



Billions Dollar Roundtable Marketing and Advertising Summit

BILLION DOLLAR ROUNDTABLE INC.

Marketing/Advertising Policy Paper

Reported and Written by M.V. Greene

Summit Theme

Executing Supplier Diversity Strategies in Marketing and Advertising

BDR Marketing/Advertising Policy Statement

The Billion Dollar Roundtable advocates aggressive initiatives, opportunities and outreach from corporations, agencies, marketers and other organizations as a means of developing and enhancing robust supplier diversity initiatives in the marketing and advertising industry.

Summit Co-Hosts

Johnson & Johnson and Avis Budget Group Inc.

Summit Sponsors

AT&T Inc., The Boeing Co., Honda North America Inc., Lockheed Martin Corp.
The Procter & Gamble Co., Toyota Motor North America Inc., Verizon Communications Inc.

Executive summary

Building on a legacy of examining critical issues in supplier diversity through thought leadership and solutions-driven exploration, Billion Dollar Roundtable Inc.'s summit in New Brunswick, N.J., deliberated the current state of supplier diversity in marketing/advertising and examined best practices of successful corporate initiatives.

BDR regularly participates in activities to advance supplier diversity in marketing and advertising, including the American Advertising Federation's Mosaic Vendor Fair, an event held to provide diverse- and women-owned vendors with the opportunity to connect with advertising agencies, advertisers and media companies. BDR's standing marketing/advertising committee meets regularly throughout the year to foster corporate discussion in developing and enhancing corporate supplier diversity in marketing and advertising and promoting ideas and solutions — a key topic of interest for BDR's 18 member companies that constitute many of the largest global brands engaged in significant consumer sales, marketing and advertising initiatives.

One goal for the summit's outcome was to extend an idea matrix surrounding marketing and advertising supplier diversity. Additionally, as the lead internal BDR committee examining the issue, the marketing/advertising committee sought to document ideas and solutions to develop further policies and approaches, setting priorities and designing a way forward.

The topic of marketing/advertising supplier diversity is of great importance to BDR. The Marketing and Advertising Summit is the third BDR summit focused on increasing knowledge and spend opportunities for minority and women business owners. BDR also examined the sector previously at summits in New York City. Findings from the two previous BDR marketing/advertising summits, along with all BDR summits over the years, are reported in policy papers on the organization's website at www.billiondollarroundtable.org.

The New Jersey summit's program began with a networking dinner and reception at BDR member-company

Johnson & Johnson's corporate headquarters in New Brunswick. Summit deliberations began the next day at the Hyatt Regency New Brunswick Hotel. Along with Johnson & Johnson and Avis Budget Group, summit sponsors were fellow BDR corporate members AT&T Inc., The Boeing Co., Honda North America Inc., Lockheed Martin Corp., The Procter & Gamble Co., Toyota Motor North America Inc. and Verizon Communications Inc.

A feature of the summit was the interactive engagement of attendees as a means for drawing out ideas, opinions, observations and solutions. The IW Group Inc., an Asian-American firm retained for summit support, gauged reactions to issues in marketing/adver-

tising supplier diversity through real-time audience polling. The full-service advertising and public relations agency additionally logged the reactions to summit discussions over a Twitter feed that elicited 211 tweets, generated 902,588 impressions and reached an audience of 228,017 followers, said Bill Imada, chairman and chief collaboration officer, IW Group, citing BDR's Hashtracking™ LLC report.

In revisiting the topic of marketing/advertising supplier diversity, BDR's objective was to build on those previous summit deliberations through intensive sharing of experiences, ideas and best practices among corporations, agencies, corporate procurement executives, *(continue on page 66)*

BILLION DOLLAR ROUNDTABLE INC. OVERVIEW

Corporate Name: Billion Dollar Roundtable Inc.

Mission Statement: To drive supplier diversity excellence through best practice sharing and thought leadership.

Vision Statement: To lead, influence, and shape supplier diversity excellence globally.

Founded: 2001

Address: www.billiondollarroundtable.org

Leadership:

- **William J. "Bill" Moon, chairman**
former vice president of global sourcing and supplier diversity, United Parcel Service of America Inc.
- **Sharon Patterson, co-founder, president and chief executive officer**
principal, Amica Group Inc., and former director of supplier diversity, Kraft Foods Group Inc.
- **Don McKneely, co-founder and chairman emeritus**
chairman and CEO, TexCorp Communications Inc. and *MBN USA*
- **Reginald K. Layton, vice chairman**
director, diversity business development, Johnson Controls Inc.
- **Michael K. Robinson, treasurer**
program director, global supplier diversity, integrated supply chain, IBM
- **Adrienne Trimble, secretary**
general manager, diversity & inclusion, Toyota Motor Engineering & Manufacturing North America Inc.

Major Activities:

- Sponsorship of annual summit to examine issues in supplier diversity.
- Production of annual policy paper on current topics in supplier diversity.
- Sponsorship of special events and programs involving supplier diversity.
- Outreach to corporate procurement and supplier diversity functions
- Book publishing.

(*continue from page 65*) academics, supplier diversity advocates and diverse firms. The marketing and advertising area is a dynamic space of global business where communications messages are designed and delivered to consumers to drive the sale of goods and services, fueling BDR's desire to document supplier diversity progress since the earlier summits, noted Dwain L. Carver, associate director, corporate supplier diversity, The Procter & Gamble Co., and chair of BDR's marketing/advertising committee.

"This area typically represents a large area of spend for major corporations, yet diversity spending with minority- and women-owned businesses represents a relatively small portion of the dollars that flow between the corporations and their marketing and media partners," Carver said. As a next step and follow-up from the summit, he said the marketing/advertising committee is taking the learnings and discussions from the event to complete and execute an actionable, three-year plan designed to increase the connections in the industry and flow of spending to minority and women business owners.

The summit's more than 180 participants collectively seemed to agree that progress is occurring in marketing/advertising to deliver increasing business to minority- and women-owned enterprises, but pressed for greater forward action to extend supplier diversity principles in corporate supply chains, particularly amid today's dramatically rising influences of multicultural and women consumers. As an organization, BDR advocates that the marketing/advertising area offers "fertile ground for engagement" in supplier diversity, according to Carver.

In New Brunswick, panel discussions, keynote addresses and question-and-answer sessions sparked analysis of a range of topics in marketing and advertising, including:

- Challenges facing the sector that affect supplier diversity.
- Best practices that make a difference in creating spend opportunities for minority- and women-owned firms.
- How incentives can entice corporate marketing/advertising departments to consider using diverse suppliers for their needs.

- Emerging trends, such as social media and networking, and what corporate marketers, agencies and diverse suppliers need to know about these trends.

Ideas and solutions

Participants, speakers and others in attendance drew on their experiences in marketing and advertising to consider concrete and actionable approaches in deliberations and discussions to advance supplier diversity in the sector. Some best practices and key recommendations offered by attendees are summarized in their comments below. Other views are reflected throughout this paper.

Duff Stewart, chief executive officer, GSD&M

Recommendation: Define Your Own Paradigm

"We have to set our own goals as an agency, and we have to strive to meet those goals," Stewart said. "Then, when our clients come to us and say, 'We would like you to spend X percentage amount,' we can report what we're doing versus always chasing their numbers and trying to fulfill their numbers. We have to push ourselves and define our own paradigm."

Catherine Stanley, director, brand management and agency relations, Verizon Communications Inc.

Recommendation: Get Diverse Firms to Table Sooner

Stanley said Verizon seeks opportunities "to get the big ideas up front" by bringing Asian, African-American and Hispanic agencies to the table earlier. That approach is part of a process of moving big ideas to the forefront sooner in the collaboration with diverse agencies, she said. "Too many times you get this big idea, and it's TV-centric or it's general market-centric, and then it trickles down through the agency collaboration process. Then, we find that it's not adaptable in a certain environment," Stanley said. "We actually make sure that all of our diverse agencies are up front at the table sooner, so that we've got those culturally relevant insights as we start the development process."

David Nordstrom, vice president, social media, Toyota Motor Sales U.S.A. Inc.

Recommendation: Adapt Diversity Ideas to the General Market

Toyota has made a shift in the strategic direction on how it undertakes marketing, given the changing nature of the automotive industry. When starting the process of marketing for a vehicle, Nordstrom said Toyota brings in all of its agency partners to discuss the vehicle and the strategy of the vehicle's entry into the marketplace, in addition to imparting information on how the vehicle was built and why it was built. That approach of bringing in its marketing partners includes diversity agencies, he said. "The diversity agencies do come back with the diversity idea, but they're also open to coming back with a general market idea," he said. "We'll use the diversity idea in general market and make that our general-market campaign and vice versa. We'll take a diversity spot and actually make some adjustments to it to put it in general market."

Jeannine Haas, chief marketing officer, Avis Budget Group Inc.

