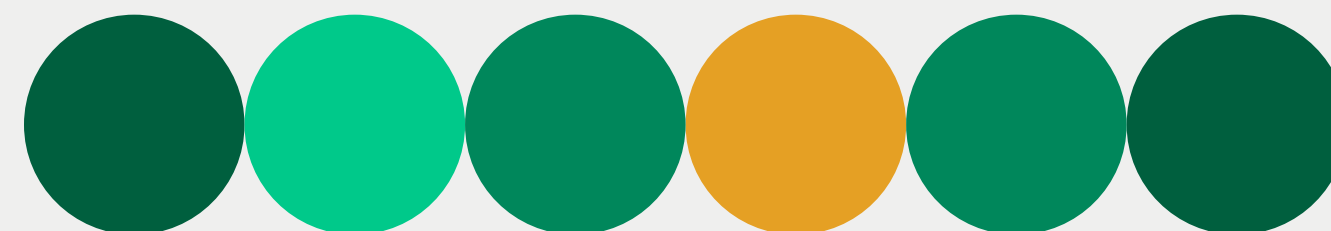




2023 Supplier Diversity Benchmarking Report

Data-driven insights to help Supplier Diversity and Procurement leaders identify new opportunities to improve program performance.



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A Message from the CEO

I am honored to share Supplier.io's 2023 Supplier Diversity Benchmarking Report. This report is a continuation of the research we conduct annually with our State of Supplier Diversity Report, giving a full scope of the progress programs have made. While the State of Supplier Diversity focuses on the trends and challenges supplier diversity leaders see, the Benchmarking Report is oriented towards the overall results of programs and where they see new opportunities to grow.

This report provides insight and visibility to top performers so we can all learn and improve. One of the things that is so special about this community is that even the fiercest competitors come together to help and lend advice. We understand more than most that a rising tide lifts all ships.

When we share our results with each other, we can better identify new opportunities with actionable insights. That's why we only use actual, objective spend data in our research to provide a clearer comparison.

This report goes beyond the high-level numbers and digs into the details of commodities and categories to find insights and opportunities. Detailed and objective data is the key to creating truly actionable goals for supplier diversity and creating lasting change.

At Supplier.io, we are immensely proud of the work we do to help organizations improve and mature their programs. We know that every increase in spend is more than just a number on a spreadsheet; it's a family supported and a community uplifted. We hope that our first Benchmarking report creates conversation in your organization and sparks the flame of innovation.

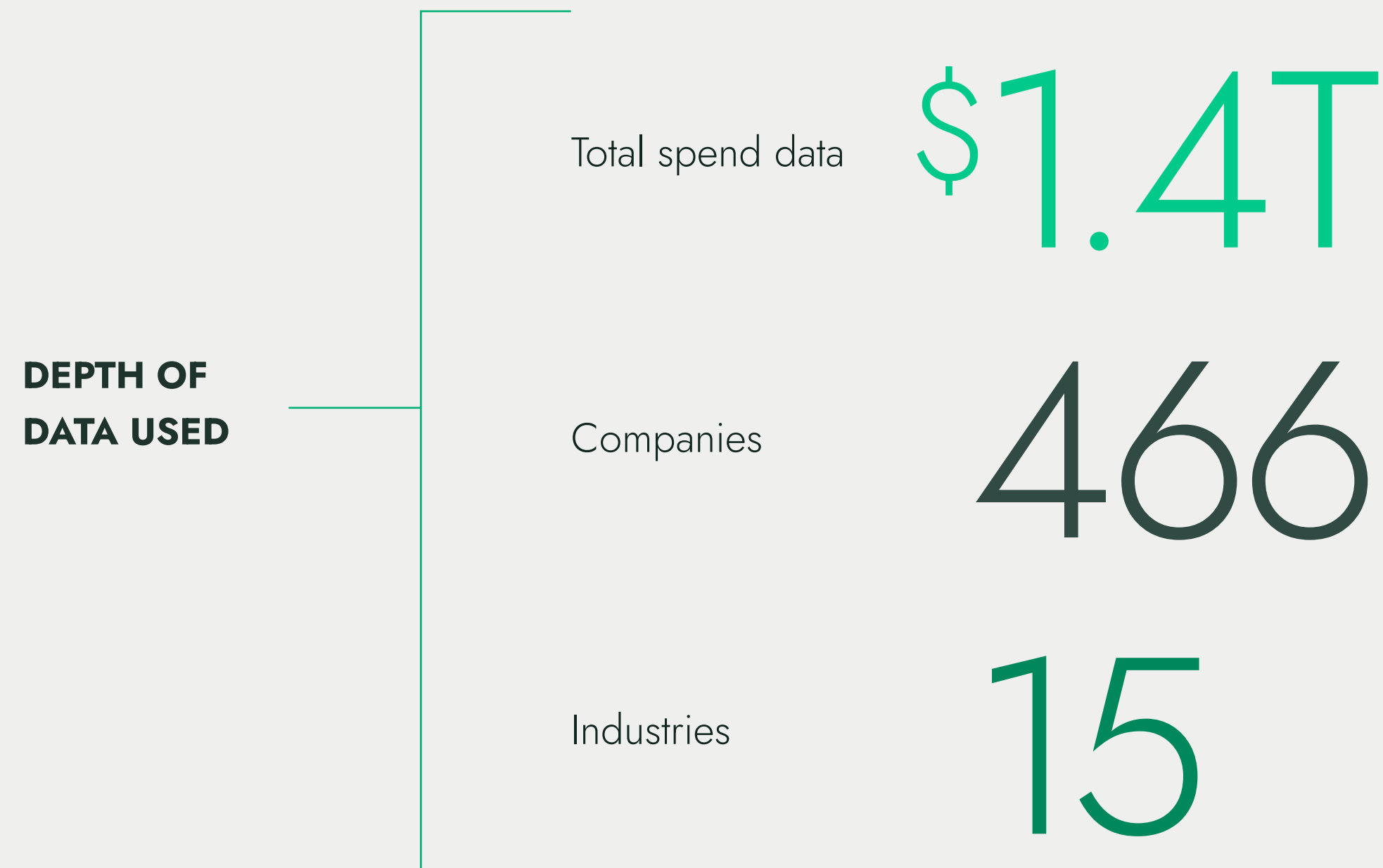
– **Aylin Basom**
CEO, Supplier.io



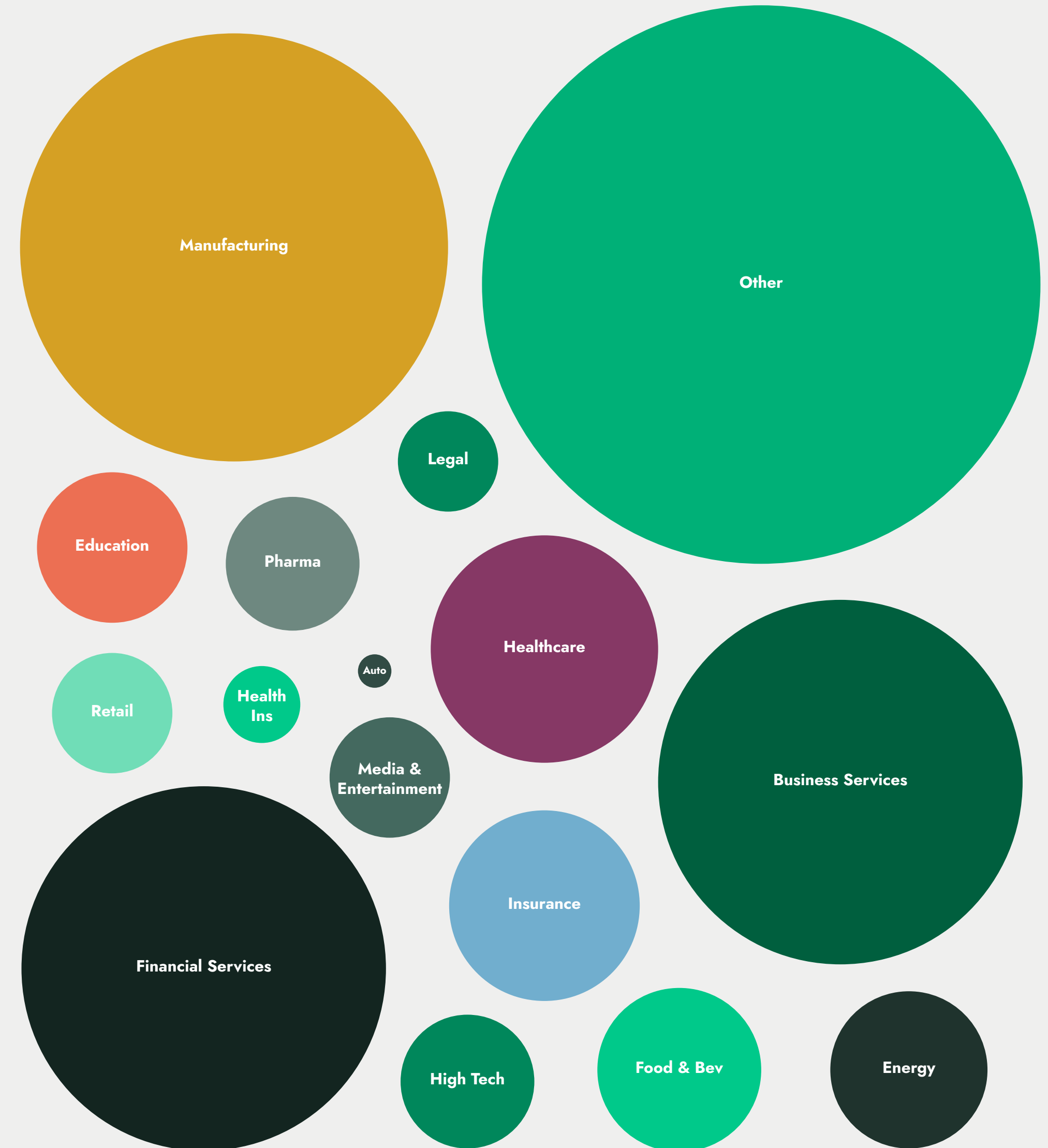
Report Methodology

To provide the truly actionable insights, we pulled together the most comprehensive analysis to date that includes over \$1.4T in total spend data across 466 companies in more than 15 industries. We then did an “apples to apples” comparison to understand how much and where companies are spending with diverse suppliers.

