When it comes to minority representation, these corporations mean business

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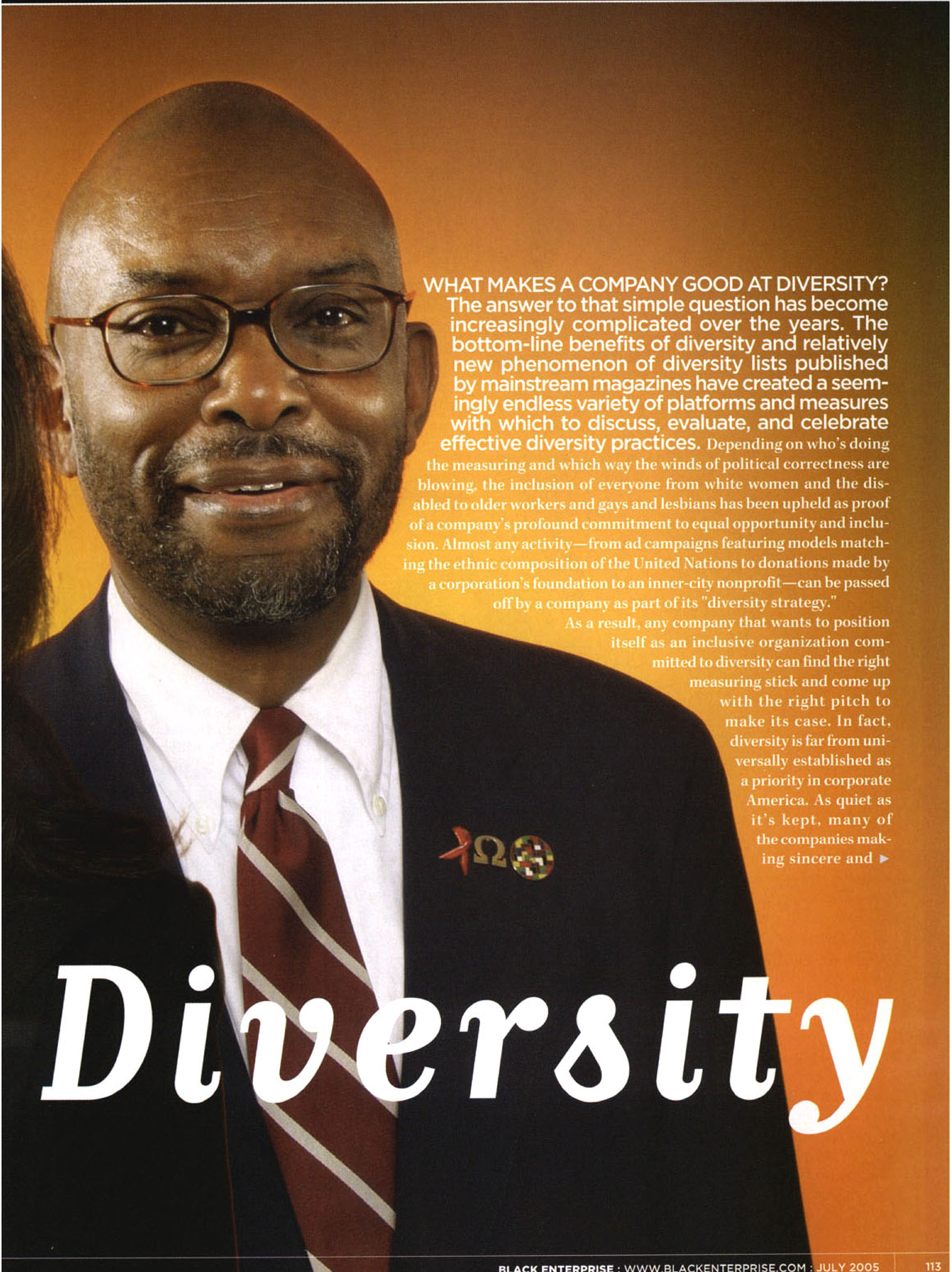
The 30 Best Companies For

—Additional reporting by Carolyn M. Brown, Kenneth Meeks, Matthew S. Scott & Sakina P. Spruell



Diversity

WHAT MAKES A COMPANY GOOD AT DIVERSITY? The answer to that simple question has become increasingly complicated over the years. The bottom-line benefits of diversity and relatively new phenomenon of diversity lists published by mainstream magazines have created a seemingly endless variety of platforms and measures with which to discuss, evaluate, and celebrate effective diversity practices. Depending on who's doing the measuring and which way the winds of political correctness are blowing, the inclusion of everyone from white women and the disabled to older workers and gays and lesbians has been upheld as proof of a company's profound commitment to equal opportunity and inclusion. Almost any activity—from ad campaigns featuring models matching the ethnic composition of the United Nations to donations made by a corporation's foundation to an inner-city nonprofit—can be passed off by a company as part of its "diversity strategy."

