

# Impacting Sales: A Holistic Approach to Supplier Diversity In the Food Retail Industry



**THE VOICE OF FOOD RETAIL**

Feeding Families  Enriching Lives

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# Introduction

Growth. Whether you are a large business, small business, manufacturer, or retailer, everyone wants to grow. In the food retail industry, growth means knowing the direction the market is moving and being able to effectively reach that market. Regardless of your size, Food Retailers can leverage Supplier Diversity to increase sales.



Rank	Country	GDP (\$ Billions)
1	European Union	\$15,390
2	United States	\$15,040
3	China	\$11,300
4	India	\$4,463
5	Japan	\$4,389
6	U.S. Minority Population	\$3,600
7	Germany	\$3,085
8	Russia	\$2,373
9	Brazil	\$2,284
10	United Kingdom	\$2,250

By 2015, the U.S. purchasing power of African Americans, Asian Americans, Native Americans, and Hispanic Americans is expected to reach **\$3.6 Trillion.**<sup>1</sup> If the U.S. minority market was a country, it would be the sixth largest in the world based on GDP, right behind Japan, but larger than Canada, the UK, and Russia.<sup>2</sup> Currently at 37%, the U.S. population continues to shift to majority minority faster than anyone would have imagined. Originally projected to reach majority minority by 2050, the U.S. Census predicts that will now happen by 2043 – nearly ten years earlier than expected.

The opportunity for Food Retailers is:

1. **Grow Sales in Multicultural Markets:** Capture increased market share from rapidly growing Black, Hispanic, Asian and Indian markets in the U.S.;
2. **Grow Sales in Non-Multicultural Markets:** Recognize how multicultural foods have influenced mainstream purchasing and ensure the process for identifying new trends is integrated into corporate strategy;
3. **Build Brand Equity:** Leverage relationships with incumbent Diverse suppliers who provide both merchandise and non-merchandise goods and services to enhance brand equity in the community.

Among all the consumer trends that Food Retailer must address to stay competitive – such as healthier eating, ready meal solutions and buying local – there exists another concern: how to understand and engage the multicultural market in a way that positively differentiates the retailer to stand out from the competition.

In many instances leveraging the unique product/service offering of Diverse suppliers is a significant step in the right direction. The best way to identify potential Diverse Suppliers is by leveraging a unique corporate function called Supplier Diversity.

Supplier Diversity involves ensuring Diverse suppliers are considered any time a company purchases goods and/or services from an outside supplier. “Diverse” suppliers generally include companies that are at least 51% owned, operated, and controlled by minority, women, veteran/service disabled veteran, and/or LGBT individuals. Supplier Diversity is a proactive business process that seeks to provide all suppliers equal opportunities. It promotes supplier participation reflective of the diverse US population, which drives over \$3 Trillion in combined purchasing power, is extremely brand loyal, and will soon represent the majority of US consumers.

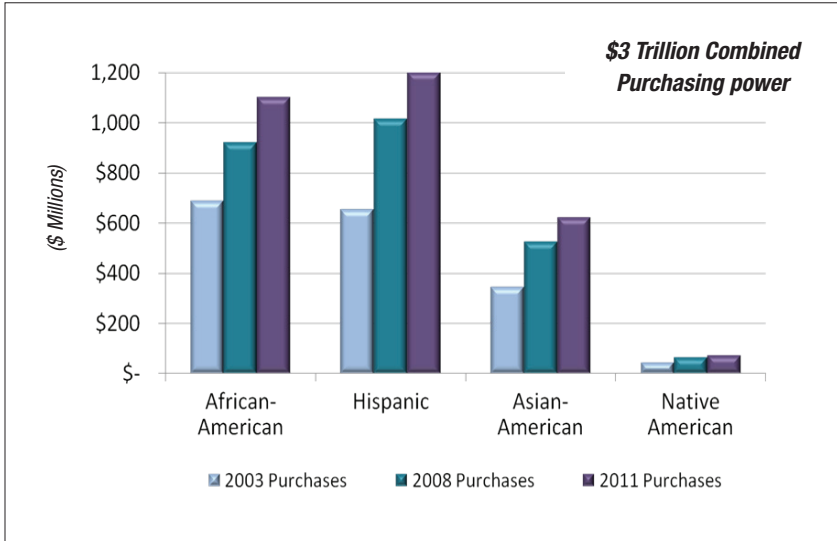
In an effort to mirror their customer base, corporations are frequently recognized for their Diverse boards, management teams, and employee base, but not as much is known about the diversity of their supply chains. Ninety percent of the Fortune 100 have a Supplier Diversity process focused on integrating minority and women owned suppliers into the supply chain—including six of the top ten largest Food Retailers and Wholesalers.<sup>3</sup>

