

WAKE FOREST UNIVERSITY



Office Of Business Diversity Programs: 2010 Annual Report

Planting The Seeds For Economic Growth

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Mission Statement

The mission of the Office of Business Diversity Programs (OBDP) is to increase the involvement of Historically Underutilizes Businesses by providing them with the education and training necessary to build positive working relations with larger established suppliers and contractors. In addition, The OBDP seeks to increase awareness of Wake Forest University (WFU) business opportunities within the diverse vendor community, and broaden awareness of these businesses within the University. The OBDP promotes these aims through business education, mentoring, advocacy and policy review.

The Division of Finance and Administration supports the University's vision of a vibrant and diverse learning community by providing responsive and professional services that maximize investments in the university hallmarks: teaching, scholarship, and personal attention to students.

From a small seed a mighty trunk may grow. – Aeschylus



Every adversity, every failure, every heartache carries with it the seed on an equal or greater benefit. – Napoleon Hill



Helping Businesses Take Root

The Wake Forest University Office of Business Diversity Programs was CREATED in 2008 as an initiative to enhance diverse business relationships. The program continues to grow and flourish; the number of women and minority vendors registered with The University have doubled over the last two years. Awareness and involvement of diverse vendors in our community have shown dramatic increase. Moreover, affiliate organizations, corporations, and local public agencies have responded by adopting similar initiatives or expanding existing programs---a direct result of the vision, guidance and support of the Wake Forest University Business Diversity initiatives

Our program now ranks among the most innovative and effective programs in the nation in helping to

expand business relationships beyond University borders – in our case, throughout the city of Winston-Salem, the state of North Carolina and across the country. The Office of Business Diversity Programs has earned diversity achievement awards in each of its first two years of existence. In a short period of time, our small office has made a big difference.

Consistent with the Department of Finance and Administration’s vision to lead the nation in the implementation of transformative, innovative and cost-effective business practices in higher education, the University adopted a policy to foster the inclusion of diverse vendors in all aspects of University procurement, and to expand business opportunities made available by the University to a broader pool of business competitors. High-performing business diversity initiatives have proven beneficial in the competitive market. They stimulate innovation, foster creativity and help to invigorate and maintain economic health and vitality in the relevant market. Moreover, the balanced and equitable distribution of business opportunities contributes to small business sustainability and growth, increased employment and much more.

The U.S. Department of Commerce measures these collective benefits in an arithmetic benchmark called “entrepreneurial parity.” Such parity is achieved when economic measures (such as the number of firms, gross receipts, paid employees, etc.) show that businesses owned by women and ethnic minorities contribute to the economy at rates comparable to the minority share of the population age 18 and older.

Recently, Virginia Tech’s Pamplin College of Business launched a business diversity minor, expanding its teaching and research programs to prepare students for culturally diverse workplaces. In conjunction with Pamplin’s Business Diversity Center, the program seeks to contribute to the understanding among businesses and other organizations of the impact of diversity on corporate competitiveness and market health. Wake Forest University’s School of Business has long been a regional leader in support of small and diverse businesses. The Angell Center for Entrepreneurship,



Babcock Demon Incubator, BB&T Center for the Study of Capitalism and the WFU Community Law and Business Clinic are only a few of the programs exemplifying a recognition of our responsibility to the community. Today, most major universities have expanded programs to provide similar academic offerings. Nearly all have procurement policies and programs to support the inclusion of diverse vendors in the acquisition of goods and services.

Moving forward, the Office of Business Diversity Programs will seek to further leverage our community's academic talent. Planned collaborations with the School of Law and the Business School will craft educational programs that target the unique needs of diverse and emerging businesses, and those programs will in turn provide additional service and learning opportunities for our students.

Centralization of operations is another key objective, and our office is working with Wake Forest Baptist Medical Center, Piedmont Triad Research Park and other affiliate organizations to establish uniform business diversity policies, procedures and reporting requirements. Regionally, collaborations with the Winston-Salem Chamber of Commerce, North Carolina A&T State University, Winston-Salem State University, the Goler Community

Development Corporation, the City of Winston-Salem and many other organizations have resulted in the expansion of existing programs and the creation of new programs as each has responded to the leadership, expertise and support provided by our office.

