

Diversity  
and the  
Labyrinth  
to the  
C-Suite

By Stephen Lashley



## Diverse leadership is still the *missing piece* in the halls where CEOs dwell.

Last fall, an amazingly talented group of people sat around a table after having received the 2006 *CareerFOCUS* Eagle Award—one of corporate America's highest accolades in executive leadership achievement. In the days prior, this group sat watching a presentation from the 2005 class of Eagle Award winners—they were impressed. The class of 2005 had studied the state of workplace diversity in today's business climate and had made predictions on whether corporations would be ready to handle the influx of multicultural workers entering the workforce in the coming years (visit [www.careerfocusmagazine.com](http://www.careerfocusmagazine.com) for a full report). Now, the class of 2006 was charged with conducting their own research on the impact of diversity upon corporate leadership, and here they sat around a table trying to figure out the best way to build on an already stellar body of work.

well-integrated, culturally diverse company is also a financially successful one.

Miguel Thames framed the research target this way: "Corporations are very smart. Senior leaders and executives are extremely bright individuals. If there is a clear business case, then this is a no-brainer. So our challenge was: Is there a business case? Is it universal? What is it that people aren't getting...What is it that will make diversity, as a culture, something that is institutionalized?"

To this end, the researchers asked three essential questions that they felt needed an answer:

1. Are corporations with diversity in the C-Suite as highly diverse at other levels of the company? This helps to assess what role diversity in leadership actually plays in increasing diversity throughout an entire organization.
2. Are companies that are recognized as leaders in diversity also leading in terms of financial achievements? This aids in understanding what role market economics play in advancing diversity from project to corporate culture.
3. Are there explicit barriers to advancing to a C-level position throughout a typical organization?

The research team broke into three sub-groups, with each group tackling one of these three key questions. Here's what they found:

### **Are corporations with diversity in the C-Suite as highly diverse at other levels of the company?**

Using summary benchmark data from the 2007 *DiversityInc.* Top 50 (top 50 companies who are leaders in diversity), it was determined that representation at the CEO and direct-report level (our definition of C-Suite)

was approximately 7% on average for African Americans and 3% for Latinos. At reporting levels one level below the C-Suite, African Americans represented approximately 6% of those management ranks, with Latinos at 4%.

In the boardroom, it was discovered that people of color make up 11% of the boards of directors within these corporations, and Latino representation was approximately 6%. By comparison, African Americans and Latinos combined for an average 26% of the general workforce in 2006.

In addition to this data, the class of 2006 sponsored their own research initiative. Companies within the Top 50 were surveyed on the importance they placed on diversity, and it was found that much more importance was focused on inclusion through the general workforce than at the mid-to-senior management levels. And even less importance was placed on diversity within the C-Suite.

But there is a strong counterpoint to these results. A review of companies with strong diversity representation from the top down found that these firms make a strong diversity showing overall. For instance, at Verizon—a \$88 billion telecommunications company—people of color reportedly make up 25% of the board and nearly one-third of the workforce. And among the 271 senior management positions, 50 are filled by ethnic minorities.

### **Are companies who are recognized as leaders in diversity also leading in terms of financial achievements?**

It is commonly known that it is very difficult to build a direct, causal relationship between the level of diversity within a corporation and the value it realizes in the marketplace from this diversity. But that didn't stop this class from coming up with some very intriguing data. According to the *DiversityInc.* 2006 TOP 50 index, the Top 50 outperformed the NAS-



Lou Carrion  
Embarq Corporation



DAQ by 28%, the S&P by 25%, and the DJIA by 22% over the last 10 years ending April 2006. This 2006 DI index was also competitive on a 1-, 3- and 5-year basis.

According to research conducted by Covenant Investment Management, the earnings of private companies with the highest rating on equal-employment opportunities were two and a half times higher, on average, than companies with poor performances in areas related to hiring and advancing people of color. The bottom line is that any company not meeting the opportunities and challenges of today's rapidly changing workforce and marketplace will be left behind.

This reaffirms the beliefs of Lou Carrion, vice president of national business sales for Embarq Corporation and a participant in the survey. "I believe the power of diversity at all levels of the organization allows you to be much more competitive and more successful," relates Carrion. "You get diverse opinions that will help you get a more holistic view of what's happening in the marketplace."

### **Are there explicit barriers to advancing to a C-level position throughout a typical organization?**

After looking at information from the survey, insights from thought leaders, and other research, several hurdles rose to the surface as standing between a person of color and their ultimate goals of a C-level position.

- First, survey respondents cited the limited number of qualified diverse candidates from whom to choose when looking to fill a C-level position. There was an apparent reluctance to hiring candidates of color who may not be an exact career match but could be a strong contributor in the position.
- Second was the challenge of building full management support for diversity, especially in the middle-management levels. This is possibly attributable to subtle biases within the lower levels of management.
- Third is the issue of global corporations. With geographic diversity as part of a more comprehensive agenda, the focus on specific racial diversity and its related issues is starting to weaken.



