BILLION DOLLAR ROUNDTABLE
GLOBAL ECONOMIC IMPACT REPORT 2022
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FOREWORD
Over the last two years, as we faced an unprecedented global pandemic and a surge in racial justice challenges, economic disparities across multiple demographic groups were further exposed and amplified.

Our world today is interconnected, and mounting adverse events affect us all. In addition, in the United States, the population is aging and diversifying to the point that the country is expected to reach majority-minority status by 2045. Globally, we continue to face headwinds such as downturns in the economy, climate change, rising energy costs, and regional conflicts. Economic growth will depend on advancing equitable and inclusive principles, policies and practices.

The Billion Dollar Roundtable (BDR) is a corporate-based organization that advocates for diverse business enterprises worldwide. We believe we are making a difference. This inaugural Billion Dollar Roundtable Global Impact Report offers insight on how our current 32 corporate members are leveraging their supply chains positively to impact our world. Our member companies are doing so on many fronts, notably shrinking social equity gaps in household wealth, health care, technology and sustainability through supply-chain business collaboration with diverse suppliers. As our report illustrates, such focused engagement and investment result in numerous societal benefits, including job creation and growth, increased tax revenues and enhanced services in communities served by diverse companies.

**BDR CORPORATE MEMBERS HAVE MANY SUCCESS STORIES TO SHARE.**

We begin with just a few of them in this report and will continue to share stories and initiatives in the months and years ahead.

We celebrate the commitment of member corporations — companies that intentionally spend $1 billion or more annually on a first-tier basis with diverse suppliers. The Billion Dollar Roundtable, a nonprofit organization, was founded in 2001 by Don McKneely (BDR Chairman Emeritus), Sharon Patterson (BDR President and CEO), and Shirley Harrison (retired) to bring together major U.S. based corporations that make meaningful and measurable contributions to the economic growth of diverse companies. Originally founded with ten corporate members, the organization reached 18 corporate members in 2012, with an additional 14 corporate members added since that time. Today, 32 corporations make up the Billion Dollar Roundtable. By demonstrating our impact, we believe further that others will embrace our vision and join us on this important mission and collaborative journey.

**ACKNOWLEDGMENT**

We thank the many hands that helped us draft this inaugural report and are grateful for the leadership of the BDR Global Committee. We especially offer thanks to two of our member companies, Cummins and JPMorgan Chase, for their generous financial sponsorship of this report with additional support from Johnson and Johnson and the BDR Impact Report team.
EXECUTIVE SUMMARY
This inaugural Billion Dollar Roundtable (BDR) Global Impact Report provides insight and analysis on how the 32 BDR member companies are leveraging their global supply chains — which command $1.3 trillion in aggregate annual procurement spend — to boost the fortunes of diverse business enterprises and the communities they serve. BDR member companies are primarily large multinational corporations whose customers, suppliers, employees and other constituent stakeholders are spread around the globe. In many respects, BDR member companies serve as stewards of supplier diversity, which increasingly is becoming a key element of the emerging corporate imperative of ESG (Environmental, Social and Governance), a developing framework for evaluating corporate behavior.

With such a global footprint amid varying classifications of what constitutes a diverse business, BDR member corporations are adept at adhering to local rules, policies and norms on diversity and inclusion both domestically and globally. In the United States, diverse suppliers generally are defined as those business enterprises whose majority owners are ethnic minorities, women, individuals with disabilities, veterans and those who identify as LGBTQ. In other areas of the world, business owners representing indigenous groups and other population groups may be considered diverse. Thus, an overarching theme of the BDR organizationally is to advocate for diverse businesses wherever they operate.

This report illustrates how supply chains of BDR member corporations, through robust and sustained engagement with diverse suppliers, are helping to create jobs, fortify tax bases and increase household wealth in under served communities. BDR member corporations also operate in these communities and this engagement creates value for shareholders, expands markets for products and services, and drives new innovative processes to support business operations.

