National Network

The NMSDC Network includes a national office in New York and 36 Regional Councils across the country. There are 3,500 corporate members throughout the network, including America’s top publicly-owned, privately-owned and foreign-owned companies as well as universities, hospitals and other buying institutions. The Regional Councils certify and match more than 16,000 minority-owned businesses with member corporations that want to purchase their goods and services.

Mission

Providing a direct link between corporate America and Asian, Black, Hispanic and Native American-owned businesses is the primary objective of the National Minority Supplier Development Council, one of the country’s leading business membership organizations. It was chartered in 1972 to provide increased procurement and business opportunities for minority businesses of all sizes.
Management Message

NMSDC posted steady gains in 2011. The national office engaged in a strategic planning process to assess the current state of the NMSDC Network and set the direction of the organization for the next five years. Corporations increasingly relied on the resilience and solid performance of minority businesses as the global economy continued to rebound. And minority supplier development remained an important part of the global corporate supply chain.

As testament to the value of minority supplier development, NMSDC-certified Asian, Black, Hispanic and Native American businesses provided more than $100 billion in products and services to our 3,500 corporate members. The year ended with increased interest from corporations seeking solid supply chain partners, and a strong commitment from our current members to:

- advance minority supplier development as a business imperative through advocacy and awareness;
- create more opportunities for Asian, Black, Hispanic and Native American suppliers;
- fully participate in the NMSDC Network and its Industry Groups;
- continue to advance innovative solutions to challenges and issues;
- promote NMSDC Best Practices in their supplier development processes; and
- utilize advanced tools and programs to help increase diversity in the supply chain.

Corporate commitment to NMSDC remains strong. As more corporations support the value proposition for minority supplier development, minority suppliers will increasingly play an integral role in the global economy.

Joset B. Wright
President
National Minority Supplier Development Council, Inc.*
NMSDC Programs and Activities

NMSDC is a corporate membership organization with 36 regional councils throughout the U.S. There are 3,500 national and local corporate members to match with more than 16,000 certified Asian, Black, Hispanic and Native American suppliers. We have a capable professional staff implementing programs and supporting our constituents across the country. The organization experienced continued growth in 2011. Our corporate members purchased more than $100 billion in products and services from NMSDC-certified minority suppliers, and our certified minority business owners displayed top-notch performance, agility and resiliency, and played an integral role in the nation’s improving economy.

In 2011, NMSDC began a strategic planning process to assess the current state of the organization and establish a five-year plan for the immediate future. The plan included the formation of six Working Committees to take a closer look at board engagement strategy, business process standardization, network governance, performance management, targeted services and expanded offerings, and technology modernization.

"NMSDC marks its 40th anniversary in 2012," noted NMSDC President Joset Wright. “We thought that milestone was the right time to take stock of the organization and determine next steps to ensure that NMSDC remains the leading organization dedicated to minority business development. Our Board was instrumental in our strategic planning process, and we’re looking forward to implementing the committees’ recommendations.”

Certification is one of the most important services NMSDC provides. Our certification is the most trusted and thorough examination of minority ownership status. Onsite visits and in-depth documentation reviews establish that more than 16,000 NMSDC-certified companies are at least 51% owned, operated and controlled by minority individuals and ready to do business with our corporate members.

Business Consortium Fund

The Business Consortium Fund (“BCF”) is a 501(c)(3) organization that offers a wide range of financing programs and business services to NMSDC-certified businesses that have supplier relationships with NMSDC national or local corporate members.

BCF has long been a catalyst for the growth of MBEs, providing many types of financing products including contract and purchase order financing, working capital loans, term loans, equipment financing, accounts receivable financing, equipment leasing, long-term mezzanine debt financing as well as business and financial consulting services. Since its inception in 1986, BCF has facilitated in excess of $224.4 million in loans to more than 786 MBEs. More than 7,300 full-time jobs have been created.

The BCF modified its Loan Guaranty and Participation Program so that its maximum exposure under any guaranty/participation is $1,125,000 (up from $750,000). This has allowed the BCF to support larger loans to MBEs. The BCF also entered into an alliance with a division of a national bank to provide accounts receivable financing to MBEs. This is the BCF’s first national financing alliance in its history. In October 2010, the BCF added to its accounts receivable financing capabilities by partnering with a national finance company to provide “lower cost” factoring to MBEs. In September 2011, the BCF...
A financial management seminar, entitled “Enriching the Bottom Line...A Small Business Roadmap,” was held in Auburn Hills, Michigan, and sponsored by Chrysler Group LLC. The BCF plans to partner with NMSDC regional councils and corporate members to hold these seminars throughout the country.

The BCF also has two other subsidiaries—Triad Capital, which provides long-term mezzanine financing, and BCF Business and Financial Advisory Services, which provides business and financial consulting advice.

Centers of Excellence

NMSDC Centers of Excellence (COE) is designed to enhance successful business relationships between member corporations and MBEs by strengthening corporate minority supplier development processes. It provides a structured environment for minority business development. As a forum for defining issues, gathering data on industry best practices, and establishing tools and processes to engage minority suppliers, Centers of Excellence provides many benefits.

The New York & New Jersey Minority Supplier Development Council COE Module, one of the first re-ups, held its commencement on January 11, 2011, hosted by Ernst & Young. NMSDC President Joset B. Wright was the commencement speaker. Seven corporations participated in the module: Adecco USA, Inc.; Colgate-Palmolive Company; Ernst & Young LLP (Co-Module Leader); Johnson Controls, Inc. (Co-Module Leader); Novartis Pharmaceuticals Corporation; Pfizer Inc.; and Tyco International Inc. Seven MBEs completed the module: BCT Partners, LLC; Buffalo & Associates; Deluxe Delivery Systems; eclaro International; Technical Art of Science, Inc.; 3rd Edge Communications, Inc.; and Translation Plus, Inc. The module held 18 COE meetings and 18 capacity-building events. The final capacity-building activity for the group was “Growing your Business through Strategic Alliances and Joint Ventures,” a presentation developed by PQC International, Inc., a Corporate Plus® member, and delivered by E&Y and Johnson Controls. For closeout results, the corporate best practices assessment remained the same and the MBE operations assessment improved by 2.9%. MBEs received additional contracts and formed several partnerships.

“COE modules serve as capacity-building initiatives and provide continuous improvement opportunities for both corporate and MBE participants,” said Kanita D. Sandidge, vice president, programs, for NMSDC. “It’s all about gaining a better understanding of minority supplier development best and next practices, learning about corporate sourcing requirements and supply chain inclusion, and building relationships—corporate to MBE and MBE to MBE.”

The South Central Ohio Minority Supplier Development Council (SCOMSDC) re-upped in 2010 with eight corporations participating: Cardinal Health, Inc.; Cintas Corporation; Johnson Controls, Inc. (Module Leader); The Kroger Company; Limited Brands; Macy’s, Inc.; The Procter & Gamble Company and Toyota Motor Engineering & Manufacturing NA, Inc. Fourteen MBEs are participating in the module. This module has met six times and held four capacity-building activities. Its second meeting was held at Macy’s in Sharonville, OH, where two Macy’s executives—Thomas E. Roberts, group vice president, purchasing and marketing operations, and Howard E. Thompson, vice president, purchasing and vendor development—discussed Macy’s commitment to supplier diversity, opportunities for suppliers at Macy’s, and support of the COE program. Johnson Controls Building Efficiency Branch hosted a meeting where JCI executives Tony Cioffi, branch manager, service, Greater Cincinnati/Dayton, and Leland Smith, director, commercial energy solutions, East, discussed...
JCI's commitment to supplier diversity and opportunities for MBEs in their business unit. The 14 MBEs participated in capacity-building activities: a panel of COE MBE Alumni shared their experiences and learnings regarding “Strategic Alliances and JVs” with the group; “Business Etiquette (including Social Media)” with all corporate participants providing input for this session; “Strategic Selling” sponsored by Cintas; and “Procurement 101: RFP/RFI/RFQ Process” sponsored by Kroger and Macy's.

The Tri-State Minority Supplier Development Council, which services Kentucky, West Virginia and a portion of Indiana, launched a COE module in January with six corporate participants including Brown-Forman Corporation; Commonwealth of Kentucky; Honda of America Manufacturing, Inc.; Jefferson County Public Schools; Toyota Boshoku America; and Toyota Motor Engineering & Manufacturing NA (TEMA), the module leader. Fifteen MBEs joined the module which held 11 meetings and six capacity-building activities. The capacity-building activities have included: “Government Contracting,” sponsored by the Jefferson County Public Schools; “Risk Management” and “Best Practices in MBE Dollar Data Tracking and Reporting,” sponsored by TEMA; “Understanding Toyota Quality,” sponsored by Toyota Boshoku America; “Business Balancing/Diversifying your Business,” sponsored by Plastikon Industries, Inc., one of the participating MBEs; and “Greenhouse Gases,” sponsored by Honda of America Manufacturing. Four MBEs hosted sessions. They are America’s Finest Filters (AFF), The Mardrian Group, Houston-Johnson and Shelby Industries. Greg Fischer, the mayor of Louisville, visited the meeting hosted by AFF, and gave an overview of the economic development plan and strategies for Louisville and the surrounding region.

Corporate Plus®

The NMSDC Corporate Plus® program is limited to NMSDC-certified minority businesses that have successful experience performing national contracts, demonstrate the capacity to increase their national contracts, and receive a recommendation from an NMSDC national corporate member. The NMSDC Corporate Plus® Management Committee reviews recommendations and selects new members to the program upon approval by the NMSDC Executive Committee.

In 2011, Steven G. Miller, senior vice president, strategic sourcing and procurement, The Walt Disney Company, accepted an invitation to serve as chairman of the Corporate Plus® Management Committee (CPMC) following the retirement of Mitch Adamek of PepsiCo. Additionally, the Committee welcomed a new member—David R. Wheeler, senior vice president, global supply chain and corporate Six Sigma, Cintas Corporation. The CPMC held a face-to-face meeting in May to discuss direction and strategy for the Corporate Plus® program. Several initiatives were identified for further discussion, review and investigation.

Thirteen MBEs were designated as Corporate Plus® members in 2011, bringing the total membership to 93 MBEs with 53 national corporate sponsors across 29 Regional Councils. The members are in 43 different business categories. The new Corporate Plus® members are: A10 Clinical Solutions, Inc., in Cary, NC, which conducts global clinical research studies and provides scientific support and health care delivery services for corporations, government

“Our company is strengthened by a workforce that’s reflective of the diverse consumers we serve. Similarly, we are also strengthened by working with a diverse supplier base that can help us better understand and address our consumers’ needs. And we know when our suppliers succeed, we succeed.”

John Bryant
President and Chief Executive Officer
Kellogg Company
entities, research institutes and academic medical centers (sponsor: Merck & Co., Inc.); AEL Span, LLC, headquartered in Belleville, MI, is a managed service company providing supply chain logistics and electronics manufacturing services (sponsor: Johnson Controls, Inc.); Argent Associates, in Edison, NJ, provides supply chain managed services in the telecom and government sectors as well as being a reseller of telecom and IT technologies (sponsor: Alcatel-Lucent); Blackstone Consulting, Inc., located in Los Angeles, CA, provides facilities management and maintenance including food, janitorial, security, landscaping and other specialty trade contractors (sponsor: Sodexo, Inc.); ChemicoMays, LLC, headquartered in Chesterfield, MI, offers chemical management services reducing chemical and total operations costs and reducing health, safety and environmental risks (sponsor: General Motors Company LLC); Eagle Promotions of Las Vegas, NV, specializes in customized branded promotional products and retail merchandizing solutions to fit specific needs: apparel, screen printing and promotional advertising (sponsor: MGM Resorts International); JS Products, Inc., located in Las Vegas, NV, designs, develops and manufactures hand tools, lighting fixtures and other specialty tools – Steelman and Kobalt to name a few (sponsor: Lowe’s Companies, Inc.); Kem Krest Corporation in Elkhart, IN, provides total program management through supply chain fulfillment and aftersales solutions (sponsor: General Motors Company); Pacific Rim Capital, Inc., is an independent equipment leasing company specializing in material handling equipment such as forklifts, wheel loaders, track mobiles, yard tractors and cranes headquartered in Aliso Viejo, CA (sponsor: Johnson Controls); Radio One, Inc., headquartered in Lanham, MD, is a radio broadcasting and media company owning 53 broadcasting stations in 16 urban markets in the U.S., an on-line platform, and interests in a cable/satellite network (sponsor: The Coca-Cola Company); VISIONIT, headquartered in Detroit, MI, provides contingent workforce solutions particularly in the IT and engineering staff space (sponsor: Pfizer, Inc.); VXI Global Solutions, Inc., in Los Angeles, CA, is a full contact center and provides information technology services in over 20 languages (sponsor: AT&T Inc.); and World Pac Paper, LLC, specializes in distribution of high quality printing and packaging papers and packaging solutions and is headquartered in Cincinnati, OH (sponsor: Macy’s Inc.).

