Lucent Technologies
Bell Labs Innovations

Growing Through Supplier Diversity



MWBE

Minority and Women's Business Enterprises

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Mission Grow and expand Lucent Technologies' global business by focusing on minority- and women-owned business enterprises (MWBEs) as a value-added strategy that exceeds customer expectations and creates competitive advantage.

Vision Minority- and women-owned business enterprises (MWBEs) are a natural and integral part of Lucent Technologies' business environment that create differential advantage and contribute significantly to customer satisfaction and our business success.

Message from the Chief Executive Officer



Richard A. McGinn

In our first year as an independent company, we achieved dramatic increases in net income and market capitalization, while making many strategic business moves needed to succeed into the 21st century.

Our industry is huge and growing. In order to seize this tremendous opportunity and take our place as one of the greatest corporations in the world, we must become a customer driven, high-performance company. The Minority and Women's Business Enterprise initiative can help us do just that.

Our MWBE policy is to ensure that maximum opportunity is afforded to qualified minority- and women-owned businesses to participate as suppliers, contractors and subcontractors of goods and services to Lucent Technologies Inc.; and to comply with regulatory agency requirements and with federal, state and local procurement regulations and programs.

While the MWBE program underscores Lucent's commitment to diversity, it is also a powerful resource for achieving our business goals. Alliances with diverse suppliers often lead to innovative products, faster and better service, increased revenue and lower costs. Significantly, such relationships also help us meet and exceed customer expectations for MWBE participation.

The MWBE initiative supports Lucent GROWS - a program whose name is an acronym for the behaviors we aim to achieve; Global growth mindset, Results focused, Obsessed with customers and about competitors, Workplace that's open, supportive and diverse, and Speed. Indeed, our MWBE program embraces each of these behaviors and helps Lucent thrive in our dynamic and competitive industry.

I applaud everyone associated with the MWBE program on a successful 1997, and urge all Lucent employees to help us build on this important effort. Together, we can make Lucent Technologies a company others benchmark for MWBE utilization and business development.

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Message from the Chief Procurement Officer



Daryl I. Skaar

The past year was a remarkable one for Lucent Technologies. The company's MWBE initiative was no exception. We spent a record $884 Million -- a 16 percent increase over last year -- with minority- and women-owned suppliers and contractors in 1997. This was approximately nine percent of our total procurement of goods and services. We also implemented new programs aimed at providing MWBEs with added opportunities for economic growth and performance, to pave the way for even greater participation in the future.

In the following pages, you will read about the achievements and goals of the MWBE initiative. You will also learn how our relationships with minority- and women-owned businesses contribute to Lucent's success by helping us achieve speed, quality, cost containment and customer satisfaction.

Whether you are purchasing software or components, or recommending services contractors, I challenge every Lucent employee to consider doing business with qualified MWBEs. Forging relationships with culturally diverse suppliers enriches the communities we serve and live in, brings added value to our customers, and gives us a competitive edge.

Here's to another successful year!

Daryl I. Skaar

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MWBE Procurements Increase 16% through Lucent "GROWS"

In this age of constant change in business and technology, we are presented with infinite opportunities to assist in the creation of an all-inclusive business world as the 21st century approaches. Ideas and ideals, once viewed as progressive, are now considered standard; and so we embrace the new millennium as a future opportunity for diversity excellence.

Lucent Technologies remains at the forefront of technological progress as well as being a visionary leader in our efforts to represent the full spectrum of business and individuals.

As our 30th year of MWBE involvement fast approaches, we are anxiously anticipating opportunities that will be created through a more diverse and complete business structure with increasing minority- and women-owned business utilization.

LUCENT MWBE SUPPLIER PAYMENTS BY ETHNIC GROUP
OCTOBER 1996 - SEPTEMBER 1997

	12 Months 1997	% of Total
African American	106,622,132	12.1%
Hispanic	100,516,368	11.4%
Asian/Indian	66,041,486	7.5%
Hasidic Jew	6,614	0.0%
Mixed Minority	13,285,347	1.5%
Native American	25,060,948	2.8%
Asian/Pacific	92,857,647	10.5%
TOTAL MWBE	404,390,542	45.7%
White Female	479,860,034	54.3%
TOTAL MWBE	884,250,576	100.0%

In 1995, Lucent Technologies, in conjunction with AT&T and NCR, purchased more than $1.5 billion in goods and services from Minority- and Women-owned Business Enterprises (MWBEs). In 1996, Lucent Technologies alone purchased more than $760 million from MWBE suppliers. This year, we increased those purchases 16 percent to over $884 million and we look forward to achieving and surpassing our MWBE procurement goals each year.

