

Episode 30: Supplier Diversity for Economic Empowerment Transcript

Eric Smith:

As you look at our Fortune 500 list today, it's virtually nil when it comes to companies that are black-owned or owned by a Latinx business owner. When we start to see that pipeline coming forth, then we'll know that we're seeing success. We'll have a stronger economy, a stronger community, and we'll have even more hopefully partnerships that we're able to build a banking relationship with as well.

Michael Torrance:

Welcome to Sustainability Leaders. I'm Michael Torrance, Chief Sustainability Officer with BMO Financial Group. On the show, we will talk with leading sustainability practitioners from the corporate, investor, academic and NGO communities to explore how this rapidly evolving field of sustainability is impacting global investment, business practices and our world.

Legal Disclosure:

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Michael Torrance:

Sustainability is about making positive impacts. One of the major impacts businesses have on the economy and society comes from their procurement of goods and services to deliver on their own business strategies. These investments can make or break local economies and present great potential to create inclusive economic growth. Today's podcast will focus on supplier diversity. We'll be speaking to two leading thinkers within BMO and the financial sector on this topic. We'll unpack the motivations behind supplier diversity programs, best practices and the opportunities it unlocks for economic opportunity and empowerment.

Michael Torrance:

Eric Smith is a Vice Chair with BMO Harris Bank. As an ambassador for the bank, Eric leads several firm-wide initiatives, including with regulatory affairs, community affairs, and diversity and inclusion. Eric has a long history of commitment to the nonprofit and civic community as reflected through his board service and volunteerism. He currently serves for example as Chairman of the Board for the Chicago Urban League and the Ann & Robert H. Lurie Children's Hospital Foundation. Eric is also a member of the Commercial Club, Economic Club of Chicago, Executives Club of Chicago, and the Executive Leadership Council.

Michael Torrance:

Eric has championed the BMO EMpower Initiative, which is a \$5 billion commitment over five years to address key barriers faced by minority businesses, communities, and families in the United States through lending, investing, giving, and engagement in local communities, the most tackling barriers to inclusion in the financial services industry to create more opportunity for recovery and success. Christine Canning was appointed as Head of Supplier Relationship Management at BMO in January of 2020. In this role, she's responsible for defining standards and systems to drive strong supplier performance. Her

mandate includes BMO's Supplier Diversity Program focused on increasing the strength of the bank's supply chain by ensuring it reflects the diversity of the communities that BMO serves.

Michael Torrance:

Eric and Christine, thank you for speaking with us today about your important work. Let me start by asking you a little bit about your interest in this topic of supplier diversity in the work that you do in this area. Eric, I'm going to start with you. If you could tell us, you've had an impressive career in banking and you now have a key business facing role within BMO, but you also focus on diversity and economic empowerment and supplier diversity and inclusion as part of that work. How did you get connected to supplier diversity in the course of your work as a banker? And what does it mean to you?

Eric Smith:

Sure. Thanks, Michael, and it's a pleasure to join. I think as a banker, one of the things that is most important is to really think about the intersection of how banks create and help to drive economic growth and development. And for me, it's very important to think about how the public and private sector can come together to accomplish that. As I look at the history of supplier diversity, it is one that is deeply rooted in the civil rights movement of the 1950s and '60s following the race riots in Detroit.

Eric Smith:

In 1968, General Motors actually set up what is regarded as one of the first supplier diversity programs and much of the American auto industry followed suit. Early movers in the electronics industry also did the same thing, like IBM, with a very robust Supplier Diversity Program. And then later, there were laws that were actually established to encourage government contractors to include minority-owned businesses. As I think about the economic crisis that we're going through right now, I think it's absolutely critical that we look to the purchasing power of companies to think about how we can promote inclusive economic recovery.

Eric Smith:

In doing that, you can look at some of the basic economic data that's out there. For instance, the small business administration estimates that there are approximately 8 million minority-owned companies here in the US. If you think about what the purchasing power is for those MBEs, they generate about 400 billion in economic output that leads to the creation or the preservation of over 2 million jobs and 49 billion in annual revenue for local, state governments and for federal tax authorities. So this is an important issue that we have to remain focused on as we think about how we build back better and stronger and in a transformative way.

Michael Torrance:

That's fantastic, and it was pretty clear that there's this huge social impact in this kind of approach to supplier diversity. Christine, for you, this is core to your work in Supplier Relationship Management, and it's also something that you're passionate about personally. Can you tell me about Supplier Diversity at BMO? How did the program come about, and what does it involve? And how did you get involved in the program, and what does it mean to you?

