

LOS ANGELES COUNTY

Supplier Diversity Landscape

2024 FULL REPORT



Introduction

The Hospital Association of Southern California (HASC) and Communities Lifting Communities (CLC) are committed to supporting hospitals in diversifying their procurement processes and practices, identifying suppliers that meet the diverse-owned classifications under AB 962, AB 1392 and beyond, to build more resilient local supply chain and increase economic opportunity.

By strategically engaging with suppliers that reflect diverse ownership, hospitals supported by HASC and CLC not only fulfill regulatory requirements but also contribute to broader socioeconomic development. The emphasis on supplier diversity initiatives to increase economic opportunities at the local level holds significant implications for community wellbeing. As hospitals align their procurement practices with diverse-owned classifications, they catalyze economic growth and job creation within the communities they serve. This ripple effect extends beyond the realm of health care, fostering a more vibrant and inclusive economic landscape that directly impacts the overall wellbeing of community members.

Table of Contents

I. Introductions	
<i>Exploring the Supplier Diversity Ecosystem for Community Improvement Landscape Analysis Goals</i>	..... 2 – 3
	..... 4
II. Methods	..... 4
III. Results	
<i>Data Review</i>	..... 5 – 6
<i>Key Informant Interview Insights: Economic Development Organizations & Diverse Suppliers</i>	..... 6 – 10
<i>Key Informant Interview Insights: Hospital and Health Systems</i>	..... 10 – 19
IV. Conclusion	
<i>Recommendations for Hospitals</i>	..... 19 – 20
<i>Recommendations for HASC & CLC</i>	..... 20 – 21
<i>Acknowledgements</i>	..... 21
V. Appendix	
<i>A: Completed Key Informant Interviews</i>	..... 22
<i>B: Hospital Demographics</i>	..... 23
<i>C: Hospital & Health Care Supplier Diversity Resources & Toolkits</i>	..... 24 – 26

Exploring the Supplier Diversity Ecosystem for Community Improvement

Supplier diversity plays a pivotal role in addressing community wellbeing by fostering economic opportunities and mobility for diverse businesses. To delve deeper into this topic, it's essential to explore how **community economic and health conditions**, or social determinants of health, influence economic prospects for diverse businesses. Social determinants of health encompass various factors such as socioeconomic status, education, employment opportunities, access to health care, and community infrastructure. In many communities, particularly those with marginalized populations, these determinants often contribute to disparities in economic opportunities. An article published in the [Institute for Policy Studies](#) explores the factors contributing to the widening wealth gap in under resourced communities. These can include limited access to resources, capital, networks, and markets, which can hinder the growth and sustainability of diverse businesses.

When exploring **economic opportunity and mobility** for businesses, communities facing disparities can create further barriers for upward mobility. An article published at [the Joint Center for Political and Economic Studies](#) explores how intertwined relationship between socioeconomic factors, health disparities, and economic outcomes are to business growth and prosperity, especially for minority-owned or diverse businesses. This is where Economic Development Organizations (EDOs) are essential to address inequities by promoting entrepreneurship, fostering small business development, and creating pathways for economic advancement.

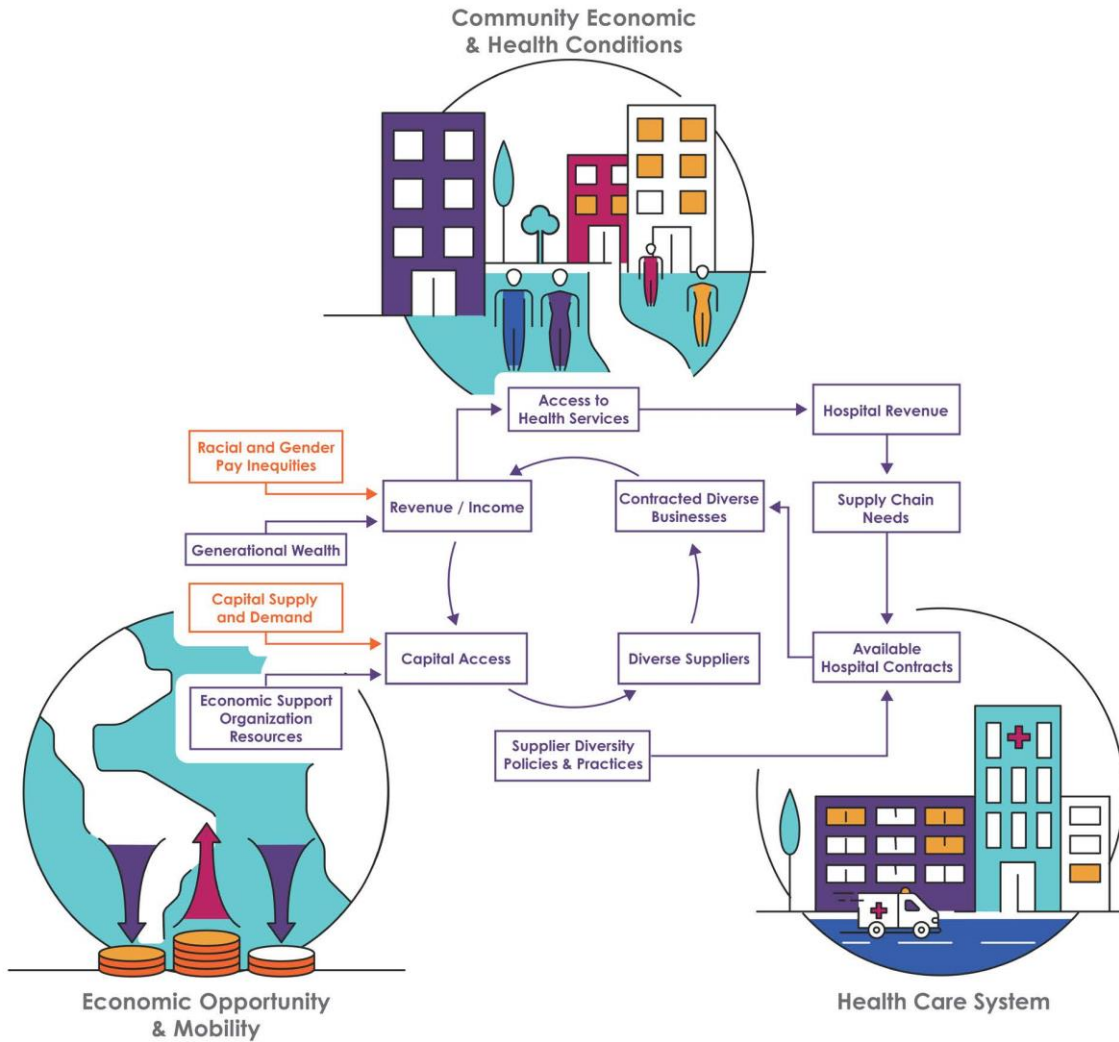
The connection between supplier diversity and **the health care system** can be complex but important to explore. Access to health care services is a critical component of community wellbeing, yet disparities in healthcare access and outcomes persist, particularly among underserved populations. According to the an article published at [The Urban Institute](#), diverse businesses often hire from within their communities, thereby creating job opportunities and stimulating local economies. Additionally, these businesses may prioritize social responsibility initiatives, such as investing in workforce development programs, supporting local schools, or contributing to community improvement projects. As a result, supplier diversity programs can have a ripple effect on community wellbeing by fostering economic resilience and social cohesion.

Another key connection to contracting local and diverse businesses is the increased access to health services. The [Kaiser Family Foundation's \(KFF\) "Employer Health Benefits 2021 Annual Survey"](#) shows the increasing relationship between employment status and access to health insurance in the United States. Furthermore, an article at [Medical Care Research & Review Journal](#) analyzed how increased access to health insurance influences individuals' health care consumption patterns and, consequently, the demand for medical goods and services. This in turn supports the demands for goods and services at a hospital, and ideally provides opportunities for diverse businesses to obtain contracts. Supplier diversity practices and strategies at the organizational level determine much of this proposed system dynamic's success and is the focus of this landscape analysis.

Overall, continuing to invest in understanding the role of supplier diversity in addressing community wellbeing requires a comprehensive examination of how social determinants of health influence economic opportunity and mobility for diverse businesses. By recognizing the interconnectedness of these factors and their impact on the health care system, we can advocate for the implementation of robust supplier diversity programs at our institutions. By doing so, we not only support the growth and sustainability of diverse businesses but also contribute to creating healthier, more equitable communities for all.