Corporate supply chains present a sustainable engine for diverse supplier engagement. Encompassing networks of companies and people contributing through materials sourcing and procurement, supply chains drive the production and delivery of products and services to end-users. For corporations, diverse suppliers increasingly provide products and/or services that are core to a company’s operations. Supplier diversity is a mature practice and proven concept that enriches overall corporate supply chain objectives and business operations. In the critical area of environmental sustainability, where supply chains generate the vast majority of greenhouse gases attributable to corporate operations, suppliers are being counted on to provide innovations and efficiencies to reduce emissions.
BDR-sponsored research, conducted by the University of Washington’s Foster School of Business, suggests that for every dollar spent with diverse suppliers, $2.1 dollars in total economic impact are generated (i.e., direct, indirect, and induced). This impact is vital, and the opportunity is great. In the United States, for instance, the average household wealth of a Black or Hispanic family is well below that of a white family, with one of the central drivers of household wealth income arising from privately held businesses, according to the U.S. Federal Reserve.

**BDR MEMBER COMPANIES AGGREGATED 2021 SPEND**

- **$96 BILLION** in Tier I spend with diverse suppliers in the U.S.
- **$17 BILLION** in Tier I spend with diverse suppliers outside the U.S.
- **$28 BILLION** in Tier II spend with diverse suppliers in the U.S.

When BDR member companies source with diverse companies within their supply chains, it stimulates local economies where diverse firms operate, notes the University of Washington’s Foster School of Business in its research findings for the BDR.

**BDR MEMBER COMPANIES 2021 GENERATED IMPACT IN THE U.S.**

- **$194 BILLION** in total economic impact
- **$57 BILLION** in diverse supplier wages
- **1.3 MILLION** jobs created and sustained
- **$107 BILLION** added to U.S. gross domestic product (GDP)

The greatest amount of 2021 spend by BDR member companies – $68.7 billion – is attributed to some 13,000 businesses whose majority owners are ethnic minorities identifying as African-American, Hispanic or Asian American/Pacific Islander. At the advent of the supplier diversity function beginning in the 1970s, these groups were the primary recipients for diverse supplier spend. During the George Floyd social justice protests of 2020, many corporations, including those with membership in the BDR, publicly announced a number of financial commitments to boost spend directed at these groups.
For forward-thinking corporations like those with membership in the BDR, the impact of supplier diversity goes well beyond the mantra of doing the right thing. Instead, actions that embrace supply chain diversity today have become corporate imperatives. Our report offers other illuminating examples of how BDR member companies are making a difference — an impact — both domestically and globally in a number of areas, including in building the capacity of diverse companies so that these suppliers can be sustained over the long term. Highlighted are examples of innovative best practices and approaches deployed by BDR member companies Apple, Bank of America, Cummins, JPMorgan Chase, and Merck.

The BDR’s mission is to drive supplier diversity excellence through best practice sharing and thought leadership. To fulfill its mission of leading, influencing and shaping supplier diversity excellence globally, the BDR relies on focused collaboration among its member companies. Many BDR member companies are spirited competitors in the marketplace. Yet these leading companies freely and purposefully share ideas, resources and approaches in advocacy of robust supplier diversity programs and initiatives as well as ESG alignment.

### BDR Tier 1 Spend with U.S. Based Diverse Firms

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Reports are based on prior year spend data.
INTRODUCTION
Founded in 2001 with 10 charter corporations, BDR member companies today span 10 industries, including technology, utilities, retail, automotive, financial and health care. BDR member companies are among the very largest corporations in the United States with 2021 global revenues ranging from $9 billion to $573 billion.

Individually, these corporations achieve success in supplier diversity through engagement with key stakeholders company-wide, including their boards of directors, C-suite executives and business and procurement leaders. As ESG reporting and DEI (Diversity, Equity and Inclusion) initiatives have moved into the spotlight in recent years, BDR member companies have been institutionalizing the process for integrating diverse suppliers into their supply chains. The rate of growth for consolidated BDR Tier I and Tier II spend averaged 4.7% from 2014 to 2020 — compared to an average U.S. GDP growth rate of 1.6% during this same period, according to data derived from annual spend surveys of members.

