FAST TRACK TO SUPPLY CHAINS INITIATIVE

White Paper

Women Business Enterprises Canada Council (WBE Canada)

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Goals & Research Objectives

Women Business Enterprises Canada Council (WBE Canada) is a Canadian non-profit organization with a mandate to build connections and partnerships between Canadian women-owned businesses and corporate / government buyers, build capacity and remove existing barriers to procurement opportunities, and ensure that supply chains across Canada, North America and globally are more diverse and inclusive. As of January 2024, WBE Canada had more than 80 corporate members (i.e., buyers), and represented more than 600 women-owned businesses ('WBEs' or suppliers) across the country, spanning across a variety of industries, purchasing categories, sizes and geographic locations.

In an effort to understand how it can better support its corporate members and enhance development initiatives within the professional services sector, WBE Canada, with funding support by Innovation, Science and Economic Development (ISED) Canada, commissioned a series of national research studies that included both quantitative and qualitative methodologies. Overarching objectives of these initiatives included to:

- Identify barriers to business growth among women-owned suppliers of professional services;
- Explore the concept of certification and how capabilities are currently being assessed;
- Understand buyer practices related to diversity in procurement (e.g., if/how buyers seek out diverse suppliers and what barriers, if any, are encountered in this process);
- Determine what capabilities are required by buyers when purchasing professional services, and the level of importance placed on these considerations in their selection process;
- Identify key gaps encountered by buyers when looking for, and selecting, diverse suppliers, including what may be preventing diverse suppliers from getting contracts; and
- Understand what changes are needed to better support diverse supplier selection.

Methodology

Given the scope of objectives, the value of obtaining exploratory research to better understand nuances of opinions and perspectives, and the need for obtaining opinions of both buyers and suppliers, four separate research initiatives were conducted. Specifically, two studies were designed and implemented by the University of Calgary, in collaboration with the University of Manitoba, while two additional studies were designed and implemented by Narrative Research.

1. **National Online Survey:** Suppliers, with the bulk being suppliers of professional services (UCalgary, UM)
2. **National Qualitative Research:** Women-owned businesses and buyers of professional services (Narrative Research)
3. **Online Survey:** Buyers of professional services (UCalgary, UM)
4. **National Online Survey:** WBE corporate members/buyers (Narrative Research)

All research instruments were designed in consultation with WBE Canada. The following provides further details of the research approaches used.

1. National Online Survey with Suppliers (Primarily those offering Professional Services)

Designed and implemented by the University of Calgary (UCalgary) and the University of Manitoba (UM), this research initiative involved an online survey with suppliers, including WBEs (women-owned businesses) and members of the Centre for Women in Business. In total, 236 surveys were completed from across the country in the fall of 2023, with the bulk being with suppliers of professional services operating within the business-to-business (B2B) and/or business-to-government (B2G) space. All survey respondents were of positions of authority (e.g., CEO, President, Partner, Manager, etc.), and all served Canadian customers, with a slight majority also serving the United States market. Overall, nearly one-half of suppliers surveyed had their head office located in Ontario, and a slight majority reported having membership in one or more industry associations. Finally, the bulk of respondents held certification with a diversity council, although suppliers typically had held certification for only a few years (i.e., average being 3.2 years). The survey was offered in both English and French.

2. National Qualitative Research with Women-Owned Businesses Providing Professional Services and Buyers of Professional Services

Designed and implemented by Narrative Research, this research initiative comprised a series of 18 qualitative group discussions, including participants from across the country in the fall of 2023. Ten sessions were conducted with women-owned businesses that provide professional services, and eight sessions were conducted with representatives (corporate and government) of organizations that buy professional services, with groups differentiated by location/region. Of the 18 sessions, most (14) were conducted online, with four groups being held in person in Saskatoon, SK and Toronto, ON. In total, 122 participants took part in this initiative.

3. Online Survey with Buyers of Professional Services

Following the online survey with suppliers, UCalgary and UM conducted an online survey with buyers of professional services. In total, 14 surveys were completed as part of this research initiative, with most respondents holding full (i.e., engaged in mentoring diverse suppliers, outreach, and tracking supplier diversity spend) or advanced supplier diversity program status (i.e., a second-tier program that works with tier 1 suppliers to help track their supplier diversity spend). All six diversity groups (Indigenous, 2SLGBTQI+, those living with a disability, veterans, visible minorities, and women) were represented by respondents.

4. National Online Survey with WBE Corporate Members

As the final research initiative, Narrative Research designed and implemented an online survey with WBE corporate members (buyers). In total, 21 corporate members took part in this survey, representing a response rate of 26%.

Executive Summary

Results from the ***Fast Track to Supply Chains Initiative*** suggest that recent years have been a time of much change in the professional services sector. Businesses have adapted to a changing workplace and resource challenges as a result of the pandemic, and many have experienced transitional change.

While growth patterns in the professional services sector are inconsistent across businesses, there is cautious optimism for the future, despite an increasingly competitive marketplace for consulting services. Buyers acknowledge growth in the professional services sector, particularly in response to changing demands in areas such as HR sourcing, clean energy, emerging technologies, and environmental, social and governance (ESG). Further, an increase in partnerships and joint ventures is evident to meet growing needs for Indigenous business procurement, and in response to heightened attention on equity, diversity and inclusivity (EDI) practices.

Women-owned businesses readily identify a variety of barriers to business growth, most notably, resourcing issues, competing with larger firms, gender stereotypes, access to capital, some risk aversion, and self-inflicted barriers often related to responsibilities outside work. These businesses also recognize that a lack of female mentors presents a further barrier. Most women-owned businesses rely on existing relationships and sole sourced contracts for the bulk of their business. Formal RFP responses generally account for only a small proportion of work.

When choosing a professional services firm, suppliers deem experience, expertise, the capacity to deliver on time, and cost considerations to be the primary criteria used by buyers in the selection of a professional services firm. Similarly, buyers consider experience / expertise, relationships, the ability to deliver on time, and price to be the key factors in selecting a supplier. Overall, findings show that supplier diversity is generally not considered a common selection criteria or core priority among Canadian buyers when sourcing suppliers, with the exception for Indigenous inclusion.

Findings suggest that women-owned businesses face several challenges in being awarded contracts for professional services, most notably not having the scope and breadth of experiences that best align with buyers' needs. Given that many of these businesses are unable to meet the capacity and capability needs of large corporate buyers, results highlight that key actions are needed to increase preparedness. That said, findings show that no one size fits all for women-owned businesses in the professional services sector and point to the need for adaptive and flexible service supports for these businesses.

