



## Supplier Diversity Transforming 'Best-Practice' into 'Next Practice'

**Dell Technologies gathered select ANZ partners and customers in Melbourne committed to diversity and inclusion (D&I) to exchange, promote and collaborate on best practices in supply chain diversity.**

Attendees learned about supplier diversity, why it's important, and how developing more inclusive ecosystems across government and industry are critical drivers for progress in business and humanity at large. Attendees led a robust discussion that examined the techniques and key strategies on implementing supplier diversity and inclusion initiatives designed to enable businesses to successfully adapt and be nimble in the hyper-interconnected global marketplace.

**Left to Right:** Libby Jenkin, Category Manager – Capital Project Services ASPAC, BP; Iren Toh, Senior Business Analyst, IOOF; Tracy Driver, VMware Synergy Lead for Enterprise, Dell Technologies; Sonia Ruddock, Chief of Staff, BUPA; Minnie Venkatachalam, Regional Director for South-East Asia, Australia and New Zealand, WEWork; Sophie Guiren, Head of D&I, APJ & GC, Dell Technologies; Pam Cass, VP Marketing, VMware; Leigh Ritchie, Procurement Delivery & Change Lead, BP; Alison-Kari Cox, Senior Manager Technology Consulting, Accenture; Ben Weinberg, Account Executive, Dell Technologies.

## Overview of Supplier Diversity at Dell Technologies

Dell Technologies is the world’s largest privately controlled technology company, comprising 145,000 team members across 180 countries globally and generating revenues of US\$80.3 billion. As a global leader, Dell Technologies plays a key role in driving awareness of Diversity and Inclusion (D&I) and has spent more than US\$3 billion annually with women and minority-owned suppliers and small businesses for the past 6 years.

The business imperative for building D&I programs within companies is clear – research has found organisations with D&I initiatives have 21% higher profitability in comparison to those that haven’t.

In fact, supplier diversity governs the use of historically underutilised businesses to transform the supply chain to reflect the demographics of the global community in which it operates.

According to Michael Dell, CEO of Dell Technologies, his own organisation’s mission with supplier diversity is to drive inclusion for qualified minorities, women and small businesses to create strategic and sustainable relationships.

There are three main reasons why supplier diversity is important to Dell Technologies. Firstly, to build business resilience and gain competitive advantage. A company the size of Dell Technologies needs a supply chain nerve centre where, if one thing fails, another team can pick it up across the globe to keep business operational 24 hours. This allows the company to do things at scale across the global business.

From a compliance point of view, supplier diversity is critical to ensure business satisfies government requirements, particularly when bidding for government contracts.



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**– Sophie Guerin, Head of D&I, APJ & GC, Dell Technologies**

And finally, from a CSR (corporate social responsibility) perspective, it’s important to demonstrate Dell Technologies’ commitment to the communities it operates within.

When a large company chooses to inject financial resources into an economy, it has a huge ripple effect, which means thinking ethically about the viability of investing in a local economy. Companies need to be thinking whether local infrastructure will support this.

“We have to think about our stakeholders, especially within emerging diverse demographics,” said Sophie Guerin, Head of Diversity & Inclusion, Asia Pacific, Japan & Greater China (APJ & GC) at Dell Technologies.

“We have to think about our suppliers, not only from a diversity standpoint, but from a size and scope capacity. How do we better enable our sales leaders by having a more efficient and secure supply chain, and global supply chain management?”

In Australia, Dell Technologies is looking primarily at Aboriginal and Torres Strait Islander populations – but this will continue to evolve as governments

become more sophisticated in overseeing supplier diversity programs.

Ultimately, Dell Technologies aims to improve customer experiences, drive economic growth and help supplier businesses to increase their market share to contribute their part in boosting the local economy.

If we consider Dell Technologies as a use case, it demonstrates its support of supplier diversity with commitment. This starts at the CEO level, with Michael Dell prioritising and communicating it as a key focus.