Figure 1: The Supplier Diversity Connection to Improving Community Wellbeing

A summary of the above analysis can be seen in this simplified system diagram. There are many other factors that can contribute to increases or decreases in the system, but the overall message is that economic mobility and investment into supplier diversity programs can have long term substantial impacts and ultimately create healthier and more resilient communities in which hospitals reside.



Landscape Analysis Goals

Conducting a Supplier Diversity Landscape Analysis (the ‘analysis’) was an indispensable step towards determining how HASC and CLC will support hospitals in developing effective strategies and programs to enhance their supplier diversity initiatives. By understanding the current state of affairs, learning from successful models, and developing regional initiatives, hospitals can position themselves as leaders in promoting diversity and inclusion while simultaneously fostering sustainable and beneficial partnerships with diverse suppliers.

The analysis had three main goals aimed to assess hospital procurement practices and explore the types of support businesses need to effectively meet the demands of hospitals. The analysis goals were as follows:

Goal 1: Assess if a hospital accelerator or capital investment program is needed to support diverse-owned businesses in reducing barriers in accessing hospital contracts to advance economic opportunity.

Goal 2: Assess hospital readiness to invest in diverse businesses and build the case for support to expand the depth of the landscape analysis to all HASC regions.

Goal 3: Assess current hospital supplier diversity procurement practices and policies to identify barriers and areas of opportunity.

Methods

The landscape analysis employed mixed methods to increase the number of available data points and increase the validity of conclusions.

Literature Review: CLC conducted an extensive literature review of published articles and reports on the economic landscape of Los Angeles County and both local and national supplier diversity best practices.

Data Review: Qualitative and quantitative publicly available data from the U.S. Census Bureau’s Annual Business Survey and County Business Patterns, HCAi Reports and other data sources were analyzed.

Key Informant Interviews: Extensive engagement with diverse stakeholder groups were conducted to gain valuable insights and perspectives – including 8 hospital representatives, 7 diverse business owners, 5 representatives of economic development organizations (EDO) and 5 content experts. An interview guide was developed using existing supplier diversity evaluations and insight from hospital supply chain and supplier diversity leaders. Interviews were transcribed and coded to find themes and trends. *Appendix A* shows completed key informant interviews.

Results

Data Review

Figure 2: US Census Data for LA County Business Demographics

The latest survey (2017) in LA County on business demographics of the US Census showed the demographics of diverse business categories for Women-owned (n= 48,447), Minority-owned (n= 81,550) and Veteran-owned (n=8,417). The italicized data is for non-diverse business figures to contrast.

Businesses	
All employer firms, Reference year 2017	228,558
<i>Men-owned employer firms, Reference year 2017</i>	135,941
Women-owned employer firms, Reference year 2017	48,447
Minority-owned employer firms, Reference year 2017	81,550
<i>Nonminority-owned employer firms, Reference year 2017</i>	130,465
Veteran-owned employer firms, Reference year 2017	8,417
<i>Nonveteran-owned employer firms, Reference year 2017</i>	205,046

Figure 3: National Equity Atlas (NEA) for LA County

The NEA analyze indicators on social and economic equity across the nation. In the figure below, the focus is on the racial demographics for Los Angeles County business ownership. According to NEA, it is important to look at these figures, as entrepreneurs of color are more likely to hire employees of color than other firms, and they generate increased economic activity in low-income communities of color. Ownership is analyzed in number of firms per 100 workers.

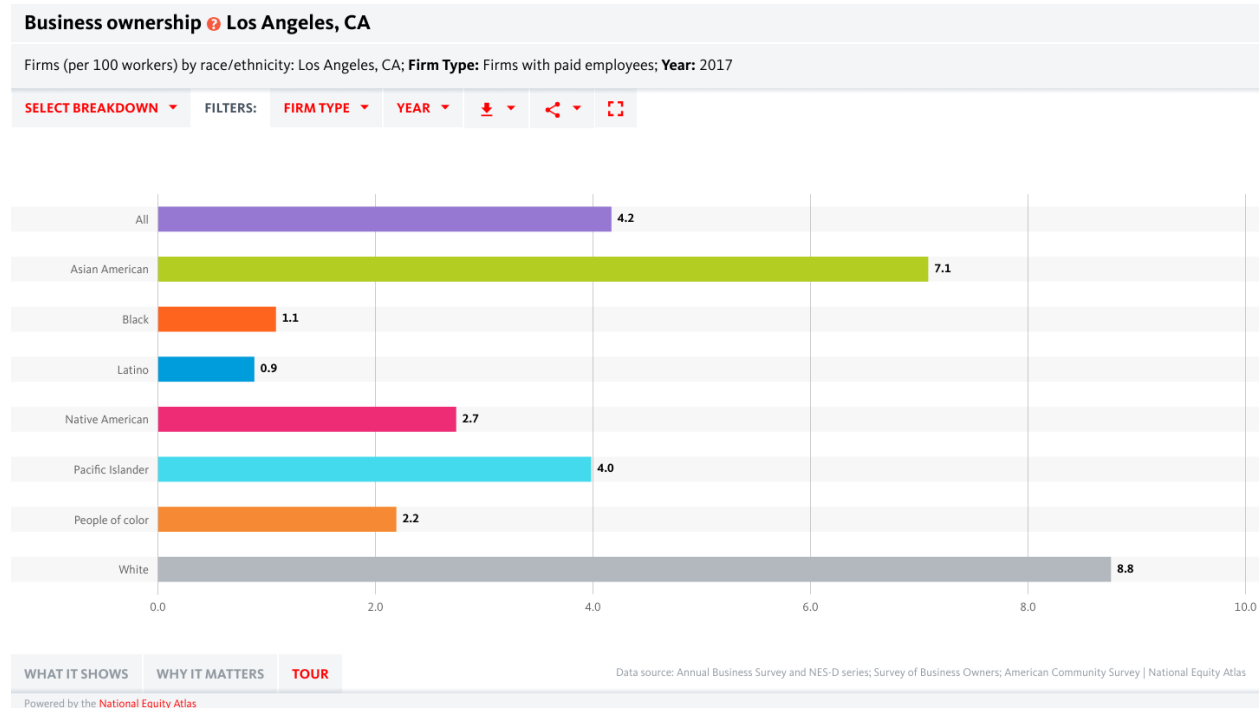


Figure 4: CA Department of Health Care Access and Information (HCAI) Data

Under AB 962, HCAI is tasked annually to collect supplier diversity spend reports for the diverse categories identified in the regulatory language to increase diverse spend. These categories include businesses that are at least 50% owned: (1) African American, (2) Hispanic American, (3) Native American, (4) Asian Pacific American, (5) Minority, (6) Women, (7) LGBT and (8) Disabled Veteran. The table below summarizes 2022 data for LA County Hospitals.

2022 Total LA County Hospital Reports		92
Hospital Type	<i>City or County</i>	4
	<i>District</i>	1
	<i>Investor – Corporation</i>	15
	<i>Investor – Limited Liability Company</i>	18
	<i>Investor – Partnership</i>	7
	<i>Non-profit Corporation (incl. Church-related)</i>	43
	<i>State</i>	1
	<i>University of California</i>	3
Requires Certification	<i>Yes</i>	48 %
	<i>No</i>	52 %
Accepts Self Certification	<i>Yes</i>	32 %
	<i>No</i>	68 %
Total Spend per Diverse Category	<i>African American</i>	\$ 81,227,565
	<i>Hispanic American</i>	\$ 153,022,378
	<i>Native American</i>	\$ 11,182,334
	<i>Asian Pacific American</i>	\$ 448,244,792
	<i>Minority</i>	\$ 1,218,510,465
	<i>Women</i>	\$ 663,566,426
	<i>LGBT</i>	\$ 23,465,898
	<i>Disabled Veteran</i>	\$ 149,091,728
Total Diverse Spend (<i>numerator</i>)		\$ 1,306,643,756
Total Procurement Spend (<i>denominator</i>)		\$ 36,442,565,282
Percent Total Diverse Spend		5.3 %

Key Informant Interview Insights

Economic Development Organizations & Diverse Suppliers

Successful Collaborations with Hospitals: Investigating previous successful collaborations between the economic development organization and hospitals, exploring the nature of these collaborations and identifying factors contributing to their success.

General Hospital Perceptions: There is a range of hospital capacity and level of engagement with diverse businesses. A chamber representative said, “What we have observed in the hospital health care space is that some companies are doing it really well and have been doing it for years, and are a model for procurement and contracting supplier diversity. In fact, one of them sits on the [billion dollar roundtable](#)... Where we see the folks that are really interested in building their program, we see a great dedication and commitment to doing it.” This insight reveals a divergence among hospitals, where some are at the

forefront of fostering supplier diversity while others are in the nascent stages of developing robust programs.