BDR membership includes several requirements, but primary among them is that corporations must spend at least $1 billion annually and directly with certified diverse suppliers on a Tier I basis. They also must submit to an annual audit by an independent third party. For BDR purposes, certified means that U.S. suppliers have been confirmed by a third-party certification agency as being at least 51% owned, operated, and controlled by one of the five diversity certification organizations it recognizes. Globally, the BDR works with partner advocacy organizations in a number of countries to recognize certifications of diversity enterprises. The BDR Governance Committee evaluates certification organization requests on an ongoing basis as a means for recognizing greater numbers of diverse suppliers globally.

The work of the BDR supports the following United Nations Sustainable Development Goals, as adopted in 2015 as a universal call to action to address global challenges, including poverty, inequality, climate change, environmental degradation, peace and justice. A presentation at BDR’s 2022 Annual Summit examined the Sustainable Development Goals and how corporations can work with the U.N. Secretariat on various initiatives.
The impact of supplier diversity of BDR member companies extends far beyond counting spend that is generated through corporate supply chains. The resulting impact of that diverse spend helps to close many gaps in social equity, including but not limited to household wealth, health care, inequality, sustainability, business growth and entrepreneurship, as referenced in the six Sustainable Development Goals (SDGs).

The BDR advocates for a spirit of engagement between corporations and diverse businesses to drive economic empowerment of communities and citizens through business growth. It also holds that corporate supply chains are an effective and appropriate medium through which corporations can play a major role in helping to develop and grow the capacity of diverse suppliers. The BDR believes that diverse suppliers are well positioned as capable and willing corporate supply chain partners.

The influence of the Billion Dollar Roundtable (BDR) is at the core of Howard University’s Center for Excellence in Supply Chain Management (CESCM). It starts with the CESCM Advisory Board, chaired by Shelley Stewart, Jr., the BDR Chairman of the Board. The Advisory Board is comprised of 20 corporations, including 6 BDR corporate members. These companies provide the next generation of supply chain leaders real-world challenges and ensure the preparation of these students to lead in all facets of supply chain management and supplier diversity. Professor Tanya Penny Woods, Director of CESCM shared that the BDR has provided invaluable exposure, insight and relevant statistical analysis directly impacting curriculum and student research projects.

Dr. DC Ware
Associate Director, Center for Excellence in Supply Chain Management
Howard University School of Business
Information Systems & Supply Chain Management Department

BDR-RECOGNIZED CERTIFICATIONS
To maintain consistency among BDR members, diverse suppliers must be certified by one of these third-party certification agencies.

### United States
- National Minority Supplier Development Council (NMSDC)
- The Women’s Business Enterprise National Council (WBENC)
- National Gay Lesbian Chamber of Commerce (NGLCC)
- National Veteran’s business Development Council (NVBDC)
- Disability:iN

### Global
- Centro de Integração de Negócios (INTEGRARE)(Brazil)
- Canadian and Aboriginal Minority Supplier Council (CAMSC)
- South African Minority Supplier Diversity Council (SASDC)
- Minority Supplier Development UK (MSDUK)
- Minority Supplier Development China (MSDChina)
- Supply Nation (Australia)
BDR MEMBERS OPERATE IN WIDE-RANGING INDUSTRIES

The following chart shows the percentages of the 32 BDR member companies within various industries.

- **AUTOMOTIVE**: 22%
- **TECHNOLOGY**: 19%
- **RETAIL**: 13%
- **AEROSPACE & DEFENSE**: 3%
- **CONSTRUCTION & FARM**: 3%
- **UTILITIES/ENERGY**: 9%
- **FINANCIAL SERVICES**: 6%
- **TELECOMMUNICATIONS**: 9%
- **HEALTHCARE**: 13%
- **CONSUMER PRODUCTS**: 3%
Significant evidence points to growing global inequities driven by slow global growth and the global pandemic. Economically, the rate of growth for national GDPs fell in nearly every country in 2020 — including the United States. The concern about growing global inequities — both within countries and across borders — is so strong that the World Economic Forum’s 2022 Global Risks Report has identified social inequities as one of the greatest global risks in addition to climate change.¹
**CLOSING THE GAPs IN INEQUALITY**

Economic impact measures the financial effect of an event on the economy and is usually broken down into Direct, Indirect, and Induced Impacts. When BDR member companies make purchases in their supply chains, they stimulate the economy at all three levels.

