



The 15th Annual Billion Dollar Roundtable Inc. Summit was held recently in Atlanta, Georgia. Attendees included (from left): BDR co-founder Don McKneely, founder and chairman, Minority Business News USA; Teresa Ragozine, Johnson & Johnson; Jodie Lesh, Kaiser

Permanente Inc.; BDR co-founder, President and CEO Sharon Patterson; Atlanta Mayor Kasim Reed; Stacey Key, Georgia Minority Supplier Development Council; BDR Chairman Rick Hughes; and Laurel Junk, Kaiser Permanente.

BDR Summit

highlights economic impact of supplier diversity

BY M.V. GREENE

The economic impact of supplier diversity was an overriding theme of the 15th Annual Billion Dollar Roundtable Inc. Summit, held recently in Atlanta, Georgia, at the CNN Center.

The value of corporations and organizations robustly engaging diverse suppliers within their supply chains creates a formidable return on investment that translates into economic empowerment, job creation and community development, according to speakers addressing the summit, “Leading Breakthroughs in the Supply Chain: Trends, Economic Impact & Innovation.”

Jodie Lesh, senior vice president, strategic planning and new ventures, Kaiser Permanente Inc., a BDR member company, said gauging economic impact presents a significant opportunity to expand on the spend paradigm — the actual dollars that corporations spend with diverse firms for goods and services.

“If we can move beyond counting dollars to making those dollars count in a very meaningful way, think of the millions of

people we can help. This is about changing lives one at a time. This is not about statistics. This is not about numbers. This is about people,” Lesh said.

BDR Chairman Rick Hughes said the organization is in a unique position to communicate the economic benefits derived from focused supplier diversity programs and initiatives, noting that the 22 BDR member companies spend more than \$75 billion annually in Tier I procurement with diverse suppliers. BDR member companies — in industries ranging from automotive, retail and technology to consumer, health care and aerospace — annually achieve audited spend of \$1 billion or more with diverse suppliers, including minority- and women-owned companies.

“Just think about the collective spend of \$75 billion of the companies represented in this room in supplier diversity alone. Think of the economic impact that that investment

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has in the communities and states where we live and work,” Hughes said.

He said BDR expects to put forward a series of policy positions and promote best practices on economic impact for the supplier diversity industry.

D&I: achieving profits and excellence

Atlanta Mayor Kasim Reed, who delivered the welcome address to the summit, pointed to his city as a benefactor of a business environment where supplier diversity and inclusion are priorities. He said the roots of supplier diversity in Atlanta date back to the 1970s and the administration of the legendary Mayor Maynard Jackson.

At Atlanta’s Hartsfield-Jackson Atlanta International Airport, which bears Jackson’s name, Reed said about 40 cents of every dollar spent at the complex is spent with diverse businesses. He 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.

“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,” Reed said. “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.”

Kaiser Permanente’s Laurel Junk, chief supply chain and procurement officer, said delving into economic impact offers new thinking for corporations.

“We’re even more excited about the potential impact procurement can have on really reducing economic disparities, particularly in some of these communities that are hurting badly,” she said. “We believe it is a true opportunity to unleash innovation across the entirety of all of our supply chains.”

Guiding principles

BDR summits bring together a broad range of supplier diversity stakeholders for discussion and analysis of current issues affecting supplier diversity. Attendees include corporate procurement leaders, supplier diversity professionals, government officials, academics, advocates, consultants and diverse suppliers.

More than 200 attendees participated in the Atlanta event, which had been planned for Charlotte, North Carolina, but was moved by BDR leadership because of enactment in 2016 of a controversial North Carolina law prohibiting the state’s municipalities from allowing transgender individuals from using public bathrooms that do not correspond to their biological sex.

Sharon Patterson, BDR co-founder, president and CEO, said the organization relocated the summit to Atlanta because the spirit of the North Carolina law did not fit with the inclusive guiding principles of the organization.