The 2011 Corporate Plus® Forum and the Corporate Plus® Business Reception were held on October 30 as part of the 2011 NMSDC Conference and Business Opportunity Fair in Atlanta, Georgia. The topic for the Forum was “Exceeding Quality Expectations to Cultivate Strategic Partnerships.” Mr. Miller and Mr. Wheeler were the featured speakers. The Forums are designed and facilitated by Ralph Moore, president of Ralph G. Moore and Associates (RGMA), a Corporate Plus® member.

A total of 53 guests attended the Forum, and 73 Corporate Plus® members and corporate sponsors attended the reception, where the 13 new Corporate Plus® members were introduced and presented with a pin and banner. Additionally, 50 Corporate Plus® members were exhibitors at the one-day Business Opportunity Fair. Thirty-seven percent of Corporate Plus® members reported spending $202 million with other MBEs in 2010.

The Corporate Plus® Directory is now available online to National members via the MBISYS® Data Gallery.

Learning Programs

NMSDC offers a variety of customized, innovative learning programs for minority supplier development professionals and minority business enterprises (MBEs).

Advanced Management Education Program

In June, NMSDC hosted 33 students at its Advanced Management Education Program (AMEP) at Northwestern University’s Kellogg School of Management. The four-day customized executive management program for minority business CEOs is

The nation’s Black buying power will reach $1 trillion in 2012 – up from $947 billion in 2010. The gains in Black buying power reflect the increasing number of Blacks who are starting and expanding their own businesses. U.S. Census Bureau
designed to address the unique challenges facing growth-oriented minority businesses. NMSDC corporate members sponsor minority business CEOs to attend the program. Participants are divided into groups to tackle the intensive curriculum taught by Kellogg’s award-winning faculty. Faculty members presented case studies on the importance of succession planning and management structure, discussed the core competencies of running a successful business, and managing growth and development, whether through hiring personnel or mergers and acquisitions. A session titled “Access to Capital” provided students with a basic understanding of the process and structure of the inner workings of venture capital investments. A case study titled “Advanced Medical Technology Corporation” was used to introduce the students to various valuation models used to calculate the highest rate of return for investments.

Additionally, guest speakers were invited to share their insights and experiences of their business successes and challenges.

“Biz-Fit Challenge” Online Assessment Tools

NMSDC collaborated with NuLevel Strategic Solutions LLC to offer NMSDC-certified Asian, Black, Hispanic and Native American business owners the online “Biz-Fit Challenge.” Launched in July 2011 as a pilot and offered free of charge on a first-come, first-served basis through August 1, 2012, the program attracted 157 minority business enterprises (MBEs). To participate, MBEs had to meet the following eligibility criteria:

- Be the CEO/owner of the minority business enterprise;
- Have a current profile in NMSDC's MBISYS® database;
- Maintain current certification throughout the duration of the program;
- Take each challenge once and complete each part before moving on to the next challenge.

The Biz-Fit Challenge includes the following three online assessment tools:

“Biz-Health Analyzer” – This tool allows MBEs to understand their business' health relative to liquidity, solvency and leverage—the three most common factors considered by capital providers. MBEs are able to assess how they are performing relative to their competitors.

“Breakeven Analyzer” – This tool helps business owners determine the company’s current breakeven revenues and its five-year projected breakeven revenues. MBEs are able to determine their minimum revenue requirements on an annual, monthly, weekly and hourly basis and use breakeven revenue as a guide in their overall pricing strategy as well as their strategic planning process.

“Valuation Analyzer” – This tool is designed to give businesses a rough valuation of their company based on applied industry-based valuation multiples. The information provided includes an overview of various valuation methodologies; approaches to building business value; translating value into wealth; and interpreting business value and business value drivers.
Supplier Diversity Online Course

One of the most requested programs for minority supplier development professionals and buyers is the Supplier Diversity Online course offered in partnership with Rutgers University. The seven-week course provides participants with a comprehensive overview of minority supplier development. Guidance and direction are provided by online facilitators, experienced supplier diversity professionals chosen by NMSDC who offer their knowledge and time. Participants have the opportunity to interact with vibrant community colleagues in chat rooms and threaded discussions. In 2011, one class was offered and facilitated by Javette Hines, senior vice president, supplier diversity and sustainability at Citigroup.

This interactive 18-hour course covers Best Practices for planning, implementing and assessing a supplier diversity process; tools to ensure maximum impact and relevance to a company’s business strategy are provided. Participants earn continuing education credits (CEHs) toward Institute for Supply Management’s new Certified Professional in Supplier Diversity® (CPSD™) designation and receive a completion certificate from NMSDC and Rutgers.

Minority Business Program Managers’ Seminars

NMSDC hosts annual professional development seminars to provide the supplier diversity leaders at member corporations with examples of Best Practices in minority supplier development. In 2011, there was a national seminar and two one-and-a-half-day regional seminars. The national seminar was held July 12–14 at the Hilton in Chicago. The theme for the 19th annual seminar was “Key Strategies and Leading Practices for Developing Scalable Minority Suppliers.” The program focused on Best Practices and lessons learned in identifying sustainable MBE opportunities. A total of 180 supplier diversity professionals attended the three-day seminar facilitated by RGMA, Inc., one of the nation’s leading management consulting firms. The seminar opened with an address by NMSDC President Joset B. Wright on the state of minority supplier development.

Seminar topics such as building a robust minority supplier development process, cultivating relationships with minority suppliers, the use of technology and how to foster an environment of innovation, provided participants perspectives on the current trends and issues impacting minority supplier development in the global marketplace. Guest presenters for the 2011 seminar included directors of supplier diversity from AT&T, Cargill, CenterPoint Energy, Chrysler, General Motors, Hewlett-Packard, Hilton, Johnson Controls, Kroger, Macy’s, Navistar, Northrop Grumman, Pacific Gas and Electric, Procter & Gamble and Shell Oil.

The theme for the 2011 Minority Business Program Managers’ regional seminar series was “Best and Next Practices for Minority Supplier Development.” The theme acknowledges the importance of aligning minority supplier development with corporate America’s changing strategy, structure and culture. The regional seminar series kicked off in Atlanta, Georgia, in April, and provided those with new supplier diversity initiatives the tools and strategies required to implement a robust process in their organization. It also offered stakeholders of mature programs some fresh approaches to advancing minority supplier development within their organizations and throughout the global marketplace. United Parcel Service hosted the Atlanta seminar. The same curriculum was offered at the June regional seminar in San Francisco, California, which was hosted by Chevron Corporation and Pacific Gas and Electric Company. RGMA, Inc. also facilitated the regional seminars. Participants in all NMSDC seminars earn continuing education hours that may be applied toward Institute for Supply Management CPSM®, CPSP™ and C.P.M. recertification and/or A.P.P. re-accreditation program requirements.

NMSDC corporate members’ purchases from certified minority suppliers exceeded $100 billion in 2011.
Council Presidents and Certification Specialists

NMSDC provides training for local Council presidents, Board Chairpersons and MBE Input Committee Chairpersons on Board governance and by-laws, as well as customized training for the Council presidents, upon request. NMSDC conducted an annual certification workshop for new and senior certification staff members to ensure consistent policy and procedure for certification and policy adherence throughout the network.

Minority Business Information Center

The Minority Business Information Center represents NMSDC’s effort to handle the increasing demands for more unique, practical and timely information on minority business development.

The 17-year-old Information Center provides valuable research and statistical information related to minority business development, and handles thousands of inquiries a year. It is repeatedly accessed by purchasing executives, MBEs, the media and general public. The Minority Business Information Center (MBIC) oversees the Web site and maintains a wealth of information and links to other related sites. Keeping up with the technology is and will continue to be of the highest priority. In an effort to go green, all NMSDC® publications and newsletters are available through the Information Center and can be downloaded in pdf format through the NMSDC Web site at www.nmsdc.org.

The Minority Business Information System (MBISYS® ), a program of the NMSDC and a national on-line database, provides comprehensive information on minority-owned firms and supports corporate member buyers who have specific contracting opportunities. The database continues to be modified and enhanced for optimum performance and continues to yield strong usage metrics from national and local corporate members.

NMSDC had more than 460 national corporate members for the year. The total search queries from both the local and national membership was 111,448. The continued increase in new members has had a favorable effect on MBISYS® database activity by its membership. On average, the database experiences a little over 9,000 queries per month.

As a password-protected database, a total of 4,550 users were issued access for the year. The initial password allows users to regenerate a more permanent password for exclusive use.

Featured benefits:

• Allows feedback directly to NMSDC
• Tracks nationwide usage
• Provides e-mail access to colleagues
• Permits access to a Data Gallery of relevant information accessible through the NMSDC Web site
• And provides a view of MBE standardized certificates.
Advanced Practices Group

NMSDC’s Advanced Practices Group is comprised of the leading practitioners in the field of minority supplier development. It provides a comprehensive approach to anticipating, analyzing and addressing trends and issues in the field. The Advanced Practices Group works to stimulate strategic solutions in areas such as capacity building, communication, education/training and innovation. The Group plans and facilitates the Leadership Development Series at the NMSDC Conference. Buying organizations and supplier diversity professionals participate in tabletop topics related to advanced practices for minority supplier development. More than 90 of the nation’s leading corporations are eligible to participate in the Advanced Practices Group. Benita Fortner, director of supplier diversity for Raytheon Company, serves as the chairperson of the Group.

Industry Groups

NMSDC facilitates the creation of informal networks of leadership companies concerned with issues related to minority supplier development. These industry groups represent hundreds of national member companies in such sectors as advertising, entertainment, media and sports; automotive; automotive components; consumer products; financial services; food and beverage; healthcare; hospitality; petrochemical and energy; professional services; retail and apparel; staffing; technology; transportation and utilities. Membership is by invitation only to national corporate members. The chairpersons of the groups meet early each year with Joset Wright, NMSDC’s president, to discuss particular trends and concerns in their industries and to plan group strategies to leverage the experience of all to benefit MBEs around the country. The Industry Group Task Force led by George Ehrcott, Communications Test Design, Inc., has prepared guidelines for the Industry Groups.

Global-Link

While the concept of globalization has meant different things to different people, at NMSDC, globalization translates into an opportunity for its corporate members to create and tap into a worldwide network of suppliers from traditionally-excluded groups.

NMSDC’s international program is a major venture to foster the development of non-governmental organizations (NGO) in several countries to provide linkages between historically-excluded businesses and corporate buyers.

Known as Global-Link, this initiative has resulted in counterpart organizations in Australia, Canada, China, South Africa and the U.K.

