




LOS ANGELES COUNTY

SUPPLIER DIVERSITY
LANDSCAPE



WE WORK TO ADVANCE
SYSTEMS CHANGE AND
PROMOTE INTERCULTURAL
HEALTH EQUITY THROUGH
THE EFFECTIVE USE
OF DATA, PREVENTION
STRATEGIES, LEADERSHIP,
AND PARTNERSHIPS.



CHAMPIONING INCLUSIVE HEALTH CARE PROCUREMENT

Hospitals play a vital role beyond providing health care. They drive local economies and champion positive social change. This report highlights the critical importance of health care supplier diversity in Los Angeles (LA) County, particularly concerning community economic and health conditions, economic opportunity, and the health care system.

The supplier diversity initiative is jointly led by two key entities: the Hospital Association of Southern California (HASC), a collective of 176 member hospitals and 31 health systems, and Communities Lifting Communities (CLC). CLC is a nonprofit affiliate of HASC dedicated to uplifting communities through economic empowerment and inclusion. Together, we recognized the immense value of inclusive procurement practices in transforming our communities.

We drew insights from thorough research, including in-depth reviews of literature, data analysis, and interviews with hospital representatives, diverse business owners, and economic development experts. Our findings reveal how supplier diversity can boost economic growth, enhance community well-being, and foster fairness for all residents of LA County.

