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SAN FRANCISCO BUSINESS TIMES
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STEPPING UP

Why do top companies have Supplier Diversity programs?
Because it enhances their success while building stronger communities



INSIDE:

Executives of Supplier Diversity departments talk about their programs and the benefits of cultivating a diverse supply chain. Left to right: Richard Chacon of Union Bank, Lisa Castillo of AT&T, Joan Kerr of PG&E, and Alexandra Lopez of Cisco.

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A letter from the president

This supplement to the San Francisco Business Times is intended to recognize companies operating in the Bay Area who have demonstrated excellence in Supplier Diversity and a will to have a greater impact in diverse communities and the U.S. economy. The Western Regional Minority Supplier Development Council (WRMSDC) is proud to have spearheaded this effort.

Diversity and Inclusion (D&I) within Human Resources Departments has become a common practice in Corporate America. D&I has a lesser known sibling named Inclusive Supply Chain Practices (better known as Supplier Diversity), offering a host of advantages for corporate supply chains and the U.S. economy overall. Unlike D&I in HR, many firms have yet to exploit the value available through Supplier Diversity. Anecdotally, diverse suppliers tend to be more agile, more innovative and more competitively priced than non-diverse suppliers. According to Dr. Scott Vowels, author of *Hacking Supplier Diversity*, the business case (aka ROI) for Supplier Diversity offers better return rates than many older and more popular corporate practices. There are also positive socioeconomic impacts



Cecil Plummer,
President & CEO,
Western Regional
Minority Supplier
Development
Council

of Supplier Diversity beyond benefits for individual companies. Let's connect the dots:

- According to the Census Bureau most U.S. employees work for small businesses.
- Most people obtain money for housing, higher education, and access to healthcare through their employers.
- Job creation among diverse businesses is far outpacing non-diverse enterprises.
- Over 80% of Federal Revenues come via income and payroll taxes.

Considering the issues our country faces with income disparity, affordable housing, access to both healthcare and secondary education, along with the ever-increasing need for Federal revenue, it seems clear that promoting the fastest growing sector of small business is a worthwhile endeavor.

Yet, Supplier Diversity initiatives often struggle to gain the same level of acceptance

and support as traditional D&I functions. Likewise, third party diverse business community organizations struggle to maintain adequate funding.

The Hackett Group's 2017 study on Supplier Diversity documented a myriad of benefits enjoyed by top performing companies through inclusive supply chain practices. For example, 76% of diverse suppliers meet supply chain expectations, while another 23% exceed expectations. The Hackett study went on to challenge the attitudes of management who feel that dedicating resources to Supplier Diversity will divert attention from other strategic activities. The study also reinforces that Supplier Diversity does not negatively impact the quality and prices of procured goods and services. In fact, Hackett sites that top performing firms utilize Supplier Diversity to increase revenue and enhance their brands; both are very desirable outcomes shareholders are likely to value.

Join these Supplier Diversity leaders by engaging in inclusive supply chain practices. Obtain assistance and ongoing support through a membership with WRMSDC. Visit www.wrmsdc.org and become a member today.

DIVERSITY MATTERS

Suppliers:

Is your business certified as a diverse-owned business?

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How important is diversity to your supply chain?

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LEARN MORE: www.wrmsdc.org

* Reported from Corporate Member surveys



Seminars and networking among members at WRMSDC events bring together minority suppliers and corporate purchasing departments (above and bottom of page).

The case for supplier diversity

Supplier diversity is a growing movement among major companies. Businesses who understand both the cultural imperative and the business argument for this important practice know that supplier diversity is far from an empty public relations play: It's a strategy that adds value and enhances the success of the companies who use it. Indeed, the global market becomes a more complex entity every single day, and homogenous supply lines are taking a toll on companies who don't take advantage of this diversity.

The worries that executives might have about the efficacy of proactively seeking out diverse suppliers are simply unfounded. Research from the Hackett Group, studying the performance of suppliers of top companies, found that only one percent of the diverse suppliers didn't meet expectations. By comparison, 23 percent of the suppliers exceeded their expectations and grew dynamically.

In short, supplier diversity is driving economic growth precisely because it's utilizing untapped markets of skilled peo-

Who are diverse suppliers?

- Woman-owned businesses
- Minority-owned businesses
- LGBT-owned businesses
- Veteran-owned businesses
- Service-disabled veteran-owned businesses
- Businesses in Historically Underutilized Business (HUB) zones

ple to supply some much-needed competition to the supply chains of the world.

In this supplement, four major companies will be sharing their practices and ideas in order to educate corporate leaders about the myriad reasons to engage with supplier diversity, as well as the many resources and techniques available to make supplier diversity the most effective in a given company that it can be. Executives from AT&T, Cisco, PG&E and Union Bank all come from distinguished supplier diversity programs, and can demonstrate that these programs drive business growth for both the suppliers and the compa-

nies themselves by being leaders in the supplier diversity space.