The recognition of dedication and commitment among those seeking to build their programs is a positive indication. It underscores a willingness within the health care sector to evolve and embrace diversity in supplier relationships. The key challenge, as articulated in the quote, lies not in the intent but in understanding the methodologies and frameworks necessary to effectively cultivate and sustain these initiatives. Encouragingly, this insight also highlights a shared commitment across the spectrum to improve and integrate more inclusive practices within hospital contracting.

Collaboration in Action: A representative of an EDO shared an example of a current hospital collaboration by saying, “We have a directory of almost 2,600 [vendors]. So, we’ll scour the directory, and then send [them] a list of [diverse] businesses that could meet [their] expectation.” This example beautifully illustrates the collaboration between an economic support organization and a hospital. It showcases the synergy between two entities with different specialties coming together for a common purpose.

The key elements highlighted in this collaboration are:

1. **Networking:** The economic support organization has an extensive network, enabling them to connect various businesses with opportunities.
2. **Specialized Assistance:** The organization offers targeted support by specifically curating a list of veteran businesses, demonstrating their commitment to meeting the hospital's requirements.
3. **Efficiency and Expertise:** By utilizing their directory and expertise, the organization efficiently sifts through numerous options to deliver a concise and relevant list, saving the hospital time and effort in their search.

This collaboration not only demonstrates cooperation between entities but also showcases the potential impact when organizations pool their resources and expertise towards a common goal. It highlights the effectiveness of partnerships in bridging gaps and addressing needs within different sectors.

Barriers and Opportunities for Businesses in Accessing Hospital Contracts: Examining challenges and opportunities for businesses seeking hospital contracts, including specific hospital policies or practices that might impact accessibility.

Engagement & Awareness: Several diverse businesses encounter difficulties regarding their awareness of hospital supplier diversity initiatives and comprehending avenues for connection. A representative of an EDO spoke on the lack of connection they and their businesses have faced by saying, “I will tell you that a lot of businesses don't know that the hospitals now have procurement opportunities. So there is a detach to the opportunities that are available.” This can speak to a variety of barriers, such as information gaps, network and outreach challenges or even limited hospital outreach initiatives. Hospitals may not always actively reach out or engage with potential suppliers, especially smaller businesses, or those outside their usual vendor pool. Addressing these barriers requires concerted efforts from both hospitals and external support organizations. Increasing awareness and engagement involves initiatives that implement education campaigns, streamline communication, encourage partnership, and make concerted efforts to connect with diverse vendors.

Hospital Industry Fragmented Contracting Practices: Presently, the contracting landscape in hospitals can be complex and fragmented, making it challenging for smaller or diverse suppliers to compete

effectively. One EDO said regarding their business assistance programs, *“our mission and our vision of this program was to help increase the capacity for small businesses to train them up to get them contract ready to help them navigate the contracting process because we know that it can be very complex and pretty overwhelming for a small business.”* In terms of the biggest need they saw to streamline that process they said is a uniform certification. By establishing standardized practices and guidelines, hospitals can simplify their procurement procedures, potentially reducing barriers that currently limit diverse suppliers' participation.

The lack of uniformity in contracting is also reflected in the numerous certifications required by hospitals to recognize businesses as diverse. This can be a significant obstacle in fostering inclusivity within supplier diversity programs as an industry. One EDO said, *“people are really still confused about the certification.”* Creating uniformity in hospital contracting involves implementing consistent criteria, transparent processes, and clear guidelines for supplier selection and engagement. It also necessitates fostering an inclusive environment that actively seeks out and supports diverse suppliers, recognizing their value and contributions to the health care supply chain. This standardization would create a level playing field, allowing a wider range of diverse suppliers—small businesses, minority-owned enterprises, and others—to more easily navigate and access opportunities within hospitals.

Creating Equity in RFP Requirements & Practices: Multiple EDO representatives identified the importance of modifying Requests For Proposals (RFPs) to be more equitable for diverse businesses. These strategies include (1) unbundling large contracts, (2) prompt payment for services rendered and (3) addressing contract language barriers.

The first strategy is unbundling large RFP contracts so that smaller businesses can be competitive and have the opportunity be considered for hospital contracts. An EDO representative said, *“The size of the contract, and unbundling and bundling contracts is also something that we talk a lot about... to make those opportunities available to our smaller diverse businesses. And bundling is a big deal so that they can compete.”* This approach emphasizes tailoring contract sizes to match the capacity of smaller enterprises, while the strategic bundling or unbundling of contracts serves as a mechanism to enable these businesses to effectively compete within the marketplace.

Additionally, another EDO representative agreed that unbundling contracts helps businesses who have scaling challenges, adding, *“That certainly is a solution that hospitals can work on. But we try to bundle the vendors so that they can think collaboratively rather than wait for the procurement channels to make the opportunities more to their liking. So yes, we support the unbundling process, to make it so that smaller businesses can compete. But we're also working proactively to make it so that vendors can collaborate with one another so they can scale up.”* This speaks to a different type of solution to large hospital RFPs that cannot be modified and how small businesses can leverage the power of community and partnership within their industries to meet the large demands a hospital might have.

Additionally, another equitable RFP practice was identified in terms of timing for when diverse businesses receive payment for services rendered. One EDO expert said that a key contracting practice was, *“It's critical to have payments so that they can pay their bills and pay their employees... These are all practices that are really, really important if we're talking about equity.”* Ensuring timely payments not only supports these enterprises in meeting their financial obligations but also underscores a commitment to fostering equity by acknowledging the impact of cash flow on their sustainability and ability to support their workforce. These practices reflect a holistic understanding of equity beyond contract allocation, emphasizing the significance of financial stability for diverse businesses' success and growth.

Lastly, one EDO representative spoke on accessibility challenges stating, *“There is a barrier that’s linguistic. The procurement documents are brutal and are almost exclusively in English. So, it would be an innovation for RFPs to be created in another language.”* The identification of linguistic barriers within procurement processes highlights a critical aspect often overlooked in promoting inclusivity. By predominantly using English in procurement documents, these processes inadvertently exclude non-English speakers or those less proficient in the language. Introducing RFPs in languages other than English can serve as a transformative innovation, breaking the language barrier and broadening access for a more diverse pool of businesses. This adaptation not only enhances inclusivity but also aligns with the essence of equity by ensuring fair and equal opportunities for all businesses, regardless of linguistic background or proficiency.

Effective Procurement Strategies for Diverse Supplier Relationships: Exploring specific procurement strategies that effectively facilitate relationships and contracts between hospitals and diverse suppliers, focusing on strategies that bridge the gap between the two entities.

Many EDOs emphasized pivotal strategies imperative for hospitals to integrate within their operational framework including: (1) Building & Fostering Relationships, (2) Sharing Metrics & Forecasting, (3) Creating Searchable & Verifiable Databases and (4) Providing Outreach & Education.

Building and Fostering Relationships: When speaking on building and fostering relationships, an EDO representative emphasized, *“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.”* The emphasis lies not solely on interfacing with the supplier diversity team but also on forging connections with the actual contract decision-makers—the buyers—who wield substantial influence in shaping procurement decisions. In essence, the emphasis on engaging with contract decision-makers underscores a more holistic approach to supplier diversity—one that seeks not only to meet diversity goals but also to integrate diverse businesses as strategic partners aligned with the hospital’s core operational objectives. This approach fosters more meaningful collaborations and reinforces the ethos of equity and inclusion within hospital procurement practices.

Sharing Metrics and Forecasting: To further aid in facilitating how connections are made, another EDO representative spoke on the importance of sharing metrics by saying, *“Forecasting [allows you to] understand and know what you’re buying, and being able to share that...can be really helpful to also ...match the right companies to those opportunities.”* The focus on forecasting procurement needs—identifying current and future demands—provides a clearer roadmap for both hospitals and diverse businesses, fostering more effective and intentional connections. Another EDO leader likewise added that businesses are very interested to know, *“this is what [hospitals] buy, this is what [hospitals] forecast. So being able to get to know the customer’s needs is something that vendors are particularly curious about.”*

Additionally, sharing specific metrics and procurement data facilitates a more targeted matchmaking process. It allows for a more precise alignment between the hospital’s requirements and the capabilities of diverse businesses. This ensures that opportunities are not merely accessible but are well-suited and optimized for businesses’ strengths, maximizing the likelihood of successful collaborations.

