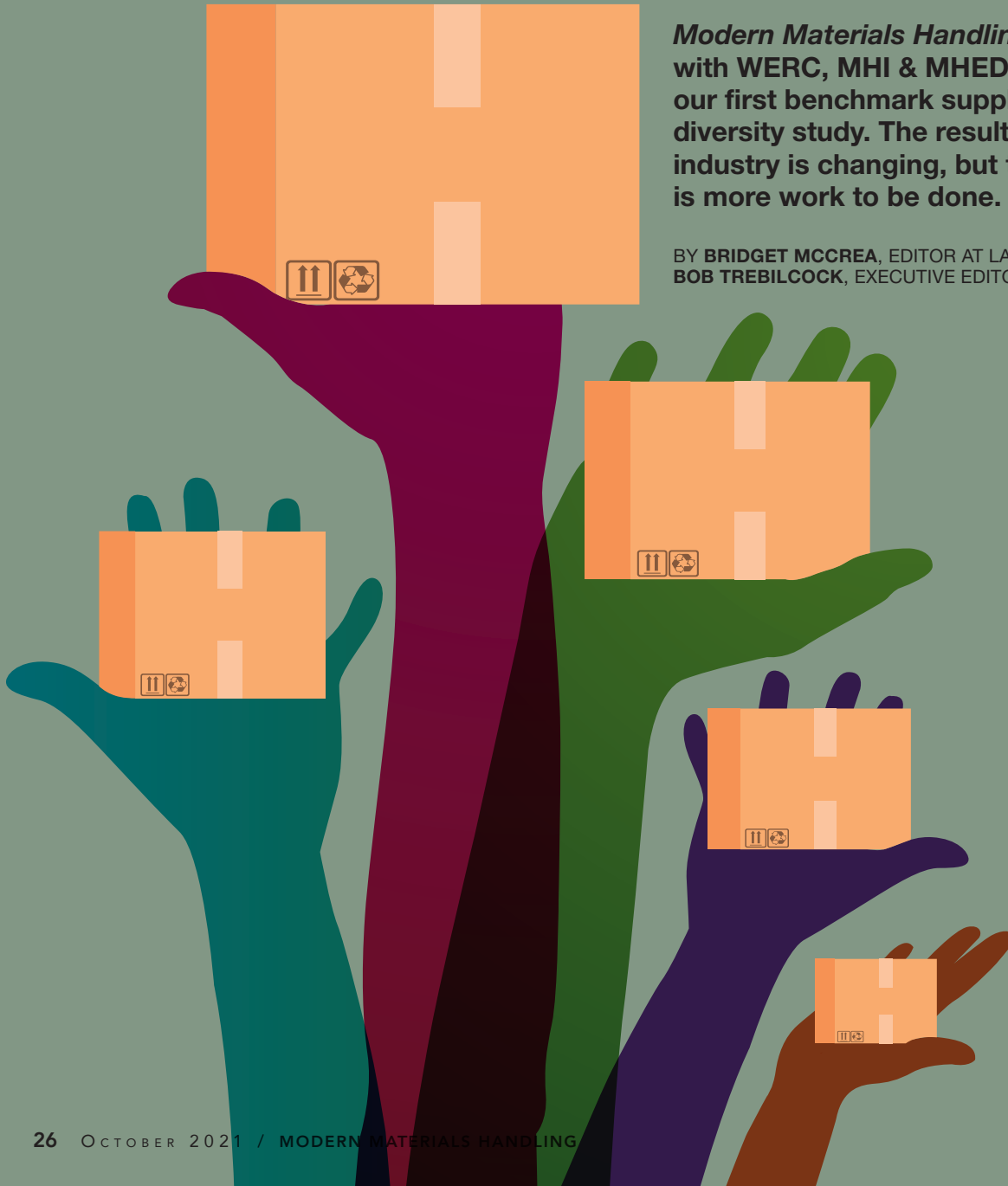


How does your supply chain diversity measure up?

