

STRATEGIES

from the Experts



COMPANIES LEADING SUPPLIER DIVERSITY

IN A RECENT SURVEY of a select group of leading organizations, *Profiles in Diversity Journal* found that many companies still struggle with aspects of their supplier diversity programs. These range from finding diverse suppliers with sufficient capacity to meet the needs of the organization to sustaining momentum for a supplier diversity program that may not be well understood within the company. To a certain extent, each company seems to have its own issues.

Supplier diversity programs are a triple-win proposition. The company implementing the program broadens its vendor base and obtains pricing or operational advantages. The diverse suppliers gain valuable market knowledge and skills that come from working with a major company. And finally, customers and communities benefit from the spinoff of emerging businesses that provide employment and contribute to the tax base where they operate.

The companies in the pages that follow shared with us their strategies and techniques to improve and advance their own supplier diversity programs. We think the ideas shared here—offered by companies who are success models of supplier diversity—may help others that are still working through some of the issues that often accompany such programs.





Expanding Small and Minority Businesses through Mentorship

By **Brenda Mullins**

Second Vice President, Human Resources and Diversity Officer
AFLAC

that began as a small business, and we understand the value that a diverse supplier base can bring to our organization.

Our dedication to diversity and educating minority entrepreneurs reflects our commitment to providing the best information and business opportunities for growing companies to help them expand. Aflac recognizes that small business is the backbone to free enterprise.

The purpose of Aflac's supplier diversity program is to enhance, educate, and support minority business development. In promoting product and service capabilities of minority entrepreneurs, we have simplified vendor bidding by providing online procurement opportunities, networking events, and education and training to minority-owned companies. To help entrepreneurs promote their product and service capabilities, Aflac offers a number of outreach programs:

- An extensive education and training program for small, minority and women business owners designed to help growing companies secure procurement opportunities.
- An online resource center that provides aspiring entrepreneurs with small business advice and useful tips for starting a new business.

- Sponsorship of small business networking events across the country including Moving Your Business Forward, an event for minority business owners to gain the most updated information about technology, finances and marketing techniques that will help grow their businesses.

Our corporate purchasing and vendor diversity office develops relationships and provides opportunities to new entrepreneurs. We do this by partnering with local and national organizations such as the Georgia Minority Supplier Development Council, the Columbus Chamber of Commerce, the Georgia Black Chamber of Commerce and the Native American Business Leaders.

Aflac has been recognized as a leader among top companies providing the best business opportunities to women- and minority-owned organizations. We have made it our business to help these companies succeed. Our mission is to continue to develop processes and procedures that provide easy, efficient, and accountable supplier access for future business opportunities. More importantly, our goal is to continue encouraging, educating, and enriching these growing operations to help them achieve a greater level of success.

LONG BEFORE THE TERM 'supplier diversity' made its way into the business vernacular of corporate America, some of the country's largest and most profitable companies were already reaching out and doing business with minority and women entrepreneurs. Aflac is no exception.

Over the past few years, Aflac has significantly increased spending on its supplier diversity program to include advances in educational training for minority vendors. Since the inception of the program in 2003, Aflac has surpassed the \$100 million mark in spending with minority- and women-owned companies. Aflac's efforts to support these entrepreneurs include participation in the Georgia Fast Track Mentoring initiative, an 18-month program dedicated to teaching minority and small business owners the skills and proficiencies needed to procure contracts with large corporations.

Why does Aflac find supporting small and minority businesses important? Because we are a homegrown company

AXA Equitable Agressively Develops the Pipeline of Suppliers

by **Kim Berney**, AVP, Supplier Diversity/Vendor Relations and **Nelida Garcia**, SVP and Chief Procurement Officer

AXA EQUITABLE

Q: Many organizations have stated that sustaining supplier diversity momentum within the organization is a major challenge. How does your organization best sustain its supplier diversity momentum?

A: To sustain our supplier diversity program at AXA Equitable, we don't just wait for the procurement needs to be presented. Rather, we go out and prepare for them. Sustainability is an ongoing process involving:

- Networking. We network constantly with diversity suppliers and organizations, letting them know who we are, what we need, and how we need it. We both attend and host events to build awareness and understand our business needs.
- Preparing suppliers. Beyond networking, we nurture businesses that may not be able to meet our needs now but demonstrate promise for doing so in the future. We work together to develop a pipeline, educating them about our business and processes.
- Focusing on strategic opportunities. We identify opportunities with significant and sustainable impact. For example, a large portion of our procurement spending is for technology software. Because software

is always being updated, this is a significant focus for our program. Another focus is consulting, an ongoing need met by a robust market of diverse consultants.

