



THE 40 BEST COMPANIES FOR DIVERSITY

Our second annual listing reveals the top performers in supplier, workforce, management, and board diversity. A bonus: We identify the leaders in marketing spending to reach black consumers.

IN THE MIDST OF MARCHES, protests, and battles for equality, in 1969, D. Parke Gibson's *The \$30 Billion Negro* was published. It was a book that presented African Americans as a viable consumer market—a \$30 billion market that had been ignored by Wall Street and Madison Avenue. “In those days, [the book] was just getting them to recognize us,” offers Herb Kemp, a former advertising executive and co-author of the book *What's Black About It? Insights to Increase Your Share of the Changing African American Market*. “Almost 40 years later, and with the African American market at almost \$800 billion, we're still dealing with some of the same issues.” It is why, as we present our second annual Best Companies for Diversity list, we are focused this year not only on senior management, workforce, corporate board, and supplier diversity as a set of criteria to measure these companies' efforts.

We also looked at marketing diversity—how companies spend their marketing and advertising dollars in outreach efforts to the black community, whose projected spending power will be \$965 billion by 2010. To arrive at this list, we evaluated diversity programs, consulted with diversity experts and corporate diversity officers, and conducted an extensive survey of

more than 1,000 of America's largest publicly traded companies and 50 leading global companies with significant U.S. operations.

To make the **BE** Best Companies for Diversity list, a company must demonstrate significant representation of African Americans and other ethnic minorities in four key areas: corporate procurement, corporate boards, senior management, and total workforce.

In the list's second year, more companies made their consideration for the list a priority, with response to our survey increasing by nearly 42%. As a result, a total of 40 companies were identified by our editors as worthy of recognition among the **BE** Best Companies for Diversity. There are 13 newcomers to our 2006 list, while three companies from the 2005 list failed to make it this year.

In our effort to measure marketing diversity, we wanted to examine which companies are actually hiring African Americans and other ethnic minorities to craft brand images, create messages, and deliver those messages and images to the consumers who are vitally important to their survival and growth. To what extent are corporations contracting black advertising agencies or general-market agencies with truly diverse creative and management teams? And to what extent are they using black-owned media to carry the message? Using independent industry analysis from sources such as TNS Media Intelligence, as well as data pro- ▶

By Sonia Alleyne

vided by the companies surveyed for our diversity list, we identify the 10 companies that are doing the most to target dollars to black consumers and other ethnic markets through black and ethnic media (see "10 Best in Marketing Diversity"). We also assigned each company on the list a five-star Advertising Diversity Rating.

Whereas a variety of companies have made important strides in contracting in the area of supplier diversity, those considerations and partnerships just don't exist in advertising. In fact, the advertising industry as a whole has an appalling diversity record and is currently under investigation by the New York City Commission on Human Rights for its poor hiring practices. There are more than half a million employees in advertising and related services. According to the 2000 Census, however, only 6% of those are African American and 9% are Hispanic.

And at a time when black advertising agencies should be heavily courted for their expertise in reaching the diverse needs of the black consumer, many have become dying relics, showing significant declines in billings and revenues. Even the largest and strongest black ad agencies are now competing against larger, predominantly white agencies for ad dollars earmarked for the pursuit of black consumers and other ethnic markets (See "B.E. 100s: Advertising Agencies," June 2006).

Why is the advertising industry failing at its diversity efforts? Industry experts say there are several reasons: A lack of understanding of the financial benefits of diversity, ignoring the sig-

In a 20-year span, the black population will grow by 32.4%; whites, by 7.6%. The total population will have increased by 24.2%.

*The Multicultural Economy 2005:
America's Buying Power*
Selig Center for
Economic Growth

nificance of the black market, and the most glaring—lack of accountability.

"There is no one to hold them accountable, not even the corporations with good diversity records," explains Christopher Metzler, director of diversity management & EEO studies at Cornell University, who also established the country's first diversity certification program. "Unless an industry is publicly chagrined through a major successful litigation, or an advocacy group were to embarrass them on the public stage, the self-motivation simply does not exist."

Hotel and hospitality businesses were in a similar situation several years ago, until the NAACP issued the entire industry a failing grade for hiring practices and its treatment of African American clientele. "The pressure from the NAACP forced the hotels to take a look at themselves and they had to scramble to figure out how to become good corporate citizens," says Andy Ingraham, president and CEO of the National Association of Black Hotel Owners, Operators & Developers. "Hotels realized that diversity is no longer a buzz word; it's an action word and it's measurable."

Hotels began to develop programs and initiatives that improved hiring practices, guest services, increased black corporate representation, and outreach to encourage and support prospective hotel owners. "When the effort first started, there was one branded hotel in Memphis, Tennessee, [that was black-owned]. Today, there are close to 230." Ingraham notes that the industry still has a lot to do, but that awareness is creating opportunity for a new group of black entrepreneurs.

He also mentions that in many cases these purchasing opportunities are a direct result of the increase in minorities in hotel senior management positions and on the corporate boards. "When you have a voice on a hotel board of directors, it's very difficult to tell management that you can't get it done."

Though current charges against the advertising industry may be its impetus to change, Metzler believes that the industry needs to be educated on how these changes benefit everyone. "The advertising industry clearly does not believe that there is value in diversity," he says. "They have been unable to understand the value proposition for diversity."

In its folly, Madison Avenue is overlooking significant dollars in almost every segment of the black market. More than 50% of African Americans are under 35 and currently outpacing the growth of the total U.S. population. By the year 2050, African Americans will make up 14.6% of the total population.

A 2005 study by NiaOnline found that black women were more influenced by the Internet ▶

B.E.'s ADVERTISING DIVERSITY RATING

Using data provided by TNS Media Intelligence, as well as information shared by respondents to our diversity survey, each company on the 40 Best Companies for Diversity list has been assigned an Advertising Diversity Rating, based on an assessment of advertising dollars purchased through media targeting black and minority audiences.