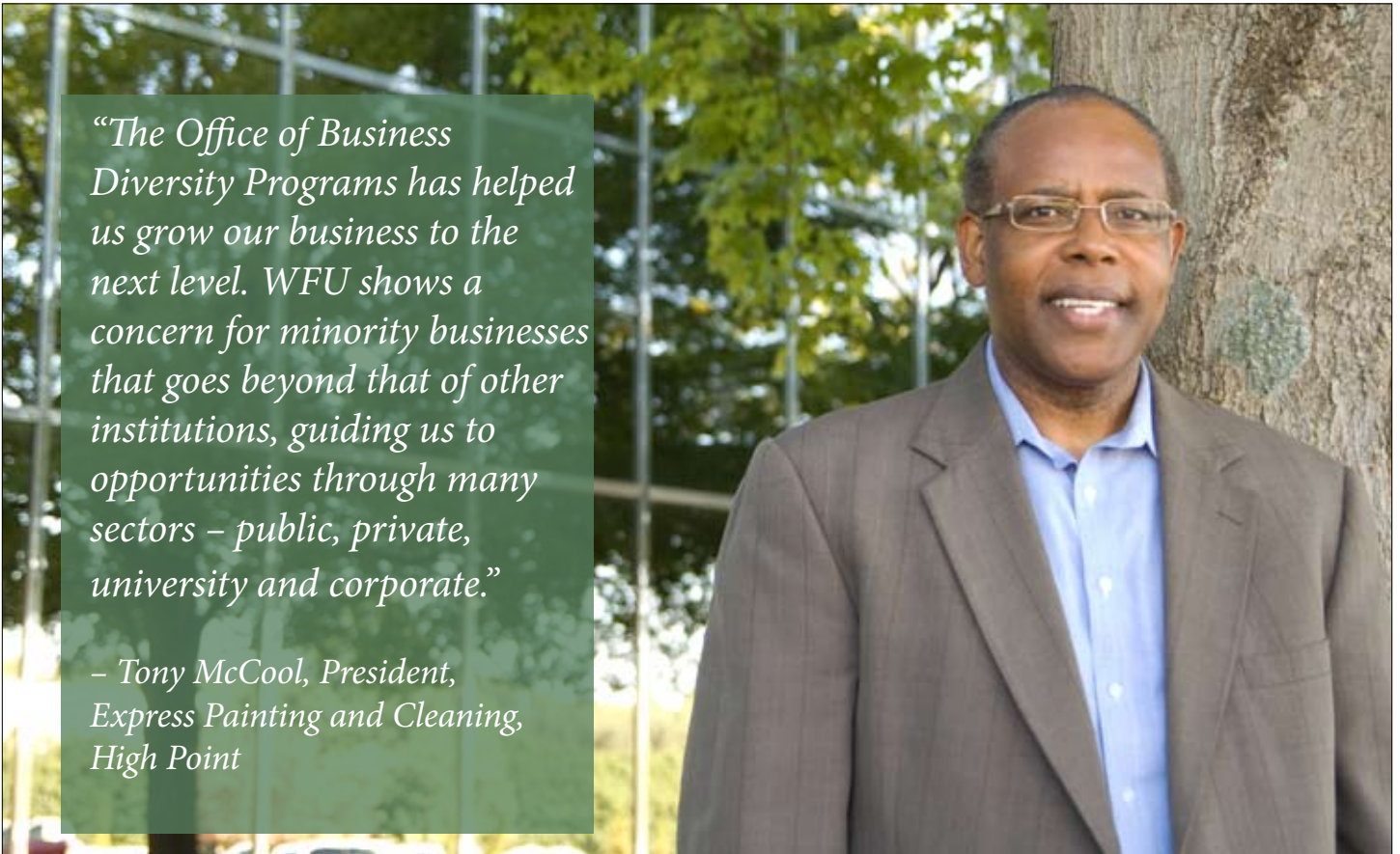
And this is just the beginning. Right now, WFU is the only university in the country working in conjunction with the National Association of Minority Contractors. Our office is currently collaborating with the University of Illinois on a research project examining qualifications-based selection processes at 16 public and private universities across the United States. In addition, we have been selected by several of the largest national and international corporations in the country to assist in the development of corporate diversity programs and procedures.

An essential ideal manifested in these initiatives is the desire to advance our historic commitment to leadership and community stewardship. By doing so we broaden an academic community reflective of the world in which our graduates will lead. The progress Wake Forest University is making is a result of the efforts of many people. Your contributions, past and future, are greatly appreciated. ■



“Working with WFU is turning out to be one of the best business moves I’ve ever made. It’s opened doors previously closed.”

