



# How Blue Shield of California used diversity to transform its supply chain

---



WINNER: DIVERSITY

MAY 2022

HFS Research Authors

Martin Gabriel, Associate Practice Leader

**The Situation:** Blue Shield of California, a leading regional health plan, committed to integrating its supplier diversity program into its sourcing practice. The company wanted to leverage its position in health care to reach, invest in, and serve a diverse range of individuals and businesses from marginalized communities. The program's purpose is to build relationships and create equitable opportunities for certified diverse suppliers.

The primary objectives for Blue Shield of California were to enhance its supplier diversity program by leveraging business practices and market analytics to recognize additional diverse spending opportunities, identify opportunities for supplier diversity in strategic sourcing, increase supplier diversity program spending, and ultimately create value and social benefit in the communities in which it serves. The breadth and depth of Blue Shield of California's supplier diversity program initiative impressed the HFS OneOffice™ Awards jury, prompting it to name Blue Shield of California as a finalist in the Diversity category.

A holistic environmental, social, and governance-oriented (ESG) approach including supplier diversity initiatives is critical for long-term value creation. This approach enables equal opportunities for underrepresented businesses such as small businesses and those owned by women, minorities, LGBTQ community members, families, persons with disabilities, and military veterans to collaborate with Blue Shield of California and provide services to its communities.

## The Solution: Blue Shield of California revisited its strategy, created a bold roadmap, and set logical targets

In 2018, Blue Shield of California revised its existing supplier strategy with a five-year roadmap to increase supplier diversity practices and enhance its visibility in the community . Starting with supplier sourcing and channel guidelines, Blue Shield of California adopted new channels to drive comparative analysis between existing and potential suppliers on price and service levels. The next step was to gauge supply chain innovative solutions and take advantage of new opportunities for business expansion with the emergence of unique and dynamic consumer needs. Also, it aimed to increase the diversity of the supplier base and enhance the brand reputation.

The health plan leveraged procurement insights to identify opportunities to expand diverse spending across the community through new methods such as assessing current suppliers versus external market intelligence and internal match-making opportunities. It also internally aligned with employee resource groups and externally leveraged membership with other diverse associations to identify opportunities.

Since 2019, Blue Shield of California has hosted a supplier diversity networking event to create awareness, networking, and intentional match-making opportunities. The objectives are to introduce Blue Shield of California to diverse businesses, encourage underrepresented suppliers and communities to do business with Blue Shield of California and educate primary suppliers on extending subcontracting opportunities to diverse suppliers and reporting spending.

The supplier diversity team leveraged market intelligence and learnings from other world-class organizations for best practices. It relied on internal and external communications to improve employee and stakeholder awareness of strategy, roadmap, and practices. The Blue Shield of California team conducted frequent training on sourcing to emphasize the significance of supplier diversity and key selection criteria during competitive bidding processes. Blue Shield of California is committed to publishing supplier diversity results monthly and in its annual report and corporate sustainability report.

## The Results: The project exceeded the supplier diversity spending target and added 21 diverse suppliers to Blue Shield of California's portfolio

Blue Shield of California set its 2021 diverse supplier target at 7% with a stretch goal of 8%. The health plan exceeded its stretch goal by 1.6% to finish the year with 9.6% of the procurement spending for goods and services on diverse business enterprises. In 2021, women-owned businesses represented 32.8% of diverse supplier spending.

Through procurement insights and business partnerships, Blue Shield of California has successfully connected 21 new diverse suppliers, which contributed to 2021's total

diversity spending. The Blue Shield of California supplier diversity team has received many awards, including the 2021 Military Friendly Awards, Top 10 Military Employer (ranked 2); Top 10 Supplier Diversity Program (ranked 3); Top 10 company (ranked 3); and Top 10 Brand (ranked 3). It was also recognized in the US Veteran's Magazine 2021 "Best of the Best" for Top Supplier Diversity Programs. It received various accolades for its diversity efforts. The company aims to progress and expand its diversity program and spending in 2022 and beyond.

## The Bottom Line: Maintaining diversity across the supply chain is indispensable and could help Blue Shield of California positively impact the health outcomes of its community populations

In today's business environment, it is critical to invest in the community. Many enterprises, suppliers, and professional service providers adopt diversity programs to bring fairness and equity to operations. Blue Shield of California took the initiative seriously and worked diligently through its Supplier Diversity program with prime suppliers and subcontractors. The initiative had a significant impact on the community, and Blue Shield of California expects to extend the benefits to other sections of society. Blue Shield of California sets measurable short-term and long-term targets and develops clear roadmaps to achieve them.

Organizational leaders must change how they operate and take diversity, inclusion, and equity seriously. Bringing awareness to all internal and external stakeholders can initiate a diversity objective and create long-term value for the organization and the communities it serves.

# HFS Research author



## Martin Gabriel

Associate Practice Leader

Martin Gabriel is an Associate Practice Leader at HFS, covering IT services, including the cloud, application modernization, and workplace services. Additionally, Martin covers the workflow platform ServiceNow and ERP Software SAP in detail. He also tracks and manages global outsourcing contracts in the IT/BPO services space and M&A activities.

Martin has over 13 years of research, analytics, and market intelligence experience.



# About the HFS OneOffice™ Awards

Organizations around the globe must now embrace a world where perfectly aligning business outcomes with their enabling technologies demands focus, nerve, and creativity. The HFS OneOffice Awards showcases those teams and organizations that have embraced change, taken decisive steps, and transformed processes and technology to take their businesses into a new era.

## HFS OneOffice Awards categories:

OneOffice Mindset • Innovation Ecosystem • Diversity • Sustainability  
Native Automation • People and Process Change • Data and Decisions

HFS has a proven history of providing straightforward insights based on research, data, and forward-looking trends. The HFS OneOffice Awards provides a window through which organizations can showcase successful transformation projects and where others can find inspiration and fresh thinking to help them along their journey. Our respected, resourceful, and responsive analyst team brings their experience and knowledge to bear to ensure that successful, proven results are lauded and commended.

Read more about HFS and our initiatives on:  
[www.hfsresearch.com](http://www.hfsresearch.com) or follow @HFSResearch