Christine Canning:

Yeah, absolutely. Happy cover those things, and thanks, Michael. Supplier Diversity at BMO I suspect in our firm as in many others is an ongoing journey. For us, that journey has been going on for at least the

last 10 years as we've been really building a program that focuses around making sure that we are building a supply chain that is diverse. And that comes together in a number of different ways. It's part of our sourcing process. As we go out and look for suppliers to help us out with our needs, we want to make sure that we are being inclusive of diverse suppliers in that process.

Christine Canning:

We're really focused on, what you measure you manage. And so, we're focused very much on reporting on, okay, what do we know about what we're doing? And are we consistently getting better year over year? We've learned that you can't do this entirely independently. And so, a big area of our program is in the partnerships that we have and the outreach that we do in order to make sure that we're doing that important work of connecting good work that needs doing with good firms that are available to do the work. It's harder than you would think to connect those dots.

Christine Canning:

Another big part of the program that we run really focuses around education. We see that going in a couple of different ways. First of all, education of the people that work at BMO about the benefits of a diverse supply chain as well as the what and the how. How do I actually make that happen, is a big part of our education focus. We also do a bunch of education working with suppliers as we get into, what's it like to work with a company like ours? What do our processes look like? And can we remove barriers to make it easier to make those connections? So we're on an ever improving journey of constantly moving the bar higher and holding ourselves accountable to a higher standard.

Christine Canning:

For me, it's been about a year since I have been really involved with this process, and it is just fascinating to see the depth of amazing talent that is out there. And think of ways that we can take the work that we all want to do, which is to find opportunities in order to... And get them into the right hands and kind of marry up the intent as well as the processes and the framework that let us actually act on that intent. In a larger organization, it's easier said than done to say, okay, we're going to go do a thing. And so, where I'm really passionate about is finding ways that we can turn our intent into action.

Michael Torrance:

Thanks, Christine. And when we were preparing for this podcast and having discussions with you and Eric, it became clear to me that you two have collaborated on this in your work. Can one or both of you tell me a little bit more about how you've worked together on supplier diversity topics?

Eric Smith:

Sure, I'm really honored to have the opportunity to work with Christine obviously and our procurement team. As a Vice Chairman here at BMO, I was able to really partner with our procurement team to help to develop a strategy for how we can bolster our Supplier Diversity initiative. We started first by reorganizing our contract staffing program to include more diverse suppliers exactly as Christine indicated. We also worked with our facilities management companies to increase their goals for how many of the suppliers they work with can subcontract for work that they do, which also brings a benefit to us.

Eric Smith:

And then, we really took a step back and said, "How do we put in place a strategic framework so that we can identify clear goals and objectives that we can guide towards our North star?" And what we decided was that we wanted to ensure that we could spend on average between 350 and \$400 million in working with diverse partners across North America. In order to do that, we needed to set goals for each of our lines of businesses and across our functional areas and to also make sure that we could set a strategic plan and place for each of those business units to make sure that they could drive towards success in meeting those goals.

Eric Smith:

In doing that, we wanted to also cast a broad net to make sure that we're going beyond perhaps just the traditional areas that had been typically considered easy, low-hanging areas for supplier diversity, whether that's facilities management or construction. But we wanted to broaden that angle into professional services, areas like accounting and marketing and technology and legal, so that again, we're being very purpose-driven and intentional around how we're driving and promoting that diversity through our supply chain. And then lastly, making sure that we're working with many of our large suppliers, whether it's a Microsoft or one of our other major vendors to say, "What are you doing to help us make sure that we can increase not only our Tier 1 spend, but our diversity spend across the bank in every facet?"

Christine Canning:

So Eric has covered a bunch of the things that we've done together. Just a little bit on the mechanics of how all of that works, we have an Enterprise Supplier Diversity Council, and so that is recently an Enterprise Council. We've had it in the States for quite some time. The practice of supplier diversity is a little bit mature, more mature in the States than it is up here in Canada where I am. But we looked and said, you know what, we do business all over North America. We do business all over the world, but predominantly in North America.

Christine Canning:

And so, we want to make sure that we're having everybody at the enterprise look at this. And so, when we think about structuring so that we get action from our intent, we have this council that is an enterprise council. Eric chairs it, and my team, the supplier diversity part of my team is really focused on coordinating everybody's efforts. It started from going and saying, "Okay, this is our ambition. And so this is our enterprise goal, and this is how we're going to allocate that out to our different lines of business." And now we work with each of the lines of business in our working committees to take a look at, what opportunities do we have?