Modern Materials Handling paired with WERC, MHI & MHEDA for our first benchmark supply chain diversity study. The result: The industry is changing, but there is more work to be done.

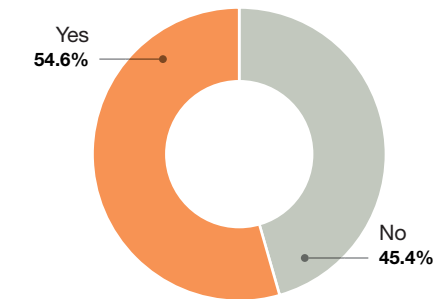
BY BRIDGET MCCREA, EDITOR AT LARGE & BOB TREBILCOCK, EXECUTIVE EDITOR



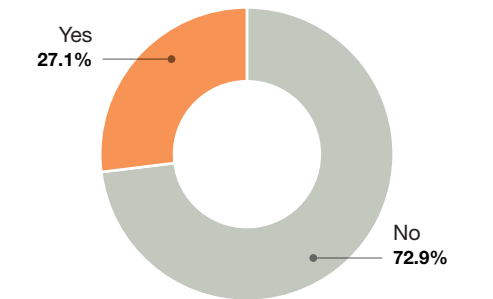
Last summer, one of Peerless Media's editors interviewed the chief supply chain officer (CSCO) of a leading global distributor with more than 6,000 employees in his supply chain organization. Most senior supply chain leaders want to talk about cost control, efficiency and throughput. Those, after all, are the key performance indicators against which they're measured.

Instead, this leader wanted to talk about the three female senior vice presidents now reporting to him, the result of a leadership development program for women at his company. He added that more were in the pipeline. His company's chief diversity officer joined in to talk about a supplier diversity program to develop small, minority startups as well as how the company was working with Historically Black Colleges and Universities, or HBCUs, to recruit a more diverse team. Another important initiative: Attracting people with disabilities, especially in operations. The CSCO said the changing nature of supply chain management was leading him to look to pools of candidates that may have been overlooked in the past, adding he

Does your company have any type of written Diversity, Equity and Inclusion policy?

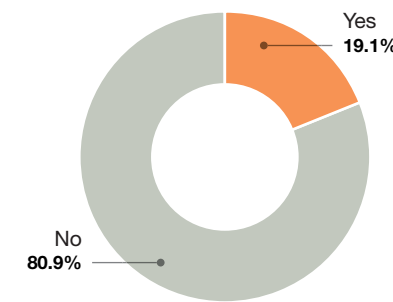


Do your customers ask if your company has a Diversity, Equity and Inclusion policy?

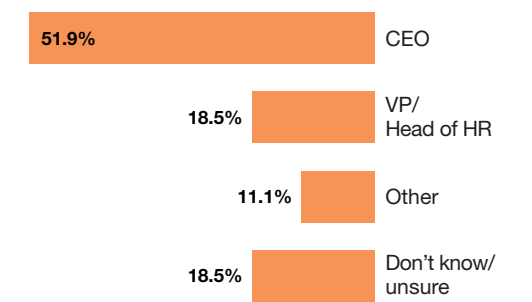


Source: Peerless Research Group (PRG)

Does your company have a Diversity, Equity and Inclusion officer?

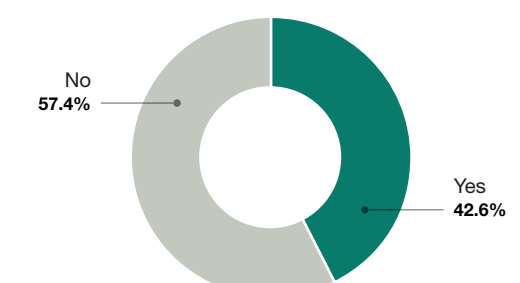


Who does the Diversity, Equity and Inclusion officer report to?