The economic impact of supply chain spend by BDR member companies on the United States is shown as follows (as calculated by the University of Washington Foster School of Business).

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**IMPACT ON MINORITY BUSINESS AND HOUSEHOLD WEALTH**

In the United States, the average household wealth of a Black or Hispanic family was a mere 14% and 17%, respectively, of the household wealth of the average white family in 2019.

History has shown that, at the highest income levels, some of the biggest drivers of household wealth are home ownership and income from a privately held business — surpassed only by income from the stock markets (corporate equities and mutual funds).

Of their 2021 aggregate Tier I diverse supplier spend, BDR member companies spent $68.7 billion with minority suppliers (defined as companies whose majority owners identify as African-American, Hispanic, Asian-American/Pacific Islander or Native American) supporting about 13,000 businesses where the management teams and their employees are all contributing to building generational wealth.

At the employee level of minority-owned companies, there is an increased focus on ensuring all individuals are paid a "living wage," especially with the growing gap between the poor and the wealthy. A living wage is most frequently referred to as that level of income sufficient for a worker to afford the basic needs of life, such as food, housing clothing and transportation — with a small margin to address unforeseen events.

The majority of corporations in the United States require all of their suppliers to follow a Supplier’s Code of Conduct, which requires suppliers to behave in a way that adheres to the corporation’s expectations in a variety of areas, including paying employees at or above the legal minimum wage and in accordance with other local labor laws.
IMPACT ON WOMEN BUSINESS AND GENDER EQUITY

The United Nations’ Global Gender Gap Index ranked the United States 30th in 2021. Although this is above 126 other countries on the list, it is also below the United Kingdom, Canada, France, Germany, Ireland and Sweden. The Index measures Gender Equity using a framework of four primary criteria:

1. Economic Participation and Opportunity
2. Educational Attainment
3. Health and Survival
4. Political Empowerment

The gender wage gap is not a new topic. Little to no progress in closing the gap has occurred over the past several years. The median annual earnings for women were 81% of median annual earnings for men in 2019, according to the U.S. Census Bureau. For women of color, the variance is greater. Black women earn 15% less than white women on average and 35% less than white men. Reducing racial and gender pay gaps in the United States could create as many as 1.7 million jobs, and raise annual GDP by as much as 2.1% — or about $450 billion annually, according to the U.S. Census Bureau.

By purchasing $23.2 billion in Tier I spend directly from more than 14,000 women-owned firms in 2021, BDR member companies are making contributions toward closing the gap on 3 of the 4 Gender Equity Index criteria, as well as closing the gender wage gap.
IMPACT ON OTHER DIVERSE COMMUNITIES

Additional economic impact data for LGBTQ, Veteran, Service-Disabled Veteran and Disability-Owned Businesses is shown below based on 2021 BDR Tier I spend.

<table>
<thead>
<tr>
<th>Business Type</th>
<th>Tier I Spend</th>
<th>Payroll</th>
<th>Added value to GDP</th>
<th># of jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>LGBTQ-Owned Businesses</td>
<td>$0.2B</td>
<td>$0.1B</td>
<td>$0.2B</td>
<td>2,417</td>
</tr>
<tr>
<td>Veteran &amp; Service-Disabled Veteran-Owned Businesses</td>
<td>$3.3B</td>
<td>$2B</td>
<td>$3.7B</td>
<td>44,498</td>
</tr>
<tr>
<td>Disability-Owned Businesses</td>
<td>$0.3B</td>
<td>$2.4B</td>
<td>$0.4B</td>
<td>4,608</td>
</tr>
</tbody>
</table>

BDR’s minority-owned business spend segmented by ethnicity:

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<thead>
<tr>
<th>Business Type</th>
<th>Tier I Spend</th>
<th>Payroll</th>
<th>Added value to GDP</th>
<th># of jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>African-American Businesses</td>
<td>$19.1B</td>
<td>$11.3B</td>
<td>$21.4B</td>
<td>256,067</td>
</tr>
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<td>Asian-American Businesses</td>
<td>$26.1B</td>
<td>$15.4B</td>
<td>$29.3B</td>
<td>350,373</td>
</tr>
<tr>
<td>Hispanic-American Businesses</td>
<td>$16.1B</td>
<td>$15.4B</td>
<td>$18.1B</td>
<td>216,283</td>
</tr>
<tr>
<td>Native-American Businesses</td>
<td>$0.3B</td>
<td>$0.2B</td>
<td>$0.4B</td>
<td>216,283</td>
</tr>
<tr>
<td>Multicultural Businesses</td>
<td>$4.1B</td>
<td>$2.4B</td>
<td>$4.6B</td>
<td>54,674</td>
</tr>
</tbody>
</table>

1. 2022 Global Risks Report, World Economic Forum
2. Based on 2021 Tier I Diverse spend using a 2019 RIMS II Bureau of Economic Analysis (BEA) analysis with Mid-Range calculations conducted for BDR.
3. 2019 Survey of Consumer Finance, Federal Reserve Bank
4. Assets by Wealth Percentile Group 2022, Federal Reserve Bank
5. A Living Wage: The Latest ESG challenge for Corporate Governance, Forbes, March 26, 2021
7. BlackWomenomics, Goldman Sachs, 2021
BDR member company Merck recently conducted research to determine the impact of increased spend with diverse suppliers on better health outcomes in targeted diverse communities. The findings are significant based on Merck’s supply chain diversity spend in 2021.

Healthy People 2030 focuses on helping more people achieve economic stability. Sponsored by the U.S. Department of Health and Human Services (HHS), the initiative operates under the belief that people with stable jobs are less likely to live in poverty and more likely to lead healthier lives.¹

Statistics have shown that:
- Black Americans have lower life expectancies than White Americans, along with higher rates of hypertension, diabetes and maternal mortality in the United States.²
- 50% of Hispanic Americans will develop diabetes over their lifetimes, and they are 50% more likely to die from the disease than whites.³
- Hispanic Americans have a higher prevalence of chronic kidney disease and cirrhosis of the liver than white Americans at 14.8% and 10%, respectively. HHS has identified five key Social Determinants of Health (SDOH), with economic stability as a primary driver.
Tier I spend with diverse suppliers in the supply chain increases the number of diverse employees who receive a living wage and lays out a road map for shrinking health inequities by providing economic stability to a broader portion of the diverse population.

Research conducted by Merck based on its 2021 supply chain diverse spend reflected many positive impacts related to healthy lives as shown below.

**ADVANCING HEALTH EQUITY**
Economic Inclusion & Supplier Diversity

Health and well-being are strongly influenced by the conditions in which people are born, grown, live, work, and age – commonly referred to as Social Determinates of Health (SDOH). Eighty percent of health outcomes are driven by non-medical factors, and Supplier Diversity advances health equity by closing the gap on some of these social, economic, and environmental factors.

**Health Outcomes**

Merck’s spend with ethnic, minority-owned and small business suppliers has a positive impact on diverse households and communities.

**Clinical Care**

Higher insured rates amongst communities of color provides increased access to care.

**Health Behaviors**

- **Decline in black children living in poverty when increasing spend with small businesses to greater than $1M.**
- **Increased college education amongst ethnic and minority communities.**
- **Decline of adults suffering from mental distress when increasing spend with Asian-owned business.**

**Increased Access to Healthy Foods**

Spend with ethnic and minority suppliers results in almost 2x greater food security with more access to healthier foods.

The concept of sustainability, a fundamental value-chain element of the emerging corporate imperative of ESG, is top of mind for BDR member companies. Increasingly, corporations are tying sustainability to their supplier diversity efforts and initiatives. In fact, many supplier diversity leaders have broadened their responsibility to include supply chain sustainability in addition to supplier diversity.

Indeed, the investment community is echoing concerns about sustainability, including major institutional investors such as BlackRock Inc., the largest global investment banking firm with $8.5 trillion under management as of second quarter 2022. In turn, the U.S. Securities and Exchange Commission is developing standards that will require public companies to report on a minimum number of climate and social equity measures, similar to actions already taken by a growing number of developed countries globally.

