
ISM Supplier Diversity Survey - 2011

December 2011



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Introduction

The Institute for Supply Management™ (ISM) is proud to present the 2011 ISM Supplier Diversity Survey. The survey has its origin in the new ISM Certified Professional in Supplier Diversity™ designation and ISM's long-time commitment to supplier diversity programs. Offering a professional designation for supplier diversity professionals is a significant way for ISM to demonstrate commitment to supplier diversity and to respond to ever-growing requests from the supplier diversity community. The CPSD™ delivers added value to business leaders and other team leaders who have an interest in, or participate in the development of, diverse supplier initiatives within their organizations.

This survey was designed to extend the knowledge that ISM has gathered over the last few years developing the CPSD designation with up-to-date and real life data from the ISM members. We explore challenges in supplier diversity, access to information, standards used and many other elements of running a successful supplier diversity program and intend to reflect the results back into our training programs.

We had great participation from our members. We sent out 9459 surveys representing over 5800 institutions and had 380 participants. This is a significant number of people and we want to thank you for so generously donating your valuable time to help us at ISM and also your colleagues learn and expand their knowledge. Last but not least, we want to thank SciQuest, and Eric Zoetmulder, Director of Product Marketing, for partnering with us to produce this survey.

It is our hope that by publishing the results, our members will find opportunities to learn and expand their own diversity programs. Please contact us at the information below if you have questions or would like additional information about this survey.

Kind regards,

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Survey Summary & Highlights

The survey was created in collaboration between ISM and SciQuest.

The ISM Supplier Diversity Survey was conducted in November 2011 using an on-line survey solution (SurveyMonkey.com). ISM was primarily interested in polling members with supplier diversity programs in order to learn from this specific demographic. 64.7% of the survey participants support a full supplier diversity program and completed the full set of questions.

Survey Highlights

1. The most important reason for having a diversity program is 'Because it is the right thing to do'. However, when we dig a little deeper, two core reasons emerge: 'Federal Reporting Regulations' or more specifically 'customer demand' and perhaps more strategically 'Because our customers are diverse, we need to be too'.
2. Supplier Diversity is still very much a 'procurement driven' activity in our ISM membership. Only 19% of our participants run the diversity program in a dedicated diversity department or group.
3. Federal definitions for classification of suppliers are the de-facto standard. 71% of participants used them.
4. Minority Owned and Woman Owned are almost always included in the focus of the program (over 90% of the time included). A surprisingly small amount of focus is on local business (less than 25%). Particularly if you consider the focus on sustainability and high unemployment which tend to drive legislation and focus towards local goals. Also, Veteran Owned businesses are only 64% of the time included in the programs.
5. NMSDC and WBENC are the most recognized certifications; however, there is no real consensus on following one standard practice.
6. The challenge in running the programs that stands out the most is 'finding quality suppliers' with over 70% of the participants including it in the challenges. No other challenge comes close statistically, as the rest follows 40% points lower.
7. Even though 74% of the participants said that they train their people on the diversity policy, only 46% does this in a formal manner. Mostly the training materials are internally developed and training is internally organized. ISM sees a real opportunity in helping their membership with their formal training programs on Supplier Diversity. More than 90% of the participants have not participated in any training from ISM yet on this topic.
8. A lot of programs are manually administrated. Less than 50% of the participants uses an on-line registration portal. Most programs do have some automation for reporting, but 38.5% of the participants does that manually too. The supplier list for solutions was diverse, but CVM, SAP and SciQuest lead the pack with the most mentions.

Survey Results – Individual Questions

Participation	Total
Participants	380
Recipients	9459
Recipient Response rate	4.0%

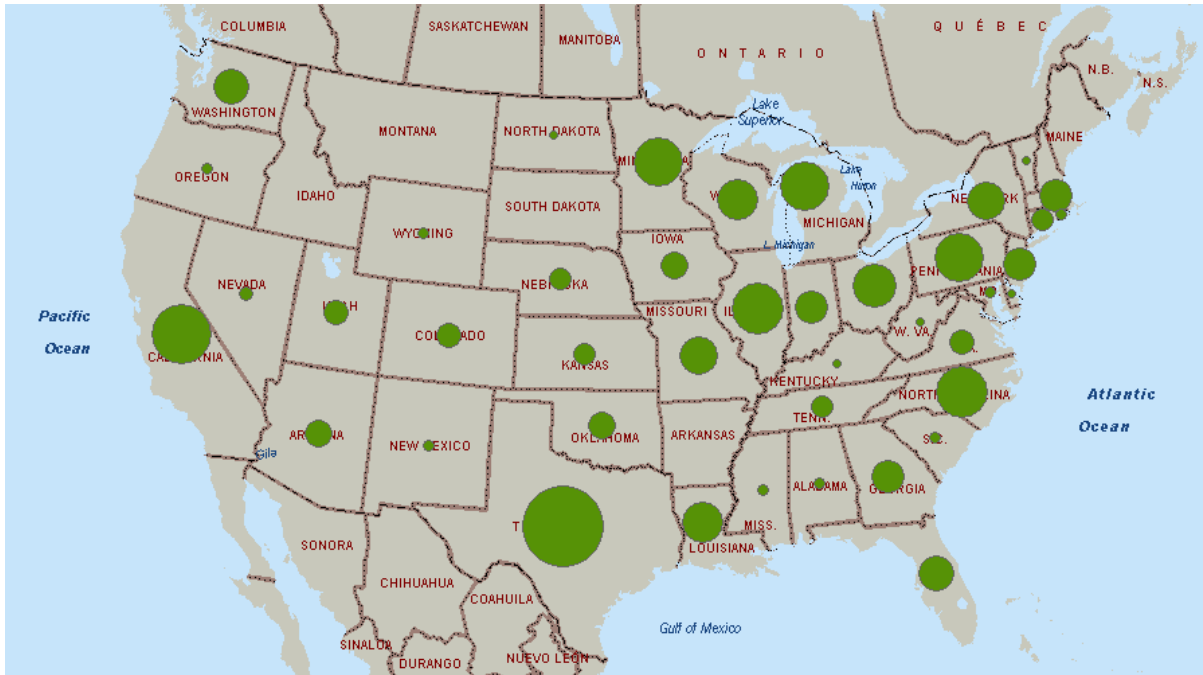
Question 1: Demographics – Industry

380 people responded with almost 40% of the responses came from a manufacturing organization.

Industry:		
Answer Options	Response Percent	Response Count
11 Agriculture, Forestry, Fishing and Hunting	2.1%	8
21 Mining, Quarrying, and Oil and Gas Extraction	5.5%	21
22 Utilities	8.9%	34
23 Construction	2.6%	10
31-33 Manufacturing	40.3%	153
42 Wholesale Trade	1.8%	7
44-45 Retail Trade	2.1%	8
48-49 Transportation and Warehousing	3.2%	12
51 Information	1.6%	6
52 Finance and Insurance	6.1%	23
53 Real Estate and Rental and Leasing	0.3%	1
54 Professional, Scientific, and Technical Services	3.9%	15
55 Management of Companies and Enterprises	0.0%	0
56 Administrative and Support and Waste	0.5%	2
61 Educational Services	2.1%	8
62 Health Care and Social Assistance	5.3%	20
71 Arts, Entertainment, and Recreation	0.5%	2
72 Accommodation and Food Services	1.6%	6
81 Other Services (except Public Administration)	10.0%	38
92 Public Administration	1.6%	6
	<i>answered question</i>	380
	<i>skipped question</i>	2

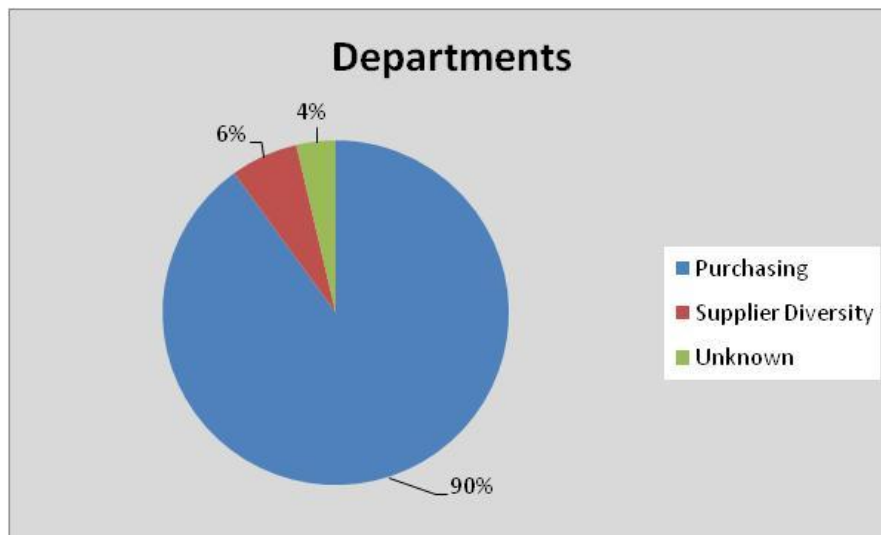
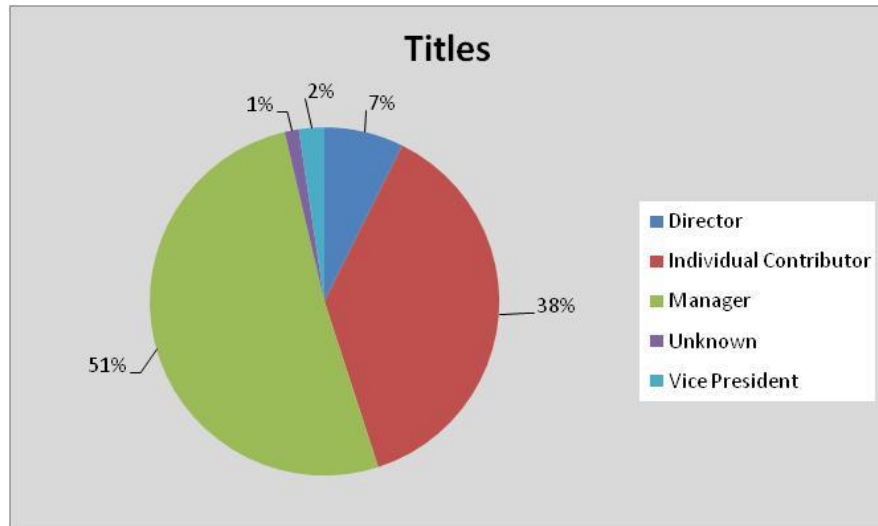
Question 2: Demographics – Location

From the 380 participants, the top 5 states represented were Texas, California, North Carolina, Illinois and Michigan.