The thrust of this program is concentrated in creating and/or fortifying NGOs in countries with the highest potential for a supplier diversity program. More specifically, NMSDC’s Global-Link engages in:

- Assessing viability of program implementation in targeted countries;
- Identifying useful contacts and potential partners;
- Providing partners with start-up support services and technical assistance;
- Extending hands-on training and internship opportunities on the operation of a traditionally-excluded supplier development program.

The number of Hispanic-owned firms increased by 44 percent from 2002 to 2007, which is more than double the 15 percent increase in non-Hispanic firms. *U.S. Census Bureau*
In addition, as NMSDC’s Global-Link unfolds a worldwide network of organizations to champion the cause of historically-excluded suppliers, minority business enterprises (MBEs) in the United States will be empowered with a unique opportunity to grow and profit by:

- Locating foreign counterparts with trading interest and potential;
- Identifying investment opportunities;
- Creating partnerships and strategic alliances with other foreign-owned suppliers:
- Positioning their products in a global market setting.

NMSDC’s development of a five-year strategic plan will give ample attention to the Global-Link program’s needs for growth as well as continued focus on strengthening the international counterpart organizations with best practices and technical assistance.

**Australia**

The Australian Indigenous Minority Supplier Council (AIMSC) continued on an accelerated growth path in 2011, gaining more members than any other international council. AIMSC grew its number of certified suppliers and registered a significant increase in corporate member spend.

In an address to Parliament in 2011, Prime Minister Julia Gillard highlighted the work of AIMSC as she reported on the government’s progress in closing the gap on Indigenous Australian’s economic participation three years after the Apology to the Stolen Generation. In its short two-year history, AIMSC has had a very successful run, and gains in 2011 were impressive. During the year, the organization facilitated $22.6 million in contracts, and $11 million in transactions between members and certified suppliers.

AIMSC closed the year with 120 certified suppliers and 123 members.

**Canada**

The Canadian Aboriginal and Minority Supplier Council (CAMSC) expanded its traditional program offering in 2011 with the addition of a series of Webinars in partnership with Accenture. One of the topics was “How to Take Advantage of Corporate Strategic Sourcing Processes.”

CAMSC gained six members in 2011, a 15.7 percent increase in membership since the end of 2010. It has a total of 244 certified suppliers and 44 members.

Much attention was also given this year to CAMSC as it experienced a leadership transition and a period of reassessment of its strategic interests.

Additionally, a plan to better service certified Canadian MBEs who opt to receive reciprocal NMSDC regional council services was discussed.
China

In 2011, MSD China and NMSDC signed a Global-Link affiliation agreement that calls for MSD China to begin a gradual process of separation from the China Association of Advanced Knowledge Promotion in Ethnic Minority Regions (AKPRO). As a first step, MSD China established its own bank account and will eventually have its own independent office facilities to come into compliance with China’s regulations regarding non-governmental organizations.

In May, MSD China completed its first leadership transition with the election of new executive committee officers. The organization introduced Lou Zhou, Asia Pacific director, client service procurement at IBM, as its new board chairman.

MSD China closed the year with 19 members, an 11.7 percent increase in membership over 2010.

South Africa

The most significant development in 2011 in the South African Supplier Diversity Council (SASDC) was the accelerated membership growth resulting from the organization’s adjusted dues structure. The new tiered membership structure allows companies with a smaller footprint in South Africa to access SASDC services at a lower initial cost.

NMSDC headed a Business Matchmaking Opportunity Mission to South Africa from October 8-15 with a contingent of corporate executives and MBEs. The mission enjoyed the support and sponsorship of GlaxoSmithKline, IBM and Pfizer, with logistical support from SASDC and the South African International Business Linkages (SAIBL). Twenty-three delegates from eight states and Canada participated in the mission. On an average, mission delegates seeking business partnerships with South African Black-owned companies had 10 individual, pre-screened and pre-arranged meetings.

A highlight of the mission was the signing of the SASDC/NMSDC affiliation agreement which was witnessed by the Honorable Donald Gips, U.S. Ambassador to South Africa, who remarked on the importance of government and corporate support in the success of the SASDC.

United Kingdom

As part of an agreement with NMSDC, Minority Supplier Development in the United Kingdom (MSDUK) instituted changes to begin an active certification campaign. To this end, a full-time certification officer was appointed and a certification committee was created. The certification campaign was launched in July 2011 with an ambitious goal of 150 certifications within the first three months of the campaign.

MSDUK closed the year with 32 members and an estimated £3.3 million in corporate member spend.

Minority Business Leadership Awards Dinner-Dance

The National Minority Supplier Development Council honored Louis Chênevert, chairman, president and chief executive officer of United Technologies Corporation; David W. Morgan, founder and chief executive officer of D.W. Morgan Company; and J. Leslie Prystup, chief executive officer of Prystup Packaging Products, for their significant long-term achievements in minority business development. The trio was recognized at the NMSDC Minority Business Leadership Awards Dinner-Dance on Wednesday, May 18th, at the Hilton New York and Towers in New York City. More than 1,400 guests attended the black-tie event, including CEOs and executives of the largest corporations and minority business owners from across the nation.

Mr. Chênevert leads United Technologies Corporation (UTC). The company’s products include Carrier heating and air conditioning; Hamilton Sundstrand aerospace systems and industrial products; Otis elevators and escalators; Pratt & Whitney aircraft engines; Sikorsky helicopters; UTC Fire and Security systems and UTC

Minority-owned businesses remain the fastest-growing business segment. Asian, Black, Hispanic and Native American businesses account for 21.3 percent of total U.S. businesses. U.S. Census Bureau
Power fuel cells. UTC spent $413 million with Asian, Black, Hispanic and Native American suppliers in 2010. UTC spent $64 million in 2010 with MBEs in its Second Tier program.

UTC has been a member of NMSDC for 31 years. In 1976, UTC was a founding member of the Connecticut affiliate, now the Greater New England Minority Supplier Development Council. Currently, UTC participates with 17 of NMSDC’s local affiliates. Jeffrey Place, director of global supply management, serves on NMSDC’s Board.

Mr. Morgan’s Pleasanton, California-based company helps the world’s top manufacturers deliver responsive solutions for their fast-moving, global supply chains. The company had annual sales of $132 million in 2010 and has 185 employees. The company provides critical, high-visibility and high-coordination services in locations from Texas to Thailand, San Jose to Shanghai, Guadalajara, Malaysia and more. D. W. Morgan holds a Corporate Plus® designation from the NMSDC, a testament to its ability to handle national contracts. The company has participated in business missions with NMSDC to Australia and China as part of its International Program. D. W. Morgan contracts with other NMSDC-certified companies.

Mr. Prystup leads Prystup Packaging Products in Livingston, Alabama. The Native American company provides labels, point-of-purchase advertising materials, and a range of cardboard cartons for packaging dry food, consumer goods and electronic products. The company has had NMSDC Corporate Plus® designation since 1998. Prystup Packaging Products has 152 employees and recorded sales of more than $28.1 million in 2010. In 2010, Prystup worked with a total of 26 minority vendors.

Earvin Johnson, chairman and chief executive officer of Magic Johnson Enterprises, served as master of ceremonies and Honorary Chairman for the gala event. Chief executives of minority-owned firms, government officials and chairmen of America’s top corporations including American Airlines, Bristol-Myers Squibb, Cardinal Health, Cisco Systems, ConAgra, Duke Energy, Harley-Davidson, Johnson Controls, L’Oreal USA, Marriott, New York Life Insurance, Procter & Gamble, Staples and Xerox were among the 240 individuals who served on the Honorary Dinner-Dance Committee.

Conference and Business Opportunity Fair

The 2011 NMSDC Conference and Business Opportunity Fair was held at the Georgia World Congress Center in Atlanta, Georgia, October 30 through November 2. More than 6,700 corporate executives, minority supplier development professionals, minority business owners and representatives from government agencies and other buying institutions attended the four-day event. The theme for the conference was “Minority Businesses and Corporate America: Raising the Bar through Sustainable Strategies.”

Conference participants attended more than 25 workshops and plenary sessions led by some of the nation’s top procurement professionals and leading authorities on minority supplier development. Chiqui Cartagena, vice president of corporate marketing at Univision Communications; Dr. Calvin Mackie, president and chief executive officer of The Channel Zero Group; James E. Rogers, chairman, president and chief executive officer of Duke Energy Corporation; David Segura, chief executive officer of VisionIT; Shigeki Terashi, president and chief operating officer of Toyota Motor Engineering & Manufacturing, North
America; and Nina Vaca-Humrichouse, chairperson of the U.S. Hispanic Chamber of Commerce and chief executive officer of Pinnacle Technical Resources, were among the featured speakers.

The Host Committee and the Georgia Minority Supplier Development Council worked together to create an exceptional conference, and 188 volunteers provided support for the event. The one-day Business Opportunity Fair, the announcement of new NMSDC Corporate Plus® members and recognition of the organization’s national award winners were the highlights of the event.

A cross-section of industries participated in the annual Business Opportunity Fair, the largest trade show of its kind. Nearly 500 corporations, minority suppliers and national resource organizations filled 787 exhibit booths during the one-day event to kick-off four days of conference activities.

Toyota Motor Engineering & Manufacturing North America, Inc. was named “Corporation of the Year” for its strong commitment to building the capacity and capability of minority businesses within their corporation and in partnership with NMSDC. The company led two modules of NMSDC’s Centers of Excellence program—a network of regional business modules comprised of corporate supplier diversity/purchasing executives and minority business enterprise (MBE) owners. The program uses NMSDC “best practices” for minority supplier development to enhance corporate supplier diversity processes and build capacity for MBEs. The automaker also sponsored two companies in NMSDC’s Corporate Plus® program, a special classification for minority businesses with proven success in executing national contracts and the capacity to handle more.

Toyota showed its commitment to the growth of minority suppliers by spending $1.5 billion with MBEs in 2010—a 36% increase over its 2009 spend. The increase earned Toyota entry into the Billion Dollar Roundtable, and was realized during a challenging time for the company. During this down time, the company also deployed resources to its supply base that saved 40,000 jobs and ensured readiness for return to normal production. Additionally, the automaker facilitated the creation of four new minority joint ventures that will provide more than $250 million in new MBE spend annually. Toyota also increased spend with professional service MBEs by adding spend in areas such as marketing, accounting and legal services.

The Dallas/Fort Worth Minority Supplier Development Council was named Council of the Year and Marianne Strobel, assistant vice president of global supplier diversity at AT&T, received the Minority Supplier Development Leader of the Year award in recognition of exemplary development programs for minority business owners, as well as exceptional leadership and impact throughout corporate America.

Four top minority businesses were honored as National Suppliers of the Year in recognition of their business acumen and excellence in community service. They are: Circle One, Inc., of Atlanta, Georgia, in the category for businesses with sales less than $1 million; Way To Be Designs, LLC of Hayward, California, among firms with $1 million to $10 million in sales; Homestead Packaging Solutions, Inc., of Roswell, Georgia, in the category for businesses with sales between $10 million and $50 million; and Group O, Inc., in Milan, Illinois, for firms with sales greater than $50 million.

Twelve minority businesses were honored as Regional Suppliers of the Year. They are BridgeWork Partners, Lewisville, Texas; C.D. Moody Construction Company, Inc., Lithonia, Georgia; D.W. Morgan Company, Pleasanton, California; Gonzalez Saggio & Harlan, LLP, Milwaukee, Wisconsin; Multicultural Entrepreneurial Institute, Inc., Milwaukee, Wisconsin; Red Brown Klé, Inc., Milwaukee, Wisconsin; República, LLC, Miami, Florida; SHI International Corp., Somerset, New Jersey; SearchPros Staffing, LLC, Citrus Heights, California; Superior Maintenance Company, Elizabethtown, Kentucky; TKT & Associates, Inc., Louisville, Kentucky; and Translation Plus, Inc., Hackensack, New Jersey.

