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The 2013 Top 25 Supplier Diversity **Companies: Growing Success** and the Economy

February 1, 2013

Staff - HispanicBusiness.com

When it comes to the economics of supplier diversity, America's road to recovery can appropriately be likened to a corkscrew path. It's easier — and faster — to go down than to $\frac{1}{2}$ climb up.

HispanicBusiness.com's annual Top 25 Supplier Diversity Companies are more important today than ever, as the list of companies participating in supplier diversity development (SD) programs expands and the dollar spend grows exponentially.

Competitiveness is a common theme among SD managers who spoke with HispanicBusiness.com. Executives repeatedly emphasized the importance of qualifying for contracts with impeccable credentials and impressive training to get a slice of the corporate spend.

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Banks of Data Matters

HispanicBusiness.com ranked Comerica as the top company for its total dollar-spend on diversity suppliers. The bank offers ongoing training programs to minority business enterprises (MBEs) interested in landing contracts with the financial institution

Comerica's Teresa LeFevre emphasized that the first place the regional bank turns to for vetting suppliers and vendors is the Michigan Minority Supplier Development Council's database. Their corporate headquarters is in Dallas

Ms. LeFevre, a Comerica vice president who manages the company's SD program, said the bank offers training programs throughout the year that introduce MBEs to economists, financial advisers and other experts who offer guidance on financial planning, strategic partnerships, IT



logistics, "meaningful metrics" and manufacturing certification. The sessions are free and open to anyone who prequalifies under the Michigan MSDC program and is in the organization's database.

Comerica, which currently works with more than 140 diversity suppliers, including those owned by women and disabled persons, has seen a contraction in the number of diversity businesses, according to Ms. LeFevre.

"The diversity supplier base is consolidating," she said. "The (total) number has gone down, but the sum business with the existing suppliers has gone up."

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Prep and Dress for Success

How well a company scores in the distinct categories depends largely on the kind of business it's in. For example, Comerica devotes a majority of its SD spend toward IT infrastructure, software and hardware products, and staffing services, according to Ms. LeFevre. Because IT

accounts for comparatively high costs relative to other services, companies like Comerica tend to rank high on the survey, since they place a premium on IT service spending with diversity suppliers.

This includes everything from architectural and interior design to exterior construction, building maintenance and fire-safety protection services. However, Ms. LeFevre qualified that the "vast majority of contracts" under Comerica's SD program are for "women-owned IT support and staffing businesses."

By comparison, companies like Macy's, which ranks 25th among this year's top companies, are notable for developing programs that speak to their core business. Macy's opens avenues to minority- and woman-owned firms that sell clothing, jewelry, cosmetics, purses and other fashion lines.



Shawn Outler, VP of Leased Businesses, Vendor Collaborations and Multicultural Development, Macy's retail.

Shawn Outler, group vice president of Leased Businesses, Vendor Collaborations and Multicultural Business Development, described an array of small-business owners with which Macy's has developed recent relationships on the retail side. Minority-owned businesses that have developed recent relationships with Macy's include Lamik Beauty of Houston, BigGirl Cosmetics of Chicago and Cenia, a Hispanic woman-owned business based in New York City that offers a distinctive women's wear line.

Teresa LeFevre, VP and manager of Supplier Diversity with

"It took us about a year to onboard these (suppliers), and for some entrepreneurs, that's a really long time," Ms. Outler acknowledged, noting that patience is an important quality for any business interested in developing a relationship with Macy's. In fact, Hispanics are near the top of the list of customers Macy's is cultivating.

'The complexions of the customer and the country are changing, so it looks like we're changing," Ms. Outler said of the contemporary focus on Hispanies. "But it's still in line with what Macy's has always done. I know the biggest change is with Latina women. I would imagine that business is going to grow."

IT Is Infrastructure

Macy's has a separate group that handles nonretail programs such as legal, software, infrastructure and facilities. Howard Thompson, vice president of Purchasing and Vendor Development, reports that Macy's has 19 groups on the nonretail side that support SD business development.

"Supplier diversity is an important business for Macy's," Mr. Thompson said. "We do have a commitment to growing opportunities for minorities and women-owned businesses."

