From the Director

Purdue University is Setting High Standards

Created in 2005 with the hiring of long time small business advocate Jesse Moore, Purdue has actively engaged in a variety of activities designed to (1) provide university staff with the critical sourcing tools to locate qualified minority and women business firms, (2) awakening the minority and women businesses to the opportunities that exist at the university, and (3) develop an aggressive communication program that keeps both staff and businesses informed in addition to soliciting valuable feedback on program design and implementation strategies.

Purdue University's strategic plan (2002-2007) establishes goals and objectives that increase diversity among students, staff, and faculty. Embedded within the plan is the vision to increase Purdue's role in sustaining the economic vitality of the state of Indiana by creating new business opportunities within business technology centers and research park facilities throughout the state. The intersection of the goal of creating a more diverse campus community and the goal of strengthening businesses in Indiana naturally includes extending opportunities to what are known as “historically underutilized small businesses”; small minority and women-owned firms.

Two recent events exemplify Purdue's renewed efforts in supplier diversity development. Through Purdue’s leadership, last month June 2007 a national dialogue on supplier diversity development was held in Indianapolis in partnership with National Association of Educational Procurement (NAEP). Fifty two universities from across the country gathered to discuss best practices and participate in workshops devoted to supplier diversity in higher education. The day and a half conference include sessions on "The Business Case: The Return on Investment From Supplier Diversity", "Relevant Trends Impacting the Academic Arena", "Establishing a Positive Environment for Competitive Access Within Your Organization", a presentation by Charlie Nelms, Vice President of Institutional Development and Student Affairs on Indiana University’s supplier diversity program and the development process of a successful initiative, and a rousing keynote luncheon speech by outgoing Purdue University president, Martin Jischke. Comments from the attendees of the luncheon included such accolades as, “the best speech supporting supplier diversity I have heard in my 30 years in this industry”. This conference provides the foundation for more sharing of vital information among practitioners in the future.

The second event is the announcement of the Mackey Arena Renovation Project on campus. The design phase of the project was approved by the Purdue Board of Trustees in May awarding the overall design contract to HNTB with the stipulation that 45% of the contract would be with minority and women firms.

Future initiative include more "Relationship to Partnership" sessions where small minority and women business owners meet with buyers, and end users, who are responsible for sourcing firms and purchasing goods and services. Each small firm can select the session that most aligns with their business and buyers for that product or service attend with the
purpose of meeting new businesses that may be able to compete for contracts. Last fall this event was expanded to include eight firms located in Tippecanoe County who shares Purdue's commitment of expanding opportunities for diverse companies. The first such event in the fall of 2005 drew approximately 130 businesses. The latest sessions had more than 395 businesses participate seeking to establish business partnerships with companies like State Farm Insurance, Caterpillar, Lilly Tippecanoe Laboratories, Cities of Lafayette and West Lafayette, Ivy Tech Community College, and Tate & Lyle Manufacturing in addition to Purdue University. Plans are underway for this year's event scheduled for November 13th on Purdue’s West Lafayette campus.

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Architects Build Name Both Here and Abroad

Only the two owners of A2S04 Architecture know what its name means, but the minority-owned firm's recent successes are no secret to Indianapolis' architecture community.

The name is almost as closely guarded as Coca-Cola's recipe: the co-founders' spouses and employees don't even know what it means.

"It's an acronym that had significant meaning at the time we founded the firm," said president and co-founder Vop Osili. "That's something we keep to ourselves."

While Osili and co-founder Sanford Garner are keeping the firm's name under wraps, A2S04 is gaining visibility here and abroad for its involvement in high-profile projects.

The firm is working on the Lucas Oil Stadium and the midfield terminal project at Indianapolis International Airport. The 32-employee firm also is involved in designing an 83-story tower in Abu Dhabi, nicknamed the "Sky Tower," that currently is the world's tallest "green" building. And it is busy developing master plans for large-scale urban developments in the United Arab Emirates, Nigeria and Morocco. A2S04 has grown quickly since its founding by two black architects six years ago and now employs a staff of 32 employees -- of whom about 40 percent are black, Latino or Asian-American. However, Osili said, the company would prefer to be known as a good architectural firm, period, rather than a good minority architectural firm.

