



Resource Guide

Ownership, Board, & Supplier Diversity



The Value of Diverse Leadership & Suppliers

Ownership Diversity: Businesses that share ownership among individuals from underrepresented populations help to expand wealth creation, increase the diversity of perspectives for strategy and decision-making, and may have access to unique preferential procurement programs.

Underrepresented populations refer to groups who historically have not had equal access to economic opportunities because of discrimination and other institutional barriers; this may vary by context and geography. Specifically, gender, ethnicity, sexual orientation, disabilities, or low-income status are examples of recognized historically underrepresented populations. A lack of diversity in these areas may be an indication that decisions concerning board membership, supplier contracts, or ownership may be impacted by conscious or unconscious bias or processes that unintentionally negatively impact the chances that members of the group will apply for or be chosen for association with your business.

Board Diversity: Having a diverse set of board members allows for perspectives that otherwise might not be heard or taken into consideration when governing the company. Diversity of perspectives has been correlated with greater creativity and innovation in decision-making and stronger business outcomes.

Supplier Diversity: Creating business development opportunities for companies that are owned by individuals from underrepresented populations broadens their market and network access and helps correct historic biases and discrimination in our industries. There are approximately sixteen categories used to identify diverse businesses; common examples are Small Business Enterprise (SBE), Minority-Owned Business Enterprise (MBE), and Women-Owned Business Enterprise (WBE).

Are there Legal Parameters to Consider?

Yes. Companies should consult with legal counsel before implementing policies that are designed to affect people differently based upon race, color religion, sex, sexual orientation, gender identity or expression, disability, age, or country of ancestral origin. Certain well-intentioned policies intended to foster workplace diversity and adjust for historic inequities are not permissible under Rhode Island State Law.

Steps for Improving Diversity

Ownership Diversity

1. To increase the diversity of a business' ownership, consider offering stock options to a wider variety of employees.
2. Take steps to make sure successive leadership is diverse.
 - Make sure the board and other leaders understand the value and goals for diverse and inclusive succession.
 - Conduct training sessions for current owners, board members, and other leaders on unconscious bias.

- Ensure that the company has policies in place that promote cultural sensitivity, provide accommodations for workers with disabilities and pregnancies, and otherwise create an inclusive environment that will cultivate and retain a diverse group of leaders.
3. Provide opportunities for staff from different backgrounds to learn leadership skills in formal and informal ways. For example, develop a volunteer program with options for leadership roles to create Associate Board Memberships (non-voting members) of the Board. Inform high-potential successors that the company is considering them for leadership and include their input in decisions. Offer leadership coaching and management training to potential leaders.

Board Diversity

1. Engage advisors or board members in a discussion regarding the value of diversity.
2. Ensure current board advocates and enforces an inclusive environment. Consider empathy and inclusion training and development.
3. Review job descriptions to check for inclusive language in a way that attracts a diverse pool of candidates and focuses on the skills and effort needed.
4. Widen the company's recruitment network to ensure the company is interviewing highly-skilled, diverse board candidates.
5. Invest in orientation and mentoring for new directors and appoint them to committees that are consistent with their expertise and perspective.

Supplier Diversity

1. Consider developing (subject to state restrictions) a preferential Supplier Policy that prioritizes suppliers owned by women or other underrepresented individuals. The policy should align with the company's social and environmental values.
2. Collect information about the ownership of current suppliers through a supplier survey or supplier interviews. This can be done in conjunction with broader supplier screens. Be sure to screen for third-party certifications which indicate women- or minority- ownership (where permissible).
3. Analyze supplier data and, as permissible under state law, develop a plan and timeline to incorporate new suppliers.

Resources

- Learn about [WBE](#), [MBE](#), [LGBTBE](#), [DBE](#), and [VBE](#) certifications
- The [RI Office of Diversity, Equity & Opportunity](#) provides resources about equal opportunity hiring, minority business enterprise compliance, and supplier diversity
- Learn about Blue Cross Blue Shield RI's [Supplier Diversity Program](#)
- Human Resource Management presents lessons on [Diverse Succession Planning](#)
- Fortune describes how a [Study Finds Diverse Corporate Boards Rein in Risk](#)
- Learn how Macy's created one of America's most diverse boards from [Fortune](#)
- The Chartered Institute of Procurement and supply provides a packet to support [ethical purchasing practices](#)
- Include these organizations as a source for new suppliers: [Women's Business Enterprise National Council](#), [National Minority Supplier Development Council](#), [National Veteran-Owned Business Association](#), [National Gay and Lesbian Chamber of Commerce](#), [US Business Leadership Network](#)

Associated Resource Guides

- Screening Suppliers & Purchasing Locally
- Employee Diversity
- Employee-Owned Companies
- Mentoring & Internal Promotion



[Best for Rhode Island](#) is an initiative of [Social Enterprise Greenhouse](#) in partnership with business and community organizations across the state.