Christine Canning:

How are we going after those ones? What do we need? Who needs to take the accountability for that? And so, we've got a bunch of folks within our lines of business that are really focused on working those opportunities and helping take them to fruition. Every once in a while, we need a bit of a push from a senior level. And so, what tends to happen is that we will bring that back up to Eric and/or the council as needed to say, "Okay, I think we've taken this as far as we can, and we need somebody a bit more senior to help us nudge it in the right direction." So that idea of senior level support is not just in the statement upfront, it's also in the ongoing, all right, we need to get this past the finish line. Here's the help that we need.

Michael Torrance:

And Christine, both you and Eric have mentioned this idea of a framework. Can you tell us more about how frameworks for a supplier diversity program should be built, and what kind of resources that businesses can leverage in order to do that? And who should really be involved in the building of a framework like that?

Christine Canning:

Sure, yeah, absolutely. So the first thing, we've kind of talked around it a little bit, but I'll maybe just ground us in a couple of key concepts about the different types of diverse spend, because we talk about Tier 1 spend and Tier 2 spend. Any good program is built around both of those things. So Tier 1 spend would be spend that we have directly with a diverse supplier. We track a number of different types of diverse suppliers, but this would be, for instance, Eric mentioned our Contract Talent Program.

Christine Canning:

So a good number of the firms that we work with in that program are minority-owned or women-owned or LGBTQ-owned, and so money that we spend with the work that we do with them would be Tier 1. So that is one piece of spend that needs to be considered and reported. The other piece is, when you're working with your larger prime suppliers that are unlikely to have that 51% ownership that we track, then we can say, okay, but the work that you're doing on our behalf, how much are you including diverse suppliers in that work? So whether it's subcontracting something out or saying, "Okay, as part of this work that we do for you, we're going to actually work with a diverse firm as well," that gets us to our Tier 2 spend.

Christine Canning:

All of those spends and the certification that says, these are definitely diverse suppliers that you're working with, can be really assisted by, there's a number of different certifying bodies that work with different businesses to certify, yes, absolutely, this is a minority-owned business or a women-owned business. A good example in the context of minority-owned businesses, we work with the National Minority Supplier Development Council in the US and with the Canadian Aboriginal and Minority Supplier Council in Canada. And so, when we talk about, how are we going to know how we're doing with these pieces?

Christine Canning:

We'll work with those groups to say, "Can we confirm that there is certification here?" Okay, great. We're going to include that in our reporting. A great source for how to get started with a Supplier Diversity Program, they all are going to involve in some way reporting on and understanding who you're doing business with, whether it's Tier 1 or Tier 2. There's lots of different ways that you could set your program up, but any of the NMSDC's of the world or CAMSC here in Canada, any of these areas, part of what they do is not only work with companies that want to be certified as being diverse-owned and gain access to the larger companies that they would have access to because they have that certification, but they also work with larger companies.

Christine Canning:

And so, we find a lot of the times when we have conversations with larger companies, they're actually just starting up a program of this sort. They need a little bit of help thinking about, okay, well, how would I do that? How do I understand what I have, what we're already spending in this space? And so a

lot of what we find that we end up doing is connecting those suppliers with the certifying bodies who will all have some version of, so you want to have a Supplier Diversity Program. Here's how you go about getting that set up. So that would be I think a really important spot to send people who are thinking about setting up a framework like this.

Michael Torrance:

Having a framework is obviously critical, but it's one part of it. The other big piece of it is going to be to get internal buy-in for an approach like this. Eric, from your experience, what have you learned about the best way to socialize these kinds of frameworks and programs and get that kind of internal buy-in within the business to make sure that it's being implemented to the fullest extent and it's benefiting both the community as well as the business itself?

Eric Smith:

Sure. I think the most important way is to really present it as a business case and to demonstrate value proposition. For us, we see diversity as being core to our values. We believe in zero barriers, not only for our clients, but for the communities that we serve and for our employees. And having a robust supplier diversity program goes to the heart of those values. I think it's also important that as business leaders, that as we kind of build out the strategic framework that Christine has described, that we also have metrics that we evaluate our performance against so that we can hold ourselves accountable to meeting these goals and we can build in goals that are achievable, that also have some stretch.