Through this initiative, we hope to spotlight the importance of hospitals expanding their procurement strategies. We advocate for accessible and inclusive purchasing practices and building partnerships that create opportunities for groups traditionally overlooked. Our mission is to inspire hospital decision-makers to not just comply with regulations but to unlock untapped potential that benefits everyone.

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KEY TAKEAWAYS

GOALS OF THE ANALYSIS

HASC and CLC initiated a Supplier Diversity Landscape Analysis to examine the supplier diversity landscape in LA County. Our analysis is crucial to enhancing inclusivity and effectiveness in hospital procurement practices.

The analysis was driven by three main goals:

1. Assess the accessibility of hospital contracts for diverse-owned businesses and the feasibility for a hospital accelerator program.
 2. Evaluate hospitals' capacity to invest in diverse businesses and work towards expanding these opportunities across all HASC regions.
 3. Examine current hospital supplier diversity procurement practices and policies to identify barriers and areas of opportunity.
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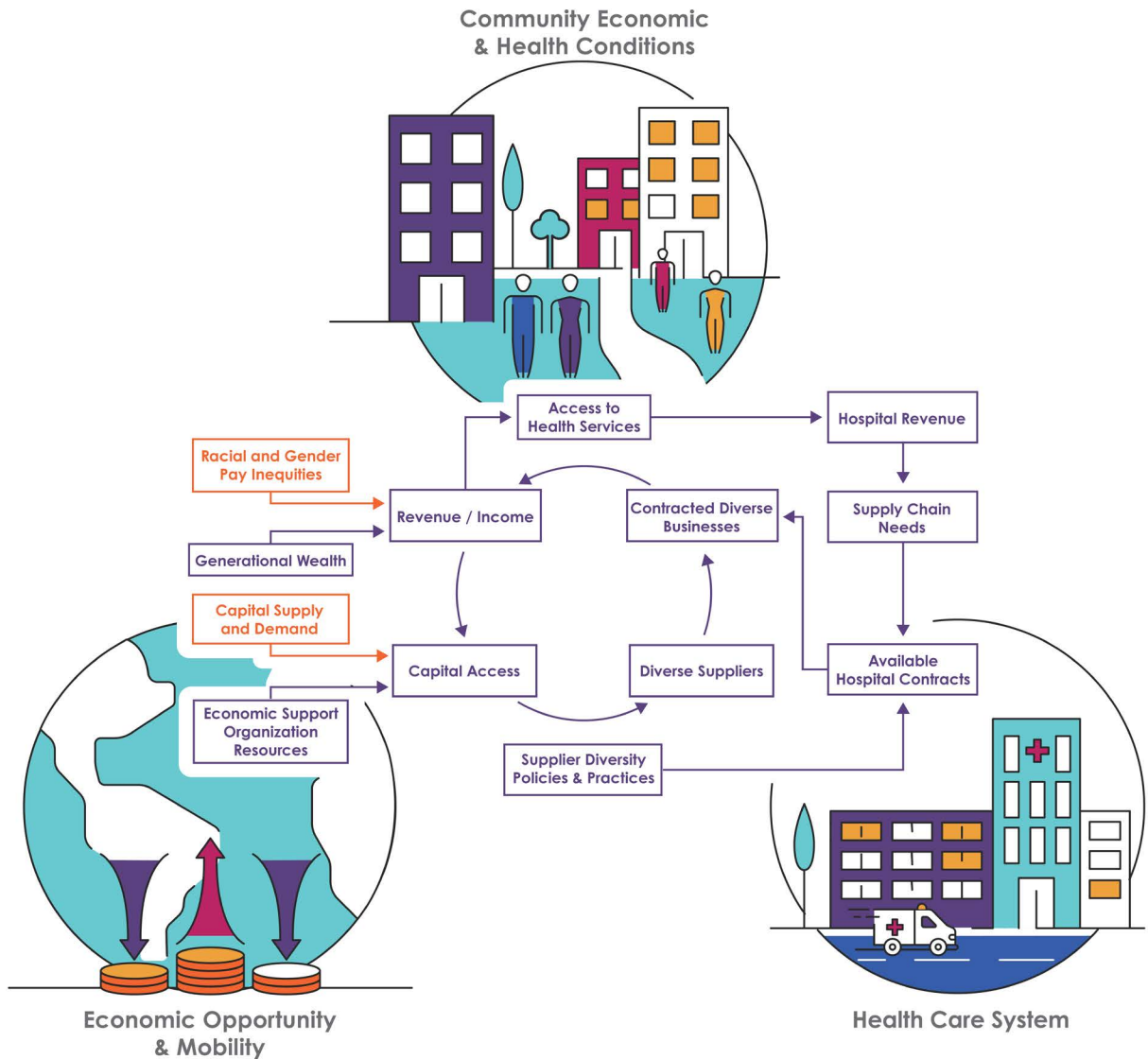
OUR FINDINGS

