

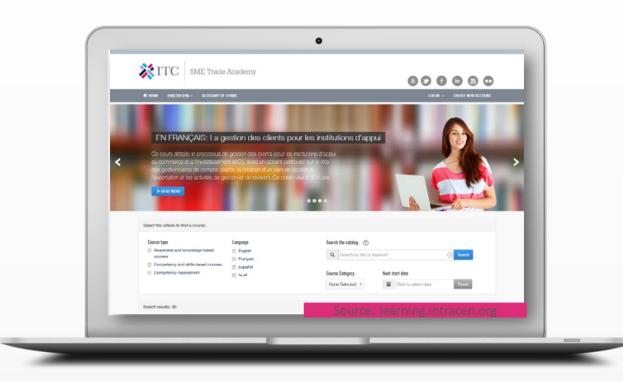
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Supplier Development (SDP) and Supplier Diversity (SDIP) Programmes

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AGENDA





Supplier Development Programmes (SDP)



Supplier Diversity Programmes (SDIP)



How to implement SDPs and SDIPs



Challenges to Implement a SDIP



SUPPLIER DEVELOPMENT AND DIVERSITY PROGRAMMES

Supplier development programme (SDP) is defined as any effort of a buying firm with its suppliers to <u>increase the performance or capabilities of the supplier</u> with a view to meeting the buying firm's supply needs (Krause & Ellram 1997).



professionals source their goods and services from a diverse range of suppliers; whether they're minority or women owned businesses, not-for-profits or social enterprises that usually are historically underutilized businesses.





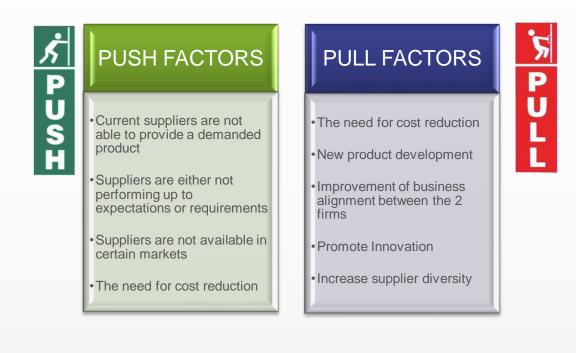
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Supplier Development Programmes (SDP)





Every firm should determine sound reasons for adopting supplier development initiatives.



Three approaches

- 1. Supplier Switching
- 2. Vertical integration
- 3. Supplier Development

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Benefits of a SDP



Strategic	 Drive / Promote Innovation Create Stronger Long-term Supplier Relationships Enhanced Customer Satisfaction Full transparency between organization, suppliers, and other stakeholders Increased visibility of full supply base to procurement, quality, and even management departments Aligning supply chains focused on people, planet and profit Drive Job Creation. Creating collaborations in line with sustainable development goals Improve Brand Perception 	
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SD programmes have also been implemented to help improve the chances that a small and typically undercapitalised supplier firm can maintain its ground in a competitive supply chain



Benefits of a SDP



Operational

- Maintaining the lowest possible total cost of ownership
- Resolve Performance and Quality Issues
- Improved quality, manufacturability, and reliability for new designs
- Access More Supplier Channels and Sources
- Increase supplier responsiveness



What a SDP (and SDIP) involves:

1. Selection of competent suppliers in terms their capabilities on:



2. Work with them to upgrade their capabilities

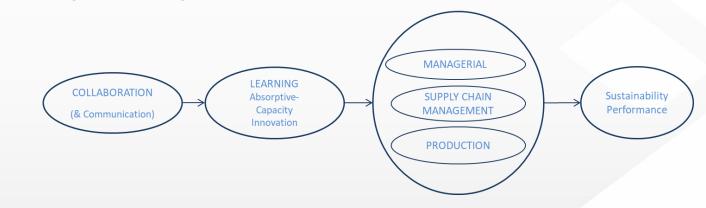


Supplier's capabilities

A firm's ability to produce a quality product at a reasonable cost, and in a timely manner, is heavily influenced by its supplier's capabilities.

SDP should emphasizes ongoing improvements of suppliers' capabilities for the long-term mutual benefit of both parties.

Supplier development, integration, and collaboration toward social sustainability contribute to buyers' strategic advantage.



Sustainability-Oriented Capabilities for SMEs



Supplier Development Categorization



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SD Elements

Top management involvement	Communication	Collaboration	Long-term commitment	Trust
 Top-level managers of the buying firm should perceive the need for supplier development. Various resources, weather financial or human related, must be considered by the ones in-charge at the top of company hierarchy to support those suppliers that are involved in supplier development program. 	• Sharing information plays an essential role in knowledge sharing, and it has a big influence between partners making them better to understand each other's goals.	 Knowledge transfer and training Technical and capital support Involving suppliers in product development Suppliers certification – quality audits – site visits 	 A successful relationship performance between a buyer and supplier passes through the development of a long term commitment between both parties The consequences of such a long term commitment can result to acquire competitive advantage. 	 The climate of trust is essential for working with supplier development as the trust will minimize the risk and uncertainties that exist between customer and supplier. The building of supplier's trust on supplier development program will encourage the supplier to actively participate in the program rather than just take it as the customer's requirements.

