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Technology and Supplier Diversity: A Coordinated Approach to Optimizing Marketing and Advertising Spend

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Across the USA, three million minority-owned firms represent 21% of all businesses, according to numbers from the National Minority Supplier Development Council. Those businesses produce over \$1 trillion in economic output and employ 5.9 million workers. Leveraging the resources of these enterprises is good business in many ways – including improved quality, increased market share, and access to new revenue opportunities – as reported by consultants at the Hackett Group.

Marketing and advertising departments already face considerable challenges in managing campaign spend across a multitude of services, including creative, media, advertising, production, and logistics. With companies now more commonly required to demonstrate supplier diversity, organizations that are reluctant to embrace technologies that bring better visibility, spend management, and use of diverse suppliers, face the risk of being left behind.

Companies have become more complex – and as they initiate greater procurement activity through an expanded supply base, the ability to quickly identify diverse suppliers, initiate sourcing events, and retrieve project / spend data is essential for long-term success.

Fortunately, the newest and most capable marketing execution technology has the functionality to designate, track, and manage diverse suppliers – and facilitate sourcing, record all quotes and expenditures, and provide comprehensive reporting.

When they use the right tools to identify, qualify, manage new supplier relationships, and enhance spend visibility, marketing organizations and service providers gain the opportunity to centralize procurement efforts and expand supplier diversity opportunities.

Understanding the Complexities of Marketing and Advertising Spend

Marketing organizations and designated marketing service providers support a wide range of digital, omni-channel, and print-related campaigns through a vast network of suppliers. Marketing teams encounter daily challenges in driving cost optimization as they contend with a fragmented supply base, inadequate aggregation of spend, and the use of disparate technologies – all administered with limited resources.

With rapidly changing demands on marketing, projects frequently require the inclusion of niche suppliers and quick responses to ad-hoc requests. This places a strong emphasis on being familiar with the capabilities and capacity of the entire supply base. Marketing teams also rely on advertising and digital marketing agencies for creative strategies and solutions, many of which leverage their own supplier networks and direct-to-consumer distribution.

A RECENT STUDY REVEALED:



Source: The Hackett Group

There are significant opportunities to advance the use of diverse suppliers within the realms of marketing and advertising, and yet, many marketers are overwhelmed by inadequate visibility into diverse supplier networks, department resource constraints, and competing priorities from business stakeholders at all levels.

75%
of respondents have a
supplier diversity strategy for
the organization overall

40%
have a supplier diversity
strategy specifically for
marketing/advertising

57%
of respondents classify
the maturity of their
supplier diversity strategy
as "established"

23%
are "advanced"

20%
are "beginning"

Source: "The Power of
Supplier Diversity," ANA, 2020

Instituting supplier diversity into marketing can be challenging unless the right processes, resources, and tools are in place. Training and education are critical, along with the integration of customizable technology to assist marketing and procurement teams to qualify diverse suppliers within key spend categories and improve overall sourcing and reporting. And to achieve program optimization, it is crucial to have strong C-suite support to promote stakeholder alignment, obtain program resources, and drive enterprise-wide adoption of diverse supplier initiatives.

Fast-Evolving Supplier Diversity Sourcing Practices

The maturity of supplier diversity programs varies widely among organizations, but the core objectives remain constant. They center on alignment to corporate culture and social responsibility while adhering to customer and government requirements and developing a strong supply base to meet each company's goals on cost, quality, and growth.

Effective supplier diversity programs require procurement teams to track and manage Tier 1 and Tier 2 spend data within distinct supplier classifications. Managing spend within these diverse classifications is faster, easier, and more efficient when a technology solution has been deployed across the enterprise.

Diversity Classifications

Minority Business Enterprises (MBE)
Women Business Enterprises (WBE)
Veteran-owned Small Businesses (VOSB)
Disadvantaged Business Enterprises (DBE)

Small Business (SBA)
HubZone Small Businesses (HSB)
LGBT-owned Businesses

New regulations requiring clear, measurable supplier diversity targets are a strong driver for companies to establish concise enterprise methodologies. Aligning on a standardized approach improves the consistency of supplier master data, the monitoring of supplier certifications and diverse status, and the accurate reporting of all procurement spend.

When marketing and procurement professionals discuss supplier diversity, talks are generally focused on identifying diverse suppliers across multiple commodities or categories of spend, and accurately tracking and

Most companies incorporate diverse and sustainable suppliers, but

59%

of companies indicate that diverse and sustainable suppliers account for

less than 10%

of their supply base

Looking at supplier spend only confirms that observation:

a full 67%

of companies estimate that diverse and sustainable suppliers represent

less than 10%

of their total supplier spend

Source: 2017 Gartner Supplier Diversity and Sustainability Survey

reporting expenditures. For marketing, these categories might include creative and media services, digital, agencies, postage, and production of direct mail, promo, packaging, and point-of-purchase materials.

