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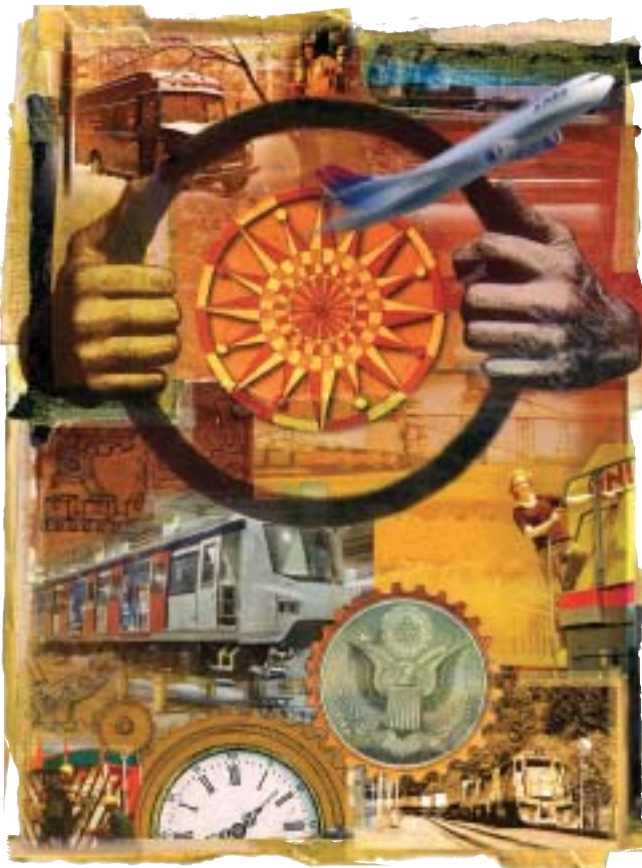
D Delivering Diversity

Although the economy continues to falter, the transportation and delivery industry remains focused on diversity.

By Jennifer Repo

America's transportation and delivery industry moves people and goods. It efficiently serves 284 million people and six million businesses scattered about our country, and transports the materials that build our nation, carries the food that feeds our people, and delivers the fuel that provides our energy. According to The Industrial College of the Armed Forces Transportation Industry Study of 2001, the industry comprises a fleet of more than 20 million commercial trucks and buses, 190 million private automobiles, 1.5 million railroad freight and passenger cars, and 7,600 certified air carrier aircraft. America's transportation system includes over 300 ports supporting 3,700 marine terminals and 5,000 berths that serve thousands of ships and barges. Gas and oil are transported by over 1.5 million miles of pipeline within the United States and transportation platforms operate on 192,000 miles of rail, four million miles of public roads and interstate highways, and 25,000 miles of waterways and harbor channels.

This industry plays a critical and indispensable role in national and international affairs because it is the heart of our economy as well as a major cog in the global economy. One third of our national wealth is directly attributable to transportation, and revenues generated by all sectors are cyclic and correspond to the changes in our nation's economy. With the slow economic recovery, the transportation and delivery industry is not immune to the fluctuations in the market and decreased corporate spending. Mergers are now commonplace, with the railroad industry leading the pack. Airlines have been under tremendous pressure since September 11 and have seen many layoffs. However,



Delivering Diversity *(continued)*

despite the recent economic downturns, major corporations remain committed to increasing their supplier diversity goals through new strategies and programs.

Companies realize that improving maximum operational efficiency and developing closer business relationships can help create customer loyalty, which in turn results in increased revenue and profit. While research indicates that the transportation and delivery industry is focusing on cost containment, many companies are still continuing to meet their supplier diversity goals.

Union Pacific Railroad

Nebraska-based Union Pacific Railroad, Inc. (UPR), one of the largest railroad companies in North America, trans-



Union Pacific Railroad supplier diversity team (clockwise from top left): Bob Morgan, director supplier diversity and safety; Mary Stockdale, director contract services; Dale Kirkpatrick, manager, asset disposition; Sandy Leek, manager of purchasing; and Sheila Estes, senior manager, purchasing.

ports freight. Like most companies, they are not immune to the economy's downturn and, therefore, engage in cost cutting measures that can have a negative effect on small businesses. However, because UPR values their M/WBE suppliers, they work extremely hard to develop approaches that continue to promote the solid growth of woman-

and minority-owned, controlled and operated firms through meaningful and, when possible, permanent procurement relationships.

In 1982, Union Pacific developed its minority purchasing program, initiated primarily by William Bales, then vice president of purchasing. UPR has always had full support from top management, and today, Dick Davidson, CEO, and Ike Evans, president, continue to embrace supplier diversity in a serious way. A director of supplier diversity was appointed to oversee the program and report directly to Eric Butler, the vice president of supply. In addition, UPR has developed a railroad industry group of representatives from four major railroads who meet monthly to discuss supplier diversity strategies. They share information that can strengthen the relationships between M/WBEs and their companies.

UPR's diversity program has seen an increase in M/WBE spending each year for the past five years, the aggregate total of which exceeds \$385 million. Their goal for 2002 is to spend \$160 million with M/WBE companies, or 4 percent of the total dollars spent. They spent over \$75 million in the first six months of 2002 and are on target to reach their

goal. Even in today's economic climate, UPR's supplier diversity goals remain constant. Bob Morgan, director of support services for the M/WBE program says, "Our commitment to supplier diversity will not change. In fact, it will probably become increasingly important. This year, we are implementing a second-tier initiative, whereby we are asking some of our key suppliers to tell us about their buying processes and how they are including minority- and women-owned businesses in their supply chain.

We are very encouraged by the early reports." Morgan adds that, "As far as supplier diversity in the railroad industry goes, our customers continue to push us to have a strong M/WBE program, and we are delivering."

As a provider of diesel fuel for locomotives, ICC Energy Corporation in Dallas, Texas has benefited in many ways from their relationship with Union Pacific. Karl Butler, president & CEO of ICC, first made contact with a Union Pacific representative at a National Minority Supplier Development Council trade fair. After speaking with Charlie Waters, who handles fuel procurement nationwide for Union Pacific, Butler researched UPR's needs to find out how they could fit in as a supplier. In less than 90 days, they received a contract.

Butler says, "We provide 20,000 barrels per month of diesel, in the range of about \$6 million per year. And we have room to grow since Union Pacific purchases approximately \$1 billion total. We have an 'evergreen' contract, which means that we try things out for a few months, and then, if all goes well, the contract is open-ended. So we now have an indefinite contract. The contract is for the Dallas-Fort Worth area, but we just had a meeting about getting the San Antonio, Houston, and Tucson areas. It has also opened doors for

us with other railroads." He adds, "I have 13 years of experience looking at corporations and their programs, and diversity is truly high on the radar scope at Union Pacific. I feel fortunate to be working with their team."



Karl Butler

Union Pacific, Delta, UPS, and ALSTOM are all major corporations that recognize the real economic impact of reaching their customers through the development of their M/WBE suppliers. As

the transportation and delivery industry continues to refine cost-effective strategies, they remain committed to meeting their supplier diversity goals and developing stronger suppliers for a brighter economic future. ♦

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