This is then executed in two ways: the establishment of Dell Technologies’ Global Diversity Council and its Global Diversity Steering Committee.

The company has both supplier diversity professionals and a network of trainees that undergo training and become advocates and champions for the cause. Not only is this helpful for the company’s supplier diversity programs, it also gives the trainees professional development and learning development opportunities and builds their network across our organisation.

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## WEConnect International – Dell Strategic Partner Insights

The roundtable welcomed guest speaker Minnie Venkatachalam, Regional Director for South-East Asia, Australia and New Zealand for WEConnect International. WEConnect International identifies, educates, registers, and certifies women’s business enterprises based outside of the U.S. that are at least 51% owned, as well as managed and controlled by one or more women, and then connects them with multinational corporate buyers such as Dell Technologies. Venkatachalam introduced supplier diversity as “a business strategy that ensures a diverse supplier base. There are 16 different categories of diversity, which include small business enterprises, minority-owned businesses, women business enterprises, LGBT and individuals with disability.”

WEConnect works with supplier diversity specifically focused on women-owned businesses. “The concept of supplier diversity is not CSR at WEConnect; it fulfils smart business outcomes,” she shared with attendees. “We know that corporations that invest in supplier diversity spend 20% less on procurement operations, with a 133% return on investment.

Furthermore, for each women-owned business awarded a contract, you are helping grow their business by 250%.”

Venkatachalam stated that this makes supply chains more competitive because the business gains access to local communities and networks plus a range of suppliers that may have otherwise been overlooked.

“When you look at global supply chains today, less than one per cent is represented by women-owned businesses,” said Venkatachalam, “Our goal is to grow this next year to two per cent, which is \$10 billion more in the hands of women.”

“The feedback we get from our corporations is that many of these women-owned businesses are agile, effective, competitive in their pricing and do the work in half the time. Hence, it makes good business sense to work with women-owned business because this is ensuring that your work is done in the shortest period of time in the most effective way.”

While WEConnect International is headquartered in the US, it operates in 120 countries outside the US to identify, train and certify women-owned businesses.

## Women of the World

Globally, women control \$20 trillion in annual consumer spending and make 85% of consumer purchasing decisions – making up the largest consumer decision makers. Businesses with at least one female founder perform substantially better than organisations that have only male founders. Thirty-nine per cent of all private businesses globally are owned by women, and the women reinvest 90 per cent of whatever they make through their endeavours into building the communities and their families. Therefore, by helping women in the spirit of economic empowerment, you are helping economies grow.

WEConnect partners with more than 80 multinational corporate member buyers to help create and implement global inclusive sourcing strategies. It does this by connecting corporate buyers with women-owned businesses and builds the capacity of the women suppliers to access materials, as well as helping the woman-owned businesses connect with each other.



## Customer Discussion Themes

Attendees explored three main themes. Firstly, the state of customer supplier diversity strategy from a business perspective, looking at priorities and how deeply embedded these are within businesses. Secondly, the discussion looked at supplier diversity in practice – what are companies doing to transform attitudes, including the metrics and accountability measures. Thirdly, the future of supplier diversity around building and integrating capacity in current practices.

### Theme One:

#### State of supplier diversity strategies

The discussion started by looking at how companies can put supplier diversity on the corporate agenda. The consensus was that strong leadership and commitment to measuring outcomes were critical steps in building a business case. However, as Venkatachalam noted, it’s important for companies to be aware that as they start working with diverse businesses that there will be challenges.

“Companies need to invest in understanding the scale and type of projects that will be most relevant for them. In general, it’s as simple as making the conscious decisions to include diverse businesses, because sometimes it’s hard. We are all trying to work very fast and it’s easier to deal with the same suppliers you are used to dealing with,” she said. “It is an investment in time to ensure diverse businesses have been given the opportunity to bid and then to follow through on that.”