Five stars ★★★★★

\$2 million or more spent with ethnic media or at least 5%—of total spending of at least \$10 million—spent with black media

Four stars ★★★★★

\$1 million or more spent with ethnic media or at least 3%—of total spending of at least \$10 million—spent with black media

Three stars ★★★

\$750,000 or more spent with ethnic media

Two stars ★★

\$500,000 or more spent with ethnic media and/or significant marketing efforts—outside of direct advertising—appealing to black and other ethnic minority consumer groups

One star ★

Less than \$500,000 in total spend with black and ethnic media

SOURCE: TNS MEDIA INTELLIGENCE, FOR TIME PERIOD FROM JAN. 1, 2005 TO DEC. 31, 2005

when purchasing items than were white women. The July 2005 Target Market News/ NiaOnline Black Consumer Confidence Survey showed that even in uncertain economic times, the intention to make a major purchase was 26% for blacks and 16% for whites. Even in comparison to the quickly expanding Hispanic market, the 2000 Census shows there are more African American households with yearly incomes greater than \$75,000.

"Even when the economy takes a hit, we're still buying, we're still spending. If your budget goes down 15%, then it should be 15% across the board, not 25% on the African American piece, leaving the other piece the way it is," Kemp says, referring to the cuts most often aggressively applied to spending in black media, when companies experience financial difficulty. "Because in certain markets, our customers deliver more."

Corporate spending in the black consumer market with black agencies in black media should not be viewed as a matter of social consciousness, but as a fair business exchange—a matter of economic parity. Advertising spending increased by 4.6% in 2005 to \$276 billion, according to *Insider's Report* from Universal McCann, a division of the global ad agency Interpublic Group. "Yet less than 1% of total ad spending is targeted toward the African American market," says Kemp. This is despite the fact that African American buying power is growing faster than white consumers and the total buying power of most ethnic groups.

All of this leads Joe Watson, CEO of StrategicHire and author of the forthcoming book *Without Excuses: Unleash the Power of Diversity to Build Your Business* (St. Martin's Press; October 2006), to ask this question: "Is bigotry more powerful than greed?"

"If you know everything that's happening in terms of birthrate and you understand that these markets are growing at double-digit rates, far outstripping your traditional base of consumers and workers, why would you not be doing everything you possibly could to pursue those markets and those workers? It's just logic. If I told you any other market or opportunity in your business was growing at that type of rate, you would be moving heaven and earth to figure out how to capitalize on it, so why isn't that happening with diversity?"

Watson contends that diversity is the only business imperative where executives are allowed to offer excuses for failure. He believes it's because race and gender still make people uneasy.

He also offers that with all the education and information surrounding diversity, it has been easier and more comfortable for large companies to create their own in-house multicultural divisions—even if they are devoid of black employees.

But the experts do believe there are ways to strengthen our posi-

58% of blacks versus 31% of whites enjoy looking at or listening to advertising.

Yankelovich Partners with Burrell Communications

10 BEST IN MARKETING DIVERSITY

ALTRIA GROUP

Location: New York

Type of Business: Food, beverage, tobacco products

DAIMLERCHRYSLER CORP.

Location: Auburn Hills, MI

Type of Business: Automotive

FORD MOTOR CO.

Location: Dearborn, MI

Type of Business: Automotive

GENERAL MOTORS CO.

Location: Detroit

Type of Business: Automotive

MCDONALD'S CORP.

Location: Oak Brook, IL

Type of Business: Fast-food services

PEPSICO

Location: Purchase, NY

Type of Business: Beverage & snacks

PROCTER & GAMBLE

Location: Cincinnati

Type of Business: Consumer packaged goods

TIME WARNER INC.

Location: New York

Type of Business: Media, entertainment, publishing

TOYOTA MOTOR NORTH AMERICA INC.

Location: New York

Type of Business: Automotive

WAL-MART STORES INC.

Location: Bentonville, AZ

Type of Business: Retail

tion. All say that corporations have to play a bigger role in changing the attitudes of the industry. "If corporations would say to these ad agencies, 'We're going to look and see how well you're doing diversity in terms of what minority agencies you use and the ranks of your own organization [as] a significant part of our evaluation,' you would see a seismic shift," says Metzler.

African American marketers also have to do a stronger job of presenting the strength of the market. Kemp concurs: "When I go to multicultural conferences, where a lot of young people go to get an understanding of the marketing, the black marketers are not present. The black advertising agencies are not present. They are not talking about the advantages of the African American market. They've abdicated that responsibility to [other ethnic market segments]. We have to be more aggressive in terms of providing the data, providing the reason why—in analytical terms—this market is important. We have to let corporate America know that we cannot be taken for granted. We're large and growing and influential." ►



HOW WE CHOSE THE BEST COMPANIES FOR DIVERSITY

The 2006 **BLACK ENTERPRISE** 40 Best Companies for Diversity were determined by analyzing the responses to a survey of major corporations to determine investments in key diversity activities. **BE** engaged in a comprehensive outreach effort to the CEOs and diversity executives of the top 1,000 publicly traded companies and the diversity executive for the 50 leading global companies with strong U.S. operations. Following initial contact, additional rounds of contact were undertaken to ensure that all companies were apprised of the opportunity to participate in this year's survey.

The companies that made the list outperformed other corporations in their peer group in four key categories:



The percentage of total procurement dollars spent with companies owned by African Americans and members of other ethnic minority groups



The percentage of African Americans and members of other ethnic minority groups represented on their corporate boards



The percentage of senior management positions held by African Americans and members of other ethnic minority groups



The percentage of African Americans and members of other ethnic minority groups represented in the total workforce

Moreover, they were far more likely than most corporations to have the mechanisms in place to strategically plan and implement diversity activities and to accumulate and monitor quantitative and qualitative data on the result of those activities. Thus, these companies were able to measure the effectiveness of their programs and participate meaningfully in our corporate diversity survey.

BE's corporate diversity survey focused primarily on activities related to the participation of African Americans and members of other ethnic minority groups. According to the U.S. Census Bureau, the term "ethnic minority" applies to people from the following backgrounds: black, American Indian/Alaska Native, Asian-Pacific Islander, and Hispanic/Latino. Information provided by companies on diversity efforts on behalf of other groups, such as women, gays/lesbians/transsexuals, and the disabled, was used as a secondary, supporting criterion for inclusion on the list.

The first primary survey category, supplier diversity, focuses on the percentage of total procurement spending allocated to African Americans and other ethnic groups. The second primary category, board representation, examines the diversity of board members, while the senior management category evaluates the percentage of minority managers as a percentage of all senior management positions. The fourth primary category, workforce,

assesses the percentage of minority employees in an organization as a percentage of all employees.