Like Comerica, Mr. Thompson reports that Macy's is heavily focused on IT-support companies.

"We're moving over toward an Oracle platform from an inhouse proprietary software system," he explained, adding that the products and services available to MBEs range from real estate brokering to packaging supply.

Communicate Strong Signals

Ajamu Johnson, senior director of Supplier Diversity and Strategic Procurement for Comcast, is in a similar position, whereby the diversity supplier groups are split based on the parent cable company's core hardware and entertainmentdelivery business.

"I'm looking at it as one company," said Mr. Johnson. "If you look at it from a sourcing standpoint, it's one company. From a leveraging standpoint, we look at the robustness of the supplier diversity market, and from Comcast's side we're looking at a lot of hardware."





Howard Thompson, VP of Purchasing and Vendor Development, Macy's nonretail.

Mr. Johnson pointed out that after the Comcast NBCUniversal deal was closed in January 2011, the company immediately formed a joint diversity council to leverage the assets of the merger. As a consequence, he said, there will be more outreach and development programs

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Ajamu Johnson, senior director of Supplier Diversity and Strategic Procurement for Comcast.

Ms. Gordon explained that Darden looks for businesses that can grow and meet the demands of all of its restaurants, if necessary. Although she noted that most suppliers offer second- and third-tier regional support for a given service or product — from tableware to lasagna — all suppliers have to be able to meet the full needs of Darden's business. Although it can take up to two years for an SD company to be brought into the supplier fold, it pays off.

"In many instances," Ms. Gordon said, "what has happened is that . . . with a minority supplier, in many cases their focus on service and quality gets them the lion's share of the

Diversity Perspective

This year's Top 25 Supplier Diversity Companies reflect a growing commitment to diversity outreach in the U.S.

As for future growth in the SD space, Comerica's Ms. Lefevre reports that "from a supplier diversity perspective we have seen an improvement. It's important to get people to understand that we're not in lockdown mode anymore."

Since 2009, she said, Comerica's investment in diversity suppliers has "exceeded previous numbers.... It's been a nice growth rate in the last few years."

Darden's SD spokeswoman reinforced the notion that business may be looking up for diversity suppliers heading into 2013.

"What we're seeing," Ms. Gordon said, "is that the economy is picking up . . . ever so slowly.

Research bu HispanTelliaence.

Synergy: A Key Link in the Supply Chain **Top 25 Leaders in Supplier Diversity**

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available to U.S. Hispanic-owned small businesses.

"From a Comcast perspective," he said, "there has always been a strong relationship" with Hispanic enterprises.

Indeed, HispanicBusiness this year ranked Comcast 18th among the top diversity suppliers in the U.S.

Host of Programs

Darden Restaurants, ranked 15th on this year's list, views its program from both a strategic and progressive perspective. Over the years, Darden has had an array of diversity programs, said Donna Dozier Gordon, senior director of Supply Chain Support, Diversity and Wheat Commodities. Supplier diversity, she said, is seen as a broader commitment to equality across the customer and supply-chain spectrum for the company, which has more than 2,000 Olive Garden, Red Lobster and other restaurants.

"We want a workforce and suppliers that directly reflect the diversity of our guests," said ${\rm Ms.}$ Gordon.



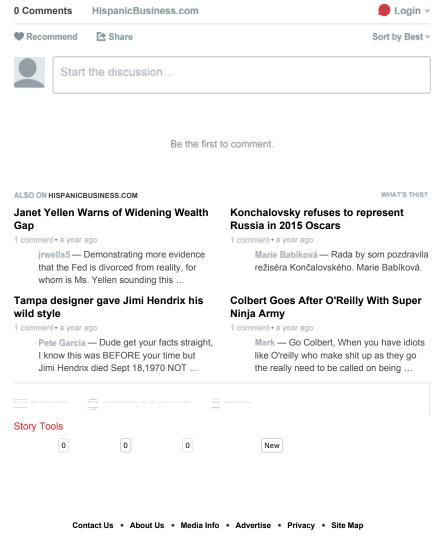
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