



# Global Best Practice

## ESTABLISHING AN EFFECTIVE SUPPLIER DIVERSITY PROGRAM

### BACKGROUND

Top-performing entities establish supplier diversity programs that work to ensure all suppliers have an equitable opportunity to obtain contracts. This equity can be achieved when customized outreach and support programs work to remove the barriers that may prevent some suppliers from participating in a project. Establishing a diverse supplier pool is a priority for many entities and is specifically aligned with two of [NIGP's six values and guiding principles of public procurement](#): ethics and transparency.

A good starting point for any entity wishing to develop a supplier diversity program is to identify any differences between the businesses most likely to be chosen to receive a contract and the businesses that are equally qualified, but not as likely to be chosen. This document emphasizes the traditional concepts of social disparity in government contracting and highlights the steps necessary to develop a successful supplier diversity program. To obtain a diversity of suppliers, an entity requires:

- Support from its leaders
- Engaged stakeholders, including those involved in the community
- A diversity policy that is regularly updated
- Education and training
- An iterative process to ensure the continuation of, and improvement upon, the stated requirements of the entity's program

Entities should first determine their legal obligations in terms of addressing disparities in the contracting process. Based on that information, they can determine the appropriate scope of their supplier diversity program. Entities should involve government leaders in all aspects of the program, from assessment to evaluation to iterative improvement.

As an entity develops and maintains a program, it should create a meaningful monitoring and oversight structure to preserve the program's integrity over time. Entities should engage key stakeholders—including community members—throughout this process, partnering with them to identify needs, develop a program, and implement that program.

The scope of this GBP was selected with care. While the overall steps necessary to establish a supplier diversity program are relevant to international public procurement practitioners, these programs also align with governing law, much of it constitutional in the United States. We have used US law and regulations as the foundation for this GBP.

Although supplier diversity programs often fulfill government economic and sustainability goals, they do not focus on economic development in general. Nevertheless, addressing the inequities discussed in this GBP can promote competition and economic growth. This document may also help inform other programs that have similar diversity goals (e.g., veteran-owned business programs).

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Because there are often limited resources available to promote supplier diversity, smaller progressive changes may be more effective over the long term. These changes may include cultivating diversity champions, implementing change management, and defining compliance.

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Some essential elements to developing a successful supplier diversity program include obtaining community-wide support, widely publishing information about the project and the underserved groups within its scope, and developing a transparent communications plan.

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A thoughtful, effective monitoring process can foster a communicative relationship between public entities (federal, state, and local government) and stakeholders to build a successful supplier diversity program.

**Supplier diversity** is obtained with a pool of suppliers that is inclusive of small and diverse businesses. The supplier diversity process requires contracting authorities to proactively develop and implement procedures to help ensure the fair and equitable inclusion of potentially disadvantaged businesses.

**A supplier diversity program** is one in which the business changes and activities necessary to achieve supplier diversity are legally defensible and driven by ethics.



#### Guidance 1: Assess any disparities.

Generally, a supplier diversity program begins with a disparity study that provides the data necessary to determine the program's scope. Depending on the source of funding for procurements or projects (e.g., Department of Transportation), a disparity study may be required. Disparity studies are crucial if an entity wants to implement selection preferences or participation requirements and withstand legal challenges.

To assess the need for a disparity program, first gauge the nature and depth of the disparities that currently exist in a community. Entities can accomplish this by determining the number of willing, available, and qualified suppliers ready work for them or for their prime contractors and then categorizing those suppliers by ownership type (i.e., race and gender of business owner). One indication of potentially significant disparities is when the actual solicitation response rate is less than 80% of ready, willing, and available suppliers. Availability can be defined as suppliers within a predefined geographical area that are ready, willing, and able to do business with the entity.

While not required to establish a supplier diversity program, a disparity study is helpful to generate the basis for such a program or to help frame the program itself. A disparity study takes time, requires significant resources, and may face considerable resistance from a variety of sources. The results of such a study are more meaningful if the entity first gathers accurate procurement data by industry type and supplier.