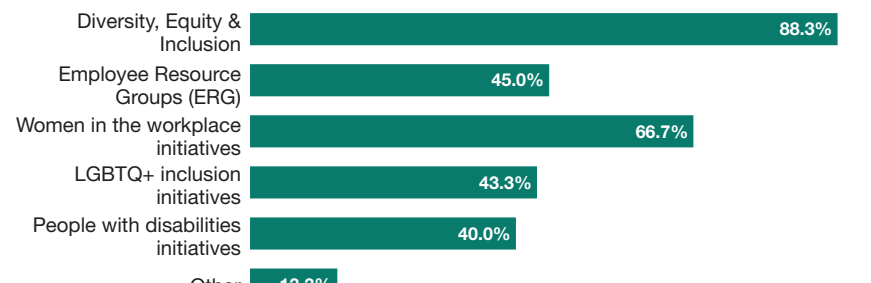


Source: Peerless Research Group (PRG)

Does your company/organization have any diversity initiatives that you are aware of?



Which of the following diversity initiatives does your company/organization currently have in place?



Source: Peerless Research Group (PRG)

also believed it was important that his company's workforce, as well as his organization, reflect the communities and customers it serves.

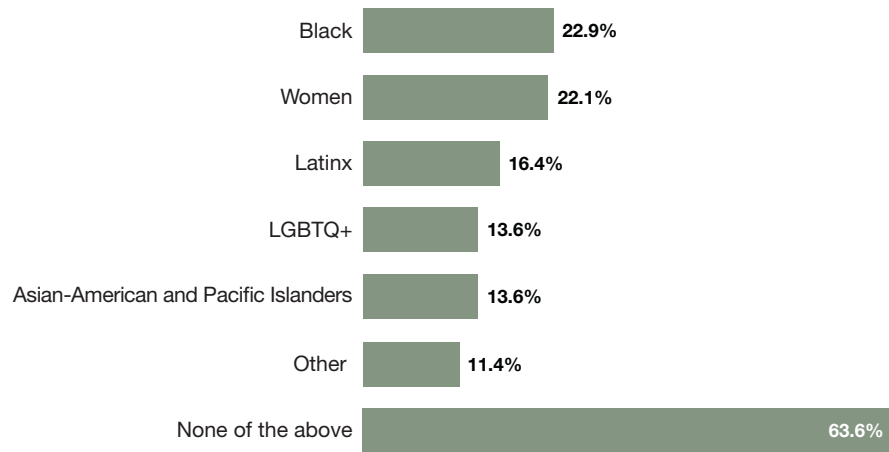
It's a different world. Most of us can agree that diversity is not the first topic that comes to mind when we think about supply chain. But supply chain ultimately reflects the rest of society. And while the profession is still predominantly white, male and middle-aged, that dynamic will need to change going forward if the industry is going to compete against the rest of the business community for the best and the brightest.

Just take a look at the 2020 census results. While non-Hispanic white Americans currently represent 57.8% of the population, over the next 20 to 25 years, it is estimated that the United States will become a majority minority nation. Six states and the District of Columbia had already reached that status as of 2019, including Hawaii, New Mexico, California, Texas, Nevada and Maryland. What's more, 56% of college students today are women, and more women than men graduate with college degrees. Going forward, the industry will need to become more inclusive to recruit—and more importantly retain—tomorrow's leaders.

The importance of diversity, and inclusion, is not lost on MHI, WERC and MHEDA, the industry organizations that participated with us in this first "Diversity in the Supply Chain Workplace Study."

"In this market, people have choices," says Christian Dow, MHI's executive vice president of membership and industry leadership. "Before everything else, you have to have an inclusive organization where people feel valued for their perspectives and what they uniquely bring to the job. The organizations that figure that part out will be able to build their diversity, equity and

Does your company have recruiting initiatives to increase the representation of...



Source: Peerless Research Group (PRG)

inclusion (DE&I) programs, and hire, retain and develop their teams more successfully than those that don't."

