

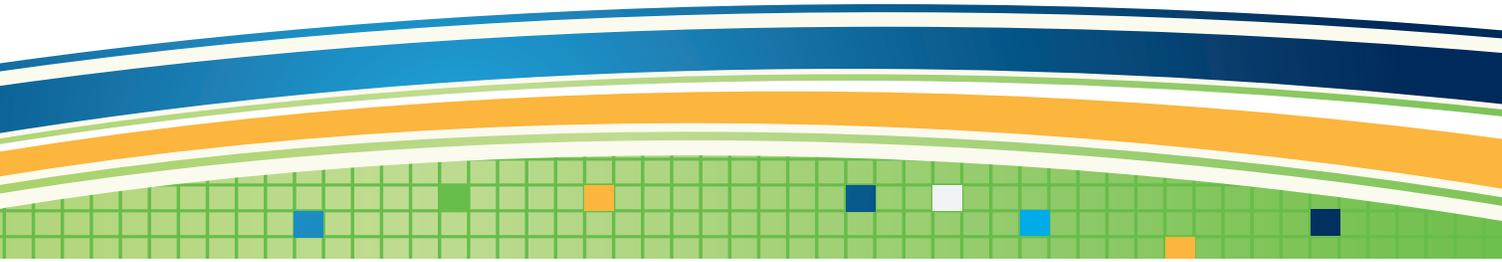
# 2012

## ANNUAL REPORT TO CONGRESS

*On the implementation of Section 342 of the Dodd-Frank  
Wall Street Reform and Consumer Protection Act of 2010*



OFFICE OF  
**DIVERSITY &  
INCLUSION**  
FEDERAL RESERVE BANK OF RICHMOND





# Federal Reserve Bank of Richmond

## OUR MISSION

As a regional Federal Reserve Bank, we serve the public by fostering the stability, integrity and efficiency of our nation’s monetary, financial and payments systems.

## OUR VISION

To be an innovative policy and services leader for America’s economy.

## OUR VALUES

- Serve with integrity.
- Lead with courage.
- Perform with excellence.

## OUR CULTURE

Our unique mission commits us to the public good and demands excellent performance. We each constantly seek to learn more about what’s around us and how we might better pursue our mission. Open deliberation and competing independent views deepen understanding and are crucial to effective collaborative teamwork. We each take initiative, with drive and determination, to create meaningful change for our constituents. Innovation and well-considered risk-taking are essential to our success. We deeply respect each other and the people we serve.

## THE VISION OF THE OFFICE OF DIVERSITY & INCLUSION

To be a trusted and respected information source and catalyst of change that drives innovation and business results by harnessing the power of diversity and inclusion.

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# Executive Summary

## OVERVIEW OF OMWI OFFICE AND DIRECTOR

In the Federal Reserve Bank of Richmond (the “Bank”), the Office of Minority and Women Inclusion is named the Office of Diversity & Inclusion (the “Office”). Tammy Cummings, senior vice president of Human Resources, is the director of the Office, and William Cooper is the deputy director. There are three additional full-time staff members. The Bank comprises two entities, the Fifth Federal Reserve District (the “Fifth District”) and Federal Reserve Information Technology (“FRIT”). The Office is responsible for the implementation of Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”) for both entities, and this report provides an update on both.

## WORKFORCE AND OFFICER DIVERSITY

As of December 31, 2012, there were 147 officers in the Bank. In the Fifth District, there were 86 officers, 37 of whom were female (43 percent) and 15 of whom were minorities (17 percent). The number of female and minority officers remained the same from 2011 to 2012, but the

percentage decreased, by 3 percent for females and 2 percent for minorities, as six additional officers were added in 2012, including two officers in advance of retirements planned for the first quarter of 2013. In FRIT, there were 61 officers, 22 of whom were female (36 percent) and eight of whom were minorities (13 percent). The number of female and minority officers increased, by three and one, respectively, but as occurred in the Fifth District, the percentage decreased, by 4 percent for females and 2 percent for minorities, as 14 additional officers were added. The strategies to address this proportional decrease in female and minority officers are outlined later in this report.

Within the overall workforce of the Bank, there were 2,614 employees as of December 31, 2012. The Fifth District comprised 1,465 employees, 665 of whom were female (45 percent) and 439 of whom were minorities (30 percent). In FRIT, there were 1,149 employees, 369 of whom were female (32 percent) and 341 of whom were minority (30 percent). The numbers of employees and the representation of women and minorities were roughly equal to those of the Bank as of December 31, 2011.

The Bank continues to seek opportunities to improve the pipeline of diverse candidates, participate in diverse recruiting opportunities to connect the Bank with strong candidates and improve the development of female and minority employees to prepare them to advance within the organization.

## MINORITY- AND WOMEN-OWNED BUSINESS ENGAGEMENT

In 2011, the Bank developed a supplier diversity strategic plan to increase procurement opportunities for minority- and women-owned businesses, develop reporting systems and metrics, and communicate the plan — as well as senior management’s support for it — to the Bank’s employees. The Bank also focused on enhancing its presence and visibility in the diverse supplier business community, ensuring the greatest possible slate of qualified diverse suppliers on competitively bid acquisitions and tracking the inclusion and response rate of diverse suppliers on those opportunities. This foundation began to yield results in 2012 as the Bank continued to execute on its strategic plan. These results are detailed in this report.

Section 342 of the Dodd-Frank Act requires the Office to develop standards and procedures to determine whether

Organizational Demographics <i>(as of December 2012)</i>		
Fifth District total employees	1,465	
Fifth District officers	86	
Fifth District female officers	37	43%
Fifth District minority officers	15	17%
Fifth District female employees	665	45%
Fifth District minority employees	439	30%
FRIT total employees	1,149	
FRIT officers	61	
FRIT female officers	22	36%
FRIT minority officers	8	13%
FRIT female employees	369	32%
FRIT minority employees	341	30%

the Bank's contractors and, as applicable, their subcontractors have made good faith efforts to include minorities and women in their workforce and subcontracting activities. The Bank has begun this process, and details are outlined within this report.

In 2012, minority- and women-owned businesses were invited to participate in 91 percent of the Bank's procurement events, compared to 70 percent in 2011. Seventy percent of minority- and women-owned firms responded to the invitations, resulting in 18 awards for 17 events (two firms received awards from one event). Noted below are changes in supplier diversity activity from 2011 to 2012.

### KEY SUCCESSES

With respect to the diversity of the Bank's workforce, successes in 2012 include sustained participation in diverse recruiting events, increased online efforts to attract diverse candidates, completion of training by many employees and people leaders, and enhanced succession planning processes.

There were also key successes related to supplier diversity in 2012. The Bank increased the inclusion rate of diverse suppliers on procurement opportunities, introduced new diverse suppliers to the supply base and enhanced its outreach and technical assistance activities.

The Bank experienced several successes in its financial education efforts in 2012. It leveraged key partnerships for

advocacy at state and national levels, provided resources to students and teachers, incorporated financial education into mentoring programs, expanded its leadership presence in key mentoring organizations, and participated in and led events through organizations for diverse students.

### KEY CHALLENGES

A significant challenge during the year was a low number of hires from Bank participation in diverse recruiting events. Additionally, the Bank has found it difficult to attract qualified diverse talent with the appropriate skills needed for leadership positions in Supervision, Regulation and Credit and to attract female automation professionals.

The Bank also faced several challenges related to its efforts in supplier diversity, including lower-than-desired response rates from diverse suppliers for procurement events, incomplete responses and bids from diverse suppliers and continued lack of awareness of the Bank's status as a private organization rather than a government agency. Additionally, within the Bank, there is a need to develop a longer-range pipeline of procurement opportunities and to reduce the preference for incumbent or high-profile suppliers.

Two challenges remain for the Bank in its financial education outreach efforts, including increasing outreach activities with limited resources and tracking program outcomes.

Supplier Diversity Year-Over-Year Comparison		
	2011	2012
Events that included an MWBE	74 (70% of all events)	87 (91% of all events)
Events in which an MWBE responded	58 (78% of all events in which at least one was included)	61 (70% of all events in which at least one was included)
Events in which a contract was awarded to an MWBE	26 (35% of events in which at least one was included)	17 (20% of events in which at least one was included)
Total number of diverse suppliers included	177	197
Total number of diverse suppliers that responded	100	87

MWBE: Minority- or women-owned business enterprise



# Introduction

The Congress established the Federal Reserve Bank of Richmond (the “Bank”) and the other 11 Federal Reserve Banks in 1913 through the enactment of the Federal Reserve Act, 12 U.S.C. §226, et seq. Each Federal Reserve Bank received its charter from the Office of the Comptroller of the Currency and is a separate corporation.

As part of the nation’s central bank, the Federal Reserve Bank of Richmond is one of 12 regional Reserve Banks that work together with the Federal Reserve Board of Governors to strengthen the economy and our communities. The Federal Reserve System (the “System”) manages the nation’s money supply to keep inflation low and help the economy grow. The System also supervises and regulates financial institutions to help safeguard the nation’s financial system and protect the integrity and efficiency of our payments system. Federal Reserve Banks participate in the formulation of monetary policy; provide payment services nationwide; supervise and regulate member banks, bank holding companies, savings and loan holding companies, and certain other entities as provided for by the Federal Reserve Act; act as fiscal agent for the U.S. Treasury; and act as a depository for banks in their particular geographic region.

Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”) as a part of the nation’s regulatory reform efforts. Section 342 of the Dodd-Frank Act directed certain agencies, including the Federal Reserve Board and each Federal Reserve Bank, to establish diversity and inclusion offices. In December 2010, the Bank created the Office of Minority and Women Inclusion and named it the Office of Diversity & Inclusion (the “Office”). The Office’s goals are to influence and support the integration of sustainable diversity and inclusion into all business practices; ensure the inclusion of minorities and women at all levels; engage diverse suppliers to drive positive business results for the Bank and promote economic development in the District; establish relationships with organizations to develop or enhance financial literacy programs for students identified in Section 342; be recognized as a leader in diversity and inclusion; and exceed the requirements of Section 342 and the Equal Employment Opportunity Commission.

The Bank’s management has made diversity and inclusion a priority, and the Bank has been recognized for its commitment. The Virginia Minority Supplier Development Council (“VMSDC”) presented the Bank with the Best New

Program award in 2012. The award is presented to the entity that has had an active supplier diversity program for less than three years and has demonstrated extraordinary strides and tangible successes in supplier development, according to the VMSDC. Award recipients are selected by a panel of the VMSDC’s certified minority suppliers.

## STAFFING STRUCTURE

Tammy Cummings, senior vice president of Human Resources, is the director of the Office, and William Cooper is the deputy director. The Office’s director reports to the Bank’s chief operating officer and to the president for the Office’s responsibilities. The deputy director reports to the director, is responsible for the day-to-day operation of the Office and manages a staff of three full-time professionals. A cross-functional and diverse group of Bank leaders serves as an advisory committee to the Office.

Ms. Cummings is the vice chair of the Virginia Mentoring Partnership, an organization whose mission is to provide services to both existing and developing mentoring programs in order to increase the number and quality of mentoring relationships for students in the state of Virginia. She is also the vice president for community development for the Richmond Society of Human Resources Management. In that role, she promotes workforce development and diversity initiatives in the Richmond area. In 2012, Ms. Cummings was also a member of the board of directors of the Virginia Business Leadership Network, a business-to-business association that seeks to increase workforce and marketplace diversity through the inclusion of individuals with disabilities. During the reporting period, Mr. Cooper was the chairman of the board of directors of the VMSDC and is active in its parent organization, the National Minority Supplier Development Council (“NMSDC”). Ms. Cummings and Mr. Cooper are frequent speakers at workforce and supplier diversity events, and Mr. Cooper moderated two national panels on supplier diversity during 2012.