Participating hospitals are finding access to a wider range of suppliers bringing in new ideas and special skills. This is helping improve how they buy the things they need and subsequently, patient care. Likewise, small and minority-owned businesses are finding more chances to work with health care providers, get contracts, and grow.

Despite ongoing challenges, such as not enough resources or education in some areas, positive changes are beginning to happen. This is thanks to things like better databases, dedicated roles, and teams working together across different parts of the hospital.

Communities are also seeing good things come from these efforts. They're getting stronger economically as local businesses do better, more jobs are available, and there's more local investment.

The recommendations in our report can be used to guide efforts toward greater diversity resulting in a more inclusive and successful future for all.



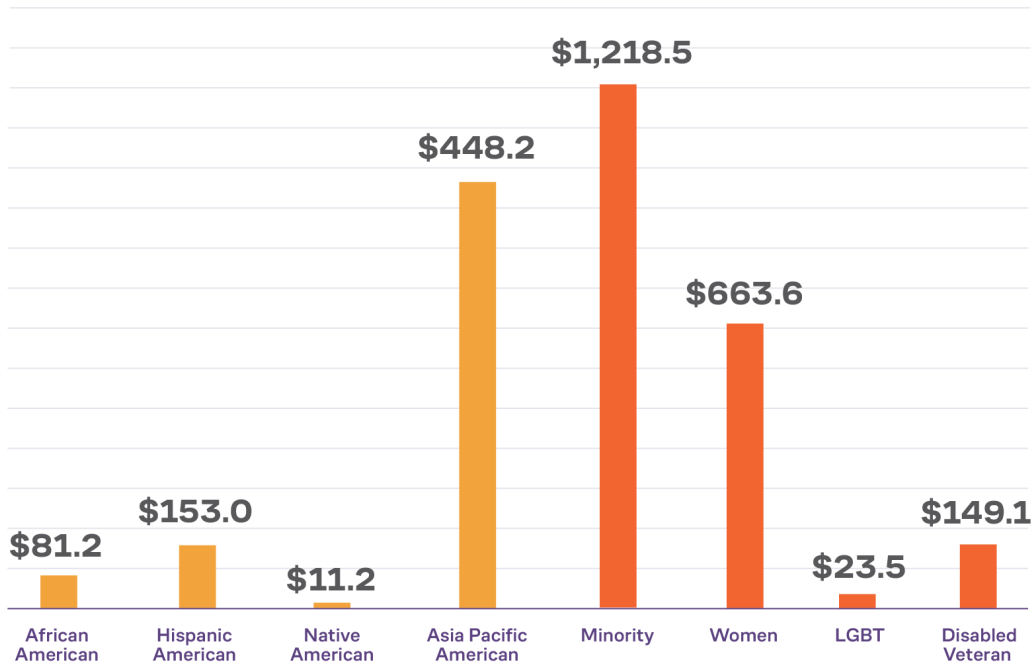
INVESTING IN INCLUSION

Supplier diversity isn't just about business—it's about building stronger communities. By fostering economic opportunities and mobility for diverse businesses, we create a ripple effect of positive change that extends far beyond corporate walls. This aligns with the idea of hospitals as anchor institutions in their communities. They contribute to overall community development and resilience by leveraging their resources, influence, and expertise to address social determinants of health and promote health equity.

This graphic illustrates how supplier diversity programs connect to community wellbeing, promoting economic resilience and social equity. Through strategic changes in hospital procurement practices, we're not just meeting regulatory requirements; we're investing in a brighter, more inclusive future for everyone.

AS THINGS STAND: A LOOK INTO SUPPLIER DIVERSITY IN LA COUNTY

TOTAL SPEND PER DIVERSE CATEGORY
\$ in the millions



<p>\$1.3B</p> <p>Total Diverse Spend</p>	<p>\$36.4B</p> <p>Total Procurement Spend</p>	<p>5.3%</p> <p>Percent Total Diverse Spend</p>
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(California Department of Health Care Access and Information, 2022 Data Summary)

SUPPLIER DIVERSIFICATION IMPROVES COMMUNITY INVESTMENT

A look at the current state of supplier diversity reveals many opportunities to shift procurement strategy and policy to improve economic opportunity and community well-being. Since last year of reporting to the California Department of Health Care Access and Information, LA County hospitals reported approximately 5.3% of total procurement spend going to diverse owned businesses.,

This underscores the need for supplier diversity programming and strategy. Economic gaps and inequality create barriers such as limited access to quality education, health care, housing, and nutritious food. This impacts entire communities and restricts opportunities. Supplier diversity offers hope in addressing these issues and driving positive social change.

It is important to acknowledge hospitals and health systems are continually striving to enhance data collection methods. This effort aims to gain a more comprehensive understanding of their spending with diverse businesses. One of the primary challenges expressed by many procurement and supply chain experts is establishing clear criteria for measurement. This includes determining what is included or excluded (denominators) and how diverse businesses are categorized, including considerations like certifications or non-certified status (numerators).

Even though it's clear we need to establish better data practices, the need for procurement reform is also evident. As anchor institutions, hospitals have the power to reshape resource allocation and support a wider range of diverse suppliers. By addressing these challenges directly, hospitals can help distribute opportunities more equitably.

AN URGENCY FOR PROCUREMENT CHANGE

Why does this matter now? The demand for diversity, equity and inclusion is louder than ever. It resonates with suppliers, customers, and industry stakeholders. Hospital supplier diversity initiatives play a big role in making positive changes. It's a mutually beneficial opportunity for hospitals to position themselves as leaders in welcoming everyone and supporting diversity.

BRIDGING GAPS IS LEADING TO GROWTH

Ignoring the need for inclusivity means fewer chances for historically underrepresented groups. This keeps economic gaps wide and holds back diverse businesses from growing, impacting family and individual wealth in our communities. From an industry perspective, it also means slower growth of new ideas, technologies, and services.

However, we've seen that when we actively support supplier diversity, great things happen. Simply put, hospitals that are prioritizing diversity in their purchases are making a positive difference. By embracing the steps needed to achieve greater supplier diversity, hospitals can lead the way in leveling the playing field, creating more ethical, innovative, talent-driven, and welcoming environments.