SD Elements



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- 1. Knowledge & skills transfer
- 2. Technical and capital support
- 3. Involving suppliers in product development
- 4. Supplier quality audits site visits certifications

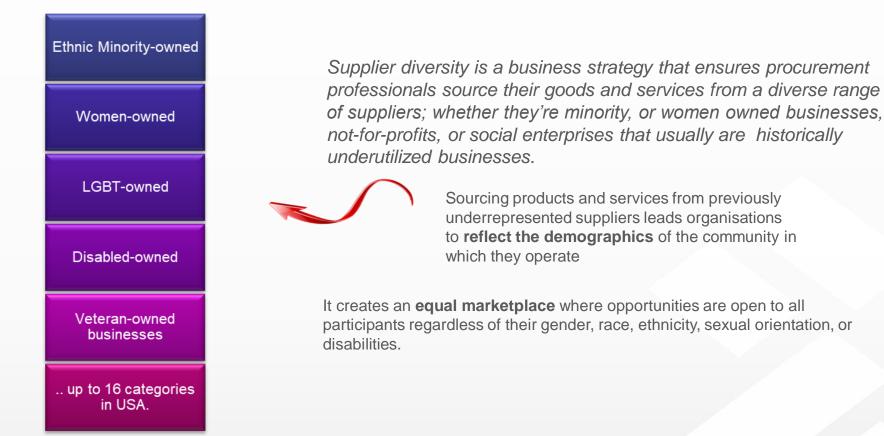


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Supplier Diversity Programmes (SDIP)







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Elements of a SDIP



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Elements of a SDIP

Leadership Commitment and Engagement

Alignment with Corporate Mission (CSR)

Clearly Defined SDIP Policy

- > Top Level Management of the company (CEO, CPO, etc.)
- Internal stakeholders employees
- External stakeholders shareholders & communities in which the company operates

Long-term commitment

• A successful relationship performance between a buyer and supplier passes through the development of a **long-term commitment between** both parties

Trust • The building of supplier's trust on supplier diversity program will encourage the supplier

diversity program will encourage the supplier to actively participate in the program rather than just take it as the customer's requirements.

Reach endorsement from:

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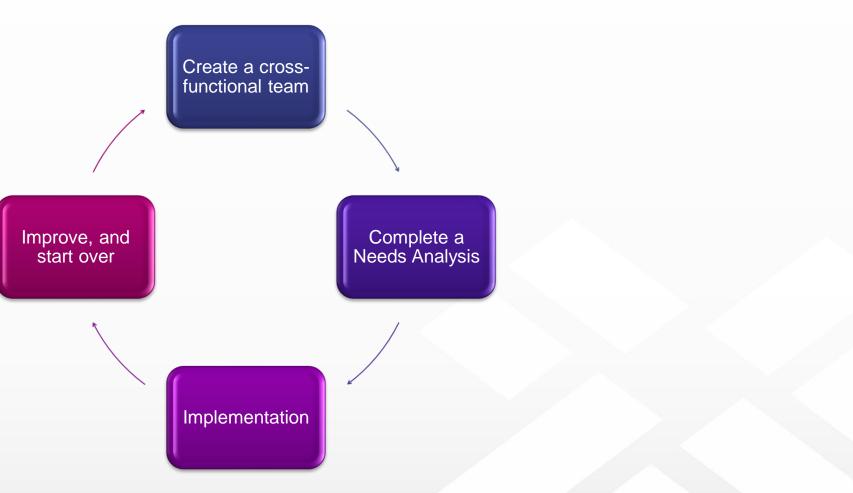
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How to implement SDPs and SDIPs









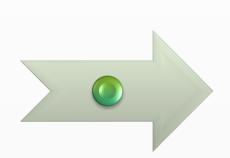


Create a cross-functional team



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Complete a Needs Analysis



What do I want to accomplish from a SDP or SDIP ?

Assess your current situation

Assess required resources to plan and implement the SDP: Human, financial, tools, etc.



