

Supply Chain based on Innovation

**Cuarto Taller de la Red de Proyectos de Integración
productiva entre
PyMEs en América Latina y el Caribe**

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Building a Community of Diverse Suppliers



Supplier Diversity Program

Increases IBM 's opportunity to:

- generate new ideas
- apply different approaches
- gain access to additional solutions that responds to customers needs



Supplier Diversity Program

Keyword: COLLABORATION

- Collaboration helps IBM to deliver innovation, quality products, and gain access to additional solutions that respond to customer needs.



Supplier Diversity Program

- Expands purchasing opportunities for business owned and operated by minorities.
- Increases opportunities for **small** and **medium** businesses, as well as **not-for-profit** institutions led by minorities.



Supplier Diversity Program

- IBM's commitment to supplier diversity is an initiative pursued with vigilance and zeal: it is part of IBM 's heritage, business plan, and **future**.



Supplier Diversity Program

- **Collaboration** helps IBM to deliver **world-class service** to a **growing global marketplace** characterized by **an eclectic array of cultures** in near and far-reaching populations.



Supplier Diversity Program

Background

- Commitment demonstrated by IBM's rich corporate history
- 1968 – IBM Minority Supplier Development Program (started in the US).
- Billions of dollars of business with its diverse suppliers businesses



Supplier Diversity Program

Background:

- 2000 – IBM became the **first** Information Technology company to purchase more than \$ 1 billion with diverse businesses
- Since 1974, IBM has actively participated at the National Minority Supplier Development Council (NMSDC) and its regional councils in the US.



Supplier Diversity Program

Corporate Leadership:

- IBM recognizes a diverse supplier base is integral to its corporate objectives and strategic imperatives- solidifying the connection between customer satisfaction and winning in the marketplace.

IBM is focusing on fostering **small** and **medium** businesses growth through several policies and resources made available to suppliers.



Supplier Diversity Program

Resources:

- IBM's **Global Procurement organization** and one of it's key elements: the **Global Supplier Diversity department**.
- IBM's **Corporate Community Relations** organization and one of it's key global initiatives: **IBM On Demand Community**.
- **IBMers** (employees and retirees)



Supplier Diversity Program

Resources:

IBM Global Supplier Diversity department
provides:

- Functional guidance and support to all business units and ensures commonality of purpose and direction toward reaching supplier diversity goals
- Attainment of supplier diversity goals are a personal performance measurement for employees across procurement



Supplier Diversity Program

Resources:

- IBM invests significantly in its supplier diversity initiatives each year.
- Funding is made available for outreach event sponsorship and attendance. Scholarship programs, mentor programs, and technology loans



Supplier Diversity Program

Strategies:

- IBM's **Global Supplier Diversity** initiatives create business opportunities for diverse suppliers in all areas of IBM's procurement
- These initiatives are centrally driven with the support of all business units and geographic locations.



Supplier Diversity Program

Supplier Development:

IBM has a variety of business and technical resources dedicated to the **development** of its diverse suppliers. These programs include:

- Education
- External Sponsored Mentor/ Protégé Programs
- Regional Town Meetings
- NMSDC's Corporate Program



Supplier Diversity Program

Global Expansion:

- Suppliers Facility Surveys
- Performance Feedback
- Equipment Loans
- IBM Commercial Financing
- Specialized Small Business Investment Companies



Supplier Diversity Program

2004

- IBM's **Supply Chain Social Responsibility program**, which formalizes a number of past initiatives into a comprehensive plan that will be implemented globally, was launched
- IBM's **Supplier Conduct Principles**, which outline the requirements for doing business with IBM and are embedded in its supplier selection process, were announced



IBM Supplier Conduct Principles

Minimum standards required for conducting business with IBM:

- NO Forced or Involuntary Labor
- NO Child Labor
- FAIR Wages and Benefits
- FAIR Working Hours
- NONdiscrimination in hiring/ employment practices
- Respect and Dignity (NO coercion or harassment)
- Health and Safety Work Environment
- Protection of the Environment
- Laws and Regulations (in all locations)



Supplier Diversity Program

- **Supplier Interactions:**

- Procurement team is responsible for enhancing IBM's competitiveness by engaging suppliers to provide competitive advantage in cost, technology, innovation, speed to market, quality and supply assurance.

This responsibility includes: supplier selection, negotiation of price, terms and conditions, contract implementation and ongoing supplier management.