Adds Michael Mikitka, executive vice president for MHI's Knowledge Center and WERC Division: "There's a greater awareness of the opportunities that exist by supporting diversity, equity and inclusion initiatives. We are seeing more companies take a proactive approach."

At MHEDA, membership manager Kathy Cotter cites research from McKinsey Consulting and *The Harvard Review* that well implemented DE&I initiatives help companies outperform those that lack such initiatives. "As the future workforce becomes more diverse, there is an increasing need for employers to embrace DE&I issues by recognizing that DE&I is an important part of their corporate culture and by providing advancement opportunities for diverse employees," Cotter explains.

In this first research survey of *Modern Materials Handling* readers, as well as the membership roles of MHI, WERC and MHEDA, our goal was to capture a snapshot of where the materials handling and supply chain industries are today that

will provide a benchmark for comparisons going forward as each of the organizations launches their own DE&I programs. What we learned is that while some supply chain organizations are already making inroads, there's still much work to be done.

An inside look

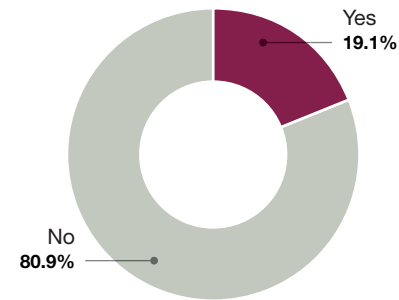
Along with the basic demographic and classification questions (See "About our research," p. 30), the survey asked respondents to share their opinions on 28 questions related to DE&I at their individual companies, including the demographic makeup of the respondents' company leadership and the overall makeup of their workforces.

Leadership at the respondents' companies was similar to the demographic makeup of the respondents: 65.3% are white, 9.3% are Black, 8.1% are Asian American or Pacific Islander, and 6.8% are Latinx. Just more than 7% said "other" and 3.3% said "mixed race."

Similarly, 69.7% of industry leaders are male, while 24.5% are female, 3.1% are non-binary and 2.7% identify as other.

A little over 5% of leaders are LGBTQ+.

Do you have a supplier diversity program?



While leadership, like the respondents, skews white and male, the demographic makeup of the responding organizations is more consistent with the 2020 census results: 50.2% of all employees are white, 15.7% are Black, 13.3% are Latinx, 7.7% are Asian American/Pacific Islander, 8.3% are other and 4.8% are of mixed race. Respondents estimate that 62.8% of their organizations are male, 31.4% female, 3% non-binary and 2.8% other.

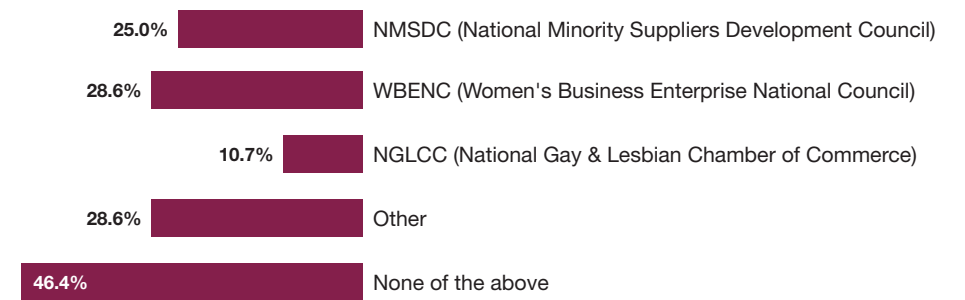
Respondents said that 8% of their overall organizations were LGBTQ+.

Who's doing what?

Along with understanding who is working in supply chain, we also wanted to understand to what extent DE&I programs are already in place. Although diversity and inclusion efforts are underway, we are at early stages.