Hispanics will control $1.2 trillion in spending power in 2012. One out of every six people who lives in the U.S. is of Hispanic origin. Selig Center for Economic Growth
Corporate Minority Supplier Development

The commitment to supplier diversity remained steady among major corporations as positive signs of a recovering economy glimmered in 2011. Many Asian, Black, Hispanic and Native American suppliers proved themselves as solid, reliable members of their supply chains, aligned with company goals, armed with expertise in understanding the needs of multicultural customers, and skilled at weathering challenges in a multitude of industries. NMSDC’s corporate members have done much to spur the success of many minority-owned firms: by setting supplier diversity goals; expanding opportunities to suppliers who have already proved themselves with one business unit or product; offering training and mentoring programs; networking events; scholarships for executive education programs; fostering growth by encouraging joint ventures to handle bigger pieces of business; and sending a clear message from top leadership on the importance of supplier diversity in a global economy.

There are many success stories. NMSDC takes pride in sharing some of them in the following pages.

Award-winning Performance

Toyota Motor Engineering & Manufacturing North America, Inc. was named NMSDC’s 2011 Corporation of the Year for its $1 billion commitment to minority business development and advocacy and its long, exemplary record in supplier diversity. This was the second time Toyota, which employs more than 35,000 people and operates 14 manufacturing plants in North America, won the national award. In recent years, the automaker also won this award from NMSDC regional councils, including the Southwest Minority Supplier Development Council, the Michigan Minority Supplier Development Council and the Tri-State Minority Supplier Development Council, which includes Kentucky, West Virginia and southeast Indiana.

Despite economic downturns and other challenging conditions in the past few years that resulted in slowed operations with reduced outputs and some temporary suspensions of production, Toyota adapted to change, had no layoffs, and retained membership in the Billion Dollar Roundtable, thanks to its company-wide, integrated approach to supplier diversity. Aware of the financial difficulties facing suppliers, Toyota offered access to technical and managerial assistance through its Toyota Supplier Support Center, made site visits to MBE suppliers to analyze strengths and identify potential improvements, offered mentorships, and hosted structured networking sessions during its annual Opportunity Exchange to connect diverse suppliers with existing Tier I suppliers.

Toyota finds tremendous value in integrating suppliers directly into its operations by having them work alongside its employees on-site. This on-site supplier model has proven to be very successful because it creates more seamless transitions, vastly improves on-time delivery rates, facilitates a high level of trust and mutual respect in relationship building, and reinforces suppliers’ understanding of the “Toyota Way” with daily practical applications. Suppliers also see firsthand where process improvements are needed so they can make changes more readily.
Toyota’s San Antonio, Texas, truck plant has 21 on-site suppliers—30 percent of whom are MBEs. Avanzar Interior Technologies, a Hispanic-owned San Antonio-based maker of seat systems and interior parts for Tundra and Tacoma trucks, is one of the largest on-site suppliers at the Texas facility. A Toyota supplier for more than a decade, Avanzar has become a critical member of Toyota’s supplier base.

Automotive manufacturing isn’t always the most accessible or approachable niche for many small businesses and MBEs, generally because it’s a capital-intensive business with exacting demands for advanced technology and engineering. However, Toyota has engaged the talents and expertise of minority-owned suppliers in two areas traditionally underserved by MBEs—steel processing and injection molding.

Millennium Steel Service, LLC, a Black-owned steel processing firm based in San Antonio, is one of the on-site suppliers at Toyota’s San Antonio truck plant, where it does blanking and gathers steel that remains after the cutting and stamping process for reclamation. Millennium was created in 2001 to provide steel ordering, warehousing and just-in-time delivery to Toyota’s truck manufacturing facility in Princeton, Indiana, which produces the Tundra truck, Sequoia sports utility vehicle, Sienna minivan and Highlander. So, engaging the firm at Toyota’s Texas truck plant was a natural fit.

Initially, Diversity-Vuteq LLC, a Black-owned supplier based in New Albany, Mississippi, was engaged by Toyota to provide injection molding at its Mississippi facility. When the economy took a downturn, Toyota repositioned Diversity-Vuteq to support its Princeton, Indiana, facility instead. Thanks to company president Larry Crawford’s tenacity, patience and willingness to adjust his operational strategy, Diversity-Vuteq is now a supplier at both the Mississippi and Indiana facilities.

Two minority-owned public relations firms were selected in 2010 to assist in the national recall campaign led by Toyota Motor North America headquarters in New York City. The two firms—one Hispanic-owned, the other Black-owned—assisted Toyota in developing a comprehensive PR strategy, and worked in tandem with its corporate communications staff in making customers aware of the situation, especially the minority community, through advertising and consumer communications. This team worked to maintain customer loyalty throughout the recall campaign, and enabled Toyota to communicate fully with all segments of its customer base.

“Toyota was founded on a strong value system that guides us in how we conduct our business and our interpersonal relationships,” said Yoshimi Inaba, chairman and chief executive officer of Toyota Motor Sales. “Toyota’s founders in Japan planted the seed more than 75 years ago when they first conceived these guiding principles, known as the ‘Toyota Way’. One of the guiding principles revolves around respect for people and teamwork, which are the roots of Toyota’s inclusive culture. Respect for people is at the very foundation of being a good corporate citizen and is relevant everywhere—whether it be respect for our associates, suppliers, dealers, customers or communities. Collective perspectives and valued differences are a vital asset to our future growth and our ability to operate as a global team with a competitive advantage.”

The combined buying power for Asians, Blacks and Native Americans will account for 15.3 percent of the nation’s total buying power in 2012, up from 12.5 percent in 2000. Selig Center for Economic Growth
A Healthy Approach to Minority Supplier Development

Aetna Inc., the health care, dental, pharmacy, group life and disability insurance and employee benefits provider, spent 75 percent more with minority-owned firms in 2011, compared to the year before. The Hartford, Connecticut-based company highlighted three minority business enterprises (MBEs) that contribute to its supply chain. Each had contracts of $1 million or more with Aetna.

For almost a decade, Integrated Systems Analysts Inc., a Black-owned firm in Alexandria, Virginia, has provided computer systems life cycle services to Aetna, including installation, on-site maintenance, parts replacement and depot repair of all its laptop and desktop computers for all domestic locations. Because ISA consistently meets and exceeds its expectations, Aetna nominated this MBE for Corporate Plus® membership, an NMSDC designation for MBEs with national contract execution capability.

Faison Office Products, Inc., a Black-owned supplier of office essentials from paper products to office furniture, has supplied Aetna’s copy paper for the past five years. Based in Aurora, Colorado, the office supplier is always willing to go the extra mile, especially for Aetna’s many work-at-home employees. Since 45 percent of Aetna’s workforce telecommutes either part-time or full-time, the ability to meet their needs quickly—regardless of their location—is critical.

Zones Inc. is an Asian-Indian-owned software and hardware reseller. The firm is a Corporate Plus® member and has been one of Aetna’s two major software resellers for about five years. In 2011, Aetna had an opportunity to expand with Auburn, Washington-based Zones, making it the company’s hardware reseller for international markets. Zones introduced efficiencies and innovations to Aetna’s technology deployment process, streamlining the process for an otherwise burdensome task. Because issues that occur readily in international markets don’t exist in U.S. business, such as value-added tax (VAT) and customs, suppliers need to know how to navigate these issues effectively to do business with each country. Zones currently provides servers, laptops, desktops and peripherals to Aetna offices in China, India, United Arab Emirates and the U.K., and excels in this role.

Aetna expects to continue to see year-over-year improvements, and plans to increase its spending with traditionally underutilized suppliers. Such suppliers currently represent 11% of its total supplier spend. Aetna plans an increase in spend to 15% by 2015.

Driving Supplier Success

The Michigan Minority Supplier Development Council named Ford Motor Company its 2011 Corporation of the Year—the second consecutive year the automaker received that honor. 2011 also marked the third year in a row of improving annual profits. Its minority suppliers had a
key role in helping the company reach that milestone, playing an integral part in the successful launch of two globally-sold, high-volume vehicles—the Ford Explorer and Ford Focus. In doing so, they contributed to the U.S. economic recovery.

Each year, Ford honors its top-performing suppliers with World Excellence Awards in recognition of suppliers worldwide that achieve the highest quality, technology, cost and delivery standards, while aligning themselves with Ford’s values and operating practices. Last year, 47 firms representing 16 countries, were honored in categories including quality, operational excellence, diversity and community service during the 13th annual awards ceremony. Dakkota Integrated Systems, a Native American-owned firm in Holt, Michigan, that makes decorative front bumper trim and passenger compartment ceilings, won an Excellence Award in the community service category. Other MBE winners (all Michigan-based) were Piston Automotive, a Black-owned maker of cooling modules – radiators, air conditioning coolers and fan assemblies; Saturn Electronics and Engineering, an Asian-American-owned company; and Dawson Manufacturing and EWIE, two Asian-Indian-American suppliers.

Dakkota, led by Andra Rush, also won Ford’s Minority Supplier of the Year award. Both Dakkota and Johnson Controls, Inc., which was honored as Major Corporate Supplier of the Year, were recognized by Ford for their exemplary supplier diversity programs and spending with Tier 2 minority companies.

The all-new 2011 Ford Explorer, a sport utility vehicle named North American Truck of the Year at the North American International Auto Show, also allowed North American-based MBEs to extend the geographic reach of their products. Key suppliers to the Ford Explorer, which is exported to up to 90 countries—and supports President Barack Obama’s goal of doubling U.S. exports during the next five years—added new jobs in the Midwest, invested in new facilities and added shifts for its manufacture. For example, Dakkota added jobs in Illinois and Michigan, while Piston Automotive added jobs in Illinois. NYX Inc., an Asian-Indian-owned supplier based in Livonia, Michigan, successfully launched hard trim and seat plastics, hard plastics that protect or decorate parts of the vehicle.

For the all-new 2012 Ford Focus, many of its 310 suppliers in 22 countries on four continents also added jobs, facilities and equipment in local communities. Major suppliers added 5,500 jobs at their facilities in North America, Europe and Asia to produce parts for the Focus, while others maintained employment levels despite the difficult economy. Flex-N-Gate Corporation, an Asian-Indian-American supplier of decorative front bumper trim, added 87 workers at its Evart, Michigan, facility. Grupo Antolin Wayne, a Black-owned Canton, Michigan-based firm, launched passenger compartment ceilings for the 2012 Focus, plus compartment ceilings for the C-MAX automobile, also produced on four continents and sold worldwide.

With its vision-aided robot welding technology, Hispanic-owned Gonzalez Production Systems is expanding in Ford’s final manufacturing assembly area. The Madison Heights, Michigan, firm won contracts for the next-generation Ford Focus and Ford Fusion, and also for an as-yet-unannounced product from Ford’s global C-car platform. Black-owned Piston Automotive also added 16 jobs at its Redford, Michigan, facility for the Focus.

Recognizing the need to develop the next generation of diverse business leaders, Ford co-sponsored a diversity internship program at the Michigan Minority

The number of Asian-owned firms increased by 40 percent from 2002 to 2007—more than double the 18 percent increase in the number of all U.S. firms. U.S. Census Bureau
Procurement Conference and Trade Fair with the Michigan Minority Supplier Development Council in May 2011, one of many activities where Ford played a leadership role in creating new business opportunities for minority suppliers and empowering communities through economic development.

"Diversity and inclusion are key to our success at Ford Motor Company," said President and Chief Executive Officer Alan Mulally, "and we are committed to having a supplier base that reflects our employees, our customers and our shareholders. Having a broad and diverse supplier base reinforces our commitment to the communities where we live and work and increases our ability to secure some of the very best commodities. Embracing various cultures strengthens our competitive advantage and allows Ford to deliver the very best products to a diverse and growing marketplace."