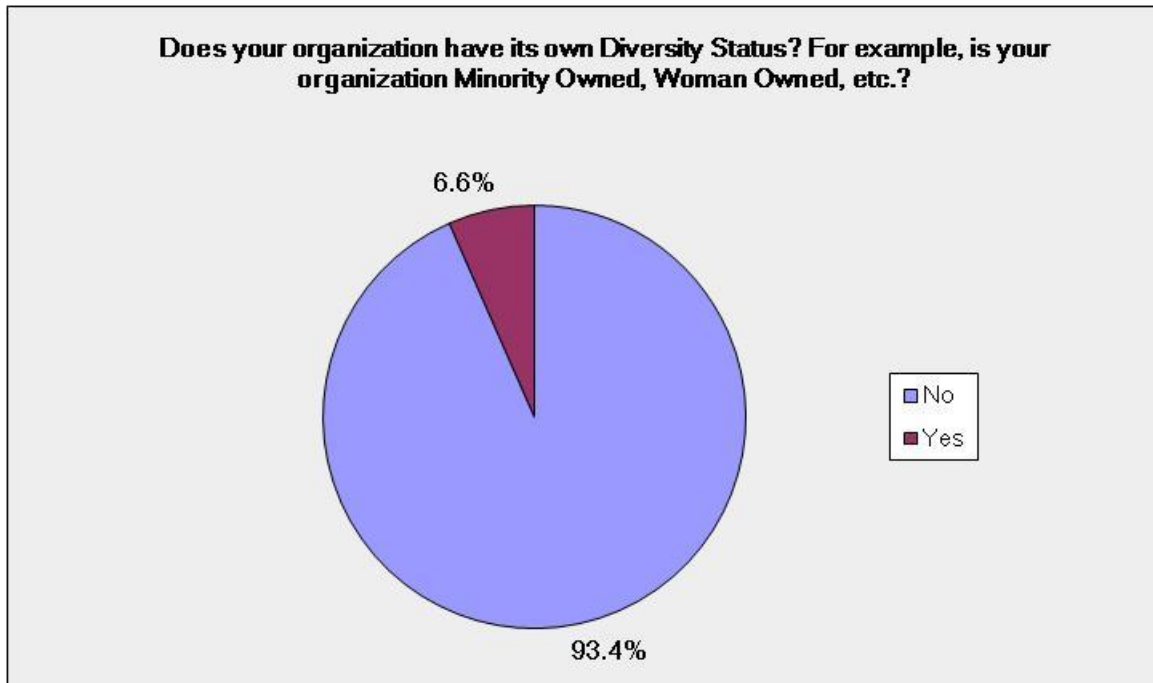
Question 3: Titles

The participants in the survey were primarily part of the Purchasing department (90%). The level of participants was divided mostly between managers and individual contributors (89% combined).



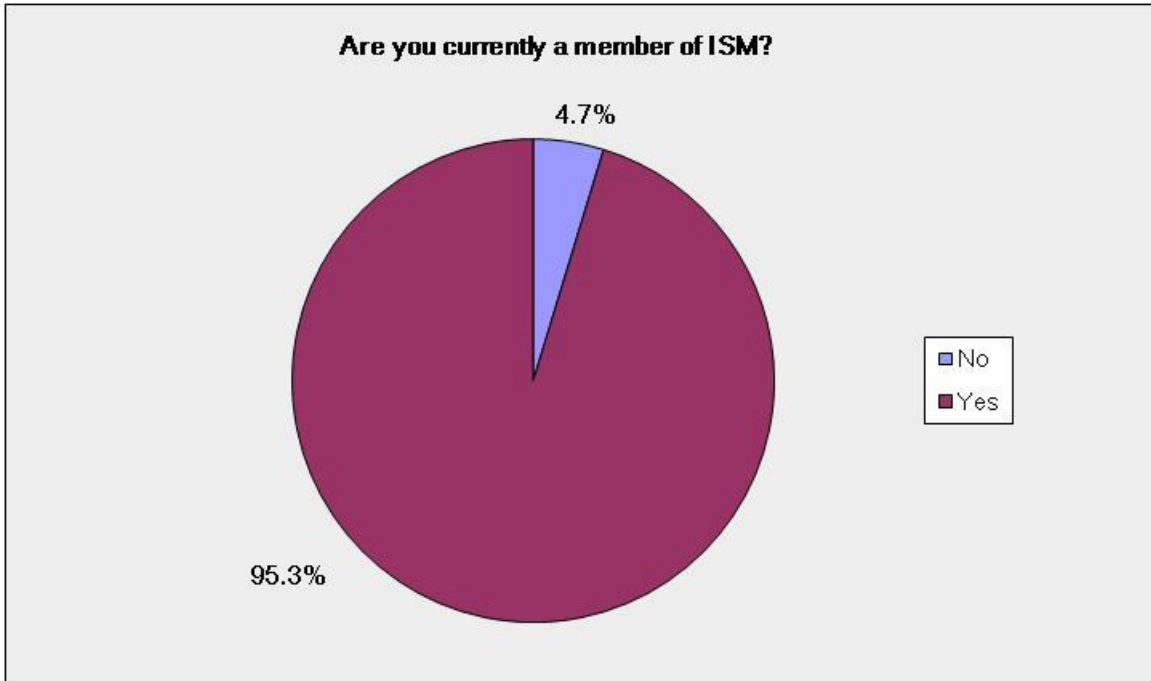
Question 4: Does your organization have its own Diversity Status?

Only a small percentage of the participants had its own diversity status. This is in line with the general company population distribution.



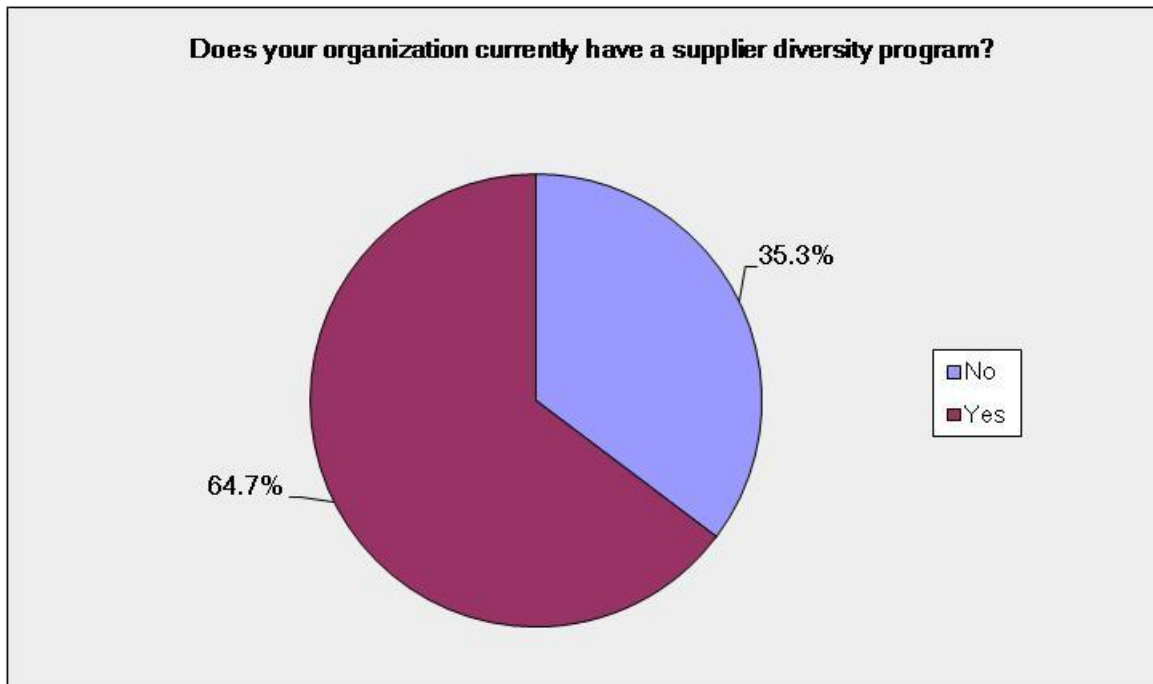
Question 5: Are you currently a member of ISM?

As expected, almost everyone responding was an ISM member.