A written DE&I policy and a diversity and inclusion officer are often first steps toward incorporating diversity and inclusion into an organization. For example, all Fortune 500 companies have a written DE&I policy; however, in our survey, only 54.6% of responding companies have policies in place, with 45.4% saying no such policies are in place at their companies. Only 19% of companies have a DE&I

Does your company require that suppliers are certified by a recognized minority supplier organization listed below?



Source: Peerless Research Group (PRG)

officer in place. Asked who this officer typically reports to, 51.9% of respondents said it's their CEO and 18.5% said it is the vice president/head of human resources. Fewer than a third (27.1%) indicated that their customers are asking whether they have DE&I policies in place.

Further, more than half of respondents (57.4%) said they were unaware of any diversity initiatives within their organizations. Of the 42.6% that are tackling diversity, 88.3% indicated that they launched DE&I initiatives; 66.7% have women in the workplace initiatives; 45% have formed employee resource groups (ERGs); 43.3% have LGBTQ+ inclusion initiatives and 40% have initiatives for people with disabilities.

About 13% of firms are deploying other strategies, such as promoting race and ethnicity initiatives or employing more veterans or second chance employees who have been recently incarcerated.

Diversity starts at the top

Asked how frequently their corporate leadership discusses their organizations' commitment to diversity, 8.5% said these conversations are continuous while another 34.1% said they take place "often" or "sometimes." More than 20% of respondents said they're rarely

informed about diversity initiatives and 36.9% said it's never discussed.

Still, a majority of respondents strongly agree (30%) or agree (27.7%) that their organization does an adequate job at representing all cultures, genders and races, while 21.3% are undecided, 10.6% disagree and 10.6% strongly disagree. Additionally, two-thirds of respondents strongly agree (27.9%) or agree (40%) that their organization is proactive and/or tolerant when it comes to DE&I issues that arise, while 15% are undecided, 7.9% disagree and 9.3% strongly disagree.

DE&I and recruiting

When it comes to recruiting new employees, progress is being made, with nearly 65% reporting that diversity is very important (29.4%) or important (35.3%) to their recruiting strategy; 23.5% said it's moderately important and 8.8% said it's slightly important.

When asked where they are focusing their diversity recruiting efforts, 22.9% have specific initiatives to recruit Black candidates, 22.1% have initiatives to recruit females, 16.4% have initiatives to recruit Latinx employees and 13.6% have initiatives specific to LGBTQ+ associates. In addition, 13.6% have initiatives

in place for recruiting Asian American and Pacific Islanders. Another 11.4% replied “other” to this question, with the write-in answers including hiring whoever is the best fit, regardless of how they identify, and recruiting veterans or individuals with disabilities.

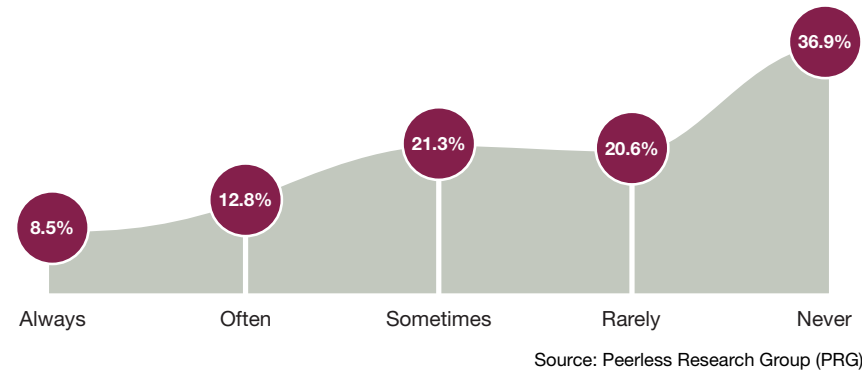
Currently, 22.3% of respondents have human resources departments that work with diverse third-party organizations, such as Historically Black Colleges and Universities to recruit from under-represented communities, while 77.7% said they have no such initiatives in place.

