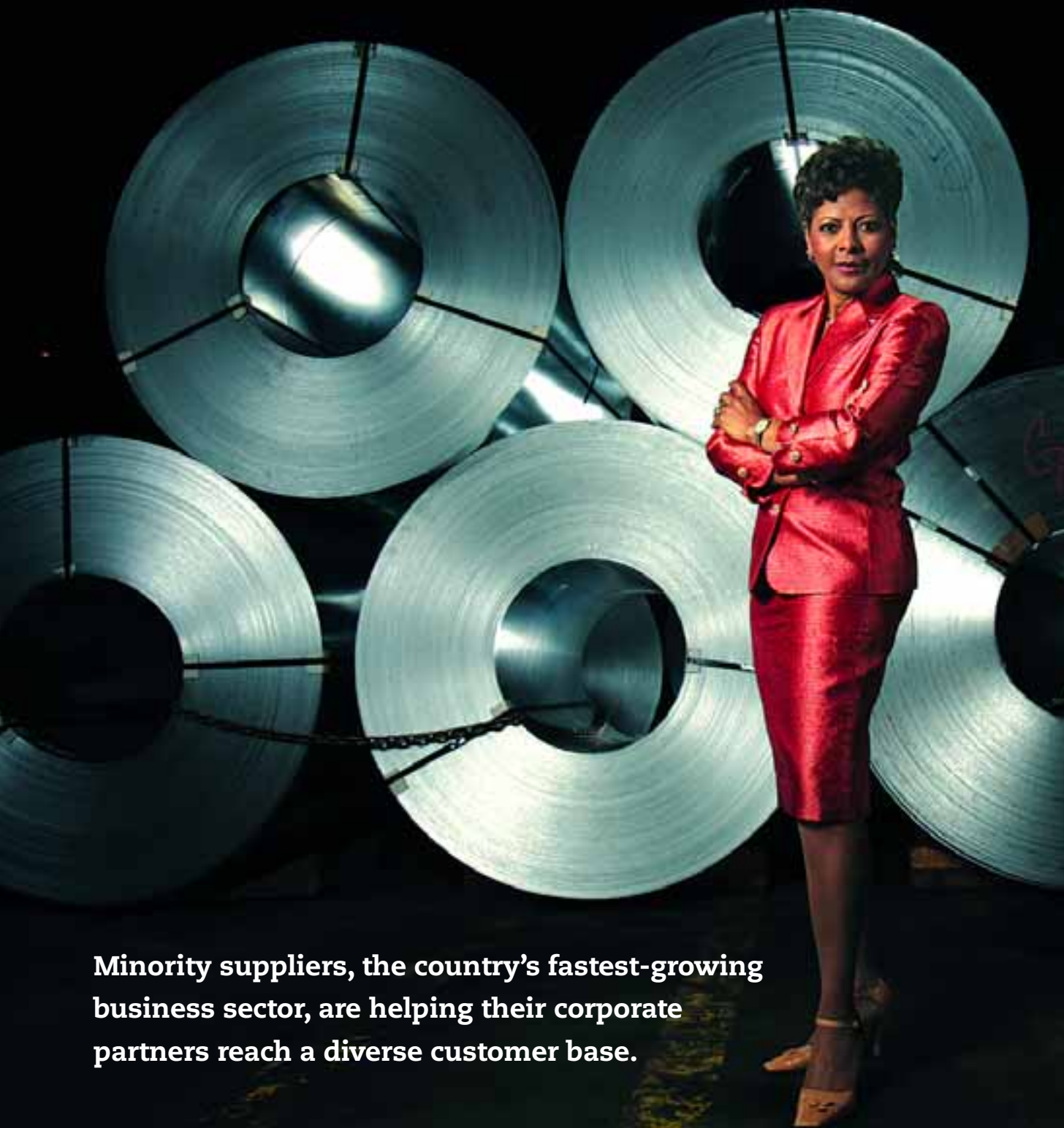


Drivers of *the* Economy



Minority suppliers, the country's fastest-growing business sector, are helping their corporate partners reach a diverse customer base.

Just as corporate America now knows that a diverse workforce is the best way to reflect the changing demographics of society, it also recognizes that its suppliers must accurately mirror the makeup of its customers. As the chief executives of many of the country's biggest companies see it, a diverse supplier base is no longer an option—it's a business imperative.

The numbers tell the story. In 2005 America's largest companies purchased more than \$90 billion worth of goods and services from minority-owned companies, according to the National Minority Supplier Development Council (NMSDC), a nonprofit organization that matches minority-owned businesses with major corporations interested in buying their goods and services. To put that figure in perspective, when the NMSDC was founded in 1972, corporations spent less than \$90 million with minority-owned firms.

In 2001, in recognition of this growth, the Billion Dollar Roundtable was created. This New York-based think tank promotes ways to expand supplier diversity programs and recognizes corporations that purchase \$1 billion or more of goods and services a year with minority and women-owned suppliers. Fourteen companies now meet that mark, and their experiences and successes underscore some of the best practices in supply-chain diversity.

Fastest-Growing Segment

Minority suppliers are the fastest-growing segment of today's business landscape. According to the Census Bureau, the rate of growth for minority-owned businesses ranges from more than 25% for Asian Americans and 31% for Latinos to 45% for African Americans. That compares with a 10% growth rate for all of U.S. businesses. "It used to be that inclusion of minorities in the workforce was the goal," says Harriet R. Michel, president of the NMSDC. "Now minorities are interested in not just integrating into institutions, they're interested in building institutions themselves."

The minority executives who are striking out on their own these days are better

educated than past generations and many have significant experience in corporate America. Aside from the sheer impact minority suppliers have on the overall economy, the leaders of major corporations understand that, like their workforce, their supplier base must reflect their customers. They have also discovered that it's good business to include minority suppliers because they are great suppliers.

When minority suppliers are given a chance to sign on with large corporations, their sales typically increase exponentially. This allows them to grow their businesses and hire more workers who, in turn, are better positioned to own their own homes and make the kinds of purchases that support other local businesses. Communities get stronger, families put down roots, and economic growth can continue.

Minority suppliers are also in a position to provide their corporate clients with a wealth of knowledge and understanding of specific markets that no amount of research can duplicate. In industries as disparate as automotive, financial services, and telecommunications, just to name a few, the leaders of minority firms have first-hand intelligence. They often know what works—and what doesn't—when it comes to reaching minority customers because they are those consumers.