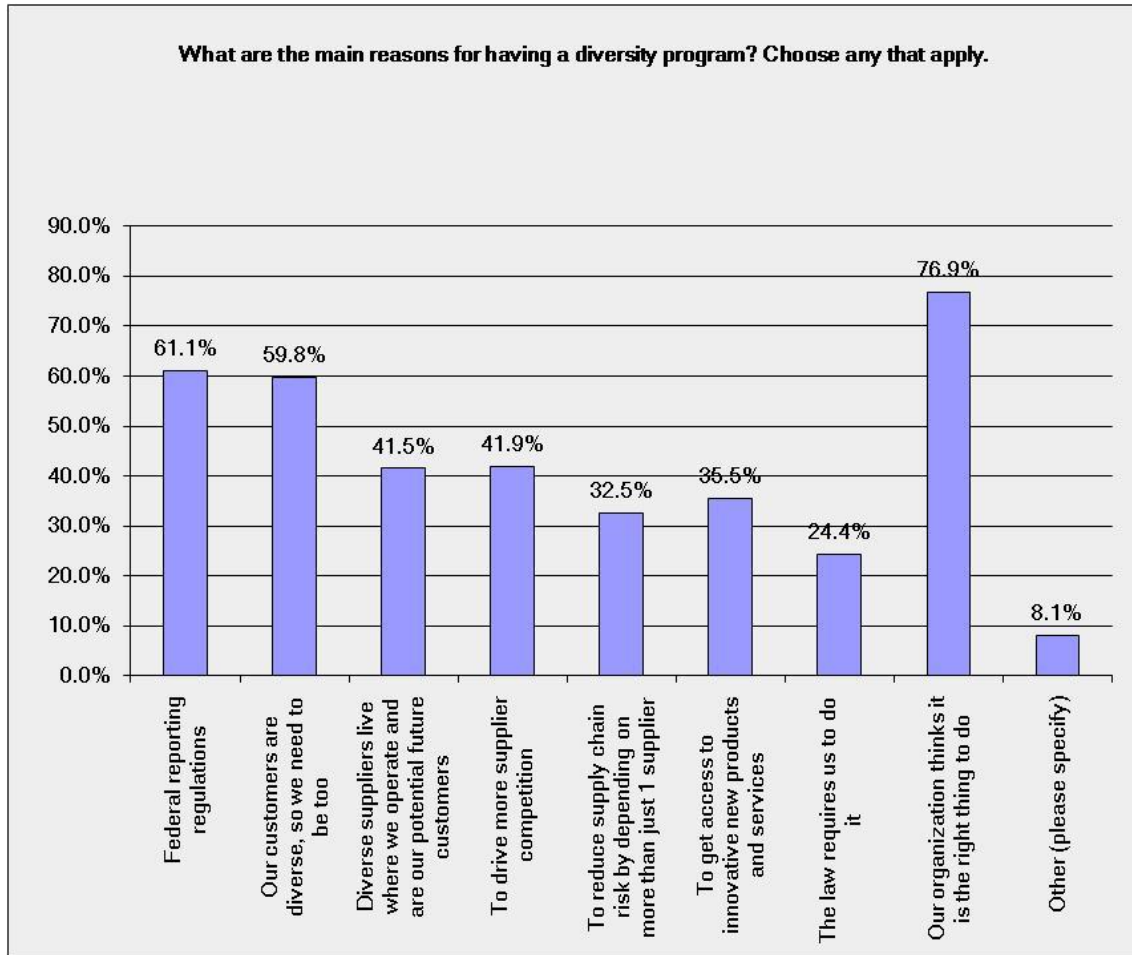
Question 6: Does your organization currently have a supplier diversity program?

About two-thirds of the responding people have a supplier diversity program in their organization. At this point in the survey the people without a supplier diversity program stopped answering the survey by design and the rest of the questions focused on finding out more details from the people with a program.



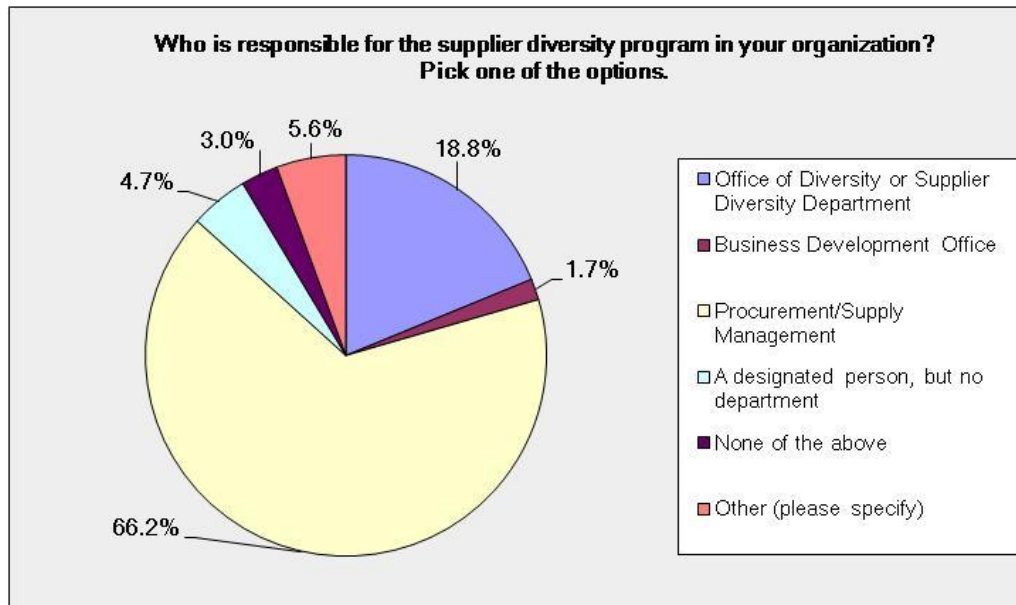
Question 7: What are the main reasons for having a diversity program?

Besides the more general ‘It is the right thing to do’, the most important reasons for having a diversity program are either ‘Federal Reporting Regulations’ or more strategically ‘Because our customers are diverse, we need to be too’. In the ‘other’ option, one additional reason came up: ‘our customers require us to have a diversity program’.



Question 8: Who is responsible for the supplier diversity program in your organization?

Two thirds of the supplier diversity programs are run by the Procurement department. Only 19% are run by a dedicated diversity department or team. This shows the importance of the procurement function in managing diversity and perhaps the lack of strategic importance for many companies of supplier diversity in general.

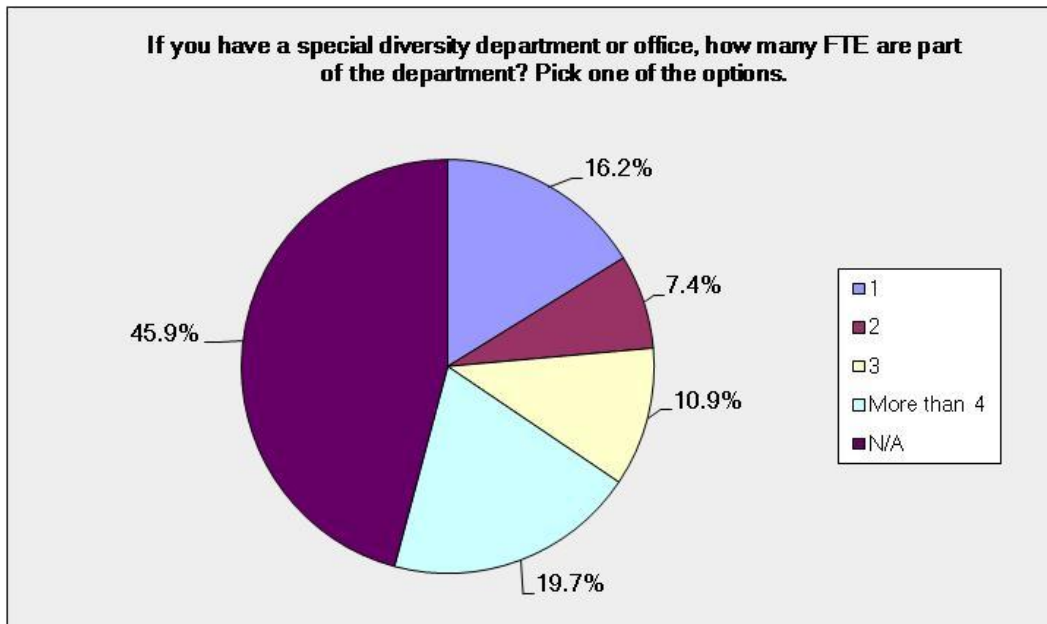


Who is responsible for the supplier diversity program in your organization? Pick one of the options.

Answer Options	Response Percent	Response Count
Office of Diversity or Supplier Diversity Department	18.8%	44
Business Development Office	1.7%	4
Procurement/Supply Management	66.2%	155
A designated person, but no department	4.7%	11
None of the above	3.0%	7
Other (please specify)	5.6%	13
answered question		234
skipped question		148

Question 9: If you have a special diversity department or office

A typical diversity department is small with 4 people or less.

