

Supplier Diversity Toolkit

Best Practices

A goal of the Supplier Diversity Toolkit is to share best practices in order to help advance supplier diversity in the utilities, telecommunications and cable and broadband industries. The best practices included in this report may be replicated or adapted for inclusion in a supplier diversity program. We have broken down the life cycle of a supplier diversity operation to make it easy for users to find the type of best practice they most wish to review. All best practices contained here are self-reported.

Early Integration into the Contract Process

■ **Supplier Showcase – Southern California Gas Company**

Southern California Gas Company organizes a regular Supplier Showcase. The company presents suppliers early in the contracting process. Supplier diversity is in the same department as the supply management and procurement agents. Supplier diversity professionals work together on a team with the procurement leaders to allow them to know early about the opportunity. The team goes out together to hear about opportunities with the internal client. Supplier diversity then puts together a list of potential suppliers. Successful suppliers have to be certified with General Services. Supplier Diversity also must know about the company so that invitations may be issues to the appropriate supplier showcase. In the showcases 5-6 suppliers are invited and an entire day is set aside to meet with internal clients for 30-35 minutes per supplier. Through this process, the suppliers are able to build relationships with the internal client, moving beyond a business card. These meetings take place early in the procurement process so there are more opportunities for interactions.

Prior to instituting the Supplier Showcases, Southern California Gas Company found barriers to diverse supplier; often they were introduced too late in the process. Southern California Gas Company has clearly stated a priority on supplier diversity, so it has been embraced a multiple levels of the corporation. When an internal client forgets to contact supplier diversity in advance of a request for proposals, the supply management team is able follow up.

“To maximize opportunity, you have to know our company,” is advice from the supplier diversity team. Prospective suppliers are encouraged to find a way of adding value to what already exists. They are encouraged to attend outreach events so the supplier diversity team is aware of them.

Sources –

Best practices are self-reported by the companies listed to the Toolkit team; in *The Wireless Industry's Commitment to Supplier Diversity*, CTIA, September 2013, or reported to the California Public Utilities Commission and available on that agency's website.

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Supplier Identification

■ **Communicating About the Corporate Culture – Georgia Power**

At Georgia Power it is important that prospective suppliers understand at the outset how the company communicates – both externally and internally – and the expectations this places on supplier communication. Georgia Power communicates about the corporate culture and the expectations of suppliers in public presentations and in one-on-one meetings with prospective new suppliers

■ **Social Media – National Grid**

National Grid uses #supplierdiversity to initiate communication with potential suppliers and promote awareness of opportunities.

■ **Expanding the Definition – Pacific Gas & Electric Company**

Since 2012 PG&E has included LGBT firms in its supplier diversity program with chambers of commerce to host a business leadership workshop for LGBT firms.

■ **Using Forward Looking Reports - Southern California Edison Company**

In addition to communicating to its diverse supplier database, Southern California Edison encourages diverse suppliers to utilize publically available documents to predict future spend opportunities – rate case filings and annual reports are excellent predictors of future projects, especially capital projects. This gives suppliers an opportunity to understand SCE's business and come in with a direct project or proposal that will meet the company's business needs. (Annual plans for each regulated company are available on the California Public Utilities website.)

■ **Networking Events – Sprint**

Sprint's Supplier Diversity and Procurement team engages minority and women owned small businesses through sponsorship and participation in networking opportunities and events.

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■ **External Supplier Diversity Events – Multiple Corporations**

Multiple corporations have cited their participation in external supplier diversity conferences and events, including those organized by the Edison Electric Institute and the National Minority Supplier Diversity Council.

Prime Participation and Introduction to Potential Sub-contractors

■ **Meet the Primes Matchmaker Series – AT&T**

AT&T hosts a series of events targeting key prime suppliers in strategic and emerging markets. They engage in one-on-one interviews with qualified diverse suppliers.

■ **Prime Supplier Program – AT&T**

AT&T's Prime Supplier Program is a collaboration with the company's prime suppliers to expand the number of opportunities available to diverse businesses. Dedicated Supplier Diversity Managers work with prime suppliers to set diversity goals, develop plans and create solutions for improvement while tracking and reviewing results.

■ **Second Tier Program – California American Water**

California American Water's Second Tier Program works with all existing and potential prime contractors to set supplier diversity objectives in all Requests for Proposals. Contracts awarded in excess of \$100,000 request that prime contractors report all diverse subcontractor utilization.

■ **Tier II Program – Cox Communications**

In vendor contracts of over \$500,000, Cox Communications encourages vendors to use disadvantaged and diverse suppliers. Vendors contractually commit to meet a specific percentage of Tier II spend, sometime as much as 20%.

