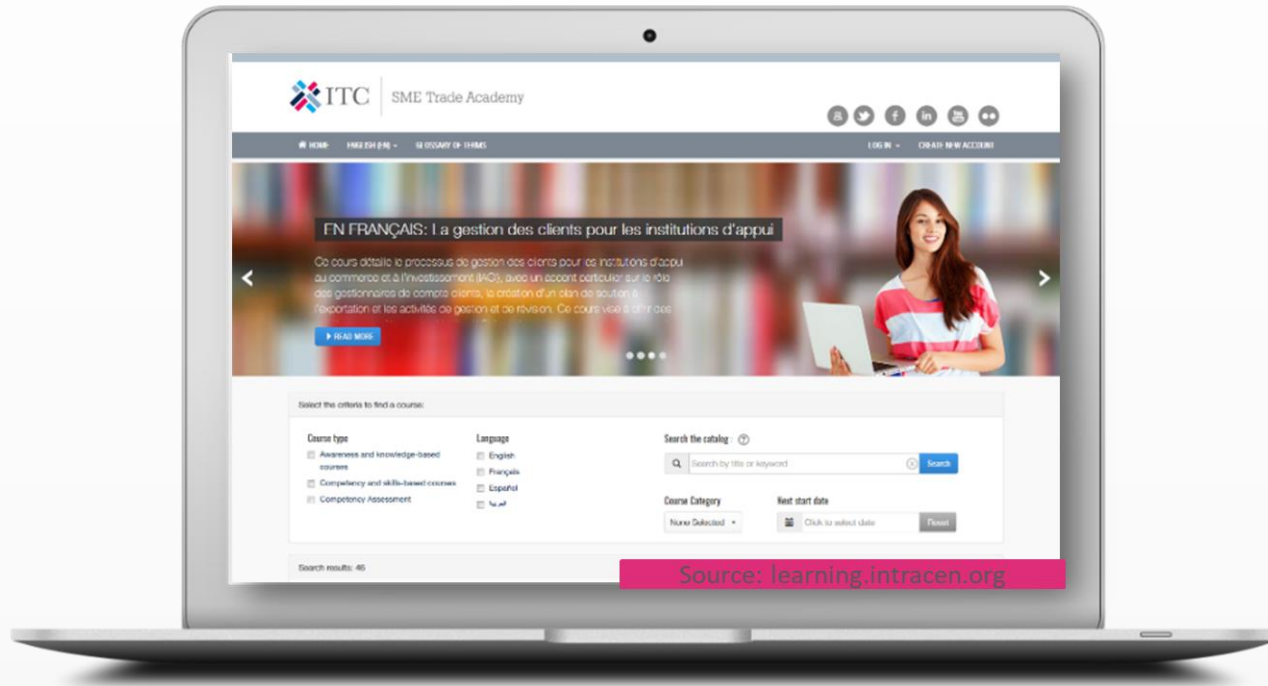




Supplier Development (SDP) and Supplier Diversity (SDIP) Programmes

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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 increase the performance or capabilities of the supplier with a view to meeting the buying firm's supply needs (Krause & Ellram 1997).



Supplier diversity is a business strategy that ensures procurement 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.



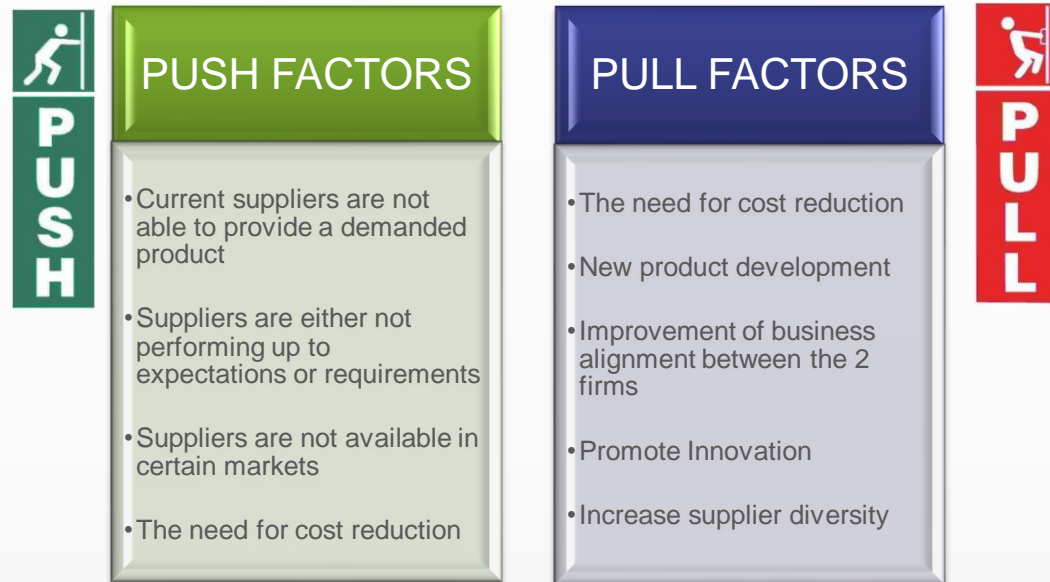
SME TRADE ACADEMY

Supplier Development Programmes (SDP)