Recommendation: Endorse "Tuck-In" Agency Concept

Haas said that from a marketer's perspective "we tend to seek out that one-stop shop," the full-service agency "that can provide things soup-to-nuts for us." It is a reality that sometimes having one point of contact makes the job a little easier for those on the buying side. "[But,] even if you go with a traditional, full-service agency that may have an advantage based on its global scale and ability to expand beyond the North American market," she said, "there are opportunities for women-owned and minority-owned businesses to be more of a tuck-in agency to work with those larger, lead agencies in helping to create more partnerships."

Rick Hughes, chief purchasing officer, The Procter & Gamble Co.

Recommendation: Build Meaningful Relationships with Diverse Suppliers

Hughes said a best practice for Procter & Gamble involving supplier diversity is creativity. According to him, the best relationship with a diverse sup-

plier is a one-to-one relationship. “So whether you are a minority, a woman or a male, we want to get to know you as a person and as an individual,” he said. “The days of mass marketing and mass merchandising, frankly, are behind us. As I look at where we’re headed in North America from a digital and an e-commerce standpoint, we’ve got to understand what you want as an individual — not what you want as a woman or man.”

David Perry, former head of broadcast production, Saatchi & Saatchi
Recommendation: Help Diverse Firms Get Certified

Perry said Saatchi & Saatchi maintains a rigorous program of identifying prospective suppliers, particularly in areas of added value, such as editing, printing, music production, digi-

tal production, print production and photography. He praised Saatchi & Saatchi’s collaboration with Anita Laney’s company Professional Partnering Solutions Inc., which helps find companies that are de facto minority- and women-owned to assist them with the certification process. “It’s a very daunting process to get certified. Some people get cold feet. It’s very invasive,” he said. “Anita’s company is great at keeping people on track and getting them through the end of the process.”

Brian Smith, vice president - Lexus marketing, Toyota Motor Sales U.S.A. Inc.

Recommendation: Embed Supplier Diversity into RFP Process

Smith said Lexus operates with a very well-defined request-for-proposal process in marketing and advertising. Key

is to embed supplier diversity into the RFP process from the start. “If we don’t embed in that process in the beginning to ensure that we have diverse representation, it’s very difficult to go back and insert,” he said. “It has to become a part of the culture.”

Jeff Tarakajian, executive vice president, group management director, DraftFCB

Recommendation: Build Your Database

Building and tapping into a robust database of diverse suppliers is vital for success in supplier diversity in marketing and advertising, according to Tarakajian. “We have a database of businesses that we have worked with over time. They’re partners and more than just transactional people. The experiences that people have had on different

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accounts are part of that database, so everybody knows what that experience is like and accesses that information," he said.

"How did we get that database? We have small business fairs that we conduct two to three times a year in our key offices — New York, San Francisco, Chicago — and we bring in these businesses that have 10 minutes of 'speed dating,' so to speak, with somebody from account services, production or media," Tarakajian said. "You get to know these businesses. They sell us. We get to know what they're about and what their capabilities are all about. It is a process that you have to keep at. You have to continue to expand your reach of businesses. You have to look for new areas and be creative about what's out there."

Paul Venn, executive vice president, co-managing director, Team Detroit
Recommendation: Recruit to Broaden Agency's Representation

Venn said Team Detroit believes it has a responsibility to generate a "sort of vibe" around supplier diversity, not just to set metrics. The company is active with the American Advertising Federation in developing diverse internships and partnerships. "We recruit at multicultural fairs. All of this [activity] is designed to do two things," he said. "One is to create a culture around the agency that isn't white middle-aged men. The other is to broaden the representation within the agency of minority and women groups. I'm happy to say we're actually a more female company than we are a male company, but that's not good enough. We then have to start thinking about what representation among the management ranks are women employees? We have to drive toward that. The same is true for our diverse employees as well."

Eliseo Rojas, vice president and chief procurement officer, Interpublic Group of Companies Inc.
Recommendation: Drive Accountability within the Organization

Rojas said accountability is a necessary part of the structure of marketing/advertising supplier diversity. For every CEO of major networks, Rojas

said their bonuses and compensation packages are impacted directly by the achievements that they have to show year over year as it relates to diversity and inclusion. "Supplier diversity is a component of that. It makes my job a lot easier to be able to put policies and processes in place that have embedded in them supplier diversity components," he said. "For everything that we do as an organization, when we go out and source a given category, the requirement is that we must include minority- and women-owned businesses to participate in the process. It's not a set-aside or a 'give me' just because you happen to be a certified supplier. You must earn the business. It has to be competitive. We have a responsibility not only to our operating units, but also to our clients."

Summit deliberations

Summit deliberations were conducted through three panels, designed to examine marketing/advertising supplier diversity and the industry itself from varying perspectives. Panelists on the three sessions included executives and professionals with wide-ranging responsibilities, including senior executives, chief procurement officers and global marketing officers at corporations, agency leadership, entrepreneurs and observers.

"The Current State of Supplier Diversity in Marketing and Advertising" was structured for panelists to offer an overview of key issues in marketing and advertising related to supplier diversity. In planning the session, BDR sought to gauge progress since it held similar summits in New York City.

The panel "Best Practices in Supplier Diversity in Marketing and Advertising" was designed to tap into the minds of some of the leading practitioners in marketing and advertising and supply-chain excellence to determine practices being employed today at major corporations and agencies that have been successful in stimulating supplier diversity in the industry.

The third panel, "Emerging Trends in Marketing and Advertising," presented an opportunity for panelists and summit attendees to cast an eye toward the present and the future by exploring industry

changes and innovation that, inevitably, will impact supplier diversity, including the explosion of social media.

Moderators and panelists were:

- The Current State of Supplier Diversity in Marketing and Advertising
Moderator: Sharon Castillo, founder and principal, SB Services Inc.

Panelists: Jeannine Haas, chief marketing officer, Avis Budget Group Inc.; Bill Imada, chairman and chief collaboration officer, IW Group Inc.; David Perry, former head of broadcast production, Saatchi & Saatchi; Brian Smith, vice president - Lexus marketing, Toyota Motor Sales U.S.A. Inc.; Jeff Tarakajian, executive vice president, group management director, DraftFCB; and Aaron Walton, partner, Walton Isaacson.

- Best Practices in Supplier Diversity in Marketing and Advertising

Moderator: Hans Melotte, vice president and chief procurement officer, Johnson & Johnson

Panelists: Rick Hughes, chief purchasing officer, The Procter & Gamble Co.; Monique L. Nelson, chief executive officer, UniWorld Group Inc.; Eliseo Rojas, vice president and chief procurement officer, Interpublic Group of Companies; Susan Markowicz, global advertising agency manager, Ford Motor Co.; Paul Venn, executive vice president, co-managing director, Team Detroit; and Joe Zubizaretta, chief operating officer, Zubi Advertising Services Inc.

- Emerging Trends in Marketing and Advertising

Moderator: Thomas Gartland, president, North America, Avis Budget Group Inc.

Panelists: Dennis Archer Jr. Esq., founder/CEO, Ignition Media Group; Nadira Hira, contributor, Fortune magazine; Kimberly Kadlec, worldwide vice president, global marketing group, Johnson & Johnson; David Nordstrom, vice president, social media, Toyota Motor Sales U.S.A.; Catherine Stanley, director, brand management and agency relations, Verizon Communications Inc.; and Duff Stewart, chief executive officer, GSD&M.

In preparing for the discussions, panel moderators circulated ideas, ap-

proaches and topics to explore among panelists. According to organizers, the goal was to develop concrete proposals for advancing supplier diversity in marketing and advertising, as well as to create a template for the future work of the BDR marketing/advertising committee in developing policy concepts.

Some of the topics the panels considered as a basis for the discussions and for engaging those in the audience were:

- How does your company view the status of supplier diversity in marketing/advertising? What are the availability, capacity, competitiveness and creativity of suppliers?
- Is progress being made in supplier diversity in marketing/advertising? Why? How is the progress measured?
- What are some of the challenges facing marketing/advertising that impact supplier diversity?
- What are the foundation principles that have helped grow supplier diversity opportunities in marketing and advertising?
- What are best practices in supplier diversity in marketing and advertising that have made a difference in opportunities and spending?
- What are some of the characteristics that diversity champions in senior management at your company possess that make your supplier diversity program successful?
- Do you believe Madison Avenue has done a good job in diversifying its most senior ranks?
- Describe a diverse supplier that has defied the odds and now has a direct working relationship with your marketing and/or advertising team.
- Share a best-practice example of how your company has promoted Tier 2 and even Tier 3 spending with your diverse supplier base in marketing and advertising. Explain how your company measures Tier 2 spending.
- What are diverse agencies doing to market themselves effectively to corporate marketers and advertisers? What advice would your company offer a diverse supplier who wishes to pursue an opportunity in advertising and/or marketing with a leading corporate marketer or a majority-owned advertising agency?

