

# **The Winston Churchill Memorial Trust of Australia**

## **Churchill Trust Fellowship Report**

**David Liddiard - 2008 Churchill Fellow**

**April 2010**

### **Economic Advancement for Indigenous Australians through Supplier Diversity models**

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Signed : David Liddiard..... Dated: April 10<sup>th</sup> 2010



The University of British Columbia in Vancouver

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## **INTRODUCTION**

The concept of providing opportunities for minority owned businesses to compete in the supply chain of larger businesses and organizations was developed in the USA during the 1970's and a national body was developed to assist this. In Australia, we have a smaller population base and other limitations, though the Indigenous outcomes data is very similar.

An increasing focus on Indigenous economic self reliance and the phasing out of welfare dependency in Australia makes a Supplier Diversity model in Australia an appropriate initiative to support and the Australian Government has recently ( 2009 ) funded a three year pilot to develop a Supplier Diversity model.

My research focuses on these key questions: what are the key ingredients for success for an Australian version of a supplier diversity model? What can be learnt from countries advanced in this area? How do we ensure that Australian Indigenous entrepreneurs increase their capacity to manage and grow successful businesses? And how do we ensure that the corporate sector is ready to fully engage with the Indigenous business opportunities that are growing?

I am indebted to the Churchill Trust for the funded opportunity to undertake the study tour. It was a once in a lifetime experience.

I am also grateful for the patience of my family and especially my wife who managed without me on this extended absence from home!

I would also like to acknowledge the support of my colleagues in providing encouragement and practical support to have enabled the logistics to come together with no hitches.

## **EXECUTIVE SUMMARY**

The study tour undertaken had as its focus, the issues, opportunities and capacity building required for a robust engagement of Indigenous Australians in the economic development opportunities provided through the current climate of corporate good will and the practical support provided through the (pilot) AIMSC model in Australia.

My research focused on these, and similar key questions: what are the key ingredients for success for Indigenous entrepreneurs in an Australian version of a supplier diversity model? What can be learnt from countries advanced in this area? How do we ensure that Australian Indigenous entrepreneurs increase their capacity to manage and grow successful businesses? And how do we ensure that the corporate sector is ready to fully engage with the Indigenous business opportunities that are growing? The last two of these questions reflect my own work in the field, in that I have a high degree of connection in the corporate sector and traction through my previous CEO role with the National Aboriginal Sporting Chance Academy ( NASCA) and also currently with DTL4B and Corporate Culcha.

Each of these roles and networks has provided opportunities to make a significant impact and will be used to disseminate the findings of my report through their communication strategies and through presentations, formal and informal, including the websites. The face to face contact with many CEO's which is an integral part of my work, will provide a first hand and powerful opportunity to assist with advice around a tailored strategy for individual organizations.

The Churchill study tour has provided specific and strategic direction to consider in my future work and that of my colleagues and the shaping of the 2010 workplan will be able to incorporate the findings. Four ( of a number of ) critical findings emerged :

- There is a significant need to work with corporates to ensure that they understand why it is important to look at their procurement practices and support Indigenous suppliers.
- There is a need to work with Indigenous businesses to equip them with the skills needed to provide topical information on what products and services are required now and in the future economic environment and to teach skills of tendering for business.
- Management staff and those in charge of procurement need training to be able to effectively bring about organizational changes in procurement practices.
- More effective networking could occur to bring together Indigenous businesses and corporates

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## **PROGRAMME**

The study programme which I initially developed around my topic required a number of changes both prior to leaving Australia and also while on the road. An illness prevented me from undertaking the study tour in 2009 as I had originally planned, and by the time I was able to undertake it in 2010, there had been some significant changes in development in the field of my study, which necessitated some programme changes.

Nevertheless, the final programme was one which was able to connect with each of the key people on my original list as well as some of the more minor players. These were actually very important in my research as the time lag had meant that the pilot study in Australia, conducted over three years and which provided the backdrop to my research, was at the stage where some more specific and detailed models and examples would be of most benefit.

I am very grateful to the following people who readily made time for me to meet with them and in some cases with additional members of their staff. Their information was invaluable.

Dr Linc Kesler, Senior Adviser to the President on Aboriginal Affairs and Director of the First Nations House of Learning at UBC.

Dr John Claxton the Director of the Sauder School of Business at UBC

Staff at the Banff Aboriginal Leadership and Management Centre.

Barb Bruyere the Director and Rosa Walker the President and CEO of the Indigenous leadership Development Institute in Winnipeg

Orrin Benn, the President of the Canadian Aboriginal and minority Supplier Council in Toronto

Jerry Jacobsen the Executive Director Diversity Development for the Fox Entertainment Group in New York

Harriet Michel the President of the national Minority Supplier Development Council Inc, New York.