Diverse spend was defined as “certified diverse spend” from suppliers that have an industry recognized certification that can be confirmed. Self-certified suppliers were not included in the analysis of diverse suppliers.



COMPANIES BY INDUSTRY



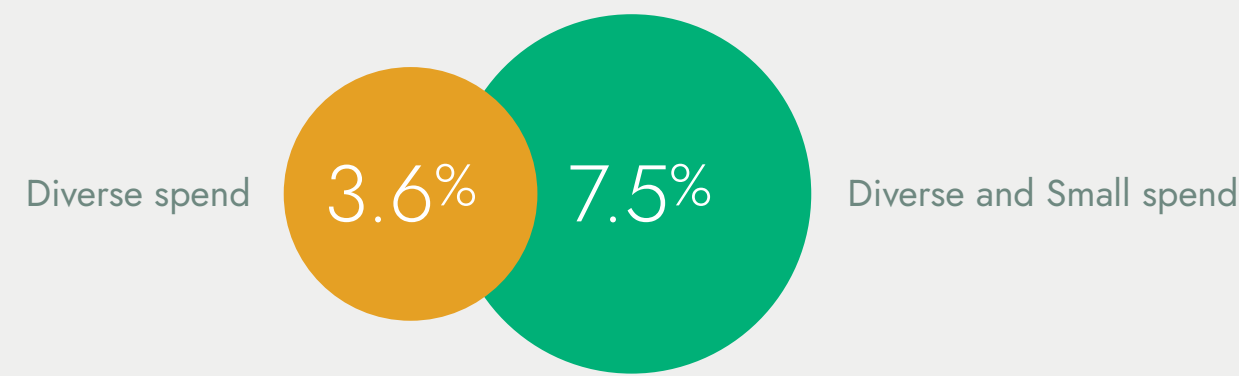
Executive Summary

Detailed data shows high variance, and lots of opportunities

Our comprehensive analysis of over \$1.4T in spend data from 466 companies across more than 15 industries provides key insights and opportunities. It helps us understand what results organizations are seeing, how that varies by industry and top performers, and where there might be growth opportunities in commodity areas and with specific target groups. As we analyzed the data, three main themes emerged:

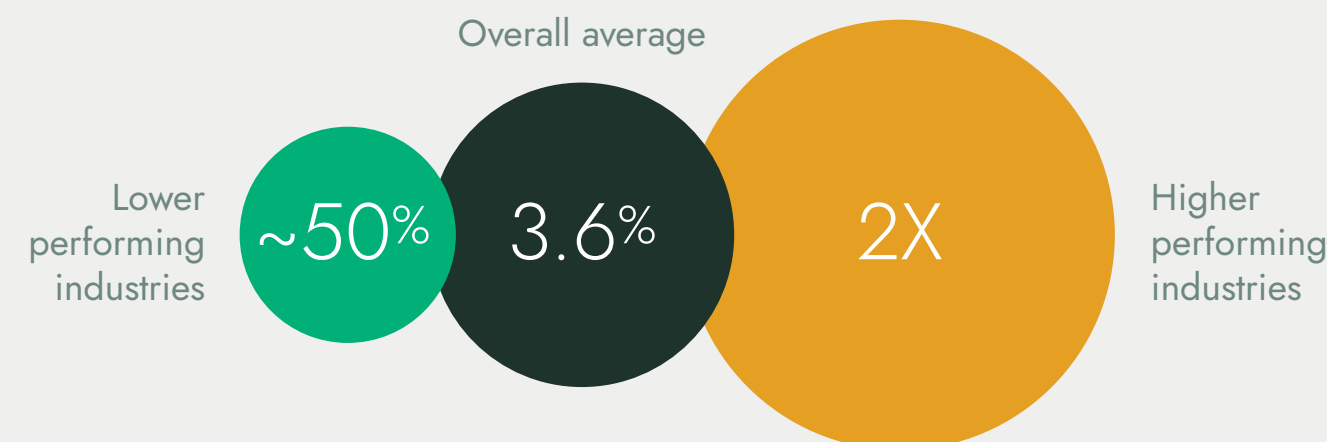
Significant difference between Diverse spend and Small & Diverse spend

Overall, certified diverse spend was measured at 3.6% across all industries. Spend for both small and diverse suppliers averaged 7.5% across all industries. This is a significant difference and highlights the importance of looking at consistent data. If your program is focused on diverse or small and diverse, make sure you're using an accurate metric to compare.



Industry specific results varied by as little as half the average to over double

While the overall average of diverse spend across all industries is 3.6%, we found significant variance between the industries analyzed in the study. Lower performing industries had almost half the spend of the overall industry average, and higher performing industries had almost triple the spend of the overall industry average. When setting your benchmark, make sure you're comparing to your industry peers.



There are clear commodities with growth opportunities

Looking at the commodity level, we can see where organizations are spending with diverse suppliers. Even in categories with overall low spend, we found industries and leaders finding ways to surpass averages. In industries that are below the overall average, there are specific commodities where they outperform other industries. If your program is more mature and looking for new ways to grow, look outside your own industry for new insights and opportunities.



Overall Benchmarks

Overall benchmarks vary depending on how you measure

For supplier diversity programs to grow and improve over time, it's critical to have an accurate, consistent, and reliable way to measure the results against the desired outcome. Many organizations use diverse spend as a percent of total spend. However, what is included in "diverse" spend can vary by organization.

When we include small businesses as a part of that metric, we see results almost double. If you are measuring the effectiveness of your program or benchmarking against peers, it's important to make sure you're using the same metrics, and they align to your specific goal.

If your goal is to improve traditionally underserved communities, you may want to make sure you only include diverse suppliers and exclude any small but non-diverse suppliers from your analysis, as this can significantly skew the results by as much as 2x.



These new supplier diversity benchmarks from supplier.io offer companies a wealth of information to guide them in making more meaningful strides in supplier diversity. The granularity of their industry level data enhances the strategic guidance available through other research reports (e.g., The Hackett Group) to provide a full picture of the requirements necessary for building a successful supplier diversity program.

Christopher Sawchuk

*Principal and Global Procurement
Advisory Practice Leader
The Hackett Group*



Overall diverse spend across all industries for Diverse and Small & Diverse

Only includes officially certified diverse suppliers

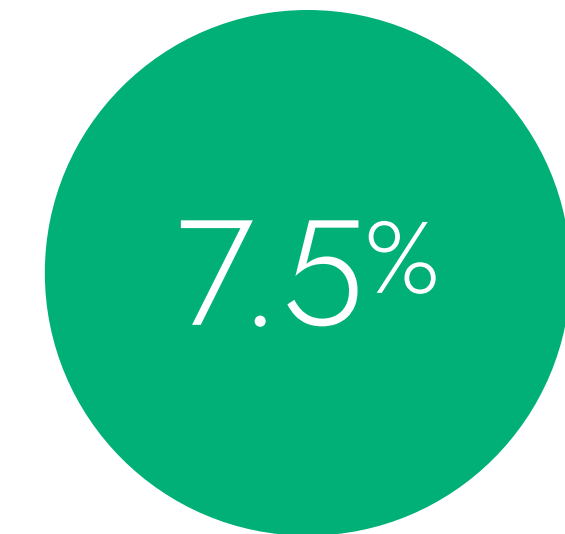
Small businesses are defined as such by the US Small Business Administration.

DIVERSE OVERALL AVERAGE



diverse spend on average

SMALL AND DIVERSE OVERALL AVERAGE

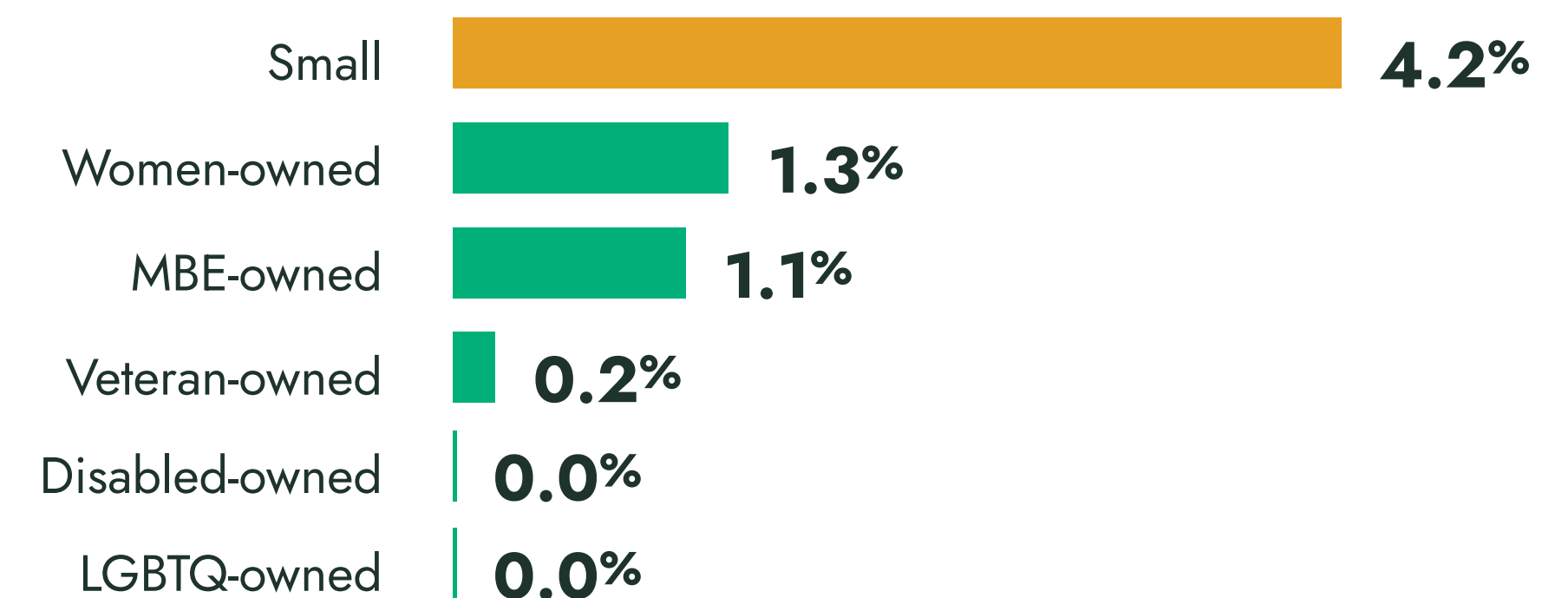


diverse spend on average

AVERAGE SPEND BY DIVERSITY CATEGORIES

These metrics measure the average spending in a diversity category as a percentage of total spending.

