



9. Gender-inclusive selection of strategic suppliers

Do you count strategic suppliers, which are core to your business success, or is your business model focusing on improving a given supply chain (e.g. sourcing from small-holder farmers or small artisans)? If so, are your gender diversity efforts limited to the boundaries of your own organization, or do you strive to ensure that you source products or services in a gender-inclusive fashion?



What do we mean by gender-inclusive selection of strategic suppliers?

Gender-sensitive supplier selection and procurement refers to the deliberate efforts by buying companies to promote gender equality within their supply chains. It goes beyond cost management and involves actively seeking out a diversified pool of suppliers and make purchasing decisions considering opportunities to support inclusive social and economic progress. More specifically, it involves conducting the selection of suppliers in a way to mitigate possible discriminatory biases and identify ways to advance gender inclusion throughout all stages of the supply chain. Such efforts are more meaningful for companies

which count strategic suppliers, core to their business success, or for organizations focusing on improving a given supply chain (e.g. sourcing from small-holder farmers or small artisans).

Why does non-gender-inclusive selection of strategic suppliers happen?

Extensive research shows that gendered biases heavily influence how women-led ventures are evaluated, notably in a due diligence process: Women-owned businesses are often perceived as having lower viability [1], and as a result, men-led start-ups are selected disproportionately more often [2]. This bias not only makes it harder for women to succeed as entrepreneurs but also discourages them from trying to become one. As a result, only 21.4% of U.S. businesses were owned by women in 2020 [3]. This small proportion of women-owned businesses, combined with the perception that men are inherently better leaders, further reduces their chances of being selected as suppliers. For example, only 1% of the corporate procurement spending goes to women-owned businesses [4], while none of the investment/ legal advisory firms leveraged for the 350 largest M&A deals of 2021 were women-owned firms [5].

Why is gender-inclusive selection of strategic suppliers important?

A diverse supplier base is crucial to increase supply chain resilience, reliability, but also innovation, quality and overall dynamism, and as a result, drives costs down. Research shows that companies prioritizing diversity among suppliers achieve a 133% greater return on procurement investments, spend 20% less on buying operations, and maintain procurement staffing levels significantly lower than those at companies not making such efforts [6]. Beyond these immediate benefits, it may help position your own organization more favourably. A 2019 study for Coca-Cola revealed that consumers aware of supplier diversity efforts were 45% more likely to view the brand as valuing diversity and 49% more likely to choose its products [7].

How does one ensure a gender-inclusive selection of strategic suppliers?

If your organization is strategically dependent on various links in your supply chain, building a diverse supplier base is crucial to success, but it requires taking a number of deliberate and conscious steps to do so. Key activities that can help you ensure a gender-inclusive supplier selection include:

[1] <https://academic.oup.com/sf/article-abstract/94/1/61/1753699?redirectedFrom=fulltext>

[2] <https://www.hbs.edu/faculty/Pages/item.aspx?num=46891>

[3] <https://www.census.gov/newsroom/press-releases/2022/annual-business-survey-characteristics.html>

[4] <https://www.unwomen.org/sites/default/files/Headquarters/Attachments/Sections/Library/Publications/2017/The-power-of-procurement-How-to-source-from-women-owned-businesses-en.pdf>

[5] <https://www.mckinsey.com/capabilities/operations/our-insights/expand-diversity-among-your-suppliers-and-add-value-to-your-organization>

[6] <https://magazine.wharton.upenn.edu/digital/supply-chain-diversity-more-than-quotas/>

