

BUSINESS CASE AND EXECUTIVE SUPPORT

RATIONALE

When establishing a supplier diversity (SD) initiative, it is essential that organizations develop and continually strengthen a business case that is clearly linked to their company's broader business strategies. Corporate leaders in supplier diversity have demonstrated within their organizations that a robust process supports supply chain excellence, strengthens brand and reputation, supports business growth, delivers local employment and wealth creation, and many other benefits.

A business case aligned with the company's business objectives creates the validation for executive support. For an external perspective, TELUS shared their original business case which rapidly secured support from the Chief Purchasing Officer and the CEO when they began their program in 2011 (see insert, pg 8).

Once executive support has been secured, a corporate policy statement becomes the foundational tool that provides guidance and direction to implement supplier diversity across the entire organization. With a policy statement, demonstrating executive support, conveying a call-to-action across the company becomes achievable.

DEVELOP A BUSINESS CASE	ALIGN STRATEGIES	EXECUTIVE SUPPORT	SUPPLIER DIVERSITY POLICY
<ul style="list-style-type: none">• Define the value proposition• Current state• Future plan• Outcomes to be Achieved	<ul style="list-style-type: none">• Link supplier diversity strategy to the business strategy	<ul style="list-style-type: none">• Program champion• Addressing naysayers• Commitment and accountability of the program	<ul style="list-style-type: none">• Develop policy or position statement

Figure 2 – Elements of building a business case and securing executive support

CORE ELEMENTS

» Develop a Business Case

The business case will help you build support (internally and externally) for supplier diversity. It will provide the context for and support the provision of resources to develop and implement supplier diversity across the organization.

The business case should define the value proposition; identify the current state (industry benchmarking); strategy alignment; and outcomes to be achieved. Table 1 identifies some of the key drivers for supplier diversity across North America. Companies should take advantage of the multi-faceted value proposition to derive full value from a diverse and inclusive supply chain.

TIPS FOR SUCCESS

"Will we have to pay more to use diverse suppliers?" is a common question supplier diversity leaders will face in establishing their program. Supplier Diversity is focused on proactively offering the opportunity to participate in sourcing activities, with awards based on business criteria. At times, developing diverse suppliers, in preparation for doing business with large corporations, helps companies leverage the innovative offerings that smaller suppliers often offer.

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THE BUSINESS CASE FOR SUPPLIER DIVERSITY AT TELUS



In 2012 TELUS launched a corporate-wide supplier diversity program led by the Procurement and Supply Chain Management team to support the company's business strategies and values.

VISION

At TELUS, we recognize that a diverse and inclusive environment facilitates a broader exchange of perspectives and better reflects the true makeup of society. Choosing to do business with companies who share TELUS' values and building a portfolio of viable, competitive and diverse suppliers will allow us to help create healthier communities and differentiate ourselves in the hearts and minds of consumers.

MISSION

Enable TELUS to deliver an improved customer experience and innovation by proactively providing equal access to a supply base that reflects the diversity where we live, work and serve.

BUSINESS CASE

1. Deliver a valuable customer experience and support strong business performance

- TELUS' number one corporate priority is to put customers first. With a strong commitment to supplier diversity and a supply base that more closely mirrors our customer base, we will be able to listen to our customers better and leverage new business opportunities with a solid understanding of the diversity of our clients' needs. By delivering value to our customers and communities through supplier diversity, we will also create shareholder value.
- In addition to proactively meeting the needs of our customers, through a diverse supply base, TELUS can also seek to partner with leading organizations that are committed to supplier diversity and deliver value to them through TELUS' service offerings. According to the International Trade Forum, 80% of Fortune 500 companies require supplier diversity efforts from their tier I and II suppliers – this reflects a growing awareness globally of the value of diversity in the business landscape.¹

2. Support the TELUS brand and our corporate social responsibility values

- TELUS is one of Canada's top brands and one of the world's top 500 brands. TELUS is also recognized as a leader in community giving. Since 2000, TELUS, our team members and retirees have collectively volunteered almost 5 million hours of services across Canada and contributed over \$300 million to community organizations. Embodying our

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philosophy to 'Give Where We Live', TELUS aims to create positive change and strengthen our links with the communities we serve. TELUS' support of the Canadian Aboriginal and Minority Supplier Council (CAMSC), WEConnect and the Canadian Gay & Lesbian Chamber of Commerce is an integral part of our focus on the community.

- Having a strong supplier diversity program in Canada aligns with the TELUS "give where we live" philosophy and our overall diversity and inclusiveness focus. The strong linkages of our program with TELUS' underlying values will support our brand image and could also support recruitment and retention efforts.
- Being the first Canadian telecommunications company and an early adopter amongst Canadian organizations to launch a supplier diversity program, especially without any legislation to require it, reflects TELUS' genuine interest in investing in the communities we serve and supporting suppliers that reflect the needs and values of our customers.