- Meeting regularly with senior management. Our Diversity Council meets regularly with senior management to update them on our diversity goals and progress.
- Make it part of the RFP process. Supplier diversity has to be integral to the routine RFP process. This allows an organization to learn from mistakes, develop best practices and build to grow. For example, we evaluate large corporations we do business with and how they value and demonstrate diversity in their own business practices. This is something most large corporations can start doing now.

Q: Finding qualified diverse suppliers that have the capacity and capability to support and grow with large organizations can be a challenge. How do you meet this challenge and what strategies can you share?

A: AXA Equitable is a national organization, with over 12,000 employees and financial professionals working across the country.



Berney



Garcia

Because of this, we often require suppliers with nationwide goods and distribution.

Part of our program is a commitment to educate suppliers about what they can do to meet our future nationwide needs. We mentor the smaller suppliers that demonstrate promise and help them prepare for a future partnership with us. We prepare by:

- Reviewing new companies who have registered as a potential supplier with AXA Equitable, scheduling an introductory meeting at the appropriate time with the supplier and key internal stakeholders.
- Taking time to understand the supplier's business development plan.
- Finding opportunities within organizations to which AXA Equitable belongs, to conduct educational events for suppliers.
- Providing smaller projects for a supplier to work with AXA Equitable, to create an opportunity to learn about each other in a low risk environment.



Sustaining Supplier Diversity Momentum

by **Joseph Hill**

Executive Vice President
Global Strategic Sourcing Executive
BANK OF AMERICA Supply Chain Management

WE FIND THE FOLLOWING help us sustain our supplier diversity momentum:

Commitment to Spend Goals

We have target spend goals that are set and driven by our CEO and top executives. Driving our commitment from the top, Ken Lewis—our chairman, CEO and president—considers the support of diverse suppliers as showing our commitment to having a supply chain that reflects our customer base. Our supplier diversity performance is measured on Ken Lewis' performance management plan, as well as the performance management plans of his leadership team and other members of management throughout the corporation.

Training

Bank of America believes in constant training of business partners and other supply chain management associates. Our Supplier Relationship Development team performs internal Web-based and classroom-based training to our Supply Chain Management Sourcing associates to reinforce their knowledge of how to support our many supplier diversity initiatives.

A major component of this training includes identifying purchasing and cross-sell opportunities for diverse suppliers. In addition to enhanced training and communication, we have our sourcing and purchasing partners attend diversity events with us. This allows them a great opportunity to meet with diverse suppliers and understand, first hand, the services and capabilities they are able to provide.

Supplier Development

Our Supplier Relationship Development Managers (SRDMs) allow us to focus not only on the identification of diverse suppliers, but also on supplier relationship development. SRDMs are located across the country, each supporting unique commodities, including the professional services arena. SRDMs work closely with diverse suppliers, supporting their development, and positioning them as Bank of America suppliers and leaders in their industry. In addition, they provide guidance and advice on how to more effectively support Bank of America, which can lead to cost savings for the bank.

Supplier diversity efforts are tied to other diversity and inclusion efforts. Tying supplier diversity efforts to other diversity and inclusion efforts allows for the sharing of ideas and marketing budgets and helps eliminate any duplication of efforts.

Identifying, Implementing and Supporting Suppliers Who Reflect the Diversity of Our Global Markets

by **DeRoy Bryant**, VP, Global Sourcing and Procurement and
James Thurman, Director, Global Sourcing and Procurement
 & Supplier Diversity Development Program
BAUSCH & LOMB

OUR DEDICATION TO perfecting vision and enhancing life for people around the world includes a commitment to supporting suppliers who reflect the diversity of our global markets. With our Supplier Diversity Program, we make this happen by identifying a variety of suppliers, including enterprises owned and operated by people of color and women, and other diverse businesses that provide us with the quality, service, value, and technology we need to continue our reputation as one of the best known and most respected healthcare brands in the world.

Bausch & Lomb believes our corporation and the communities in which we operate benefit from sourcing practices that capitalize on the unique skills, knowledge, creativity, and talent that come from a diverse supply base.