Each year for Lucent Technologies represents a renewed commitment to increasing our involvement with MWBE suppliers. Our MWBE suppliers are a valuable part of our overall success and will continue to be an integral part of our team.

Celebration Ceremony and Awards



Bill and Beverly Parker of Washington Cable Supply receive Lucent Technologies' MWBE Supplier of the Year Award.

A Celebration to Remember

At the MWBE Business Development Celebration and 1997 Kick-off, Lucent Technologies had a lot to celebrate. Lucent exceeded its 1996 MWBE goal and achieved a six percent increase over 1995 MWBE expenditures.

Rich McGinn, President and COO of Lucent, gave the keynote address for the celebration at Lucent's corporate headquarters in New Jersey. "We can all take pride in the fact that in our first year we have succeeded in not only meeting, but exceeding our MWBE goal," McGinn said.

"Creating A Brilliant Future" was the theme and an awards presentation capped off the festivities.

Dick Dyer, Director of Asset Strategy for Lucent Real Estate, was presented the "Advocate of the Year" award.

Bill and Beverly Parker of Washington Cable Supply were honored as Lucent's "MWBE Supplier of the Year." Washington Cable Supply won a five-year, multi-million dollar contract to warehouse and distribute copper station wire.

McGinn summed up the celebration saying, "Minority- and women-owned business enterprises are helping us succeed as a company.

I challenge all Lucent Technologies people to become advocates for MWBEs. It's not only the fair thing to do; it's the right thing to do ."

Awards

- Lucent Technologies was named 1997 Corporation of the Year by the Columbus Regional Minority Supplier Development Council.

- Lucent Technologies Microelectronic Group (ME) was honored with the Corporation of the Year Award from the National Minority Supplier Development Council of Florida.

- Cheri LaBarbera, Supervisor of Purchasing, was named MWBE Coordinator of the Year by the National Minority Supplier Development Council of Florida.

- Lucent Technologies was named 1997 Corporation of the Year by Capital Commitment, a Welfare-to-Work program in Washington, DC.

- For the third year in a row, the Omaha Regional Minority Purchasing Council named Lucent Technologies their 1997 Corporate Award Winner.

- Steven Ingalls, a buyer at Lucent Technologies' Merrimack Valley Works, was named New England Minority Purchasing Council's 1997 "Buyer of the Year."

Systems for Network Operators (formerly Network Systems)

Network Systems' overall MWBE strategy is to utilize MWBE participation within its lines of business while providing various solutions to customers' needs.

Many Network Systems' customers consider MWBEs one of their fastest growing market segments, and the establishment of MWBE participants is often a factor in the final business decision and purchasing process.

Enabled Sales refer to all sales made with the assistance of an MWBE in the selling process, and in front of Network Systems' participation in the sales channel. Total FY 1997 Enabled Sales were $111.4 million.

Job Specific Subcontracting is all value-added-on projects where the Network Systems' organization uses MWBEs as subcontractors in their sales channel. Job Specific Subcontracting for FY 1997 totaled $96.4 million.



Seated (from left): Thomas Komegay, President of TeKontrol, Inc.; David Steward, President of World Wide Technologies, Inc.; Manny Chavez, President of Harvard Manufacturing Texas. Standing (from left): David Cole, President of Southwestern Bell Texas, Kenny Goodsell, Contract Manager for SWBT; and Sam Stuessy, Vice President for Lucent Technologies.

Southwestern Bell and Lucent Technologies Establish $150 Million Alliance With Minority Business Enterprises.This spring, Southwestern Bell and Lucent Technologies announced an agreement valued at more than $150 million over the next five years which involved three minority businesses located in Texas and Missouri. This joint venture with Harvard Manufacturing Texas, TeKontrol Inc. and World Wide Technology Inc. is the largest agreement involving minority business enterprises ever jointly entered into by Southwestern Bell and Lucent Technologies.

