribute to customer satisfaction and shareholder equity.

As one of the founding members of Supplier Diversity Europe, providing support and leadership on a global scale enables Merrill Lynch to ensure consistency, as a firm, and increases the ability to partner with a wider pool of suppliers. Supplier Diversity³ classifications include: Minority-Owned Business Enterprise (MBE), Women-Owned Business Enterprise (WBE), Veteran-Owned Business (Veteran-Owned, Service-Disabled, Service-Disabled Veteran-Owned Business), Physically-Challenged Business or Disabled Business Enterprise





LEADING PRACTICE

(DBE), Historically Underutilized Business Zone (HUBZone), GLBT, Small Business, and Non-Profit Organization.

- Merck seeks to create sustainable, mutually beneficial relationships with diverse suppliers. To do this, the firm establishes annual procurement goals for goods and services from minority-, women- and veteran-owned businesses. It is Merck's policy to provide the maximum practical opportunities to diverse suppliers to provide goods and services as a part of the corporate procurement process. The use of diverse suppliers is an integral part of Merck's purchasing procedures, just as equal opportunity employment is central to its personnel policies and procedures. Merck recognizes that supplier diversity creates a competitive advantage for the company and has a positive impact on the global community. Merck believes that the success of the company and society depends on enabling diverse businesses to share and grow in the global market.⁴
- Citigroup works to create mutually beneficial business relationships with minorities, women, disabled veterans, and others with disabilities. Citigroup recognizes that working with a wide range of professionals, suppliers, and consultants strengthens the communities that the company serves, while creating value for its shareholders. The Citi Supplier Diversity Program works to create mutually beneficial business relationships with diverse suppliers. The driving force of this program is to provide maximum opportunity to diverse suppliers and consultants who satisfy Citigroup's purchasing and contractual standards. Sourcing areas of the corporation are encouraged to identify and include diverse suppliers and consultants in the procurement process.⁵





LEADING PRACTICE

- AT&T⁶ states that minority-, women-, and disabled veteran-owned suppliers (M/WBE-DVBE) bring value to the company by helping AT&T meet customers' diverse needs and by improving the firm's position in the communications marketplace as an innovative leader. Supplier diversity is a critical initiative of AT&T's business strategy and a key component of its plan to deliver the best products and services to its customers. Some of the firm's diversity goals include:
 - To look for opportunities to work with diversity suppliers in all aspects of AT&T's business—from advertising to central office engineering, computers, outside plant construction, and network provisioning.
 - Annually, AT&T's goal is to procure 21.5% of its products and services from MBE, WBE, and Disabled Veteran Business Enterprises (DVBE): 15% MBE, 5% WBE, and 1.5% DVBE.
- JPMC's Supplier Diversity Network⁷ is comprised of certified diverse businesses that have registered within the company's system. The network is the preferred resource used to select diverse suppliers to compete for contracting opportunities.
- Prudential⁸ believes that its strength is in its diversity. At Prudential, an inclusive supplier base provides access to a wide range of capabilities and perspectives that can increase the company's competitive advantage. The founding principle of Prudential's Supplier Diversity Program is that tapping into suppliers who reflect the demographics of Prudential's marketplace makes great business sense for everyone—customers, suppliers, and the firm. It is Prudential's policy to provide opportunities for minority-, woman- and veteran-owned firms to effectively compete for Prudential's business.





LEADING PRACTICE

Prudential invites third-party certified minority- or woman-owned business enterprises (MWBE) and veteran-owned firms interested in doing business with Prudential to register with the company and then forward a copy of certification.

- BAE supports the vital role that small businesses play in our country's job growth and continuing economic strength. Company policy encourages and promotes equitable opportunities for small businesses across all socio-economic platforms.⁹
- Humana's goal is to obtain a diverse supplier base, reflective of the overall customers, associates, and communities that the company serves, by identifying procurement opportunities and maximizing participation of approved suppliers. Approved suppliers include MBEs, WBEs, and Small Business Enterprises (SBEs), LGBT, and Disability-Owned Business Enterprises (DOBE). The initiative was founded on the principles of fair and equitable business practices and social responsibility.¹⁰
- Bank of America's formalized Supplier Diversity & Development¹¹ program began in 1990 to accomplish two main objectives:
 - Ensure that diverse businesses are afforded maximum opportunity to participate in the competitive contracting and procurement processes.
 - Increase the amount of quality products and services Bank of America obtains directly from diverse businesses, which includes small- and medium-sized businesses with annual revenue less than \$50 million.