**The Total Package**

Packaged-goods giant The Procter & Gamble Company contracts with Promotion Execution Partners (PEP) on marketing and promotion of all of its brands, including Pampers, Pantene, Swiffer, Tide and many other household names. The Black-owned Cincinnati firm won a Supplier Excellence award from P&G in 2011 for the fourth year in a row, thanks to high marks in evaluations by employees throughout the supply chain. The company consistently delivered marketing promotions on-time, on-budget and on-strategy, and found solutions that saved time and money, by omitting unnecessary steps and combining print jobs for multiple projects.

It wasn’t the only award for PEP last year. The MBE also won the Spirit of Entrepreneurship Award at the 11th annual Business-to-Business Exchange & Expo sponsored by the Greater Cincinnati/Northern Kentucky African-American Chamber of Commerce. The award recognizes a visionary firm that balances risk and executes against incredible odds.

PEP was formed in 2004 as a joint venture between Quality Packaging Specialists International, a Black-owned P&G supplier for about 20 years, and Valassis, also a P&G supplier. P&G encouraged the collaboration to fulfill its emerging need for marketing promotion execution and management. From a modest beginning with seven employees and one location, PEP grew to more than 100 employees, expanded to seven additional cities, and added more than 25 new clients. PEP’s experienced team of strategic and creative professionals now manages promotions for more than 100 brands in the consumer healthcare, franchise food, finance, business-to-business and consumer packaged goods industries.

**On the Right Track**

Today, every product American businesses and consumers use on a daily basis moves on a train. Union Pacific Railroad operates 32,000 miles of track across 23 states in the western
two-thirds of the U.S., and is North America’s largest freight railroad by revenue, with $19.6 billion in revenue in 2011. Founded when President Abraham Lincoln authorized building a transcontinental railroad by signing the Pacific Railway Act in 1862, Union Pacific is a critical link in the global supply chain—with 40 percent of its shipments international in either point of origin or destination.

The majority of Union Pacific’s minority suppliers impact some portion of its operations in all 23 states, supporting departments such as information technology and engineering that help run what is, in essence, a 32,000-mile outdoor factory. ProKarma, an Asian-Indian-owned software supplier to Union Pacific since 2004, develops critical maintenance systems for the railroad’s information technology group to help improve supply chain efficiency. The Omaha-based software firm supports operations across the entire 23-state network—impacting day-to-day operations and, ultimately, customer service.

Guy Brown, a Black-owned office supplies vendor based in Brentwood, Tennessee, has a great growth story in the rail industry thanks to a business relationship with Union Pacific that began in 2005. As a result of that rapport, Guy Brown was included in the Railmarket Place, a consortium of six railroads in North America seeking opportunities to reduce costs on the combined volume of their purchases. The MBE recently landed a contract to provide office supplies to these railroads through its Railmarket Place agreement.

Union Pacific, which has 418 minority- and women-owned suppliers, spent $1.1 billion with both Tier 1 and Tier 2 minority firms in 2011. Its Tier 2 program has grown rapidly, rising from $500 million in spending in 2009 to over $1.3 billion last year. Its supplier scorecard, which includes cost, on-time delivery, quality and supplier diversity metrics such as local/national minority council activities and Tier 2 program participation, helps measure the performance and effectiveness of its supplier base. The railroad also sponsors training activities and business opportunity fairs, and participates in NMSDC programs.

“As we celebrate our 150th anniversary in 2012, it is important that Union Pacific’s supplier network reflect the diversity of our customer base and the communities in which we live and work,” said Joseph E. O’Connor, Jr., vice president of purchasing at Union Pacific Railroad. “Our policy is to offer woman- and minority-owned businesses the opportunity to compete with other suppliers and contractors, and we believe our proactive efforts to do so make us a stronger company overall.”

Principles of Success

PepsiCo Inc., the food and beverage giant whose brands range from 7Up, Frito-Lay and Gatorade to Pepsi-Cola, Quaker Oats and Tropicana, began to automate its delivery system several years ago. Customer orders now go directly to the manufacturing plant where robotic technology is used to pick and sort before products are loaded onto trucks for delivery straight to stores.

Embarking upon a national roll-out to build state-of-the-art distribution centers under this new delivery system for PepsiCo North America Foods—beginning with its Frito-Lay division—PepsiCo’s sales/distribution team and supplier diversity team collaborated to encourage Con-Real, LP, a Black-owned construction firm to form an alliance that would strengthen its capacity to handle the construction. Arlington, Texas-based Con-Real, whose operations are located in Dallas and Houston, Texas; San Jose, California and Little Rock, Arkansas, was already a preferred supplier, thanks to its successful 12-year track record with Frito-Lay.
Con-Real’s president approached PepsiCo with an alliance with majority-owned firm Austin Industries to meet the challenge. PepsiCo accepted the alliance, and expects to build several distribution centers per year for its new delivery system. To date, PepsiCo has opened centers in Atlanta, Georgia; Denver, Colorado and Topeka, Kansas. Con-Real is building its first PepsiCo distribution center in Rosenberg, Texas. The completion is projected for mid-2012. PepsiCo’s new system doubles speed and cuts out steps to deliver fresher products. Under its old system, the distribution center sent orders to the plant that would produce the product, place it in its warehouse, then send it back to the distribution center, where it would be loaded on trucks for delivery.

“Frito-Lay had been working with Con-Real on medium-sized projects for over a decade,” said Andy Fisher, Sr., director of warehouse operations for Frito-Lay North America. “When a major new expansion was planned, we saw an opportunity to expand the relationship and do something really big. We met with their whole team—design, construction and service—and collaborated on a project approach that would ensure success for both companies. Con-Real won the contract, and has performed exceptionally well.”

As a strategic partner, Con-Real will continue to expand with PepsiCo. The firm will help its environmental sustainability program by constructing fueling stations for compressed natural gas for PepsiCo’s truck operations companywide. The fueling stations allow the PepsiCo fleet to burn cleaner fuel with reduced emissions; use cheaper domestically-produced fuel; and improve productivity by allowing drivers to use high-occupancy vehicle lanes.

PepsiCo introduced its managers to the leadership principles in Stephen Covey’s book, “The Speed of TRUST: The One Thing That Changes Everything.” The book advocates building trust with clients and colleagues, and proves trustworthiness pays dividends. PepsiCo’s Global Procurement managers were trained on the book’s 13 recommended behaviors that Covey says are essential for high-performance companies to increase speed and efficiency in today’s global economy. Next, PepsiCo extended this leadership training to its suppliers. MBE suppliers in the energy field were among the first chosen because the energy sector is so highly-competitive and commodity-driven.

In 2011, PepsiCo began training two MBE energy suppliers: Liberty Power, LLC, a Hispanic-owned retail electricity provider based in Fort Lauderdale, Florida, and Tiger Natural Gas, a Native-American-owned natural gas provider in Tulsa, Oklahoma. Both of their chief executive officers, David Hernandez and Lori Nally Johnson, respectively, have empowered their companies to follow the principles to enhance both internal operations and customer performance. So far, results from the training have been impressive, a win-win for both MBEs and PepsiCo.
Communicating its Commitment

Verizon Communications, Inc., the New York-based provider of communications services over broadband Internet, wireless and wireline networks, honors its top-performing suppliers each year at the Verizon Supplier Summit, an invitation-only event. The summit recognizes suppliers who surpass performance expectations, achieve cost efficiencies and exceed customer satisfaction targets. It also features education and networking opportunities, where key executives speak about their goals and expectations.

The Bartech Group, a Black-owned workforce management firm and an NMSDC Corporate Plus® member, is the managed services provider for the Verizon Contingent Workforce Program. By supporting Verizon’s outsourcing functions and helping provide significant cost savings of $6 million a year, the Livonia, Michigan-based MBE provides a core part of Verizon’s business process. Since over 60% of spending in Verizon’s Contingent Workforce Program was with diverse-owned suppliers last year, Bartech also significantly impacts Verizon’s total diversity spend.

As part of its commitment to establish and expand effective business partnerships in non-traditional areas, Verizon works with numerous minority-owned marketing and advertising agencies. The company spent more than $100 million with the top three Tier 1 minority-owned advertising agencies in 2011. Verizon also partners closely with key staffers in its in-house marketing and advertising team and ad agencies to ensure they are working with diverse-owned printers, and its portfolio of approved suppliers includes many minority-owned printers. Last year, 20% of its print business was awarded to minority suppliers.

Verizon has also worked diligently to increase its spend with certified minority suppliers in call center services. In 2011, Verizon spent more than $100 million with just one of the many certified MBEs in this field.

Verizon’s advocacy and mentoring program for diverse-owned businesses, the Premier Supplier Academy, consists of one-on-one relationship building, technical assistance and coaching, networking and outreach, mentoring, online training, continuing education programs, and prime supplier education and networking. Minority-owned, women-owned and disadvantaged (MWDBE) firms and prime suppliers whose contracts total at least $1 million can participate in this program. The initiative helps them develop new business relationships, stronger business practices and enhanced opportunities to directly participate in Verizon’s procurement process, as well as work directly with Verizon’s prime suppliers. The program also assists prime suppliers in their efforts to use more MWDBEs in their own supply chains, and addresses issues that affect small, medium and emerging MWDBEs.

“Verizon is committed to continuously identifying and expanding effective business partnerships with diverse suppliers,” said Lowell McAdam, chief executive officer of Verizon Communications, Inc. These mutually beneficial relationships will allow us to provide superior service and excellent communication experiences for our customers, while broadening our reach in the competitive marketplace. At Verizon, we embrace diversity not only because it’s the right thing to do, but because it’s smart business.”

The number of Native American-owned businesses increased by 18 percent from 2002 to 2007—the same rate of growth for all U.S. firms. U.S. Census Bureau
Aligned with Business Objectives

Northrop Grumman Corporation provides products and systems in aerospace, electronics, information services and technical systems to government and businesses. In 2011, the company sub-contracted $3.5 billion with minority-owned firms. Northrop Grumman also ranked fifth in Top 50 Organizations for Multicultural Business Opportunities as selected by DiversityBusiness.com, which compiled survey data from more than 1.2 million diverse-owned companies. It was the only aerospace prime contractor to make the top five in the annual listing of U.S. companies known as the Div50. For more than 10 consecutive years, the company has surpassed its 23% goal for small business spending, achieving 37% of its spend with such firms in fiscal year 2011.

APR Consulting, Inc., an Asian-Pacific American-owned staffing company based in Diamond Bar, California, has been a strategic supplier to Northrop Grumman’s aerospace and information system sectors company-wide for over a decade. A leader in the staffing industry for the last 30 years, APR meets staffing needs for the aerospace and utility industries, including major prime contractors and government agencies and facilities. The firm, whose chief executive officer is Erlinda Stone, has won a number of awards, among them the Northrop Grumman World Class Supplier Award in 2009; the Northrop Grumman Gold Supplier Award from 2004-2008; the NMSDC Regional Supplier of the Year Award in 2009; and the Southern California Minority Business Development Council (SCMBDC) Supplier of the Year Award for Class IV in 2009.

Blue Chip, LLC, a Black-owned full-service promotional products supplier provides cutting-edge promotional products, apparel and signage to three Northrop Grumman business sectors and its Corporate Socio-Economic Business office. The Rockville, Maryland-based MBE has also provided clothing for many Northrop Grumman conferences and also for the Military Bowl. This college football game, presented by Northrop Grumman in Washington, D.C.’s historic RFK Stadium since 2008, benefits the U.S.O. and honors the U.S. military. Blue Chip lives up to its name by offering its customers exclusive access to some promotional products and delivering an unforgettable marketing message through innovative products.

“Diversity in our supplier base is critical to our company’s strategy for winning new business,” said Wes Bush, chairman, chief executive officer and president of Northrop Grumman Corporation. “The importance of diversity and inclusion in the supply chain cannot be overstated, contributing to the development of innovative technology, the company’s ability to be flexible and agile, and contributing to a stronger supply chain. The inclusion of small and minority business opportunities is in line with our business objectives.”

