THE STATE OF WBE CERTIFICATION IN CANADA

THE SUPPLIERS' PERSPECTIVE

Paul D. Larson, Ph.D., CN Professor of SCM, University of Manitoba
Jack D. Kulchitsky, Ph.D., Senior Instructor in Marketing, University of Calgary
Silvia Pencak, M.A., President, WBE Canada

About University of Manitoba

The University of Manitoba is western Canada's first university, established in 1877. Its campus is situated on original lands of Anishinaabeg, Cree, Oji-Cree, Dakota and Dene peoples, and on the homeland of the Métis Nation. It is Manitoba's only research-intensive university, and one of Canada's top research institutions. The University serves more than 29,000 undergraduate and graduate students. From 2006-2009, its supply chain management department developed and wrote a new C.P.P. curriculum for the Purchasing Management Association of Canada (PMAC). Since then, the C.P.P. has been re-labeled SCMP, and PMAC is now Supply Chain Canada.

About University of Calgary

Established in 1944 as the Calgary campus of the University of Alberta, the University of Calgary was instituted into a separate autonomous university in 1966. Situated near the Bow River on the traditional territories of the people of Treaty 7 region of southern Alberta, the campus hosts 14 faculties, 55 departments, and 85 research institutes and centers. Twelve research centres are hosted within the Haskayne School of Business including the Canadian Centre for Advanced Leadership in Business, the Hunter Center for Entrepreneurship and Innovation, and the Canadian Centre for Advanced Supply Chain Management and Logistics.

About WBE Canada

Women Business Enterprises Canada Council (WBE Canada) is a Canadian non profit organization with a mission to empower Canadian Women Business Enterprises (WBEs) with equal access to corporate and public procurement. Our role is to certify, promote and develop women-owned businesses while also supporting our Corporate Member community with the access to a pool of business-ready suppliers. Since 2009 we've been certifying businesses that are 51% or more owned, managed and controlled by women and connecting them to supply chains. We also work closely with our Member organizations to help them develop effective and impactful supplier diversity programs. More information at WBECanada.ca.

Typeset & design by WBE Canada

Published June 2021

Access the report at: https://wbecanada.ca/research/WBEcertification2021

CONTENTS

INTRODUCTION

As of December 2019, there were an estimated 1,226,454 businesses based in Canada. Nearly 74 percent of them were quite small, with only between one and nine employees (ISEDC 2020). In 2017, 63.5 percent of Canadian small and medium-sized enterprises (SMEs) were majority owned by men, 15.6 percent were owned by women, and 20.9 percent were equally owned by men and women. By definition, SMEs employ between 1 and 499 people (Huang 2020). Greater than 92 percent of SMEs majority owned by women have fewer than 20 employees (Cukier et al. 2020). In 2018, women accounted for 38% of self-employed Canadians.

During the last year, it has become clear that the COVID-19 pandemic has been especially hard on Canadian firms with less than 20 employees, particularly those in service-producing sectors. The pandemic is also exacerbating structural inequalities, with women facing disproportionate levels of unemployment while performing more than their fair share of unpaid child care, elder care and household duties.

In the midst of this pandemic, mostly during October 2020, a survey on supplier diversity (SD) in Canada was conducted, with special focus on suppliers that are majority owned by women. In general, SD extends internal diversity and inclusion (D&I) into the upstream supply chain. It offers firms owned, managed and operated by diverse groups of people (i.e. Indigenous Peoples, LGBTQ+ people, people with disabilities, veterans, visible minorities and/or women) equal opportunity to become suppliers of goods and services.

Approximately 300 WBE-certified suppliers were sent invitations to complete the on-line questionnaire. Of the respondents, 72 confirmed their WBE certification. Thus, the response rate among WBE-certified suppliers is about 24 percent. Invitations were also sent to a much larger list of non-certified suppliers, government agencies, non-profits and media organizations. The response rate from this larger group was considerably smaller.

A total of 143 potential respondents accessed the supplier survey link. Thirteen of them did not respond to any of the questions and were removed from the dataset. Thus, this report is based on 130 complete and partial responses.

LITERATURE REVIEW

Like Larson (2012), Bateman et al. (2020) trace the roots of supplier diversity (SD) to the American civil rights movement in the 1960s. They suggest that SD programs are "more important than ever," due to growing awareness of systemic racism in the United States and elsewhere. SD can be linked to an organization's moral and ethical standards, while creating economic opportunities for business people from disadvantaged communities. Bateman et al. (2020) also recognize a business case for SD, by fostering competition and broadening the supply base, SD can lead to better quality and lower cost purchasing decisions. However, they also argue that "too few companies have (SD programs) and many of those who do have allowed their initiatives to become token gestures."

Several years earlier, Robinson (2016) asked: "Does Supplier Diversity Really Matter?" He asserts that organizations need a diverse supplier base to be considered "innovative, responsive, and cost-effective." More than 99 percent of American companies are "small businesses" – and more than half of these firms are owned by women and/or people identified as minorities. While women- and minority-owned firms account for over 50 percent of American businesses, they command only about 6 percent of total revenues (Robinson 2016).

Most of the research literature on SD focuses on the buyer side of the equation (e.g. Larson 2012; Larson et al. 2016). In a rare, supplier focused study, Krause et al. (1999) examine the perspectives of minority-owned suppliers (companies 51 percent or more owned by a minority person such as Black, Hispanic, Native American or Asian-Pacific American) about their relationships with a large American industrial manufacturing firm with a well-established supplier development program. From the 210 companies in their sampling frame, 89 responses were received, yielding a 47 percent response rate. Duration of the buyer-supplier relationship (with < 9 years considered "short" and > 9 years considered "long") had no effect on SD benefits and barriers.

Suppliers were further classified as either small (sales < \$10 million) or large (sales > \$10 million) and as either of low or high dependence on the buyer. If < 20 percent of a supplier's sales were with the large buyer, that supplier's dependence was deemed to be low. Dependence was termed "high" if more than 20 percent of the supplier's sales were with the buyer. Krause et al. (1999) found that larger and more dependent suppliers perceived SD programs to be more beneficial. On the other hand, smaller and less dependent suppliers faced greater communication and supply chain barriers (e.g. supplier reduction objectives of the buyer).

Most of the literature on SD has come from North America or the UK, with a focus largely on programs targeting visible minority-owned suppliers (e.g. Larson 2012), rather than women-owned suppliers. In addition, SD programs in Canada have mostly been initiated by large, private-sector buyers, as opposed to government agencies. However, this may be changing, as the federal government hosted its third Diversifying the Federal Supply Chain Summit March 23-25, 2021. The purpose of this summit is "to increase the diversity of federal government suppliers and raise awareness of the public and private sector programs that can help all gender identities, Indigenous Peoples, racialized people, persons with disabilities and other minority groups access federal contracting opportunities" (Canada 2021).