One participant pointed out that diversity of markets such as Indonesia or Vietnam also require a lot more oversight due to language barriers, a wider range of



business capacity, and diverse market practices. “For example, in Indonesia 9% of businesses do not have a website, because they all operate through Facebook. They have never heard of replying to emails. They do everything on the one site. Some of the largest businesses we work with there who are suppliers to many of the multinationals have never heard of setting up a website,” they said.

In South Africa, many banks also operate through Facebook because due to the proliferation of Facebook accounts as compared to traditional email accounts. In China, all contracts are shared via WeChat. In Indonesia, it’s WhatsApp. However, from a corporation’s perspective, not having that paper trail of email is not going to work. The table discussed it’s important to ensure following up with businesses in these regions is imperative to facilitate business contracts, as well as raising suppliers’ maturity levels around risk, security and information security.

Best practice organisations who are leading the way in advocating for supplier education differ in various markets. Venkatachalam pointed to Johnson & Johnson as an example in Australia that has been a champion of supplier education. Other companies named included Pfizer, Accenture, Citibank and Westpac.

Some of the drivers for supplier diversity programs include executive sponsorship. Venkatachalam said “If there is an executive demanding results, that moves the needle.”

Others agreed, saying executive support was imperative around metrics and tracking the benefits of these programs. “If you haven’t got the executive support, it ends up being kind of a rear-guard act to justify yourself. I think the best of scenarios is strong top-down support so it’s accepted that it’s going to happen, and the metrics are used to bolster that and add to that, rather than being the last line of defence for doing it,” said one participant.

Other drivers include policies, for example gender quotas and targets. The Australian Federal Government has introduced a quota for indigenous spend called the Federal Indigenous Procurement Policy. Other non-mandatory quotas for government contracts include veteran spending as part of their contracts.

There have been cases where enterprises lost a contract because they were unable to articulate how they would increase indigenous spending.

The discussion turned to the biggest barriers to implementing supplier diversity. For example, lack of awareness around the impact of what supplier diversity can bring to business.

In this way, developing the skills to communicate is vital around documenting and demonstrating its impact on business. It was agreed that, from a practical standpoint, there is a fear from procurement around fulfilment of contracts. To this end, the question was raised: “How many people here have dedicated people to look at supplier diversity within their company?”

The consensus was this is a key issue. Whereas US organisations will have dedicated resources, due to supplier diversity being mandated; elsewhere it’s more likely to be an additional scope to an existing role. Typically, it’s a passion project by the procurement officer, who is the primary advocate or agent of change.

The main barrier to getting dedicated resources is the lack of information around the impact of having a non-diverse supply chain. When it isn’t connected to loss of contracts, it’s easily overlooked. This tends to be reinforced by the idea that from a sales perspective, supplier diversity is driven by social good, not financial impact.

This lack of awareness throughout the organisation of the impact of supplier diversity can be a barrier. However, if key stakeholders communicate and educate the organisation, team members will start to understand the desired outcomes.



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### **Federal Indigenous Procurement Policy**

The purpose of the Indigenous Procurement Policy (IPP) is to leverage the Commonwealth’s annual multi-billion procurement spend to drive demand for Indigenous goods and services, stimulate Indigenous economic development and grow the Indigenous business sector through direct contracts and indirectly through major suppliers via subcontracts and employment opportunities.



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can run into the millions of dollars, particularly for organisations with multiple purchase to pay systems.

It becomes more complex to track across multiple tiers of suppliers. One participant pointed out “You can start getting into situations of double counting. For example, we buy stationery from a supplier who uses an indigenous supplier themselves. However, they want to claim that diversity, and don’t want us to claim it because that’s double counting. But they’re only buying that stationery from an indigenous supplier to service us and they wouldn’t be making that sale without us.”

Some customers require detailed visibility into the entire supply chain and its diversity. For some components, this is easy to track – for example computer hardware and peripherals. For others, it is more difficult – for example low value items such as notebooks and pens.

Venkatachalam suggested: “It will depend on who the audience is and what problem you’re trying to solve as to whether or not the organisation is prepared to make the investment into that degree of tracking and accountability.”

