

# 2005 National Minority Supplier Development Council Conference & Business Opportunity Fair

Minority Businesses & Corporate America:  
STRENGTHENING THE GLOBAL ECONOMY THROUGH DIVERSITY

October 23 to 26, 2005  
Dallas Convention Centre  
Dallas, Texas, USA



**SUMMARY VERSION**

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## Executive Summary

East Midlands Economic Network in partnership with Minority Enterprises East Midlands are both committed to championing the development and inclusion of minority businesses in the supply chains of Public and Corporate UK.

For this reason EMEN has continued the dialogue started by Minority Enterprises East Midlands more than five years ago with the National Minority Supplier Diversity Council in America who have made, and won, both economic and ethical arguments for having a diverse employee and supply base.

There are some 3.7 million SMEs in the UK, comprising a diverse group of organisations. About 10% of all start-ups are now by ethnic minority businesses - a massively productive sector of our society, contributing more than £13 billion a year to the economy.

This drive and creativity needs to be encouraged not just by the government and the wider public sector but supported by the private sector as well.

While this view has gained popularity in the States through the work of the NMSDC as well as through legislation it is a view that is that is being supported in the the UK as well:

According to Malcolm Platt, Global Process manager, Procurement Global Operations for ExxonMobil: "Supporting minority-owned businesses builds stronger communities and produces solid business result." And Race for Opportunity chairman Allan Leighton says: "Diversity is not about equal opportunities or compliance, it is about being more competitive, and this applies to the public sector as much as it does the private sector."

The minority population is the fastest growing segment in the UK - projected to grow significantly by as early as 2020. Minority consumers are also some of the most loyal, brand sensitive and the fastest growing segment in the UK marketplace.

"Supplier Diversity is not an option...Putting it simply Supplier Diversity is just GOOD BUSINESS!," Michael Davis-

Bingham head of economic development Telford & Wrekin Council, member of Ethnic Minority Business Forum.

## Background

MEEM has been in dialogue with the US-based NMSDC for more than five years. This dialogue was taken to the next stage when the regional director of MEEM, Tim Haq was invited to their 2004 annual conference in Washington.

This year MEEM along with EMEN were invited back to the conference,

this time held in Dallas. EMEN organised for a stand at the event as well as for East Midlands based minority businesses to attend the event so that they could learn from the American experience on how to become suppliers to Corporate UK. They also encouraged UK Trade & Investment to send representation.

The NMSDC was founded in 1972 when the purchases of goods and services from minority businesses were a small fraction of the more than \$85 billion reported now by their corporate members.

Now the NMSDC Network includes a national office in New York City and 39 Regional Councils across the country. There are 15,000 certified minority-owned businesses with 3,500 corporate members including America's top publicly, privately and foreign owned firms, hospitals, universities and other buying institution.

Globalisation is moving many cultures to interface with each other at an accelerating pace. NMSDC's corporate members are now doing business in hundreds of countries and are not strangers to this world of business diversity and developing excellent minority suppliers is part of their sourcing plans.

The annual conference is devoted exclusively to minority supplier development where minority entrepreneurs and purchasing executives can find the latest strategies to retool management practises or chart global business growth. The Business Opportunity Fair, plenary sessions and workshops, top flight speakers and interactive special events unite all participants for networking, sharing information, contacts and new ideas.

## CONFERENCE HIGHLIGHTS

**Plenary Session:** October 25, 2005  
*Supply Chain Management Models and Their Significance for Minority Suppliers*

Buying organisations in the United States are increasingly working closely with their supply base. In part this means more collaborative electronic relationships with all the company's suppliers. The more effective corporations are with supply chain management, the more opportunities there will be for minority businesses.

**Plenary Session:** October 26, 2005  
*View From The Top: The Future of Minority Business Development*

Two top corporate CEOs with a forward-thinking philosophy and a record of accom-



It was very appropriate that the event was held in Texas that has now joined Hawaii, New Mexico and California as majority-minority states along with the District of Columbia as reported by the US Census Bureau earlier this year. According to census population estimates, Texas has a minority population of 11.3 million comprising 50.2% of its total population of 22.5 million.