As a result, any company that wants to position itself as an inclusive organization committed to diversity can find the right measuring stick and come up with the right pitch to make its case. In fact, diversity is far from universally established as a priority in corporate America. As quiet as it's kept, many of the companies making sincere and ▸

"We have ups and downs. Most of our new relationships have been successful, but it's the same thing with majority companies. People don't realize that. There are always challenges with a new supplier company. Both parties are taking risks. The issue is how you work with the supplier so there's less chance for failure."
—Rengen Li
The Coca-Cola Co.
Manager, Supplier Diversity

significant investments of money and resources toward achieving the ideal of diversity within their organizations have no idea how to measure their progress —or even whether they are headed in the right direction. This reality is at the foundation of African Americans' distrust of corporate America's oft trumpeted commitment to diversity. It is also behind our concern, despite evidence to the contrary, that this new "core corporate value" is not being used as an aid to our inclusion and advancement.

That's why we've spent the better part of the past year putting together the BLACK ENTERPRISE 30 Best Companies for Diversity list. To arrive at this list, we evaluated diversity programs, consulted with diversity experts and corporate diversity officers, and conducted an extensive survey of 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 the total workforce.

Why these areas and not other activities—such as charitable contributions or support of social programs or community organizations—commonly promoted by companies as evidence of their commitment to diversity? Because whom a company hires, seeks out for executive leadership and strategic direction, and does business with are objective and measurable areas of activity rooted in a corporation's operation, direction, culture, and core values. Diversity in advertising images (as opposed to actual spending with black- and minority-owned media), promotion, marketing, scholarships, community service, and other outreach are meaningful only to the degree that they support and enhance corporate performance in the above-mentioned primary areas. In the absence of measurable results in the areas of workforce diversity, senior management diversity, supplier diversity, and board diversity, such outreach efforts amount to so much window dressing.

And why focus on African Americans and ethnic minorities? Because while it is both morally right and good business to create a level playing field for all the diverse groups which make up America, the inclusion and advancement of African Americans and members of other ethnic minority groups remains the primary benchmark of a company's diversity efforts. A major corporation that has successfully included, for example, white women, the disabled, and older workers in all aspects of its business has not succeeded as a practitioner of diversity if African Americans and other people of color are absent or limited to the lowest rungs of its operation.

You can't get more bottom-line than that. So why has the discussion of diversity become so complicated? According to David A. Thomas, the Naylor H. Fitzhugh professor of business administration at Harvard University, "Diversity brings people to where there's the most challenge and pain in an organization, and today that's more likely to be [the subject of] race than any other issue."

The challenge of creating a spirit of inclusion while remaining uncomfortable with the subject of race is why many companies are anxious to measure their diversity efforts against almost anything besides race and ethnicity—often stretching the definition of "minority" beyond the realm of credulity. This is not surprising when you consider what led to diversity being established as a priority for corporate America in the first place. Diversity's roots are in affirmative action, a concept introduced to the nation in 1961 by President John F. Kennedy's Executive Order 10925. Among other things, the order mandated that projects financed with federal funds "take affirmative action" to ensure that hiring and employment practices are free of racial bias. This led to subsequent legislation and social reforms originally aimed at ending racial discrimination and undoing the damage of centuries of economic exclusion, injustice, and discrimination against African Americans, but eventually expanded to protect members of other groups, including ethnic and religious minorities, immigrants, women, and the disabled.

"[At Starwood] we talk about the fact that we live in a diverse world that we have diverse markets and so we have to be able to understand those markets and what they need. For us to gain that understanding, we have to have people who understand those markets sitting at the table that make the decisions."
—Ana Mollinedo
Starwood Hotels & Resorts Worldwide Inc.
VP, Diversity, Communications & Community Affairs

Enforcement of these laws, as well as the urban unrest of the 1960s and '70s, led to a grudging lowering of the barriers to corporate America, as major companies were pushed to balance the scales after decades of institutional racism and Jim Crow. Over the past 16 years, beginning with the 1989 Supreme Court decision of *City of Richmond* v. *Croson*, affirmative action has been pushed to the back burner by a plethora of corporations and government agencies. Today, diversity has been embraced in part because it is a semantic "pill" that is easier to swallow for white Americans, many of whom still find the concept of affirmative action difficult to choke down. "Diversity still, in many places, has become the softer word that we all adopted to communicate around racially tinged issues," explains Joe Watson, president of StrategicHire in Reston, Virginia.