What is often overlooked by those skeptical of supplier diversity programs is that companies that don't do business with diverse suppliers are actually ignoring major buying power. Minority-owned companies have more than \$3 trillion dollars in buying power, while women-owned businesses boast sales of at least \$3.6 trillion dollars. So the success is already there – and there is no business model that isn't enhanced by partnering with successful possibilities.

Diverse suppliers are supported by regional groups like the Western Regional Minority Supplier Development Council (WRMSDC) and its parent organization, the National Minority Supplier Development Council (NMSDC). These groups help companies find diverse suppliers to help them achieve any number of goals, and represent yet another reason that ignoring the wave of supplier diversity successes doesn't make sense. Members of these groups report reduced costs, higher sales and increased productivity from their supply lines when they utilize diverse companies. The NMSDC reports that its certified list of minority business enterprises (MBEs) generate over \$1.1 billion dollars per day in wages, tax revenue, and income.

The fact is that diverse suppliers represents too large a proportion of the economy to responsibly ignore. Moreover, investing in supplier diversity is a practice that only sustains business growth, while also being essential to corporate responsibility. Supplier diversity is one answer to institutionalized forms of discrimination that plague businesses and societies all around the world.

The economy can be a powerful actor for change, and supplier diversity is one of the best methods to enact that change.



20 TOP BAY AREA COMPANIES FOR SUPPLIER DIVERSITY

We called upon Bay Area companies to send us their data regarding six determining factors of supplier diversity. The top 20 for supply chain diversity, listed below, are all members of at least one supply chain diversity certification organization on a national or regional level. These organizations include: GGBA (Golden Gate Business Association) and NGLCC (the National LGBT Chamber of Commerce), which certify LGBT-owned businesses; WBEC-Pacific (the Women's Business Enterprise Council) and WBENC (Women's Business Enterprise National Council); and the National and Western Regional Minority Supplier Development Councils (NMSDC and WRSDC respectively). In addition to the percentage spent with diverse suppliers and membership with certification organizations, the degree to which the company holds its prime suppliers responsible for diversity in its subcontracts was factored into an overall supply chain diversity score.