Supplier diversity appears to be a 'nice to have' rather than a 'need to have' criteria or attribute for buyers. Further, key impacts of supplier diversity programs are largely seen as social, as opposed to economic. Some potential challenges are also noted with supplier diversity programming including that it may increase administrative costs and potentially cause occasional conflict.

Results highlight that much work is needed to expand corporate buyers' commitment to supplier diversity. While some corporate buyers have a formal diversity policy in place, most do not. Corporate actions are primarily focused on information gathering and process development, with many buyers attending conferences on the topic of diversity, educating procurement staff and managers on the topic, and establishing guidelines for consideration. Efforts are needed to move the topic of diversity from a conceptual and learning discussion to a more formalized practice, whereby diversity actions are aligned with concrete, measurable actions.

Finally, results show that diversity practices do not include a singular focus. Indeed, when buyers are looking for diverse suppliers, they view diversity from multiple lens, including women-owned businesses, Indigenous businesses, 2SLGBTQ+, those living with a disability, and veterans. Despite the fact that federal government diversity requirements are currently limited to Indigenous-owned businesses, there is an evident commitment, albeit not a requirement, to be more inclusive of a wider range of diversity in the supply chain. This suggests that WBE Canada would be well served to work collaboratively with other diversity councils to expedite transitional change for diversity in procurement.

Business Trends & Barriers to Growth

Discussions with suppliers and buyers of professional services highlight recent business trends (as at fall of 2023) and identify key barriers to growth for women-owned businesses.

Recent Business Trends (2023)

Recent trends include steady and significant growth in some sectors, especially areas of emerging ideas, but downsizing in others. Heightened attention on meeting Indigenous contracting needs has resulted in growing consultancy services and joint ventures.

Recent trends for suppliers: Women-owned suppliers of professional services identified a wide range of recent trends, although opinions varied by location, size, and business sector. Suppliers who work in environmental-related consulting services, health care consulting, HR consulting and staffing, construction-related services, or IT consulting, felt that there has been steady and significant growth in recent years. In contrast, some women-owned businesses have experienced significant downsizing as a result of the pandemic and have focused recent growth targets on redefining their business priorities with a goal of achieving pre-pandemic business levels. For most, these levels have now been reached, and there is a sense of cautious optimism for the future. That said, many businesses spoke openly of witnessing the impact of economic strain with heightened client attention on fiscal restraint and cost containment. This has resulted in some hesitancy in clients committing to projects. By contrast, other businesses have been created with new and emerging ideas in mind (e.g., HR outsourcing, clean energy, equity, diversity and inclusivity (EDI), etc.) and have met growing needs in this regard.

*"We have **seen huge growth in the past three years because of the pandemic**. We have plans for growth, but many have been consolidated because technology is still evolving – we are automating." Supplier*

*"Our growth has been driven by the fact that resources are limited. **Companies are having trouble finding staff, so [they] are turning to outsourcing**." Supplier*

Suppliers felt that northern communities, specifically areas where climate crises have been experienced, have started to take a more conservative mindset. Because of this, there is increased difficulty for some businesses to find employees, and as a result some suppliers are relying on subcontractors to meet their clients' needs. Regardless, in these atypical situations of emerging needs or rebound growth, those working in the professional services sector indicated that they had not typically established growth targets year-over-year, but rather managed their business in a more reactive approach to the current climate.

*"We are focused on stability and retention, not on growth. **Wildfires meant people wanted to be elsewhere**." Supplier*

Overall, suppliers of professional services express cautious optimism about the future, despite an increasingly competitive marketplace for consulting services. Across locations, suppliers mentioned that they have seen general growth in the number of professional services consultancy businesses since the pandemic, particularly in relation to consulting work for marketing, accounting, coaching and technology-related or IT businesses. Some considered this to be a direct outcome of larger organizations downsizing during the pandemic, while others felt it reflected a changing need in the way people work and growing hybrid workplaces. Regardless, most concurred that it has created an increasingly competitive marketplace for smaller businesses.

"Our main target is the federal government, but growth can be dependant on what is happening with the feds and their differing priorities. ***We are diversifying into the private sector because we can't rely on the federal government alone****." Supplier*

Recent trends for buyers: Buyers agreed that across locations and sectors, there has been a significant shift in the number of professional service firms available, along with an increase in partnerships to improve overall capacity and offer EDI qualifications. This increase in service providers was attributed to corporate downsizing during the pandemic and many professionals choosing to start their own business from home. Similar to the discussion among suppliers, there have been noticeable regional differences in business trends.

"It feels like there are more and more suppliers or providers out there. I know many people who have left their careers to start their own [business]." Buyer

Northern buyers spoke of seeing significant growth in the number of Indigenous-owned businesses across various business types, as many consultants in the south partner with other businesses to meet the growing need for diverse (i.e., Indigenous) suppliers. Further, many buyers mentioned that they have seen a more focused trend of smaller businesses partnering or working together on joint bids to meet buyers' needs. Again, this was deemed particularly evident for Indigenous businesses/partnerships.

"In the last year and a half, ***the list of Indigenous businesses has become more expansive****. There is a robust list available." Buyer*

"One thing happening is policies are changing, with ***more appetite for joint ventures****. This is a shift as a result of the* ***desire or requirement to source Indigenous-owned businesses****."' Buyer*

Since the pandemic, buyers have had trouble hiring employees and sourcing resources and many reported that it is easier for buyers to hire external resources for professional services rather than staff up internally given resource shortages. Supplier capacity issues are another ongoing trend for buyers, as widespread resource challenges have resulted in their suppliers having trouble sourcing and retaining resources. As a result of the pandemic and ongoing resource challenges, buyers have seen a shift to online service provisions, as there is now widespread recognition that people can be hired from outside of local areas.

Buyers consistently mentioned that it is a time of transitional change for some sectors, particularly those in energy-related or environmental-related sectors. Accordingly, a new trend is that some buyers have looked for experts in areas they have typically not hired in the past. Another key area of change mentioned by many WBE corporate members was heightened attention on EDI.

*"During times of transitional change, we have **become increasingly dependent on experts in areas that fall outside the normal realm**, especially as we move to clean energy." Buyer*

Barriers to Growth

Suppliers identify both internal and external barriers to their business growth, while buyers tend to consider size, inexperience, and limited relationships to be the greatest barriers to business growth among women-owned professional services firms.

Barriers to growth for suppliers: Women-owned suppliers of professional services identified multiple external and internal barriers that affect business growth.