Note: Suppliers that qualify for multiple categories are included in every category.



Overall diverse spend for top 20% across all industries

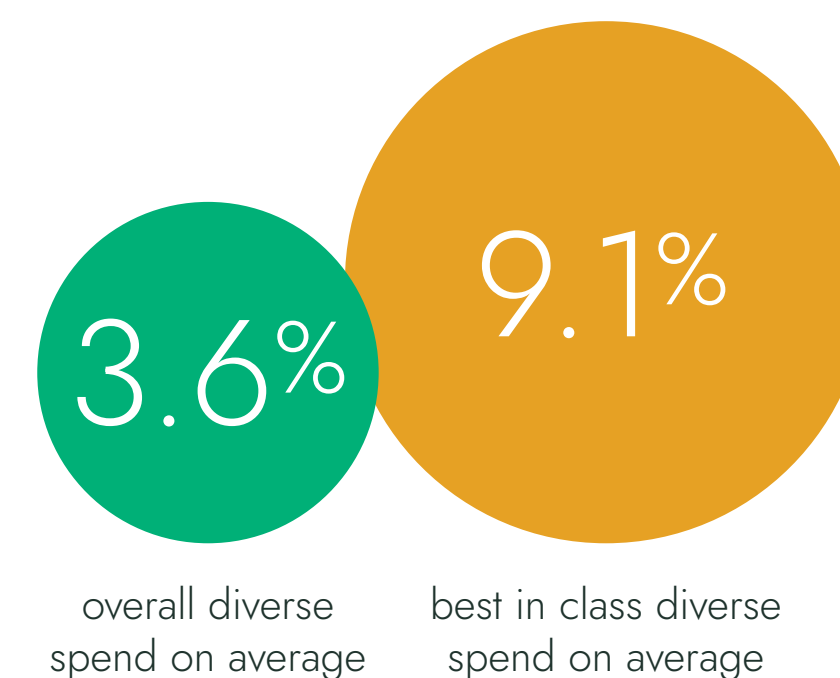
Only includes officially certified diverse suppliers

DIVERSE

BEST IN CLASS AVERAGE

These metrics measure the average diverse spending as a percentage of total spending.

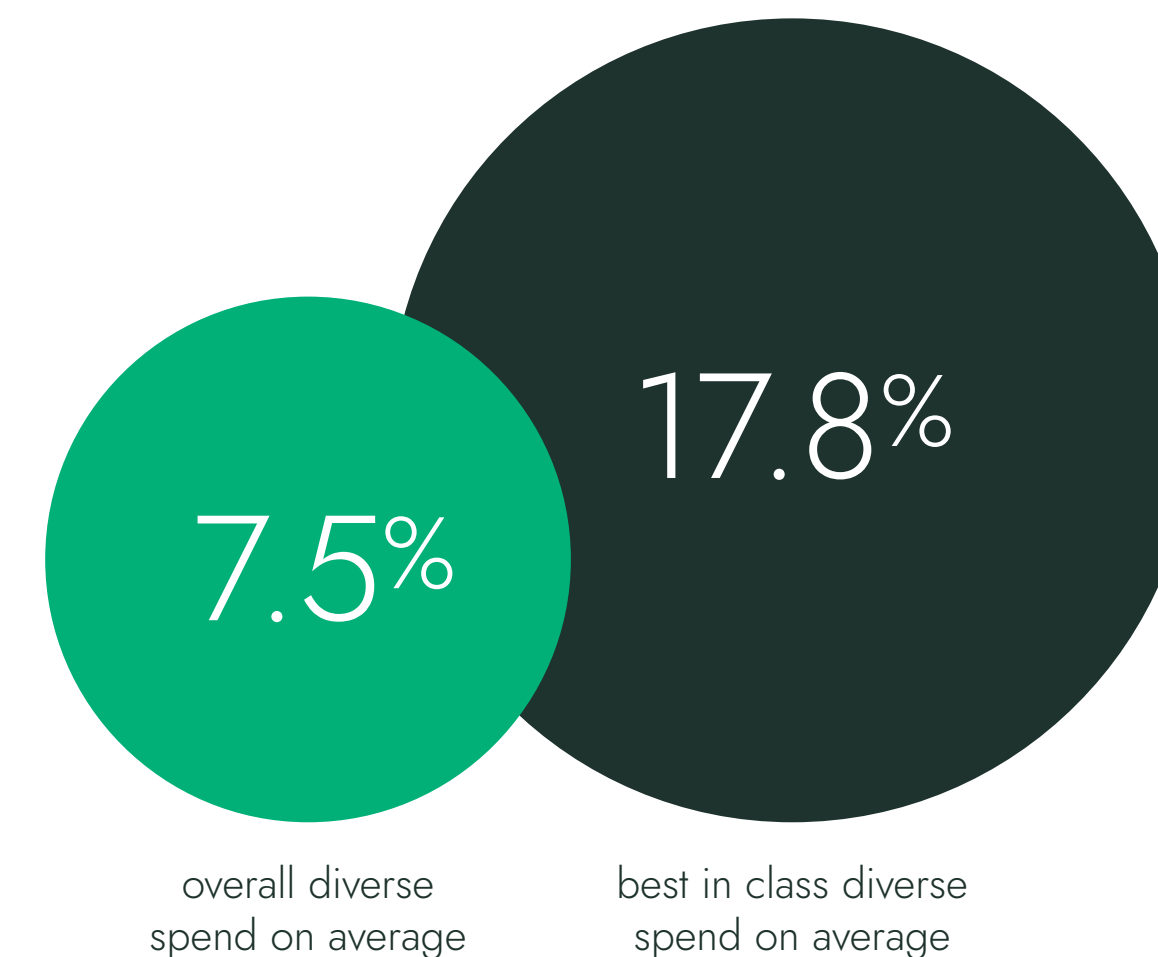
Note: These metrics exclude suppliers that are small but not otherwise diverse.



SMALL AND DIVERSE

BEST IN CLASS AVERAGE

These metrics measure the average diverse spending as a percentage of total spending.



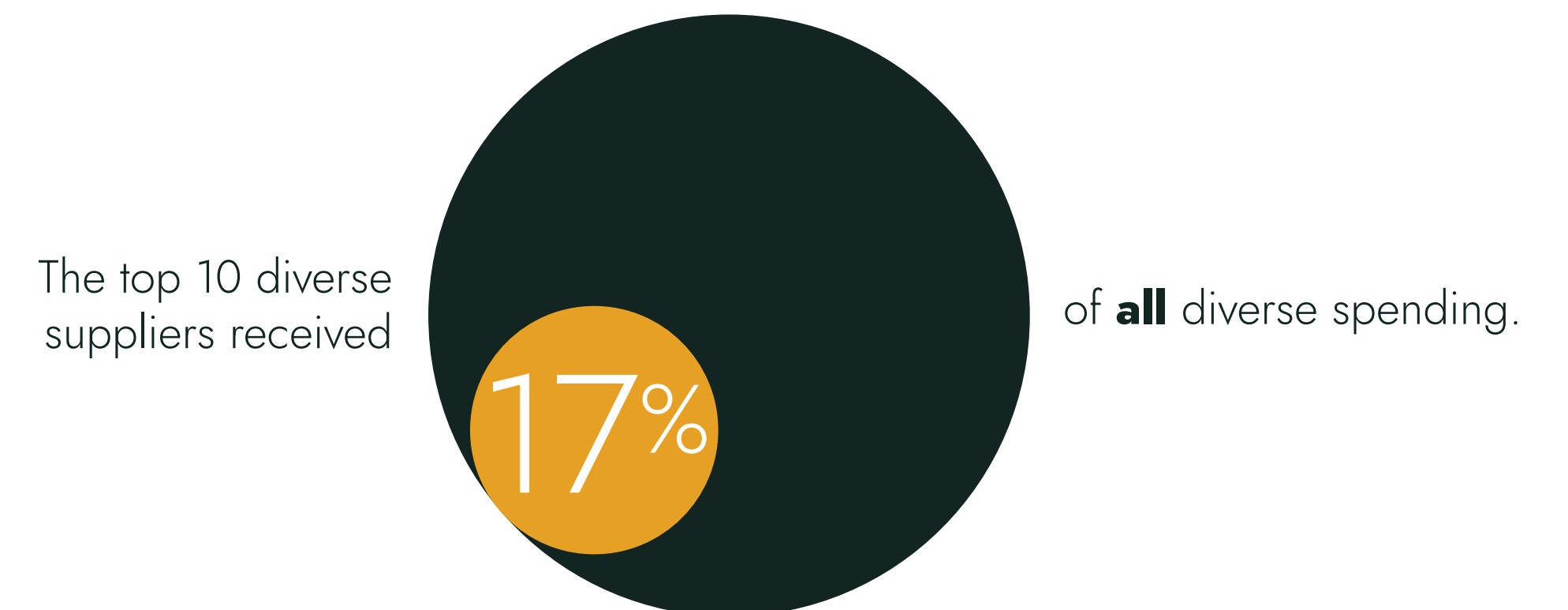
“Best in Class” represents the average of the top 20% of values.