SUPPLIER DEVELOPMENT PROGRAMMES

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



Three approaches

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

SUPPLIER DEVELOPMENT PROGRAMMES

Benefits of a SDP



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

SUPPLIER DEVELOPMENT PROGRAMMES

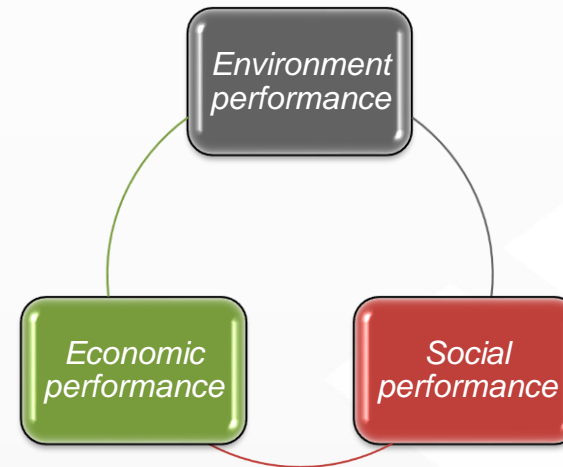
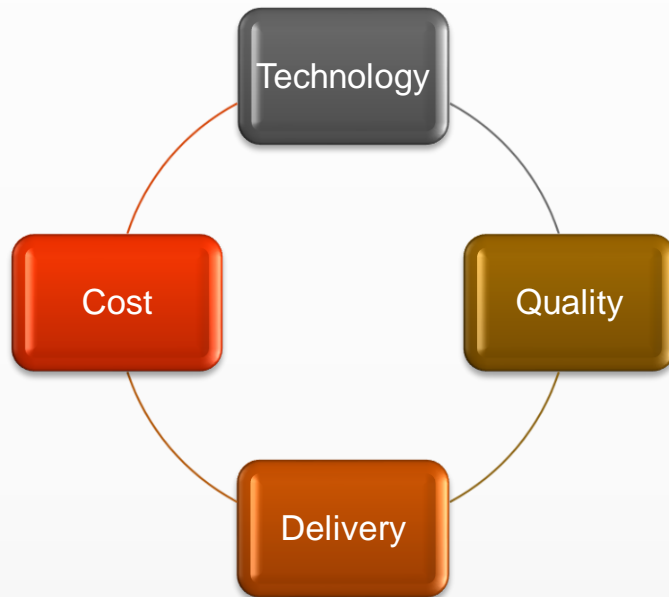
Benefits of a SDP



SUPPLIER DEVELOPMENT PROGRAMMES

What a SDP (and SDIP) involves:

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



2. Work with them to upgrade their capabilities

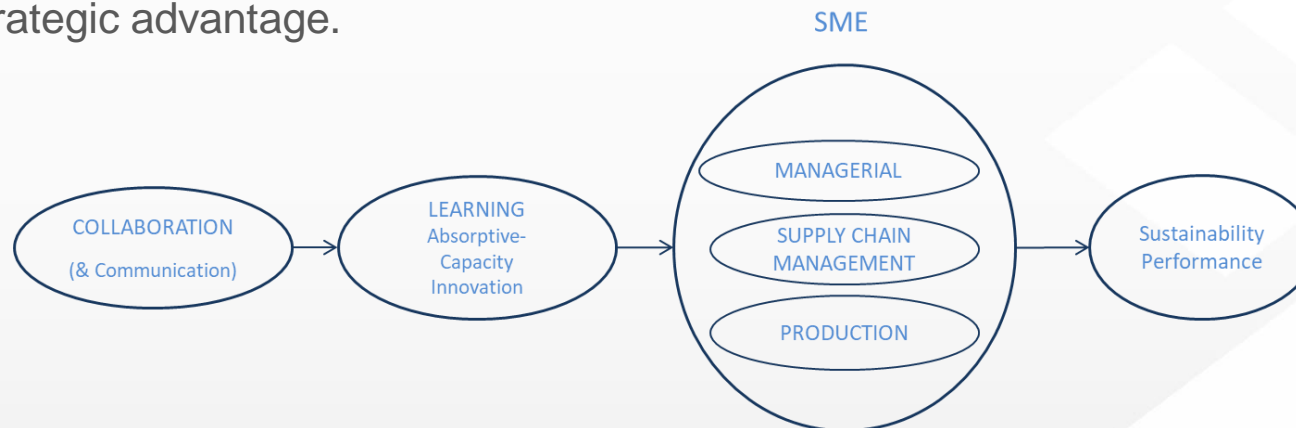
SUPPLIER DEVELOPMENT PROGRAMMES

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 emphasize **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