Upon receipt of all surveys, **BE** performed a quantitative assessment of all corporate respondents in each survey category. Based on the analysis, each company was provided a score per category, which was compiled into a final survey score. In addition, the editorial staff reviewed all surveys and performed follow-up validation including contacting corporate diversity officers, senior managers, minority suppliers, and third-party experts. The final scores, along with the results of reporting and research conducted by the **BE** editorial staff, were used to determine the 40 Best Companies for Diversity.

These scores were also used to determine the 10 best companies in each of the four categories. The "sublists" include companies that, while failing to make our 40 Best Companies for Diversity list, are strong in one particular category of diversity.

All companies were surveyed on a secondary category, marketing and outreach. This included advertising, promotions, community outreach, and scholarships. A large number of corporations would not provide full marketing information because of the sensitivity of marketing investments and competitive concerns. Using data from TNS Media Intelligence, as well as information provided by the companies surveyed, **BE** determined its "10 Best Companies in Marketing Diversity" list.

—THE EDITORS ►

MOST IMPROVED COMPANY



JENKINS IS EXPANDING DENNY'S MARKETING EFFORTS TO REACH BLACK CONSUMERS.

DENNY'S CORP.

Location: Spartanburg, SC

Type of Business: Food Services

Diversity Contact: Rachelle Hood, Chief Diversity Officer

Denny's has made significant strides in the past decade. After several discrimination lawsuits in the early '90s, a 1997 study indicated that nearly 50% of African Americans associated the restaurant chain's name with racial discrimination. Denny's executive suite desperately needed to change public perception—and fast.

When Rachelle Hood joined the company as chief diversity officer, in 1995 her priority was to interface with 70,000 demoralized workers who had largely been considered guilty of racism by association.

"How do you eat an elephant?" asks Hood. "One bite at a time." The company's first goal was to get rid of employees at all levels who failed to embrace its diversity initiative. Next, Hood's cadre developed a system that evaluated and reported the initiative's progress quarterly. The CEO and board of directors, as well as representatives of the NAACP, were involved in the monitoring system.

Moreover, Denny's chairman instituted a 25% discretionary bonus for all senior managers who significantly improved their record of hiring and promoting minority workers.

Today, Denny's has cleaned up its act. As a result of these initiatives, only 10% of African Americans now equate the Denny's name with discrimination. Two of eight senior managers and three of 19 corporate officers are black, including Chief Marketing Officer Margaret Jenkins, who oversees a budget of \$50 million and spends nearly \$16 million on marketing to minorities.

—Nicole Marie Richardson

Advertising Diversity Rating: ★



STRENGTHS indicate diversity areas in which the company ranked among the top 30% of respondents

AETNA

Location: Hartford, CT
Type of Business: Healthcare Services
Diversity Contact: Doreen Mouzakes, Senior Diversity Consultant

Under the direction of Ronald Williams, the recently appointed African American president and CEO, Aetna fosters an environment of inclusion that attracts a multicultural talent pool. Of its 27,162 employees, 7,222 are minorities (4,494 are African American). The company's commitment to diversity can also be found in the healthcare behemoth's 12-member board, which includes two African Americans. Minorities hold three of 42 positions as corporate officers and four of 23 positions as senior managers at Aetna, one of the nation's leading providers of healthcare and long-term benefits. Approximately \$5.8 million in marketing is targeted to minorities.

Advertising Diversity Rating: ★



AMERICAN AIRLINES INC.

Location: Fort Worth, TX
Type of Business: Travel & Tourism
Diversity Contact: Debra Hunter Johnson, VP, Human Resources Operations Support

American Airlines scores points in the executive suite, with African Americans representing about 8.5% of all corporate officers. The company's pledge to diversity is mirrored in procurement dollars as well. AA spent about \$189 million with minority suppliers and vendors in 2005. The airline also spent \$10 million on marketing and minority outreach, \$4 million of which was earmarked for African American programs and charitable organizations.

Advertising Diversity Rating: ★★★★★



AMERICAN EXPRESS CO.

Location: New York
Type of Business: Credit Services & Travel
Diversity Contact: Henry Hernandez, Chief Diversity Officer

At American Express, diversity starts at the top. With one of the most powerful African Americans in corporate America at the helm—Chairman and CEO Kenneth I. Chenault—the \$24.2 billion company has proven its commitment to diversity. Among senior management positions, 26% are filled by minorities, with African Americans holding 7.2% of executive positions and representing 14.3% of all U.S. employees. Of the 13 board seats, African Americans hold three. Last year, American Express spent \$255 million of its \$6.4 billion in procurement dollars with minority suppliers.

Advertising Diversity Rating: ★★★★★



ARAMARK

Location: Philadelphia
Type of Business: Food & Facilities Management Services
Diversity Contact: Jennifer Tracy, Director of Staffing

The \$10.9 billion company makes the grade with its "Kaleidoscope" business strategy, which covers recruitment, retention, development, supplier diversity, and marketing. The program began as part of a "war for talent," says Tangee Gibson, senior vice president of organization and leadership development. It is a battle Aramark has been winning. Minorities now represent more than half of the company's U.S. workforce, of which roughly 27% are African Americans. And Aramark can make a claim for one executive who appeared on BE's 75 Most Powerful Blacks in Corporate America list. Among its senior management, minorities account for 10%, with blacks holding 5% of top executive positions.

Advertising Diversity Rating: ★



BANK OF AMERICA

Location: Charlotte, NC
Type of Business: Financial Services
Diversity Contact: Geri P. Thomas, SVP, Human Resources Executive

Since 1990, Bank of America has been considered a leader in developing best practices for diversity. As the third largest commercial bank in the United States and the fourth largest company in the world, the financial services firm views diversity as a moral and business imperative. Inclusiveness is a major consideration in designing products and services marketed to changing demographics. Procurement dollars spent with minority suppliers total \$485 million (\$170 million is spent with African American suppliers). The company's 182,000-member workforce is composed of 30,000 African Americans. Of its 3,000-plus senior managers, 380 are ethnic minorities (blacks hold 130 senior management positions).