# The Dallas Morning News

plishment of excellence discussed how and why minority businesses add value for their companies. They spoke about how minority business development processes are working, corporate commitment and external opportunities or barriers to future success.

## **Workshops:** October 25, 2005 *Rebuilding the Gulf Coast*

A projected \$100 billion in government money will flow for rescue, relief and rebuilding of New Orleans and other Gulf Coast communities in the wake of Hurricane Katrina and Rita. How minority-owned businesses can share in the contracts and jobs that result was debated by panelists from the Federal Emergency Management Agency and corporations involved in the recovery and rebuilding activities.

Federal Emergency Management Agency has distributed nearly \$4.4 billion in federal aid to more than 1.4 million households. Forty-four states and the District of Columbia have been given emergency declarations to cover expenses related to sheltering millions of evacuees forced from their homes by Katrina and Rita. More than 14,000 federal personnel were deployed to help state and local officials along the Gulf Coast recover from Katrina and Rita. FEMA's Transitional Housing Assistance Program has provided nearly \$1.2 million in cash assistance to eligible households to help with their immediate housing needs. FEMA established a Housing Area Command to oversee all temporary housing operations across the Hurricane Katrina impacted areas of Louisiana, Mississippi, and Alabama. Rental assistance has been provided to 653,000 families affected by the disaster.

Mr Sturdivant explained how as one of "the smaller buying organisations, the long term solution was to ensure work is fairly and equitably distributed".

As part of the Hurricane Recovery Response programme the Shaw Environmental Group have been building temporary trailer parks to get people back to normal. Jackie Hacker said: "90% of the sub contractors are local." She encouraged minority entrepreneurs to sign up on their website [www.shawgrp.com](http://www.shawgrp.com) and added: "We don't need any fancy brochures, just some keywords that show us why your company stands out. The *wow factor!* Tell us what you are good at in 60 seconds."

## **Workshops:** October 26, 2005 *Capacity Building for Minority Suppliers*

Panelists share processes for assessing the need for capacity development, analysing current options, and implementing the most effective growth strategies for

minority enterprises. Included are real-life examples of minority enterprises that are bigger, more experienced, more competitive and still finding ways to add value to their customers.

According to Joan Kerr, no company is going to be better than its supply chain. She said: "We encourage companies to join committees that set the standards for quality. What better way to learn than actually helping develop the standards."

Lenny Springs added: "Supplier Diversity is a process NOT a programme. It's about growing day-by-day and changing - corporate America has changed and is also changing daily."

He explained the Technical Assistant Programme, TAP, they have in place for minority suppliers. The objectives of TAP are:

Capacity building of emerging minority businesses

Provide opportunities to increase corporate purchases with minority businesses

Ensure capital/finance is available for minority businesses

Increase brand identity of organisation

He added: "If we want to be effective the things we did for yesterday are not going to work today and tomorrow."

## **Workshops:** October 26, 2005 *Analysing the Corporate Spend to Find Opportunities*

In order to gain complete understanding of the corporation's spending, the supplier diversity professional must have access to accounts payable information to view and examine actual corporate spend by organisations, commodities, suppliers and times. This way, one can discover timely patterns and trends, drill down to details, and identify high-potential opportunities for minority businesses to bid. Panelists discussed how to access, organise and analyse spend data.

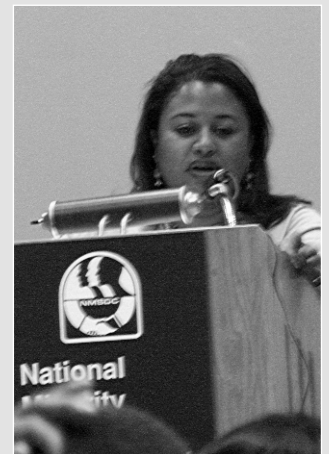
Frederick Canady showed participants how to analyse the corporate spend of one of the world's largest organisations: Pepsico an organisation that has several of the top brands sold in US supermarkets. Fifteen are \$1 billion brands.