### So what can you do to overcome these barriers?

Now that you know some of the hurdles between you and that C-level position, what can you do about it? The researching class has identified several critical transformations that both you, as an individual, and your company, at the strategic level, can employ to raise the game in terms of the opportunities available to you and all persons of color within your organization.

The main point to remember is that you, as an individual, can be an agent for change. There is a business case for diversity. And you can make that case by demonstrating the competitive advantage derived from promoting and managing diversity as a top priority. This competitive advantage includes:

- The potential financial rewards gained by focusing on the demographics of people of color for increased customer base, recruitment, retention, and supplier partnerships.
- Revenue increases associated with the creativity, team productivity, and innovation associated with placing ethnically diverse professionals in roles that have accountability for business strategy and revenue goals.
- Enhancement of shareholder value from fostering cultural inclusiveness across all levels of the organization—including the Board and the C-Suite—and building broad support and participation throughout the corporate workforce.

### Broaden Your Focus

But numbers and strategic plans are not all that is necessary. Attaining the C-Suite is a question of building and fostering the right relationships, and, for this, you must broaden your focus. Companies surveyed consistently listed a limited talent pool as a cause for concern when selecting diverse candidates. You need to make sure your own talent is honed in both breadth and depth.

“Having opportunities to round out your background within a company is very important,” shares Thames. “For us, a consistent theme in the research appears to be that there are plenty of senior staff opportunities—very visible, very well paid, and with responsibility. But, at many companies, staff positions are going to top out. That doesn’t necessarily put you in good stead to be in the C-Suite, if that position is not a direct report.

“There may be a tendency for those in minority groups to work with their peers and work down the chain. They’re getting information, but they are not able to show off their abilities and what they can do. You really need to form a pretty good network up the chain with majority, and not just minority, sponsorship.”

Calvin Butler, senior vice president of external affairs for RR Donnelley and Sons Company and member of the research team, reinforces the idea of having a mentor as you work your way into that C-level position, declaring, “As an individual, you have to stretch outside of your comfort zone, and you have to want to take ownership in your own career path. Too often, White or Black, we tend to get pigeonholed by someone else’s past experiences. Take that aside, and put a plan into place on where you want to go. Be open to the idea that others who may not look like you can be mentors to you in this process. Don’t lock yourself into what you perceive as the next logical step.”

David Casey, another member of the research team and vice president of diversity and workforce development for WellPoint, takes this idea a step further, pointing out that networking is a two-way street. “We always assume it’s a case of us having to assimilate into a majority culture,” shares Casey. “Sometimes I think what we miss out on is reaching out to that majority culture and inviting them to be part of ours...Sometimes it’s about exposing people to who you really are.”

### What your organization needs to do

But, of course, achieving diversity doesn’t rest solely on the shoulders of the individual. A company must be willing to make the jump from making cultural diversity a “nice to have” to a true core value—and business

strategy—of the organization. And that attitude starts at the top.

"If you do not have CEO buy-in on the business imperative to having a diverse workplace—all the rest of it is rhetoric," declares Butler. "You must have a committed CEO, someone who is willing to wave that flag and talk in terms of the economic value—and the intrinsic value—of having diverse people sitting around a table, sharing ideas, sharing different points of view, and driving value to the shareholders...There must be recognition; the light bulb must go on that homogeneous thinking is not going to separate us from our competition."

Lou Carrion feels that it's the deep personal attitude of corporate leaders that makes the difference, stating, "The only way you can move forward in terms of diversity is first, you've got to personally believe it. You've got to personally believe that it's the right thing to do, not only for the employees and the communities you serve but also for your shareholders and your customers. Once you personally believe it, it becomes easy to translate into action and decision making."

The *CareerFOCUS* Eagle Award class of 2006 makes the following recommendations for a CEO wishing to move diversity into the realm of a real business driver for his or her organization:

- Build diversity-management practices into the company's strategic plan, and discuss diversity as a key driver to the business's success. The establishment of diversity-management targets, the linking of the targets to the company's core values, and the recognition and belief that a culture of diversity drives shareholder value are critical.
- Ensure that the department has a stable diversity budget, with employees determining the priorities of the organization and where funds and resources are being allocated. Each year, the diversity budget must reflect the CEO's continued vision of diversity as a business imperative and not a "project."

- Link achievement of diversity goals to the review process and executive compensation. This ensures that leadership in the organization will continue to place diversity as a business imperative, thus moving diversity from a "mission" to a culture.

In short, the entire organizational structure must show the importance of diversity, with measurement and accountability as its cornerstones. It's the only way that a company can begin to break free of the static diversity models of the past and begin to reap the inherent value that a truly diverse workforce can offer.