- Does your company offer incentives to its advertising and marketing teams? If so, what are they?
- Describe your company's experience tying diversity initiatives to executive compensation and bonuses.
- If your company were to pick an emerging trend that the summit audience should know about, what would it be?
- What would your company's advice be to diverse suppliers on tapping unmet needs in marketing and advertising?
- What are your company's views about the future of traditional media as channels for reaching consumers?

Panel 1, The Current State of Supplier Diversity in Marketing Advertising

Moderator Sharon Castillo, founder and principal of SB Services Inc., de-

scribed a disconnect between the purchasing power by diverse consumers in the United States of \$3.6 trillion by 2015 and the size of diverse-owned marketing/advertising agencies. Castillo, who operates a woman-owned finance and accounting firm, noted reports showing that the largest U.S. multicultural marketing/advertising agency commands about \$100 million in annual revenue compared with majority firms whose revenues typically are measured in the billions of dollars. "As we work with corporations in the sales and marketing arena, many times five percent or less of their total advertising budgets are spent on multicultural markets," she said.

Castillo suggested that much opportunity exists to elevate minority- and woman-owned agencies as the marketing/advertising area represents a broad swath of business, including media buying, public
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BDR CORPORATE REPRESENTATIVES

Kevin Bell, senior manager, diversity supplier development, Chrysler LLC

Lynn Boccio, vice president, strategic business & diversity relations, Avis Budget Group Inc.

Ron King, procurement diversity manager, Honda North America Inc.

Dwain L. Carver, associate director, corporate supplier diversity, The Procter & Gamble Co.

Nancy Deskins, director, category management & supplier diversity, Lockheed Martin Corp.

Donna Weaver Erhardt, director - sourcing, Verizon Communications Inc.

Fernando Hernandez, director, supplier diversity, Microsoft Corp.

Cyndi Hopkins, director, global supplier diversity, Dell Inc.

Beverly Jennings, head, office of supplier diversity & inclusion, Johnson & Johnson

Salah Khalaf, senior manager, supplier diversity, Sam's Club/Wal-Mart Stores Inc.

Reginald K. Layton, director of diversity business development, Johnson Controls Inc.

Carla Traci Preston, director, supplier diversity development, Ford Motor Co.

Michael K. Robinson, program director, global supplier diversity, integrated supply chain, IBM

Marianne Strobel, executive director, global supplier diversity, AT&T Inc.

Barbara Taylor, senior manager, corporate supplier diversity strategic integration, The Boeing Co.

Denise Thomas, director, corporate supplier diversity, The Kroger Co.

Adrienne Trimble, general manager, diversity & inclusion, Toyota Motor Engineering & Manufacturing North America Inc.

Reginald Humphrey, supplier diversity manager, global purchasing & supply chain, General Motors Co.

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 relations, print, digital advertising, fulfillment and direct marketing. The success of supplier diversity development in the similarly varied automotive industry can present poignant examples for building the capacity of diverse firms in marketing/advertising, she said.

In setting the stage to begin the panel's deliberations on the current state of marketing/ advertising supplier diversity, Castillo offered some recent statistics gleaned from the Crain Communications Inc. industry publication Advertising Age, including that 35 of the top 100 largest advertisers spend more than \$1 billion annually in advertising. Noting the following highlights, Castillo outlined the dynamic and changing nature of marketing and advertising:

- In 2010, the top 100 advertisers globally saw their total advertising

spend grow by 12 percent over the previous year.

- Much of that increase in spend was driven from outside the United States — a 15 percent increase globally compared with a 6.5 percent increase in the United States.
- Of the top 25 advertising markets, 10 are in emerging countries — including Brazil, Russia, India, China, South Africa, Mexico, Indonesia, South Korea and Turkey.
- Globally, Procter & Gamble leads in advertising spend at \$11.4 billion, followed by Unilever at \$6.6 billion, L'Oréal Group at \$4.9 billion and General Motors Co. at \$3.6 billion.
- In the United States, Procter & Gamble leads with \$5 billion in ad spending, followed by General Motors with \$3 billion and Verizon Communications with \$2.5 billion.

Clearly, the marketing and advertising industry reflects a global momentum as brands address new markets and revenue opportunities, Castillo noted. The Advertising Age statistics, she said, suggest that by 2014, emerging markets will surpass the United States as consuming the largest spending market globally. Inviting comments from panelists on the impact of the global emergence of marketing and advertising, Castillo said the discussion naturally revolved around whether diverse suppliers will need to follow corporations and their consumers outside of the United States to win business, and if so, to what extent.

Castillo concluded with thoughts about the current state of marketing and advertising in supplier diversity and the lack of participation by diverse agencies. "Outside of the core area of

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spend, sales and marketing has the biggest dollars. I mean billions and billions of dollars,” she said. “I think part of our challenge within supplier diversity is almost like a bowl of Jell-O, how do you get your hands around it? Just look at the largest multicultural ad agencies. The largest is about \$100 million in revenue. Then, you’re talking about bumping that up against the billions.

“The United States majority population is soon to be the minority by 2040, 10 years earlier than expected,” Castillo said. “The total minority purchasing power is about \$3.6 trillion by 2015, which would equate to the sixth largest country in the world, if you look at it in comparison to GDP [gross domestic product]. Yet, as we work with corporations in the sales and marketing arena, many times five percent or less of their total advertising budgets is spent on multicultural markets.”

Here is a synopsis of some of the attendees’ and panelists’ responses to supplier diversity in marketing and advertising:

- On the topic regarding the effectiveness of multicultural advertising agencies in reaching ethnic consumers, attendee Manny Fields, managing partner, XL Edge, a multicultural agency supporting BDR member Kroger, commented that agencies like his are willing to take on greater responsibility in helping lead general market agencies to execute consumer marketing campaigns. He said many campaigns targeted to multicultural consumers are received as insensitive or offensive because they lack insight from diverse agencies. These insights need to be embedded into campaigns from the beginning and getting multicultural agencies involved from the beginning of campaigns would alleviate some of the angst, Fields said. “I think part of your opportunity is to have those partners sit at the general market table to help you provide that and avoid those types of mistakes,” he said. “I think it would also allow you to craft a more general market message that has a more effective impact with a broader audience.”

Fields also commented about the so-called 2040 timeframe when many experts are predicting that minority populations in the United States will be in the majority. The 2040 notion is

so strong that he urged corporations to view the date with urgency. “We’re all kind of looking to that date. I would just argue that 2040 is today,” Fields said. He added that already many of the top 20 U.S. markets are moving to a minority-majority. “A lot of our distribution, drive and consumer density is within those top 20 markets,” he said. “I would just argue that it’s here today. We should look at that for that reason before 2040.”

- **Panelist Jeannine Haas, chief marketing officer, Avis Budget Group Inc.**, offered ideas about how corporations approach the challenge of penetrating major hurdles that inhibit achieving measurable progress in marketing/advertising supplier diversity. She acknowledged that corporate marketers tend to take the easier route in securing suppliers — opting for expediency to seek out full-service, one-stop shops “that can provide things soup-to-nuts for us.” Haas added that marketing operations on the buying side typically seek a single point of contact for parceling out work, often to the exclusion of diverse firms.

Yet, despite the reality of selecting a traditional, full-service agency because of its global scale and ability to expand beyond the North American market, she maintained that opportunities, nonetheless, do exist for women-owned and minority-owned businesses. Haas said often that is in the role of what she refers to as a “tuck-in agency” to work with larger, lead agencies by creating partnerships.

“Quite frankly, I think the responsibility is on us as lead marketers to help facilitate some of that dialogue and those conversations,” Haas said, including looking beyond traditional areas of creative advertising and media spend to opportunities in disciplines such as printing. “At Avis Budget Group, we’ve been able to introduce diversity suppliers to help work with our larger suppliers,” she said. “That actually makes the whole production system much more efficient. If there’s an overrun or something like that, they can become good partners.”

Haas said it also is important to reach out to advocates, such as the Women’s Business Enterprise National Council, when pressing concepts like develop-

ing tuck-in agencies. “We use different suppliers for our promotional items. We’re exclusively using women-owned businesses to service that. We have a lot of opportunities to do that,” she said. “Where I see more opportunity in terms of future trends is more in the multicultural area. Where we may have a lead message on something, but really need to hone our specialty on a particular area, this is where we would go. My main responsibility is to help bring those relationships together, because at the end of the day, it’s all about building these relationships and working together.”

- **Panelist David Perry, former head of broadcast production at Saatchi & Saatchi in New York**, offered a perspective of supplier diversity in the area of production of advertising, TV commercials, digital media and print. Across the board, according to him, supplier diversity in his area of the industry has improved markedly in recent years. Saatchi & Saatchi, for instance, had just two majority-owned clients with supplier diversity goals five years ago, Perry said. Now, all but one of the firm’s clients has supplier diversity programs, he said.

As a longtime partner of Proctor & Gamble, Perry said Saatchi & Saatchi credits the late Ross Love, a former Proctor & Gamble vice president, advertising, during the 1980s, with insisting that agencies involve themselves with supplier diversity. Figures like Love, he said, helped to keep “the flame alive until [marketing/advertising supplier diversity] became standard operating procedure for most advertisers.”