He added: "Minority businesses need to concentrate on what a company buys and on where it spends money. That is where opportunity lies." While over the years Pepsico has been reducing costs through consolidation of suppliers, it had to be noted that minority enterprise spend had increased.

## **Business Opportunity Fair**

The Business Opportunity Fair, a major highlight, has many top buying organisations participating including Fortune 500

Phala Mire, President of the Louisiana Minority Business Council said: "Louisiana is being rebuilt by companies NOT from Louisiana. The NSMDC should use this opportunity to develop emergency plans that provide a business response because



something like this can happen anywhere, anytime. With such a comprehensive list of minority businesses, the NSMDC should be at the forefront of activity by helping relief organisations source minority enterprises.' She emphasised the need to ensure local businesses are involved in the rebuilding of Louisiana and the Gulf Coast.

companies and more than 7,000 minority entrepreneurs eager to meet each other. This year MEEM and EMEN were representing the UK and especially the East Midlands with a stand at this prestigious event. Contacts were made with many organisations who were all too willing to support the development of minority businesses from the East Midlands. While many corporates were willing to engage in this debate they thought it more fitting to be undertaken through their local offices in the UK.



**Bill Law Regional Director, East Midlands Economic Network with Phala Mire, President of the Louisiana Minority Business Council and Tim Haq, Regional Director Minority Enterprises East Midlands**

A number of minority businesses had taken the opportunity to attend the event. Unfortunately the timing, it was during the Muslim fasting month of Ramadan, meant that a number of businesses who would have liked to have attended were unable to do so. Some companies had already people in the States looking at opportunities and were able to send these along to see what the NMSDC programme was all about. Below is a list of some organisations who would be willing to look at helping to develop supplier diversity in the UK:

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### Conclusion

Both Bill Law, regional director of EMEN and Tim Haq, regional director (at the time) of MEEM were made very welcome at the NMSDC Conference. With the advent of the global village, the Council in recent years has been working hard to take its work to the International community. If the East Midlands is to become a top 20 region in Europe by 2010, it must significantly improve its economic performance. SMEs account for over 95% of the region's businesses so this improvement relies heavily on their performance. The recently set up Business Support Directorate in the East Midlands Development Agency has three main aims:

- ◆ To increase the number of SMEs trading in the East Midlands
- ◆ To improve the survival rate of new businesses
- ◆ To increase the growth rate and profitability of existing SMEs

Minority supplier diversity, if taken seriously, can clearly help achieve these aims.

### Challenges for East Midlands based Minority Businesses

Minority businesses have to make a step change to the way they do business. The economy has become increasingly global

and large corporates now routinely outsource goods and services from offshore suppliers.

In the States minority suppliers are providing a complex array of electronic and technological components, manufacturing and fabrication skills, niche distribution and marketing and an assortment of sophisticated professional services.

Even more significant, minority suppliers have become strategic partners in the supply chain, providing key information about markets, customers and new products and services.

The rapid revenue and employment growth of the minority business community presents British companies with an emerging new market of consumers.

Corporate America has realised that its strategic relationship with its minority suppliers is also part of the effort to become more like the customer base it serves.

According to John Barth, chairman and CEO of Johnson Controls and chairman of the National Minority Supplier Development Council: "The bottom line is that by helping our customers sell more products or gain more business, we help ourselves."

As the minority communities become the majority in East Midlands cities such as Leicester, there also needs to be a change in the thinking of funding 'gate keepers'. No longer will they get away with providing a minimum of funding for specialist services. Mainstream services will have to be geared to providing their services to the new ethnic majority communities. This is an opportunity for minority businesses but they have to be ready.

Harriet Michel, NMSDC President said: "Diversity pays big dividends. Healthy minority businesses generate many more jobs in minority communities, an increased tax base and more potential customers for corporate products."



### Challenges for Public and Corporate UK

A commitment to a diverse workforce and supply chain. The ability to collect diversity spend as an organisation so as to allow them to benchmark their spend with diverse suppliers.

The need to engage with strategic minority business support organisations such as MEEM and more importantly with minority delivery organisations on the ground.

Sponsorship of minority supplier development initiatives.