While Supplier Diversity is not new, there are ample growth opportunities in the Food Retail industry. If Supplier Diversity is linked to corporate strategy, it can provide an untapped shopper base to impact sales and profits. While retail food industry executives often relate to metrics like foot traffic, customer count, and shopper-buyer conversion, in the context of Supplier Diversity, the metric becomes **supplier-buyer conversion** rates. Suppliers have an inherent vested interest in their customers. So it is not surprising that the supplier-buyer conversion rate in the food retail industry could be much higher than the traditional shopper-buyer rate. Moving beyond the direct supplier-buyer relationship, the larger untapped opportunity is the ability to leverage incumbent Diverse suppliers to better understand targeted markets, and then determine what is needed to drive sales and increase brand equity within those markets.

An effective Supplier Diversity process drives increased sales and cost savings, but, the impact of Supplier Diversity goes beyond this by strengthening a retailer’s emotional connection with the customer, building brand equity, creating jobs, and stimulating the local area where a company does business.

# Diverse Market Profile

More than one of every two people added to the U.S. population over the last ten years was Hispanic. As of today, the U.S. is second only to Mexico as the country with the largest population of Hispanics globally, and projections reflect that by 2050, Hispanics will account for one in three individuals in the U.S.<sup>4</sup>



Source: U.S. Census Bureau & Selig Center, University of Georgia

The African American population grew 15% between 2000 and 2010 and accounts for nearly 14% of the total U.S. population. The number of African American households earning \$75,000 or more increased 64% between 2000 and 2009.<sup>5</sup>

In 2011, the combined purchasing power of minorities in the U.S. exceeded \$3 Trillion as shown in the chart. The size and growth of multicultural communities becomes even more important when you consider

their unique buying preferences. Astute retailers can leverage these traits to increase market share. For example:

- African Americans spend more than the U.S. average on basic food ingredients, non-alcoholic beverages, and personal and beauty care products<sup>6</sup>
- Asian Americans bring home far more fresh produce, nuts, dried fruit, pasta, yogurt, soup, and juice/juice drinks compared to the U.S. average<sup>7</sup>
- Hispanics spend more on meat, fish, and poultry<sup>8</sup>

**Hispanics spend 16% more on meat/poultry and 10% more on fruits/vegetables when compared to non-minority consumers – both categories that drive the most revenue per labor hour.**



The growing demand for Ethnic foods, which fall within the Specialty Food category, are linked to the U.S. rapidly growing multicultural community and to shifting tastes of non-multicultural consumers. Total Specialty Food sales reached \$86 Billion in 2012, more than double the 6.8% increase recorded the previous year.<sup>9</sup> Many of the Top 50 Small Chains and Independents targeted Hispanic consumers in 2012, with two of those companies also included in the fastest growing operators over the last four years.<sup>10</sup>

Studies show that Hispanic consumers spend an average of 30% of their weekly food dollars on specialty foods, followed by 28% for African Americans, and 24% for white consumers.<sup>11</sup> Projections indicate ethnic retail food sales will continue to grow 20% from 2010 to 2015 according to Mintel, a Chicago based consumer research firm. Packaged Facts, a prominent research firm, estimates sales will reach \$9.5 Billion by 2014.<sup>12</sup> But even these numbers seems extremely low, given that minority purchasing power is currently at **\$3 Trillion in the US**.

## Brand Loyalty

While courting multicultural consumers has a clear upside based on sales and profit margins alone, there is also a significant benefit tied to brand loyalty. Multicultural consumers have been shown to be much more brand loyal than their non-minority counterparts. For example:

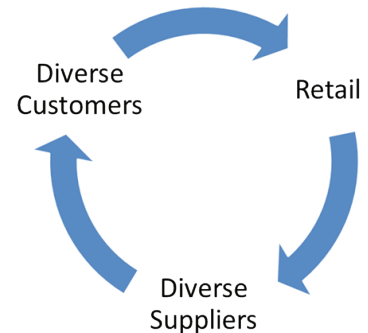
- African Americans:** Surveys reflect African American consumers have a higher staying power once they find a store brand they like, and are noted for having a much stronger likelihood to “always buy the brands they trust” (46% among African Americans vs. 36% for their nonminority counterparts).<sup>13</sup>
- Hispanic Americans:** Sixty-seven percent of Hispanics would be more inclined to buy products/services from companies that have demonstrated a real commitment to the Hispanic Community, and 65% are highly likely to remain brand loyal.<sup>14</sup>
- Women:** Eight out of ten indicated they would be more compelled to try a company’s products or services if they knew the company had a women’s business development initiative in place.<sup>15</sup>



