



INTRODUCTION

The evolution of the corporate supplier diversity function has been chronicled over time by the Billion Dollar Roundtable and other advocacy organizations seeking more inclusive corporate supply chains where diverse companies can be positioned to make significant business contributions. Dating to the 1970s, supplier diversity has marched ahead from what has been described as a feel-good function to a business imperative today where corporations seek out diverse suppliers to help them achieve their global business and market objectives. The 2016 Billion Dollar Roundtable Summit in Atlanta pushed supplier diversity's evolution ahead further with deliberations focused on economic impact in today's rapidly trending global sourcing, production and sales environment.

At the Atlanta Summit, the economic impact of supplier diversity was the topic de jour. Attendees, speakers and panelists representing corporate procurement, corporate supplier diversity organizations, diverse suppliers, national advocacy groups, investors, consultants, academia and government entities gathered to delve deeper into the how supplier diversity initiatives actually produce economic benefits to citizens and communities in regions where corporations operate and sell goods and services.

As a collective organization of Fortune-level member companies operating in industry segments ranging from telecommunications, healthcare and retail to automotive, technology and entertainment, the BDR has advocated that fully articulating the economic benefits of the supplier diversity function will accelerate its development and ensure focused attention from corporate leaders and executives and governments.

Rick Hughes, BDR Chairman and a retired chief procurement officer at BDR member company Procter & Gamble, has said that articulating the economic impact of supplier diversity creates a logical and highly effective means for highlighting the value of the practice beyond usual spend metrics. Articulating the supplier diversity economic-impact analytic creates an opportunity for increased C-Suite engagement from corporate chief

executives, chief financial officers and boards of directors, Hughes has said.

‘Creating Billion-Dollar Companies’

James H. Lowry, a nationally recognized voice on minority business enterprise and frequent speaker at BDR summits, has said that ensuring that the story of the economic benefits derived from supplier diversity initiatives is told aligns with major changes occurring in growth industries globally that are creating new opportunities for businesses, including for diverse businesses. For diverse businesses, Lowry told Atlanta Summit attendees, "It is about growth. It is about creating billion-dollar companies, not \$100 million-dollar companies. It is about billion-dollar companies."

For more than two years, BDR board members have been deliberating the economic impact of supplier diversity in internal meetings and committees while considering approaches for spreading the word about the benefits. In pursuit of these objectives, the BDR initiated a research-based Economic Impact Study as a linchpin of the BDR Strategic Plan. BDR member companies are participating in the study, with the companies' internal supplier diversity spend data undergoing rigorous analysis by researchers at the University of Washington's Foster School of Business. The study's progress is offered in a panel discussion, "Economic Impact: The Value of Supplier Diversity," following an initial report out at the BDR's 2015 summit in Dallas.

Sharon Patterson, BDR Co-Founder, President and CEO, announced in Atlanta that among the study's deliverables will be the creation of a BDR Index for measuring the economic impact of supplier diversity dollars on communities around the country. Patterson said the index will be available for use by BDR member companies and non-member companies. The idea of the BDR Index is for companies to be able to input their own internal data into the tool to determine the economic impact of their supplier diversity spend.

BDR Summits Address Emerging Themes

BDR summits have been held at various venues around the country since the organization was established in 2001. Prior to Atlanta, other summits have been held in Dallas, Cincinnati, Detroit, New Brunswick, N.J., Seattle, Washington, D.C. and New York City. The BDR announced in Atlanta that

its 2017 summit would be held in Oakland, Calif. (The theme of the Oakland Summit is "Creating Economic Impact Via the Supply Chain. Driving Innovation. Growing Jobs. Increasing Prosperity.") Primary summit themes over the years have focused on topics such as supply-chain innovation, supplier diversity best practices, strategic partnerships, global supplier diversity, and advertising and marketing. Emanating from one of the summits was the development and publication of a BDR book, "Supplier Diversity Best Practices: Building Excellence to Improve the Supply Chain Matrix," a title that examines 12 best practice areas for operating viable supplier diversity programs.

While the economic impact of supplier diversity served as the central theme in Atlanta, the BDR, as it has in the past, addressed a number of other issues involving supplier diversity. Each year, in organizing the summit, a BDR planning committee advances an agenda of emerging issues in supplier diversity for further deliberation and introspection by attendees.

Another key deliverable in Atlanta was the summit report out from the BDR's Capital Connector for Growth initiative, or the Triad, an ongoing BDR project that is pursuing solutions and developing best practices in the area of access to capital for growth for diverse companies. At the heart of the initiatives are actual deals that are being finalized. The Triad aligns corporations, investors and diverse suppliers in partnership to fuel growth opportunities for suppliers within corporate supply chains. The Triad report out to the summit highlighted current and pipeline deals and laid out a series of objectives for the initiative going forward.

Other Atlanta summit discussions, as reported in this paper, included the always-illuminating chief procurement officers' panel, where leading CPOs examined supply chain trends, innovation dynamics and opportunities for diverse suppliers. In other summit discussions, and speakers examined innovative approaches to funding supply-chain projects and approaches to growing diverse companies through scalable divestitures.

Among keynote presentations, speakers challenged, engaged, informed and delighted attendees. One keynoter illustrated how corporations can be effective in working with communities to address issues of health and wealth; another discussed the significance to corporations of the growing base of multicultural consumers and their impact on future markets, and the mayor of the City of Atlanta highlighted the significance of supply-chain diversity excellence and the role it plays in economic growth.

Value of Supplier Diversity to Corporations

The summit is a two-day event. Theresa Ragozine, Vice President, Global Procurement, for BDR member company Johnson & Johnson, served as moderator for the Welcome Reception and Dinner Program on August 17 and commented on the value of supplier diversity to corporations.

"We're all about adding back value and providing lift to our communities," Ragozine told the summit. "This is about ensuring that our supplier base is reflective of the customers who use our products and services. This is also about ensuring that we're living up to the expectations of our customers. The only way that we're going to ensure that we do make a difference is by creating that lift together. Doing business with diverse suppliers brings different and better solutions. This is about getting money back into our communities, bringing economic lift to our communities and society, and creating better business solutions."

Don McKneely, BDR Co-Founder and Chairman Emeritus, thanked BDR board members for their contributions to the organization on behalf of their respective companies and introduced each board member to the audience. Within the BDR governance structure, member companies designate representatives from their supplier diversity and/or procurement organizations to serve board members to conduct the business of the BDR. Former BDR Chairman William "Bill" Moon, who resides in the greater Atlanta area, offered an invocation at the Welcome Reception and Dinner Program.

Another highlight of the Welcome Reception and Dinner Program was the formal induction of two new BDR member companies, Lear Corp. and Cummins Inc., as the organization's 21st and 22nd members. Information on the Lear and Cummins inductions is captured in Appendix 3. (Update: in 2017, five new member companies were accepted for membership into the BDR. They are Adient, Apple Inc., CVS Health, Exelon Corp. and Merck & Co. All will be inducted formally into the organization at the BDR's Oakland Summit August 16-17.)

SUMMIT DELIBERATIONS

Panel Discussions

- What's Trending: A View from the Top
- Economic Impact: The Value of Supplier Diversity

WHAT'S TRENDING: A VIEW FROM THE TOP

Moderator

- Guy Schweppe, Vice President, Dell

Panelists

- Mel Campbell, Vice President, External Supply Integration, Johnson & Johnson (Janssen Pharmaceutical Cos.)
- Tim Millwood, Vice President, Procurement, Cummins
- Laurel Junk, Chief Supply Chain and Procurement Officer, Kaiser Permanente
- Marcio DaCosta, Vice President, Global Sourcing & Planning, Corporate Brands Manufacturing Supply Optimization, Kroger

Introduction

Marvin Greene BDR Atlanta File 3_ViewFromTheTopPanel_GuySchweppe

The supplier diversity function ultimately revolves around supply-chain procurement sourcing. Corporate procurement is a process that is dynamic, innovative and fast-moving. Creating opportunities to engage diverse suppliers within corporate supply chains is at the essence of the supplier-diversity function, and supplier diversity professionals understand that working closely with procurement makes a difference in devising effective programs and initiatives. BDR summits seek to get to the heart of procurement trends immediately on summit day through the perspectives of corporate procurement leaders. The Atlanta Summit's "What's Trending: A

View from the Top” panel was designed to outline the intricacies of today’s corporate supply chains through the perspectives of procurement officers responsible for leading change.

Summit-day moderator Beverly Norman-Cooper of BDR member company Kaiser Permanente, in setting up the panel’s discussion, told attendees that a leadership commitment from procurement that extends through the C-Suite is a critical component for supplier-diversity success. "Without our top leaders really being committed and modeling what that commitment looks like, we could not do our jobs every day," Norman-Cooper said. "It’s really important as you listen to these leaders, to hear about what is going on in their organizations, and how they really are engaging with top leaders to really make sure the message of supplier diversity gets pushed down throughout the organization."

Guy Schweppe, who has worked at Dell for 20 of the 32 years the company has been in existence, said his objective in moderating the discussion was to draw out from the panelists their expert perspectives about the trends they see within their companies from their ever-evolving supply chains, how they service both their internal customers and external customers, the need for supply-chain innovation, and the opportunities to engage diversity-supplier partners.

Constant Change

Schweppe said a common saying at Dell is that "the one thing that’s constant is change." That axiom, he said, has marked his time as an executive leading Dell supply-chain procurement. "Whether it’s innovation or whether it’s business change, the one thing that is constant is change in supply chain," he reiterated. For diverse suppliers, Schweppe added, supply-chain change should be viewed only in a positive way because "all of those things create opportunity."

Schweppe asked the panel initially to sum up how change occurs within supply chains, why it occurs and how it impacts business. Mel Campbell of Janssen, which is the pharmaceutical unit of BDR member company Johnson & Johnson, said he views supply-chain change and the relationship with diverse suppliers through a sustainability lens. For diverse suppliers, sustainability means, in effect, "how do you really keep that energy going?" Campbell told summit attendees. "What's really important to

me, and what's important to Johnson & Johnson is ... it has to be about how you drive business. I encourage people to do a good job of really linking in with what the true business drivers are."

Campbell, at Janssen the past 14 years, explained that often business drivers equate, on the surface, with keeping costs low. But in the pharmaceutical business, for instance, "true value" can supersede cost metrics, Campbell said. "True value is defined in a lot of things. It's responsiveness. It's making sure you're flexible. It's being able to do other things that other people can't do."

Schweppe asked Campbell and the other CPOs on the panel to expand on the concept of sustainability related to diverse suppliers, particularly the key things they do internally to drive it along with continued growth within their procurement organizations. Schweppe wanted to know as well how they remain consistent in their engagement with diversity partners and, conversely, what diverse businesses can do themselves to help spur sustainability and their growth within supply chains.

In his view, Schweppe said, it is vital that procurement organizations understand their partners' goals and objectives and areas of focus and areas of innovation because "a lot of times we don't know the answers, and we don't know what the opportunities are. There's a two-way street that is a key part of the sustainability equation."

"To me, it starts with what you really believe," Campbell added. Companies have to believe that diverse suppliers bring value, a belief that permeates through Janssen and Johnson & Johnson, Campbell explained. That notion is driven home at Johnson & Johnson through passionate "champions" who believe that supplier diversity encompasses more than meeting goals. "We absolutely believe that diverse suppliers are critical to us. We literally have people at the top who actually hold us accountable to make sure. People talk about the message at the top, but it's not just the message at the top. It's the whole credo system at Johnson & Johnson," Campbell said.

Corporate Goal Setting

Tim Millwood of BDR member company Cummins said one way his company's procurement organization drives sustainability of diverse

suppliers is through corporate goal setting. From a purchasing perspective, Cummins sees diversity procurement as a key metric – just as it would when considering cost strategies or quality delivery. Moreover, Cummins' executive leadership each year establishes what Millwood calls a "goal-tree process" to hone in on key corporate objectives. Diversity procurement always is a key part of the Cummins goal tree, Millwood said, who has been with the company for 24 years.