Corporate America's growing emphasis on diversity over ▶

affirmative action has also led to the former becoming an industry unto itself. Diversity is now big business, representing billions of dollars in annual spending and inspiring an army of diversity specialists in professions ranging from executive recruiting and advertising to law and publishing. Once considered a subject of interest only to "minority" media, white-owned consumer publications such as *Fortune* and trade magazines such as the *Diversity Inc.* have begun to produce their own minority executives lists and diversity rankings during the past several years. However, more than three decades ago—long before diversity became a part of the lexicon of corporate America—**BE** published the first of our several lists of top diversity companies "The Best Places for Blacks to Work." We didn't call it diversity back then, but **BE** has been evaluating corporate America's halting progress toward the full and equal participation of African Americans in all facets of American industry since the publication of our first issue in 1970.

Along the way, we helped establish what is now widely accepted wisdom among corporate leaders who understand the benefits of diversity. What a number of CEOs missed in the 1970s and 1980s (and affirmative action opponents fail to recognize today) is that diversity is a business imperative. It is needed to ensure that American industry remains globally competitive and that corporate America makes use of all the human resources and intellectual capital—regardless of race and ethnicity—at its disposal. In fact, a racially and ethnically diverse workforce impacts both the top and bottom lines of corporations as they target black, Latino, and Asian consumers to grow revenues, profits, and market share. With the nation's demographic shift, in which minorities are increasingly becoming the majority, CEOs cannot afford to ignore the impact of that shift on their workforce and consumer markets.

"The representation of your workforce is a component of diversity. But the important measurement is executive representation. I don't think you can separate the two. We're really focusing on executive diversity, and that focus has yielded considerable improvement over the last 10 years."
—J.T. "Ted" Childs
IBM
Vice President
Global Workforce Diversity

Despite the established and growing recognition of diversity as a business imperative, discussions around diversity remain sensitive, implementation of diversity practices is still met with ambivalence, and managing an effective diversity program continues to be fraught with challenges of commitment and resources. "They have to go to the NAACP dinner; they have to participate in the Urban League breakfast; they have to support women in technology," offers Watson. "The unfortunate reality is that many [companies] are irritated that they have to move beyond those things. They want to focus on what they consider 'running the business.' Unfortunately, many of these folks don't consider having a strong diversity effort part of running the business."

In fact, Watson and other diversity experts note that the vast majority of large corporations have invested zero resources in pursuit of a diversity strategy and have no plans to do so. That more than two-thirds of the 1,050 companies surveyed for our Best Companies for Diversity list were either unwilling or unable to participate supports this observation. The reasons given for nonparticipation were, in a word, diverse. A number of companies cited reluctance to reveal competitive data. Other corporations engaged in "self-disqualification," removing themselves from the survey process due to concerns surrounding the quality of their diversity data. Others felt that their programs would not measure up against the diversity programs of other companies. Still others indicated that they had no diversity programs or initiatives. Corporations also addressed the issue of data confidentiality and in some cases felt that legal considerations could not be resolved to meet their internal corporate policies. Other corporations did not have the reporting mechanisms in place to complete the survey because of the lack of data tracking and/or the lack of automated processes necessary to access data about blacks and ethnic minorities. And hundreds of corporations did not feel it necessary to respond at all.

The fact that most companies remain largely indifferent to changing corporate America's predominantly white status quo makes it all the more important for us to laud the 300 or so companies that are aggressively pursuing diversity initiatives. They include companies such as General Motors and Starwood Hotels that have excelled at seeking out and doing business with black suppliers, many of which are represented on our **BE 100s** lists of the nation's largest black-owned companies. Others, such as Xerox Corp. and FedEx Express, are among the very best at bringing talented people of color into the senior management ranks of their companies, while PG&E and Marriott International are among those that have excelled at African American board representation. And when it comes to workforce diversity, corporations such as McDonald's Corp. and Verizon are old hands. In short, the **BE** 30 Best Companies for Diversity are setting the standard for the rest of corporate America. Their commitment to diversity and inclusion are key to maintaining African American gains in employment, earning power, and business ownership.