The following actions can help entities gather accurate data and information on disparities among suppliers:

- Identify the entity's funding source requirements, which may impact the scope of the supplier diversity program.
- Communicate with the community and its elected officials (via workshops, community forums, meetings).
- Assemble a task force/advisory committee to gather information.
- Gather available data from sources in the area or region (may involve a consultant):
  - Supplier registration data from other government agencies in the area
  - Numbers of certified disadvantaged firms verses non-certified firms
  - Contracts awarded to certified disadvantaged firms verses non-certified firms
- Assess the entity's spending on goods and services sold by small and diverse businesses and compare that amount to the entity's total spend. This data should specify spending categories and types of purchases (e.g., direct purchases, simplified procurements, and competitive procurements).
- Review reports from subcontractors that reveal spend data, contracting opportunities for subcontractor inclusion, and identification of available subcontractors.
- Maintain historical records of supplier diversity efforts (e.g., outreach, training, forecasting, and history of small business preference programs).
- Determine and document whether race/gender neutral practices are in place. (These programs do not provide preference, but they may include focused outreach and training for small businesses.)
- If preference programs are in place or are planned, ensure they are narrowly tailored (i.e., focused on specifically addressing the documented discrimination) and meet all requirements under law.
  - Before preference can be permitted, entities must first demonstrate that current programs do not provide race/gender preference and that those programs are not effective at remedying discrimination.

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### Guidance 2: Comply with the program's policy and legal requirements.

Discrimination against women-owned or minority-owned businesses is prohibited under federal laws and under the Federal Disadvantaged Business Enterprise (DBE) program, which provides protections to classes under Title VI. Legislation to be aware of includes:

- [Title VI of the Federal Civil Rights Act Applied to Government Contracting](#)
- [Uniform Guidance \(2 C.F.R. Part 200\)](#)
- [49 C.F.R. Part 26: Participation by Disadvantaged Business Enterprises in Department of Transportation Financial Assistance Programs](#)
- Local statutes

Entities should tailor their supplier diversity programs to meet a funder's requirements in this area. Entities should also be aware of potential risks that may result from:

- Discriminating, including unintentional impact
- Providing race/gender preferences outside of the legal framework
- Not complying with federal funding sources

Intentional or unintentional discriminatory practices may have disparate adverse impacts on different suppliers. This may expose entities to litigation, impact the economic resilience of the entity's community, or result in community dissatisfaction and negative publicity.

### Preference Programs

Outreach programs, training, and other efforts intended to increase the competitive pool of underutilized contractors are generally permissible and encouraged. However, there may be constitutional issues and statutes that limit the ability of public entities to go further and grant preferential treatment based on protected classifications (e.g., race/gender). Federal court decisions applying constitutional limits generally prohibit race- and gender-specific preferences or quotas. In contrast, race- and gender-neutral categories such as business size and veteran status do not trigger constitutional issues. Any program granting explicit preferential treatment must satisfy certain standards as defined by legislation and judicial opinions. Some legal issues to consider include:

- Disparity studies sufficient to support preferential programs generally must meet standards set by the US Supreme Court and further elaborated upon in various court decisions, including:
  - Presence of a compelling government interest for race/ethnicity-based classifications
  - Preferences that are narrowly tailored to address the racial/ethnicity-based disparity

Judicial scrutiny and review standards differ somewhat for other classifications (e.g., those based on gender). When shaping legal authorization for a diversity program, seek legislative declarations regarding the disparity and participate in hearings to provide data. The disparity study conducted to support the federal DBE program may not be sufficient to support other state-level programs. Obtaining a consultant or subject-matter expert on diversity programs can help entities evaluate:

- The relevance of related disparity studies (including those about other areas, such as banking, employment disparities, bonding, relevant contractor associations, general market discrimination apart from public contracting) that overlap the contracting population



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- The utility of Dun & Bradstreet data
- The viability of earlier—and possibly outdated—disparity studies
- The relevance of anecdotal evidence of discrimination
- The statistical significance of findings

### Defending Your Diversity Program

Work closely with counsel to satisfy the legal requirements of your program, including the criteria necessary for sufficient disparity studies. Use a legal framework to help customize your program to meet the needs of your constituents and create greater competition. To accomplish this:

- Know whether your entity receives federal funds directly or indirectly (i.e., reimbursements to end users, pass through funds, etc.).
- Assume the entire entity is covered by Title VI of the federal Civil Rights Act if any part of the entity receives federal funds.
- Familiarize yourself with your state's funding or other statutory requirements.
- Use special caution and seek expert assistance for program components that:
  - Set explicit numerical goals in terms of the race, national origin, or gender of suppliers (even if those goals are not characterized as quotas) for participation in prime or subcontract opportunities.
  - Create preferences for businesses for specific race/gender groups. Preferences can only be permitted through specific processes, and they are narrowly tailored to remedy discrimination.
  - Contain policies or practices rejecting offers for perceived failure to satisfy "Good Faith Efforts" obligations in identifying subcontractors when they are tied to a specific preference group. Efforts that are voluntary or that are not tied to a race/gender group are often permitted, if allowed under local statutes (i.e., small business preference).
  - Provide a score or other explicit evaluation preferences tied to race/gender groups at the time of the award.
  - Have policies that pressure compliance with goals that are otherwise characterized as predatory or aspirational (i.e., the threat of not renewing a contract, poor performance evaluation, or delayed payment).
- Inform entity leadership that discrimination can result from the entity's policies or procurement practices, or it can originate from practices outside the procurement department's direct control. These may include:
  - Banking or other financing barriers
  - Pre-qualification barriers having disparate impact
  - Unreasonable bonding requirements to limit competition to large businesses
  - Risk management requirements
  - Bundling procurements for efficiencies that are not tied to a business need and limit competition
  - Incumbent bias or preferencing one company over another

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Educate entity leadership about the potential risks of not assessing disparities in contracting. Every entity that receives direct or indirect federal funds (i.e., the state receives federal funds that are then provided to a government) is legally and ethically required not to discriminate. Anyone can file a Title VI complaint with the US Department of Justice claiming discrimination. If that complaint is determined to be valid, the entity must remedy it. If not, the entity is at risk of losing all federal funding sources (not just the one involved in the complaint).

### Promoting Diversity Without Preference

It is important to be able to identify race/gender neutral practices that do not trigger legal issues but nevertheless promote diversity. These may include promoting equity in operations and values (e.g., evaluating how an entity will reach underserved communities). This can be accomplished by targeted outreach, certification registration kiosks, published certification reciprocity for the small business community, and “how to do business with the entity” events.

Entities can also work to remove barriers to participation in procurement contracts by taking action to simplify solicitation processes, such as: unbundling large projects where permitted; reducing or eliminating bonding requirements; conducting risk analyses to determine the amount of insurance coverage realistically required; and publishing an assistance line for obtaining clarification on requirements. Other race- and gender-neutral actions entities can take to promote a diverse array of suppliers include establishing:

- Disadvantaged Business Enterprise (DBE) directories and “how to do business” seminars
- Small business development programs such as mentor/protégé arrangements
- Small/micro business set-asides
- Goals for small business subcontractor participation rates not tied to membership in a protected class group
- Preferences for Historically Underutilized Business Zone (HUBZone) businesses or low-income based preferences (i.e., by zip code, census, etc.) to address economically depressed urban areas
- Veteran-owned business programs
- Preferences for businesses owned by disabled persons
- Businesses using domestic content or labor (Buy America Act)

**Procurement professionals** must stay current with related legal statutes, as some states and local governments have extended the groups covered under their diversity programs. For example, businesses owned by members of the lesbian, gay, bisexual, transgender, and queer or questioning (LGBTQ) community or other similar groups may be covered by these programs. To ensure you are adhering to current law, research all relevant local, state, and federal requirements and ensure they are fully implemented.



### Guidance 3: Identify the program's stakeholders.

Stakeholders are the people who have an interest in an entity's efforts to promote supplier diversity. Continually engaging your stakeholders throughout the project and working to meet their expectations is essential to ongoing communication and a successful program.