"When that goal tree is cascaded down through the company, every year we have objectives for what we're going to achieve in the diverse procurement space. It's not a program. It's not a specific project. It's just part of our ongoing work every year," Millwood said.

Millwood said global and emerging markets go up and down, and sustaining diverse suppliers through those business spikes is vital to the company's commitment to diversity procurement. Cummins engineers, builds and markets highly-complex industrial components, such as engines, generators and integrated power systems. Because of its complexity of its product portfolio, Cummins utilizes a multitude of diverse suppliers, Millwood said. While some may generate spend in excess of \$100 million within the Cummins supply chain, most of its base of diverse suppliers are in the \$5 million to \$15 million spend range, and it may take diverse suppliers many months to get up to speed. Patience on both sides – the supply chain and the supplier – is key to successful partnerships, Millwood said.

"A lot of times, if we introduce a new supplier, it can take 18 to 24 months to bring any program to fruition. As we are trying to increase our spend with MBEs (minority business enterprises) and WBEs (women business enterprises), I always tell them, 'You have to be patient.' It's not that we're not interested, and it's not that we're not sincere. It's just, it takes a long time to do business with us," Millwood said.

By working with many diverse suppliers, Millwood said Cummins is addressing economic impact. "What we feel good about is that we know we're impacting a really wide part of the landscape, because there are many, many, many small companies that we're able to impact, and that feels good to us." A robust focus on Tier 2 spend allows Cummins many more touch points with its diverse supplier base. Like many other large corporations with vigorous supplier diversity programs, Cummins requires its Tier 1 suppliers to work with smaller, Tier 2 companies, and include them

in contracts, Millwood says. Working with more than 10 of its top Tier 1 suppliers, Cummins has seen an uptick during 2016 alone of nearly \$100 million in Tier 2 diverse spend, he said.

Supply-Chain Innovation

Schweppé moved the conversation to innovation, asking how the procurement officers address the concept within their supply chains. Marcio DaCosta of BDR member company Kroger said innovation must be focused on customer fulfillment for a corporate organization like Kroger. "Every day, Kroger meets the needs of 8 1/2 million customers through our stores. We have roughly 2,800 stores across the U.S., in an array of different formats," DaCosta said, noting also that the grocery chain is located in some 35 states with 35 manufacturing plants throughout the country.

When he joined Kroger five years ago after working primarily in the business-to-business (B2B) environment, DaCosta said he "really learned what a customer is and really understood that need and how do we go about fulfilling that need." In innovation, customer fulfillment is where diverse suppliers can bring value to the supply chain of a major corporation like Kroger, he said.

"We have a unique feature to Kroger, and that is that we also have our own manufacturing capabilities. So we make our own bread. We do all of our own dairy products, milk, yogurts and cheeses. We also do a lot of our different grocery products and frozen baked goods. About 50 percent of our corporate brand products are made by Kroger. The other 50 percent we buy from different partners, what we call our co-packers," DaCosta told summit attendees.

DaCosta offered an example of how a diverse company's innovation has assisted Kroger with its mission to fulfill the needs of its customers. The company is WDS Inc., a certified woman-owned warehousing, distribution, inventory and supply chain management firm, DaCosta said. WDS helped Kroger resolve an issue it had with labeling on meat and seafood products. "We were having some challenges with those labels not staying on" the packages, he said, which was a critical issue for the company because the labels inform consumers, for instance, about the content, weight, price and other factors about the product.

Kroger challenged WDS to help fix the problem through the testing of different adhesives applied to the labels, and the WDS process worked. WDS "brought in the innovation and ingenuity" to the solution, DaCosta said. The certified Lenexa, Kansas-based supplier had been doing business with Kroger for more than 10 years prior, and that collaboration had been successful, DaCosta said. In solving the labeling issue through innovation, that put WDS on an even higher plane within the supply chain. "Now we utilize (the solution) throughout, not only in the meat and seafood area, but also in our deli area and other applications within Kroger. It appeared to be a non-critical item, but to our customers it was very critical," DaCosta said.

DaCosta said coming up with such a solution offers a sort of case study for diverse suppliers. Surely, Kroger could have gone to a larger vendor for a solution, but it would have been too-small of a project for big players. "So this was a perfect fit between Kroger and the diverse supplier to bring a solution to the table that ended up working cost effectively, and our stores right now are very happy. Keeping them happy is just as important as keeping our customers happy," DaCosta said.

Millwood also offered examples of diverse suppliers bringing innovation to the Cummins supply chain. One example is a diverse supplier that helped Cummins develop a coating process for one of its turbo industrial products to alleviate stress and wear and improve the safety of the product. The supplier developed the process in-house, and Cummins was able to lower the cost of raw materials associated with the product, Millwood said. "It's been very successful for them. We spend nearly \$100 million a year with them now, so it was huge for them. Now they're constantly working on technology. They're motivated to be one of our technology providers."

In addition, Campbell of Janssen noted an example of a diverse supplier, a Georgia food grower of the vegetable yams, playing a key role in the success and growth of a Johnson & Johnson drug for prostate cancer. (Medical studies have shown that orange and yellow vegetables, such as yams, have been proven to cut the risk of recurrence of prostate cancer.)

Campbell said the development of new drug protocols is a complex, highly-regulated area, and that the diverse supplier has been able to meet the compliance demands, Campbell said. The success of the drug "is because of a diverse supplier that we work with," Campbell said. "If we didn't have yams that were absolutely grown to clinical needs and weren't exactly right, we would not have a prostate cancer drug that's saving a lot of lives right now throughout the United States and the world. So diverse suppliers actually drive unbelievable value in our business."

Ensuring the Impact of Spend Dollars

Laurel Junk of Kaiser Permanente said seeking diverse suppliers that could assist her company in being more innovative in its supply chain has been a boost to the company as a whole. Junk said Kaiser Permanente began its supplier diversity journey in earnest in 2011, culminating with joining the BDR in 2014.

"The aspiration of joining the BDR was an amazing thing for our supplier diversity program to latch onto, because it was really easy to communicate to the organization. It was very aspirational. And the billion dollars is kind of easy to know if you're there or not. Obviously, we had the support from the top-down to do that. We had goals throughout all of our regions and our operational units, so everybody was in. And I think that's how we got there (\$1 billion or more annual Tier 1 spend) so quickly in just three years' time," Junk said, who had worked in procurement for various large healthcare companies before joining Kaiser Permanente nearly eight years ago.

Junk said as Kaiser Permanente's supplier diversity program has evolved, the innovation that can be contributed by diverse suppliers is needed more than ever, particularly in the area of environmental sustainability. "We have a lot of pressure on ourselves about how we've got to be affordable. In our case, we've got to look at environmental. We've signed up for some pretty aggressive environmental sustainability goals by 2025. We're going to be carbon-neutral by then. We're going to be spending half of our spend with products that have safe chemicals," Junk said.

What diverse suppliers should understand is that key opportunities for growth exist with the Kaiser Permanente supply chain, according to Junk. Indeed, the entire Kaiser Permanente organization is highly engaged with supplier diversity, she said.

"This topic is on the front page with all of our senior leaders," Junk told the summit. "I've spent more time with Bernard (Bernard J. Tyson, Kaiser Permanente chairman and CEO) on supplier diversity than any other topic, and that's because diversity is at the core of everything that we do. We've been able to move from counting (spend) dollars to making the dollars count. So now it really is about how do we really make sure that those dollars are making a real impact."

Junk had this message for diverse suppliers: "We have tremendous diverse suppliers, almost 1,500 in our program. It is not charity. They bring total honesty to our program. It is an opportunity, and our suppliers work hard."

Moving forward, Junk added that Kaiser Permanente is seeking opportunities to assist its diverse supplier base by helping those firms grow and build capacity, along with helping them to understand how to do business by making it "easier within our own four walls to do business."

Carrying the Message of Supplier Diversity

Schweppe and the panel also addressed a number of other procurement and supplier diversity trends. Schweppe addressed how corporations can ensure that internal corporate goals and objectives are pushed down from the top of companies to the lowest levels of companies. While procurement organizations may take the lead on driving spend metrics through the supply chain, the entire organization must carry the message of supplier diversity to drive results, he said. "I really believe it's a two-way street. But it's not always easy, and you have to continue to kind of chip away at it. You have to be consistent in your engagement with your partners, like the companies here today and others in the audience," Schweppe told the summit.

DaCosta answered a question about what's next for the Kroger supply chain and "where are we going?" In the grocery business, the development of organic foods is a high priority for his company, he said.

"As we looked at our own corporate brand, one of the areas that the millennials are asking for ... is to remove a lot of the chemicals out of food. So we have our "Simple Truth" organic products, where Simple Truth is free of 105 different chemicals. So when you buy it, you're assured that you're going to be getting something much better than what you find normally on a store shelf. So if you're thinking about innovation, and you're looking to

work with Kroger, you want to look at how you can you support this new demand of organic, more clean products, more recyclable products,” DaCosta said.

Junk addressed how Kaiser Permanente utilizes procurement and supplier diversity to leverage the opportunity for her company to provide the highest quality of services its customers. Kaiser Permanente, for instance, is cognizant of how consumer satisfaction of its brand rates in the healthcare sector and how it stacks up against other well-regarded brands. Companies such as Amazon, Netflix and Starbucks are rated highly by their customers, Junk said, and, while the healthcare industry has different parameters under which it operates, Kaiser Permanente is striving to be rated as highly as those other brands. “We’re kind of in the OK to upper poor category in terms of just kind of how satisfied customers are. We’ve put a lot of time and energy into our mobile and digital properties, and we have a tremendous amount of activity now being done on mobile. We’ve got a lot of opportunity,” Junk said.

Schweppé closed out the panel’s discussion asking about how corporations can drive supply-chain diversity in the context of globalization. He asked Millwood to address challenges or opportunities pertaining to globalization and diversity procurement that he sees at Cummins.

Millwood said globalization is a key focus for Cummins for the future, with the development of supplier-diversity processes a priority. Over recent years, Cummins has established very unique supplier-diversity goals on a region-by-region basis. “We’ve not tried to take the U.S. model and push that out to those regions. We’ve gone to those regions and we’ve talked to local officials and government there and said, “What is diversity inclusion in these regions? What matters to you here?” We’ve established goals in every region,” Millwood said.

Millwood added that in sourcing locations like China, India, Mexico and South America countries, “we’re tracking diverse spend. We have diverse events. So we’re really excited about taking (supplier diversity) global.”

ECONOMIC IMPACT: THE VALUE OF SUPPLIER DIVERSITY

Moderator

· Michael Verchot, Director, Consulting and Business Development Center, Michael G. Foster School of Business, University of Washington

Panelists

· Erika Duncan, Analytics Director, Supplier Diversity and Development, Bank of America

· Sharon Castillo, President, SB Services Inc.

· Beverly Norman-Cooper, Executive Director, Supplier Diversity, Kaiser Permanente

Introduction

Moderator Michael Verchot, a BDR research partner, led the panel in an examination of the economic impact of supplier diversity. Articulating the economic value of supplier diversity based on direct research has been an increasingly important project for the BDR through its ongoing BDR Economic Impact Study. This work within the BDR builds on an emerging industry consensus that the corporate practice of supplier diversity offers a significant opportunity for return on investment (ROI) and economic incentive. For more than three years, representatives of BDR member companies have been engaged in internal discussions and committee meetings on how the BDR can better characterize the value of supplier diversity for their corporations as well as the greater business universe that support initiatives and administer programs. Another component of the discussions has been to find effective means of getting out the information on positive economic impact to decision makers.

As an organization, the BDR has reasoned that supplier diversity plays a vital role in economic and community development, including creating jobs for citizens and generating tax revenue for governments. It now is a generally accepted notion in supplier diversity that the practice has evolved over recent decades from a feel-good, social endeavor of engaging primarily minority suppliers to one of a corporate business imperative that

fuels innovation, consumer engagement, market opportunity and best practices.