Despite this symbiotic relationship, there are significant challenges. New markets and new products, say the CEOs of large corporations, are the best routes to overall revenue growth. Yet the demands that come from competing in the global marketplace require that minority suppliers—indeed, all suppliers—be able to.

"It's difficult for smaller suppliers to meet the demands of major companies that are doing business all over the globe," says the NMSDC's Michel. "Big companies want fewer suppliers and they expect they'll be able to supply them everywhere. Our corporate members are working on capacity-building with many suppliers, including minority suppliers."

A Work in Progress

Corporations are addressing the challenges presented by the need for a global supply chain in a variety of ways. Many are encouraging minority suppliers to form joint ventures, strategic al-

liances, and partnerships to achieve worldwide reach. While Michel describes those efforts as “a work in progress,” she reports that the NMSDC is encouraging it and that corporations are “pushing it like mad.”

Education and training can go a long way in helping minority firms map out ways to expand. The NMSDC’s advanced management education program, at the J.L. Kellogg Graduate School of Management at Northwestern University, is designed to take established, growing minority businesses to the next level. The four-day program will begin June 4 and include sessions on improving leadership skills, evaluating growth opportunities, and understanding the links between business strategy and marketing.

In the meantime, the effort to bolster the number of minority firms with global reach is being addressed in other ways. Big companies like General Motors and IBM, says Michel, require their primary suppliers to guarantee that they, in turn, do business with minority, second-tier companies.

For example, Johnson Controls, an automotive interior manufacturer based in Milwaukee, is a major supplier to General Motors, Ford, and DaimlerChrysler, companies that together spend a whopping \$9 billion to \$10 billion annually with diverse suppliers, says Michel. With strong urging from the Big Three, Johnson Controls began its own supplier diversity program in 1993 and now spends more than \$1 billion a year with minority suppliers. “They have a truly outstanding supplier-diversity program, and 15 years ago they had next to nothing,” says Michel. By requiring primary suppliers to include minority businesses in their own purchasing, “a whole new stream of opportunities opens up.”

Helping uncover opportunities overseas is the purpose of the NMSDC’s Global-Link initiative, which helps minority suppliers do business abroad whether it is with American companies or on their own. Global-Link also helps the NMSDC’s corporate members seek out often-overlooked minority businesses in other

MBEs with its more than 3,500 corporate members (including most FORTUNE 500 companies) that want to buy their goods and services.

NMSDC’s corporate members have access to the organization’s comprehensive database of certified minority-owned and minority-operated businesses, all of which have undergone screening, interviews, and on-site visits in order to be included on the list.

“Minority entrepreneurs have proven they make good partners,” says Harriet R. Michel, president of the NMSDC. “The challenge now is to identify and develop those relationships in which mainstream and minority companies can work together productively. Our approach is really two-pronged: we help our corporate members start, expand, and promote minority supplier development programs and we provide certified MBEs with access

and the technical assistance, training, and support they need to grow and market their services to prospective buyers.”

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www.nmsdc.org*



HARRIET R. MICHEL, NMSDC

Providing A Critical Link

The mission of the National Minority Supplier Development Council (NMSDC) is to provide a direct link between corporate America and minority-owned business enterprises. The nonprofit organization, now in its 34th year, has 39 regional councils and matches more than 15,000

Photograph by: Alicia Hansen

“The whole purpose of our organization is to develop and grow minority suppliers. I’ve always felt that this concept is highly exportable.”

—HARRIET R. MICHEL, NMSDC

countries. So far, organizations similar to the NMSDC have been started in Brazil, Canada, and England.

Says Michel: “The whole purpose of our organization is to develop and grow minority suppliers. I’ve always felt that this concept is highly exportable.” Thanks to the commitment of corporate America, this trend is burgeoning.

Competitive Edge

Perhaps no industry has felt the impact of changing technology quite as strongly as telecommunications. And no company has been at the center of these changes quite like AT&T. When working with any of its several hundred minority suppliers, says Joan Kerr, executive director of supplier-diversity programs, AT&T is always looking for ways to serve its diverse customer base better. “There are tremendous pressures in this industry, and that forces us to operate in a very lean and efficient way in order to survive,” she says. “We look to our minority suppliers to help us maintain that competitive edge.”

Each year the company’s goal is to spend at least 21.5% of its budget for goods and services with firms that are owned by minorities, women, and disabled veterans. In 2005, says Kerr, AT&T spent \$1.6 billion with minority owned firms alone, on everything from advertising and marketing to bill collection and IT staffing. Because smaller suppliers are not burdened with huge overhead costs, she says, their prices are often lower and they are able to move quickly when changes are needed in a product or service contract.