But are they perfect? Let's not get carried away. Marlon D. Cousin, managing partner of The Marquin Group, an executive recruiting and diversity consulting firm in Atlanta, puts it this way: "Trying to identify the companies with the most effective corporate diversity programs can be a bit like identifying the tallest people in a nation of midgets."

Even the best diversity companies, including more than a few on our list, have been hit with discrimination lawsuits (in some cases, several) within the past two years. In fact, one of the ironies of corporate diversity is that the fewer minority employees a company has, the less likely it is to face a workplace discrimination suit. Companies coping with the challenging task of managing a large, diverse organization are far more likely to face such lawsuits than comparably sized companies with no diversity to manage.

"There's obviously still pain in those organizations," offers Thomas. "It's possible for there to be parts of the company where negative things are happening, but for the company to be making progress [overall]."

Make no mistake about it—the business of diversity is tough and very much a work in progress. Even the 30 Best Companies for Diversity can ill afford to rest on their laurels. ▶

HOW WE CHOSE THE 30 BEST *Companies for Diversity*

The 2005 **BLACK ENTERPRISE** 30 Best Companies for Diversity were determined by an analysis of the responses to a survey of major corporations to determine investments in key diversity activities. **BE** engaged in a comprehensive outreach effort to both the CEO and the diversity executive for 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 areas:

1. **The percentage of total procurement dollars spent with companies owned by African Americans and members of other ethnic minority groups**
2. **The percentage of African Americans and members of other ethnic minority groups represented on their corporate boards**
3. **The percentage of senior management positions held by African Americans and members of other ethnic minority groups**
4. **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, participate meaningfully in our corporate diversity survey, and effectively demonstrate their qualifications as the standard-bearers for diversity initiatives in corporate America.

Companies were surveyed on a secondary category, marketing and outreach. **BE**'s corporate diversity survey focused primarily on activities related to the participation, in each category, 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/transexuals, 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 ethnic and black managers as a percentage of all senior management positions. The fourth category, workforce, assesses the percentage of ethnic and black employees in an organization as a percentage of all employees.

The marketing and outreach category was utilized as a secondary, supporting category and included marketing, 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. **BE** determined the leading marketing organizations and used the assessment to complement the scoring in the four primary categories.

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 30 Best Companies for Diversity. **—THE EDITORS**

MCDONALD'S CORP. SCORED IN THE TOP 10 FOR DIVERSITY AMONG ITS GENERAL WORKFORCE.

MCDONALD'S CORP.

Location: Oak Brook, IL **Type of Business:** Food services
Diversity Contact: Pat Harris, U.S. VP & Chief Diversity Officer

McDonald's is the leading global quick-service restaurant with more than 30,000 restaurants in 119 countries. The creator of the Big Mac scored highly in all four diversity categories, but it was most impressive in employee diversity. More than half of the McDonald's staff—from crew members to the COO—belong to an ethnic minority group.

"It was 1994 when I joined the McDonald's family as a regional manager in our Sacramento region," says Ralph Alvarez, who is now president of McDonald's North America. "I believed then, and I now know, the culture of McDonald's is unique and one where diversity is a part of the organizational fabric."

McDonald's is primarily an operations company, therefore the majority of employees are in restaurant operations. However, the company prides itself on having diversity throughout its senior management ranks. Don Thompson, executive vice president and chief operations officer of McDonald's USA, and William Lamar Jr., chief marketing officer of McDonald's USA, both made our "75 Most Powerful Blacks in Corporate America" list.

"I have been a part of planning sessions that focus on understanding the dimensions of diversity in our customers and the importance of having a workforce that represents these very important values and beliefs," says Harris, who began her career at the company 29 years ago as an administrative assistant in the legal department. "I personally experienced numerous promotions and increasing responsibilities. I have had the opportunity to view and participate in the demonstrated commitment to diversity."

McDonald's has been recognized as a top company for people with disabilities as well as the best employer for Asians, African American women, and Hispanics. Harris says she doesn't take their record for granted. "We focus on doing the smart things for our employees like our efficacy-based diversity education classes, engaging our employees in volunteerism initiatives in diverse communities, and recognizing and celebrating accomplishments. It's no secret that minorities are more likely to join an organization where they see themselves represented across the business and at all levels."

—Sakina P. Spruell ▶

Strengths

- ✓ SUPPLIER DIVERSITY
- ✓ SR. MANAGEMENT
- ✓ EMPLOYEE BASE
- ✓ BOARD OF DIRECTORS

Strengths indicate diversity areas in which the company ranked among the top 20 respondents.