"We are an MBE (minority business enterprise) firm, but it's not something that we need to have on our badges," he said. Jim Schellinger, president of CSO Architects of Indianapolis, has worked with A2S04 on the design of the airport midfield terminal project and on new hotels being built Downtown and at the airport.

"They're a good, quality firm, and it just so happens they're a minority-owned business," Schellinger said.

"We're not going to achieve diversity until these firms get to play a significant role," he said. "It's great to give them part of a project... but if we want these firms to grow and we want them to get notoriety, then we need to give them a design role." Osili said the company's overseas projects, and the opportunity for travel, are part of what makes it an exciting and diverse workplace. A2S04 has moved three of its employees and their families to Abu Dhabi to work on projects with partner R.W. Armstrong and Associates of Indianapolis.

"We're doing a master plan for a project in the UAE (United Arab Emirates) that requires 14 million square feet of construction and will cost $5.8 billion," Osili said. "It will cover 158 acres, and we are designing the whole thing. It's a fantastic learning experience for our staff."
A2S04 is gaining expertise in the design of environmentally friendly buildings through its partnership with R.W. Armstrong. The two Indianapolis firms are working together on the Abu Dhabi tower to ensure it meets strict environmental requirements regarding building materials, energy savings and waste disposal.

"We are pushing (green design) in every way possible on all of our projects," Osili said.

"It's a pleasure working with all the people at A2S04," said Jim Wade, chief executive of R.W. Armstrong. "At this point, they are like family. We work very well together."

A2S04 also is one of six small, minority-owned firms designing the midfield terminal's parking garage through the ARCHonsortium. The garage, which will hold 7,100 cars, will be done in summer 2008.

John Kish, the midfield project director for the Indianapolis Airport Authority, has been impressed with the architectural firm's work -- especially with the green building design and project management, including the recycling of debris and reuse of concrete.

A2S04 is "creating imagery in the parking garage and ground transportation center as part of the ARCHonsortium," Kish said. "They work hard to give us a selection of design choices, so that we can express the look and feel that we want for the structures we're building."

For the $550 million Lucas Oil Stadium project, A2S04 is handling construction administration as well as the interior design of the public spaces, including concourses and concessions.

A2S04 is known for the modern, clean look of its buildings, which include Studio Midwest, a photography studio on Shadeland Avenue that recently won an American Institute of Architects excellence award.

Recently, A2S04 has started to branch out and has began producing office and residential furniture for its buildings, too.

"We've just initiated a new line of furniture to complement our buildings," Osili said. "We've displayed our furniture in a number of galleries in the Midwest."

By: Caroline Duffy Marsan IndyStar.com 2007

Initiative is Healthy Start for State Small Businesses

Pat Bacon found one of the biggest challenges of running a small business was whether or how to provide health insurance for her family and employees. Unable to afford group coverage, she and her husband relied on part-time help to build the art and framing business, Arts In Harmony. The couple, meanwhile, bought bare-bones individual plans to provide catastrophic coverage for themselves. "It scared me to death anytime anything would happen, and we're healthy," said Bacon, adding that she and her husband sometimes skipped preventive care to save money.

That's just the sort of situation that state lawmakers hope to help improve through health-insurance legislation awaiting Gov. Mitch Daniels' signature.

Much of the money raised from a 44-cents-per-pack increase in the cigarette tax would go for a new health insurance program to provide coverage for many of Indiana's working poor. However, the legislation also provides incentives to make it more affordable for small businesses to provide health insurance or wellness programs.

Rep. Charlie Brown, D-Gary, one of the bill's sponsors, said it was important to provide incentives to small businesses when looking for ways to reduce the estimated 500,000 or more Hoosiers without insurance. "The small businesses are the major employers in the state of Indiana," he said.

It's a start, said several local business leaders.

Specifically, the bill would provide a tax credit of $50 per employee, with a maximum credit of $2,500, to small businesses for two years if they provide benefits.
The legislation also would allow the state to set up a program for businesses with two to 50 employees to "pool" together to buy group insurance.