This report presents the results of a recent survey of primarily women-owned suppliers in Canada. It is unique in its focus on the supplier side of the fundamental buyer-supplier exchange relationship, from the perspective of women-owned suppliers.

RESULTS

This section of the report presents question-by-question results based on responses to the survey. It also includes additional selective statistical analysis of interesting inter-relationships among the data.

Q1. Is your business a diverse business, i.e. majority owned, managed and operated by a person or persons representing one or more of the groups listed below?

☐ Indigenous Peoples	☐ People with disabilities	☐ Visible minorities
☐ LGBT+ people	☐ Veterans	☐ Women

Yes: 128 / **No:** 1 – All respondents (except one) belong to one or more of the diversity groups.

Q2. Does your business have certification from any of the diversity councils listed below? (If your answer is no, please briefly explain why not and indicate whether you would consider obtaining certification, as a diverse supplier.)

- ☐ CAMSC – Canadian Aboriginal and Minority Supplier Council
- ☐ CCAB – Canadian Council for Aboriginal Business
- ☐ CGLCC – Canadian Gay & Lesbian Chamber of Commerce
- ☐ IWSCC – Inclusive Workplace and Supply Council of Canada
- ☐ WBE Canada – Women Business Enterprises Canada

Yes: 89 (69.5%) / **No:** 39 (30.5%) – A majority of survey respondents are certified by one or more of the diversity councils. Of the suppliers not certified, six reported being interested or in the process of becoming certified, three were unaware or unfamiliar with certification, and another three perceived diversity certification to be too expensive or not useful.

Following are several specific comments from the "interested" group:

> *"We would definitely be interested in all possible certifications"*
>
> *"I am in the process of applying for certification."*
>
> *"I am exploring obtaining certification from WBE."*
>
> *"Will obtain when business has been going for three years"*

And here are a couple of comments from the unaware group:

> *"Didn't even know of their existence or whether I qualify"*
>
> *"(I) never heard of WBE Canada until recently. Right now, I don't have any means to pay without knowing that it would bring me businesses."*

Q3. Please indicate which of the following Canadian certifications your business has. For each certification you have, indicate the extent to which you agree or disagree that the certification has met your expectations. Finally, please also feel free to briefly explain your ratings vis-à-vis expectations.

Certification	Frequency	Average rating*
CAMSC	4	3.00
CCAB	3	3.00
CGLCC	3	2.25
IWSCC	4	3.00
WBE Canada	72	2.45

**Rated from 1 to 4: 1 = expectations not met; 2 = partly met; 3 = fully met; 4 = exceeded*

On average, all five certifications were rated between expectations partly and fully met. Only WBE Canada was rated by more than four respondents. Regarding WBE Canada, the average rating (2.47) was in the middle of partly met and fully met.

Responding certified suppliers were also invited to explain their assessments of whether certification has met their expectations. The explanations offered fall into three categories: negative, positive, and unsure due to being newly certified. Here are selected comments from newly certified suppliers expressing uncertainty in their ratings:

> *"Just newly certified so not sure whether they've met my expectations yet"*
>
> *"Too soon to say"*
>
> *"We are new to WBE and have not been able to fully explore all of the benefits."*

Next, on a positive note, the following comments reveal ways WBE Canada is meeting expectations of its certified suppliers:

> *"We like the communication and efforts of the WBE."*
>
> *"(WBE) has provided opportunities that wouldn't have been possible otherwise"*
>
> *"Connecting with suppliers and other women-owned businesses has certainly exceeded my expectations."*
>
> *"Good amount of engagement with members both corporate and WBE"*

Finally, several other comments show how some suppliers feel their expectations are not being met. These explanations amplify the primary supplier goal of gaining new business, while recognizing the possible role of the pandemic on business opportunities. Such comments include the following:

> *"Our goal is to secure contracts with buyers. That hasn't happened yet."*
>
> *"Too many events; need to quit my regular job or hire someone to keep up"*
>
> *"Expectations not being fully met are more related to the impact of COVID on WBE events than specific to anything WBE has not done."*

Q4. Please rate the importance of the following motivators for your decision to certify.

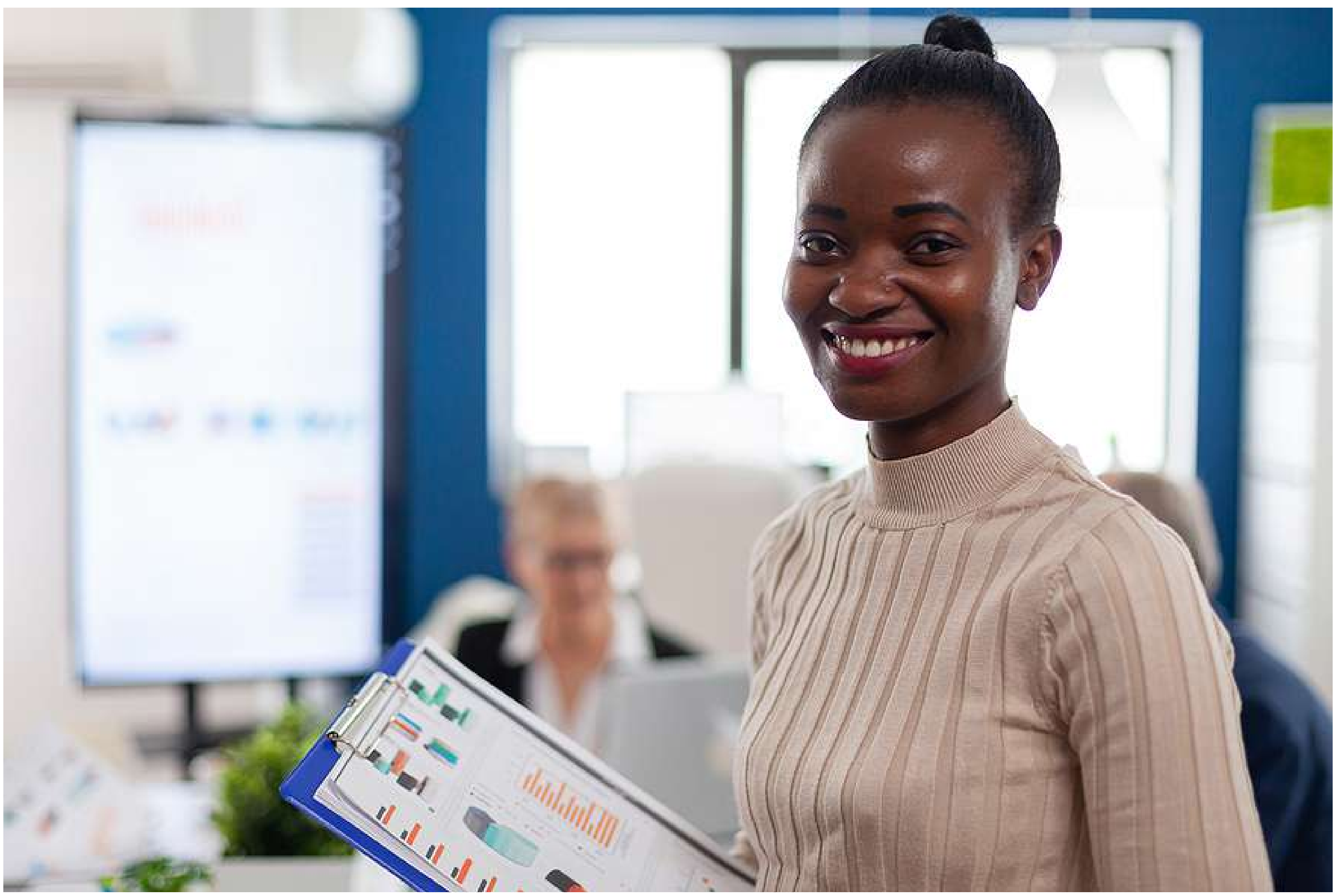
Motivator	Average rating*
To increase sales and profits	4.39
To gain access to large supply chains	4.27
To meet requirements of corporate or government buyers	3.94
To use as a marketing/promotional tool	3.81
To access the diversity network	3.77
To gain access to events	3.35
To support expansion into global markets	3.09
Recommendation of an advisor, mentor or other organization	2.94
Recommendation from another certified business	2.82
Our internal research into diversity certification	2.76
To access training opportunities	2.74