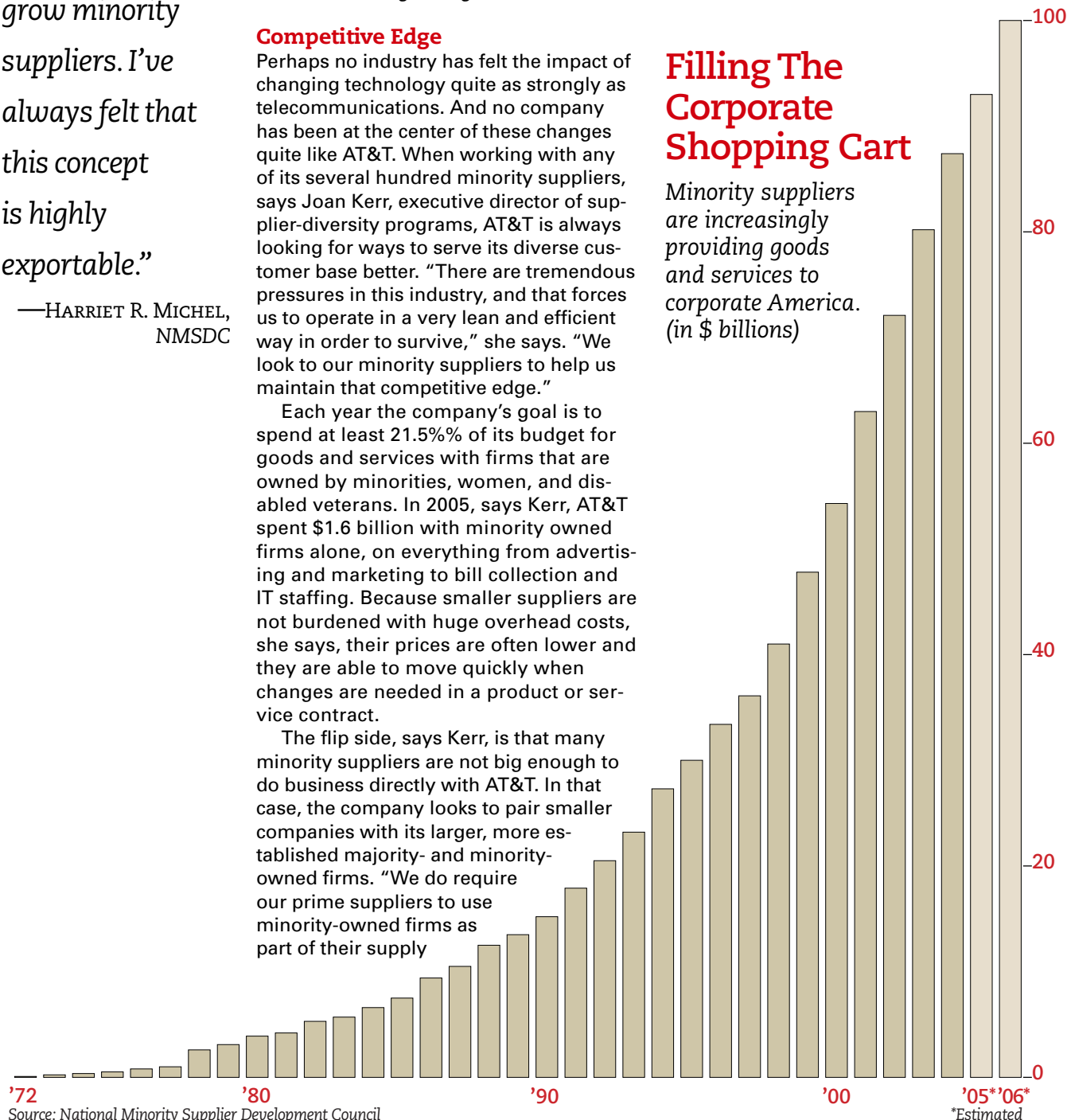
The flip side, says Kerr, is that many minority suppliers are not big enough to do business directly with AT&T. In that case, the company looks to pair smaller companies with its larger, more established majority- and minority-owned firms. “We do require our prime suppliers to use minority-owned firms as part of their supply

chain,” Kerr says. “It opens opportunities for a wider selection of minority-owned businesses that might otherwise not have been able to work with us.”

In addition to funding management training for minority business owners at the Kellogg Graduate School at Northwestern and the Amos Tuck School of

Filling The Corporate Shopping Cart

Minority suppliers are increasingly providing goods and services to corporate America. (in \$ billions)





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SARAH BATES, New Technology Steel

Forging a Business in Detroit

It's been said that necessity and fear are the best motivators. Sarah Bates wouldn't argue. In the early 1990s, this divorced mother of two realized she needed to make major changes if she was going to be able to give her kids the kind of life she wanted for them.

The first step—finding a job—was tough, given that her hometown, Toledo, Ohio, was going through its own hard times. She eventually landed an entry-level job at Heidtman Steel Products. She also attended college at night, eventually emerging with a bachelor's degree in business management. When the owner of privately-held Heidtman saw how motivated Bates was—and how hard she was working—he offered her a slot in the company's management training program.

In 2000, after nearly a decade of increasingly senior positions within Heidtman, Bates started New Technology Steel, a steel-industry service center based in Detroit. The company now has three locations, 142 employees, and \$76 million in annual revenues. Nearly 90% of the company's business comes from the automobile industry, and Bates counts DaimlerChrysler, Ford, and Shape Corp. among her biggest customers.

Being a woman in a traditionally male industry quickly fades into the background when your customers know they can depend on you. Bates has built New Technology Steel into a company known for on-time deliveries, quality products, superior customer service, and competitive pricing. "Steel is a very competitive and tough business," she says. "With large companies downsizing their supplier base, you really have to be good or you'll get cut."

JAMES CHU, ViewSonic Corp.

High Quality at a Reasonable Price

When James Chu came to the United States in 1986 to run U.S. operations for a Taiwanese keyboard manufacturer, little did he know that he'd soon be running his own company. "There were communication problems about how best to serve the customer," Chu recalls, "so I started my own company."

Keypoint Technology, a Walnut, California-based distributor of computer keyboards, monitors, and power supplies, was launched in 1987. In 1990 the company introduced the ViewSonic brand of color computer monitors, and Chu renamed the company ViewSonic. "At the time the thinking was you needed a high price to get high quality, and that a low price would get low quality," explains Chu.

"No one was touching the middle market—high quality at a reasonable price. I thought that was a good place for us to be."

ViewSonic is now one of the world's top companies in color monitors, with 2005 revenues of more than \$1.2 billion. It has 700 employees, 400 of them located at company facilities in Canada, Latin America, Russia, Germany, and China. Roughly 70% of sales come from businesses; the consumer market accounts for the



other 30%. The company's logo, rather than some dull initial or tech design, is a group of three colorful birds. "I liked the finches because they were colorful and conveyed the sense of friendliness," says Chu.

"Because I come from somewhere other than the U.S., my thinking is different," the CEO says. "I saw a void in the market that maybe someone else might not have seen."

Photographs by: (above) Donna Terek; (below) Ann Summa



Committed to Growth

PepsiCo is committed to creating wealth in the minority and women business communities of today, and creating a world of opportunity for the business owners of tomorrow.

PepsiCo is proud to have been named "2004 Corporation of the Year" by the National Minority Supplier Diversity Council, Inc.
www.pepsico.com

“Our business touches all kinds of customers, so it only makes sense that our supplier base represents a broad range of people as well.”

—GWENDOLYN TURNER,
Pfizer

Business at Dartmouth College, AT&T is working hard to get these firms exposure at important trade shows and conferences. At TelecomNEXT, the influential telecommunications trade show that took place at the end of March, Kerr says at least 20 diversity suppliers were panelists or showcased their goods and services alongside such giants as AT&T, Verizon, and Lucent at the supplier-diversity-featured events called DiversityNEXT. Over 100 diversity companies attended the event. “It used to be that minority suppliers were excluded from these events because they weren’t deemed big or important enough,” says Kerr. “But this industry is changing so fast, and they need to be able to change with it.”