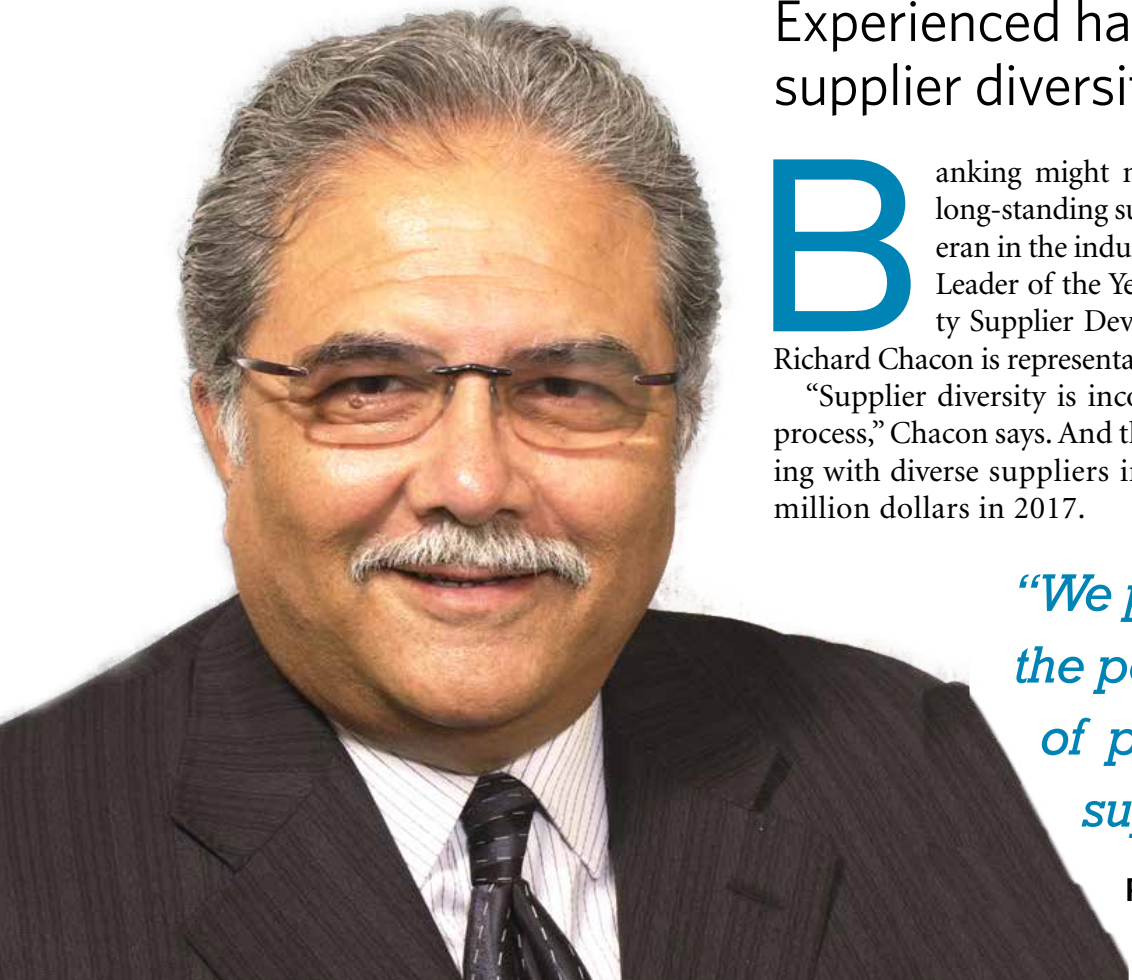
RANK	COMPANY	Percent of spending with diverse suppliers	Percent of spending with 3rd party certified diverse suppliers	Has a formal inclusive supply chain program	Requires prime suppliers to report diverse spending	National member of third party certification organizations	Regional members of third party certification organizations	FINAL SCORE
1	PG&E	42.25%	>40%	Yes	Yes	ALL	ALL	135
2	Comcast NBCUniversal	21.80%	>20%	Yes	No	ALL	ALL	120
3	Kaiser Permanente	15%	5%-10%	Yes	No	ALL	GGBA/ WRMSDC	115
4	United Airlines	24%	>20%	Yes	Yes	ALL		108
5	CDW	14%	16%-20%	Yes	Yes	ALL	WBEC	105
6	IBM	13.7% in U.S.	11%-15%	Yes	Yes	ALL	WRMSDC	103
7	MUFG Union Bank, N.A.	13.80%	5%-10%	Yes	Yes	NMSDC/ WBENC	WRMSDC/ WBEC	98
8	AT&T	25.20%	16%-20%	Yes	No	ALL	ALL	85
9	Abbott	11%	5%-10%	Yes	Yes	NMSDC/ WBENC	NONE	83
10	World Wide Technology (WWT)	23%	>20%	Yes	No	NMSDC/ WBENC	WRMSDC	80
11	Bank of America	8%	5%-10%	Yes	Yes	ALL	GGBA/ WRMSDC	80
12	PSC Industrial Outsourcing	17%	>20%	Yes	Yes	NMSDC	NONE	73
13	MatchPoint Solutions	38.98%	0%	Yes	No	NMSDC	WRMSDC	73
14	Hewlett-Packard	23%	>20%	Yes	No	NGLCC	WBEC/ WRMSDC	71
15	TransPak	< 10%	5%-10%	Yes	No	WBENC	WBEC	68
16	State Compensation Insurance Fund	14.50%	0%	Yes	Yes	WBENC	WRMSDC	66
17	CSAA Insurance	6%	5%-10%	Yes	No	NGLCC	WRMSDC	66
18	Sterling Health	45%	>20%	Yes	No	NONE	WRMSDC	61
19	Cisco	>10%	>9%	Yes	Yes	NMSDC/ WBENC	WRMSDC	58
20	Rose International	29%	>20%	Yes	No	NMSDC/ WBENC	WRMSDC	53

The Top Bay Area Companies for Supplier Diversity list was created in collaboration with the Western Regional Minority Supplier Development Council (WRMSDC), the Women's Business Enterprise Council - Pacific (WBEC-Pacific) and the Golden Gate Business Association (GGBA), the Bay Area's LGBT Chamber of Commerce.

To qualify for this list companies must have Bay Area operations in the nine-county Greater Bay Area. Each participating company was required to complete a brief online survey. Each question in the survey had its own score based upon our collective determination of its importance in developing and having the most diverse and inclusive supply chain. The total score was used to rank companies in the published list. There was no fee associated with participation in the survey or publication in the Top Bay Area Companies for Supplier Diversity list.

UNION BANK

“At the core of our business”



Experienced hand guides Union Bank’s supplier diversity implementation

Banking might not be the first place you’d expect to find a long-standing supplier diversity initiative. But as a 40-year veteran in the industry, and winner of the 2018 Supplier Diversity Leader of the Year Award from the Western Regional Minority Supplier Development Council, supplier diversity director Richard Chacon is representative of Union Bank’s dedication to the issue.

“Supplier diversity is incorporated into every aspect of our sourcing process,” Chacon says. And the numbers reflect that: Union Bank’s spending with diverse suppliers in California alone rose to more than \$760 million dollars in 2017.

“We put specific language in the performance reviews of people responsible for the suppliers.”