Supplier diversity and supplier inclusion has risen to the point where they should be incorporated into overall sourcing and supplier management practices. Adopting this approach leads to improved collaboration and innovation, and contributes to the bottom line.

Ultimately, every organization can experience the high return on investment that diverse supply chains yield. With today's emerging tools, marketing groups have the ability to provide a big-picture view of the ways their marketing campaign spend align with corporate budgets and social responsibility goals.

Reporting and Visibility are Key to Successful Supplier Diversity Programs

Effectively managing diverse supplier expenditures can be problematic without the right tools and processes. When organizations are working with hundreds or thousands of suppliers and only a portion of them are designated as diverse, gathering transactional and spend data can be time consuming and may become inaccurate when extracted across disconnected data sources.

Typical company practices range from the use of simple spreadsheets and internal databases to implementing a full suite of technology solutions that simplify diverse supplier sourcing, diverse expenditure reporting, and improve overall supplier data management.

With the increased role that customer agreements and government regulations play in supplier diversity, organizations must improve spend reporting capabilities to satisfy audit requirements. Integrating technology into the workflow enables organizations to collect accurate supplier spend data, meet customer and compliance reporting requirements, avoid financial penalties, prevent reputation implications, and reduce the potential for lost business opportunities.

As organizations search for technology solutions to advance their supplier diversity programs, they will discover that real-time collaboration tools shared among business users helps teams achieve common goals and remove information silos.

56%

of survey respondents utilize Excel or other database programs to manage their diverse suppliers, while

24%

use supplier diversity software, according to CVM's 2019 State of Supplier Diversity – Supplier Diversity Programs Report

Cloud technology delivers real-time data that provides marketing and procurement teams 360-degree visibility into projects, diverse supplier certifications, and transaction detail, while improving data security and mitigating third-party risk. Organizations will benefit from pivoting and building out inclusive diverse supply chain strategies and advanced supplier diversity reporting capabilities.

Scalable, Self Service Technology is Now Essential in Managing Spend

In today's business environment, marketers are looking to technology as a bright spot. The most capable toolsets provide users with cloud-based centralized workflows to support remote work environments and permission-based access – and deliver enhanced planning, execution, and reporting solutions that integrate with resource planning, accounting, and back-office functions.

Marketing teams can benefit significantly from today's marketing execution technology, with the most robust systems having expanded capabilities which consolidate and streamline production controls. These new technology tools also support multi-component mailings, customizable project specifications, the ability to attached digital assets, and end-to-end project management to strengthen business and supplier collaboration.

Supplier diversity programs gain strategic advantage from collaborative marketing and sourcing technology, as tools incorporate real-time procurement and reporting into a single solution. Diverse supplier master data and certification status can also be managed within these toolsets, with some able to synchronize with client master supplier lists and integrate with industry supplier diversity management solutions. One notable marketing execution cloud solution also displays distinctive graphical icons to identify all diverse suppliers in the database. That refinement is visible throughout all screens and applications where supplier names are displayed. As users navigate the tool, all procurement objects include this enhanced visibility. When requests-for-estimates (RFEs) are created, icons clearly display whether diverse suppliers are included in the bidding process and highlight those estimates received specifically from diverse suppliers, within a single system of record.

When a successful diversity program is endorsed and promoted from the top down, introducing robust campaign management and sourcing

ABOUT THE AUTHOR

KEN MCDONALD
is the founder of SourceSCM Consulting LLC, dedicated to partnering with businesses to drive cost optimization, accelerate organizational transformation, and execute innovative, customer-focused solutions.

A trusted sourcing and supply chain expert with 30 years of Fortune 6 leadership experience, Ken focuses on sourcing, negotiations, contracting, supplier relationship management, risk, compliance, supplier diversity, distribution, and logistics operations in highly regulated industries. He began his career in retail and moved from there into lead roles in manufacturing and distribution. Ken volunteers as a sports coach and with various groups benefiting children's charities, food banks, and struggling families.

technology into the process is more likely to deliver efficiencies for marketing organizations, procurement, and diversity program managers, while providing enhanced reporting metrics that are pivotal in informing key stakeholders and executives about program results.

Through the adoption and persistent use of modern marketing execution and sourcing technology, organizations gain competitive advantage by improving supplier data management, maintaining accurate diverse supplier spend data, and creating new opportunities to grow their diverse spend while expanding their diverse supplier base – and that's good business for everyone involved.

About Noosh

Noosh is the world's leading independent marketing execution software company, used by enterprises and marketing services companies to bring campaigns to life. The company's collaborative SaaS solution helps customers optimize marketing execution activities from creative brief through production processes to costing and invoice reconciliation. Noosh's users span the entirety of the marketing value chain, including agencies, enterprises, and suppliers, delivering billions of dollars of marketing assets into the market to drive revenue for some of the world's leading brands.