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BUSINESS
IN THE
COMMUNITY

REPORT

BUILDING FAIRER, MORE INCLUSIVE SUPPLY CHAINS

Recommended policy and practice changes for employers and policy makers

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Introduction

Business in the Community (BITC) published the Diverse and Inclusive Supply Chain Insights Report in October 2024, drawing on 5,091 responses from our commissioned YouGov survey. We promised to produce a more detailed analysis, including conducting a thematic review of 2,889 comments with academic leaders and professionals. Further analysis of the survey shows AI is increasingly present in workplaces. We all see articles and hear podcasts about AI use in recruitment and HR, yet its use in supporting small businesses and procurement is less reported and understood.

Discussions with large and small businesses revealed significant challenges for founders, particularly those from ethnically diverse backgrounds. We extend our thanks to the BITC Race Leadership Team for their leadership and sponsorship of the study, and special thanks to Professor Nelarine Cornelius, Queen Mary University of London, Dr Chidozie Umeh, University of York and all the founders and employers, both large and small, who generously shared experiences to contribute to the thematic analysis of these insights.

BITC would like to continue working with policymakers, government, and public and private sector employers to unlock the economic benefits of diverse and inclusive supply chains. We aim to encourage employers to collaborate and pilot solutions that enable better data on diverse founders in the United Kingdom (UK), fair and prompt payment, constructive feedback, and the removal of unnecessary barriers that hinder small business, while recognising the economic gains that can be realised as businesses of all shapes, sectors, and sizes increase productivity, growth, and stability.



Sandra Kerr CBE
Race Equality Director,
Business in the Community.



Supply Chain Inclusion Insights from SMEs and Large Corporations

BITC Supply Chain Long Tables - June 2025

BITC's Long Tables¹ brought together Small and Medium-sized Enterprises (SMEs) and large organisations in a structured exchange. SMEs spoke first, sharing their real experiences of supply chains, while big organisations listened, observed, and reflected before offering their own responses. This structure highlighted a clear gap in perspectives: small businesses spoke about how hard it is to even see opportunities, the burden of excessive requirements, and the financial strain of delayed payments; big organisations, on the other hand, pointed to their need to manage risk, meet compliance rules, and deal with limited capacity.

Despite these differences, everyone agreed on one thing: building fairer, more inclusive supply chains is essential for resilience, innovation, and long-term success. From these discussions, five areas for change stood out as both urgent and achievable.



“Rather than working with 50 smaller companies, buyers prefer six medium contractors. That’s squeezing SMEs out.”

Corporate leader

Key Findings (Emerging):

Access and transparency

- **SME view:** Opportunities remain hidden unless accessed through personal networks or insider contacts. SMEs often questioned corporates' motivations, feeling procurement was framed as "doing them a favour."
- **Corporate view:** Admitted pipelines and criteria are not always communicated clearly, pointing to internal systems and audit requirements as constraints.

Complexity and capacity

- **SME view:** Application processes (Pre-Qualification Questionnaires [PQQs] and Requests for Proposals [RFPs]) are excessively burdensome, with small teams competing against corporates with specialist bid staff. Language and requirements often feel alien and inaccessible.
- **Corporate view:** Leaders acknowledged that processes have grown longer and more complex, particularly under new regulations, but defended this as necessary for risk control. Some are trialling "PQQ-lite" and tiered onboarding to ease the burden.



"As a team of only three people... to fill out forms that are 50 pages long, whether you're applying for £1,500 or £50,000, is exhausting and demotivating."

SME participant

Finance and cash flow

- **SME view:** High insurance requirements, upfront costs, and long payment terms (90–120 days) are crippling. SMEs also described wasted bids caused by undisclosed budget cycles.
- **Corporate view:** Recognised late payments as a barrier but highlighted cash flow and policy constraints. Some are piloting faster-payment platforms and proportionate insurance models.

Culture of risk and recognition

- **SME view:** Risk aversion in corporates translates into exclusion. When SMEs subcontract under larger firms, they often lose visibility and credit for their work.
- **Corporate view:** Leaders stressed that requirements are increasingly set by lawyers and insurers. However, many acknowledged that "small does not equal high risk" and are exploring proportionate approaches, mentoring, and supplier diversity frameworks.