ACKNOWLEDGING THE CHALLENGE

Hospitals are facing barriers despite their efforts to increase supplier diversity, highlighting the need for change. Hospital decision makers and purchasing agents play a key role in spreading opportunities equitably. This is important now more than ever as everyone sees the true economic and social value of diversity.

Hospital supplier diversity initiatives are helping drive this change, as highlighted in the barriers and solutions presented in the report.



MAJOR BARRIERS

- Recognition of supplier diversity as a feasible option
- Accessibility of contracts
- Accessibility in RFPs

OVERCOMING OBSTACLES: PAVING THE WAY FOR SUPPLIER DIVERSITY

Exploring how businesses tackle hospital contracts reveals major obstacles in their path towards economic strength, fairness, and healthier communities. These challenges are closely linked to our commitment to social responsibility and inclusivity. Our journey ahead is both difficult, yet crucial for everyone involved.

Three main issues stood out: the challenge of reaching diverse suppliers, contracting difficulties, and limited accessibility in Request for Proposals (RFPs), particularly for non-English speakers.

REACHING DIVERSE SUPPLIERS IS DIFFICULT

Many diverse businesses face challenges in recognizing hospital supplier diversity initiatives and finding avenues for connection.

This lack of awareness can stem from information gaps, network challenges, or limited hospital outreach efforts. This highlights the need for improved engagement and education strategies.



A lot of businesses don't know that hospitals now have procurement opportunities.

— Economic Development Organizations (EDO) Representative

HOSPITAL CONTRACTING VARIABILITY CREATES ROADBLOCKS

Hospitals often have complex and fragmented contracting practices, making it hard for smaller or diverse suppliers to compete effectively. For example, hospitals might have contracts that require intricate negotiations, putting smaller or diverse suppliers at a disadvantage when trying to win bids.

Once a contract can be established, payment times can strain smaller diverse businesses financially. These businesses often need funds to keep their operations running.

Certification requirements are another hurdle for suppliers, especially for diverse-owned businesses. This is because they often vary widely between different hospitals or organizations, making it both confusing and time intensive for businesses to navigate.

LANGUAGE BARRIERS IN RFPS

Acknowledging language barriers in RFPS is key to making sure everyone has a fair shot at procurement opportunities. Non-English speakers typically have a tough time with these processes, which holds them back from fully taking part. By addressing and correcting these barriers, organizations can better promote collaboration, diversity, and community impact.

Using multiple languages not only boosts inclusivity but also expands the pool of potential suppliers, benefiting everyone involved.

An EDO expert pointed out, “Procurement documents are almost exclusively in English,” highlighting the need for RFPS in multiple languages. Enhancing accessibility ensures fair opportunities for all businesses, regardless of linguistic background.

SOLUTIONS THAT WORK

- Outreach and education opportunities
- Creating a searchable and verifiable database
- Staff a role focused specifically on supplier diversity
- Partner with existing accelerators and create mentorship opportunities

INNOVATIVE STRATEGIES FOR INCLUSIVITY IN HEALTH CARE

We've observed a range of innovative strategies emerging to increase inclusivity in hospital procurement practices. Strategies focus on boosting awareness through outreach and education, streamlining connections via searchable databases, and dedicating roles specifically for supplier diversity.

OUTREACH AND EDUCATION INITIATIVES

Empowering businesses with knowledge about hospital procurement processes is key to boosting inclusivity. Efforts such as education campaigns, workshops, and partnerships with EDOs are working to bridge the awareness gap.



Being able to meet the buyers is critical and key. And I'm not talking about just the supplier diversity team, [but] the folks that are actually doing contracts.

— EDO Representative



CENTRALIZED DATABASES

Creating a central database for diverse suppliers makes it easier for hospitals and businesses to connect and work together. This searchable platform enables hospitals to identify and engage with a wider range of suppliers effectively both in time and cost more easily.

The need for such a tool is a sentiment echoed by many EDOs advocating for standardized databases to enhance accessibility.

DEDICATED ROLES

Hospitals are establishing dedicated roles focused solely on supplier diversity, bringing much needed attention and expertise to the table. These roles ensure that diversity is seamlessly integrated into procurement practices and supplier relationships.