Karina Kielbinska , Cadbury London,

Dr Saeed Al Shamsi, the UAE Ambassador to Australia.

In addition, there were countless other people who I met incidentally in the context of the arranged meetings, and with whom I had very useful discussions and whose contribution to my understanding and thinking cannot be understated.

## **MAIN BODY**

### Background

Indigenous Australians make up around 2.5% of the population, but are very much over represented on almost every indicator of social and economic disadvantage. The Rudd government has committed to:

- close the life expectancy gap within a generation
- Halve the gap in life expectancy for Indigenous children within a decade
- To halve the gap in reading, writing and numeracy within a decade.

A significant part of the solution to the crisis for Indigenous Australians is to promote economic participation by Indigenous Australians through a number of incentives in education and employment. The goal is for individuals and communities to achieve economic self reliance.

The concept of providing opportunities for minority owned businesses to compete in the supply chain of larger businesses and organizations was developed in the USA during the 1970's. A national body was developed to assist this – the National Minority Supplier Development Council ( NMSDC). By 2006, over one billion dollars in business was purchased from over 15,000 minority businesses by the 3,500 corporate members of the NMSDC.

In Australia, we do not have the same numbers of corporates or Indigenous businesses able to provide services and products – but with the strong emphasis in policy by the Australian government towards Indigenous economic self reliance and the phasing out of welfare dependency, the opportunity for a Supplier Diversity model in Australia is certainly one of the initiatives that should be strongly supported to address this.

The Australian Government has recently ( 2009 ) funded a three year pilot to develop a Supplier Diversity model. My research focused on these key questions:

- What are the key ingredients for success for Indigenous entrepreneurs in an Australian version of a supplier diversity model?
- What can be learnt from countries advanced in this area?
- How do we ensure that Australian Indigenous entrepreneurs increase their capacity to manage and grow successful businesses?
- And how do we ensure that the corporate sector is ready to fully engage with the Indigenous business opportunities that are growing?

### Aboriginal Business education and leadership and Management opportunities

One of the issues signalled very early in my study tour was that of supply – the fact that there are not enough Indigenous owned businesses. It is acknowledged that by supporting Indigenous businesses, Indigenous employment is achieved because when an Indigenous business grows, it employs more Indigenous people. But we need to make sure that Indigenous people have the aspirations, skills and opportunities for developing their own businesses. This issue appeared to be of concern wherever I explored this issue.



### **Canadian glacier**

David Claxton at the Sauder School of Business at the University of British Columbia ( UBC ) in Vancouver identified that in Canada, there is no history of business education in Aboriginal education. This certainly applies to the Australian situation. He said that greater numbers of undergraduates need to be part of the Business School. His view was that simple engagement in business was not in itself a guarantee of economic independence, and that inevitably, a great number of Aboriginal students would not make it to that point. While there are students in their hundreds who are non Indigenous, there are only a handful of Indigenous students enrolled. He felt that a focus on increasing numbers of undergraduates was essential.

Success with attracting and retaining undergraduates who are Indigenous has been demonstrated however, with outcomes, through a number of programs at UBC which involve corporate mentoring and cadetships. One of the programs with significant success is a peer support network of graduates and undergraduates, conducted as part of the Ch'nook Program. This program provides a number of specific and tailored support strands and face to face peer support.<sup>1</sup>

There is also an Advanced Management Program ( AMP ) for Aboriginal people with five or more years of work experience who want to start and manage a business. Sessions are held on weekends, delivered by distinguished Aboriginal leaders and School of Business lecturers, and topics include: Aboriginal values, entrepreneurship, accounting, human resources, financial management, marketing, operations, business strategy and planning, communications and Aboriginal business leadership. *While mainstream Australia has similar models, I am unaware of the same level of support and focused 'Indigenous perspective 'professional development opportunities in Australia for Indigenous entrepreneurs.*

The Ch'nook program has a range of Partnership program activity with the Business school Alumni, the local High Schools and Colleges to support young Aboriginal students in considering Business as a career also to feed the aspirations of Aboriginal youth. The Ch'nook Cousins is an annual 'talent' summer /spring school drawing Aboriginal youth from all over Canada to engage in Design and IT projects, career options exploration and learning about Business education and employers who take on Business graduates. Funding has been received by banks and other corporate bodies for bursaries and the work of the Ch'nook Program.