Our senior leadership is responsible for ensuring a culture that fosters equal opportunities for minority-owned, women-owned and other diverse enterprises. This is largely accomplished by the dedicated support of our executive steering committee. The committee meets quarterly, led by Bausch & Lomb's Corporate Diversity Officer.

The following are the key attributes of the supplier diversity program at Bausch & Lomb:

- Supplier Diversity targets are included in performance objectives.
- B&L's supplier diversity program is primarily a U.S.-based initiative.
- Current scope of the program is minority- and women-owned business enterprises.
- SDP manager is a member of the Global Sourcing Board driving integration into sourcing activities.
- The executive steering committee establishes the organizational policies and practices.
- An implementation team, chaired by the Manager of the Supplier Diversity Development Program, oversees and executes policy standards and practices.
- Team members are responsible for reporting, building program awareness, and driving sourcing integration and accountability within the organization.

Additional Responsibilities of Implementation Team Include:

- Collaborating with and advising regional representatives from all product categories,



Bryant



Thurman

functional areas, and business operations;

- Tracking supplier diversity spend (including Tier Two Spend);
- Managing supplier diversity process-awareness training and online training at www.bausch.com/supplierdiversity.com;
- Maintaining an engagement process and database to identify potential vendors in order to retain an accurate record of their capabilities for future business opportunities;
- Participating at the annual National Minority Supplier Development Council conference;
- Hosting an annual supplier diversity recognition ceremony.

IT IS IMPORTANT to note that our supplier diversity program is linked with other B&L diversity initiatives. For example, our employee networks develop and manage a wide array of business, social, and community activities to further the success and development of B&L employees, stakeholders, and customers.

Comcast's Strategy Helps It Find Suppliers That Can Meet Its Capacity Requirements

by Ajamu Johnson

Senior Manager, Supplier Diversity
COMCAST CORPORATION

AS THE NATION'S LEADING provider of entertainment, information, and communications products and services, Comcast's biggest vendor spend is with manufacturers who produce products that support our business. Examples include set-top boxes, cable wiring and electronic equipment, to name a few. Due to the sheer volume of our orders, and to ensure we receive the best pricing available, we often make our purchases directly through the manufacturer. As a result, it can be difficult for us to find a minority-owned or women-owned business enterprise (MBE/WBE) that can compete in that space.

We overcome this challenge by identifying other large-purchase items that lend themselves to minority participation. In some cases, we may partner with an MBE/WBE that might have the right skill set, but not the capacity we need—a strategy that has provided supplier diversity successes for Comcast.

If an MBE/WBE cannot provide the full scope of the service or product we need, we ask them to pair with a larger supplier who is more established in that area. Through partnership agreements, we facilitate a mentorship

between the two vendors, and the larger vendor is tasked with mentoring the MBE/WBE to help them build the necessary capacity to fully service Comcast. We periodically assess the mentorship to confirm that the MBE/WBE is learning and growing. Eventually, the larger vendor releases a portion of their responsibilities, and the MBE/WBE is prepared to assume greater work with Comcast.

A. Pomerantz & Co., a minority-owned business that provides office furniture to corporations, is an excellent example of how these partnerships can prove successful.

Comcast paired A. Pomerantz & Co. with Empire Office, Inc., a large, established dealer for Tella, a major furniture manufacturer. Under Tella's supervision, Empire mentored and groomed A. Pomerantz & Co. to eventually become an authorized dealer for Tella—an excellent opportunity for A. Pomerantz & Co. to further grow their business.

The collaboration between the two companies is a great success story, as A. Pomerantz & Co. will be fulfilling Comcast's office furniture needs at the Comcast Center, our Philadelphia headquarters building, in the future.



Setting Supplier Diversity Goals Important to Success

IN 2004, COMCAST created a supplier diversity scorecard that helped establish a national benchmark for the company. The following year, the scorecard was introduced to Comcast's five regional divisions, who worked closely with the corporate supplier diversity team to establish straightforward goals that lead to accountability, while continuing to emphasize growth and results in the program.

Since its inception, the scorecard has helped energize our employees and has fostered friendly competition between the divisions, which has resulted in increased attention and a stronger focus on positive results. In addition, supplier diversity accomplishments are shared with Comcast's corporate senior leadership quarterly, which has further raised the program's profile.

