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# THE POWER OF SUPPLIER DIVERSITY

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MAY 2020



## INTRODUCTION AND METHODOLOGY

A supplier diversity program is a proactive business program which encourages the use of women-owned, ethnic/minority-owned, veteran-owned, LGBTQ-owned, disability-owned, and small businesses as suppliers.

This report covers the findings from quantitative and qualitative research conducted by the ANA. The purpose was to gain an understanding of the incidence of supplier diversity programs as well as benefits, challenges, spend, goals, measurement, influence, and more.

In February 2020 a survey was sent to members of the ANA's marketing and media committees. In total, 105 client-side marketers participated in this survey.

About the respondents:

- 66 percent have been working in marketing/advertising for at least 10 years and 40 percent for at least 15 years.
- 52 percent work at organizations that had a 2019 media budget of \$100 million or more.
- For 33 percent of respondents, their businesses are primarily business-to-consumer, 22 percent are primarily business-to-business, and 45 percent are both.

The complete survey questionnaire is [here](#).

To supplement the quantitative results, 12 in-depth qualitative interviews were conducted which provided additional insights and perspective.

# EXECUTIVE SUMMARY

## Incidence

Seventy-five percent of respondents have a supplier diversity strategy for the organization overall; 40 percent have a supplier diversity strategy specifically for marketing/advertising.

## Segments

For those with a supplier diversity strategy, the top segments targeted are women-owned (98 percent), ethnic/minority-owned (95 percent), veteran-owned (90 percent), LGBTQ-owned (88 percent), and disability-owned (80 percent).

## Top Benefit

The top-rated benefit of a supplier diversity strategy is community empowerment and positive social impact (for the community), cited by 84 percent of respondents.

## Top Challenges

The top challenges are:

- Visibility to opportunities to recommend diverse suppliers: 62 percent
- Finding diverse suppliers: 54 percent

## Age

Supplier diversity strategies are older within the organization overall than they are for marketing/advertising.

- 56 percent have had supplier diversity strategies for the organization overall for 10 years or more.
- 41 percent have had supplier diversity strategies for marketing/advertising for 10 years or more.

## Maturity

The majority of respondents (57 percent) classify the maturity of their supplier diversity strategy as “established,” defined as an “active program, traction within the business and with leadership, winning on goals, minimal business integration.” Twenty-three percent are “advanced”; only 20 percent are “beginning.”

## EXECUTIVE SUMMARY

### Org Structures

Forty percent of respondents have a dedicated individual who spends 50 to 100 percent of their time focused on supplier diversity. Thirty-five percent have a team assigned to supplier diversity duties.

### Spend

Spend with diverse suppliers was much more likely to increase than decrease from 2018 to 2019; for many respondents, spending stayed the same.

- For the organization overall, 46 percent of respondents increased spend; only 5 percent decreased spend
- For marketing/advertising, 37 percent increased spend; 10 percent decreased spend.

### Goals

The great majority of respondents (87 percent) report that their companies have specific goals around supplier diversity. Many respondents cite those goals as being an increased percentage of spend or increased actual spend to diverse suppliers.

### Supplier Development Plans

Two-thirds (65 percent) note that their supplier diversity strategy includes supplier development plans. Supplier development plans are growth and/or improvement plans specific to a diverse supplier supporting a business.

### Part of the “Trifecta”

Supplier diversity is part of the “trifecta,” alongside diversity and inclusion and multicultural marketing. Respondents expressed the highest level of commitment for diversity and inclusion (78 percent), followed by supplier diversity (58 percent) and multicultural marketing (54 percent).

***“Strength comes from diversity.”***

— Director, Digital Marketing at Software Company

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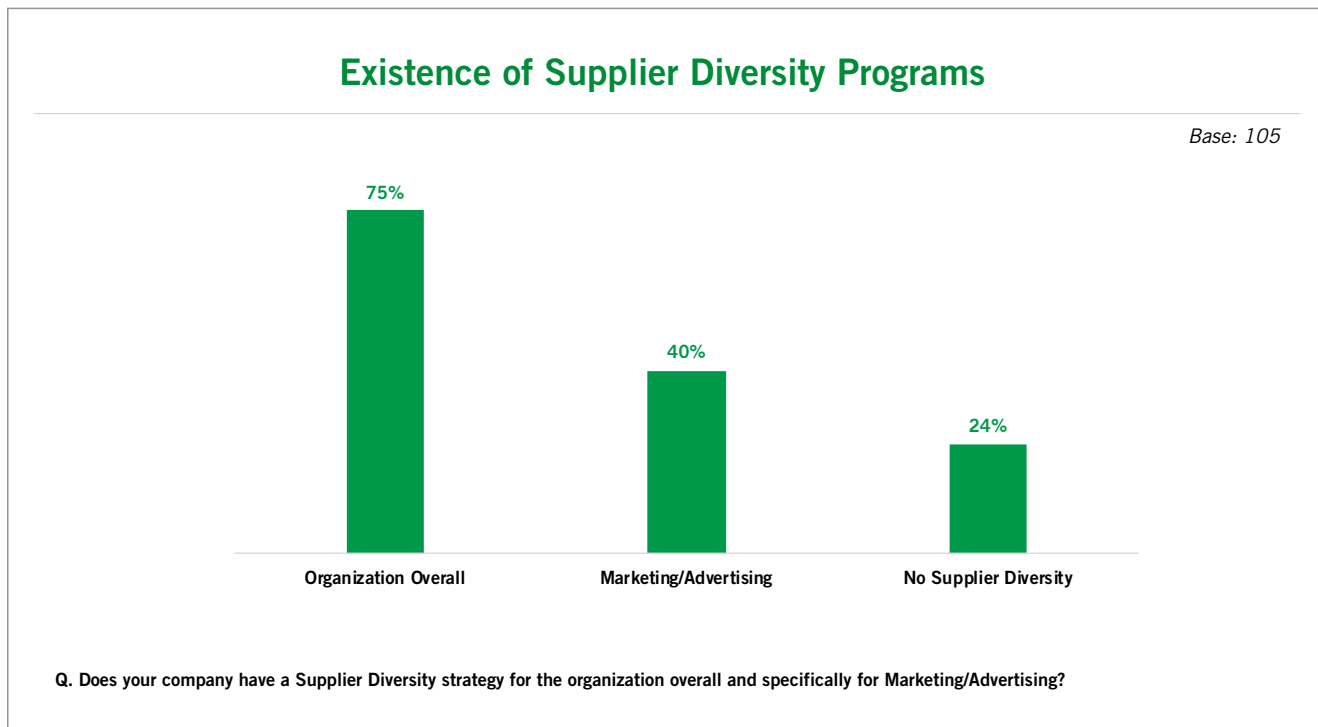
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## DETAILED FINDINGS

### Most Have Supplier Diversity for the Organization; Fewer Do for Marketing

Seventy-five percent of respondents have a supplier diversity strategy for the organization overall; 40 percent have a supplier diversity strategy specifically for marketing/advertising. About one-quarter of respondents do not have a supplier diversity strategy at all.

Meanwhile, 39 percent of respondents have a supplier diversity strategy for both the organization overall and specially for marketing/advertising. In other words, almost all the respondents who have a supplier diversity strategy for marketing/advertising also have one for the organization overall.



## DETAILED FINDINGS

### Most Have Supplier Diversity for the Organization; Fewer Do for Marketing

Why is it more likely that there is a supplier diversity strategy for the organization overall than for marketing/advertising, according to the qualitative respondents?

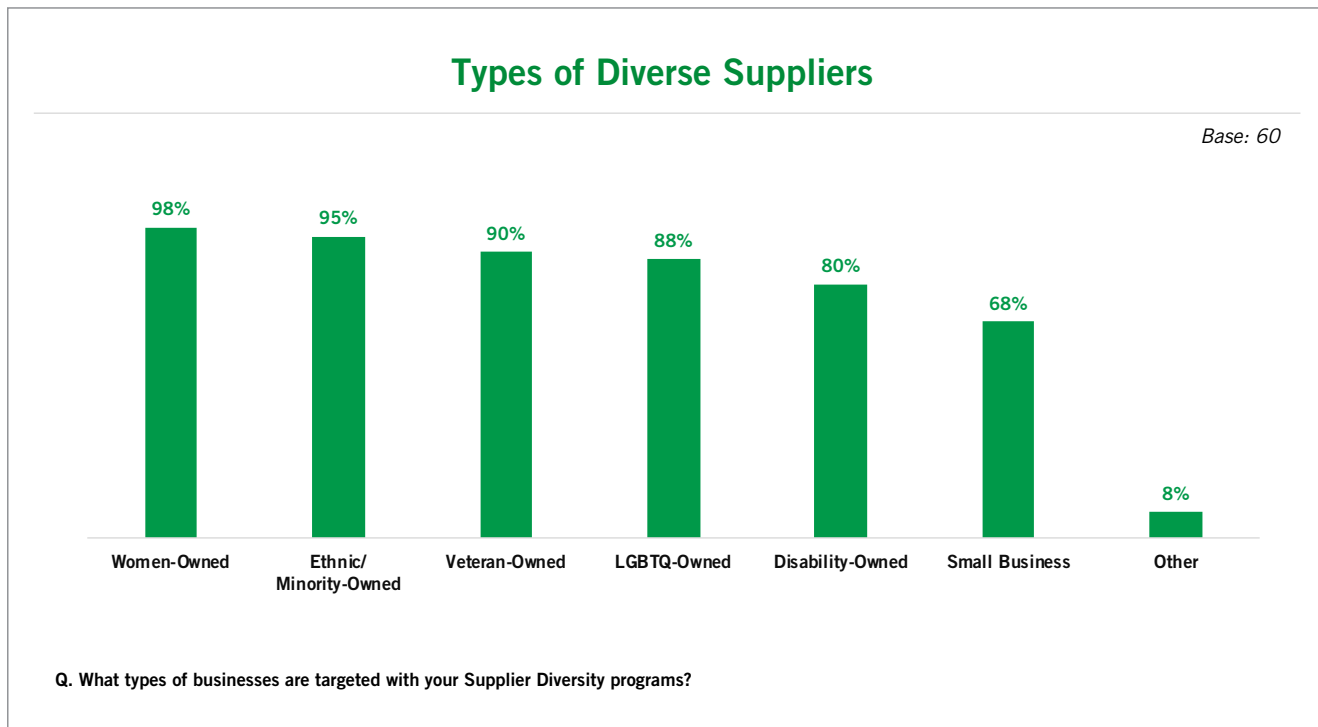
- Supplier diversity usually starts with a focus on the core needs of a business. That could include raw materials, ingredients, parts/components, manufacturing, human resources, professional services, IT, real estate, construction/architecture, etc.
- These other categories are high spend/high scale for many companies. Marketing/advertising is often a smaller portion of spend and therefore may be viewed as a smaller opportunity, so a supplier diversity strategy may come later.
- For some companies, having a supplier diversity strategy for marketing/advertising may depend on whether a company actively markets to diverse audience segments.

