



# ISM Supplier Diversity and Inclusion Capability Assessment

## Diversity & Inclusion General Principle

The supply management business function is critical to any organization's success in implementing policies, processes and practices that improve supplier diversity and inclusion capabilities. This responsibility extends to all tiers of the upstream supply chain, not just immediate suppliers. From a business opportunity perspective, supply managers can positively incentivize suppliers to improve their diversity and inclusion programs, and work with them to improve their capabilities. This can lead to additional business benefits of reduced cost, increased access to markets/buyers, and better recruitment and retention of talent.

The following are tenants of driving a successful program, each driven by supply management professionals and suppliers:

## Responsibilities of Supply Management Organization

- Foster and engage a diverse group of employees, external partners, suppliers and affiliates.
- Provide organizational resources and develop and implement practices that identify and develop supply management employees and suppliers from diverse and underrepresented populations.

## Responsibilities of Supply Management Professional

- Accept and welcome employees, external partners, suppliers and affiliates of all backgrounds.
- Develop and use hiring and supplier selection practices that identify, retain and cultivate diverse employees and suppliers.

## Representative Policies, Programs and Metrics

- Workforce diversity and inclusion fosters the attraction and retention of a workforce that reasonably represents the customer and communities in which the organization operates; accordingly, the following measures of the processes, resulting employee makeup and attraction / retention of a diverse supply base are relevant to define capability:
  - A) Employee demographics mix across the organization and within organization levels (for example, ethnicity and gender)
  - B) Promotion and executive movement
  - C) Provisions for disabilities and special needs
  - D) Recruiting results
  - E) Retention and promotion rates, if applicable.
  - F) Adoption of principles advocating value-add beyond diversity (such as hard or soft cost savings, innovation, superior quality and customer service)
  - G) Compensation of employees linked to achievement of diversity goals
  - H) Distribution of supplier diversity across varied dimensions (for example, indirect vs. direct, small vs. large, commodity groups)
  - I) Percent of spend allocated to diverse suppliers
  - J) Supplier diversity training
  - K) Supplier diversity policies and measurement programs

Utilize the [ISM Diversity and Inclusion Capability Assessment](#) excel document to complete an assessment of appropriate suppliers.

## Capability Assessment

Suppliers can be assessed on Diversity and Inclusion Capability and Total Spend. This will provide visibility to supply management professionals and stakeholders on a supplier's relevant organizational health. Of the 11 measures, you can determine appropriate strategies to take with suppliers during negotiations, SRM reviews or contract management.

| Diversity & Inclusion Capability | Score |
|----------------------------------|-------|
| World Class                      | 10-11 |
| Strong                           | 7-9   |
| Average                          | 5-6   |
| Needs Improvement or Disqualify  | 0-4   |