Richard Chacon, Supplier Diversity Director, Union Bank



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Supporting diverse communities

But what do those numbers mean, exactly? Chacon defines supplier diversity as an effort to “create a pool of qualified suppliers that are owned and operated by a diverse group of people.” To do this Union Bank supports numerous certification agencies and regional councils that pool their efforts in order to find and promote diverse suppliers so that they can succeed.

It’s a big effort. What’s more, the scope of supplier diversity projects has expanded a lot since Chacon first entered the space. “When I first started the supplier diversity initiative at Southern California Pacific Telephone, there weren’t initiatives for women or veterans or LGBTQ people, only ethnic minorities,” he says. “Over the years, though, activities have expanded.”

For Chacon, supplier diversity isn’t all about the big numbers or stories. Indeed, what he identifies as the big wins of the initiative are the individual companies they were able to help. He speaks fondly of a limo service, for example, that applied to serve Union Bank before it was ready—at the time, a small company in need of guidance.

So Chacon and the supplier diversity office mentored them and helped them grow, and ten years later the company had developed enough to fulfill the contract. After seeing many months of successful performance from the company, Union Bank began introducing its leaders to other businesses

**Union Bank
spending with
diverse suppliers**

**\$760
million**

Spending in 2017

who might need their services, creating further opportunities for success. It’s that determination to procure from and aid diverse companies that provides the most compelling piece of the supplier diversity puzzle.

After a few decades in supplier diversity, Chacon has honed his advice for companies creating or expanding their own supplier diversity initiatives. For him, it comes down to three major points. Executive support, or “buy-in from the CEO” as Chacon puts it, is critical because if those at the very top don’t support the initiative it can turn into an afterthought, something to be checked off on a checklist.

This leads to Chacon’s second point, that “it’s got to be part of the main operations.” Chacon is emphatic that supplier diversity must be a core part of the business, instead of an extra responsibility that people get to if they have time. “We put specific language in the performance reviews of people responsible for the suppliers,” Chacon says. “It really drives home the point.”

Finally, “you’ve got to have people who are committed.” This is critical for Chacon, because of the opportunities that companies have to help. Those opportunities allow teams like Chacon’s to make a difference in the lives of small business owners. This, he says, is far more important than being a Leader of the Year Award winner: “The awards are great, but the positive impact is better.”

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Looking to the future

AT&T celebrates a half-century of supplier diversity with renewed commitment to its program

AT&T is ushering its supplier diversity program into its 51st year, reporting \$1.7 billion dollars in supplier diversity spending in 2017, which amounts to nearly 22 percent of total procurement spending.

Lisa Castillo, who leads the company's supplier diversity program for stakeholders on the West Coast, is determined to use this as an opportunity to improve, however, rather than rest on her laurels. AT&T is introducing an ambitious new approach to supplier diversity, she says, one based around three pillars: Supplier diversity and inclusion performance, educational foundries to close technical gaps, and meaningful programs that promote change.

Castillo had a good breadth of experience in AT&T's supply chain even before she became senior global supplier diversity manager in 2010. This knowledge of the business has helped her and her colleagues spread the supplier diversity program through many of the company's activities. "Universally the team advocates across all business channels," Castillo says. "We've worked really hard to implement a new mission and make some of those

AT&T spending with diverse suppliers

\$1.7 billion

Spending in 2017

22%

Portion of total procurement spending.

inroads into challenging areas."

Castillo is particularly cognizant of the importance this work can have for smaller women, minority, LGBT and disabled veteran-owned companies. "We coach small businesses on how to effectively position themselves," she says. To illustrate this, she references a California woman-owned global transportation company that she worked with for nearly three years to help them get their first big contract. "The

"The team advocates across all business channels. We've worked really hard to implement a new mission and make some of those inroads into challenging areas."

Lisa Castillo, AT&T Program Manager West Coast



hardest part is that first contract,” she says. “But it paid off.”

Another part of the work of AT&T’s supplier diversity group is collaborating with different agencies and business councils to connect certified businesses to a variety of corporations that need their help. Castillo references these as primary connection points for both big companies and the minority-owned businesses themselves.

One of the best things about AT&T’s supplier diversity program is its executive support, Castillo says. In 2007, CEO Randall Stephenson committed to 21.5 percent supplier diversity for corporate contract opportunities. The commitment gave Castillo’s team a tremendous amount of room to grow, and they’ve been using it to the utmost, she says.