–Khalid McRae, President, Legacy Construction, Charlotte



“The Office of Business Diversity Programs has helped us grow our business to the next level. WFU shows a concern for minority businesses that goes beyond that of other institutions, guiding us to opportunities through many sectors – public, private, university and corporate.”

– Tony McCool, President, Express Painting and Cleaning, High Point

Cultivating Strategic Partnerships



Atherton

“Wake Forest University’s office of Business Diversity Programs helped launch the Winston-Salem Chamber’s diversity program. They provided funding for 25 minority businesses to join the chamber for one year. Additionally, they offered guidance and counseling to many program participants.”

- Jill Atherton, Vice President, Community and Economic Development, Winston-Salem Chamber of Commerce

“I was introduced to Garland Burton and the WFU Office of Business Diversity Programs in Spring 2009. Gaylor had recently expanded operations into North and South Carolina and it was suggested that I schedule a meeting with Mr.

Burton. Since then, the WFU Business Diversity Office has been instrumental in helping to establish strategic partnerships between Gaylor and a variety of NC-based firms and organizations. The results were a more comprehensive business strategy in the Carolinas – connecting diverse contractors, construction management firms, general contractors, and owners, through Gaylor’s more robust diversity inclusion programming.



Gaylor



Rainey

“The WFU Office of Business Diversity Programs assisted in the development of Gaylor’s corporate diversity program and has been a key partner in the preparation of diverse suppliers and subcontractors so that they are equipped for opportunities to bid, win, and build capacity with our firm. Gaylor Inc. is a proud supporter of Wake Forest University’s Office of Business Diversity Programs. Without this program, the task of building relationships and identifying capable partners in this region would be much more difficult.”

– Clyde Rainey, Corporate Diversity Director, Gaylor Inc., Indianapolis

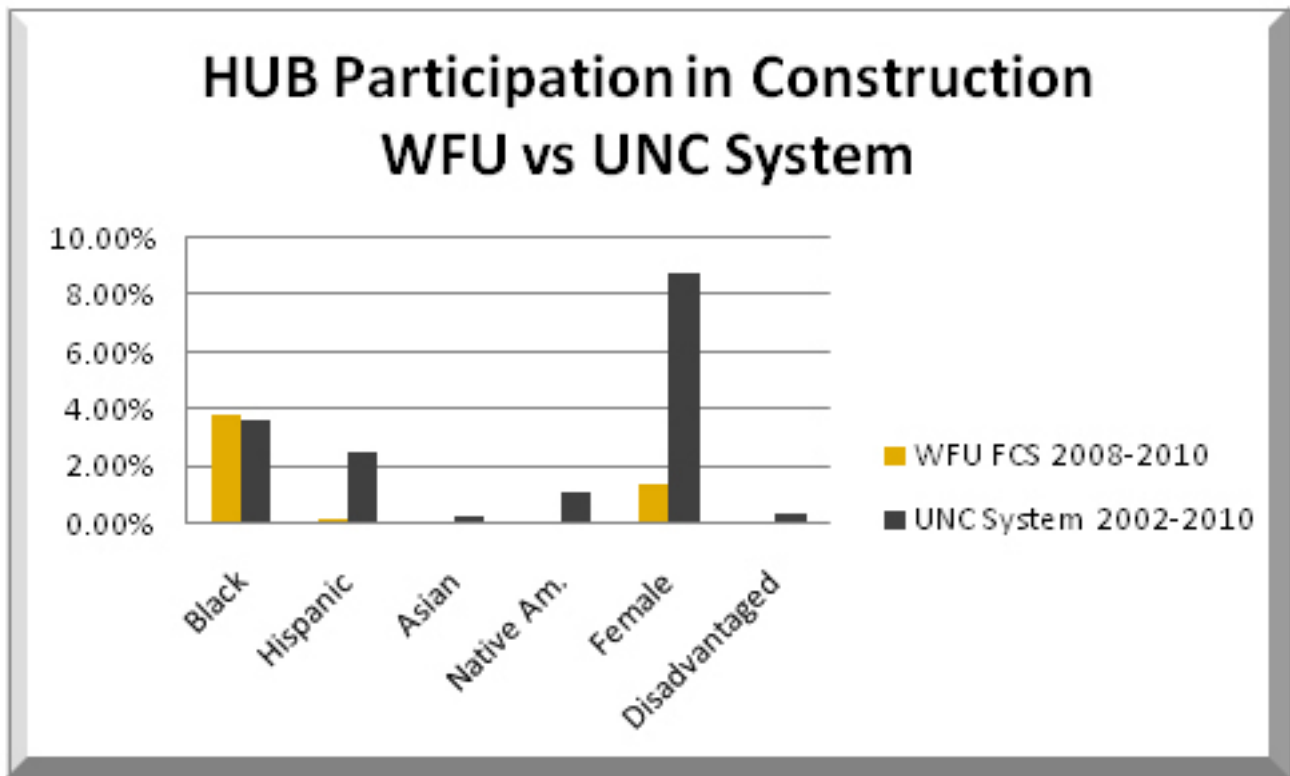
“Our relationship with the WFU Office of Business Diversity Programs and Garland Burton has proven to be a tremendous asset to our business’ success over the last couple of years. The WFU Office of Business Diversity Programs conducts business differently than other (institutional) diversity programs....Mr. Burton’s ability to effectively communicate information, make introductions, and foster working relationships have been instrumental in the success of our small business in this tough economic climate.”