"We certainly view all of the components of this legislation as a step in the right direction," said Kevin Brinegar, president of the Indiana Chamber of Commerce.

But he said a tax credit of $50 per employee might not be enough incentive for a small business to add health benefits, which generally cost thousands of dollars a year per worker. He added that the idea of businesses pooling together to buy insurance will require more study to see how it should be structured.

Providing health insurance to employees is a huge, and growing, expense for businesses of any size. Premiums for employer-sponsored health coverage have far outpaced the rate of inflation, rising 7.7 percent in 2006 and 9.2 percent in 2005, according to the Kaiser Family Foundation.

Coverage now averages $11,480 a year, with the worker paying an average of $2,973 of that, the study said. Many small businesses are dropping or not offering coverage. According to Kaiser, the percentage of businesses with three to 199 workers offering health benefits has fallen from 68 percent in 2001 to 60 percent in 2006.

By comparison, 98 percent of businesses with 200 or more employees offered benefits last year.

"We've had several clients over the past couple of years who have said: 'No more group health insurance. We just can't afford it,'" said Michael Haffey, partner with Agency Associates, a Zionsville insurance broker.

Haffey estimated it may cost a company about $1 million a year, or $5,000 a person, to provide benefits for 200 employees and dependents.

Entrepreneurs in industries such as computer technology or life sciences say they have to provide a competitive benefits package if they hope to recruit the most skilled workers.

"If you want to offer competitive benefits, which we did, you just have to swallow hard and pay it," said Joe Muldoon, shareholder and former president of Indianapolis-based CentraSep Technologies, which has about 15 workers.

He called the legislation's $50-per-employee credit a "nice token," but added that he would be interested in learning more about how small businesses could join together to buy coverage and spread the risk. The legislation also would provide businesses with two to 100 employees a tax credit for up to half the cost of an employee-wellness program.

"We're probably most excited about the wellness-program credit," Brinegar said. "We think that has the potential to really move some behavior."

Haffey, the insurance broker, said it would cost that company about $15,000 a year to add an effective wellness program that would help assess the health risks of employees and then provide them with resources, such as nurses or nutritional counselors, to help them improve their health and avoid costly medical problems.

Bacon, the former art store owner, said she asks would-be small-business owners not only about their business plans but also about their plans for health insurance.

"It's the first thing you would say to someone," said Bacon, now business manager for the Indiana Venture Center, a nonprofit organization that advises startup companies. "You have this wonderful idea: now how are you going to take care of your family?"

By: Daniel Lee IndyStar.com. 2007
Popular retailer finds value in diverse suppliers

As chief executive officer of a multimillion-dollar company, Valerie Shondel has learned how to play the corporate game. But winning a first contract with a new customer is never easy, even for the most experienced business owners. So when Target Corporation went out of its way to make the process just a little bit easier for her woman-owned firm, Shondel knew she had found a great corporate partner. “From the very beginning, I felt a real commitment from Target,” says Shondel, whose New Jersey-based commercial printing firm, Selecto-Flash, Inc., recently completed its first contract for the retail giant. “Their supplier diversity team started by making sure we knew whom within the company we should be contacting. With a large company like Target, they first need to know who you are. Once we had met the right people, they helped us find opportunities within the company. By the end, I felt like we had an entire cheerleading squad behind us.”

That guidance and support helped Selecto-Flash win its first Target contract—a deal to do graphic design work for 100 Target trucks. That contract, however, is most likely just the beginning for the budding business relationship. Selecto-Flash will do another hundred trucks this winter and is already exploring other opportunities, including instore and marketing signage, with the national retailer. “I’m thrilled to be working with Target,” Shondel says. “I feel like we’ve found a really good strategic partner.”

As a corporation, Target has long told its customers to “Expect More,” and now the national retailer wants to relay that message to its suppliers as well. “Target is committed to providing its guests [customers] added value and quality service as part of our ‘Expect More. Pay Less’ brand promise, and our supplier diversity initiative is an extension of that promise,” Joe Mudd, senior manager of minority and women business development, says. “Supplier diversity brings value-added suppliers into the supply chain while enhancing our supplier base with minority- and woman-owned businesses that reflect the communities we serve.”

