



**Canadian Centre for Diversity and Inclusion
Centre canadien pour la diversité et l'inclusion**

Success stories

Sodexo Canada

A Canadian case study in diversity and inclusion

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Sodexo Canada: A Canadian success story in diversity and inclusion

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Supplier diversity as an economic enabler

Sodexo identifies diversity as a key component of its global commitment to sustainable development and local sourcing, benefiting the small businesses and communities the company operates in. The company has been encouraging economic opportunity for Canada's unique diversity by tapping into supplier diversity for the on-site quality of life services – food services and such – that they manage for 200+ institutional clients predominantly in the corporate sector, education, healthcare, and energy and resources at more than 500 locations across Canada.

When we interviewed Shiva Manishankar, Senior Manager, Procurement, and lead for Supplier Diversity at Sodexo Canada, she described a “commitment to diversity and inclusion that is woven in our DNA.” Shiva and her team are helping their Canadian supplier partners understand what it means to be a diverse supplier and how diversity can be leveraged as a competitive advantage to both business operations and community sustainability.

This case study examines how an international brand that's headquartered in France ties the social impact of supplier diversity to its business model and executes on a global strategy regionally, to fit Canada's unique setting. We are interested in how Sodexo Canada has created growth for small businesses with attention to how the company has been working with Aboriginal communities.

Focused on small, local entrepreneurs

Sodexo's supplier diversity practice comes from a social mission built into their business strategy to promote growth for promising small businesses run by diverse entrepreneurs. Their goal is to improve opportunities for the businesses the company selects as vendors and increase economic resilience in communities by working with them as partners.

The way that Sodexo Canada has worked with local businesses in the communities their clients have brought them into flows from the Small Business, Big Impact initiative announced in 2014, on the heels of a global pledge to the **Clinton Global Initiative**, when the company promised to spend US \$1 billion on products and services from 5,000 small- and medium-sized businesses by 2017. Improving business opportunities for small entrepreneurs is a part of Sodexo's social responsibility

strategy, which has goals for diversity among employees and within their supply chain to be inclusive for diverse groups of people frequently under-represented in workplaces and distribution networks. In Canada, that focus is on creating opportunity for Aboriginal people, women, people with disabilities, visible minorities and those identifying as LGBT.

The company's partnerships with Aboriginal businesses go back to the 1980s, when new business was taking them into Canada's remote communities. Corporate culture supported the Aboriginal people and businesses of the communities they were in; the goal when setting up operations for clients in new communities was to positively impact the lives of the people using their services and the places where they lived. Sodexo Canada started by hiring people locally to run their operations and source local food, services and goods. Their supplier diversity strategy was, and still is, driven by three goals that blend business and social objectives:

- To hire people in the communities to run the operations locally;
- To source local food suppliers for sustainability targets;
- To create opportunities for economic development extending beyond the company's buying power by working with local entrepreneurs.

Working with local suppliers has supported Sodexo Canada's corporate sustainability targets and economic development goals. To connect with vendors for everything from food and linens to cleaners and printing, the company has partnered with organizations representing diverse businesses. Since 2001, they've been certified for **Progressive Aboriginal Relations** (PAR) at the Gold level with the **Canadian Council for Aboriginal Businesses** (CCAB), in recognition of their innovative programming and for working with Aboriginal people to bring a lasting impact on their businesses and communities. Sodexo also values their relationships with organizations such as **Canadian Aboriginal & Minority Supplier Council** (CAMSC) and **WeConnect International** for their diverse supplier database and networking sessions that help them identify potential suppliers.

The competitive advantage for supplier diversity

Sodexo attributes their growth in Canada to the attention they've devoted to measuring supplier diversity. For many of their clients, diversity and sustainability are important for reporting on key performance indicators. They have found that their clients in the financial sector have been especially responsive to how they integrate diversity into supply management and are able to fulfill traceability requirements in their own reporting. It has given Sodexo Canada a distinct edge over competitors.