Supplier Diversity Program

- **Supplier Interactions:**

- Corporate Community Relations (CCR) team is responsible for identifying not-for-profits institutions which qualify for the Supplier Diversity Program and for supporting their engagement in the program

IBM CCR team is also developing social projects in partnership with Supplier Diversity program members in their local communities.



Supplier Diversity Program

- **Supply Chain Social Responsibility:**

- Core to **IBM's Supply Chain Social Responsibility program** is the establishment of a set of supplier conduct principles, which outlines the requirements for doing business with IBM.

- IBM works with its suppliers, as appropriate, to achieve **compliance** with these principles.

- It is expected that IBM suppliers will apply not only in their **own** companies, but to their extended sources of supply engaged in the production of goods and services



Supplier Diversity Program

- **Supply Chain Social Responsibility:**
 - IBM is using the services of an independent party to review supplier facilities and to report to IBM on supplier compliance with these principles.

Supplier Diversity Program

•Supplier Diversity:

- IBM is committed to increasing diversity in its supply chain. The supplier Diversity Program fulfills a corporate policy through our commitment to expand relationships with certified minorities owned, woman-owned, persons with disabilities and gays and lesbian firms. Each Global commodity Council has a diversity advocate assigned by the corporate supplier diversity manager.



Supplier Diversity Program

Certification Process

The **Supplier Diversity Certification** process helps to ensure that targeted diverse companies are certified minority, women, disabled and/or small and disadvantage businesses.



Supplier Diversity Program

Certification Process

- Minority owned businesses are defined as being at least 51% owned and controlled by one or more individuals from a minority group or is “minority controlled” by 33% of its voting stock, board of directors and management.
- In Latin America, certification is still an issue. IBM is working with local organizations such as Integrare to support supplier certification process.



Supplier Diversity Program

•E-procurement:

- IBM's e-procurement processes are an integral part of our optimized end-to-end supply chain.
- Global Procurement employs a suite of e-business applications to streamline the procurement process by sharing supply chain information and by fostering electronic commerce and communication.
- Efficiencies realized by this process help IBM and its suppliers to reduce overall costs and communication and administrative workload.



Supplier Diversity Program

- **E-procurement:**

- IBM defines e-procurement as:

- The acquisition of goods and services using the internet and new technologies to facilitate a seamless, end to end stream of strategic procurement activities by connecting buyers with suppliers.

- The inclusion of tools and business intelligence systems that enable improved responsiveness and analysis within the supply chain

- The linkages between suppliers and internal systems across the supply chain (Key for small companies)



Supplier Diversity Program

Latin America Background:

- 2003 - IBM's Brazil general manager, Rogério Oliveira, was invited to lead the **Integrare** Board Committee, a Brazilian not-for-profit organization focused on promoting diverse suppliers in the local community. (ODC volunteer)

Integrare is a not-for-profit institution focused on small and medium businesses led by minorities.
(São Paulo, Brazil/ 1999)



Supplier Diversity Program

Integrare's Operation:

- Engage corporate members and support their programs
- Identify and certify minority suppliers
- Support certified suppliers' business capacity/development
- Promote business opportunities matching associated corporate members and certified suppliers



Supplier Diversity Program

Integrare's Operation:

- Interact with social and governmental entities and opinion makers
- Lead and influence the supplier diversity subject discussion in the country

Supplier Diversity Program

Benefits to Minority Business Enterprises Associated to Integrate

- Business opportunities with large corporations
 - Company development
 - Increase competitiveness
 - Increase clients portfolio
 - Greater exposure = more opportunities



Supplier Diversity Program

Benefits for Integrate's Corporate Members:

- Delivers cost-competitive, flexible and efficient suppliers
- Achieves stakeholders' (customers, suppliers, employees, partners, governmental/public entities, opinion makers, etc) expectations for diversity spending
- Creates jobs, builds wealth, and expands market-share into diversity communities (large and emerging market segments)



Supplier Diversity Program

Benefits for Integrate's Corporate Members:

- Increases Corporation's positive visibility
- Demonstrates Leadership and Global Corporate Governance



Some Corporate Members and Supporters:



Supplier Diversity Program

Integrare's Key Challenges:

- Business capacity and quality building – Suppliers
- Support program rollout and implementation among corporate members
- Increase business transactions results and reporting
- Public policies support for supplier development program



Supplier Diversity Program

Integrare's Key Challenges:

- Generate market and academic research
- Improve systems and processes for supplier certification
- Expand to other states and regions
- Enhance Integrare's awareness



For more information please visit:

www.ibm.com

www.integrare.org.br

Thank you!