Harvard Manufacturing Texas is a provider of electronics manufacturing and distribution solutions to leading companies worldwide. The company is headquartered in Austin, TX, and has plants in Texas, Maryland and Mexico. TeKontrol Inc. is a private, minority-owned engineering, logistics support and technical services company. It was founded in 1986 and is headquartered in Winter Park, FL.

World Wide Technology Inc. is a $100 mi!lion leading provider of technology-based solutions to companies ranging from mid-size to Fortune 500 and to the federal government. The privately held company is headquartered in St. Louis, MO, with offices in Richardson, TX, Kansas City, MO, Denver, San Diego and Washington, DC.

Lucent will sell materials to the minority business enterprises, which will perform light assembly testing based on Southwestern Bell's specifications, and then sell the products to Southwestern Bell. The alliance creates and provides high-quality technology and service and strengthens the competitive position of minority business enterprises. This Network Systems' alliance between Lucent, Southwestern Bell and the MWBEs is a win-win-win situation.

Business Communications Systems (BCS)



The BCS MWBE Council celebrated its fourth anniversary in November,1997 and recognized business teams and suppliers for their leadership and contributions.

Stakeholder Partnering Delivers In Transition Year

MWBE suppliers, in alliance with Lucent's Global Purchasing Organization (GPO), have accomplished significant achievements by responding to and meeting customer requirements while simultaneously achieving BCS' MWBE goals.

In an effort to expand our MWBE establishment, several strategic teams -- in alliance with MWBEs -- have been put in place. Lucent GPO and BCS employees have teamed with Olsten to manage the temporary, non-payroll workers; Volt Services to manage the technical non-payroll workers; and Boise Cascade and Mitchel Snow to manage the office and computer products and supplies. Each organization has MWBE suppliers aboard to help deliver valuable products and services to employees and customers.

Again, this year's BCS results were promising. Direct purchases from MWBE suppliers increased 15 percent from 1996 to $133 million. MWBEs generated more than $4 million in cost savings.

Microelectronics Group (ME)

MWBEs Create Power Surge for Microelectronics Group Power Systems

Microelectronics Group (ME) maintained its strong commitment to MWBE by again exceeding the previous year's purchasing goals. Power Systems again led the way for Microelectronics, purchasing $146.2 million or 10% of ME's total payments. Electro Wire, Elk Grove Village, IL, was ME's largest MWBE supplier, contributing a total of 20% of ME's total payments. Washington Cable Supply (13%), W H Stewart Co.(12%), Kirk Resources Inc. (12%), Durant Enterprises (7%), and Pacific Access Computers (7%) were all major contributors to ME's success. These six companies accounted for 71% of ME's total MWBE dollars.



Cheri LaBarbera and Dave Williams accept the award for Lucent Technologies' Microelectronics Group in Orlando.

Lucent's Microelectronics Honored by Florida NMSDC

Lucent Technologies' Microelectronics (ME) Group in Orlando was honored as Corporation of the Year at an awards banquet held by the National Minority Supplier Development Council of Florida on July 24, 1997. Cheri LaBarbera, Supervisor of Purchasing, was also honored as "MWBE Coordinator of the Year. "

It marked the second consecutive year that Orlando has received this award. The award is given to the company that best supports the development of minority-owned businesses in the state of Florida. Dave Williams, Vice President of Manufacturing, accepted the award at the banquet, which kicked off a two-day trade fair.

Allentown Hosts Supplier and Advocate Luncheon

The Allentown and Reading facilities of the Integrated Circuit Division held a joint MWBE Recognition Luncheon on February 20, 1997. Dewayne Rideout, Microelectronics' MWBE Executive Champion, Jane Wachinski, Microelectronics' MWBE Coordinator, and Mike Smith, Microelectronics' GPO MWBE Coordinator, presented Supplier of the Year and MWBE Advocate Awards. This year's Supplier of the Year went to Durant Enterprises Inc. in Allentown and to Excel Tech Inc. in Reading. MWBE Advocate of the Year went to Joe Dietz in Allentown and Joe Elligson in Reading.