Essential Tool

Pfizer, the big name in pharmaceuticals (2005 revenues topped \$51 billion), views its supplier-diversity program as an essential tool in connecting with customers. Says CEO Henry McKinnell: “Our focus on supplier diversity greatly influences the way we do business. We could not lay claim to creativity and innovation without pursuing this promising source of new ideas and thinking.”

Gwendolyn Turner, manager of supplier diversity at Pfizer, says the company spent approximately \$700 million last year with 2,400 minority and women suppliers. “Our business touches all kinds of customers, so it only makes sense that our supplier base represents a broad range of people as well,” she says.

To illustrate the point, Turner cites Lipitor, Pfizer’s widely used cholesterol drug. “High cholesterol is something that plagues minority communities, and they are big consumers of Lipitor,” she says. “We have an obligation to mirror our connection with the minority community not only with our customers, but our suppliers as well.” Adds Lisa Martin, vice president of global sourcing for Pfizer: “Our supplier diversity program is not a social program or a handout. It is simply good business.”

At Pfizer, we know we must have the energy, perspective, and innovation that appeals to our diverse markets,” adds Leslie Mays, vice president of global diversity and inclusion: The only way to get those is by investing in and partnering

with diverse minority- and women-owned businesses in the US and beyond.”

To make sure that these suppliers stay strong and productive, Pfizer has developed a mentoring program that identifies the minority and women suppliers it wants to help grow. Senior Pfizer managers meet with the owners of these businesses—often onsite—to figure out what they need and to empower them with the skills needed to enhance their business effectiveness. “It can be helping them put together a better marketing or business plan, design a better website, or even helping them market themselves more successfully to businesses inside of Pfizer,” says Turner. “The point is, the stronger these companies become, the better they will be able to work with us to meet our customers’ needs.”

Solutions and Ideas

PepsiCo, which spent \$921 million with minority- and women-owned suppliers last year, also recognizes that a diverse customer base requires an equally diverse network of suppliers. “Our products appeal to an incredibly broad range of consumers,” says Fred Canady, vice president of supplier diversity for the beverage and packaged-goods giant. “Diversity in our supplier base gives us a tremendous competitive advantage because it gives us a greater range of solutions and ideas. Different people see things in different ways, and we want to be able to capture that.”

In 2003 PepsiCo centralized its procurement programs. Rather than have each of its businesses—Frito-Lay, PepsiCo Beverages, and Quaker Foods—work with its own minority suppliers, suppliers can now work across all divisions. Bi-State Packaging, an Hispanic-owned company that makes the shrink wrap used to ship bottles and cans to retail outlets, inked its first contract with Frito-Lay in 1999. Two years ago, the company signed contracts to work with PepsiCo’s two other divisions. As a result, Bi-State increased its business with the company by 30%, reports Canady, and PepsiCo, by helping the supplier expand its volume, was able to negotiate better prices on the products it buys from the company.

With this in mind, PepsiCo included key suppliers in the process when it was drawing up plans for a new factory. One

ALEX LOPEZ NEGRETE, Lopez Negrete Communications

Reaching the Hispanic Community

When Alex Lopez Negrete started his advertising agency in 1985, it was “painfully obvious” that most big companies were confused about how to go after the Hispanic market, which now accounts for nearly \$700 billion in annual buying power. “Some companies were totally in the dark,” he says. “Others had all the statistics and numbers, but didn’t know where to go from there. Our job was to interpret the data and give them ways to reach the Hispanic community.”

Today, Houston-based Lopez Negrete Communications, which he co-founded with his wife Cathy, has grown into one of the country’s largest Hispanic-owned and operated ad agencies, with 154 employees and total annual billings of more than \$150 million. Clients include Bank of America, Microsoft, Reliant Energy, Tyson Foods, Visa USA, and Wal-Mart.

Lopez Negrete has grown the agency by helping clients meet the needs of Hispanic customers, not just by creating eye-catching ad campaigns. For instance, when the company won the Bank of America account, Lopez Negrete was able to take the banking giant’s “higher standards” slogan and position it in a way that resonated with Hispanics. “For most Latinos, ‘higher standards’ meant that the banking products would be difficult to get or out of reach,” he explains. Instead, Lopez Negrete stayed true to Bank of America’s message but positioned it to mean that the bank is always striving to make constant improvements to its service and offerings. “That has power and meaning to the Hispanic community,” he says.

**KANCHANA RAMAN**, Avion Systems

Succeeding in Telecom

Kanchana Raman has a simple business philosophy: Be fearless. It’s the way she runs Avion Systems, a converged communications network services, solutions, and innovations provider based in Roswell, Georgia. “If you have to travel with your customers around the world, you do it,” says Raman, whose Harvard-educated father always encouraged his children to reach beyond what they thought possible.

Raman, who was born and raised in India, came to the U.S. when she was 21. When she started her business in 1996 with \$5,000 in savings, the tech boom was in full swing. “Lucent was our first customer,” she recalls. During the first two years, Raman funded the business completely from cash flow and expanded operations into more than 14 countries.

Raman has successfully weathered the challenges of telecom and technology meltdowns by adapting effectively to new market opportunities. Along the way, she has positioned Avion to provide value-added network engineering services to clients like Cingular, Ericsson, Lucent, Motorola, Nokia, Sprint, and UPS in converged communications networks. These behind-the-scene services enable seamless anytime, anywhere access to information and entertainment.

Aside from paying close attention to customer successes Raman keeps Avion growing by constantly networking. Being a certified member of the NMSDC has helped, opening large doors for her 500-employee company. “I used to be so involved in running every aspect of the business, I was always in my office,” Raman says. “Now I say, if you’re not out networking, you’re not working.”

**JOHN CARTER**, Carter Brothers

Making Their Mark in Security

In 2000, "I was building football stadiums and my brother Cris was running up and down football fields," says John Carter, president and CEO of Carter Brothers, an electronic security, fire, and life safety company based in Atlanta. "We wanted to take our experiences and work together."

John's 15-year career in managed construction totals over \$4 billion in public assembly projects including professional stadiums for the Atlanta Braves, Chicago Bears, Cincinnati Bengals, Houston Astros, and New England Patriots. Cris Carter, chairman of the company, spent 16 years as a wide receiver in the NFL.

The pair initially planned to focus on construction, but an opportunity to work within the security industry changed their minds. "At the time, it was a fragmented business with one big player—ADT—and lots of mom-and-pop companies," says John. "We saw an opportunity to gain market share." Few minorities were in the security industry, he adds, "which also gave us a chance to do something that had not been done before."