Advertising Diversity Rating: ★



BELLSOUTH

Location: Atlanta
Type of business: Telecommunications
Diversity Contact: Valencia Adams, VP & Chief Diversity Officer

BellSouth's core business is wireline communications. Besides retaining 40% ownership of Cingular Wireless, the company handles one of the largest directory advertising businesses in the United States. Thirty-three percent of its 63,000 employees in the United States are minorities. Some of its 110 black senior executives and three corporate officers hold positions in advertising and publishing and oversee statewide operations. The company's pledge to solicit multicultural business interactions resulted in \$551 million spent with minority suppliers and vendors.

Advertising Diversity Rating: ★★



STRENGTHS indicate diversity areas in which the company ranked among the top 30% of respondents

10 BEST IN SUPPLIER DIVERSITY



MATTHEW AUGUSTINE, CEO OF ELTREX INDUSTRIES, OPERATES ONE OF EASTMAN KODAK'S TOP MINORITY SUPPLIERS.

EASTMAN KODAK CO.

Location: Rochester, NY

Type of Business: Imaging

Diversity Contact: Essie Calhoun, Chief Diversity Officer & Director of Community Affairs; VP, Eastman Kodak Co.

At Eastman Kodak, the big picture includes creating a supplier base just as diverse as the customers it serves. The \$14.3 billion provider of products and services to the photographic, graphic communications, and healthcare markets has developed several strategies to achieve this goal. In late 2001, Kodak pledged that 10% of its annual domestic purchasing of materials, supplies, and equipment would be with minority- and women-owned business by 2006. Five years ago, roughly 4% of the company's suppliers were minorities and women. Today, that figure is 10.3 percent, slightly exceeding its mandate. Kodak now expects domestic purchasing with minority-owned businesses and women-owned enterprises to grow to 11.5% and 12%, respectively, by 2008.

As part of that goal, the company plans to bolster its relationships with its current roster of minority suppliers. "Through a concerted effort to build new relationships with women and minority suppliers, we increased spending by more than 200%," maintains Joyce Wichie, director of Supplier Diversity, Worldwide Purchasing. "Supplier diversity is part of Kodak's overall diversity initiative, and we have set new increased-spending goals for supplier diversity."

In the workforce, Kodak's Initiatives of the Global Diversity Office has helped create several employee networks for women, minorities, the gay and lesbian community, and veterans. —N.M.R.

Advertising Diversity Rating: ★



STRENGTHS indicate diversity areas in which the company ranked among the top 30% of respondents

BANK OF AMERICA

Location: Charlotte, NC

Type of Business: Financial services

CH2M HILL INC.

Location: Englewood, CO

Type of Business: Engineering, construction

DAIMLERCHRYSLER CORP.

Location: Auburn Hills, MI

Type of Business: Automotive

DENNY'S CORP.

Location: Spartanburg, SC

Type of Business: Food services

FANNIE MAE

Location: Washington, DC

Type of Business: Financial services

MCDONALD'S CORP.

Location: Oak Brook, IL

Type of Business: Fast-food services

MGM MIRAGE

Location: Las Vegas

Type of Business: Hotels, casinos, resorts

PEPSICO

Location: Purchase, NY

Type of Business: Beverage & snacks

TOYOTA MOTOR NORTH AMERICA INC.

Location: New York

Type of Business: Automotive

CITIGROUP

Location: New York
Type of Business: Financial Services
Diversity Contact: Susan Eng, Senior Analyst, Global Workforce Diversity

The largest commercial bank in the United States with \$120.3 billion in revenues, Citigroup weighs in with three African Americans on its 17-member board. Diversity is also reflected in Citigroup's workforce: The financial services giant has roughly 145,000 U.S. employees, 12.8% of whom are African American. Scoring high in minority business procurement, the bank spent an impressive \$500.4 million with minority-owned companies in 2005, with almost half going to black suppliers.

Advertising Diversity Rating: ★★★★★



THE COCA-COLA CO.

Location: Atlanta
Type of Business: Beverage
Diversity Contact: Steve Bucherati, Director, Diversity & Workplace Fairness

When it comes to diversity, Coke is it. Of the company's 8,917 U.S. employees, 3,015, or 33.8%, are minorities (1,824, or about 20%, is African American). The soft-drink giant has spent \$164 million of its \$4 billion in total procurement dollars with minorities—\$84 million of which went to African American firms. According to *Advertising Age*, the beverage company ranks No. 68 among the 100 Leading National Advertisers, allocating \$540.5 million for advertising and \$379.4 million for media-related campaigns—with a significant portion of those dollars targeted to blacks and other minorities.

Advertising Diversity Rating: ★★★★★



COMERICA INC.

Location: Detroit
Type of business: Financial Services
Diversity Contact: Linda Forte, SVP

Comerica, one of the 25 largest financial institutions in the country with \$56.4 billion in assets, banks on inclusion. In fact, its four-prong diversity commitment—workforce diversity, business outreach, community outreach, and school support—is critical to its business strategy. Minorities make up roughly 4,000, or 36%, of its 11,000-member workforce (2,440, or about 22%, is black). In terms of senior management representation, minorities hold 25 of the 284 positions. And of the 3,641 corporate officers, 726 are minorities—336 are African American. Corporate spending amounted to about \$107 million, with \$17 million spent with minority suppliers.

Advertising Diversity Rating: ★



CONSOLIDATED EDISON CO. OF NEW YORK INC.

Location: New York
Type of Business: Utilities
Diversity Contact: Joan Jacobs, Director, Equal Employment Opportunity Affairs

A company that provides electricity and natural gas for most of New York City and nearby Westchester County, Consolidated Edison boasts a workforce that is 22% African American. That percentage is also reflected in board representation, with two black members on its 11-person board. Six of the \$11.7 billion company's 43 corporate officers are minorities, four of whom are African American. One of the company's goals is to continue to attract, develop, and retain employees from the communities it serves.

Advertising Diversity Rating: ★



DAIMLERCHRYSLER CORP.

Location: Auburn Hills, MI
Type of Business: Automotive
Diversity Contact: Monica Emerson, Executive Director, Corporate Diversity Office

DaimlerChrysler Corp. is a global automotive company whose brand includes Mercedes-Benz, Jeep, and Dodge. The company has a long-standing tradition of integrating diversity in every aspect of its business practices, which is reflected in its workforce: nearly 25% of its employees are black. DaimlerChrysler spent roughly \$1.3 billion with African American businesses. The auto giant also boasts 84 black senior managers, two directors, and six corporate officers. The award-winning Chrysler 300 was designed by Ralph Gilles, who was named one of *BE'S* Top Black Designers in 2005.