An enthusiastic evangelist for supplier diversity, Castillo has developed a 10-point list of comprehensive advice for any company looking to start their own supplier diversity program. She suggests that businesses:

10 steps to starting a supplier diversity program

- 1.** Define what your supplier diversity framework will be. Our program advocates on behalf of MBEs, LGBTQ, women and veterans, and defining what that looks like is the first step.
- 2.** Develop a formal playbook for building your program. This gives you a guiding light and also gives you an opportunity to document your supplier diversity successes.
- 3.** Ensure you have a platform to track information about suppliers. Outsourcing some of this work can ease the burden of information-gathering.
- 4.** Look at your current supplier list. How many of those companies support your supplier diversity goals?
- 5.** Create a letter, authored by a top executive, to encourage vendors to get those certifications and support your supplier diversity initiative.
- 6.** Identify supplier diversity advocates in each aspect of the business to assist you in upcoming RFPs with prospective minority businesses.
- 7.** Establish incremental goals for your program and adjust accordingly. When appropriate, share your goals internally or externally.
- 8.** Determine how you will socialize new vendors with internal decision makers. Many programs have one supplier diversity manager, and a good way to promote new suppliers internally is if a small business creates a video or short PowerPoint presentation.
- 9.** Monitor everything you do and prepare to share results. One of the biggest challenges is accounting for successes. Use software to track important elements. This alone can be life-changing.
- 10.** Don’t reinvent the wheel. Seek advice from other organizations. We mentor people at other companies all the time to help them get on their feet. Also, all utilities must submit an annual report which is a public record. Look at current reports for examples of what supplier diversity programs look like.



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CISCO

“It’s a win for everyone”

Cisco chief procurement officer takes program to the next level

While supplier diversity programs have been a fixture of corporate social responsibility plans since the late 1960s, their size and scope have grown tremendously in the last decade. At some companies today, supplier diversity is actually thriving to such a degree that business leaders are looking beyond national borders and towards using their company’s influence to correct for inequities on a global scale.

Helping to lead this charge toward global supplier diversity is Cisco Systems Inc., the San Jose-based multinational technology company celebrated for its innovative networking software and telecommunications solutions. Cisco’s supplier diversity program began in 2000, but has grown rapidly, particularly since the appointment of Alexandra Lopez to the company’s chief procurement office in 2015.

Between activities like overseeing the U.S. diverse supplier sponsorship program, reporting to more than 100 customers on a quarterly basis, and bringing supplier diversity to the global stage, Lopez has a lot on her plate. But she believes that having expanded the program to where it is today is just a matter of good corporate social responsibility. “The world’s economy goes through a supply chain, and buying decisions should be thoughtful and intentional,” she says.

Like most companies, Cisco defines supplier diversity as a commitment “to recruit and develop diverse businesses and provide them with access to opportunities.” For its domestic supplier diversity program, Cisco follows the U.S. government-provided definition of a “diverse business,” which includes businesses owned by women, people of minority groups and veterans, as well as small businesses and businesses in historically-underutilized business zones. To qualify as women-owned, minority-owned or veteran-owned business, at least

fifty-one percent of the business must be owned by people who are members of the historically disadvantaged group.

For her supplier diversity duties, Lopez works closely with Denise Lombard, the company’s director of supplier diversity. Their teams meet with the company’s supplier managers on a regular basis to ensure that supplier diversity is incorporated into every company plan. “Every single thing that we buy has incorporated diversity into its strategic procurement plan,” Lopez says.

Including at least one diverse supplier in each lineup of businesses—which is Cisco’s standard—can be harder in some cases, Lopez acknowledges. “We tend to see the most options for supplier diversity in the labor and services sectors,” she says. “Through no fault of their own, diverse businesses just aren’t as prevalent in some sectors.”

But that’s why Cisco puts so much effort into initiatives like the company’s executive sponsorship program, Lopez says. Focused on fostering strong independent companies, the executive sponsorship program, launched in 2017, already has 28 executives signed on to sponsor a diverse supplier, with an 18-month commitment.

“By helping those companies innovate and grow in their field, it’s a win for everyone,” Lopez says. “Not only does the company gain the benefits of help from an experienced source,

“Not only does the company gain the benefits of help from an experienced source, but they also learn to understand Cisco better. And the sponsoring director gets to develop their leadership abilities, too.”

Alexandra Lopez, Chief Procurement Officer, Cisco





Promoting supplier diversity: (left to right) Denise Lombard, Director, Supplier Diversity, Risk & Ethics at Cisco; Sonu Ratra, co-founder of Akraya staffing and recruitment firm and founder of their Women Back to Work initiative; Nina Lualdi, Vice President, Business Model Evolution Orchestration at Cisco.

but they also learn to understand Cisco better. And the sponsoring executive gets to broaden their leadership abilities, too.”

Lopez is proud of the achievements of the supplier diversity program, as well as the degree to which it’s grown. “I think it helps make employees feel good coming to work here every day, knowing that their care and effort is going towards a social mission in addition to making a profit,” she says.

For Lopez, success in supplier diversity is all about the help they can give to the diverse companies they work with to grow and develop on their own—even when that growth means business with other companies. “Of the suppliers we sponsor, 50 percent of them reduce their reliance on Cisco in the process of increasing the size of their business,” Lopez says. “And we support that.”