Customers, board members and other corporate stakeholders are propelling corporations to advance sustainability principles company-wide, including within the supply chain ecosystem. With an eye toward net-zero emissions, an increasing number of corporations, including many BDR members, are requiring their suppliers to report sustainability metrics regularly as a condition of participating in the corporation’s supply chain.
The Sustainable Purchasing Leadership Council (SPLC), a membership organization that seeks to strengthen and standardize sustainable purchasing efforts (to which a number of BDR member companies belong), defines sustainable purchasing as “the act of taking responsibility for the environmental, social and/or economic consequences of purchased goods and services.” With an understanding of the impact of sustainability on supply chains, the BDR is engaged in researching and setting up best-practice models for how diverse suppliers can help corporations achieve their sustainability goals.

BDR member company Apple illustrates an approach to providing support to diverse suppliers seeking to advance their understanding and practice of sustainability.

**APPLE DIVERSE SUPPLIERS INTEGRAL TO SUSTAINABILITY**

As the United States progresses toward a more sustainable future, Apple believes it is critical that diverse suppliers are integrated into the process to become part of the solution.

Last fall, leaders of companies across the United States participated in Apple’s inaugural Impact Accelerator – a three-month virtual program that involved customized training along with access to Apple expert mentors and an expanding alumni community. Launched in 2020 as part of Apple’s Racial Equity and Justice Initiative, the Impact Accelerator is designed to support equity and opportunity in the environmental sector for Black-, Hispanic/Latinx-, and Indigenous-owned businesses on the cutting edge of green technology and clean energy. It also aims to combat systemic barriers to opportunity while advancing innovative solutions for the communities most impacted by climate change.

Following the program, Apple is working with several businesses from the Impact Accelerator’s first class, including Detroit-based Rickman Enterprise Group as part of the company’s supply chain network.

“We cannot build a greener economy without building a more just one, where communities most impacted by environmental harms lead us toward solutions,” said Lisa Jackson, Apple Vice President, Environment, Policy and Social Initiatives.

“Our Impact Accelerator models the approach we need — bringing bold, innovative and diverse businesses together to speed progress to a carbon-neutral future.”
For Roderick Rickman, Chairman and CEO of Rickman Enterprise Group, applying to join Apple’s inaugural Impact Accelerator was an easy decision. Rickman said he believes that everyone — citizens and corporations alike — shares a social and physical responsibility in protecting the planet.

“Apple’s commitment to sustainability, its environmental commitment to our earth and its social responsibility to residents really excites and drives me to get involved,” Rickman said.

A military veteran who now owns an environmental cleaning service for the automotive industry, Rickman said he has always been concerned about the impact corporate’ practices are having on the environment.

“I can remember back in the ‘60s when car owners would change their own oil, and they would dispose of it in ways that were not kind to the earth,” Rickman recalled of his time growing up in Detroit. “Today, that’s totally unheard of. As environmental concerns and issues evolved, we’ve always been sensitive toward the preservation of our environment.”

Following participation in the Impact Accelerator, Rickman Enterprise Group and Apple are exploring ways to infuse Rickman’s expertise in facility management, environmental waste management, and Apple’s goal of achieving zero waste-to-landfill for its facilities and products.

“Environmental laws, regulations, and responsibilities change,” Rickman said. “As they change, we need to change with them and make sure that across the demographics of industries, we have common practice and common procedures as it relates to sustaining our earth, our environment and making sure everyone is responsible in the same way.”

As the space of sustainability accelerates and matures, BDR member companies are intent on helping to shape the landscape for diverse suppliers seeking guidance.
For the majority of BDR member companies, their top diverse suppliers provide a product or service that is core to the company’s business model. In every instance, supplier diversity supports overall corporate supply-chain objectives and business operations. Supplier diversity performance is monitored monthly against goals by category and performance dashboards are distributed cross-functionally, including to senior management.

By building the capacity of targeted diverse suppliers, the BDR member companies increase the probability that diverse suppliers can scale from company-to-company, industry-to-industry, and country-to-country. The process of scaling targeted suppliers benefits all corporations seeking to do business with a diverse supplier.
SUPPLY CHAIN CAPACITY BUILDING

BDR member companies currently purchase directly from more than 27,000 diverse suppliers. Proactively building the capacity of targeted diverse suppliers is a key strategy for driving diverse spend. As larger diverse suppliers move up corporate supply chains, they are better positioned to sustain themselves over the long term.