■ **Making Connections and Encouraging Priorities – Pacific Gas & Electric Company**

PG&E reviews their prime suppliers and makes introductions to potential subcontractors. The top 80% of spend within each line of business is reviewed.

Within the Procurement department, contracts over \$500,000 or \$1 million require a diversity plan with goals and reporting. PG&E focuses on a core group of 200-300 suppliers, who receive communication from the Vice President, and are invited to attend webinars, where attendance is tracked. PG&E also practices active matchmaking between subcontractors and prime contractors. Attention is paid to prime contractors who do not make their goals – they receive encouraging calls from the Vice President of Procurement.

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■ **Meet the Primes – Southern California Edison Company**

Southern California Edison Company's top 100 suppliers take part in a monthly Meet the Primes program, with an expectation that relationships will be developed. Every effort is made to encourage the subcontractors to understand the primes' business so that the matchmaking can be accurate and successful. Primes also are included in the company's annual report if their supplier diversity participation is strong.

■ **Major Supplier Program – Sprint**

Supplier diversity goals are embedded in the contracts signed with Sprint's major suppliers. Quarterly results are measured and shared with Sprint's management. Sprint partners with its major suppliers to identify diverse opportunities.

■ **Prime Contractor Program – T-Mobile**

T-Mobile's prime contractors are encouraged, and in some cases contractually obligated, to report direct and indirect spend on a quarterly basis. They also are encouraged to request that their diverse suppliers become certified.

■ **Power of Connections Events: Jurisdictional Supplier Diversity Summits – National Grid**

National Grid, in collaboration with other large corporations such as CVS Health, hosts summits that connect prime suppliers, procurement team members, and business development agencies with targeted diverse suppliers across Northeastern US. Each corporation reviews their capital investment plan as well as upcoming sourcing events to ensure the right suppliers are invited that provide services/products for real opportunities that are visible in the near future. The main focus of the event is to drive supply chain diversification from all angles (Tier 1 and Tier 2) as well as educate suppliers on sustainable initiatives to give their company a competitive edge.

■ **Prime Supplier Program – Verizon**

Verizon requires its prime suppliers to develop and expand their own supplier diversity program and to present a WMDVBE utilization plan, which is measured through regular reports.

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Non-Traditional Sourcing

- **Supplier Diversity Mentoring Program – Sprint**

In this program, Sprint executives mentor diverse suppliers over a 12-18 month period. Each supplier is assigned an executive mentor with a goal that the suppliers will earn Tier I and Tier II business with Sprint.

- **Community Banking Program - Exelon Corporation**

Exelon's program to secure credit agreements with community and minority-owned banks in its service region is in its 11th year. In 2013 Exelon arranged \$123 million in credit lines with 31 community and minority owned banks in Illinois, Pennsylvania, Maryland and New Jersey.

Supplier Mentoring

- **Supplier Diversity Mentoring Program - Sprint**

In this program, Sprint executives mentor diverse suppliers over a 12-18 month period. Each supplier is assigned an executive mentor with a goal that the suppliers will earn Tier I and Tier II business with Sprint.

- **Diverse Supplier Mentoring Program - Southern California Edison Company**

Southern California Edison Company conducts an 18-month program for 7-10 vendors. The program includes a supplier leadership component, a bid process segment (including how to review a score sheet to perceive weaknesses in the bid) and the use of power teams with operational unit mentors. Vendors selected for the program have products or services that tie into SCE's likely future procurement needs.

- **Mentorship Trial Program - Cox Communications**

Cox Communications has initiated a mentorship program in collaboration with the National Minority Supplier Development Council – including one-on-one meetings, progress reviews, accountability tracking and solution identification.

- **Mentor Protégé Pilot Program - California Water Association**

The California Water Association member companies have created a Mentor Protégé Program, in which companies mentor a selected WMDVBE to provide developmental assistance and enhance the protégé firm's ability to perform as a prime contractor or subcontractor.

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■ **Operation Hand Salute - AT&T**

Operation Hand Salute is a national mentoring program for service-disabled veteran CEOs, which helps them improve their business operations and enhance their ability to win corporate contracts. Participants are paired with AT&T executives and suppliers for one-on-one mentoring and support of a “blue-ribbon” task force composed of service-disabled business owners and industry experts. Participants also take part in a four-month course with JFK University and have the opportunity to take part in a final presentation with AT&T procurement decision makers.

Capacity Building Supplier Training

■ **Partnering to Build Capacity – National Grid**

Building capacity and growing diverse suppliers is a crucial part of National Grid’s supplier diversity program. It is important to engage the community to support the development of suppliers to ensure they remain competitive and in-line with the ever-changing business landscape. Establishing partnerships with educational institutions to create academic enrichment programs is a value-added strategy that helps drive economic growth by engaging diverse suppliers and local universities. National Grid, Roger Williams University & CVS Health founded the *CEO Masterseries Program*: a procurement focused academic enrichment program that covers the basics of procurement, how to respond to RFP’s, how to leverage social media and cost effective marketing strategies to grow business, intro to sustainability and safety compliance, and how to effectively manage and develop employees. Select suppliers can apply for sponsorship and are chosen based on specific criteria requested by the procurement organization. There is no cost to the supplier.