– Mark Bryant, President Floortex Integrated Inc., Wilmington



Bryant

The chart below provides a snapshot of how Wake Forest University compares to the UNC System in relative participation of ethnic minority and women-owned businesses in construction projects. Recent awards and impressive efforts in forming relationships with African-American firms in particular, have quickly elevated participation in this category to a level comparable to the composite (achieved) by similar regional institutions. Overall participation, however, reveals our necessary direction. Raising the University's performance will require recognition that this effort is everyone's responsibility. University staff, officers, managers and leadership must echo the commitment to community stewardship and convey this message to principals and vendors with whom we do business. The Office of Business Diversity Programs is a tool, providing resource support and guidance to all of us as we work together to elevate the University and achieve our goals.



Most economic fallacies derive from the tendency to assume that there is a fixed pie, that one party can gain only at the expense of another.

– Milton Friedman

The Office of Business Diversity's Approach



Wake Forest University is the largest employer in Forsyth County – a region rich in culture and diversity. By supporting the economic development and viability of area businesses, the University advances its historic commitment to leadership and community stewardship. Could we do better with supplier diversity? Yes. And here's how we're working on it.

Recently, the WFU Office of Business Diversity implemented a three-year planning project for establishing its operations. The Plan focuses on the achievement of five major milestones:

- Building strategic partnerships between Wake Forest University and a more diverse pool of vendors, suppliers, and service providers throughout Winston-Salem, the Greater Triad, and the Southeast.
- Expanding access to business opportunities made available by the University.
- Partnering with key regional organizations and institutions to coordinate resources and to develop programs in support of the University's diversity objectives.
- Expanding collaboration with WFU Health Sciences to broaden and assure access to business opportunities made available through University affiliates – WFUBMC, PTRP.
- Establishing business initiatives for procurement which support our vision of being the national leader in transformative, innovative, and cost-effective diverse business practices in higher education.

Through the creation of more equitable and inclusive procurement policies; by increasing awareness of University business opportunities and support resources within the diverse business community; and by raising awareness of diverse vendors within the University, we seek first to address the very basic and initial challenges. These essential milestones will be supplemented by a much more comprehensive and innovative set of initiatives.

For example, one of these initiatives seeks to leverage the abundance of academic talent and educational resources available on the Reynolda Campus to augment and support the array of

business education and training opportunities made available through University affiliates and regional organizations allied with the Office of Business Diversity.

As established vendors and partners continue to respond to the University's business diversity goals, another key initiative is to establish a programmatic support and review process to assist those firms in developing internal policies and programs which address diversity in their upstream supply chains. The Office of Business Diversity Programs has already assisted several area vendors in developing company-wide business diversity programs that both complement and contribute to our objectives.

The Office of Business Diversity Programs is allied with major trade and industry support groups such as the Carolinas Minority Supplier Development Council, the United Minority Contractors of NC, and the North Carolina Coordinators' Network. Through our collaboration with these groups and a variety of agencies and area corporations, diverse firms can gain access to opportunities and receive personal introductions to procurement heads and potential customers outside of the University. This initiative is unique to organizational diversity programs and it provides substantial benefits to vendors. By assisting firms in building new business relationships, we increase the visibility, trust, and support for the University's efforts. Moreover, we help to strengthen the experience, viability, and sustainability of vendors pursuing future opportunities available within the University.