## GEOGRAPHY COVERED

The Bank is made up of the Fifth Federal Reserve District (the “Fifth District”) and Federal Reserve Information Technology (“FRIT”), a national information technology division. The Fifth District is headquartered in Richmond, Va., and serves the District of Columbia, Maryland, Virginia, North Carolina, South Carolina and most of West Virginia. Branch offices are located in Baltimore, Md., and Charlotte, N.C. Fifth District employees are located in one of three

cities: Richmond, Va., Baltimore, Md., or Charlotte, N.C. FRIT is headquartered in Richmond, Va., with employees located in 21 states.

### UNIQUE DISTRICT ACTIVITIES AND SIGNIFICANT SYSTEM RESPONSIBILITIES FOR THE FEDERAL RESERVE BANK OF RICHMOND

The Bank hosts several offices that serve the overall Federal Reserve System:

- The National Procurement Office (the “NPO”) manages and facilitates strategic procurement for the 12 Reserve Banks in an effort to maintain integrity and efficiency in the Bank’s procurement processes and to minimize the total cost associated with purchase and supply activity (procurement).
- The Currency Technology Office (the “CTO”) is a function of the System Cash Product Office. It is responsible for the high-speed banknote processing systems (“BPS”) and sensor strategy for the System. The CTO also provides training and help desk services on the BPS and sensors.

- The Payroll Central Business Administration Function (“PCBAF”) provides payroll services for employees of all 12 Reserve Banks.

- FRIT provides information technology services to the Federal Reserve System.

The NPO, the CTO and PCBAF are managed by the Fifth District. FRIT has its own mission, vision and workforce strategy and is served by separate human resources and procurement departments.

This report includes information for both the Fifth District and FRIT. When required for clarity, the report will reflect the distinct actions of one entity separate from the other and attribute them specifically to either the Fifth District or FRIT; when an action is attributable to both, the report will refer to the Bank.



# Minority and Women Employment

This section outlines the Bank's successes, challenges and next steps to further advance its workforce diversity objectives.

## SUCSESSES

During 2012, the Bank realized a number of successes related to its employment of women and minorities, including:

- Participating in diverse recruiting events and partnering with diverse networking organizations
- Expanding use of online recruiting outreach to diverse candidates
- Continuing campus outreach to diverse candidates
- Hiring interns into full-time positions
- Providing diversity training to leaders and employees
- Continuing development programs for diverse employees
- Enhancing the succession planning process

### *The Bank participated in diverse recruiting events and partnered with diverse networking organizations.*

During this reporting period, the Bank attended both national and regional recruiting events targeted at women and minority groups. Both the Fifth District and FRIT attended the five diversity events sponsored by the Federal Reserve System, the National Urban League, the National Black MBA Association, the National Society of Hispanic MBAs, the Hispanic Association for Colleges and Universities ("HACU") and the Thurgood Marshall College Fund.

The Bank's recruiting teams identified potential candidates through the diversity career events' resume databases prior to attending the job fairs. This practice allowed the recruiters to prescreen candidates and contact individuals they hoped to meet at the events to further discuss career opportunities at the Bank.

In 2012, the Fifth District hired one candidate from its participation in the 2011 National Black MBA Association conference.

In addition to the national recruiting efforts of the System, the Bank participated in regional recruiting events, including Out for Work, an event geared toward the lesbian, gay, bisexual, transgender, queer, ally and questioning community; the Fort Lee Civilian Job Fair; and events sponsored by Women for Hire, the Association of Latino Professionals in Finance and Accounting, Latinos for Hire, the Hispanic Alliance for Career Enhancement, Black Data Processing Associates, the National

Association of Asian American Professionals and the Society of Women Engineers.

To advance the Bank's outreach to women, it purchased a full-page ad in the Women for Hire Career Expo Magazine. This magazine is provided to each participant who attends one of the 12 Women for Hire Career and Conference Expos in 2012.

The Office has also engaged with the Hispanic Corporate Network, a group whose mission is to focus on recruitment, retention and community building among Richmond's and Central Virginia's professional and corporate Latinos. Currently, the group is focusing on the goals of recruiting and retaining Latino professionals in the region. The Office plans to continue to interact with this organization to build better connections in the Hispanic community.

### *The Bank continued to expand its use of online recruiting to reach diverse candidates.*

The Bank continued its use of online recruiting to reach diverse candidates. It automatically cross-posts job openings, including all senior management and officer positions, on diversity partner websites, including WorkplaceDiversity.com, iHispanic.com and WomenOn-Business.com. The Fifth District hired one candidate from the online national diversity website LatPro.com, a job board for Hispanic, Latino and other Spanish and Portuguese bilinguals.

The Bank increased its social media recruiting by partnering with System social media initiatives on LinkedIn, Twitter, Facebook and the Fed Alumni Network. It increased recruiters' networks on LinkedIn by joining the Women in Information Technology, Women for Hire, National Black Information Technology Leadership Group, Hispanic IT, National Black MBA Association and National Society of Hispanic MBAs networks. Tracking the success of these efforts has shown that there has been a 4 percent increase over the past year in the use of social networks as recruiting sources. The Fifth District hired three candidates who were identified through social networking, including one minority male and one female.

### *The Bank continued campus outreach to diverse candidates.*

The Bank continued to expand its outreach to colleges and universities by attending 42 career fairs, classroom



Top: Supervision employees pose with personal development books received during the 2012 Office Conference, an event focusing on developing employees personally and building their business knowledge. Bottom left: The VITAL employee resource network sponsors lunch-and-learn Spanish classes for all employees as part of its Hispanic Heritage Month commemoration. Bottom right: Retired Tuskegee Airman Col. Porcher L. Taylor Jr. presents to employees during Black History Month.



discussions and “Meet the Fed” information sessions. “Meet the Fed” sessions are held on college campuses and provide an overview of the Federal Reserve System and career opportunities (full-time and internships) at the Bank. These outreach efforts included participation in events at five historically black colleges and universities (“HBCUs”) in the Bank’s district — Howard University, Hampton University, Virginia Union University, Virginia State University and North Carolina A&T State University. The Bank also attended diversity events at the College of William and Mary and the University of Virginia.

To expand its outreach to diverse students in doctoral programs, the Fifth District has partnered with the Ph.D. Pipeline Opportunity Program at Duke University since 2011. The goal of this program is to help address the shortage of minority professors in business disciplines, particularly underrepresented minorities such as African-Americans, Hispanics and Native Americans. In the future, the Fifth District plans to provide information to these students on potential career paths for candidates with doctorates in business disciplines.

*The Bank hired interns for full-time positions.*

The Bank has a robust internship program designed to introduce interns to the Federal Reserve System and help them develop professional skills. The programs in FRIT and the Fifth District are coordinated so that all interns participate in the same sponsored events, giving them shared opportunities for personal and professional development. Opportunities during the summer of 2012

included a speaker series with senior leaders in the Bank and Chairman Ben Bernanke, as well as development sessions for resume building and improving interviewing and networking skills. The students also were able to participate in several team building and community service events. The Bank sponsors its interns in YRichmond — a program led by the Greater Richmond Chamber of Commerce that provides interns an opportunity to participate in a variety of social, professional and community development events showcasing why Richmond is a great place to live and work. In 2012, the Fifth District had 33 interns, including 16 females and 10 minorities. FRIT had 18 interns, including seven females and five minorities. At the conclusion of the intern program, two FRIT interns stayed on, one of whom recently transitioned into a full-time role. Of these two participants, there were no females or minorities. During the reporting period, the Fifth District hired five former interns into full-time positions across various departments. These interns included one white female, two minority females and two minority males.

*The Bank provided diversity training to leaders and employees.*

The Bank invests in developing its employees and has provided diversity training to them over the past two years. For Fifth District employees, the Office delivered cross-cultural competency training to 90 percent of people leaders, including officers, managers and supervisors. This training was facilitated by seven employees trained to deliver the course. The practice of using in-house trainers enhances the sustainability of the training and, because employees

Female and Minority Participation in Development Programs			
	Total Participants	Female Participants	Minority Participants
Mentoring Program (Fifth District)	37	21 (57%)	9 (24%)
Leadership Development Program (Fifth District)	9	4 (44%)	4 (44%)
Partners in Management Development (Fifth District)	24	15 (63%)	7 (29%)
Partners in Professional Development (Fifth District)	28	17 (61%)	9 (32%)
Partners in Professional Development (FRIT)	21	9 (43%)	8 (38%)
Management Development Program (FRIT)	62	13 (21%)	14 (23%)
Leadership Development Program (FRIT)	12	6 (50%)	2 (17%)

outside the Office were used as trainers, it will help to create additional diversity and inclusion champions throughout the Bank. The Office adapted the leader training to an employee version and delivered a soft launch of it in the fourth quarter of 2012.

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***“The cross-cultural competency class really helped bring perspective and sensitivity to my understanding of other cultures.”***

*– Fifth District people leader*

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At the conclusion of each training session, the facilitators request feedback from the participants, including topics that participants would like included in future diversity and inclusion training. Feedback from the people leader sessions indicated that over 90 percent of respondents rated the training as effective or very effective, as well as relevant or very relevant to the Bank. This feedback will be used to modify future training for all employees.

FRIT conducted implicit bias training with its officers. Prior to the workshop, participants completed prework to learn about their own implicit biases and preferences. During the session, participants identified what made them diverse and how that had advantaged or disadvantaged them. The class participants looked at “who we are collectively” and how “who you are individually” could impact individuals’ decision-making. FRIT officers walked away with tools and resources to help overcome the risks that their unconscious minds may impose when making important decisions.

Following the workshop, FRIT captured feedback from attendees about the session (81 percent of attendees responded). One hundred percent of respondents learned something during the session; 88 percent gained a useful skill or tool during the session; 96 percent agreed the facilitators were effective and indicated they would recommend this session or a similar one to others; 94 percent indicated they will behave differently as a result of participating in the session; and 75 percent believe the topic of implicit bias is worth sharing across the organization more broadly. FRIT will look for ways to integrate this topic into the development programs it currently offers, including the possibility of a specific implicit bias class.

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***“The implicit bias training has helped me to think through my rationale to give myself just a bit more time to react and contemplate before taking action.”***

*– FRIT employee*

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### ***The Bank continued its development programs for diverse employees.***

The Bank offers the Partners in Professional Development (“PPD”) program for employees of both FRIT and the Fifth District. The 10-month PPD program is an interactive program that helps build relationships across departments and functional areas, supporting the Bank’s commitment to increased cross-functional communication and collaboration. It is designed to develop employees’ competencies and skills to enable them to be stronger individual contributors. In 2012, the Fifth District had 28 participants in the PPD program, including 17 females and nine minorities. FRIT had 21 participants, including nine females and eight minorities.

The FRIT Management Development program trains managers to guide their employees to improved performance. It does this by providing knowledge and resources to the managers and by training them in key skill and subject areas to help them better define and elicit success. In the 2011–12 year, there were 62 participants, including 13 females, 14 minorities and seven minority females.

The Fifth District’s Partners in Management Development program provides managers with the opportunity to develop their management skills. It offers two different tracks — one for experienced managers and one for new managers. This program is open to all managers within the Bank. In 2012, 24 total participants were enrolled in this program, including 15 females and seven minorities.