Creating a Searchable and Verifiable Database: A EDO representative further affirmed the need to establish a hospital list of vetted vendors by saying, *“I often get feedback from the businesses that we work with,... if there is a way to get on a bench... so vet your companies [and] create that pipeline [of]... companies that are qualified, and meet your requirements.”* From the perspective of businesses seeking opportunities with hospitals, being part of a pre-established “bench” or hospital list signifies an

endorsement of their credibility and capability. It presents an opportunity for businesses to showcase their readiness and competence to fulfill the hospital's needs. Additionally, it offers a sense of assurance that they are part of a select group that the hospital recognizes and is willing to engage with when needs arise, potentially fostering long-term partnerships.

This approach aligns with the overarching goal of creating a robust and efficient supply chain, where hospitals can readily access a diversified group of qualified suppliers while providing businesses with a structured and tangible pathway to engage with health care institutions. Overall, establishing a pre-vetted bench signifies a proactive strategy beneficial for both hospitals and businesses, optimizing procurement processes and fostering stronger, more efficient partnerships.

Providing Outreach and Education Opportunities: One EDO provider additionally spoke to an industry that is working well with diverse vendors by saying, *"I will say that the insurance department, they're doing a really good job at outreach and awareness,... and I serve on their task force to improve practices"* Outreach initiatives play a pivotal role in bridging the gap between businesses and institutions by disseminating information about available opportunities. These efforts not only raise awareness but also serve to educate businesses about the requirements, processes, and benefits of engaging with institutions such as the insurance department. By actively promoting opportunities and engaging in outreach, institutions demonstrate their commitment to inclusivity and diversity in their procurement practices.

Furthermore, participating in task forces or similar forums allows for deeper discussions on how to enhance outreach strategies. This involvement signals a willingness to listen, learn, and adapt approaches to reach a broader and more diverse pool of businesses. It also provides an avenue for businesses to provide input and feedback, ensuring that outreach efforts are tailored to meet their needs effectively.

By prioritizing outreach and education, institutions not only expand their supplier network but lay the groundwork for more meaningful collaborations, wherein businesses are well-informed and equipped to seize opportunities that align with their capabilities and aspirations.

Hospitals & Health Systems

Staffing for Management: Examined how organizations allocate resources for Supplier Diversity management, ranging from dedicated individuals or teams to partial or no specific assignment.

The distribution of staffing for tackling supplier diversity varied among hospital key informant interview participants. The staff distribution categories included (1) hospitals had a full time employee tackling supplier diversity, (2) hospitals had an individual partially dedicated, meaning they had multiple responsibilities within their role, and supplier diversity was one of them, (3) hospitals had no role locally, at the hospital level, and saw this role as being represented at the system level and (4) the hospital had no role or individual dedicated to supplier diversity.

Hospitals that had a full-time staff dedicated to the initiative expressed, *"As far as the day to day, it's just me. And I don't really see that changing anytime soon. I think because we're just starting to get this program moving. It's hard to include too many people."* This insight reflects a common challenge faced by hospitals when implementing initiatives like supplier diversity strategies and the complexity of introducing and integrating new programs within the hospital environment.

Moreover, the mention of being the sole person dedicated to the initiative highlights the initial stages of implementing a supplier diversity strategy. Often, these endeavors start with a limited team or even a single person driving the entire process. This echoes the infancy of such programs within hospitals, where resources, both in terms of staffing and expertise, might be constrained during the initial phases. This implies the need for a gradual approach. This gradual inclusion aligns with the lengthy process hospitals often undergo to truly integrate and optimize supplier diversity strategies. It's not merely about setting up the program but ensuring its sustained effectiveness and integration into the hospital's operational fabric. The emphasis on meaningful engagement with staff further underscores the importance hospitals place on ensuring that the initiatives they undertake are not just superficial gestures. Rather, they aim for substantive and impactful involvement, which often takes time to achieve effectively.

Hospitals who indicated supplier diversity was added onto their existing roles expressed, *"...because we're in supply chain, it kind of fell on my shoulders with the Assembly Bill. Marketing has partnered with us. But I don't have any expert."* This interviewee expressed that they are passionate about the topic and have made an effort to really invest in the initiative. While another interviewee, expressed, *"I have had to do a lot of learning on my own to figure things out."* Adding that, *"We aren't crazy small, but in terms of kind of manpower to do some of these other things that aren't directly like patient care... I think that's kind of where it's difficult, because it's like we don't have those extra hands to be able to do those things."* These insights underscore the importance of adequate resourcing, both in terms of personnel and expertise, dedicated specifically to supplier diversity initiatives. Hospitals need to recognize the demands placed on individuals when such responsibilities are appended to their existing roles. Allocating specialized resources and support for these initiatives is vital for comprehensive and effective implementation, ensuring that these efforts receive the attention, expertise, and focus necessary for success.

Other hospitals interviewed expressed not having someone locally, at the hospital site, and instead received directive from the system level, expressed lack of awareness and insight into specific supplier diversity strategies. One interviewee said, *"It very much feels like this like abstract concept that's happening at our corporate office that we're not as involved with locally."* Additionally, another expressed, *"...we have these initiatives, and we know they exist, but the actual implementation of them is, is oftentimes being driven by, in our case, our system office. So our involvement locally in it tends to be a little more limited."* These additional insights shed light on the individual feeling of being disconnected to the centralized efforts of the corporate level and the localized implementation within individual hospital sites. This detachment from the local site can lead to a sense of disengagement or detachment among staff. The strategy might feel distant and detached from their day-to-day operations, resulting in a lack of ownership or investment in its success.

Lastly, one hospital shared that there is currently no role specific to supplier diversity or partially being handled by anyone in the organization. They shared although they have not begun their supplier diversity journey, *"it's important to [them] as a CEO,"* adding, *"But it's a mixed bag across the agency. And when I say across the agency, I would say even some of my board member in terms of their understanding, and maybe a little bit of old school thinking, and a little bit of fear."* The acknowledgment of this mixed reception within the agency implies an opportunity for targeted initiatives aimed at fostering awareness, addressing misconceptions, and emphasizing the benefits and importance of supplier diversity. It highlights the importance of comprehensive change management strategies to ensure buy-in and support across all levels of the organization. Additionally, it is important to

acknowledge that this hospital is a much smaller system compared to all other hospitals and health systems interviewed. A hospital who currently has a partial role acknowledged the financial barriers to creating a new role by saying, *“Not that everybody can afford it, it'd be interesting to see if they put in legislation that you need to have...someone whose primary job is to live in this space and to navigate this for the organization.”*

Organizational & Structural Placement: Explored where the role of Supplier Diversity resides within the organization's structure, such as within Procurement/Sourcing, Finance, Marketing, Human Resources, or Diversity & Inclusion departments.

Hospitals interviewed underscored the importance of partnership and collaboration within the organization. Supplier Diversity was primarily housed in procurement and supply chain departments, but many indicated key cross departmental collaborations to move the initiative forward. These departments included: (1) Human Resources, (2) Diversity, Equity & Inclusion, (3) Finance and (4) Marketing.

Involvement from Human Resources indicates an understanding of the human element in supplier diversity, focusing on talent recruitment, retention, and development strategies that foster diversity within the hospital's workforce and supplier base.

The inclusion of Diversity, Equity & Inclusion departments highlights a conscious effort to align supplier diversity goals with broader organizational strategies focused on fostering an inclusive and equitable environment, reflecting a holistic approach toward diversity initiatives. One hospital shared, *“I meet with the DEI VP on a quarterly basis, and then in between to touch bases and align on our goals and objectives... because supplier diversity really is a component of overall diversity, equity, and inclusion strategy.”*

Finance's involvement suggests an acknowledgment of the financial implications and opportunities associated with supplier diversity. Collaboration with this department might involve assessing economic impacts, budget allocations, and tracking the financial outcomes of supplier diversity efforts. One procurement professional shared, *“So finances [is] another key because they're looking at savings, obviously. But if they're also looking at diverse investment that's a great way to partner with them and understand how we're able to do both.”*

Moreover, marketing's inclusion emphasizes the importance of communication, branding, and public representation regarding supplier diversity. One hospital shared, *“I think what's also helped us is that there's ongoing communication and messaging,”* which points towards the necessity of promoting these initiatives both internally and externally, aligning with marketing strategies to enhance the hospital's reputation as an advocate for diversity and inclusion.

The involvement of these diverse departments showcases a comprehensive approach toward supplier diversity, acknowledging its intersectionality with various facets of the hospital's operations and values. Collaboration across these departments is crucial for effective planning, implementation, and monitoring of supplier diversity initiatives. It also signifies a broader organizational commitment to embedding diversity principles throughout the hospital's fabric rather than isolating it as a standalone effort within a single department.