Furthermore, supplier diversity strategies are much more likely to exist in larger organizations. Among survey respondents who had a 2019 media budget of \$100 million or more (a proxy for larger organizations), 82 percent have a supplier diversity strategy. For respondents who had a 2019 media budget of less than \$100 million, 47 percent have a supplier diversity strategy.

## DETAILED FINDINGS

### Multiple Types of Diverse Segments Are Targeted

For those with a supplier diversity strategy, the top segments targeted are women-owned (98 percent), ethnic/minority-owned (95 percent), veteran-owned (90 percent), LGBTQ-owned (88 percent), and disability-owned (80 percent).



Qualitative respondents noted that those companies which target small businesses with their supplier diversity programs are likely to do so because they do business with the government. The government requires small business investment from its suppliers.

The Small Business Administration (SBA) is a resource for small business. The SBA is a federal agency fully dedicated to small businesses and provides counseling, capital, and contracting expertise. The government mandates the use of veteran-owned suppliers as well.

One qualitative respondent offered a note of caution on the consideration of diverse suppliers overall and small business suppliers in particular: some might not be able to handle the size and scale that big companies require.

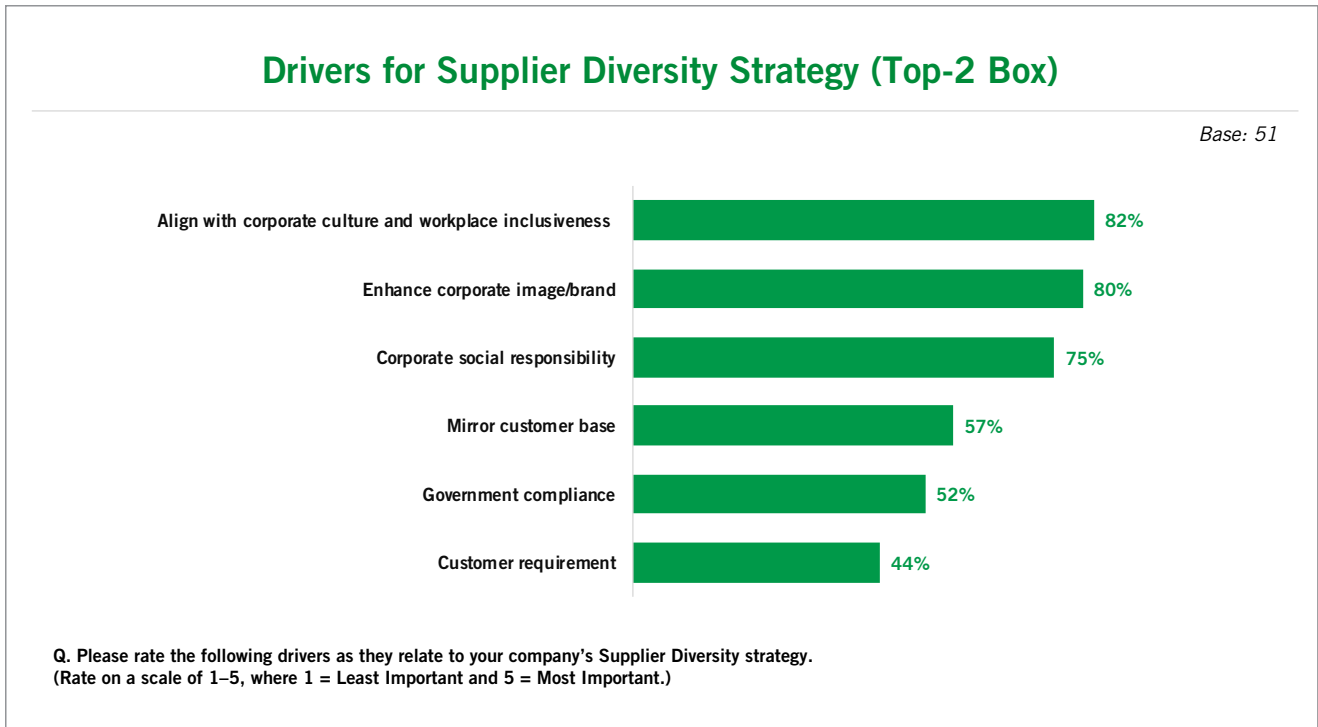


# DETAILED FINDINGS

## Primary Drivers

Respondents cited primary drivers for their company’s supplier diversity strategy:

- Align with corporate culture and workplace inclusiveness: 82 percent
- Enhancing corporate image/brand: 80 percent
- Corporate social responsibility: 75 percent



Multiple qualitative respondents agreed that the top driver noted above (align with corporate culture and workplace inclusiveness) is consistent with an increased focus on diversity and inclusion at many organizations and that there is a relationship between supplier diversity and diversity and inclusion overall.

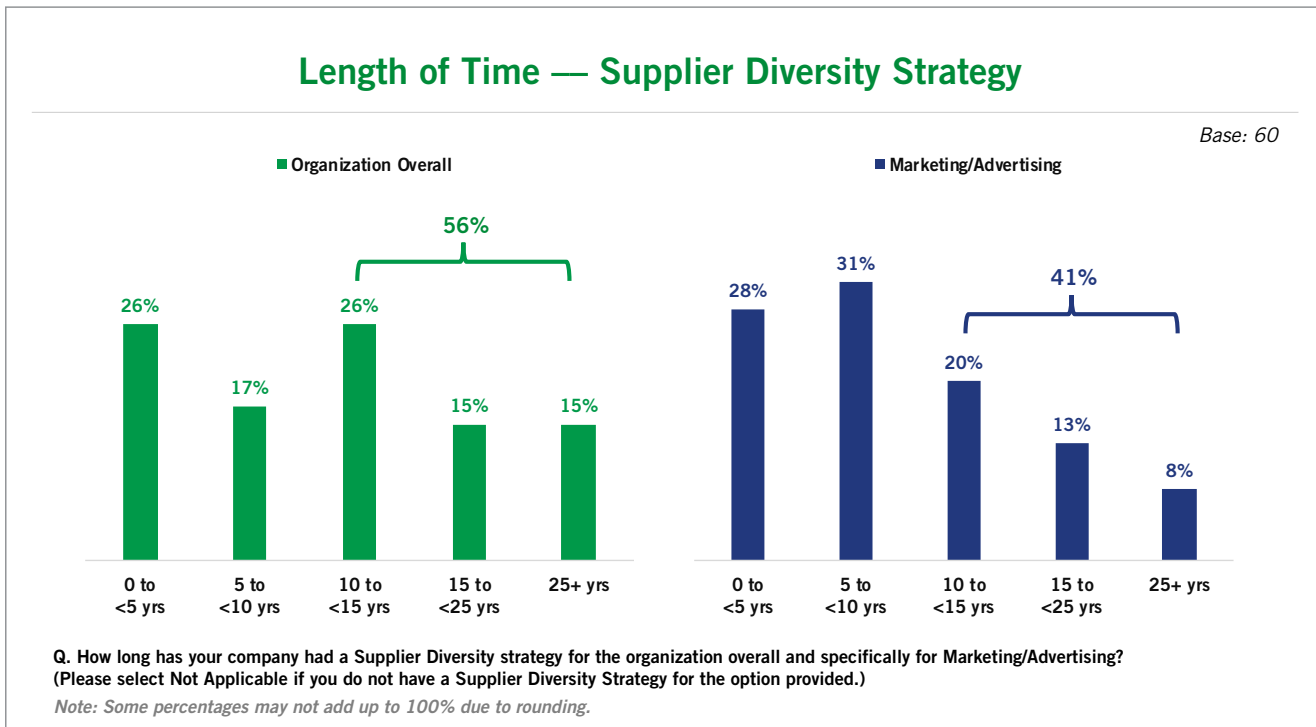
One respondent said, “You can’t have a holistic diversity and inclusion strategy without a comprehensive supplier diversity program. We support supplier diversity because it’s the right thing to do. And we want to make sure our suppliers reflect the communities we serve.”

# DETAILED FINDINGS

## Supplier Diversity Strategies Have Been Around Longer for the Organization Overall

Supplier diversity strategies are older within the organization overall than they are for marketing/advertising.

Fifty-six percent report having supplier diversity strategies for the organization overall of 10 years or more, versus 41 percent having supplier diversity strategies for marketing/advertising of 10 years or more.



Per our qualitative discussions, there’s a simple reason why supplier diversity strategies are older within the organization overall than they are for marketing/advertising: it’s more likely that an overall strategy was created first. Supplier diversity usually starts with a focus on the core needs of a business and marketing/advertising comes later.

For 79 percent of respondents, their supplier diversity strategy for marketing/advertising was established within the last 15 years. At the same time, marketing procurement/sourcing is a role that has grown dramatically over the past 15 years. Often procurement has a role in supplier diversity strategies. The increased penetration of marketing procurement has very likely led to an increase in supplier diversity strategies for marketing/advertising.