Community members (e.g., nonprofit organizations, residents, community programs) may have certain attitudes and expectations about an entity and how it spends taxpayer dollars. The regulatory requirements an entity must follow can often be confusing to communities. Because different stakeholders often have conflicting interests, an iterative, collaborative, and transparent approach to communication can help obtain community buy-in and ensure community members understand the procurement process. Such communication can also help procurement professionals better convey the mission and goals of each procurement process. When stakeholders are part of the process and contribute to the changes that impact their interests, opposition to a program can be mitigated.

Successful supplier diversity programs incorporate multiple stakeholders, including those who approve or influence the work being done (e.g., political bodies or boards). Other stakeholders manage program resources by, for example, approving staff time, policies, and budgets. Others are partners outside of your entity or program who exert influence over the work, how the work is done, and who leads the work. The people who manage federal funds and the requirements they entail are also stakeholders.

To obtain support for diversity efforts, include staff in creating and implementing them. This is more likely to obtain buy-in than imposing changes without explanation. For example, you may decide to form teams that will be charged with program and policy review, conduct a team SWOT analysis, or allow stakeholders to review marketing collateral. Members of the supplier community should also be involved. This should extend to all eligible suppliers, including the underrepresented businesses on which the program is focused.

Partners with specialized diversity and inclusion expertise can also be stakeholders. Working with these partners can help strengthen and support the diversity program. These partners may include:

- Federally funded national programs, such as:
  - [Procurement Technical Assistance Centers](#)
  - [US Small Business Administration programs](#)
  - [Minority Business Development Agency](#)
  - [Small Business Transportation Resource Center](#)
- Other programs may include:
  - Incubator programs
  - National corporate certifying entities
  - State certifying entities
  - Chambers of commerce (regional, ethnic chambers, and local chambers) for training and examples
  - Community-based organizations
- The NIGP Nsite communities (to post questions and request examples of solicitations)
- The NIGP Diversity & Equity Committee



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When building a supplier pipeline, always look to the future. When current businesses grow and no longer qualify for small business certification, the entity must ensure there are other eligible suppliers available. Consider partnering with an incubator or other similar program that can help prepare businesses for future work (e.g., large construction projects, convenience contracts that will expire, etc.)

It is important that your stakeholders perceive themselves as your allies. Find out what is important to them. What are their values and concerns? Share your work with them. Stakeholders may form a sub-group for developing ideas or processes or an advisory group. Consider giving your partners special titles, such as “advisory group member,” “supplier diversity advocate,” or “supplier diversity leader.” When people volunteer, it is important they receive the satisfaction of seeing their work in action. Let volunteers know how their voice and action has made a difference through monthly emails, regular recognition, and annual celebrations highlighting successes.



#### **Guidance 4: Clarify and develop the program's scope.**

It is far better to proactively create a supplier diversity program than reactively create one in response to negative publicity or a judgment resulting from a complaint or legal action. Before determining their diversity program's scope, an entity should create the program's enabling legal and contractual framework by:

- Confirming the entity's laws or policies for business diversity inclusion (i.e., identifying barriers, competition, priority areas, preference areas, and recognized certifications)
- Establishing how the entity will define a small business and any requirements for documentation, reporting, or compliance.

The program's scope should take into account:

- The entity's mission, vision, and values
- Community and stakeholder feedback
- Spend analysis data
- Disparity study report (if conducted)

The entity should introduce a process for collecting stakeholder input to ensure all those affected by a supplier diversity program are an integral part of developing and maintaining ongoing evaluation of the program. To accomplish this, an entity must first determine program goals based on the entity's mission, vision, and values; identify the goals for different types of business ownership; and determine which elements of the entity's mission, vision, and values align with the program.

To obtain feedback from the community and other stakeholders, entities should establish formal processes for communication, such as surveys and focus groups. The first meeting with community stakeholders should establish their trust in the entity. If this is not established, it can breed suspicion or anger. When people feel they are empowered in the process, they are more likely to become your partners.

Continually organize and analyze feedback from the communities in which prime contractors and subcontractors live and work. Strive to identify community needs based on relevant, available data (including anecdotal information) gathered by targeted surveys. If you have completed a disparity study, note its identified barriers and recommendations.



