

INNOVATION



Through Supplier Diversity

By Sue Doerfler

By working to expand its program across the business, Honeywell is hoping to gain synergies, collaboration and value.







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When Anthony Long joined Honeywell as CPO in October, he inherited a just-launched supplier diversity program still struggling to gain traction.

Honeywell's goal had always been to make it a company-wide mandate, and now, amid the coronavirus (COVID-19) pandemic, Long is working to make that goal a reality.

"It was clear we needed to engage our supply base," says Long. "Attracting qualified small and diverse suppliers will be vital to supporting our current and future business needs."

For Honeywell, a global company headquartered in Charlotte, North Carolina, the strategy is two-fold: It wants to increase minority inclusion and diversify its supply base by the end of 2021 while refining the way it tracks and executes the inclusion program.

Moving to the Next Level

The program started with a comprehensive overview of Honeywell's five core businesses, a massive and challenging undertaking, Long says. "That's because our core businesses are so varied, from aerospace to chemicals to technologies to improve building health in the age of COVID-19," he says.

Data and developing strong metrics have been key to the process. "We're leveraging our Honeywell Forge platform as an analytics tool. That helps us better track our supply base and provides the data required to determine whether we're being effective as a company in diversifying our supply base," Long says. The data, he adds, will enable Honeywell to optimize the program and better direct its growth to meet the company's needs. Honeywell Forge is the company's enterprise performance-management product that combines business expertise, data analytics and proprietary software to help companies — including Honeywell's own businesses — optimize results.



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Honeywell has pursued numerous approaches to getting the word out about the enhanced supplier diversity program. One has been rejoining the National Minority Supplier Development Council and connecting with its extensive database of diverse suppliers. Additionally, Honeywell turned to the internet, establishing a website where suppliers can register their companies and learn more about the program, as well as using social media.

The Value of Supplier Diversity

Having a corporate-wide supplier diversity program is critical for today's supply management organizations, Long says. “Our products are shaping the future, and we want to ensure that future supports inclusion and diversity in all aspects,” he says. “Building

and maintaining a diverse supplier base helps create opportunity for diverse and minority-owned suppliers to compete for business, as well as provides a competitive advantage by identifying suppliers who bring unique value to our supply chain.”

It's a win-win situation: The program helps suppliers realize new opportunities while driving innovation in the companies that use them, Long says. “It creates competition and helps build an environment where the best ideas, processes and performance truly matter,” he says.

Procurement organizations traditionally focus more on productivity and cost savings as pillars for success. However, productivity measures based solely on purchase price variance are only part of the equation now, Long says. Value has become integral, he adds: A diverse supplier base provides



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a competitive advantage by identifying suppliers that bring unique value to the supply chain. “Innovation is at the heart of that value,” he says. “Sure, diversifying can lower costs, but it’s more than that. We can transform our supply chain through innovation, help create a local-for-local ecosystem, and provide valuable insights into emerging markets.”

That innovation, Long says, can happen anywhere along the supply chain.

distribution efficiencies. These opportunities have improved Honeywell’s working capital while helping suppliers grow.

Focusing on Engagement

Increasing the supplier diversity component of the supply base also means increasing supplier engagement in general. Honeywell has established global supplier summits, where the company meets with those supporting its critical supply base to discuss



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“Constantly reviewing the data and ensuring we’re diversifying our supplier base lets us be more flexible. The local-for-local concept is one example,” he says. “The data can help us find the right local supplier to condense and protect our supply chain rather than stretching it out over significant distances and exposing it to multiple risks.”

Honeywell officials say hundreds of suppliers have provided new ideas in such areas as engineering the supply chain through use of new materials and improving

how to grow innovation. Additionally, the events — held in person in 2018 and ’19 and virtually last year — emphasized the program mandate and reinforced the theme that a diverse supply base is critical to Honeywell remaining innovative.

The company’s supplier awards program was brought back, but with a new focus on innovation through supplier diversity. The summits also offer suppliers opportunities to see if their products and services can work with Honeywell’s other divisions. “A supplier

that works with our Honeywell Building Technologies business, for example, may find it could be compatible with our Safety and Productivity Solutions group,” Long says.

Honeywell strives to constantly refine its supply base, Long says: “This will be an ongoing process, a constant evaluation. We and our suppliers need to continually push forward.”

That, he adds, is because Honeywell is itself evolving, moving from the industrial conglomerate that established its brand to a leading industrial-software company, where metrics, software and technology shape the future. “That’s why innovation in our supply chain is so critical,” says Long. “We have to be flexible and innovative — and we expect the same of our suppliers.”

Capitalizing on Collaboration

At the heart of innovation is collaboration. Long says the company asks its suppliers to have a solid pipeline of productivity and ideas. That collaboration was put to the test in 2020, as Honeywell and its suppliers, like the rest of the world, had to adapt to changes forced by the pandemic.

“We usually like our supplier reviews to be face-to-face; now they’re virtual,” Long says. “However, this has given us an opportunity to include more stakeholders in the review — not just the procurement function, but our business leaders, supply chain managers and operations leaders.”

Long says the reviews enable Honeywell and suppliers to discuss challenges, changes and innovations. Honeywell looks for ideas that can be fast-tracked, those that can be implemented in five years, and even ones that could take longer.

“Hopefully, our suppliers see the benefits of this process and buy into supporting our initiatives. It not only can help Honeywell succeed, it can also potentially grow their business,” Long says.

That symbiosis is important for suppli-

ers. Many diverse supplier companies are smaller and have been hit hard by COVID-19.

Collaborating with Honeywell can be advantageous, Long says. “Nearly all of our businesses are considered essential,” he says. “We’re one of the world’s largest suppliers of personal protective equipment (PPE), our technologies are used in hospitals and warehouses, and our systems are necessary for critical infrastructure such as air transport.” Honeywell’s manufacturing sites have continued to operate during the pandemic, he adds.

Diverse suppliers can experience other benefits by working with Honeywell. “Our technologies and products can help keep suppliers’ lines running, protect their employees and help minimize risk,” Long says.

Honeywell’s program is designed to meet suppliers where they are: “We understand that not every supplier starts out at the same point, and we know that some of our smaller and diverse suppliers might have challenges,” Long says. “That’s why this program is important and why communication is so critical. We can help each other and build toward the future.”

At Honeywell, like at many other companies, supplier diversity is a worthy endeavor — and smart business. “Honeywell recognizes the importance of having a diverse supplier base that reflects commitment to our values and customers around the world,” Long says. “Our products are shaping the future, and we want to ensure that future supports inclusion and diversity in all aspects. This is good business for Honeywell, for our suppliers and for all the communities where we operate.” **ISM**

Sue Doerfler is Senior Writer for *Inside Supply Management*®.



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