Diverse spending is concentrated in the top companies and suppliers

A high concentration of spend with a smaller number of suppliers represents a risk to businesses.

If there is concentration of spend with a few suppliers, industries may miss the opportunity to develop new suppliers and have a bigger impact.

DIVERSE SPENDING IS HIGHLY CONCENTRATED



80% of companies have less than 5% of their purchases with diverse suppliers.

Industry Insights

The success of your program may be constrained by the industry you're in. Specific economics, spend amounts, and requirements may limit where you can spend, or present opportunities that others may not have.

Industry level benchmarking is a necessary step to truly measure the success of your program and provide you with initial insights into where you can and should be able to grow your program.



We're always looking for accurate data to help us improve. Mixed metrics and data sources can make that difficult. We work with various industry groups to make sure we compare with the most reliable data including addressable spend and category details.

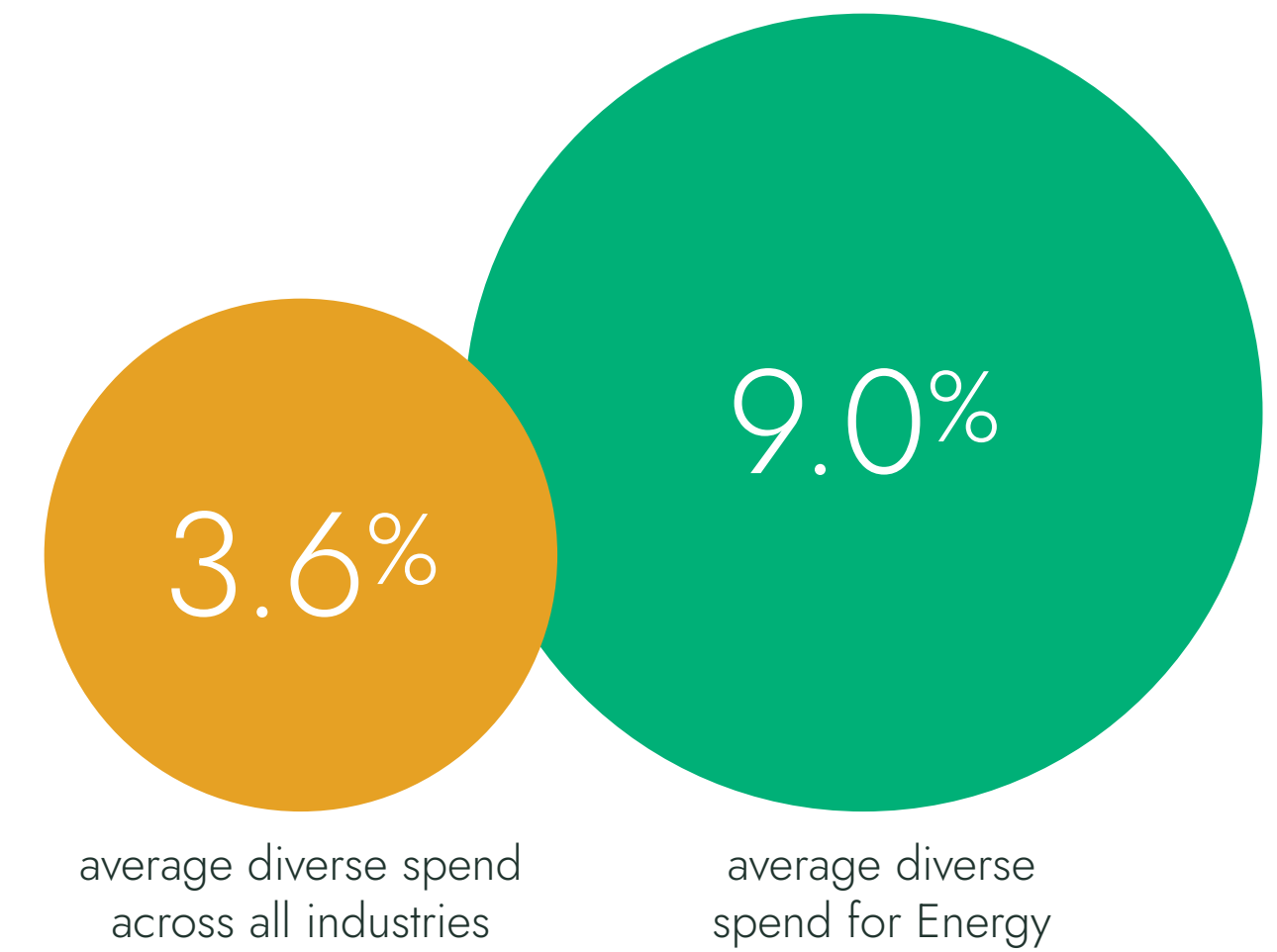
Melinda So

*Procurement COE Manager,
Supplier Diversity & Sustainability
Molson Coors*

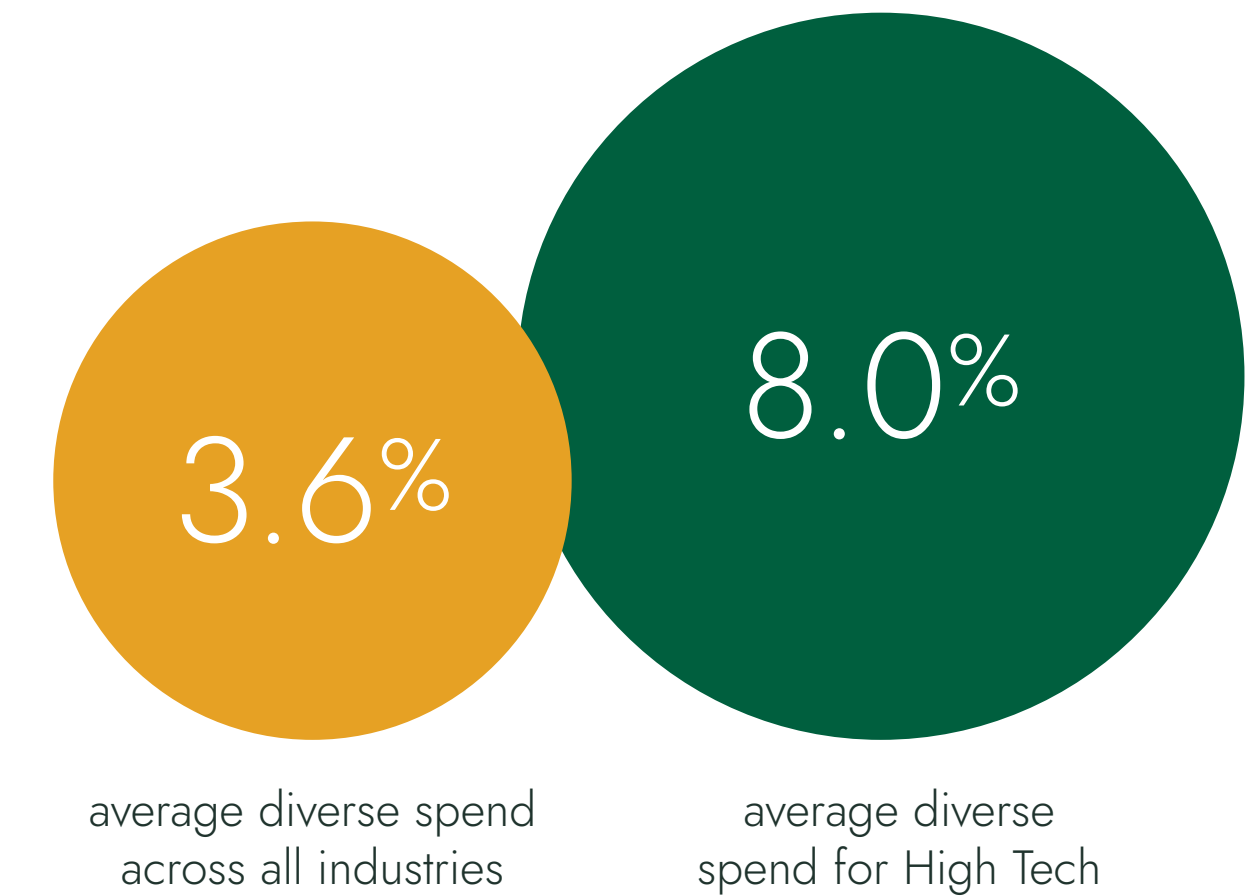


Highest performing industries are ~2x the cross-industry average

