How to Build a Diverse Supply Base
In today’s global and connected world, corporate leaders are becoming increasingly aware that their business spend decisions impact communities everywhere.

From service providers to those with the most complex supply chains in the world, every company is making spend decisions, each of which has the opportunity to drive impact. For each item produced and ordered, there is a series of smaller decisions that are implied. Such as how to identify woman- or minority-owned suppliers. Procurement and finance leaders are in the challenging position of balancing business spend decisions with Diversity, Equity, and Inclusion (DEI) goals.

Companies today are being held accountable for more than just financial success. Business leaders are being pushed to show real impact and deliver on DEI commitments. In some cases, ignoring spend impact can lead to higher employee turnover, customer pushback, and damage to the brand.

These pressures have resulted in a flurry of pressing discussions across the C-suite around systematically driving impact without sacrificing financial performance. A recent Deloitte CEO survey found 90% of organizations aspire to be an industry leader in supplier diversity and 95% have already published or plan to publish sustainability disclosures.
Unified Business Spend Management Allows Businesses to Measure and Improve Supplier Diversity

Operationalizing DEI on an enterprise-scale isn’t easy. Despite many initiatives to improve a company’s posture concerning DEI, there's often a significant gap between good intentions and tangible action. This gap is common because traditional DEI initiatives have taken place in siloed teams separate from operational decision-making. Common flaws in procurement and other systems compound the problem. For example, it is difficult to channel business spend towards diverse suppliers if you don’t have control over spending across the company.

Many companies are flying blindly by lacking full visibility into their business spend. Before you can improve the diversity of your supply base, you need full visibility into all of your spending on goods and services. A good first step toward getting full visibility and control is an investment in a unified Business Spend Management (BSM) platform.

With the ability to really understand and control spend, you’ll be able to weave DEI data across spend processes for shared accountability that supports corporate responsibility goals for the good of the company and the world.

Turning intent into action requires a modern, cloud-based BSM solution that puts DEI considerations right where spend decisions are made. This empowers companies to improve both their financial and social bottom lines. Coupa is a platform for helping your procurement, supply chain and finance organizations maximize the value of every business dollar spent while enabling you to track your progress towards DEI goals in real-time.

Doing Well by Doing Good

Moving beyond the intrinsic benefits of increasing supplier diversity, these changes make good business sense as well. In a [2021 report](#), Bain & Company and Coupa reviewed anonymous spend data from more than 350 companies across the globe and across industries. The analysis revealed that leaders in optimizing supplier diversity also led their peers in digitizing spend management processes and approvals.

Leaders in supplier diversity have more efficient procurement processes

The top quartile of companies engaging diverse suppliers have...
7 Steps to Amplify Your DEI Goals

Many organizations are looking to build a more sustainable and authentically diverse supply base, but they currently struggle with where to get started. This helpful guide provides seven steps to get started in your journey to maximize the impact of DEI initiatives while positively impacting the bottom line:

Create DEI Alignment Across Teams

Like any successful project, the first step in building a successful program is aligning key stakeholders on common goals, strategies, and the KPIs that will be used to measure success.

Step 1: Benchmark Business Spend with Diverse Suppliers

When it comes to improving the diversity of your supply base, you’ll first need to decide which suppliers you’ll categorize as diverse and why. Many organizations categorize women-, minority-, and veteran-owned businesses as diverse. The first step to benchmarking current performance in supplier diversity is to classify your suppliers and monitor spend with those suppliers as a percentage of total spend.

Discover Diverse Suppliers

In 2020

7.5% of business spend in Coupa went to diverse suppliers
Step 2: Create a DEI Committee

Spend visibility isn’t helpful if you don’t have the team to enforce the controls you put in place. Establish a DEI Committee to set specific policies and measures to support achieving DEI goals. This Committee can regularly review KPIs, identify measures needed such as supporting supplier adoption, and can be invited to provide additional approval of major spend decisions that may impact the achievement of DEI goals.

Effective BSM systems let companies add stakeholder reviews for DEI considerations. When business users make spend decisions, reviewers typically monitor for alignment with strategy and budget impact. Diversity leaders can be added to line-level reviews to provide specific feedback and strategies to maximize impact.