Advertising Diversity Rating: ★★★★★



DARDEN RESTAURANTS

Location: Orlando, FL
Type of Business: Food Services
Diversity Contact: Donna Dozier-Gordon, Director, Workforce Diversity

Boasting more than \$5 billion in revenues last year and a workforce of more than 20,000 African Americans, Darden Restaurant is the fourth largest food-services company in the United States. With Clarence Otis Jr., chairman and CEO, at the helm (one of *BE'S* 75 Most Powerful Blacks in Corporate America) and four African American board members, Darden's core value of inclusion is embraced companywide. Darden Restaurants spent \$23 million on marketing to black consumers last year.

Advertising Diversity Rating: ★



STRENGTHS indicate diversity areas in which the company ranked among the top 30% of respondents

10 BEST IN SENIOR MANAGEMENT DIVERSITY



CFO CATHY ROSS, SENIOR VP LARRY BROWN, AND CHIEF HR OFFICER MATTHEW THORNTON REPRESENT THE COMPANY'S CORPORATE ELITE.

FEDEX EXPRESS

Location: Memphis, TN

Type of Business: Package Delivery

Diversity Contact: Pam Pitts, VP, Human Resources Services and Chief Diversity Officer

Diversity has been an integral part of FedEx since its inception. The company has demonstrated its commitment through its Corporate Culture & Awareness Department. Launched in 1997, its goal is to heighten cultural awareness through education and communication, eliminate barriers to cultural understanding, and help employees value the differences all people bring to the workplace. Diversity training, which is available at every level of the organization, focuses on six affinity groups related to the promotion of cultural acceptance and education: women, African Americans, Hispanics, Asians, cancer support, and gay/lesbians/bi-sexual/transgender.

The FedEx Express Vice President Diversity Council, composed of senior vice presidents and vice presidents, reviews inclusion policies. (Currently, 15 of 73 senior management positions are held by minorities, and eight of those are black.) The council also recognizes employees for accomplishments in the area of diversity. To buttress such efforts, managers are expected to promote diversity through the hiring, promotion, and retention of employees as part of their overall performance objectives. In addition, succession programs have been developed to ensure a steady flow of managers who will help champion the company's future diversity initiatives. —N.M.R.

Adversiting Diversity Rating: ★★

STRENGTHS



STRENGTHS indicate diversity areas in which the company ranked among the top 30% of respondents

AFLAC INC.

Location: Columbus, GA

Type of Business: Insurance

COCA-COLA CO.

Location: Atlanta

Type of Business: Beverage

DENNY'S CORP.

Location: Spartanburg, SC

Type of Business: Food services

FANNIE MAE

Location: Washington, DC

Type of Business: Financial services

FORD MOTOR CO.

Location: Dearborn, MI

Type of Business: Automotive

MCDONALD'S CORP.

Location: Oak Brook, IL

Type of Business: Food service

MGM MIRAGE

Location: Las Vegas

Type of Business: Hotels, casinos, resorts

PEPSICO INC.

Location: Purchase, NY

Type of Business: Beverage & snacks

XEROX

Location: Stamford, CT

Type of Business: Computer, office equipment

FANNIE MAE

Location: Washington, DC
Type of business: Financial Services
Diversity Contact: Emmanuel Bailey, VP & Chief Diversity Officer

Nearly two years after the departure of CEO Franklin Raines, Fannie Mae still scores well in several diversity areas. Minorities make up more than 45% of the company's workforce (24% are African American). In addition, 43 of its 203 corporate officers are minorities (31 are African American). These numbers underscore the financial services giant's commitment to diversity. Fannie Mae also boasts six African American senior managers (12% of its total) and one African American director on its 12-member board.

Advertising Diversity Rating: ★

**FORD MOTOR CO.**

Location: Dearborn, MI
Type of Business: Automotive
Diversity Contact: Rosalind Cox, Director, Diversity & Worklife Office

Ford Motor Co. has established itself as one of the first companies to reflect the multicultural face of the country. Recognizing that fostering a culture of inclusion is central to attaining the company's business objectives and creating high-performance teams, the auto giant has assembled a labor force made up of roughly 25% minorities (18.4% are African American). Ford's commitment also extends to the upper stratum of management: 36 of its 212 senior managers are minorities, of which 20 are black. Among them is Darryl B. Hazel, senior vice president of Ford Motor Co. and president of Ford's Customer Service Division, who was named the 2005 **BE** Corporate Executive of the Year.

Advertising Diversity Rating: ★★★★★

**GENERAL ELECTRIC CO.**

Location: Fairfield, CT
Type of Business: Manufacturing, Financial Services, and Entertainment
Diversity Contact: Steven Howery, Program Manager, Diversity

From jet engines to financial services, General Electric Co. is a leader in transforming imaginative ideas into valuable products and services. With assets of approximately \$500 billion, GE Capital serves customers in 47 countries. GE's diversity commitment is interwoven throughout the entire fabric of the company's culture. The U.S. workforce is composed of nearly 40,000 minorities, 15,764 of whom are black. African American board members are James Cash Jr., also a director at Microsoft Corp. and Ann Fudge, chairwoman and CEO of Young & Rubicam Brands and a member of **BE's** list of the Most Powerful Women in Business.

Advertising Diversity Rating: ★★

**GENERAL MOTORS**

Location: Detroit
Type of Business: Automotive
Diversity Contact: Roderick D. Gullum, VP, Corporate Responsibility & Diversity

With a U.S. employee base of more than 148,500 (nearly 28,000 black) the world's largest automaker not only focuses on cars but also develops initiatives to diversify the industry. Although it reports closing one minority-owned dealership in 2005, General Motors contends the number of black suppliers remains "fairly stable." Minority suppliers account for \$3.6 billion (Tier 1) and \$2.2 billion (Tier 2) of GM's total spending for suppliers/vendors. Its Women's Retail Initiative aggressively recruits and assists women in becoming auto dealers. Almost all of GM's female dealers own their own dealerships, and are as profitable as GM's male dealers.