**Rated from 1 to 5: 1 = very low importance; 2 = low; 3 = medium; 4 = high; 5 = very high importance*

The two leading motivators to certify – to increase sales and profits and to gain access to large supply chains – are both rated between high and very high importance, on average. The next two motivators – to meet buyers' requirements and to use as a promotional tool – are also about gaining new business. On the other hand, access to training opportunities, along with recommendations from advisors, mentors or peers, are of relatively low importance as motivators to certify.

Survey respondents were invited to indicate other motivators not on the list above. They mentioned the following additional motivators:

> *"To create awareness, increase participation and help the government close the gaps by providing feedback via board and committee work."*
>
> *"To stave off erosion of current business by another minority supplier "*
>
> *"A U.S. client insisted"*
>
> *"To break the "Old Boys Club" establishment, dominated mostly by rich white men (not being discriminatory)"*
>
> *"To support the movement myself – this certification does nothing for me otherwise."*



The table below shows results of principal components analysis (PCA) of the eleven motivators. PCA is a statistical technique to determine whether a set of variables, such as these eleven motivators, can be explained by a smaller set of components or factors. Using the eigenvalue > 1.0 criterion, three factors are extracted from the eleven variables. Together, these three factors explain more than 65 percent of the total variance. For interpretation, motivators are assigned to components for which their loadings are > .50. (Loadings express the correlation between a variable and a component.)

Component 1 contains an assortment of items, spanning internal research into certification, mentor and peer recommendations, and perceived need for access to events and training. It could be interpreted as the "information gathering" factor. Component 2 can be interpreted as the "business growth" factor, since it is about increasing sales, gaining access and meeting buyer requirements. Note that these three items are also rated the three most important motivators (see previous table). Finally, component 3 clearly focuses on "networking and marketing."

Motivator	Component		
	1	2	3
To increase sales and profits		.818	
To gain access to large supply chains		.789	
To meet requirements of corporate or government buyers		.537	
To use as a marketing/promotional tool			.847
To access the diversity network			.768
To gain access to events	.540		
To support expansion into global markets	.759		
Recommendation of an advisor, mentor or other organization	.805		
Recommendation from another certified business	.694		
Our internal research into diversity certification	.655		
To access training opportunities	.750		

Q5. Please rate the value of each of the following benefits of certification for your company.

Benefits of certification	Average rating*
Networking with companies and/or government agencies	4.12
Being listed in supplier databases	4.03
Attaching our certificate to RFP responses	3.68
Networking with peers (i.e. other diverse suppliers)	3.52
Access to events and tradeshows	3.51
Peer-to-peer partnership opportunities	3.47
Supplier development/mentoring opportunities	3.18
Certification council support	3.17
Access to training and education	3.03
The advocacy work of the councils	3.03
Earning awards and recognition	2.54

**Rated from 1 to 5: 1 = very small benefits; 2 = small; 3 = moderate; 4 = large; 5 = very large benefits*

The top two perceived benefits of diversity certification are networking with private and public sector buyers and being listed in supplier databases. These are the only two benefits rated "large" or above, on average. Similar to the leading motivators, these benefits are about opportunities to do business. On the other hand, the lowest rated benefit is earning awards and recognition. All other possible benefits are rated between moderate (3) and large (4), on average.

Additional benefits mentioned by survey respondents

> *"Government policy changes to benefit WBE"*
>
> *"Tier one and tier two automotive diversity requirements"*
>
> *"Biggest benefit is easier access to market translating to higher profitability"*
>
> *"To promote to other people that I support diversity and that they should too"*
>
> *"Opportunity to have 1 on 1 business and strategy coaching"*

PCA is also used to further analyze the eleven benefits of certification. Two components emerge under the eigenvalue > 1.0 criterion, explaining over 61 percent of the total variance. The following table shows all factor loadings > .50. Component 1 appears to largely reflect benefits directly linked to the certification council, such as attaching the certificate to bids, council advocacy and support, and access to training. Component 2 is more about networking and other business benefits, e.g. being listed.

Benefits of certification	Component	
	1	2
Networking with companies and/or government agencies		.811
Being listed in supplier databases		.763
Attaching our certificate to RFP responses	.572	
Networking with peers (i.e. other diverse suppliers)		.785
Access to events and tradeshows		.559
Peer-to-peer partnership opportunities	.541	.612
Supplier development/mentoring opportunities	.785	
Certification council support	.739	
Access to training and education	.818	
The advocacy work of the councils	.730	
Earning awards and recognition	.515	

Q6. How much new business have you gained due to becoming certified?