Many women-owned business suppliers work in male-dominated sectors (e.g., IT, construction consulting, environmental services, engineering, etc.) and women in this space felt that they need to work twice as hard as their counterparts to prove not only themselves but their worth in the space. In some instances, women felt that they lacked perceived credibility as female business owners and are taken less seriously. Breaking into established male networking circles (e.g., at sports-based events) was another challenge, as they struggled to gain access to deeply entrenched, pre-existing relationships.

*"Traditionally, this industry [IT] is male driven. **How men network is different – namely through golf or hockey.** That has held us back. We hired a guy as a chief revenue officer, and he is getting meetings with folks we weren't able to break into." Supplier*

*"Those in the C-suite - **the ones making the decisions - are often part of a boy's club, where relationships are deeply entrenched. It's very difficult to break in**." Supplier*

Finding resources was another area where women-owned suppliers felt barriers in growth, specifically when hiring staff. In recent years, many women suppliers felt some people are reluctant to work for females or immigrants, creating barriers for their company's growth. When companies struggle to grow it becomes very difficult to compete with bigger firms within professional services, given an inability to meet buyers' capacity needs.

It was felt that smaller firms or sole practitioners lack the same level of experience that larger firms have, both in terms of expertise and in scope. This is considered a significant impediment to growth when competing with the larger, male dominated, firms in the business.

As outlined in the table to the right, key barriers to business growth include gender stereotypes, finding resources, and competing with bigger firms, among others.

Barriers (Suppliers' Perceptions)

- Gender stereotypes
- Resourcing
- Competing with large firms
- Breaking into male-dominated sectors
- Risk aversion
- Self-inflicted barriers
- Resistance to change
- Lack of priority on supplier diversity
- Access to capital
- Lack of female mentors
- Increased reliance on technology

Self-inflicted barriers, risk aversion and access to capital are other growth barriers shared by some women-owned businesses supplying professional services. It was felt that women are often overly judgmental and critical of themselves, placing barriers on their own growth. As well, some believe women are generally less risk averse than men, primarily because of the other roles they have to assume in the home.

*"We might be more risk adverse on how we build our business and how we lean into that business because we sometimes feel maybe we've got many other issues that we're dealing with. That type of **risk aversion feels as though it's more heavily weighted on the female gender."*** *Supplier*

Many women experience challenges in dealing with banks and being able to access investment capital for their business. It was generally felt that financial institutions are more hesitant to make funds available to women-owned businesses.

A lack of priority on supplier diversity, lack of female mentors, and buyers' resistance to change are three other barriers that women-owned suppliers of professional services experience. Further, suppliers believe that buyers generally do not place priority on supplier diversity. It was felt that while many businesses speak of commitment to diversity, they typically do not have supplier diversity procurement policies in place. As such, supplier diversity is seen more as tokenism, with diversity playing little to no real role in procurement decisions.

It was felt that if buyers have formal policies in place, such policies typically ensure *proposals are received* from diverse suppliers, rather than ensuring a *specific spend* with diverse suppliers. This is not helped by the lack of and resistance to change among buyers, as many potential buyers have entrenched and long-standing relationships and are hesitant to try something new. Suppliers recognized that there is a level of risk associated with switching suppliers, and often a resulting discomfort among buyers, but some believed that pre-existing relationships are often part of a 'boys club' mentality.

"Lip service - that's what I think it is. There's no mandate of seeing a certain spend towards diversity as they do in the US." Supplier

"I feel like there's almost a stigma against my industry (human resources / leadership development) as a whole, since we are mostly women. *Leadership development is considered fluff to some and requires a little bit more convincing…" Supplier*

"There is risk involved in change*. If it's not broken, they don't want to move it." Supplier*

We came second in an RFP. The feedback was that we…[were] engaging and strategically in the right direction, but they decided to stay with their incumbent provider." Supplier

Barriers (Buyers' Perceptions)

Capacity/Familiarity issues	Not onboarded
Capability/Lack of experience	Access to capital
Existing relationships	Gender bias

Barriers to growth: Buyers were also asked what they considered to be the key barriers to growth for women-owned businesses in the professional services sector. As outlined in the table to the right, key barriers buyers identified include not being of sufficient size to conduct work of the scope buyers are looking for, or an inability to respond to large RFPs (both in terms of capacity and lack of familiarity with the RFP process). Buyers also deem not having experience with similar work or a supplier not yet having a well-established reputation because of a limited experience in a similar scope of work (i.e., not enough 'word-of-mouth' within company to build name recognition and positive brand reputation), as key challenges for suppliers.

Buyers indicated that it can be difficult to source work with a supplier that is not already onboarded. This presents a key consideration given that the onboarding process is required to ensure that a business satisfies specific requirements, minimizing risk to the buyer. Buyers recognize that their past experience with certain vendors, especially long-term, trusted partners, is a barrier for new suppliers.

"We've turned businesses away because it's [onboarding] a business need. ***If they aren't onboarded, what can we do to get rid of that roadblock?*** *Can we preemptively onboard a few so they are ready to bid on business?" Buyer*

"We tend to have long-term relationships with suppliers. It's very difficult to introduce a new supplier, and buyers are very, very busy - [we] don't have the time to meet and greet new suppliers." Buyer

"We do a lot of procurement via Standing Offer Panels. Getting on the Panel requires the ability to deliver a wide range of products or services. That works against smaller, more specialized businesses getting on." Buyer

Buyers surmised that women-owned businesses may struggle to source financing when needed.

Buyers generally agreed that barriers to growth are not necessarily barriers unique to women-owned businesses. Rather, it was felt that such barriers may be experienced by any small to medium-sized supplier, including not having the necessary relevant experience with work of similar scope; being risk adverse due to concerns over taking on debt; and not having sufficient staff/resources to meet required timelines and deliverables.

That said, some buyers believed that gender bias is still very real in some sectors, particularly those that have historically been dominated by males.

"Definitely a lack of experience, as well as a lack of a skillset in responding to RFPs. ***But that's reflective of small businesses in general."*** *Buyer*

"The quality assurance piece is huge. ***We don't have the time or resources to handle a bunch of small business****…[also]* ***I find a lot of smaller businesses are more risk adverse****. We need people to really commit to a project and be able to move at the pace that our clients require. Sometimes that's a disqualifying factor." Buyer*

"We have very, very deep relationships, and also, the administrative rigor of having to change a supplier is difficult. They don't want us to change; it takes too much time…that's a real stumbling block that affects [all] small businesses." Buyer

Navigating the Supply Chain

Most women-owned businesses rely on existing relationships and sole sourced contracts for the bulk of their business. Formal RFP responses generally account for only a small proportion of work.

