

# Exclusive Interview with BGE's Frank Kelly

1. Please tell us about your journey with BGE, an Exelon Company and how you became head of Diverse Supplier Empowerment?

It starts with a goal. In 2009, BGE voluntarily committed to the Maryland Public Services Commission (PSC) to allocate 25 percent of the company's supply managed spend with diverse suppliers. Then, in 2010, the late Congressman Elijah Cummings asked BGE to increase the use of local minority businesses for BGE's Smart Meter program. After BGE increased its MBE participation for the Smart Meter program, I was offered the position of Director of Supplier Diversity.

Upon accepting the position, Anita Jackson, former BGE Director of Supply Diversity and Harold Williams, former BGE Director of Corporate Procurement, taught me the political impact of supplier diversity and identified the key internal and external supporters that would be vital to making the program successful. They also told me to attend the National Minority Supplier Development Council (NMSDC) conference on behalf of BGE.

After attending that conference, I was all-in. I finally found a profession that allowed me to use my business, supply, marketing, and finance acumen, combined with my passion for innovation, philanthropy, and revitalization of underserved communities.

Empowered by BGE's leadership I set out to build a world-class supplier diversity program to better serve our communities.

In 2012, after the Exelon and Constellation/BGE merger, Exelon committed to fully support the goals of the MD PSC MOU and to use its best efforts to assist BGE with the implementation of the MOU.

Our ability to achieve these unprecedented goals stems from combining BGE's successful supplier diversity program and Exelon's mature and strategically focused diverse business empowerment process.

In 2013, BGE/Exelon leveraged the economies of scale and geographic expansion to create additional contracts and new customer opportunities for local diverse suppliers. We also partnered with MWNCA to create the Focus Forward (formerly Focus 25) Supplier Diversity Academy to develop a local pool of certified local diverse suppliers and help meet the 25 percent goal. The program educates certified diverse suppliers on how to navigate large business processes and competitively bid and win contract opportunities.

This month, the fifth class will complete BGE's supplier development program bringing the total to 51 minority, women, LGBTQ, and veteran-owned partners, many located in BGE's central Maryland service area, that are now better equipped to successfully compete for contracts with BGE. Since 2014, BGE has spent more than \$2 billion with diverse suppliers, including participants from this nationally recognized supplier development program.

2. Why is diverse supplier inclusion so important to BGE?

BGE has a long-standing commitment to diversity and inclusion and aspires to be a leader in supplier diversity. We recognize the importance of supplier diversity in all aspects of our business and procurement practices.

Diverse suppliers are among the many suppliers that help us to power a cleaner and brighter future through reliable and safe service, philanthropy, civic engagement, volunteering

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and strong partnerships.

BGE's inclusive supplier diversity strategy has widened our pool of diverse suppliers and promotes competition in the supply base, which has improved product quality, innovation and driven down costs.

The supplier diversity strategy directly supports the development of minority-owned, women-owned, veteran-owned, service disabled-owned and LGBTQ businesses in our region.

As our Supplier Diversity Program has evolved over the years, we've seen first-hand how providing procurement opportunities to diverse suppliers have made us better, stronger, and more successful. As BGE continues to grow and succeed, we want to share that success by supporting diverse suppliers who represent the makeup of our employees and diverse communities we serve.

3. How does a diverse supplier get prepared to do business with BGE? And what are the key elements that BGE looks for in a diverse supplier, like experience, financial strength, safety ratings, professional and or liability insurance, etc.?

In all BGE's sourcing opportunities, we carefully assess companies of all sizes, particularly diverse certified suppliers to ensure we find and select the best suppliers with the right capabilities to help us achieve our business goals.

## **We look for leaders who share BGE's commitments to:**

- Safety
- Excellence
- Integrity
- Innovation to serve customers
- Accountability to our communities and the environment
- Inclusion and diversity
- Community involvement
- Mentoring diversity-certified suppliers

## **Characteristics**

- Three consecutive years of company profitability
- Professional references supporting past performance
- Demonstrated professional business standards
- Valid diversity certification
- Business plan for scalable and sustainable growth to support new business opportunities
- Management team with demonstrated leaders that share BGE's core values
- Participation as a strategic partner with BGE for corporate initiatives

What are the major drawbacks and areas of Improvement that need to be addressed before one is ready to do business with BGE?