Strategy for Diverse Purchasing: Explored the hospital's articulated purchasing strategy emphasizing Supplier Diversity, including short and long-term goals.

None of the hospitals interviewed had established concrete supplier diversity strategies and goals, however, several have taken significant steps toward formulating these strategies. Others encountered obstacles in solidifying actionable steps to achieve these goals or were unaware what the goals were from the system level.

Some key policies that many hospitals have enacted are adding contract language and statement on their support of diverse suppliers, *“When we execute contracts with suppliers, it stipulates that they must make good faith efforts to do business with diverse suppliers and also they must report to us their diverse vendors.”* This strategy not only demonstrates the hospital's commitment to supplier diversity but also serves as a mechanism for accountability. By requiring suppliers to report on their engagement with diverse vendors, hospitals actively monitor and track progress, fostering transparency and encouraging suppliers to align with their diversity objectives.

One hospital shed light on the challenges faced by small and rural hospitals when it comes to engaging with supplier diversity initiatives. They expressed, *“I'm stretched very thin here. So I have not had the chance to really do more than what has been on the report and what information I can pull from our systems on supplier diversity.”* This underscores the limitations and constraints these institutions encounter due to limited resources, including staffing. It is particularly crucial to acknowledge the disparity in capacity and resources between larger, well-resourced hospitals and smaller, resource-constrained facilities. It emphasizes the need for tailored support, guidance, and potentially simplified frameworks or tools that accommodate the realities of smaller hospitals, enabling them to engage meaningfully with supplier diversity initiatives despite their limitations.

Furthermore, it stresses the importance of broader support systems or collaborative networks that can assist smaller hospitals in navigating supplier diversity challenges. Providing resources, knowledge-sharing platforms, or centralized support could aid these institutions in participating more effectively in supplier diversity efforts despite their constraints.

Some supply chain professionals, who were not directly involved with supplier diversity expressed the goals were driven at the system level and none were established at the local level. One hospital expressed, *“I believe there's one in development, but it's being driven at a system perspective, because of the way our contracting looks.”*

Metrics for Supplier Diversity: Investigated the metrics used by the hospital to evaluate the performance and progress of Supplier Diversity initiatives. This includes exploring the existence of vendor performance metrics designed to identify and assess diverse suppliers, along with insights into spending patterns across different categories of diverse suppliers.

Many hospitals utilize third party services to verify existing vendor categories. Since reporting has focused on the amount of spend, that is the most common metric category that are being analyzed to establish a baseline for future growth. One hospital said, *“the last almost year was just cleaning up our database because we weren't tracking many things. And so now that it's all cleaned up, we are working on vendor resources and creating that vendor portal externally.”* (CHLA) While another also said, *“I have been baselining, for the past couple of years. And part of the baseline process is getting to good data. So there's a whole lot of data there that you can retrieve. But it may not necessarily be the most accurate.”*

These third party services and partnerships include: (1) [Supplier IO](#), (2) [Symphony](#), (3) [Diversity Information Resources](#) and (4) Business Chambers & Associations. Regarding Supplier IO, one hospital said, *"We use supplier IO [in] two ways. First, is to scrub our data and flag our vendors to tell us who are the diverse vendors. The second is they collect tier two information for us."* The same hospital used Symphony to conduct spend analysis. Another hospital highlighted their partnership with business chambers and associations in being able to verify diverse vendors, saying, *"We've been going to the certifying agencies, like WBENC (Women's Business Enterprise National Council) and NGLCC (National LGBT Chamber of Commerce), and NMSDC (National Minority Supplier Development Council) ...And in some cases, they've given us their list. So we can bounce that against our list."*

Some hospitals are going a step further and are also analyzing spend categories to explore where there is opportunity to contract with more diverse vendors. These categories include: (1) Personal Protective Equipment (PPE), (2) Facility Maintenance (ex: Landscaping, Cleaning Services, Mechanical), (3) IT and (4) Construction. One hospital said they are also analyzing by department and seeing which are underperforming in utilizing diverse suppliers. Those working at the system level have an additional task of creating a centralized database, one hospital said they have *"been working for three years to merge their vendor list."*

Entry into Contracts for Diverse Businesses: Explored the procedural steps and requirements for diverse businesses aiming to enter into contracts with the hospital. Additionally, it seeks to understand successful engagements, factors contributing to their success, and any feedback received from diverse suppliers/vendors regarding their experiences.

The one trend across all hospitals is that their policies and procedures all vary. Many spoke on the complexity of decision-making spanning various departments and individuals, sometimes extending beyond the hospital's immediate sphere to the system level, which might operate in a different state altogether. This dynamic significantly impacts the time and effort required to garner support across different levels of staff engagement. It emphasizes the importance of not only establishing policies but also prioritizing cultural shifts essential to bring about the desired impact.

One hospital said, *"...a lot of the contracting is really out of my hands. We're a 160 hospital network that's across the US. And our contracting team, we have two of them, actually one located in Phoenix and one out of Denver. And so they are doing the majority of the contracting for us on our basic supplies that we use in a hospital."*

Another hospital spoke on a policy for vendors saying, *"...for most vendors, there is a requirement under our accreditation company, that anything that touches patient care, needs to go through the board for approval and approval, basically, is that they're just aware of it."* Adding that there were challenges with ensuring people were mindful of supplier diversity and education. The challenge highlighted here lies in harmonizing this necessary approval process with the imperative for supplier diversity. While ensuring board awareness of vendor engagements aligns with regulatory compliance, integrating an awareness of supplier diversity within this process poses a distinct challenge.

Regarding additional challenges beyond approval, another hospital spoke on having to accommodate nontraditional practices in procurement to create equitable opportunities for diverse suppliers. They said, *"They have to be aware that they're going to have to make some sort of exemptions, or they're*

going to discount too many these potential [vendors],” when talking about how to modify vendor payment. Typically, a vendor will not see payment for services until months down the line and the hospital supply chain professional understood that due to financial barriers and limitations, smaller vendors might need to be paid when services are rendered. Adjusting payment practices to accommodate these smaller vendors reflects an effort to level the playing field and create a more conducive environment for their participation in the hospital's supply chain. This adaptive approach to payment timelines not only assists smaller vendors by improving their cash flow but also potentially encourages their growth and sustainability. Prompt payment for rendered services can alleviate financial strain, allowing these vendors to invest in their operations, fulfill orders, and potentially expand their offerings.

Other hospitals expressed not having policies which emphasized diverse suppliers when purchasing. One hospital stated, *“I don't think has been a consideration of what kind of diversity we're dealing with when it comes to our suppliers. It's who's the better pricing,... But our practice is to be as contract compliant as possible. The connection that I individually feel towards diversity is a little bit vague.”* The acknowledgment that diversity considerations haven't been a primary factor in supplier selection highlights a gap in the hospital's approach to supplier engagement. This approach, primarily centered on cost-effectiveness and contract adherence, might overlook the broader benefits and value that diverse suppliers can bring to the hospital's supply chain. This further highlights the importance of encouraging a mindset shift towards recognizing diversity as a strategic advantage rather than merely a compliance requirement is key to transforming procurement practices.

Engagement of diverse suppliers was a new and important area for many hospitals. Two larger health systems were working on establishing a diverse vendor portal to offer more targeted support. One hospital went as far to say that this portal could create a necessary tool for the organization to utilize, stating, *“...my big grand vision of this program is to have this dashboard that departments can just go in, see their diverse and minority spend and see potential suppliers that could work for their department, and kind of have it be a one stop shop.”* A database or special platform has been a recurring idea to find and continue to engage suppliers.

Another hospital acknowledged a barrier in communication with diverse vendors by saying, *“they [try] to get to me, but because they don't know who I am. And because there's so many layers, they rarely get to me.”* This acknowledgment by the hospital regarding communication barriers underlines a fundamental challenge within supplier diversity initiatives—the difficulty in establishing direct and effective communication channels between diverse suppliers and key decision-makers within the hospital. This insight emphasizes the need for hospitals to proactively address communication challenges as a vital aspect of their supplier diversity initiatives. By enhancing accessibility and transparency in their engagement processes, hospitals can not only attract diverse suppliers but also foster stronger, more collaborative relationships that contribute to a more inclusive and robust supply chain.

External Partnerships in Strategy: Inquired about the hospital's involvement in external partnerships as part of its Supplier Diversity strategy. This could involve collaborations with entities such as government agencies, minority business chambers, or economic development organizations to further Supplier Diversity objectives.