During the BDR's annual summit in August 2015 in Dallas, Verchot presented preliminary findings of economic impact generated by corporate supply-chain diversity through a model for calculating return on investment. Verchot's research presented in Dallas showed that a key ROI metric from corporate supplier diversity investment is additional sales that corporations are able to generate through engaging diversity suppliers in their supplier chains. Verchot pointed out in Dallas that supply-chain cost savings should no longer be viewed as the primary benefit when engaging diverse suppliers, given the opportunity corporations also have to enhance revenue streams through increased sales.

Research Findings Taking Shape

The Atlanta panel in 2016 was designed to build on the work from Dallas, in addition to reporting out new findings. According to Verchot: "What we want to do with this panel (in Atlanta) is talk about the implications of the data and what that means in terms of how we run our corporations and how we run our supply chains and what that all means for us and not just the data itself."

Verchot told Atlanta summit attendees that the next step in defining the value of supplier diversity is articulating the total economic impact of the investment on a state's or region's economy via an Input-Output Model as part of the BDR Economic Impact Study, leading ultimately to the creation of an index (the BDR Index) through which corporations will be able to input internal spend data into a tool to determine the economic impact of their supplier diversity efforts. Verchot said such a model shows how supplier diversity impacts a state or region through such outcomes as new employment, higher wages and taxes generated for government.

In creating a basis for the Input-Output Model, BDR member companies Bank of America, Verizon Communications and Honda North America, leading up to the summit, have been participating in an initial phase of the research. The three companies submitted internal economic and spend data to Verchot and a team of researchers to analyze their direct spend with diverse suppliers as a means to quantify where this spend has the greatest economic impact for their corporations. Among all 22 BDR member companies surveyed for 2016 (the number of BDR members at

the time of the Atlanta Summit), consolidated Tier 1 spend totaled \$72 billion, according to SB Services Inc., the BDR's independent auditing partner.

Verchot further explained how economic value is created through supply chains, as shown through the Input-Output Model. "The idea here is that if you spend \$50 million to build a new facility, there's some money that goes to a general contractor, so that's a Tier 1. And there's some that goes to indirect spend, such as to a plumbing supplier or an HVAC (heating, ventilation, air conditioning) supplier. There's money that is paid out in wages, and there's money generated in taxes. There's money that the employees of the general contractor and subcontractors make as wages that they go out and spend at a Kroger and Walmart. The employees go out and buy cars from all the auto manufacturers as well, so there's an economic impact there," Verchot said.

Verchot noted as well that the ongoing research is showing that as economic activity increases, so does the key metric of consumption. As more diverse spend dollars flow into communities where corporations do business and where diverse suppliers operate, wages are enhanced and jobs are created. This in turn introduces new opportunities for consumption of goods and services, he said.

"You need to go back and talk to your corporations, talk to your CEOs and CPOs (chief procurement officers) about why economic impact matters," Verchot suggested.

(Other BDR member companies, including Microsoft and Kaiser-Permanente, are submitting data as well for upcoming phases of the BDR Economic Impact Study, and Verchot is expected to provide an update at the BDR's 2017 summit in Oakland, Calif.).

Impact of BDR Member Companies' Consolidated Spend

In beginning the Atlanta panel's discussion, Verchot called on Sharon Castillo of SB Services, to offer a view of the collective strength of supplier diversity spend of BDR member companies. SB Services audits BDR member companies annually to ensure they meet the threshold for membership in the organization of \$ billion or more of Tier 1 spend with diverse suppliers. Castillo walked members through a presentation of the actual figures to highlight for attendees the impact the BDR has had on

supplier diversity and the reasons for success of the organization since its founding in 2001. Castillo also noted that spend numbers involving BDR member companies validate emerging business trends globally, such as off-shore sourcing and corporate market expansion, thus impacting diversity procurement.

Castillo noted the impact of the BDR's recent growth since 2007 from 13 to 22 members. "If you look across the numbers ... that if 13 members were generating \$30 billion in spend, you would think off the top of your head that if you had 26 members, what do you think they would be doing? Sixty billion? You just double it, right? The reality is in 2016, the 22 members are generating \$72 billion, so 22 is not even quite doubled to 26, but yet they are generating an incremental amount of spend over \$1 billion."

Next, Castillo noted that despite growth of the BDR and the consolidated member-company spend, BDR members like other large corporations are consolidating their supply chains due to a host of factors, including mergers and acquisitions, reorganizations and other business maneuvers. "I think what that emphasizes is that there is a lot of shifting going on in supply chains," she said. In 2016, BDR aggregate spend actually decreased from \$75 billion in 2015 to \$72 billion because of these factors. Companies that can point to supplier diversity spend of \$1 billion or more annually are making a great effort, Castillo said. "It is not only extremely difficult to get to a billion, it's extremely difficult to stay there," she said.

Castillo then noted a discrepancy between a decreasing spend per BDR member company and the overall percent of spend remaining constant – about 11.5 percent per company. The reason, she suggested, is due to off-shore diversity procurement spend along with a shift in "sourcing from mature markets to sourcing from emerging markets." The challenges associated with corporate expansion into emerging markets, Castillo said, are driving companies to search for suppliers outside of the United States.

While these shifts can be a challenge for diverse suppliers, it is imperative that they understand the trends and respond in kind, according to Castillo. "The implications for the U.S. suppliers is that you need to be fully aware of what is going on internationally because our experience has been, as we look at the U.S. and the suppliers that are already in place in the U.S. versus when you go offshore in any one of the emerging markets, suppliers are not already entrenched. The door where you have to bang your head

against here in the United States does not happen internationally. As a matter of fact, it is completely opposite,” Castillo told the summit.

In the context of the impact of off-shore procurement spend, Castillo advised that the supply-chain consolidation trend within the BDR reflects an overall trend of among corporate supply chains. Fortune-level companies, indeed, are shrinking their supply chains, she said. Thus, building capacity and transferring skills and technology to smaller companies is essential for promoting supplier diversity on a global level, she explained.

BDR member companies continue to grow their revenue robustly, another contributor to the constant percentage in spend. Capacity building is another major issue, Castillo said, because it breaks suppliers off supply chains so they are more sustainable. Growth and competitive edge are key for suppliers being able to move globally, she said. “So, building capacity and getting to that level is huge.”

Castillo said the statistics show there can be opportunities for diverse suppliers to succeed on the global stage. If offshore sales continue to spike versus U.S. sales, diverse suppliers will have no choice but to “follow your customers” because supply chains will follow the trend. “You know (corporate customers) better than anybody else. If they have issues in emerging markets or in any other regions of the world, there’s no one better to help them navigate different communities and different cultures than you,” Castillo advised.

Connecting Economic Impact and Supplier Diversity

Verchot introduced panelist Erika Duncan of BDR member company Bank of America, who told summit attendees that her company seeks to link economic impact and supplier diversity to its overall corporate strategy. While many low-income Americans may not use banking services as readily as other demographic groups, increasing economic activity in those communities is correlated to making a living wage and subsequent consumption of goods and services, Duncan said. “If you can have more people making a decent living and making steady wages, they’ll open up more bank accounts, they’ll have more credit cards, and they’ll buy more houses, more cars.”

Duncan said supplier diversity today encompasses much more than singularly measuring spend. Today, much of the focus on spend is “how it

counts," she said. Duncan said that Bank of America wants to understand the relationship between diversity spend and "utilization of diverse vendors." Bank of America is particularly concerned with the reach of each dollar spent on a diverse company on its consumers, she explained. "What we're exploring now is how does that spend and the utilization of diverse vendors, how does it translate into that one dollar we're spending with a diverse company, what is that reach of that dollar."

Duncan told the summit that this effort also involves an evaluation of Bank of America's non-diverse suppliers. She explained that Bank of America examines how its majority suppliers spend with diverse businesses as part of its overall corporate strategy. "We're really making sure Bank of America is making money the right way. How are we doing that? We are connecting our people, our customers, our business, including diverse businesses, and our investors to responsible products and services that meet (customer) needs," Duncan said.

Moreover, Duncan said Bank of America is seeking opportunities to help sustain diverse companies beyond its outreach with the owners and principals of diverse firms by extending interactions with diverse-company employees. "How can we start to translate those 500 and 600 employees at that particular diverse company, not just the owner, but those employees that work at that diverse company, how can we translate their income and wealth, their ability to do more in their communities. You ask how does a community thrive. We can't say it is directly impacted by supplier diversity, but we're going to start taking some of that evidence back to our corporate leaders on why supplier diversity matters," Duncan said.

Duncan also emphasized the significance of helping diverse businesses achieve economic sustainability to survive the inconsistencies of business growth. "When non-diverse businesses go down because of procurement strategies, diverse businesses take a hit as well. The point is that it is so important to ensure that proactive strategies occur prior to those ebbs and flows so we can help our diverse businesses sustain growth," she said.

Diversity Supply Chain Impact on Communities

In posing a question, Verchot asked Beverly Norman-Cooper of BDR member company Kaiser Permanente to discuss the message of economic impact through supply-chain diversity that supplier diversity professionals should be posing to their executive leaders in the C-Suite. In relating

experiences at her company, Norman-Cooper said she is advantaged because as a healthcare organization "our CEO recognizes already the power of supplier diversity and our procurement spend and how that can impact health."

Norman-Cooper explained that because healthcare happens everywhere, whether in Atlanta or Kaiser Permanente's home base of Oakland, Calif., the company's leaders see the industry from the standpoint of "total health," which she said entails how Kaiser Permanente leverages all of its assets, including supplier diversity, to drive health-creating community wealth.

"For us in supplier diversity, sort of recognizing that when we really contract with some of our diverse suppliers who live in the communities that we serve, chances are they're going to go out and hire people who look like me or who look like you. It's a very, very powerful message," Norman-Cooper said.

Norman-Cooper recounted story from a Kaiser Permanente physician from the company's annual supplier diversity conference. The physician noted at the conference that the No. 1 health concern of a predominance of Kaiser Permanente healthcare customers was not such issues as high blood pressure or obesity, but economic insecurity. Norman-Cooper said the physician recounted that in his travels he heard more from people that they were stressed not from debilitating health concerns but because of economic issues such as poverty and joblessness.

"For us, total health is not when you show up and you're treated for diabetes at a Kaiser facility. It's not when you show up and they tell you that you need to lose weight. That's all great, but it really is about what are the socioeconomic determinants of why you're showing up in our facilities in the first place," Norman-Cooper said.

Norman-Cooper added that Kaiser Permanente, as it was developing its supplier diversity program, began to look not only at how it was counting diverse-supplier spend, but also at the impact of the spend and the "multiplier effect" of spend that flows from Tier 1 to Tier 2 and into communities. Kaiser Permanente seeks to drive "the right kind of economic impact in community wealth that will lead to better health outcomes. I feel really fortunate because our CEO, our CPO, our CTO (chief technology officer), they all get it. Now it's just a matter of executing," Norman-Cooper said.

From the audience, Fernando Hernandez, director, Supplier Diversity, at BDR member company Microsoft, offered some insights on the Economic Impact Study, calling the relationship between supplier diversity and economic opportunity a "linear" endeavor. For a company like Microsoft, economic impact is central to its strategic direction. "If Microsoft wants to engage the next 1 billion people around the world, which is our intention, they're going to come from emerging markets, more than likely. They're going to come from underserved markets here in the United States," Hernandez commented.

Fostering economic opportunity for underserved markets simply makes good sense, Hernandez said, adding that the supplier diversity function presents a platform for creating a business case for business value.

"It's much easier for me to be able to get the lift in supplier diversity. People have asked, 'How do you take a program from \$500 million to about \$3 billion in spend?' You have to do it from a business lens. Your passion on a social mission is one component, but it has to be business based," Hernandez said.