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When communicating with stakeholders, it is important to inform the entity's leadership of practices that encourage supplier diversity. Take time to review with leaders:

- Disparate, intentional impact
- Contracts awarded
- Discretionary spend policies
- Funding: certification, tracking, definitions (e.g., How is a minority defined?)
- Good Faith Effort

Circumstances that may exempt program policies include:

- An established diverse supplier pool
- Emergencies
- Fluctuations in the economy
- Continuity of supply chain
- Shift in suppliers and/or pricing



### Guidance 5: Align leadership and resources with the program's scope.

Supplier diversity is often an area with limited resources and limited leadership buy-in. It can be difficult to gain full approval for what is needed to create the ideal program. To address this, consider smaller progressive changes over time. This can be accomplished by developing long-range plans; new policies and procedures; or a communications strategy.

Some strategies for aligning leadership and resources with your supplier diversity program include:

- **Cultivate diversity champions.** Identify individuals and organizations that align with your supplier diversity goals. Establish ongoing communication structures with these stakeholders via advisory groups, employee advocates, job descriptions that incorporate diversity, informal monthly meetings, or NIGP chapters.
- **Align supplier diversity with the entity's mission.** Best practices for promoting supplier diversity include aligning an entity's diversity goals with its mission, values, and business goals. Diversity should be connected to innovation, relevance, competition, and economic resilience.
- **Define metrics and establish messaging.** Entities should make their diversity programs transparent and connect their goals to meaningful qualitative and quantitative data. Consider sharing experiences (both positive and negative), quantifying changes, and celebrating successes (such as establishing a new small business training program or unbundling policy). Entities should communicate news about their programs regularly, recognize their employees and community members for their service, and host annual events to celebrate progress and connect leaders to stakeholders.
- **Implement change management.** Entities may want to incorporate their change management strategies into policy, procedure, training, and measurement. Focus on institutionalizing change through policies, formal advisory groups, and other approaches.
- **Dispel myths.** Use education and communication to help stakeholders distinguish between fact and fiction and allay any hesitancy to engage with small and diverse businesses.

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- **Define compliance.** Establish a dedicated group to define compliance, maintain oversight, and create reporting and transparency expectations.
- **Improve the program.** Sustain, strengthen, and expand the program by maintaining engagement and communication with stakeholders.



### Guidance 6: Develop the program.

Entities may have a range of supplier diversity programs depending on the nature of the documented disparities in specific communities. Programs may span from a less comprehensive outreach effort (having few legal implications) to a preference program that must be legally justified. While the less comprehensive programs help suppliers navigate the complexities of public procurement, preference programs reserve procurements for historically underutilized businesses or establish explicit contractual numerical goals for the participation of these businesses.

The essential steps for developing a supplier diversity program include:

- Create aspirational goals and cultivate community support.
- Create and publish an overall program objective that defines how best value procurement and supplier diversity complement one another and may negate the need for preference programs.
- Identify race-, ethnicity-, and gender-neutral programs (i.e., practices and activities that demonstrate attempts at inclusion, but are short of preference programs).
- Define and widely publish consistent descriptions of the program and definitions of minority or other historically underutilized groups within the program's scope.
  - Consider leveraging existing definitions from similar programs, such as those of the US Department of Transportation.
  - Continually focus on the method for determining how membership in the groups is established and validated.
- Early in the program's development, integrate change management strategies, such as involving affected stakeholders and communicating program progress to community organizations, such as:
  - Procurement technical assistance centers
  - Small business development centers
  - Local chapters of Black-owned and Hispanic-owned chambers of commerce
  - Women's business centers
  - Veterans' business centers
  - Association of General Contractors
- Develop a communication plan that emphasizes the value of the reduced risk from broader business engagement with the procurement process, including:
  - Stronger competitive base with a more diverse supplier pool
  - Better response to emergencies
  - More continuity in the supply chain
  - Overall better adaptability to fluctuations in the economy