Advertising Diversity Rating: ★★★★★

**IBM CORP.**

Location: Armonk, NY
Type of Business: Information Technology
Diversity Contact: Ted Childs, VP, Global Workforce Diversity

Big Blue is at the forefront of the diversity effort. The \$1 billion it spent with minority suppliers in 2005 is a testament to its commitment. Temporary employment services firm Act-1 Group (No. 4 on the **BE INDUSTRIAL/SERVICE 100** list with \$718 million in sales) is one of the black-owned enterprises that continue to gain substantial contracts with IBM. The company also focuses on diversity in the marketplace through its Market Development Team; in the workforce, through Project View, a program that recruits minority graduates; and in corporate governance, with two African American directors on its 13-member board.

Advertising Diversity Rating: ★★

**KELLOGG CO.**

Location: Battle Creek, MI
Type of business: Packaged Goods
Diversity Contact: VeLois Bowers, VP, Diversity & Inclusion

Kellogg is one of the most famous brands in the country, with a diverse line of ready-to-eat cereals and convenience foods. Founded in 1906, its workforce is composed of 30% minorities (20% African American). This commitment to diversity is found throughout the company, even in the procurement area. The company spent \$60.7 million of its \$165 million budget with black suppliers. Kellogg has 11 minorities in senior management, seven of whom are black. The company also has two black corporate officers and one African American on its 12-member board of directors.

Advertising Diversity Rating: ★★★



STRENGTHS indicate diversity areas in which the company ranked among the top 30% of respondents

10 BEST IN BOARD DIVERSITY



BOARD MEMBER DEBRA LEE AND SENIOR VICE PRESIDENT NORM JENKINS (RIGHT) SEEK TO DEVELOP MORE BLACK HOTEL FRANCHISEES LIKE ERNEST MURPHY.

MARRIOTT INTERNATIONAL INC.

Location: Washington, DC

Type of Business: Lodging

Diversity Contact: Dave Sampson, Sr. VP, Diversity Initiatives

It took decades for Marriott International Inc. to become one of the nation's diversity leaders. In fact, the company has pushed for greater African American presence within the industry—including developing black general managers and hotel owners—for close to 20 years. Today, the hotel giant continues to walk the walk.

Through its diversity initiative, Marriott has increased the number of minority employees to nearly 75,000 of its 125,000-member workforce. That effort extends to the corporate boardroom, where two of the company's 11 directors are black. "Diversity has become a real business issue for us," explains Dave Sampson, senior vice president of diversity initiatives. "Having diverse members on the board brings an additional perspective to the decision making process."

That new perspective led to the creation of a board subcommittee composed of four board members and six senior executives who discuss inclusion issues related to ownership, workforce, markets and customers, and supplier diversity. Dubbed the Committee for Excellence, the group oversees Marriott's Diversity Ownership Initiative, an effort launched in 2004 to increase the number of minority- and women-owned franchises from 300 to 500 within the next five years. In fact, Robert L. Johnson, BET founder and CEO of RLJ Development L.L.C. (No. 25 on the **BE INDUSTRIAL/SERVICE 100** list with \$168 million in sales), will increase the number of Marriott hotels he owns from 40 to 130 over the next few months.

—N.M.R.

Advertising Diversity Rating: ★★

STRENGTHS



STRENGTHS indicate diversity areas in which the company ranked among the top 30% of respondents

CONSOLIDATED EDISON CO. OF NEW YORK

Location: New York

Type of Business: Utilities

DARDEN RESTAURANTS

Location: Orlando, FL

Type of Business: Food services

DENNY'S CORP.

Location: Spartanburg, SC

Type of Business: Food services

EASTMAN KODAK CO.

Location: Rochester, NY

Type of Business: Imaging

MERRILL LYNCH

Location: New York

Type of Business: Financial services

MGM MIRAGE

Location: Las Vegas

Type of Business: Hotels, casinos, resorts

PEPCO HOLDINGS INC.

Location: Washington, DC

Type of Business: Utilities

PG&E CORP.

Location: San Francisco

Type of Business: Utilities

XEROX

Location: Stamford, CT

Type of Business: Computer, office equipment

MCDONALD'S CORP.

Location: Oak Brook, IL
Type of Business: Fast-food Services
Diversity Contact: Pat Harris, Chief Diversity Officer

McDonald's is emerging as a leader in diversity hiring. Minority employees total more than 61,000, of which 20,707 are black. Moreover, 25% of the company's officers are minorities and 24% are women. Don Thompson, executive vice president and chief operating officer, and William Lamar Jr., chief marketing officer—both of McDonald's USA—were included on **BE'S** 75 Most Powerful African Americans in Corporate America list. The company is no slouch in minority procurement either. McDonald's spent more than \$3 billion with women- and minority-owned suppliers. And more than 40% of McDonald's U.S. franchise operators are women and minorities, a factor that plays a major role in the company's success.

Advertising Diversity Rating: ★★★★★



MERRILL LYNCH

Location: New York
Type of Business: Financial Services
Diversity Contact: Thomas Mulligan, FVP, Multicultural Careers & Inclusion

One of the world's leading financial management companies, Merrill Lynch is a strategic adviser to corporations, governments, institutions, and individuals. Under the stewardship of Chairman and CEO E. Stanley O'Neal, a former **BE** Corporate Executive of the Year, Merrill Lynch posted revenues of \$22 billion. "Enhancing people's differences is a tremendous asset and is the foundation behind my belief that unleashing the creative energy of our people is what will enable our company to realize its full potential," says O'Neal.

Advertising Diversity Rating: ★



MGM MIRAGE

Location: Las Vegas
Type of business: Hotels, casinos, and resorts
Diversity Contact: Debra Nelson, VP, Corporate Diversity, Community Affairs, & Communications

Four years after creating a department dedicated to diversity, MGM Mirage remains committed. With 23 properties, the company facilitates a plethora of educational initiatives for its 70,000 employees; 56% are minorities. Among its endeavors is its Supplier Diversity program. Through this program, the company spent \$77.4 million with minority-owned businesses, up from \$24.3 million in 2001. Lorenzo Creighton, president and COO of its New York-New York Hotel & Casino, is the first and only African American to lead a property on the Las Vegas strip.

Advertising Diversity Rating: ★



PEPCO HOLDINGS INC.