FRIT’s Leadership Development Program targets the growth and development of select high-performing and high-potential managers and senior individual contributors. In 2012, the program consisted of a daylong leadership assessment, 360-degree feedback assessment, workshops based on information technology leadership needs, action learning projects, leadership and peer coaching, personal insight activities, and a program in Washington, D.C., consisting of meetings with key leaders at the Board of Governors and the Bureau of Public Debt. In 2012, there were 12 participants, including five females (42 percent of the participants), two of whom were minorities (17 percent of the participants). Extensive data is maintained on this program, and FRIT Human Resources tracks the retention, lateral moves and promotions of participants. Since the inception of the program in 2005, 88 percent of the female participants and 90 percent of the minority participants have remained with FRIT. In addition, 50 percent of the female participants have been promoted,

as compared to 22 percent of the male participants; and 40 percent of the minority participants have been promoted, matching the promotion rate of 40 percent among all participants.

The Fifth District's Partners in Leadership Development program targets the growth and development of select high-potential leaders based on succession planning data. The program consists of a 360-degree assessment and individual feedback session for each participant; program days based on the District's organizational culture, values, leadership competencies and expectations; group coaching sessions between program days; an action-learning project; and external company visits with local CEOs. In addition, participants have the option to leverage an external coach the year following the completion of the program to further their development. In 2012, there were nine participants, including four females and four minorities. Extensive data is maintained on this program, and the Fifth District Human Resources department tracks the retention, lateral moves, rotations and promotions of participants. Since the inception of the program in 2008, 50 high-potential leaders have completed this program (29 females and 13 minorities). Twenty-five female participants and 11 minority participants have remained with the District, and two transferred within the System. Nine females have been promoted, as compared to seven male participants, and three minority participants have been promoted.

The Fifth District also offers a mentoring program that pairs employee mentees with senior leader mentors. Its goals are to develop leadership talent, build participants' knowledge, generate ideas and energy, foster cross-functional relationships and provide reverse mentoring. In the 2011–12 mentoring year, 37 mentees participated, including 21 females and nine minorities.

#### *The Bank enhanced its succession planning process.*

During the reporting period, the Bank added several features to its succession planning processes. FRIT's 2012 succession planning process focused on the development of its leadership pipeline. Two new tools were introduced to facilitate that process — a FRIT succession planning guide and a high-potential discussion template. The FRIT succession planning information guide provides tips for identifying potential in employees, facilitating talent discussions, planning actionable development and conducting meaningful career development discussions. The high-potential discussion template was used to capture career goals

and help employees design their next career move, build competency-based strengths and identify development opportunities. Managers used the completed templates to incorporate succession potential and development needs into existing talent review discussions. Information captured in the templates, along with feedback discussed at calibration meetings, will be the framework for development discussions with high-potential managers and individual contributors. FRIT created a separate officer succession planning summary template to capture succession potential and development opportunities for officers. These documents will provide a means for discussions on progress of development planning throughout the year.

The Fifth District has a robust succession planning process in place that includes holding an annual talent summit with its Management Committee, composed of senior leaders, to discuss the annual talent review results. Human Resources leaders conduct in-depth talent review sessions and calibrations by business line during the first quarter of each year. These discussions advance development planning and job rotations for high-potential employees. In addition, the Fifth District is in the process of implementing a succession planning technology tool that allows employees to complete profiles with their resumes and aspirations. This new technology allows managers to assess each employee. This online tool will provide richer data and automate the Bank's tracking.

The Bank sent several employees to development conferences sponsored by the Federal Reserve System Leadership Initiative ("SLI") in 2012. SLI offered two leadership conferences, the Senior Leadership Conference ("SLC") and Thrive. Of the six senior executives (senior vice presidents and vice presidents) who attended SLC on behalf of the Fifth District, one was female and none was minority. The Fifth District sent two of its newer senior vice presidents and four of its vice presidents. FRIT also sent five senior executives, including the newest senior vice president and two new vice presidents, to SLC. Of the five FRIT officers, three were female and one was minority. Thrive is a three-day leadership development conference for managers and senior professionals that exposes employees to the unique challenges and realities of leading in the System. It helps them develop the leadership capabilities needed to lead in a dynamic environment and expands their perspectives on being a leader with a System view. Of the six FRIT employees who attended Thrive, two were female (33 percent). Of the five leaders who attended Thrive on behalf of the Fifth District, three were female and two were minority.

## CHALLENGES

The Bank has identified key opportunities to improve workforce diversity:

- Receiving fewer hires than desired from participation in diverse recruiting events
- Attracting qualified diverse talent with the required regulatory, financial and technical skills needed for leadership positions in Supervision, Regulation and Credit
- Recruiting and retaining female automation professionals
- Receiving low interest from students at HBCUs and in the HACU network

### *The Bank has received fewer hires than desired from its participation in diverse recruiting events.*

The Bank has had a low number of hires from its participation in diverse recruiting events. For example, the Fifth District found that participants at the Women for Hire and Latinos for Hire regional job fairs did not have the necessary skill sets for Bank positions and that interest in Bank job opportunities was low. The Fifth District does not plan to participate in these events in 2013 and will instead focus on relevant professional conferences in the District. The Association of Latino Professionals in Finance and Accounting event, on the other hand, was a great opportunity to network with potential candidates and is a great recruiting source for future entry-level candidates. Many of the candidates are looking for entry-level finance and accounting opportunities as well as internships.

The Fifth District has had little success attracting qualified diverse talent with the required regulatory, financial and technical skills needed for leadership positions in Supervision, Regulation and Credit.

In general, the Fifth District found it was difficult to attract diverse talent with the required regulatory or financial background needed for leadership positions with Supervision, Regulation and Credit. Recruiting has presented and interviewed diverse candidates for Supervision and Regulation officer opportunities. The candidates lack the regulatory technical skills needed for these roles. The same challenge exists for the Supervisory/Managing Examiner role, which is typically the feeder role for the officer positions. These positions are, therefore, generally filled internally.

### *FRIT has experienced challenges recruiting and retaining female automation professionals.*

In the 2011 Report to Congress, the Office noted difficulty in recruiting and retaining female automation professionals. FRIT hired and promoted females and minorities to automation professional and manager roles during the reporting period, making progress in closing the underutilization gap in these areas. FRIT hired 121 new automation professionals, 23 percent of whom were females and 31 percent of whom were minorities. Eleven individuals were promoted to automation manager; 18 percent were female and 18 percent were minority. Three individuals were hired from an external candidate pool; 33 percent were female and 67 percent were minority. Because of the low turnover rate of the automation manager roles, increasing the numbers of female and minority automation professionals and managers will take time.

### *The Bank has received low interest from students at HBCUs and in the HACU network.*

The Fifth District scheduled interviews with 10 students at schools in the HACU network, and two canceled their on-site interviews because they found positions closer to their home location. Despite posting all internship opportunities at HBCUs, conducting “Meet the Fed” information sessions and mock interviews, and collaborating with career centers, the Fifth District continues to receive very low interest from students at HBCUs. There are two factors driving this low interest; many of the students do not meet the District’s 3.0 minimum GPA requirement, and of the students interviewed, most were not appropriately prepared to demonstrate their skills and knowledge in the interviewing phase. Qualified students from HBCUs from universities such as Hampton University and Howard University have opted to accept internships in their regions (Hampton Roads, Va., and Washington, D.C.).

## NEXT STEPS

To address the challenges described above and to further improve the Bank’s workforce diversity efforts, the Bank is taking the following actions:

- Re-evaluating and adjusting participation in diverse recruiting events
- Researching and evaluating whether to revise internship requirements
- Attracting more females and minorities into FRIT’s Emerging Talent Initiative program



- Conducting quarterly impact analysis reviews on workforce trends
- Expanding outreach to Hispanic professional networks

*The Bank will re-evaluate and adjust participation in diverse recruiting events.*

The Fifth District reviews monthly recruiting metrics to assess the demographics and sourcing methods of candidates, applicants and new hires. This monthly report is compiled by the recruiting manager and shared with the Human Resources department. Additionally, recruiters maintain data on whether candidates identified at career fairs are hired for positions in the Fifth District. Based on this data and the inconsistent experiences at diverse recruiting events, the Fifth District will decrease its participation in general diversity career fairs and increase its participation in diverse professional association fairs, which have tended to provide candidates whose skills and interests better match the jobs available in the Bank.

FRIT will increase the number of IT-specific diverse job fairs its recruiters attend. It will also use tools to build better awareness of the information technology jobs available in the Bank, particularly in FRIT, and partner with other Reserve Banks to support recruiting for information technology positions at diverse job fairs.

*The Fifth District will research and evaluate whether to revise internship requirements.*

The Fifth District has found that many students at HBCUs are not meeting the minimum GPA requirement required to be selected as a Bank intern. In 2013, its Human Resources department will survey the other Reserve Banks and review wider financial services market data to determine what requirements currently exist for other organizations. Based on those findings, it will consider modifying the GPA requirement or work with HBCUs to better prepare students to be strong candidates for Bank internships.

*FRIT will attract more females and minorities into FRIT's Emerging Talent Initiative program.*

FRIT has taken a two-pronged approach to addressing the difficulty recruiting and retaining diverse automation

professionals and managers. First, it has cast a wider net to recruit more diverse talent by attending job fairs targeting women and minority IT professionals. Second, it developed the Enterprise Network Trainee program, similar to the Emerging Talent Initiative, which will allow the organization to grow talent in its automation positions. This two-year rotational program allows FRIT to recruit more diverse junior talent with plans to build their skills and competencies and then advance them along career paths into professional positions. Trainees spend approximately six months working in different departments in network services and are then assigned to network departments based on their interests, aptitudes and performances.

*The Bank will conduct quarterly impact analysis reviews on workforce trends.*

To help promote workforce diversity, the Office will conduct quarterly impact analysis reviews with FRIT and the Fifth District, ensure compliance with any output and action plans following utilization analyses, and measure outcomes of action plans (in partnership with Human Resources). The impact analysis reviews are designed to analyze employment transaction data for statistically significant disparities in rates of hire, promotion or termination.

*The Office will expand outreach to Hispanic professional networks.*

In an effort to establish meaningful relationships with the District's Hispanic population, the Office will formalize a plan to establish two-way communications with key members of the Hispanic business and civic communities in its district. It will identify groups that support Hispanic-owned businesses or address matters related to the Hispanic workforce and community. The goal is to learn more about the issues that concern these groups and to increase the awareness of the Bank's interest in the inclusion of Hispanics in all matters of business.

# Minority- and Women-Owned Business Participation

The Bank has three purchasing functions: one for the Fifth District, one for FRIT and one that works on behalf of all 12 Reserve Banks — the National Procurement Office, or the “NPO.” The Fifth District procurement function supports contracting for the Bank’s daily operations, including its branches in Baltimore and Charlotte. The FRIT procurement function contracts for equipment, software and services necessary for the System’s information technology operations. The NPO is responsible for negotiating and executing national contracts for certain goods and services that, when sourced collectively, provide the best value for multiple Reserve Banks. The Fifth District and FRIT procurement functions acquire goods and services; however, the NPO does not typically acquire goods and services. It enters into and administers agreements in which any Reserve Bank may participate.