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- With help from relevant stakeholders, identify and start working to change the laws, regulations, and written policies that may impede supplier diversity. Examples include:
  - Rules requiring that an award be given to the bidder who submits the lowest price, (e.g., Invitation for Bids [IFB], Invitation to Tender [ITT])
  - Prescribed factors for award in solicitation types other than IFBs or ITTs (e.g., requests for proposals that are not flexible enough to include small businesses)
- Identify and eliminate procurement practices that discourage underutilized suppliers from participation or that needlessly impose requirements that have the effect of reducing competition. For example:
  - Unbundle or break out lower-cost common supplies from larger-cost items (e.g., separating sinks from pipes for plumbing replacement parts).
  - Review and revise bonding requirements not prescribed by law and not necessary to reasonably mitigate risk.
  - Remove other barriers to competition and scope of work (e.g., specification requirements that exceed requirements and limit competition).
- Use strategies to increase the supplier base by engaging more diverse companies. For example:
  - Provide suppliers with information, training, and outreach events.
  - Revise small purchase limits to eliminate unnecessary formal competition processes so best value is not sacrificed.
  - Develop new models for market research and requests for information to engage previously underutilized businesses earlier.
  - Explore subcontracting strategies to encourage the participation of diverse suppliers.
  - Leverage opportunities for larger suppliers to mentor/work with small businesses for consulting and solicitation development assistance.
  - Conduct training on evaluations to better define standards, improve application of standards, and remove unconscious bias.
- Make supplier support a key part of the program by:
  - Providing periodic training about effective procurement marketing, bid/proposal submissions, and contracting approaches.
  - Providing advocacy and education about current best practices and trends.
  - Teaching strategies for developing and fostering relationships with public procurement professionals.
  - Providing opportunities for engagement in which suppliers can share their concerns and ideas.
  - Listening to suppliers about barriers to their participation.
  - Lowering conference fees to improve access, encourage participation, and provide networking opportunities.

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Legal precedent and case law are sometimes used as justification for implementing preference practices. If you decide to base your supplier diversity program on preferences, establish clear requirements for suppliers who want to participate in your program:

- Well-understood supplier certifications and classifications
- Pre-qualification practices
- Site visits to validate entitlement, such as ownership and control tests
- Ancestry tests, where applicable
- Qualification for local preferences, where applicable
- Veterans preference requirements

Within legal constraints, entities can build on their race-, ethnicity-, and gender-neutral outreach programs by using numerical targets and preferences that are narrowly tailored to achieve diversity not adequately reached through status-neutral programs.



### **Guidance 7: Develop a meaningful compliance monitoring approach that engages the supplier community.**

Compliance and accountability are most important when a diversity program incorporates preference. A thoughtful, effective monitoring process can foster a communicative relationship between public entities (federal, state, or local government) and stakeholders to build a successful supplier diversity program. If an entity does not have a formal diversity program, develop practices that encourage stakeholder participation, such as an outreach program for small and minority-owned businesses. Entities can encourage diverse suppliers to participate in projects by:

- Notifying small and diverse businesses of upcoming opportunities
- Offering training programs
- Delivering solicitations
- Holding pre-solicitation meetings

If an entity is legally permitted to implement a preference program, it may need to require that suppliers are certified as disadvantaged, woman-owned, minority-owned, or veteran-owned businesses. Supplier diversity programs should continually measure qualitative data and relate it to the requirements outlined in the relevant contracts and practices. This information can be used to report progress back to stakeholders.

An entity should give equal priority to both the requirements of its supplier diversity program and its compliance with a contract's other legal requirements. Although all stakeholders are responsible for ensuring compliance with a supplier diversity program, entity staff have a prime role in monitoring the progress of such programs. They are expected to closely follow the relevant policies and procedures to ensure the program is successfully implemented and operated by:

- Participating in contract pre-solicitation and pre-award meetings to ensure prime contractors understand their responsibilities and obligations (especially regarding DBE utilization, prompt payment requirements, and possible penalties for non-compliance).

- Enforcing the prompt payment clause in a contract (in which the prime contractor certifies with each payment request that payment has been or will be made to all subcontractors who are due payment).
- Reaching out to external stakeholders and internal clients to obtain feedback and follow up after the engagement. This can be verified by event flyers, sign-in sheets, contract awards, and follow-up documentation (such as emails and meetings).