Location: Washington, DC
Type of Business: Utilities
Diversity Contact: Joy Dorsey, Director, Diversity & HR Strategies

One of the largest energy companies in the mid-Atlantic region, Pepco Holdings delivers electricity and natural gas to more than 1.8 million customers. Diversity ensures that Pepco reflects the community it serves. "We have a melting pot of employees and we want to tap into the talent they bring," says Carolyn Lomax, senior human resources analyst. A commitment to diversity is evident in the company's recruitment efforts and programs it created to foster acceptance and understanding of cultural differences. Some of its initiatives include mentorship, interactive workshops, and executive accountability scorecards.

Advertising Diversity Rating: ★



PEPSICO

Location: Purchase, NY
Type of Business: Convenience Foods & Beverages
Diversity Contact: Maurice Cox, VP, Corporate Development and Diversity

PepsiCo began its foray into diversity more than 60 years ago, hiring minorities in professional positions after World War II. Later, it became the first publicly traded corporation to promote an African American to the position of vice president. Since it began tracking information in 1982, the \$32 billion food and beverage leader has spent nearly \$7 billion with women and minority businesses. Between 2002 and 2004, corporate purchasing through minority businesses increased by nearly 37%. It has developed External Diversity Advisory Boards to counsel senior management on various issues related to multicultural audiences.

Advertising Diversity Rating: ★★★★★



PITNEY BOWES INC.

Location: Stamford, CT
Type of Business: Computer, office equipment
Diversity Contact: Susan Johnson, VP, Strategic Talent Management & Diversity Leadership

In the 1940s, then-chairman Walter Wheeler wrote: "Pitney Bowes' worksites will reflect the communities in which we operate." A few years later, he boycotted a hotel when it refused to register a African American Pitney Bowes salesman. That philosophy and practice has continued throughout the years with each succeeding chief executive. Pitney Bowes provides integrated mail and document management for organizations worldwide with a U.S. workforce of 27,627—roughly 24% African American. Thirteen of the company's 148 senior managers and one member of its board of directors is black.

Advertising Diversity Rating: ★



STRENGTHS indicate diversity areas in which the company ranked among the top 30% of respondents

10 BEST IN WORKFORCE DIVERSITY

SENIOR VICE PRESIDENT OF HUMAN RESOURCES AUDREY BOONE TILLMAN (FOREGROUND) WITH MEMBERS OF AFLAC'S MULTICULTURAL WORKFORCE.



AFLAC INC.

Location: Columbus, GA

Type of Business: Accident & Health Insurance

Diversity Contact: Brenda Mullins, 2nd VP, Human Resources/Diversity

When Aflac was established 51 years ago, its founders promoted an operating philosophy that all workers would be treated with care, dignity, and fairness. That's a tall order for such an expansive and diverse environment. Roughly 1,780 of Aflac's 4,207 employees are minorities (African Americans represent nearly 1,480 of that number), and minorities constitute 24% of corporate managers. Moreover, women make up 69% of employees.

In an effort to ensure companywide diversity, Aflac implemented diversity training in 1996 and expanded the program in 2001. "We did some research to develop a framework," says Brenda Mullins, second vice president of Human Resources/Diversity. "I call it my five R's: recruitment, retention, relationships, recognition or rewards, and reinforcement."

Aflac has also developed relationships with professional associations such as Inroads and Students in Free Enterprise in an effort to recruit African Americans. To retain employees, Mullins says, the company promotes understanding through forums that allow employees to share specific ethnic customs with co-workers. The company has also developed a mentoring program for minority agents as a means to diversify the pipeline to upper echelons of management.

—N.M.R.

Advertising Diversity Rating: ★

STRENGTHS



STRENGTHS indicate diversity areas in which the company ranked among the top 30% of respondents

ARAMARK

Location: Philadelphia

Type of Business: Food & facilities management

FANNIE MAE

Location: Washington, DC

Type of Business: Financial services

FEDEX EXPRESS

Location: Memphis, TN

Type of Business: Mail, package and freight delivery

MARRIOTT INTERNATIONAL INC.

Location: Washington, DC

Type of Business: Lodging

MCDONALD'S CORP.

Location: Oakbrook, IL

Type of Business: Fast-food services

PITNEY BOWES

Location: Stamford, CT

Type of Business: Computer, office equipment

SEMPRA ENERGY

Location: San Diego

Type of Business: Utilities

TYSON FOODS INC.

Location: Springdale, AR

Type of Business: Food producer

YUM! BRANDS INC.

Location: Louisville, KY

Type of Business: Fast-food services

PG&E CORP.

Location: San Francisco
Type of Business: Utilities
Diversity Contact: Jean Brennan, Senior Director, HR Planning and Development

Much of PG&E's strength is a result of innovative ideas and the contributions of 7,000 minority employees. With a focus on recruitment, management participation, supplier diversity, and community relations, PG&E—a \$11.7 billion company—knows that hiring individuals from varied backgrounds enhances its products and services. PG&E's ability to create a diverse work environment is a mission-critical element in being successful. Procurement dollars spent with black suppliers total more than \$77 million. This year the company partnered with the United Negro College Fund to create the PG&E Scholars program to provide internships and scholarships.

Advertising Diversity Rating: ★



SPRINT NEXTEL CORP.

Location: Overland Park, KS
Type of Business: Telecommunications
Diversity Contact: Ralph Reid, VP, Corporate Inclusion and Community Relations

The summer 2005 merger between Sprint and Nextel created the nation's third largest wireless telecommunications network, with more than 47.6 million wireless subscribers. The acquisition has not, however, disrupted the company's commitment to make inclusion an ingrained part of the company. Five separate corporate divisions each hosted more than 200 marketing professionals for a working symposium called "Marketing in Multicultural World" to foster and generate best practices solutions. The Sprint Supplier Diversity Department works with the company's supply chain management division to include minority-owned businesses in the purchasing process.

Advertising Diversity Rating: ★



TOYOTA MOTOR NORTH AMERICA INC.

Location: New York
Type of Business: Automotive
Diversity Contact: T. Williams, Corporate Diversity Manager

Toyota's Diversity Advisory Board is a key element in the company's 10-year, \$7.8 billion diversity initiative. And its Dealer Development Program helps qualified and, in many cases, financially-challenged minority operators become successful Toyota and Lexus dealers. Since 1998, the number of African American dealers more than doubled during the same period. Toyota has a U.S. employee base made up of 9,154 minorities, more than 3,000 of whom are black. In 2005, \$1.3 billion in procurement dollars went to minority-owned companies (\$1 billion to black-owned businesses).