The added value that diverse suppliers provide is at the heart of Target’s Minority and Women Business Development program. Created in 1998, the program has a goal of making Target a preferred business partner among minority- and woman-owned suppliers, who, the corporation believes, are a vital part of its success.

“At Target Corporation, we believe every team member has a role in our collective success as a corporation,” Mudd says. “Our future growth and success depends on our ability to meet the needs of our diverse guests. And our ability to know our guests depends on team members who understand the diverse communities we serve. Simply put, a diverse team is good for our business.” And a key part of that diverse team, Target has found, is minority and woman suppliers.

“As Target was developing into a national company, we saw an increasing need to have partners who could fill a variety of needs,” Mudd says. “At the time, it made sense to reach out to all potential suppliers to find the best. To us, diversity is a deeply held core value and [supplier diversity] has become an integral part of how we do business.”

Target has had a formal program for just over eight years now. In that short time, however, the corporation has been able to make great strides. Since the corporation began tracking spending with M/WBEs in 1998, it has seen diverse spending increase each year. While the corporation’s program initially focused on specific non-retail projects, such as property development, it was expanded in 2003 to include all non-retail needs. The program also includes several new initiatives such as its mentoring program for minority general contractors. Today, the company maintains a yearly diverse spending goal and continues to reach out to non-retail suppliers who can provide a wide variety of services, from marketing to information
technology to construction. Minority-owned commercial contractor, Taylor Bros. Construction Co., Inc., has been doing business with Target for several years. The Columbus, Indiana-based firm, which got its start with the corporation doing maintenance work at its Columbus store, built its first Target store four years ago. The company has since done 12 new and remodeled stores, and six more projects are under way.

Tom Harmon, the company’s CEO, says he’s been impressed with Target’s evident commitment to diverse suppliers. “They really put their money where their mouth is,” he says. “For us, it’s been a good opportunity to improve our skill set and then use that to satisfy other customers.”

Target has come to count on its diverse partners, including suppliers like St. Louis-based KellyMitchell, Inc. Target first took a chance on the small woman-owned information technology staff augmentation firm with a subcontract in 2005 and has since made the high-performing firm a preferred supplier. “For our first contract, Target created an opportunity for several minority- and woman-owned firms to sub under one of their primary vendors, which basically gave us the opportunity to prove ourselves,” KellyMitchell co-founder and CEO Cassandra Sanford says. “The opportunity was unique because Target is a really large organization, and they need companies that are large enough to handle all of their volume. We were very small compared to the IT staff augmentation firms they were working with, but the great thing was they told us if we were successful, they would give us a shot to be a stand-alone vendor just like all of the large organizations they work with, and they have held true to that. Now we are a preferred vendor and provide staff augmentation services directly to their corporate headquarters.”

To find and retain good diverse suppliers like KellyMitchell, Target employs a full-time team of professionals who support the company’s vision. The company, a member of the Minnesota Minority Supplier Development Council, the National Minority Supplier Development Council, the Women’s Business Enterprise National Council, and the Twin Cities’ Metropolitan Economic Development Association, also uses its participation in these organizations to reach out to potential minority- and woman-owned suppliers. Target attends several conferences and events each year to promote increased business with M/WBEs. In addition, the corporation has developed processes and online tools to provide prospective suppliers access to program information and electronic application and qualification processes. Those efforts, which the company hopes to expand on in future years, seem to be right on target.

By: Emily Richwine Minority Business Entrepreneur Magazine January/February 2007

Should Tier II Diversity Be Mandatory

By Peter Ortiz

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As corporations continue to tighten spending, they are faced with new challenges in ensuring that minority- and women-owned suppliers (MBEs and WBEs) have an opportunity to prove their vital role to companies.

"As we all know, the supplier chain is being compressed," says Susan Bari, president of the Women's Business Enterprise National Coalition. "Corporations are more effectively measuring their bottom lines and seeing the value of having fewer vendors and larger contracts."