Tier 2 Impact

Also from the audience, business development consultant Albert BW Louis from Auburn Hills, Michigan, asked the panel about to offer some context about Tier 2 spend in the economic impact equation, particularly because many corporations are dramatically increasing spend in that category. "A lot of the opportunity is moving down to that second tier," Louis said. "We always tell our MBEs and WBEs that money's green so don't be afraid to take that Tier 2 money. It spends just like the Tier 1 money."

Duncan commented that Tier 2 spend is a vital component of Bank of America's supplier diversity efforts. "We are very committed to Tier 2," she said, adding that contractual goals with majority suppliers address their Tier 2 spend with diverse suppliers. "We ask what are you going to do to spend with these Tier 2 diverse companies. We're looking back year-over-year to see what spend majority suppliers contribute to Tier 2 with diverse suppliers, and, if there are gaps, we ask how can our supplier diversity development managers help you connect that."

Duncan concluded the panel's discussion with a thought about the importance of corporations sustaining supplier diversity growth because the

end result means that diverse businesses have a greater opportunity to succeed. Duncan noted that Bank of America made a public commitment in 2010 to increase its diverse spend, and spend increased significantly in each year that followed. "When you think about sustainability, it means that these diverse businesses succeed," Duncan said.

IGNITE MOMENT

Leveraging Scalable Divestiture

Moderator: Ralph Moore, RGMA

Ralph Moore is a long-time supplier diversity consultant whose firm, RGMA, has provided research, counsel and ideas on the practice to some of the world's largest firms, including BDR member companies.

Moore is considered widely as a leading champion and expert for supplier diversity. His "Five Levels of Supplier Diversity Program Development," which outlines five stages of performance in moving a supplier diversity program from a beginner level to world class, is used by many organizations.

For his summit presentation, the BDR asked Moore to do a 10-minute session designed to replicate a TED Talks style, the concept of using short video clips (at <http://www.ted.com>) that offer up ideas from some of the globe's most engaging speakers, discussing just about anything under the sun – from technology to entertainment to design to science.

Moore's talk style would explore how corporations can lead in the development of scalable diverse companies – saying he would present ideas within a construct of something Microsoft founder Bill Gates once said: "We need our brightest minds to focus on our most important issues."

Goal Is 100 Scalable M/WBEs

"What we want to talk about is the need – the acute need – to develop scalable M/WBEs (minority- and women-owned business enterprises). I contend that given the market demand, we need 100 new scalable M/WBEs, and I define scalable as \$100 million in annual revenues. One-hundred million dollars sounds like a big number, but I contend that the people in this room (at the summit) can make that happen. It's really not a big number," Moore said.

Moore, a former Arthur Andersen certified public accountant and self-professed "numbers guy," laid out an incremental formula for achieving that goal.

"Let's say if we do that over four years and then create the momentum in 2017," Moore told the summit. "Let's do 10 (new scalable M/WBEs) in 2017, 20 in 2018, 30 in 2019 and 40 in 2020. That adds up to a 100, and we would have the momentum to build scalable M/WBEs. We cannot fulfill all of the value propositions we talk about, and all of the economic impact will not happen with just a handful of scalable M/WBEs," Moore said.

Moore posed to the audience the consideration of where these 100 new scalable MWBEs will be found. He contended that "some seeds are already planted."

Among those organizations planting seeds, Moore said, are the BDR, National Minority Supplier Development Council (NMSDC) through its NMSDC Corporate Plus and Women's Business Enterprise National Council (WBENC) through its Women's Business Enterprise Stars program. Yet such an effort should be led by corporate partners rather than falling primarily on the shoulders of advocates, Moore said.

Must Be Driven by the C-Suite

"Cultivating scalable M/WBEs must be driven by the C-Suite. We heard some great comments this morning (at the summit) from the leadership talking about that because the reality is that it is going to take the C-Suite to change the process," Moore said.

Moore pointed to Five Levels program in explaining why the C-Suite is essential to the process of helping build scalable M/WBEs. For instance, Level 3, the Traditional Program, essentially is a compliance-based supplier-diversity program, where there is an active manager to run the program, but it lacks serious senior management involvement with limited linkage to marketing and brand strategy.

The next step, Level 4, Advanced Process, likely has a manager operating at a director level with sufficient resources and steering-committee involvement of key executives, Moore said. However, it is at step five of Moore's supplier diversity performance paradigm, Level 5, World Class

Process, where significant C-Suite leadership occurs to set the stage for building scalable M/WBEs, he said.

At Level 5, Moore said, supplier diversity accountability occurs throughout the organization, led by executive leadership and integrated into corporate global strategy. "The reality is it's not until you get to Level 5 where you really get the shareholder value conversation that takes place, and that's driven by the CEO. And it's going to take the CEO to get us where we have to go" to cultivate scalable M/WBEs, Moore said.

Moore next described what he sees as challenges for delivering scalable M/WBEs. One is looking at the "pipeline" for staffing up to get these M/WBEs ready. "Scalable MWBEs require executive talent. The challenge is where do we go for talent," Moore said.

Minority Corporate Executives in the Pipeline

Yet that pipeline is exceptional as a number of minority and women corporate executives have successful track records of managing divisions, many of them responsible for \$100 million or more in corporate revenues, Moore said. These minority and women executives are steeped in corporate strategy structure and culture and would be "naturals to become your business partner," Moore said, speaking directly to the C-Suite with his remarks.

Moore also noted he works as an adviser to APC Capital Partners, a private equity firm that makes long-term investments in business enterprises and run by co-founders Frantz Alphonse and Richard Powell. Both Alphonse and Powell have worked as well with the BDR on a number of initiatives, including the BDR's Capital Connector for Growth project, or the Triad, for creating growth opportunities for diverse companies through deal making and investments by corporations.

In addition, APC Capital Partners has developed a business model for developing scalable businesses, including assisting Fortune 500 minority and women executives pivot to shareholder and senior officer roles in privately held corporations, Moore said.

Moore said the time to get on board to cultivating scalable M/WBEs is now by pulling together various critical business segments to ensure success. "We need to construct an action plan to make it happen, so we don't

convene again next year and have the same conversation. It's going to take the people in this room to help change the collective conversation." Moore said.

IGNITE MOMENT

Funding and Innovation

Moderator: Rick Hughes, Billion Dollar Roundtable

In keeping with the Atlanta Summit's theme, "Leading Breakthroughs in the Supply Chain: Trends, Economic Impact & Innovation," BDR Chairman Rick Hughes served as moderator of a unique "Funding & Innovation" panel, in which corporations, diverse suppliers and supply-chain partners outlined in case-study format how they have been able to navigate relationships to get deals done. Discussions also focused on how majority and diverse suppliers can work together for mutual benefit on corporate projects.

An array of speakers offered six short presentations of their experiences of working together within corporate supply chains and how procurement, supplier diversity and diverse suppliers were able to pursue approaches for financing deals, developing innovative processes and building capacity. The discussions served as a prelude to a report out on the BDR's Capital Connector for Growth initiative, the Triad.

Here are snapshots of the discussions:

Santana Group and Toyota

Rosa Santana, who heads the Santana Group based in El Paso, Texas, and Chuck Hendrix, Senior Manager, Supplier Diversity, of BDR member company Toyota Engineering Manufacturing North America, demonstrated the value of a fruitful supplier-corporate supply chain relationship – one that resulted in Santana becoming the first Hispanic woman-owned company to serve as a direct Tier 1 Toyota supplier. The Santana Group-Toyota collaboration is illustrative of what diverse suppliers can achieve through "patience and persistence," Hendrix told the summit.

CEO Santana outlined how her company advanced through the Toyota supply chain over a 10-year period as a Tier 2 supplier and culminating with its Tier 1 status. The Santana Group is comprised of various companies focused on integrated human capital and business process outsourcing. Santana herself had spent more than three decades working in the field of

human capital before she was downsized out of a corporate position and, as she said, "forced to start a business."

The business Santana first took to Toyota was Integrated Human Capital, which she founded in 2002 to deliver staffing and workforce solutions in the United States and Mexico. Early on with Integrated Human Capital, Santana said she learned that Toyota was seeking local suppliers for its operations in San Antonio, Texas, about 550 miles from El Paso. Santana said she quickly opened a "tiny office" across from the Toyota plant and literally camped out on Toyota's doorstep in order to create opportunities for business for her company.

Eventually, Integrated Human Capital began serving 17 Toyota prime suppliers at the site as a Tier 2 supplier, providing staffing, recruitment and direct-placement services, which Santana said was gratifying within itself. "Money is green, and it is worth the same if it comes from a first-tier supplier or from Toyota. It didn't matter to me at that point. We became the staffing company to go to for them, and we served them with literally thousands of people," Santana told the summit.

Santana said she made sure that Integrated Human Capital was always top-of-mind with Toyota, religiously attending many Toyota procurement events, including the annual Toyota Opportunity Exchange, a forum that helps diverse businesses build relationships with Toyota and its prime suppliers. "Every time there was something new in the human-capital industry, I came to (Toyota) and said. 'This is new and something you should be considering.' I always kept them abreast of all the things we were doing," Santana said.

After years in that role, Santana said she then landed her "dream job" with Toyota in 2014, which approached her about an opportunity totally different from what she had done before. The new opportunity was to supply Toyota with truck beds for its Toyota Tacoma vehicle, and Santana formed Forma Automotive to fulfill the work. "We purchase all of the parts. We build the truck beds, and we sell fully-built truck beds to Toyota," Santana said.

When Toyota approached her about the project, Santana said she first thought the opportunity would be for a large staffing project, but Hendrix said Toyota's mutual trust and respect built up with Santana over the years prompted Toyota to go in a new direction that also would help scale up Forma Automotive as a Tier 1 supplier. "We wanted to have a company that

got that business to be able to instill the Toyota way. Rosa was already demonstrating that with her Integrated Human Capital company. We followed her history and monitored her progress with regard to the things we like to see in a Toyota supplier. For us, it generated a business opportunity for economic sustainability," Hendrix told the summit.

Santana said Toyota assisted in financing the project and extending personnel resources in helping Forma Automotive meet the terms of such a deal. Hendrix said both sides "challenged each other with realistic goals," and that Santana possessed all of the intangibles to serve as a prime Toyota supplier, the first company owned by a Hispanic, woman-owned supplier to achieve that status.

"Suppliers that approach us definitely have to be able to deliver and be able to provide service and support. Demonstrating safety, cost and technology are very, very important. We want companies that are going to be innovative. That's a buzz word right now, but for us, and especially all of my other automotive industry colleagues, that's key us in terms of being able to keep up with what our customers want," Hendrix said.

"What it does take is patience and persistence until those potential opportunities come about," Hendrix added.

DigiGrated and Quad/Graphics

Reginald Layton, Vice President, Supplier Diversity & Supply Chain Sustainability, introduced to the summit a novel partnership between Johnson Controls diverse supplier DigiGrated LLC and Quad/Graphics Inc., both Wisconsin-based companies. DigiGrated's service offerings include business process automation, print management, workflow efficiency auditing and design-on-demand file conversion. Quad/Graphics, a majority-owned company, is a global provider of print and media solutions.

Layton described how the two companies teamed up to leverage the strengths of each on big-dollar projects, enhancing processes and project integration. DigiGrated, a certified MBE that is participating in the BDR Triad initiative, had developed a proprietary marketing enterprise resource planning (ERP) process that leverages Lean Six Sigma principles to enhance savings in the areas of print production management and business process outsourcing.

The DigiGrated-Quad/Graphics partnership was set up to optimize clients' return on their marketing investment dollars on printing and media projects to achieve large-scale cost savings. Ed Westmoreland, DigiGrated's Chief Operating Officer and Managing Partner, explained that the partnership with Quad/Graphics affords his company a "bigger boat" in doing business with corporations like Johnson Controls. "It helped us drive sustainability and process and quality improvement on a continuous basis," Westmoreland said.