Advertising Diversity Rating: ★★★★★



PROCTER & GAMBLE CO.

Location: Cincinnati
Type of Business: Consumer Packaged Goods
Diversity Contact: Trina Betts, Global Diversity Data Management

Each day, Procter & Gamble brands touch the lives of 3 billion people worldwide. The company prides itself on creating an environment in which inclusion is synonymous with achievement. Its 30-year-old Supplier Diversity Program has allocated more than \$786 million to minority vendors—more than \$555 million of that amount was spent with black-owned businesses. To reinforce accountability among senior management, CEO A.G. Lafley awards stock options based on diversity efforts. Various programs have been used to recruit and retain minority employees, including P&G pre-graduation camps.

Advertising Diversity Rating: ★★★★★



STARWOOD HOTELS & RESORTS WORLDWIDE INC.

Location: White Plains, NY
Diversity contact: Shelley Freeman, Director, Global Diversity & Inclusion

Starwood prides itself on including minority enterprises among its business partners. Roughly 1,000 of the company's 17,000 supplier contracts in 2005 were with minorities. But Starwood wants to do more than identify minorities as vendors. Top management is actively engaged in diversifying its pool of franchisees. Last year, the company launched its Minority Hotel and Developer Owner Program aimed at increasing the representation of women- and minority-owned hotel properties. Starwood also places a strong emphasis on diversity among its rank and file: About 60% of its associates are minorities and 50% of them are women.

Advertising Diversity Rating: ★★★★★



UNITED PARCEL SERVICE INC.

Location: Atlanta
Type of Business: Package Delivery Services
Diversity Contact: Allen Hill, SVP, Human Resources & Public Affairs

The mission of the UPS Diversity Steering Council is to "ensure that workforce, customer, and supplier diversity remain a visible core value." With a domestic workforce that includes nearly 70,000 African Americans, and with minorities accounting for 50% of its new hires last year, UPS has proven its dedication to cultivating a multicultural environment indicative of the company's global reach. Diversity extends to executive leadership: minorities hold 85 senior management positions—with blacks filling 52 of those posts—and five of the company's board members are black, including John Thompson, chairman and CEO of Symantec Corp.

Advertising Diversity Rating: ★



STRENGTHS indicate diversity areas in which the company ranked among the top 30% of respondents

VERIZON COMMUNICATIONS INC.

Location: Basking Ridge, NJ
Type of Business: Telecommunications
Diversity Contact: Magda Yrizarry, VP, Workplace Culture, Diversity and Compliance

A leading provider of telephone and broadband services, Verizon's initiatives speak to its diversity commitment, from workforce development and supplier relationships to marketing and corporate philanthropy. Diversity is reflected among the top ranks, with one company executive appearing on **BE's** 75 Most Powerful African Americans in Corporate America and 50 Most Powerful Black Women in Business lists. Fifty-two of the 279 senior management positions are filled by minorities; 24 by African Americans.

Advertising Diversity Rating: ★★★★★



WACHOVIA CORP.

Location: Charlotte, NC
Type of Business: Financial services
Diversity Contact: Dewey Norwood, Communication Manager, Corporate Communications

Aligning its customer base and engaging communities while attracting talented individuals is Wachovia's central tenet. The bank has a stellar minority employment record: More than 18,000 employees are African American and 8.04% of them hold managerial positions. In 2005, procurement dollars for minorities totaled \$6.8 million, of which \$57.4 million was spent with black-owned suppliers. Of the bank's 1,730 supplier contracts, 598 are with minority-owned companies. Wachovia deploys its "customer, community, and supplier diversity strategies in a way that aligns with the bank's diversity mission and values."

Advertising Diversity Rating: ★★★★★



WAL-MART STORES INC.

Location: Bentonville, AZ
Type of Business: Retail
Diversity Contact: Esther Silver-Parker, VP, Diversity Relations

The \$312.4 billion retail force continues to strive for improvement in its employment practices. Diversity starts at Wal-Mart's 14-member board, which includes four minorities, two of whom are African American. Minorities hold 44 of the 324 corporate officer positions and 10 of the 82 senior management positions, with African Americans holding 17 and three spots, respectively. And nearly one-third of Wal-Mart's U.S. workforce is composed of minorities. In 2005, total procurement spent was \$175 billion, with \$3.1 billion going to minority-owned business. Of that figure, \$98.2 million was spent with black-owned businesses.

Advertising Diversity Rating: ★★★★★



XEROX CORP.

Location: Stamford, CT
Type of Business: Computer hardware & office equipment
Diversity Contact: Phillip Harlow, Chief Diversity, Employee Advocacy, and Industrial Relations Officer

Xerox's diversity track record is exemplified in a number of ways, most notably in workforce inclusion. With an ever-increasing demand for technically skilled employees, the office equipment manufacturer requires that managers continually look for the best and brightest among all ethnic groups. It has been successful in this endeavor: Minorities constitute nearly 30% of Xerox's U.S. labor force of 27,000, while blacks make up 14%. Two of the company's 11 directors, 22 of its 194 senior managers, and four of its 27 corporate officers are African American.

Advertising Diversity Rating: ★



YUM! BRANDS INC.

Location: Louisville, KY
Type of Business: Fast Food
Diversity Contact: Jonathan Blum, SVP, Public Affairs

Diversity is not optional for Yum! Brands Inc.—the world's largest fast-food restaurant company with more than 850,000 employees around the globe. Chairman David Novak says that inclusion "helps drive all aspects" of Yum!, parent of A&W Restaurants, KFC, Long John Silver's, Pizza Hut, and Taco Bell. Its U.S. workforce is more than 50% minority, nearly 50% female, and 23% black. Also, more than 40% of the company's restaurant managers and "above-store" employees are minorities. Senior management boasts 13 minority executives, including KFC COO Harvey Brownlee.

Advertising Diversity Rating: ★



At 18.7 million, black women represent the second largest ethnic group in the United States. If that included black Hispanic women, the figure would be 19.4 million.
 Miriam Mula, 85% Niche

STRENGTHS indicate diversity areas in which the company ranked among the top 30% of respondents