Anise Wiley-Little, assistant vice president and chief diversity officer for Allstate Insurance Company and one of the project leaders for this 2006 class report, sums it up this way: "Most companies are still working to manage representation. If you're still paying attention to representation, that's like having shackles on your ankles. It doesn't allow you to have the full benefit of what diversity can bring to your organization... People are not going to get the type of development that they need in order to contribute to the very highest level of their potential within your business...The problem is that companies are nowhere near increasing their basic value with diversity, because they get stuck. They're stuck measuring the representation issues, when they really should be measuring the results." ■

Stephen Lashley is a brand strategist and writer based in Atlanta.

## Case Studies

### McDonald's Corporation

Founder of McDonald's Ray Kroc was known to say: "None of us is as good as all of us." That attitude is alive and well in McDonald's today, where the chief operations officer is Hispanic, the president of the U.S. business is African American, and the vice president of the same division is a woman.

Robert Johnson, managing counsel for the McDonald's Corporation, shares what the value of such diversity can bring to the organizational whole. "We've put up significant numbers that have impressed Wall Street and the shareholders, and everyone is happy," related Johnson. "We have now come to the realization that people of color can lead this organization in a way that can achieve financial results. I know for a fact that the leadership of McDonald's makes an effort to reach down and across to educate, enlighten, and uplift others—not just people of color, but everyone across the organization...It allows you to see that those possibilities exist for someone like you. You see people of color and women in leadership positions who

can relate to the same life circumstances and experiences that you can... If you see someone like you in a leadership position, you ask: 'Well, why not me?'"



Robert Johnson

**RR Donnelley and Sons Company**

RR Donnelley and Sons is a great example of top-down leadership when it comes to diversity. Just ask Calvin Butler, senior vice president of external affairs for RR Donnelley and Sons Company. "RR Donnelley is a great example of having all the right programs...The CEO who was here when I was on my way up (since retired) recognized my varied background. He ensured that I got broad experience across the company. He moved me into different spots to give me the opportunity to succeed or fail. And that's the biggest piece," says Butler.

"He said: 'If you're willing to take that risk, there are opportunities for you at



Calvin Butler

this organization.' But without his leadership in doing so, I would have been stuck at my regular job, on my regular path. As a lawyer, I would not have been able to run operations. As a lawyer, I would not have been able to lead strategy...As a lawyer, I wouldn't have been able to lead a sales organization. But, as a result of his direct engagement, I am now leading all three of these areas."

**WellPoint, Inc.**

WellPoint is the largest Fortune 50 company with a female chief executive officer. And the company is a concrete example of the dividends that diversity can deliver in the business world. In 2004, WellPoint completed a merger with another company of roughly equal size—approximately 20,000 employees each. Traditionally, this type of merger can be difficult.

David Casey, vice president of diversity and workforce development for WellPoint, feels that WellPoint's understanding of diversity and the organization's knowledge of how to engage multicultural markets have aided in their expansion. "We don't easily settle for not making our goals when it comes to diversity... And companies that manage diversity well are well managed, period," declares Casey. "We looked at the problem as a diversity mixture and used diversity-management principles to get through it successfully. The result is that we have not missed a beat on our growth while bringing these two companies together."



David Casey

**Allstate Insurance Company**

Anytime Allstate Insurance undergoes change, they're ready when it comes to diversity. "Every time you have a change in the corporate vision, you have a change in diversity," states Anise Wiley-Little, assistant vice president and chief diversity officer for Allstate Insurance Company. "Fortunately, for us, inclusive diversity is part of our core values."

Allstate corporate officers incorporate diversity strategies directly into their business planning. And the organization keeps a close watch on how well they are communicating about diversity issues. Wiley-Little shared why this approach is so important: "The conversation has to come from the very top of the organization. The CEO needs to set the stage for the rest of his officers and the organization, so that it cascades through the organization, along with what are the most important priorities for the business. There are so many competing priorities that it's important that companies are looking at diversity—not just from the workplace—but really looking at how to connect it to the market-place."



Anise Wiley-Little

**HSBC Bank, USA**

With headquarters in London and an international network that comprises more than 10,000 offices in 83 countries and territories in Europe, the Asia-Pacific region, the Americas, the Middle East, and Africa, HSBC truly is a global bank and a leader in diversity initiatives.

So what's their biggest challenge? "HSBC has a unique place in the diversity arena in that the company is one of the most diverse around," says Michele Chow-Tai, vice president and business manager of derivatives sales for HSBC Bank, USA. "Since the organization had already been focusing on diversity from a different global perspective, when they entered the U.S. market, they had to adapt their thinking to a whole new set of integration issues. But the experience has served to expand their perspective."



Michele Chow-Tai