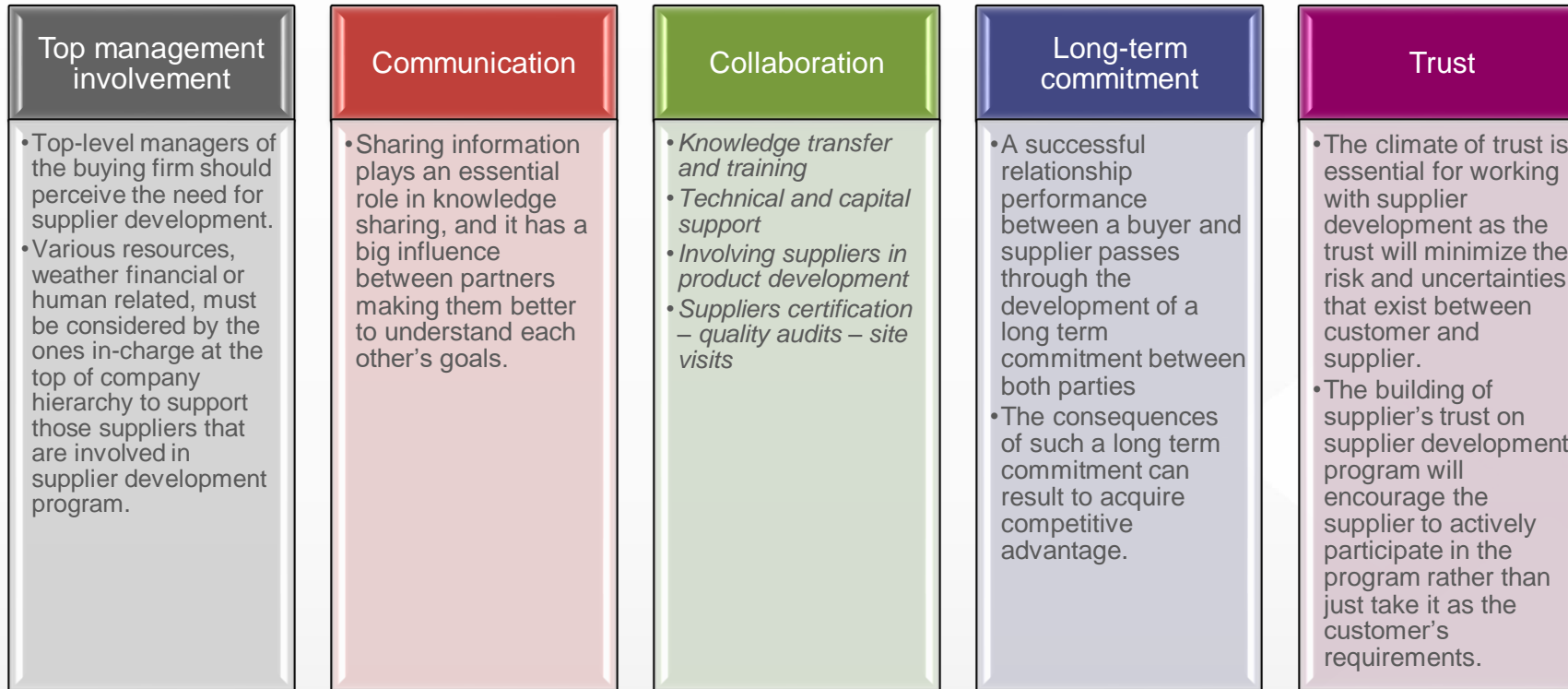
SUPPLIER DEVELOPMENT PROGRAMMES

Supplier Development Categorization



SUPPLIER DEVELOPMENT PROGRAMMES

SD Elements



SUPPLIER DEVELOPMENT PROGRAMMES

SD Elements

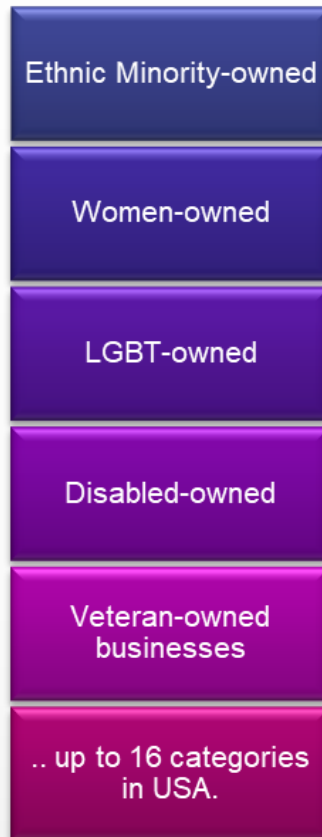


1. Knowledge & skills transfer
2. Technical and capital support
3. Involving suppliers in product development
4. Supplier quality audits - site visits - certifications

Supplier Diversity Programmes (SDIP)



SUPPLIER DIVERSITY PROGRAMMES



Supplier diversity is a business strategy that ensures procurement 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.



Sourcing products and services from previously underrepresented suppliers leads organisations to **reflect the demographics** of the community in which they operate

It creates an **equal marketplace** where opportunities are open to all participants regardless of their gender, race, ethnicity, sexual orientation, or disabilities.

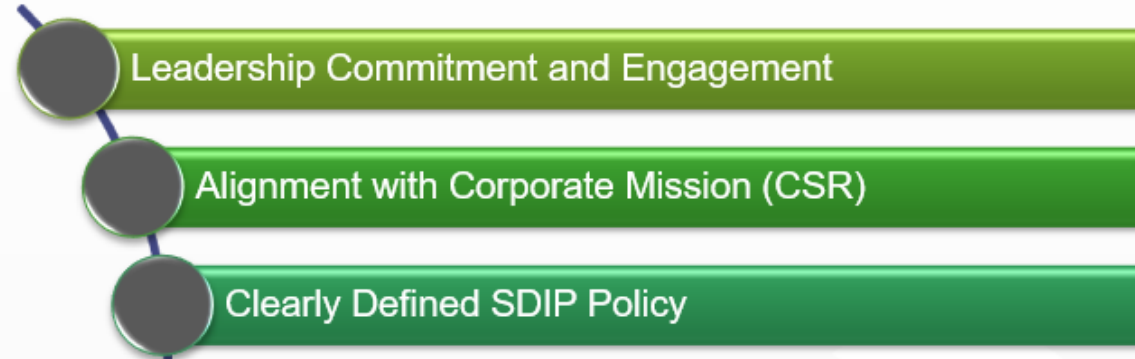
SUPPLIER DIVERSITY PROGRAMMES

Elements of a SDIP



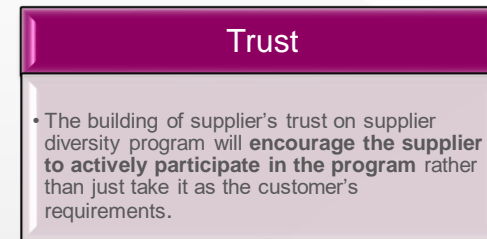
SUPPLIER DIVERSITY PROGRAMMES

Elements of a SDIP



Reach endorsement from:

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

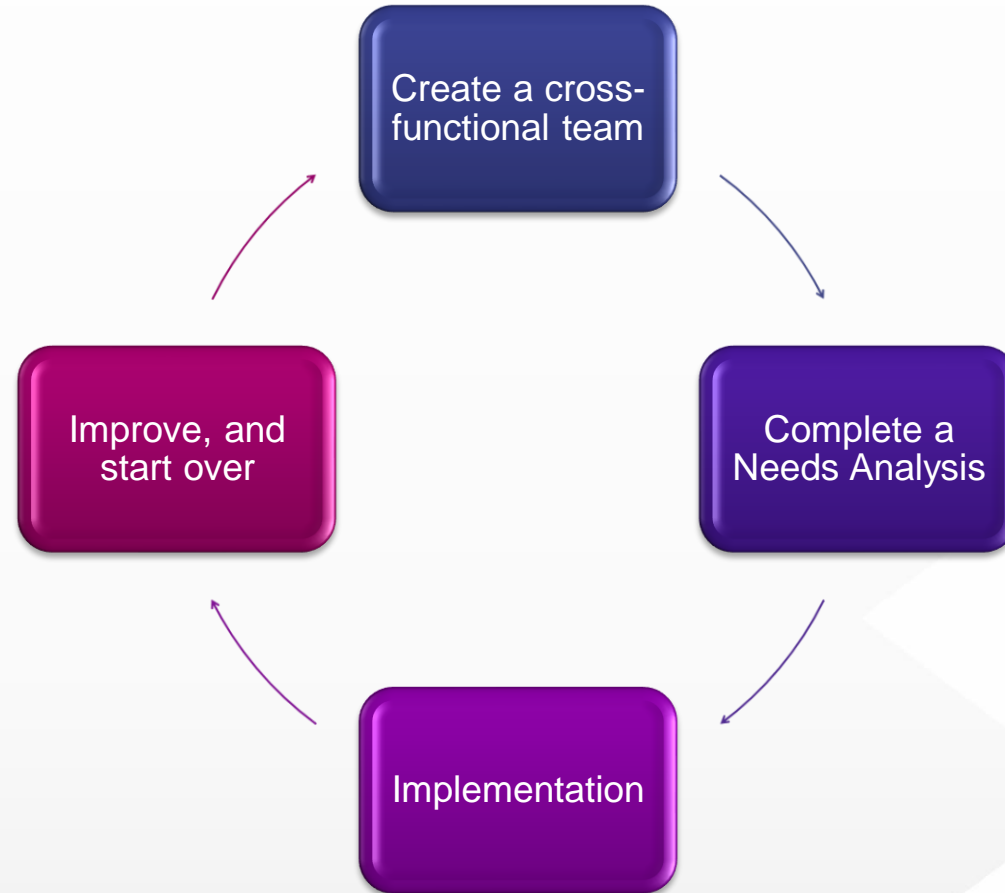


How to implement SDPs and SDIPs



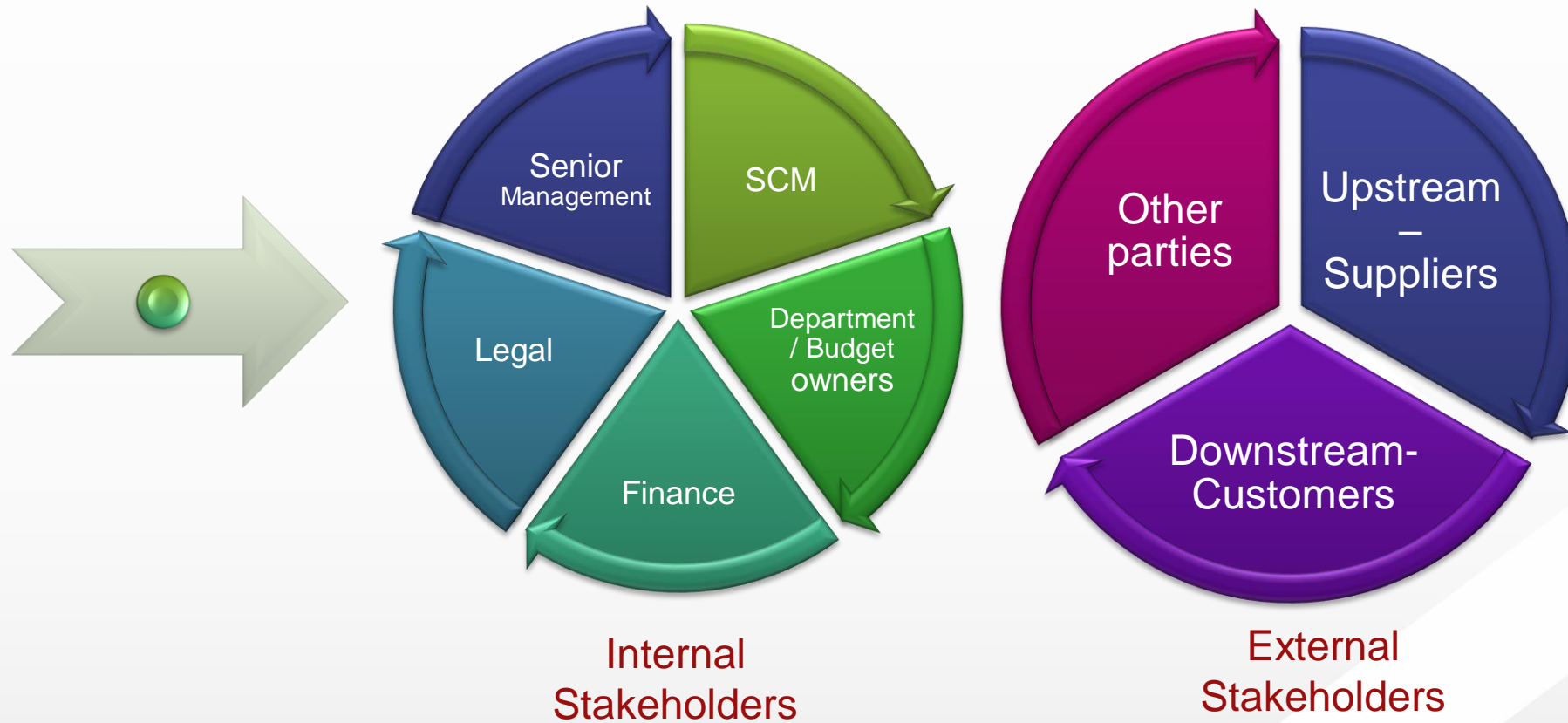
SDPs and SDIPs

Decision Process



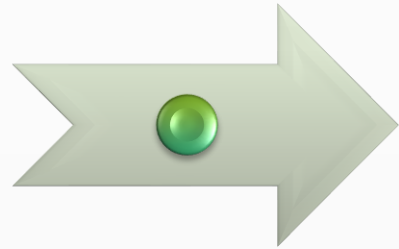
SDPs and SDIPs

Create a cross-functional team



SDPs and SDIPs

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.