Amount	Frequency	Percent
None	39	51.3
Small amount	31	40.8
Moderate	3	3.9
Large amount	3	3.9

Over 90 percent of the respondents report that they had gained either none or only a small amount of new business due to becoming diversity certified. This is in sharp contrast to the top-rated motivator for deciding to become certified: To increase sales and profits. On the other hand, nearly 49 percent of the certified suppliers had gained at least some new business since becoming certified.

Impact of Organizational Size and Length of Certification on New Business Gained

To assess the impact of organizational size on the amount of new business gained since certification, Q6 responses are collapsed into two categories: none (i.e. no new business) and some (any amount of new business). Q16 (see p. 19) responses are also collapsed into two categories: less than ten employees and ten or more employees. The following table reveals results of the new business gained by organizational size cross-tabulation.

New Business	Organizational Size*		Total
	Small	Large	
None	24	14	38
Some	12	25	37
Total	36	39	75

**small: < 10 employees; large: 10+ employees*

Computing Pearson Chi-Square (7.09; p-value = .008) confirms a significant relationship between the number of employees and amount of new business gained since certification. Note that 67 percent (24/36) of the small suppliers gained no new business since becoming certified. However, 64 percent (25/39) of the large suppliers report having gained some new business. It is evident that small suppliers face a greater challenge in realizing business growth after earning certification.

The next table shows a cross-tabulation of new business gained by number of years certified. At 13.44 (p-value = .004), Pearson Chi-Square confirms a significant link between duration of being certified and new business gained. While 79 percent of those suppliers certified for less than one year report no new business, 74 percent of suppliers certified for three to five years indicate gains of some new business. The percent of certified suppliers having gained new business starts at 21 percent for those certified less than one year, jumps to 53 percent for suppliers in the one or two year range, and rises further to 74 percent for suppliers certified for three to five years. This evidence suggests it tends to take suppliers several years of being certified to realize new business growth.

New Business	Duration (number of years certified)				Total
	<1	1 or 2	3 to 5	6 to 10	
None	19 (79%)	9 (47%)	6 (26%)	5 (50%)	39
Some	5 (21%)	10 (53%)	17 (74%)	5 (50%)	37
Total	24	19	23	10	76

Q7. For how long have you been certified?

Years	Frequency	Percent
Less than 1	24	31.6
1 or 2	19	25.0
3 to 5	23	30.3
6 to 10	10	13.2
More than 10	0	0.0

The duration for which respondents have been certified ranges from less than one year to six to ten years. None of the respondents have been certified for more than ten years.

The following table is a cross-tabulation of Q16 by Q7, showing the relationship between the size of a supplier and the number of years that supplier has been certified. A large majority (87 percent) of the suppliers certified less than one year are small. On the other hand, 70 percent of those certified for 3 to 5 years are large – and 100% of suppliers certified for 6 to 10 years – are large. While these results do not establish causality, it is reasonable to surmise that certification facilitates growth.

Organizational Size	Duration (number of years certified)				Total
	<1	1 or 2	3 to 5	6 to 10	
Small	20 (87%)	9 (47%)	7 (30%)	0	36
Large	3 (13%)	10 (53%)	16 (70%)	10 (100%)	39
Total	23	19	23	10	75

Q8. Would you recommend certification to other diverse businesses?

Recommend?	Frequency	Percent
Yes	73	96.1
No	3	3.9

An overwhelming portion of the respondents would recommend certification to their peers. Only four percent would not recommend certification to other diverse businesses. Respondents were also invited to briefly discuss why they would recommend certification to their peers. Following is a selection of some of the reasons given:

> *"It's important we create more awareness and increase participation to grow together."*
>
> *"Yes I would not only for the knowledge and opportunities that could arise but for the opportunity to also learn from others and build great friendships and share each other's ideas."*
>
> *"I would recommend certification as it can open doors with companies looking to meet diversity requirements. It also proves financial stability and provides credibility for your business."*
>
> *"The certification opens doors that otherwise wouldn't have been possible; however, we as businesses still need to tune into what the potential supplier needs and strive to meet their demand. The certification is not a guarantee that you'll have business growth."*
>
> *"While it hasn't yet led to new business, the hope is that it will if we keep participating."*
>
> *"It's been a learning experience and have let other women owned agencies know of WBE. I had not heard of it before. It's good to know there are certifications out there since we are moving into a world of being socially conscious."*

"The networking opportunities are second to none."

"Networking opportunities and the certification opens doors."

"Excellent for both learning from other businesses and from how to navigate a variety of procurement processes."

"Certification does open doors to new clients who consider supplier diversity and D&I in general to be of value to their company. Also, it's important that we all support one another on this journey."

"It's a great way to meet other divers businesses and larger suppliers."

Q9. As a diverse supplier, how would you rate your overall experience with corporate/government buying organizations?

Rating	Frequency	Percent
Excellent	3	2.8
Good	25	23.6
Mixed	33	31.1
Fair	16	15.1
Bad	21	19.8
No response	8	7.5

The respondents report a wide range of experiences with corporate and government buying organizations. While 26.4 percent of the respondents report good or excellent experiences with buying organizations, 34.9 percent report fair or bad experiences. Another 31.1 percent of the respondents had "mixed" experiences.

Q10. Please describe the biggest barrier for your business in accessing large buyers/supply chains.

Several themes emerge from respondents' comments about barriers to access. Not surprisingly, the most common barrier is "access," though not necessarily access to buying organizations but rather access to the right person, the actual decision maker. Following are several comments that express this barrier:

> *"Failure to have the introductions to TRUE decision-makers facilitated"*
>
> *"The actual buyers are not involved in WBE only the purchasing departments – they have limited ability to impact decision making."*
>
> *"Getting access beyond supplier diversity members"*
>
> *"Finding the right individual to speak with"*

"The second most common theme is about "bureaucracy" as a barrier, i.e. the administrative effort required to get in the game by responding to RFPs or submitting bids for business. A selection of such comments follows:

> *"The amount of paperwork involved for possibly no return"*
>
> *"The time it takes, the layers to decision making and red tape"*
>
> *"Bureaucratic, obstacle focused rather than solution oriented"*
>
> *"It's time consuming registering on large buyer's sites and submitting RFPs. We have to weigh the time involved with accessing business from smaller organizations."*

The third most frequently mentioned barrier confirms the prior finding that "size matters." This barrier is exemplified by comments such as:

> *"Our size, and the fact that we are not always visible, many buyers still don't know we exist and still can't seem to find a way to include us, various factors still knock us out of the competition."*
>
> *"Being noticed and included over larger orgs with similar services"*
>
> *"They don't take risks with new/smaller suppliers, and prefer to pay more for suppliers they "know""*
>
> *"Our business size; we (are) small and I sensed from conversations with potential buyers that might be an issue"*

Two other notable barriers are the "incumbency problem" and lack of awareness or appreciation of diversity by the buying organization. Buyers often have established relationships with incumbent suppliers, making it very difficult for alternative suppliers to get their foot in the door. The following comments express these barriers:

> *"Many of the buyers already have their purchasing relationships in place, hard to crack that."*
>
> *"They already have a supplier in our space."*
>
> *"Some buyers just don't care or don't understand the importance of having a diverse supply chain"""*
>
> *"… buyers do not know how important SD is for the economy"*

Q11. In your opinion, which Canadian company has the best SD program -- and why?

