



Introduction

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 asserted that credit unions and other financial institutions, especially those with more than 100 employees, should conduct annual self-assessments of diversity and inclusion practices and policies, extending to both workforce and contractors.

When the financial institution regulatory agencies collectively established the joint standards set forth in the 2015 Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices, Procurement and Business Practices (Supplier Diversity) was prominently featured as the third (of five) areas for evaluation. Results from NCUA self-assessments indicate a very limited number of credit unions have taken action in this area.

This guide helps to define the elements and actions to build a Supplier Diversity program, provides tips on calculating diversity spend, introduces a Sample Supplier Diversity Policy, and offers additional resources.

Section 1: Elements of a Supplier Diversity Program

A strong Supplier Diversity Program will include the following steps:

1. Establish a Baseline.

In order to determine effectiveness, you need to identify where you began in the journey. Using the calculation tool in Section 2, identify your current percentage of diversity spend. This will help you understand how progress will look and create a reasonable timeline to reach your goal.

2. Set a Diversity Spend Goal

The Society for Diversity recommends a 20% Diversity Spend goal, which is average for many organizations. Considering your baseline and this average, set a long-term and 12-month goal for diversity spending. Do not shy away from stating the goal and pursuing relationships with minority and women-owned business enterprises (or MWBEs).

3. Align Supplier Diversity with Corporate Goals.

Does your credit union want to improve its public image? Boost financial performance? Provide more innovative solutions? Supplier diversity can help with that. Tying this to strategic business planning and communicating the business case will help gain commitment.

4. Align with Individual Leader Goals.

Tie leadership performance metrics to department purchasing goals; what gets measured gets done. When Supplier Diversity gets emphasis as a performance goal, it will receive focus and create impact throughout the organization.

5. Incorporate Supplier Diversity as a key area of the DEI Strategic Plan.

6. Include in Bid Solicitations/RFPs a statement of priority to partner with MWBEs.



7. Acknowledge and Track Tier 2 Spending Expectations

Tier 2 Spending includes dollars spent with subcontractors or other suppliers to your partners/vendors. This spending should be tracked and expectations should be written into contracts with subcontracting requirements.

8. Create a database of MWBEs that you have and have not yet worked with.

Consider a supplier registration program where businesses can pre-register to join your database and be contacted when contracts are considered.

9. Publicize and promote Supplier Diversity Policies and partnerships with MWBEs.

Make sure vendors know about your diversity efforts. This may encourage them to reach out to you for partnership.

10. Form strategic partnerships.

Trade associations, Chambers of Commerce, and other professional organizations that reach diverse suppliers and serve MWBEs are great resources to find vendors and contractors. Attend their trade shows and broaden your network with MWBEs.

11. Utilize e-procurement platforms.

This is a very quick way to gain access to a more diverse supplier network. Rather than sourcing suppliers on your own, using an e-procurement platform (like GoProcure) allows you to centralize procurement efforts.

Section 2: Calculating Your Diversity Spend

Diversity Spending

Diversity spending, often shortened to “diverse spend,” refers to procurement dollars spent solely with small/diverse businesses, often expressed in a dollar amount or percentage of total procurement spending.

Goal for Diversity Spending

A strong target for diversity spending is 20% of total procurement. This is the amount recommended by the Society for Diversity and is the average for Fortune 1000 companies, non-profit organizations, and educational institutions. This may be a goal to work toward over several years, especially if your current spend is at a significantly lower point.

Calculating Diversity Spend:

$$\frac{\text{Total Diversity Spending}}{\text{Total Procurement Spending}}$$

A Sample Calculation:

$$\frac{\$200,000 \text{ in total diversity spending}}{\$1,500,000 \text{ in total procurement spending}}$$

Equals: 13.3% Diversity Spend





Section 3: Sample Supplier Diversity Policy

The purpose of our Supplier Diversity Program is to create strong partnerships with minority and women-owned business enterprises (MWBEs), providing them opportunities to serve as suppliers, contractors, and subcontractors of goods and services.

We make this commitment as one more way **(CREDIT UNION NAME)** serves to strengthen the economic capacity of our community while demonstrating strong financial stewardship of our members' money.

A robust supplier diversity program allows us to:

- Attract socially conscious members.
- Leverage relationships with local businesses who create jobs in the areas where our members live.
- Stay connected to innovative new solutions and partners.
- Build partnerships with businesses who resonate with today's consumers.

Minority and Women-Owned Businesses who wish to partner with us can be confident that our policies and procedures provide equitable opportunities that reflect this commitment. They include:

- A Due Diligence review that measures whether a business is defined as MWBE.
- The inclusion of an Equal Employment Opportunity Commission (EEOC) clause in all contracts in excess of \$10,000.
- A targeted goal of 20% Diversity Spend (20% of all procurement spending is with MWBEs).
- Partnering with organizations such as ethnic/female/and LGBTQ Chambers of Commerce to attract contractors and partners.
- Publicizing and promoting contract opportunities in areas where MWBEs are likely to learn of them.
- Maintaining a database of MWBEs for future contract and partnership opportunities.

Section 4: Additional Resources To Build Your Supplier Diversity Program (as featured on the NCUA website):

- [Credit Union Guide to Supplier Diversity \(ncua.gov\)](http://ncua.gov)
- [Financial Services Roundtable on Supplier Diversity \(https://fsrsd.org/\)](https://fsrsd.org/)
- [National Minority Supplier Development Council \(http://www.nmsdc.org/\)](http://www.nmsdc.org/)
- [Women's Business Enterprise National Council \(http://www.wbenc.org/\)](http://www.wbenc.org/)
- [National Gay & Lesbian Chamber of Commerce \(http://www.nglcc.org/\)](http://www.nglcc.org/)
- [Disability:IN – formerly US Business Leadership Network \(https://disabilityin.org/\)](https://disabilityin.org/)
- [Small Business Administration \(https://www.sba.gov/\)](https://www.sba.gov/)