Working in collaboration with community redevelopment organizations and local elected officials, the Office of Business Diversity is involved in an initiative to build a series of "smart houses" in several area neighborhoods. By utilizing the talents of diverse suppliers, designers, artisans, and other businesses, the goal is to exhibit healthy, state of the art products, processes, and materials while creating educational opportunities and energy efficient, low cost, habitats in moderate and low income communities. This initiative promises to serve as a promotional vehicle for the businesses and communities involved, and a catalyst for jobs and business opportunities in those communities.

We have a lot to do and we're just getting started. And while the supplier diversity movement was begun over 25 years ago, WFU was the last major university in North Carolina to establish a dedicated program to coordinate its efforts. Despite this fact, our program has rapidly evolved to become one of most highly recognized in North Carolina and the southeast. As emerging thought leaders in this field, Wake Forest recognizes that technological changes, increasing global competition and an evolving "knowledge" economy will require an updated approach to expanding minority business participation.

Through new initiatives and better coordination of support services provided locally, we seek to contribute to our standing globally. Fostering the increased inclusion of minority firms within value chains and helping to expand business relationships bolster minority business participation in the U.S. entrepreneurial economy, and thus, incorporate new contributors to the generation of gross domestic product. ■

Seeds of Change



Diversity. In modern academic and corporate settings, the concept of diversity is often framed within the context of “social diversity,” with efforts aimed at valuing the unique contributions of individuals, increasing cultural competencies and fostering a pluralistic environment – better enabling each member of the group to contribute and perform at a high level. Although the objectives of corporate and institutional business diversity programs are often articulated in an overlapping manner, the contextual framework is different.

According to the U.S. Department of Commerce, the total number of companies increased by 2 million between 1997 and 2002, and more than 50 percent of this increase was accounted for by minority-owned firms. This estimate excludes firms that are publicly held, foreign, non-profit, or otherwise not classifiable by race or Hispanic/Latino origin. While the number of MBE firms is growing faster relative to the number of all U.S. enterprises, parity must be achieved across a number of metrics in order for these firms to contribute to the economy and to U.S. competitiveness at levels similar to those seen in all U.S. businesses. For example, minorities represented approximately 32 percent of the U.S. population in 2002. However, key economic benchmarks – such as the number of businesses owned, gross sales, number of paid employees – remain below par relative to percentages achieved by all U.S. businesses. The growth and sustainability of minority businesses can contribute significantly to the innovation and growth of the U.S. entrepreneurial economy – a critical foundation for U.S. competitiveness in the global economy. Our standing and impact globally however, are functions of our collective insight and the decisions and actions made locally.

Recently, the Paris-based Organization for Economic Cooperation and Development (OECD) published the periodic PISA report (Program for International Student Assessment). This report compares the academic knowledge and skills of 15 year olds in 70 countries and “economic zones” around the world. Research to prepare this report included a two-hour test of half a million 15 year olds representing each region. The report reveals intriguing trends that undoubtedly will impact the global economy, but it also offers clues to managing our own future economic standing.



While wealthy Western economies still ranked higher than most poor nations, the OECD rated many of them as only average or slightly above average – weaker than in previous years – and far behind countries such as South Korea and economic zones such as Shanghai City. The OECD said that South Korea – the best performing country within the OECD bloc -- offered a particularly striking example because for the first time, its achievement rate went beyond that of the country’s privileged elite. In 2000, South Korean policy makers became concerned that only a narrow group of students from more prosperous backgrounds achieved levels of excellence in the PISA study conducted that year. Recognizing their collective destiny as a function of inclusion and the individual achievement of all citizens, they took action. The 2010 report shows that within a decade, Korea was able to double the share of students demonstrating excellence in reading literacy.

Results from the economic region of Shanghai, China were equally revealing. Shanghai was included in the study for lack of a truly national sample for China. Shanghai is a diverse, burgeoning, business city that stands in stark contrast to the underdevelopment in much of China. While comparison with national averages for other countries is misplaced, Shanghai achieved the highest score of all interviewee economies – scoring best in every OECD league category – reading, math, and science. The report stated, “The stunning success of Shanghai, China, which tops every league table in this assessment by a clear margin, shows what can be achieved with moderate economic resources and in a diverse social context.”