In order to make the importance of the program clear to everyone, Cisco has two forms of recognition for people doing good work in supplier diversity. Externally, an annual event recognizes top suppliers and also includes executive talks about supplier diversity strategy. Internally, Cisco has a supplier diversity champion award that can be won by anyone in the company who has championed diversity.

The Multiplier Effect Pledge is a new initiative that Cisco launched in 2017. It’s a simple concept: Sponsor one diverse person to the next level in their career and challenge your peers to take the pledge. “It’s a challenge for everyone,” Lopez says, “and we’re trying to get a million people to sponsor one individual whether that’s a friend’s child, or just someone in college.”

“It’s part of the character of the Cisco supplier diversity program as a whole, always challenging each part of the program to do a little better and help a few more people,” she adds.

This challenge only grows much more intense once global scale is introduced. “Taking it global means something different in each country,” Lopez says. “Different countries have different laws and priorities, and different concerns. Part of supplier diversity is considering all of those things and being conscientious about how to best create the most inclusive supply chain,

despite all of those particularities.”

Some places don’t even have government-recognized supplier diversity programs, Lopez adds, so she and her team need to rely on their own sets of contacts and relationships in order to foster supplier diversity.

All this global optimism shouldn’t be taken to mean that Cisco doesn’t track the practicalities of a supplier diversity program, though. “We have a lot of metrics that we track, and require comprehensive reporting,” Lopez says. This information gives Cisco an advantage, she says, particularly with customers

who are paying attention to supplier diversity as well. “Many of our top customers make it clear to us that they value our supplier diversity program.”

Being able to demonstrate their commitments gives Cisco a boost, and it creates positive brand awareness. “We feel good about being able to quantify that, and share our numbers,” she says.

Cisco is looking forward to continuing to improve its supplier diversity program, and Lopez says they have big goals for the future. “Denise’s role is getting expanded in the new fiscal year to include broader social responsibility concerns,” she says. “Human rights, the environment, sustainability—we’re going after it all.”

It’s an important next step for a company that has played an integral role in how technology has changed the way that we live our lives. Lopez seems confident about the opportunity for Cisco to do more good, and she also has advice for companies looking to start or improve their own supplier diversity programs: “You have to start with a strong foundation, with strong data,” she says.

Lopez also insists upon the importance of strong data to construct a clear profile of what your supplier diversity spending looks like, so you can build a successful program that can make the changes that are desired. “It has to be part of the company’s DNA, and that means that mandate starts with the CEO,” she says. Cisco is proud to have a CEO and a statement that reiterates supplier diversity as a clear competitive advantage.

“Many of our top customers make it clear to us that they value our supplier diversity programs. We feel good about being able to quantify that, and share our numbers.”

PG&E

A positive proposition

Fostering an inclusive supplier diversity community at PG&E

Now in its 38th year, PG&E's supplier diversity program represents almost four decades of effort that director Joan Kerr says has made the company an example for supplier diversity programs across the country. "Everything we procure in terms of goods and services is an opportunity to support economic development and vitality," Kerr says. And with \$2.6 billion dollars spent with diverse suppliers in 2017, 42.3 percent of total supplier spending (up from \$754.7 million and 23.9 percent in 2008), it seems like PG&E is taking a lot of those opportunities.

What's more, Kerr says that PG&E's strong commitment to supplier diversity adds to better business solutions. "We just want to have the most competitive supply chain," Kerr says. "And most of these businesses bring innovation, agility, and cost-effectiveness to their customers."

Kerr says that small, women, minority, LGBT

PG&E spending with diverse suppliers

\$2.6 billion

Spending with diverse suppliers in 2017

42.3%

Portion of total supplier spending

and service-disabled veteran-owned businesses tend to be innovative and bring that approach straight to their corporate customers to improve operations and solve challenges. Companies benefit from having all players on the field. There's a tendency to do business with suppliers a decision maker already knows, but Kerr says it's important to "open the doors and get to know the full supplier community."

Kerr's approach to supplier diversity is something she frames as "a trajectory of continuous improvement." It's less about highlighting successes than noting PG&E's year-over-year improvement in supporting the overall growth and development of a diverse supply chain. Each day, diverse suppliers demonstrate how they are contributing to PG&E's goals to be safe, affordable, reliable and environmentally sustainable.