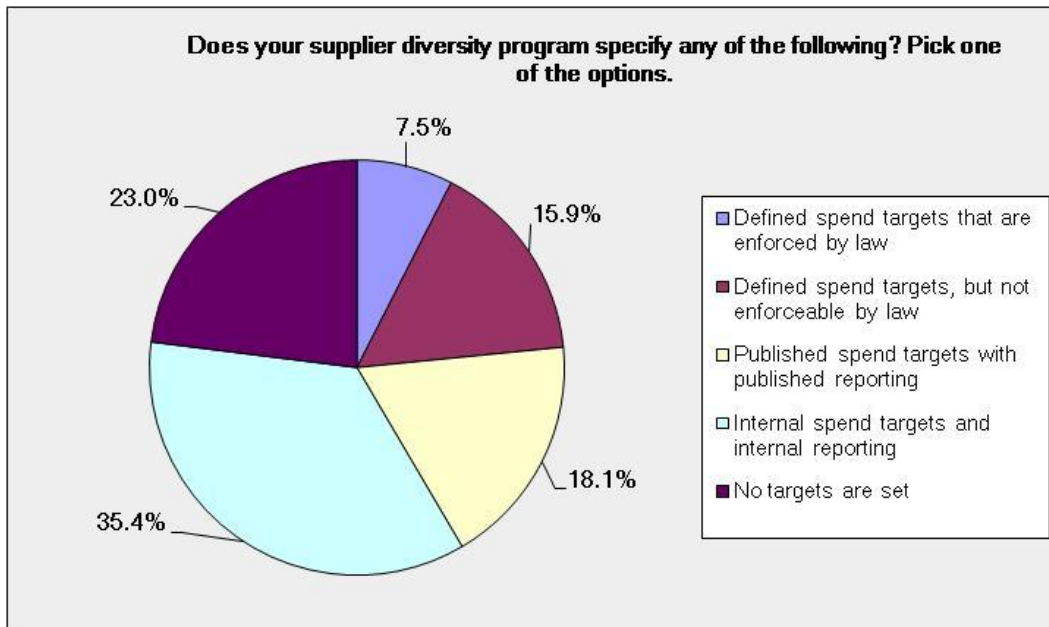


If you have a special diversity department or office, how many FTE are part of the department? Pick one of the options.

Answer Options	Response Percent	Response Count
1	16.2%	37
2	7.4%	17
3	10.9%	25
More than 4	19.7%	45
N/A	45.9%	105
<i>answered question</i>		229
<i>skipped question</i>		153

Question 10: Does your supplier diversity program specify any of the following?

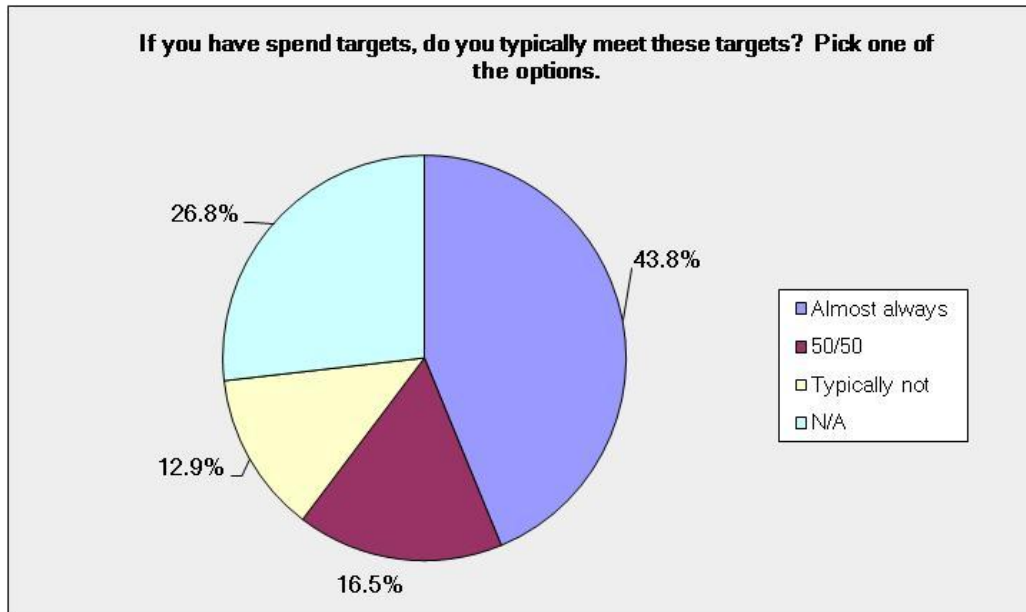
Most diversity programs have spend targets that are either published internally or publically. However, a surprisingly large group of 23% has no spend targets at all.



Does your supplier diversity program specify any of the following? Pick one of the options.		
Answer Options	Response Percent	Response Count
Defined spend targets that are enforced by law	7.5%	17
Defined spend targets, but not enforceable by law	15.9%	36
Published spend targets with published reporting	18.1%	41
Internal spend targets and internal reporting	35.4%	80
No targets are set	23.0%	52
<i>answered question</i>		226
<i>skipped question</i>		156

Question 11: If you have spend targets, do you typically meet these targets?

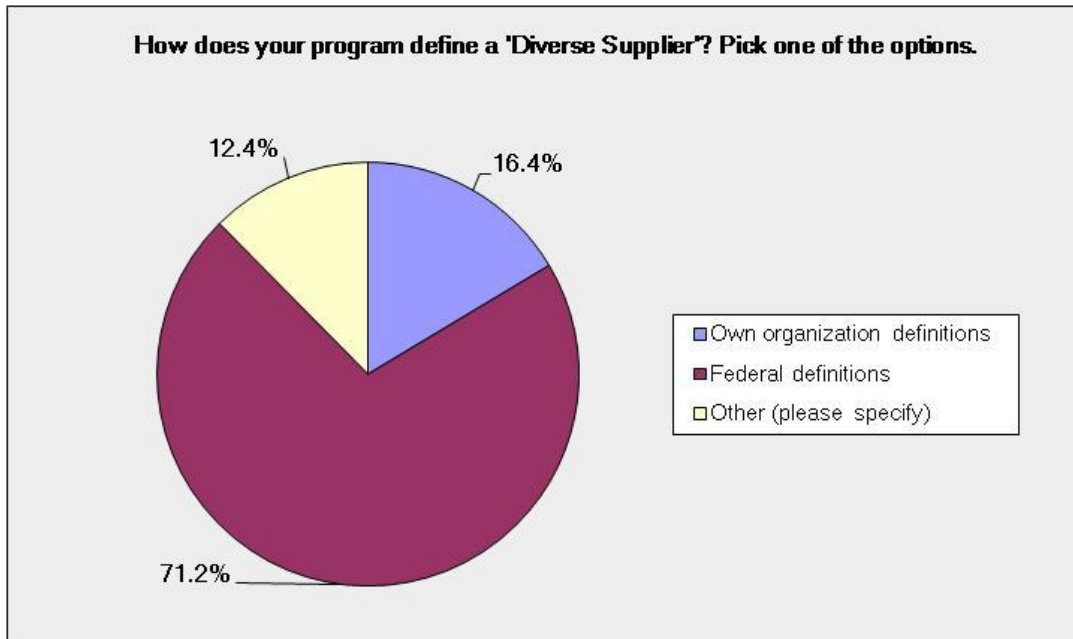
For the people with spend targets, it is not always assured that these targets are met. In this group only 60% of the people will always meet their targets, 40% are 50-50 or typically do not meet their targets.



If you have spend targets, do you typically meet these targets? Pick one of the options.		
Answer Options	Response Percent	Response Count
Almost always	43.8%	98
50/50	16.5%	37
Typically not	12.9%	29
N/A	26.8%	60
<i>answered question</i>		224
<i>skipped question</i>		158

Question 12: How does your program define a 'Diverse Supplier'?

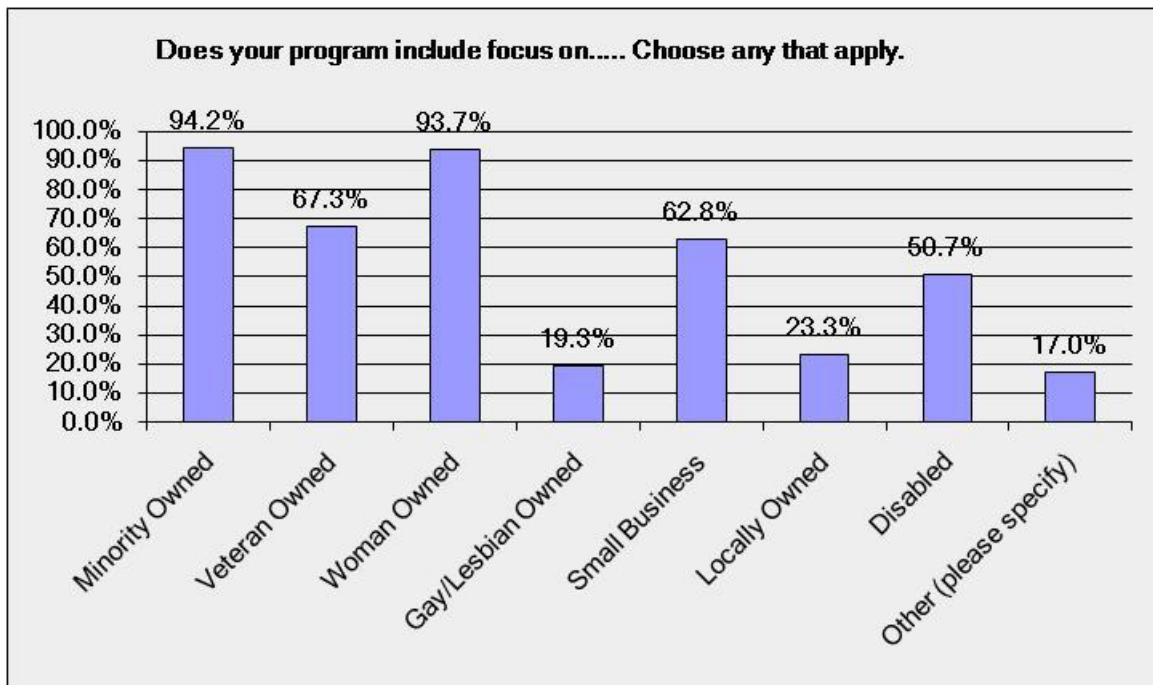
Federal definitions are the de-facto standard. In the 'Other' – category, definitions by the local State, NMSDC and WBENC were mentioned the most.