"I receive most of my assignments directly - from business relationships that I have built." Supplier

"…most of our work is through word of mouth - seeing an opportunity and going after it. Sometimes I'm asked to submit a competitive bid, but they are just looking for a comparison. They know who they're going with…I would love never to have to respond to an RFP again. They are an incredible amount of work, and we have about a 20% success rate." Supplier

Across research waves results suggest the level of response to competitive bid requests versus having sole sourced contracts is mixed. Smaller companies, regardless of the type of professional services offered, typically rely on existing relationships and sole sourced contacts to grow their business and tend not to respond to RFPs due to a lack of capacity or experience with the response process. Indeed, many of the suppliers surveyed found it 'difficult' to do business with government, with the challenge increasing for higher levels of government.

Others (particularly those with some critical mass or greater resources), are more likely to respond to formal RFPs. However, they too typically attribute obtaining most of their business through pre-existing relationships or contacts, rather than RFPs. That said, among those who regularly respond to RFP requests, the prevalence of requesting follow-up meetings for unsuccessful in bids appears mixed.

During qualitative sessions, suppliers reported varied opinions with regards to the value of failed submission debriefs. Some considered debriefs a critical part of learning, which in turn would benefit future bids and help them in establishing relationships with buyers. Others felt buyers are generally not receptive or transparent in their comments and may be reluctant to share why another company was actually selected. That said, most concurred that reasons cited for their loss typically include not clearly demonstrating sufficient experience / or a lack of experience working with the buyer, cost, or that the incumbent / current vendor of record was selected.

Sourcing/Selection Processes

Findings confirm that most buyers, particularly crown corporations and larger public sector companies, seek competitive bids for professional services work, with many posting regular requests for proposals (RFPs) for services. Some periodically establish rosters for services and request competitive bids from those who qualify on their roster. That said, it appears common for buyers to sole source projects up to specific amounts (e.g., ranging from $20,000 to $100,000) depending on the organization, or to sole source specific niche projects due to a supplier's recognized expertise and experience in that particular area.

Another factor of consideration when examining the supply chain is that for many companies, user departments (e.g., Human Resources or Marketing) may handle procurement of professional services, and purchasing or supply chain personnel might not actively be involved in the process.

While government RFPs and most large corporations often incorporate scoring mechanisms in their RFP outlining how proposals will be evaluated, some suppliers believe scoring mechanisms allow for subjectivity in evaluations.

In terms of required capabilities for bid submissions, by far the only type of certifications required by suppliers of professional services are those related to core competencies specific to their service offering. Desired capabilities vary notably by the type of professional services requested and are specific to the type of services sought, namely through the professional qualifications reflected in that service.

*"From a consulting perspective, **I think it's really difficult for some of these WBEs** because of the KPMGs and EYs and folks like that. They're so entrenched…"Buyer*

*"Size matters for us. Our stakeholders have a **culture of wanting to go with the bigger organizations** that already can cater to people who are task-based. They have a deep pool of resources…a small company doesn't." Buyer*

Past experience was deemed the best indicator of capability, and accordingly, buyers tend to place priority on experiences outlined in their evaluation as a measure of qualifications. For many services there are specific capabilities or certifications required, and these range from professional qualifications at the individual level (e.g., commercial appraiser, CPA, lawyer, engineer, etc.) to certifications required to perform a desired task (e.g., Lean Six Sigma, Safety certification, ISO, health certifications, etc.). There was general consensus amongst both buyers and suppliers that a 'capability certification' is not necessary, nor a key criterion when evaluating supplier capabilities.

Suppliers cited multiple reasons for bid losses, including not clearly demonstrating sufficient experience, a lack of experience working with the buyer, cost, and/or that the current vendor of record was selected. That said, most buyers said that once a decision has been made, they will typically advise the selected supplier, and tell unsuccessful bidders that they were unsuccessful. For the most part, if asked, buyers are prepared to meet with an unsuccessful supplier and provide guidance on why their bid was unsuccessful.

What Prevents Diverse Suppliers From Winning Contracts?

When asked what prevents WBE suppliers from winning contracts, both corporate members and women-owned businesses offering professional services identified **capacity** as a core barrier, namely an inability to handle the volume of work required and/or quality requirements, which could be attributed to limited internal resources or the size of the business. **Capability/experience** is another factor contributing to why WBE businesses are losing contracts, as corporate members indicated that WBEs often are unable to meet the scope of work, do not meet the requirements of the business, or lack industry experience. **Competitive pricing** and other pricing factors were considered a challenge in procuring WBE suppliers. **Navigating the bidding process** is also highlighted as a barrier to winning contracts, as corporate members recognize that they often have complicated procurement processes and contracts that are not suited for smaller businesses. Further, to be awarded contracts, suppliers must register correctly or create an account through Bids and Tenders. Oftentimes WBEs are not using buyers' systems correctly.

Some also felt that WBEs are not awarded contracts because they do not provide the types of services that the corporate member is looking for or offer the wrong categories of services.

Other reasons attributed to not awarding work to a WBE supplier, although mentioned to a lesser extent, included the risk factors associated with sourcing work with a WBE, an inability to offer services in both Canada and the USA, an inability to follow the corporate member's health and safety policies, lack of bilingualism, a buyer's existing long-term contracts in a competitive environment, or because there are no WBE suppliers in the category they are procuring. Some felt that there is an abundance of some suppliers in certain categories, with a lack in others.

Regardless, results suggest that it is often standard procedure for buyers to tell unsuccessful bidders that they were unsuccessful and, if asked, as a general course of action they meet with unsuccessful suppliers to provide guidance on why their bid was unsuccessful. Federal and provincial government buyers and large corporations typically have evaluation criteria clearly articulated in the RFP, while municipalities, and private sector businesses are less likely to do so.

Choosing a Supplier

The capability of a supplier, price, and having proven experience are priority considerations in supplier selection.

Buyers and suppliers share similar perspectives when asked what factors are considered in the supplier selection process. Key considerations when choosing a supplier include:

- **Past Experience:** The ability to demonstrate past completed work as evidence of the business' capabilities to meet buyer needs and core competencies. The range of past clients and scope of projects (including budget and project goals) are generally seen as key factors at the forefront of a buyer's selection process. Buyers consistently reported that they send out bid invitations to companies they know or suppliers that have a positive reputation in the field of interest and give preference to those with a proven track record over a longer tenure. Such suppliers have already demonstrated their overall service quality and capability, reliability (ability to meet deadlines), communication effectiveness, ability to stay within budget, etc., which were attributes of high importance to buyers. In addition, having specialized experience on a niche topic, and local knowledge or expertise, is often deemed an important consideration.