Summits are rotated annually across the country. Previous summits have been held in New York City, New York; Washington, D.C.; Seattle, Washington; New Brunswick,



Laurel Junk, chief supply chain and procurement officer, Kaiser Permanente



Jodie Lesh, senior vice president, strategic planning and new ventures, Kaiser Permanente

New Jersey; Detroit, Michigan; Cincinnati, Ohio; and Dallas, Texas. Topics have included supply chain innovation, global supplier diversity, supplier diversity best practices, advertising and marketing and capital formation.

The focus of the Atlanta Summit on the economic impact of supplier diversity follows work BDR has done internally on the topic within its committee structure. A clear trend has some corporations and organizations seeking to redefine the supplier diversity function in order to offer greater representation of its value to the broader society.

Economic impact matters

In a panel presentation to the summit, Michael Verchot, a professor at the University of Washington’s Foster School of Business, BDR’s research partner, highlighted some findings from an economic impact study he is directing on BDR’s behalf. The study is examining total economic impact generated by corporate supply-chain diversity through a model for calculating return on investment.

He noted that the study already established through research that the dominant return on supply chain diversity investment surfaces in additional sales that corporations can generate through their efforts, rather than solely cost savings.

Verchot told summit attendees that the next step is developing the total economic impact of supplier diversity on a state’s or region’s economy via an input-output model showing supplier diversity impact through such outcomes as new employment, higher wages and taxes generated for government.

In addition, as economic activity increases, so does the key metric of consumption, he said. Thus, as more dollars flow into communities where corporations do business and where diverse suppliers operate, wages are enhanced and jobs are created. This result, 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 [chief procurement officers] about why economic impact matters,” Verchot suggested.

BDR member companies Bank of America, Kaiser
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Cummins Inc. team members accept the company's 2016 induction into the Billion Dollar Roundtable. From left: Gaurav Bansal, Brian Sanders, Tracy Embree and Michelle Taylor



Billion Dollar Roundtable leadership congratulates Lear Corp. team members on the company's induction into the leadership organization. From left: BDR's McKneely and Patterson; Lear's Shari Burgess, Derrick Mitchell, Eric Schwarz, Barbara Morgan and Todd Glance; and BDR's Rick Hughes

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Permanente and Microsoft participated in the initial phase of the BDR Economic Impact Study. Representatives of the three companies said they already are looking more strategically at how they apply their diverse supplier spend — analyzing where to direct spend so it has the greatest economic impact.

Erika Duncan, senior vice president, director of analytics, Bank of America, told the panel that her company seeks to connect economic impact and supplier diversity to its overall corporate strategy.

“We’re really making sure Bank of America is making money the right way,” she said. “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.”

In addition to discussions on economic impact, Atlanta Summit sessions also reviewed topics that included innovative supply chain leadership — offering best practices on how procurement executives are working with diverse suppliers on innovative, capital funding models — including a report out on the BDR capital connector initiative, or Triad, that is linking diverse suppliers with corporations and investors for growth capital opportunities and the importance of understanding global demographic trends.

A policy paper outlining the deliberations of the summit will be available in 2017 at <http://mbnusa.biz/>. ■

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LEAR, CUMMINS JOIN BDR

In Atlanta, BDR also celebrated the formal inductions of its two newest member companies, Lear Corp. of Southfield, Michigan, a supplier of automotive seating and electrical distribution systems, and Cummins Inc. of Columbus, Ohio, which designs, manufactures, distrib-

utes and services diesel and natural gas engines and related technologies.

BDR Chairman Rick Hughes welcomed both companies to BDR, saying they epitomize the spirit and work of the organization through their supply-chain diversity efforts.



Cummins team members on hand to help celebrate the company's induction into the Billion Dollar Roundtable included (from left): Greg Hickman, Brian Sanders, Steve Antcliff, Michelle Taylor, Melba Fisher, Michelle Cooper, Barry Hiquet, Michelle Stall, Latonya Sisco, Tracy Embree, Gaurav Bansal, Priscila Mendes, Tosin Tomori, Tim Millwood and Lisa Hardin.



Lear team members celebrate the company's BDR induction. From left: Eric Schwarz, Jim Comer, Shari Burgess, Todd Glance, Barbara Morgan, Derrick Mitchell and Levi Stubbs

SCENES FROM THE BDR SUMMIT



SCENES FROM THE BDR SUMMIT