Layton offered a story to the summit audience of how DigiGrated, led by President and CEO Brandon Adams, saved Johnson Controls more than \$900,000 on a legal ethics compliance project to print 170,000 pieces of marketing collateral, including in different languages. Layton admitted he was initially unsure about whether DigiGrated had the scale to execute the project. Later, the director of Legal Compliance at Johnson Controls that had awarded DigiGrated the work told him that DigiGrated's process on the project was "awesome" and was pleased especially with the savings, Layton recounted.

Tim Ohnmacht, Quad/Graphics president of Marketing Solutions responsible for the company's Retail Insert, Catalog, Direct Mail and Commercial & Specialty businesses, described how the alliance with DigiGrated fit his company's marketplace positioning. Quad/Graphics adheres to a mission statement as follows: "Working together, we are driven to find a better way – and to deliver on our promise of Performance through Innovation."

Layton said both partners are bringing much to the table. "The thing that makes it sustainable is that there has be complementary resources and skills. DigiGrated and Quad/Graphics were complementary," Layton told the summit.

Bravura Supply Chain Finance

Michael Covington, CEO of Bravura Supply Chain Finance Inc., presented to the summit, focusing his talk on how his company works with corporations to provide financing for Tier 1 suppliers through their supply chains, notably when corporations spend a minimum of \$500 million annually with suppliers. Supply chain finance, also known as supplier

finance or reverse factoring, offers solutions that optimizes cash flow by allowing buyers to lengthen payment terms to suppliers while providing the option for suppliers to be paid early, according to Bravura.

Covington said supply chain finance is a means to unlocking the value in the supply chain and can include different types of financing and payment arrangements between corporations and suppliers. Bravura's role is as a third-party facilitator by providing liquidity to suppliers through leveraging their buyers' high credit ratings. Lines of credit are secured through the contract with the buyer and the supplier's receivables.

"Our mission to optimize working capital for clients. The chief benefit to suppliers is we actually leverage the credit rating of the buyer and therefore we can offer suppliers low-cost financing without having to tie up assets and other resources," Covington said.

Supply chain finance represents another opportunity to provide diverse suppliers with access to capital, Covington said, whose company is based in the Indianapolis, Indiana, area. Often diverse suppliers are inhibited on cash flow when payments from a corporation's Tier 1 suppliers are slow to arrive, Covington noted. The effect of this situation can be detrimental to corporations because it can make it more difficult for corporations to attract diverse clients to their supply chains, according to Covington.

Hughes, a retired chief procurement officer at BDR member company Procter & Gamble, endorsed the effectiveness of supply chain finance and said similar models have been used at his former company. "It's an innovative way of getting capital and cash. It's a way to free up capital and help your small suppliers," Hughes told the summit.

HJ Russell Co., National Roofing Partners

H.J. Russell & Co. is an iconic Atlanta-based MBE specializing in development, construction, program management and property management. Founded more than 60 years ago by the late Herman J. Russell, the company evolved from a small plastering firm into one of the nation's most successful black-owned real estate development and construction firms, working as a partner on large Atlanta projects, including Mercedes-Benz Stadium, Hartsfield-Jackson International Airport and Turner Field and many others. Hughes noted he was acquainted personally

with Herman Russell when H.J. Russell fulfilled contracts when Hughes was at Procter & Gamble.

National Roofing Partners is a majority-owned roofing systems, installation and technology company, serving national corporations for projects such as retail, corporate campus and banking for around-the-clock roofing services, repairs, maintenance and portfolio management. National Roofing Partners, headquartered in Coppell, Texas, has more than 120 service locations and 8,000 employees nationwide.

Michael Russell, CEO, H.J. Russell, and Byron Stallworth, Strategic Accounts Manager for National Roofing Partners, took to the summit stage to discuss a 2016 minority-majority joint-venture partnership between the two companies. Both credited the partnership for creating a viable diversity spend program that encompasses overall general contracting, project management and full roofing and building envelope services. The combination, led by H.J. Russell and known as Russell/NRP, created a Tier 1 minority business enterprise (MBE), leveraging H.J. Russell's status as a diverse company and National Roofing Partners' active network of minority, women and veteran-owned companies.

The partnership, in effect, means National Roofing Partners will be outsourcing services to H.J. Russell while accounting for diversity spend, Russell said, a son of Herman Russell. "We think this is a very unique approach to a minority-majority partnership. This is very rare in our industry."

Russell said Russell/NRP is in the early throes of ramping up and that he is excited about client opportunities being pursued in 2016 and 2017. "What does an opportunity this do for a firm like Russell? Obviously, it helps us build relationships and credibility," Russell said.

Hughes added that the deal is unique because in most cases, the majority partner is Tier 1 and the minority partner is Tier 2. "This is the reverse of what is typically true, and it has some interesting twists and opportunities," Hughes said.

Stallworth cited the role of the BDR, which encourages corporations to grow their supplier diversity programs by increasing spend levels annually, as an impetus for the partnership to help corporations meet their goals for diversity spend. One of his jobs with National Roofing Partners is to recruit

additional diverse businesses to its network of suppliers, particularly at the Tier 1 level, Stallworth said.

Some National Roofing Partners clients include BDR member companies Walmart and Bank of America, Stallworth said. Corporate partners have suggested to National Roofing Partners that business with them could be enhanced through Tier 1 diverse suppliers rather than primarily through Tier 2, helping to spur the deal with H.J. Russell.

Increased diversity spend in the roofing category and cost savings for corporations will prove to be key features of the venture with H.J. Russell, Stallworth said. "When you do a spend report on the roofing category, and you're a multi-billion corporation, you're going to find tens of millions of dollars (of diverse business) in the category," Stallworth said.

Social Capital: Chinedu Echeruo

Chinedu Echeruo's talk to the Atlanta summit audience struck a different chord than some of the other discussions, but was nonetheless as riveting. Echeruo is an entrepreneur in every sense of the word, devising technology solutions that leverage what is known as social capital, defined generally as an economic approach that leverages connections among individuals and entities such as companies and organizations that are of value to society. Rooted in social networking, social capital forms the basis of networks that include people and entities who can be an asset to one another.

Echeruo, a native of Nigeria whose MBA is from the Harvard Business School, has founded technology companies built on forward-thinking social capital applications. In 2005 while working in investment banking in New York, Echeruo founded the app HopStop, a well-received location-based, mapping service for online and mobile users covering more than 300 cities in North America and Europe. He also founded a second internet-based company called Tripology.com, a lead-generation and referral business for the travel industry.

Echeruo eventually sold both platforms for big dollars – HopStop to Apple Inc. and Tripology.com to travel and navigation information company Rand McNally. Echeruo told the summit that the sale of HopStop to Apple afforded him great insight into the business of social capital. "That experience taught me quite a few things. I realized that people is how

magic happens. People are the sources of information. People are the sources of opportunity,” Echeruo said.

Echeruo discussed his current social capital project, MindMeet, an online platform where people can share ideas and expertise with others in face-to-face meetings or presentations. Participants register and set up profiles. Users are charged a fee for the hour-long conversations, with a portion of the proceeds going to charities of their choice. Meetings also can involve group conversations.

MindMeet presents a way to give people access to other people who may be outside of their normal life’s networks and be able to share information, Echeruo said. “People who are outside of those networks are cut out of opportunities because they just don’t have access. It’s really hard to meet people you don’t have existing business or social capital with,” he said.

MindMeet is a platform “that creates value for the world,” Echeruo said. “You don’t have to be a CEO to share stories and insights. Working at a company makes you an expert.” In introducing MindMeet to the summit audience, Echeruo asked attendees to think about one person they would like to meet “who would actually change your life.”

Hughes said Echeruo was asked to present to the summit because social capital can create opportunities in supplier diversity to bring corporate experts and diverse business owners together.

MBE Acquisition of Non-MBE Asset

Hughes asked Richard Powell, co-founder and managing director of APC Capital Partners, a private investment and corporate development firm, to discuss a pending deal where a minority-owned business enterprise (MBE) would purchase a non-MBE asset.

Powell said the deal involving an asset-based carrier represented “a different flavor of bringing innovation into the diverse supply chain for large corporations. Overnight, this will be the largest MBE by many multiples in that segment.” (The companies involved in the transactions were not named; Powell said the deal was expected to close in September 2016.

Powell said the deal was consummated literally over 10 years of conversations. The MBE, as an asset-based carrier with its own trucking

fleet, was in a strong position to pursue such a deal, Powell said. "Companies that own their own assets have tens of millions, if not hundreds of millions, of assets on their balance sheets as a way to work with corporate America versus being just a broker of logistic services or other categories," he said.

"Typically, as an asset-based carrier, if you have 50 trucks or 100 trucks on your balance sheet, you are considered reasonable size as a minority," Powell added. Yet the deal still presented challenges because even owning 50 to 100 trucks pales in comparison to large, Fortune-level companies that might have thousands of trucks in their internal fleets.

Powell described the challenges as the "same capital intensity" that has prevented minorities historically from building businesses of scale.

The conversations, through listening to the needs of large corporations, led to the notion of building out a new MBE solution through the acquisition of the non-MBE asset that could be a significant part of a corporate supply chain, Powell said. "The idea for the came from corporations telling us this is a significant need, this is a significant challenge and can you help us figure some of this out," according to Powell.

Hughes said the deal shows that opportunities to help diverse suppliers build capacity can occur at the category level. "There are opportunities in a lot of different categories," Hughes said, noting that the BDR's Triad initiative offers a platform to address such opportunities.

Hughes had this message to corporations: "If you have categories that need MBEs, talk to category managers. Identify those categories where we can bring the Triad together to help you reach your goals as well as solving a problem that may be vexing to the category manager because they don't know where to turn or don't know how to solve that problem from a sourcing or operational standpoint. That's a way to get at it, and that's a way to identify opportunities we can go after."

REPORT OUT

Capital Connector for Growth: The Triad

The BDR formally introduced its Capital Connector for Growth initiative, now called the Triad, to attendees at its Dallas Summit in August 2016. Since 2013, the BDR Global Committee, led by Beverly Jennings of Johnson & Johnson and Reginald Layton of Johnson Controls, had been leading internal BDR discussions to devise a framework for creating capital investment opportunities for diverse suppliers as a means for enhancing growth and building capacity. As far back as 2011, at its summit in Seattle/Redmond, Wash., the BDR initiated a process for examining methods and funding sources for helping diverse suppliers scale up in order to benefit from global contracting opportunities with major corporations.

As introduced in Dallas, the name Triad for the ongoing initiative highlights the three principal groups in the effort – corporations, investors and diverse companies. A goal of the Triad has been to highlight how a lack of access to capital stymies the development of diverse companies, while also exploring opportunities and innovations in capital formation. The Triad concept leverages the power of collaboration among enlightened corporations, the investment community and prepared-for-growth diverse firms. The Triad's announced goal from Dallas was to finalize eight capital transactions with diverse suppliers in a year's time.

In reporting out the Triad's progress to the Atlanta Summit post Dallas, Jennings said the initiative has moved "from conversation to action." The report out began with a refresher of the Triad's goals, a summation of current transactions and deals in the pipeline, and observations and lessons learned.

"The whole purpose of this is to connect corporations, minority- and women- owned business and investors together with capital providers to have more scaled growth. At the center of this is value for the customer," Jennings said, head of Global Supplier Diversity and Inclusion for Johnson & Johnson.

Sustained by Relationships

Jennings said the Triad at its core is built "on the idea of relationships." In connecting corporations, diverse suppliers and investors through the Triad,

"you can continue to build those relationships," she said. "The partnerships are critical in this process. At the end of the day, we want all businesses to thrive, to evolve, to grow, and we want to create a win-win-win for everyone in the Triad."

Monika Mantilla, president and CEO of Altura Capital Group and managing partner, Small Business Community Capital (SBCC), offered attendees a view of how capital formation is achieved. Mantilla, who has worked closely with the initiative from the beginning, noted that capital formation is not always an easy process and deals can take as long as two years to materialize. "There are all sorts of complexities in the capital arena. It's not an instantaneous process. Capital varies in many shapes and forms (such as debt and private equity). Some private equity firms may only want to write checks for \$20 million," Mantilla said.