Key Factors When Choosing a Supplier	
Supplier Perspective	Buyer Perspective
Past Experience/ Reputation (Word of Mouth)	Past Experience
Methodology	Reputation (Word of Mouth / Relationships
Timeline	Capacity/Ability to Meet Timelines
Depth/Breadth of Team	
Size/Financially Sound/ Years in Business	Price/Value
Price/Value	

- **Workplan/Methodology:** Having a clear understanding of the process that would be employed to meet project objectives was deemed essential.

- **Timeline:** Demonstrating a supplier's capacity and capability in ensuring that all deliverables will be provided within the desired timeframe.

- **Depth/Breadth of Project Team:** While this may be a more important factor of consideration for suppliers that are unfamiliar to buyers (demonstrating a team's ability to be flexible and customizable as needs may change), this also provides buyers with an understanding of the level of resources that would be assigned to a project, along with an understanding of the scope of services provided by subcontractors. This can be especially important when determining capacity to meet project needs with a tight timeframe.

- **Size and Scope of Company:** This includes years in business and demonstration of a company's financial strength and business tenure. Larger companies who are well established are often deemed to be 'safer', involving less risk.

- **Price/Value:** While most buyers report that they do not necessarily choose the low-cost provider, cost of services is often a critical factor in selection.

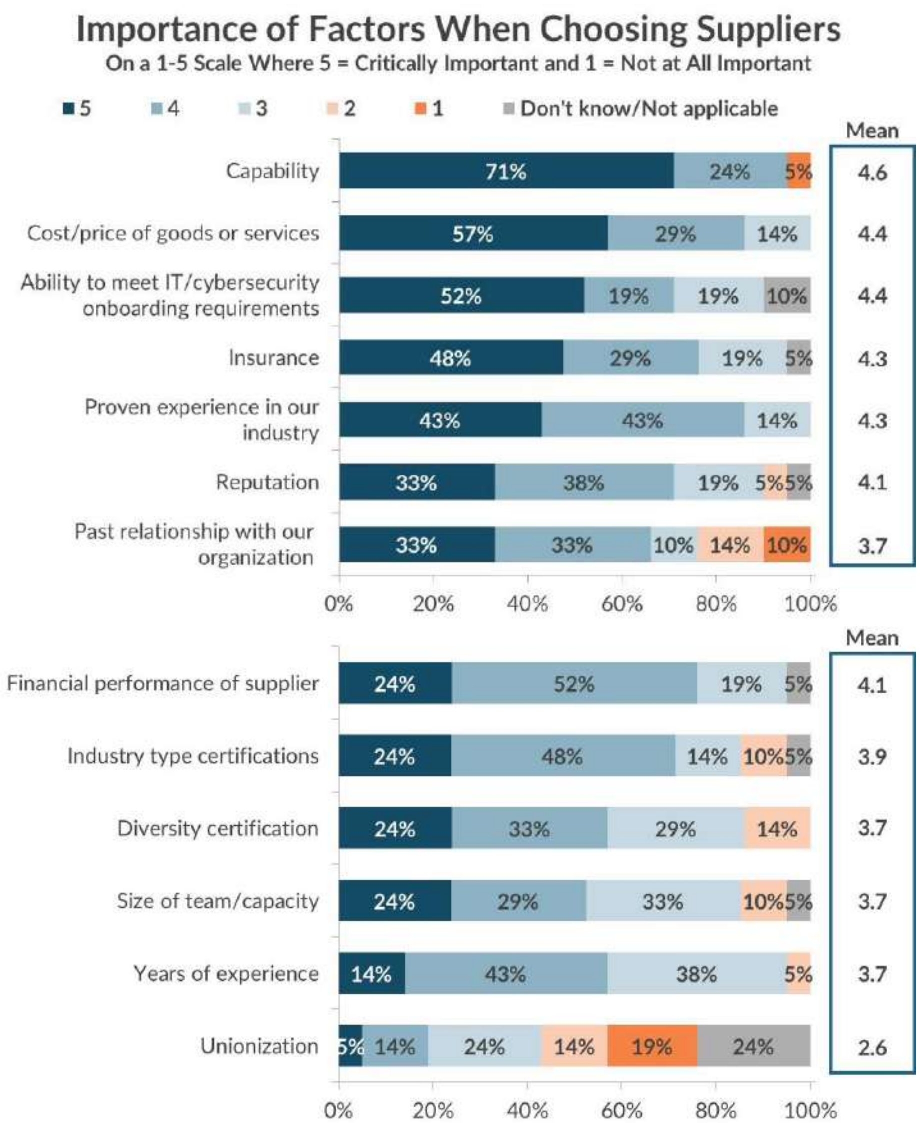
- **Value-Add:** May also be a consideration for certain buyers seeking competitive bids.

Ultimately, when choosing a supplier of professional goods and services, discussions revealed that consideration is given to a wide range of factors, although priority is placed on the capability of the supplier, past experience and cost. For many buyers, past experience is directly associated with existing relationships, with a clear preference for a strong current supplier, given it typically involves the path of least resistance, and minimal risk for the organization. By contrast, if a problem has been experienced with a past supplier, that clearly impacts any final selection to the supplier's detriment. In more rural locations, the selection of a professional services supplier is often more dependent on relationships and availability given limited resources and supplier selection. In addition, for RFP/RFQ submissions, responses to key questions are key criteria in the assessment of capabilities, especially for suppliers with little to no familiarity to the buyer.

Results of the group discussions were reinforced by survey results. Indeed, when WBE corporate members were presented with a list of 13 different factors that may be considered when choosing a supplier of goods and services, findings show that buyers place importance on a wide range of factors in their decision, but to varying degrees.

Once again, the greatest degree of importance is placed on a supplier's ***capability*** (i.e., ability to do the job), followed by ***price*** and ***having the ability to meet IT/cybersecurity onboarding requirements***. Other factors deemed critically important to at least one-third of WBE corporate members include ***insurance***, ***proven experience in the member's specific industry***, ***overall reputation***, and ***past relationships with the organization***.

When asked to rank selection criteria in order of importance, a clear priority is placed on **capability** and **price** when choosing a supplier.



Q.7a-n: When choosing a supplier, how important are each of the following considerations in your selection? (n=21) *Note: Responses of "Don't know/Not applicable" were excluded from the calculation of the mean.*

Where Does Supplier Diversity Fit?

