



Canadian  
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The Future of Business Success  
L'avenir de la réussite en affaires

# Supplier Diversity Handbook

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# Background

## The business case for supplier diversity

Canada's economic recovery from the COVID-19 pandemic offers the business community unprecedented opportunities for growth. But for the Canadian economy to reach its true potential, this rising tide of growth must be inclusive enough to lift all boats.

Ongoing economic pressures, such as supply chain bottlenecks and soaring inflation, are certainly threats, but they are also opportunities to re-examine current procurement practices to ensure they reflect a company's vision, values and goals.

Businesses small and large can contribute to Canada's collective prosperity by evaluating and advancing their efforts to be more socially responsible enterprises.

Central to this effort is having a supplier diversity program to ensure businesses owned, operated and controlled by women, minorities — including Black, racialized individuals, LGBTQ2+ and veterans — and people with disabilities can have access to the same procurement opportunities as larger, more established firms. While these businesses tend to be smaller and lesser-known, they can add immense value to larger organizations and to the broader economy.

Supplier diversity programs are also an important component of any corporate Environmental, Social and Governance (ESG) strategy, which is becoming increasingly more important in today's competitive global marketplace. These programs allow organizations to give back to their communities and make good business sense.

It's a win-win for everyone.

But first, it's important to understand exactly what supplier diversity means.

## What is supplier diversity?

A 2016 [study](#) by the Canadian Centre for Diversity and Inclusion (CCDI) defined “diverse supplier” as follows:

*“A business or non-profit organization that is at least 51% owned, operated and controlled by Aboriginal peoples, members of a visible minority group, women, those who identify as LGBTQ2+ or people with a disability.”*

A CCDI survey at the time found that 39% of Canadian organizations had implemented a supplier diversity program or initiative. While some progress has been made since then, many Canadian businesses are only now starting to turn their attention to this issue.

## The state of supplier diversity in Canada

In 2017, Status of Women Canada (now known as Women and Gender Equality Canada) published [research](#) on the business case for supplier diversity. It noted that these programs offer



diverse suppliers the opportunity to grow through access to new or expanding supply chains while creating mutually beneficial relationships that also benefit the economy as a whole.

The Government of Canada is moving forward with initiatives to increase supplier diversity in federal procurement, including the recent launch of a [new coaching service](#) to help businesses that self-identify as diverse have a better chance at securing government contracts.

In the private sector, the proliferation of supplier diversity programs has been slow, with many organizations either questioning their feasibility and suitability or unsure of how to move forward.

A recent [opinion piece](#) by [Madeleine Féquière](#), Corporate Credit Chief for Domtar, and member of the expert panel of the Canadian Centre for the Purpose of the Corporation (CCPC), argued that inclusive and diverse procurement is an essential part of Canada's COVID-19 recovery plan. She recommended that governments establish consequential incentives, such as tax breaks or credits, to entice companies to implement supplier diversity programs.

Féquière and others note that merely having a supplier diversity program is not enough. It must be backed by real action and oversight to ensure it doesn't end up being a token initiative to allow a company to check a box.

## The supplier diversity handbook

### Who is this handbook for?

The Canadian Chamber of Commerce is committed to helping businesses of all sizes when it comes to supplier diversity. This handbook is intended for those that are early in their journey.

As this field continues to evolve rapidly, this resource will become an evergreen document that will be updated regularly. We want to ensure it stays timely and up-to-date with the latest best practices and case studies demonstrating successful supplier diversity programs and practices in Canada.

### How to use this handbook

This handbook is filled with information and practical, real-world examples of supplier diversity in action. It is not meant to be prescriptive. Rather, the intention is to inspire action in your organization towards more inclusive and diverse procurement practices.

The case studies will demonstrate how businesses can begin to implement supplier diversity. It will also provide a glimpse into the perspective of diverse suppliers to understand their value proposition and the challenges they face to compete on a level playing field with more established firms.



# Common myths about supplier diversity

Before we get into best practices and case studies, let's examine some common myths about supplier diversity that perpetuate misconceptions among business leaders.

As you will see, each myth is rooted in a fundamental belief that supplier diversity programs will put businesses at a disadvantage or eat into their bottom lines. The subsequent explanations prove that is far from the truth.

## **Myth #1: Diversity is about exclusivity**

Just because a business decides to implement a supplier diversity program, it doesn't mean they are committing to excluding suppliers that don't meet the definition. Nor does it mean different criteria or parameters for diverse suppliers competing for contracts.

Supplier diversity ensures equal access for those enterprises that may not otherwise have had an opportunity to bid. This requires an equity lens to remove barriers and ensure diverse suppliers have access to bids.