Most hospitals spoke of partnerships they had established during their supplier diversity journey, which include:

- Material Management Associations (*State and National*)
- Women's Business Enterprise National Council
- National LGBT Chamber of Commerce
- Veterans In Business
- American Indian Chamber of Commerce
- National Minority Supplier Development Council
- Asian Chamber of Commerce
- LA Chamber of Commerce

A couple of hospitals spoke about their desire to find external partnerships but meeting some barriers to do so. One hospital said, *"I've met with a few of them, but the biggest challenge right now is just the cost of being a part of the organization."* Another hospital added, *"I do think [chambers] are an asset... but we haven't leveraged them formally as a resource....so any help that we can get to kind of get in front of chambers is kind of what we're looking at."* These insights highlight the need for hospitals to navigate financial constraints while maximizing the potential of available external resources. It underscores the importance of seeking collaborative solutions, such as shared memberships or seeking guidance and support from external entities, to overcome financial hurdles and effectively tap into these external networks. Leveraging external partnerships like chambers of commerce can significantly augment a hospital's supplier diversity strategy, facilitating access to a diverse pool of vendors and resources.

Supplier Development Strategy: Explored if the hospital's Supplier Diversity strategy incorporates supplier development plans or accelerator opportunities, which entail growth or improvement plans customized for diverse suppliers. These plans may involve financial, temporal, or mentorship investments by the hospital.

In the current landscape of hospital operations, the immediate focus on supplier diversity initiatives does not entail the formulation of a specific accelerator program. Rather, these last couple of years have been dedicated to establishing the groundwork for substantial internal policy modifications and fostering a culture shift within these health care institutions. One procurement leader said, *"I'm wondering if LA County is ready for an accelerator for health care? Or do we need to do some kind of pre accelerator work? And help folks understand what the opportunities might be?"* This provides a valuable insight of creating awareness and buy-in before launching into a full-scale accelerator program. This approach aligns with the broader strategy of fostering a culture shift and internal policy modifications by gradually building understanding and support for supplier diversity initiatives. This perspective signifies a forward-thinking and strategic mindset, recognizing that successful implementation of supplier diversity requires more than just the launch of a program. It involves a comprehensive approach that includes education, stakeholder engagement, and readiness assessment, ensuring that the groundwork is robust enough to support the success of future initiatives. This calculated approach increases the likelihood of long-term success and impactful change within the hospital's procurement and supplier engagement practices.

One hospital also shared, *"That's not currently in our strategy. As of now, just because it's still so new. And I don't even know how to navigate all of that. I do know that there's several organizations who do work alongside small businesses to help them grow. I haven't heard too much of hospitals doing that."* It

is important to acknowledge that several economic development organizations already offer comprehensive assistance to businesses. These organizations often provide a spectrum of resources, ranging from financial support, mentorship and educational initiatives. Hospitals, while not necessarily launching accelerator programs aimed specifically for supporting diverse vendors, might leverage these existing economic support entities to complement their efforts. Collaborating with such organizations could offer hospitals a pathway to access expertise, networking opportunities, and guidance crucial for shaping inclusive procurement strategies. This collaboration not only strengthens the foundation of hospital supplier diversity efforts, but also enables them to leverage external expertise, facilitating a more comprehensive and impactful journey toward supplier diversity objectives.

Other hospitals have not launched an accelerator program but understand the value of supporting diverse businesses. One hospital spoke about the importance of education and mentorship, speaking on an experience of connecting a long standing larger diverse business with one just starting out. They added supporting businesses by providing opportunities for *“[teaching] employees who might have side businesses, teach prospective vendors how to write a business proposal, [or] how to do a five minute elevator pitch...”* Another hospital procurement leader said they offered scholarships and *“have sponsored to diverse vendors, California based diverse vendors to scholarships to the Kellogg University School of Business.”*

Limitations in Financial Investment: Sought to uncover any limitations or obstacles hospitals may currently encounter when considering financial investments in diverse suppliers, addressing potential barriers to such support.

The ongoing struggle hospitals face for financial stability in the face of various economic pressures, such as inflation and rising minimum wages, significantly impacts resource allocation decisions in supplier diversity. One hospital described the struggle to find the right balance and meet all the demands by saying, *“There are always financial challenges. And so when you think of something that you don't have yet, you say let's not invest in that. Let's try to figure out this piece that we do have running and then fix it first, instead of putting your resources over here.”* The statement reflects the inherent dilemma hospitals encounter when deciding where to direct limited resources. The necessity to manage current operational demands, ensure stability, and address immediate needs often takes precedence over investing in new initiatives like supplier diversity.

Hospitals, frequently operating within tight financial margins, prioritize cost savings to maintain financial stability, sometimes at the expense of considering diverse suppliers. There is a belief that going with a diverse supplier increases costs. Many hospitals expressed the financial priorities to save and focus on vendor that would produce the most savings. One hospital said, *“We're just here to try and break even. And you know when you're trying to save,... it's hard to kind of go to a diverse supplier if you know that it's gonna be more.”* Addressing this misconception requires a nuanced approach. Hospitals need to evaluate supplier diversity not solely through the lens of immediate cost savings but by considering the broader value and long-term benefits these suppliers might offer. This includes aspects such as fostering innovation, enhancing community relationships, and tapping into niche expertise that traditional vendors might not possess.

Similarly, another hospital expressed the need to understand how to be more diverse with vendor selection and meet financial need. They said, *“we try to be more diverse with our local vendors that we*

can tap into. But there's the challenges that come with that. It all points back to pricing. That is probably what drives 80% of our conversations... so how can we make sure we're being diverse and using diverse vendors when the sole focus tends to be pricing." This insight highlights the need for deeper market and cost analysis of diverse vendors to understand the pricing structures, capabilities, and offerings of diverse suppliers within the region. Conducting comprehensive market analyses can shed light on the competitive landscape, providing insights into the strengths and cost competitiveness of diverse vendors. Such analyses can aid hospitals in making informed decisions that encompass both cost-effectiveness and supplier diversity goals.

Regional Strategic Alignment: Explored the potential for strategic alignment among hospitals within a region to collectively support diverse businesses. This involved assessing opportunities for collaborative efforts or partnerships among hospitals aimed at enhancing Supplier Diversity initiatives at a regional level.

When exploring what strategies could be adopted as a region, hospitals identified: (1) Knowledge Sharing, (2) Policy & Advocacy, (3) Education & Resource Sharing, (4) Supplier Diversity Database Creation and (5) Leadership Engagement.

Knowledge sharing emerges as a foundational strategy, facilitating the exchange of best practices, experiences, and insights among hospitals within the region. One hospital said, *"I'm curious to know what other hospitals in California are doing. I feel like everyone's just on their own track, because it was just kind of dropped."* Collaborative platforms for sharing successes, challenges, and effective approaches can foster a collective learning environment, enabling hospitals to leverage each other's experiences to enhance their supplier diversity initiatives.

A focus on policy and advocacy, stands as a potent strategy to institute guidelines or mandates that support and incentivize supplier diversity efforts. One hospital shared, *"I think a lot of the times there's a disconnect between government policy and health care, I think can happen overnight. You're like, Yeah, that's great. That's not gonna happen right now. They don't realize, you know, the different steps to get to that point."* It is important for hospitals to be able to share the barriers and opportunities to move this initiative forward and set hospitals up for success.

Education and resource sharing plays a pivotal role in equipping stakeholders with the necessary tools, knowledge, and support systems to navigate and embrace supplier diversity effectively. By providing training, workshops, and access to resources, hospitals can empower their staff to integrate diversity principles into their procurement practices. One hospital shared, *"I think education is a big component of it. Because again, like, it's very vague. I know my knowledge, my grasp of it is not the greatest when it comes to what the expectations are, what the requirements are. So I think the more education that can be done, the better engagement with the health care community. I think there's just a big opportunity there to shed light on this."* Additionally, the same supply chain professional added that on top of education, templates would be helpful in building alignment within the region by saying, *"So getting past that, in getting those templates built, I think it would maybe be the only thing other than education."*

The creation of a supplier diversity database holds immense potential in streamlining the identification and engagement of diverse suppliers. A centralized database can provide a comprehensive repository of certified diverse suppliers, making it easier for hospitals to discover and engage with a broader range of

vendors. One hospital expressed, *“Ideally, I would love to have a database that all the hospitals use of all the suppliers that hospitals use. And because yeah, then I know it's vetted, then I know that this vendor can provide services to a hospital.”*

Leadership engagement is crucial in driving the cultural shift necessary for successful supplier diversity initiatives. One hospital shared how appreciative they were of the Communities Lifting Communities President, Susan Harrington, presenting to CEOs on Supplier Diversity. They said, *“what I've seen work is when it starts at the top, and he's heard of it, and his peers have heard of it.”* When leaders champion diversity, it permeates throughout the organization, signaling a commitment that influences decision-making and encourages a culture of inclusivity. Another hospital said, *“if you don't have the leadership buy in, it's almost impossible to get the needle moving.”*

Adopting these strategies collectively can create a synergistic effect, amplifying the impact of individual efforts. In very insightful words, a leader in supply chain shared a message for hospitals in the region saying, ***“We all compete with each other. Every day. We compete for employees, we compete for patients, we compete for the number one spot... we compete with everyone on everything, but this is the one thing I think we should collaborate on.”*** The combined force of knowledge exchange, legislative support, education, accessible databases, and leadership commitment can foster an environment conducive to robust and sustainable supplier diversity practices. Moreover, implementing these strategies at a regional level signifies a collaborative approach, demonstrating the collective commitment of hospitals to foster diversity and inclusion within their supply chains.