AFLAC

Location: Columbus, GA **Type of Business:** Insurance
Diversity Contact: Brenda J. Mullins, Second VP, Human Resources & Diversity Officer

Aflac is the country's third largest insurance company, with a little more than $13.2 billion in revenues and a workforce of 3,971, of which 1,379 are African American. With such numbers, the company has an impressive showing for general workforce diversity. According to Mullins, Aflac has never had a problem with recruiting minority employees. Considering that it's located about 100 miles south of Atlanta, it doesn't have to look far. "We do target minority recruitment fairs, and we attend minority events where we can do recruitment efforts," she says.

Strengths

- SUPPLIER DIVERSITY
- ✓ SR. MANAGEMENT
- ✓ EMPLOYEE BASE
- ✓ BOARD OF DIRECTORS

AMERICAN EXPRESS CO.

Location: New York **Type of Business:** Travel, financial & network service
Diversity Contact: Henry Hernandez, Chief Diversity Officer

American Express is best known for its charge card division, but the company is also one of the world's largest travel service networks. The firm's diversity initiatives are evident in its high percentage of ethnic minority senior managers as well as its community outreach. According to Hernandez, American Express offered 115 grants totaling $2.03 million to the African American community in 2004. "To win the marketplace, [American Express] must attract the most talented people," he says. "To that end, during an eight-month pilot [program,] high-performing individuals were paired with senior level executives in a mentoring relationship."

Strengths

- SUPPLIER DIVERSITY
- ✓ SR. MANAGEMENT
- EMPLOYEE BASE
- ✓ BOARD OF DIRECTORS

ARAMARK

Location: Philadelphia **Type of Business:** Diversified outsourcing services
Diversity Contact: Elizabeth Campbell, VP Employment Practices & Services, Corporate Diversity Officer

ARAMARK is a provider of food, uniforms, and facilities management services to healthcare institutions, universities, school districts, stadiums, and arenas. With annual sales of $8.8 billion, ARAMARK employs more than 200,000 people. The company has almost 50,000 black employees and spent millions with black-owned firms in 2004. "Key to maximizing the success of ARAMARK is our ability to understand and mirror the diversity of our clients and customers," says Campbell. One ARAMARK executive made our list of the "75 Most Powerful Blacks in Corporate America."

Strengths

- SUPPLIER DIVERSITY
- SR. MANAGEMENT
- ✓ EMPLOYEE BASE
- ✓ BOARD OF DIRECTORS

BANK OF AMERICA

Location: Charlotte, NC **Type of Business:** Financial services
Diversity Contact: Geri P. Thomas, Corporate Diversity Executive

With a better than average score of minority executives and board members, the nation's second largest financial institution fares even better with its suppliers and employees. Bank of America is also highly invested in community outreach by providing scholarships to minority students, recruiting at historically black colleges and universities, and financing home loans for African American consumers. "All of us at Bank of America have been energized by the corporation's 10-year goal to lend and invest at least $750 billion for community development," says Milton H. Jones, a global quality and productivity executive.

Strengths

- ✓ SUPPLIER DIVERSITY
- SR. MANAGEMENT
- ✓ EMPLOYEE BASE
- BOARD OF DIRECTORS

BELLSOUTH

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

BellSouth has a long history in telecommunications. Its commitment to diversity is reflected in its over 63,000 employees; more than 16,000 are black, along with nearly 10% of its senior managers. "For us, inclusion is not only fundamental to our employee workforce, but also to our leadership structure, our supplier base, our charitable and corporate social outreach, and among the customers who make up our marketplace," says Adams. BellSouth also has a variety of charitable and community outreach programs. ▶

Strengths

- ✓ SUPPLIER DIVERSITY
- ✓ SR. MANAGEMENT
- ✓ EMPLOYEE BASE
- BOARD OF DIRECTORS

Strengths indicate diversity areas in which the company ranked among the top 20 respondents.

CITIGROUP

Location: New York **Type of Business:** Financial services

Diversity Contact: Susan Eng, Senior Analyst, Global Workforce Diversity

Citigroup is the largest commercial bank in the country with $108.2 billion in revenues last year. It scored well in board representation, with five of the 17 board members belonging to an ethnic minority group. Three of that five are African American. The corporation has 142,680 general employees, of which 48,644 are ethnic minorities. Of that number, 19,058 are African American. Eng says Citigroup is one of the most diverse organizations in the world with locations in more than 100 countries. In addition, some 98% of the employees are hired locally. "We believe our diversity greatly enhances our business," says Eng.