Source: Nielsen, September, 2011

# Supplier Diversity in Food Retail

## Merchandising



Supplier Diversity professionals play a unique, multifaceted role within a corporation through their work of linking the corporation to the Diverse supplier business community. As world markets have synthesized into a global business community and consumer based corporations focus on emerging multicultural markets, Supplier Diversity is frequently positioned to open multicultural doors both within the U.S. and in rapidly emerging global markets. Diverse Suppliers can be found in any area of spend ranging from frozen foods, bakery products, and meat on the merchandise side to distribution, packaging, professional services, and construction in the non-merchandise supply chain. ***The key is to integrate Supplier Diversity into the corporate strategy and leverage both Supplier Diversity staff and Diverse suppliers to tap into multicultural markets on a day to day basis throughout the year.***

Authenticity is critical to success in penetrating targeted diverse markets. It is important to understand the culture, the core values, and the traditions that frame unique preferences and day to day purchasing behavior of the multicultural consumer. *Supplier Diversity staff can play a key role and assist in identifying potential Diverse suppliers.* Once identified, Diverse suppliers may act as a sounding board to promote a retailer’s success providing feedback on the right product, in the right place, and at the right price.

The following paragraphs offer examples of various company approaches to enacting supplier diversity.



At Ahold USA, the Supplier Diversity team was approached by an Asian food manufacturer to expand their current line of fresh Asian pot stickers to frozen appetizers. Ahold’s Supplier Diversity team connected the Diverse supplier with the frozen category manager who agreed. As the relationship grew, Stop & Shop (an Ahold company) proposed the Diverse company manufacture their pot stickers exclusively under Stop & Shop’s store brand, Nature’s Promise. The Diverse company agreed and their business has expanded from having two varieties of pot stickers in 381 stores to having four varieties in 564 Stop & Shop and Giant Landover stores.



One of the first African American food manufacturers is well known in the African American community for its products sold at retail under their own brand. Founded in 1916, the company started by producing ice cream and dessert. Kellogg brought them on as a supplier many years ago. Originally starting with a small piece of business, over the years the relationship has grown and, today, the Diverse supplier is the primary supplier for all of Kellogg’s fruit fillings. Over the years, the Diverse supplier has grown from a manufacturer of its branded product sold at the retail level, to being a food service provider and ingredient supplier for contract manufacturing.



Kroger's Supplier Diversity initiative helped to position an African American owned firm, as the lead in sourcing, procuring, and merchandising ethnic health and beauty care products for 12 Kroger divisions. As a subject matter expert in ethnic hair care and beauty products, the Diverse supplier has helped Kroger maximize ROI for the category over the years. The relationship is still in place today and has expanded to additional Kroger divisions.



SUPERVALU is one of the largest wholesale and retail grocery companies in America. As a supplier to more than 2,000 independent retailers nationwide, parent company to Save-A-Lot, the nation's largest hard-discount grocery chain, and operator of five, strong regional retail banners, the company places significant importance on delivering products that are desired by the customers and communities they serve. A strong local merchandising program helps them achieve this local relevance.

*"Our customers love finding a new favorite product...it creates excitement and repeat visits to our stores. So, anything that we can do to deliver innovation or new items, we definitely want to do that. Not every product works for all of our stores or independent customers, but having the breadth of offering that we do and the connections to our Diverse Supplier network, provides us the ability to meet the unique and changing demographic needs."*

**PRESIDENT, INDEPENDENT BUSINESS  
AND SUPPLY CHAIN, SUPERVALU**

"Ethnic and regionally-specific products continue to drive sales at both our corporate and independent retail stores. We were able to access these specialty items through the connections we've developed through our strong supplier diversity initiatives. Over the years, we have helped small companies grow and introduced our customers to wonderful new products from our network of women and minority-owned businesses," according to the President of Independent Business and Supply Chain and former Chief Merchandising Officer for SUPERVALU.

## Cost Savings

When Diverse suppliers are considered, they are subject to the same cost-saving criteria that other suppliers encounter. In fact, the cost saving feature is frequently a measure cited in corporate Supplier Diversity performance dashboards. This applies both on the merchandise and non-merchandise side.