Conclusion

Best Practice Recommendations for Hospitals

- ***Develop Outreach and Education Programs:*** Hospitals should create outreach programs to engage and educate small and diverse businesses about procurement opportunities within the health care sector. This can include hosting workshops, webinars, or networking events to provide information on supplier requirements, contract processes, and regulatory compliance.
- ***Simplify the Vendor Application and Certification Process:*** Hospitals should streamline and simplify the vendor application and certification process to remove unnecessary barriers for small and diverse businesses. This can involve developing a user-friendly online portal, providing clear instructions, and offering support for businesses during the application process.
- ***Build Partnerships with Economic Development Organizations:*** Hospitals should collaborate with economic support organizations, such as minority business associations and chambers of commerce, to identify and connect with qualified small and diverse businesses. These partnerships can provide valuable resources, networking opportunities, and mentorship programs to help businesses navigate the health care procurement landscape. Such collaborative efforts will not only strengthen the supplier diversity ecosystem but also enhance the overall economic and social well-being of the region.
- ***Establish Mentorship and Development Programs:*** Hospitals can create mentorship and development programs to support the growth and capacity-building of small and diverse businesses. This can involve pairing these businesses with established suppliers or providing training and development opportunities to enhance their competitiveness and ability to meet the hospital's needs.

- *Staff the Organization with a Role Focused on Supplier Diversity:* Establish a dedicated position within the organization focused on supplier diversity to ensure comprehensive attention and strategy implementation.
- *Invest in Organizational Transformation:* Achieving equitable opportunities for diverse suppliers requires more than just policy changes; it necessitates a fundamental transformation of organizational culture. This can look like cross collaboration with other departments, including Human Resources and/or Diversity, Health Equity, & Inclusion teams.
- *Track and Report Progress:* Hospitals should establish a system to track and report on the progress of their supplier diversity initiatives. Regular monitoring and reporting can help identify areas for improvement, measure the effectiveness of engagement efforts, and demonstrate the hospital's commitment to supplier diversity to stakeholders.
- *Evaluate and Reward Performance:* Hospitals should consider incorporating supplier diversity performance into their vendor evaluation and reward processes. Recognizing and rewarding suppliers that actively promote diversity and demonstrate excellence can incentivize ongoing engagement and drive continuous improvement.
- *Engage Senior Leadership:* Hospital leadership should champion and support supplier diversity initiatives. Engaging senior executives in the process can provide the necessary resources, influence, and visibility to ensure the long-term success and sustainability of supplier diversity efforts.

Best Practice Recommendations for HASC & CLC

- *Fostering Collaboration Among Hospitals:* This can involve sharing best practices, pooling resources, and jointly advocating for policies and programs that promote supplier diversity within the health care industry.
- *Creating Spaces for Hospitals and Vendors to Build Relationships:* Establishing dedicated spaces for hospitals and vendors to foster relationships is pivotal. These spaces serve as fertile grounds for open dialogue, collaboration, and mutual understanding, laying the foundation for long-term partnerships beneficial for both parties.
- *Conducting Comprehensive Market Analyses:* This can shed light on the competitive landscape, providing insights into the strengths and cost competitiveness of diverse vendors. Such analyses can aid hospitals in making informed decisions that encompass both cost-effectiveness and supplier diversity goals.
- *Lead the development of industry standards for supplier diversity practices for HASC region hospitals.*
 - Data practices: Currently, hospitals are still working to develop baseline data on current vendor demographics based on varying diversity categories.
 - Application requirements: Currently, each hospital has their own application portals with set protocols, procedures, certification requirements and licensing standards. The utility company's model supplier diversity initiatives have shown success in creating a central system for businesses to apply and have agreed on standardizing requirements.
- *Support the establishment of a database for hospitals to identify vetted diverse suppliers.* To streamline contracts and help take the burden off businesses submitting the same documentation. Assists hospital supplier and procurement staff to readily identify diverse businesses who have demonstrated success working at a hospital and have already met industry requirements.
- *Bring together hospitals to co-invest in diverse businesses.* Although hospitals might not be ready for investment right now, small diverse businesses in California have a larger burden to be able

to expand and thrive due to state requirements and high cost of living. By partnering with existing organizations who have had years of experience supporting businesses, there could be great potential to establish accelerator or capital investment opportunities. The investment could potentially support expansion of both their operation and ability to meet larger hospital demand. In the long term, investments can create more resilient local supply chain systems and be ready for future challenges.

Hospitals working to build and strengthen their supplier diversity initiatives foster inclusivity and equitable procurement practices that promote economic opportunity. By actively engaging small and diverse businesses, hospitals can create a more level playing field, where businesses of all backgrounds have a fair chance to compete for procurement opportunities. Simplifying the vendor application process, establishing clear goals, providing education and mentorship programs, and fostering collaboration among hospitals are essential steps towards achieving this goal. By embracing supplier diversity, hospitals not only enhance their own procurement practices but also contribute to the broader societal objective of creating a diverse and inclusive business ecosystem that benefits individuals, communities, and the health care industry as a whole.

Acknowledgements

Thank you to Cedars-Sinai, for sponsoring this landscape analysis.

The research and analysis was led by Claudia Pacheco, Health Equity Program Manager at CLC. Much gratitude to the rest of the CLC and HASC team, including Karen Ochoa and Susan Harrington for their guidance, and Vetannie Morton for helping to conduct key informant interviews, and review many drafts.

Thank you to HASC member hospital representatives, listed in appendix A and B, for providing their insight and expertise, informing the CLC and HASC strategic focus to advance supplier diversity.

Appendix A, includes the extensive list of diverse suppliers and economic development organizations who provided their valuable insight and time. Please feel free to click on the organization name to learn more about their business and opportunities to connect.

This landscape analysis acknowledges and builds upon the strategies and ideas extensively explored by other experts and organizations, recognizing their significant and ongoing contributions to supplier diversity efforts. To dive deeper into different topics, please explore the resources listed in appendix C.

Appendix A: Completed Key Informant Interviews

Category	Name	Title	Organization
<i>Content Expert</i>	Elizabeth Richardson	Sr. Enterprise Sales Executive	Supplier IO
<i>Content Expert</i>	Claire Brawdy	Project Manager, Initiatives & Advisory Services	Healthcare Anchor Network
<i>Content Expert</i>	Shannon Sedgwick	Director	LAEDC's Institute for Applied Economics
<i>Content Expert</i>	Justin Adams	Senior Economist	LAEDC's Institute for Applied Economics
<i>Content Expert</i>	Stephanie Green	CPUC Executive Division	CPUC Utility Supplier Diversity Program
<i>Diverse Business Owner</i>	Louis Hirsch	President	Parker Lighting, Inc.
<i>Diverse Business Owner</i>	Nabeil Hazu	CEO	PacTrack, Inc
<i>Diverse Business Owner</i>	Pamela Feld	CEO	Triumph Technology Group
<i>Diverse Business Owner</i>	Diala Jawhary	CEO	A&D Solutions
<i>Diverse Business Owner</i>	Jonathan Wilson	CEO	Dubb Value Creation
<i>Diverse Business Owner</i>	Dr. Gena Yvette Davis	Founder & CEO	True Synergy, Inc.
<i>Diverse Business Owner</i>	Phillip Lawrence	CEO	Shift Training
<i>Economic Development Organization</i>	Andrea Nuun	Senior VP Entrepreneurship & Innovation	LA Chamber of Commerce
<i>Economic Development Organization</i>	Enrique Gonzalez	Program Manager/Supervisor	Los Angeles Economic Development Corporation
<i>Economic Development Organization</i>	Gilda Haas	Co-Founder	LA Co-op Lab
<i>Economic Development Organization</i>	Dennis Huang	Executive Director & CEO	Asian Business Association - Los Angeles
<i>Economic Development Organization</i>	Rebecca Gardiner Aguilera	CEO	Veterans in Business
<i>Hospital</i>	Michael Briggs	Area Supply Chain Director	Adventist Health (System): White Memorial, Glendale, Simi Valley
<i>Hospital</i>	Motz Feinberg	VP, Chief Supply Chain Officer	Cedars-Sinai (System)
<i>Hospital</i>	Chico Manning	System Vice President, Enterprise Supply Chain	PIH Health (System)
<i>Hospital</i>	Audrey Chang	Vendor Diversity Program Specialist	Children's Hospital Los Angeles
<i>Hospital</i>	Flora Mayer	Manager, Supplier Diversity	City of Hope
<i>Hospital</i>	Phil Wong	CEO	Gateways Hospital and Mental Health Center
<i>Hospital</i>	Nicole Kearns	Materials Manager	California Hospital Medical Center
<i>Hospital</i>	Lindsey Arevalos	Director of Materials Mgmt/Food & Nutrition Svs/Special Projects	Lompoc Valley Medical Center