Mantilla challenged corporations in particular to assist the initiative through helping to generate deals into the Triad pipeline, given that the deals will not always reach fruition overnight. Yet, along with a boost from corporations, Mantilla added that to stock the Triad pipeline, diverse firms also must be ready and prepared for growth, and capital providers must be open to initiating investments.

A Call to Action for Corporations

"We need to the corporations in action. You might be a corporation who might have a couple of M/WBEs and you see there's potential. You might be an entrepreneur who can think about scaling and going global who has that idea to grow through acquisition or organic," Mantilla said. "By showing you what we're doing (through the Triad), we hope that we spark your thinking and your actions."

Mantilla announced to the summit that over the past year the Triad has achieved three "wins" and that 10 diverse companies are in the Triad pipeline. The Triad wins and the pipeline represent different regions, businesses and industries," she said. "We're having wonderful conversations."

One of the wins, Mantilla said, is a Puerto Rico-based company called Cidrines, which markets artisan bread and pastry. Christine Sepulveda,

Cidrines vice president of sales for the U.S. market, told summit attendees that the company was able to expand into Texas and Florida, including with products being carried by BDR member company Walmart in February 2016. Cidrines, established in 1978, is a family-owned business that produces more than 300,000 pounds of bread and 200,000 items of pastry each week from its plant in Arecibo, Puerto Rico.

Sepulveda announced that the U.S. expansion now has the company's products being sold in 500 grocery and retail stores in the United States. Future plans call for distribution to the Midwest and Northeast United States.

"Because of these initiatives, we've been able to meet current contracts," Sepulveda said of the Triad. "We've been able to catapult our success with Walmart, and we're very much appreciative. Without capital and access to these different types of contracts, we would not be able to increase the level that we need to be in the U.S. We want to be the Hispanic solution for bakery items in the United States."

Another partner of the Triad, Richard Powell, co-founder and managing director of APC Capital Partners, illustrated to summit attendees the type of deals the initiative seeks to attract. Powell's company is a private investment and corporate development firm specializing in acquiring and leading businesses in deals to solve the needs of Fortune 500 companies. It does so by employing his firm's capital resources, operational expertise and network of senior level procurement partners at Fortune 500 companies. "We like to invest in suppliers on the path to \$100 million, working with leading corporations to build innovative, value-added suppliers that could be significant in the supply chain to save money," Powell said.

A Model for the Triad

Powell pointed to a workforce management solutions company called ZeroChaos that APC Capital Partners invested in as illustrative of the potential power of a process such as the Triad. ZeroChaos, under then-CEO Harold Mills, leaped to revenue of \$1.2 billion following capital investment, serving major corporations such as BDR member company IBM and was recognized as the fastest billion-dollar minority business built by ethnic minorities in U.S. history, Powell said.

By 2016, the Orlando, Florida-based privately held company had reported revenue in excess of \$3 billion annually with more than 500 employees in 45 countries, managing more than 100,000 corporate contingent workers. Mills had attributed much of ZeroChaos' growth to its partnership with IBM. Powell noted a 2015 *Harvard Business Review* article that cited ZeroChaos as an example of utilizing corporate supply chains to grow.

"Effectively, that is a model that we are looking to replicate, to build other value-added suppliers that corporations can say, 'These guys are scalable. These guys save us money. These guys bring real innovation,' " Powell said.

"I've spent the last 10 years listening to the needs of the corporations," Powell added. "There are areas within their supply chains where opportunities exist to help innovative, scalable businesses."

In looking ahead to the next steps for the Triad, Powell said it is "very, very critical to get the Fortune 500 corporate support for what we're trying to do. It is a key part of the Triad. The Triad can't work without one of the three legs of that pyramid."

Powell also noted that he has had conversations with more than 80 diverse-company owners about Triad opportunities since the BDR Dallas Summit. "The business owners in the room need to realize they have work to do as well to prepare and facilitate capital transactions into their businesses," he told the summit.

Before wrapping up the Triad session, Layton, Johnson Controls Vice President of Supplier Diversity and Supply Chain Sustainability and BDR Vice Chairman, led summit attendees through a series of interactive polling questions via their smart devices, the responses of which he said would be used to provide feedback to the BDR about the Triad.

Some questions included:

- Do you have diverse suppliers that need growth capital and and/or acquisition capital to continue to service and grow with your corporate needs?
- Describe the methods you use to track or determine capital needs for your suppliers.

- What will it take to get you to recommend the Triad process to diverse suppliers that need growth capital in order to increase their capacity?
- Are you aware of any divestitures or business units for sale by your corporation that a diverse supplier can possibly acquire?
- How should diverse suppliers fund the acquisition of potential divestitures?

For all the questions, the responses from those responding were projected to the audience on screen for real-time discussion. "This is why the Billion Dollar Roundtable invested two years in trying to figure out capital demands. We all share that need (to help diverse suppliers achieve capital for growth), both BDR corporations and other corporations operating supplier diversity programs," Layton said.

Jennings concluded by saying that the Triad presents a "huge opportunity for the future" for diverse businesses, corporations and investors.

"We really challenge all of you to really join in on this. We want to make sure that we are all doing our part when it comes to ensuring the future of all of our companies. It's a partnership. You can't sit on the sidelines on this. You really have to be in the game," Jennings said.

SUMMIT KEYNOTE ADDRESSES

- Jodie Lesh, Kaiser Permanente
- Kasim Reed, Mayor, City of Atlanta
- Cheryl Pearson-McNeil, Nielsen
- Nathaniel "Nate" Miles, Eli Lilly

JODIE LESH: Corporations Can Make a Difference in Building Community Wealth

Jodie Lesh, senior vice president of Strategic Planning & New Ventures at Kaiser Permanente, urged summit attendees and BDR member companies in the keynote address at the Welcome Reception and Dinner August 17 to contemplate the connection between producing both health and wealth in American communities, particularly in the most vulnerable segments.

Lesh urged that her audience to look beyond financial calculations and consider how business practices such as diversity procurement spending impacts American communities. Stimulating the economy in vulnerable communities, and using influence to impact policy in these communities, she said, is vital for the nation.

"Ensuring the economic vitality of our communities is a health issue," Lesh said. "And yes, Kaiser Permanente is a healthcare company, and, of course, we care about the health of the communities that we serve and of the country. But all of us should care about the health of the people who work for us and the people who live in our communities. So, the issue of health and the connection of health to wealth is something that we should all care about."

Producing Health and Wealth

"We can all be producers of health and wealth in our communities. We have to just take a moment and reimagine the roles that we play and the way we conduct business," Lesh added.

Lesh equates the approach to her work in business with economic and community development through a prism of the legendary civil rights leader Martin Luther King Jr. and his focus on creating economic opportunities for poor people that he said would be needed for America to reach its full potential. Lesh, noting that more Americans are living in poverty today than during King's time in the 1960s when he pressed his Poor People's Campaign, said the BDR Atlanta Summit examining the connection between supplier diversity and economic impact was an appropriate backdrop for her remarks.

"I would argue that we must do better and that we can do better, and that the work that we're doing here today can make a meaningful impact on

providing that economic opportunity that will allow people rise out of poverty. That is so critically important,” Lesh said.

In her role at Kaiser Permanente, Lesh oversees capital expansion projects in Southern California, including the city of Los Angeles. Kaiser described how in 2012 she embarked on a redevelopment project at Santa Barbara Plaza, a small property in greater Los Angeles located in the economically challenged Crenshaw community of Baldwin Hills. Kaiser Permanente’s goal, Lesh said, was to help redevelop the property and build a medical office building on eight of the 22 acres it comprised.

Lesh described Santa Barbara Plaza’s rich history. It was home to the first modern Olympic Village in the 1930s and then became a retail hub in Los Angeles in the 1950s. It featured minority-owned businesses and thrived for many years until the 1980s and 1990 when it fell victim to the volatile political climate in Los Angeles. The resulting civil distress in Los Angeles destroyed Santa Barbara Plaza’s economic vitality and prospects for redevelopment. Failed promises for redevelopment continued for a long time, Lesh said, making Kaiser Permanente’s selection of this particular site “different and intentional.”

Righting Failed Promises

“I realized in doing research that there had been a lot of failed promises and failure to deliver. So just the selection of a site, we also realized that we would be an economic engine, that our development and all of the jobs that were created would be the opportunity for others to develop around us,” Lesh said, noting that the site also was contaminated, and Kaiser Permanente made the investment to clean it up.

Lesh said that the redevelopment plan of Santa Barbara Plaza involved a concerted effort to engage minority- and women-owned businesses, and to create job opportunities for residents in the community. “There was a commitment made with our construction contractor that we would do everything we can to create job fairs and to reach out to the community. And not only give people jobs who had the skills, but also to actually give people the opportunity to train and get the skills, and to build careers,” Lesh said.

The project’s commitment to creating jobs was highlighted by the number of local residents involved in the initiative. Of the 50 construction trades

working on the project, Lesh noted that 76 percent were attached to minority- and women-owned businesses. By the ribbon cutting, she said, 15 percent to 20 percent of the hours worked on the project would be performed by local residents.

In reflecting on the origin of her passion for helping to bring economic vitality back to communities like Crenshaw, Lesh said that her personal background influenced her work. She described being taught "the power of work and work ethic," by her parents from an early age. "I grew up in a family where my father was a professional and my mother was a housekeeper. But they themselves did not grow up in that kind of environment. They both lost their parents at a very young age, both around the age of 16. And very quickly, both my father and my mother were thrust into the role of caring for their family, both emotionally and financially. And my parents grew up, they were very hardworking people."

‘Changing Lives One at a Time’

Ultimately, in pledging Kaiser Permanente’s commitment to membership in the BDR, Lesh urged members and attendees to think about "changing lives one at a time" in conducting their businesses and examining how they spend their procurement dollars.

In summarizing her remarks, Lesh reiterated that procurement has an opportunity to play a vital role in creating economic opportunity. Companies do allocate a percentage of their sales to charitable causes, but the vast majority of corporate revenue, typically more than 95 percent, can be leveraged in greater ways than is done today, she said.

"This is not about statistics. This is not about numbers. This is about people," Lesh said.

MAYOR KASIM REED: Economic Impact of Supplier Diversity and Atlanta

Atlanta Mayor Kasim Reed delivered an enthusiastic welcome to 2016 BDR summit attendees during the Welcome Reception and Dinner program on the evening of August 17, emphasizing the positive impact of supplier diversity on the economic development of his city and his desire to see Atlanta rise as a center for business in the country.

"We're known as the cradle of the civil rights movement and the city too busy to hate, but I am hopeful that we're also a beacon of equity in the business world and in the lives of our residents, and also an exemplar to others," Reed said.

Reed commended BDR member companies for business activities that "look like the markets that they serve" and for demonstrating through their actions that diversity and inclusion can be profitable while also achieving excellence.

Ensuring a 'Fair Shot, Fair Shake'

"The BDR is ensuring a version of America that says what we want are the best and brightest and most challenging people to have a fair shot and a fair shake. You don't want to provide people a guarantee of success, but what you want to say is that if you can deliver, then we want to give you a shot," Reed said.

Reed highlighted the "unprecedented level" of economic development and construction activity occurring in Atlanta. He said opportunities are being provided to Atlanta citizens by companies that not only want to do great things but that also "want to do the right thing." Atlanta realized its highest number of construction activity in its history in 2015, Reed said, with about \$14 billion in active projects planned over the next three years.

Specifically, Reed talked about the \$6 billion expansion of the Hartsfield-Jackson Atlanta International Airport and how that ties into increasingly opportunities for diverse businesses. The expansion will include a new concourse, upgrades to terminals and parking centers, and an extension of contracts with Atlanta-based Delta Airlines. The airport already is a hub of activity for minority- and women-owned businesses, according to Reed,

with 40 cents on every dollar spent at the airport in 2015 went to diverse firms.

