

Building A Stronger Regional Economy Through Minority Business Development[®]



THE CHICAGO UNITED FIVE FORWARD INITIATIVE
NOVEMBER, 2007

Executive Summary

To download the complete Five Forward Initiative,
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Letter from the Chairman

Dear Members, Stakeholders and Friends:

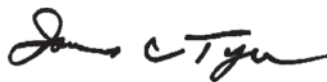
As Chairman of the Chicago United Econometric Task Force, I am pleased to present this report, which serves as our vision for the future of the economic health and competitive sustainability of the Chicago region. For the past two years, it has been the goal of Chicago United and members of the Task Force to develop an insightful and action-oriented growth strategy for the region's economy.

The Five Forward Initiative presents an opportunity for mid- to large-sized corporations in the Chicago Metropolitan Area to partner with minority business enterprises (MBEs) in a unique way. The Initiative will help foster systemic change and organic growth within this business segment. Rather than reinventing the wheel, we will thoughtfully build on the foundation of existing processes and relationships to the benefit of all stakeholders.

A thriving business community is essential to the success of all regional economies. And, in a highly competitive business environment minority businesses play a significant role in fueling the economic vibrancy of communities of color. Moving five forward will spark innovation, competition and help expand the multiracial talent pipeline.

Chicago United has advocated for parity and inclusion for almost four decades and has achieved many milestones. We can reach the next milestone with your support.

Sincerely,

A handwritten signature in black ink, appearing to read "James C. Tyree". The signature is fluid and cursive, with the first name "James" being the most prominent.

James C. Tyree
Chairman and Chief Executive Officer, Mesirow Financial
Chairman, Chicago United Econometric Task Force

Acknowledgment

We gratefully acknowledge the support and leadership of the Econometric Model Task Force Chairman, James C. Tyree, and all of the members of the Task Force: Norm Bobins, retired chairman, LaSalle Bank; Todd Brown, vice chair, ShoreBank; Jeremiah Boyle, community affairs program director; Federal Reserve Bank of Chicago, William Osborn, chairman and CEO; The Northern Trust, Sandra Rand, director, supplier diversity, United Airlines; Hipolito Roldan, president, Hispanic Housing Development Corporation; Timothy Schwertferger, chairman of the board, Nuveen Investments; John D. Sterling, CEO, Synch-Solutions; Arthur Velasquez, chairman, Azteca Foods, Inc.; and Joset B. Wright, senior director – institutional advancement, Orchard Village. We also express our sincere gratitude to the members of Chicago United for their leadership in promoting diversity and inclusion thereby enriching the economic fabric of the Chicago region.

Chicago United also appreciates the partnership with the University of Illinois' Center for Urban Economic Development. Nik Theodore, the Center's director and his research staff, Kimary Lee and Marc Douss, conducted the data synthesis and the impact analysis provided in this report. The Center's leadership and unique perspectives of the minority business community have added tremendous value to this report. Further, we owe a debt of gratitude to Ralph Moore, president, RGMA; Wayne Watson, chancellor, City Colleges of Chicago; Todd Brown, vice chairman, ShoreBank; Doug Whitley, executive director, Illinois Chamber of Commerce; David Weinstein, president, Chicagoland Entrepreneurial Center; and Stephanie Lenway, dean, University of Illinois Chicago Graduate School of Business, who participated at a critical juncture with thoughtful insight.

Finally, we acknowledge the work of our lead diversity consultant, Judy C. Mathews, president, Community Interface, for her expertise and for her commitment to defining the value of business diversity as a strategic imperative of diversity, Maye Foster-Thompson, principal, Thompson & Associates, for her wisdom and depth of experience in minority business development, and Colette Holt, principal, Colette Holt & Associates, one of the most renowned experts on disparity studies, for helping us bring this phase of the project to completion.

We see this initiative as part of the Chicago United continuum of advocacy in support of Chicago's minority business community. We encourage continued utilization of Chicago United's Professional Service Model incorporating focus on locally based minority professional service firms.

Sincerely,



Michael W. Lewis
Executive Vice President, Central District Executive
Harris

Chairman, Chicago United

Sincerely,



Gloria Castillo
President
Chicago United

Executive Summary

This report was commissioned by Chicago United (CU) in 2006 to estimate the economic impact of Chicago Metropolitan Area corporations' spending with local minority business enterprises (MBEs). The end result of the study was the development of the *Five Forward* Initiative, a strategic initiative designed to build a stronger regional economy and build minority businesses of scale. The initiative will enlist the commitment of CEOs of mid- to large-sized corporations in the Chicago Metropolitan Area to establish or expand business relationships with five current and/or new local minority firms.