The Fifth District, FRIT and NPO procurement functions collaborate closely to deploy an integrated supplier diversity process within the Bank. The process supports strategies that respect the unique procurement attributes of each. Because of its purpose, the NPO focuses on large-scale, multiyear agreements that may be used by the Fifth District, FRIT and potentially other Reserve Banks. Separately from those sourced by the NPO, both FRIT and the Fifth District make other purchases, including smaller micropurchases that often do not require a multiyear agreement. These functions are noted in the chart below.

It is important to note that the Bank is a corporation, the capital stock of which is owned by its member banks. It is governed by a board of directors and is not a federal government agency. Consequently, General Services

Administration (“GSA”) contracts, pricing schedules and federal government contracting rules, including the Federal Acquisition Regulation, do not apply to the Bank. The Bank has been working to communicate this critical distinction to the supplier community with the goal of enabling diverse suppliers to engage more effectively with the Bank.

## AMOUNTS PAID TO CONTRACTORS

The Bank spent approximately \$10.94 million with minority- and women-owned businesses in 2012, an increase of nearly 25 percent over 2011’s \$8.76 million. This corresponds to about 3.4 percent of the Bank’s total expenditures with third-party contractors. Expenditures with minority-owned businesses amounted to \$5.15 million, or 1.6 percent, and expenditures with women-owned businesses totaled \$5.79 million, or 1.8 percent. Minority- and women-owned businesses must be certified by a recognized third-party certifying organization to be included in the Bank’s diverse expenditures calculation, which ensures they meet industry qualifications. Recognized third-party certification entities include, but are not limited to, the NMSDC, the Women’s Business Enterprise National Council (“WBENC”), the Small Business Administration’s small disadvantaged business and 8(a) programs, the Department of Transportation Disadvantaged Business Enterprise program, and other federal and state minority business development offices.

Several enterprisewide operations are centralized within the Bank, including the bulk of national information technology systems requirements and functions related to currency processing. Nearly one-third (32 percent) of

## The Federal Reserve Bank of Richmond

Fifth District Procurement Office	FRIT Procurement	National Procurement Office (NPO)
Purchases goods and services for the Fifth District	Purchases goods and services for FRIT	Negotiates master agreements for use by any of the 12 Reserve Banks
Leverages System agreements from the NPO	Leverages System agreements from the NPO	Develops policies and procedures and provides guidance to the 12 Reserve Banks

2012 Diverse Supplier Spending (in millions)						
	Fifth District		FRIT		Bank	
	\$	%	\$	%	\$	%
<b>MBE</b>	\$1.57	1.72%	\$3.58	1.58%	\$5.15	1.62%
<b>WBE</b>	\$3.06	3.35%	\$2.73	1.21%	\$5.79	1.82%
<b>MWBE</b>	\$4.63	5.07%	\$6.31	2.79%	\$10.94	3.44%
<b>SBE</b>	\$10.87	11.88%	\$11.36	5.02%	\$22.23	7.00%
<b>OTH</b>	\$75.99	83.05%	\$208.59	92.19%	\$284.58	89.56%
<b>Total</b>	\$91.49	100%	\$226.26	100%	\$317.76	100%

<p><b>MBE:</b> Minority-owned business enterprise  <b>WBE:</b> Women-owned business enterprise  <b>MWBE:</b> Minority- or women-owned business enterprise</p>	<p><b>SBE:</b> Small Business Enterprise  <b>OTH:</b> Other Businesses</p>
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the Fifth District’s total spend comprises payments to the manufacturer of the System’s highly specialized currency processing equipment. There are only a handful of companies that manufacture this equipment, none of which is minority- or women-owned. Excluding this payment from the total spend calculations would raise the Fifth District’s percentage of expenditures with diverse suppliers to 7.4 percent and raise the Bank’s percentage of expenditures with diverse suppliers to 3.8 percent.

Similarly, FRIT bears the operational responsibility and expense for the vast majority of the System’s information technology infrastructure, software and systems. Many of these systems are mission critical, unique or specialized in nature, offering limited opportunity for competition overall. Excluding mission critical payments for main-frame software and national infrastructure data circuits, FRIT’s percentage of expenditures with diverse suppliers increased to 3.6 percent. When combined with the exclusion of payments related to currency processing noted above, the Bank’s percentage of expenditures with diverse suppliers rises to 4.6 percent. Without these exclusions, in absolute dollar terms, FRIT’s spend with diverse suppliers increased by 84 percent in 2012 as compared to the prior year, growing from \$3.4 million to \$6.3 million. FRIT accomplished this despite a top diverse supplier from 2011 being acquired by a majority firm in 2012.

These observations are offered to provide context for analyzing the spend data reflected in this report. The Bank firmly believes that engaging a diverse pool of suppliers throughout its business practices better enables it to provide the best overall solutions to its constituents and is committed to maximizing opportunities for minority- and

women-owned enterprises to compete for its business.

### SUCSESSES

In 2011, the Bank developed a supplier diversity strategic plan to increase procurement opportunities for minority- and women-owned businesses, develop reporting systems and metrics, and communicate the plan — and top management support for it — to the Bank’s employees. The Bank also focused on enhancing its presence and visibility in the diverse supplier business community, ensuring the greatest possible slate of qualified diverse suppliers on competitively bid acquisitions and tracking the inclusion and response rate of diverse suppliers on those opportunities.

The foundation laid in 2011 began to yield results in 2012 as the Bank continued to execute on its strategic plan. Highlights include:

- Increasing diverse supplier inclusion rate on procurement opportunities
- Introducing new diverse suppliers into its supply base
- Enhancing outreach, communication and technical assistance activities
- Initiating Good Faith Effort questionnaire and Tier II processes
- Receiving recognition from external constituents for its supplier diversity efforts

*The Bank increased the diverse supplier inclusion rate on procurement opportunities.*

Sourcing professionals work collaboratively with end users and supplier diversity staff to identify diverse suppliers



Top photo: Ann Macheras, vice president of regional economics, speaks to the audience about the economic environment's impact on business during the Bank's Supplier Diversity Vendor Fair in September. Bottom left photo: Members of our Bank's Procurement, Supplier Diversity and Office of Diversity & Inclusion teams proudly display our Best New Program supplier diversity award from the VMSDC. Bottom right photo: More than 125 representatives from diverse businesses gathered to network with procurement and department staff who influenced buying decisions.



with the requisite capabilities and expertise for a particular acquisition. The Bank's practice is to include a diverse supplier, where one can be identified, on competitively bid acquisitions. To reinforce this practice, the Bank in 2011 implemented a process to track and report the number of diverse suppliers included in, responding to and receiving contract awards from procurement acquisitions.

The inclusion rate tracks the total number of competitively bid sourcing events in which diverse suppliers were included. The overall inclusion rate rose substantially in 2012 as the supplier diversity manager worked closely with buyers in each of the Bank's procurement functions to identify qualified diverse suppliers. At least one diverse supplier was included in 91 percent of the Bank's 96 competitively bid procurement opportunities, up from 73 percent in 2011. A total of 197 diverse suppliers were included in these opportunities, or an average of 2.1 diverse suppliers per sourcing event. Diverse suppliers represented 34.7 percent of the total number of suppliers included in the sourcing events. Of the 140 unique diverse suppliers included (some suppliers were included in multiple events), 95, or 67.9 percent, were first-time bidders that gained access and opportunity directly as a result of the Bank's supplier diversity initiatives, including substantial cross-functional participation in outreach activities by Bank staff. Complete metrics on diverse supplier inclusion, response and award rates are provided in Appendix 2.

#### *The Bank introduced new diverse suppliers into its supply base.*

The Bank awarded 18 contracts to 16 different diverse suppliers, nine of which are new suppliers to the Bank. The awards represented an array of products and services, including construction and facilities maintenance services, furniture and fixtures, information technology hardware and software maintenance, executive search services, graphic design services, video surveillance system design, and fitness center management services, among others. The awards were distributed across a notable cross-section of departments, including information technology, facilities, human resources, health services, law enforcement and corporate communications.

#### *The Bank enhanced its outreach, communication and technical assistance activities.*

The Bank is a national member of NMSDC, WBENC and the Financial Services Roundtable for Supplier Diversity ("FSRSD"). The Bank leveraged its membership and

involvement in these premier diverse supplier development organizations to continue to expand its visibility and presence in the diverse supplier community. The Bank hosted, facilitated or participated in numerous supplier diversity events presented by these and other organizations. A detailed listing of the events attended is included in Appendix 1, but a few highlights include:

- **Supplier Diversity Vendor Fair:** Underscoring its commitment to provide access and opportunity to a diverse pool of suppliers, the Bank hosted its own Supplier Diversity Vendor Fair in 2012. The event opened with an educational segment featuring a look at the current economic environment and its implications for small and diverse businesses, an overview of the Federal Reserve System and the Bank, information on the Bank's procurement processes and opportunities, and tips on preparing to compete successfully for Bank business. Richmond Fed President Jeff Lacker kicked off the half-day event by stressing the Bank's three core beliefs about supplier diversity: It's about access and opportunity, it's good for the Bank, and it's everybody's job. The general information session was followed by a trade fair and reception that allowed suppliers to meet and discuss their product and service offerings with procurement staff and end users from departments with large buying requirements. Response from the 150-plus diverse supplier representatives who attended was overwhelmingly positive. Many noted the high level of engagement from a robust cross-section of Bank staff. From top executives, to procurement staff, to department representatives, more than 65 employees participated.
- **New Supplier Diversity website:** In conjunction with the Supplier Diversity Vendor Fair, the Bank launched a new and expanded procurement and supplier diversity section on its external website. Titled "**Doing Business With the Bank**," the site provides a robust overview of the Bank's procurement and supplier diversity practices. Procurement highlights include descriptions of the various procurement functions, typical products and services purchased, procurement processes, general supplier requirements and a link to register as a supplier. The supplier diversity section highlights the Bank's commitment to supplier diversity, diverse supplier definitions, certification information, links to resource organizations, an outreach overview and an FAQs section.
- **Empower Forum:** The Bank, in collaboration with the Federal Reserve Board of Governors, held an outreach session for minority- and women-owned businesses on

April 16, 2012, at the Board of Governors in Washington, D.C. The program was a coordinated effort between the OMWI and supplier diversity teams at the Bank and the Board. The half-day event included presentations from the U.S. Department of Treasury, the Minority Business Development Agency, the Small Business Investor Alliance, Interise, WBENC, the U.S. Hispanic Chamber of Commerce and the U.S. Pan Asian American Chamber of Commerce. The forum's agenda included the following panels, discussions and presentations: Minority- and Women-Owned Businesses: Current Snapshot; Capitalizing on Opportunities With the Federal Reserve System; Strategies for Financing Emerging Businesses; Leveraging Business Relationships for Growth; and 10 Characteristics for Successful Emerging Businesses. Federal Reserve Chairman Ben Bernanke welcomed participants and provided the opening remarks. Representatives from the Board and the Bank participated throughout the forum.

- FSRSD MBE Symposium: Bank employees provided substantial support to the FSRSD in presenting a minority-owned business symposium and networking reception for selected minority suppliers. Delivering on its commitment to foster diverse supplier growth and development, the FSRSD retooled its signature networking event — a reception with diverse suppliers historically held during NMSDC's annual conference — to include a symposium focused on strategic supply chain and supplier diversity issues. A distinguished panel of financial services procurement executives discussed topics such as supply chain expectations, growth areas in strategic sourcing and capacity building strategies for diverse suppliers. The symposium was held at the Denver branch of the Federal Reserve Bank of Kansas City. The Office's deputy director moderated the panel, and the Bank's supplier diversity program manager provided the marketing support.