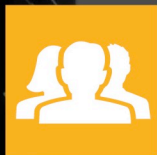




LEADING PRACTICE

- Helping diverse businesses grow through sourcing opportunities spurs economic growth in the communities that the company serves, and allows Bank of America to grow at the same time.
- The Supplier Diversity program at Walmart¹² aims to expand and advance Walmart's current pool of more than 3,000 diverse suppliers, through education and mentoring. Walmart's goal is to support capacity building for minority- and woman-owned businesses. Walmart aspires to create prosperity through empowerment.
- Cintas¹³ promotes and supports the growth and development of minority- and woman-owned businesses. The goal is to educate, help develop and provide sourcing opportunities that will enable these vendors to be successful as Cintas suppliers, and as suppliers in our nation's business world. Cintas has goals to:
 - Increase the number of small, minority- and woman-owned businesses that provide Cintas with products and services, while maintaining current standards of quality, competitive pricing and customer service.
 - Ensure that every small, minority- and woman-owned business is treated fairly during the supplier qualification process.
 - Encourage and guide M/WBEs to become certified through the appropriate national organizations.
 - Help M/WBEs to understand Cintas' requirements and vendor related policies and procedures.





LEADING PRACTICE

- Deutsche Bank's Supplier Diversity Program¹⁴ seeks to provide businesses owned by minorities, women, and disabled veterans with equal access to purchasing opportunities. A successful program establishes a diverse and growing supplier portfolio that reflects the diverse customer base of the company. In turn, such a policy helps to further develop new markets in the changing global environment.
- TriWest¹⁵ has established a vendor registration application process, which is administered to encourage fair competition and provide interested and qualified vendors with an opportunity to offer their products and services. TriWest Healthcare Alliance is a federal government contractor; hence, TriWest requires its vendors to provide annual representations and certifications of their company status. This way, TriWest can report to the federal government regarding satisfaction of its small business contracting and retention goals and ensure that federal funds are spent in accordance with federal law.
- The GE Supplier Diversity Program¹⁶ was launched in 1974 to ensure that GE focuses on doing what is right for their communities and the company. GE engages their pool of suppliers for good ideas and high-quality goods and services, while enhancing economic opportunity and growth for all. GE believes that excellence in supplier diversity can result in excellence in supply chain management, leading to growth for all. GE continually strives to grow their diverse supplier base, and they annually recognize those, within the company, who successfully support their supplier diversity programs.
- Accenture¹⁷ strives to maximize the value of their supplier relationships and highly values diversity, as evidenced by their ongoing programs to attract, retain and advance women, minorities, and other diverse groups. Since the formalization of Accenture's Supplier Diversity Program in 2002, the company





LEADING PRACTICE

has focused on expanding the sources of diverse suppliers, while maintaining their standards for providing high-quality service delivery. It is the policy of Accenture that diverse suppliers should have equal opportunities to participate in the procurement sourcing process. In doing this, Accenture strives to meet the objectives to:

- Expand the presence of diverse suppliers in their supplier base, as well as encourage the large suppliers to leverage an inclusive list of suppliers on Accenture's behalf.
 - Increase the number of suppliers in their contracting relationships, on behalf of their clients.
 - Create an infrastructure for shared relationships to jointly market.
 - Promote economic growth for a multitude of businesses.
 - Furthermore, it is the responsibility of all Accenture employees to be inclusive in daily business decisions, when selecting the best suppliers for the company.
- Morgan Stanley¹⁸ pursues diversity in every aspect of the business by seeking out diverse-owned companies that can meet their business needs. Morgan Stanley's partners' ethical business practices and entrepreneurial spirits help to keep Morgan Stanley at the forefront of the financial services industry. Working with these firms not only fosters strategic and business relationships, but also stimulates economic development and strengthens the communities where they work. Morgan Stanley's goal is for the firm to have access to the highest quality products and services, at the best possible price. A diverse vendor base not only strengthens competition and the potential for cost savings, but it also





LEADING PRACTICE

provides a means for building the economic base of the communities in which Morgan Stanley operates. Morgan Stanley continues to develop and strengthen their supplier pool, in order to ensure that Morgan Stanley's hallmarks of quality, innovation and integrity remain paramount. Morgan Stanley understands that diversity is an opportunity, not an obligation.

- PepsiCo's¹⁹ brands appeal to an extraordinarily diverse array of customers, and these brands are sold by an equally diverse group of retailers. An integral part of Pepsi's mission is a commitment to purchase from a supplier base that is representative of Pepsi's associates, consumers, retail customers, and communities. Developing partnerships with minority-owned and woman-owned suppliers helps Pepsi build the world-class supplier base they need, while creating mutually beneficial relationships that build communities and provide employment, training, and role models.
- UPS Store has made an effort to help 10 veterans open locations. The UPS Store's franchise network reported \$300,000 in financial incentives to help up to 10 qualified U.S. military veterans open their own locations between Jan. 1 and June 30, 2012. To learn more, visit <http://www.theupsstore.com/franchising/Pages/veteran-discounts.aspx>.

Citations:

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LEADING PRACTICE

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