

# VICTORIES IN CAPITALISM

## Minority Businesses Fuel Economic Growth

By Judith L. Turnock

There are more than 4 million minority businesses in the U.S. today. This number continues to grow because of the demographic shifts occurring throughout our nation. The success or failure of minority enterprises increasingly will drive the success or failure of the U.S. economy. As a result, the partnership between corporate America and our nation's minority businesses will become even more important to the competitiveness of innovative American products and services in the global marketplace.

**The victories in capitalism profiled here highlight a growth strategy to secure your company's — and America's — robust economic future.**

### Rebuilding Our Infrastructure

Rebuilding our nation's infrastructure — including roads, bridges, public transit, housing and broadband — is an essential step toward revitalizing the U.S. economy. More than 200,000 minority-owned businesses in the construction industry are poised to increase revenue and add jobs to the economy.

For more than 100 years, minority- and woman-owned McKissack has been committed to economic development and job creation in the communities in which it operates. The company seeks out, employs and partners with other women and minorities, adding wealth creation to its long list of accomplishments.

Engineer and Chief Executive Officer Cheryl McKissack is the fifth generation to run and operate the company, which prides itself on a long track record with government projects at the local, state and federal levels. As efforts to rebuild America's infrastructure and get the economy moving commence, the company stands ready to offer its skills. "We have expertise as pipe inspectors for multiple projects," says McKissack, "and road inspection fits right in."

### Ending Energy Dependence

The cost of energy has become a burden for many Americans and businesses. Our current energy system fails to provide the clean and secure energy needed to power a 21st-century economy. Government and industry are addressing America's energy and environmental challenges, and there will be new opportunities for innovative entrepreneurs.

With this in mind, minority-owned firm Arias Information Solutions, LLC, has worked with a variety of businesses to promote energy efficiency by analyzing data to increase actual business results.

Arias also partners with larger corporations to obtain both government and private contracts. Based in Chicago, where Mayor Richard Daley is a big proponent of green energy, Arias has a wealth of experience working on projects in this area.

"Because of our experience, we're uniquely positioned to capitalize on these new opportunities," says Ray Arias, founder and owner. Arias is now creating products specifically for the burgeoning field of energy intelligence.

### Increasing the Flow of Capital

One of the challenges in this unprecedented economic crisis is getting money flowing to qualified businesses so they can grow in size, scale and capacity — adding jobs and putting more people to work. As banks become more accountable to federal agencies such as the Office of the Comptroller of the Currency (OCC), those agencies will need to have systems in place to manage the increased bank examinations that come with oversight.

Powertek Corporation is a Northern Virginia woman- and minority-owned IT and professional services company. It has earned a reputation as a solutions-oriented firm that helps agencies reduce risk and minimize costs. Powertek has extensive experience working with federal agencies such as the Department of Treasury OCC.

"For almost ten years," says Powertek Chief Executive Officer



Nancy Scott, “we’ve been able to help government clients maximize their technology investment.” Helping government and financial institutions minimize risk through IT solutions will be a major focus for Powertek.

### Mentoring New Minority Businesses

The U.S. has a long-standing tradition of minorities mentoring minorities. Flintco Companies is the largest and oldest Native American-owned construction company. Based in Tulsa, Flintco focuses not just on growing its own business, but also on supporting the growth of other minority firms.

“The Flintco Companies’ work in Indian Country is particularly important to me given my Cherokee citizenship,” says Board Chair and Owner Robin Flint Ballenger. “It is Flintco’s honor to construct clinics, schools and community centers and casinos on Native lands, and this is a responsibility that we take very seriously. In Indian Country it is important to be aware that every Nation, Tribe, Pueblo and Rancheria varies and is driven by its own distinct culture, governing structure and values.”

### Supporting Growth in Minority Businesses

For more than 40 years, the Minority Business Development Agency (MBDA) has advanced the competitiveness of minority businesses, and that mission remains critical. Through a national network of business centers and strategic partners, MBDA provides a range of services including technical assistance; access to a wealth of demographic, marketing and industry data; and networking opportunities with government and private industry leaders.

A special MBDA expertise is the complex process of bidding on government contracts from the local up to the federal level. “Our MBDA consultant provided our government contract business development manager with solid strategic thinking and specific contacts and advice on the bidding process,” says Powertek’s Nancy Scott. “We’re now positioned to bid on large-scale opportunities.”