## DETAILED FINDINGS

### Most Supply Diversity Strategies Are Established; Almost a Quarter Are Advanced

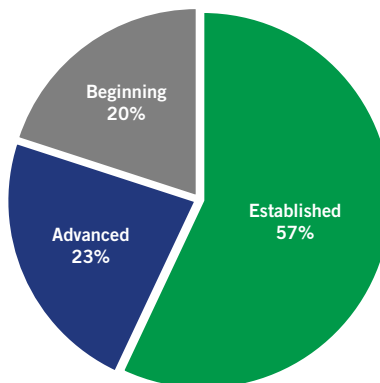
The majority of respondents (57 percent) classify the maturity of their supplier diversity strategy as established, defined as an “active program, traction within the business and with leadership, winning on goals, minimal business integration.”

Almost a quarter are advanced: “Shifting strategies to evolved phases to include Supplier Development Plans, full business integration, evolutionary growth, winning on stretch goals, established achievement awards for teams and suppliers.”

Only 20 percent are beginning: “Still in the beginning stages of alignment, education, and implementation; no business integration.”

#### Supplier Diversity Maturity Stage

Base: 60



**Q. How mature is your Supplier Diversity strategy?**

**Beginning:** Still in the beginning stages of alignment, education, and implementation; no business integration

**Established:** Active program, traction within the business and with leadership, winning on goals, minimal business integration

**Advanced:** Shifting strategies to evolved phases to include Supplier Development Plans, full business integration, evolutionary growth, winning on stretch goals, established achievement awards for teams and suppliers

## DETAILED FINDINGS

### Most Supply Diversity Strategies Are Established; Almost a Quarter Are Advanced

How does a company “move up” from having an established supplier diversity strategy to advanced? This is a tricky question, as a step from one maturity level to another is based on each individual company, leadership, employee engagement, and commitment to inclusion. RGMA is a well-respected expert in supplier diversity. The **RGMA 5 Levels of Supplier Diversity** provide a benchmark for accessing and improving corporate supplier diversity programs. Its top level, Level 5, is a world-class supplier diversity process. Characteristics of a world-class supplier diversity process that all supplier diversity programs should aspire to have include:

- Supplier diversity process is equal in stature to workforce diversity.
- Supplier diversity is owned by sourcing teams and buyers.
- Ability to measure the program’s contribution to market share and shareholders’ equity.
- Senior management leadership.

## DETAILED FINDINGS

### Top Benefit: Community Empowerment and Positive Economic Impact

The top-rated benefit of a supplier diversity strategy is community empowerment and positive social impact (for the community), cited by 84 percent of respondents.

The second-ranked benefit, cited by 68 percent of respondents, is providing opportunities for business expansion.



Qualitative respondents offered insights on the top benefit noted above (community empowerment and positive social impact for the community):

- “More companies are ‘looking local’ to build their communities. The more positive impact there is on the community, the more positive impact on the company.”
- “When we make diverse suppliers successful, they help make others successful.”

One qualitative respondent commented on the second-ranked benefit (provides opportunities for business expansion) by saying, “Supplier diversity cannot simply be a charity case; the empirical business impact is important.”

Although innovation was one of the lower-ranked benefits by survey respondents, a number of qualitative interviewees brought it up in discussion. One said, “Diverse suppliers drive innovation through their unique way of thinking versus traditional suppliers and coming with a different set of tools.”

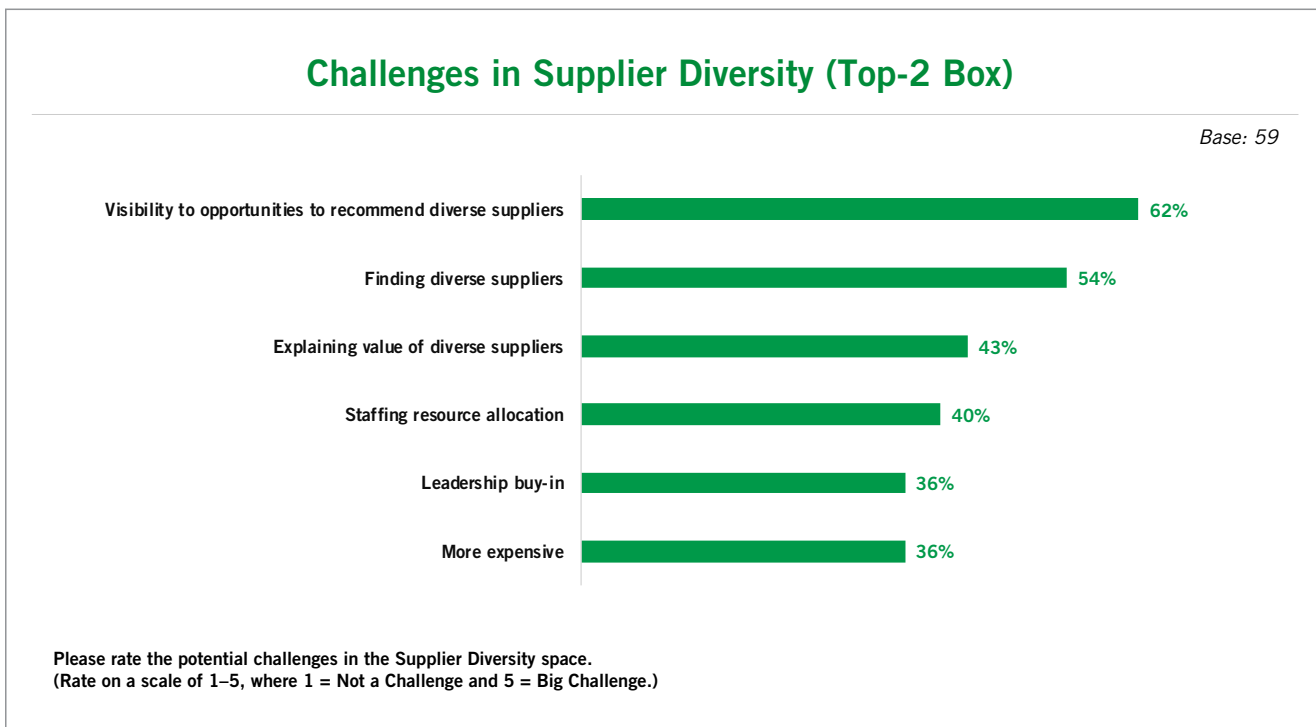
## DETAILED FINDINGS

### Top Challenges: Visibility to Opportunities to Recommend and Finding Diverse Suppliers

The top two challenges are:

- Visibility to opportunities to recommend diverse suppliers: 62 percent
- Finding diverse suppliers: 54 percent

The first one is an internal challenge; the other is external.



Supplier diversity professionals work with their internal stakeholders to identify opportunities to recommend diverse suppliers. One respondent talked about the “rule of one” — ideally including at least one diverse supplier in every RFP, if relevant.

Member certification bodies can play important roles in helping corporations find diverse suppliers. Those include the National Minority Supplier Development Council (NMSDC), the Women’s Business Enterprise National Council (WBENC), and the National LGBT Chamber of Commerce (NGLCC).

A resource for finding diverse suppliers in marketing/advertising is FREE THE WORK; a brief profile of this organization follows.

## DETAILED FINDINGS

# FREE THE WORK

## FREE THE WORK — A Case Study

**FREE THE WORK** is 501(c)3 non-profit initiative that provides a curated talent-discovery platform for underrepresented creators (including directors, editors, colorists, and composers).

Promoting a holistic approach to hiring underrepresented talent, FREE THE WORK utilizes machine learning to generate intelligent discovery that connects creators with those who hire in the film, television, advertising, and media industries. FREE THE WORK allows TV networks, film studios, and brands to track quantifiable results for their diversity efforts across industries with a customized dashboard of diversity hiring data. It also offers educational tools, facilitates mentorship opportunities for creators, and acts as a collaborative social media platform.

FREE THE WORK is an expansion of the mission of the nonprofit initiative Free the Bid. Free the Bid was founded in 2016 by director Alma Har'el with a pledge that brands and their ad agencies commit to ensuring the inclusion of one female director on every triple-bid advertising job. That pledge did not guarantee that the woman included would be hired, only considered fairly. By being included in the bidding process, however, Free the Bid saw a massive change in hiring practices.

