

# Passing Down

by Barbara Wichmann

## SUSTAINABILITY

### Corporate Social Responsibility Broadens Its Reach

With the new year, I believe it is important to take a quick look at the state of sustainability and supplier diversity.

Sustainability has cemented its place in the corporate ecosystem as essential to the future of every healthy business. Most every Fortune 500 entity – regardless of whether it is comprehensively measured and reported or not – proudly touts their sustainability policy and shares some of the practices they have implemented to improve energy efficiency, reduce carbon footprint, or otherwise work towards a greener future.

Corporate spending with diverse suppliers continues to grow, and the value executives place on it continues to expand. Cost savings is only the fourth most important reason it is valued according to a recent survey of sustainability, corporate services, procurement, HR, and global supplier management professionals. Approximately, 81 percent put access to innovations and creative thinking as the most important reason for working with diverse suppliers. High service quality from going above and beyond project requirements as well as new perspectives driving better approaches were numbers two and three, respectively.

#### Supplier Diversity: Then and Now

At the beginning of their development, supplier diversity departments typically fell into one of two categories.

The first was a single individual charged with building out an entirely new procurement process that also had to be integrated with existing procurement teams. This typically required the supplier

diversity professional to perform an overwhelming amount of work. They were forced to evaluate every single diverse business offering products and services across every area of company operations. They had to interface with dozens of internal buyers regarding current needs while simultaneously advocating and pitching diverse suppliers to them. On top of all that, these supplier diversity professionals also had grueling travel schedules to attend conferences and matchmaking events across the country to meet and identify even more new potential suppliers.

The second category of newly formed supplier diversity initiatives is those that were established under the umbrella of general procurement teams. While these teams were better organized to take on the new workload of supplier evaluation and were better tied in with buyers, changing the momentum of years of entrenched and institutionalized processes proved very challenging. Adding diverse suppliers to their already intricately crafted supplier network proved to be delicate and time-consuming work. Many found ways to share the burden with existing suppliers through second-tier supplier diversity programs.

With lots of difficult foundational work being done, diverse suppliers were often unhappy with the results of either category of supplier diversity department. Once introduced to supplier diversity representatives, whether in person or via online registration portals, they had to fight to even be remembered by corporate representatives. Once contact was established and interest shown, there were still more layers to get through as supplier diversity teams did not have purchasing authority

and were required to wait for buyers to indicate a specific procurement need. Diverse business often seemed to fall into black holes of seeming inaction and little communication.

Slowly but surely processes have improved, connections and relays have been established, and today, supplier diversity is thriving in corporate America. Innovative suppliers are welcomed through streamlined procurement processes. Products and services from diverse businesses that are of highest quality as well as affordable are almost the norm, and exciting new solutions and perspectives are welcomed.

## **Sustainability's Steady March**

Sustainability has come a long way from its humble beginnings as a paper recycling bin next to the company printer. Often starting with a passionate team member in a satellite office, the greening of American business has seen a slow and steady pace of growth. Early sustainability professionals worked on reducing environmental impacts in addition to other duties. They fought to first start recycling programs and saw innovative ways to reuse waste materials at factories. They then moved on to reduce the use of resources and advocated the use of email over printed memos and letters.

As awareness and technology improved, some companies saw the cost savings available to them from using energy efficient lighting, reducing water usage, and even installing solar panels and wind turbines to improve their utilizations of renewable energy. Full-time teams were able to move beyond basic company operations and into HR and business development. Public transportation credits for commuters were implemented and teleconferencing, then video conferences were embraced to reduce both travel costs and carbon emissions. Procurement eventually became involved with company sustainability efforts, pushing existing suppliers to improve their own processes and favoring purchases of materials with recycled or otherwise reused content.

Sustainability is now valued broadly and those businesses that espoused its many benefits are now reaping the rewards. Entire companies and industries have sprung up around the movement. An even larger and more encompassing concept has snuck up on corporate sustainability, however.

## **Corporate Social Responsibility Takes Hold**

A seismic shift is happening now with both supplier diversity and sustainability. Supplier diversity and sustainability teams are now moving under the umbrella of corporate social responsibility, or CSR. Corporate social responsibility comprises many aspects of today's Fortune 500 companies. From sustainability and charity, to workforce diversity and community-oriented services, CSR is leading the way to making companies more attractive to all stakeholders. The enhanced importance of CSR creates a large and influential corporate branch that broadly influences company policy and improves company standing in the eyes of modern consumers, employees, investors, strategic partners, and even regulators.

Through enhanced focus on CSR, values like diversity and sustainability will be ever more infused into every aspect of corporate operations, not the least of which is procurement. With buyers trained and encouraged from day one to prioritize spend with diverse and sustainable businesses in order to meet CSR goals, diverse suppliers who can provide top value and/or sustainable offerings will find numerous lucrative opportunities.

The overworked, stressed-out corporate supplier diversity and sustainability professional of bygone years is slowly being phased out. I don't think they mind. They'll have the chance to specialize in areas of the work they truly cherished, whether it is meeting and mentoring diverse suppliers to better meet the needs of large buyers, continuing to discover environmental efficiencies within business processes, expanding into other aspects of corporate social responsibility, or even moving on to help other companies establish supplier diversity and sustainability programs where they can implement best practices.

As sustainability and supplier diversity continues to grow and evolve, I look forward to seeing the hard work and dedication of both MWD-VBEs and CSR teams benefit our businesses and the world. ♦



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