

*The Billion Dollar Roundtable, Inc in collaboration with
The Tuck School of Business*

2009 SUMMIT

**An Integrated Approach to
Fostering the Inclusion of Diverse Businesses**

**Washington, DC
May 27-28, 2009**

Summary

The Billion Dollar Roundtable Inc. and the Tuck School of Business at Dartmouth will host a Summit to explore new directions for helping M/WBEs thrive despite difficult times. The Summit will convene the various experts and stakeholders to critically review current approaches and jointly devise an integrated solution. Participants will include the Billion Dollar Roundtable and leaders of the major organizations involved in economic inclusion and value chain diversity. The Summit will begin with a working dinner on the May 27th, and will conclude by 5PM on the May 28th.

Objectives:

- Create and identify a paradigm shift that will enhance M/WBE inclusion
- Synchronize corporate, government, and support organizations' efforts
- Facilitate development of a policy paper on chain inclusion

Rationale for the Summit

The year 2009 ushers in a new era. The latest figures from the U.S. Census Bureau show demographic shifts exceeding earlier predictions; we have a new President and new heads of key government agencies; there is new leadership at some of the M/WBE support organizations; and the economy has shrunk and global marketplaces are adjusting to a new equilibrium, posing new challenges and offering new opportunities.

With the new era comes new hope and new expectations. The historical under-participation of women, minorities, and Native Americans in the entrepreneurial economy, chronic inequities in wealth-accumulation between ethnic groups, and the deepening plight of inner cities and poor rural areas all increase the urgency of crafting new solutions. The new solutions need to be more than a series of isolated actions: to be effective, the collective response needs to be highly integrated. This Summit explores the elements of a new paradigm and forges the relationships necessary to implement it. It is a Think-Tank for the various participants seeking to create a different future for minorities and women in the US economy.

The Problem to be Addressed

Many countries have significant—and growing—ethnic minority populations. In the United States, for example, ethnic minorities already outnumber Caucasians in six of America’s eight largest cities, and will become the national majority before mid-century, making the term “minority” an ironic anachronism. In European countries, immigration patterns and differential birth rates are likewise re-shaping the population balance. And in every other continent, we’re seeing an increase in minority-majority strains when minorities become highly aware of economic inequities.

Leaders in government need to pay attention to these changing demographics because ethnic minorities tend not to fully participate in the national economy. Their under-involvement has resulted from diverse causes, ranging from the absence of entrepreneurship in their cultures to historical exclusion from the business sector by the majority population. Whatever the cause, this is never a good situation. At best, the national economy performs below its potential; at worst, marginalized minority populations reach critical mass and collectively react to the unequal opportunities, resulting in civil unrest with all its economic and social costs. Many countries—and many U.S. cities—have minority populations dangerously close to the boiling point.

Leaders in business should likewise be attentive, despite the strong temptation to dismiss minority exclusion as a knotty problem for governments to address. There are several good reasons why global businesses should become part of the solution.

First, global businesses need minority- and women-owned suppliers because the nature of competition has changed. Only a few decades ago, competition was between large, vertically-integrated companies vying for share of stable domestic markets. Today, rival value chains fight for their share of rapidly-evolving global markets. With the rise of outsourcing, competitive advantage—and disadvantage—presents itself at various points in the value chain. As ethnic minorities increase as a proportion of the population, and women participate in greater numbers in the entrepreneurial economy, M/WBEs will necessarily form a greater part of the value chain. It’s therefore essential that global corporations proactively develop these firms into strong value chain partners.

Second, the nature of markets has changed. Major companies that once sold to homogeneous customer bases now sell to diverse markets with multiple segments. In this cosmopolitan milieu, they must be successful at market segmentation, customer targeting, and product/service positioning. Once again, competitive advantage is likely to come from the corporation’s value chain partners. Minority owned and operated go-to-market partners are more likely to be able to tailor goods and services to the segments whose cultures, language, values, and preferences they best understand.

Third, global businesses depend on strong national economies. A vibrant economy creates affluent consumers, sustains investment in supply-chain R&D, and finances the development of physical and intellectual infrastructure. A burgeoning minority population that contributes fully to gross domestic product creates a stronger economy

than a neglected minority population that distracts attention from economic progress and burdens resources. And minority-owned enterprises are the largest employers of minority workers: if minorities earn wages, they spend money and energize the multiplier effect.

Furthermore, economic vitality depends on the entrepreneurial growth engine. When today's dominant corporations fall by the wayside—as some of them surely will—today's upstarts will need to take their place. Demographic changes guarantee that an increasing proportion of the newcomers will be minority- and women-owned business enterprises: if these businesses are more successful today, the economy will be more successful tomorrow.

Given these factors, it's myopic for global corporations to assume that governments should be the only ones addressing the economic plight of minorities: it's everyone's problem. Indeed, the challenges of women and minority under-participation are complex enough that governments tend to shy away from addressing them in the absence of encouragement, pressure, and assistance from global corporations. The time to act is now, because we're at a tipping point: throughout the world, the problem of minority economic disenfranchisement is growing faster than our efforts to deal with it.

Leaders in M/WBE support organizations need to review how significant and how cost-effective has been their impact to date. For example, we have learned over the years that certification and advocacy alone are not enough; that access to capital is a waste of money if recipients do not have the acumen to use capital wisely; and that the access to contracts facilitated by supplier diversity programs can create a net negative impact if M/WBEs cannot perform adequately on the contracts they are given. We all need to work together, to create and implement a strategic, collaborative, multifaceted approach. System-level problems call for system-level solutions.

The spring of 2009 represents a new beginning for many organizations. The Summit will create the forum in which the various experts will pool their ideas and experiences so that we can jointly design a stronger paradigm for inclusion, and in so doing, create a different future for M/WBEs in the US—and the global—economy.

Summit Format

The Summit is intended to facilitate a dialogue between the various people involved in creating value chain diversity and fostering M/WBE inclusion in the economic system. Time will be used well, so presenters will be asked to review a briefing document so that we can use the limited time to engage the perplexing issues that get in the way of a high-impact, integrated solution.

The deliverables of this Summit will be a commitment to working together to achieve greater impact; an evolutionary path for supplier diversity programs, government agencies, and support organizations; and a white paper summarizing the insights and recommendations of the program participants.

SUMMIT MEETING

An Integrated Approach to Fostering the Inclusion of Diverse Businesses

Schedule of Events

Wednesday, May 27th

- 2:00-5:30 Arrival and Registration
- 5:30-6:30 Reception
- 6:30-8:30 Dinner and Welcome Address
- 8:30- Informal Networking

Thursday, May 28th

- 8:00-8:30 Continental Breakfast
- 8:30-10:00 High-Impact Initiatives: A Corporate Perspective
- 10:00-10:30 Networking Break
- 10:30-12:00 High-Impact Initiatives: A Government Perspective
- 12:00-1:15 Luncheon with Guest Speaker
- 1:30-3:00 High-Impact Initiatives: A Support Organization Perspective
- 3:00-3:30 Networking Break
- 3:30-5:00 Moving Forward to Increase M/WBE Inclusion