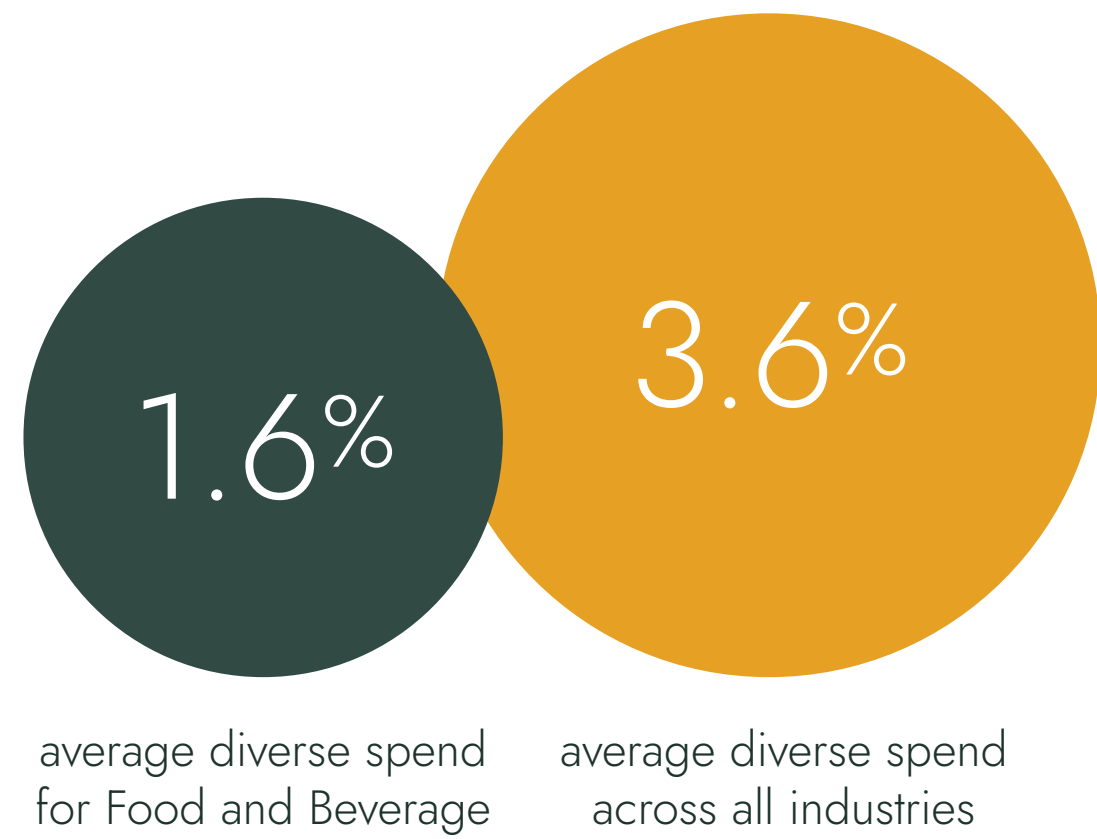
Energy Industry



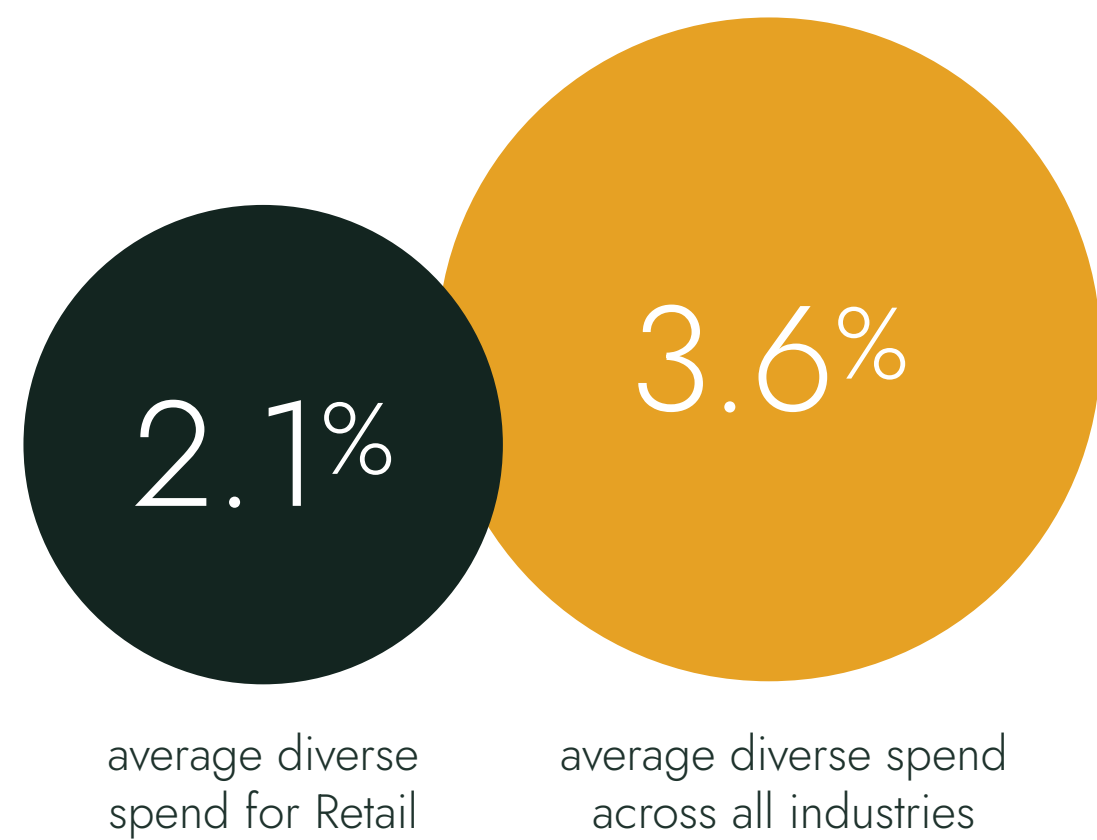
High Tech Industry



Food and Beverage Industry



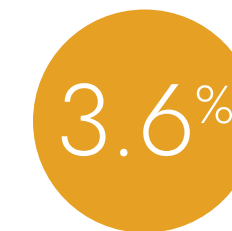
Retail Industry



Lowest performing industries are almost half the cross-industry average

Top 3 industries where “best in class” more than doubles the industry average

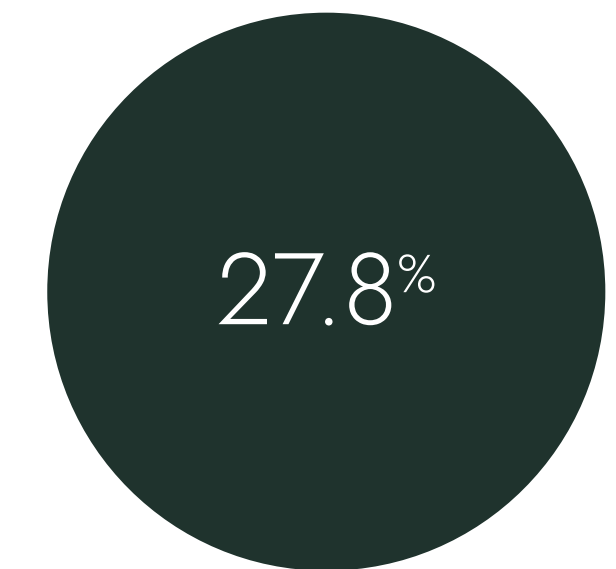
Energy Industry



average diverse spend across all industries



average diverse spend for Energy

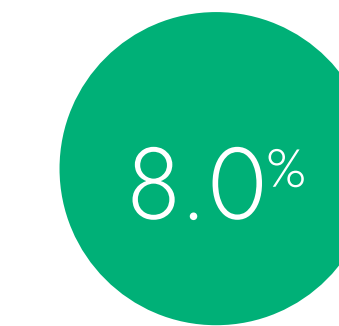


Best in class diverse spend for Energy

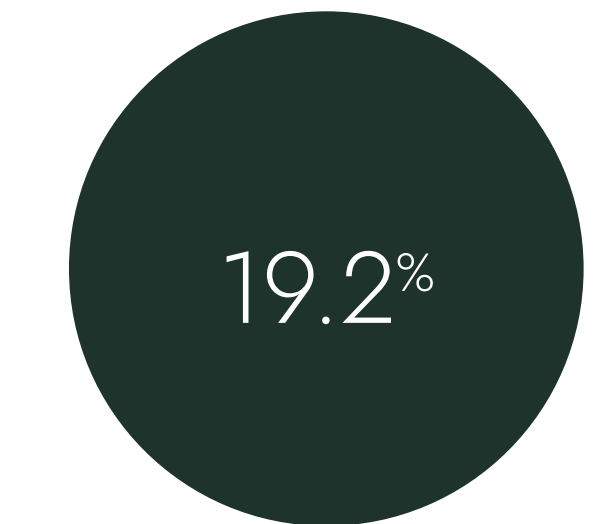
High Tech Industry



average diverse spend across all industries



average diverse spend for High Tech

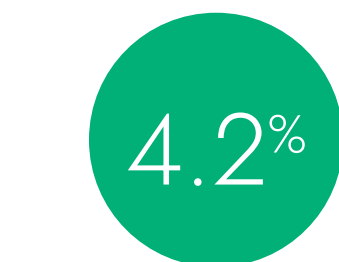


Best in class average diverse spend for High Tech

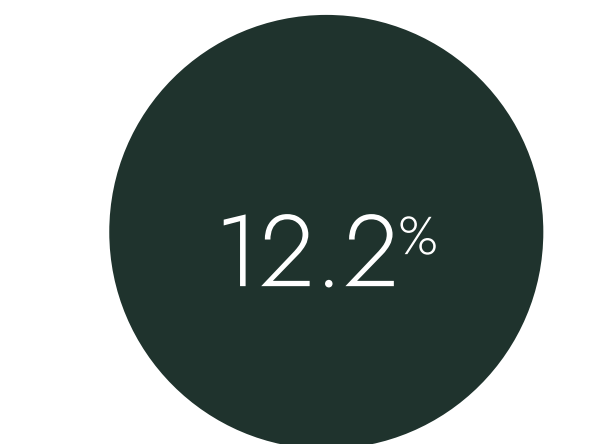
Education Industry



average diverse spend across all industries



average diverse spend for Education



Best in class diverse spend for Education

Commodity Level Insights

The biggest challenge for organizations is finding diverse suppliers. By looking at commodity level spend across all industries, we can potentially identify new areas to invest in. These metrics can give you insights into where to look for more diverse suppliers, if you're not already investing in these areas.