How does your program define a 'Diverse Supplier'? Pick one of the options.		
Answer Options	Response Percent	Response Count
Own organization definitions	16.4%	37
Federal definitions	71.2%	161
Other (please specify)	12.4%	28
<i>answered question</i>		226
<i>skipped question</i>		156

Question 13: Does your program include focus on.....

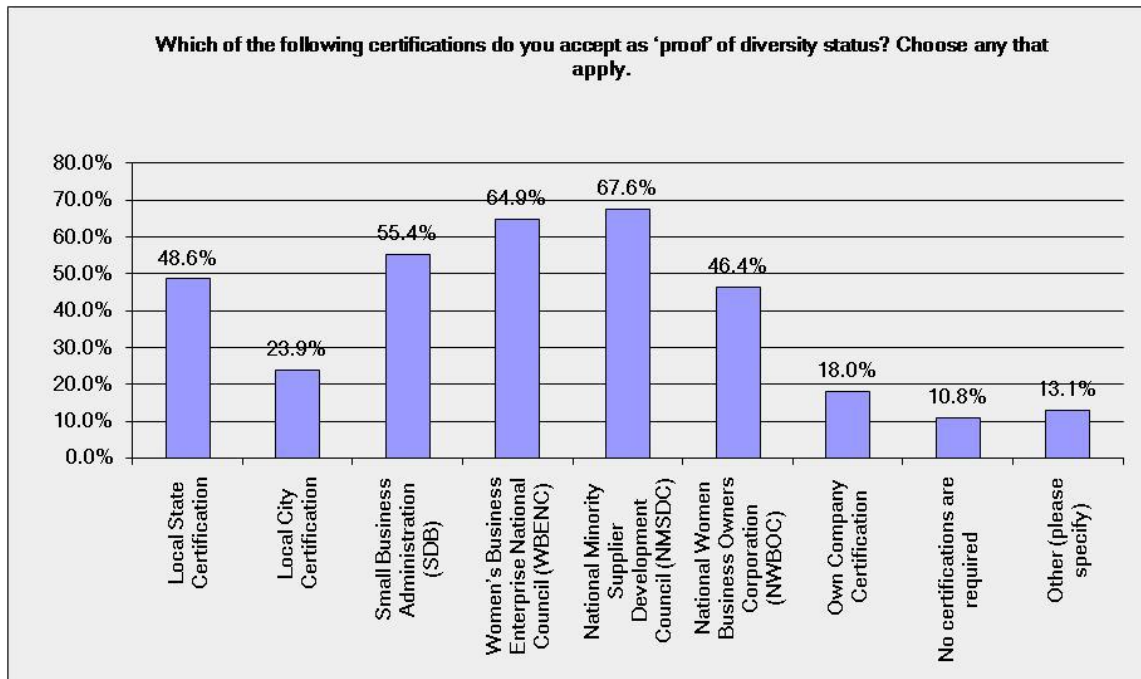
Minority Owned and Woman Owned are almost always included in the focus of the program. A surprisingly small amount of focus is on local business, particularly in light of the sustainability movement and the bad economy.



Answer Options	Response Percent	Response Count
Minority Owned	94.2%	210
Veteran Owned	67.3%	150
Woman Owned	93.7%	209
Gay/Lesbian Owned	19.3%	43
Small Business	62.8%	140
Locally Owned	23.3%	52
Disabled	50.7%	113
Other (please specify)	17.0%	38
<i>answered question</i>		223
<i>skipped question</i>		159

Question 14: Which of the following certifications do you accept as ‘proof’ of diversity status?

NMSDC and WBENC are the most recognized certifications, closely followed by the SBA, NWBOC and local state certifications. There is not real consensus on following one standard practice.



Which of the following certifications do you accept as ‘proof’ of diversity status? Choose any that apply.

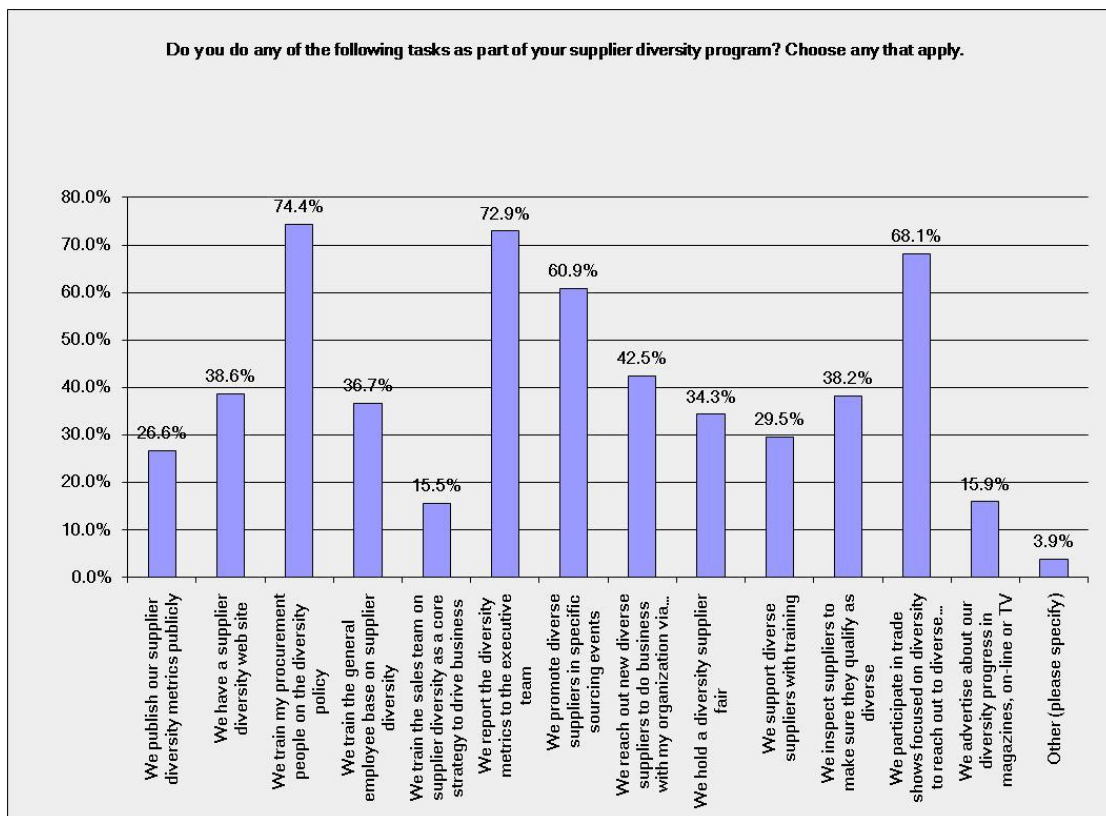
Answer Options	Response Percent	Response Count
Local State Certification	48.6%	108
Local City Certification	23.9%	53
Small Business Administration (SDB)	55.4%	123
Women’s Business Enterprise National Council (WBENC)	64.9%	144
National Minority Supplier Development Council (NMSDC)	67.6%	150
National Women Business Owners Corporation (NWBOC)	46.4%	103
Own Company Certification	18.0%	40
No certifications are required	10.8%	24
Other (please specify)	13.1%	29
answered question		222
skipped question		160

Question 15: Do you do any of the following tasks as part of your supplier diversity program?

Four tasks are part of most programs:

- We train my procurement people on the diversity policy (74.4%)
- We report the diversity metrics to the executive team (72.9%)
- We promote diverse suppliers in specific sourcing events (60.9%)
- We participate in trade shows focused on diversity to reach out to diverse suppliers (68.1%)

Even though participants train their procurement people on the policy, this is mostly internal training and not formal diversity training (see later questions on training).