Complete a Needs Analysis

Assess your current situation

Your supply base

The number of minority-owned businesses in your country / region

Existence of Women Business associations and certifications

Government initiatives and regulations

What diverse-owned small businesses want and need



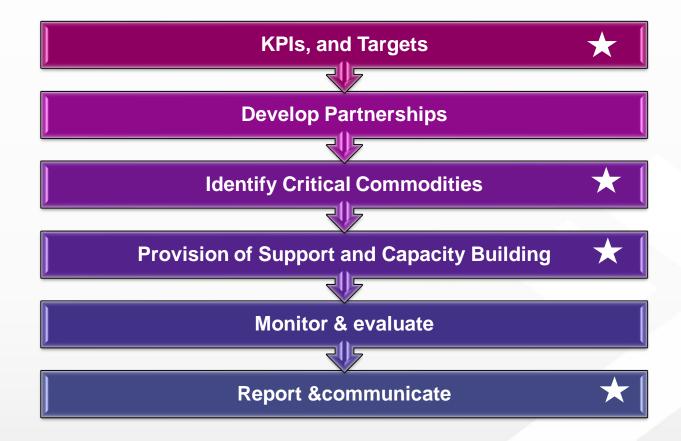
Complete a Needs Analysis

Assess required resources to plan and implement the SDP: Human, financial, tools, etc.





Implementation







Numbers and Percentages of procurement portfolio



\$ Spend on minority-owned businesses (MOBs)

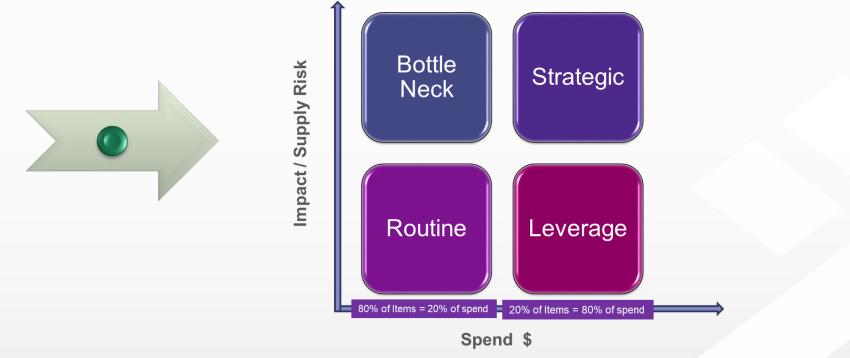
Participation level on RFP/RFI, full tenders, etc.

Percentages of MOBs that are shortlisted and/or awarded



Identify critical commodities





ITC's MODULAR LEARNING SYSTEM IN SUPPLY CHAIN MANAGEMENT

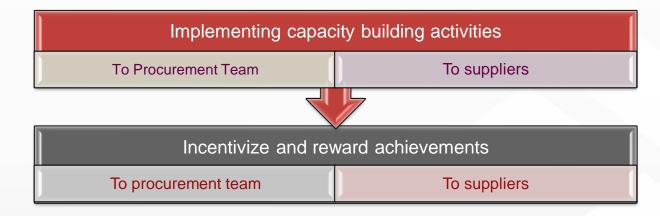


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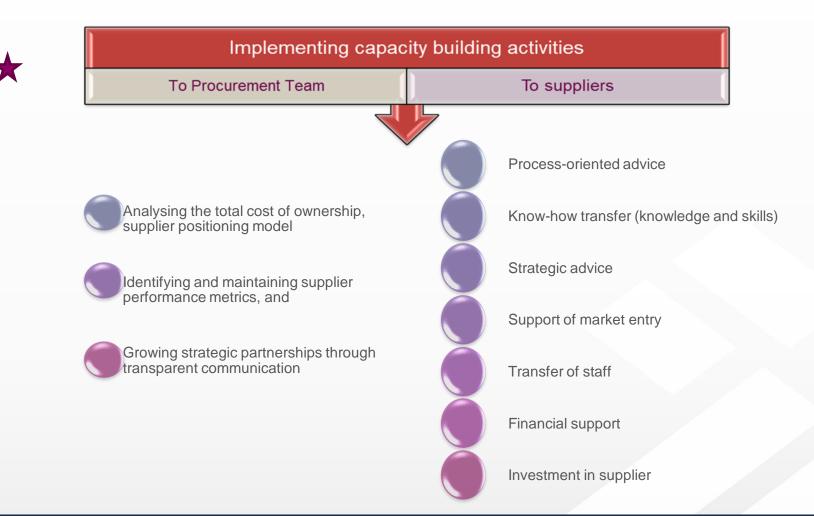
http://www.scm-learningnet.org/mod/timetable/link