Banking on Diversity

Wells Fargo & Company, a 160-year-old financial services company based in San Francisco, California, was one of the Top 50 Organizations for Multicultural Business Opportunities named by DiversityBusiness.com in 2011. It was also ranked as one of the Top 50 Companies for Diversity by DiversityInc.
Rose International, an Asian-Indian-owned provider of information technology staffing to Fortune 500 companies, and federal and state agencies based in Chesterfield, Missouri, is one of the 25 NMSDC-certified MBEs with whom Wells Fargo spent a total of $176.5 million in 2011.

In 1995, Himanshu Bhatia started Rose International with her husband. By 1998, the couple had 100 employees. Today, the firm employs 6,000, has 20 branches in the U.S. plus an office in New Delhi, India, and handles projects in all 50 states. Its relationship with Wells Fargo began at a trade show. “Wells Fargo’s vendor management program is very structured and the entire supply chain is involved in the program,” said Ms. Bhatia. “We have a great relationship with Wells Fargo and our group has grown both directly and indirectly as a result.”

Last year, Wells Fargo’s Corporate Properties Group, one of its leading business units that supports, advocates and utilizes diverse suppliers, and collaborates well with its supplier diversity team, spent over $164 million with Tier 1 firms owned by minorities, women or the disadvantaged. Nineteen MWDBEs won contracts totaling $41 million to provide services ranging from bank vaults and security guards to janitorial services—due to their involvement in the RFP working committees with the Corporate Properties team. These contracts also include language providing Tier 2 commitments of up to 20 percent.

Wells Fargo’s Leaders of Change program provides development, mentoring and educational opportunities for diverse suppliers and emerging entrepreneurs. During 2011, 158 business owners participated in its supplier development initiative, which included workshops on business growth strategies and business plans, plus education on different types of certifications—from MBE, WBE and ISO 9000 to Green. Wells Fargo’s supplier development initiative also includes scholarships for MBEs to attend NMSDC’s Advanced Management Education Program at Northwestern University’s Kellogg School of Management or the executive education program at Dartmouth College’s Tuck School of Business.

Two emerging areas of opportunity for Wells Fargo are environmental and investment/financial consulting, which traditionally have been under-represented in terms of minority-, woman- or disadvantaged-owned suppliers. As Wells Fargo continues to seek ways to support environmental issues and ensure its customers’ financial success, these fields are critical in the development of diverse suppliers.

Wells Fargo & Company Chief Executive Officer John G. Stumpf said, “We’re committed to accomplishing our mission of supplier diversity by establishing and supporting partnerships with the diverse business community, developing these businesses for growth, and engaging with community organizations that share our commitment.”

Looking Ahead

Smart minority-owned businesses don’t rest on past laurels; they figure out ways to overcome adversity and adapt nimbly to economic downturns and changes. Acting as true partners to their corporate customers, they face mutual challenges by offering added value, innovative products and solutions, cost savings and streamlined operations.

NMSDC is proud that so many MBEs have done such an excellent job for and earned such high praise from its corporate members. We are confident these corporations will provide many more contracting opportunities to Asian, Black, Hispanic and Native American suppliers for years to come.

In 2012, the $1.2 trillion Hispanic market will be larger than the entire economies of all but 13 countries in the world—smaller than the gross domestic product (GDP) of Australia and larger than the GDP of Mexico.

Selig Center for Economic Growth
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Chairman, President and Chief Executive Officer
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Senior Vice President and Chief Procurement Officer
Tyco International Inc.

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Interim President
Business Consortium Fund, Inc.

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Attorney at Law

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Bank of America Corporation

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Senior Director, Supplier Relations
Chrysler Group LLC

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The Procter & Gamble Company

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Coordinator, Supplier Diversity
ConocoPhillips

Ms. Debra A. Jennings-Johnson
Director, Supplier Diversity
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Vice President, Global Supply Management
Delphi Automotive LLP

Mr. Gary Kallenbach
Vice President, Global Procurement
United Parcel Service, Inc.

Mr. Fred Keeton
Vice President, External Affairs and Chief Diversity Officer
Harrah’s Entertainment, Inc.
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Director, Supplier Diversity and Supplier Development  
Pacific Gas and Electric Company

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Senior Manager, Supplier Diversity, Sam’s Club  
Walmart Stores, Inc.

Ms. Patrice N. Knight  
Vice President Operations—Global Procurement  
International Business Machines Corporation

Mr. Thomas E. Lake  
Division Manager, North America Purchasing  
Honda of America Manufacturing, Inc.

Mr. Reginald K. Layton*  
Executive Director, Supplier Diversity and Business Development  
Johnson Controls, Inc.

Mr. Mariano Legaz  
Vice President, Supply Chain Services  
Verizon Communications

Mr. Fred Lona*  
Senior Director, Supplier Diversity, Hilton Worldwide

Mr. Leo G. Lonergan  
Chief Procurement Officer  
Chevron Corporation

Ms. Lisa F. Martin*  
Senior Vice President, Worldwide Procurement  
Pfizer Inc

Mr. Stephane Masson  
Vice President, Global Procurement  
Marriott International, Inc.

Mr. William G. Mays  
Chairman  
Mays Chemical Company

Ms. Ruby McKeag  
Director, Supplier Diversity  
United Airlines, Inc.

Mr. Robert McCormes-Ballou  
Director, Supply Chain Diversity Office Depot, Inc.

Mr. Craig McKeeney  
Vice President, Procurement  
Best Buy Co., Inc.

Mr. J. Joe Mena  
President  
Summit Container Corporation

Mr. Dennis P. Miller  
Senior Vice President and Controller  
J. C. Penney Company, Inc.

Ms. Rohena A. Miller  
President and Chief Executive Officer  
Niche Marketing, Inc.

Mr. Steven G. Miller*  
Senior Vice President, Strategic Sourcing and Procurement  
The Walt Disney Company

Ms. Jirus Moghbeli  
Supplier Diversity Liaison Officer  
Ameri, Inc.

Mr. Mitch Parrish  
Vice President, Global Supply Chain Operations  
Medtronic, Inc.

Nicole M. Peterson  
Senior Director, Supplier Diversity  
The Home Depot, Inc.

Mr. Jeffrey Place  
Director, Global Supply Management  
United Technologies Corporation

Ms. Carla Preston  
Director, Supplier Diversity Development  
Ford Motor Company

Ms. Gloria D. Pualani  
Director, Small Business  
Northrop Grumman Corporation

Ms. Terri L. Quinton*  
Chief Executive Officer  
Alliance of Diversity Printers

Mr. Craig Reed  
Senior Vice President, Supply Chain Management  
Eaton Corporation

Mr. Roderick Rickman  
Chairman and Chief Executive Officer  
Rickman Enterprise Group, LLC

Dr. Sally Saba  
Executive Director, National Supplier Diversity  
Kaiser Foundation Health Plan, Inc.

Mr. Guy Schweppe  
Vice President, Global Materials  
World Wide Procurement  
Dell Inc.

Mr. James J. Sheehy  
Vice President, Procurement  
MillerCoors, LLC

Mr. D. K. Singh  
Senior Vice President, Enterprise Procurement  
ConAgra Foods, Inc.

Mr. Mark Stolarczyk  
Vice President of Strategic Sourcing  
MG Resorts International

Mr. Ruben Dario Taborda  
Chief Procurement Officer, Supplier Diversity  
Johnson & Johnson  
Medical Device and Diagnostics

Ms. Barbara A. Taylor  
Senior Manager, Corporate Supplier Diversity Integration  
The Boeing Company

Ms. Renee Taylor  
Manager, Supplier Diversity  
Milwaukee Public Schools

Ms. Denise R. Thomas  
Director, Supplier Diversity  
The Kroger Company

Mr. Howard E. Thompson  
Vice President, Purchasing  
Macy’s Inc.

Ms. Kathleen A. Trimble  
Director, Supplier Diversity  
Robert Half International, Inc.

Mr. Guy Wagner  
Senior Manager and SAM, Powertrain  
Renault-Nissan Purchasing Organization  
Nissan North America, Inc.

Ms. Linda A. Ware  
Manager, Supplier Diversity  
General Motors Company, LLC

Mr. David R. Wheeler  
Senior Vice President, Global Supply Chain and Corporate Six Sigma  
Cintas Corporation

Ms. Janice B. Williams-Hopkins  
Manager, Supplier Outreach  
United States Postal Service

Ms. Francene Young  
Vice President, Diversity and Talent-US  
Shell Oil Company

*Executive Committee Members
Independent Auditors’ Report

To the Board of Directors
National Minority Supplier Development Council, Inc.

The Board of Directors
National Minority Supplier Development Council, Inc.

We have audited the accompanying statement of financial position of National Minority Supplier Development Council, Inc. (the Council) as of December 31, 2011, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Council’s management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior-year summarized comparative information has been derived from the Council’s 2010 financial statements, and in our report dated May 3, 2011, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Council’s internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Minority Supplier Development Council, Inc. as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States.

Mitchell & Titus, LLP

May 11, 2012
### Statement of Financial Position

#### National Minority Supplier Development Council, Inc.
December 31, 2011 (With comparative figures for 2010)

<table>
<thead>
<tr>
<th>Assets</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$1,027,269</td>
<td>$884,719</td>
</tr>
<tr>
<td>(Note 3)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-term investments</td>
<td>4,387,878</td>
<td>3,471,509</td>
</tr>
<tr>
<td>(Note 4)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>786,314</td>
<td>960,121</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>122,727</td>
<td>130,757</td>
</tr>
<tr>
<td>Total current assets</td>
<td>6,324,188</td>
<td>5,447,106</td>
</tr>
<tr>
<td>Cash—collateral (Notes 4 and 6)</td>
<td>168,131</td>
<td>346,942</td>
</tr>
<tr>
<td>Long-term investments</td>
<td>3,947,857</td>
<td>3,325,826</td>
</tr>
<tr>
<td>Furniture, fixtures, equipment and leasehold improvements, net (Note 5)</td>
<td>1,084,600</td>
<td>1,173,238</td>
</tr>
<tr>
<td>Deposits</td>
<td>-</td>
<td>2,500</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$11,524,776</td>
<td>$10,295,612</td>
</tr>
</tbody>
</table>

#### Liabilities and Net Assets

<table>
<thead>
<tr>
<th>Liabilities and Net Assets</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$1,491,476</td>
<td>$821,908</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>1,946,032</td>
<td>1,791,941</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>3,437,508</td>
<td>2,613,849</td>
</tr>
<tr>
<td>Deferred compensation (Note 8)</td>
<td>264,989</td>
<td>244,801</td>
</tr>
<tr>
<td>Deferred rent credits</td>
<td>344,259</td>
<td>351,822</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>4,046,756</td>
<td>3,210,472</td>
</tr>
<tr>
<td>Commitment and contingencies (Note 6)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Assets (Note 7):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board-designated</td>
<td>1,413,582</td>
<td>1,042,023</td>
</tr>
<tr>
<td>Undesignated</td>
<td>5,947,312</td>
<td>5,938,117</td>
</tr>
<tr>
<td>Total unrestricted</td>
<td>7,360,894</td>
<td>6,980,140</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>17,126</td>
<td>5,000</td>
</tr>
<tr>
<td>Permanently restricted</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Total net assets</td>
<td>7,478,020</td>
<td>7,085,140</td>
</tr>
<tr>
<td>Total liabilities and net assets</td>
<td>$11,524,776</td>
<td>$10,295,612</td>
</tr>
</tbody>
</table>

*The accompanying notes are an integral part of these financial statements.*
Statement of Activities

National Minority Supplier Development Council, Inc.
December 31, 2011 (With comparative totals for 2010)

The accompanying notes are an integral part of these financial statements.