SDPs and SDIPs

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

SDPs and SDIPs

Complete a Needs Analysis

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

RESOURCES

Cross-functional team (HR)

Financial Resources

External partners

- Governments
- BSOs
- International Organizations
- Training Institutions

Data

- Minorities situation in your country
- % minorities in supplier base (#, %)

Tools

- Identification and selection of suppliers (website)
- Capacity Building

SDPs and SDIPs

Implementation



SDPs and SDIPs

★ KPIs and Targets



Numbers and Percentages of procurement portfolio

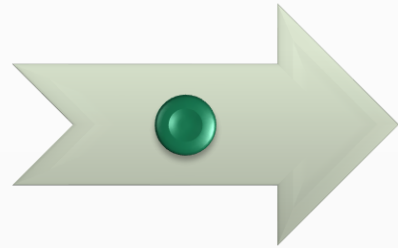
\$ Spend on minority-owned businesses (MOBs)

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

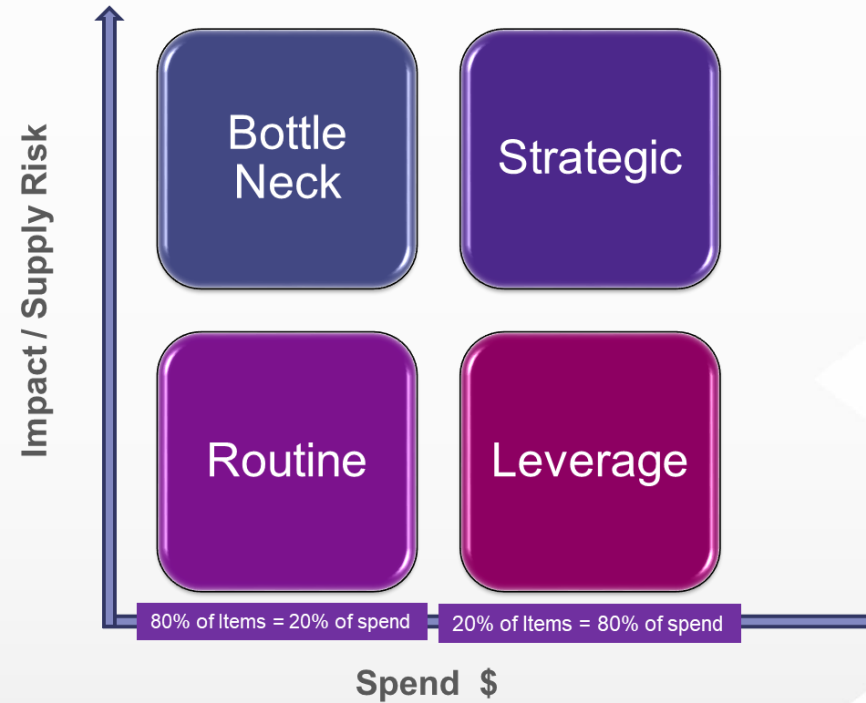
Percentages of MOBs that are shortlisted and/or awarded