Global sourcing is a complex process within all multinational corporations, including BDR members. In order to support overall objectives to optimize the supply chain, many BDR member companies intentionally scale targeted diverse suppliers unique to their own supply chains in core areas of spend. Among BDR member companies, the average spend with the top diverse supplier was $485 million in 2021.

BANK OF AMERICA
ADDRESSING CYBERSECURITY

Cybersecurity is a challenge every company faces. BDR member company Bank of America’s supplier onboarding and management processes account for this challenge when engaging diverse suppliers. Increasing cybersecurity readiness in diverse suppliers increases their chances of becoming and remaining a supplier at Bank of America and many other corporations. Over the past year, Bank of America’s supplier diversity team has focused on this important subject, recognizing the challenge diverse businesses face in addressing gaps identified during information security assessments, notably a lack of education and access to capital.

To confront these challenges, Bank of America, in partnership with five other leading financial institutions, spearheaded a pilot program with TruSight. The program prepares diverse suppliers for cybersecurity assessments and remediation and socializes their capabilities with corporate leaders. Ultimately, Bank of America and its partners have as goals to accelerate the sales cycles of diverse suppliers and convert “ready-now” diverse suppliers into the supply chain.

Bank of America has also launched a second cyber-readiness program where cybersecurity experts provide direct, hands-on training to the leaders of small, minority-owned businesses. The goal is to help these companies chart a road map for implementing sustainable improvements to their respective cybersecurity policies and controls.

“These targeted efforts have already demonstrated benefits for our suppliers and Bank of America. Suppliers
have gained insight into their current cyber-defense readiness – making them stronger businesses – which has allowed us to establish new relationships with additional diverse-owned businesses that are now cyber-ready,” said Vonshe Jenkins, Senior Vice President, Bank of America.

**CUMMINS BUILDING CAPACITY IN UNTAPPED AREAS OF SPEND**

As supplier diversity has become a key business strategy for the most progressive corporations, the number of diverse suppliers exceeding $100 million and even $500 million in annual sales has grown considerably. Yet significant potential remains in many untapped areas of spend and in untapped industries. A strategy of BDR member companies like Cummins is seek out those untapped opportunities by partnering with non-diverse prime vendors through spinoffs. For example, Cummins recently spun off a business unit to create a minority-owned firm in one of those untapped opportunity areas. The equipment used to make face masks at the Cummins Engine Plant in Columbus, Ind., was sold to an African-American-owned company in nearby Indianapolis, which plans on creating a disability-friendly employer producing masks beyond the immediate response to the pandemic.

“This sale created a new African-American manufacturer,” said Helena Hutton, Senior Director of Cummins’ Center of Excellence for Supplier Inclusion in Strategic Purchasing. “It illustrates Cummins’ commitment to partner with diverse-owned companies and contribute to generational wealth-building with business leaders of color. I am proud to be part of a company that makes deals like this one happen.”

Christopher Barney, owner of Team Cruiser, a logistics and supply company that has worked with Cummins previously, planned to offer masks for sale to the public.

In 2020, Cummins established mask-making operations in the United States, Mexico, and India to provide some 10 million masks to its employees worldwide. With the pandemic seeming to wind down in the United States as more people receive COVID-19 vaccinations, and with a healthy surplus of masks at the ready if needed, the time was right for the company to think about selling the operations in Columbus, said Cummins Partnership Strategy Manager Tarek Elharis.
JPMORGAN CHASE DRIVING SUPPLIER DIVERSITY WITH PRIME SUPPLIERS

In an era where the concept and practice of ESG is rising rapidly to the top of corporate agendas, prioritizing diversity is not, on the surface, a novel idea. In fact, BDR member company JPMorgan Chase has been committed to supporting diverse suppliers for almost 30 years, with the philosophy that an inclusive supplier base that mirrors the communities in which the bank does business generates wealth, creates jobs and fosters economic growth. Currently, JPMorgan Chase dedicates about $2 billion annually to diverse-owned and managed companies. In October 2020, JPMorgan Chase made a commitment to increase its spend with Black-, Hispanic- and Latino-owned businesses by $750 million as a part a $30 billion commitment to help close the U.S. racial wealth gap.