Economic Impact in Atlanta

In addition, Reed pointed to the economic impact of the influx of technology-based business ventures springing up in Atlanta, drawing an "infusion of talent" to the city. He cited investments by corporations such as BDR member company Kaiser Permanente in Midtown Atlanta as creating jobs for Atlanta residents.

"The explosion of tech startups and incubators near Georgia Tech in Midtown is helping attract skilled young workers to high-paying jobs," he said, noting that Kaiser Permanente had recently announced it would build a new corporate and medical campus that will support 900 new jobs in Midtown.

Reed said that Atlanta is growing as a result of these investments and initiatives by private-sector corporations offered his view about the impact of supplier diversity and how it contributes to economic development. "This is not a government program, but business people that came to the conclusion on their own that we want our business activities to look like the markets that we serve, and that inclusion and that diversity are profitable and we can achieve excellence," he said.

CHERYL PEARSON-MCNEIL: Headwinds and Tailwinds

As the opening speaker on summit-day on August 18, Cheryl Pearson-McNeil, senior vice president, U.S. Strategic Community Alliances and Consumer Engagement at the Nielsen Co., opined on emerging demographic trends impacting global markets.

With an examination of the economic impact of supplier diversity as the Atlanta Summit's overriding theme, Pearson-McNeil offered many nuggets of demographic data for attendees to consider – and why the "buzz" around such data coincides with the significance of supplier diversity.

The World Is Changing

"That buzz that you're hearing, the buzz that everyone's talking about, is the fact that the world is changing," Pearson-McNeil told the summit.

Pearson-McNeil framed her remarks within the context of "tailwinds" and "headwinds."

Her company is in the measurement business – tracking globally, for instance, what consumers watch, how they shop, what they buy and what music they listen to, among other trends. "We do it in more than 110 countries around the world," Pearson-McNeil said of Nielsen. "But we can't just tell you anything. We have to share information with you, of course, that's going to stick because you want to make sure that the trends are going to be around before you make any changes to your marketing and business plans."

Some miscellaneous demographic and personal trends about the major U.S. minority groups from Nielsen research that Pearson-McNeil noted in her remarks included:

African Americans

Comprise about 14 percent of the U.S. population (about 45.7 million people) ... the African American population in the United States grew at a rate of nearly 18 percent between 2000 and 2014, a rate faster than the general population ... the number of African-American households earning \$200,000 or more grew 138 percent between 2000 and 2014 ... African

Americans spend 13 percent more time weekly on personal computers and 15 percent more time using apps and the web on their smart phones.

Pearson-McNeil comment: "That's what you should be buzzing about when you're trying to determine the best way to connect with this consumer group and understanding exactly how much influence the African-American consumer has."

Hispanic Americans

Comprise 18 percent of the U.S. population (about 57 million people) ... Over the next 45 years, that population is expected to increase by 65 percent ... the buying power of Hispanics has increased by 167 percent since 2000 ... Hispanics tend to send more text messages than any other group of people and tend to be very reliant upon their mobile devices to connect with people in their native, ancestral lands.

Pearson-McNeil comment: "You all are buzzing right now about the Hispanic population, and with good reason. If you're interested in knowing how to connect with this important consumer segment, you need to think about using advertising on your mobile devices to connect.

Asian Americans

Comprise about 6 percent of the U.S. population, a 25 percent increase since 2009 ... average household income is about \$75,000 per household a year, which is about 39 percent higher than the U.S. medium household income ... Seventy-six percent of Asian-American households own tablet computing devices, which is 12 percent higher than what the total population, and 90 percent of Asian Americans own smart phones.

Pearson-McNeil comment: "Asian Americans are some of the most techs savvy folks that you're going to find. So when you're thinking about what the buzz is and what you need to think about the Asian-American consumer, you really want to think about how they use digital appliances and technology and how those actually need to be a part of your marketing strategy if you're looking into tapping into their market."

Tailwinds, Headwinds

In looking at trending demographic data, Pearson-McNeil offered a view about the information through a discussion about what she termed tailwinds and headwinds.

She defined them this way:

·Tailwinds: If you fly across the United States or travel internationally, the pilots are going to tell you whether or not your flight is going in the direction of a tailwind or whether you're going against it. So the tailwind is driving in the same direction as you. It means that you're going to get to your destination a little bit faster.

·Headwinds: On the other end of the spectrum, headwinds are coming toward you as you're going in the opposite direction. You're still going to get there, but it's going to take you a little while longer.

"I'd like to think of tailwinds like that famous image of Marilyn Monroe when she stood on that subway grate and her dress blew up above her knees. Her dress blew up and thus the tailwind. When Marilyn walked off that grate, all the men behind her followed. You just follow after Marilyn," Pearson-McNeil said.

Pearson-McNeil went on: "Whereas a headwind is like a teenager who is going to go in the exact opposite direction that you want him to go in, if for no other reason than the fact that you are going in the direction that he does not want to go in."

In applying tailwinds and headwinds to global business, Pearson-McNeil said corporations need to think of the Marilyn Monroe example as a tailwind opportunity "versus being a stubborn teenager and using it as a headwind opportunity."

"We all know that eventually, because we used to be teenagers, we do get to the same place, we get to the same location. But wouldn't it just be easier if you heard and followed some of the trends and understood how you could use the tailwinds," Pearson-McNeil said.

In delving deeper into some demographic trends, Pearson-McNeil said African Americans, Hispanic Americans and Asian Americans, comprising 38 percent of the nation's population, spend a combined some \$3.2 trillion each year.

Millennials Generation on the Rise

Pearson-McNeil also offered insight into the demographic that all corporations are paying attention to – millennials. Noting estimates put the number of millennials living in the United States today at more than 80 million, Pearson-McNeil said this youthful demographic represents about a fourth of the entire U.S. population and commands about \$200 billion in annual buying power.

"They live among us, but we don't know anything about them. We have them in our own households. That probably means we know less about them," Pearson-McNeil said.

Pearson-McNeil said studying how millennials use technology is illustrative. For instance, 87 percent of millennials use between two and three technology devices at least once daily and 60 percent of millennials have say they are often are always loyal to brands that they currently purchase, she said.

Another interesting statistic for companies worth noting about millennials is that 75 percent of them say they expect brands to give back to society, according to Pearson-McNeil. The significance of such a statistic is that millennials will "get older," she said. "They're going to be growing, and that means that their population is going to be growing."

Pearson-McNeil said tailwinds are showing how things are changing globally and how corporations should be addressing the changes.

"I want you to be Marilyn Monroe, and I want you all to think about how you want people to follow you after you walk off of that grate. I want you to think about how important it is to think of the changes as a tailwind and not a headwind," Pearson-McNeil said.

NATHANIEL "NATE" MILES: A Message of Diversity and Inclusion

Summit-day keynote luncheon speaker Nathaniel "Nate" Miles of Eli Lilly and Co. offered effusive praise to the board members of the Billion Dollar Roundtable as part of a broader message to all Atlanta attendees.

BDR board members are the supplier diversity professionals who represent their companies in the organization and produce the work product during monthly conference calls, face-to-face meetings and standing committee assignments. These professionals lead the planning for the annual BDR summits, deliberate policy proposals, support industry advocacy, and devise novel initiatives, such as the BDR's Capital Connector for Growth (the Triad) and Economic Impact Study projects.

Miles is Vice President for Strategic Initiatives for pharmaceutical giant Lilly. His address offered insight about diversity and inclusion from a prism of his growing up in eastern Washington state in a federal housing project in Pasco – "destined for a life of manual labor" before getting some lucky breaks to make his mark in the business world.

In his remarks Miles, as he made key points to hone in his message, made sure to single out BDR board members for the contributions they are making to supplier diversity and minority business enterprise. His talk was all encompassing – inspirational, funny, spirited, challenging and sincere.

"I Have to Give Back"

"So many people have helped me, Pam Carter, that I have to give back. I have no choice, which is much like all of you in this room and what you're doing and why you're on the Billion Dollar Roundtable helping these small business. Many of your stories are my stories," Miles said. *(Board member Pam Carter is Vice President (retired) of Global Diversity, Inclusion & Supplier Diversity, for BDR member company Boeing.)*

Miles discussed how his plight growing up was analogous to diverse businesses, which, like him, simply seek the opportunity to excel. His mother, Miles recounted, was a domestic and part-time bus driver, and his father was a carpenter amid times so difficult that he wore clothing from the Salvation Army and received Thanksgiving and Christmas dinners from a food bank. "We may not have had a whole lot of money, but we had a whole lot of love. We had parents who cared about us and taught us some

good values and great ethics, which think helped to take us where we are today," Miles told attendees.

Miles said he caught a break when a woman from a household of means – that his mother cleaned and cooked for – paid his way to college. Miles' mother had worked for the family for 20 years, a family would watch Miles grow up from a boy. Miles mother, while working for the family, would pray out loud that the Lord would make a way for him to go to college.

"Mrs. Porter said she was listening to (his mother's prayers) and told his mother that 'If you really want him to go to college, but can't afford it, we will pay for it.' " Miles explained. "That's how I went to college" to the University of Washington.

Proud of Mrs. Porter, Proud of the BDR

"I am so proud of what Mrs. Porter helped me to do, and I am so proud of what you're doing now in helping people," Miles told the BDR board members.

Miles went on to work in broadcasting as a marketing executive and then in politics before moving to Lilly.

"When people ask me why I give back and why I help so much, it is because, Michael Robinson, I don't have a choice," Miles said. *(BDR board member Michael Robinson is Program Director, Global Supplier Diversity Integrated Supply Chain, for BDR member company IBM.)*

In further making his point about the need for diverse suppliers to have tangible business opportunities, Miles relied on an African proverb about "big elephants and little elephants" to deliver the message. Proverbs are staples of African culture that illustrate ideas and offer inspirational messages and advice, or, as famed Nigerian author Chinua Achebe once wrote, "the palm oil with which words are eaten."

Miles said that the big elephants, when approaching a raging river in Africa, had no problem crossing. But the little elephants when approaching the same river were fearful and shaken and would not cross.

"The river was flowing so fast that they were afraid they would get swept away," Miles said. "That's when one the big elephants said, "I need all of you big elephants to get back into the water and get down side-by-side with one another, shoulder-to-shoulder, so that these little elephants can walk across our backs."

"They had to make sure that those little elephants got across, and it's just like our businesses. If the little businesses stay over here and the big businesses stay over here, the little businesses can't get access to capital, they can't get contracts, they can't get help growing their businesses, and our communities are going to die out because the jobs are going die out," Miles said.

'Billion-Dollar Elephants'

In finalizing his point, Miles further praised BDR board members and saluted them as "billion-dollar elephants," to turn a phrase.

"Ojamu Johnson, Darlene Owens, Renee Jones, thank you so much for making sure that our communities have jobs and our kids are off the street. Thank you so much Elly Bradford, Reggie Layton and Bev Jennings for making sure that our small businesses keep their doors open. Denise Thomas and Fernando Hernandez, you've been doing it a long time. It is because of you that the American dream still rings in our community and people can still have hope," Miles said.

(Ojamu Johnson is Executive Director, Strategic Procurement at Comcast NBCUniversal. Darlene Owens is Program Manager, Global Supplier Diversity at Dell. Renee Jones is Director, Supplier Diversity Development and Supply Chain Sustainability at Ford Motor. Elly Bradford is Manager, North America Supply Chain Sustainability at Honda North America. Reggie Layton is Vice President, Supplier Diversity & Supply Chain Sustainability at Johnson Controls. Bev Jennings is Head, Office of Supplier Diversity & Inclusion at Johnson & Johnson. Denise Thomas is Director (retired), Corporate Supplier Diversity at Kroger. Fernando Hernandez is Director, Supplier Diversity, at Microsoft.)

Miles concluded his remarks, saying the "the little elephants raise their trunks to you and say that you are the best."