### Revenue

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>2011 Total</th>
<th>2010 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership dues</td>
<td>$8,747,885</td>
<td>$ -</td>
<td>$ -</td>
<td>$8,747,885</td>
<td>$8,590,382</td>
</tr>
<tr>
<td>Seminar registration, trade show and meeting fees</td>
<td>3,372,700</td>
<td>-</td>
<td>-</td>
<td>3,372,700</td>
<td>3,134,519</td>
</tr>
<tr>
<td>Contributions</td>
<td>1,138,950</td>
<td>518,200</td>
<td>-</td>
<td>1,657,150</td>
<td>1,511,900</td>
</tr>
<tr>
<td>In-kind contributions (Note 10)</td>
<td>69,732</td>
<td>-</td>
<td>-</td>
<td>69,732</td>
<td>79,059</td>
</tr>
<tr>
<td>Special event</td>
<td>897,000</td>
<td>-</td>
<td>-</td>
<td>897,000</td>
<td>890,000</td>
</tr>
<tr>
<td>Other income</td>
<td>402,135</td>
<td>-</td>
<td>-</td>
<td>402,135</td>
<td>527,817</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>15,134,476</td>
<td>12,126</td>
<td>-</td>
<td>15,146,602</td>
<td>14,733,677</td>
</tr>
</tbody>
</table>

### Expenses

#### Program Services:

<table>
<thead>
<tr>
<th>Service</th>
<th>2011 Total</th>
<th>2010 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Field operations</td>
<td>6,714,598</td>
<td>6,656,937</td>
</tr>
<tr>
<td>Members services</td>
<td>679,014</td>
<td>734,426</td>
</tr>
<tr>
<td>Annual conference</td>
<td>2,479,530</td>
<td>2,510,620</td>
</tr>
<tr>
<td>Trade show</td>
<td>494,771</td>
<td>438,418</td>
</tr>
<tr>
<td>Learning programs</td>
<td>567,111</td>
<td>315,660</td>
</tr>
<tr>
<td>Other program services</td>
<td>479,938</td>
<td>531,554</td>
</tr>
<tr>
<td><strong>Total program services</strong></td>
<td>11,414,962</td>
<td>11,187,615</td>
</tr>
</tbody>
</table>

#### Supporting Services:

<table>
<thead>
<tr>
<th>Service</th>
<th>2011 Total</th>
<th>2010 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>General administration</td>
<td>2,678,861</td>
<td>2,840,346</td>
</tr>
<tr>
<td>Fund development</td>
<td>659,899</td>
<td>630,673</td>
</tr>
<tr>
<td><strong>Total supporting services</strong></td>
<td>3,338,760</td>
<td>3,471,019</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>14,753,722</td>
<td>14,658,634</td>
</tr>
</tbody>
</table>

#### Changes in net assets:

<table>
<thead>
<tr>
<th></th>
<th>2011 Total</th>
<th>2010 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in net assets</td>
<td>380,754</td>
<td>75,043</td>
</tr>
<tr>
<td>Net assets, beginning of year</td>
<td>6,980,140</td>
<td>7,085,140</td>
</tr>
<tr>
<td>Net assets, end of year</td>
<td>$7,360,894</td>
<td>$7,085,140</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
## Statement of Cash Flows

National Minority Supplier Development Council, Inc.®
December 31, 2011 (With comparative figures for 2010)

### Cash Flows From Operating Activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in net assets</td>
<td>$392,880</td>
<td>$75,043</td>
</tr>
<tr>
<td><strong>Adjustments to reconcile changes in net assets to net cash provided by operating activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>273,919</td>
<td>267,994</td>
</tr>
<tr>
<td>Amortization of deferred rent credits</td>
<td>(7,563)</td>
<td>(7,563)</td>
</tr>
<tr>
<td>Deferred compensation</td>
<td>16,500</td>
<td>31,630</td>
</tr>
<tr>
<td>Donated software</td>
<td>(5,000)</td>
<td>-</td>
</tr>
<tr>
<td>Decrease (increase) in accounts receivable</td>
<td>173,807</td>
<td>(196,598)</td>
</tr>
<tr>
<td>Decrease in prepaid expenses</td>
<td>8,030</td>
<td>32,599</td>
</tr>
<tr>
<td>Increase in accounts payable and accrued expenses</td>
<td>669,568</td>
<td>12,659</td>
</tr>
<tr>
<td>Increase (decrease) in deferred revenue</td>
<td>154,091</td>
<td>(16,424)</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>1,676,232</td>
<td>199,340</td>
</tr>
</tbody>
</table>

### Cash Flows From Investing Activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of investments</td>
<td>(3,210,121)</td>
<td>(2,610,471)</td>
</tr>
<tr>
<td>Proceeds from maturity/sale of investments</td>
<td>1,875,720</td>
<td>2,313,284</td>
</tr>
<tr>
<td>Deferred compensation deposits</td>
<td>(16,500)</td>
<td>(31,630)</td>
</tr>
<tr>
<td>Security deposits refund</td>
<td>2,500</td>
<td>-</td>
</tr>
<tr>
<td>Purchases of furniture, fixtures, equipment and leasehold improvements</td>
<td>(185,281)</td>
<td>(141,058)</td>
</tr>
<tr>
<td><strong>Net cash used by investing activities</strong></td>
<td>(1,533,682)</td>
<td>(469,875)</td>
</tr>
<tr>
<td>Net increase (decrease) in cash and cash equivalents</td>
<td>142,550</td>
<td>(270,535)</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents, beginning of year</strong></td>
<td>884,719</td>
<td>1,155,254</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents, end of year</strong></td>
<td>$1,027,269</td>
<td>$884,719</td>
</tr>
</tbody>
</table>

*The accompanying notes are an integral part of these financial statements.*
**NOTE 1. ORGANIZATION**

National Minority Supplier Development Council, Inc. (the Council) seeks to expand business opportunities for minority-owned companies; encourages mutually beneficial economic links between minority suppliers and the public and private sectors; and helps to build a stronger, more equitable society by supporting and promoting minority business development.

The Council is a not-for-profit organization incorporated in Illinois and is a publicly supported organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC).

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Council have been prepared on the accrual basis of accounting. The following significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

**a) Financial Statement Presentation**

The Council reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

**b) Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are recorded as temporarily or permanently restricted revenue if they are received with donor stipulations that limit the use of the donated assets. When a donor’s restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

In-kind contributions, donated services and materials, are recorded at the fair value on the date of donation.

**c) Membership Dues**

The Council receives dues income from private industry by requiring certain firms that desire membership to pay annual dues in an amount determined by the Board of Directors. Dues are deferred until recognized as income based on the fiscal period for which they are assessed.

**d) Furniture, Fixtures, Equipment, and Leasehold Improvements**

Furniture, fixtures, and equipment are carried at cost and are depreciated using the straight-line method over their estimated useful lives. Leasehold improvements are amortized on a straight-line basis over the lesser of their estimated useful lives or the term of the lease. Estimated useful lives are as follows:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold improvements</td>
<td>6 - 12.5 years (or the remaining lease term, if shorter)</td>
</tr>
<tr>
<td>Equipment</td>
<td>5 years</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>7 years</td>
</tr>
</tbody>
</table>

**e) Cash Equivalents**

For purposes of the statement of cash flows, the Council considers all highly liquid debt instruments purchased with a maturity of 90 days or less to be cash equivalents.

**f) Investments**

Investments are stated at fair value.

The Council values its investments in accordance with a hierarchy that prioritizes the inputs to valuation techniques, giving the highest priority to readily available unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement) when market prices are not readily available or reliable. The three levels of the hierarchy under fair value measurements are described below:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, credit risk, and others.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the Council’s own assumptions and would be based on the best information available.

Changes in valuation techniques may result in transfers in or out of an assigned level within the hierarchy.

Interest income earned on all investments is recognized as unrestricted revenue unless specifically restricted for use by the donor.

**g) Functional Allocations of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**h) Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**i) Recent Accounting Pronouncement**

In January 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2010-06, *Improving Disclosures under Fair Value Measurements* (ASU 2010-06), which is effective for interim and annual reporting periods beginning after December 15, 2009. ASU 2010-06 adds requirements for disclosing amounts of and reasons for significant transfers into and out of Levels 1 and 2 and requires gross rather than net disclosures about purchases, sales, issuances, and settlements related to Level 3 measurements. ASU 2010-06 also provides clarification that fair value measurement disclosures are
required for each class of assets and liabilities. Disclosures about the valuation techniques and inputs used to measure fair value for measurements that fall in either Level 2 or Level 3 are also required. The Council adopted the provisions of ASU 2010-06 as of January 1, 2010, except for disclosures about purchases, sales, issuances, and settlements in the rollforward activity in Level 3 fair value measurements, which were adopted as of January 1, 2011. Disclosures are not required for earlier periods presented for comparative purposes. ASU 2010-06 affects disclosures only; and therefore, the adoption had no impact on the Council’s statements of financial position or activities.

**NOTE 3. CONCENTRATION OF RISK**

As of December 31, 2011, and 2010, cash balances at financial banking institutions exceeded the federally insured limit of $250,000. Management regularly monitors the financial condition of the banking institutions, along with their balances in cash, and endeavors to keep this potential risk to a minimum.

The Council’s investments are subject to various risks, such as interest rate, credit and overall market volatility risks. Further, because of the significance of the investments to the Council’s financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets among the various asset classes (see Note 4) should mitigate the impact of changes in any one class.

**NOTE 4. INVESTMENTS**

Investments held at December 31, 2011 and 2010, consisted of the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>2011 Fair Value</th>
<th>2010 Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificates of deposit</td>
<td>$1,089,379</td>
<td>$1,242,448</td>
</tr>
<tr>
<td>Annuity investments</td>
<td>2,851,026</td>
<td>2,272,147</td>
</tr>
<tr>
<td>Assets held in trust for</td>
<td></td>
<td></td>
</tr>
<tr>
<td>deferred compensation plan</td>
<td>264,989</td>
<td>244,801</td>
</tr>
<tr>
<td>Short-term investment</td>
<td>4,272,550</td>
<td>3,358,959</td>
</tr>
<tr>
<td>Artwork</td>
<td>25,922</td>
<td>25,922</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8,503,866</strong></td>
<td><strong>7,144,277</strong></td>
</tr>
</tbody>
</table>

Less: Amounts designated for:

- Cash collateral                      | 168,131               | 346,942               |
- Long-term investments                 | 3,947,857             | 3,325,826             |
- Short-term investments – net          | **$4,187,878**        | **$1,471,509**        |

Certificates of deposit at December 31, 2011, and 2010, consisted of amounts on deposit at financial institutions, with interest rates ranging from 4% to 0.20% and various maturities dates.

Short-term investment represents an investment in GE Capital Corporation’s variable-denominated, floating-rate demand notes.

Annuity investments represent (i) a $1,000,000 seven-year fixed annuity with New York Life Insurance Company with a guaranteed principal provision, a 5.6% guaranteed interest rate to July 22, 2010 and a 3% minimum guaranteed interest rate after July 22, 2010, (ii) two five-year annuities of $500,000 each with Allstate Insurance Company with a guaranteed principal provision and a 3.5% minimum guaranteed interest return on each annuity, and (iii) a $500,000 five-year fixed annuity with Valic Insurance Company with a guaranteed principal provision, a 4% guaranteed interest rate for the first year and 3% minimum guaranteed interest rate after the first year.

The following is a description of the valuation methodologies used for assets at fair value. There have been no changes in the methodologies used at December 31, 2011 and 2010.

**Certificates of deposit and artwork:** Valued at cost, which approximates fair value.

**Annuities and short-term investment:** Valued at contract value, which approximates fair value by totaling deposits and reinvested interest less any withdrawals plus accrued interest.

**Assets held in trust for deferred compensation plan:** Valued at fair value based on the closing prices reported in the active market in which the individual securities are traded.