Currently, supplier diversity does not appear to be a common selection criteria among buyers, with the possible exception for Indigenous inclusion.

When considering supplier selection, it is evident across both qualitative and quantitative research initiatives that supplier diversity certification is not a primary consideration in the selection process. Indeed, qualitative research findings suggest that supplier diversity is typically not brought up as a key consideration when choosing a professional services supplier. The exception to this was in northern communities and some western locations, where Indigenous supplier procurement goals are deemed an essential consideration, with firm goals established for certified Indigenous suppliers. Similar requirements did not appear to be in place for other types of diverse suppliers.

Supplier diversity was often considered a 'nice to have' rather than a 'need to have' criteria or attribute. Moreover, research revealed a perception amongst suppliers that buyers most commonly assess supplier diversity based on reputation/word-of-mouth, followed by a designation and/or certification by a diversity council. While suppliers believe buyers are open to using diversity-certified suppliers, a diversity certification appears to have had little impact on revenue growth for most. That said, seven in ten (69%) suppliers attributed at least a portion of the revenue growth from the last year to industry association membership. At the same time, a slight majority (53%) attribute some level of revenue growth to their diversity council certification.

Supplier Diversity Practices

Results from the online survey with buyers reveal that corporate actions are primarily focused on information gathering and process development, with many buyers attending conferences on the topic of diversity, educating procurement staff and managers on the topic, and establishing guidelines for consideration. Buyers take part in a variety of supplier diversity practices, with most common practices including attending **trade shows/events,** covering supplier diversity in their **Corporate Social Responsibility report/Sustainability Reports**, and **training purchasing personnel about supplier** diversity.

By contrast, buyers are less likely to have **supplier diversity criteria on RFPs**, **report supplier diversity performance metrics**, use **supplier diversity council databases**, and **hold membership in one or more diversity councils**. The least common supplier diversity practice is dividing large contracts into smaller units to allow for awards to multiple providers.

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When considering perceived impacts of supplier diversity programming, results of the online survey with buyers show that the leading impacts of supplier diversity programs are largely seen as social, as opposed to economic, with the top four impacts shared by buyers being the **diversification of the supply base**, **improvement of corporate image**, **supporting local communities**, and **expansion of the corporate social responsibility (CSR) programs**. Moreover, supplier diversity programming is seen as a way to enhance innovation and creativity, with eight in ten buyers offering agreement.

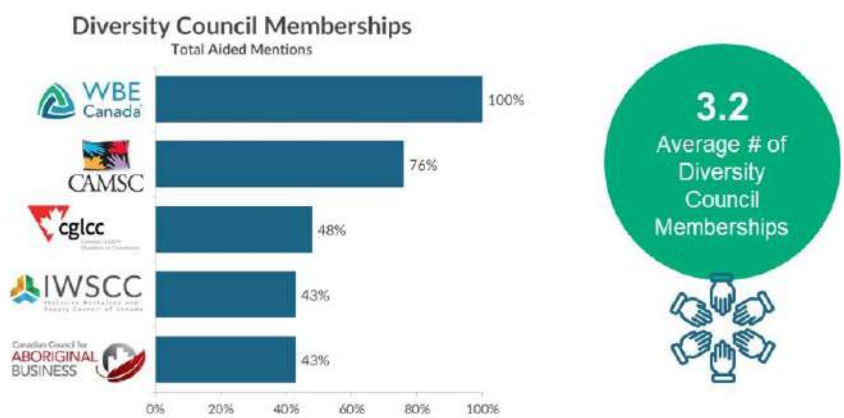
Impacts of Supplier Diversity Programming
(Buyers - % Agree)

100%	Diversifies supplier base
92%	Improves corporate image
93%	Supports community business operates in
86%	Expands Corporate Social Responsibility program
79%	Enhances innovation and creativity
46%	Increases administrative costs
38%	Can cause occasional conflict

That said, potential challenges are also noted with supplier diversity programming. Nearly one-half (46%) of businesses agreed that such programming **increases administrative costs**, while a minority (38%) noted it can **cause occasional conflict**.

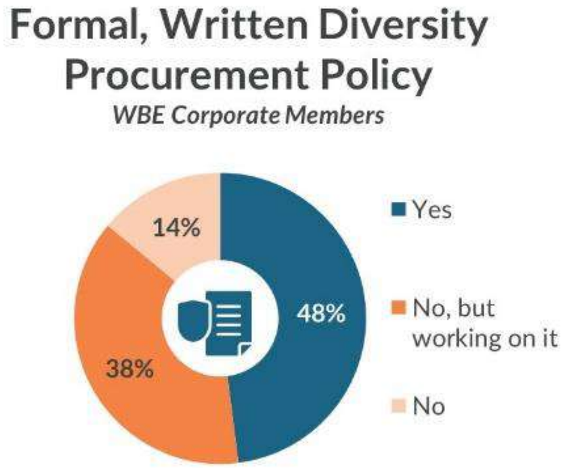
WBE Corporate Member Practices

As would be expected given their current membership status, WBE corporate members appear more likely than other buyers to hold diversity council membership. WBE corporate members generally hold membership in multiple Canadian diversity councils with corporate members holding on average, 3.2 diversity council memberships. Outside WBE Canada, membership in Canadian Aboriginal and Minority Supplier Council (CAMSC) is most common, followed by Canada's 2SLGBTQI+ Chamber of Commerce (CGLCC), Inclusive Workplace and Supply Council of Canada (IWSCC), and the Canadian Council for Aboriginal Business.