The most common response to this question, made by 36 suppliers, is "I don't know" or "I'm not sure." However, several SD programs are recognized as "the best" by the respondents. These organizations received more than one vote as having the best SD program in Canada:

Bank of Montreal (BMO) – 5 votes

Royal Bank of Canada (RBC) – 4 votes

City of Toronto – 3 votes

Telus and Wal-Mart Canada – 2 votes each

In addition, the following organizations each received a single vote as having the best SD program in Canada: Toronto-Dominion Bank (TD), Industrial and Commercial Bank of China (ICBC), Accenture, Ernst and Young, Kellogg's, Staples and Toyota Canada.

Q12. Please estimate the percent of your revenues coming from the following types of buyers. (The total should be 100 percent)

Type of buyer	Average Percent
Large corporations	41.7
Government agencies	14.5
Diversity-certified firms	4.6
All other buyers	39.2

At 41.7 percent, the largest source of sales revenue for the survey respondents is the large corporations. A much lower share of revenues comes from government agencies.

Q13. Next, estimate the percent of RFPs you see that include your diversity group among the criteria.

On average, 13.1 percent of the RFPs viewed by the respondents include their diversity group's criteria (e.g. gender or visible minority).

Q14. Where is headquarters for your organization? (Please indicate city and country)

City	Frequency
Toronto	32
Montreal	8
Vancourver	8
Mississauga	7
Ottawa	7
Halifax	3
Winnipeg	3
Other Ontario	16+

Most of the survey respondents are Ontarians. While 32 of the respondents are based in Toronto, seven are based in Mississauga with another seven based in Ottawa. An additional 16 respondents are based elsewhere in Ontario. Montreal is home to eight respondents, as is Vancouver.

Q15. For how long has your business been in operation?

Duration	Frequency	Percent
Less than 1	3	2.9
1 or 2	10	9.6
3 to 5	14	13.5
6 to 10	18	17.3
11 to 20	25	24.0
More than 20	34	32.7

Nearly one-third of the respondents have been in business for more than 20 years. The other two-thirds range from less than one year to 20 years in business.

Q16. How many employees do you have, not counting yourself?

Employees	Frequency	Percent
None, it's just me	14	13.5
1 to 4	26	25.0
5 to 9	14	13.5
10 to 99	44	42.3
100 to 499	5	4.8
500 or more	1	1.0

In terms of number of employees, respondent firms range from one-person operations to one company with 500 or more employees. The most common number of employees is 10 to 99, followed by 1 to 4 employees.

Q17. Please estimate your annual business revenue (in Canadian $), using the following ranges:

Revenue	Frequency	Percent
Less than $500,000	31	30.1
$500,000 to $999,999	16	15.5
$1 million to $4,999,999	25	24.3
$5 million to $9,999,999	7	6.8
$10 million to $49,999,999	11	10.7
$50 million or more	3	2.9
I prefer not to answer	10	9.7

Respondent firms span a wide range of annual revenues, from less than $500,000 to $50 million or more. The most prevalent size of respondents is less than $500,000 of annual revenue, followed by $1 million to $4,999,999.

Q18. Select the category that best describes the industry or sector your organization operates in.

Industry	Frequency	Percent
Business/Professional Services	36	35.6
Information Technology	9	8.9
Manufacturing	7	6.9
Retail or Wholesale Trade	7	6.9
Chemical and Pharmaceutical	3	3.0
Construction	3	3.0
Transportation/Warehousing	3	3.0
Travel and Tourism	3	3.0
Education	2	2.0
Health/Social Services	2	2.0
Purchasing/SCM Consulting	2	2.0
Entertaining or Publishing	1	1.0
Hospitality/Recreational	1	1.0
Other	22	21.8

The largest industrial category of respondent organizations is "business/professional services" at 35.6 percent. In addition, it appears that many of the "other" industry responses (see below) could be classified as business/professional services, e.g. staffing, marketing, coaching and legal support.

Other responses: Recruitment & Staffing; Marketing/Promotion; Promotional and Incentive; Relocation Management and Recoveries Management; Marketing and Communication; Executive Coaching; Automotive, PPE; marketing & Communication; Photography / Video / CGI; Innovation Strategy and Marketing; Staffing, Human Resources; Advertising/Marketing; Manufacturing & Retail/Wholesale Trade; CX/Mystery Shopping Services; Training; Private Investigations, Legal Support, Surveillance; Medical Devices; Coaching for Mindfulness, Creativity and Mental Health; Industrial Cleaning and Facilities Maintenance Services; Design, Manufacture, Infection Prevention & Control Communications; Marketing; Law Firm

Q19. Finally, in the space below, please also share any additional comments or questions you have about the survey or supplier diversity. In your opinion, what is needed to advance SD in the future?

A total of 50 comments addressed the question: “What is needed to advance SD in the future?”

The most frequent comments relate to **corporate and government commitment**. The respondents believe there is need for more visibility/transparency and larger corporations have a responsibility to take the lead in support of SD. There is a belief that some CEOs are not taking the lead while others support the initiative but fail to spread it throughout their organizations. There was a suggestion that commitment to SD could be measured and corporations could be held accountable. Other suppliers believe the government should take the lead through public policy and financing. The specific comments on “what is needed” include the following:

> *“More visibility and more large corporations to support SD, particularly through direction of their spends.”*
>
> *“More public policy pressure; government procurement must be forced to spend a minimum of 10% through real diversity”*
>
> *“A corporate commitment that is measured, to which the organizations are accountable”*
>
> *“Assistance from federal government to facilitate procurement opportunities and financing”*
>
> *“It’s often a “nice to do” but not mandated by the CEOs of major corporations.”*

The next most frequent comments identify the need for advertising/**promoting the importance** of SD certification. The respondents believe organizations need to be made aware of the importance of the value of diversity and inclusion and the resulting benefits to the economy. Advertising is advocated to educate existing clients, find new opportunities, and inform the general population. Here are several examples of such comments:

> *“Awareness of SD benefits for our economy; more organizations understanding the value of inclusion and diversity; supplier diversity programs need to be promoted/marketed more”*
>
> *“Marketing the importance of SD to other industries: natural resources, professional services, retail, entertainment, etc.”*
>
> *“I think there should be more lobbying for governments, on all levels, and educating buyers of large corporations to connect with diverse suppliers.”*
>
> *“Most important is keep sharing; let your clients and new opportunities know you are SD”*
>
> *“The concept of diverse suppliers and diversity programs need to be in the forefront of businesses and government. Ideally an advertising campaign would help the population at large understand what it is all about. I think the individual groups are doing a great job but now we need more exposure to the rest of the country. I still meet people who work for the corporates who have a diversity spend program, who do not know about it or what it means.”*

There is a belief among many respondents that organizations must **embed inclusion within supply chain** processes. Procurement has the responsibility to bring the right stakeholders to the table, and needs to be held accountable for making the appropriate introductions. Some suppliers suggest more rigorous and sophisticated methods for inclusion in the bidding process; others favor simplifying processes and encouraging smaller businesses to participate. Several relevant comments follow:

> *"A more rigorous and sophistication method for inclusion in the bidding process"*
>
> *"Less hoops, more direct connections"*
>
> *"Simplify procurement processes and actively encourage smaller businesses to apply."*
>
> *"Procurement needs to be held accountable to making the appropriate introductions. They don't mean that business is guaranteed, but an introduction should be."*
>
> *"Finding a way for corporation to integrate SD in their supply chain"*

Finally, respondents feel the certification councils must continue to take a leading role in the growth of SD. Suggestions include a simplified application process, boot camps for new and interested members, and increased awareness. Emphasis was placed on the need to promote communication and facilitate connections with decision makers particularly in small businesses. A few comments on possible council actions follow:

> *"Make it easy and less time consuming. I attended an event and started the process; however, I did not have a week where I could dedicate to the application."*
>
> *"Maybe a boot camp for new or interested members that helps to get our presentations/planning ready to meet/deal with the corporates. Helping us start with a level of professionalism."*
>
> *"More communication to certified and uncertified women organizations, yearly "onboarding" draws to promote awareness."*
>
> *"Connect with small businesses like us"*

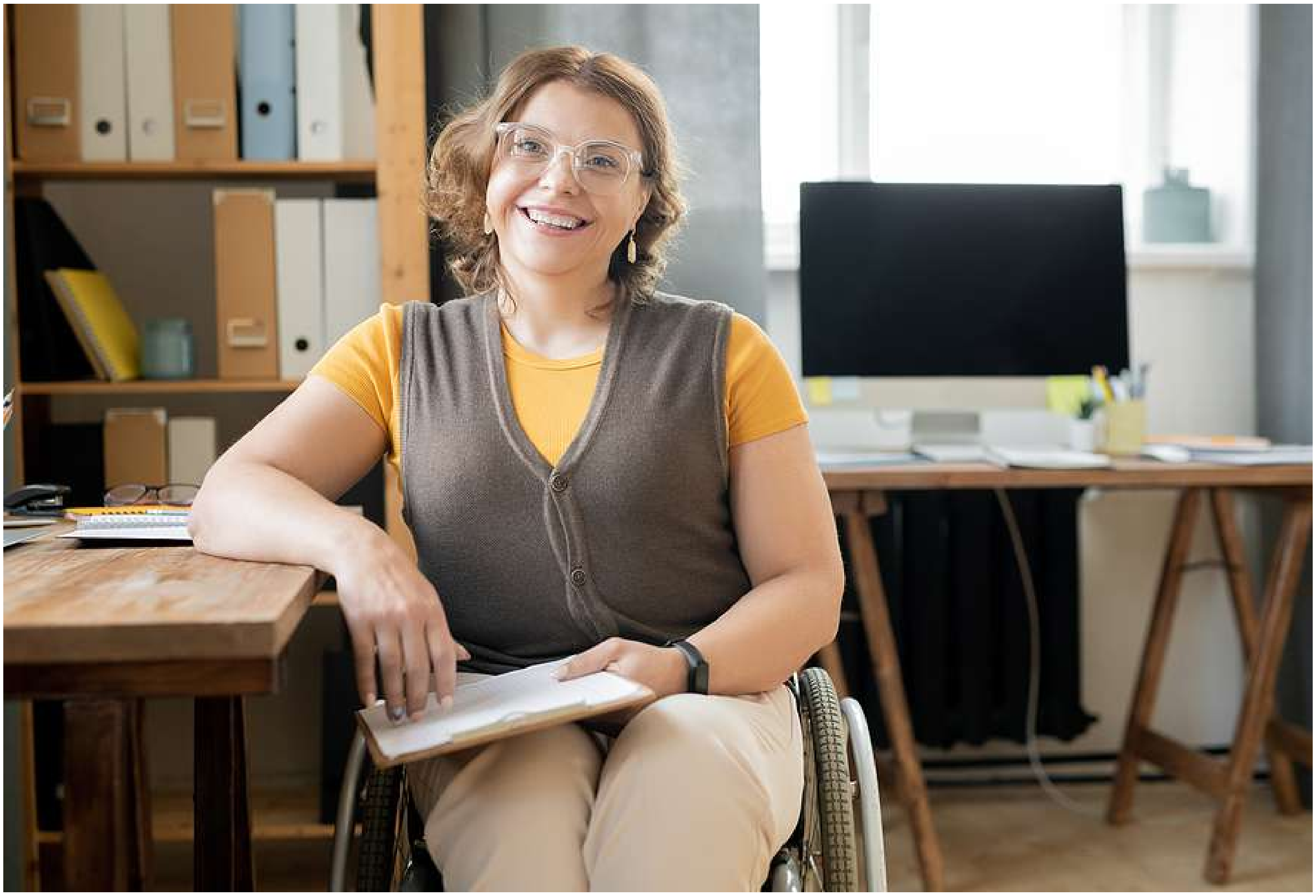
CONCLUSIONS

Key learnings from the survey include the following:

The top three rated motivators for suppliers to become certified are: (1) to increase sales and profits; (2) to gain access to large supply chains; and (3) to meet requirements of corporate or government buyers. Thus, it appears that growing the business is the primary motivation for pursuing certification.

Almost half of the responding certified suppliers have gained at least some new business since becoming certified. However, only 33 percent of "small" suppliers (those with less than 10 employees) gained new business, while 64 percent of "large" suppliers (with ten or more employees) gained new business after certification. There is clearly an opportunity to improve upon the experience of the smallest suppliers. Buyers tend to place large orders that exceed a small supplier's capacity. Perhaps consortiums of small certified suppliers could be created to bid on larger contracts. Large buyers could also be encouraged to develop or ramp-up second-tier programs. The question is: How can we help small suppliers gain new business?