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Every organization is different when it comes to supplier diversity, so do your research on BGE and our parent Exelon Corporation.

- Organization Chart
  - Board of Directors
  - Executive Leadership Team
  - Exelon Supply
  - Diversity, Equity, and Inclusion Commitment
  - Mission and Goals
  - Supplier Diversity Program

Being a diverse supplier does not guarantee you contracts but make sure you register your company at [exeloncorp.com](http://exeloncorp.com).

#### 4. Tell us about BGE's culture towards supplier diversity inclusion?

An important part of our strength here at BGE comes from diversity in all that we do - and our Supplier Diversity Program is a great example. In 1989, BGE created its first supplier diversity program, the Procurement Opportunity Program (POP) and Minority and Women Business Program.

For more than 30 years, BGE has developed strategic partnerships with diverse suppliers to bring a variety of products and services to the utility. Our Supplier Diversity Program is designed to bring the added value of diversity to our procurement process by proactively seeking small, minority-, women- and service-disabled veteran-owned enterprises.

By working with diverse suppliers and contractors, we have strengthened our ability to serve our customers while supporting our community. As we've expanded our network of suppliers to be more inclusive, we have improved our reliability, safety, financials, and customer satisfaction. We've shown you can widen the pool of suppliers and still deliver stellar results.

#### 5. As a percentage to total spend, how did BGE do with supplier diversity spend over the last three years?

In 2018, BGE purchased \$326 million in goods and services from diversity-certified supplier, representing 35 percent of the company's total purchases.

In 2019, BGE purchased \$437 million in goods and services from diversity-certified suppliers, representing 42 percent of the company's total purchases.

In 2020, BGE purchased \$471 (projected) in goods and services from diverse suppliers, making this the second year in a row we have exceeded our goal of 40% and in 2021 we will continue that trend.

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6. Please categorize the areas where the greatest supplier diverse spending opportunities exist? Like Construction and professional services, etc.?

At this moment, our greatest supplier diversity spending opportunities exist in Transmission & Substation Construction, Gas Construction, and Vegetation Management. These opportunities will change depending on the specific needs of our organization, customers, and other key stakeholders. I would refer the diverse suppliers to our registration portal at [exeloncorp.com](http://exeloncorp.com) where they can find a complete list of products and services we buy.

7. Tell us about your role and work with external groups such as The Utility Forum and Capital Region Supplier Development Council?

We're continuing to take our best practices beyond our walls. As you may know, BGE has been proud partners with the Capital Minority Supplier Development Council (CRMSDC) and the Maryland Utility Forum for many years.

In my new role as Chair of the Board of Directors for the Capital Region Minority Supplier Development Council (CRMSDC), I'll provide strategic guidance about how to expand engagement with more corporations/certified MBEs, help demonstrate the value they bring to the table, and highlight the importance of capacity development and access to capital. The Capital Region MSDC, formerly the Maryland/District of Columbia Minority Supplier Development Council, was established as a new entity serving over 50 corporate members and over 400 Minority Business Enterprises (MBEs) across Maryland, the District of Columbia, and now Northern Virginia.

Effective December 2020, I also assumed the acting role of Chair for the Maryland Utility Forum. In collaboration with MD PSC Commissioner Obi Linton, I'll preside at all meetings of the Forum to provide guidance, support, and direction until a new slate of officers are selected to fill the positions. The Maryland Supplier Diversity Forum is a voluntary and collaborative group created to offer a platform for best practice sharing among entities that have entered an MOU with the Maryland PSC. The Forum enables participants to accelerate the development of their Supplier Diversity programs with respect to strategy, systems, and processes through collaboration.

8. How does one get registered to do business with BGE?

To make your company visible to BGE, please visit [www.exeloncorp.com](http://www.exeloncorp.com), then click on "Suppliers", then click on "Register to Do Business." Under the Supplier Registration heading, please click on "create a profile" and complete the registration.