This very strategic and tailored program has resulted in extremely successful outcomes. I know that in Australia, a number of universities are active in a similar way with similar initiatives – but it also seems to be the case that the philanthropic sector seems to be more involved in the 'hands on' aspect of education at the tertiary level in Canada compared to Australia . My own experience over the past three years with corporates in Australia has certainly shown that the interest is there – but there needs to be a greater level of facilitation in partnering up the institutions with the organisations. Usually neither has a staff person with dedicated time to undertake this – and generally not the experience and understanding.

In Australia, while there are many examples of businesses and corporate bodies linking with education in a general sense, specific career building opportunities is an area of development

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<sup>1</sup> ch-nook.ubc.ca

for us. My own work nationally in Australia with DTL4B and the Dare to Lead network demonstrates that the network is there and the will to engage is there also. *What appears to be lacking is sufficient resourcing to bring together the opportunities for connecting. If we are to 'close the gap' then this work needs to be accelerated.*

I was eager to see what was delivered at the Banff leadership Centre – I had already done some research and this Centre seemed to promise the delivery of some essential skills for Aboriginal entrepreneurs, and this model could be readily transferred. The Banff Centre conducts Aboriginal Leadership and Management Programs which provide the capacity building for those not at university and more generally targets people in leadership roles in the community. The study is accredited and includes a range of five day units – Negotiation Skills training, Aboriginal Leadership and management development, Indigenous Women in Leadership, Best Practice in Aboriginal Business and Economic Development. A recent addition is Building Sustainable Leadership for Community Development, a new focus and involves action research in a number of communities. Philanthropic donations fund much of the activity, though the government provides the leasing funds for the Centre. The program is vibrant, and the sessions are conducted in an environment which is sympathetic and culturally appropriate to the Aboriginal participants. For example, a number of sessions are conducted outdoors in the most spectacular scenery, inspirational and spiritually nourishing for the participants.



**Banff Leadership Centre Newsletter**



Similar kinds of opportunities for leadership development are provided by the Indigenous Leadership Development Institute (ILDI) in Winnipeg<sup>2</sup>. This is a non-profit group established specifically to build leadership capacity in Indigenous people. It is run by a Board which reflects the diversity of the Indigenous community. The Board identifies the specific training and programs which are considered most appropriate to produce able and accomplished Indigenous leaders. ILDI develops partnerships with education institutes, governments and the private sector. They source and provide rich and varied ( and sponsored ) education opportunities for their clients. The costs are kept very low in this way which obviously has an impact on accessibility. For example, a university might be approached to tailor and deliver a specific course or series of sessions, and the staff and faculty provide considerable pro bono support. The team at ILDI is a small but vibrant group and the CEO, Barb Bruyere and President, Rosa Walker, clearly relished the challenges and rewards of the role they are able to play. *A high level of innovation is demonstrated through their program. The Executive training Sessions*

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<sup>2</sup> [www.ildi.ca](http://www.ildi.ca)

*– capacity building for Aboriginal professionals is something that could be very readily and usefully adapted for Australian Indigenous professionals.*

Their creative partnerships in designing and developing tailored courses is also a powerful model. ILDI is only just beginning to engage with corporates at the CEO level, and compared to the work that I have done over the past few years with Australian corporates, they are only developing in this regard. There is no doubt that they will develop strong corporate networks. The work of DTL4B and other agencies and organizations is very much about just that.

Both the Banff Centre and ILDI support the very base of Indigenous economic participation and independence – the skilling and capacity building to ensure that opportunities can be realized and that over time, a critical mass of skilled people in every community will ensure that the whole community can achieve a measure of economic self independence.

### Promoting and Supporting Minority Suppliers

One of the key election commitments of the Rudd Government was to create new partnerships with local Indigenous people to help individuals and communities to achieve economic self reliance. In this as in a number of other aspects, the situation across Canada parallels that of Australia. The same issues of how to engage indigenous peoples in the real economy and to ensure that economic independence and sustainable local community economies are developed were at the top of the priority list.

Meeting with Orrin Benn, the President of the Canadian Aboriginal and Minority Supplier Council<sup>3</sup> was incredibly beneficial to my understanding of the differences in the USA, Canada and recent Australia initiatives around minority suppliers. I had met with him in 2008 when he was in Australia as part of the delegation attending the Australian conference on Minority Suppliers and it was wonderful to be able to share the optimism of the Australian pilot – and also to discuss the details around the issues for the Australian pilot as it matured. He was able

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<sup>3</sup> [www.camsc.ca](http://www.camsc.ca)

to suggest a range of issues and responses that could be useful to our experience. I am looking forward to sharing the details of the discussions with my colleagues in AIMSC.<sup>4</sup>

What is driving the recent and growing corporate concern with minority inclusion? In the US, according to Harriet Michel, it is demographics and economics. Minorities make up nearly 30 percent of the current US population. In Canada, Orrin suggested, Aboriginal and minority business integration is regarded as essential to Canada's success as a world economic leader.