Today, Carter Brothers' business ranges from full service security management for clients such as BP, Frito-Lay, General Electric, and Standard Register to national program and project management of security installations for commercial accounts. The company, with 100 employees, estimates 2006 revenue north of \$125 million. John appreciates the company's role in supporting supplier diversity. "ADT gave us a chance when we were starting out, and was like a big brother to us," he says. "Now it's our turn to give back."

CARLOS GONZALEZ, JR., American Cable Co.

Ahead of the Technology Curve

Carlos Gonzalez, Jr. arrived in the U.S. from Cuba in 1967 with his parents, sister, and not much else. Today he is the president of American Cable Company, a Philadelphia-based firm with revenues of \$32 million and 430 employees, that manufactures engine components for companies like Caterpillar, John Deere, and Navistar International.

"In the beginning we made one product—replacement battery terminals—and had one customer, an automotive parts distributor," says Gonzales. A chance meeting with a Deere executive in the early 1980s changed all that when Deere selected American Cable as a minority supplier. The assignment: provide Deere dealers with the replacement parts needed in the event a tractor broke down. By 1989 American Cable was doing \$1 million a year in sales with John Deere, but the relationship went far deeper. "Deere sent technical people to our plant to help us work out a better manufacturing flow on our floor," he says. "They helped us move to the next level."

The Deere business led to a major contract with Caterpillar, which in the early 1990s was looking to consolidate its ten bat-



tery-cable suppliers down to one. "They gave us a shot and we didn't want to let them down," Gonzalez says. American Cable now has a staff of engineers who do nothing but create prototypes for parts that Caterpillar uses in the assembly of its products. "We're ahead of the curve in technology for a company our size, but without that we wouldn't have the business we have today."



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“Quality, cost, and good service are a given when it comes to working with your customers. But to stay in the game, you have to offer something more, something different.”

—DAN ROBINSON, *Xerox*

in particular, Canady recalls, would have had to significantly increase its size if it were to meet the new plant’s production capacity. “They just needed to be a much bigger company to handle this new plant,” he says.

Because PepsiCo valued this supplier, the company made a commitment for continued business with the firm, Canady says. “The supplier was able to take that information to the bank and get the money it needed to expand the business. When you find a really good supplier, it benefits both sides to help grow the business,” he adds.

Superior Planning

Toyota Motor Manufacturing North America, Inc. spent more than \$1 billion with minority and women-owned firms last year, according to Adrienne Trimble, manager of supplier diversity for the automaker. While that number is impressive—and qualifies the company for inclusion in the Billion Dollar Roundtable—the partnerships that Toyota has with minority suppliers is what the company wants to be known for.

The automaker takes great pride in how effective it is in helping grow the minority suppliers it does business with. For instance, this summer the company will open an \$850 million plant in San Antonio where it will make the Tundra line of pickup trucks. Superior Maintenance, a janitorial and facilities-management supplier that has been doing business with Toyota for years, realized early on that it would need to bolster its own staffing and services if it were to win the business at the new plant.

The owner of Superior Maintenance pieced together an alliance of five other complementary minority suppliers he dubbed “Team Texas” to handle the janitorial and cleaning services of the San Antonio plant. “We were very impressed and pleased with how proactive SMC was in putting together such an alliance,” says Trimble. Superior Maintenance won the contract “because they came to us with solutions.”

Toyota also supports the growth of its minority suppliers through its onsite supplier support programs. For a period ranging from a few months up to several years, senior Toyota managers may work alongside suppliers to assist in plant-floor

or manufacturing-process improvements. The Toyota and supplier members work side by side in a collaborative approach to problem solving, adds Sig Huber, assistant general manager of supplier relations. Trimble recalls one key supplier that Toyota wanted to ensure had a long term succession plan in place. Toyota created a personal development program for the company’s next generation leader that exposed the individual to its manufacturing principles, which include shop-floor training and supplier partners. The development program will be completely funded by Toyota. “That’s the kind of relationship we have with our minority suppliers,” says Trimble.

Outside the Box

For Xerox, the \$16-billion-a-year document management and services company, minority and women’s business enterprises have proven to be “among the lowest-cost, highest-quality suppliers of a wide variety of goods and services,” says Dan Robinson, manager of global purchasing-market access for Xerox. “They not only meet our supplier standards, they often go beyond.”

Xerox spent \$400 million with about 1,000 minority suppliers in 2005. Contracts for production and non-production services such as electro-mechanical assemblies, modules, acquired products, facilities management, information technology, printing, logistics, transportation, investment banking, and contract staffing are some of the services that minority suppliers provide to the Stamford, Conn.-based company. But Robinson says Xerox—with more than 20 years of expertise in managing and promoting supplier diversity—tries to think beyond the traditional structure that defines minority supplier relationships.

Case in point: Evolv Solutions, a certified minority-owned business that provides document management and print solutions. Evolv has been doing business with Xerox since 2003. Last June, Xerox/Evolv signed a multimillion dollar contract with KeyCorp, a banking and financial services company based in Cleveland. Rather than include Evolv as one of its minority suppliers, Xerox recommended to Key that it do business with Evolv directly.

“Key was looking to expand its rela-



ROBIN BROOKS, Brooks Food Group

Staying Efficient in a Competitive Business

If there's any doubt about how competitive the food services business is, just ask Robin Brooks, CEO of Brooks Food Group. Her Bedford, Va. company provides frozen foods to restaurants such as Burger King, Red Lobster, and Olive Garden. The company, which has 360 employees, last year brought in revenues of \$107 million.

Brooks spent most of her professional career doing business valuations for Arthur D. Little and Touche Ross. "I enjoyed the work, and all the different players in each transaction, but I got burned out," she says. In 1995 her husband sold his interest in a food manufacturing company, and together they went shopping for a business to buy. "Frank had his food industry contacts, I had mine with lawyers, bankers, and equity investors."

They settled on Golden West Foods, then a subsidiary of McCormick Foods. Part of the appeal, says Brooks, was that Golden West Foods was already doing business with Burger King. It also had a reputation for good product quality. As the business grew, Brooks was able to add chicken products to her menu and expand her customer list, signing up well-known firms like Ruby Tuesday and Wendy's.

Providing customers with superior products is only the beginning. "You have to keep evolving and investing in technology and R&D to stay more efficient, because margins are so thin," Brooks says. "The one thing I don't want to hear from my employees is that we're doing it this way because we have always done it that way."