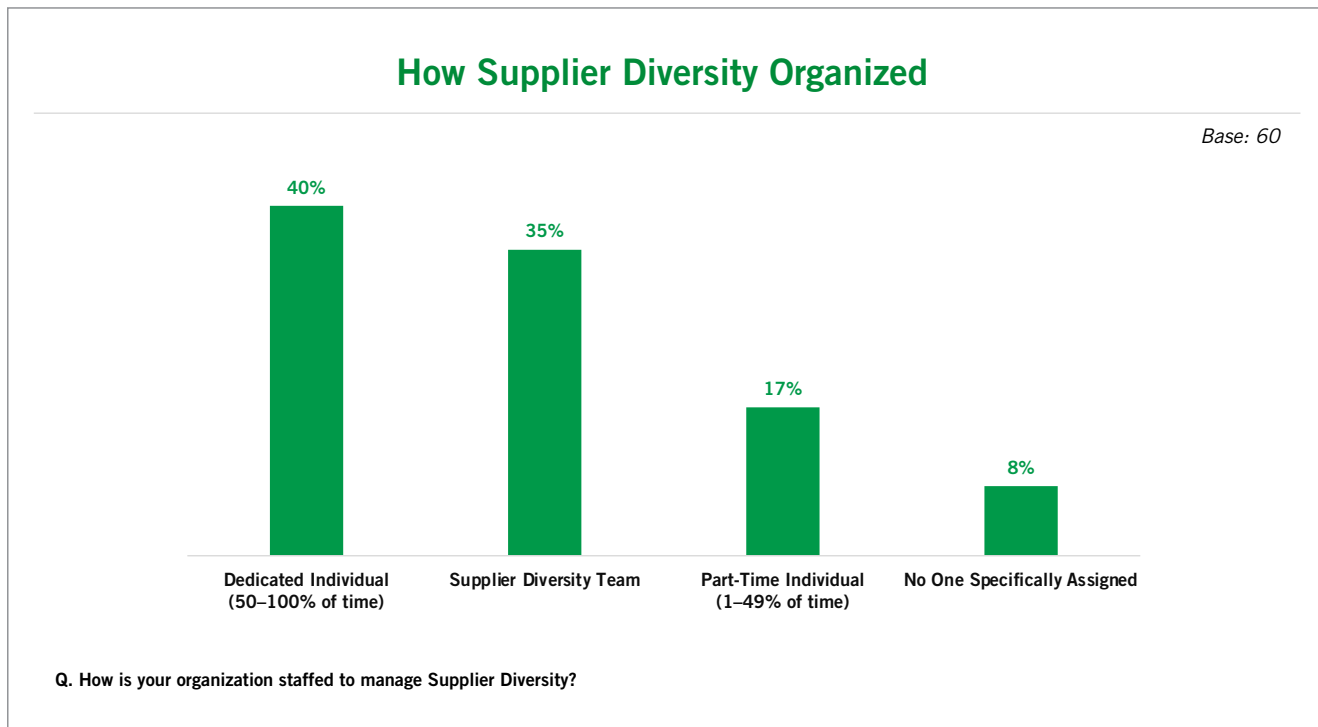
With FREE THE WORK's expansion into film, TV, and media, in addition to advertising, the triple-bid principle can be translated to a pitch scenario, a writers' room, or any opportunity for hiring. FREE THE WORK is bringing this successful 1:3 model to these industries to bring change to systemically entrenched hiring patterns that have historically kept out underrepresented creators. Additionally, FREE THE WORK's database of talent is expanding to include all underrepresented creators beyond those who identify as women.

FREE THE WORK is supported by founding partners Amazon Studios, AT&T, Facebook, Ford Motor Company, and Procter & Gamble.

## DETAILED FINDINGS

### Various Org Structures Manage Supplier Diversity

Forty percent of respondents have a dedicated individual who spends 50 to 100 percent of their time focused on supplier diversity. Thirty-five percent have a team assigned to supplier diversity duties.



The head of the supplier diversity team at a major company discussed the benefits of having such a team. The supplier diversity team brings forward the strategy to the organization. The team sets goals, builds dashboards, highlights opportunities, and works to prove the value of supplier diversity across the organization. Best practices are shared among the groups who otherwise would not have received them.

A respondent stated, “The team or individual is only as good as the leadership who helps drive the importance of supplier diversity throughout the organization. Leadership needs to encourage supplier diversity and help open the door for diverse suppliers. Without strong leadership, supplier diversity is more likely to be set aside and more likely to have roadblocks remain roadblocks.”

The survey did not ask any questions specifically about the role of procurement in supplier diversity, but there was good information gleaned from the qualitative discussions. In most cases, supplier diversity is part of procurement, as procurement focuses on making its supply chain more inclusive. Procurement can help administer the supplier diversity strategy, establish/maintain relationships with diverse suppliers and other key outside organizations, bring internal groups together, and track/measure progress. In some cases, supplier diversity could be part of government or community relations.

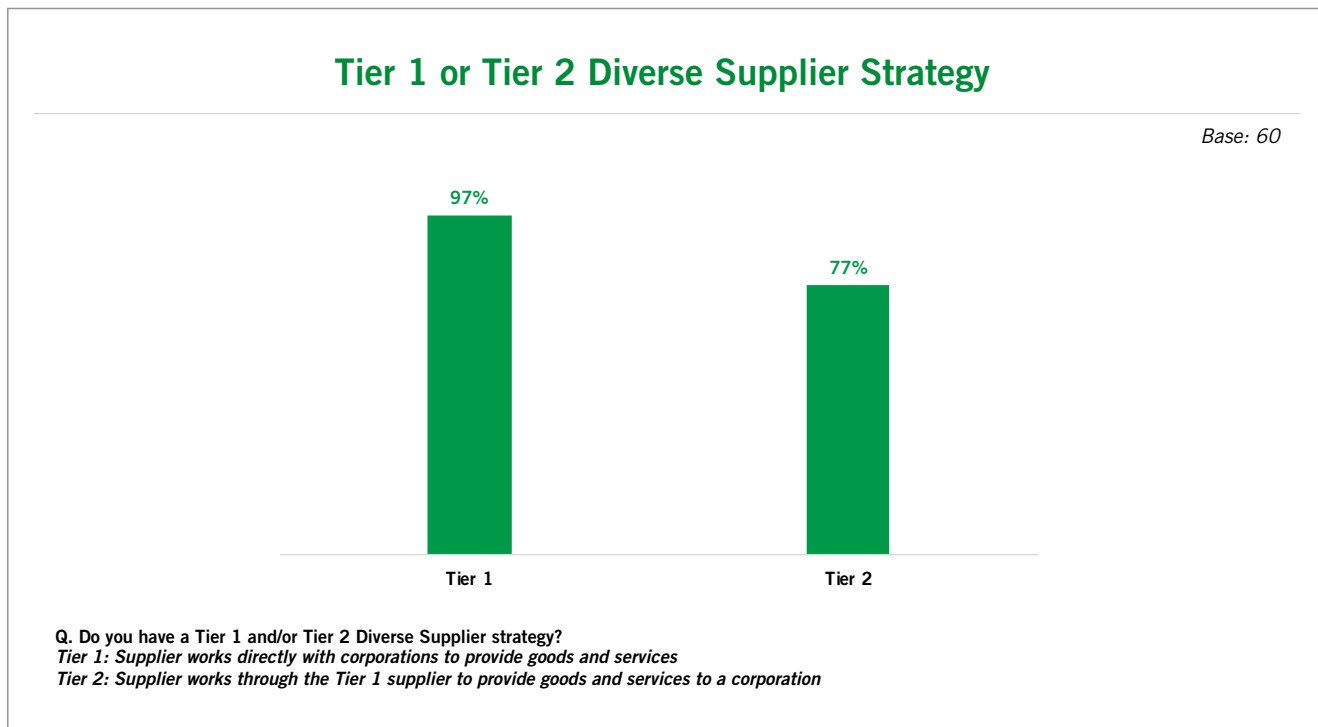


## DETAILED FINDINGS

### Most Have Both Tier 1 and Tier 2 Suppliers

Tier 1 suppliers work directly with corporations to provide goods and services; 97 percent of respondents have a Tier 1 diverse supplier strategy.

Tier 2 suppliers work through the Tier 1 supplier to provide goods and services to a corporation; 77 percent have a Tier 2 diverse supplier strategy.



Tier 1 suppliers are often encouraged and even mandated to find and use Tier 2 diverse suppliers as subcontractors.

Having a Tier 2 diverse supplier strategy requires time, money, and additional resources — at least an analyst and portal (for suppliers to report their own spend). For these reasons alone a company may not have a Tier 2 diverse supplier strategy.

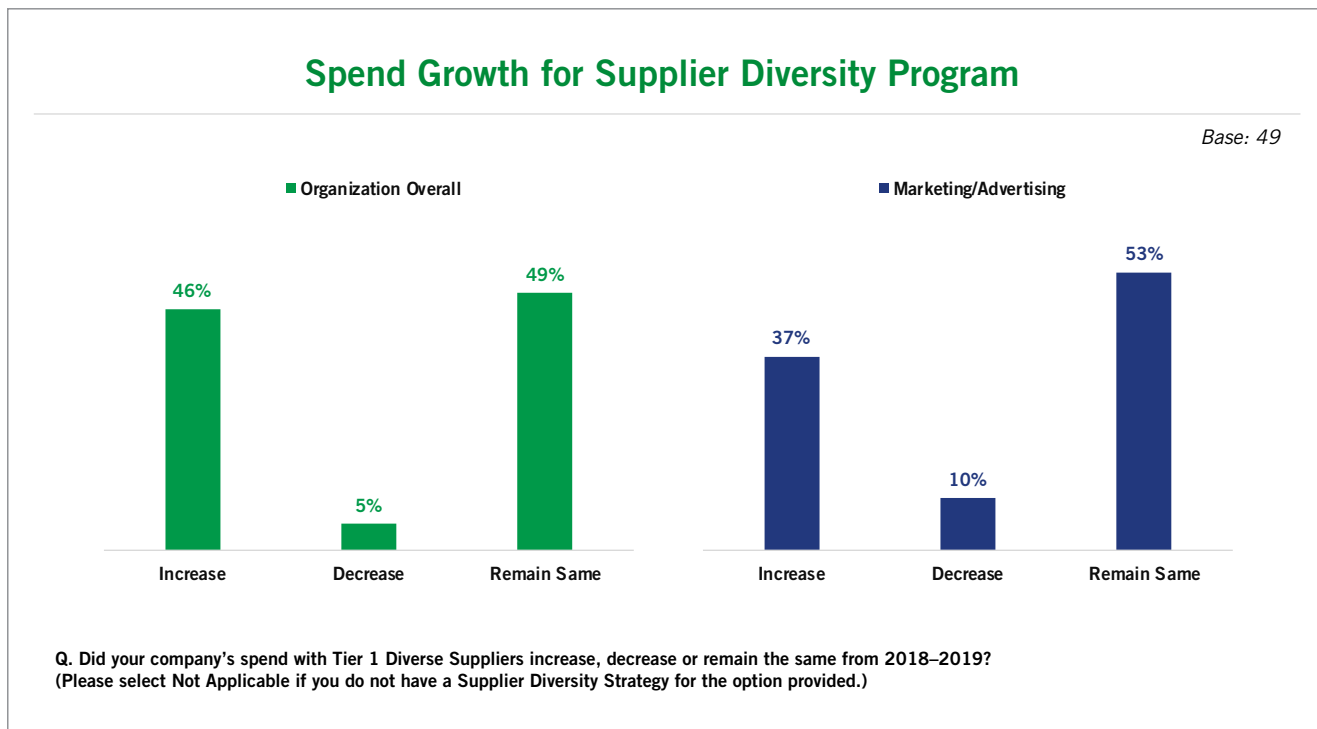
One respondent offered “There is so much to do in Tier 1” to explain why his company does not have a Tier 2 diverse supplier strategy.