For example, Walmart's US Logistics team worked in partnership with the Goods Not For Resale (GNFR) and Sourcing Services team to conduct a national bid for a specific supply item used in the company's grocery Distribution Centers. Numerous vendors were invited to participate in the formal bidding process. The contract was awarded to a Diverse supplier with the projected result of the bid saving the division \$400,000 over the two year term of the agreement. This savings directly impacts the Distribution Centers, allowing them to operate for less, passing the savings on to our customers. Like other progressive corporations, Walmart's inclusive bidding process demonstrates Diverse suppliers are competitive and frequently provide a lower total cost, ultimately strengthening the overall supply chain.



## Second Tier: The Multi-leveled Advantage of Supplier Diversity Engagement

Supplier Diversity should be positioned within a corporation so it is seamlessly integrated into day to day operations and complements existing supply chain goals and objectives. Over the last 15 years, most major food retailers have seen an intentional consolidation in the number of active suppliers with whom they conduct business. Supplier Diversity advocates realized long ago that if a corporation cannot purchase directly from a Diverse supplier in a particular category, there is an opportunity to drill down the supply chain to the Tier 2 level. Commonly known as Second Tier, the concept involves a large food retailer requiring its Tier 1 suppliers to also purchase from Diverse owned companies.

*“In a lot of ways, the retail food industry is a simple business. It is truly knowing your customer, truly knowing your associates. When you have taken enough time to get to know these individuals, you understand their wants and needs. When you think about diversity, our goal is to really understand what that means and be able to engage the customer even more by working with diverse suppliers.”*

**SENIOR VP OF OPERATIONS AND PRESIDENT, BI-LO, INC.**

Tier 1 suppliers generally receive the request to consider Diverse suppliers favorably as they quickly understand that if the large food retailer grows from increased multicultural revenue, chances are they will too, so it becomes a win/win/win. The Tier 1 supplier is frequently given a specific goal and performance against those goals is included as part of the supplier’s performance review.



Once implemented, Second Tier can potentially double the amount of volume channeled to Diverse suppliers over and above its Tier 1 spend. As shown in the diagram, BI-LO Winn Dixie partnered with the Kellogg Company to integrate Diverse suppliers into its food product line.

## Brand Equity



*“Our headquarters’ Diversity Business Councils are a valuable resource for driving business decisions, including merchandising and marketing initiatives in key multicultural categories like food, entertainment, health and beauty.”*

TARGET 2010 ANNUAL REPORT

When the average consumer spends 30 minutes in the store per trip and 68% of purchases are unplanned,<sup>16</sup> driving brand loyalty becomes a key factor. Statistics already cited regarding minority disposition toward brand loyalty suggest a higher probability for increased ROI if ties can be strengthened with multicultural consumers.

Corporations find that targeting multicultural consumers with messages conveying company support of Supplier Diversity to be a strategic tool in building brand equity. Communication mediums include magazines, newspapers, broadcast, web, annual reports and any other type of medium traditionally used by a company.

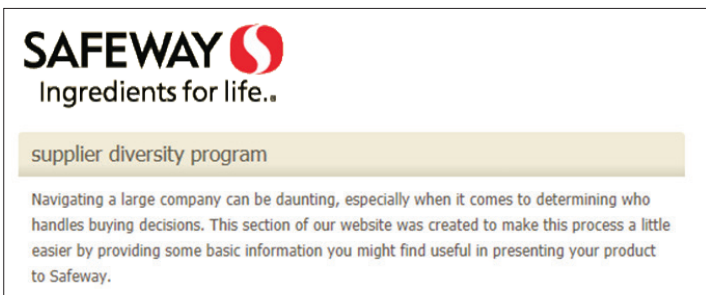

### CORPORATE ANNUAL REPORT

Target’s 2010 Annual Report positions the retailer as one of the first Fortune 500 corporations to reference multicultural customers, multicultural products, and the role the company’s diversity councils play in driving business decisions linked to increased revenue and merchandising in its annual report.

### CORPORATE WEBSITE

Many major retailers highlight Supplier Diversity on the corporation’s website. Messaging ranges from how to do business with the company to spotlighting one or more of the company’s Diverse suppliers or calling out initiatives focused on multicultural and women target markets. Here are some examples found on the corporate websites of Safeway, H-E-B, and Unilever.

*Both Safeway and H-E-B use their corporate website to solicit potential Diverse suppliers.*

Safeway, for example, goes to great lengths within their Supplier Diversity web pages to not only ease navigation but also to highlight specific Diverse suppliers. It is apparent that strategically these efforts assist both the company and its suppliers to strengthen their brands simultaneously. One such supplier was a bakery company who quickly ascended to be one of the largest family owned, minority certified manufacturers in the US.