AGUSTIN RAMIREZ, HUSCO International

Growth Through New Products

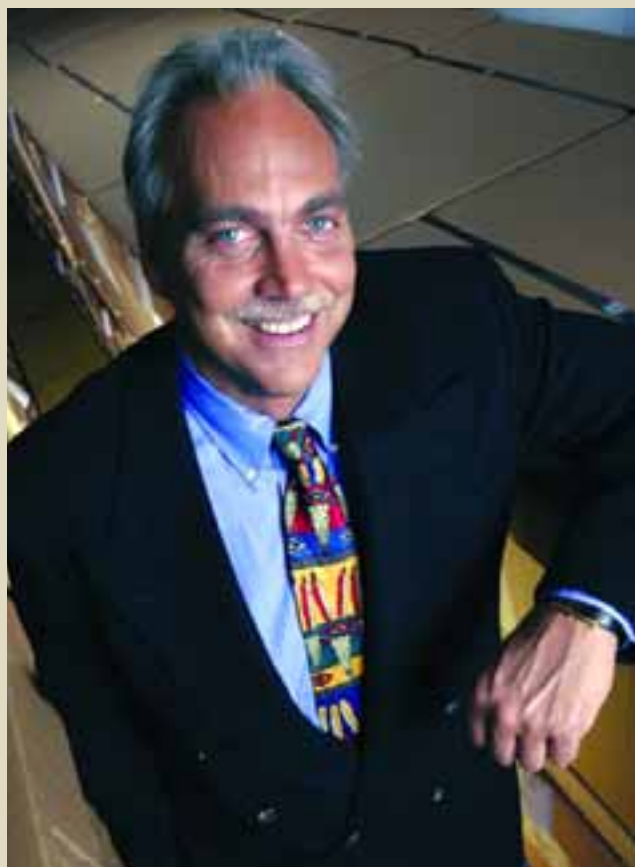
In the mid-1990s when DaimlerChrysler's Mercedes-Benz division wanted to incorporate a new advanced suspension system in its S class cars, it picked a company located far from auto-centric Detroit that it had never done business with. Sound crazy?

"Mercedes took a huge risk with us, but I'd like to think it paid off," says Agustin Ramirez, founder and CEO of HUSCO International, a manufacturer of hydraulic control systems headquartered in Waukesha, Wis. HUSCO had only been doing business with automakers for five years, but it was able to provide Mercedes with the technology that few companies are capable of. "We invest about 8% of sales into research and development compared with about 2% for the overall industry," Ramirez says. "Our goal is to drive growth through new products."

The strategy seems to be working. Over the past 20 years, Ramirez has grown HUSCO into a global supplier with annual revenues of \$250 million and nearly 1,000 employees. Besides DaimlerChrysler, customers now include Caterpillar, Ford, General Motors, John Deere, and Volvo. About 20% of HUSCO's business comes from the auto industry.

At the end of this year, the company will break fresh ground and open a new factory in India. "The infrastructure of India is undergoing such a radical transformation," Ramirez says. "Our customers, like JCB and Caterpillar, are making the equipment that is being used for that kind of work, so our business with them will remain strong."



**STEPHEN BARR, Hollingsworth Group**

On the Cutting Edge

In the mid-1980s, Stephen Barr was a “one-man band.” After attending college—“I took four years to get my two-year degree,” the Native American says with a laugh—Barr operated a backhoe, grading yards and shifting the dirt around for folks who were building homes.

In 1987 he joined his father’s family-run expediting company. “The best way to describe expediting is to say that it’s like an ambulance service for freight,” explains Barr, who took over the company. “It wasn’t very big. I had ten or 12 small trucks and one customer—General Motors.”

Although Barr didn’t have a deep business background, he did know that being tied to one customer or one line of business wasn’t ideal. Little by little he expanded into warehousing, packaging, and recalls. If Ford, GM, or DaimlerChrysler—his biggest customers today—recalls a service part on one of its models, Barr’s company coordinates with the parts supplier to make sure replacements are trucked to car dealers across the country.

His fleet, known as Chieftain Contract Services, now includes 300 tractors and 450 trailers capable of hauling freight anywhere in the U.S. The Flint, Michigan-based company also provides third-party logistics services and has 1,100 employees—half are minorities—and 2005 revenues of \$280 million. While Barr acknowledges that he’s come a long way from his early years, he never forgets the importance of customer service. “It’s scary sometimes because you have to constantly make financial investments in technology, like integrating our SAP platform, to stay on the leading edge,” says Barr. “But if that’s what my customers need, that’s what I’m going to do.”

DAVID MORGAN, D.W. Morgan Co.

A Laser-like Focus on Service

In the late 1980s, David Morgan was working 15-hour days for a major air freight company that was hemorrhaging money and disappointing customers at every turn. “I had been in the industry for about nine years,” Morgan recalls. “I wasn’t planning on starting a company, but I realized I could do this better, faster, and cheaper.” In 1990, with a PC, a printer, and \$1,000 in savings, he started D.W. Morgan Co., a supply, logistics, and transportation management firm, in the guest bedroom of his home in Pleasanton, Calif.

Morgan attributes his early success to a laser-like focus on customer service. “A lot of the things the big guys wouldn’t bother with, we did,” he says. In 1991 Lockheed Martin approached him, looking to have computers transported across the country. The catch: Morgan’s company would have to warehouse the machines until all locations were figured out. “The big companies didn’t want to do that, but I wasn’t about to turn down a contract with Lockheed Martin,” Morgan says. He scrambled to find warehouse space, using his own garage for a while. He wound up winning the contract—and a company that has become a loyal customer.

Today, Morgan’s company—with 90 employees and six offices across the U.S., plus one in Singapore—counts Cisco Systems, Johnson & Johnson, and Philips Electronics among its biggest customers. “We live in a global society and it’s a global marketplace,” Morgan says. “If I don’t extend my borders to do business anywhere my customers do business, they will find someone who will.”



Photographs by: (above) Donna Terek; (below) Thomas Broening

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“We’re committed to supplier diversity because it enhances our ability to provide distinctive value for our customers and foster prosperity in our communities.”

—WARREN STALEY,
Cargill

tionship with minority suppliers and this was something that Xerox could bring to the table,” explains Robinson. “Quality, cost, delivery, and service (QCDS) are a given when it comes to working with your customers. But to stay in the game, you have to offer something more, something different.” By having Evolv join in as a Tier One supplier, Xerox/Evolv was able to provide Key not only with business solutions, but also a way to expand its own supplier diversity program.