Relationships and trust

- **SME view:** Personal relationships often make the difference between getting work and being shut out. Many rely on informal networks or word-of-mouth rather than formal procurement systems. They called for mentoring, clearer communication, and recognition that building trust is a two-way process.
- **Corporate view:** Recognise that trust and confidence are central to procurement decisions. Concerns about risk, delivery capacity, and reputational impact mean many rely on known suppliers. Leaders noted that mentoring, co-bidding, and supplier development programmes can help bridge this gap and give SMEs a fairer chance.

“

“We’ve put in place tiered processes – for example, you don’t need the same onboarding if you’re supplying cupcakes as if you’re delivering a new IT system. That’s where we’re trying to get proportionate.”

Corporate leader

“

“Sometimes when you interact with these companies, the way they treat you is as if, ‘I’m doing you a favour’... I’d like to know what’s in it for a big company to work with a small business.”

SME participant

“

“We probably mentor four to eight suppliers a year. We have 4,000 suppliers, of which 60% are SMEs. There are support mechanisms out there, but the key learning for us is that you have to have that commitment from an SME to want to take part.”

Corporate procurement lead



BITC Insights

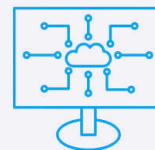
Insights from BITC's Leadership, Employees and Procurement survey with YouGov.

A quarter (24%) of large business and small business leaders and employees working in procurement are currently using Artificial Intelligence (AI). A further quarter (24%) are considering or planning for the use of AI. Of the remainder, 44% are not using nor considering the use of AI, and 8% are unsure.

For employees who are currently using AI, 35% use it to make strategic supply chain decisions, for example, analysing data across the supply chain to identify patterns and detect issues such as bottlenecks, quality problems, or unexpected changes in demand. Use of AI in this way is higher among small business employees than large business employees (45% of small business employees vs 35% of large business employees).

Feedback needs to become the standard, not the exception, when responding to recruitment applications, promotion requests, and procurement bids. When candidates and suppliers understand what excellence looks like, they are empowered to improve, evolve, and grow. Transparent insight into what makes a successful application or proposal is not just helpful; it can be transformative.

For years, this kind of feedback was seen as aspirational but impractical, often dismissed as too labour-intensive or resource-heavy to implement at scale. But that barrier is rapidly dissolving. With the rise of AI-powered tools, employers now have the means to deliver tailored, consistent, and actionable feedback efficiently (Business in the Community, 2025).



1 in 4

large businesses, small business leaders and employees working in procurement are currently using AI.



24%

of large businesses, small business leaders, and employees working in procurement are considering adopting the use of AI.



45%

of small businesses use AI for strategic supply chain decisions.

Policy and Practice

Implications

The Long Tables showed that making procurement more inclusive is not about starting from scratch. It is about adjusting the systems we already have so they are fairer, clearer, and easier for everyone to access. Six clear actions emerged:

Shift from compliance to proportionality

- Insurance and paperwork should match the size of the contract. Requiring £10m insurance for a £40k project is exclusion, not risk management.
- *Policy lever*: Embed proportionality tests in procurement guidance so requirements scale with contract size and scope.

Make transparency a baseline, not a bonus

- SMEs cannot compete for opportunities they never see or that close before they are aware.
- *Policy lever*: Require corporates and public bodies to publish procurement pipelines, budget cycles, and scoring criteria in accessible formats.

Treat payment as a supply chain stability issue

- Long payment terms push financial risk onto SMEs, undermining resilience for the whole supply chain.
- *Policy lever*: Enforce prompt payment within 30 days, with penalties for late payers, and reward corporates that consistently meet this standard.

Build recognition and visibility into procurement design

- SMEs that deliver as subcontractors should not be invisible. Recognition strengthens their reputation and future opportunities.
- *Policy lever*: Introduce visibility clauses in contracts, requiring subcontractors' contributions to be named, measured, and reported.