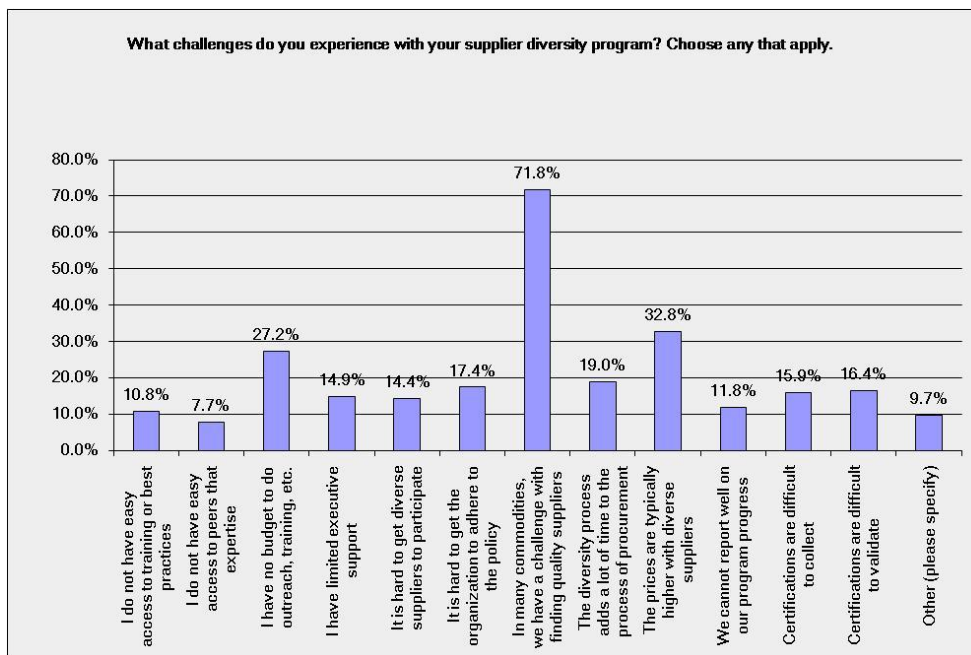


Do you do any of the following tasks as part of your supplier diversity program? Choose any that apply.

Answer Options	Response Percent	Response Count
We publish our supplier diversity metrics publicly	26.6%	55
We have a supplier diversity web site	38.6%	80
We train my procurement people on the diversity policy	74.4%	154
We train the general employee base on supplier diversity	36.7%	76
We train the sales team on supplier diversity as a core strategy to drive business	15.5%	32
We report the diversity metrics to the executive team	72.9%	151
We promote diverse suppliers in specific sourcing events	60.9%	126
We reach out new diverse suppliers to do business with my organization via campaigns	42.5%	88
We hold a diversity supplier fair	34.3%	71
We support diverse suppliers with training	29.5%	61
We inspect suppliers to make sure they qualify as diverse	38.2%	79
We participate in trade shows focused on diversity to reach out to diverse suppliers	68.1%	141
We advertise about our diversity progress in magazines, on-line or TV	15.9%	33
Other (please specify)	3.9%	8
	<i>answered question</i>	207
	<i>skipped question</i>	175

Question 16: What challenges do you experience with your supplier diversity program?

The challenge that stands out the most is ‘finding quality suppliers’ with over 70% of the participants including it in the challenges. No other challenge comes close statistically, as the rest follows 40% points lower.

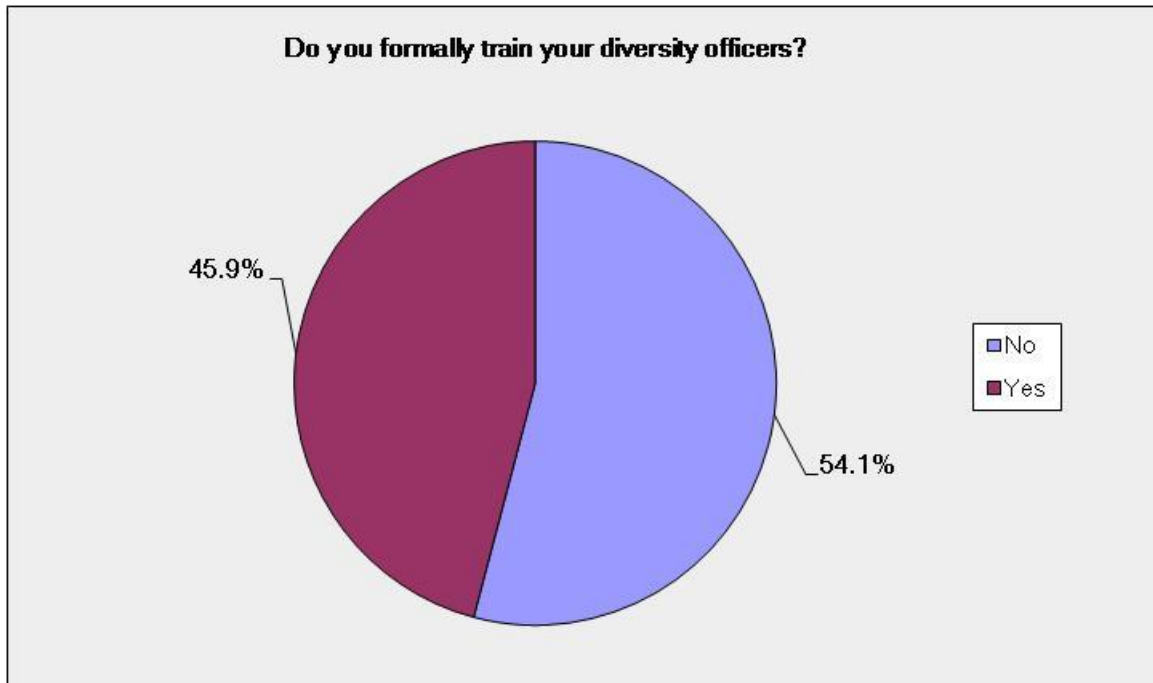


What challenges do you experience with your supplier diversity program? Choose any that apply.

Answer Options	Response Percent	Response Count
I do not have easy access to training or best practices	10.8%	21
I do not have easy access to peers that expertise	7.7%	15
I have no budget to do outreach, training, etc.	27.2%	53
I have limited executive support	14.9%	29
It is hard to get diverse suppliers to participate	14.4%	28
It is hard to get the organization to adhere to the policy	17.4%	34
In many commodities, we have a challenge with finding quality suppliers	71.8%	140
The diversity process adds a lot of time to the process of procurement	19.0%	37
The prices are typically higher with diverse suppliers	32.8%	64
We cannot report well on our program progress	11.8%	23
Certifications are difficult to collect	15.9%	31
Certifications are difficult to validate	16.4%	32
Other (please specify)	9.7%	19
<i>answered question</i>		195
<i>skipped question</i>		187

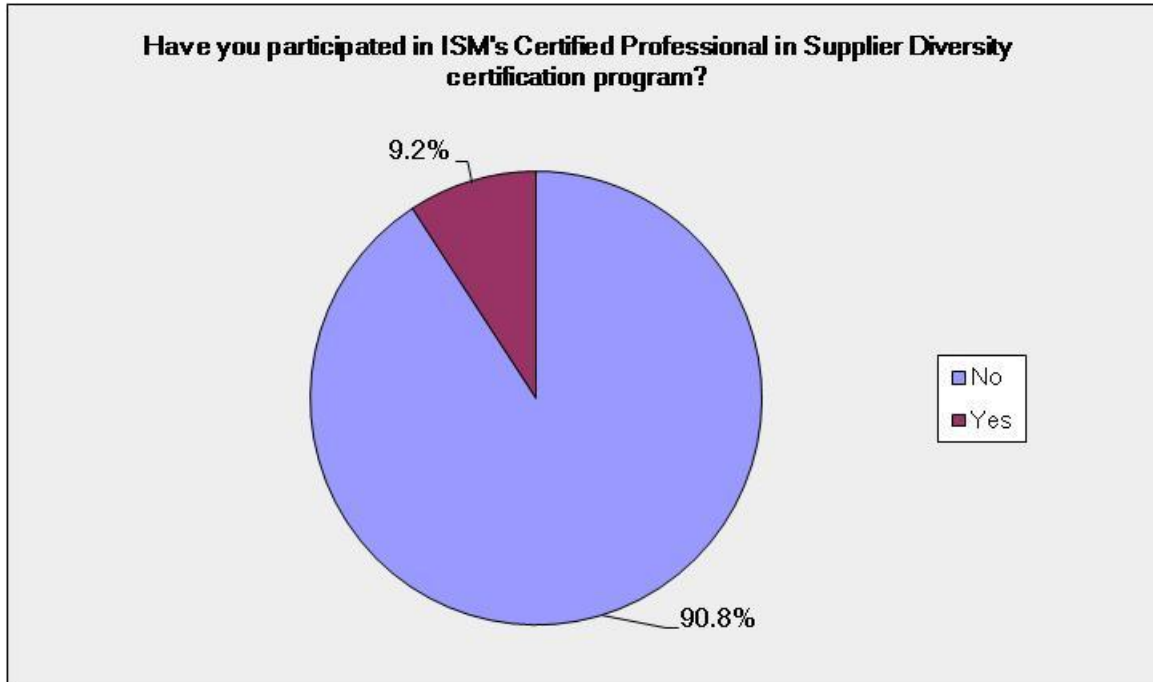
Question 17: Do you formally train your diversity officers?

Even though 74% of the participants said that they train their people on the diversity policy, only 46% does this in a formal manner.



Question 18: Have you participated in ISM's Certified Professional in Supplier Diversity (CPSD™) certification program?