However, even beyond the overall commodity level metrics, some industries have found significant opportunities well beyond the overall averages. This is a great opportunity to learn from peers outside normal consideration such as competitors or peers in your own industry.

“

Even in categories with overall low spend, we found industries and leaders finding ways to surpass averages and grow their diverse spend.

Aylin Basom
CEO
Supplier.io

”

Overall spend with diverse suppliers for products and services can help identify new opportunities

Highest spend

Can be the first place to look for new spend opportunities

Lowest spend areas of note

Here are a few commodity areas that have a low spend when we look at the data across industries. However, specific industries have been able to find a way to spend more in these categories. This demonstrates the opportunity to learn from peers even outside of our own industries.

Manufacturing

2.5% overall | 9.9% for Insurance industry

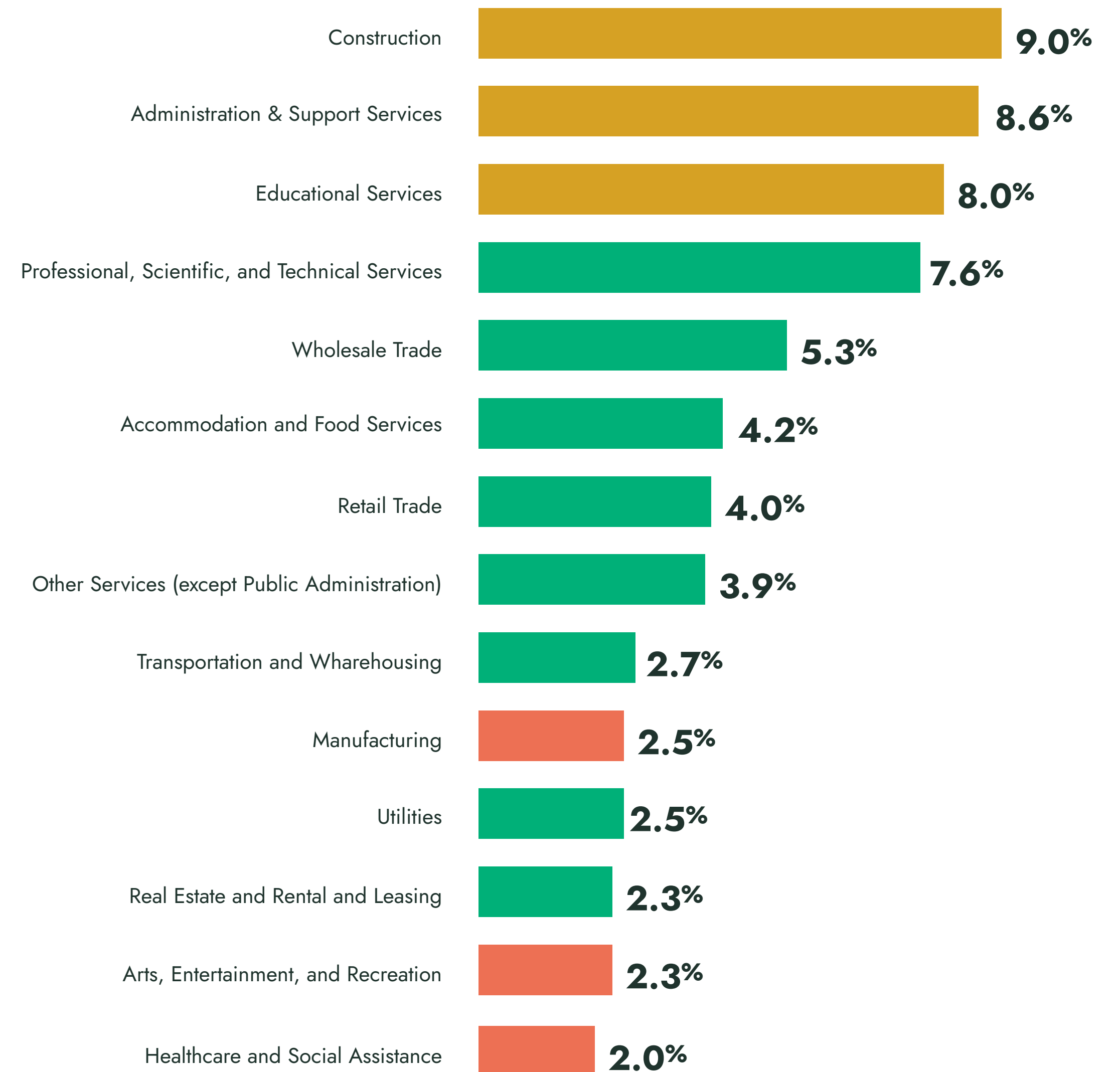
Arts, Entertainment & Recreation

2.3% overall | 20% for High Tech industry

Healthcare

2% overall | 10.2% for Energy industry

% OF SPEND OF THIS PRODUCT/SERVICE THAT GOES TO DIVERSE SUPPLIERS



Diversity Group Insights

Many supplier diversity programs exist to support traditionally underserved communities. But which communities do you serve and how well are they being supported by your program?

By looking at the results at the community level, we can see who is getting more support, and even which industries are supporting specific communities at higher rates.

To improve diverse spend with specific communities, we also looked at commodity level spends for each community to help you unlock even further opportunities to increase your diverse spend.



We've been using benchmarking data for years to improve our program and results at the industry and commodity level. We are also looking for ways to better support specific groups that align with our mission, like veteran and military spouse-owned businesses.

Wayne Shanks
Supplier Diversity Director
USAA



Diversity Group Insights

MBE-owned

Companies spend most with MBE business that provide:

- Professional, Scientific, and Technical Services – **5.8%**
- Educational Services – **5.6%**

MBE businesses do best in industries:

- Business Services – **5.1%**
- Energy – **5.4%**

MBE SUPPLIER UTILIZATION

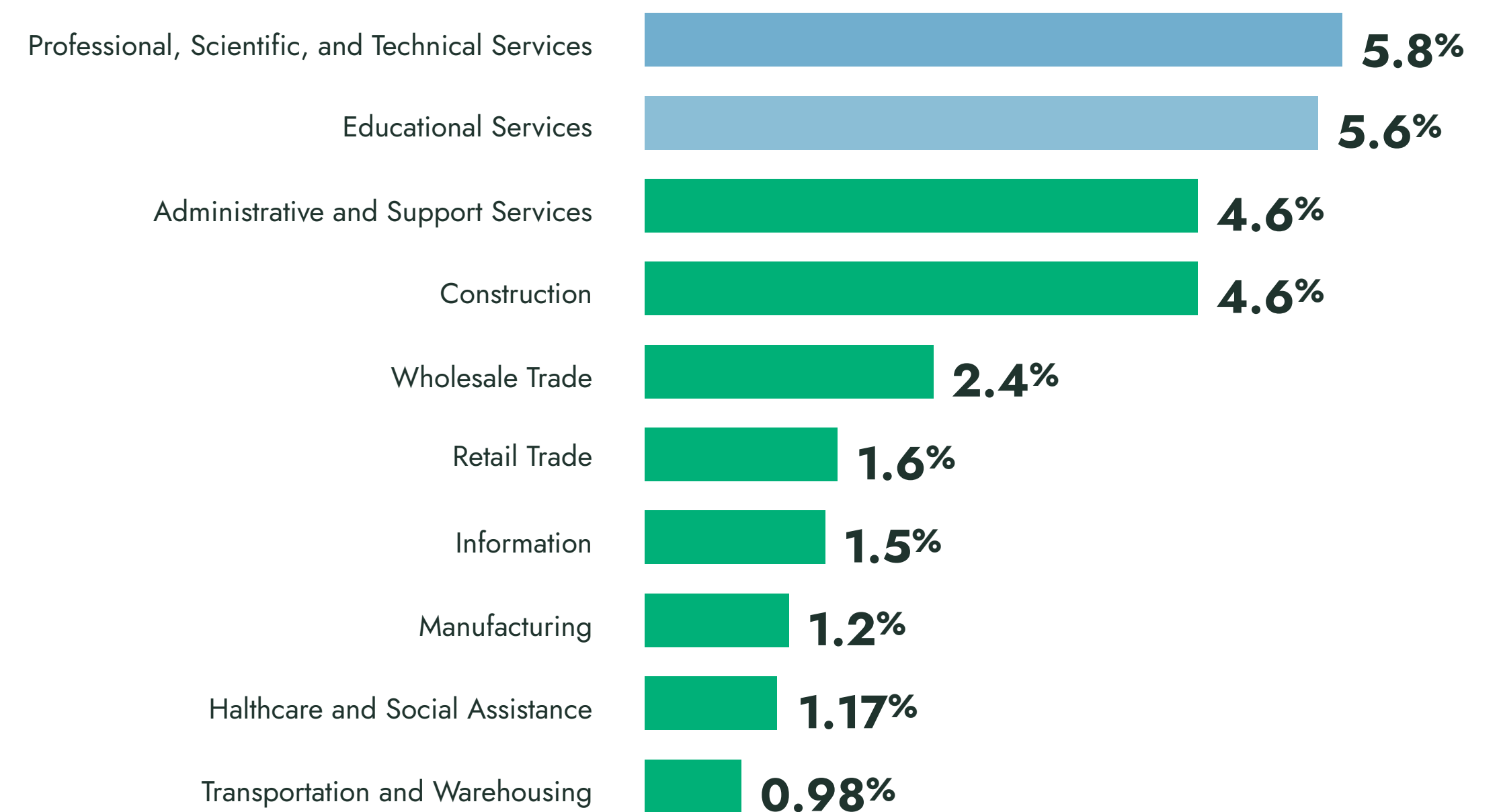
These metrics measure the average spending with MBE businesses as a percentage of total spending, and the average % of all suppliers that are BIPOC-owned.

Note: Suppliers that qualify for multiple categories are included in every category.