Unilever understands women comprise more than 80% of the consumer base and by 2014 will control the majority of global consumer spending estimated at \$15 Trillion. The company uses its website to promote it's relationship with the Annual Women's International Networking Conference. Unilever was also a founding sponsor of the South African Supplier Development Council, an affiliate of the National Minority Supplier Development Council (NMSDC), an organization based in the U.S. whose main goal is to facilitate procurement between minority owned firms and corporations.

## Corporate Sustainability

Today, ninety-five percent of the largest companies in the world (G250) publish Corporate Sustainability reports-- including 88% of the Food & Beverage Industry. Many of the U.S. leading investment banking houses now consider a company's Corporate Sustainability report when rating a corporation's stock – a behavior formally endorsed by the Securities and Exchange Commission. As corporate management is engaged, the concept of global sustainability is brought down to a company level based on the question, "What will it take for our company to be sustainable over the long term?" Supplier Diversity must be a part of the sustainable equation.

Supplier Diversity

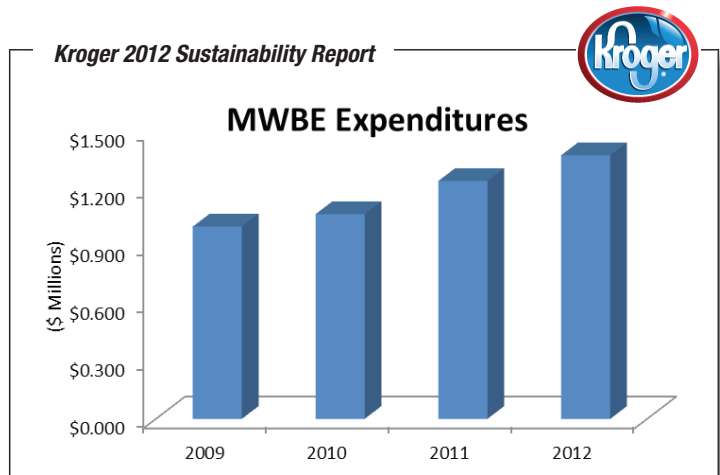


At The Coca-Cola Company, diversity is business. We believe our supplier base should represent our diverse customer and consumer base.

If the world is a stage, Supplier Diversity is now in the spotlight. Companies like Target, Kroger, Kellogg, Safeway, Campbell Soup, Food Lion (Delhaize Group), SUPERVALU and Wal-Mart all referenced Supplier Diversity performance in their recent CR report. *Supplier Diversity spend is frequently reported as an economic indicator* focused on local impact in the geographies where the company does business. While this practice has become relevant as multinational food companies pursue emerging markets, it is also a key measure in the U.S.

For example, in September 2010, the Coca-Cola Company launched a program called 5 BY 20, an effort to economically empower 5 million women entrepreneurs in the global value chain by 2020.

Kroger's 2012 Corporate Sustainability Report highlights how much is spent with U.S. based minority and women owned suppliers. Kroger is one of only 18 corporations around the world that belong to the Billion Dollar Roundtable (BDR), spending at least \$1 Billion directly with U.S. based minority and women owned suppliers.



In September, 2011, Wal-Mart, another member of the Billion Dollar Roundtable, announced a major initiative to source *\$20 Billion from women owned businesses in the U.S. within the next five years*. This is prominently displayed in many of the company's communication mediums and comes with a broadcast quality video.

The Delhaize Group, the parent company for Food Lion, Super Indo, and other global retailers, recognizes Supplier Diversity under "Our Performance" in the 2009 Corporate Sustainability Report. The Delhaize Group's 2011 Sustainability Report references the Diversity & Inclusion business case at Food Lion, a Delhaize America




**FOOD LION 2009 CORPORATE RESPONSIBILITY REPORT**

- *References Supplier Diversity recognition by the Carolinas Minority Supplier Development Council as a measure under "Our Performance";*
- *Highlights local impact tied to Super Indo, which promotes snack products, unique spices, and original seasonings from small suppliers all over Indonesia.*

Banner. Delhaize America's approach to diversity recognizes and addresses the Business Impact. We must support market strategies by developing, managing, and measuring relationships that grow sales. We should use products and vendors that reflect the communities we serve.

The Campbell Soup Company links Diversity and Inclusion with Marketplace Wins and highlights 2012 Objectives for Supplier Diversity in its 2011 CSR Report.

