

Awareness of Other Cultures within a Diversified Supply Management Chain

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Abstract

IBM's supplier diversity program expands purchasing opportunities for businesses owned and operated by minorities, women, gay and lesbian and veteran owned and operated businesses.

This program increases opportunities for nonprofit organizations that employ people with disabilities and for small businesses located in historically underutilized business zones (HUB Zones). 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.

These three basic principles underscore IBM's ongoing commitment to diversity in its workforce, customer base and supply chain. Building and maintaining a community of diverse suppliers increases IBM's opportunity to hear new ideas, apply different approaches, and gain access to additional solutions that respond to customer needs. Such collaboration helps IBM deliver innovation, quality products, and world-class service to a growing global marketplace characterized by an eclectic array of cultures in near and far-reaching populations.

IBM's commitment to diverse suppliers is demonstrated by its rich corporate history. Founded in 1968, as IBM's Minority Supplier Development Program, over the last three decades, IBM has placed billions of dollars of business with its diverse suppliers. In 2000, IBM became the first Information Technology company to purchase more than \$1 billion with diverse businesses.

The Need

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. An important element of IBM's Global Procurement organization is its Global Supplier Diversity department. This 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.

IBM invests significantly in its supplier diversity initiatives each year. Funding is made available for outreach event sponsorship and attendance, scholarship programs, mentor programs, support of Historically Black Colleges and Universities, and equipment loans.

Strategy

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. Procurement commodity teams, diversity program managers, site/commodity team diversity advocates, community relations managers, market

development executives and technical teams support the overall effort. Together all these individuals ensure the successful implementation of IBM's supplier diversity strategy.

Training

IBM utilizes several methods for providing supplier diversity training to its workforce. First, new employees receive an introduction to IBM's policies and practices concerning supplier diversity during mandatory new hire training. A supplier diversity course is available to the entire workforce through IBM's on-line Global Campus. Contracts are awarded to diverse suppliers to act as consultants and aid IBM with these course offerings by providing classes in multiple IBM locations. Program managers, business area managers, and procurement employees involved with IBM's Federal procurement activity are required to attend annual Small Business training. Finally, IBM employs use of web-based media to communicate its supplier diversity policies, practices and performance through its Intranet and Internet sites.

Goal Setting

IBM Global Procurement requires U.S. Purchasing managers and global commodity teams to submit strategies and objectives, in percentages and dollars, for purchases from diverse suppliers. The penetration level of each of the commodity teams is assessed based upon the availability of qualified suppliers. Plans are aggregated upward to senior purchasing executives for each purchasing location and commodity team. Goals are reported to and reviewed by the supplier diversity program director and IBM's chief procurement officer. Upon agreement and acceptance of goals by all involved parties, the objectives are combined to form the corporate-wide IBM goal. Performance to established goals is then tracked on a monthly basis and is reviewed by first line through executive management levels.

Objectives

Understand why IBM is committed to diversified supplier base.

Understand the link between the workforce and the marketplace.

Understand how workforce diversity results in better teamwork and business results.

Understand why our business culture must change.