1.7%

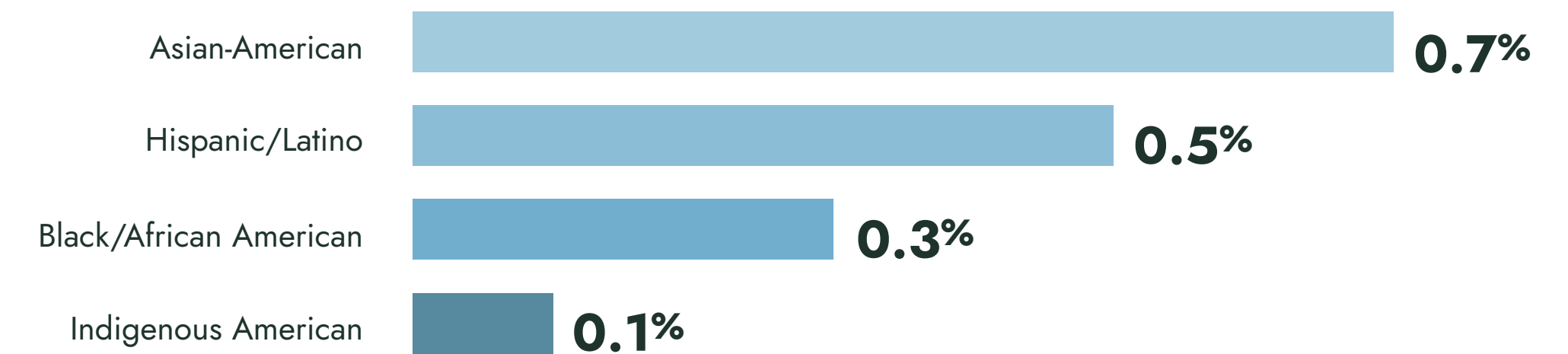
spend with MBEs

COMMODITY CATEGORIES WITH THE HIGHEST SPEND FOR MBES



Among MBE groups,
Asian-Americans
receive the largest
percent spend across
all industries

AVERAGE SPEND BY ETHNICITY



We further broke down the results to look at specific MBE groups and where they were seeing the most opportunities.

Industries that spend the most with specific MBE groups are:

- Asian-American: **High Tech – 3%**
- Hispanic/Latino: **Business Services – 3%**
- Black/African American: **Energy, Utilities & Waste – 1%**

Diversity Group Insights

Women-owned

Companies spend most with women-owned business that provide:

- Construction – **5.5%**
- Administrative and Support Services – **4.4%**

Women-owned businesses do best in industries:

- Energy – **4.2%**
- Education – **3.1%**

WOMEN-OWNED SUPPLIER UTILIZATION

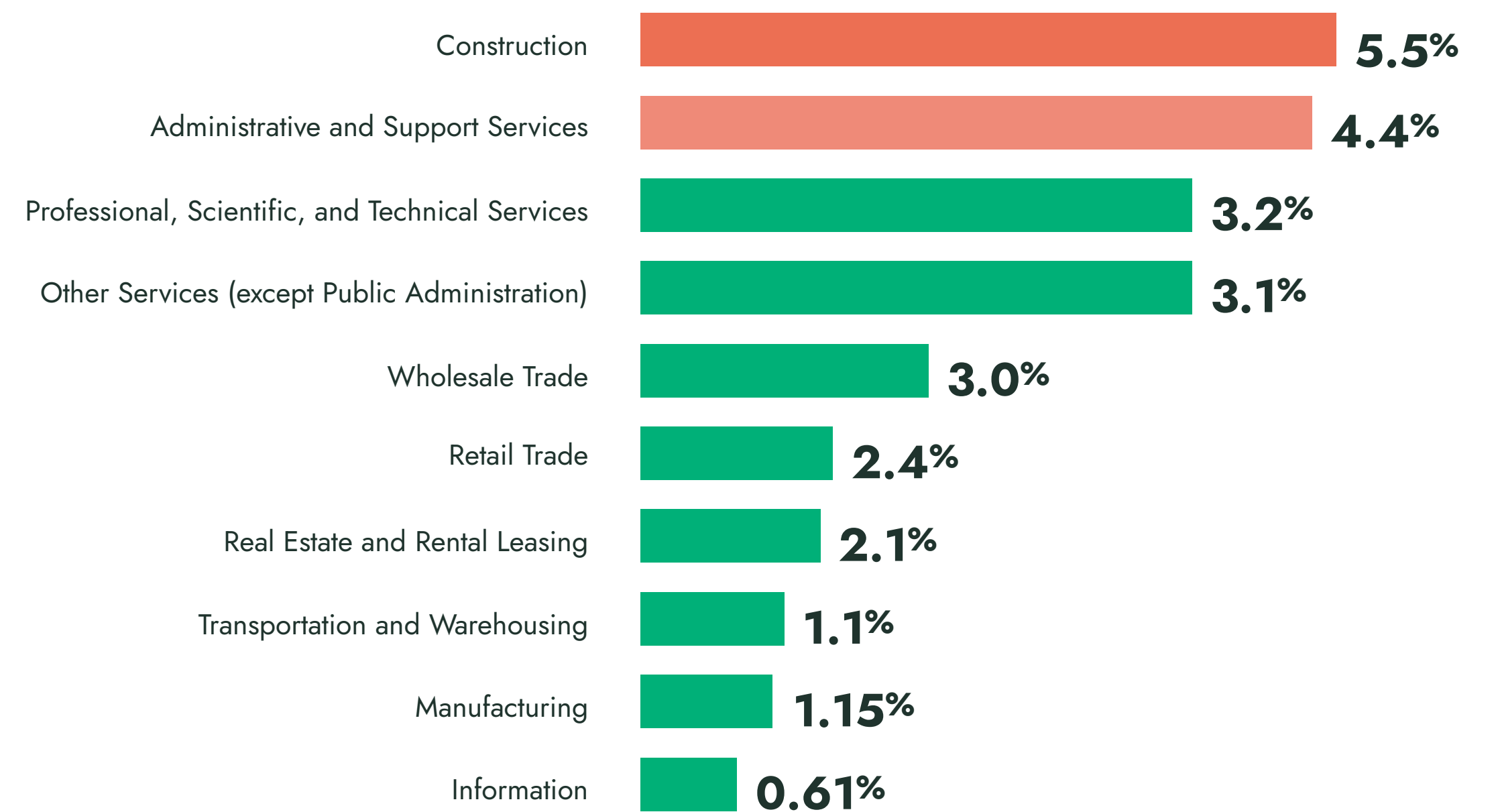
These metrics measure the average spending with women-owned businesses as a percentage of total spending, and the average % of all suppliers that are women-owned.

Note: Suppliers that qualify for multiple categories are included in every category.



Spend with Women-owned enterprises

COMMODITY CATEGORIES BY WOMEN-OWNED SPEND %



Diversity Group Insights

Veteran-owned

Companies spend most with veteran-owned business that provide:

- Administrative and Support Services – **1.2%**
- Transportation and Warehousing – **0.9%**

Veteran-owned businesses do best in industries:

- Energy – **1.56%**
- Health Insurance* – **1%**

**Less than 20 companies in the sample size*

VETERAN-OWNED SUPPLIER UTILIZATION

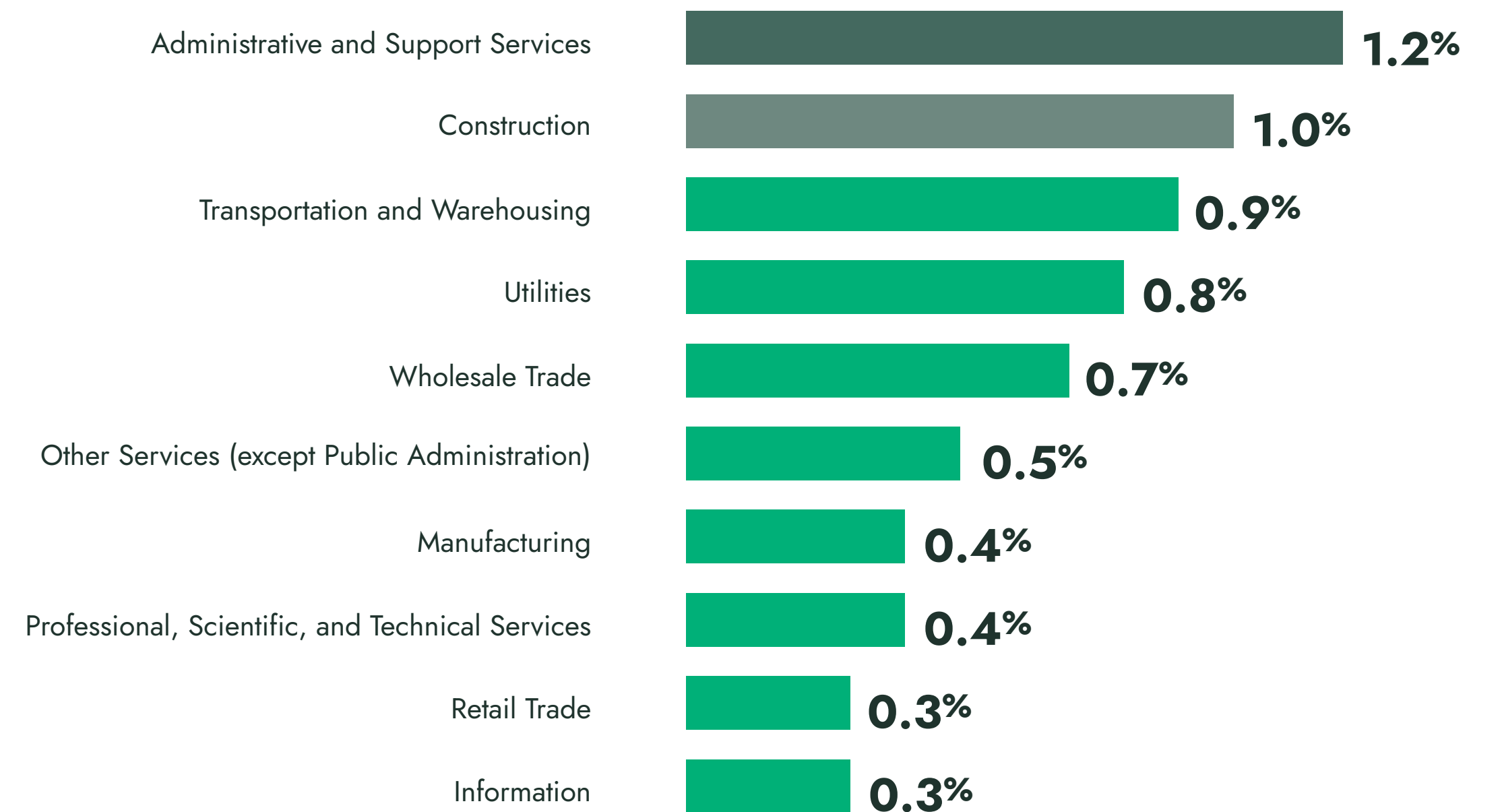
These metrics measure the average spending with veteran-owned businesses as a percentage of total spending, and the average % of all suppliers that are veteran-owned.