PG&E also has an internal award process for employees who go above and beyond to achieve goals



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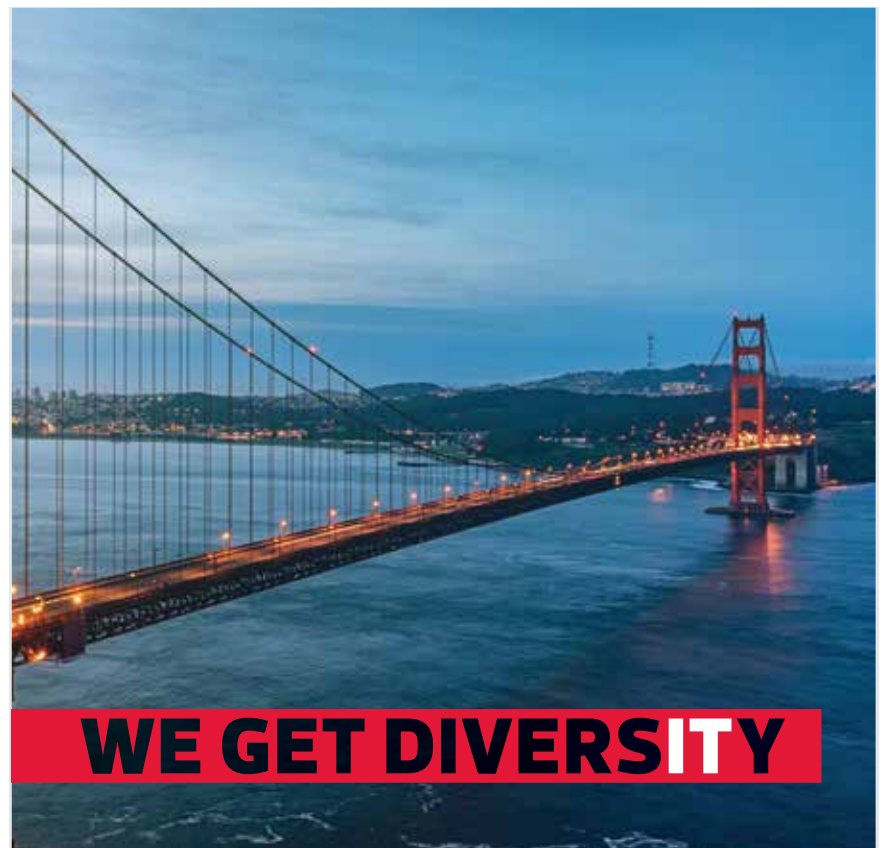
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“Everything we procure in terms of goods and services is an opportunity to support economic development and vitality.”

Joan Kerr, Director, Supplier Diversity Program, PG&E

and identify opportunities for diverse suppliers to support their mission. Kerr says this year’s Supply Chain Responsibility President’s Award-winner identified a diverse supplier who could repair cracks in concrete at PG&E substations using glass fiber wrapping and epoxy injections, avoiding the need to take out entire sections of concrete. “It not only saved us money but demonstrated sustainability, innovation and agile thinking,” she says.

Kerr says there’s one thing to keep in mind when a company decides to start a supplier diversity program: “You have a world of support to help you, so reach out and talk to those who are currently in the field.” Kerr says it’s an inclusive environment, where everyone wants to improve supplier diversity across all companies. She calls it the “United Nations of supplier diversity,” and this is true even when companies are fierce competitors in other arenas, she adds.

“We can all come together in support of economic empowerment,” she says.



\$2.6 BILLION
SPENT IN 2017 WITH DIVERSE BUSINESSES

MORE THAN
42%
OF TOTAL
PROCUREMENT SPEND

37 YEARS
OF CHAMPIONING SUPPLIER DIVERSITY

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By the numbers

What Is Supplier Diversity?

Supplier diversity means formal programs committed to the inclusion of diverse businesses as an integral part of a companies' overall supply chain strategy. These businesses include those owned by women and minorities, LGBT-owned businesses, business owned by veterans and service-disabled veterans, and businesses in Historically Underutilized Business (HUB) zones.



A national and local advocate

The National Minority Supplier Development Council (NMSDC),

parent organization of the Western Regional Minority Supplier Development Council (WRMSDC), advocates for inclusion of minorities in corporate supply-chain contracts. Chartered in 1972, NMSDC has established a network of corporate members, among them are America's top companies – publicly, privately and internationally owned – as well as universities, hospitals and other institutions with supply-chain needs, connecting them with nationally-certified minority-owned businesses.

1,422

corporations

950

local corporate members

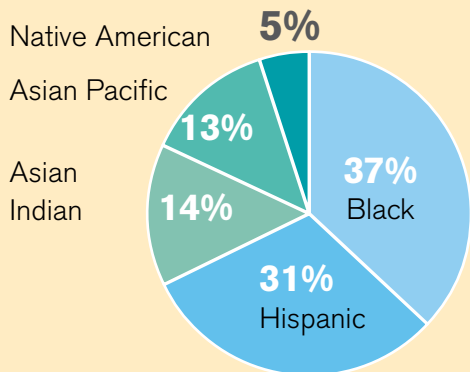
472

national corporate members

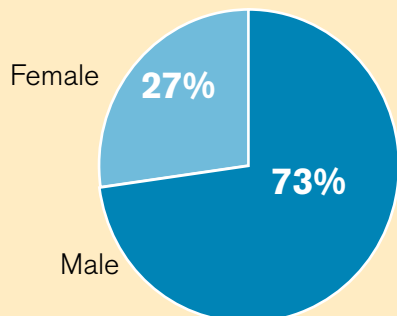
12,000

nationally-certified Asian, Black, Hispanic and Native American-owned businesses.