*Campbell's 2011 CSR*



## Our Company

*Nourishing people's lives everywhere, every day.*

**FOCUS FORWARD**

In FY2012 we plan to launch a supplier diversity course for our employees to ensure supplier diversity throughout the company, followed by a new scorecard and dashboard for tracking our metrics.

## Job Creation

As a critical component to the US economy, small businesses:<sup>17</sup>

- Employ half of all private sector employees
- Pay 44% of the total US private payroll
- Generated 65% of net new jobs between 1993 and 2009
- Product 13 times more patents per employee than large patenting firms

Nearly 60% of all U.S. businesses are women or minority owned<sup>18</sup> and these businesses are growing at a much higher rate than their non-minority counterparts. Key statistics from the most recent US Census, which is compiled every ten years, reflect the following for 2007:

### MINORITY OWNED FIRMS

- Minority-owned firms numbered 5.7 million, a 45% increase over 2002, which is more than double the 17.9% increase for all U.S. businesses
- Generated receipts of over \$1 Trillion, a 55% increase over 2002, compared with a 33% increase for all businesses
- Employed 5.8 million people, a 24% increase over 2002

### WOMEN OWNED FIRMS

- Women owned firms numbered 7.8 million, a 20% increase over 2002
- Generated receipts of \$1.2 Trillion
- Employed 7.6 million people and are projected to create 5 to 5.5 million new jobs across the U.S., roughly one third of the 15.3 million total new jobs anticipated by 2018<sup>19</sup>

Supplier Diversity initiatives and the targeted growth of Diverse suppliers can create a significant number of new jobs to aid in driving economic recovery in the U.S.

Diverse firms provide employee benefits at roughly the same rate as their non-minority counterparts. Statistics



Source: US Minority Business Development Agency

reflect that minority owned companies hire minority individuals at a higher rate than their non-minority counterparts, and the same can be said for women owned firms where there is also no glass ceiling and no wage gap.

Much of the world has struggled during the recent economic downturn and slow recovery over the recent years, but a select group of developing countries has been growing and now accounts for 28% of global GDP. In fact, research from the World Bank indicates that 40% of the world's growth through 2050 will come from 400 largely unknown midsize cities in emerging markets. Numerous studies suggest that one of the primary ways for the U.S. to participate in this growth is through increased exports.

The U.S. Minority Business Development Agency (MBDA) has seen this potential and stepped up the level of resources to facilitate international trade missions over the last 18 months. Not only is growing minority owned firms good for the U.S. economy, but as multinational consumer companies flock to capture minority markets in developing countries, ties with targeted minority owned businesses and multicultural markets in the US can often be leveraged to smooth the way when entering similar markets in other countries.

As corporations expand their focus on emerging markets around the world, dual sourcing has emerged as a trend to minimize risk and landed cost. In effect, many corporations are moving from sole source to dual source and splintering their supply chains – creating a unique opportunity for diverse suppliers in the U.S. to partner with diverse suppliers in targeted emerging markets.

## Supplier Development

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From a Supplier Diversity perspective, it is critical to position diverse suppliers so they can sustain themselves within the supply chain--globally. Frequently, this translates into creating an environment to facilitate knowledge transfer, maximize strengths, and minimize weaknesses. This focused approach to increase the supplier's capacity by intentionally growing them has existed within the Supplier Diversity arena for the last several years. Supplier Development support may involve any one or more of the following:

- Targeted Capacity Building through internal growth, Strategic Alliances, Joint Ventures, or Mergers & Acquisitions
- Partnering to provide in-kind services related to information on:
  - Financing
  - Human Resources
  - Quality Control
  - Technology

# Supplier Diversity Overview

Every store should have a process focused on Supplier Diversity as part of their market strategy. Retailers generally create a full time management position at the Vice President or Director level to drive the process company wide. These Supplier Diversity leaders generally have extensive internal operations, merchandising, or supply chain management experience and accept the role to drive change within the organization. The Supplier Diversity VP/Director is frequently supported by one to ten managers, and the Department as a whole has multiple touch points both within and outside the company.