Note: Suppliers that qualify for multiple categories are included in every category.

0.4%

Spend with veteran-owned enterprises

COMMODITY CATEGORIES BY VETERAN-OWNED SPEND %



Diversity Group Insights

LGBTQ+-owned

Companies spend most with LGBTQ+-owned business that provide:

- Administrative and Support Services – **0.1%**
- Professional, Scientific, and Technical Services – **0.1%**
- Transportation and Warehousing – **0.1%**

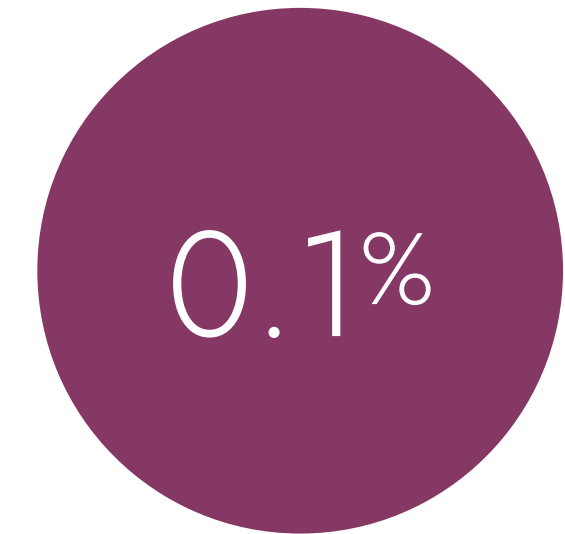
LGBTQ+-owned businesses do best in industries:

- Business Services – **0.2%**
- Others – **0–0.1%**

LGBTQ+-OWNED SUPPLIERS UTILIZATION

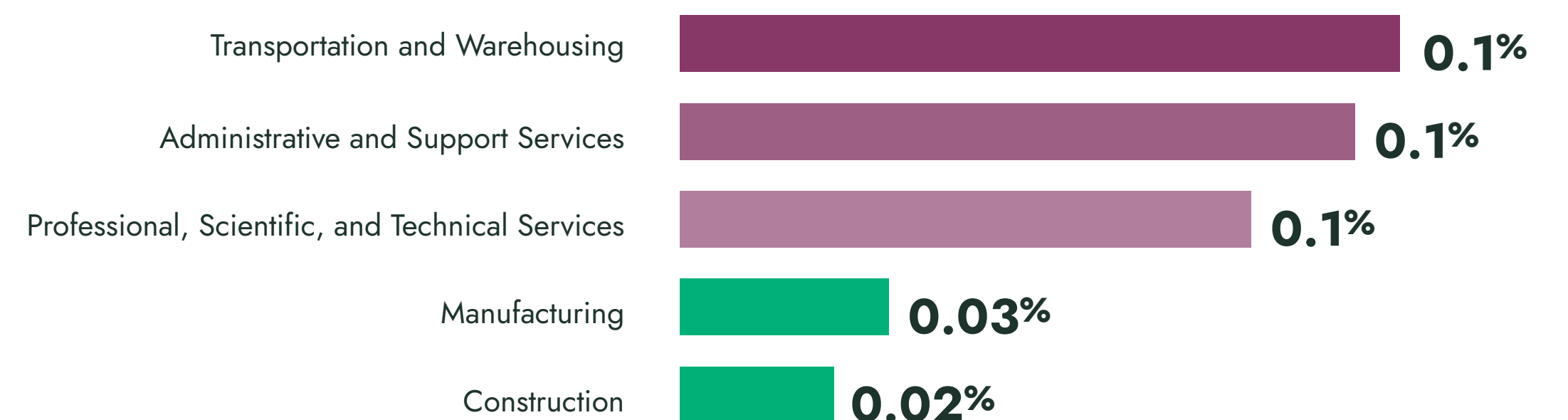
These metrics measure the average spending with LGBTQ+-owned businesses as a percentage of total spending, and the average % of all suppliers that are veteran-owned.

Note: Suppliers that qualify for multiple categories are included in every category.



Spend with LGBTQ+ owned enterprises

COMMODITY CATEGORIES BY LGBTQ+-OWNED SPEND %



Diversity Group Insights

Disabled-owned

Companies spend most with Disabled-owned business that provide:

- Construction – **0.3%**
- Administration and Support Services – **0.19%**
- Transportation and Warehousing – **0.1%**

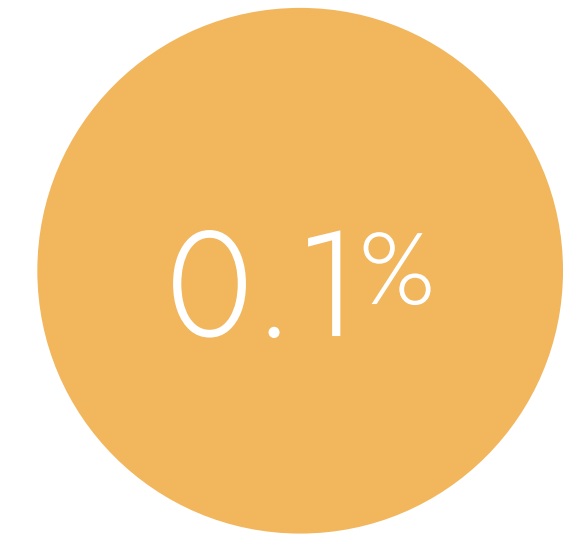
Disabled-owned businesses do best in industries:

- Health Insurance – **10%**
- High Tech – **0.3%**

DISABLED-OWNED SUPPLIER UTILIZATION

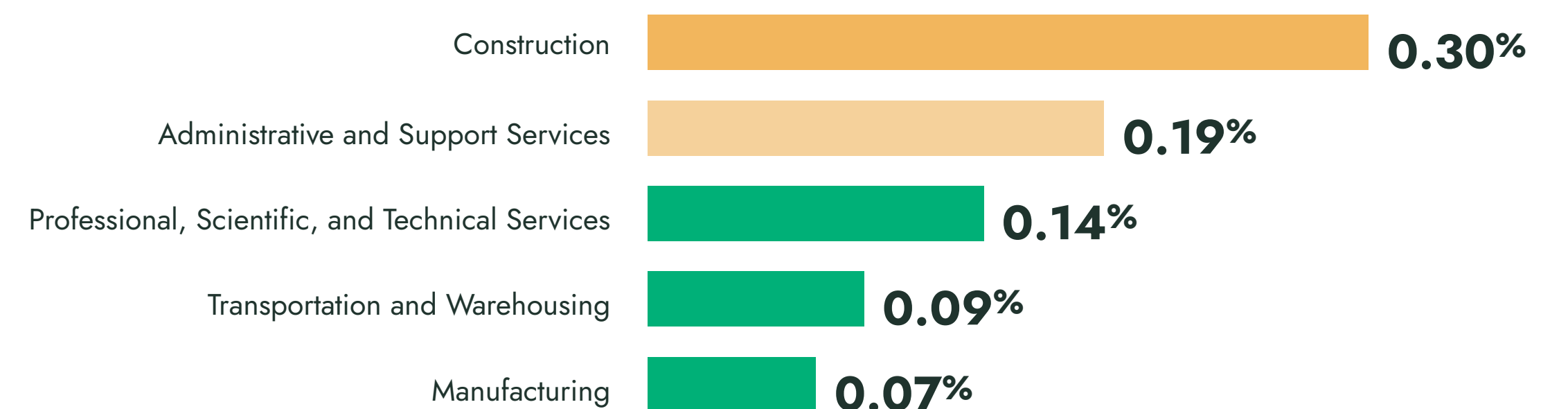
These metrics measure the average spending with disabled-owned businesses as a percentage of total spending, and the average % of all suppliers that are veteran-owned.

Note: Suppliers that qualify for multiple categories are included in every category.



Spend with disabled-owned enterprises

COMMODITY CATEGORIES BY DISABLED-OWNED SPEND %



Conclusion

3 ways to use this data to improve your program

1

Assess the true health of your supplier diversity program

Use reliable comparative metrics to get a sense for how well your program is doing. Look at industry specific results and make sure what is included is the same as the goals for your program.

2

Look for clear growth areas within your industry

Go beyond the high-level number and look at commodities to ensure you're getting the most out of your program across all possible opportunities.

3

Identify new ways to grow outside your industry

If you're ready to challenge yourself and take your program to the next level, look for new inspiration outside of your industry. Find new ways to look at results and data from peers in other industries.



supplier 

Visit us at supplier.io for more information.