SDPs and SDIPs

★ Identify critical commodities



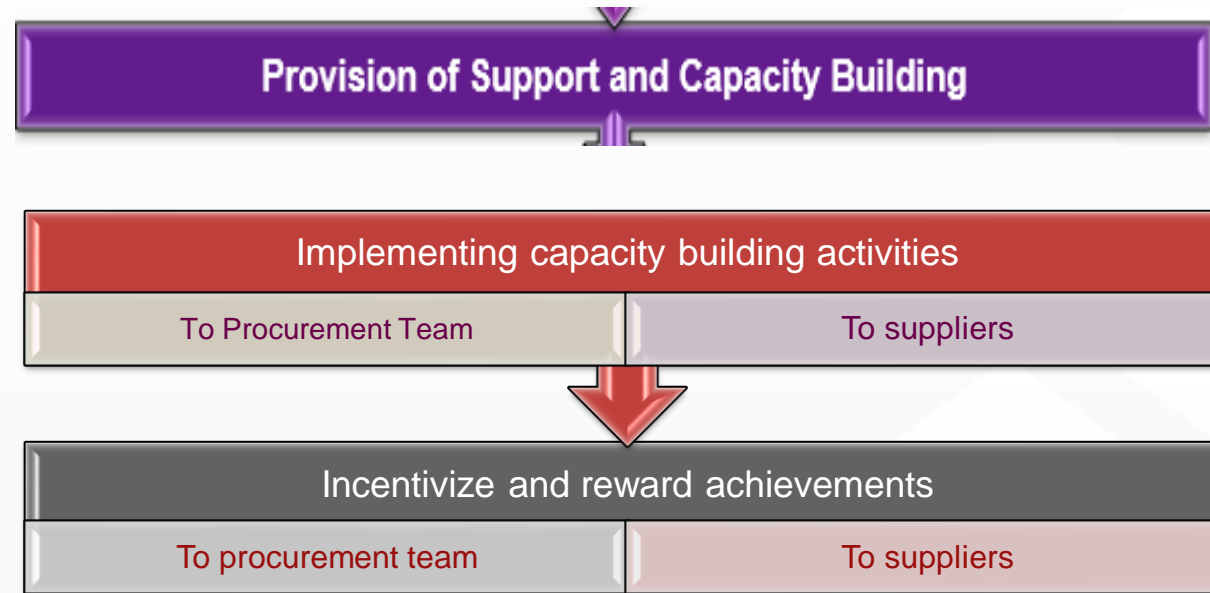
Supplier Positioning Model



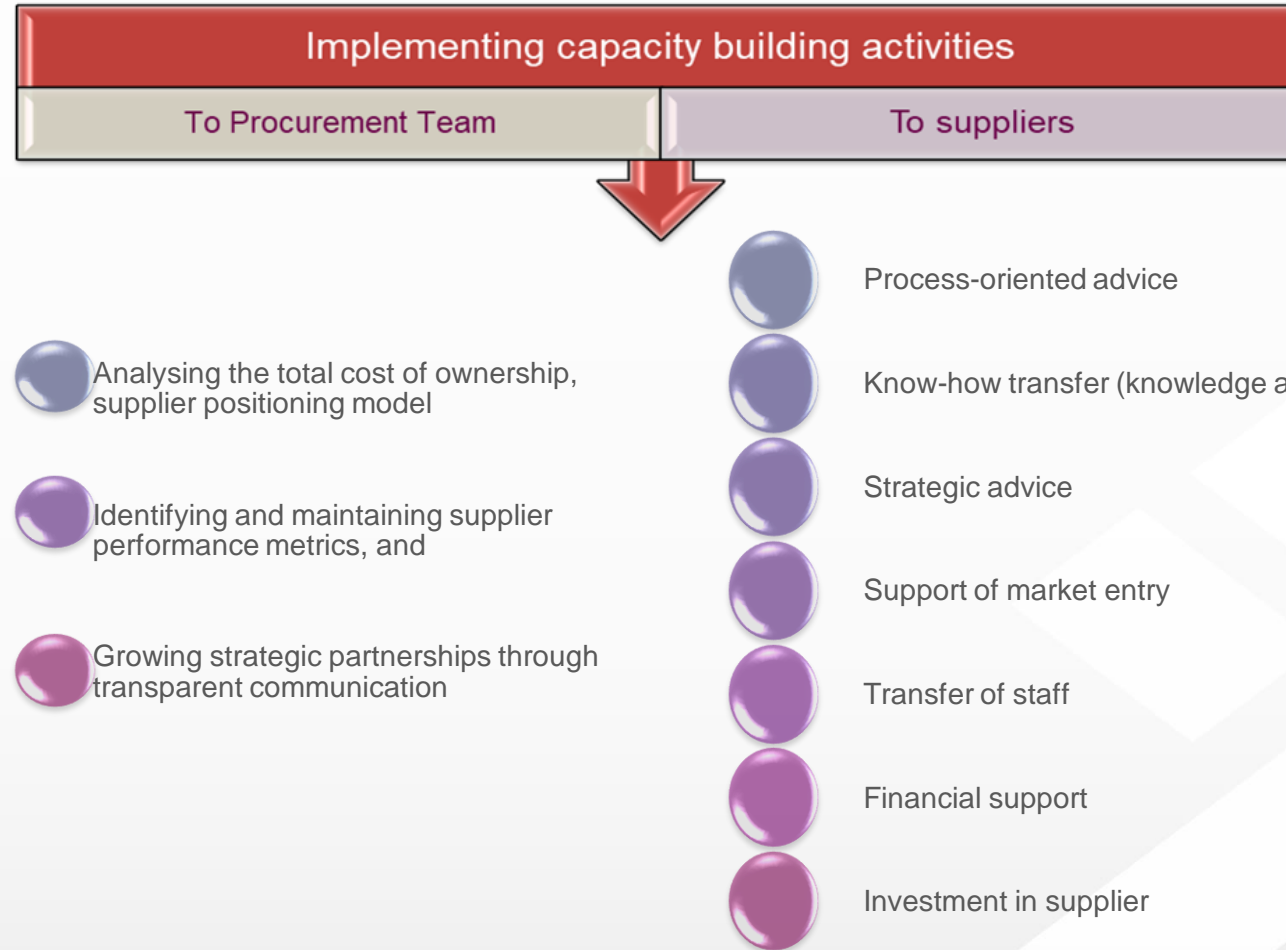
ITC's MODULAR LEARNING SYSTEM IN SUPPLY CHAIN MANAGEMENT

SDPs and SDIPs

★ Provision of Support and Capacity Building

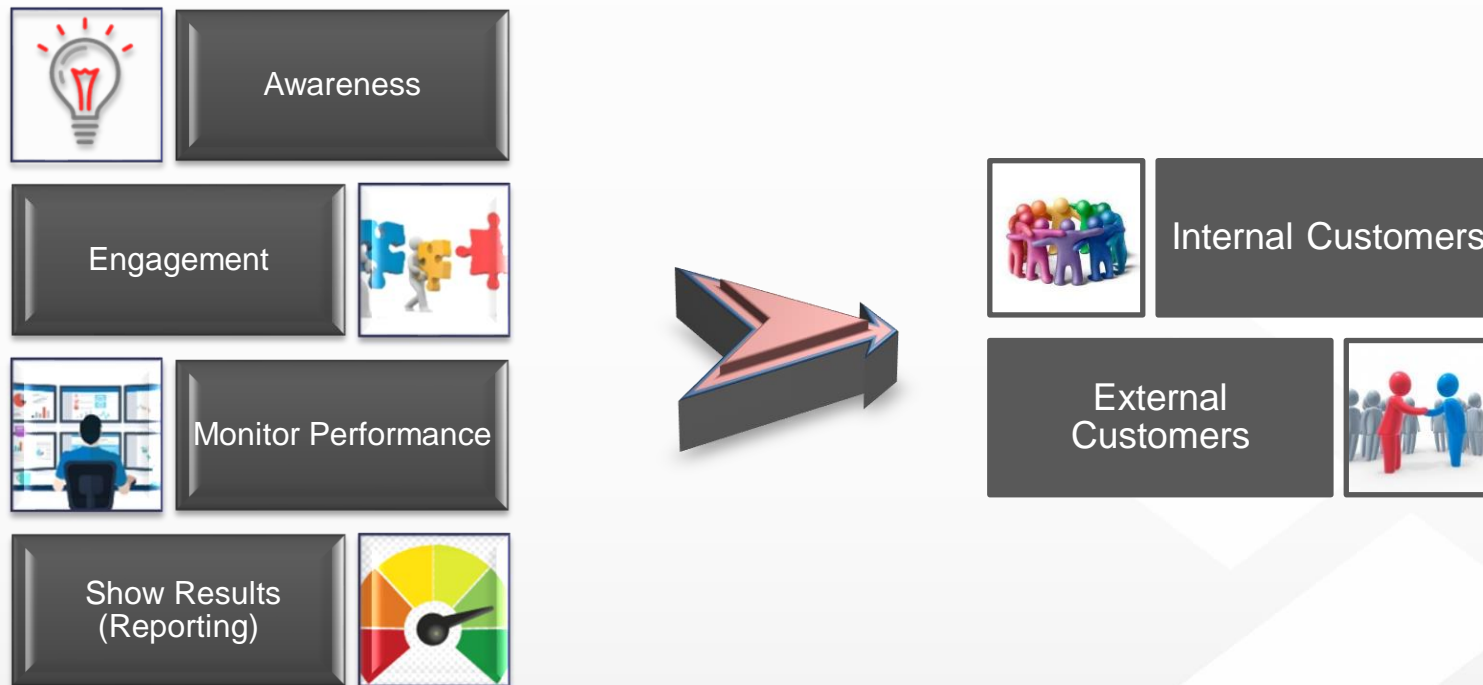


SUPPLIER DEVELOPMENT PROGRAMMES



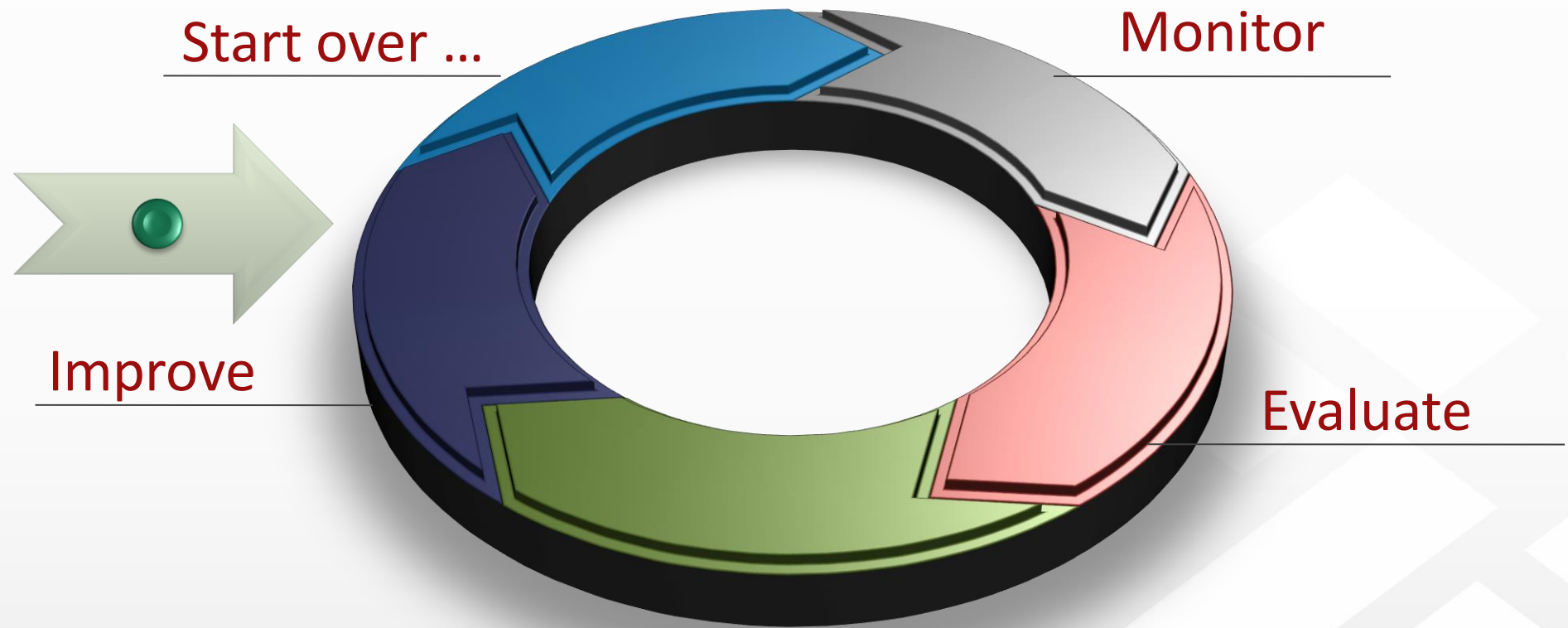
SUPPLIER DIVERSITY PROGRAMMES