Use positive action to drive market change

- Supplier diversity builds resilience and innovation, not charity.
- *Policy lever*: Apply the Equality Act 2010's positive action provisions more boldly in public procurement and incentivise corporates to adopt supplier diversity spend targets.

Invest in relationships and capability-building

- SMEs repeatedly said that trust, mentoring, and "apprenticeship-style" support make the difference between being excluded and being able to compete. Corporates admitted that risk concerns often stem from not knowing or trusting new suppliers. Building stronger relationships and offering support mechanisms can level the playing field.
- *Policy lever*: Encourage corporates to embed supplier development programmes (e.g., mentoring, co-bidding opportunities, and training on bid processes) into procurement practice. Government could incentivise this through recognition schemes or procurement scoring that rewards firms who demonstrably invest in SME capability.



“If there’s a £40,000 contract, do you really need £10 million insurance? Is that necessary, given the risks involved?”

SME participant

BITC Insights

Better data is needed. BITC's Leadership, Employees and Procurement survey found that 65% of respondents would not mind at all if the Government captured ethnicity and diversity data on business ownership for analytical insights and to inform policy making purposes (Business in the Community, 2024).

"The Office of the Small Business Commissioner is on a mission to make life easier for small businesses by getting money moving through the economy and streamlining support. The latest Government research indicates that small businesses spend **86 hours per year** chasing late invoices, contributing to **38 business closures each day** and an estimated **£11 billion cost to the UK economy**. Our vision is to see reductions in amounts owing to small businesses and in their non-productive hours spent chasing late payments. We operate a service for small businesses, supporting them to resolve payment disputes with larger businesses and secure late payments. We work in partnership with industry and the public sector, spotlighting and championing good practice that will lead to a positive payment culture."

The Office of the Small Business Commissioner

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“Lead time for getting paid... that’s a killer for small businesses, in terms of their investment of time and effort.”

SME participant

“

“I was trained... a mentor of mine took me on and paid me maybe £250 per application to support her writing it. I worked with her for nine months, and one of the bids I wrote got her onto a £100 million framework. After that, my confidence was so much that I thought: if I can do that for someone else, then I can do it for myself.”

SME participant



Calls to Action for Corporate and Public Sector Organisations

Large businesses and public sector organisations should complete the [Inclusive Procurement Maturity Model \(IPMM\)](#) diagnostic to strengthen good practice in inclusive supply chains.

To embed these calls to improve procurement effectiveness and support equitable access for diverse founders and SMEs, procurement teams should implement the following measures:

1

Establish robust processes to ensure fair and prompt payments, with a clear commitment to settle invoices for diverse founders and SMEs within 30 days or earlier.

2

Increase the visibility of procurement opportunities for diverse founders and SMEs through targeted communication and outreach initiatives and offering mentorship to navigate procurement processes, thereby enhancing the organisation's capacity to generate social value across communities and places.

3

Provide structured and constructive feedback to unsuccessful SME bidders to help them enhance the quality and competitiveness of future submissions (Business in the Community, 2025).

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Nelarine Cornelius
Professor of Organisation Studies,
Queen Mary, University of London.



Dr Chidozie Umeh
Assistant Professor of Human
Resource Management, University of
York.

Endnotes

ⁱ A long table discussion is a non-hierarchical, interactive process where people gather to discuss topics of concern.

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Business in the Community. (2025) Then, Now, Next. Available at <https://www.bitc.org.uk/report/then-now-next/> (Accessed: 3 March 2026).

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Business in the Community (BITC) champions responsible business as essential for long term economic growth and resilience. We convene, campaign, and consult with business to tackle society's most pressing challenges—from climate change and place-based regeneration to inequality, workplace wellbeing, and inclusive growth.

Founded by His Majesty King Charles III in 1982, BITC has over four decades of experience in engaging business and delivering measurable impact in both business and in communities through evidence-based interventions. As a trusted partner to business and government, BITC convenes leadership, influences policy, and accelerates action—helping shape a future-ready economy that works for everyone.

Business in the Community

137 Shepherdess Walk

London

N1 7RQ

www.bitc.org.uk

020 7566 8650

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