Invitations to select MBDA gatherings for minority entrepreneurs and government agency representatives introduced Arias to the procurement process. “MBDA’s vast research capabilities have set our bids apart,” reports Ray Arias. After just four years in business, Arias now has revenues exceeding \$5 million.

This year, MBDA continues research on innovative financing solutions for minority businesses in today’s challenging environment. The results of this research study will be released during the annual Minority Enterprise Development (MED) Week Conference to be held early fall 2009 in Washington, D.C. All MBDA publications can be found online at [www.mbda.gov](http://www.mbda.gov).

### Fueling the Economy

The key to fixing our economy is providing innovative and creative minority businesses, such as the ones we’ve highlighted, the opportunities to grow in size, scale and capacity. Not only will business growth come directly from the minority community, but the growth in our workforce will also come from minorities. These firms are positioned to generate long-term employment and economic sustainability in our communities. Partnerships between minority businesses and corporate America support the overall bottom line and increase global market success.

## SPENDING MORE THAN \$1 BILLION WITH MINORITY BUSINESSES

The Billion Dollar Roundtable (BDR) — a key MBDA strategic partner — is a club of 15 corporations that spend at least \$1 billion annually contracting with minority-owned and women-owned firms. Its members currently include AT&T Inc.; the Boeing Company; Chrysler LLC; Dell, Inc.; Ford Motor Corporation; General Motors Corporation; Honda; IBM Corporation; Johnson Controls, Inc.; the Kroger Company; Lockheed Martin Corporation; Proctor and Gamble Company; Toyota; Verizon Communications, Inc.; and Wal-Mart Stores, Inc. “Together, the members represent tier-one spend in excess of \$35 billion and tier-two spend of almost \$10 billion,” reports Sharon Patterson, BDR’s president and chief executive officer.

The BDR also issues policy papers and pronouncements and sponsors a prestigious annual gathering to drive supplier diversity excellence through best practice sharing and thought leadership. At the Showcase and C-Suite Summit, hosted in 2008 by Johnson Controls, Inc., senior executives from member corporations discussed their successful strategies as well as solutions to supplier diversity challenges.

## WEB DIRECTORY

**Billion Dollar Roundtable**  
[www.bdrusa.org](http://www.bdrusa.org)

**Cargill**  
[www.cargill.com](http://www.cargill.com)

**Johnson Controls Inc.**  
[www.johnsoncontrols.com](http://www.johnsoncontrols.com)

**Minority Business Development Authority (MBDA)**  
[www.mbda.gov](http://www.mbda.gov)



# THE TIME FOR SUPPLIER DIVERSITY IS NOW

By Reginald K. Layton,  
Diversity Business Development Director

**I**f your company is new to the phrase “supplier diversity,” you’re probably already a decade behind some of your most challenging competitors. They’ve already figured out a way to convert economic development into customer loyalty, market advantage and long-term stability.

Supplier diversity is a market-driven phenomenon that has nothing to do with the composition of your workforce, compliance, set-asides or philanthropy. It stems from the effort to bring more of the nation’s fastest-growing population segments into the economic mainstream, where they can purchase products and services needed to sustain the health of our economy, now and into the future.

Many forward-thinking organizations understand that supplier diversity helps corporations successfully serve their own customers across traditional, national and cultural borders. Working with diverse suppliers also provides target market access, innovative and asymmetrical thinking, and value-added services from eager new partners.

Johnson Controls recently hosted a Supplier Diversity and Business Development Showcase in Milwaukee with a Billion Dollar Roundtable (BDR) event called the C-Suite Summit. More than 70 corporations and 200 individuals attended the event. The C-Suite Summit featured senior executives from BDR corporations discussing supplier diversity best practices. The Showcase featured high-level exchanges about core supplier diversity principles, perspectives, opportunities and pitfalls. Together, the events provided proven ideas for advancing supplier diversity for competitive advantage, including winning processes that helped Johnson Controls make supplier diversity an integral part of its day-to-day operations.

The winning processes are repeatable, recognizable, predictable, and based on agreed-upon strategies and agreed-upon process actions. Successful companies continuously refine these processes to increase diverse spend, just as we experienced at Johnson Controls.

The discipline is worth it because of the market opportunity presented by supplier diversity.

Diverse entrepreneurs are leading a quiet revolution in today’s business world. They are better educated, financially stronger and starting more businesses than ever before. Their businesses are growing quickly, and most importantly, they are leaders in creating jobs for minority workers — some 75% of all minority firm employees are minorities. In addition, studies indicate that minority consumers are more brand-loyal and reward companies that contribute to their communities’ well-being.

BDR senior executives know supplier diversity is not just for goodness’ sake. They recognize that working with diverse-owned firms provides market intelligence that gives their corporations

**Working with diverse suppliers provides target market access, innovative and asymmetrical thinking, and value-added services from eager new partners.**

greater penetration in diverse markets. Their experience encourages all other corporations to move from viewing supplier diversity as something to be tolerated to viewing it as value added to the bottom line.

Supplier diversity is strategically good for business. When more people have money and jobs, more people can afford to purchase products and services, competition increases, corporate revenue increases, communities are stronger, and lives are enhanced. Isn’t that what every person and every business wants? It’s economic development at its best.



INGENUITY WELCOME

# GROWTH STRATEGY

## Cargill and Minority Suppliers



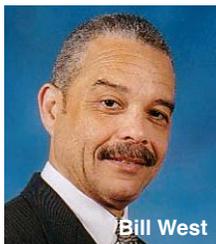
Tim Thomas

**As** director of Cargill's supplier diversity program, Tim Thomas has made the nation's largest privately owned company a leader in developing and partnering with minority owned enterprises (MBEs). Over the last four years, Cargill has increased its supplier diversity spend by 104%, and in 2008 it did business with more than 3,000 diverse suppliers.

As a tier-1 supplier to many of the world's largest food and consumer products companies, Cargill recognized early on its role in promoting its customers' brand loyalty in both the global market and the U.S., where consumer demographics are rapidly changing. "Every business strategy needs to account for the fact that women and minorities will control 85% of total U.S. purchasing power by 2010\*," says Thomas. "We're moving aggressively because it makes business sense and is imperative to the success of Cargill and the customers that we serve."



Reche Kirkland



Bill West

### BKM Resources, Inc. – Global Chemicals

BKM Resources, a New Jersey-based company that specializes in chemical distribution and management, was founded in 1986. BKM stepped in on an emergency basis, providing service in a pinch for Cargill. The opportunity embodied Owner and Founder Reche Kirkland's business strategy: target major corporations for long-term contracts rather than individual purchase orders. "That should help BKM ride out the tough times as well as stay focused on each individual customer," he says. "Our job is to make your job easier," is how Kirkland aptly describes BKM's total commitment to providing the highest-quality products and unparalleled world-class customer service at competitive prices. "We want to be big enough to serve you globally, but small enough to know you," he adds.

BKM is a multimillion-dollar company and has had long-term multimillion-dollar chemical contracts in place with Cargill for nearly ten years. In deciding to deal with the most demanding customers such as Cargill, Kirkland knew it was imperative to deliver consistent quality, unique and innovative services, and total compliance. With confidence and a wealth of experience, Kirkland welcomed the immense challenge. "It's my drive and dedication to the task in bringing value-added results to our customers," he states.

Forging ahead since earning its stripes at Cargill, BKM, with Thomas's assistance, is prepared to expand into other business units.

### Mays Chemical

Since 2003, Cargill has been contracting with Indianapolis-based Mays Chemical, which is ranked in the top 25 of the *Black Enterprise* 100 and is approaching its 30th anniversary. From the beginning, Mays' chemical distribution business strategy was to target the food and pharmaceutical industries for a simple but smart reason: "People are always going to eat, and people are always going to get sick," says COO Bill West. The successful strategy has prompted Mays' growth to 240 employees, five different locations and over \$200 million in annual sales.

Founder, Owner and CEO William A. Mays and COO West first met Thomas at a conference, and thus began a long-term, mutually beneficial relationship. "We started with two or three products for a couple of Cargill plants in the salt and North American corn milling business units," reports West. Mays' superior performance carried the day, and by 2008 Cargill was a \$14 million customer.

Thomas seeks out companies that are focused on performance because "those companies are going to be the most successful in the long run." That strategy pays off for both partners. "Cargill is demanding, but their demands have only boosted our performance," says West. BKM's Kirkland agrees: "Cargill is a big part of our success."

[www.cargill.com](http://www.cargill.com)

