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Kroger Co. inclusion program approaches \$2 billion in total spending with minority firms

Recent event shows how Kroger builds minority ties



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Dec 30, 2013 15 hours ago

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CINCINNATI - It's all about face time, say vendors who participated in a recent diversity event where high-ranking Kroger Co. executives heard from dozens of minority- and women-owned businesses eager to win contracts from the nation's largest grocery chain.

The Kroger Co. Manufacturing and Corporate Brands Diverse Supplier Business Interchange was held Dec. 12 at the Receptions Banquet Facility in Erlanger. More than 40 current and existing vendors had a chance to meet with purchasing and manufacturing executives who typically are tough to reach.

"Often times it's about knowing people, having relationships," said Denise Thomas, director of corporate supplier diversity at Kroger, one of 18 companies in the nation that are members of the Billion Dollar Roundtable.

The 18 companies spend at least \$1 billion with minority business enterprises (MBEs) and women-owned firms (WBEs). Kroger's inclusion program generates about \$1.9 billion in total spending, including direct contracts with MBEs and WBEs and subcontractor relationships, or second-tier spending.

Kroger has been a member of the Billion Dollar Roundtable since 2007. Other members of the elite group include Procter & Gamble Co. and Toyota Motor Corp., which has its North American purchasing headquarters in Northern Kentucky.

Kroger and P&G recently won awards for their inclusion efforts. P&G won a Distinguished Diversity Supplier Award from the U.S. Department of Commerce. Kroger was honored by Hispanic Network magazine as having one of the nation's best diversity programs. The South Central Ohio Minority Supplier Development Council recently honored Thomas by naming her its 2013 Advocate of the Year.

"It's a challenging job," Thomas said. "But it's very rewarding to see companies grow ... I think it makes a difference. You see how many of those companies are really in their communities and they create those jobs."

Thomas said Kroger is constantly looking for new ways to grow its inclusion program. One of the newest areas of emphasis is expanding its network of private-label suppliers. That's a big opportunity because corporate brands accounted for 26 percent of all units sold in Kroger stores in its most recent quarter. The company views its corporate brands,

including Private Selection and Simple Truth, as a strategy that sets them apart from rivals. The in-house products build customer loyalty and produce higher margins than rival brands.

So, Thomas said Kroger used its most recent Business Interchange event to connect vendors with private-label buyers. The event was modeled on the Toyota Opportunity Exchange, which drew 300 people to the Duke Energy Convention Center in November and is credited with producing more than \$100 million in new contracts for minority vendors. Thomas likes the event because it allows vendors to develop relationships with buyers.

“Often, it’s hard to know all the different things that a supplier does,” she said.

“Sometimes, I’ll have a client who registers in our portal. They’ll say they do this. But when you talk to them you know they do this and this.”

That’s exactly the conversation Greg Battle had with Kroger executive George Wagers at the Dec. 12 event. Wagers is an engineering manager for Kroger. Battle is the president and CEO of Coolant Control Inc., a St. Bernard –based company that already sells industrial lubricants to Kroger’s manufacturing division. But he also let Wagers know he can supply water treatment chemicals, gear oils and service contracts. Wagers was one of four new Kroger contacts Battle met at the event, along with ten new MBE contacts.

“I feel super confident that I will get more bidding opportunities because of this event,” Battle said. “They brought the key people to the room. They brought people into the room who can say yes.”

Battle’s company now books less than \$1 million in business with Kroger annually, but Battle thinks it could grow dramatically.

“In the next three to 5 years, if all the dominos fall, we can probably go to 15 or 20 million easy. That’s how fast Kroger is going,” he said.

Heena Rathore has been to other corporate networking events, but never one that made so many high-ranking executives available for one-on-one conversations. **Rathore**, president and co-founder of BioGreenChoice Corp., met Tim Kelbel, Kroger vice president of corporate brands, along with several sustainability executives.

“We had the opportunity to present our products to the right people, how we can bring value to Kroger,” **Rathore** said.

BioGreenChoice is a Centerville company that uses biodegradable materials like sugar cane and cornstarch to make plates, cups, utensils and packaging products for food-service companies. It's a startup success story for Southwest Ohio, funded by the Dayton Development Coalition's Entrepreneurial Signature Program. Rathore's husband, Rakesh, is a University of Cincinnati researcher. Some of the earliest contracts were from Cincinnati customers, including UC Health and Cincinnati State Technical and Community College.

"There is a lot of interest from the Kroger team," Rathore said. "They gave us really positive feedback ... We're hoping to get business pretty soon."

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