Other statistics show that between 1995 and 2008 the United States dropped from second to thirteenth in college education – not because U.S. graduation rates declined, but because they rose so much faster in other OECD countries.

The image of a world neatly divided into rich, well-educated countries and poor, badly-educated countries is changing not because the scores of the top students in poor countries are increasing, but because the scores of a broader pool of students from economically and ethnically diverse backgrounds in those countries are increasing.

The report also revealed that boosting U.S. scores by a mere 25 points over the next 20 years would result in a gain

of \$41 trillion dollars for the U.S. economy over the lifetime of the generation born in 2010. Moreover, bringing the United States up to the average performance of Finland (second highest scoring among OECD countries) could result in gains on the order of \$103 trillion, according to the report.

If future U.S. global economic success is a reflection of educational achievement trends and strategies revealed in this study, we would do well to recognize our collective economic destiny as a function of inclusion, achievement, and the support provided to all aspiring economic contributors – including diverse and emerging businesses.

The goal is not to divide the acorn into more pieces, but to grow a larger tree.

*In our seeking for
economic and political
progress, we all go up - or
else we all go down.
- Franklin D. Roosevelt*

A most common and obvious focus of corporate and institution-based business diversity programs is on the amount of money spent directly with minority businesses in the procurement of goods and services. This approach focuses on the identification of suppliers offering services and products that the customer needs, followed by an assessment of each firm's capacity to support the customer's needs. Although supplier diversity programs have greatly increased in number and have become very organized in their practices in recent years, this approach is vastly incomplete.

Research shows that a significant majority of minority businesses occupy upstream or peripheral roles in the supply chain. As business-to-business rather than business-to-consumer suppliers, they are frequently overlooked for inclusion in outreach efforts and orientation programs offered by most institutional business diversity programs. The Wake Forest approach is different.

We recognize that it is in our own best interest to invest in our suppliers – not just financially, but in the form of training, mentoring and relationship building. The rationale for doing this is that for our suppliers, the stronger, more diverse, and dynamic their supply chains, the greater their competitive advantage – providing increased value to the University. Large organizations today which are unconcerned with supplier development place themselves at risk. If a supplier underperforms, the customer is worse off. Moreover, procurement and business diversity programs like ours, which work to develop suppliers and supply chain relationships, are more attractive than those that simply ignore upstream suppliers and provide the remainder only the opportunity to succeed or disappoint.

Doug Dreyer, Vice President of Business Development for Kirkland Construction, agrees. “The Wake Forest University Office of Business Diversity Programs has really helped us to expand our pool of subcontractors and upstream suppliers. . . . We’ve built a ton of new relationships and expanded potential opportunities for ourselves as a result.”

Insight, community stewardship, local action, global focus. Strengthening business networks and fostering new business relationships . . . we’re still only planting seeds. ■

Sowing into the Future



A. Internal

Purchasing and Procurement Operations

1. Facilities and Campus Services
2. Office of Procurement Services
3. Wake Forest Property Office
4. WFU Athletics
5. Information Technology
6. Research and Sponsored Programs