Entities should conduct periodic reviews of their existing contracts to ensure the proper documentation of all diversity and inclusion requirements. At a minimum, a contract file should document how the entity has met its goals for the inclusion of certified businesses in each project. Entities should also maintain closeout documentation for each project, which should include internal and external correspondence related to any issues. Any identified deficiencies in a contract should be forwarded to the contracting officer. Unresolved deficiencies should be subject to further compliance actions.

During these periodic reviews, entity staff should be able to confirm that diverse subcontractors have a commercially useful function and are performing the work. Staff should also verify how the work in question is being performed (regardless of certification status) and by whom. This may entail verifying that workers and equipment belong to the certified company. Staff should also verify payment and determine who was paid and who benefited.

Entities should develop formalized forms and processes to allow for entities and suppliers to give feedback, particularly after contracts have been awarded, closed out, or payments have been made. Some methods of providing feedback include:

- Holding vendor pre-bid and post-award meetings with prime and subcontractors
- Holding entities and suppliers accountable for program requirements
- Establishing vendor performance metrics

### Conclusion

Once a supplier diversity program is carefully crafted and implemented, it requires continual maintenance. A meaningful monitoring and oversight structure can preserve the program's integrity over time and ensure its primary mission of opening contract opportunities to as many suppliers as possible. It is essential that entities engage key stakeholders—including community members and organizations—to continually partner with them to identify their needs, develop a feasible diversity program, implement that program, and ensure its continued success.

Although supplier diversity programs often fulfill government economic and sustainability goals, they do not focus on economic development in general. Nevertheless, addressing the inequities discussed in this global best practice can promote competition and economic growth.

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### Example Supplier Diversity Programs

- [Washington Metropolitan Area Transit Authority Disadvantaged Business Enterprise \(DBE\) Program](#)
- [Washington State Office of Minority and Women's Business Enterprises](#)
- [City of Little Rock Arkansas Procurement Division](#)

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### Additional Resources

- Supplier.io, [A Quick Guide to Building a Supplier Diversity Policy](#)
- Supplier.io, [Best Practices in Supplier Development](#)
- Supplier.io, [How to Report on Your Supplier Diversity Program to the C-Suite](#)
- Supplier.io, [Supplier Diversity Programs vs. Supplier Development Programs](#)
- BBC Research & Consulting, [2020 City of Boston Disparity Study](#)
- Colorado Office of the State Controller, [2020 State of Colorado Disparity Study](#)

## ROADMAP FOR CREATING A SUPPLIER DIVERSITY PROGRAM

	<b>Actions Now</b> (prior to a disparity study or within neutral measures)	<b>Requires Legal Process</b> (a disparity study and legal processes are required for race/gender preference programs)	<b>Goals</b>
<b>Outreach &amp; training</b>	<p>Conduct needs assessment, targeted outreach, and/or training.</p> <p>Conduct listening sessions.</p> <p>Create advisory groups.</p> <p><b>Examples:</b></p> <p><a href="#">Washington State Office of Minority &amp; Women's Business Enterprises: Outreach</a></p> <p><a href="#">Washington State Department of Enterprise Services: Business Diversity Advisory Group</a></p> <p><a href="#">Tampa.gov: Equal Business Opportunity (EBO) Orientation Class</a></p>	<p>Explicitly state the requirements for participating that are tied to inclusion in racial or gender groups (e.g., requiring businesses to hold a specific certification).</p>	<p>Data that allows stakeholders to focus on what is meaningful to the community (versus guessing or assuming)</p> <p>Bridging the gap and helping businesses be successful through "how to do business" guides and events</p>