In Australia, AIMSC focuses on the Indigenous minority only, but the issues of demographics and economics are also very strong drivers. Through the 'Closing the Gap' agenda of the Council of Australian Governments, the integration of Indigenous businesses into the Australian economy is seen as vitally important. The Government has committed to the AIMSC pilot but also committed to making sure its own procurement practices are inclusive of Indigenous suppliers.

The benefits of supporting minority supplier in procurement processes are well documented, and include some fairly obvious outcomes such as: increased annual turnover for Indigenous businesses resulting in higher Indigenous employment, increased economic growth in Indigenous communities, reduction in government subsidy and funds accessed, expansion of supplier diversity and consumer base for organizations, a strong and authentic connection between corporates and Indigenous Australians, minority businesses provide innovative and tailored services and can assist economic success of the company. And more.

The questions then around *how much capacity there is in Australia for Indigenous businesses to seize the opportunities offered* is very real.

Orrin Benn suggested that the work being done by my colleagues and I in the corporate sector is critical to achieving the outcomes for Indigenous businesses. He identified as significant, the need to build the pool of Indigenous entrepreneurs to feed into the corporate sector opportunities. This echoed our own concerns. It was his view and experience that Indigenous suppliers needed to receive more strategic and specific training and development. For example, he felt that it was critical for there to be more development and understanding in the areas of what corporates need for now and in the future, how to negotiate contracts and tender processes, industry trends and other critical information that would assist their business development and supplier capacity.

The work described earlier in this report around Indigenous leadership development is the kind of support that is needed, but tailored to both sides of the minority supplier/corporate procurement process.

Orrin was also of the view that an overlooked group which has the potential to accelerate or to block progress of the minority supplier model is the Procurement personnel in the organization. It was suggested that ideally companies would train procurement staff who are Aboriginal.

This would provide a stronger link back into the local communities where Indigenous owned businesses might better be able to access information about future procurement needs or other economic development opportunities. These ideas are suggested in the context of Canada, but I suspect they are just as relevant to Australian circumstances. My work with Aboriginal and Torres Strait Islander communities and businesses and my extensive reach into the corporate sector suggests this is so.

I intend to research what opportunities already exist in Australia that would provide this support, and how accessible they are, and look at how information can be more effectively disseminated to those who would most benefit.



Harriet Michel. President, NMSDC

In discussing this issue with Harriet Michel, she was however clear, as was Orrin, that it is not the role of the CAMSC or the NMSDC to provide this above described tailored support.

Harriet Michel believes that the National Minority Supplier Development Council has a very clear focus and purpose – this is to bring together corporations and minority businesses to encourage business partnerships. It has a national database which provides its corporate members with details of minority businesses which produce the products and services that are needed.

The annual Procurement Fair provides Aboriginal suppliers access to markets and corporate mentors. For the corporates attending, it provides the opportunity to find out more about what

products and innovative services are able to be sourced from minority businesses and so introduce new suppliers into the organization.

The discussions with Harriet were really fruitful. Her many years of experience in this field have taught her a number of critical lessons which she was very happy to share. Our conversation was a continuation of the ones we had when she was in Australia in 2008 when I first met her at the Minority Supplier conference. The difference was that at that time, our concept was still a concept, but when I met with her in New York it was a reality!

### Corporate Commitment

Jerry Jacobsen, Executive Director Diversity Development for Fox Entertainment Group in New York provided an excellent case study of a corporate totally committed to diversity inclusion practices. Although his work is undertaken with a passion easily seen, he is adamant that the corporate sector needs to be presented with the business case for supporting Supplier Diversity. This is something which we in Australia need to work at promoting.

His team was formed in 2001 through the establishment of an Internal Diversity Committee. The innovative projects and activities that have been undertaken since that time and which have achieved such success need to be shared with the growing number of similar teams being established in Australian companies. It would be money well spent to have Jerry provide a presentation to Australian corporate leaders and then workshop with a number of Diversity team managers. That alone would accelerate the AIMSC pilot and outcomes in a very short timeframe.

His work in sharing corporate knowledge at specific industry level with minority suppliers, facilitating 'matchmaking' opportunities between prospective vendors and Fox' managers of diverse areas of Fox industry, the initiative of the unique Fox Internship Program, and the sponsored residential immersion program are rich models of excellent practice which could be easily implemented in Australia through the emerging and genuine desire to 'make a difference' by Australian corporate leaders.