## DETAILED FINDINGS

### Diverse Spend Increasing for Many

Spend with diverse suppliers was much more likely to increase than decrease from 2018 to 2019; for many respondents, spending stayed the same.

- For the organization overall, 46 percent of respondents increased spend.
- For marketing/advertising, 37 percent increased spend.



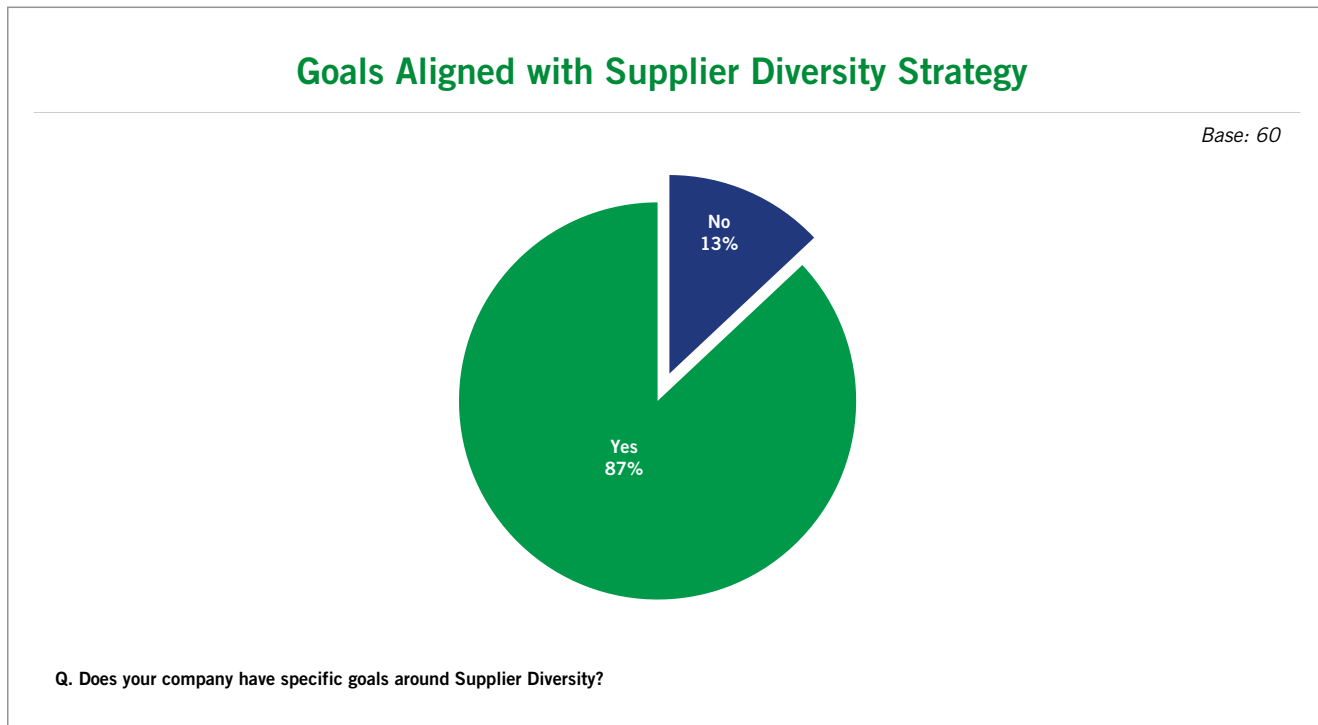
For many respondents, a specific goal of their supplier diversity program is to increase dollar spend on a year-to-year basis. Increased spend behind supplier diversity aligns with an increased commitment to diversity and inclusion overall.

This survey was fielded in February 2020, before the COVID-19 pandemic reached the United States. Given recent events, the state of the economy, and projections that many advertisers will decrease media investments, spending behind diverse suppliers for marketing/advertising is likely to decrease for many marketers in 2020 (as could spending behind diverse suppliers for the organization overall). One qualitative respondent, in agreeing with this assessment, said, “It’s gonna be brutal.” The respondent further commented that “every spend is under review.... We are only spending to keep the lights on in the office... if you don’t need it, don’t spend on it.” Another qualitative respondent said, “We are just fighting for survival,” and felt that resources and spend behind supplier diversity would suffer as a result.

## DETAILED FINDINGS

### Great Majority Have Supplier Diversity Goals

The great majority of respondents (87 percent) report that their companies have specific goals around supplier diversity.



When asked in a follow-up open-ended survey question, “What are your company’s specific goals around Supplier Diversity?” many respondents cited percentage of spend and/or actual spend targets.

- “10 to 15 percent of spend should be with diverse suppliers.”
- “\$2 billion by 2020, with \$1 billion being women-owned.”
- “Certain annual dollar spend with diverse suppliers (tier 1 and tier 2).”
- “We set targets yearly based on percent of spend and category.”

Often there are goals for overall diverse spend as well as spend by specific categories. Also mentioned was having diverse suppliers included in more RFPs and having the specific goal of hiring more diverse suppliers. But business goals did not receive a single mention.

## DETAILED FINDINGS

### Great Majority Have Supplier Diversity Goals

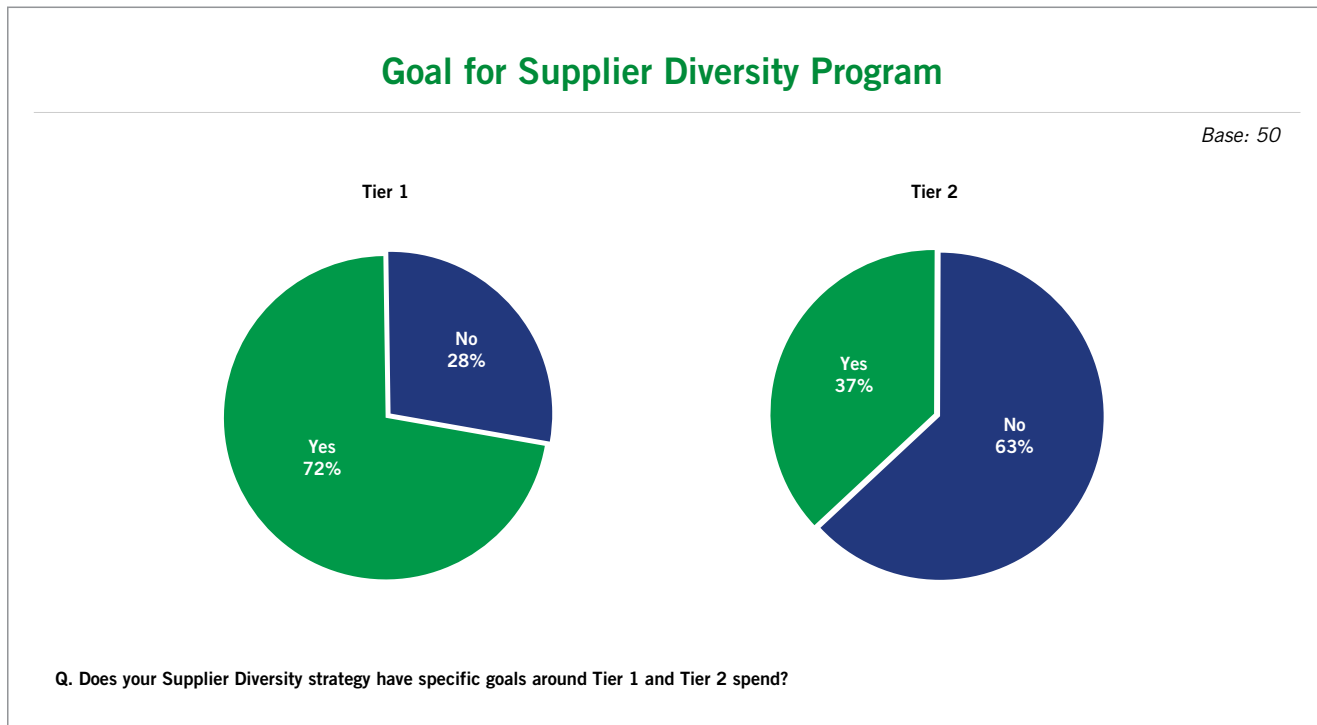
More advanced supplier diversity organizations also measure economic impact — that is, the impact that doing business with diverse suppliers has on the economy. One respondent called that “the ripple effect.” It’s a measurement of how doing business with diverse suppliers generates revenue, income, and jobs, and how that activity affects the local economy. There are generally four specific metrics:

1. *Output effect:* A measure of revenues generated by small and diverse suppliers within the supply chain.
2. *Employment effect:* A measure of the number of jobs created as a result of the business activities of small and diverse businesses within the supply chain.
3. *Income effect:* A measure of total income generated with small and diverse suppliers within the supply chain.
4. *Tax effect:* A measure of federal, state, and local business taxes as well as personal taxes that are generated through economic activity.

## DETAILED FINDINGS

### Almost Three-Quarters Have Specific Goals for Tier 1 Spend

Seventy-two percent of respondents have specific goals for their Tier 1 suppliers; 37 percent have specific goals for Tier 2 suppliers.



Tier 2 spend is less likely to have specific goals.

- It was noted in our qualitative discussions that it can be challenging to set goals for outcomes one cannot control, as it is hard to force the hand of Tier 1 suppliers to use Tier 2 suppliers.
- It was also noted that Tier 2 spend is not a metric that can be used in government reporting of diverse supplier spend.