Eric Smith:

I think the value proposition though is what I'll ultimately come back to. And from that perspective, the way we've thought about it at BMO is to understand what benefit this has to our broader society at large and our ecosystem. We believe that at the core of racial and social equity is having a fair and equitable playing ground. In order to do that, you really look at some of the underlying issues that we're dealing with from a racial wealth gap. If I were to look at data for instance that the Brookings Institute has provided, it shows that the average wealth for a white household is around \$170,000 today, versus the average wealth for a black household, which is only about 17,000.

Eric Smith:

You see the huge disparity, and you recognize that core to that is making sure that you have an opportunity to support minority businesses, which drive a significant amount of economic growth in black and brown communities and that also create the income and wealth sustainability that we believe is important for our economy. And so, that's the value proposition that we have normally as business leaders, but that we also then demonstrate for our shareholders, demonstrating to them that we're able to get competitive pricing also with having a broader, more diverse supplier base. We're able to see a more diverse set of talent. That's something that is ultimately important to all the key stakeholders here at BMO.

Michael Torrance:

So there's clearly going to be benefits both for the businesses that have the supplier diversity programs as well as to the small businesses that are recipients I guess of business through these programs. If you could just maybe focus in, Eric, on the businesses themselves, those smaller businesses and local businesses, what have you observed are the barriers to businesses like that becoming part of a big

company supply chain? And what is it that a diversity and inclusion program can do to help them overcome those barriers?

Eric Smith:

Sure. So I'll give an example. There are quite often systemic barriers that quite often lead to challenges for minority businesses getting accessed. One, it's not having the relationships with the key decision makers within a large company that are making these purchasing decisions. Two, it's quite often not being given the opportunity to gain the experience. If you look for instance at say a typical RFP, there may be a set of criteria that makes it very difficult for a first time architect to gain a contract building a new branch for BMO if they haven't done a branch before.

Eric Smith:

And so, being able to think about ways that we can build partnerships between some of our suppliers so that they can gain that experience perhaps by working with a majority firm. Giving them access to our senior leaders through programs like BMO Elevate, which Christine has described where we have brought together a group of diverse suppliers to provide the networking and the training and the access that is really important. I think that's absolutely critical. Another barrier that I think that exists as well is access to capital.

Eric Smith:

That's where it is definitely challenging for many minority businesses to have the line of credit and the revolver that they may need to invest in the growth and the opportunities to go after and pursue a new business or a business relationship. That's why at late last year, we decided to announce BMO EMpower which is a \$5 billion five-year commitment to propping to promote inclusive economic recovery through additional access to capital, direct investment and supporting small businesses, but also having a very targeted outreach to minority businesses to ensure that they have that access to capital that's really critical, particularly during a time of crisis.

Eric Smith:

As we look at the stats right now and the many challenges that we have, we know that small businesses are hurting. For instance, at the beginning of the pandemic, about 20% of businesses, small businesses, announced that they were going to be closing their doors. That number was roughly 40 to 50% for minority-owned businesses. And so, our ability as well as other companies to use their purchasing power to support small businesses and to support diversity through their supply chain is absolutely critical to promoting an inclusive economic recovery.

Michael Torrance:

Christine, Eric mentioned RFP processes. Are you able to add a little bit of that maybe with some specific examples about how the BMO RFP processes have changed in order to promote minority-owned vendors for example, or just more diversity and inclusion in our supply chain?

Christine Canning:

Yeah, absolutely. And if it's all right with you, Michael, I'll speak to generally kind of our overall sourcing processes as well as the RFP piece. So we've got a while back, a long while back, we put in place a requirement that said, look, you need to make sure that you're including some diverse representation in every RFP that you put out. So one of the barriers it does tend to be, in a large organization, it's really

easy to think, okay, well, those businesses are small, and so we want to go with the big ones that we know are going to be able to do stuff for us.

Christine Canning:

And so, it's kind of a combination of changing your thinking and also putting some really pragmatic things in place that says, you're going to do this every time. Get used to the idea that we need to be thinking this way. So we put that piece in place a while ago that said, yeah, you know what, you need to make sure that you have diverse representation in every RFP. My view is, that is a good piece. But to the point that I made earlier about, we constantly want to be raising our game, it is relatively easy.