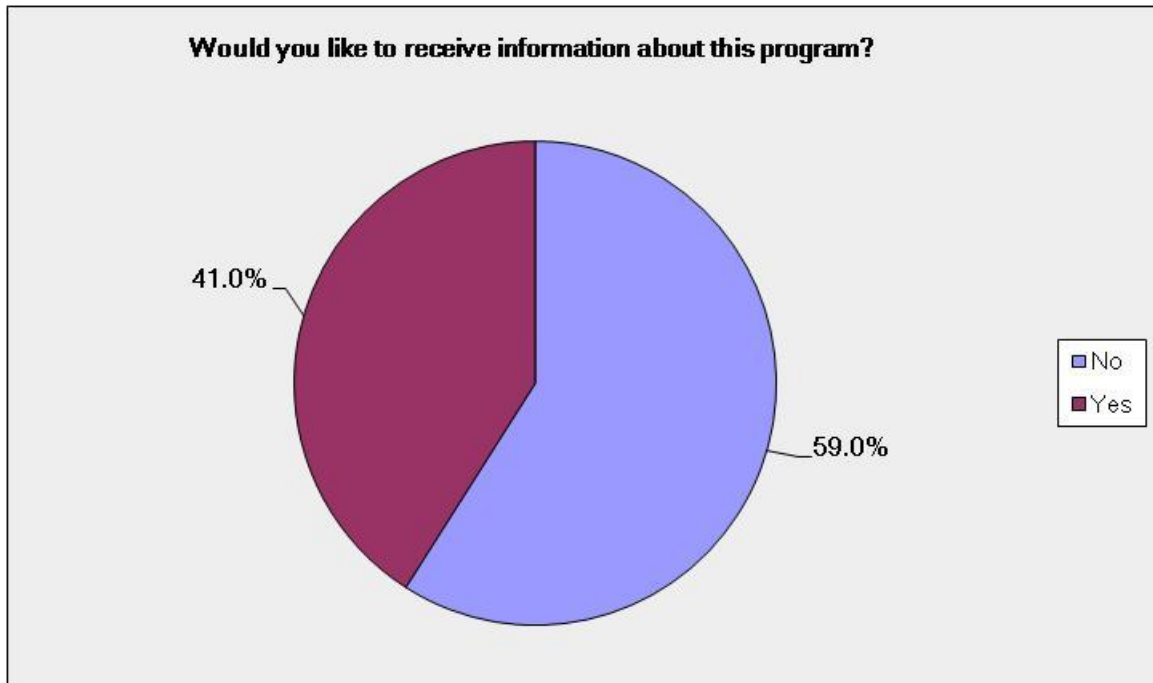
ISM has a real opportunity in helping their membership with formal training programs on Supplier Diversity. More than 90% of the participants have not participated in any training from ISM yet on this topic.



Question 19: Would you like to receive information about this program?

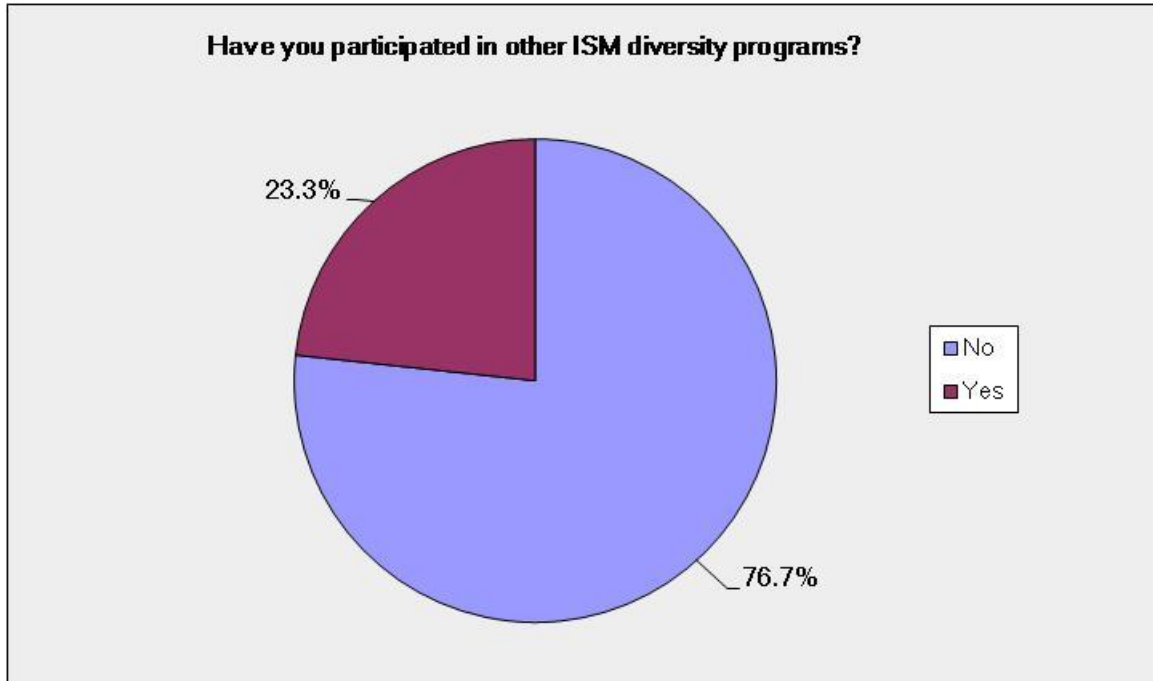
See Question 18.

Almost 60% of the participants is interested in learning more.



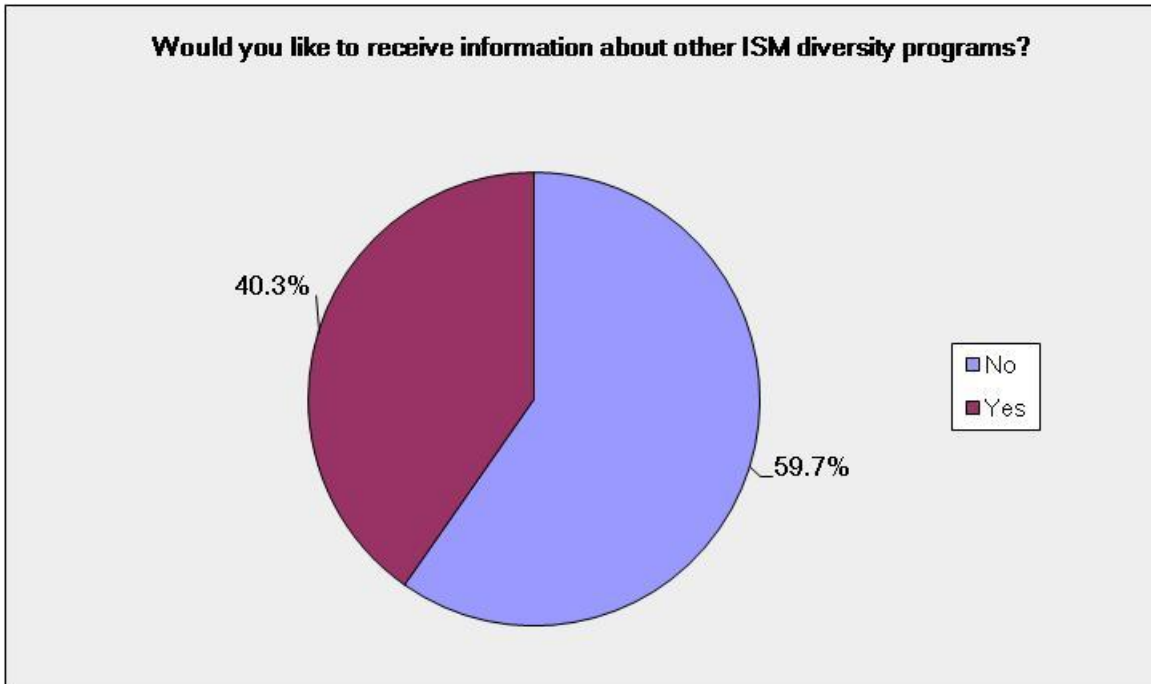
Question 20: Have you participated in other ISM diversity programs?

See Question 18 and 19.



Question 21: Would you like to receive information about other ISM diversity programs?

See Question 18, 19, and 20.



Question 22: What other methods do you use to train your officers?

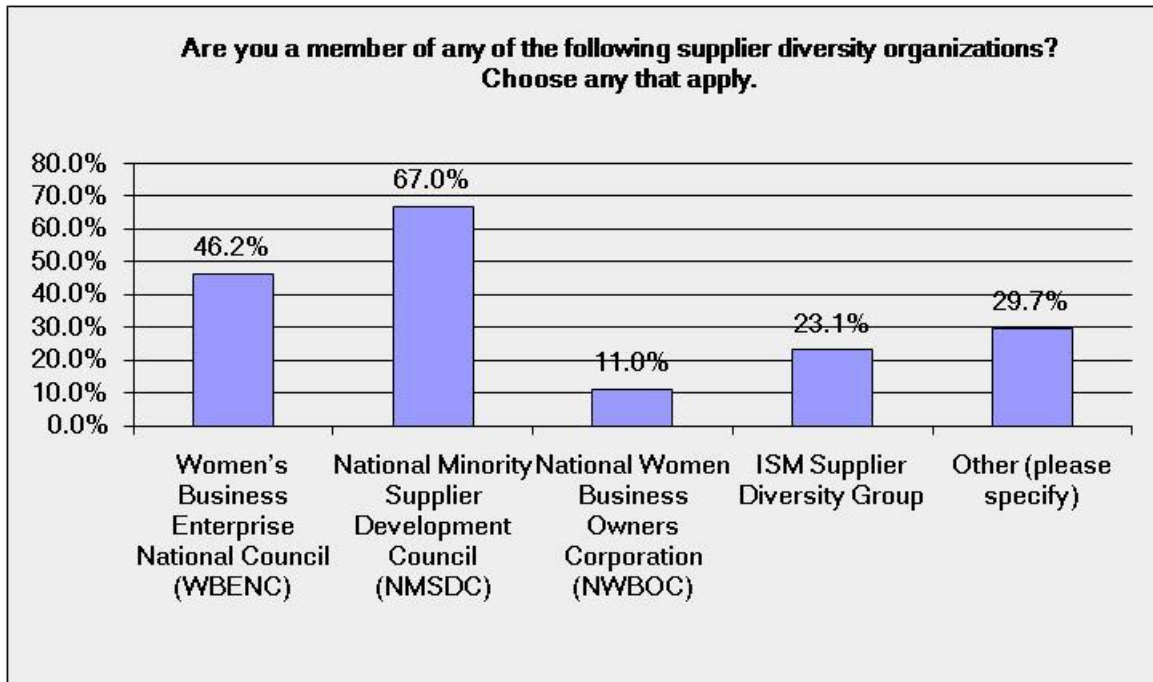
Question 22 was an open question with free form answers.