On the supplier side, the company has seen that their social commitment, diversity policies and sustainability practices have contributed to the competitive advantage they offer entrepreneurs, noting that vendors enjoy working with a company that has a mission to support their community. Entrepreneurs working with Sodexo are offered opportunities to grow within the company's network and expand their businesses to reach more customers, beyond Sodexo's distribution system.

There are processes in place for supplier diversity at Sodexo; Shiva was careful to explain that quality comes first and every vendor needs to attain the prerequisites for the contract. New suppliers are

found by responding to bids that go out with requests for proposals; those who fulfill the requirements are evaluated against standards; those who get through that screening make it to a short list. Businesses who identify as a diverse supplier and are registered with organizations representing their diversity have a strong advantage. Two dimensions of diversity, such as an entrepreneur who is a woman and LGBT or Aboriginal as well, can bring an added advantage.

Adding value for local businesses

In some cases, suppliers might be able to offer a good product and meet some but not all the requirements. Sodexo has worked with promising entrepreneurs to help them get to a point where they can become vendors, realizing that every step is challenging for a small business, particularly in remote communities. The company adds value by helping these entrepreneurs navigate and prepare for what needs to be done to qualify as a supplier.

Sodexo also helps vendors who might be further along to expand their businesses with mentoring, training and resources so they can grow from local to national suppliers. The strong relationships they develop with their suppliers has brought positive response within Aboriginal communities that has supported the company's operations, particularly in the remote communities where growing successful businesses can have lasting effects.

Many businesses flourish with this kind of support and Shiva noted that for Aboriginal businesses that would benefit from a distribution network, the backing of a big brand like Sodexo can help them launch into food distribution channels and win more business with other corporate clients. Why would they help their own suppliers connect with more markets? Their social mission looks at the entrepreneur who grows to serve a larger market as enhancing sustainability for their community.

Shiva shared a story about an Aboriginal and woman-owned vendor that Sodexo has mentored and is helping the entrepreneur grow her line of vegetable purées with guidance on pricing, marketing, and how to work with the company's distribution warehouse to reach more clients. She was supported with marketing point-of-sale materials developed by their Marketing department. Their corporate chef developed recipes using her purées in recipes such as soups, smoothies and hummus before connecting her with a food broker to bring her line into the food distribution channels that Sodexo operators buy from. She was also coached on food safety standards set by the third-party auditors that decide which foods are approved for purchasing and was introduced to the auditors so she could work with them to meet the requirements, helping her to launch into larger markets.

The effect of helping small, Aboriginal partners succeed and grow has been overwhelmingly positive in the communities their operations are in. The strong relationships they've developed within communities has enhanced their reputation and helped the company become a buyer of choice. Sodexo is able to report business growth for themselves and their diverse vendors as a direct result of their commitment to supplier diversity.

Tactics that made a difference

For organizations promoting supplier diversity, Shiva recommended making diversity part of their mission statement to embed it in the corporate culture and operations.

Despite the social and business benefits of supplier diversity, businesses have been slower to adopt supplier diversity in Canada than in other comparable countries and many vendors are still unaware of the competitive advantage that diversity can offer. Other Canadian organizations interested in moving ahead with supplier diversity can apply these three tactics that have been crucial to Sodexo.

Create awareness

One of the challenges Shiva identified was in promoting awareness for supplier diversity, which has been an ongoing issue for Sodexo – they've found that vendors responding to RFPs don't always identify their diversity. She mentions that it should be easy for suppliers to discover and understand the social responsibility commitment of the organization.

In terms of outreach, vendor testimonials and feedback have been valuable to supporting Sodexo's commitment and social responsibility towards the communities they operate in, and have helped them attract new suppliers. The company also participates in networking sessions regularly and targets certain communities in communications inviting vendors to engage. Leadership attends conferences and events to speak about best practices for supplier diversity and social responsibility to reaffirm their commitment and build a positive story about social responsibility that enhances their relationships with communities.