A supplier's duration of certification (i.e. the number of years certified) also appears to have an effect on new business gained. While 79 percent of those suppliers certified for less than one year report no new business, 74 percent of suppliers certified for three to five years indicate gains of new business. It takes several years of being certified for most suppliers to realize new business growth. Thus, suppliers should be patient and "stick it out" for a few years. The question is: What can be done to help newly certified suppliers realize business growth more quickly?



RECOMMENDATIONS

This survey was designed to provide the data necessary to continue the inclusion of underrepresented Canadian businesses, specifically women-owned businesses, in large supply chains and move supplier diversity forward in Canada. Based on the survey findings, we are pleased to share our recommendations:

1. **More corporate and government supplier diversity programs are needed in Canada**

   This report confirms that Canadian women-owned businesses are seeking more business opportunities with the primary reason for certification being increase of sales and profits. At the time of writing this report, WBE Canada has 42 Corporate Members – organizations committed to buying from Canadian WBEs. We need more organizations to join the effort to support the success and sustainability of Canadian Women Business Enterprises. More opportunities will result in faster growth for Canadian WBEs. As they grow, Canadian WBEs are likely to develop their own domestic supplier diversity programs, and seek opportunities to export their products and services. These initiatives would greatly benefit from public sector support, including tax incentives. This would be especially timely now, as we look to post-pandemic recovery.

2. **Supplier diversity programs are needed in all regions across Canada**

   Results of this report mirror the reality in supplier diversity in Canada - the majority of opportunities and certified suppliers are in Ontario. To ensure that women-owned businesses from all regions are supported and able to grow, it would be beneficial to turn existing supplier diversity programs into enterprise-wide initiatives with goals and tracking across all Canadian locations. This of course will take longer to implement. The low hanging fruit would be to create supplier diversity programs directly in provinces and territories with the support of provinces and municipalities. WBE Canada has tools and support necessary to help local, regional and provincial organizations with the implementation.

3. **Increased awareness of supplier diversity is needed**

   Supplier diversity programs continue to be a mystery for many women-owned businesses. Organizations need to better promote the results and benefits of their programs, perhaps through success stories, corporate announcements, social media, and at industry events or other marketing initiatives. While purchasing from diverse suppliers is still very low, improvements to the supplier diversity programs make a huge difference for women-owned businesses and other diverse businesses. More research and visibility into the impact of supplier diversity could act as a motivator for other organizations and diverse businesses to join the movement.

4. **Women-owned businesses need to take greater initiative**

   As results of this survey show, it takes several years of being certified to realize new business gains. Suppliers need to be patient and "stick it out" for a few years. They should be proactive and leverage smaller procurement opportunities offered by select municipalities. They should also take full advantage of training and support designed to help them scale up, and focus on building a strong B2B network. Ideas like partnerships or a consortium of small certified suppliers might be a great solution until second-tier reporting gets developed.

5. **Rapid scale up of startups and smaller women-owned businesses is needed**

While 49 percent of Certified WBEs received some business after certification, small suppliers have gained less new business than larger suppliers. Perhaps orders are so large that they exceed a small supplier's capacity. Buying organizations might consider introducing second-tier reporting to influence transformation in their upstream supply chains. Introduction of smaller scope pilot programs could hugely benefit women-owned businesses and help them build credibility and experience within the larger supply chains.

With size and scope requirements of many large organizations continuing to be barriers of entry for some WBEs, governments are encouraged to invest in programs designed to help women-owned businesses scale up to ensure they are not disqualified at the starting line. Tax incentives or extra points during the RFP process for organizations with commitment to supplier diversity could greatly scale up the implementation of such programs across Canada.

WBE Canada designs onboarding and training programs to support smaller suppliers through their first year of certification via learning and development to ensure their success in large supply chains in the long term. We also focus on pre-certification training and development programs, constantly looking for more partners willing to help suppliers scale up for effective participation in supply chains.

There is no magic button that will transform Women Business Enterprises overnight. Women-owned businesses still lack access to large supply chains. They face red tape, biases and other barriers when trying to get access to opportunities. Many times they're still not considered – and not invited to participate.

While we welcome increased adoption of supplier diversity at more organizations across Canada, the adoption of programming is still slow. The Government of Canada alone has been pursuing a gender agenda for many years, listing socio-economic procurement in PSDC Minister Mandate letters since 2015. Unfortunately, in 2021, there still are no policies, programs, strategies or goals in place. Inaction on supplier diversity is costly - without access to supply chains women entrepreneurs will be unable to scale up and grow to create sustainable revenue for their firms and support for their communities. McKinsey & Company, in its 2017 report *The Power of Parity: Advancing Women's Equality in Canada*, estimated that supporting Canadian women-owned businesses and tapping into the immense potential that they have, could re-energize Canada's economy, adding about $150 billion in incremental GDP by 2026 (Devillard et al. 2017). As governments and corporations design their pandemic recovery plans, it is strongly recommended they consider having supplier diversity targets included in leadership and departmental score cards.

While we still have a long journey ahead of us to ensure diversity, inclusion and equity in supply chains, it is important to understand that every journey begins with the first step. Organizations that took that step 10-15 years ago are ahead of the game. But those that didn't will be further ahead next year if they start today than if they wait until tomorrow…

Based on our findings, the authors encourage diverse suppliers to consider becoming certified. In addition, those suppliers already certified are urged to seek opportunities to serve the growing list of buyers with supplier diversity programs. We also encourage leaders of buying organizations to initiate supplier diversity programs or further advance their existing programs. Finally, it's time for various levels of government to "get in the game!" We encourage federal, provincial and municipal government agencies to fully support the supplier diversity movement. This is about economic prosperity and social mobility for all Canadians.

REFERENCES

Bateman, Alexis, Ashley Barrington, and Katie Date (2020), "Why You Need a Supplier-Diversity Program," *Harvard Business Review*, August 17, https://hbr.org/2020/08/why-you-need-a-supplier-diversity-program.

Canada (2021), "Government of Canada to host Diversifying the Federal Supply Chain Summit," March 22, https://www.canada.ca/en/procurement-ombudsman/news/2021/03/government-of-canada-to-host-diversifying-the-federal-supply-chain-summit.html.

Cukier, Wendy, Suzanne Gagnon, Jaigris Hodson, Tania Saba, Gina Grandy, Samantha Morton, Mohamed Elmi, Kevin Stolarick and Zohreh Hassannezhad Chavoushi (2020), *The State of Women's Entrepreneurship in Canada 2020*, Women Entrepreneurship Knowledge Hub, Diversity Institute, Ryerson University, Toronto.