Step 3: Take it Easy for End Users to Channel Spend to Deliver on DEI Initiatives

Any time that a business user is in need of a product or service represents potential to drive greater impact toward DEI goals. The challenge is making it easy for users to quickly and easily identify diverse suppliers so that they can deliver on that potential.

Coupa makes it easy for end-users to drive spend to diverse suppliers through everyday purchasing. Diversity tags are embedded in catalogs and easily available to end-users as filters into catalog search results—providing an easy way for end-users to drive the impact that many of them feel passionate about.

One of the benefits of joining Coupa’s community is instant access to over 7 million suppliers, many of which have been classified as small, women, minority or veteran-owned businesses. Any company can access the Coupa Diverse Supplier Directory online, while Coupa partners provide similar data covering green suppliers as well. Coupa customers can systematically incorporate this data into their supplier records and spending.
Step 4: Fill Diverse Supplier Gaps

A quick way to add diverse suppliers is by enabling Coupa Advantage. Our team has already done the hard work of sourcing, negotiating competitive pricing, and onboarding diverse and sustainable suppliers in a number of common categories. These supplier catalogs can be turned on with a click of a button. Plus, a portion of dollars spent goes back to Coupa’s own social impact program—further benefiting communities near and far.

Discover New Suppliers with Pre-negotiated Savings
HOW TO BUILD A DIVERSE SUPPLY BASE

Step 5: Make DEI Criteria a Default Consideration in Your Sourcing and Contracting Process

Modern Sourcing practices are incredibly flexible and scalable. Data that was formerly collected with spreadsheets and then consolidated for analysis can now be automatically collected and analyzed as a part of a sourcing process. This change opens the door to the inclusion of many more criteria including diversity status.

Some of the ways you can incorporate DEI in your sourcing strategy can include:

- Collect supplier diversity certifications as part of pre-event vetting
- Participate in community sourcing events by pooling spend with the other communities for better contract terms and greater savings. Diverse suppliers are always included in Sourcing Advantage events.
- Think creatively about proxies for difficult-to-assess criteria, such as prioritizing local and smaller suppliers closer in proximity to communities you’d like to impact

Take the Supplier ESG Value Assessment to vMeasure the Advancement of Your Sourcing Program
Step 6: Vet and Continually Monitor Suppliers for DEI Compliance

With a unified BSM platform, not only can your business collect supplier data at the time of initial vetting and on-boarding, but also require regular verification over time.

When establishing your supplier onboarding process, you can require documents to be attached and uploaded. You can schedule automatic risk data collection and automated risk due diligence to continually monitor suppliers for risk or performance issues, letting you get ahead of any challenges before it’s too late.
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**Step 7: Benchmark DEI Impact and Optimize Over Time**

Schedule monthly or quarterly meetings with your DEI board to evaluate progress. The best programs are sustained and become part of the DNA of a company. With a BSM platform, DEI KPIs can be automatically monitored directly within the system to optimize over time. This data can also be used as part of the company’s external-facing impact reporting.

Thousands of companies are using Coupa to spend smarter together. The Coupa community provides a great opportunity to collaborate with your peers to make a positive impact in the world. Through the community, customers can share best practices and results.
Join in the World’s Largest Spend Community to Drive Future Innovations!

By following each of these seven steps, you will drive global impact to support both your business’s financial bottom line and its social obligations.

If you have an idea about how Coupa can support your ESG goals, we want to hear from you. Coupa releases over 300 new innovations per year, and we are continually innovating. Some of the ways you can get involved include

- Joining group sourcing events for sustainable and diverse suppliers
- Engaging with the ESG Spend Community on the Coupa community forum

ON-DEMAND WEBINAR:

DOING WELL BY DOING GOOD: OVERCOMING OBSTACLES TO MAKE SUPPLIER DIVERSITY A TOP PRIORITY

American Red Cross

Spending with diverse suppliers increased by 35% over three years, creating a substantial impact in diverse communities. In addition, the Red Cross improved visibility and control for $15 million in savings and $4 million in working capital improvements.

Learn About American Red Cross and Coupa

WATCH THE REPLAY