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Success Stories

Cherokee Nation Industries: The MWBE Partnership Model

Lucent Technologies' MWBE alliance with Cherokee Nation Industries (CNI) has resulted in the largest commercial contract in CNl's history -- a three-year, multi-million dollar contract to assemble and distribute certain fiber optic telecommunications equipment to Southwestern Bell Telephone Company.

The Cherokee Nation is one of 500+ federally-recognized Indian tribes, bands and native villages in the United States. It was organized in 1969 to meet the need for business and employment development for Nation members.

To produce optimal results, the business plan was implemented in two phases. Phase one consisted of Fiber Optic Terminal (FOT) shelves distribution. Phase two consisted of Pre-term shelves assembly. The contract was the result of MWBE Business development efforts at Southwestern Bell Telephone and Lucent Technologies to provide economic stability and create more opportunities for minority businesses.

The arrangement has been so successful that it is constantly referred to internally as "The MWBE Partnership Model."

Lucent Technologies' Innovation Ring Includes Welfare-to-Work

Lucent Technologies was named "1997 Corporation of the Year" by Capital Commitment Inc., a telecommunications technology training company located in Washington, DC. Capital Commitment Inc. is a pioneer of the Welfare-To-Work program which provides employable, technical skills to inner-city students, single mothers, homeless individuals and at-risk youth.

Lucent Technologies along with Nortel and Bell Atlantic have been major supporters of and contributors to the Capital Commitment Welfare-To-Work mission. Lucent has provided Capital Commitment with equipment, training/mentoring and financial support for the past three years.



(L to R):Ed Hines,Kevin Stalter, Edward "Diggs" Dalton, Daryl Skaar and Jim Rogers at the "W.O.W" Award Presentation.

NCI Information Systems

NCI Information Systems, located in McLean, VA, is one of Lucent's Technical Service Providers on the Voice, Video, Data (ViViD) Project, which was awarded to the Government Solutions unit on July 29, 1997, by the U.S. Navy. ViViD is an lndefinite Delivery--lndefinite Quantity (lDlQ) prime contract based on 10-year, firm fixed prices that will provide the Navy with the hardware, cable, software and services to upgrade its communications infrastructure for ships both dockside and at sea. The total estimated annual subcontract value is $ I million.

Supply Management Center 1997 Major MWBE accomplishments

The Passive Supply Management Center (SMC) has awarded Johanson Manufacturing, a woman-owned company, a three-year contract valued at $5.8 million for variable air capacitors. The major using location is Columbus Works. In October 1997, Columbus awarded Johanson an outstanding

and financial support for the past three years.

As a result of this assistance, Capital Commitment has graduated more than 500 students since 1991. Ninety-five percent of the students are gainfully employed within 45 days of completing the six-month training program. Most importantly, the program takes people off welfare and helps give them a new start.

Packaging and Corrugated "W.O.W.s" Columbus Works

Packaging and Corrugated (PAC) was a recipient of the 1997 W.O.W. Award (Wizards and Outstanding Wonderworkers Award). The 14-year old company is owned and operated by Edward "Diggs" Dalton and provides packaging materials to factories and warehouses.
The W.O.W award is presented to Columbus suppliers who have demonstrated proactive approaches that positively impact Lucent Technologies' Columbus Works and the Network Wireless and Switching and Network Products business unit goals. The award was presented to only five suppliers of the more than 300 suppliers active in the Supplier Rating Program.

PAC also teamed with Columbus Purchasing in several MWBE training events on "How to Market to Major Corporations." This contributed greatly to Lucent Technologies' winning the 1997 Corporation of the Year Award from the Columbus Regional Minority Supplier Development Council.

achievement award for 12 consecutive months with "preferred" status. Preferred status is obtained by scoring greater than 90 percent on Columbus' Total Cost of Ownership (TCO) report card.

SMC and Columbus Work with Conner-Winfield

Conner-Winfield is a woman-owned Frequency Control Products (FCP) supplier and is included in the FCP Supply Management Center's (SMC) 1998 contract time line for contract award by June 1998. The FY 1997 received value for Conner-Winfield was $1 Million and projected FY 1998 purchases are $1.16 Million. Columbus Works is the major using location for Conner-Winfield products. The SMC and Columbus have worked closely with Conner-Winfield due to their price competitiveness on clock oscillators.

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Contact Us

If you have any questions, please contact us!

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