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Supplier Diversity

Synergy pays off for IKON & World Wide Technology

The office equipment giant wished to leave the computer business, and passed it on to a minority supplier to the satisfaction of both parties

IKON Office Solutions Inc (Valley Forge, PA) is a distributor of office equipment, mostly from Canon USA (Lake Success, NY) and Ricoh (West Caldwell, NJ). It built its \$4.8 billion business by meeting needs for office and production equipment and supplies, as well as outsourcing.

IKON's 33,000 sales, service and support personnel respond to their customers from more than 600 locations nationwide. The company's flagship products include copiers and printers, distributed printing and imaging, Web-based document management, facilities management and legal outsourcing.

Mismatched business

The company went through some major expansions in the 1990s. Along with the business lines it wanted, it acquired a few small network integrators.

That put IKON in the business of installing computers and upgrading networks. "It didn't fit our core business of selling copiers and office equipment," says Paul Gelinis, an IKON administration manager who's responsible for certain supplier relations.

World Wide: a worthy successor

The solution was simple and elegant. IKON arranged for the transfer of its computer business to World Wide Technology (St. Louis, MO).

World Wide, a value-added reseller for Cisco, Dell, HP, Microsoft, Sun and other brands, is one of the largest African American-owned businesses in the country. "We felt they would understand the



At a trade show, Steward welcomes Hackett to the World Wide booth.

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business we're in because they're in the same type of business," says Gelinas.

The transfer has been highly beneficial for both partners. Most of IKON's computer customers transferred to World Wide in 2002. They now have a direct relationship with World Wide, which "works directly with the sales people at each IKON office to provide computer solutions for their customers," says Dan Walters, a World Wide program manager.

"It's been a seamless transition," Gelinas agrees.

Expanded offerings

World Wide has more than 300,000 items in its catalog, which are now available to IKON customers. IKON acts as an agent, utilizing its own sales reps to serve the customers and receiving a referral fee for new customers.

"Initially, we went to World Wide for the single computer need," says Claire Hackett, founder and manager of IKON's supplier diversity program. "Now we are in discussions about how to procure other IT equipment through World Wide."

Growing World Wide

World Wide Technology grew from an earlier venture that founder David L. Steward established in the 1980s. Steward, who had worked in sales and marketing for the Missouri Pacific Railroad (St. Louis, MO) and Federal Express (Memphis, TN), developed a computerized auditing system for the railroads.

His initial offering evolved into a system of Internet, extranet and intranet applications. Ultimately his company built one of the largest LAN systems in its region to serve its customers.

In 1990 Steward founded World Wide. The initial aim was to offer services in building and deploying IT infrastructure to government agencies and corporations. The company revenues exceeded \$1 billion in 2003.

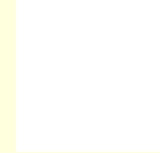
"We're one of the first to grow organically from zero to over a billion," Steward reports proudly.

Supplier Diversity at IKON

IKON put its supplier diversity initiative in place at the start of 2001. "We were receiving a lot of requests from our customers asking us to utilize minority- and women-owned businesses," Hackett notes.

The diversity program applies to the procurement of services plus products like letterhead, business cards and other stationery items for IKON itself, and to purchasing for IKON's customers.

IKON participates in minority trade fairs, including the National Minority Supplier Development Council conference and business opportunity fair, and has sponsored several council activities. It is also a corporate member of the National Minority Supplier Development Council, and belongs to a number of regional affiliate councils.



Prospective suppliers can apply to the company through an on-line registration site in the supplier relations section of www.ikon.com/supplierdiversity.

Diverse financing

IKON found another way to encourage the utilization of minority suppliers. It offers its customers financing through its independent subsidiary, IOS Capital. Now, by partnering with Minority Alliance Capital (MAC, West Bloomfield, MI), IKON gives its customers the option of meeting corporate diversity goals through financing activities. MAC has written over \$8 million in leasing for IKON customers.

Diversity at World Wide Technology

World Wide proudly supports its own supplier diversity program. It has a mentor/protégé program to help develop diverse companies, and has received the National Minority Supplier Development Council's Phoenix Award for doing more business with minority companies than any other diverse enterprise.

Synergy pays

As IKON concentrates on its core business and World Wide continues to grow, the synergy pays off for everyone. "It helps our customers," says Gelinias. "We became more competitive because of the combined strengths of the organizations."

For example, IKON offers software and integration for enterprise document management systems by Dell. World Wide sells the hardware.

"When you marry the two, you get a complete suite of tools that help the customers seamlessly integrate their back office systems," says Gelinias.

"We're investing in one another to bring a business proposition that makes good sense to our customers," Steward concludes.

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