JPMorgan Chase’s global procurement function oversees $19 billion in annual spend, across 6,500 suppliers encompassing technology, professional services, real estate, legal, and every category in between. Given the impact of this significant spend and its ripple effect on the global economy, the team is cognizant of the importance of purchasing responsibly.

“Supplier diversity is a top priority across Global Supplier Services, which really involves every part of our team – even payment operations and supplier assurance services, who historically wouldn’t be involved,” said Jim Connell, Chief Procurement Officer and Head of Global Supplier Services. “It’s important that we all play a part in driving supplier diversity forward.”

JPMorgan Chase as well is “doubling down” through a unique approach that leverages its own scale to systematically promote best practices and commitments throughout its supply chain. It is mobilizing key suppliers to spend more with diverse companies; mentoring those with emerging supplier diversity programs; enhancing discoverability of diverse suppliers; and promoting increased spend targets with key business communities, specifically Black, Hispanic and Latino.

This strategy is built on JPMorgan Chase’s Gold Supplier program, an initiative launched in 2017 that brings together industry leaders to generate shared, incremental value and strengthen relationships with its most strategic and highest performing suppliers, from blue-chip market leaders to small and agile innovators – both publicly traded and privately held.
Connell and his team understand that simply demanding that Gold Suppliers spend more with diverse companies may not provide the desired results. Connell noted that the team has engaged with more than 100 of these top suppliers to determine through a benchmarking survey to determine where they were in their journey toward a sustainable supplier diversity program, allowing the team to tier them into these three groups:

1. Emerging – very nascent supplier diversity programs that still in the planning stages.
2. Established – relatively successful supplier diversity programs that have been established for several years.

To date, nearly 40% of Gold Supplier growth plans have been determined ambitious enough to have an impact. Collectively, the Gold Suppliers are projected to increase diverse spend by $6.2 billion over the next three years, $1.2 billion of which is earmarked for Black, Hispanic and Latino suppliers. Financially, it is a major step in the right direction for diverse businesses, and Connell said that figure is expected to balloon further as more Gold Suppliers are fully onboarded. What’s even more motivating to Connell and his team is that about a dozen Gold Suppliers were initiating their own supplier diversity programs for the first time.

Though supplier diversity is a mandate for these suppliers, JPMorgan Chase recognizes that not every organization has the resources or expertise to transform overnight and is supporting them through these challenges. For suppliers with emerging diversity programs, the firm offers access to mentorship. “We’re pairing them up with those that are best-in-class, industry leaders in supplier diversity,” Connell says. “We’re creating mentor-mentee relationships where they can learn from the best, and providing them with tools, templates, and training modules.”

Improving spend with diverse suppliers supports a wider ESG agenda at JPMorgan Chase and suppliers should expect that ESG is going to be an integral component of how they are measured, Connell said, as the expectation is that companies it does business shares its values. “We believe that procurement spend can be leveraged for social good, whether that is racial equity, environmental sustainability or good governance. It is not a box-checking exercise, but a vital pillar for the future of the bank and its stakeholders.”
CONCLUSION
Our inaugural Global Impact Report represents a beginning in our examination of how the supplier diversity spend of BDR member companies can make a difference in helping to mitigate many of the ills confronting global society today. We’ll continue to conduct research, collaborate with one another and advance best practices on the global impact of spend. Indeed, diversity spend is a powerful tool that corporations wield. As diverse businesses and entrepreneurs continue to meet the needs of corporate supply chains, that spend certainly is destined to increase, creating even greater impact. As noted earlier in this report, the aggregate Tier I supplier diversity spend of BDR member companies increased over the past year by $20 billion to $96 billion.

For the many reasons outlined in this report, supplier diversity spend is hardly a benevolent exercise. It is shown to be an opportunity not only to assist corporations in enhancing their supply chain operations but also to create needed economic empowerment in communities where diverse suppliers operate and where corporations do business. Please stay tuned. More is to come!