3. Optimize TELUS' total value of ownership and support future growth

- Our supplier diversity program is a key element supporting TELUS' Total Value of Ownership goals. Small and diverse businesses have a lot to offer, are often innovative and quick to market, and can provide a more personal focus on customers. By investing in small companies with high potential, the benefit is a close partnership that can become a source of competitive advantage in the future.
- According to a 2006 study by the Hackett Group, world-class procurement organizations that focus heavily on supplier diversity do not sacrifice procurement savings to do so. In addition, these leading procurement organizations are able to generate 133% greater return on the cost of procurement operations than average performers.²
- Supplier diversity will help TELUS' Procurement organization in our quest to deliver Total Value of Ownership, which represents a holistic view of our business with a focus on strengthened partnerships. Additional suppliers may be added to a competitive process based on meeting our diversity criteria (and this should be viewed as a good thing, since more competition usually leads to more savings); however, each supplier must win our business on its own merit. Suppliers will not be chosen solely on the basis of their diverse status.

For more information on supplier diversity at TELUS, visit the [TELUS website](#).

1 – The International Trade Forum:
"Good Business – The Potential of Women-owned Enterprises":
http://www.tradeforum.org/news/fullstory.php/aid/1370/Good_Business__96_The_Potential_of_Women-owned_Enterprises.html
2 – The Hackett Group:
"Supplier Diversity Does Not Drive Increased Costs":
http://www.thehackettgroup.com/about/alerts/alerts_2006/alert_08172006.jsp

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VALUE PROPOSITION	HOW VALUE IS DERIVED...
Strengthen Supply Chain and Enhance Product Offerings → Enable Cost Savings, Innovation	<ul style="list-style-type: none"> Active inclusion of diverse-owned businesses has been demonstrated to deliver innovation, responsiveness, cost savings, global linkages
Enhance Marketplace Social Responsibility → Enhance Brand Loyalty	<ul style="list-style-type: none"> Create shared value by generating wealth and employment for underrepresented groups in the regions that your organization operates Communicate success with diverse businesses to attract customers as well as attract diverse talent (employer of choice)
Enhance Customer Satisfaction → Enable Revenue	<ul style="list-style-type: none"> Gain competitive advantage meeting/exceeding growing government and customer requirements Leverage diverse suppliers to capture rapidly growing minority and aboriginal consumer base

Table 1: Key Value Drivers for Supplier Diversity

» Align Strategies

The business case should identify how supplier diversity aligns with and supports the company's overall strategic objectives, including (but not limited to) demonstrating that:

- Supplier diversity supports Supply Chain Excellence;
- Supplier diversity supports Corporate Social Responsibility strategies in the marketplace;
- Supplier diversity supports HR talent strategies; and
- Supplier diversity supports Business Growth strategies.

» Executive Support

A business case aligned to broader corporate objectives creates the conditions for executive support.

Depending on an organization's corporate culture, recruitment of one or more champions may be essential in securing executive support. The recruitment of program champions helps to strengthen the business case for supplier diversity, in areas such as enterprise/diverse market sales, workforce diversity lead, CSR/communications lead, strategic sourcing director, etc. These may be senior management that currently steer a Diversity Committee, and/or could form the basis of a cross-functional supplier diversity steering committee.

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The process of engaging and recruiting one or more champions will also identify naysayers, and help to identify and counter arguments against supplier diversity. CAMSC reached out to Fasken Martineau to ask some common questions within Canadian corporations about the legal environment for supplier diversity (see insert, pg 12).

» Supplier Diversity Policy

A simple and concise policy statement should capture the fundamental goals, objectives and benefits of a supplier diversity program. This statement must be endorsed by a senior leader within the company, for example CEO, Chairman or Managing Director, as a demonstration of commitment to supplier diversity. Without top-level support it can be very difficult to convey a call to action down through the company.

A supplier diversity policy statement should include:

- Justification for the program
- Eligibility (target beneficiaries)
- Core processes to be inclusive of diverse businesses
- Benefits to the company, its shareholders and stakeholders.

For an external perspective, Johnson Controls Inc. has shared its policy statement with executive sign-off (see Appendix 1).

KEY ELEMENTS FOR A ROBUST SUPPLIER DIVERSITY PROCESS

- Executive engagement on the business case
- Policy statement, signed by senior executive

Reach out to CAMSC for assistance with securing executive support, as CAMSC can also connect members to peer corporate mentors who may be able to provide suggestions based on their internal experience.

BEST PRACTICES

For more information, the Business Case and Executive Support section of the CAMSC Playbook aligns with the following best practices found in the CAMSC Best Practices in Supplier Diversity guidelines. These guidelines are available to CAMSC corporate members, to provide benchmarking “measures of success” that aid in the long-term design, development and implementation of a SD process.

- **Goal #1 - Establish corporate policy and top corporate management support.**
- **Goal #2 - Develop a corporate supplier diversity plan.**

TIPS FOR SUCCESS

A supplier diversity council should meet at least quarterly. This will provide valuable feedback for continued alignment with broader business strategies as well as opportunities for executive engagement.