Appendix B: Hospital Demographics

Hospital	County	Hospital Beds	Ownership Type
Adventist Health White Memorial	Los Angeles	353	Not for Profit
Adventist Health Glendale	Los Angeles	515	Not for Profit
Adventist Health Simi Valley	Los Angeles	144	Not for Profit
Cedars-Sinai Medical Center	Los Angeles	889	Not for Profit
PIH Health Downey Hospital	Los Angeles	199	Not for Profit
PIH Health Good Samaritan Hospital	Los Angeles	408	Not for Profit
PIH Health Whittier Hospital	Los Angeles	523	Not for Profit
Children's Hospital Los Angeles	Los Angeles	495	Not for Profit
City of Hope	Los Angeles	271	Not for Profit
Gateways Hospital and Mental Health Center	Los Angeles	55	Not for Profit
California Hospital Medical Center	Los Angeles	318	Not for Profit
Lompoc Valley Medical Center	Santa Barbara* <i>Although outside LA County Area, they provide important perspectives on rural hospitals</i>	170	District

Appendix C: Hospital & Health Care Supplier Diversity Resources & Toolkits

SUPPLIER DIVERSITY BUSINESS PRACTICES IN THE HEALTHCARE INDUSTRY



A progress report on working with Minority-owned, Woman-owned, Veteran-Owned and Small Business to enhance the health of communities.

Supplier Diversity Business Practices in the Healthcare Industry

A white paper by the Greater New York Hospital Association, Sowell Law Partners, PLLC & Premier, Inc

As communities become more diverse, healthcare leaders are advocating that the supply chain represent products and services from a diverse supplier base. Over the past 20 years, these leaders have acknowledged that these suppliers provide in most instances cost-effective and innovative solutions.

All of the organizations that contributed to this paper are committed to the power of diversity to ensure that their customers have diverse options for business consideration. Additionally, they believe this should be incorporated into the corporate strategic goals of an organization, resulting in diverse options that can result in exemplary patient care.

INCLUSIVE CONTRACTING TOOLKIT

Southern California Association of Governments

NOVEMBER 2023



Inclusive Contracting Toolkit

Southern California Association of Governments

This Inclusive Contracting Toolkit is intended to be used by procurement professionals at contracting agencies and organizations to support a shift to inclusive contracting policies, programs, and practices. This toolkit can also be used to evaluate and adapt existing inclusive contracting efforts that have not yielded the desired outcomes.

The Power of Procurement

Advancing Equity and Opportunity in
Contracting for Women in Los Angeles.

LOS ANGELES COUNTY

Eric
Garcetti



The Power of Procurement: Advancing Equity and Opportunity in Contracting for Women in Los Angeles

Institute for Applied Economics at the LA County Economic Development Corporation and the office of Eric Garcetti

The report was commissioned by the Garcetti Administration to identify systematic barriers in the City's current procurement process that keep women-owned business enterprises (WBEs) from qualifying for contracting opportunities as prime or subcontractors. The results of the study are revelatory: The top two industries making up over 30 percent of women owned businesses in Los Angeles County are Healthcare and Social Assistance and Professional, Scientific, and Technical Services. However, these two industries are both significantly underrepresented by women-owned businesses on the City's Regional Alliance Marketplace for Procurement.

Building Equitable Local Ecosystems for Small Business
Collaboration is the Key



Small Business Ownership and Finance: A Landscape Scan of the Historical Underpinnings of Current Conditions
Urban Institute
Brett Thomas and Dennis Su
March 2022

Understanding the history of small businesses is crucial to understanding the history of how inequality shapes American economic growth. Small business ownership has been an important tool for many Americans to attain economic freedom, but debt and equity capital, land, housing, and other business supports have not historically been available, especially for communities of color (Urban Institute 2021). This has limited the extent of business ownership in these communities and the size and profitability of businesses.

This document is a landscape review that describes the current state of small business ownership for business owners with respect to race and ethnicity, explores relevant historical context, and details support structures for advancing entrepreneurship in communities of color and for people of color. We reviewed relevant literature and analyzed publicly available datasets to better understand what existing publications and research have uncovered about small business ownership in America.

Background
Small businesses have been a key driver of financial and social capital in local economies. Businesses with fewer than 20 employees make up 97 percent of all US businesses.¹ Small businesses are important partners for local communities to grow and create wealth. Money earned by independent retailers in multiple times more than money earned by national chains to return to the communities in which these small businesses reside (S&P Economic 2008).²

Small businesses have also built generational wealth for families (S&P 2017). In 2019, business equity made up 34 percent of household net financial assets, second only to people's primary residences, which made up 41 percent (S&P Small Business Administration 2019).

Building Equitable Local Ecosystems for Small Business: Collaboration is the Key
Local Initiatives Support Corporation

At the core of LISC's mission as a community development intermediary is the promotion of economic opportunity and mobility for all people, in every community.

Supporting entrepreneurs as they launch and grow their businesses is a critical part of this work. Small businesses employ some 47 percent of America's private workforce. They form the backbone of business districts and Main Streets across the country, and provide an important onramp to wealth-building for families and communities.

To foster the kind of inclusive economic growth we envision, it's imperative that entrepreneurship—that engine of economic activity—be inclusive as well. That requires forethought and deliberate work to dismantle the systemic barriers that prevent people of color, immigrants, refugees, women, and those with low or moderate incomes from successfully starting and growing a business.

Small Business Ownership and Finance: A Landscape Scan of the Historical Underpinnings of Current Conditions
Urban Institute

This document is a landscape review that describes the current state of small business ownership for business owners with respect to race and ethnicity, explores relevant historical context, and details support structures for advancing entrepreneurship in communities of color and for people of color. We reviewed relevant literature and analyzed publicly available datasets to better understand what existing publications and research have uncovered about small business ownership in America.



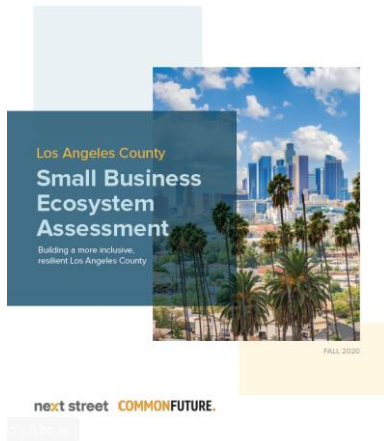
September 2015

AMERICAN HOSPITAL ASSOCIATION | HRET | American Hospital Association | Equity of Care

Increasing Supplier Diversity in Health Care

Association for Healthcare Resource and Materials Management, et al. (2015)

Achieving health care equity is essential for performance excellence and improved community health. In 2011, the American College of Healthcare Executives, American Hospital Association, America's Essential Hospitals, Association of American Medical Colleges, and Catholic Health Association of the United States stood together in a call to action to eliminate health care disparities. As hospitals accelerate their improvement efforts in core areas that increase staff and leadership diversity and cultural competence, issues involving the economic relationship between health care systems and the communities they serve are growing in importance. One key factor in evaluating that economic relationship is supplier diversity.



Los Angeles County Small Business Ecosystem Assessment
Next Street and Common Future

At this critical moment, this report examines L.A. County’s unique historical context and the current state of play of the region’s small business communities and supporting ecosystem, with a specific lens on businesses owned by people of color and the COVID-19 response and recovery. This assessment culminates in a set of recommendations and a proposed path forward aimed at narrowing racial gaps across several dimensions – including business ownership, revenue, and employment – across all of L.A. County in the next five years.