#### *The Bank initiated its Good Faith Effort Questionnaire and Tier II processes.*

Section 342 of the Dodd-Frank Act requires the Office to develop standards and procedures to determine whether its contractors and, as applicable, their subcontractors have made good faith efforts to include minorities and women in their workforce and subcontracting activities. The Bank's guidelines require that the Bank conduct such a determination for all vendors with which it spends more than \$50,000.

In keeping with these requirements, the Office began an assessment of applicable vendors in 2012. The initial

rollout targeted vendors with which the Bank spends at least \$50,000 that have active contracts that contain the Dodd-Frank Act "fair inclusion" clause.

As noted earlier, a significant portion of the Bank's purchases are made using large, multiyear contracts that help the Bank optimize service and pricing when acquiring products or services with a national scope. The existence of these contracts may limit direct opportunities with diverse suppliers in the near term. Consequently, the Bank began exploring second-tier, or subcontracting, opportunities with six of its first-tier suppliers in 2012. The six selected suppliers together represent just under 35 percent of the Bank's total spend and, as NMSDC and WBENC corporate members with established supplier diversity initiatives, are likely accustomed to reporting diverse subcontracting or second-tier spend. Tier 2 efforts were initiated late in 2012, and results had not yet been reported at the time this report was finalized. The Bank will provide updates on this program in future reports.

#### *The Bank received recognition from external constituents for its supplier diversity efforts*

The Virginia Minority Supplier Development Council ("VMSDC" or the "Council") presented the Bank with the Council's Best New Program award in 2012. The Best New Program award is presented to the entity that has had an active supplier diversity program for less than three years and has demonstrated extraordinary strides and tangible successes in supplier development. Corporate award recipients are selected by a panel of the Council's certified minority suppliers.

## CHALLENGES

While the Bank realized a number of successes in its supplier diversity efforts during the reporting period, both internal and external challenges and opportunities remain, including:

- Increasing the diverse supplier response rate
- Improving completeness of diverse suppliers' responses and bids
- Increasing awareness of the Bank's status as a private organization
- Developing a longer-range pipeline of opportunities
- Reducing the preference for incumbent or high-profile suppliers



*The Bank has had difficulty increasing the diverse supplier response rate.*

The diverse supplier response rate — the number of diverse suppliers invited to a procurement event that subsequently submit a bid or proposal — remains lower than desired, despite an increased number of diverse suppliers included in procurement opportunities. Factors contributing to this outcome are unclear. Initial anecdotal data indicates that some of the Bank's processes and bidding requirements, while necessary and responsible risk mitigants, may appear onerous and dissuade smaller and diverse suppliers from pursuing opportunities with the Bank.

*The Bank sees a need to improve the completeness of diverse suppliers' responses and bids.*

Responses from diverse suppliers frequently lack one or more components requested in the bid — for example, competitive pricing, service level, past performance in similar requirements, or lack of thoroughness or attention to detail in the response itself. Buyers similarly indicate that it is not unusual for small and diverse suppliers to require greater support, follow-up and direction throughout the bidding process. The Bank will incorporate and address the importance of these responsiveness issues in its external outreach, communication and technical assistance strategies.

*The Bank has faced challenges while increasing awareness of its status as a private organization.*

There is the continued perception that the Bank is a federal government agency that purchases goods and services using federal government guidelines, processes and practices. This may further impede the ability of diverse suppliers to market themselves appropriately to the Bank. As a result, the Bank will continue to stress the distinction between government and Reserve Bank procurement practices in its outreach activities.

*The Bank has found it difficult to develop a longer-range pipeline of opportunities.*

Internally, the Bank could benefit from a greater focus on developing a longer-range pipeline of opportunities to facilitate more timely and thorough diverse supplier identification and qualification. Suppliers introduced late

in the procurement cycle, i.e., at or immediately prior to the release of a request for proposal ("RFP"), are at a disadvantage to incumbents or other suppliers that have previous knowledge of the Bank, its procurement processes or relevant decision-makers.

*The Bank has had difficulty reducing the preference for incumbent or high-profile suppliers.*

A highly tenured supplier base and increased emphasis on risk mitigation in the supply chain can unintentionally foster a preference for incumbent or high-profile, established, "brand-name" suppliers in the selection process. A greater tolerance for calculated risk, where appropriate, may create more opportunities for diverse suppliers to compete successfully for the Bank's business.

## **NEXT STEPS**

To address these challenges and build on the Bank's accomplishments to date, the Bank plans to focus on the following actions in 2013:

- Researching factors contributing to low supplier response rates
- Continuing to communicate and reinforce the importance of using a diverse pool of suppliers
- Participating in supplier diversity outreach and networking events and providing education and awareness
- Expanding second-tier efforts
- Developing and maintaining a long-range procurement pipeline
- Conducting an analysis of noncompetitive micropurchases

*The Bank will research factors contributing to low supplier response rates.*

The Bank currently has little visibility into why suppliers invited to participate in a procurement opportunity fail to respond. Attempts to capture anecdotal information during the RFP process have not always been effective nor have they yielded actionable strategies to increase the response rate. The Bank plans to explore other research and data-gathering alternatives. These could potentially include more formal post-sourcing event surveys and follow up, the analysis of supplier identification and prequalification practices, and procurement forecast strategies that create longer lead times to source qualified diverse suppliers more effectively, as well as other strategies.

***The Bank will continue to communicate and reinforce the importance of using a diverse pool of suppliers.***

Key stakeholder commitment and support are the most effective strategies to increase participation of diverse suppliers in procurement processes. The Bank developed its business case for supplier diversity in late 2011 and continued to deploy the business case message to strategic business units in 2012. Supplier diversity and procurement staff will continue to meet and collaborate with managers and influencers in the Bank's top buying departments to reinforce the stakeholder's role in driving success, identify short- and long-range opportunities, understand required supplier qualifications and source potential diverse suppliers.

***The Bank will participate in supplier diversity outreach and networking events and provide education and awareness.***

External outreach events will continue to play a vital role in the Bank's efforts to identify qualified suppliers and further educate potential suppliers on processes and requirements. The Bank also plans to leverage the success of its 2012 vendor fair with similar events targeted at strategic industries or projects. This more focused approach may better enable potential suppliers to understand the Bank's often rigorous procurement processes and prepare them to compete more effectively.

***The Bank will expand second-tier efforts.***

Tier 2 suppliers are suppliers that participate as subcontractors providing products or services in support of a Tier 1 supplier's contract with the Bank. The Bank initiated Tier 2 discussions with six of its top Tier 1 suppliers in

2012. The Bank will continue to communicate and meet with these suppliers to identify opportunities to provide subcontracting opportunities to diverse Tier 2 suppliers and will review the results of these efforts. The Bank also expects to include language in its RFPs and contracts that would encourage bidders to provide diverse suppliers the maximum practicable opportunity to participate in subcontracts for products or services in support of the supplier's contract with the Bank.

***The Bank will develop and maintain a long-range procurement pipeline.***

A long-range pipeline will better enable the Bank to tailor its outreach and communication efforts appropriately and to research, identify and prepare potential suppliers to participate in procurement opportunities. More strategic identification and prequalification strategies should result in more informed and prepared suppliers, ultimately leading to greater response and award rates.

***The Bank will conduct an analysis of the Bank's noncompetitive micropurchases.***

Increasing micropurchases (purchases under \$10,000 for which no competition is required) from diverse suppliers is unlikely to have substantial impact on total diverse spend. They can, however, represent substantial opportunity for diverse microbusinesses that may not be qualified to compete on larger acquisitions. They may also provide a foundation for building capacity and preparing to compete for more substantial opportunities. Targeting micropurchases also drives the business case for supplier diversity deeper into the organization, as these purchases are typically procured by department staff across the organization.



# Financial Education Activities

Section 342 of the Dodd-Frank Act encourages the Bank to partner, where feasible, with inner-city high schools, girls high schools and high schools with majority-minority populations to establish or enhance financial education programs and provide mentoring. This section highlights the Fifth District's 2012 financial education work related to the audiences mentioned in Section 342.

The Fifth District's strategy to enhance financial literacy uses a multipronged approach:

- Advocacy for economic and financial education at all public schools
- Development and delivery of teacher training programs
- Resource development for teachers and students
- Provision of direct student experiential learning opportunities

Because of its small size, the Office has sought opportunities to leverage its efforts through partnerships with external organizations. The Bank has taken several steps to build these partnerships, which are highlighted in the successes below. Additionally, the Bank established the Office of Civic Engagement in 2012 to organize existing opportunities, as well as develop new opportunities, for employees to volunteer their time, talents and resources to give back to local schools and nonprofit and civic organizations. The establishment of the Bank's Office of Civic Engagement is a step toward improving the possibilities for reaching students described in Section 342.

## SUCCESSES

During 2012, the Fifth District took the following steps to expand its financial education efforts:

- Leveraging key partnerships for advocacy at state and national levels
- Providing training and resources to teachers
- Developing direct-to-student learning experiences
- Incorporating financial education into mentoring programs
- Expanding leadership presence in key mentoring organizations
- Partnering with key mentoring organizations
- Participating in and leading events through organizations for diverse students

### *The Fifth District leveraged key partnerships for advocacy at state and national levels.*

The Fifth District continued a long tradition of partnering with national, state and local educational organizations to advocate for better and expanded school-based economic and personal finance education in 2012. The Fifth District's work with the national Council for Economic Education, which offers comprehensive K–12 economic and personal finance education programs, continues to be a focus. The Council's annual Financial Literacy and Economic Education Conference is the largest nationwide gathering of educators and advocates in the field of K–12 economics and financial education. The conference features a diverse selection of presentations, workshops and events aimed at raising economic and financial literacy levels among young people. The Fifth District participated in the 2012 conference by providing materials and presenting a forthcoming resource to teachers. The resource is designed to help high school students make informed decisions about post–high school education.

In 2012, Fifth District leaders from across the Bank served in leadership roles in economic education on both the state and national levels. The Bank's president, Jeff Lacker, served on the board of the national Council for Economic Education. Fifth District officers also served on the boards and committees for the Council for Economic Education's affiliated state centers in Maryland, North Carolina, South Carolina and Virginia. The state councils are nationally recognized as primary conduits of effective economic and financial education and policies. In addition, the Fifth District partnered with the state councils on several programs that provided professional development to teachers throughout the year. The Bank also worked through partnerships at the national and state levels to continue ongoing advocacy work with the goals of including economics and personal finance in the education of all students and ensuring that teachers have quality instructional materials to teach these subjects.

In August 2012, the Bank's Economic Education department continued to build on the success of the first Joint Council on Economic and Financial Education meeting. The second meeting brought together key representatives from Fifth District state councils on economic education, state departments of education, state banking associations



Top: A Bank employee delivers a lesson on budgeting and savings to high school students as part of the Congressional Black Caucus summit. Bottom left: The Office's analyst participates in a speed mentoring event with high school students at the Congressional Hispanic Caucus Institute's Ready to Lead event in September. Bottom right: A student interacts with The Fed Experience exhibit.

and other important stakeholders. With a panel of experts, the group explored alternative methods for program evaluation and learning assessment and identified actionable strategies to enhance programs. The goal of the Joint Council on Economic and Financial Education continues to be to identify common opportunities and challenges and to discuss how to address these challenges in a systematic fashion across the District. The meetings present an opportunity for participants to strategically think about the best ways to enhance the development, delivery and assessment of economic and financial education for targeted audiences.