Ethnic and racial representation



Gender representation



Tomorrow's majority

Multicultural populations are the growth engine of the future in the U.S. Hispanics, African-Americans, Asian-Americans, and all other multiculturals already make up 38% of the U.S. population, with Census projections showing that multicultural populations will become a numeric majority by 2044.

120 million

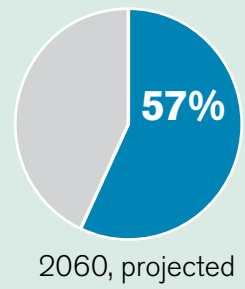
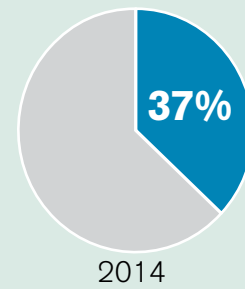
Minority population in U.S.

2.3 million

Annual minority population increase

3 million

Minority business owners



Economic impact of MBEs*

Annual impact of NMSDC-certified MBEs

\$400 billion

Business activity created

2.25 million

People actively employed both directly and indirectly by NMSDC-certified MBE firms.

\$53 billion

Salaries, Wages & Benefits

\$49 billion

in local, state, and federal tax revenue

Projected annual growth of MBEs; 2007-2045

17%

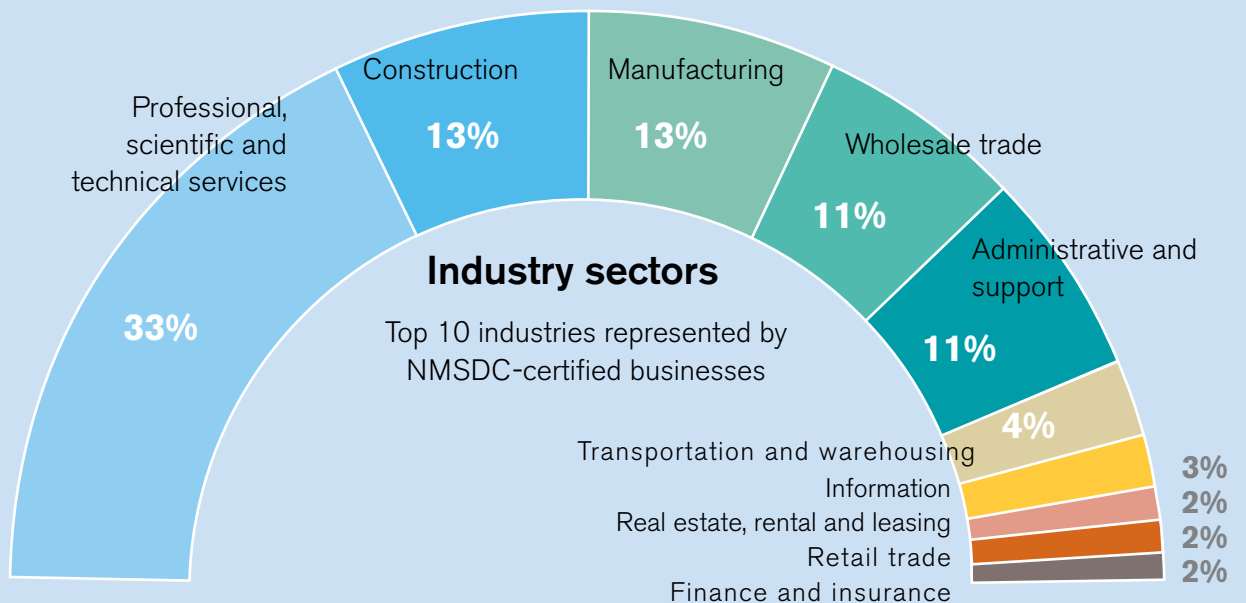
Increase in number of businesses

34%

Sales growth (nearly twice as fast as the national average)

70%

Projected percent of national increase in purchasing power.





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Suppliers Checklist

- Sell more
- Stay relevant
- Make new contacts
- Serve multiple industries
- Learn customer pain points
- Engage ~~Sell~~
- Boost my personal brand
- Jump on the construction boom
- Find new business opportunities

Buyers Checklist

- Buy smart
- Save time
- Benchmark
- Get referrals
- Meet quality suppliers
- Make my job easier
- Push sustainability
- Advance my career
- Level with my clients

- Stimulate job creation
- Support local businesses
- Make a difference

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National Supplier Diversity leverages Kaiser Permanente's buying power to make a sustainable impact on the total health of the communities we serve.

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