[7] <https://hbr.org/2020/08/why-you-need-a-supplier-diversity-program>

1. **Ensure diversity and gender-sensitiveness among your procurement team:** A procurement team with varied perspectives can enhance decision-making and reduce bias in supplier selection. Analyse your current team composition and seek to re-balance it as needed through gender-balanced hiring. In addition, roll-out implicit bias training for all procurement staff to raise awareness about unconscious biases and related impact on purchasing decisions. You can find high-quality, free gender training for this purpose [here](#).
2. **Analyse your supply chain to identify opportunities for drive more diversity:** A supply chain audit will help you identify areas where women- or men-owned businesses (depending on your specific situation) are underrepresented, or underpaid. By reviewing your existing spending and suppliers' composition, you can identify categories or services where to establish a better balance between women- and men-owned businesses.
3. **Analyse gender dynamics inside your supply chain:** Going beyond the gender of the supplier or of the owner of the supplying organization, conduct a deeper assessment of your supply chain to identify areas where social and gender inequalities may be prevalent. For instance, if you work with small-scale suppliers, carefully analyse household dynamics, determine who typically receives the financial payments, and assess whether these funds also benefit the women in the household (and indirectly the children). In the case of agricultural supply chains, also investigate how land ownership and rights to sign contracts impacts financial agency within households.
4. **Ensure gender and economic equality among your suppliers:** Using the results from the above two audits, review your sourcing processes and procurement policies. Set clear, measurable targets and minimum inclusion standards for suppliers of all genders across all sourcing activities, including Requests for Proposals (RFP), Request for Information (RFI), and Request for Quotation (RFQ). Also intentionally redesign engagement strategies to foster gender equity and social inclusion at a more granular level. This could mean for instance to re-design your contracts with mechanisms like joint financial control or shared revenue management to reward the contributions of all family members involved in the supply chain in the case of small-scale suppliers.
5. **Engage with diverse supplier umbrella organizations:** Partnering with organizations networking and supporting suppliers of a given gender can help expand your access to a more diverse pool of suppliers. These organizations often host industry events, networking opportunities, and certification programs that can connect you with qualified suppliers of the under-represented gender. For instance, if you are sourcing from smallholder farmers, engaging with women-focused farmer cooperatives and agricultural networks for instance can help identify more women suppliers.
6. **Develop a second-tier program:** Create a program that encourages or mandates first-tier suppliers to include diverse suppliers in subcontracting opportunities. Given that women-owned businesses are more likely to access opportunities among lower-tier suppliers, this approach helps ensure increased participation of them in the supply chain [8]. Set clear expectations for gender-balanced procurement practices among your first-tier suppliers and implement performance assessments, offering incentives for meeting gender inclusion targets and introducing remedial actions for non-compliance.

[8] <https://www.unwomen.org/sites/default/files/Headquarters/Attachments/Sections/Library/Publications/2017/The-power-of-procurement-How-to-source-from-women-owned-businesses-en.pdf>

How to measure progress and success?

Through our own, LeFil's [research](#), we identified a number of metrics that can be improved through gender-focused initiatives, and which are meaningful to track as you progress with the implementation of your efforts. For some of these metrics, we provide a benchmark value, which is the average that close to 100 ventures like yours recorded after having worked on this topic. These metrics are:

Metric	Benchmark
Proportion of strategic suppliers achieving better gender inclusion and diversity	43%
Annual growth rate in earned revenue	71%
Strategic supplier productivity as a result of the implementation of gender-inclusive policies	N/A
Amount of annual investment/ funding raised thanks to/ for your gender work	N/A

Case studies

Creating a gender-balanced supplier base by Farmlink

Farmlink increased the proportion of women suppliers by analyzing and adapting its enrollment and selection processes, in order to eliminate possible gender biases and make its policies more relevant and enticing to women producers.

Farmlink is a social enterprise based in Mexico that sources fresh produce from local small agricultural producers and sells it directly to private households. End customers can order through Farmlink's digital channels or by visiting its physical store. When ordering from Farmlink, customers buy fresher food delivered to their doorstep, with greater traceability and transparency. Farmers, on the other hand, get access to new markets, better prices, and training on agricultural best practices. Farmlink's end goal is to improve the living standards of small-scale farmers.

Farmlink's team took part in our [Gender Mainstreaming Workshop](#) and realized that 100% of its suppliers were men, while in Mexico about 30% of the country's 5 million farmers are women. Hence, it decided to address the possible gender biases that were limiting its reach and enrollment among women producers. The end objective was not only to be more inclusive in terms of suppliers, and support often-underserved women in the sector, but also to drive further diversification in terms of product offering, improve supply reliability (as women tend to deliver produce more consistently than men), and hence increase its own sales. To do so, Farmlink:

- analyzed its supplier outreach, enrollment and selection processes to identify and address potential biases that would prevent women suppliers from applying, including creating more structured, gender-inclusive guidelines and training its sourcing team to use such guidelines more systematically
- mapped and identified women producers cooperatives and organizations in its areas of operations, and targeted those specifically when seeking to enrol new suppliers.

As a result of these improvements, Farmlink added 3 new women producers to its supplier base (which consisted of 3 men producers at the time), within the first few months of implementation. Later on, Farmlink acquired a competitor, thereby adding another 3 women producers. As a result, Farmlink increased its women supplier base from 0% to 67% in about one year. This also directly impacted its ability to source more diverse produce, and hence drive more sales, as these new women producers helped diversify the product range by 12%. Over the same period, Farmlink's sales increased by 60%. However, the journey towards becoming a more gender-inclusive company did not stop there. Through the implementation of the measures described above, Farmlink's team became increasingly more aware of gender biases in other areas of the business. For example, when the team opened a new vacancy for delivery staff, they realized that, in the past, they would have looked for a man for this role, but because they made their communication more inclusive, they ended up hiring a woman.

In the future, Farmlink wants to revisit its whole hiring process with a gender focus, in addition to introducing other gender-inclusive HR policies, which should drive improvements in the company's performance and productivity as a whole.