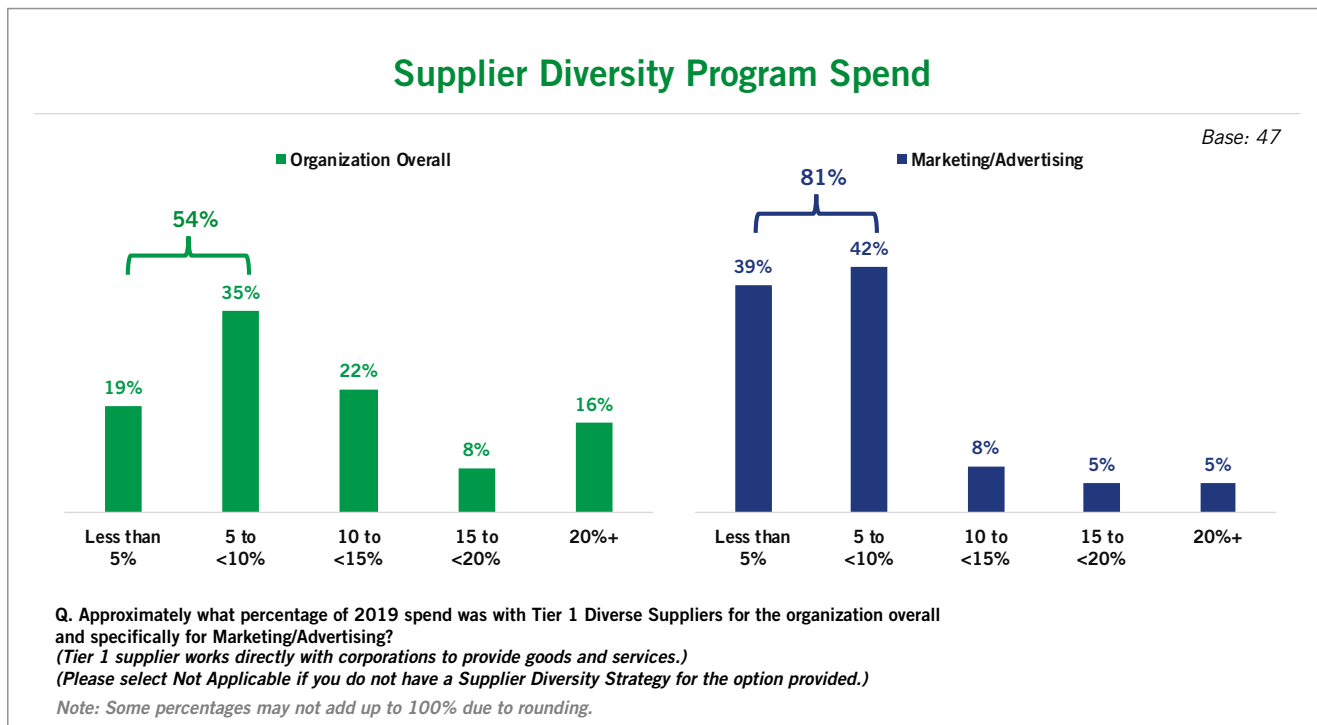
## DETAILED FINDINGS

### Tier 1 Diverse Spending Under 10 Percent for Most

Spend with Tier 1 diverse suppliers was below 10 percent for:

- 54 percent of respondents for the organization overall
- 81 percent of respondents for marketing/advertising

This suggests a greater lack of diverse suppliers for marketing/advertising than for the organization overall.



In our qualitative discussions, it was noted by multiple respondents that the biggest line item for marketing/advertising for most marketers is media. Plain and simple, there are few diverse supplier resources for media — notably some radio and newspapers. Not even Univision, the Spanish-language television network, is considered a diverse supplier, as it is majority-owned by private equity. Nor are BET (ViacomCBS) and Telemundo (NBCU).

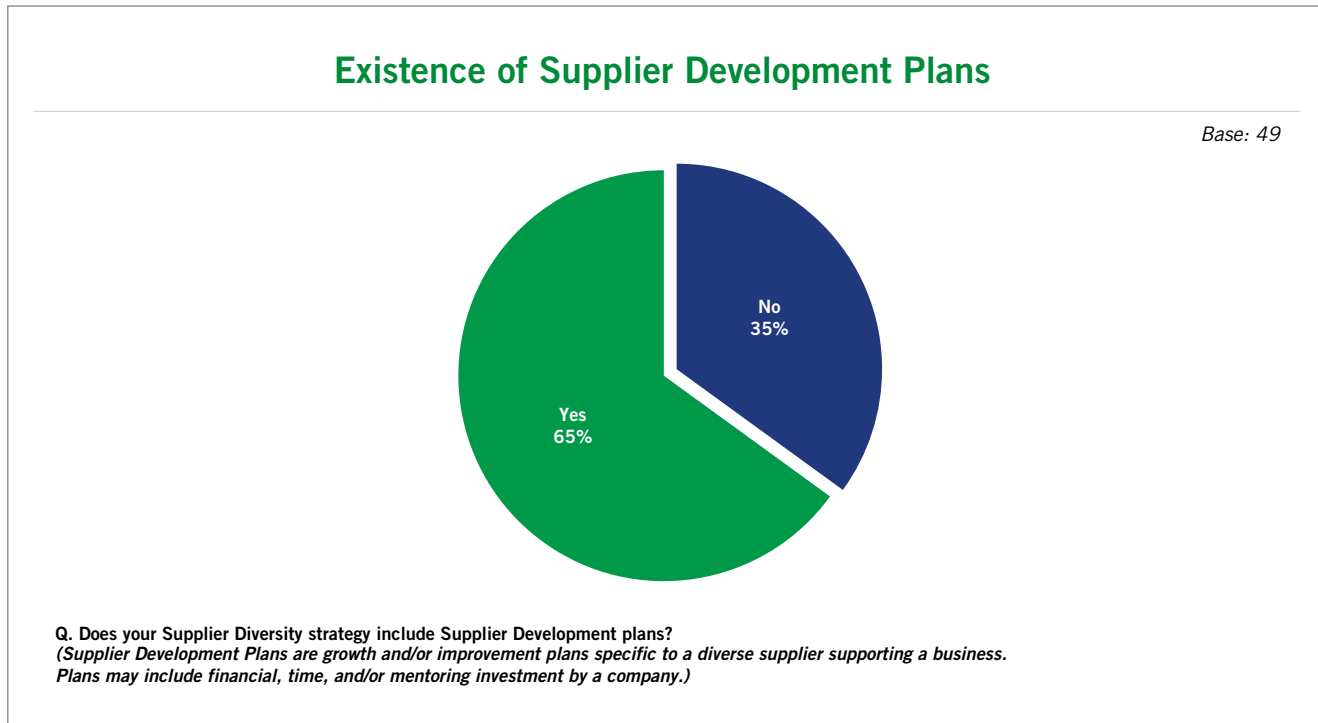
Among agencies, many “multicultural” agencies are owned by holding companies and are therefore not classified as diverse suppliers.

One qualitative respondent commented, “The internal supplier diversity teams are typically very small, sometimes only one or two executives. They often don’t have the bandwidth to influence marketers so they concentrate their time on other areas like materials, supplies, construction, and other services.”

## DETAILED FINDINGS

### Two-Thirds Have Supplier Development Plans

Two-thirds (65 percent) note that their supplier diversity strategy includes supplier development plans. Supplier development plans are growth and/or improvement plans specific to a diverse supplier supporting a business. Plans may include financial, time, and/or mentoring investment by a company.



In our qualitative discussions, a number of respondents stressed that it's important for companies to invest time and energy to help diverse suppliers succeed.

Some coach diverse suppliers on how to “show up” and best demonstrate their capabilities when responding to RFPs and pitching for business. Others support diverse suppliers via mentoring groups. Mentioned specifically were women mentoring women and one-on-one partnering with people of color and veterans.

## DETAILED FINDINGS

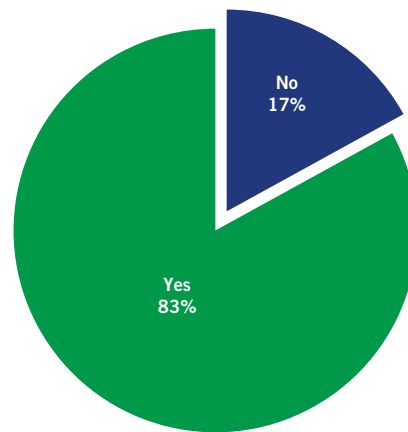
### Most Are Engaged with Member Certification Bodies

Eighty-three percent are engaged with member certification bodies:

- National Minority Supplier Development Council (NMSDC)
- Women’s Business Enterprise National Council (WBENC)
- National LGBT Chamber of Commerce (NGLCC)

#### Engagement with Member Certification Bodies

Base: 59



Q. Does your Supplier Diversity strategy include engaging with member certification bodies like NMSDC, WBENC, NGLCC, etc.?

Member certification bodies can assist organizations in thinking about their respective supplier diversity strategies in broader and more holistic ways. They can play important roles in helping corporations find diverse suppliers and train diverse suppliers. Furthermore, these member certification bodies have forums and events that bring supplier diversity professionals together for networking and sharing of best practices. One qualitative respondent commented, “It’s really important for me to understand what others are doing, so there is great value in talking with others.”