# NIGP

## Global Best Practice

SUPPLIER DIVERSITY PROGRAM CONTINUED

	<b>Actions Now</b> (prior to a disparity study or within neutral measures)	<b>Requires Legal Process</b> (a disparity study and legal processes are required for race/gender preference programs)	<b>Goals</b>
<b>Procurements</b>	Remove barriers posed by lower insurance requirements, prompt pay, prohibitions against manufacturer substitutes, unbundling, preference points for other groups (small, local, veteran).  <b>Examples:</b>  <a href="#">Washington State Office of Minority &amp; Women's Business Enterprises: Internal Processes</a>  <a href="#">Tampa.gov: How to Do Business with the City of Tampa</a>	Preference points that are race- and gender-based	Market research and removal of barriers (e.g., the contract is too big for small businesses; the region is too large to cover for local businesses, etc.) to increase competition
<b>Procurement Policies</b>	Include at least one woman- or minority-owned business when requesting quotes; select an inclusion strategy for all procurements, etc.  <b>Examples:</b>  <a href="#">Tampa.gov: EBO Business Certification Criteria</a>  <a href="#">Tampa.gov: Executive Order 2019-3</a>	Preference points that are race- and gender-based	Formalizing the certification process with a codified policy that details the goals of achieving more inclusive procurements

	<b>Actions Now</b> (prior to a disparity study or within neutral measures)	<b>Requires Legal Process</b> (a disparity study and legal processes are required for race/gender preference programs)	<b>Goals</b>
<p><b>Inclusion Plans</b> (asking contractors to use subcontractors that align with your entity inclusion goals, often with a form and reporting mechanism)</p>	<p>Voluntary race/gender subcontractor inclusion</p> <p>Can require a plan to be responsive</p> <p>Scored Inclusion Plan</p> <p>Effort ONLY (e.g., outreach, assistance)</p> <p>Non-protected groups (e.g., small, veteran, local)</p> <p><b>Examples:</b></p> <p><a href="#">Washington State Office of Minority &amp; Women's Business Enterprises: Inclusion Plans</a></p> <p><a href="#">Tampa.gov: Forms and Publications</a></p>	<p>Scored for race and gender inclusion using specific subcontractor firms owned by specific race or gender groups</p>	<p>While inclusion plans and goal setting are a great way to achieve inclusion through contractors that demonstrate outreach in their solicitation responses and subcontracting, it is best practice to first focus on the entity <b>before</b> you ask this of contractors.</p>

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## Global Best Practice

SUPPLIER DIVERSITY PROGRAM CONTINUED

	<b>Actions Now</b> (prior to a disparity study or within neutral measures)	<b>Requires Legal Process</b> (a disparity study and legal processes are required for race/gender preference programs)	<b>Goals</b>
<b>Business Assistance</b>	Targeted technical assistance programs, business development  <b>Examples:</b>  <a href="#">Defense Logistics Agency: Procurement Technical Assistance Program (PTAP)</a>  <a href="#">Minority Business Development Agency</a>  <a href="#">Tampa.gov: Executive Order 2020-58 (SDVOSB recognition)</a>	Programs only for a specific racial or gender group  <b>Examples:</b>  <a href="#">City of Tampa: Diversity Management Business System</a>	Often there are groups within your constituents who have not historically received opportunities.  Engage with community organizations to help grow the capacity of these businesses.
<b>Goal Setting</b>	Establish aspirational/voluntary goals based on the availability of businesses in specific industries (i.e., per contract, entity, or law).  Check with legal counsel prior to implementing a goal.	Mandatory goals (time-bound, specific, and obtainable)	Helps create clarity and direction for inclusion, meet federal program requirements, and demonstrate remedying discrimination  Goal attainment alone will not make the community happy  Local businesses often want to have dialog and relationship with the entity

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## Global Best Practice

SUPPLIER DIVERSITY PROGRAM CONTINUED

	<b>Actions Now</b> (prior to a disparity study or within neutral measures)	<b>Requires Legal Process</b> (a disparity study and legal processes are required for race/gender preference programs)	<b>Goals</b>
<b>Data Tracking</b>	<p>Create a clear picture of the current state of the entity and its progress toward inclusion goals.</p> <p><b>Examples:</b></p> <p><a href="#">City of Tampa: Equal Business Opportunity Dashboard</a></p> <p><a href="#">Tampa.gov: Equal Business Opportunity Program FY 2019 WMBE/SLBE Awards Report</a></p>	Essential for a legally supported program	Data tracking is essential for disparity studies. It can assist with creating strategies to clarify the entity's current position, measuring success, and meeting compliance requirements.