*Internally:* Within the company, Supplier Diversity professionals drive corporate strategy by interacting with:

- The Board of Directors and C-Suite leaders to understand and support corporate strategy
- Business Development to understand potential acquisitions/and or spin-offs
- Global Merchandising and Procurement to support category leaders and introduce diverse suppliers positioned to compete on a national/global level
- Corporate cross functional and Store regional and district management to introduce diverse suppliers positioned to compete on a regional and/or local level
- Communications/Public Relations Staff to develop internal communication strategies companywide and external communication strategies to manage messaging with a wide variety of external stakeholders
- Government Affairs to provide information for public policy and/or regulatory issues

*Externally:* Supplier Diversity professionals spend a significant amount of time outside of the office in an effort to identify and facilitate the growth of diverse suppliers, so they are constantly aware of changes in attitudes and perceptions in multicultural communities. Key stakeholders include, but are not limited to:

- Minority and women business advocacy groups on a national and local level to identify potential suppliers
- Industry Associations to better understand key cost drivers and identify potential suppliers
- Colleges and universities that facilitate business growth to build the capacity of existing and potential suppliers
- Financial service companies and venture capital funds as a source for potential business capital
- Economic development organizations to understand how their objectives may impact and/or support company operations
- Multicultural advocacy organizations to understand their concerns and seek out opportunities to grow revenue and build brand equity with multicultural markets on a national and local level

Corporations leverage Supplier Diversity to build brand equity with existing and potential employees. Affinity groups, also known as Employee Resource Groups (ERGs), typically provide a forum for diverse employees to interact on a wide variety of topics. Internally, employee affinity groups have proven to be a key ally for getting the message out and integrating Diverse suppliers companywide.

Externally, corporations frequently promote their Supplier Diversity initiatives in recruiting new hires; especially in cases where data suggest that corporate behavior carries significant weight with new graduates' estimation of company desirability as a workplace. In addition, surveys have shown a corporation's strong Supplier Diversity initiative can have a positive influence with all employee groups tied to morale and employee satisfaction.

From an organizational perspective, the head of the Supplier Diversity function may lead a staff ranging from 1-20 depending on the company's size and resources. While housed within supply chain, it is not uncommon for the Supplier Diversity lead to interact with the company's C-Suite on a regular basis, with annual performance reported to the Board of Directors.

A Supplier Diversity process generally has the following key components:

- Corporate Policy Statement
- Cross Functional Advisory Council
- Tier 1 and Tier 2 Strategy to Increase Diverse Spend
- Corporate Goal(s)
- Performance Reports with metrics tied to:
  - Spend with Diverse Suppliers
  - Cost Savings
  - Market share
- Training Process
  - Internal for employees
  - External for existing and potential suppliers
- Internet website—usually one or two clicks from the corporation's home page
- Web-based registration portal for potential new suppliers
- Active engagement with minority and women business organizations

Most Fortune 500 corporations with nationally active Supplier Diversity initiatives have score cards and/or dashboards which link performance to overall corporate objectives like increased revenue and supply chain cost savings. The advent of formalized strategic sourcing has done a lot to promote the fact that diverse suppliers are competitive and provide added value. As global supply chain management functions become more transparent, it becomes easier to dispel the old stereotype that diverse suppliers are too small or cannot compete. Supplier Diversity dashboard performance may be distributed cross functionally to senior management and vertically extending beyond the C-Suite all the way to the Board of Directors on an annual basis.



# Conclusion

Supplier Diversity is no longer just “the right thing to do”—given the world’s shifting demographics, it is imperative in order for large Food Retailers to sustain and/or increase market share. Penetrating rapidly growing U.S. multicultural markets does not happen by default and requires time, energy, and resources. Evidence suggests a strong Supplier Diversity process may be a key lever in driving increased sales across all industries – but this is particularly true in the area of food and beverage where multicultural consumers have distinct tastes and unique product preferences.

*“Now is the time to leverage Supplier Diversity to grow sales in multicultural markets. This unique opportunity reinforces our strategic focus on total store collaboration between retailer and supplier.”*

**LESLIE SARASIN PRESIDENT/CEO,  
FOOD MARKETING INSTITUTE**

Supplier Diversity evolved to facilitate integrating diverse suppliers throughout the entire corporate supply chain. Over the last ten years, the process has become a key business strategy for the leading U.S. multinational corporations. While it does have indirect economic impacts on the economy like job creation, it’s not a social program—it’s a critical strategic business strategy for both large and small Food Retailers.

# Appendix

Commonly accepted definitions of “Diverse” Suppliers include:

## MINORITY OWNED

Company must be at least 51% owned and operated by one or more minority individuals.

## MINORITY

A minority group member is defined by the U.S. Small Business Administration as an individual who is a U.S. citizen within any of the following groups:

## AFRICAN AMERICANS

Individuals with origins from any of the Black racial groups of Africa

## HISPANIC AMERICANS

Individuals with origins from Mexico, Central America, Spanish-speaking countries in South America, Cuba, and the Caribbean Basin.