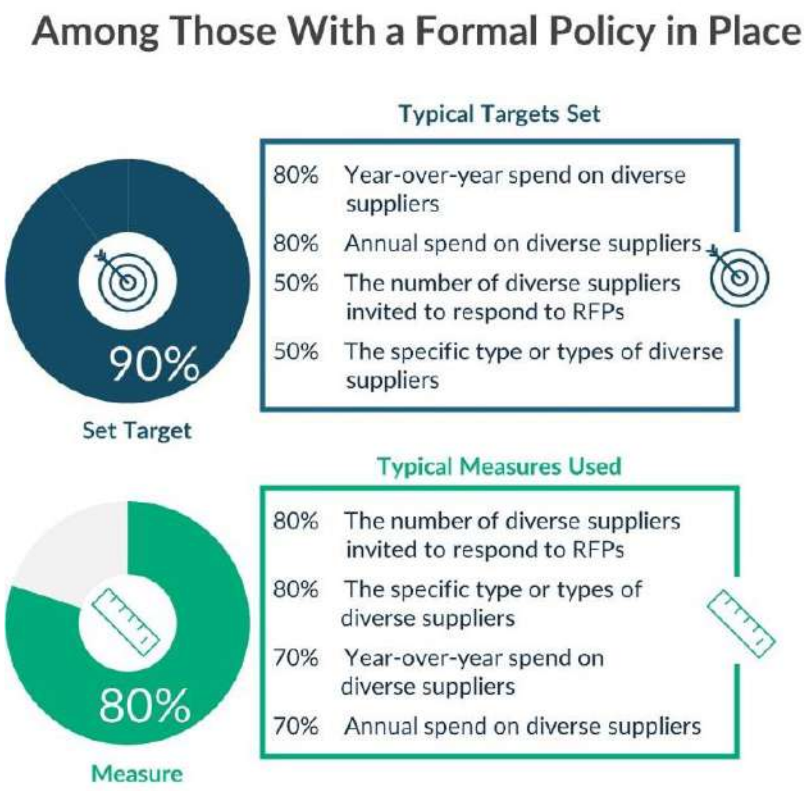
WBE corporate members report regularly working with, or sourcing work from, both certified and uncertified diverse suppliers. In fact, corporate members are as likely to source work from WBEs as they are with other certified diverse suppliers. Further, most also work with noncertified diverse suppliers.

As of early 2024, about half of corporate WBE members reported having a formal diversity procurement policy in place, while four in ten are currently working on the development of such a policy. In comparison, results from the other buyer research suggest that buyers who are not WBE corporate members typically do not have a formal policy in place, but rather have an internal 'directive' or commitment that they are working toward. For many, diversity programs are in their infancy, with soft goals and targets to increase spending each year from previous.



Almost all WBE corporate members with a formal diversity procurement policy in place, reportedly set some type of diversity targets (90%), and / or measure various diversity procurement actions (80%), although actions targeted vary slightly from those measured.

Across various actions, formal targets are most often set for year-over-year spending on diverse suppliers, and annual spend on diverse suppliers. While WBE corporate members with formal policies in place often measure the wide variety of supplier types they use, they are less likely to set targets for either the number of diverse suppliers invited to respond to RFPs or the specific type of types of diverse suppliers sourced.



At the same time, looking at measures, WBE corporate members with formal diversity policies in place are more likely to measure the **number of diverse suppliers invited to respond to RFPs** or the **specific type of types of diverse suppliers sourced** rather than the year-over-year spend on diverse suppliers, or their annual spend on diverse suppliers. When asked what types of diverse suppliers they set targets for or measure, findings suggest that formal targets are more limited by comparison to measures (e.g., primarily setting targets for Indigenous, women-owned and accessibility/disability suppliers, while measuring most types of diverse suppliers).

Industry Associations / Diversity Councils

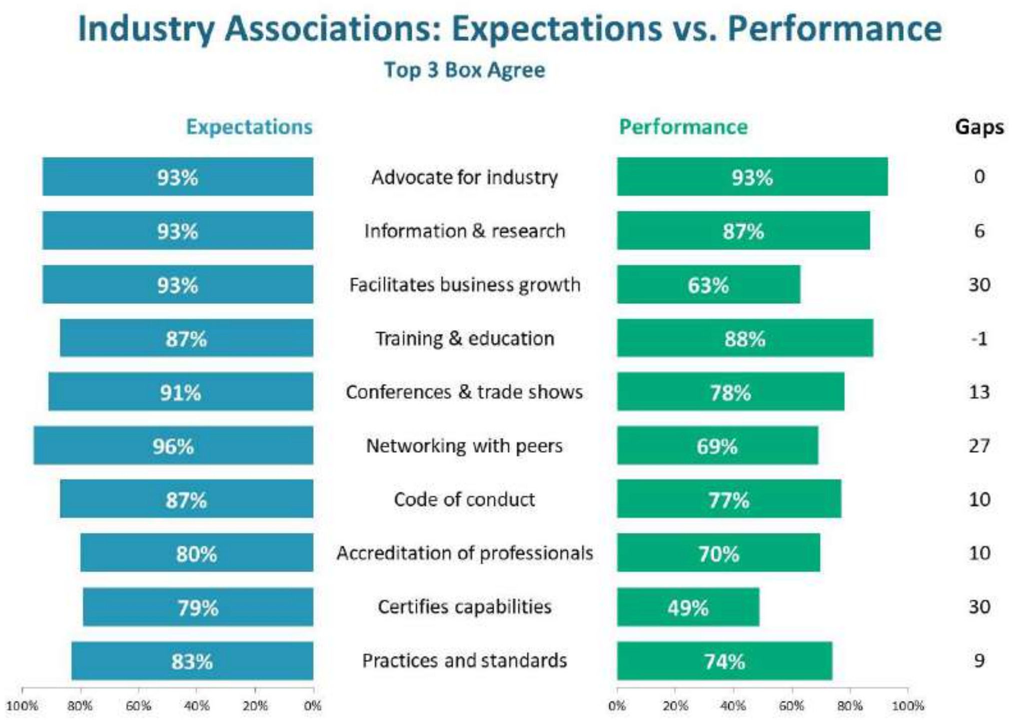
While the expectations of industry associations and diversity councils are high, suppliers' needs are not fully met in several key areas.

As part of the online survey, suppliers were asked about their expectations of both industry associations and diversity councils in terms of the roles, responsibilities and services offered. Subsequently, they were asked to assess how their industry association or diversity council performed on these same factors, using a seven-point agreement scale, whereby 7 was 'strongly agree' and 1 was 'strongly disagree'.