Perry said a number of events are signaling that the state of marketing/advertising supplier diversity has seen improvement. The increasing certification of diverse companies is taking hold in marketing and advertising, he said. The supply of firms that majority agencies can turn to is expanding, according to Perry, ensuring agencies have an easier opportunity to implement supplier diversity programs.

“It used to be very difficult when there were one or two companies in the space,” he said. “Now, there are dozens — not just in production companies —

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but in all of the added areas, like editing, printing, music production, digital production, print production, photography and all of the areas that go into production. All of those areas have expanded many-fold since even just over the last five years.”

Saatchi & Saatchi has developed a rigorous program of identifying prospective suppliers and helping them get certified, according to Perry. The global advertising agency network works closely with vendor Professional Partnering Solutions Inc. of Round Rock, Texas, which is run by Anita Laney, president & CEO. She has worked many years in advertising, including with the industry group American Advertising Federation. PPS promotes a business model that forms partnerships with advertising, marketing, media and communications companies by placing experienced supplier diversity professionals in agencies in creative, sourcing and supplier diversity.

• **Panelist Brian Smith, vice president - Lexus marketing, Toyota Motor Sales U.S.A.**, said the state of Toyota’s diversity efforts today are wholly better than 10 or 12 years ago when the company began its push toward inclusion. For marketing and advertising alone, Lexus’ investment in minority- and women-owned business enterprises increased by 60 percent in 2012 compared to 2011, and continues to grow, he said.

In marketing and advertising across Toyota, the company uses four fairly large-sized diversity agencies and advertising and marketing support companies, according to Smith. One of them, Walton Isaacson, is Toyota’s key diversity partner. He outlined how the partnership with Walton Isaacson has developed since it was initiated in 2007 to focus on the African-American car-buying market.

That partnership has evolved to the point where Walton Isaacson, a full-service advertising agency that counts former basketball great Magic Johnson as a partner, receives some of Lexus’ general market advertising, Smith said. Over the years, Walton Isaacson also grew as a partner for Hispanic and LGBT advertising, he said.

The partnership not only benefits

Toyota and Lexus, but also Walton Isaacson, Smith said, noting the relationship is less predicated on achieving spend numbers than about the quality that results. “We do that in a very Toyota-like way,” he said, “which means we’re going to go slowly in manageable sizes, and then grow with our good partners that demonstrate an ability to succeed with us.”

For instance, Walton Isaacson has helped Toyota to extend its reach with diverse suppliers. “It has many clients now and is reaching down to Tier 2 and beyond with its investment in diversity,” Smith said. “That’s one of the important parts of our investment with Walton Isaacson. It brings a value to us that extends beyond the quality of any individual television commercial. It raises the bar, in terms of creativity, for all of our agencies.”

In the general market, according to him, an agency like Walton Isaacson is able to create advertising spots for vehicle launches that are targeted to the African-American market, and then are tweaked to be effective to general market audiences as well. Smith added that because Walton Isaacson has expertise in the trendsetting youth market, the agency offers “ideas and executions that sometimes are very different than what our other agencies would have done. It really helps our organization as well in focusing on trends.”

• **Panelist Jeff Tarakajian, executive vice president, group management director, DraftFCB**, whose current clients include the U.S. Census Bureau, offered perspective of the evolution of marketing/advertising supplier diversity from the angle of government. His first contact with supplier diversity occurred during the mid-1990s when working in account management, and he had the opportunity to win lead business with the U.S. Postal Service. Yet, because it was government, he acknowledged some trepidation. “I thought to myself, ‘I don’t know whether I really want to do that or not,’” Tarakajian said. “It’s a very different thing. I’d never done government before. I was very skeptical about it.”

After winning the work and upon meeting with the contracting officer af-

terward, the official delivered the message that by accepting the work, Tarakajian committed his firm to agreeing to deliver a certain percentage of the contract through small, disadvantaged and women-owned businesses. That aspect proved to be a revelation, and he said he needed to determine how to proceed because supplier diversity was very new and different for him.

“That experience,” Tarakajian said, “which actually spawned a whole host of other government experiences for us and led to us being the prime contractor for the 2010 Census, has really opened up and created a wonderful and challenging environment for us in terms of this topic.” For its 2010 Census work, DraftFCB agreed to deliver 40 percent of spend with small, disadvantaged and minority- and women-owned businesses. “You have to deliver, or else it’s really an embarrassment to your company,” he said.

Over time, through its work with government, attention to supplier diversity dramatically changed his agency, Tarakajian said. The company evolved from an agency that viewed supplier diversity as an altruistic endeavor to one where it is the right approach for business, he said.

As a result of its experience with government procurement, DraftFCB was able to institute a number of practices within the company. Among them is one to simply educate people who are client-facing by understanding the nation’s changing demographics, according to Tarakajian. “When you really understand what’s going on in the world,” he said, “the light bulbs go off and you say to yourself, ‘Of course I should be doing this. Why wouldn’t I be doing this? It’s nuts not to.’”

A second practice for successfully executing supplier diversity in marketing and advertising is ensuring the process is easy for stakeholders by bringing together various disciplines and departments within the agency and advising them about requirements and where to go to find diverse firms. “We find every possible way and try to overturn every rock to see where the opportunities might be,” Tarakajian said. “I would urge everybody to be as creative as possible.”

• **Panelist Aaron Walton, partner, Walton Isaacson**, a full-service, 140-employee, diverse-owned advertising agency with offices in Los Angeles, Chicago, New York and Tokyo, participated as a panelist in a previous BDR marketing/advertising summit. He told attendees in New Jersey that one way he is able to measure industry progress over the past six years is by the willingness, for instance, of majority marketers and advertisers to call on diverse-owned agencies for general-market work.

Citing his company's growth of 40 percent annually over the past six years, Walton said use of diverse agencies in general-market marketing and advertising "has made a huge difference for us in the success of our agency, and it also has trickled down to some of the other brands that we work with."

The current state of supplier diversity in marketing and advertising is promising, according to Walton. "The reality is that there has been a lot of progress," he said. The biggest difference he has seen over the years is the way in which brands are engaging diverse suppliers, he said.

Like Lexus' Smith, Walton cited the creative ways their partnership has developed. "Toyota's approach with our agency has really not been about being a supplier," he said. "It's really about being partners." Important for Walton Isaacson is that when brands see diverse agencies as partners, it creates a different approach to business. The result is that the relationship spawns greater creativity, he said, because diverse agencies are willing to take calculated risks and "do things they would not normally do if they were just thinking of themselves as a supplier."

The strength of his company's relationship with a client like Toyota trickles down and benefits other diverse firms Walton Isaacson works with, he said. "We're very focused at the agency to make sure that we provide other folks the same opportunities that have been given to us," Walton said, "so we are very focused on providing other diverse agencies an opportunity to participate in the success that we've had. It's part of our DNA. It is very much a part of who we are as an agency and is part of how we started as an agency."

• **Panelist Bill Imada, IW Group chairman and chief collaboration officer**, whose company served as a vendor to the summit for delivery of interactive services, offered four tenets that can guide diverse suppliers to successful partnerships in marketing and advertising.

The first, he said, is to develop meaningful relationships with corporations and brands. Diverse suppliers need to understand that the opportunity to create relationships does exist, but they must work hard to make them successful, according to Imada. The reward for diverse firms is that relationships evolve into long-term partnerships.

Next, the relationship must be relevant, he said. Regarding relevancy, "if you're not getting your message across, that might mean that the delivery needs to change," Imada said. As an example, he said for seven years he sought to pitch business to a quick-service restaurant chain, focusing on the importance of multicultural marketing to Latinos, African-Americans and Asian Americans. "For seven years, this quick-service restaurant ignored me," he said. "Then, I realized I needed to change my delivery and message."

Here is the exchange between Imada and the restaurant owner:

Imada: Do you market in Europe?

Restaurant owner: Of course, we market in Europe. That's the most absurd question I've heard.

Imada: What do you do in any country? Name a country.

Restaurant owner: Belgium.

Imada: Do you do multicultural marketing in Belgium?

Restaurant owner: Of course.

Imada: You do multicultural marketing in Belgium.

Restaurant owner: In all of Europe.

Imada: The Asian-American population — just the Chinese and the Indian — is larger than Belgium in population.

Restaurant owner: Stop. Are you saying there are more Asians in America than there are people in Belgium?

Imada: Absolutely, and there are more Latinos in the United States than the entire population of Canada, and African-Americans spend more in gross domestic product than OPEC [Organization of the Petroleum Exporting Countries] nations.

BILLION DOLLAR ROUNDTABLE MEMBERSHIP

The Billion Dollar Roundtable's 18 corporate members are:

AT&T Inc.

Avis Budget Group Inc.

The Boeing Co.