★ Report & communicate



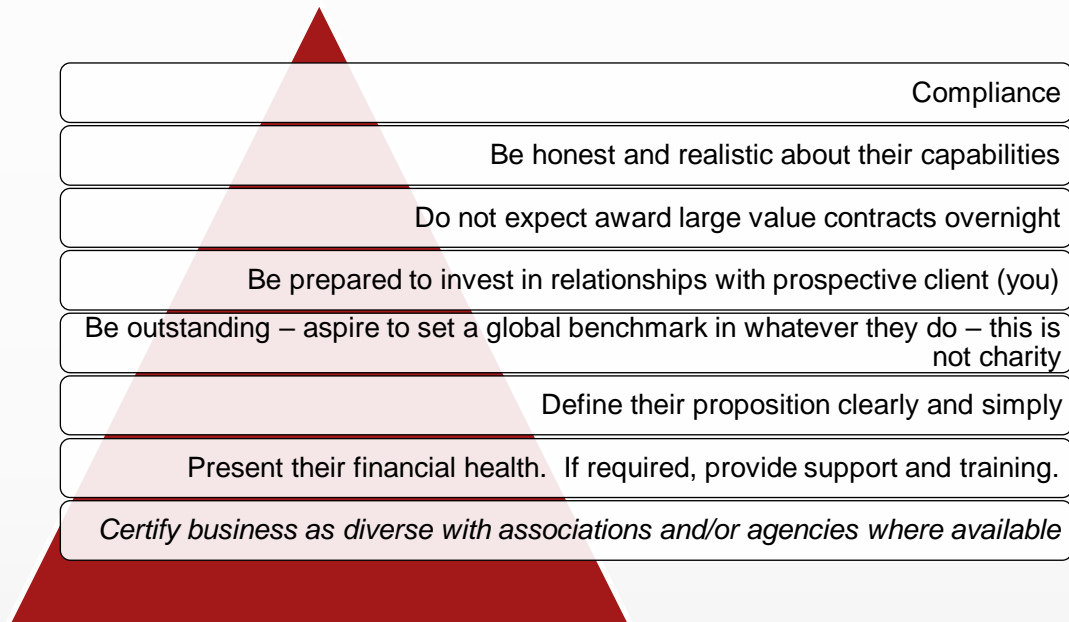
SDPs and SDIPs

Improve, and start over



SUPPLIER DIVERSITY PROGRAMMES

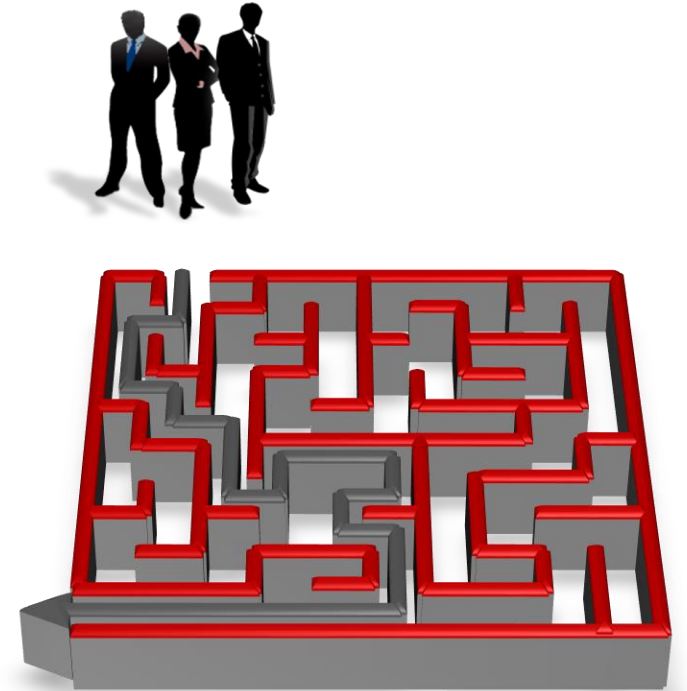
What expect from for SMEs perspective





SME TRADE ACADEMY

Challenges to Implement a SDIP



SUPPLIER DIVERSITY PROGRAMMES

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

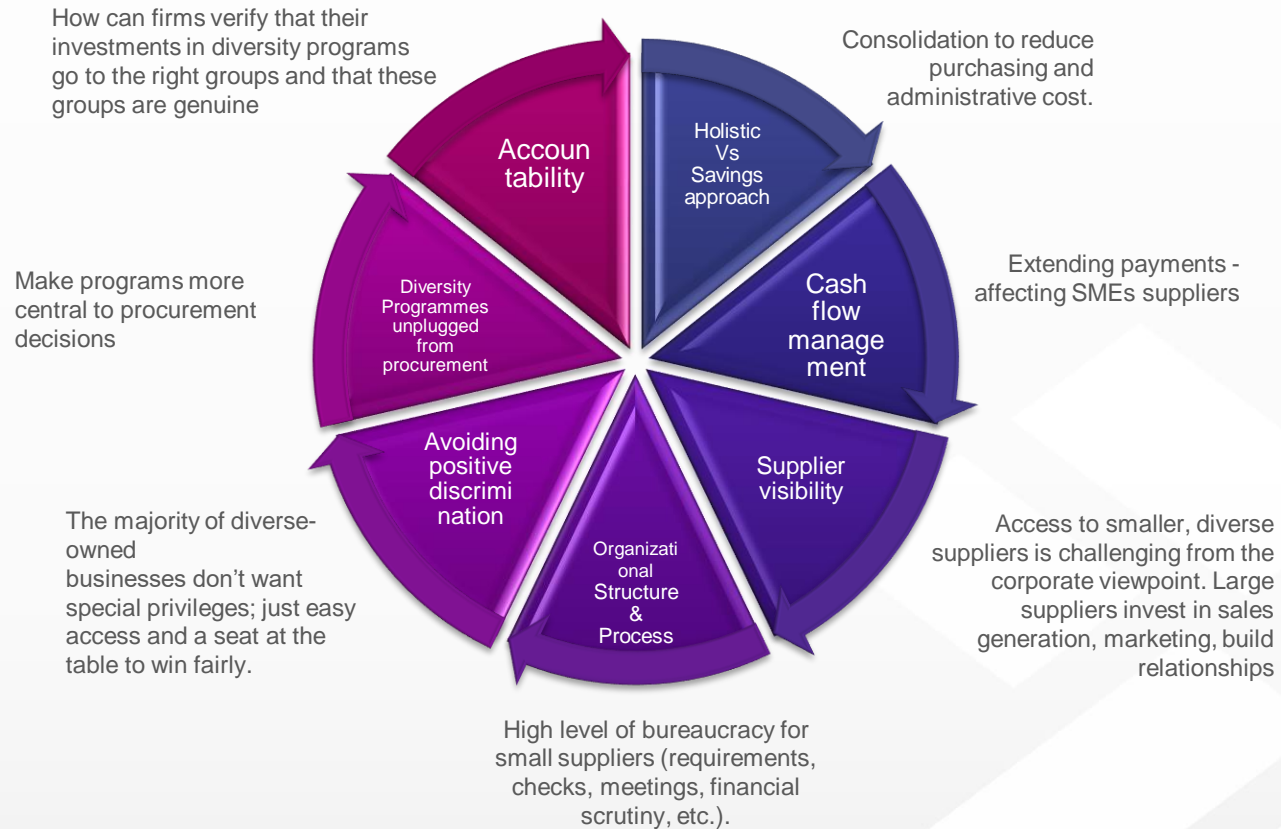
Lack of immediate monetary benefits

Indecisive support of top management

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

SUPPLIER DIVERSITY PROGRAMMES

Challenges and potential solutions





SME TRADE ACADEMY

Invitation to a Mindset Change



SUPPLIER DIVERSITY PROGRAMMES

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**

Q & A



спасибо 谢谢
GRACIAS 谢谢

THANK YOU

ありがとうございました MERCI

DANKE धन्यवाद

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