*“Supplier diversity is one of the few really important topics that peers — both direct competitors and others — are more than happy to discuss. Everyone shares strategies and troubleshoots challenges, because it’s not competitive. Supplier diversity professionals are always open to sharing successes: it drives the collective advancement and support of small and diverse businesses.”*

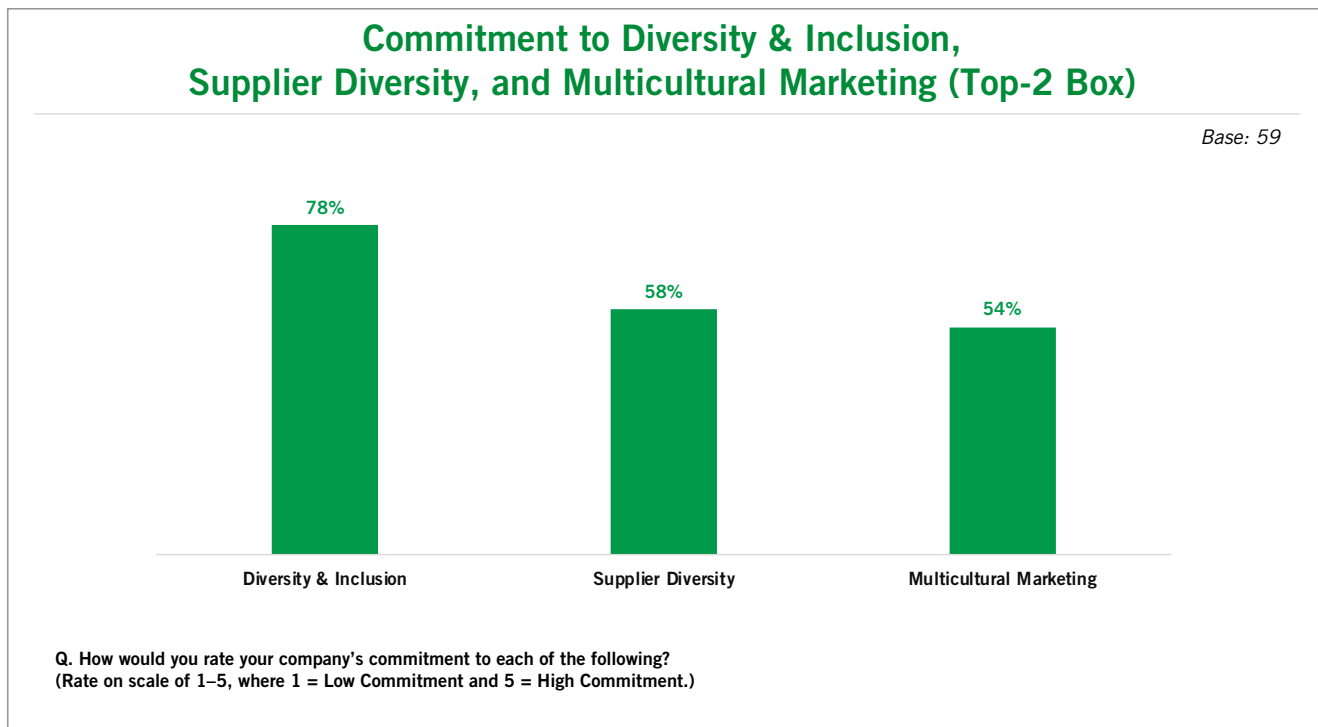
— Director of Supplier Diversity at Pharma Company



## DETAILED FINDINGS

### Commitment to Diversity & Inclusion, Supplier Diversity, and Multicultural Marketing

Supplier diversity is part of the “trifecta” which also includes diversity and inclusion as well as multicultural marketing. Respondents expressed the highest level of commitment for diversity and inclusion (78 percent), followed by supplier diversity (58 percent) and multicultural marketing (54 percent).



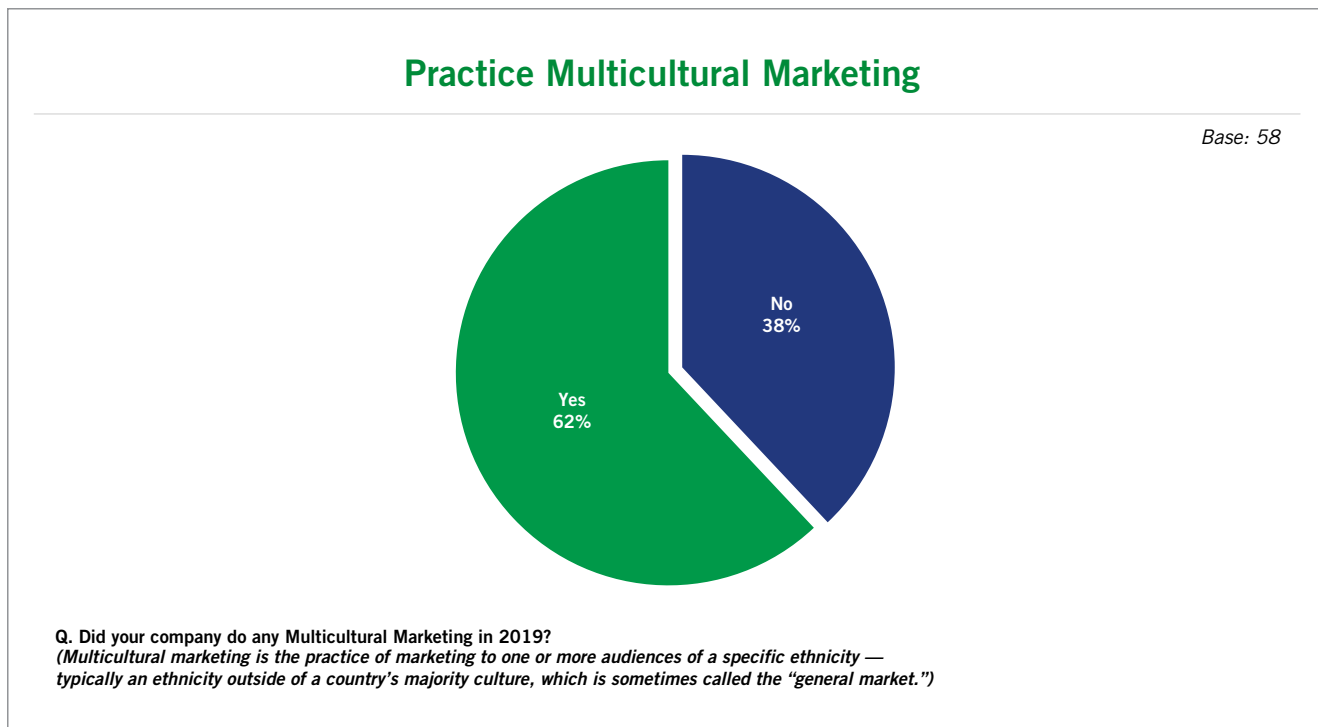
Many of the qualitative respondents discussed the strong connection between diversity and inclusion and supplier diversity.

- “Supplier diversity is an important component of a diversity and inclusion strategy.”
- “As companies diversify their workforce, they need to also diversify their base of suppliers.”
- “Supplier diversity rides the coattails of diversity and inclusion.”
- “Supplier diversity is part of an overall diversity and inclusion strategy. It’s the only component of D&I that results in a direct, quantifiable impact on the bottom line.”

## DETAILED FINDINGS

### Multicultural Marketing Done by Almost Two-Thirds of Respondents

Almost two-thirds of respondents (62 percent) say their company did multicultural marketing in 2019. Multicultural marketing is the practice of marketing to one or more audiences of a specific ethnicity, typically an ethnicity outside of a country’s majority culture, which is sometimes called the “general market.”



Marc Pritchard, the chief brand officer of Procter & Gamble and chairman of the board of the ANA, has said, “If you’re not doing multicultural marketing, you’re not doing marketing.”

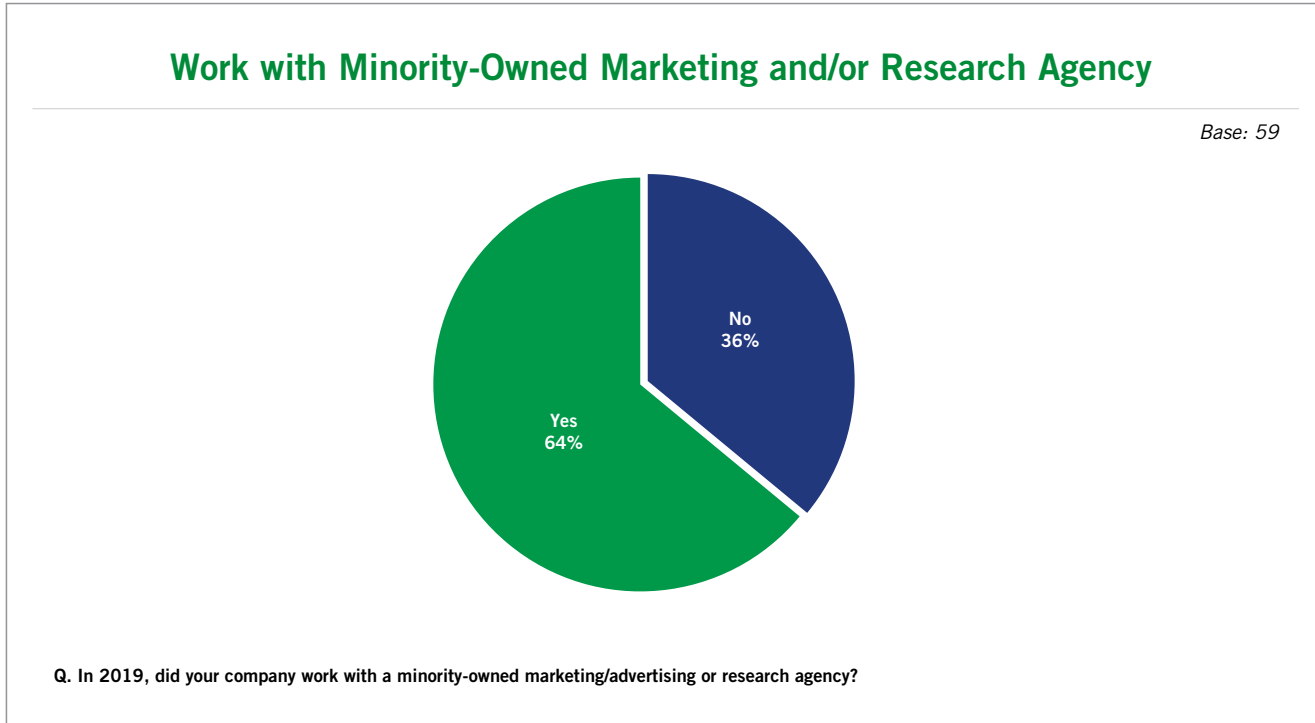
But according to the results above, 38 percent of respondents are not doing multicultural marketing. Among those who are doing multicultural marketing, there are varying levels of commitment, and many are likely not investing enough, given the opportunity.