Provision of Support and Capacity Building

Provision of Support and Capacity Building







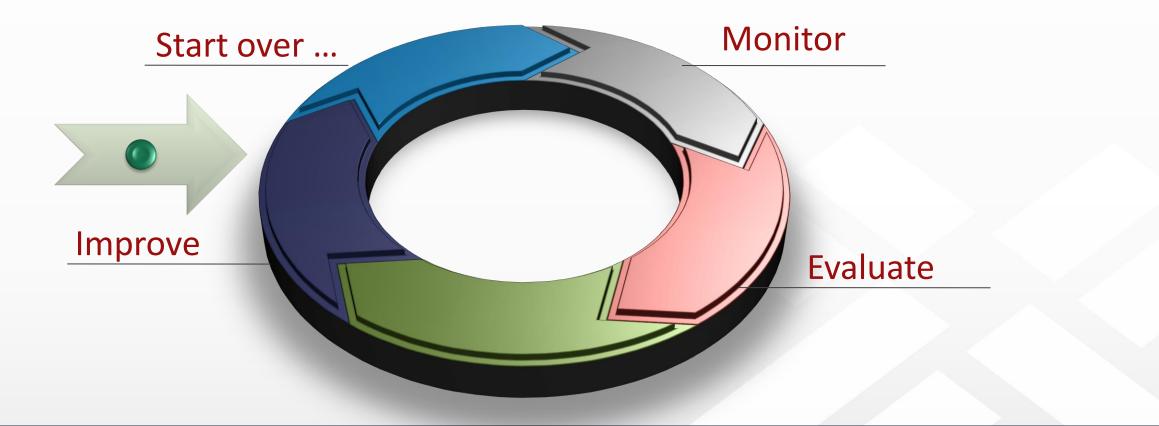
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Report & communicate





Improve, and start over





What expect from for SMEs perspective

	Compliance			
	Be honest and realistic about their capabilities			
	Do not expect award large value contracts overnight			
Be prepared to invest in relationships with prospective client (you)				
Be outstanding – aspire to	o set a global benchmark in whatever they do – this is not charity			
	Define their proposition clearly and simply			
Present their fina	ncial health. If required, provide support and training.			
Certify business as diver	rse with associations and/or agencies where available			







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Challenges to Implement a SDIP





Supplier-Specific Pitfalls

Buyer-Specific Pitfalls



Lack of Supplier Commitment

Insufficient Supplier Resources (technical or human)

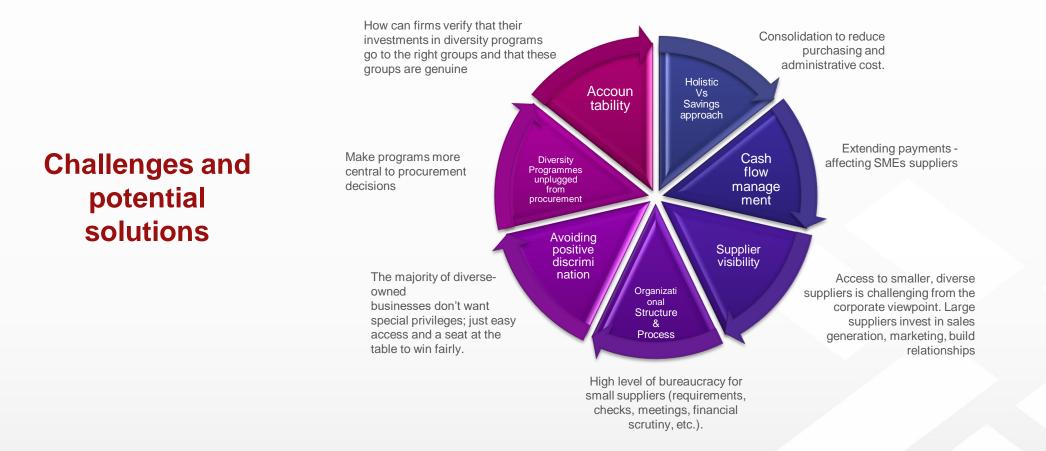
Buyers are reluctant to fully commit to supplier development primarily when they see no obvious potential benefits

Lack of immediate monetary benefits

Indecisive support of top management

Lofty expectations that go unrealized may reduce enthusiasm for future supplier development efforts.

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Invitation to a Mindset Change





Invitation to a Mindset Change

- For procurement to engage the wider business with supplier diversity, they must reposition it as a business-wide initiative rather than a procurement strategy
- >Assume SDIP as a cultural way of work, not as an isolated project
- Keep the language and process simple. Suppliers don't want to spend hours completing applications, updating certifications or mining through complicated portals. E.g. Google programme
- Make your procurement area accessible to diverse suppliers. Open website, publish opportunities, simplify accessibility, etc.
- > Avoid one-size-fits-all solutions. Recognize the importance of global and local needs



It may be difficult to fight the "lowest cost" instinct, but companies need to evolve and ensure all stakeholders along their value chain comply to sustainability standards and contribute to the Sustainable Development Goals.



Sustainability & CSR



From stakeholders to shareholders prosperity