With Tier I (direct contractor) suppliers less likely to be people of color or women, corporations must make clear to these prime contractors the importance of Tier II (subcontractor) suppliers. The most effective way is to make Tier II supplier diversity mandatory, a strategy 84 percent of The 2006 DiversityInc Top 50 Companies for Diversity use.

Bari’s organization played a matchmaker role at a recent Bank of America conference where 80 women business enterprises met with the bank’s Tier I suppliers. Bank of America is No. 25 on The 2006 DiversityInc Top 50 Companies for Diversity list and No. 8 on DiversityInc’s 2006 Top 10 Companies for Supplier Diversity.
"In order for diverse suppliers to play a major role, they have to be willing to play a role as a second-, third- and fourth-tier supplier," Bari says. "It does not matter all that much who signs the check as long as there is a check to be signed and the corporate customers [Tier II suppliers] keeps track of diversity in its corporate supply chain."

Sempra Energy, No. 1 on the Top 10 for Supplier Diversity and No. 20 on the Top 50, holds its Tier I suppliers accountable for contracting with MBEs and WBEs and requires that they monitor and report their actions. Frank J. Urtasun, director of diverse business enterprises for Sempra's San Diego Gas and Electric and Southern California Gas Co., says Tier I vendors, whether MBEs, WBEs, or not, are required to commit 25 percent of subcontracting to diverse business enterprises.

"We set our expectations to our primes. When bidding for jobs, we tell them, 'Here are the expectations in what you will do in your subcontracting, and we will monitor you to make sure you are implementing accordingly,'" Urtasun says.

Comerica, No. 12 on the Top 50, requires mandatory Tier II diversity with its prime suppliers, such as an IBM or AT&T, but not all suppliers. The company's supplier base is too wide, and mandating Tier II diversity with every supplier would be unmanageable, says Don P. Alessi, vice president and national minority business development coordinator for Comerica.

"You want it to be mandatory with companies that you have major spend with," Alessi says.

Tier II suppliers offer companies an opportunity to understand an increasingly diverse market. Ralph Moore, president of RGMA, a supplier-diversity consultant firm, says these Tier II suppliers can deliver value to the supply chain if given a chance.

"[Tier II supplier-diversity commitment is a strategy] that works well with emerging minority firms that don't have the footprint or infrastructure of some Fortune 1000 companies that are also second tier," Moore says. "They're your hungry entrepreneurs who bring industry experience, new ideas and a focus on customer service."

The payoff for corporations serious about growing their Tier II suppliers is access to "opinion and business leaders in the fastest-growing market segment in the country," Moore says. Building these relationships not only helps corporations remain competitive but also benefits communities of color that are likely to interact with diverse suppliers as customers and employees.

"The main focus is great businesses that bring value to your supplier chain, but the byproduct is the economic impact and community-development impact of second-tier suppliers," he says.

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As corporations continue to tighten spending, they are faced with new challenges in ensuring that minority- and women-owned suppliers (MBEs and WBEs) have an opportunity to prove their vital role to companies.

By: Peter Ortiz Diversity Inc. 2007

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**Staff Kudos:**

The Office of Supplier Diversity would like to recognize the following Purdue Staff for their efforts in Diversity.

**Lewie Wallace** for his networking efforts in the "Relationships to Partnerships" conference in November 2006. Lewie Wallace participated as a panel memeber during our event, explaining to MWBE conruction companies how to do business with the University. Lewie also attended the subcontracting vendor show and our construction connection event.
Owen Cooks for participating in the first "Relationship to Partnership" seminar hosted by the Office of Supplier Diversity Development. He has also identified more opportunities for MWBE sub contractors and architectural and engineering firms.

Phil Brown for working with the Office of Supplier Diversity Development to replicate successful networking events on the campus of Purdue Calumet. This activity will bring together Purdue staff from Purdue Calumet and Purdue North Central with MWBE's and buyers from corporations in Northwest Indiana.

Chancellor Howard Cohen at Purdue University Calumet for his participation and support of the first Relationships to Partnerships match making event held on the campus of Purdue Calumet. Cancellor Cohen has trully embraced diversity on the campus of Purdue Calumet and continues to contribute to the diversification of the Univeristy's supplier base.