According to **“U.S. Multicultural Media Forecast 2019,”** conducted by PQ Media on behalf of the ANA’s Alliance for Inclusive and Multicultural Marketing (AIMM), multicultural media revenue — meaning advertising and brand activation revenues (for both above- and below-the-line media) significantly under-indexes the general population. Multicultural consumers now comprise almost 40 percent of the total population, yet multicultural media investments are only 5.2 percent of total advertising and marketing revenues. This report identifies a clear opportunity for more marketers to engage multicultural consumers to drive business growth, and is especially notable for encouraging those marketers still “sitting on the sidelines” to “get in the game.”

## DETAILED FINDINGS

### Almost Two-Thirds Work with Minority-Owned Marketing and/or Research Agency

Almost two-thirds (64 percent) say their company has worked with a minority-owned marketing/advertising or research agency.

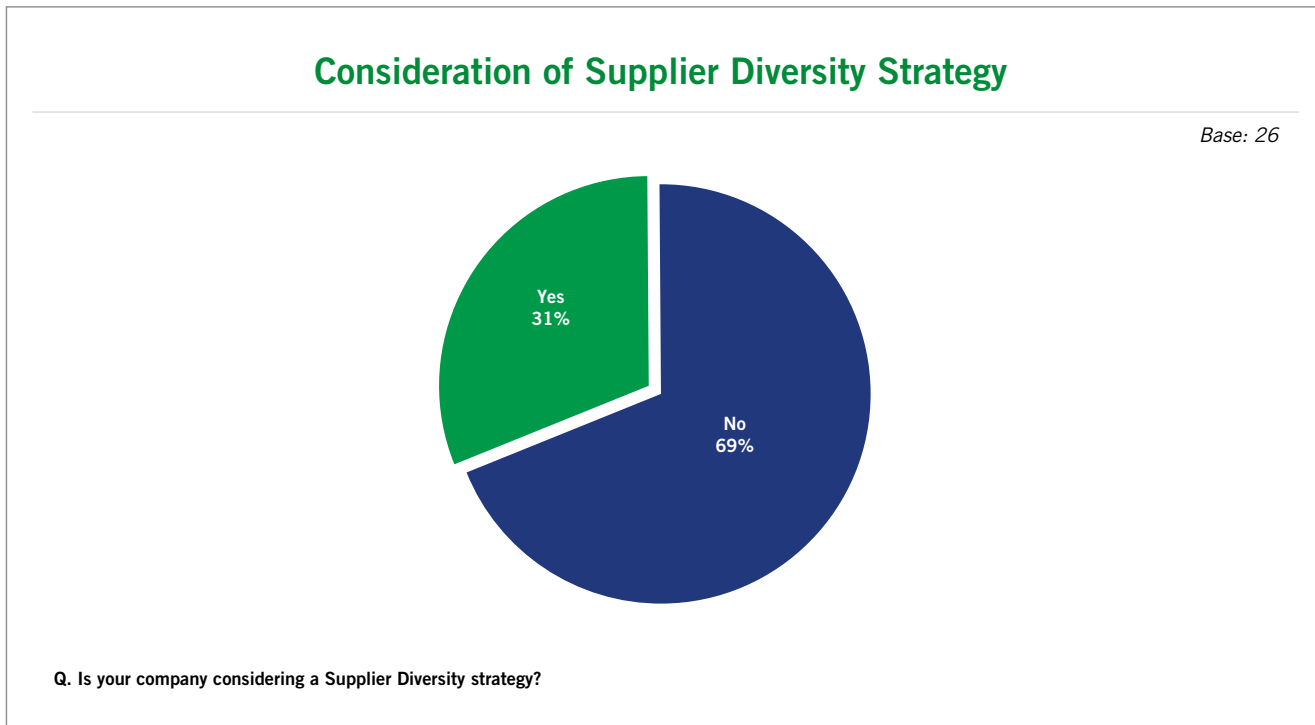


It's important to note that there are various multicultural agencies that are owned by holding companies and are therefore not "minority-owned." It is possible, then, that the "yes" answer to the above question may be inflated, recognizing relationships with companies that are "minority-led" but not "minority-owned."

## DETAILED FINDINGS

### Considering Supplier Diversity Strategy

For those who do not currently have a supplier diversity strategy in place, only 31 percent say their companies are considering it.



For those who responded that their company was considering a supplier diversity strategy, the following are representative responses:

- “Our commitment to diversity should be reflected in our practices with suppliers.”
- “As part of our corporate social responsibility initiatives.”
- “To meet government requirements since we sell to the government.”

Those who aren’t considering it simply noted that it was “not a priority” or “not on the company’s radar.”

One qualitative respondent — the only qualitative interviewee whose company currently does not have a supplier diversity strategy — noted the challenges of leadership buy-in and explaining the value of supplier diversity to leadership.

## CONCLUSIONS/CALL TO ACTION

1. There is a strong connection between diversity and inclusion and supplier diversity. As one qualitative respondent put it, “Supplier diversity is an important component of a diversity and inclusion strategy.” Those companies which demonstrate a strong commitment to diversity and inclusion are also likely to have more mature supplier diversity strategies.
2. Today’s consumers are increasingly diverse. According to the **U.S. Census Bureau**, around the time the 2020 Census is conducted, more than half of the nation’s children are expected to be part of a minority race or ethnic group. The U.S. population as a whole is expected to follow a similar trend, becoming majority-minority in 2044. A strong supplier diversity program helps ensure that a company’s suppliers reflect the communities it serves.
3. The top challenge in supplier diversity is providing visibility to opportunities to recommend diverse suppliers. Supplier diversity professionals work with their internal stakeholders to identify opportunities to recommend diverse suppliers. Companies should follow the “rule of one” — ideally including at least one diverse supplier in every RFP, if relevant.
4. Another key challenge is finding diverse suppliers. Marketers should consider holding events such as a “Marketing Supplier Diversity Day.” Suppliers could be invited in to showcase their offerings. Key internal executives could be invited to attend to help increase their exposure to supplier diversity.
5. In most cases, supplier diversity is part of procurement, as procurement focuses on making its supply chain more inclusive. Procurement can help administer the supplier diversity strategy, establish/maintain relationships with diverse suppliers and other key outside organizations, bring internal groups together, and track/measure progress. The increased penetration of marketing procurement has very likely led to an increase in supplier diversity strategies for marketing/advertising and will likely garner even greater attention going forward.
6. The majority of respondents (57 percent) classify the maturity of their supplier diversity strategy as “established,” 23 percent are “advanced,” and 20 percent are “beginning.” To progress from an established to an advanced supplier diversity strategy, organizations should consider improving upon how they perform on the characteristics of a world-class supplier diversity process (per RGMA), including making the supplier diversity process equal in stature to workforce diversity, making sure supplier diversity is owned by sourcing teams and buyers, establishing the ability to measure the program’s contribution to market share and shareholders’ equity, and securing senior management leadership.
7. Organizations with more advanced supplier diversity strategies measure economic impact (the impact that doing business with diverse suppliers has on the economy — income, jobs, etc.). More organizations are encouraged to consider economic impact metrics.

## CONCLUSIONS/CALL TO ACTION

8. Interestingly, business goals for the marketer did not receive a single mention when asked in a qualitative survey question, “What are your company’s specific goals around Supplier Diversity?” There is an opportunity to tie supplier diversity into business results for the marketer.
9. Supplier diversity in marketing/advertising is less mature than supplier diversity in the organization overall. Supplier diversity in marketing/advertising is younger, has less spend, and has fewer opportunities.
  - » Marketers are encouraged to use the resources of FREE THE WORK, which provides “a curated talent-discovery platform for underrepresented creators.” Originally established as a resource for production to include one female director on every triple-bid advertising job, FREE THE WORK has expanded into film, TV, and media, and its database of talent now consists of underrepresented creators who are directors, editors, colorists, composers, and more.
  - » This report provides a good initial foundation in benchmarking ANA member company activity in supplier diversity overall, with some insights into supplier diversity in marketing/advertising. A follow-up will be a deeper dive into supplier diversity in marketing/advertising. For starters, the ANA will curate a list of diverse suppliers that work in our industry and ask others to contribute to that. See [ana.net/diversesuppliers](https://ana.net/diversesuppliers).
10. This survey was fielded in February 2020, before the COVID-19 pandemic in the United States. Given recent events, the state of the economy, and projections that many advertisers will decrease media investments, spending behind diverse suppliers for marketing/advertising is likely to decrease for many marketers in 2020 (as could spending behind diverse suppliers for the organization overall).

*“This report is unique given its perspective on marketing. Marketing and advertising may be the last horizon — the last uncharted territory — for supplier diversity professionals. My hope is that the ANA broadly shares this with the marketing industry to increase understanding of the power of supplier diversity.”*

— Director, Supplier Diversity at Entertainment Company

## ACKNOWLEDGEMENTS

*"Where do I see the future of Supplier Diversity? Supplier Diversity for so long has been about having a program and embedded processes. As I look to 2020 and beyond, I'd like to think it's about strategies that empower scalable diverse suppliers who in turn will transform our economy and communities."*

— **Simona Rabsatt Butler, Senior Director of Global Strategic Sourcing at Visa**

*"In my now 20-year tenure at ANA, I have seen dramatic growth in our multicultural and procurement practices. More recently, our focus on diversity and inclusion has substantially increased. But there has only been very limited work on supplier diversity ...until now. Supplier diversity truly sits at the intersection of these other disciplines. Supplier diversity in marketing/advertising, in particular, can be a growth-driver for companies."*

— **Bill Duggan, Group EVP at the ANA**

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- Bill Duggan was the project leader for the ANA.



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DIVERSITY**

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