Thirty-five percent of organizations support employee resource groups (ERGs) representing underserved communities within their workforces (65% do not work with such groups). According to the survey, 36.7% of organizations currently offer executive or continuing education to help employees from underserved groups improve their business skills.

Supplier diversity by the numbers

While responding companies appear to be ramping up their recruiting efforts, relative few have launched supplier

How often does your leadership speak about or inform the organization about their commitment to diversity initiatives?



diversity programs: Less than 19% of companies have a supplier diversity program in place, and of those, 28.6% said they require suppliers to be certified or recognized by WBENC (Women’s Business Enterprise National Council), while 25% require NMSDC (National Minority Suppliers Development Council) certification and 10.7% said NGLCC (National Gay & Lesbian Chamber of Commerce).

When asked which groups are included in their supplier diversity programs, 78.6% said women-owned businesses, 75% said Black businesses,

60.7% said veteran-owned businesses, 57.1% said small businesses, 46.4% said LGBTQ+ organizations and another 46.4% said people with disabilities. Additionally, 42.9% of respondents said their companies work to include Latinx suppliers and 35.7% said they use Native American suppliers.

At this point, 21.6% of companies are partnering with colleges, universities or third parties to offer educational opportunities that help strengthen their minority suppliers’ business skills, while 13.7% invest in and/or provide financial support to minority suppliers (i.e.,

expedited payment terms or strategic investments to increase capacity or capabilities). Of that 13.7% of companies involved with such initiatives, 8.3% of their corporate spend is designated for diverse suppliers.

One reason for a lack of supplier diversity programs could be that the respondents’ customers aren’t requiring one to do business. Currently, 16.4% of respondents are fielding customer requests related to diversity initiatives; 83.6% have yet to be asked for such information.

Change is in the air

In assessing this survey’s value in the context of DE&I at both the individual company and industry association

level, representatives from MHEDA, MHI and WERC see it as a starting point and stepping stone to more progress in this area.

“This study helps support MHEDA leadership’s focus of sharing information on DE&I and providing resources,” says Cotter, noting that DE&I has been on MHEDA’s “Material Handling Industry Trends” list for the past two years. She adds that MHEDA is currently working to help members understand DE&I issues as they relate to their individual businesses and is “creating DE&I resources for members that include presentations, sample DE&I policies, access to publications and consultants and more.”

MHI’s Dow is seeing more interest

from MHI members that want to start new initiatives or improve upon existing DE&I efforts. “A lot of the member companies have been reaching out to me asking: How do we participate and where do we start?” says Dow. Industry organizations, he adds “need to create the tools, resources and best practices that can be shared among our members and other companies within our audience on how to start the journey. I think that’s where we’ll see change happening in the supply chain.”

“The results show where we need to put more effort, while other parts of the survey reveal what other organizations are [already] doing,” says Mikitka, “which will help to inspire more organizations to participate or to be proactive in their DE&I initiatives.”

About our research

A total of 141 respondents shared their input for the “2021 Diversity in the Supply Chain Workplace Study.”

The largest percentage of respondents (41%) held leadership roles, followed by positions in warehousing, distribution or logistics (19.4%) and engineering (10.8%). They were also industry veterans, with 45.5% having worked for their current employer for more than 10 years, and 27% having worked at their current company for between five and 10 years.

Manufacturing firms represented 31.2% of respondents, followed by distributors/integrators (14.9%), third-party logistics firms (9.9%) and transportation/warehousing service providers (9.9%). Forty-two percent have less than \$50 million in annual revenues while 14.6% have \$5 billion or more and 13.9% reported revenues between \$100 million to \$499.9 million.

As to the demographic makeup, the respondents were primarily white, male and older.

Age

- 45% are aged 55 or older
- 26.4% are aged 45 to 54
- 12.2% are between 35 and 44

Gender

- 60% are male
- 26% are female

Racial group

- 60% are white
- 8.6% are Black
- 7.1% are Latinx
- 4.3% are Asian Americans or Pacific Islanders