The preceding described methods may produce a fair value calculation that may not indicate net realizable value or reflect future fair values. Furthermore, although the Council believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments may result in a different fair value measurement at the reporting date.

The table below presents the balance of assets measured at fair value on a recurring basis, as of December 31, 2011:

<table>
<thead>
<tr>
<th>Description</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificate of Deposits</td>
<td>$ -</td>
<td>$1,089,379</td>
<td>$ -</td>
<td>$1,089,379</td>
</tr>
<tr>
<td>Annuities</td>
<td>-</td>
<td>2,851,026</td>
<td>2,851,026</td>
<td></td>
</tr>
<tr>
<td>Short-term Investment</td>
<td>-</td>
<td>4,272,550</td>
<td>4,272,550</td>
<td></td>
</tr>
<tr>
<td>Assets held in trust for</td>
<td>264,989</td>
<td>-</td>
<td>- 264,989</td>
<td></td>
</tr>
<tr>
<td>deferred compensation plan</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Artwork</td>
<td>-</td>
<td>-</td>
<td>25,922</td>
<td>25,922</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>264,989</strong></td>
<td><strong>$1,089,379</strong></td>
<td><strong>$7,149,498</strong></td>
<td><strong>$8,503,866</strong></td>
</tr>
</tbody>
</table>

The table below presents the balance of assets measured at fair value on a recurring basis, as of December 31, 2010:

<table>
<thead>
<tr>
<th>Description</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificate of Deposits</td>
<td>$ -</td>
<td>$1,242,448</td>
<td>$ -</td>
<td>$1,242,448</td>
</tr>
<tr>
<td>Annuities</td>
<td>-</td>
<td>2,272,147</td>
<td>2,272,147</td>
<td></td>
</tr>
<tr>
<td>Short-term Investment</td>
<td>-</td>
<td>3,358,959</td>
<td>3,358,959</td>
<td></td>
</tr>
<tr>
<td>Assets held in trust for</td>
<td>-</td>
<td>244,801</td>
<td>- 244,801</td>
<td></td>
</tr>
<tr>
<td>deferred compensation plan</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Artwork</td>
<td>-</td>
<td>-</td>
<td>25,922</td>
<td>25,922</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,487,249</strong></td>
<td><strong>$5,657,028</strong></td>
<td><strong>$7,144,277</strong></td>
<td><strong>$7,144,277</strong></td>
</tr>
</tbody>
</table>

Transfers between level categories may occur due to changes in the availability of market observable inputs, which are usually caused by changes in market conditions, such as availability of market observable quoted prices, liquidity, trading volume, or bid-ask spreads. Transfers in and out of level categories are reported as
having occurred at the beginning of the year in which the transfer occurred.

As of January 1, 2011, assets held in trust for deferred compensation plan were transferred from Level 2 to Level 1 due to the availability of market observable inputs.

During 2010, the annuities were transferred into Level 3 from Level 2 as a result of lack of availability of market observable quoted prices for similar assets. When transferring these annuities into Level 3, the Council did not change the source of fair value estimate or the internal valuation approach. Accordingly, for these annuities there were no changes in fair values in conjunction with the transfer resulting in a realized or unrealized gain or loss.

The table below is a reconciliation of Level 3 assets for the year ended December 31, 2010.

<table>
<thead>
<tr>
<th>Short-term investment</th>
<th>Annuities</th>
<th>Artwork</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning balance</td>
<td>$3,013,821</td>
<td>-</td>
<td>$25,922</td>
</tr>
<tr>
<td>Transfers into Level 3</td>
<td>-</td>
<td>2,189,067</td>
<td>-</td>
</tr>
<tr>
<td>Purchases</td>
<td>1,950,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Sales</td>
<td>(1,671,000)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest</td>
<td>1,651,138</td>
<td>33,080</td>
<td>-</td>
</tr>
<tr>
<td>Ending balance</td>
<td>$3,358,959</td>
<td>$2,272,147</td>
<td>$25,922</td>
</tr>
</tbody>
</table>

NOTE 7. NET ASSETS

Unrestricted

Board-designated: The Council allocated a percentage of the membership dues to provide grants to regional councils for specific certification services and grants to support retirement plans in 2011. Accordingly, certain funds have been designated to support these activities through 2012.

Temporarily Restricted

Temporarily restricted net assets were available to support the following program activities as of December 31, 2011 and 2010:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advance Management</td>
<td>$1,443,786</td>
<td>$1,327,114</td>
</tr>
<tr>
<td>Education Program</td>
<td>555,499</td>
<td>555,499</td>
</tr>
<tr>
<td>Learning programs</td>
<td>868,331</td>
<td>799,722</td>
</tr>
<tr>
<td></td>
<td>2,867,616</td>
<td>2,682,335</td>
</tr>
<tr>
<td></td>
<td>1,783,016</td>
<td>1,509,097</td>
</tr>
<tr>
<td></td>
<td>$1,084,600</td>
<td>$1,173,238</td>
</tr>
</tbody>
</table>

Depreciation and amortization expense for the years ended December 31, 2011, and 2010, amounted to $273,919 and $267,994, respectively.

NOTE 6. OFFICE LEASE

On November 15, 2008, the Council entered into a new lease agreement for office space that expires on May 31, 2021, which has provisions for future rent increases and rent-free periods. The total amount of rental payments due over the lease term is being charged to rent expense on the straight-line method over the term of the lease. As security for the lease, the lease agreement requires the Council to have a $316,072 letter of credit that is collateralized by a certificate of deposit owned by the Council.

As of December 31, 2011, the collateral required was reduced to $168,036.

During 2011 and 2010, the Council incurred $782,351 and $770,315, respectively, in rent and related occupancy expenses under the lease. As of December 31, 2011, minimum future annual rents under the terms of the leases are as follows:

<table>
<thead>
<tr>
<th>Years</th>
<th>Amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$630,135</td>
</tr>
<tr>
<td>2013</td>
<td>630,135</td>
</tr>
<tr>
<td>2014</td>
<td>630,135</td>
</tr>
<tr>
<td>2015</td>
<td>672,144</td>
</tr>
<tr>
<td>2016</td>
<td>672,144</td>
</tr>
<tr>
<td>2017−2021</td>
<td>4,543,974</td>
</tr>
<tr>
<td></td>
<td>$7,778,667</td>
</tr>
</tbody>
</table>

NOTE 5. FURNITURE, FIXTURES, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Furniture, fixtures, equipment and leasehold improvements consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment</td>
<td>$1,443,786</td>
<td>$1,327,114</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>555,499</td>
<td>555,499</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>868,331</td>
<td>799,722</td>
</tr>
<tr>
<td></td>
<td>2,867,616</td>
<td>2,682,335</td>
</tr>
<tr>
<td>Less: Accumulated depreciation and amortization</td>
<td>1,783,016</td>
<td>1,509,097</td>
</tr>
<tr>
<td></td>
<td>$1,084,600</td>
<td>$1,173,238</td>
</tr>
</tbody>
</table>

Depreciation and amortization expense for the years ended December 31, 2011, and 2010, amounted to $273,919 and $267,994, respectively.
The changes in endowment net assets for the years ended December 31, 2011 and 2010, were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Endowment net assets, January 1, 2011</strong></td>
<td>$1,093,166</td>
<td>-</td>
<td>$100,000</td>
<td>$1,193,166</td>
</tr>
<tr>
<td><strong>Investment return:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment income</td>
<td>32,851</td>
<td>3,000</td>
<td>-</td>
<td>35,851</td>
</tr>
<tr>
<td>Appropriation of endowment assets for expenditure</td>
<td>3,000</td>
<td>(3,000)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Endowment net assets, December 31, 2011</strong></td>
<td>$1,129,017</td>
<td>-</td>
<td>$100,000</td>
<td>$1,229,017</td>
</tr>
</tbody>
</table>

The Council has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to preserve the assets of donor-restricted funds that the Council must hold in perpetuity, while assuming a low level of investment risk. Therefore, the investment objectives require disciplined and consistent management philosophies that accommodate all those events that are relevant, reasonable, and probable. Consequently, a periodic review of total rate of return and spending rate objectives is required.

NOTE 8. DEFERRED COMPENSATION PLANS

The Council established a deferred compensation plan under Section 457 of the IRC and a nonqualified deferred compensation plan (the Plans). The nonqualified deferred compensation plan is offered to selected executives. The Plans are a vehicle to save for retirement on a tax-efficient basis. Employees may elect to defer compensation (salary/bonus) under the Plans. The Council may, at its discretion, make contributions on a selective basis. The contributions are invested in a trust and are reflected in the accompanying financial statements as a long-term investment. At December 31, 2011, and 2010, the Plans’ balance was $264,989 and $244,801, respectively. The deferred compensation plans had deposits of $16,500; no withdrawals and a net gain of $3,687 for the year ended December 31, 2011, and had deposits of $31,630; withdrawals of $283,714 and a net gain of $11,049 for the year ended December 31, 2010.

NOTE 9. PENSION PLAN

The Council has a defined contribution pension plan, the National Minority Supplier Development Council, Inc. Retirement Plan and Trust, for which it provides an amount equal to 5% of base salary for eligible, full-time employees. In addition, employees are permitted to make contributions on their own behalf. The pension expense amounted to $136,783 and $152,394 for 2011 and 2010, respectively.

NOTE 10. IN-KIND CONTRIBUTIONS

In-kind contributions, which are reflected in the accompanying financial statements at fair value at the date of gift, included the following for the years ended December 31:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment on loan—annual conference</td>
<td>$33,050</td>
<td>$37,433</td>
</tr>
<tr>
<td>Loaned vehicles</td>
<td>1,250</td>
<td>2,000</td>
</tr>
<tr>
<td>Printing</td>
<td>-</td>
<td>2,956</td>
</tr>
<tr>
<td>Software</td>
<td>5,000</td>
<td>-</td>
</tr>
<tr>
<td>Technical support services—annual conference</td>
<td>28,000</td>
<td>32,000</td>
</tr>
<tr>
<td>Cell phone services</td>
<td>-</td>
<td>490</td>
</tr>
<tr>
<td>Other</td>
<td>2,432</td>
<td>4,180</td>
</tr>
<tr>
<td><strong>Total in-kind contributions</strong></td>
<td>$69,732</td>
<td>$79,059</td>
</tr>
</tbody>
</table>

NOTE 11. COMPARATIVE FINANCIAL INFORMATION

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Council’s financial statements for the year ended December 31, 2010, from which the summarized information was derived.

NOTE 12. INCOME TAXES

U.S. GAAP requires management to evaluate uncertain tax positions taken by the Council. The financial statement effects of a tax position are recognized when the position is more-likely-than-not, based on the technical merits, to be sustained upon examination by the Internal Revenue Service (IRS). Management analyzed the Council’s tax positions, and it concluded that as of December 31, 2011, there are no uncertain positions taken or expected to be taken. The Council is subject to routine audits by taxing jurisdictions; however, there are no audits for any tax periods in progress. Management believes the Council is no longer subject to income tax examinations for years prior to 2008.

NOTE 13. SUBSEQUENT EVENTS

The Council has evaluated subsequent events through May 11 2012, which is the date the financial statements were available to be issued, and has determined that there were no subsequent events to be recognized in these financial statements.
The NMSDC Network includes a national office in New York and 36 Regional Councils across the country. There are 3,500 corporate members throughout the network, including America's top publicly-owned, privately-owned and foreign-owned companies as well as universities, hospitals and other buying institutions. The Regional Councils certify and match more than 16,000 minority-owned businesses with member corporations that want to purchase their goods and services.

Providing a direct link between corporate America and Asian, Black, Hispanic and Native American-owned businesses is the primary objective of the National Minority Supplier Development Council, one of the country's leading business membership organizations. It was chartered in 1972 to provide increased procurement and business opportunities for minority businesses of all sizes.
