

CIPS and supplier diversity

European Supplier Diversity Forum

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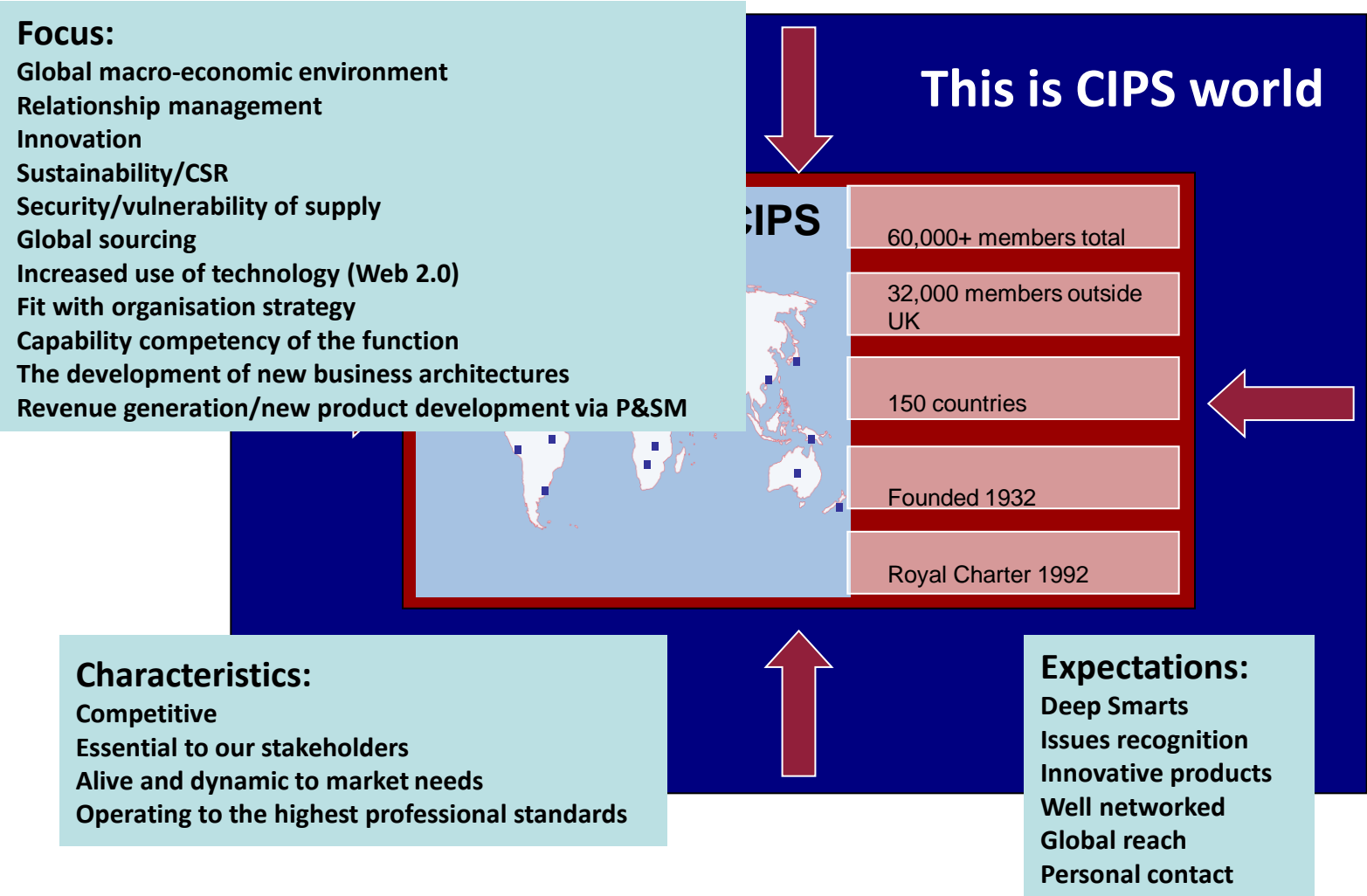
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CIPS - a diverse organisation



supplier diversity what is it to CIPS?

Three dimensions define supplier diversity and its importance to us ...



Competitiveness

- Promoting market competition & lowering cost

Choice

- Encouraging variety, innovation and customisation
- Securing best value & best fit solutions to fulfil need

Responsibility

- Delivering positive social, economic and environmental impacts
- Ensuring the long term sustainability of outcomes and value
- Enhancing the reputation of the buying organisation
- Seek to ensure that all businesses have free and fair opportunity to compete for places in supply chains.



For CIPS becoming part of the push for diversity in the supply chain was a no brainer



is supplier diversity a good thing?

The answer depends on where you sit and what is driving your actions ...

