

Strengthening New Jersey's Economy
Johnson & Johnson Embraces Economic Diversity

On July 7, 2011, the African American Chamber of Commerce of New Jersey, Inc. (AACCNJ) launched its \$50 Million Dollar challenge. The primary focus of the initiative is to connect African American-owned (AA) businesses to corporations in New Jersey to increase job opportunities and create strategic partnerships.

It was reported in the most recent economic census that AA businesses in New Jersey had a growth rate of more than 66 percent over the last five years. However, a thorough analysis of this growth revealed that 93 percent of New Jersey's AA businesses are sole proprietorships and their average sales compared to white-owned businesses reflect a growing disparity.

	2007	% of Total Firms	2002	%Change	2007 (\$1,000)	Change (\$1,000)	2002 (\$1,000)
Total Firms in New Jersey	781,687		708,837				
African American	60,336	7.7	36,280	66.3	4,345,414	35.7	3,201,827
Indian/Alaska Native	2,883	0.4	2,613	10.3	291,077	5.3	276,443
Asian Native	67,758	8.7	51,957	30.4	29,945,399	61.9	18,465,459
Hawaiian & Other Islander	454	0.1	448	.014	51,829	40.4	36,926
Hispanic	68,377	8.7	49,841	37.2	10,190,101	40.6	7,245,041

*Source: US Census Bureau, Survey of Business Owners

There are over 60,000 AA businesses in New Jersey representing \$4.4 billion in annual sales. However, many of these enterprises are located in communities that are plagued with severe social challenges, i.e. high unemployment, poverty and high school dropouts. Research indicates that if AA businesses were to receive greater opportunities, their success would have a favorable impact on the social and economic conditions in the communities in which they are located. In essence, an AA firm could contribute to the transformation of their communities through increased economic opportunity and the corporation indirectly would be fulfilling its "Corporate Citizenship," a true win-win.

During the initial launch of the \$50 Million Dollar challenge, AACCNJ extended an invitation to 37 corporations across New Jersey with the hope that they would embrace the initiative. Seven corporations immediately responded, including Johnson & Johnson, the first healthcare company to become a member of the Billion Dollar Roundtable, made up of a small group of corporations that have spent at least \$1 billion with minority-owned businesses and suppliers. It was evident during

the initial engagement between Johnson & Johnson and AACCNJ that both organizations share a common philosophy regarding supplier diversity. Specifically, the Johnson & Johnson supplier diversity program objectives are:

- To support the communities in which they live and work through wealth and job creation, to reflect the diversity of the consumers and patients who benefit from their products;
- To respond to the requirements of their customers who expect Johnson & Johnson companies to share their values, and,
- To partner with superior, small and diverse firms that can provide value to their businesses, and throughout their supply chain (very similar to AACCNJ’s mission).

“Johnson & Johnson has concluded, based on a number of metrics, that doing business with minority- and women-owned business enterprises is good business,” says John Harmon, President of the African American Chamber of Commerce.

As part of its commitment, Johnson & Johnson increased its spend with African American New Jersey-based firms to \$106 million in 2010, a 45 percent increase over 2009. The majority of the 2010 spend came from the Johnson & Johnson Group of Consumer Companies, some of which are based in New Jersey.

The chart below clearly underscores a number of objectives that Johnson & Johnson has achieved through its supplier diversity strategy. Specifically, it has attracted a diverse group of suppliers who, through competition, provide the company with opportunities to receive quality products and services at a fair cost. In turn, the suppliers benefit from increased opportunities, job creation, growth and sustainability in their operations, all a considerable added value to New Jersey’s economy.

Category*	2010 Spend in Millions	% increase 2010 vs. 2009
All MWBE's	1065	24%
NJ MWBE's	327	22%
NJ MBE's	213	28%
NJ AABE's	106	45%

“There is obvious value in the relationship with Johnson & Johnson and African American business enterprises in New Jersey, which other corporations in the State should seek to duplicate,” says Harry Alford, President/CEO of the National Black Chamber of Commerce.



“On a daily basis, the AACCNJ seeks to forge relationships with the public and private sectors of New Jersey to transform AA communities through strategies with economic objectives,” says Hosea Johnson, Chairman of the Board of the AACCNJ.

Harmon states, “It’s our hope that other New Jersey corporations would respond to our invitation to join ‘the challenge,’ and extend an opportunity to sit down and formulate a strategy that would increase opportunities for African American businesses.” The efforts of Johnson & Johnson to make economic diversity a strategic component of its supply chain should not be minimized. Supplier diversity has been strongly embraced at the highest levels of Johnson & Johnson and is embedded throughout the company culture. Their success could serve as a model for other New Jersey corporations to emulate.

“By doing business with diverse suppliers, we directly contribute to the creation of jobs in our local communities and beyond,” commented Dominic Caruso, Vice President, Finance and Chief Financial Officer, Johnson & Johnson. “This also helps strengthen ties to all those who benefit from our products and services – the one billion lives we touch every day around the world.”

Based on this, it appears that AACCNJ’s \$50 Million Dollar Challenge is off to a very encouraging start and the appeal for other corporations to join is ongoing. For more information, visit our website at www.aaccnj.org.

*MWBE- Minority and Women Business Enterprises
AABE-African American Business Enterprises