Chrysler Group LLC

Dell Inc.

Ford Motor Co.

General Motors Co.

Honda North America Inc.

IBM

Johnson Controls Inc.

Johnson & Johnson

The Kroger Co.

Lockheed Martin Corp.

Microsoft Corp.

The Procter & Gamble Co.

Toyota Motor North America Inc.

Verizon Communications Inc.

Wal-Mart Stores Inc.

Restaurant owner: You've got my attention and my business.

"I think relevancy is very important," Imada said.

He said timing and give-back are the two other tenets. In the area of timing, Imada pointed to how he pitched automotive companies when they were going through recalls by simply picking up the phone and asking, "What can I do to help you with this problem? Let us be part of the solution."

Give-back is important as well, he said. His company has donated \$250,000 to local communities over the years and invested \$1 million in three banks that invest in local communities. "Each of you, once you become successful, have a responsibility not only to participate in events like this, but also to work with your partners to help them succeed in business," Imada said.

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• Panelist Walton noted that Hispanic and African-American consumers are early adopters of digital content. From his agency's perspective, he said when he and his associates are seeking other partners to support clients such as Lexus, they are spending considerable effort on the type of content other suppliers can provide that they, in turn, share with clients. Whether it is a need for creative collateral in digital advertising, social media initiatives being developed or written material, "we're constantly out looking for diverse suppliers that are partners that can support our clients," he said.

• Smith added that digital has similarities with more traditional media. "It has to be authentic and speak to the audience," he said, citing as an example Lexus websites that were developed with Walton Isaacson directed toward multicultural consumers, such as African-American culture and Hispanic culture. "They're completely separate websites for advertising and marketing content and lifestyle content," Smith said. "I think just the fact that what had been one big project is now three separate projects is certainly an element of where the digital opportunities exist. We're going to continue to do that. The same thing holds true for events. We don't do one or two. We're now doing multiple ones to reach a broader demographic. It certainly expands the opportunities."

In summing up the discussions, moderator Castillo said she was encouraged to hear comments from agencies because many corporations have yet to begin setting goals for supplier diversity in marketing and advertising. Echoing Imada's comments, she agreed it is important for diverse suppliers "to be very in-tune with how you can bring added value to the existing and potential customers."

Panel 2, Best Practices in Supplier Diversity in Marketing and Advertising

Rick Hughes of Procter & Gamble opened the session on best practices, outlining some of the guiding principles his company has had in place managing supplier diversity and its diverse spend

for more than 40 years. Noting that he has been with the company for about 30 of those years, he said Procter & Gamble begins with an overarching principle that diversity is everybody's job. "We have a chief diversity officer in the company that manages our employee diversity, but we look at employee diversity as something that all leaders at all levels are responsible for," Hughes said. "The same is true for supplier diversity. It is not the job of the procurement organization. It is everybody's job at P&G to identify, work with, collaborate with and partner with our diverse suppliers either in North America or, in many cases, in other parts of the world."

Procter & Gamble's goal as a supplier diversity best practice is to drive diversity into the fabric of everyday life of the company — whether it is employee diversity, understanding and recognizing consumer diversity or managing external business partners. Hughes listed these other guiding principles at his company:

- Driving change starts with leadership.
- Continually seek to improve diversity results.
- Diverse suppliers have to earn Procter & Gamble's business.
- Supplier diversity is a business imperative.

In the area of leadership, Hughes said as chief purchasing officer he engages in regular reviews with senior managers and Bob McDonald, the company's chairman, president and CEO. According to Hughes, those discussions regularly involve hard questions — how the company is succeeding in the area of diversity spend, what is occurring in diversity management and how capability is being achieved within the supply chain. Seeking to improve diversity results, he said Procter & Gamble believes that employee diversity is a linchpin for the company's efforts. "Employee diversity is important to our business case and to our company," Hughes said. "Supplier diversity is also important to the company because we believe very strongly as a company that you get better results every single time with a diverse team. Whether that is a diverse internal team or a diverse external team, the results are always much better."

Procter & Gamble takes the approach

in working with diverse suppliers that they are not entitled to do business with the company, according to Hughes. That approach starts with not "pigeonholing" diverse business partners by race and gender, he said. The company will not assign diverse companies to "silos" based on their characteristics. What Procter & Gamble seeks to learn about diverse companies is "what you bring as a supplier, agency or external business partner — not what color is your skin or what gender are you," Hughes said. "Just because you come to me and say that you're minority-owned, woman-owned or whatever-owned doesn't mean you get our business. You've got to earn our business."

As a best practice, approaching suppliers from a capability standpoint means corporations will afford diverse suppliers an opportunity to compete against the best and the brightest among the universe of suppliers. "Whether they're incumbents or not incumbents, I want everybody to have an equal seat at the table to compete for our business, but there is no entitlement," he said. "We give you the opportunity to compete, but you earn the business every day."

Hughes added that Procter & Gamble further expects that its partners among majority women-owned companies not only will have an employee diversity program process and approach, but also a vibrant approach for driving supplier diversity with their business partners. "We track and measure those," he noted. "We make sure that our majority-owned companies are reporting, tracking and measuring their first-year spend and second-year spend, because it's important that we all understand what we're about here," he said.

According to Hughes, Procter & Gamble, whose diversity spend tops \$2.4 billion, including about \$800 million in the marketing and advertising area, looks at the marketing return on investment in working with suppliers for the company's benefit. What that outlines for diverse suppliers, he said, is the value they bring to the company as measured by marketing ROI and how they distinguish themselves from other suppliers in the marketplace — majority-, minority- or women-owned.

Here is a synopsis of some of the at-

tendees' and panelists' responses to best practices in supplier diversity in marketing and advertising:

- **Panelist Susan Markowicz, global advertising agency manager, Ford Motor Co.**, discussed how the automaker operates its global advertising function and its impact on supplier diversity. The key word is “consolidation,” she said. Ford’s global advertising agency management team is cross-functional, comprising marketing — which she represents — purchasing and finance. The team’s responsibility is to manage the relationships with the company’s advertising agencies of record on a global basis.

Nearly all of the business, owing to consolidation, is with the London-based global majority marketing communications firm WPP plc. Among diverse agency partners are Zubi Advertising Services

Inc. and UniWorld Group Inc.

Markowicz said it was not a particular Ford strategy to award WPP the majority of its worldwide business, but was born out of a desire for efficiency and value. WPP, she noted, already was engaged with agencies Ford had been doing business with, and coming under the one banner, helped create those efficiencies.

For instance, WPP owns a percentage of UniWorld and that association creates corporate benefits for Ford, she said. “My key takeaway from an advertising and marketing perspective is that these guys work hand in hand together,” she said. “Our diverse suppliers are not an afterthought. They do not come to the table after the big idea is generated, and then you execute it for your market. They work together.”

Markowicz said WPP maintains formal supplier diversity activities with its

entire supply base, based on 10 percent of spend with diverse companies, including minority-, women- and veteran-owned companies. Working largely with a single majority agency like WPP, she said Ford promotes diverse spend in marketing and advertising through what it terms an aligned business framework program.

The framework is a three-tiered commitment that comes with a requirement to source to diverse firms on a Tier 2 basis. All Ford suppliers have commitments to work on Ford’s behalf to ensure they are sourcing to minority-, women- and veteran-owned suppliers, she said.

- Another of Ford’s majority suppliers is TeamDetroit. **Panelist Paul Venn, Team Detroit’s executive vice president and co-managing director**, who has *(continue on page 76)*

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worked with Ford in various capacities for more than 20 years, noted the company has more than 1,000 people servicing Ford business. Team Detroit was established five years ago, resulting from a partnership with WPP and Ford, he said. According to Venn, the trio saw an opportunity to work better together and service Ford's business at a higher level with greater efficiency.

Addressing supplier diversity best practices, Venn said he looks at what he calls "soft factors" that help companies create and sustain a diverse supplier base. Soft factors tend to be more challenging, he said. By contrast, "hard factors" pertain to objectives that corporations mandate to suppliers around supplier diversity.

Hard factors are straightforward aspects of supplier diversity, such as whether diverse suppliers are certified and registered and how to get those companies to gain certification. "If the company that is driving our revenue is setting those objectives, they've got our attention," he said. "That's the easiest part of it."

But, it is the soft factors that often create vibrancy in supplier diversity, Venn said, explaining, "Soft is not a good word in business. We're metrics-driven, and we have to deliver ROI [return on investment]. Most of my day is devoted to that kind of thing. But, I think the soft factors are what will drive this idea of increasing supplier diversity forward from this point on.

"What do I mean by soft factors?" he asked. "Do I have a company of people that want to promote diversity? Do I have a company of people who want to challenge the norm, who want to do things differently and who want to do things better? That's a very important question for [those of] us regarding a business as a whole, but it's extremely important in this area."