## ASIAN-PACIFIC AMERICANS

Individuals with origins from Japan, China, Okinawa, the Philippines, Vietnam, Korea, Samoa, Guam, Northern Marianas, Laos, Cambodia, Taiwan, and the U.S. Trust Territories of the Pacific.

## ASIAN-INDIANS

Individuals with origins from India, Pakistan, and Bangladesh.

## NATIVE AMERICANS

Includes American Indians, American Eskimos, Aleuts and Native Hawaiians.

## WOMAN OWNED

Company must be at least 51% owned and operated by one or more women.

## VETERAN OWNED

Company must be at least 51% owned and operated by one or more U.S. veterans.

## SERVICE DISABLED VETERAN OWNED

Company must be at least 51% owned and operated by one or more US disabled veterans.

## LGBT OWNED

Company must be at least 51% owned and operated by one or more Lesbian, Gay, Bisexual, or Transgender individuals.

## HUBZone

A business located in a Historically Underutilized Business district certified by the Small Business Administration (SBA). HUBZones are high unemployment, low income areas designated by the Small Business Administration. HUBzone small businesses, must be meet SBA requirements for “small” and be located in and draw at least 35% of their employees from the HUBZone area.

**PUBLISHED BY:**

Food Marketing Institute (FMI) conducts programs in public affairs, food safety, research, education and industry relations on behalf of its 1,500 member companies — food retailers and wholesalers — in the United States and around the world. FMI's U.S. members operate approximately 26,000 retail food stores and 14,000 pharmacies. Their combined annual sales volume of \$680 billion represents three-quarters of all retail food store sales in the United States. FMI's retail membership is composed of large multi-store chains, regional firms and independent supermarkets. Its international membership includes 200 companies from more than 50 countries. FMI's associate members include the supplier partners of its retail and wholesale members.

**SPONSORED BY:**

Mr. Ern Sherman  
Vice President Retail Industry Affairs

**Coca-Cola**

Mr. Brian Lernihan  
Vice President Industry & Customer Development

**Unilever**

Ms. Cathy Kutch  
Director

**Kellogg Company**

Mr. Harry Perales  
Sr. Manager-Procurement & Supplier Diversity

**Campbell Soup Company**

**DEVELOPED BY:**

SB Services, Inc., is a nationally recognized management consulting firm with services focused on supplier diversity, corporate sustainability, and data analytics. Clients include the Global 250 and Fortune 500 in industries ranging from health care and retail to technology and financial services. The company has worked with hundreds of corporations across a wide range of industries to implement new Supplier Diversity initiatives and continue to take mature processes to a world class level. SB Services conducts industry benchmarking on a regular basis and currently reviews members of the Billion Dollar Roundtable. [www.sbservicesinc.com](http://www.sbservicesinc.com)

## FMI's Supplier Diversity Committee

### MISSION STATEMENT

FMI's Supplier Diversity Program provides opportunities for minority and women owned enterprises, and other Diverse owned businesses interested in working within the food industry, to be exposed to a broader audience of potential customers. At the same time, the Committee gives FMI member companies a venue to share Supplier Diversity related Best Practices to enhance, develop and promote Diverse owned companies.

### 2012 FMI SUPPLIER DIVERSITY COMMITTEE MEMBERS

Tim Williams (Chairman)  
 Director, Diversity Affairs  
**Safeway Inc.**

Garland Scarboro  
 Manager, Diversity & Inclusion  
**Delhaize America/Food Lion**

Michael Byron  
 Senior Director Supplier Diversity  
**Wal-Mart Stores, Inc.**

James Sturgis Jr.  
 Director, Supplier Diversity  
**Ahold U.S.A Retail, Inc.**

James Harris  
 Director Diversity & Supplier Diversity  
**H-E-B**

Denise R. Thomas  
 Director, Corporate Supplier Diversity  
**The Kroger Co.**

Kathryn Mazon  
 Senior Business Development Lead  
 Supplier Diversity  
**Target Corporation**

Benedict Tubuo  
 Corporate Manager Goods for Resale  
 Supplier Diversity  
**SUPERVALU Inc.**

Magaly Penn  
 Supplier Diversity Program  
**BI-LO Winn Dixie**

**FMI Staff Coordinator**  
 Dagmar Farr  
 Sr. Vice President, Member Services  
**Food Marketing Institute**

For additional information, contact:

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## End Notes

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