Ford's Initiatives Help Develop Diverse Suppliers

by Armando Ojeda

Director, Supplier Diversity Development
FORD



PDJ: Finding qualified diverse suppliers may not be much of a challenge these days, but finding qualified diverse suppliers that have the capacity and capability to support and grow with large organizations might be. **How does Ford successfully meet this challenge and what strategies and best practices can you share?**

In the current state of the automotive business, Ford's emphasis is being placed on enhancing the sustainability of established minority and women suppliers already in the auto supply base.

As a pioneer and leader in supplier diversity, Ford Motor Company recognized early on the challenges and opportunities associated with integrating minority and women business enterprises into a complex industrial manufacturing supply chain. Through its Supplier Diversity Development Program,

Ford maintains a supporting infrastructure that identifies appropriate business opportunities and fosters the ongoing growth and development of diverse suppliers through a number of initiatives, among them:

Aligned Business Framework

(ABF): As part of ongoing efforts to rationalize the supply base, Ford named over 60 existing suppliers in its top commodities as Aligned Business Framework (ABF) suppliers. Among them are ten minority and women business enterprises. ABF M/WBE firms are positioned as preferred suppliers and receive incremental business over time as the base of suppliers is consolidated.

Ford Technical Assistance Program

(FTAP): This initiative provides engineering assistance to enhance supplier performance in their operations. Whether it's LEAN manufacturing, Six Sigma or Quality Certification, Ford sends

technical teams to the supplier site(s) to conduct needs assessments and required training for operational implementation. The progress made by the supplier company is measured against key performance metrics—operational efficiency and cost reduction among them.

Dearborn Capital Corporation

(DCC): Virtually all minority and women suppliers are financed with bank debt. Dearborn Capital Corporation, an SBA-licensed Special Small Business Investment Corporation, operates this wholly owned, \$12 million fund to provide high risk capital for the purpose of assisting Ford's minority and women suppliers in building operational capacity and scale. M/WBE's typically use DCC loans for early stage and/or equipment financing to manage incremental business from Ford and other automotive OEM customers.

Database Helps Identify Suppliers and Solve Capacity Issues

by **Kenyatta Lewis**

Director of Supplier Diversity
MGM MIRAGE



PDJ: Finding qualified diverse suppliers may not be much of a challenge these days, but finding qualified diverse suppliers that have the capacity and capability to support and grow with large organizations might be. **How does your organization successfully meet this challenge and what strategies and best practices can you share?**

Lewis: Over the course of the development of its diversity initiative, MGM MIRAGE has compiled an extensive database of diverse suppliers. Supplier diversity executives realized, however, that there were many companies that had the potential to grow capacity in order to meet our needs. And so in 2007, MGM MIRAGE created a customized training for its mid-range suppliers. The training aimed to provide companies with the tools and insight needed to build capacity.

MGM MIRAGE provided the two-day training free of charge to interested companies. The company hired a facilitator, The Wheeler Group, to provide one-on-one counseling and the opportunity to develop an individual-growth strategy. Additionally, each supplier completed a business assessment prior to attending the training in order to identify common areas requiring more learning than others.

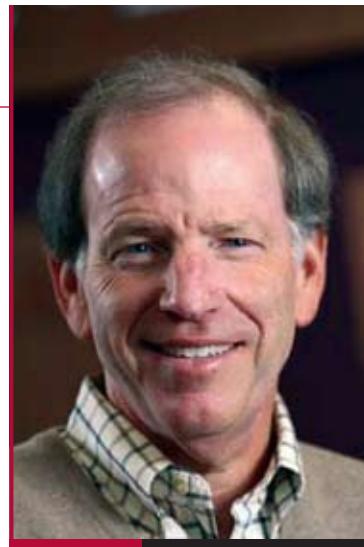
Topics covered included managing financial statements, strategic price management, customer value management, joint ventures, and staffing. Participants were also given the opportunity to network and learn from each other's challenges and successes.

Seventeen companies participated in the first training session, and because of overwhelming positive response, MGM MIRAGE has plans to conduct more training sessions.

Partnership With Construction Business Yields Big Dividends for Wal-Mart

by Eric Zorn

President of Wal-Mart Realty
WAL-MART



IN ORDER TO CONTINUE being a leader in supplier diversity, Wal-Mart follows a three prong strategy, which includes growing the amount of business it does with minority- and women-owned businesses, enhancing its second-tier program, and establishing and growing minority- and women-owned business enterprise investment strategies. Our supplier diversity program has gained great momentum since its inception, growing from \$2 million in 1994 to more than \$4.8 billion spent in 2007.