Christine Canning:

I'm not saying this happens a lot, but I'm sure it has happened in the past where when you do have a diverse supplier that is included in an RFP, inclusion in the RFP doesn't necessarily mean that the relationships are there, as Eric mentioned, or that the track record of, yeah, absolutely. We've worked with these guys before. We know they're going to do good work. We've always got a structured response criteria that we put together with RFPs, and people are people. And so, there are elements of, do I know for sure that these guys are going to do a good job because I've seen what they did before?

Christine Canning:

That's always a bit of an esoteric part of the process. So one of the reasons as we think about the framework that we've put in place and why we launched our BMO Elevate Diverse Supplier Development Program, is that we're trying to get further ahead of the RFP process. So yes, we have the piece in there that says you need to be sure that you're including some diverse representation. In addition to that though, we're also trying to build some of those connections and remove some of the barriers in advance of the RFP, so that things that might trip us up like, I don't know these guys.

Christine Canning:

I haven't seen what they've done before. Or have they ever worked with a big company? We have a lot of risk hurdles that we need to jump etc. Particularly in high potential categories, a big chunk of the work that we're doing is trying to make sure that we get ahead of the curve, so that for things that we know are coming, we're thinking about not only inclusion but what are the chances that this firm will have to win the RFP or part of the RFP? So I think that's it. I think you need to have a pretty firm thing that says, this will be part of how we work. And also, make sure that everybody's keeping in mind that we need to try and get ahead of the process enough so that it's not an easy thing to say, well, that's a small company. Let's just go with one of the bigger one.

Michael Torrance:

I used to be a partner at a big law firm, so I was on the other side of the coin trying to sell services to companies like BMO. And now being in-house, we still do business with big accounting firms and consulting firms and law firms and other big businesses. How does supplier diversity and inclusion affect those kinds of relationships with bigger companies? I see it in terms of us having expectations for those types of companies that they have diverse teams, for example. Is that how it's done? Or what are your thoughts on that? Maybe I'll start with Christine with that question and then ask Eric as well.

Christine Canning:

Sure, absolutely. It's such a big topic. When we talk about our Supplier Diversity Program, we're really focused on working with diverse-owned companies. And so, I would say that that conversation with our larger suppliers focuses around a couple of things. The first is saying, this is an expectation that we hold of ourselves. It's an expectation that we hold of you as well. And seeing where there are opportunities that we can say, part of what needs to be done that you are holding the pen on the large piece of work, we can carve out pieces of this and say, "We'd like a team working with us. We want you to be the lead on the team, but we also want to make sure that we have other players in there."

Christine Canning:

So we have that conversation. And in that way, it becomes more about partnership than about replacement. The nature of business is that the pie keeps growing. And so as we have new and larger pies, then we have different ways that we can slice them. So I think it's definitely that conversation with our larger suppliers. A couple of other things there, we don't want to get complacent in our supplier relationships. So just because BMO has been around for 200 years, I'm not sure we have a supplier that we've been working with for 200 years, but we do have suppliers that we've been working with for quite some time.

Christine Canning:

But just because that's the way we did it in the past doesn't mean it's the way that we need to do it in the future. And so, keeping our thinking fresh about what is the optimal way to be structuring this business that we're doing is a big part of how we think about things. And then the last piece I'd mentioned on the topic of, how when you start really thinking about diversity, it is huge. We've had some good conversations about, how do we understand the full scope of the impact that we have as we start having this conversation all the time?

Christine Canning:

And some of it is the ownership of the firms that we're working with, but some of it is the people that are managing the funds that we invest in with our clients, or the partners that we're working with at a consulting firm or a law firm. We had a great conversation with one of our senior execs about, every time I have this company come in and present to me about something, it's a white male that comes and presents to me. And so that is outside of the core scope of the Supplier Diversity Program, but it is part of what we're recommending to people that we have conversations about. We need to say this stuff out loud and say, "Our expectation is that the people that we are working with in many different ways is going to reflect the makeup of the communities that we work with."

Michael Torrance:

And maybe, Eric, your perspective, what would you recommend then to these bigger companies? Because I guess there's a risk of them crowding out new and diverse companies that may actually be competitors with them. So what would you say they should... How should they think about this issue in a way where they're facilitating their clients diversity programs but also achieving perhaps their own positive social impacts?