He added that soft factors propel an agency to keep an open mind about supplier diversity and "go out there and oxygenate ourselves to really get to quality of thinking." Team Detroit, for instance, is active in developing diverse internship programs and recruiting at multicultural marketing and advertising fairs — designed in part to

create a diverse culture at the agency and broaden representation within the agency with minority and women groups, Venn said.

"The way we're going to improve it in the next 10 years is to improve on those soft factors," he said. "That [improvement] means looking inside our companies, changing that culture and having people wanting to be different and to challenge and break those norms."

• **Panelist Eliseo Rojas, vice president and chief procurement officer, Interpublic Group of Companies,** said a number of practices have made his agency's supplier diversity program successful, notably a commitment to the goal that IPG would be one of the most diverse and inclusive organizations in the world. Supplier diversity is a key component of that initiative, according to him. Accountability is a building block of the agency's structure for diversity and supplier diversity.

"For CEOs of major networks, their bonuses and compensation packages are impacted directly by the achievements that they have to show year over year, as it relates to diversity and inclusion. Supplier diversity is a component of that," Rojas said. "It makes my job a lot easier to be able to put policies and processes in place that have embedded in them supplier diversity components.

"It's really all about the DNA of the organization. Every individual in the group is focused on that," he said. "Every person that is part of my sourcing organization and the supplier diversity program focuses on making sure that we are bringing to our agencies suppliers who are qualified and are going to help us identify the next most innovative answer that we're looking for or allow us to go to our clients with better solutions."

When IPG sources a given category, managers are required to include minority- and women-owned businesses in the process. The agency also works closely with its corporate clients — such as BDR member Johnson & Johnson — to ensure it is doing everything possible to support the client's own supplier diversity goals, Rojas added.

• **Panelist Joe Zubizaretta, chief operating officer at Hispanic-owned Zubi Advertising,** said as Ford's Hispanic agency-of-record, his job amounts to being able to spend as much of the client's money as possible with Hispanic or diverse organizations. "Any company that is involved in the digital space or websites that cater to Hispanics — be it in English or Spanish content — as long as the content is relevant, we can spend our client's money there if it makes sense," he said.

Zubizaretta said another aspect of the relationship with Ford is to make consumers aware of what the client does to help minorities, suppliers and diversity. For Ford specifically, he said for many years, his firm has worked with Ford on diverse supplier and diverse dealer programs, identifying diverse suppliers and dealers for the client. "We highlighted [suppliers' and dealers'] efforts in their own communities to give back, based on the success that they have achieved by working for Ford," he said.

In the Hispanic market, companies doing business for the good of that community will be viewed favorably and have a higher brand perception, according to Zubizaretta. He said typically, his agency is involved in community issues and campaigns, such as programs to benefit youth. Diverse agencies that work in the minority market always are challenged to get more involved in the entire spectrum of Hispanic business, he said. Zubi Advertising also gets involved with civic, grassroots organizations on behalf of the work it does with corporate clients, such as the United States Hispanic Chamber of Commerce and advocate National Council of La Raza, Zubizaretta said.

"There are organizations that you can get involved with and network with. Also, we're Hispanics. We invented word-of-mouth," he said. "That's how we always have communicated with each other, so social marketing is right up our alley. Everybody's been buzzing about social. We've been doing social for years. We've just been doing it with our mouths instead of with our phones. I would suggest that anything you want to do to get involved with Latino organizations or Latino customers, get involved in your communities as much as you can."

- **Panelist Monique Nelson, CEO of diversity agency UniWorld Group,** said probably the key best practice for working with diverse agencies is to have them earn the work. Diversity agencies cannot afford to approach the marketing and advertising business with a feeling of entitlement, according to her. “One of the things I tell my team all the time is, ‘It isn’t about affirmative action. It’s about action that’s affirmative,’” she said. “Yes, [minorities] will be the majority by 2040. Actually, in most cities, by 2020 it will already be a reality. Ultimately, you ask what you are going to do about that. How are you going to make that actionable for your clients?”

In its relationship with Ford, Nelson said UniWorld Group is continually driven to evaluate and then re-evaluate its role in the collaboration. That continual evaluation is what creates a partnership between the corporate client and diversity agency, according to her. “It is about having that relationship with your clients, being on top of their objectives and being able to move quickly to make sure they’re going to meet their goals,” she said. “At the end of the day, this [agency] is about being a for-profit business and about making sure that you’re the best steward of their money and their brand.”

In marketing and advertising, agencies must ensure they are bringing added value to the relationship with the client, according to Nelson. Diversity agencies can achieve that by making a connection with diverse consumers. “One of the things that a diverse advertising and marketing agency can do because of the relationships that they have or should have within the community is to get those extensions that you wouldn’t necessarily get from a mass body,” she added. “It is about that personal relationship with that community, steward or group that we know is influential and really making sure that your client benefits from those relationships.”

The resulting benefit between corporate client and diversity agency is trust, Nelson noted. “The client starts to believe you, trusts you and trusts your judgment,” she said. “Then, you can grow that. It is about paying it forward to get it back on the end.”

- Panelist Venn of Team Detroit said marketing and advertising is an “ideas business” and that agencies that develop good ideas for the benefit of clients typically find success. “It’s a bit like a journalist trying to write his or her next article. You’re always looking for ideas,” he said. “It’s terrible staring at a blank page. Given that ideas are so important, we’re thirsty and hungry for them. We need them. You can observe what we’re doing and deduce what the strategy is around the work we have in the marketplace for our clients. Just drawing inferences about the spin can help bring additional insights. We’re always hungry for that.”

- **Moderator Hans Melotte, vice president and chief procurement officer, Johnson & Johnson,** commented on what corporations take into account when receiving bids for contracts, “It absolutely has to be about best value.

It absolutely cannot be about lowest price. If the two are the same, there’s great upside, but that is not what we are trying to play for. Our mantra at procurement at J&J is enabling growth. That’s our vision.”

- **Attendee Keshia Walker, president, Insights Marketing and Promotions,** said when she approaches Tier 1 general marketing agencies she often does not receive a response or a call back — yet. “I know they don’t usually have the talent that’s needed at the local market level,” Walker said. She believes many of these Tier 1s are not being “challenged, measured or evaluated” by corporations on spend they should engage with minority- and women-owned firms.

- Panelist Markowicz noted that each of Ford’s agencies has a percentage commitment they have to source to minority-
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BILLION DOLLAR ROUNDTABLE BACKGROUND

The Billion Dollar Roundtable was founded in 2001 by Don McKneely, chairman and CEO, TexCorp Communications Inc. and *MBN USA*; Sharon H. Patterson, BDR president and CEO, Amica Group Inc. principal and Kraft Foods Group Inc. former director, supplier diversity; and Shirley Harrison - retired.

The objective of the founders was to bring together major U.S.-based corporations that make meaningful and measurable contributions to the economic growth of diverse companies. An objective of member companies is to put aside competitive differences by working together to advocate for best practices and sensible solutions for supplier diversity. New corporate members are inducted biannually.

Now in its 12th year, BDR summits are held annually and bring together leaders from across the corporate spectrum for a daylong forum designed to spark dialogue on critical policy issues. Member companies comprise many of the world’s largest and most important business organizations. Previous summits have been held in New York City; Washington, D.C.; Seattle; and New Brunswick, N.J., examining topics in supplier diversity, including advertising and marketing, global supplier diversity and development of integrated solutions to supply-chain inclusion.

Coinciding with the summit, BDR released “Supplier Diversity Best Practices: Building Excellence to Improve the Supply Chain Matrix,” a book that examines 12 best practice areas for operating viable supplier diversity programs. Several dozen contributors are featured in the title, lending their expertise, interest and advocacy of supplier diversity to the project. The book is available in print and electronic form at www.billiondollarroundtable.org.

The 2013 BDR Summit, “Global Megatrends: The 50,000-Mile View,” was held Aug. 22, in Detroit, Mich.

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 women-owned or veteran-owned firms. “They are measured on it. We have those discussions on an annual basis to see how they’re tracking and work together to make them meet the objectives that they have,” she said.

Panel 3, Emerging Trends in Marketing and Advertising

Moderator Thomas Gartland, president, North America, Avis Budget Group, elicited observations from panelists on trends emerging in marketing and advertising and how they affect supplier diversity. Trends run the gamut and follow larger societal trends, said Gartland, who presented a series of questions to panelists to consider. Considerations included:

- Will the impact of social media

platforms like Facebook, Twitter, You Tube and other channels remain relevant to consumers over the next decade?

- How are brands using smart devices like phones and tablets to advance marketing and advertising?
- How do corporate marketers, agency leaders and suppliers view the future of traditional media such as newspapers, magazines, television and radio as effective channels for reaching consumers?
- What is the impact of changing consumer behavior amid dramatic U.S. demographic shifts?
- Which marketing and advertising trends are expected to arise over the next decade to address the growth and power of female consumers?
- Will there be a continuing need for ethnic-specific advertising and

marketing agencies over the next decade, given the growth and prominence of diverse agencies?