In order to continue the progress well into the future, Wal-Mart's Supplier Diversity team focuses on several key initiatives:

- The team looks for minority- and women-owned businesses with great products or services, competitive prices, financial stability, and marketplace success.
- Since 2005, the company has held over twenty "How to do business with Wal-Mart & Sam's Club" seminars throughout the country. The training educates minority and women suppliers about the business model and teaches them first hand how to do business with Wal-Mart and Sam's Club.
- The supplier diversity team

works with a third party data management company to help conduct the proper reporting and validating of supplier diversity direct and second-tier spending.

One remarkable success story involves a partnership between the supplier diversity team and Wal-Mart Realty and the construction business. There is a strong commitment to increasing the company's relationships with minority- and women-owned contractors in its building program. This has led to the company hosting a minority construction summit. The summit included suppliers interested in working in the company's new store, remodel, and facility maintenance programs.

Some of those relationships include Broadway Consolidated, Crossland Construction and Powers and Sons. With that partnership comes the ability to create new jobs and opportunities for minority- and women-owned businesses, as well as the ability to connect at the local level to the communities where our projects are at the forefront. Strengthening those relationships with minority- and women-owned businesses is the right way to create momentum for our company.

Wal-Mart has been recognized for past and present efforts in the supplier diversity arena. Some of those recognitions include the following:

- Top 50 Corporations for Supplier Diversity by *Hispanic Trends* magazine for the second year in a row
- America's Top Organizations for Multicultural Business Opportunities by DiversityBusiness.com
- Most Admired Companies by *Black Engineer* magazine
- Corporation of the Year Award by Illinois Hispanic Chamber of Commerce
- Black CEO Summit Supplier Diversity Award by Career Communications Group.

OUR MOMENTUM in supplier diversity gives us encouragement. We understand the importance of supplier diversity for our company, our customers and for the communities they serve. We are proud to make advancements in the supplier diversity arena and to do business with thousands of diverse suppliers with great products and services.

Leadership Team Helps Keep Supplier Diversity Momentum Going

by Brenda Burke

Supplier Diversity Director
WELLPOINT, INC.



MANY ORGANIZATIONS have found that sustaining supplier diversity momentum within the organization is a major challenge. It is the support and commitment of our board of directors and the executive leadership team that sustains the supplier diversity momentum at WellPoint, Inc.

These are the key reasons supplier diversity is a success at WellPoint:

- Supplier Diversity is a commitment that begins at the top—it extends from the board of directors, the president and CEO, and the executive leadership team.
- Statement of Commitment from Angela Braly, president & CEO.
- There is an established business case and value proposition that support the link between supplier diversity and WellPoint's key business objectives.
- Supplier Diversity is an integral part of the way WellPoint does business.
- The company has an enterprise-wide supplier diversity initiative and goal.
- Monthly and quarterly reports that include trending data go to executive management.
- Metrics and spending goals are established and tracked.
- The company has created supplier diversity business unit champions selected by the executive leadership team. Their role is to serve as ambassadors, promote the value and business case for supplier diversity, track goals, report progress, and seek out diverse suppliers for contract opportunities.
- Procurement actively works to include diverse suppliers in every bidding opportunity.
- In partnership with Corporate Communications, WellPoint promotes Supplier Diversity via corporate newsletters and its Web site.
- WellPoint expects and requires that all suppliers interested in doing business with us will submit, in each RFP response, a Supplier Diversity Participation Plan.
- The Participation Plan is reviewed by Supplier Diversity for compliance.
- Supplier Diversity partners with Performance Management to track Tier I vendor compliance during the term of the contract.
- The company offers a supplier registration portal linked to the WellPoint Web site.
- WellPoint is a corporate member of the National Minority Supplier Development Council and the Women's Business Enterprise National Council.
- WellPoint promotes active involvement with Supplier Diversity related organizations and events, including representing WellPoint on boards and committees.
- WellPoint sponsors many Supplier Diversity related events nationally, exhibiting at national business opportunity fairs.
- The company has created IT-Supplier Diversity Networking Summits.
- Supplier Diversity holds meetings with internal affinity groups to promote the value of supplier diversity and to encourage utilization of diverse vendors. This has resulted in new business opportunities for small diverse vendors.

IT IS CLEAR TO SEE that Supplier Diversity would not be able to sustain this level of activity and growth without the tremendous support and commitment from the top of the organization.