

Beyond B-BBEE: How to make supplier diversity part of your business DNA

By [Shereen Wardakan](#)

15 Aug 2018

Over the past decade, the procurement function has become an important vehicle for business transformation in terms of ensuring supplier diversity and small business growth. However, this function is often underutilised by companies that regard supplier diversity as just a tickbox exercise for B-BBEE.



©Artur Szczybylo via [123RF](#)

Consequently, many opportunities for developing SMEs and accelerating SA's economic growth are lost. Far from being an adjunct to a large organisation's 'real business', it is vital that supplier diversity become part of the DNA of the business.

Below are three guidelines for procurement practitioners to ensure that purchasing is better integrated into the core of the companies they work for, benefiting not only SMEs but also the larger corporates.

1. Come armed with knowledge

The purchasing function really is key to supplier development and diversity. However, local procurement professionals often do not feel empowered to recommend changes to their companies' sourcing policies, as they are required to adhere to regional and global guidelines.

My advice in this case is simple – arm yourself with market knowledge so that you can demonstrate the value of sourcing from local diverse suppliers. You need to be able to prove your expertise in this arena to your global counterparts, and that you understand the company’s sourcing strategy, but also your company’s local needs and supplier capabilities.

I also find it incredibly beneficial to attend events that provide a forum for sharing procurement best practices, methodologies and tools. For example, I was recently part of the WEConnect conference, where I got the opportunity to share with other procurement professionals about their successes and challenges in ensuring women-owned businesses were grown effectively through supplier diversity initiatives.

2. Be visible and credible

If you want to truly be a change agent for supplier diversity in your company, then you need to ensure that you are visible. It’s vital that all the other departments understand and see the value of your role in all aspects of the supply chain. For example, if your organisation is looking for new suppliers, then you should be involved from the very start of the process.

As a procurement professional, you are acutely aware of the nuances of each situation, so it’s important that you drive the implementation of your company’s supplier diversity policies. Education of other departments is also key; they may not be aware of the obstacles SMEs face, for example, lengthy supplier payment terms can often put small businesses in very precarious positions.

Continually ask for feedback from both your colleagues and the suppliers themselves, so you can address possible concerns before they become issues. Also ensure that positive feedback on suppliers is shared across the organisation, so that other departments are encouraged to use them when the need arises.

3. Change the conversation

All too often, supplier diversity and B-BBEE compliance is seen as a handout or a kind of social programme that doesn’t add anything to the bottom line. Even the language we use to talk about it – such as the ‘cost’ of compliance – shows that this kind of transformation is often viewed negatively.

As a procurement professional, you need to continually communicate the business case for supplier diversity so that it is seen as more than just a token gesture. Supplier diversity is a win for companies on many levels. It encourages innovation, creates new products and services, promotes competition and choice, and results in new opportunities for corporates. Your company needs to be continually reminded that diversity initiatives can definitely deliver a positive ROI and enhance an organisation’s reputation for being socially conscious.

In conclusion, then, procurement professionals need to ensure that supplier diversity is part of their company’s core business strategy and vision. It is not about using these small businesses for B-BBEE points and then tossing them aside; rather, it is about growing these SMEs. Small businesses will always be small, unless corporates put measures in place to help them flourish. Supplier diversity emphasises how committed organisations are to doing business beyond mere consumerism, and to growing SA’s communities.

ABOUT THE AUTHOR

Shereen Wardakan, SEA Purchases Cluster Leader for Procter & Gamble (P&G).