Eric Smith:

Sure. I think it's important, building on Christine's response, to think about supplier diversity in a broader context and more in the framework of business to business diversity, because that's really how you achieve racial equity and economic justice. As we have described our core values, as we've

described our strategic framework for how we're thinking about our supply chain, it's not a quota system or a feel-good thing to do. But it is focusing on excellence and making sure that regardless of whether it's a majority-owned company, whether it's a woman-owned company or a business that's owned by a minority business owner or someone from the LGBT community, that they're bringing the innovation and the first-class services and partnership that is important for us, that will enable us to better serve our customers and our community.

Eric Smith:

So I really challenge companies to think about that at a much broader context than perhaps just a supplier diversity program that is focused on construction and facility related requirements, but it goes much broader into, how do we have that [inaudible 00:31:55] diversity that is focused on what the American dream stands for? And that's a dream and a promise that everyone will have equal opportunity.

Michael Torrance:

Christine, you made the comment that what gets measured gets done, which is a real core driver of a lot of sustainability programs. What are some of the concrete metrics that either you're using in your program or businesses generally can use to gauge the effect and the positive impacts of their programs?

Christine Canning:

I would say we try and look at both leading and lagging indicators. So the most important, the thing that trumps everything else is, what are we actually spending? If we've had a lot of different conversations and we've done lot of outreach and we're not actually having an impact, then that becomes more of that feel good kind of program, and we really want to make sure that we have impact. So the most important thing is, here's your Tier 1, here's your Tier 2 and having those.

Christine Canning:

We do Tier 1 on a monthly basis, Tier 2 on a quarterly basis, so that we're not going out to our larger suppliers every month and asking them to come back to us with pieces, but having a regular view of that is the bottom line. Beyond that, we do tend to look at a little bit more of your leading indicators which are earlier in the pipeline. So we do have a pipeline of opportunities. How many opportunities are we working? What do we think that the outcome of those opportunities is going to be, so that as we're headed towards the goals that we're working towards, do we think we're actually going to get there or do we think that these are a lot of good conversations that are a bit further out?

Christine Canning:

And so, tracking the number of opportunities that you're looking at would be a good piece. The other thing I would say that we really do is understanding the portfolio of suppliers that we have. And so, when we think about opportunities, we tend to go for, here are the different kinds of things that tend to be opportunities in this area. But also, we do have our top 300 relationships that we look at, and we want to know, what's the status of our conversation with each of those relationships? Can we be building partnerships with them to be driving more diverse spend? So I guess the bottom line obviously is the results. A big focus I think would be additionally some element of an activity or opportunity pipeline that helps you understand, if these are your goals, how are you going to get there?

Michael Torrance:

And Eric, from your vantage point overseeing a council focused on these types of issues, what in your view should the end game be like? What's the broader vision of this from the perspective of a company that has a diversity and inclusion program?

Eric Smith:

For me, the end game is seeing that it becomes an integral part of our culture and our business practice. I think right now, we are very targeted and focused on building out our strategic framework and delivering on the goals and metrics. But when it starts to happen without the need for a council and becomes just day-to-day practice that we're looking at diverse suppliers for every RFP that goes out and we're bringing in new relationships, that's a win-win for me.

Eric Smith:

Very similar to how we think about diversity, equity and inclusion in terms of our hiring practices, we look at it from the standpoint of making sure that we have a diverse slate of candidates. We're thinking about it from end to end, from recruiting all the way up to succession planning for our senior leadership team, and then you see that you're moving the needle in terms of the metrics that you're able to achieve. When we're able to do that in our Supplier Diversity Initiative, we'll be able to clearly see how we have benefited from that in terms of the services that we're receiving, but we're also able to see those diverse businesses that are growing here at our markets across our footprint, across North America.

Eric Smith:

We'll see that in terms of the number of small businesses that are diverse that are moving to the Fortune 500 lists for instance. As you look at our Fortune 500 list today, it's virtually nil when it comes to companies that are black-owned or owned by a Latinx business owner. When we start to see that pipeline coming forth, then we'll know that we're seeing success. We'll have a stronger economy, a stronger community, and we'll have even more hopefully partnerships that we're able to build a banking relationship with as well.

Michael Torrance:

Christine, this is obviously an economy-wide topic and convening is therefore are going to be really critical to try and achieve these goals. The work you're doing with the United Way, it's called the Inclusive Local Economic Opportunity program. You and I have worked on it a little bit, and you're taking a leadership role on the diversity and inclusion side of things. Can you talk a little bit about that partnership with the United Way, and how it fits into the broader strategy around diversity and inclusion, and why that topic of diversity and inclusion is something related to building up local economic opportunity?