Educate

Shiva described Sodexo's strategy for promoting the company to diverse entrepreneurs and the importance of educational communications that explain the requirements for being a diverse supplier and tips that can help them grow.

To help vendors learn about supplier diversity, evaluate whether they qualify and encourage engagement, her department produced a one-page information sheet explaining how they define supplier diversity and how entrepreneurs can become certified. The response from the information piece enabled Sodexo to more accurately track the amount spent on the suppliers that fit into their diverse portfolio as some were included who hadn't been identified as diverse earlier.

Circulating the one-pager gave the company an opportunity to educate suppliers about diversity hiring policies – a chance to explain to smaller companies who aren't diverse vendors themselves what diversity in their employees and their supply chain means for clients who track accountability.

Track it

Sodexo Canada relies on internal scorecards to measure the success of their supplier diversity strategy. Shared with leadership, scorecards show performance across four factors that relate to customers, the employer and vendor partners:

- Employee engagement;
- Client retention;
- Sustainable, profitable growth;
- Overall business growth.

Sustainability and diversity are built into each of these four factors. Measuring the amount the company spends on diverse suppliers is a key component of how their procurement department reports on growth in supplier diversity, with a target that increases every year. For 2015, the company's procurement goal was to buy a minimum of 0.94% of the total contracted spend from diverse suppliers which included vendors owned by women, Aboriginal people and minorities; the company finished the year at 1.1% of the total contracted spend from diverse suppliers.

Shiva explained that this amount represents the value of diverse spend from contracted vendors only, and could be higher if the non-contracted spend was included; due to the criteria for contracted vendors, some diverse suppliers aren't captured in the totals if they do not meet the requirements of size, spend and scope for contracted vendors.

Creating opportunity in diverse communities

The story from Sodexo of building diversity into its supply chain has shown how a global corporate strategy can execute in a manner that's responsive to the unique settings of each nation; their supplier diversity strategy has been designed to bring sustainable growth to Canada's remote communities. While many multinational companies coming to Canada see its vast geographic spread with low population densities as a challenge, Sodexo has worked with those conditions successfully by integrating supplier diversity that's locally representative into a business model that has created growth for the company in Canada, and for the communities it works in.

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The Success story initiative

There is astonishingly little published that shines a light on diversity and inclusion successes in Canada, though there are many, across a wide range of organizations. Case studies referenced by trainers and leadership tend to be reporting on different countries, cultures, political and economic settings.

The goal of this initiative is to support diversity and inclusion leadership with stories that are relevant to what's happening now, here in Canada. By sharing their stories, we celebrate the successes of Canadian organizations while contributing to learning for everyone that cares about diversity and inclusion.

The employers who have developed initiatives to promote diversity and inclusion as priorities in the workplace are responding to an increasingly competitive economy that's responsive to the diversity of employees – and the country. We are grateful to those who have participated in interviews.

This series of case studies will be published monthly through 2016. Subscribing to our monthly newsletter at ccdi.ca will keep you updated with the latest case studies, which will all be posted online at ccdi.ca/successstories. For more information, contact communications@ccdi.ca.

The Canadian Centre for Diversity and Inclusion

The CCDI has a mission to help the organizations we work with be inclusive, free of prejudice and discrimination – and to generate the awareness, dialogue and action for people to recognize diversity as an asset and not an obstacle. Through the research, reports and toolkits we develop and our workshops, events and workplace consultations, we're helping Canadian employers understand their diversity, plan for it and create inclusion.

CCDI's leadership has a proven model that's cultivated trust as an impartial third party. Our expertise is focused on the topics of inclusion that are relevant in Canada now and the regional differences that shape diversity.

A charitable organization that thinks like a business, we have created a niche with our innovative research technology and data analysis that brings a deeper understanding of Canadian diversity demographics and mindsets at any given moment.

CCDI is grateful for the support of Employer Partners across Canada. For enquiries, contact Susan Rogers, Chief Client Officer, Susan.Rogers@ccdi.ca or (416) 968-6520.

CCDI is grateful for the ongoing support of our Founding Partners:

