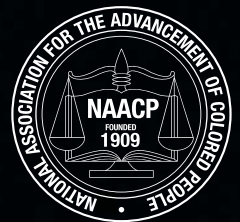


# FORTUNE

## TRAILBLAZERS

Inspirational pioneers continue  
to break glass ceilings for  
black Americans.

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Quick, name the two inspirational pioneers of the American black community who passed away last year. One comes immediately to mind: Rosa Parks, the heroic seamstress who refused to give up her seat and launched the historic Birmingham bus boycott of 1955. The other name is more elusive, although his contribution to Black America was perhaps as great as that of Parks: John H. Johnson.

Johnson was born into poverty in Arkansas in 1918, later moved with his mother to Chicago, and went to work for a black-owned insurance company. In time Johnson recognized an opportunity. Just as there was no place for blacks in the front of the bus, there was no place for them in mainstream media, either. So in 1942 Johnson created the magazine *Ebony*, and later *Jet*, the foundations of the first black-owned publishing empire in the U.S. It was a tremendous boost to the pride of black people, who could find themselves portrayed in magazines the way whites were in *Life* and *Look*.

Black businessmen and women have been leaders of their communities as far back as Colonial America. In those days freed slaves turned to crafts and trades, such as those of cabinetmakers and silversmiths. The first African-American business enterprise may have been the work of a Massachusetts craftsman who in 1670 opened a chair-making shop. Unfortunately, his name has not survived.

Food services, which ranged from vending to innkeeping and catering, were important entry points for blacks into the marketplace. In Philadelphia, black women selling pepper pot soup became a familiar part of the city's street life. The most famous of the food entrepreneurs was Samuel "Black Sam" Fraunces, who emigrated from the West Indies in the 1750s and in 1762 founded Fraunces Tavern in New York City. It was from this eating establishment, still in business, that General George Washington said good-bye to his troops.

## VISIONARY LEADERS

What set black businesspeople apart was the ability to see opportunity even in oppressive surroundings, and their unflappable entrepreneurial spirit, tireless courage, and stubborn refusal to accept inferior satisfaction out of life because of their race. Today, they continue to be an inspiration to those who strive to break through the glass ceiling that has kept minorities from reaching the highest ranks in American business.

But businesspeople have not been nearly as honored and celebrated as black leaders in politics, the arts, sports, and other arenas. Most Americans, black and white, know that in 1947 Jackie Robinson became the first black baseball player to break into the major leagues. Far fewer Americans of either race know that S.B. Fuller was the first black businessman to cross the color line to manufacture and sell products on a large scale to the entire marketplace, not just the black community. The door-to-

door salesman from Louisiana turned Fuller Products—a cosmetics company he founded in 1935 with \$25—into a network of businesses in Pittsburgh, Chicago, New York, and Detroit. At about the same time Robinson was becoming a Brooklyn Dodgers phenomenon, Fuller, the first African-American member of the National Association of Manufacturers, was running a 5,000-employee company that sold nearly \$20 million of cosmetics a year.

Black business emerged in three great waves, observes Juliet E.K. Walker in her definitive book, *History of Black Business in America* (Twayne Publishers, 1998). The first wave ran from 1900 to 1930, which Walker calls the golden age of black business. Strict separation of the races made the communities in which black people lived, went to school, prayed, and played a nation apart. As ugly and destructive as segregation was, there is no doubt that it created opportunities for some African-Americans to make their fortunes.

Astute black entrepreneurs built parks, recreation centers, and resorts for their neighbors. Wiley Jones, an African-American, even built a profitable streetcar line from the black neighborhood in Pine Bluff, Ark. to the

THE FUTURE SUCCESS OF BLACK PEOPLE IN BUSINESS WILL BE MEASURED BY THE NUMBERS WHO RISE TO SENIOR EXECUTIVE RANKS.

amusement park and fairgrounds he owned, because the city fathers couldn't be bothered.

William E.B. Dubois proclaimed in 1898 that "the mass of Negroes must learn to patronize business enterprises conducted by their own race, even at some disadvantage." Black banks and insurance companies struggled to life, created not only by Dubois's command but also by the reality of racism. White institutions were not eager for black customers. Among the mainstream insurance companies, Metropolitan Life was the only one willing to sell policies to black people.

## THE GOLDEN AGE

John Merrick, born a slave, opened barbershops, built a real estate fortune, and in 1899 founded North Carolina Mutual Life Insurance Co., which became the country's largest black insurance company. In 1903 Maggie Lena Walker organized the St. Luke Penny Savings Bank and thus became the first American woman of any race to be a bank president. Through the golden age 134 black banks were founded, but only six, Maggie Walker's among them, survived the Great Depression.

Several women vied with one another for dominance

of the cosmetics industry for black women, another business that did not interest whites. One of them was Annie Minerva Turnbo-Malone, who had studied high school chemistry in Lovejoy, Ill., and then sold her creation “Wonderful Hair Grower” door-to-door. She built a business that, at its peak around 1920, had 240 full-time employees and 68,000 agents. She went international as well, dispatching agents to sell skin-care products in the West Indies, South America, Africa, and the Philippines.

The second wave extended from 1945 to 1965, a period in which the fortunes of some black businesspeople were counted not simply in millions but in many multiples of millions. They included not only S.B. Fuller and John H. Johnson, but also such larger-than-life figures as Arthur G. Gaston, whom *Black Enterprise* magazine named “Black Entrepreneur of the Century.” Gaston, raised in Alabama, owned financial institutions, construction and property enterprises, and media ventures. During the 1960s, when white banks in Tuskegee tried to pressure blacks to abandon boycotts and protests, Gaston’s Citizen’s Federal Savings Bank loaned them money to pay their mortgages, and Gaston put up bail money when Martin Luther King Jr. was jailed.

### IN THE MAINSTREAM

The founding of Motown Records by Berry Gordy in 1959 brought the second wave to its climax. With such superstars as Michael Jackson, Diana Ross, Smokey Robinson, and Stevie Wonder under contract, Motown was the nation’s most successful black-owned business for a decade, recording sales of more than \$100 million a year by 1983.

In 1965, by Juliet Walker’s reckoning, the third great wave began, and it is still rolling. What distinguishes the current wave from those that preceded it is that black businessmen and women are beginning to rise in mainstream America. Berry Gordy was a transitional figure of sorts. His customer base was all America, but Motown’s performers were mostly black. The audience for Oprah Winfrey’s extraordinarily successful talk show and *O* magazine cannot be classified by race. Neither can the teams that put together the show and the magazine. Oprah is one of the most successful businesswomen in America. Period.

From the perspective of black businessmen and women, the world has changed beyond recognition from the beginning of the golden age of black business a century ago. Racism may not have disappeared, but what has vanished entirely is the reluctance of mainstream businesses to pursue black customers with as much passion as they pursue others.

There still may be a few fortunes to be made



by black businesspeople by focusing on black customers. In 1980 Robert L. Johnson created the Black Entertainment Television cable system, directed primarily at black viewers. Twenty years later Viacom bought BET for \$3 billion. But as a general rule, over the past few decades ambitious black businesspeople have been competing head-on with their white counterparts, not for the African-American market but for the entire market. Increasingly, success will depend not simply on their ability to understand and serve the black community, but on how well they perform in the mainstream—and on how fairly that performance is recognized and rewarded.

In the 1980s, corporate America's favorite game was the leveraged buyout, and Reginald Lewis, a Harvard Law School graduate and later a venture capitalist, became the first African-American to master the game when he bought Beatrice International Foods in 1987 for \$985 million. He created TLC Beatrice, a snack-food, beverage, and grocery-store conglomerate that at its peak in 1996 had sales of \$2.2 billion.

The same year Lewis took over Beatrice International, Clifford Wharton, who earned an undergraduate degree from Harvard at the age of 16, broke through a major barrier in business when he became the first black to run a major mainstream company: He was appointed CEO of TIAA-CREF, the world's largest retirement fund and one of the nation's most powerful institutional investors.

Wharton was the first black to break through the glass ceiling that has helped keep minorities and women from reaching the upper rungs of American organizations. Three African-Americans now sit at the top of some of America's biggest corporations: Kenneth Chenault, CEO of American Express (see "Speaking Out on Diversity," page S8), Stanley O'Neal, CEO of Merrill Lynch, and Richard Parsons, CEO of Time Warner. By the count of *Black Enterprise* magazine, African-Americans were at the helm of 18 of the U.S.'s 1,000 largest public companies in 2005. That was three times as many as in 1988. Still, that number is a long way from parity with the percentage of the U.S. population that is black (1.8% compared to 12%).

### SLOW BUT STEADY GAINS

Clearly, the future success of black people in business will be measured in large part by the numbers who rise to CEO and other senior ranks in corporate America. Many

companies are actively engaged in promoting that effort.

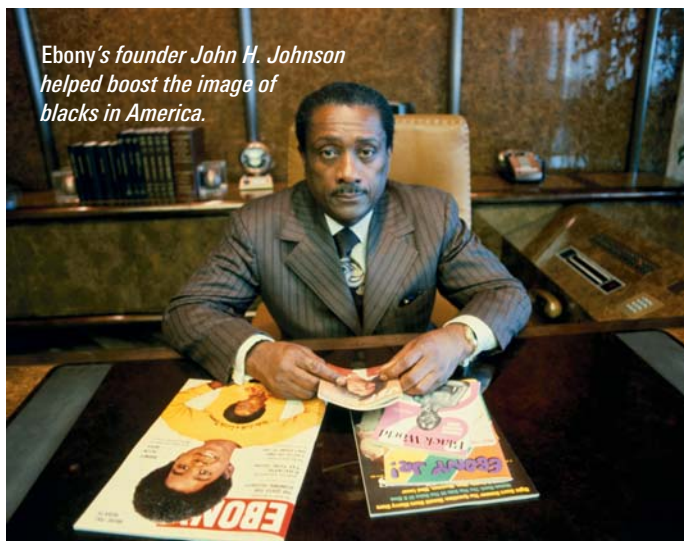
Under Chenault's leadership American Express is strengthening its talent management programs across the board, including its effort to promote more minorities to the top levels of management. Among the components of their efforts are surveys that allow employees to evaluate supervisors' performance in 14 areas, including the ability to effectively manage a diverse workforce.

Managers are also encouraged to go online and click into an American Express program to help them navigate a workplace of increasing cultural complexity. The managers learn how their own way of thinking and handling relationships may not be appropriate in all situations in the changing environment, and how to acquire the tools they need to change their approach. "We want managers to be able to lead people who are different from themselves," says Henry Hernandez, an Amex vice president and chief diversity officer.

An innovative mentoring program at Amex selects women and minority managers with executive potential and pairs them with seasoned executives, who offer them close support and guidance for one year. Each of the 17 prospects and mentors currently in the program get together frequently, either face-to-face or over the telephone. "We provide guidelines and a framework," says Hernandez, "and also encourage them to have goals." For example, the prospect might have recently received a 360-degree appraisal by superiors, subordinates, and peers, and is not certain how to modify his or her behavior to comply with the critique. The mentor provides advice.

Amex says it has been moving minority executives into senior ranks at an admirable rate, one that exceeds the statistical availability of qualified minorities in the pool of candidates that it could draw upon either within or outside the company. "Still," says Hernandez, "there is always room for improvement, so we target candidates for recruitment on campus and through organizations like the National Black MBA Association."

As part of JCPenney's focus on creating a great place to work, ensuring an inclusive workforce is integral to its long-term success. With over 150,000 associates, JCPenney is committed to recruiting and retaining the most talented, customer-centric workforce as diverse as its customer-base in order to establish a leadership position.



*Ebony's founder John H. Johnson helped boost the image of blacks in America.*

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*We never stop working for you.*

To do this, JCPenney has identified four areas of associate focus: internship and trainee programs, college recruitment, succession planning, and executive development. "These areas concentrate around identifying high-potential candidates across all cultural backgrounds and developing them into the company's leaders of tomorrow," explained Mike Theilmann, JCPenney's chief human resources officer. "We believe in leader-led training at every level. It allows us to determine who may need additional experience to broaden their business knowledge and opportunities to strengthen leadership abilities."

Of the 9,300 associates in JCPenney's management ranks, approximately 20% are minorities and 50% are



*A harbinger of racial equality: W.E.B. DuBois*

women. The future diversity of management looks promising, with minorities currently accounting for 40% of all management trainees and women over 60%.

Recognizing that compensation is an effective tool for driving desired behaviors, Verizon ties 5% of a manager's annual performance bonus to their business unit's success in advancing minorities and women. "Managers understand that in order to earn this part of their bonus, they have to do a good job identifying, hiring, and promoting talented women and minorities," says Magda Yrizarry, vice president of workplace culture, diversity, and compliance. "We serve a diverse marketplace and a workforce that reflects our customer base helps us to be successful."

In addition, Verizon has created the Development and Leadership Initiative, which identifies high-potential minority employees and provides them with an extensive training and development program to help them advance and assume leadership positions in the company. The employees' supervisors are brought into the process as well. "We emphasize partnership and shared accountability," says Yrizarry.

The message of opportunity is getting through. In surveys, a large majority of minority employees agree that Verizon fosters diversity and inclusion. Minority employees also responded favorably when asked if the workplace environment treats them with respect and values diverse perspectives.

For more than 300 years African-Americans have been breaking new ground—generally rock-hard and resistant ground—as they have established themselves in the U.S. business community. For many years they toiled in isolation from the mainstream, mostly serving customers white businesses disdained. They have now plunged into the mainstream and have done so with some success. In many workplaces black middle managers are so numerous that they no longer stand out because of their color. In a decade or two, black CEOs will likely be so common that their race will be of less biographical interest than their golf handicaps, just as it is with white CEOs. —Lee Smith

Betmann/Corbis

## DIVERSITY EXPERTS

**National Association for Advancement of Colored People • [www.naacp.org](http://www.naacp.org)**  
 Founded in 1909, the NAACP is the nation's oldest and largest civil rights organization. Its adult and youth members are the premier advocates for civil rights in their communities, monitoring equal opportunity in the public and private sectors.

**American Bar Association • [www.abanet.org](http://www.abanet.org)**  
 The ABA Center for Racial and Ethnic Diversity is the administrative and programmatic oversight body for ABA activities relating to racial and ethnic diversity in the legal profession and the justice system.

**Black Diamonds Lifestyle Group • [www.blackdiamondsnyc.com](http://www.blackdiamondsnyc.com)**  
 Black Diamonds Lifestyle Group is an event planning firm that develops solutions for organizations who want to reach informed African-American urban consumers. Call 917-807-5427 or email [info@blackdiamondsnyc.com](mailto:info@blackdiamondsnyc.com).

**The Diversity Network • [www.thediversitynetwork.com](http://www.thediversitynetwork.com)**  
 The Diversity Network, managed by a leadership team of nationally recognized individuals, provides dedicated diversity recruitment, multicultural marketing, and performance management/measurement solutions for leading organizations.

**UnityFirst.com and African American Newswire • [www.UnityFirst.com](http://www.UnityFirst.com)**  
 An online news service that shares information with the diverse community and the media. It shares information with 1.5 million consumers of color. The company also runs the African American Newswire which delivers news and press releases to more than 4,000 multicultural media outlets.

*To advertise in our diversity sections, please contact Debbie Linehan, FORTUNE Custom Projects, at 212-522-4632.*



## The Faces of JCPenney

“From the back room to the boardroom, our mission is to mirror our customer base. We foster an environment that respects and values the differences among our associates while working with diverse suppliers.”

–Mike Ullman

*Chairman and CEO*

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SPEAKING OUT ON **DIVERSITY**

**T**he chief executives of three major U.S. corporations—American Express, PepsiCo, and Verizon—plus a vice president of Tyco International, recently gathered in New York City for a roundtable discussion that focused on the advantages of an ethnically diverse workforce. Along the way, the panel members provided practical advice on how to achieve that goal. They also discussed why it is critical to make the upper echelons of a company as diverse as the lower echelons. Participants included:

- **American Express CEO Kenneth Chenault**, a graduate of Bowdoin College and Harvard Law School, who early in his career worked for the Boston-based consulting firm Bain & Co. One of his outstanding achievements at Amex before becoming CEO was turning the company's lackluster merchandise division into a top performer.
- **Lydia G. Mallett**, vice president for diversity at Tyco International. Mallett, who earned a doctorate in social psychology at Michigan State University, previously served as chief diversity officer at General Mills.
- **Steve Reinemund**, a graduate of the U.S. Naval Academy, who holds an MBA from the University of Virginia. Reinemund became CEO of PepsiCo in 2001 and has steered the company to a position in which its market capitalization recently exceeded Coca-Cola's for the first time in their long rivalry. Among his noteworthy accomplishments was PepsiCo's acquisition of Quaker Oats.
- **Verizon CEO Ivan Seidenberg**, a Vietnam veteran who once worked in the field as a cable splicer. Seidenberg earned a bachelor's degree in mathematics at the City University of New York and an MBA at nearby Pace University. As Verizon's chief executive he has led the company's multibillion-dollar effort to provide high-speed Internet service to customers across the U.S.
- **Bruce S. Gordon**, president of the NAACP, who served as the panel's moderator. The first businessman in recent years to be CEO of the nation's oldest civil rights organization, Gordon, who has a bachelor's degree from Gettysburg College and a master's degree from MIT, headed Verizon's biggest division, retail sales. He joined the NAACP in 2005.

**Gordon:** Steve, how about kicking things off by talking about the business case for an ethnically diverse workforce and discussing the factors that have driven you to provide leadership on diversity at PepsiCo.

**Reinemund:** It's been a journey that PepsiCo—and I personally—have been on for a long time. To get started, it had to be a business imperative. It would seem obvious that if we don't have people from the front line up to the boardroom who represent the consumers we sell to, we're not going to be successful. But it's helpful to have concrete evidence to prove that diversity makes a difference. We had an urban market where our market share was half of what we had in the suburban market. By changing the sales force for the urban population and changing some products, our market share went up. That demonstration helped us get a lot of traction within PepsiCo.

After I spoke to a group at Stanford University about this subject, one of the students stood up and said, "You've made the business case for diversity, but would you do this if it weren't good for business?" The fact is, to make progress, it has to come from both the head and the heart. It has to be the right thing to do as well as be good for business.

**Mallett:** Steve has made an excellent case for the combination of head and heart. When you consider that middle managers are trying to fill jobs, and that they are under pressure to get things done quickly, it's hard for them to say, "I need to spend a little more time trying to fill a job because I need diversity. Why?" They struggle with the question. So the emotional piece, the heart piece, helps middle managers stay the course.

**Gordon:** There are three CEOs here, the chief leaders of their

**"HAVING A DIVERSE WORKFORCE HAS TO BE A BUSINESS IMPERATIVE. IF YOU DON'T HAVE PEOPLE WHO REPRESENT THE CONSUMERS YOU SELL TO, YOU CANNOT BE SUCCESSFUL."**

Knights of the roundtable: NAACP's Gordon, Tyco's Mallett, and CEOs Seidenberg (Verizon), Chenault (American Express), and Reinemund (PepsiCo).



organizations. My sense has always been that no matter how well defined the business case for diversity might be, clear and forceful leadership has to drive it. Your people need to know that you take this very seriously, as seriously as you take top-line growth or driving costs out of the business. Ivan, how do you drive diversity?

**Seidenberg:** First, let me say I've always believed that the phrase "business case" represents a convenient way to debate the issue for a thousand years as opposed to getting something actually done. It's an important idea but it's a theoretical exercise that's usually done by ten people in a company. At Verizon we put it this way: We don't have a business case for ethics. We don't have a business case for honesty. So why should we have a business case for diversity?

To answer your question about CEO leadership, my theory of management is "surprise interference." Just as we carry out surprise inspections in the field to see how somebody is doing a job, or we check up on our call centers to see how people are answering the phones, we have surprise visits to managers who are in the process of hiring. We go in and we say, "Who did you interview? How did you make your hiring decision?" Surprise visits create a completely different atmosphere—not one of

fear but one of how to help people do their jobs.

**Chenault:** At American Express we first relate the business case to the fact that we're in a service business and we can't afford to have people who are not emotionally engaged. You've got to be emotionally engaged to serve people. Beyond that, we want employees with two aspirations for the company—first, to be one of the most successful companies financially, and second, to be one of the most respected and admired companies. Our brand has always represented a set of values and our people have to conform to those values. That's not open for debate. It's not negotiable. Diversity is a value that the company is fully committed to. People need to understand that there is accountability, both in how they're going to be viewed as leaders in the company and in the measures that are going to be used for how they will be rewarded.

**Gordon:** I think there's across-the-board agreement that you have to monitor and measure performance on diversity. Where there are different points of view, it usually involves the teeth that are used to encourage it. Ken, should the system actually go so far as to affect people's pay?

**Chenault:** Every company uses different devices. In our case, we look at performance along with what we call the service profit chain. One tool we use—and this was controversial when we started it—is an employee survey. We ask employees about their managers and how well they perform by a number of measures, including their respect for diversity and whether they are given a fair chance to succeed, for example. Incentive pay is based on how well managers are meeting employees' needs.

**Reinemund:** You can't have a qualitative side of diversity until you have a quantitative side. We've got to have some mass representation of minorities before you can actually change the culture. So we hold every leader accountable for the quantitative piece—hiring, developing, and retaining. On the qualitative side, we measure success through surveys in which we ask employees their thoughts about how the diversity effort is being applied.

Our goal is to be an inclusive culture where all our people feel comfortable bringing their complete self to the workplace. Frankly, the quantitative side is pretty easy compared to the qualitative side, to changing the culture. But the real power of the organization comes by creating that inclusive

culture, and each time we make a breakthrough you can feel the enthusiasm build. It really does get into core values, because the way individuals feel about the place they work is one of the most critical components of a company's success.

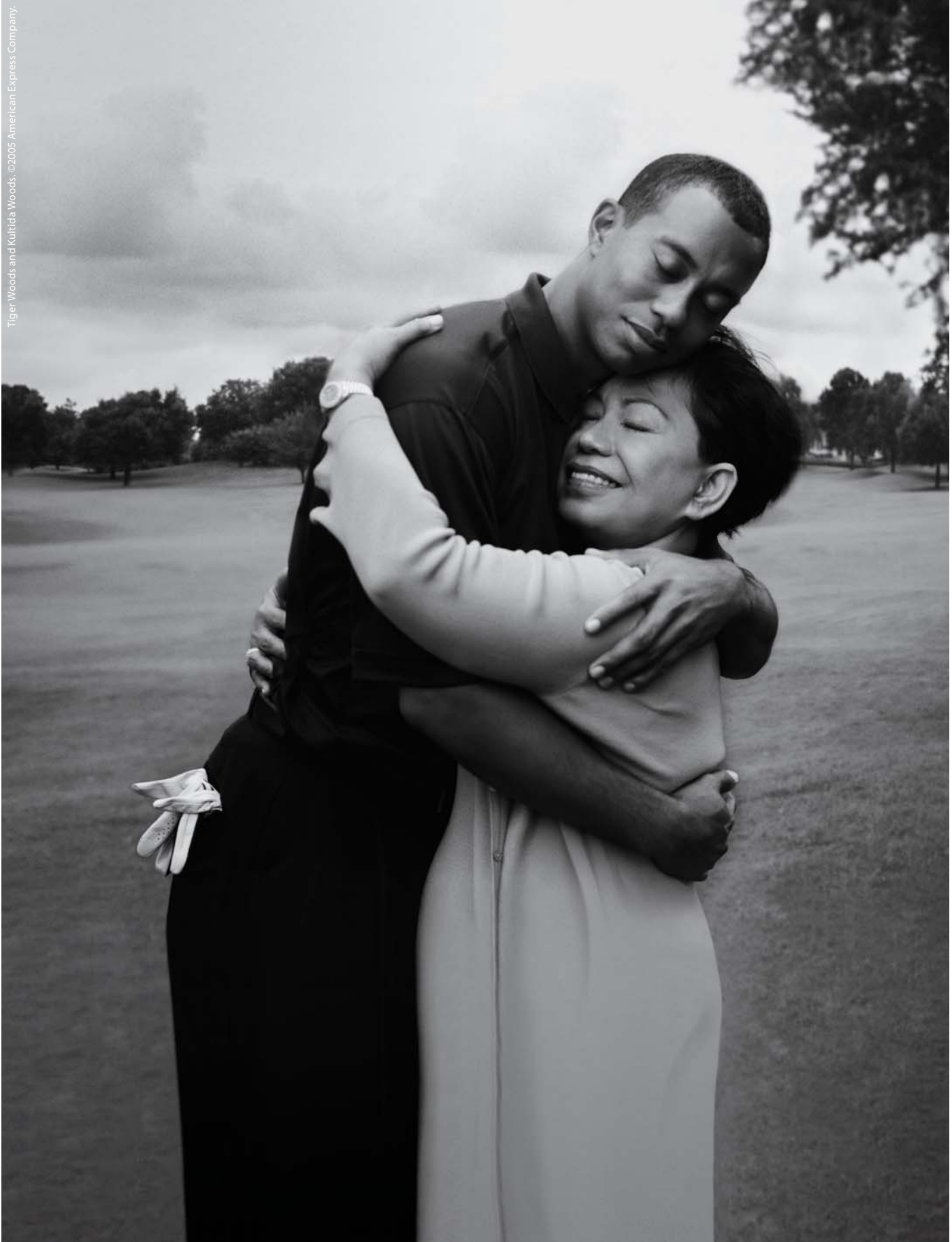
**Seidenberg:** I'm focused on making Verizon's environment spiritually safe. I want people to feel they can raise their hands, can complain if they have to, and can reinforce what they like about Verizon, as if they had been around the company for 100 years. Increasingly, when I go to our traditional town hall meetings, people of color and women stand up and tell me how to run the business in very nice, smart ways. It's a sign of better times.

**Gordon:** A subject that is near and dear to my heart is diversity among the suppliers to big companies like the ones you run. I recall a survey indicating that 70% of companies did not view supplier diversity as being very important. Lydia, what do you think?

**Mallett:** Supplier diversity is an important component. If you're a consumer company and you want to have a good reputation, you want to be able to answer questions

*(Continued on S15)*

Tiger Woods and Kultida Woods. ©2005 American Express Company.



My name *Tiger Woods*  
childhood ambition *to beat dad in a game of golf*  
fondest memory *riding my bike and skate board all the time*  
soundtrack *anything 80's and early 90's*  
retreat *underwater shooting fish*  
wildest dream *winning the Masters*  
proudest moment *winning the Masters*  
biggest challenge *how can I become a better person tomorrow*  
alarm clock *5:00am sharp!!*  
perfect day *surf, ski, golf, and spearfish in the same day.*  
first job *cart boy*  
indulgence *my boat*  
last purchase *My friends new album from Hootie and the Blowfish*  
favorite movie *Caddyshack*  
inspiration *My parents*  
My life *is hectic*  
My card *is American Express*



*Tiger Woods*

My life. My card.<sup>SM</sup>

Venus Williams. ©2005 American Express Company.



My name ..... Venus Ebony Starr Williams .....

childhood ambition To win Wimbledon (yes!!) to be an astronaut +  
to ride the wildest roller coasters!

fondlest memory 80's prom + herena's High school party - what a weekend!

soundtrack Anything from 311, no everything from 311

retreat My couch - with my blanket + remote control ☺

wildest dream To get a tattoo! (I never will...)

proudest moment oh wow - winning. Brad with herena in doubles

biggest challenge Accepting my limitations - we all have them!

alarm clock it's really, really annoying! the snooze button is my VBF  
(Very Best Friend!)

perfect day Shopping after winning a slam and then going to a concert

first job Delivering phone books (at age four!)

indulgence Waking up late and skipping practice

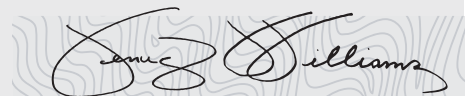
last purchase Stilettos with crystals

favorite movie I can't choose! Anything and everything from the 80's!

inspiration My life experience, herena, religion

My life ... a regular girl living a charmed life ☘

My card ... is American Express!



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My name .....  
childhood ambition .....  
fondest memory .....  
soundtrack .....  
retreat .....  
wildest dream .....  
proudest moment .....  
biggest challenge .....  
alarm clock .....  
perfect day .....  
first job .....  
indulgence .....  
last purchase .....  
favorite movie .....  
inspiration .....  
My life .....  
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My life. My card.<sup>SM</sup>

*(Continued from S9)*  
 about supplier diversity when you're recruiting talent. Minority candidates will ask you, "Are you doing business in the community?"

**Chenault:** Hiring diverse suppliers should cover the gamut, including insurance products, legal services, consulting firms, and so on. The senior leadership in the company has to make sure that the organization is tapping into those capabilities. In some cases, minority suppliers are banging on the door of the company and just haven't been able to get in.

**Seidenberg:** I agree. I look at supplier diversity two ways—the hard way and the soft way. The hard way is all about jobs. Your company has to spend its money in a fashion that is employing the most diverse, innovative, and broadest section of the supplier community that you can. On that, you have to set goals. What we do at Verizon is set goals, and we say to those who buy supplies and services from the outside that every year they've got to increase the amount of funds they spend. We don't get a lot of negative reverberations in the company because people know it's right, and every

year I try to set the target slightly more aggressively than the year before, and we're getting some good results. You can't make up for 100 years' worth of not doing stuff, but in the last six or seven years, we've had good progress.

Supplier diversity also has a social side. So things like consumer panels, trade associations—there are many indirect ways to begin to develop the relationships you need to create.

**Chenault:** In addition to seeking out minority firms ourselves, when we retain majority firms—law firms, for example—we ask how diverse their people are.

**Reinemund:** Buying from minority-owned suppliers is important, but we think that maybe our most important contribution is helping minority-owned firms get started. When they progress from supplying strategic materials to PepsiCo to supplying other consumer-products companies as well, that truly creates diversity in the supplier population. It's a great way to build competition in the marketplace. What I've seen over the last few years is that the people in our organization take a lot of pride in their contributions here.

They realize it's the right thing to do, and more and more, as I'm on college campuses recruiting, young people—majority and minority—want to join companies that are committed to diversity on all levels.

**Chenault:** Absolutely. If more people in management really looked at the demographics of their customer base and at the demographics on campus, they would realize how dramatically things have changed. So dramatically that you've got to be naive if you don't recognize that you've got to have a tremendous focus on the diversity issue. You're really promoting your brand by doing so and you give an added reason why someone should come to your company.

**Seidenberg:** I agree, and I think if you talk to people at any corporation, they would all say exactly what we've said. If there's an issue here, it's the speed and how quickly we are turning our policies and our practices into real results. I'm sure every minority-owned firm thinks it could handle more business from companies like ours. There's a need for an infrastructure to help suppliers finance and win business.

representation is greater than that of the U.S. population as a whole. We're now in the 15% range for all our senior positions. But as you move up the rungs to the very top, the percentages get a little smaller.

**Reinemund:** At PepsiCo, over 50% of our board is diverse. As for senior management, close to 20% is minority. If you add women on top of that, women's representation is over 30%. So we're in pretty good shape for members of senior management. The real challenge now is to move our focus down into frontline management and make sure that the culture there is appropriate. That's where the future leaders are going to come from.

**Chenault:** We have three blacks and two women on the American Express board. At the middle management level the pipeline looks pretty good. Over the next ten years the key issue in our company will be whether that pipeline is going to create the appropriate representation at the senior and top management levels.

**Seidenberg:** Everybody at Verizon would agree that the pipeline is full, the processes are there, and that we care about this question. But if you asked our people, they would say, "It's not moving minorities to the top fast enough."

**Mallett:** One of the evolutionary aspects of all this is the change in management competency, in the ability to be able to manage diversity and be comfortable with that constructive tension. There's a like-me bias in corporate America: I'd rather have somebody that I'm comfortable with, that looks and acts like me. As the pipeline gets broader, your ability and your middle managers' ability to be comfortable with diversity is the next phase of building an inclusive environment. ■

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**Gordon:** Let me shift gears for a moment and ask about diversity in the boardroom. Are you making progress, and is it starting to translate into diversity in senior executive roles?

**Seidenberg:** At Verizon, almost 40% of our board is ethnic minorities or women. But we could do better in senior management. Among our top 3,000 people, the percentage of minority



# Rosa Parks was nobody special...



Until she took a stand by keeping her seat.

Rosa Parks (1913-2005)  
Secretary & Youth Advisor  
NAACP Montgomery, AL Branch  
[www.naacp.org](http://www.naacp.org)

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