How does your supply chain diversity measure up?

Last summer, one of Peerless Media’s editors interviewed the chief supply chain officer (CSCO) of a leading global distributor with more than 6,000 employees in his supply chain organization. Most senior supply chain leaders want to talk about cost control, efficiency and throughput. Those, after all, are the key performance indicators against which they’re measured.

Instead, this leader wanted to talk about the three female senior vice presidents now reporting to him, the result of a leadership development program for women at his company. He added that more were in the pipeline. His company’s chief diversity officer joined in to talk about a supplier diversity program to develop small, minority startups as well as how the company was working with Historically Black Colleges and Universities, or HBCUs, to recruit a more diverse team. Another important initiative: Attracting people with disabilities, especially in operations. The CSCO said the changing nature of supply chain management was leading him to look to pools of candidates that may have been overlooked in the past, adding he...
Also believed it was important that his company’s workforce, as well as his organization, reflect the communities and customers it serves.

It’s a different world. Most of us can agree that diversity is not the first topic that comes to mind when we think about supply chain. But supply chain ultimately reflects the rest of society.

And while the profession is still predominately white, male and middle-aged, that dynamic will need to change going forward if the industry is going to compete against the rest of the business community for the best and the brightest.

Just take a look at the 2020 census results. While non-Hispanic white Americans currently represent 57.8% of the population, over the next 20 to 25 years, it is estimated that the United States will become a majority minority nation.

Six states and the District of Columbia had already reached that status as of 2019, including Hawaii, New Mexico, California, Texas, Nevada and Maryland. What’s more, 56% of college students today are women, and more women than men.

The Harvard�Asian-American and Pacific Islanders

Women
Latina
LGBTQ+
Asian-American and Pacific Islanders
Other
None of the above

Source: Peerless Research Group (PRG)

While leadership, like the respondents, skew white and male, the demographic makeup of the responding organizations is more consistent with the 2020 census results. 50.2% of all employees are white, 15.7% are Black, 13.3% are Latina, 7.7% are Asian-American/Pacific Islander, 8.3% are other and 4.8% are of mixed race.

Respondents estimate that 62.8% of their organizations are male, 31.4% female, 3% non-binary and 2.8% other.

Respondents said that 8% of their overall organizations were LGBTQ+. When it comes to recruiting new employees, progress is being made, with nearly 65% reporting that diversity is very important (29.4%) or important (35.3%) to their recruiting strategy; 23.5% said it's important (29.4%) or important (35.3%) to their recruiting strategy; 23.5% said it's never discussed. Still, a majority of respondents strongly agree (27.9%) that their organization is proactive and/or tolerant when it comes to DE&I initiatives that particular respondents are recruiting females, 16.4% have initiatives to recruit Latinx employees, and 13.6% have initiatives specific to LGBTQ+ associates. In addition, 13.6% have initiatives informed about diversity initiatives and 36.9% said it’s never discussed.

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in place for recruiting Asian American and Pacific Islanders. Another 11.4% replied “other” to this question, with the write-in answers including hiring whoever is the best fit, regardless of how they identify, and recruiting veterans or individuals with disabilities.

Currently, 22.3% of respondents have human resources departments that work with diverse third-party organizations, such as Historically Black Colleges and Universities to recruit from under-represented communities, while 77.7% said they have no such initiatives in place.

Thirty-five percent of organizations support employee resource groups (ERGs) representing underserved communities within their workforces (65% do not work with such groups). According to the survey, 36.7% of organizations currently offer executive or continuing education to help employees from under-represented communities (65% do not offer such training).

Supplier diversity by the numbers
While responding companies appear to be ramping up their recruiting efforts, relative few have launched supplier diversity programs. Less than 19% of companies have a supplier diversity program in place, and of those, 28.6% said they require suppliers to be certified or recognized by WBENC (Women’s Business Enterprise National Council), while 25% require NMSDC (National Minority Suppliers Development Council) certification and 10.7% said NGLECC (National Gay & Lesbian Chamber of Commerce). When asked which groups are included in their supplier diversity programs, 78.6% said women-owned businesses, 75% said Black businesses, 60.7% said veteran-owned businesses, 57.1% said small businesses, 46.4% said LGBT+ organizations and another 46.4% said people with disabilities. Additionally, 42.9% of respondents said their companies work to include Latinx suppliers and 35.7% said they use Native American suppliers.

At this point, 21.6% of companies are partnering with colleges, universities or third parties to offer educational opportunities that help strengthen their minority suppliers’ business skills, while 13.7% invest in and/or provide financial support to minority suppliers (i.e., expedited payment terms or strategic investments to increase capacity or capabilities). Of that 13.7% of companies involved with such initiatives, 8.3% of their corporate spend is designated for diverse suppliers.

One reason for a lack of supplier diversity programs could be that the respondents’ customers aren’t requiring one to do business. Currently, 16.4% of respondents are fielding customer requests related to diversity initiatives, 83.6% have yet to be asked for such information.

Change is in the air
In assessing this survey’s value in the context of DE&I at both the individual company and industry association level, representatives from MHEDA, MHI and WERC see it as a starting point and stepping stone to more progress in this area.

“This study helps support MHEDA leadership’s focus of sharing information on DE&I and providing resources,” says Cotter, noting that DE&I has been on MHEDA’s “Material Handling Industry Trends” list for the past two years. She adds that MHEDA is currently working to help members understand DE&I issues as they relate to their individual businesses and is “creating DE&I resources for members that include presentations, sample DE&I policies, access to publications and consultants and more.”

MHI’s Dow is seeing more interest from MH members that want to start new initiatives or improve upon existing DE&I efforts. “A lot of the member companies have been reaching out to me asking: How do we participate and where do we start?” says Dow. Industry organizations, he adds “need to create the tools, resources and best practices that can be shared among our members and other companies within our audience on how to start the journey. I think that’s where we’ll see change happening in the supply chain.”

“The results show where we need to put more effort, while other parts of the survey reveal what other organizations are [already] doing,” says Mikitka, “which will help to inspire more organizations to participate or to be proactive in their DE&I initiatives.”