CONCLUDING SUMMARY

Billion Dollar Roundtable summits are designed to bring a wide assortment of inspiring activities before participants, focusing on emerging issues in supplier diversity and best practices. Over two days, summit planners try to include as much as possible into the agenda, accounting for policy discussions, presentations, report outs, board and small-group meetings, keynote addresses, networking events, new-member inductions and working dinners and luncheons.

Amid the many agenda items, one important element of the summits to the planners is to draw out participation from attendees, who typically include corporate procurement executives, supplier diversity professionals, diverse suppliers, academics, government officials, consultants and advocates. While question-and-answer and comment time are structured into panel discussions and other sessions, a summit hallmark is the direct engagement of attendees to discuss issues and report out of ideas and solutions.

The BDR is governed through an executive committee consisting of the organization's officers and a board consisting of representatives of its member companies and relies on feedback from summit participants to address future policy positions, pursue new activities and plan summit topics.

At the summit in Seattle/Redmond, Washington, in 2011 on the corporate campus of BDR member company Microsoft, the BDR began to explore capital funding sources for diverse companies through discussions among participants, investors and other. Those discussions became a forerunner for the BDR launching its Capital Connector for Growth initiative (discussed earlier in this paper). At the 2010 summit in Washington, D.C., the beginnings of the BDR best practices book, "Supplier Diversity Best Practices: Building Excellence to Improve the Supply-Chain Matrix," were hatched through table-by-table discussions and flip-chart report outs of ideas from attendees.

Darlene Owens, Program Manager at BDR member company Dell, was tasked at the Atlanta Summit with leading an audience session where participants, grouped by the tables where they were seated, would

deliberate ideas involving supplier diversity for 15 minutes and a representative would make a verbal report out to the summit.

"We want you to spend time at your tables to address and identify an issue affecting supplier diversity. It could be about globalization, measuring economic impact, building capacity, or it could be something in your specific industry. Then we're going to have one of you report out for your group. We want to hear about some of the issues and the solutions that you come up with," Owens said in her charge for the session.

(In seating at tables at the summits, attendees often represent an array of interests and may include a range of participants at one table, such as supplier diversity professionals, procurement leaders, diverse suppliers, advocates or academics.)

Table Report Outs

Tier 2 Challenges

One group offered ideas on what was described as "challenges" in some industry segments in developing programs for Tier 2 diversity spend. In leading the report out, Ed Franklin, Supplier Diversity and Development Manager at BDR member company Bank of America, said the group participated in a lively discussion about Tier 2 sourcing and how to enhance it. "

One of the solutions that was talked about is why can't corporations come together, such as a subset of an industry group within the BDR, or the BDR itself, to share suppliers," Franklin said.

The group discussed how in many cases corporate supply chains already use similar or the same suppliers and that some formalized process of addressing Tier 2 could be beneficial to both corporations and small diverse suppliers.

C-Suite Support for Supplier Diversity

In another audience table group, the topic discussed was C-Suite support for supplier diversity. The question arose of whether supplier diversity professionals have the necessary budget and resources to grow their corporate supplier diversity strategies.

Karmetria Burton, General Manager, Strategic Programs and Supply Chain Management at Delta Air Lines, led the group's report out. Burton recounted that she had a recent meeting with the Delta Airlines CEO who "had some very great aspirations for supplier diversity." Others at the table, however, expressed that overall corporate support for supplier diversity strategy in most cases could be improved.

One suggestion from the group was to figure out a way for "like-minded" executives of BDR member companies to have conversations with C-Suite executives of non-BDR member companies about the merits of supplier diversity.

Burton noted that a member of the table's group was Lynn Boccio, Vice President, Strategic Business and Diversity Relations of BDR member company Avis Budget Group, and that Delta Airlines is a customer of Avis Budget Group. Burton said the group discussed that corporations who rely on other corporations as customers, such as those from BDR member companies, could perhaps assist with advancing conversations about supplier diversity, business development and best practices.

Another solution examined at the table concerned the use of external groups to help drive conversations and messaging about supplier diversity, Burton noting that Delta Airlines receives feedback on its supplier diversity initiatives from an external advisory council. "It is not a lovefest," she said of the Delta Airlines group. "They do put pressure on us in the area of strategy and budget and resources."

'Deeper' Corporation-Supplier Relationships Needed

Amelia Rodriguez, founder and CEO of Vocalink, a certified language services firm that is a member of the National Minority Supplier Development Council's Corporate Plus program, offered a report out on her table's discussions about opportunities for diverse suppliers to create "deeper relationships" with the corporations. "We can have a greater impact on your company, and for that we need a platform from which to do that," Rodriguez, a native of Peru, said.

Rodriguez said her table group also suggested that during industry events such as BDR summits, opportunities should be available for diverse

suppliers to learn more about requirements that corporations have for supply-chain business. "We are an extension of you. We have to get to know you better. So there has to be a sense of oneness that has to happen and it can't unless you have those conversations," she said.

Another topic the group suggested going deeper with corporations was in different areas of corporate business, particularly in finance. Diverse suppliers are eager to learn how they can help corporations generate more business, according to Rodriguez's report out. "If that's there, things really begin to happen when you can actually point out a provider that is helping you to make more money and have better net profits," Rodriguez told the summit.

Other topics drawn for the attendee table discussions included the need for diverse suppliers to build capacity and scalability through increased attention from corporate supply chains to assist suppliers who perform well.

Another table advised corporations to begin to establish more aggressive targets for Tier 2 business, particularly through Tier 1 diverse suppliers. For every spend dollar a corporation increases with a Tier 1 diverse supplier, a commensurate number of dollars should be increased for Tier 2, according to the sentiment of the table's report out.

Another table suggested that the supplier diversity function needed to be evolved from its "smaller ecosystem" in purchasing. Suggestions from this table offered that supplier diversity needed enterprise level at corporations in order to "look across all functional teams" to get diverse suppliers engaged prior to the request for quotation stage. That way, diverse businesses will have an opportunity to create relationships in advance "with the folks that really own the money and the budgets," according the table's summary of its discussions.

In concluding the audience session, Owens noted many "common themes" from the discussions and promised that the ideas and proposed solutions originating from the participants' tables would receive consideration from BDR Chairman Rick Hughes, President and CEO Sharon Patterson and board members representing BDR member companies.

That is the way of BDR summits, and Atlanta was no different. The focus of summit planners is to present a forum that facilitates the exchange of ideas as a means for enhancing the corporate supplier diversity function as it

continues to mature, and one that participants can take back to their companies, industries, colleagues and organizations for further discussion and action.

APPENDIX 1 - Billion Dollar Roundtable Overview

Corporate Name: Billion Dollar Roundtable Inc. (BDR)

Founded: 2001

Web Address: www.billiondollarroundtable.org

Leadership: Rick Hughes, chairman; Sharon Patterson, co-founder, president and chief executive officer; Don McKneely, co-founder and chairman emeritus; Reginald K. Layton (Johnson Controls), vice chairman; Adrienne Trimble (Toyota Motor North America Inc.), secretary; Michael K. Robinson (IBM Corp.), treasurer

Standing Committees: audit, standards, finance, nomination, global supplier diversity, economic impact, leverage brand and social media, and new member

Mission Statement: To drive supplier diversity excellence through best practice sharing and thought leadership

Vision Statement: To lead, influence, and shape supplier diversity excellence globally

Major Activities:

- sponsorship of annual summits to examine issues in supplier diversity
- production of annual policy paper on current topics in supplier diversity
- sponsorship of special events and programs, including economic impact of supplier diversity research
- outreach to corporate procurement and supplier diversity functions
- publishing

History: The Billion Dollar Roundtable is an organization comprised of major U.S.-based corporations that provide thought leadership and solutions-driven exploration of key issues in supplier diversity. Each BDR member company is one of the world's largest and most important business organizations and spends \$1 billion or more annually for a broad range of goods and services on a Tier 1 basis with certified diverse companies whose majority owners primarily are minorities and women.

BDR was founded in 2001 by Don McKneely, chairman and CEO, TexCorp Communications, publisher of Minority Business News USA; Sharon H. Patterson, president, Amica Group, and former director, supplier diversity, Kraft Foods Inc.; and Shirley Harrison (retired). Their objective was to bring together major U.S.-based corporations that make meaningful and measurable contributions to the growth and viability of diverse companies. The organization is unique in that BDR member companies put aside competitive differences and work together to advocate for best practices and sensible solutions for the corporate supplier diversity industry. BDR member companies operate in industry sectors that include: aerospace and defense, automotive, banking/financial, consumer, energy, entertainment/media, information technology, medical/health care, pharmaceuticals, retail and telecommunications.

Consolidated Tier 1 diverse spending of BDR member companies totaled \$72 billion in 2016 (based on 22 corporate members), according to a report prepared by SB Services, which annually surveys and audits the spending of BDR member companies. Consolidated Tier 2 diverse spending among corporate members for 2016 was \$24 billion.

Annual Summit Program: Through its annual summit program, BDR brings together a broad range of supplier diversity stakeholders for discussion, examination, and analysis of current issues, best practices, and strategies affecting supplier diversity. Summit attendees typically consist of corporate procurement leaders, supplier diversity executives, business-school academics, diverse suppliers, representatives of business and supplier diversity advocacy organizations, and government officials.

Through internal discussions, BDR selects a topic each year for examination at its summits. Topics over the years have included advertising and marketing, global supplier diversity, strategic partnerships, global megatrends impacting supplier diversity, supplier diversity best practices, supply-chain innovation, and supplier diversity economic impact. The 2016 15th Annual BDR Summit was held in Atlanta.

Programs, Initiatives: In keeping with its mission, BDR — through its strategic plan — sponsors and participates in activities, programs, and initiatives that build on the overall knowledge base in supplier diversity. Current major projects include an economic impact study that is calculating a return on investment for supplier diversity and Triad, a capital initiative that seeks to match diverse suppliers with investors to secure capital for growth. In addition, the organization has been involved in ongoing

discussions that address future practices of supplier diversity and what changes might need to occur with the practice going forward.

BDR also participates with like-minded organizations that support supplier diversity. In 2016, it formed a partnership with the Tuck School of Business at Dartmouth College Supplier Diversity Professional Excellence Program. In addition, in 2014 and 2015, BDR participated in annual symposiums hosted by the White House Initiative on Historically Black Colleges and Universities that highlighted the viability of HBCUs and their students. Also in 2014 and 2015, several BDR member companies participated in a global supplier diversity conference in London sponsored by the Minority Supplier Development UK Ltd. (MSDUK) that examined global supplier diversity trends.

BDR works closely with organizations with similar goals, including the National Minority Supplier Development Council Inc. (NMSDC), Women's Business Enterprise National Council (WBENC), and minority chambers of commerce.

In addition to publication of its annual policy paper reporting on its summits, BDR released a compendium, "Supplier Diversity Best Practices: Building Excellence to Improve the Supply Chain Matrix," a book that examines 12 best practice areas for operating viable supplier diversity programs. Several dozen contributors are featured in the title, lending their expertise, interest, and advocacy of supplier diversity to the project. The book is available through the BDR website at <https://www.billiondollarroundtable.org> in print and electronic form.

APPENDIX 2

Billion Dollar Roundtable Member Companies

(As of July 2017)

- Adient PLC
- Apple Inc.
- AT&T Inc.
- Avis Budget Group Inc.
- Bank of America Corp.
- The Boeing Co.
- Comcast/NBCUniversal
- Cummins Inc.
- CVS Health Corp.
- Dell Inc.
- Exelon Corp.
- FCA US LLC
- Ford Motor Co.
- General Motors Co.
- Honda North America Inc.
- IBM Corp.
- Johnson Controls Inc.
- Johnson & Johnson
- Kaiser Permanente

- The Kroger Co.
- Lear Corp.
- Merck & Co. Inc.
- Microsoft Corp.
- The Procter & Gamble Co.
- Toyota Motor North America Inc.
- Verizon Communications Inc.
- Wal-Mart Stores Inc.