The challenge with these kinds of supplier alliances, says Robinson, is making sure the minority companies are financially healthy and technologically ready. “We could not have done this with just any diverse supplier,” he says. “It had to be one that had the management expertise, size, and scope to handle the business.”

Distinctive Value

Cargill, an international provider of food, agricultural, and risk-management products and services headquartered in Minneapolis, grapples with some of the same issues that most other big companies face: how to consolidate the number of suppliers it deals with, while at the same time increase the amount of business it does with minority, women, and small business enterprises. Over the past three years, the company has increased the dollars spent with diverse suppliers by 25%.

Chairman and CEO Warren Staley puts it this way: “We’re committed to supplier diversity because it enhances our ability to provide distinctive value for our customers and foster prosperity in our communities.”

Tim Thomas, director, supplier diversity, says one of the biggest challenges any company faces, including Cargill, is finding diverse suppliers who have sufficient size and capacity to do significant business with the company. Thomas estimates that it is likely that less than 20% of the diverse suppliers in the U.S. have solid management, strong infrastructure, and the forward/strategic thinking in place to develop size and capacity necessary to participate effectively under current and future supply-chain strategies.

Current diverse suppliers provide Cargill with everything from chemicals and ingredients for its food and agricultural businesses to packaging and profes-

sional services such as legal. Each quarter the company’s Supplier Diversity Council, comprised of senior corporate leaders, including the president, COO, CFO, and CIO, meets to further develop strategies to increase spending and to develop diverse suppliers. “Through the Supplier Diversity Council and other efforts, senior leadership clearly demonstrates Cargill’s commitment to supplier diversity,” Thomas says. “Our commitment to supplier diversity is another sound approach to doing good business.”

A Foot in the Door

One of the keys to making supplier diversity work at The Home Depot is helping diverse companies get a foot in its mammoth doors. Indeed, the opportunity can seem a little overwhelming. Home Depot has 45,000 suppliers—80% of the products it sells are national brands—and rings up over 1.3 billion transactions a year. “The biggest fear that diverse suppliers have is that they’ll submit an application that will disappear into a gaping black hole and they’ll never hear from us,” says K. Michelle Sourie Johnson, director of supplier diversity.

To make sure this doesn’t happen, Home Depot formalized its supplier-diversity procedures. Applications for vendors are now posted on the company’s website. To route an inquiry to the proper buyer—Home Depot has 400 of them—the application asks up top, “What do you sell?”

With that information, says Johnson, the completed application gets to the appropriate buyer, rather than be bounced from one person to another. Once a completed application has been submitted, Home Depot guarantees to let the supplier know within three days that the company has received the application, and within 60 days whether it is interested in the product or service the vendor has to offer.

Supplier Partnerships

When it comes to supplier diversity, GlaxoSmithKline not only procures goods and services from small diverse suppliers; it also helps them grow. “Our ultimate goal is to help diverse suppliers expand their businesses in order to foster partnerships with GSK and beyond,” says Denise Gatling, manager of supplier diversity.

It's not just good. It's good business.

We've been committed to supplier diversity for over three decades. And for several years running, that commitment has been honored by NMSDC, WBENC and others. We're proud of that recognition. And even prouder of the performance of our diverse suppliers. They've made us a better corporate citizen. And a better company.

AT&T is a proud member of the Billion Dollar Roundtable for Corporate Supply Chain Diversity.

The new  at&t

DEBORAH WASHINGTON,
General Maintenance Co.

Meet the New Owner and Her Team

Sometimes a dream that at first seems impossible begins to feel less so the more you think about. That pretty much describes how Deborah Washington came to be the owner and CEO of General Maintenance Co.

Washington began working for the company as marketing director in 1991. In those days the Burlington, North Carolina-based business provided janitorial services and related products to AT&T, Philip Morris, and Westinghouse. Washington's mandate was to diversify into other areas of the service business and to broaden the company's geographic reach. "At the time we were really just in North Carolina," she recalls.

About five years ago, the owners decided that they wanted to retire and gave Washington the first option to buy the company. "It was so far from my ability and financial means that I just didn't think it was possible," she says. But once the seed had been planted, Washington began to seriously consider the offer. She researched her financing options, and, on July 1, 2004, with the help of a private investor, bought the company. "Within a year, I had enough money to pay him off, and the



company was 100% mine," she says.

Washington attributes part of General Maintenance's success to the fact that she was able to keep the entire management team in place. The company, which has 450 employees and annual revenues of \$8.5 million, is adding municipalities and airports to its client base. It is also running back-office and facility services for several of its customers.



CARLOS HURCHES, TRI-TEC, LLC

Joining Forces

What's better than one minority-owned company doing business with the auto industry? How about three MBEs who pool their experience and expertise to form an even bigger and stronger supplier?

That's the story behind TRI-TEC, a construction project management company based in Detroit. In 1998 Carlos Hurches was running Scion Steel, a steel supplier to Ford Motor Co. When a Ford purchasing agent told Hurches that the auto giant was cutting its overall supplier base, he feared the worst. That is, until the agent suggested an idea: If Hurches partnered with other minority-owned Ford suppliers, they could continue doing business.

Enter David Burnley, owner of Devon Construction, and Chuni Gala of Gala and Associates, an architectural engineering firm. They too had been top Ford suppliers and were in danger of losing their business with the auto maker. As Hurches tells the story, the three men checked their egos at the door and formed TRI-TEC, which manages major construction and renovation projects for industrial and auto manufacturers. "TRI-TEC uses the business skills of each one of us," says Hurches. "All of our projects need steel, they

have to be engineered carefully, and you need a general contractor to oversee everything." Each executive partner owns 30%, and chief operating officer Terry Palmer owns the other 10%.

Today, TRI-TEC has 45 employees and annual revenues of around \$80 million. "Not too many MBEs have been able to join forces the way we have," says Burnley. "But when you find the right partners, it can be great."

Photograph by: (above) Kyle Hood; (below) Donna Terek

GROW WITH US



At Toyota, we believe that when you focus on adding value, you plant the seeds for growing strong business partnerships. Ask about the challenges we face; consider how your products or services can help meet those challenges; then begin planting ideas that demonstrate how, together, we can become a more productive, more effective team.

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“We make our medicines available to a diverse population, and we believe it’s important to purchase supporting goods and services from these same groups.”