**New York Times Square.**

My visit to London was an opportunity to follow up with one of the most committed and visionary corporate members with which I have worked – Cadbury. Karina Kielbinska and her Board and senior leadership team at Cadbury in Melbourne undertook a cultural immersion experience in Australia in a remote location during 2009 facilitated by my group. The result was astonishing and inspirational.

This is not the place to provide a full overview of their corporate response, but suffice to say that it involved both local and practical work by leadership team staff in Cadbury, with a focus on providing a whole community with support for school to work transition for their youth on a large scale. In addition, Cadbury have invested heavily in the development of a remote local economy development project, again, investing resources both financial, expertise and personnel. My interest was how this high ( Board ) level of engagement could stretch through the company practices and processes. Procurement and minority supply was an obvious next step. This is exactly where the company was headed, but in the past few months, there has been a global merger / buy out, and this has put the hold on the growth of the work with this company. It remains to be seen how the new management will either embrace the strategic plan or develop another direction. There was a lot of discussion on where to next and why it is important, but the reality is that companies will be bought out / taken over and the investment in the catalysts for change in those companies may move on.

My visit to the UAE was unfortunately not as productive as was intended. The meetings I had arranged through the UAE Ambassador to Australia, with Dr Saeed Al Shamsi , was not able to take place as he was called away at short notice. In addition, the tragic death of Shaikh Ahmad Bin Zayed Al Nahyan in a glider crash, meant that the whole city was in mourning for three days. This of course meant that

government offices, schools, official departments etc were all closed during this time. I have had a number of conversations with the Ambassador and will meet with him again in due course, but this will not be captured in this report. The issues of how UAE Nationals access priority employment and other opportunities for economic advancement are of great interest as they are in such contrast to the position of most minority groups in other countries. Though there is advancement on a huge scale, there are also issues which have arisen in relation to fast tracking education. These will have to be explored at another time.

## **CONCLUSIONS**

Four ( of a number of ) critical findings which emerged through my meetings with Canadian and American Minority Supplier Councils and universities can be summarized in this way :

- There is a significant need to work with corporates to ensure that they understand why it is important to look at their procurement practices and support Indigenous suppliers. This involves a cultural awareness educational dimension.
- There is a need to work with Indigenous businesses to equip them with the skills needed to provide topical information on what products and services are required now and in the future economic environment and to teach skills of tendering for business.
- Management staff and those in charge of procurement need training to be able to effectively bring about organizational changes in procurement practices.
- More effective networking could occur to bring together Indigenous businesses and corporates

There is no doubt that Indigenous youth need to be supported to complete school, hold aspirations, and develop skills and qualifications in business and entrepreneurial activity. More business school entrants are needed, cadetship programs with mentors have demonstrated outstanding success. The business sector needs to strengthen links with school and play a more active role in school to work transition. This area benefits from corporate mentoring for a significant period of time for Indigenous students of high potential (a number of sites reported on incredibly successful summer schools and ongoing mentoring), provision of cadetships with diverse mentor models etc.

## RECOMMENDATIONS

- **Develop partnerships between corporates offering business focused career opportunities and the education sector .**

*In my role with the Dare to Lead project and DTL4B, I am able to facilitate the development of some strategic partnership which would assist in the development of such opportunities.*

- **Identify, support and grow the work of agencies and bodies which deliver professional development and leadership in business management to Indigenous entrepreneurs and small business managers.**

*My work with the corporate sector and my extensive links to Indigenous businesses will enable me to assist in the awareness raising of the need for a more' linked 'up services and the promotion of them and uptake by Indigenous business managers.*

- **Stronger networks of corporates already engaged in this area could be developed and opportunities for sharing and skilling the procurement personnel could be achieved.**

*My support could be provided to AIMSC to advise on this area, and to several identified agencies who could play a critical role in assisting with the strengthening of current networks and in developing a program to respond to this issue.*

- **There is a need to work in and with Indigenous communities to develop better understandings of economic development at the local level and support the growth of local Indigenous owned business which could take the opportunities for entering the minority supplier space in a strategic and supported way.**

*Mentoring is a big component of this and my own experience of mentoring to achieve personal and professional success means that I am able to assist with the community conversations around what this involves. My corporate reach will also be able to match individual Indigenous entrepreneurs with specific corporate mentors.*

These recommendations are ones which I intend to build into my professional conversations through my government and corporate networks, and into my own professional workplan during this year and in an ongoing way with targeted advocates and strategic partners.