Devillard, Sandrine, Tiffany Vogel, Andrew Pickersgill, Anu Madgavkar, Tracy Nowski, Mekala Krishnan, Tina Pan and Dania Kechrid (2017), *The Power of Parity: Advancing Women's Equality in Canada*, McKinsey Global Institute, June 21, https://www.mckinsey.com/featured-insights/gender-equality/the-power-of-parity-advancing-womens-equality-in-canada#.

Huang, Lyming (2020), SME Profile Ownership Demographics Statistics, Innovation, Science and Economic Development Canada, Ottawa, January, https://www.ic.gc.ca/eic/site/061.nsf/eng/h_03115.html#bookmark3-1.

ISEDC (2020), Key Small Business Statistics 2020, Innovation, Science and Economic Development Canada, Ottawa, 33 pages, https://www.ic.gc.ca/eic/site/061.nsf/eng/h_03126.html#how-SME.

Krause, Daniel R., Gary L. Ragatz and Shane Hughley (1999), "Supplier Development from the Minority Supplier's Perspective," *Journal of Supply Chain Management*, 35(4), 33-41.

Larson, Paul D. (2012), *Supplier Diversity in the GTA: Business Case and Best Practices*, DiverseCity – The Greater Toronto Leadership Project, November, (https://www.yumpu.com/en/document/view/52344023/supplier-diversity-in-the-gta-business-case-and-best-practices), 38 pages.

Larson, Paul D., Cathy Gallagher-Louisy and Laura Armenio (2016), *Supplier Diversity in Canada: Research and analysis of the next step in diversity and inclusion for forward-looking organizations*, Canadian Centre for Diversity and Inclusion/University of Manitoba, (https://ccdi.ca/media/1066/ccdi-report-supplier-diversity-in-canada-updated-4072016.pdf), 48 pages.

Robinson, Rod (2016), "Does Supplier Diversity Really Matter?" *Wharton Magazine*, June 6, https://magazine.wharton.upenn.edu/digital/does-supplier-diversity-really-matter/.

ABOUT THE AUTHORS

Paul D. Larson, Ph.D., CN Professor of SCM, University of Manitoba

Paul D. Larson, Ph.D. is CN Professor of Supply Chain Management at University of Manitoba. He is also a HUMLOG International Research Fellow at Hanken School of Economics in Helsinki, Finland. The Institute for Supply Management (ISM) funded Dr. Larson's doctoral dissertation, which won the 1991 Academy of Marketing Science/Alpha Kappa Psi award. From 2006-2009, Dr. Larson led the team that developed and wrote the new C.P.P. curriculum for the Purchasing Management Association of Canada (PMAC). The C.P.P. has been re-labeled SCMP, and PMAC is now called Supply Chain Canada. In 2008, as Director of the University of Manitoba Transport Institute, Larson led a pandemic planning research team, resulting in the 176-page report: *Manitoba Nutrition Supply in Event of a Pandemic*. This study inspired Paul's Supply Chain Risk Evaluation and Management (SCREAM) framework. In 2012, he wrote a report titled *Supplier Diversity in the GTA: Business Case and Best Practices*, as a component of the Greater Toronto Leadership Project. Several years later, Larson was lead researcher and author of a report titled *Supplier Diversity in Canada: Research and analysis of the next step in diversity and inclusion for forward-looking organizations*. This report was published in 2016 by the Canadian Centre for Diversity and Inclusion (CCDI). Professor Larson lectures and conducts research on supply chain sustainability, supply chain risk management and supplier diversity. Pandemic preparedness and response is a renewed research interest, inspired by the ongoing COVID-19 pandemic. Dr. Larson serves on the Editorial Review Boards of several journals, including Journal of Business Logistics and the Journal of Supply Chain Management. On February 18, 2017, Paul stood at Uhuru peak, Mt. Kilimanjaro, Tanzania, for the second time. He can be reached via e-mail at: larson@cc.umanitoba.ca.

Jack D. Kulchitsky, Ph.D., Senior Instructor in Marketing, University of Calgary

Jack D. Kulchitsky, Ph.D. is Senior Instructor in Marketing in the Haskayne School of Business. Prior to joining the University of Calgary in 2001, Jack held industry positions in operations management and business development, and an academic position as Senior Lecturer and Chair, International MBA (Philippines), at Murdoch University, Perth, Australia. Jack's international teaching experience includes Marketing Management and Research Methods in Perth, Singapore, Kuala Lumpur, Hong Kong, Manila and Iran. Jack has consulted with government and industry on research projects in agri-business, tele-communications and education. Dr. Kulchitsky's research interests focus on business analytics in buyer/supplier relationships and supply chain management. Jack is currently co-researcher on the 2021 supplier diversity project, including a study of supplier diversity among Canada's "Best Diversity Employers." Jack has presented his research at the annual conferences of the American Marketing Association, the Academy of Marketing Science, the Council of Logistics Management and the Institute for Operations Research and Management Science. His research has been published in Marketing Letters, Journal of Supply Chain Management, Industrial Marketing Management, and the International Journal of Physical Distribution and Logistics Management. Forever searching for new and interesting culinary experiences, Jack has traveled to over 55 countries. He can be reached at kulch@ucalgary.ca.

Silvia Pencak, M.A., President, WBE Canada

Silvia Pencak, M.A. is President of Women Business Enterprises Canada Council (WBE Canada). She is an innovator driving transformation in supplier diversity in Canada with projects like WBE Canada Toolbox, Supplier Diversity Accelerator, Supplier Diversity Data Services and many others, designed to enable and propel supplier diversity forward in the Canadian market. As a leading voice of Canadian women entrepreneurs, Silvia sits on a variety of committees and working groups including but not limited to PSPC Minister's Supplier Advisory Committee, WTO Reform Advisory Group to Minister, CUSMA SME Working Group, Procurement Modernization - Strategic Engagement Committee and many others. Silvia regularly speaks at procurement conferences and events and works closely with a variety of industry associations, women organizations and innovation hubs. Silvia is also currently a Board member of Kerr Street Mission located in Oakville, ON. She is a regular contributor to publications like Diversity Professional, Canadian SME Magazine, WBE Canada Magazine and others. Silvia has extensive leadership experience in both business and nonprofit sectors. She is recognized as a fearless leader who is always prepared to challenge the status quo and move things forward in the right direction. Silvia immigrated to Canada in 2006 and is an avid advocate for ethical leadership, women entrepreneurs and girl empowerment. She can be reached at concierge@wbecanada.ca.