Gartland also noted that the 2010 U.S. Census is offering important evidence on changes in the nation’s ethnic and cultural diversity, highlighting that several states such as California, Hawaii, New Mexico and Texas, along with the District of Columbia, already are becoming “minority majority states” with others sure to follow quickly. Gartland asked panelists to highlight specific marketing and advertising shifts they have made in order to address the changes occurring and how they are managing these changes internally within their organizations.

Here is a synopsis of some of the panelists’ responses:

- **Catherine Stanley, director, brand**

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management and agency relations, Verizon Communications Inc., elaborated on the company's evolving agency collaboration model. She said Verizon Communications' strategy for identifying agencies is to seek partners beyond single agency shops. "We look to optimize our partners in all of the areas — whether it's digital, event planning or multicultural marketing," she said, adding that her marketing communications organization identifies diverse suppliers through a traditional request-for-proposal process early in the collaboration just as it would for any other media agency or creative agency. "Our goal is to develop a model where we've got really strong partnerships," she said.

- **Kimberly Kadlec, worldwide vice president, global marketing group, Johnson & Johnson**, said the need to address emerging demographic shifts led her global marketing group to begin to view collaboration with some of its media partners differently. Two years ago, for instance, she said her group partnered with Telemundo, the Spanish-language American television network, and *People en Español* — *People* magazine — to build a program that encompasses social media in a marketing partnership with Wal-Mart Stores Inc.

A Colombia native who lives in Miami is the campaign's "celebrity mom" and represents eight of Johnson & Johnson's consumer brands, Kadlec said. "We do in-store demonstrations at Wal-Mart stores in states that are minority-majority," she said. The celebrity mom also has her own television show and makes red carpet appearances. *People en Español* covers the events and consumers participate in the campaign through social media channels such as Facebook. "Finding unexpected partnerships that end up in developing shared value has become a very powerful way to engage and think about it differently," she said.

- **David Nordstrom, vice president, social media, Toyota Motor Sales U.S.A. Inc.**, offered perspective on how the emerging terms "social" and "digital" co-exist in marketing and advertising today and impact supplier

diversity. Often, the two blur together, he said. What diverse suppliers need to know about social channels and digital platforms is the impact they have on traditional marketing, Nordstrom said.

"Traditional marketing has kind of gone away from thinking what your message is and broadcasting it out," he said. "Now, we want to have a conversation. It's very important for us to be able to have a conversation and to be a part of the community that we want to have that conversation with." Diverse suppliers who assist brands in understanding the culture of social media can find advantages in the marketplace, according to Nordstrom. "It means that agencies we work must be very diverse agencies — and not only in our diversity agencies, but in our overall agencies of record," he said.

- In defining social media, Nordstrom said he sees the space as "just a bunch of tools for us to have a conversation with the customer. They're all tools for customers and brands to have better conversations. Social media has completely changed the customer expectations, and I believe our role as marketers." He said diverse suppliers need to stay abreast of the changes occurring in social media.

"At this conference [BDR Summit] in two years, we may not even be talking about Facebook. We might be talking about the next new thing," Nordstrom said. "People are having conversations with each other. Brands aren't even in a lot of those conversations, but we have to figure out how to use social to connect with our consumers. They want to use it to connect with us and talk with us, and we have to figure the way to enter into that conversation in a very authentic way, so we're part of that dialogue with them."

- Kadlec said social media through channels like Facebook are creating monumental, new marketing opportunities for Johnson & Johnson. She noted as an example even being "friended" by her mother-in-law — 94 years old. "There are some interesting opportunities there," she said. "We embrace Facebook and feel like it is our responsibility to find a way to use it and have measurable outcomes from it."

- Duff Stewart, chief executive officer, GSD&M, agreed that social media is creating exciting new opportunities for marketers. Owing to a comment from his company's media director that "fragmentation is our friend," he said fragmentation from social media gives marketers an opportunity to reach their target audiences in a more efficient way with a deeper relationship. "This [kind of relationship] is what you, ultimately, want to develop as a marketer," he said. "I believe that in the social space, there are going to be great opportunities going forward — whether it is digital or social — because of the large holding companies owning all of the vehicles these days."

- **Nadira Hira, a contributor to Fortune magazine** and member of the Generation Y or Gen-Y demographic — defined as those born between the late 1970s and the mid-1990s, offered some perspective on this increasingly influential group of young consumers and how they are affecting emerging trends, particularly in social media and networking. The youngest Gen-Y members are about to head off to college and the oldest members are in their 30s, said Hira, who, as a writer, seeks the views and perspectives of Gen-Y and analyzes why group members behave the way they do.

Gen-Y consumers hardly fit into categories, according to her, a fact that is vital for marketers to understand. In fact, Gen-Y consumers even buck some of the conclusions in the 2010 Census about the changing nature of American society, she said. Gen-Y consumers base much of their existence on individualism, which will force marketers to "drill even deeper" when crafting communications messages, she said.

"It's always funny to me when we have these conversations about the Census. In my household, the Census causes a dramatic amount of angst because my sister and I don't even identify similarly, yet we have the same parents," Hira said. "We [Gen-Y] don't feel like we fit into any of the categories that were on the Census. You see a real devotion to individualism. It's really a culture of cool, a culture of swagger and

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a culture of knowing yourself that is emerging in this consumer.”

• **Dennis Archer Jr. Esq., founder/CEO, Ignition Media Group**, a diverse-owned marketing services firm, said as a trend he looks forward to corporations in marketing and advertising taking more responsibility for developing relationships with diverse firms. But, while corporations and brands have responsibility over developing these relationships, that responsibility is shared also with the diverse supplier, he said.

Here is how Archer approaches business with his clients in marketing and advertising, which includes members of the BDR — notably Johnson & Johnson, Procter & Gamble and General Motors: “The corporation’s responsibility, in my opinion, is that you don’t owe us anything, but you do have a responsibility to be open to new relationships and new vendors, particularly in this marketing and advertising space,” he said.

“This [corporate world] tends to be an old boys’ network — not old women’s and not old white folks’ — but an old boys’ network, so it’s a difficult arena,” Archer said. “It is more difficult than others to get into. If the corporations are willing to be open to the best and brightest, then I think that’s all we can ask. What we have to do is be the best or be on the path to be the best. Because we’re not owed anything; the rationales today, versus 40 years ago when they started these programs, have changed.”

An example of that sharing of responsibility is Ignition Media Group’s relationship with General Motors, Archer said. At General Motors, for instance, he participates on a minority supplier council.

Another example is highlighted through IMG’s relationship with Procter & Gamble and the guidance it receives from the corporation, Archer said. “At P&G, I can remember going in there with guns blazing — as most of us do — and wanting a \$2 million, \$3 million or \$4 million contract out of the box,” he said. “The folks that we worked with at P&G said, ‘Slow your roll and kind of crawl, walk and then run.’ You really have no choice but to subscribe to what they’re saying. Within that organization over the past several years, that sugges-

tion, coupled with quality delivery on our behalf, has led to success there.”

IMG’s work with corporate partners also has given Archer insight into what is required to maintain partnerships into the future. “Supply chains are narrowing,” he said. “Companies are looking for people with global capacity, capability and scalability, and you have to be at least moving in that direction or aligning yourself somehow, so that you can provide service in that vein.”

• **CEO Duff Stewart, 22 years with his majority agency GSD&M**, said diversity agencies need to be prepared to exploit emerging trends in marketing and advertising. As the leader of the company, he said his primary role is to ensure the agency has the right people, resources and perspective to fulfill its purpose of enhancing and growing clients’ businesses. A major part of that is helping the client achieve its supplier diversity goals. GSD&M has been involved in the supplier diversity in marketing and advertising for more than a decade; the company’s first director of supplier diversity was Anita Laney, now president & CEO of Professional Partnering Solutions Inc.

Stewart said GSD&M seeks to define its own paradigm in supplier diversity by setting goals as an agency and striving to meet those goals. That approach embodies the full range of the agency’s culture, he added. “At GSD&M, we believe in the idea of purpose. Two of our values are curiosity and restlessness,” he said. “Curiosity means there must be a better way. Restlessness is next. You can’t rest on what just happened. It has to be about what is next. Those things, I think, are the opportunity.”

• Nordstrom of Toyota said another key trend is what he terms “big data” and how agencies can understand that for the benefit of the client. Much of it is derived from social media and the enormous information that such platforms offer marketers, he said. “People are telling us so many things about themselves that we need to figure out how to take that in, and then, turn that around into a conversation with them that gets them to love our brand and products and see us in a different way,” he said.

“There is so much opportunity for

everybody to figure that out, get that right and come to companies and say, ‘We’ve figured out a way to take this big data and make it actionable for you,’ or ‘We’ve figured out a way to have a better conversation with your advocates and grow your advocates.’ People want to be individuals and have a relationship with all of us. That’s what we were trying to figure out,” Nordstrom said.