## **Myth #2: Diversity is about lowering standards**

Companies do not need to lower their standards or expectations to engage with diverse suppliers. These initiatives are about discovering the most qualified suppliers, who are evaluated on a number of fronts that have nothing to do with their gender, ethnicity, or sexual orientation.

Diverse suppliers are often very innovative and agile, which can be of enormous benefit.

## **Myth #3: Small and mid-size suppliers can't handle our volume**

While a small- or medium-sized enterprise may not have the resources to handle the needs of an organization, many would happily hire more people and expand their capacity if given the opportunity to become a supplier.

Rather than not even considering these smaller companies due to their size, give them a chance to demonstrate how they can rise to meet the challenge.

## **Myth #4: Diverse suppliers are expensive**

While some diverse suppliers may cost more, it is important for companies to consider other ways they may actually save money by working with smaller enterprises that could offer unique services that larger, more established firms can't.

For example, Women Business Enterprises Canada [notes](#) that women influence more than 67% of purchases. Including more women-led suppliers could better appeal to and help attract new customers. A recent [McKinsey study](#) found social values are shaping purchase decisions more than ever. Not investing in supplier diversity could actually end up costing a company more down the road.

## **Myth #5: New supplier diversity programs will drive away current suppliers**

Many organizations are reluctant to implement supplier diversity programs out of fear that they will alienate or lose suppliers they have worked with for years. But bringing in such a program doesn't mean you have to pull the plug on your existing relationships.



If anything, a supplier diversity program will keep existing suppliers on their toes and ensure you are always on the cutting edge of your industry, since many smaller and diverse suppliers are constantly improving their offerings to maximize their chances of winning contracts.

### **Myth #6: I already work with diverse suppliers so I don't need to build a program**

If it isn't measured, you can't know your return on investment. Just like everything else in business, you have to measure metrics from supplier diversity initiatives in order to understand how they can improve your bottom line.

Having a program and tracking results will help build the case for maintaining the program, should the economy take a turn for the worse. The gut instinct to go back to the way things were done in the past may not actually make the most sense for your business.

### **Myth #7: Diversity is our procurement department's responsibility**

While they may handle the day-to-day, it is everyone's responsibility to ensure a business is performing at its best, and that means getting involved no matter where you sit in an organization.

For example, if you have the ear of senior leadership, you can help make the case for more resources to be allocated to a supplier diversity program.

### **Myth #8: There are no diverse suppliers that meet my needs**

There are all sorts of needs in a business. Try to think outside the box. Chances are, there are some areas where diverse suppliers can help improve operations or efficiency.

Diverse suppliers bring new ideas based on their backgrounds and life experiences and can help organizations innovate and find new ways to do business.

### **Myth #9: Small businesses don't need diverse suppliers**

Even small companies can benefit from working with other small suppliers from diverse backgrounds. It can help you gain and understand new customers, as well as opportunities to reach new markets.

Many small businesses are in a unique position to collaborate with diverse suppliers due to their ability to pivot quickly and embrace new ways of doing things.

### **Myth #10: Working with diverse suppliers will make my business less efficient**

Diverse suppliers are leaner and more agile than larger, more established firms that have been around for years. They are more willing to adapt to the needs of their customers and to support in areas that may be outside their comfort zone or core business.

You may find that working with a diverse supplier can actually *increase* efficiency and help you discover new ways of working. One [research paper](#) found that the benefits could include larger use of electronic purchasing and ordering, higher retention rates and faster invoice approval.



# Best practices for business

While research on supplier diversity is ongoing, there are many helpful resources with best practices gleaned from real-life experience.

One example is the list of [guidelines](#) identified by The Canadian Aboriginal and Minority Supplier Council (CAMSC). They detail eight goals for organizations looking to implement supplier diversity programs:

- Goal 1: Establish corporate policy and top corporate management support
- Goal 2: Develop a corporate supplier diversity plan
- Goal 3: Establish comprehensive internal and external communications
- Goal 4: Identify opportunities for Aboriginal and minority business enterprises (AMBEs) in strategic sourcing and supply chain management
- Goal 5: Establish a comprehensive supplier development process
- Goal 6: Establish tracking reporting and goal setting mechanisms
- Goal 7: Establish a continuous improvement plan
- Goal 8: Establish a second-tier program

## Instilling confidence and providing opportunities through certification

Many diverse suppliers benefit from certification, which is available through a number of organizations, including the four member organizations of [The Supplier Diversity Alliance Canada \(SDAC\)](#):

- [Canadian Aboriginal Minority Supplier Council](#) — represents Aboriginal and minority-owned suppliers
- [Canadian Gay & Lesbian Chamber of Commerce](#) — represents LGBTQ2+-owned businesses
- [Women Business Enterprises Canada](#) — represents women-owned enterprises
- [Inclusive Workplace and Supply Council of Canada](#) — represents veterans and/or people with disabilities who own businesses

Certification benefits both sides of the procurement equation. It puts diverse suppliers at the table by exposing them to new business and networking opportunities, while also providing businesses looking to implement supplier diversity programs with the official documentation they need to track and evaluate their progress. Companies looking to diversify their supplier base can benefit from exploring partnerships with these certifying organizations, which will give them access to databases of potential vendors.