—CHRIS VIEHBACHER,
GlaxoSmithKline

One of the ways GSK does this is through its mentoring program. Throughout the year, the company pairs minority suppliers with sourcing-group managers to develop a detailed assessment of their business processes and facilities. If an area needs improvement—anything from marketing and advertising to IT—GSK will often provide financial assistance to the minority supplier, says Gatling.

The company also gives minority suppliers the chance to showcase their companies to senior executives during one-on-one networking seminars. To further help spur growth among small disadvantaged businesses, GSK announced in November that it is partnering with the Congressional Black Caucus Foundation to help qualified minority businesses get access to more business opportunities. It also provides appropriate follow-up. Says Chris Viehbacher, president of U.S. pharmaceuticals for GSK: “We make our medicines available to a diverse population, and we believe it’s important to purchase supporting goods and services from these same groups. Part of our effort will be to increase the ability of these businesses to compete effectively for contracts.”

Energizing the Economy

Minority businesses have become vital to the success of corporate America. The depth of knowledge they bring to the

table, coupled with an entrepreneurial spirit and a willingness to try things a new way, inject energy and creativity into some of the country’s biggest companies.

Major corporations no longer view diversity as a nice thing to do. Increasingly they see minority businesses as their partners, sharing with them strategic plans and goals. In the process, minority companies are getting a seat at the table, influencing the direction and scope of our country’s biggest companies, and, in turn, creating wealth and opportunities for all Americans.

Growth in the number of minority businesses—and their importance to corporate America—is not likely to wane in the near future. The Selig Center for Economic Growth at the University of Georgia estimates that the buying power of African Americans and Hispanics will reach \$1.1 trillion by 2010. No company can afford to ignore that kind of buying power. “Diversity benefits everyone,” says the NMSDC’s Harriet Michel. “It brings new ideas and products to companies and it strengthens our economic base by helping minority businesses create and grow jobs. It’s a win for everyone.”

— Susan Caminiti

Produced by Lana Turner.

To advertise in our Minority Business section, please contact Debbie Linehan, FORTUNE Custom Projects, at 212-522-4632.

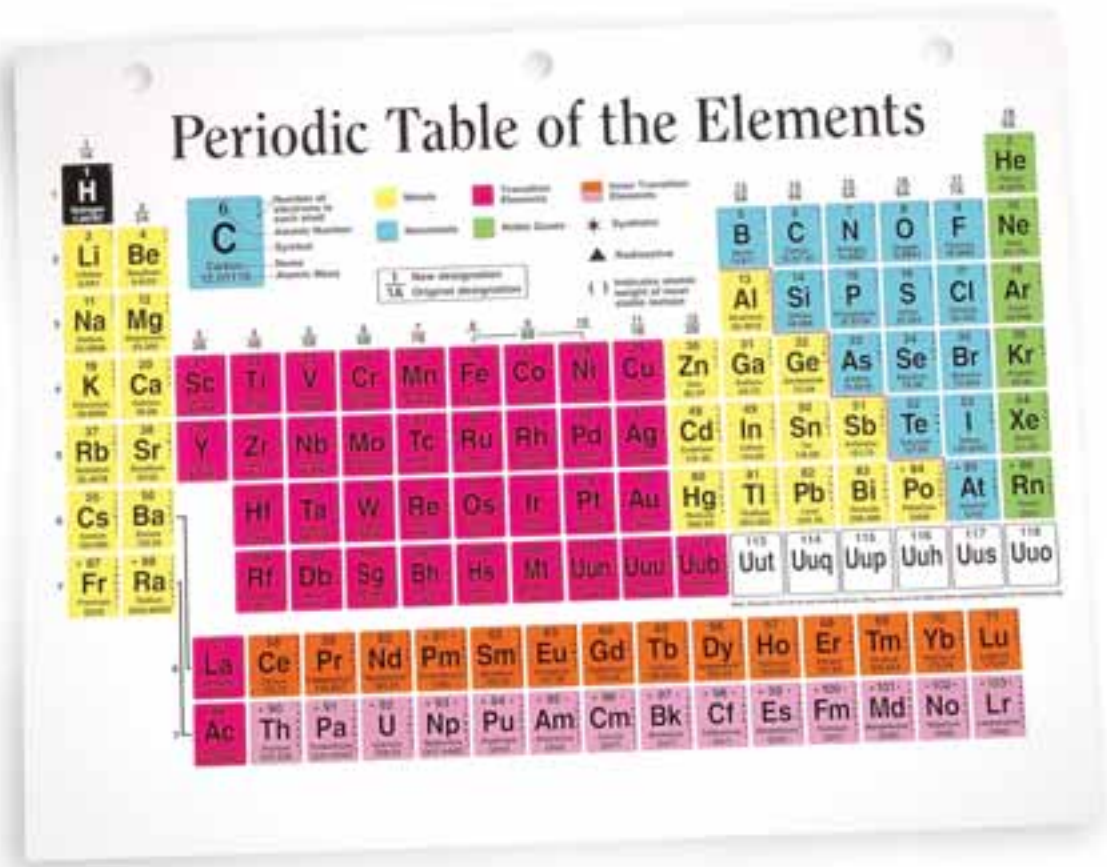
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UNITED THROUGH DIVERSITY

MGM MIRAGE is committed to working with minority, women, and disadvantaged business enterprises (MWDBE). As a leader in the gaming and hospitality industry, our supplier diversity efforts are an integral part of our operations and a vital element to our success. We have a steady and capable portfolio of certified suppliers and vendors to support our needs. Our website allows suppliers to register, view, and respond to bid solicitations online. Our desire is to create more opportunities with MWDBEs.

To find out more, please join us at the
MGM MIRAGE Diversity Expo
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May 10, 2006

Event details can be found by visiting our website.
www.mgmmiragediversity.com



Diversity.

We wouldn't get very far without it.

Diverse elements. Diverse ideas. Diverse resources. At GlaxoSmithKline, diversity is an essential principle at every level of our business. Through our **Global Supplier Diversity** initiative, we encourage the entrepreneurial spirit and collaborate with diverse small businesses, enabling them to create jobs and increase wealth. Together, we help strengthen the economic prosperity in diverse communities everywhere.

For more information on how to partner with our company, contact our Supplier Diversity team at USSupplierDiversity@gsk.com or visit us at <http://ussupplierdiversity.gsk.com/>



Together, everybody wins.