• Hira added that social media offers brands the opportunity to get positive messages to their stakeholders. She cited the story of a company like the retailer Zappos that used social media to mitigate a set of employee layoffs it was undertaking. Instead of battering down the hatches and not discussing the situation, Zappos used tweets and email to start a social media conversation with employees about what it could do to lessen the impact of the layoffs, such as extending a holiday discount. “When you think about the impact that has, it’s amazing because at no point in history have we been able to actually have that kind of direct conversation and effect on what would otherwise be a very negative conversation around our brands,” she said.

• Nordstrom said despite a spate of negative press coverage about the relevance of social media in the future, its impact cannot be underestimated. He said social media “absolutely drives brand-building and transactions for Toyota in many different ways.” Nordstrom added that whether the platform is Facebook, Twitter or others, Toyota is able to easily make product offers to consumers, and then, start a dialogue with them, as they are making purchasing decisions, and enter into that transaction with them. “It’s two pieces to us,” he said. “It’s brand-building, which is about that relationship. The second part is it’s a transaction. Even though it’s a \$20,000-plus transaction, we can still use social media to enter into a transaction with a customer.”

• Kadlec said getting over 100 emails each day — most from people she does not know — makes it difficult to sort through all of them. But, she said her job as a marketer is to “look around the corner” and spend the time to find and re-

spond to opportunities that make sense for her company. According to her, suppliers who understand the needs of Johnson & Johnson tend to find success. "The more homework in the context of how your business partners with our business to drive some wonderful measurable outcomes and how you serve that up is important," she said. "It does make you stand out, if you've done that homework. You can tell the difference. It's very clear. You do stand out. Most people don't."

- Commenting on what corporations take into account when receiving bids for contracts, Nordstrom said, "It's value. It's not lowest bid at Toyota. Someone could come in and have a great bid, but if they can't show the value of what they're going to produce, then they're not even on the table. They're off the table immediately because we're looking to accomplish a business goal. As long as the numbers are right for us to achieve that business goal, we want

the best one possible."

Concluding summary

The BDR Summit, "Executing Supplier Diversity Strategies in Marketing and Advertising," was notable for its expert panels in New Brunswick, N.J., that deliberated the current state of supplier diversity in marketing/advertising and examined best practices of successful corporate initiatives. Yet, equally as important to the summit program and experience was the robust participation of attendees through their comments, opinions, questions, interactions and even advice during Q&A and networking sessions. Many of the attendees, including supplier diversity managers, corporate procurement officials, marketing and advertising agency leaders, academics, advocates and owners of diverse firms, could have qualified to be summit panelists and speakers, given their wide-ranging expertise and interests.

Attendees contributed to summit deliberations by expanding on the sub-

ject matter through their participation. Questions to panelists, along with comments, drew considerable interest on topics that included the:

- Role of diverse agencies.
- Impact of social media and digital communication platforms.
- Impact of corporate sustainability principles for diverse suppliers.
- Strategic partnerships.
- Tier 2 opportunities.
- Emerging population demographics.
- Diverse media ownership.
- Federal marketplace.
- Pathways to business for minority and women vendors.

M. V. Greene, based in Washington, D.C., and Owings Mills, Md., serves as writer for the Billion Dollar Roundtable. He assists BDR with communications and is the primary writer of its policy papers. Greene works full-time as an independent writer, editor and communications manager for a number of companies and organizations. ■

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BDR Summit keynoters

outline importance of targeting multicultural consumers

Some of the highlights of Billion Dollar Roundtable summits are the keynote addresses and the August BDR Marketing and Advertising Summit in New Brunswick, N.J., was no exception.

While BDR summits are designed as daylong deliberations on current issues in supplier diversity — primarily through the execution of panel discussions and audience engagement — summit keynote addresses seek to bring unique perspectives.

Keynoters at previous summits read like a Who’s Who list of visionaries in minority and women business development and supplier diversity. Previous BDR keynoters have included Alejandra Castillo, national deputy director, U.S. Department of Commerce Minority Business Development Agency; James H. Lowry, former senior vice president and global diversity director, The Boston Consulting Group Inc.; Michael Blake, deputy associate director of the Office of Intergovernmental Affairs, White House Office of Public Engagement; Leonard Greenhalgh, professor of management at the Tuck School of Business at Dartmouth College; Rick C. Wade, senior adviser and deputy chief of staff, U.S. Department of Commerce; Nicole Ganier-Cosme, president of MAGIC Workforce Solutions, a division of Magic Johnson Enterprises; and Karen G. Mills, administrator, U.S. Small Business Administration.

Cheryl Pearson-McNeil, senior vice president, public affairs and government relations at Nielsen Co., the media measurement firm, addressed attendees at the summit’s networking dinner.

She discussed trends in multiculturalism in the United States and the manner in which corporate America deals with multicultural consumers, likening the response of corporations to that of a “horror show.”

According to Pearson-McNeil, corporations virtually are ignoring the vast spending power of the multicultural



consumer. In eight years, the U.S. population will comprise more than 170 million ethnic consumers — 95 million Hispanics, 50 million African-Americans and 27 million Asians, she said.

Like a horror show, “the changing face of America elicits a negative emotional reaction of brand managers and marketers, startled by the statistics of growing diversity, terrified of an un-

known forceful intrusion into their everyday world,” Pearson-McNeil said. Inexplicably, marketers “continue to operate in the same way, no matter how much they scream at the screen” in reaction to the fear of the horror show, she added.

Supplier diversity can help brands get over their fear of the unknown by offering “a fresh perspective on the op-

portunities that diverse segments represent for business,” Pearson-McNeil added. She said corporations can hardly ignore that today, U.S. multicultural consumers command buying power in excess of \$2.6 trillion annually.

“This information should provide you with the proof, ammunition and

“This information should provide you with the proof, ammunition and evidence you need to convince your chief marketing officers and your CEOs that they need a fresh perspective on the opportunities that diverse segments represent for business.”

evidence you need to convince your chief marketing officers and your CEOs that they need a fresh perspective on the opportunities that diverse segments represent for business,” Pearson-McNeil said.

Additionally, she noted some riveting statistics from Nielsen’s September 2011 publication “The State of the African-American Consumer,” showing, for instance, that 72 percent of African-American adults have been online with more than one online profile, and 63 percent have made online purchases.

Such statistics reflect an imbalance in corporations about what is perceived about multicultural consumers and what actually is occurring, according to Pearson-McNeil. “Just like the gutsy character in the movies, we have to have someone step forward and try to right the imbalance,” she said.

Just like Pearson-McNeil, the next keynote speaker encouraged corporations and brands marketing to recognize the multicultural consumer.

Steve Stoute, who delivered the summit’s luncheon address, is founder and CEO at Translation LLC, a marketing/advertising firm, and author of “The Tanning of America: How Hip-Hop Created a Culture That Rewrote the Rules of the New Economy.”

Stoute emphasized that brands must embrace change to remain relevant in today’s dynamic global society. One way to start is to recognize the value of cultural impact and that begins with “cultural curiosity,” according to him.

“If you don’t have cultural curiosity,

— Cheryl Pearson-McNeil

you’re not going to have innovation because curiosity is a basic learning tool for millennials — a basic learning tool for all of us,” Stoute said. “It allows us to explore and transcend boundaries and understand what we don’t know. If there is no innovation, your business model is broken.” Using a video presentation, the author offered examples of brands that have suffered because they failed to be curious.

“If you don’t have cultural curiosity, you’re not going to have innovation because curiosity is a basic learning tool for millennials — a basic learning tool for all of us. It allows us to explore and transcend boundaries and understand what we don’t know.”

— Steve Stoute

For multicultural consumers, corporations and brands marketing tend to focus on products and marketing tactics rather than carefully examining the mindset of consumers, Stoute said. But, “consumers are always evolving, and you need to understand their in-

novation patterns,” he said.

Key for corporate brands is to be curious about cultural change while developing an interest in the unknown, according to Stoute. Otherwise, brands remain in a state of sameness and thus ignore the changes that are occurring in society.

“It [curiosity] gives us an opportunity to seek things that we necessarily wouldn’t find unless we allowed ourselves to be curious,” he said.

What brands and corporations lose is their ability to innovate, Stoute contended, thus imperiling their business models. Additionally, corporations must be open to viewing innovation with a perspective not solely tied to products or marketing tactics, he said.

“A lot of times, the biggest issue we have at big companies and at divisions of big companies is embracing change. You don’t necessarily need mediums to change, like the explosion of digital and the amount of time people are spending on social networks, and then say, ‘There goes innovation, so there goes the consumer,’” Stoute said.

Brands, marketers and corporations have to be willing to learn how to communicate with tomorrow’s diverse-majority population, he said.

“You have to tell yourself, ‘Diversity means a lot.’ That’s a very important

thing. You must consciously engage and have on your radar screen some way to deal with and understand what’s taking place with emerging subculture — not just little niche things taking place here and there. Emerging subculture is key,” Stoute said. ■