The most common other training methods mentioned were:

1. In-house developed training and manuals for Diversity or Small Business Liaison
2. National or local conferences and seminars for NMSDC, WBECN or others
3. 3rd part training with webinars and other on-line learning tools
4. State or federal training programs
5. Smaller organizations focused on Diversity like the Alliance for Supplier Diversity Professionals or Pharma Forum Diverse Supplier Group

Question 23: Are you a member of any of the following supplier diversity organizations?

As expected, NMSDC and WBENC are the most important diversity organizations with a focus on Minority Businesses and Women Businesses respectively. In the 'Other' category, most people mentioned local chapters or industry focused organizations.

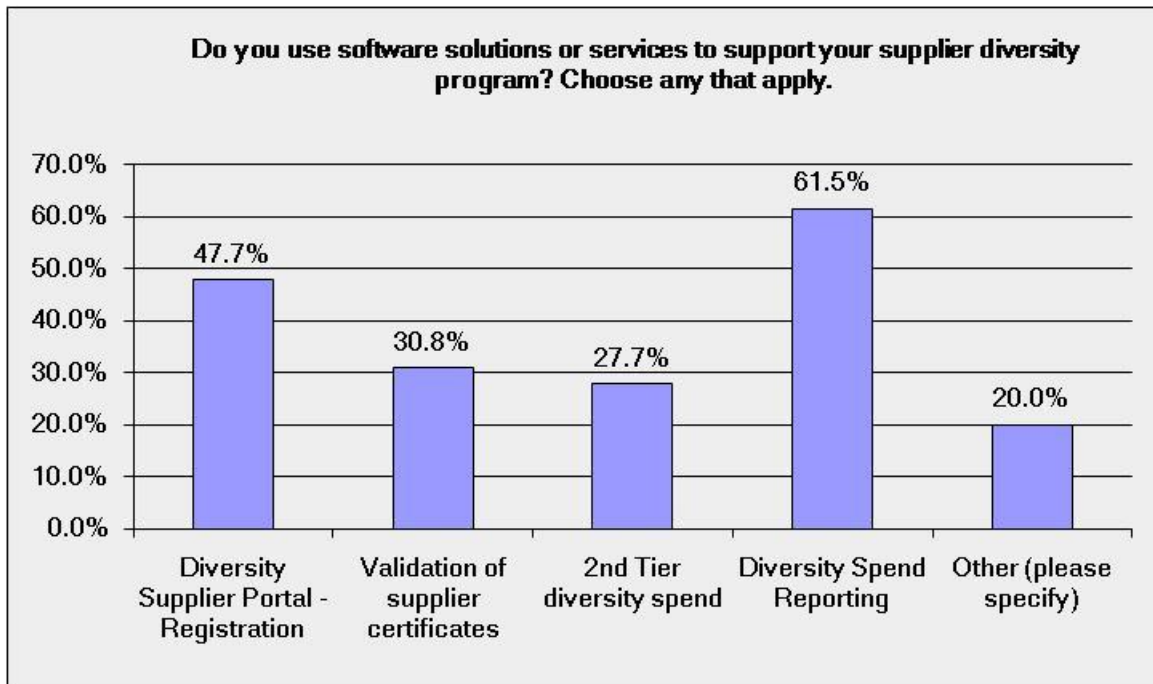


Are you a member of any of the following supplier diversity organizations? Choose any that apply.

Answer Options	Response Percent	Response Count
Women's Business Enterprise National Council (WBENC)	46.2%	42
National Minority Supplier Development Council (NMSDC)	67.0%	61
National Women Business Owners Corporation (NWBOC)	11.0%	10
ISM Supplier Diversity Group	23.1%	21
Other (please specify)	29.7%	27
<i>answered question</i>		91
<i>skipped question</i>		291

Question 24: Do you use software solutions or services to support your supplier diversity program?

A lot of programs are manually administrated. Less than 50% of the participants uses an on-line registration portal. Most programs do have some automation for reporting, but 38.5% of the participants does that manually too. In the 'other' solutions bucket, participants answered mostly with 'none', their ERP as a solution or an in-house built solution.



Do you use software solutions or services to support your supplier diversity program? Choose any that apply.		
Answer Options	Response Percent	Response Count
Diversity Supplier Portal - Registration	47.7%	62
Validation of supplier certificates	30.8%	40
2nd Tier diversity spend	27.7%	36
Diversity Spend Reporting	61.5%	80
Other (please specify)	20.0%	26
<i>answered question</i>		130
<i>skipped question</i>		252

Question 25: If you use software solutions or services, please provide the supplier names.

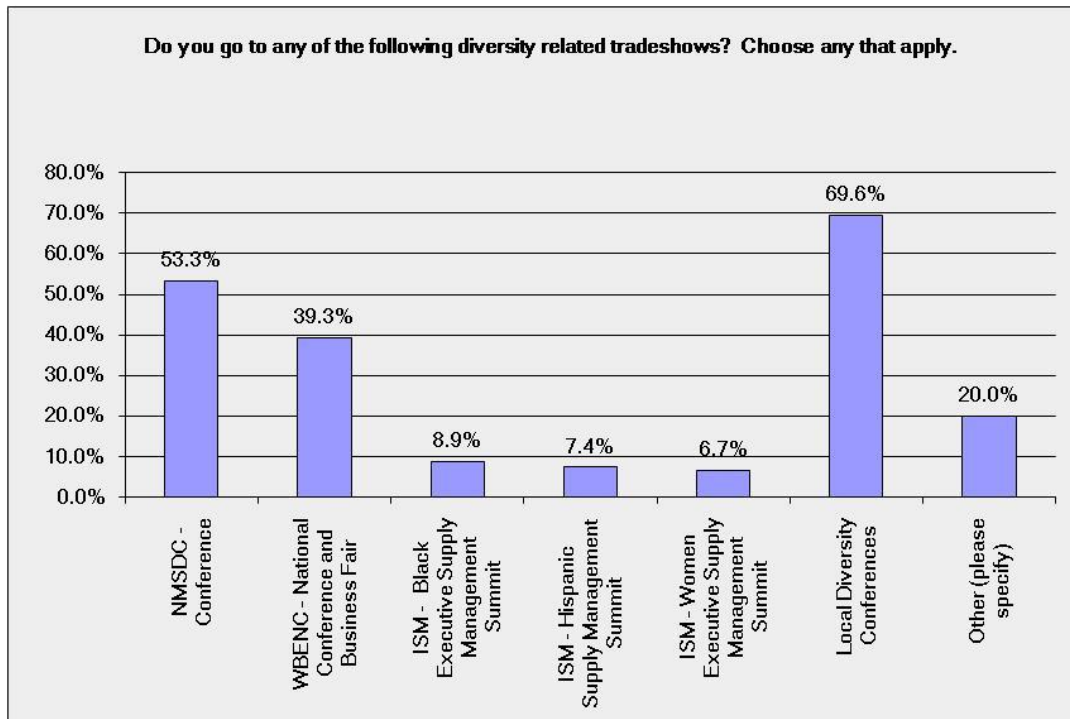
Question 25 was an open question with free form answers.

The supplier list for solutions was diverse, but CVM, SAP and SciQuest lead the pack with the most mentions.

- Ariba
- CAPS
- CVM
- D&B
- Global eProcure (GEP)
- Emptoris
- Equifax / Austin Tetra
- Homegrown
- ISN
- PeopleSoft
- PRISM
- SAP
- SciQuest (includes AECSOFT)
- WBEEN Registry
- Zycus - Analyze

Question 26: Do you go to any of the following diversity related tradeshows?

Again NMSDC and WBENC are high on the list, but most people go to local diversity conferences first.



*The 'other' conferences are available upon request.

Do you go to any of the following diversity related tradeshows? Choose any that apply.		
Answer Options	Response Percent	Response Count
NMSDC - Conference	53.3%	72
WBENC - National Conference and Business Fair	39.3%	53
ISM - Black Executive Supply Management Summit	8.9%	12
ISM - Hispanic Supply Management Summit	7.4%	10
ISM - Women Executive Supply Management Summit	6.7%	9
Local Diversity Conferences	69.6%	94
Other (please specify)	20.0%	27
<i>answered question</i>		135
<i>skipped question</i>		247

Question 27: Which magazines, websites or other sources of information do you use to stay up to date on supplier diversity?

Question 27 was an open question with free form answers.

List of most popular magazines / websites:

- Diversity 2000
- Diversity Inc
- ISM
- MBE magazine
- WEUSA Magazine
- Hispanic Business.com
- Vetpreneur
- WBENC
- NMSDC

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