Resource and Talent Centers

7. Wake Forest School of Business
8. Office of the Provost
9. WFU School of Law

B. Affiliate

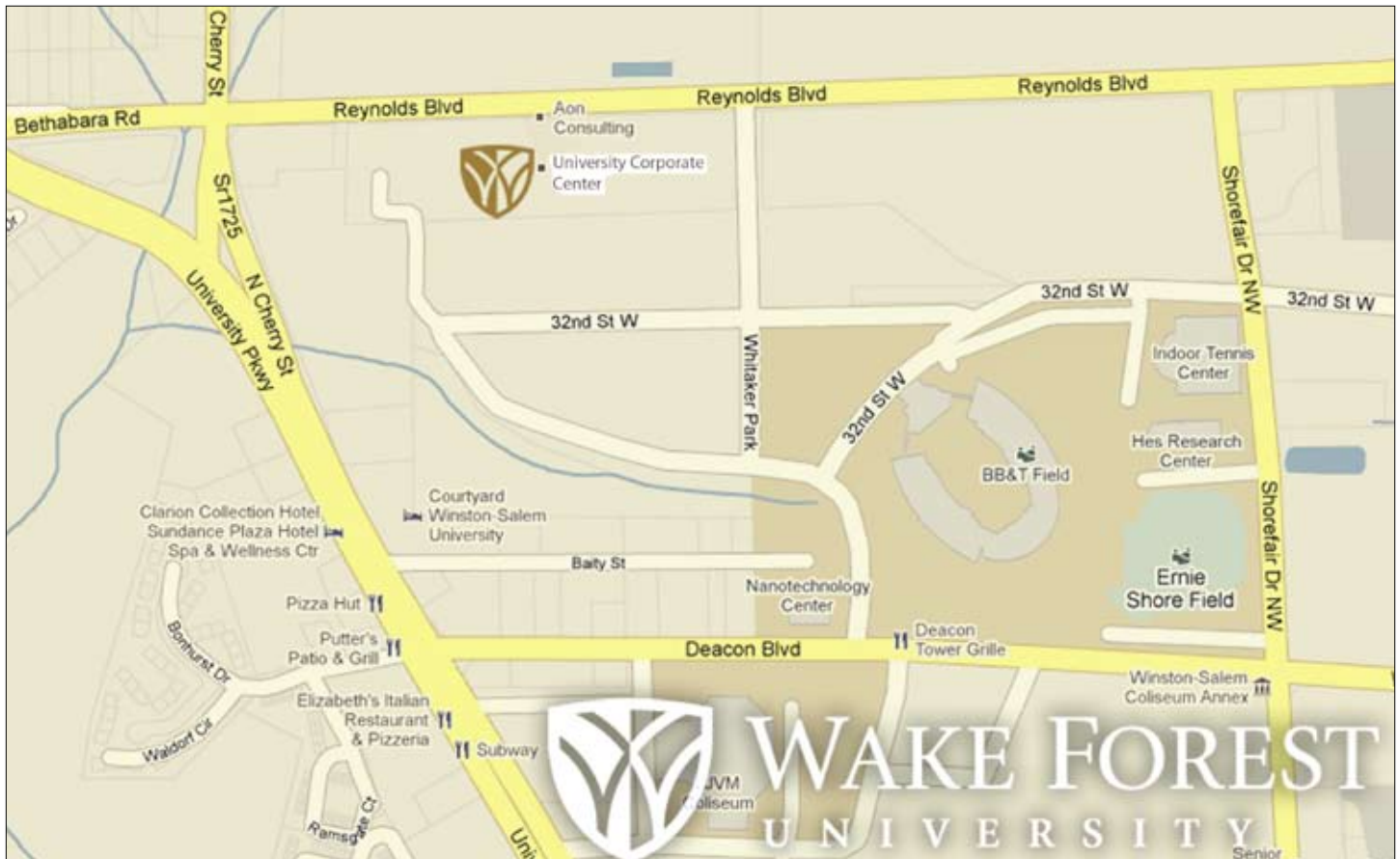
1. WFUBMC Facilities Department
2. WFUBMC Procurement Department
3. WFU Health Sciences
4. Piedmont Triad Research Park
5. WFU Community Law and Business Clinic
6. WFU Family Business Center

C. External / Regional

1. Goler Community Development Center
2. Winston-Salem Chamber of Commerce
3. Winston Salem Black Chamber of Commerce
4. Winston Salem State University
5. NC A&T State University
6. NC School of the Arts
7. City of Winston Salem
8. Center for Design Innovation
9. University of North Carolina System
10. Liberty CDC
11. East Market Street Development Corporation
12. Piedmont Triad Partnership
13. Forsyth County Schools

D. Ancillary / Support

1. NC Department of Administration
2. NC Department of Transportation / BOWD
3. NC MWBE Coordinator's Network
4. United Minority Contractors of North Carolina
5. Carolinas Minority Supplier Development Council
6. NC Institute for Minority Economic Development
7. East Market Street Development Corp.



Contact Us

To learn more about the Office of Business Diversity Programs, please call or visit:

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Directions:

The Wake Forest University Office of Business Diversity Programs is located in the University Corporate Center, 1100 Reynolds Boulevard, in Winston-Salem, N.C.

From Interstate 40 Business take the Cherry Street exit #5-C. Travel north through downtown Winston-Salem. After crossing Coliseum Drive, continue north, taking the Cherry Street split. Turn right at the next intersection onto Reynolds Boulevard.