For example, an e-learning company based in Quebec called [pardeux](#) is one of the first Business Development Bank of Canada (BDC) clients and certified majority women-owned businesses to join BDC's [supplier diversity program](#). Nathalie Lessard, president and co-founder of pardeux, said completing the certification through [WeConnect International](#) was a “game-changer for the business,” giving them exposure to procurement teams at multinational companies such as Walmart, Sony and Disney.



Lessard explained that certifying helped pardeux reach the company's targets to export and secure larger enterprise clients. Her business gained exposure to new supply chain opportunities, increased visibility to potential purchasers and opened up new potential revenue sources.

The company maximized exposure by attending events and leveraging networking and coaching opportunities.

## Recognizing potential, nurturing relationships

The Royal Bank of Canada (RBC)'s [Supplier Diversity Program](#) was cited in the Office of the Procurement Ombudsman [study](#) for its approach to mitigating some of the potential roadblocks. RBC incorporates supplier diversity goals into annual performance objectives of procurement staff and puts in place corporate performance objectives on supplier diversity.

RBC's program helps to connect self-identifying diverse suppliers with the appropriate certifying organization so they can take full advantage of the benefits of certification. When the RBC procurement team is putting together a list of potential suppliers, they consider databases of self-identified diverse suppliers to give them the chance to respond to more requests for information or proposals.

Diverse suppliers can also benefit from guidance from potential clients on how to put their best foot forward to effectively compete with bigger companies and maximize their chances of securing contracts.

Mentorship and support with networking are also important to help diverse suppliers meet the requirements of procurement, as many of these businesses lack the experience and qualifications. It is also important to help diverse suppliers understand the business case for getting certified — which is a costly and time-consuming process.

One example of this is the work of [Réseau des Femmes d'affaires du Québec](#). The organization not only helps to facilitate accreditation but also to connect diverse suppliers and larger corporations. If it's a good match, the association helps the supplier with certification.

Senior-level support is a critical factor when it comes to initiating pilot projects, as well as developing and eventually implementing supplier diversity programs. Several municipal governments in Canada, including the [City of Vancouver](#) and the [City of Toronto](#), are [demonstrating](#) how effective leadership can help promote supplier diversity.

Among the key challenges identified by corporations looking to begin their supplier diversity journey are competing priorities within the organization. While social procurement is generally seen as a good idea, it is often treated as secondary to cost savings and risk avoidance.

Even if there is a general consensus in senior leadership that supplier diversity is important, internal resistance can result from an unwillingness to break out of current relationships with non-minority business suppliers. That is why it's so important to have internal champions at the top.

Sodexo, a global corporation that provides catering, facilities management, employee benefits and personal home services, offers vendor development sessions where suppliers can learn more about what they need to successfully compete.





A [research paper](#) by the Canadian Centre for Diversity and Inclusion included an interview with a senior manager at Sodexo Canada, who said that while it is establishing a business relationship, “we are also happy that we are helping small businesses to build capacity and grow. When small vendors have challenges they can tell us and we can work with them to try to mitigate the issues.”

## Advancing economic reconciliation with Indigenous suppliers

Ensuring Indigenous suppliers are considered in the procurement process is another way for companies to do their part to contribute to and advance economic reconciliation.

The [Truth and Reconciliation Commission Calls to Action](#) contains a section on business and reconciliation, calling on the corporate sector to ensure Indigenous people have access to equitable opportunities and for their communities to gain long-term benefits.

Call to action 92 urges the “corporate sector in Canada to adopt the United Nations Declaration on the Rights of Indigenous Peoples as a reconciliation framework and to apply its principles, norms and standards to corporate policy and core operational activities involving Indigenous peoples and their lands and resources.”

This would include, but not be limited to, “meaningful consultation, building respectful relationships and obtaining the free, prior and informed consent of Indigenous peoples before proceeding with economic development projects.”

The Government of Canada is working with Indigenous Services Canada and the Treasury Board of Canada Secretariat to [implement a mandatory requirement](#) for federal departments and agencies to ensure a minimum of 5% of the total value of contracts to be awarded to businesses that are managed or led by Indigenous Peoples.