Minority firms are 19.74% of all firms, but receive only 2.6% of all sales and receipts. This alarming statistic prompted the need to develop a focused, growth-oriented strategy to reduce disparities and support growth and inclusion. In addition to advancing key relationships, the *Five Forward* Initiative will seek to gather empirical data to measure the impact on the local economy when spending with MBEs by committed corporations is increased.

To begin identifying the potential economic benefits of our initiative, Chicago United collaborated with the Center for Urban Economic Development of the University of Illinois at Chicago (UIC) to prepare a report estimating the economic impact of direct corporate spending with the minority business sector in the Chicago Metropolitan Area. We focused on the Chicago Metropolitan Statistical Area (MSA) (the Counties of Cook, DuPage, Kane, Lake, McHenry, and Will) for both research and policy reasons.

The CU/UIC project had two primary components: (1) a survey of larger Chicago firms regarding their spending with minority business enterprises; and (2) an economic impact analysis that estimated the regional impacts of corporate spending with minority business enterprises. The survey responses from major corporations in the Chicago area were not sufficient to accurately model the economic impacts of corporate spending with MBEs in the region. We proceeded with a pilot-type study that suggests the likely impact of corporate spending with MBEs, in order to help corporate decision-makers and others understand the economic impact of corporate spending with firms located in the region. To measure the full economic impact, further research on a larger pool of firms is needed.

The survey results were illuminating in that most companies either did not respond or were unable to provide complete responses. This suggested that large corporations, who are concerned about regional economic health, need to focus upon the geographic impact of their purchasing commitments to MBEs. The traditional focus on MBE utilization without regard to the location of those firms, is not enough to support a vibrant economy for the Chicago area.

Exelon/ComEd recognizes the value of local minority firms and has a long history of supporting minority business development in the Chicago region. Its commitment to buy from locally-based MBEs has largely attributed to Exelon's increased diversity-focused spend by \$64 million to \$253 million. Senior Executives John Rowe, Frank Clark and John Hooker have spoken often and clearly on the significant role that the company's Diverse Business Enablement program successes have played in positioning Exelon favorably as a "positive economic return" agent when discussing energy costs at the State Capitol. Additionally, diversity forward initiatives have registered well with Wall Street analysts as indicated by the high scores awarded Exelon in the sustainability and social responsibility indexes included in the Dow Jones rating.

By committing to the Five Forward Initiative, the leadership among local corporations will set a precedent in partnering with local minority firms whom are equally invested in the region. Further, they will receive the value of innovation from local MBEs while supporting a community whose strength will help fuel the local economy.

Using the contents of this report as a framework, we developed the following recommendations to support the growth of local MBEs and building a stronger regional economy:

Recommendations

There is an ongoing need to continue to advocate for and illustrate the importance of minority business to Chicago and other regional economies. The Report suggests the following key recommendations for our corporate partners:

- Task Force Chairman issue Call to Action to corporate community
- Gain commitment from CEOs of mid- to large-sized corporations with major footprints in the region to implement *Five Forward* Initiative
- Each corporation will measure *Five Forward* progress for years one through five
- Each corporation will create and/or maintain a formal business diversity program that emphasizes spending with Chicagoland area
- Each corporation will collect and report to CU detailed spending data, including the location, race, gender, industry and dollar amounts spent with all vendors

Chicago United will support the Initiative as follows:

- Issue an annual report of local mid- to large-sized corporations', and major stakeholders in the region, spending activities with local MBEs to illustrate local impact.
- Update Chicago United's A Practical Guide to Starting and Improving a Minority Purchasing Program to assist corporations in moving beyond basic and intermediate business diversity initiatives to "world class" status.
- Conduct a broader survey of regional corporate spending with local MBEs.
- Develop MBE availability and spending benchmarks to assess the progress of large corporations towards supporting regional economic development.

Chicago United is an advocacy organization that seeks to enrich the economic fabric of the Chicago region. To register for the *Five Forward* Initiative contact Chicago United at 312-977-3060.



The work of Chicago United is made possible by the support of our members:

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