■ **Advanced Technology Management Institute - Multiple Corporations**

Multiple corporations report participation in UCLA Anderson School of Management’s Advanced Technology Management Institute, an intensive executive management education program for top DBEs with demonstrated readiness to grow – proposed and sponsored by utility companies. The Institute combines mentoring, utility knowledge sharing and peer networking with more traditional executive education.

■ **Premier Supplier Academy – Verizon**

The Premier Supplier Academy provides an opportunity for invited WMDVBES to meet with Verizon’s prime suppliers; enables prime suppliers to develop new business relationships; encourages prime suppliers to provide additional opportunities for WMDVBES through How to Do Business workshops and Supplier Diversity Fairs.

■ **Back Office Workshop - Southern California Gas Company**

Southern California Gas Company identified an opportunity for all-day training on back office skills – customer service, accounting concepts and process improvements -- and offered a class to Energy Savings Assistance Program contractors.

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■ **SCORE - Southern California Gas Company**

The SCORE program has the aim is to expand the pool of smaller diverse businesses in the supplier base. SCORE combines boot camps and class sessions with on-the-job mentoring to help them develop relationships within Southern California Gas Company and resulted in \$20million in contracts in 2013.

■ **Strategic Growth Planning for Entrepreneurs - San Diego Gas & Electric Company**

San Diego Gas & Electric Company partners with San Diego State University to assist DBEs through strategic growth planning sessions and a hands-on business improvement project.

■ **CEO Conference Calls - AT&T**

AT&T's President of Supply Chain and Fleet Operations took part in two conferences calls, attended by CEOs of supplier companies. The calls provided a description of the future of AT&T and insights into the best ways to prepare their businesses to support AT&T's growth and needs.

■ **Premier Development Program - Georgia Power**

This program identifies successful diverse suppliers to mentor suppliers at the start of their relationship with Georgia Power.

■ **Diverse Suppliers Are - Pacific Gas & Electric Company**

- **Diverse Suppliers Go Global** to help DBEs evaluate and participate in the global marketplace.
- **Diverse Suppliers Go Green**, which helps DBEs develop and implement their own environmental business strategy.
- **Diverse Suppliers Are Safe**, diverse Suppliers are Cyber-Secure, a program to raise cyber-security awareness within the small and diverse business community by highlighting the risks associated with cyber-crime, and resources to help mitigate risks.

Other Best Practices

■ **Billion Dollar Roundtable - Verizon**

Verizon is a charter member of the Billion Dollar Roundtable, a coalition of 18 corporations that spend more than \$1 billion each year with diverse suppliers.

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■ **Procurement Reward Program - Sprint**

In this program Sprint challenges the procurement staff to identify creative ways to negotiate, with their internal clients, to procure products and services from diverse businesses. This is a monetary reward whose value is based on the dollar value of the diverse contract executed.

Executive Level and External Support

■ **Measurable Goals - Golden State Water Company**

Golden State Water Company's managers are held accountable for diversity efforts at all levels and for making supplier diversity an integral part of the organization's culture.

■ **Supplier Diversity Council - Golden State Water Company**

Golden State Water Company has created a Supplier Diversity Council, comprising senior representatives from various functional areas of the Company. Golden State Water Company's President serves as the Executive Sponsor of the Council, the goals of which are to identify and establish common practices for utilizing prospective capital budgets; create a master calendar reflecting all supplier diversity outreach; implement supplier diversity best practices.

■ **CHAMPIONing Supplier Diversity - Pacific Gas & Electric Company**

Pacific Gas & Electric Company (PG&E) has a program called CHAMPIONS. A Champion is someone who does not work in supplier diversity, but in lines of business. A Champion takes the message from supplier diversity to the client culture. Champions have defined goals and there is a goal in each category that is reviewed in the monthly Champions meeting. The success of Champions is celebrated at the Supplier Diversity Achievement Awards.

■ **Chief Diversity Strategist - US Cellular**

US Cellular has a dedicated leader from the executive level who focuses on supplier diversity – the Chief Diversity Strategist.

■ **Executive Support - San Diego Gas & Electric Company**

At San Diego Gas & Electric Company all executives, directors and managers are held accountable for achieving the company's DBE goals. Spending results are tied to every executive and management employee's incentive compensation, creating a vested interest in the success of the program. Successes are celebrated at the annual Championing Diversity Awards dinner.

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