Blockchain technology is already being used to track supply chains, however, the level of investment needs to be significant to develop solutions for low value items.

## Theme Two: Supplier diversity in practice

While procurement has historically measured driving down economic cost, diversity is about measuring social cost. The discussion turned to practical measures and metrics to track the accountability of supplier diversity in practice. Participants explored how their organisations are embedding this into supply chains to track and measure supplier diversity.

The issue of monitoring and tracking is difficult, with one issue of retrofitting hundreds of procurement and back-office systems to account for certification or accreditation checkboxes. This can mean large digital transformation projects in some cases where the cost of upgrading systems to add that column on a table



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### **Theme Three:** **The future of supplier diversity**

Finally, the discussion turned to capacity building – no doubt because supplier diversity is a long-term commitment. Attendees agreed that becoming responsible partners for diversity means creating the opportunities and investing in suppliers to help them seize those opportunities. It is particularly challenging small to medium sized business to make the leap to supplying a large multinational.

The table discussed managing expectations of organisations desiring to increase supplier diversity. Venkatachalam acknowledged WEConnect’s experience showed that making introductions organisations to diverse suppliers is challenging. “A supplier can sometimes wait two to five years before the right project materialises – during which time we work with these suppliers on managing expectations of the scope and type of project, the timeline, and the fact that something may never materialise,” she said.

The gathering then discussed what they want to see in future to reframe those conversations to make a more compelling business case. One participant stated: “At the end of the day, we all agree it’s important, but if I suggest to my boss our next pen supplier should be a women-only organisation, he would not be on board unless there was a clear business imperative behind it.

Another participant responded: “I think there is a social consciousness starting to happen, but we need to be able to make it easy for people to hook onto that.”

Some of the suggested mechanisms to raise awareness included employee resource groups, internal communication platforms as well as the recruitment drivers for employees that are attracted to work for a company with social clout.

It was collectively agreed that it comes down to awarding criteria with the right weightings applied to the values of the company.

## Summary

The Australian Federal Government is a substantial stakeholder in the conversation around supplier diversity, as it drives behaviours for enterprises that wish to engage as a supplier.

However, for the needle to move in a significant way, there needs to be more government participation as a partner to legislate around this cause.

Engaging government affairs teams can play an influential role in advocacy, along with working with partners like WEConnect and others to lend a collective voice to efforts.

The pressing questions around the practical supplier chain issues discussed remain: how are these supplier selection criteria decisions made; how are contracts awarded; to what degree does supplier adversity become a critical factor?

In general, D&I – along with CSR – is becoming a differentiating factor if competitive contracts are within 10 per cent in terms of cost.

The general consensus of the gathering was that there is an opportunity to continue to learn from each another to elevate supplier diversity as an important business imperative, and key differential on the competitive front.

The practical aspects include how to measure and track this spend, with technology being a key enabler.





**About Dell Technologies**

Dell Technologies is a unique family of businesses that helps organisations and individuals build their digital future and transform how they work and live. The Dell Technologies ANZ Roundtable Series widen the lens on D&I by shining a spotlight on the strategic steps that D&I professionals and supporters can take to implement and manage transformative initiatives in the workplace. Themes covered include gender equality, LGBTI, disability and cultural diversity. Members across the ANZ region meet monthly in a virtual forum; and twice a year in person. Ongoing conversations throughout the year are facilitated by mobile-optimised platforms. Membership is exclusive to Dell Technologies customers and by invitation only.



**About 6 Degrees Media**

6 Degrees Media was established by Angela Horvat, former Editor and Publisher of award-winning publications including *Computerworld*, *Information Age*, *My Business*, *The Who's Who of Financial Services* and Founder of FST Media; and Emma Charter, one of Australia's most connected and respected media and events strategists with more than 15 years' experience in delivering C-Level engagement strategies for clients in Australia and the UK. Together, they lead a team of Australia's most talented and driven conference producers, technology and business journalists and event managers to create content-driven experiences across C-level roundtables, custom events and large-scale conferences.