Christine Canning:

Yeah, absolutely, happy to. So it's interesting. The work we're doing on the Inclusive Local Economic Opportunity initiative with the United Way in Toronto is similar to work that we've got going on in Chicago as well with similar organizations. A lot of what that says is that, in many cases, places where there has been depressed opportunity, if you will, are geographically concentrated. And so you end up with neighborhoods where opportunity has not come knocking. When we think about a local economic opportunity, there are places that you can go that are absolutely fill up with opportunity, and then there are places that you can go that considerably have less opportunity coming their way.

Christine Canning:

And so part of what we're trying to do with the ILEO work with the United Way as well as with the other charter members is to look at a few different levers and say, "What might we be able to do that would bring some more opportunity into these neighborhoods?" We're currently doing some work with the Golden Mile neighborhood in Toronto, and a good chunk of what my team is focused on is helping to bridge the gap between large companies that have opportunities that need filling and small companies that might not be able to have the access or the understanding of how to work with a larger company like ours.

Christine Canning:

And so, we're doing some work there to begin to bridge those gaps and narrow the space between the opportunity and the firms that might be able to do it, in the hopes that we can create a model that is helpful not only in the Golden Mile, but also can be lifted and shifted to other areas where we might be able to do the same type of good. So we're still in the early days. It's really becoming clear, as we work with the other charter holders, about how much it's important to be able to build that network of connections between larger companies and smaller companies that make it easier to make a purchasing decision in the moment. So it's all about getting good runway there to bring more opportunities.

Michael Torrance:

So the audience of this podcast are business leaders, investors, and others, including people who have a focus on sustainability and also those that don't. I'm going to ask just as we close here for each of you to give us your final thoughts on this topic of diversity and inclusion in procurement for those communities. So investors and business leaders, what final thoughts would you like to leave them with? Maybe Christine, we'll start with you.

Christine Canning:

Sure, absolutely. I suspect that you will probably... You're always going to get pragmatic stuff for me. And from Eric, I know he'll often have more to say with, what is the impact of the work? I guess my very pragmatic piece here would be that I'm not sure this is work you can do perfectly. We are on a journey of improvement. And every year, we see different things that we can do differently. The most important things I would say are to start and to start measuring. There's lots of areas out there. I would really recommend connecting in with some of the certifying bodies that can help with that process of getting started. A lot of conversations we have with larger organizations are around, how do we help you take the next step? Because it's difficult to do everything perfectly, but it's not as difficult as you might think to do the next indicated thing.

Michael Torrance:

And what about you, Eric? What would be your final thoughts for our audience?

Eric Smith:

Sure. I think, and hopefully from this discussion, you can feel the sense of passion and urgency that Christine and I have and our entire leadership team here at BMO. I think what is most important that I would share is that it has to be an initiative that is driven from the top down. It needs to start with the CEO. He or she will set the stage for that transformative change. And then have to be able to marry that with a strong team and procurement and across your business where they share in that vision and the

strategic framework that you've developed. That sort of comprehensive approach is absolutely essential for us as we come through this crisis.

Eric Smith:

As I think about the city of Chicago where I live, I think Chicago is one of the greatest cities in our country, but yet we still face many challenges. We still have the tale of two cities where Chicago is the most segregated city. If we're able to address the way that we support minority and women-owned businesses, that will go a long way to really promoting the inclusive economic recovery that we need. We'll see the direct benefit in other areas, whether it's education or crime. We'll see the direct benefit in terms of job creation and long-term sustainability for businesses. We'll start to see minority businesses that start out as a startup and grow to become an Amazon or a Microsoft, and we'll know that we've achieved success.

Michael Torrance:

That's a great closing thought. So tone from the top, proper resourcing and really building it into the culture of the organization. Those are really good pieces of advice. Well, I'd like to thank both of our guests for their time, and would encourage anyone who is interested in more information about this, to check out the BMO Diversity and Inclusion website. That's all for now, thank you very much.

Michael Torrance:

Thanks for listening to Sustainability Leaders. This podcast is presented by BMO Financial Group. To access all the resources we discussed in today's episode and to see our other podcasts, visit us at bmo.com/sustainabilityleaders. You can listen and subscribe free to our show on Apple Podcasts or your favorite podcast provider. We'll greatly appreciate a rating and review and any feedback that you might have. Our show and resources are produced with support from BMO's Marketing Team and Puddle Creative. Until next time, I'm Michael Torrance. Have a great week.

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