Another significant partner in the Bank's financial education initiatives is Jump\$tart. Jump\$tart is a national coalition of organizations dedicated to improving the financial literacy of pre-kindergarten through college-age students by providing advocacy, research, standards and educational resources. In 2012, the Fifth District provided support to the organization through board service and partnership programs throughout the District. In Virginia, a Bank employee chaired the board of the Virginia Jump\$tart Coalition, and a Fifth District Corporate Planning employee provided a daylong strategic planning session for the organization.

These organizations are the main advocates for and providers of economic and financial education programs at the national and state levels for all schools. The Fifth District's partnerships with these organizations provide the Bank with the opportunity to influence the full range of students, including those noted in Section 342.

#### *The Fifth District provided training and resources to teachers.*

The Fifth District provides professional development for teachers at public schools through workshops and makes presentations at local, state and national conferences. In 2012, the Fifth District presented at 13 local, state and national conferences and organized or participated in 14 teacher training programs throughout its district. Conferences are open to attendees from all schools. While the conference organizers handle registration for these events, and therefore the Bank does not have registration data for attendees, presenters have shared that teachers from schools noted in Section 342 attend.

In partnership with the Bank's Community Development department, the Economic Education team developed 5E Navigator, a new publication that provides reliable infor-

mation and tools to help people make informed choices about important personal finance decisions. Although the publication is intended for general audiences, in 2013 the Economic Education team will provide teachers with information about how the publication can be used in the classroom.

In 2012, the Fifth District also continued to provide content and administrative support for TeachingMoneyVA.org, a resource clearinghouse launched in 2011 through which high school teachers can find quality lesson plans and other materials to use in teaching Virginia's required economics and personal finance course. Fifth District employees also regularly review, write and edit new content and revisions for state- and District-level education initiatives. At the national level, as an active member of the System's Economic Education Workgroup, the Fifth District supports and contributes content to the nationally recognized website, federalreserveeducation.org. The website provides free online courses, videos, articles and lesson plans on personal finance for high school students.

By providing expertise, teacher training, and website content and administration, the Fifth District provides teachers with tools to teach economics and personal finance to all students.

#### *The Fifth District has developed direct-to-student learning experiences.*

The Fifth District provides and supports learning experiences directly to students in a variety of ways. Significant progress was made in 2012 on the new Investing in Life After High School online course in partnership with the Federal Reserve Bank of San Francisco. The course is an interactive online learning experience designed to help high school students make informed decisions about post-high school education. Through a series of online modules and outside-the-classroom exploration assignments, the course helps students begin planning their post-high school strategy. In addition, the course is structured to help students develop personal finance skills to implement that strategy. The modules are engaging and experiential, key components to reaching targeted high school students.

The Fed Experience, the Fifth District's award-winning interactive educational exhibit in Richmond, remains an integral part of the Bank's student engagement. Employees provide guided tours tailored to school groups and offer lessons in the on-site classroom to reinforce the exhibit

content. Over 6,000 individuals visited the exhibit in 2012, including 900 high school visitors from 23 high schools. Of the 23 high schools, 10 met the criteria outlined in Section 342 (43 percent). High school and college students are also able to tour the Baltimore and Charlotte branch offices.

In an effort to provide additional interactive experiences for youth audiences, the Fifth District expanded its use of mobile technology to offer “Capture the Capital,” an interactive scavenger hunt played using mobile devices. The hunt was designed to test players’ knowledge of the Fed, personal finance and economic concepts, and Richmond history. The hunt began at the Bank and extended throughout the downtown Richmond area. This program was part of the Bank’s broader strategy to integrate technology into the delivery of programs. This particular effort was promoted through the local Richmond newspaper, bus ads for selected routes, local events calendars, on the Bank’s website, through the Bank’s partners and at other events.

In 2012, the Fifth District began working on a pilot of a personal finance awareness campaign, using existing content from its Share the Wealth financial literacy video competition. The goal of the program is to promote informed decision-making, especially around students’ decisions about the completion of high school and the costs and benefits of pursuing higher education. In the video contest, undergraduate students from District universities create 30-second videos about financial literacy topics. The winners of the 2012 competition were students from Virginia State University, one of Virginia’s HBCUs. This video and others will be used in middle and high school classrooms to kick off other components of the personal finance awareness campaign.

#### *The Bank incorporated financial education into mentoring programs.*

The coordination of the Bank’s engagement in public schools is one of the responsibilities of the Office of Civic Engagement. In 2012, 83 employees volunteered almost 2,000 hours mentoring school children in City of Richmond public schools. The Bank’s partner schools — Bellevue Elementary School, Elkhardt Middle School and Huguenot High School — all have low-income, majority-minority, inner-city student populations. At the middle school level, the Bank leveraged The Fed Experience exhibit as a financial education resource for 3,000 students as part of Richmond Public Schools’ Middle School Renais-

sance program. At Huguenot High School, mentors incorporated the activities from the Investing in Life After High School technology module into the 2012–13 curriculum, helping students learn about the costs and returns associated with high school graduation and post-secondary education options. Mentors supported their mentees in preparing an action plan for their future. In the program at Huguenot High School, there were 14 students during the 2011–12 school year and 25 in the 2012–13 school year. The Bank does not currently plan to expand into more schools, but is working to recruit more students and mentors for the existing program at Huguenot High School.

Strategically, the Bank seeks to provide leadership, including thought leadership, to mentoring organizations, public schools and other relevant nonprofit organizations to build high school students’ financial capability and to provide resources and programming aimed at majority-minority, majority female and inner-city high schools. These efforts include targeting middle school populations, as dropout prevention is most effective during that time.

#### *The Bank expanded its leadership presence in key mentoring organizations.*

In an effort to leverage the intellectual capital of the Bank’s leaders, many officers and senior leaders hold leadership roles in mentoring organizations that serve Section 342 audiences across the District. Chief Operating Officer Sally Green is the incoming chair of the Boys & Girls Clubs of Metro Richmond board of directors. The Office’s director is the incoming chair of the Virginia Mentoring Partnership board of directors for 2014. The Economic Education manager is the immediate past chair of Jump\$tart Virginia, and the lead Economic Education coordinator is an at-large director for Jump\$tart Virginia. The vice president of the NPO is on the Board’s Executive Committee, is the chair for education and volunteers for Junior Achievement of Central Virginia, the local chapter of the national nonprofit organization that brings the real world to students through hands-on curriculum delivered by a trained classroom volunteer. Additionally, branch leaders serve organizations throughout the District on the board of SmartStart for Mecklenburg County, which falls under the auspice of the North Carolina Partnership for Children, and on the Junior Achievement of the Central Carolinas board of directors.

### *The Bank partnered with key mentoring organizations.*

In past years, mentoring activities have largely been limited to communities surrounding the main Bank location in Richmond. Moving forward, the Bank is seeking to increase mentoring opportunities for employees in its branches in Baltimore and Charlotte. Currently, the Bank is working with the United Way office in Charlotte to recruit employees for United Way's Project 1000 initiative. This project aims to recruit and train 1,000 mentors, tutors and readers to work with at-risk students. It is part of a larger initiative, Collective Impact, that is working to increase graduation rates for at-risk, low-performing students. The Bank is in the early stages of connecting employees to this volunteer opportunity.

In October 2012, the Bank participated in a program offered by Virginia Mentoring Partnership titled "Teaching Financial Literacy: Resources for Mentors and Youth Service Organizations." A manager from the Bank's Economic Education department moderated a panel presentation in which participants gained a greater awareness of the need for financial literacy and learned where to find free lesson plans, online activities and opportunities to have financial experts visit programs and classrooms.

The Bank hosted, as it has in past years, the Boys & Girls Clubs of Metro Richmond's Youth of the Year competition on the Martin Luther King Jr. holiday. This leadership development program exposes youth to a variety of career options and helps them develop skills that will be useful in their future academic and employment endeavors. Bank employees also serve as mentors with Big Brothers Big Sisters of Greater Richmond.

In 2012, the Bank connected Future Leaders in Project Management with the Richmond Public Schools' Career and Technical Training division to introduce a volunteer-enabled certification program. This program has been successful in other parts of the District in building soft skills and project management skills into middle and high school curriculum offerings. In addition, the Office of Civic Engagement has coordinated several team- and skills-based volunteer activities that positively affected the target audiences in Section 342, working with organizations such as the William Byrd Community House, whose goal is to build better lives and healthier communities in its low-income, inner-city neighborhood, as well as other inner-city child development centers.

### *The Bank participated in and led events for diverse students.*

Employees participated in and led events sponsored by organizations targeted at diverse high school students. The Congressional Hispanic Caucus Institute's Ready to Lead Program offered approximately 300 high school students a financial education lesson and a mentoring power hour with employees from this Bank as well as two other Reserve Banks. The Office's director and senior analyst participated in the mentoring power hour segment. The Congressional Black Caucus Youth Financial Education Summit provided 150 Washington, D.C., high school students with free lessons on banking and income, budgeting and savings, and financing college. The event was coordinated by the Federal Reserve Bank of Kansas City in collaboration with the Office. Bank employees delivered the lessons, and all of the Office's employees participated in the event.

The Office also hosted the Richmond chapter of Jack and Jill of America, an African-American family organization that provides cultural, social, educational, civic and recreational activities to stimulate the development of children. It hosted 22 members of the teen group and 20 parents for a guided, interactive tour of The Fed Experience. The Office plans to build on this initial event to develop a wider partnership with chapters of this organization located throughout the District.

## **CHALLENGES**

While the Bank realized a number of successes in its financial education efforts during the reporting period, both internal and external challenges and opportunities remain, including:

- Increasing outreach activities with limited resources
- Tracking program outcomes

### *The Fifth District has had difficulty increasing outreach activities with limited resources.*

The challenge of meeting existing commitments while increasing offerings to Section 342 schools was noted in the Bank's 2011 report. In 2012, The Fifth District focused significantly more attention on financial education for all students, including students outlined in Section 342. The work plan included significant resource commitment to the Investing in Life After High School online modules. In addition, employees began work on a new personal finance publication and continued personal finance-fo-

cused activities from 2011. As the Bank continues to devote more resources to financial education, it will continue to work to ensure that financial education initiatives are of appropriate scope to effectively realize the overall economic education strategy, including through its mentoring programs.

*The Bank has experienced challenges with tracking program outcomes.*

Currently, it is difficult for the Bank to track the outcomes of its financial education efforts. There is limited scholarly data on the efficacy of specific financial education efforts in general, and within the Bank, there are resource limitations and privacy concerns for tracking these programs. Primarily, the Bank uses anecdotal evidence from teachers and other youth leaders on how successful its financial education efforts have been. The Bank does not have the resources to follow students to determine if they benefit in the long term from the education they receive from Bank programs, and tracking students would raise significant privacy concerns, potentially exposing the Bank to unnecessary risk.

**NEXT STEPS**

To address the challenges described above and to improve its financial education efforts further, the Fifth District is taking the following actions:

- Providing support to and expanding partnerships with other economic educators
- Completing the direct-to-student online course
- Partnering with other Reserve Banks to expand personal finance education
- Improving the mentoring program curriculum
- Exploring potential partnerships with HBCUs
- Evaluating the effectiveness of the Bank's financial education efforts in support of the Dodd-Frank Act and determining next steps

*The Bank will provide support to and expand partnerships with other economic educators.*

In 2013, the national Council for Economic Education conference, the largest nationwide gathering of educators and advocates in the field of K–12 economics and financial education, will be held in Baltimore. The Bank will be an integral part of the conference and will participate on the planning committee to help shape the conference agenda, provide speakers for key sessions, develop and

deliver several professional development sessions for teachers, and host a portion of the conference.

