

## **Case for Business Diversity & Supplier Diversity: Talking Points**

**Companies are under pressure** from multiple sources to retreat from their policies and programs related to diversity and inclusion. However, it is important to keep in mind some facts: 1) businesses that advance diversity and inclusion initiatives, including supplier inclusion, **generate greater revenue and profit; command stronger consumer support; and are more innovative;** 2) **efforts to support inclusive policies remain legal** even in the wake of a barrage of Executive Orders and executive actions; and 3) **jettisoning inclusion initiatives**, including supplier inclusion goals specifically, **presents material legal risks to companies.**

1. **Business diversity** — including contracting with diverse suppliers-- **is simply good business**
  - a. **Diverse companies outperform the competition:** According to global consulting firm McKinsey & Company, companies that are ethnically and culturally diverse outperform their competitors by 36% in terms of profitability. A report by the Global Black Economic Forum and Korn Ferry further highlights that the most innovative organizations integrate diversity practices deeper into their business models through inclusive workplace policies, training, and supply chain diversity.<sup>1</sup>
  - b. **Inclusion wins customer loyalty and builds brand credibility:** According to the Corporate Diversity Index<sup>2</sup>, consumers who perceive a brand as committed to diversity are 3.5 times more likely to purchase the brand's products or services compared to those who do not.
  - c. **Diversity wins (and keeps) the best talent:** We're in a tight labor market and that's not going to change anytime soon. According to Glassdoor, 67% of job seekers consider workplace diversity an

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1. <https://www.kornferry.com/institute/from-moment-to-movement> or [www.GBEF.com](http://www.GBEF.com)

<sup>2</sup> The Corporate Diversity Index (CDI) is an annual quantitative study first fielded in 2019. It measures a wide variety of metrics around consumer perception of diversity initiatives within corporate America, support of diverse-owned businesses, and the significance of diversity on consumer perceptions of brands, purchase decisions, and brand loyalty. The CDI was created for individual brands to participate to obtain data specific to their brand to use for supporting internal diversity strategy and understanding the impact of investing in diversity initiatives.

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important factor when considering employment. A Gallup study found that diverse and inclusive teams have a 22% lower turnover rate.

- d. **Diverse businesses are 70% more likely to capture a new market and 84% more likely to innovate products and services successfully<sup>3</sup>.** Innovation atrophies in an echo chamber of like minds and backgrounds. Real transformation happens by tackling a problem from every possible angle.
2. **Supplier diversity programs drive value creation through cost savings, revenue growth, and competitive advantage:** The ROI is clear - diversity not only drives growth and innovation, but also cost-savings for companies.
    - a. **Diverse suppliers drive cost-savings for corporations:** According to analysis by McKinsey & Company, diverse suppliers offer their corporate partners year-over-year cost savings of 8.5 percent, considerably more than the 3 to 7 percent annual procurement savings that most organizations realize.
    - b. **Supplier diversity improves procurement ROI:** A study by the Hackett Group found that companies with strong supplier diversity programs had a 133% higher return on procurement investments than those without such programs.
    - c. **Supplier diversity programs drive growth:** According to the Corporate Diversity Index, an increase in awareness of a brand's supplier diversity program of just 1% will lead to an additional 800,000 U.S. consumers using the brand's products/services.
    - d. **Supplier diversity creates competitive advantage:** By actively engaging with diverse suppliers, private sector companies can gain a competitive edge. Supplier diversity programs can attract innovative and qualified suppliers who bring fresh perspectives, ideas, and solutions to the table. This can lead to enhanced product quality, improved customer satisfaction, and increased market share.
  3. **The Administration's actions to remove diversity, equity and inclusion from American life are out of step with the vast majority of**

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<sup>3</sup> <https://hbr.org/2013/12/how-diversity-can-drive-innovation>

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**the public -- including Republicans. Further, these actions are anti-competitive and contrary to the values that define this nation. Individual companies that abandon or curb current commitments to diversity, equity and inclusion in response to political leaders risks eroding long-term favorability among consumers.**

- a. A longitudinal tracking poll from Morning Consult shows that as of December 2024, a clear majority of U.S. adults (67%) believe it is either “very” or “somewhat” important for companies to speak out on diversity and inclusion in the workforce. Even a majority of Republicans are typically in favor of brands promoting DEI.<sup>4</sup>
  - b. Fewer than 1 in 3 U.S. adults favor brands renegeing on DEI commitments
  - c. These findings are consistent across time with sentiment polls fielded by others including The Harris Poll for the Black Economic Alliance and the Corporate Diversity Index.
- 4. Equity and inclusion programs are legal and beneficial to the bottom line.**
- a. **Complies with spirit and letter of law:** Attorneys General in 13 states issued an open letter in January 2025 reminding executives that activities remain legal and outlining the risks associated with a retreat from diversity and inclusion. The letter makes clear that initiatives and programs designed to prevent discrimination and to remedy the impact of past discrimination, including those designated as DEI, are not just good policy, but in many cases, are necessary to comply with the law.
  - b. **Programs reflect management control, are responsive to business needs and market opportunities, and ultimately create value for companies:** Private sector supplier diversity programs reflect spend goals and targets set by management based on their specific business needs and market conditions. As noted above, these programs yield cost savings, revenue growth, and competitive advantage.

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<sup>4</sup>[https://pro.morningconsult.com/analysis/corporate-dei-public-opinion-2025?utm\\_source=OU802](https://pro.morningconsult.com/analysis/corporate-dei-public-opinion-2025?utm_source=OU802).