There are initiatives to improve the situation in the private sector as well.

Leanne Bellegarde, President and CEO of Akawe Technologies and member of the Canadian Chamber of Commerce’s BIPOC Leadership and Inclusion Council, worked with a fertilizer company with more than 2,000 suppliers. Strong leadership at the top of the organization provided a safe space to take an honest look at the supplier base, which revealed a high degree of preference to work with people of colour, women and those with disabilities over Indigenous suppliers.

One way the organization was able to overcome the imbalance was to create incentivized opportunities to build partnerships with Indigenous enterprises. The company also set new targets by exploring possible niche areas in the supply chain where Indigenous businesses could play a role — a way to introduce them organically without putting off long-term suppliers.

Bellegarde identified a need for engagement with existing suppliers to counter resistance through outreach and dialogue. The people signing the contracts were incentivized to hit their targets and the organization made sure there were adequate resources to do so.

Another important area of work is with Indigenous businesses and suppliers themselves, to help them to be more successful in their bids. The Government of Canada recently launched an [Indigenous Business Directory](#) to help procurement officers and the private sector find Indigenous



suppliers. The [Canadian Council of Aboriginal Businesses \(CCAB\)](#) is also a good resource to find Indigenous certified businesses.

## Being socially conscious is good for business

Another way corporations, both large and small, benefit from increasing supplier diversity includes the improvement of their brand image in an increasingly socially conscious world. A supplier diversity program is a core component of an [effective ESG strategy](#).

General Motors was the first automotive original equipment manufacturer to [establish a supplier diversity program](#) back in 1968 and now works with more than 300 certified diverse suppliers and small businesses within Canada and the U.S. Last year, it [recognized](#) 10 minority-owned enterprises with awards for their performance and exceeding the company's requirements. The annual awards announcement was an opportunity for GM to showcase its work in the area of diversity and inclusion while also shining a light on a number of diverse suppliers who are listed in the press release.

Google recently [announced](#) a \$1.5 million grant to the CCAB to support the development of Indigenous businesses and help them succeed and grow. The funds will go towards new programs and the redevelopment of the [Tools and Financing for Aboriginal Business \(TFAB\)](#) platform.

By investing in the success and growth of Indigenous businesses, the company is helping to develop the next generation of diverse suppliers while also demonstrating its corporate commitment to diversity and inclusion.

Another example of [positive exposure](#) for a company pursuing a supplier diversity program is Overture Promotions, a promotional marketing company that launched a [Diverse Supplier Portal](#). Part of the effort involved reaching out to 500 diverse suppliers to sign up.

It is not just large multinationals that can benefit from the exposure that comes from making ESG a priority.

Canadian clothing upcycling company Preloved recently [announced a collaboration](#) with a diverse supplier of printed fabrics called Redwood Classics Apparel for a handbag collection. This collaboration gained both companies [publicity](#) for their commitment to a more sustainable fashion industry.

As consumers increasingly look to make more environmentally and socially conscious choices, they will be looking to base their buying decisions on how well a company does not only when it comes to the environment, but also in areas such as diversity and inclusion.

## Conclusion

No matter where your business is in its supplier diversity journey, we hope you found this handbook helpful, informative and inspiring.



The Canadian Chamber of Commerce remains committed to further exploring this topic and to helping businesses implement and grow their own supplier diversity programs.

The Canadian Chamber is always eager to hear more examples of these initiatives from the business community — including successes and challenges — and we look forward to featuring more case studies in future iterations of this handbook. We encourage you to get in touch and would love to hear from you.

## Additional resources

- [Supplier Diversity in Canada: Research and analysis of the next step in diversity and inclusion for forward-looking organizations](#) — Canadian Centre for Diversity and Inclusion
- [How to achieve supplier diversity: 4 experts explain](#) - World Economic Forum
- Best practices with reports from the [Council on Scaling Women-Owned Businesses](#) and [Hackett Group](#)
- [BDC supplier diversity database](#)
- [Perceptions of Supplier Diversity: Media Analysis and the Experience of Change Agents:](#) Women Entrepreneurship Knowledge Hub
- [Tealbook](#)
- [Nutrien playbook](#)
- [Government of Canada Supplier Diversity Action Plan](#)
- [WorkplaceSupplier Diversity Alliance Canada \(SDAC\)](#)
- [Putting Inclusivity into Practice: Inclusive Procurement Guide - CGLCC](#)
- [Increasing Supplier Diversity in Canada — Institute for Gender and the Economy](#)
- [A global perspective on supplier diversity and inclusion — WeConnect International portal, Gold Standard Checklist](#)