The Fifth District will also explore partnering with other organizations to provide access for more Fifth District students to Personal Finance Challenge, a national competition sponsored by the Nebraska Council on Economic Education that tests high school students' knowledge of income, money management, spending and credit, and saving and investing.

Work with the Joint Council on Economic and Financial Education will continue in order to increase the Bank's knowledge of program evaluation and learning assessment in nontraditional settings and integrate that information into existing programs.

*The Bank will complete the direct-to-student online course.*

The Fifth District will devote significant effort in 2013 to complete the development of the Investing in Life After High School online course for high school students by July 2013. The Economic Education department will partner with the new Office of Civic Engagement to train employees to use this course in Bank-sponsored mentoring programs. The course is scheduled to be released in the second half of the year.

*The Bank will partner with other Reserve Banks to expand personal finance education.*

As part of a Federal Reserve System initiative, the Fifth District will participate in a national personal finance education day program. The goals of the program include raising awareness about the importance of informed decision-making, providing quality economic and personal finance professional development to teachers and sharing information about resources available for students.

*The Bank will improve the mentoring program curriculum.*

To address the challenges related to the curriculum in the mentoring programs, the Bank will reach out to its mentoring peers and partner organizations to influence next year's mentoring content and program structure. It will also continue the initial work begun this year to incorporate financial education and System-created financial education resources into the mentoring programs.

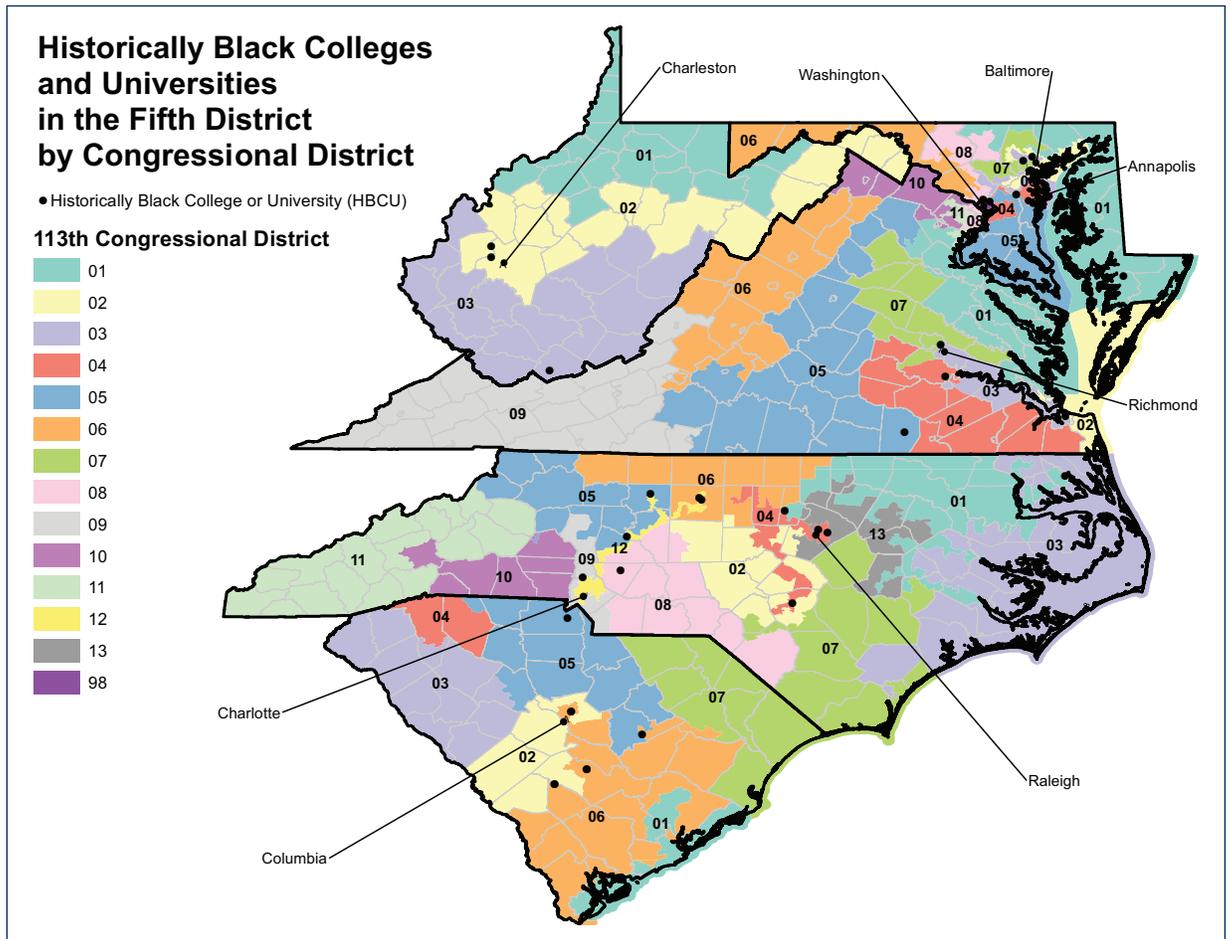


*The Bank will explore potential partnerships with HBCUs.*

The Bank will explore potential opportunities to partner with HBCUs to increase the reach of the Bank's financial education efforts beyond what its limited staff can execute. In particular, the Office will explore programs through which HBCU students could deliver financial education programs, designed by the Bank's Economic Education department, to Section 342 schools near their campuses.

*The Bank will evaluate the effectiveness of its financial education efforts in support of the Dodd-Frank Act and determine next steps.*

The Office will evaluate other Banks' OMWI outreach efforts, assess the financial education environment as it relates to audiences noted in the Dodd-Frank Act and survey engagement opportunities in collaboration with the Bank's Economic Education department and Office of Civic Engagement. It will create a report or assessment of the current state of potential financial education efforts, develop metrics to gauge the success of financial education efforts and create a plan of next steps to move forward with financial education efforts targeted at the audiences outlined in Section 342.



# Appendix

## APPENDIX 1. BANK PERSONNEL PARTICIPATION IN SUPPLIER DIVERSITY OUTREACH EVENTS

### *Greater Richmond Small Business Expo and Matchmaker, January 2012, Richmond, Va.*

Hosted by the Richmond Metropolitan Business League, this networking event brought together approximately 80 corporate, government and small business exhibitors from the central Virginia area. The Bank's supplier diversity program manager and a local procurement representative staffed a booth to meet with and identify potential diverse suppliers. Later in the year, the Bank awarded a contract for forklift maintenance to one of the suppliers met at this event. Another diverse supplier was subsequently included in a bid for window washing services.

### *WBENC Summit & Salute, March 2012, Baltimore, Md.*

One of its two signature events, WBENC's Summit & Salute features educational, networking and match-making sessions. The Bank's supplier diversity program manager attended the full event, participating in a "speed-dating" matchmaking event to meet potential suppliers, including an audiovisual systems integrator and services provider that subsequently participated in several procurement events.

### *Empower Forum, Federal Reserve Board of Governors, April 2012, Washington, D.C.*

The Bank co-hosted this capacity-building event with the Board of Governors. Moderated by Ralph G. Moore, a widely known and respected supplier diversity consultant, the agenda included presentations by subject-matter experts on a variety of technical assistance topics. The Bank's supplier diversity manager provided an overview of the Bank's procurement processes. A total of five supplier diversity, procurement and Office employees attended the event and participated in the networking reception that followed. One of the sourcing specialists that attended subsequently included a human resources consulting firm in an RFP for executive search services.

### *CEO Breakfast (VBOF-Related), April 2012, Richmond, Va.*

Richmond Fed President Jeff Lacker hosted a breakfast meeting convened by the mayor of the City of Richmond in conjunction with the mayor's role as honorary chairman of the 35th Anniversary of the Virginia Minority Supplier

Development Council's opportunity fair. The audience included CEOs and senior executives from higher education, state and local government, banking, healthcare and manufacturing from across Virginia. In his invitation, the Mayor described the meeting as "an opportunity for us to explore how we may elevate small and minority business development as a priority in developing the region." He continued, "It is a proven fact and stated best practice that top-down leadership is key in this dialogue and most effective with executive and CEO participation. Therefore, I am taking this opportunity as the CEO of the city of Richmond to invite you to this unprecedented conversation." Approximately 60 people attended.

### *Federal Government Office of Small and Disadvantaged Business Utilization Conference, April 2012, Washington, D.C.*

The Bank participated as an exhibitor in this conference to meet small and diverse suppliers. The supplier diversity manager and representatives from supplier Fifth District Procurement, FRIT Procurement and the NPO staffed the booth and participated in one-on-one matchmaker appointments.

### *Congressman Watt Small Business Matchmaking Event, April 2012, Charlotte, N.C.*

The Bank's supplier diversity manager and an assistant vice president with responsibility for Fifth District procurement met with a total of 10 small businesses from Rep. Melvin L. Watt's district — most of which were minority- or women-owned — in scheduled one-on-one appointments.

### *Virginia Business Opportunity Fair ("VBOF"), May 2012, Richmond, Va.*

As the Virginia Minority Supplier Development Council flagship networking event, VBOF provides educational seminars for both corporate procurement professionals and minority entrepreneurs, as well as the opportunity to meet some of the premier minority suppliers in the region. The event included a workshop and keynote presentation by the Bank's diversity and inclusion consultant, Andres Tapia, on cross-cultural competency and its potential impact on supply chain processes and supplier selection. The Bank fielded a strong cross-functional contingent of participants over the two-day event, including representatives from senior management, supplier diversity, all three procurement functions, the Office and end-user departments.

*Federal Reserve Board of Governors Vendor Fair, May 2012, Washington, D.C.*

The Bank's supplier diversity manager participated in the Board's annual networking event to meet potential minority- and women-owned suppliers. A minority-owned general contractor attending the event was subsequently included in a construction RFP.

*WBENC Annual Conference and Trade Fair, June 2012, Orlando, Fla.*

The supplier diversity manager and a FRIT procurement representative joined colleagues from other Reserve Banks to represent the System at this premier educational and networking event.

*Maryland/District of Columbia Minority Supplier Development Council Annual Procurement Conference, June 2012, Washington, D.C.*

This National Minority Supplier Development Council affiliate serves Maryland and the District of Columbia. The Bank participated as an exhibitor, with the supplier diversity manager and a procurement representative from the Fifth District staffing a booth to meet suppliers and discuss Bank procurement processes.

*Freddie Mac Supplier Diversity Showcase, July 2012, McLean, Va.*

The Bank's supplier diversity manager participated in this networking and capacity-building event hosted by Freddie Mac to meet minority-owned, women-owned and other diverse suppliers and to share information on how to do business with the Richmond Fed.

*Carolinas Minority Supplier Development Council Annual Business Opportunity Conference, August 2012, Charleston, S.C.*

The Bank exhibited at this event hosted by the NMSDC affiliate that serves North and South Carolina. The Bank's supplier diversity manager attended to staff the booth and meet with suppliers.