CROSS-DEPARTMENTAL COLLABORATION

Collaboration across departments like Procurement, Diversity & Inclusion, and Marketing, strengthens the impact of supplier diversity efforts. Working together across these departments helps build a strong approach to supplier diversity. This collective approach ensures supplier diversity goes beyond ticking boxes. It becomes a vital goal that aligns with the hospital's values and goals for inclusivity.

By sharing these solutions, we aim to inspire meaningful change and contribute to a more inclusive health care supply chain.

PARTNER WITH EXISTING ACCELERATORS AND CREATE MENTORSHIP OPPORTUNITIES

Partnering with existing accelerators and technical assistance opportunities can advance supplier diversity in health care. These opportunities are often provided by EDOs and other organizations. By collaborating with established programs, we can amplify, invest, and align with larger regional goals to foster mentorship opportunities for diverse suppliers in the health care industry.

RECOMMENDATIONS FOR HOSPITALS

STRATEGIC STEPS FOR SUPPLIER DIVERSITY

Hospitals moving toward economic strength, fairness, and better community health can benefit from making strategic shifts in their procurement practices. This aligns with broader goals of social responsibility and inclusivity. Below are recommendations tailored for hospitals to enhance supplier diversity and foster a more equitable procurement environment.



Engage and Educate

Offer outreach programs via workshops, webinars, and networking events on supplier requirements, contracts, certifications, and regulatory compliance.




Engage Senior Leadership

Leverage this essential resource, influence, and visibility to ensure long-term success and sustainability.



Collaborate with Economic Organizations

Partner up to identify and connect with qualified small and diverse businesses.



Streamline Processes

Create user-friendly portals, provide instructions, and offer support.




Dedicated Supplier Diversity Role

Bring in someone specifically focused on supplier diversity to give it the attention and strategy it needs.



Establish Mentorship Programs

Pair small and diverse businesses with established suppliers or provide training and development opportunities.



Track Progress and Reward Performance

Monitor and report regularly to identify opportunities for improvement.



Transform Organizational Culture

Cross collaborate with other departments.

STRATEGIC GOALS FOR HASC & CLC



FOSTER COLLABORATION

Encourage hospitals to share best practices and resources collectively with peers, diverse business owners, economic development organizations, and other stakeholders. This collaborative effort strengthens supplier diversity efforts. An official launch of a Regional Impact Purchasing Collaborative is set for 2025.



BUILD RELATIONSHIP SPACES

Create dedicated spaces for hospital, vendors and business advocacy groups to build relationships leading to open dialogue and collaboration. This includes hosting networking and educational events for supplier diversity, such as our annual Hospital Supplier Diversity Conference. This year's conference will be hosted on September 26, 2024.



CONDUCT MARKET ANALYSES

Gain insights into competitive landscapes to inform supplier diversity strategies effectively. Validate findings from this analysis within the rest of the HASC region.



LEAD INDUSTRY STANDARDS

Develop standards for supplier diversity practices in the health care industry to guide hospitals and inform policy.



ESTABLISH A DIVERSE SUPPLIER DATABASE

In partnership with Proximo, the HASC Supplier Diversity Committee, and a consortium of partner hospitals - establish a database for identifying vetted diverse suppliers that will be launched in September 2024.



CO-INVEST IN DIVERSE BUSINESSES

Encourage hospitals to support small diverse businesses for mutual benefits, helping to strengthen local supply chains and promote resilience.

Supplier diversity isn't just about doing the right thing; it's a crucial necessity from a strategic perspective offering profound benefits. It fuels economic opportunity, drives innovation, promotes inclusivity, uplifts communities, and advances industries. Embracing supplier diversity through the recommended strategies is not only a moral choice, but also a savvy business decision. It positions organizations for long-term success and positive societal impact.

RESOURCES ON SUPPLIER DIVERSITY



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Read the full
report

CLC AND HASC ARE
EXPANDING THE SUPPLIER
DIVERSITY INITIATIVE TO
THE REST OF THE REGIONS



- ORANGE
- SAN BERNARDINO
- RIVERSIDE
- SANTA BARBARA
- VENTURA



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COMMUNITIES[®]**