Market

- **More competition – lower costs**
- **More innovation**
- **Improved responsiveness**
- **Greater productivity**
- **More flexibility**
- **Better value**
- **Greater specialisation & adaptability**
- **Improved market strength & resilience to change**
- **Increased economic & social cohesion.**

Buying Organisation

- **Increased risk of supplier failure**
- **Restricted scope (geography, resources)**
- **Less ongoing research & development**
- **Increased complexity**
- **Increased cost, fragmented spend**
- **Reduced benefits of scale**
- **Less downstream supply chain 'clout'**
- **Increased compliance costs.**



The positive impacts of supplier diversity are perhaps seen to be countered by local impacts



what about the buyers?

As individuals buyers are often driven by short term, immediate demands ...

Buyers are often

- **Time starved**
- **Risk averse**
- **Cost & leverage driven**
- **Short tenured**
- **Expected to deliver visibly and quickly**
- **Measured and incentivised by factors driving cost and supplier reduction.**

Which encourages

- **Consolidation to generate scale and leverage opportunities.**
- **Simplification/streamlining**
- **Peer to peer trading**
- **Fewer larger suppliers**
- **Shorter term actions**
- **A focus on visible cost.**



Buyers may not be naturally inclined towards encouraging supplier diversity!



so what can be done?

A process of aligning buying motivations and market potential ...

Buying Motivations

- Encouraging competition and choice
- Increasing understanding of market opportunities
- Delivering sustainable procurement solutions
- Identifying and using excellent sources of supply
- Alignment with and support of the organisations broader objectives.

Enabled By

- Education and awareness
- Eliminating accidental discrimination
- Implementing clear and joined up supplier policies
- Developing segmented sourcing strategies, supplier management policies and actions
- Improving the sourcing process to assess longer term market & supplier impact
- Accessing the market more innovatively and using it to shape potential solutions.



Let us now consider the business case...



the business case

- **Wider candidate pool**
- **Brings innovation and flexibility into supply chains**
- **Aligns supply chains, products and services with increasingly diverse customer and client base**
- **Consumers/customers more likely to buy a brand if that brand buys from people like them**
- **Supplier diversity requirements being included in public and private sector tenders and contracts.**



For CIPS becoming part of the push for diversity in the supply chain was a no brainer



some stuff we've done

- Commissioned Monder to produce: *SUPPLIER DIVERSITY: A Guide for Purchasing Organisations*
- Established a series of diversity workshops
- Included Supplier Diversity as part of the content of the CIPS Leaders Network
- Set in train the inclusion of (Supplier) Diversity in the CIPS graduate diploma syllabus
- Promoted MEECOE inside CIPS
- Included Supplier Diversity and the Equalities Act in our on going work with Eversheds as a supply chain issue
- Talked to EHRC about putting on an event in the future regarding procurement and the impact of the Equalities Act



some stuff we've done



THE CIPS LEADERS' NETWORK 2010

Global reach

- local supplier relationship development
Strategic Forum South Africa

OVER THE LAST 15 YEARS OR SO, SOUTH AFRICA HAS EXPERIENCED RAPID SOCIAL AND ECONOMIC DEVELOPMENT FOLLOWING A PERIOD OF MAJOR POLITICAL TRANSFORMATION, PRUDENT MACRO-ECONOMIC MANAGEMENT AND A DESIRE TO REAP THE BENEFITS OF ITS VAST NATURAL RESOURCES.

ALIGNED TO THESE SIGNIFICANT CHANGES IN its political mechanism, South Africa has, under its new constitution, a strong commitment to move forward with reforms. In doing so, the South African government has, through the Accelerated and Shared Growth Initiative, placed its focus on:

- improving quality of life and poverty reduction
- ensuring good governance
- promoting private sector growth, employment generation and economic growth
- preserving and promoting the country's cultural heritage and environmental conservation.

Naturally these aspirations come at a cost. The State-Owned Enterprises (SOE) are planning a large-scale infrastructure investment programme (the capex programme), that includes investment in bulk freight transportation and electricity generation and distribution.

As part of the reforms, the South African government has also taken steps towards creating an efficient, effective, transparent, and professional national procurement system to realise the potential of procurement teams in both public and private sectors.

Introduction

The CIPS CPL Strategic Forum held in South Africa brought together thought leaders from government, public and

private sectors to discuss how they have met the challenges that ASGISA gave their organisations. The focus of discussion by event participants was on local supply markets and how SOEs can deliver their infrastructure investment programmes through procuring goods and services from local and global suppliers.

There was discussion and debate too about the impact of global supply markets. Global growth in demand, particularly in South and East Asia, for infrastructure-related capital goods has created current and potential global future shortages of certain supplies.

Other issues explored were local competitiveness and economic growth. Research by DPE indicates that a modest increase in the contribution of national industry to the capex programme will result in a large increase in the contribution of the capex programme to economic growth.

Critical to all of this are the aims of the Competitive Supplier Development Programme (CSDP). Against this background, DPE and SOE have put in place a CSDP aimed at increasing the competitiveness, capacity and capability of the local supply base.

As mentioned earlier, South Africa is experiencing rapid and large scale social and economic change. The world's attention will focus on South Africa when it hosts the FIFA World Cup Finals in 2010. This is a challenging and exciting prospect, not only for the country but also for its procurement professionals as the spotlight falls on them to

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Thank you
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