*Federal Reserve Bank of Richmond Supplier Diversity Vendor Fair, September 2012, Richmond, Va.*

The Bank hosted a supplier diversity vendor fair to support its commitment to provide equal access and opportu-

nity to a diverse pool of suppliers, while also fulfilling requirements of the Dodd-Frank Act to provide technical assistance to minority- and women-owned suppliers. The event consisted of an educational segment providing an overview of the Bank and its procurement processes, followed by a networking segment in a trade fair environment where suppliers met with procurement staff and end users from key buying departments. More than 150 supplier representatives participated, with robust cross-functional participation by more than 60 employees. A number of suppliers were subsequently included in bid opportunities, while others have had follow-up meetings with procurement or buying department representatives.

*Virginia Asian Chamber of Commerce, ProcureCon Asia 2012, September 2012, Richmond, Va.*

The Bank, represented by the supplier diversity manager, participated as an exhibitor in this annual conference hosted by the Virginia Asian Chamber of Commerce. The conference is designed to introduce Asian-owned suppliers to corporate supplier diversity and procurement representatives.

*Healthcare Supplier Diversity Symposium, September 2012, Richmond, Va.*

The Office's deputy director was a presenter at this symposium, entitled "Global Supplier Diversity: A New Strategy for Growth and Development in Healthcare."

*SWaMFest: Focus on Business Excellence, October 2012, Richmond, Va.*

The Office's deputy director served as a moderator on the Supplier Diversity Advocate Panel, which featured seasoned supplier diversity advocates from a variety of sectors. SWaMFest is Virginia's premier supplier diversity event that brings together the Virginia Association of State College and University Purchasing Professionals (VASCUPP), supplier diversity professionals, private sector representatives, and entrepreneurs from small, women- and minority-owned (SWaM) companies.

*National Minority Supplier Development Council Annual Conference, October 2012, Denver, Colo.*

Fifth District diversity, procurement and supplier diversity staff joined a number of their System counterparts to represent the Bank at this premier minority supplier development networking event. In addition to

participating in general trade fair activity and attending substantive educational sessions, the supplier diversity manager participated in several strategic meetings with targeted minority suppliers based on upcoming procurement opportunities.

*Financial Services Roundtable for Supplier Diversity MBE Symposium & Reception, October 2012, Denver, Colo.*

Bank staff contributed substantial support to the Financial Services Roundtable for Supplier Diversity in presenting an MBE symposium and networking reception for selected minority suppliers. A distinguished panel of financial services procurement executives discussed topics such as supply chain expectations, growth areas in strategic sourcing and capacity building strategies for diverse suppliers. The symposium was held at the Denver branch of the Federal Reserve Bank of Kansas City. The Office's deputy director moderated the panel and the Bank's supplier diversity program manager provided the marketing support.

*Virginia Women's Conference, October 2012, Roanoke, Va.*

The Office's senior analyst participated in the event, sponsored by Senator Mark Warner and targeted at female business owners. She shared information on the Bank's supplier diversity and financial education programs.

*VMSDC Central Virginia Construction Roundtable, November 2012, Richmond, Va.*

The Office's deputy director, supplier diversity manager and sourcing specialist supporting acquisitions of construction services attended VMSDC's inaugural construction networking event. The event introduced minority suppliers in the construction and facilities management industries to general contractors and construction buyers at VMSDC's member companies. One minority supplier participant, who had participated in similar networking events earlier in the year, was invited shortly afterward to participate in a request for quotation on a window washing project.

Several top executives and staff from the Bank's supplier diversity program, the Office and the three procurement functions attended various sessions throughout this afternoon and evening event, including an update on the Richmond area economy by the president and CEO of the Greater Richmond Partnership, a public-private economic development organization. Employees also met and networked with some of VMSDC's premier minority suppliers. The Bank received the Council's Best New Program award.

## APPENDIX 2. SUMMARY OF DIVERSE SUPPLIER PARTICIPATION IN SOURCING EVENTS

The Bank provides opportunities to minority- and women-owned businesses to participate in procurement events. In 2012, minority- and women-owned businesses were invited to participate in 91 percent of the Bank's procurement events, compared to 73 percent in 2011. While minority- and women-owned businesses could not be found in some cases, 70 percent of minority- and women-owned firms did respond to the invitations, resulting in 18 awards.

2012 Summary of Diverse Supplier Participation in Sourcing Events				
	Fifth District	NPO	FRIT	Bank
Total Events	41	16	39	96
Events that included an MWBE	36	13	38	87
Events in which an MWBE responded	25	10	26	61
Events in which a contract was signed with an MWBE	11	0	6	17
Contracts signed with an MWBE (some events had multiple awards)	12	0	6	18
Total diverse suppliers included	100	42	55	197
Total diverse suppliers responded	37	19	31	87

	Fifth District	NPO	FRIT	Bank
Events for which an MWBE was included	88%	81%	97%	91%
MWBE response rates in events in which at least one was included	69%	77%	68%	70%
Percentage of all events in which an MWBE was awarded a contract	27%	0%	15%	18%
Percentage of events in which an MWBE was included and awarded a contract	31%	0%	16%	20%
Percentage of events in which an MWBE was included, responded and was awarded a contract	44%	0%	23%	28%
Average number of MWBEs in events that included an MWBE	2.8	3.2	1.4	2.3
Average number of MWBEs that responded in events that included an MWBE	1.0	1.5	0.8	1.0

**MWBE:** Minority- or women-owned business enterprise  
**Event:** Procurement event for which the Bank contacted suppliers

### APPENDIX 3. BANK PROGRAMS AND PARTICIPATION IN FINANCIAL EDUCATION EVENTS

*South Carolina Small Business Lender Match-Maker Event, March 2012, Greenville, S.C.; May 2012, Rockhill, S.C.; November 2012, Charleston, S.C.*

The Bank's Community Development department participated in a series of lender-borrower workshops that addressed current lending practices. Attendees included minority- and women-owned businesses.

*Redefining Capital: A Forum Series on Greater Baltimore's Next Economy, 2012, Baltimore, Md.*

The Community Development department at the Bank sponsored a four-part series on redefining capital. The series addressed several questions including what will the next economy look like for Greater Baltimore and how can we work together to attract new investment and growth and expand opportunity for all residents of the region?

April 2012: "The Next Economy: Redefining Human Capital and Enhancing Economic Growth"

June 2012: "Redefining Social Capital: Attracting and Supporting New Immigrants"

September 2012: "Redefining Financial Capital: Investing in Communities"

November 2012: "Redefining Economic Assets: Anchor Institutions as Engines of Growth"

*Economic Inclusion: New Pathways to Financial Stability, September 2012, Richmond, Va.*

The Bank's Community Development department and its partners hosted a conference that examined the barriers to economic opportunity and strategies to overcome them. This conference included a wide range of approaches to economic inclusion, including steps being taken by the faith-based community, efforts to help integrate immigrant populations, strategies that reach the under-banked and national initiatives to overcome barriers to employment.

*Congressional Hispanic Caucus Ready to Lead Program, September 2012, Washington, D.C.*

The Congressional Hispanic Caucus program offered

approximately 300 high school students a financial education lesson and a mentoring power hour with employees from this Bank as well as two other Reserve Banks. The Office's director and senior analyst participated in the mentoring segment.

*Congressional Black Caucus Youth Financial Education Summit, September 2012, Washington, D.C.*

The Congressional Black Caucus summit provided 150 Washington high school students with free lessons on banking and income, budgeting and savings, and financing college. The event was coordinated by the Federal Reserve Bank of Kansas City in collaboration with the Federal Reserve Bank of Richmond's Office of Diversity & Inclusion.

*Regional Forum, October 2012, Roanoke, Va.*

The Bank conducted a regional small business roundtable in Roanoke, Va. The participants were 18 local small businesses, including five women-owned companies. Representatives discussed opportunities and challenges for small businesses in the area.

*Jack and Jill of America: Richmond Chapter, October 2012, Richmond, Va.*

The Office hosted the teen group of the Richmond chapter of Jack and Jill of America for a guided, interactive tour of The Fed Experience, the Bank's public exhibit highlighting the growth of living standards, the importance of price stability and the Fed's role in the economy.

*Teaching Financial Literacy: Resources for Mentors and Youth-Service Organizations, October 2012, Richmond, Va.*

The Bank's Economic Education department participated in the program to share financial literacy resources for mentors, school staff and youth service organizations.

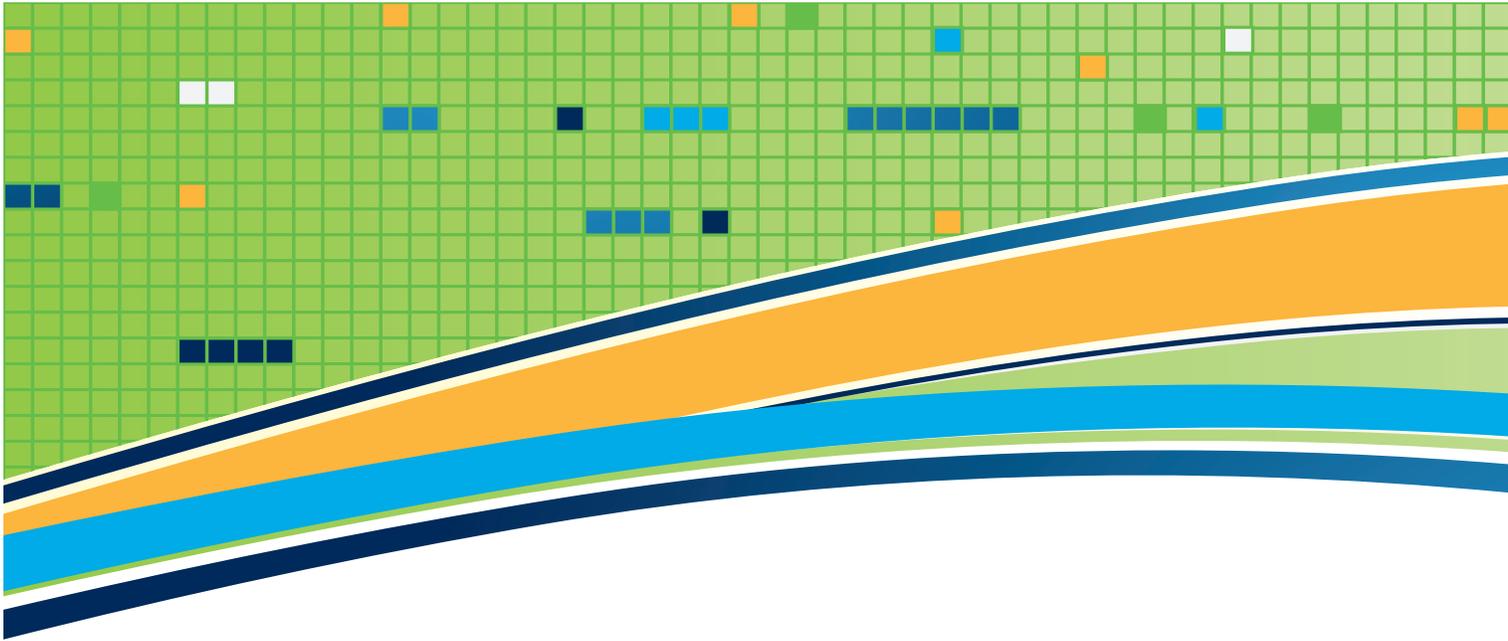
*An Evening at the Fed Lecture Series, October 2012, Baltimore, Md.; November 2012, Charlotte, N.C.*

The Bank's Economic Education department hosted the event for middle and high school teachers to share the Fed's role in the economy; a separate workshop on personal finance and economics was also provided to high school teachers.









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