Industry Associations

Suppliers have clear expectations of their industry association and generally place the greatest priority on ***industry advocacy***, ***access to useful information & research***, ***networking support***, and ***facilitation of business growth***. That said, results show that industry associations often fall short of meeting supplier expectations, particularly in relation to ***certifying capabilities*** and ***facilitation of business growth.***

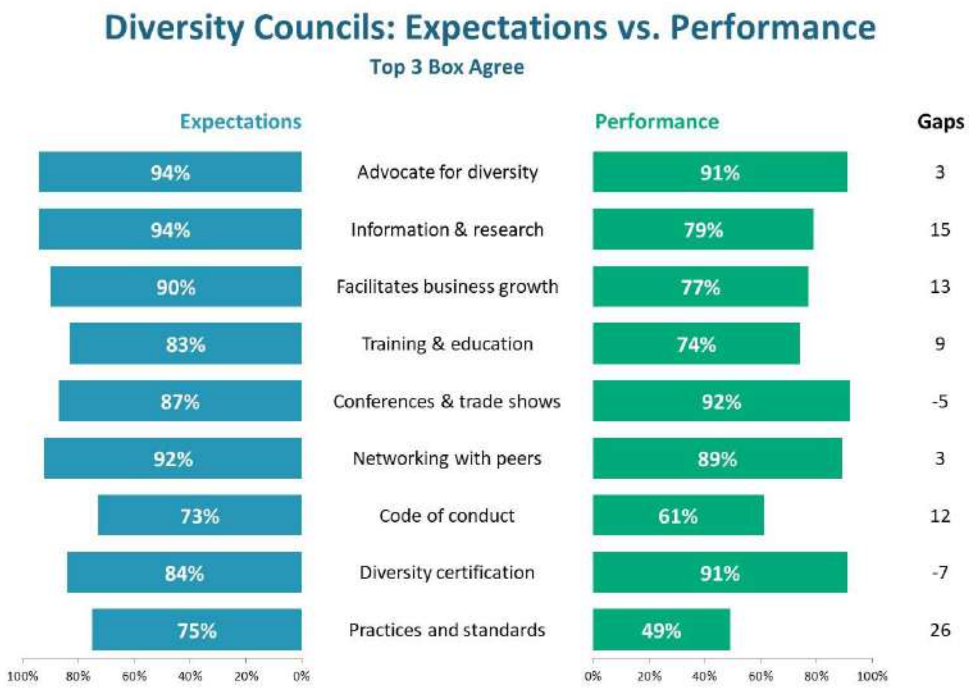
The following visual provides an overview of suppliers' expectations of industry associations and perceptions of how industry associations actually perform on several key factors. As noted below, gaps between expectations and performance are most evident in terms of facilitating business growth, certifying capabilities and networking with peers. By contrast, industry associations generally meet expectations with regards to advocacy, training & education, standards and information & research provision.



Diversity Councils

Similar to results for industry associations, expectations of diversity councils typically center around ***advocacy for diversity***, ***access to useful information & research***, ***networking support***, and ***facilitation of business growth,*** and performance in these areas generally align with expectations. Of note, performance in relation to diversity certification exceeds expectations.

Gaps in performance are most evident in relation to the ***development of practices and standards***, the provision of ***information & research***, and ***facilitating business growth,*** suggesting that suppliers desire more efforts from diversity councils in these areas.



Direction

WBE Canada's Fast Track to Supply Chains Initiative indicates that further efforts are needed to expedite diversity in the supply chain. As WBE Canada looks to progress supply chain diversity inclusion, results suggest the following should be considered.

1. Increased advocacy is required to build supplier diversity within the supply chain.

Findings highlight that much work is needed to expand corporate buyers' commitment to supplier diversity. While some corporate buyers have a formal diversity policy in place, most do not. Corporate actions are primarily focused on information gathering and process development, whereby many buyers are attending conferences on the topic of diversity, educating procurement staff and managers on the topic, and establishing guidelines for consideration. Efforts are needed to move the topic of diversity in procurement from a conceptual discussion to a more formalized practice, whereby diversity is aligned with concrete, measurable actions.

Several actions would provide guidance during this time of transitional change, including:

- **Advocacy of the importance and benefits of implementing diversity procurement policies** to buyers, while recognizing the priority buyers must place on supplier capability and capacity.

- **Provision of buyer training and educational opportunities** on how to successfully formalize and implement diversity procurement policies. This could include 'best in class' guidelines on what such policies should include, what measures of success would entail, how to introduce a diversity procurement policy within an organization, and how to establish buy in and acceptance among corporate decision makers.

- **Ensure the WBE database is easily actionable and well aligned** to meet corporate members procurement needs when searching for diverse suppliers. The provision of additional search attributes, keeping the database up to date, and highlighting changes in certification, capabilities, and credentials will ease buyers' search for diverse suppliers.

2. Efforts are needed to expand WBE suppliers' preparedness.

Findings suggest that women-owned businesses face several challenges in being awarded contracts, most notably not having the scope and breadth of experiences that best align with buyers' needs. Given that many of these businesses are unable to meet the capacity and capability needs of large corporate buyers, key actions that may help increase preparedness, include:

- **Development of a guide or checklist** for WBEs to confirm if they are ready to be a supplier to larger corporates. This would include information on or validation of key requirements (e.g., risk compliance, insurance, etc.) that are typically necessary for onboarding as a supplier and what is involved in achieving the same.

- **Facilitate potential partnership opportunities** with other certified diverse suppliers, where applicable, as a way to expand experience and capabilities on specific portfolios.

- **Educate suppliers** on the importance of registering on bid websites to increase chances of bid opportunities, how to navigate e-bidding systems, as well as RFP response preparation. Highlighting what buyers consider important is key in guiding a suppliers' bid preparation.

- **Continue to provide and enhance supports and educational tools for WBEs** that are user friendly and guide sound business practices and standards. This will direct WBEs continued business growth and development.

- **Counsel WBEs on how to pitch their business to buyers**, and where their focus should be (i.e., focussing on capabilities and what differentiates them from their peers), while also preparing suppliers for insurance, risk and competitive pricing factors.

- **Develop a mentorship program** that provides women-owned businesses with access to women mentors.

- **Understand the distinct types of WBE suppliers and how their needs vary**. By segmenting WBEs, WBE Canada can better understand WBEs and ensure it is best aligned to meet their varying needs.

- **Increase WBE networking opportunities** to support better alignment between the skills and offerings of suppliers and the needs of corporate members.

- **Explore opportunities to bring decision makers to matchmaker tables**, not just those operating within procurement as a way to encourage diversity within the supply chain.

These efforts will help ensure that WBEs that are ready to be a supplier to larger corporates are well positioned for increased success / business growth, and those that are not will further develop skills and abilities to help position them for future success. These efforts should also increase the value of diversity certification to WBEs and aid in WBE retention.

3. Examine opportunities for constructive collaboration with other diversity councils.

Diversity practices do not include a singular focus. Indeed, when buyers are looking for diverse suppliers, they view diversity from multiple lens, including women-owned businesses, Indigenous businesses, 2SLGBTQ+, those living with a disability, visible minorities, and veterans. Despite the fact that federal government diversity requirements are currently limited to Indigenous-owned businesses, there is an evident commitment, albeit not a requirement, to be more inclusive of a wider range of diversity in the supply chain.

This suggests that WBE Canada would be well served to work collaboratively with other diversity councils as it works to expedite transitional change for diversity in procurement.