Strengths

- ✓ SUPPLIER DIVERSITY
- SR. MANAGEMENT
- EMPLOYEE BASE
- ✓ BOARD OF DIRECTORS

THE COCA-COLA CO.

Location: Atlanta **Type of Business:** Beverage

Diversity Contact: Edward Gadsden, VP, People Practices & Global Diversity

Founded in 1886, The Coca-Cola Co. produces nearly 400 beverage brands through the world's largest distribution system of nonalchoholic beverages. Steve Bucherati, director of diversity and workplace fairness, says the company's approach is to leverage the diversity of its people to build a sustainable and unparalleled competitive advantage that fuels innovation and grows business performance. "This commitment to the community is executed through financial contributions, volunteerism, employee matching gifts, and in-kind contributions directed to a variety of civic and community partnerships," says Gadsden.

Strengths

- SUPPLIER DIVERSITY
- ✓ SR. MANAGEMENT
- ✓ EMPLOYEE BASE
- BOARD OF DIRECTORS

COORS BREWING CO.

Location: Golden, CO **Type of Business:** Beverage

Diversity Contact: LaTonya Jackson, Diversity Coordinator

Although Coors Brewing Co. merged with Molson earlier this year, the basis of the company's inclusion on this list comes from its 2004 figures. Last year, when Coors was a single company operating with $4 billion in revenues, it had a reasonably good standing reflected in its board: two ethnic minorities sitting on a board of eight, with one African American. Though the numbers might not seem significant, it's impressive when considering the size of the board. The new company will maintain a global presence and Coors Brewing Co. will relegate itself strictly to U.S. operations.

Strengths

- SUPPLIER DIVERSITY
- ✓ SR. MANAGEMENT
- EMPLOYEE BASE
- ✓ BOARD OF DIRECTORS

DAIMLERCHRYSLER

Location: Auburn Hills, MI **Type of Business:** Automotive

Diversity Contact: Monica E. Emerson, Executive Director, Corporate Diversity Office

Commitment to diversity is evident in DaimlerChrysler's total procurement dollars spent with minority vendors. "Supplier diversity initiatives are vital to the development of economic revitalization and job creation," says Jethro Joseph, senior manager of diversity supplier development. An integral component of the automotive company's diversity strategy is its Employee Resource Groups, which provide input on workplace and marketplace opportunities. Minorities represent more than 25% of total employees. In addition, DaimlerChrysler continues to support minority students through its scholarships and community outreach programs.

Strengths

- ✓ SUPPLIER DIVERSITY
- SR. MANAGEMENT
- ✓ EMPLOYEE BASE
- BOARD OF DIRECTORS

DARDEN RESTAURANTS INC.

Location: Orlando, FL **Type of Business:** Food services

Diversity Contact: Linda Landman-Gonzalez, Director, Diversity & Community Affairs

Darden Restaurants' strongest efforts as a company are in board representation. Of its 12 board members, four are ethnic minorities, including three African Americans. The company is run by Clarence Otis Jr., an African American who appeared on our "75 Most Powerful Blacks in Corporate America" list. Overall, the company ranked "fair" in senior management, with six African Americans in senior management positions out of 72. Darden Restaurants is the fourth largest food services company in the country, earning $5 billion in revenues last year with an overall employee base of 138,144, of which 18,707 are African American. ▸

Strengths

- SUPPLIER DIVERSITY
- ✓ SR. MANAGEMENT
- EMPLOYEE BASE
- ✓ BOARD OF DIRECTORS

Strengths indicate diversity areas in which the company ranked among the top 20 respondents.

CROWDER, ONE OF STARWOOD'S NEWEST MINORITY VENDORS, IS A TESTAMENT TO THAT COMPANY'S HIGH MARKS.

STARWOOD HOTELS & RESORTS WORLDWIDE INC.

Location: White Plains, NY **Type of Business:** Hotels and resorts

Diversity Contact: Ana Mollinedo, VP, Diversity, Communications & Community Affairs

At Starwood Hotels & Resorts, diversity is woven into the fabric of the organization, from its employee base to its leadership team to its vendors. "We measure diversity throughout our human resources processes, which of course are tied to compensation and bonuses," says Mollinedo. "Success is driven by the fact that key stakeholders are partners and sponsors of threading diversity and inclusion in [this] company." Two of BE's "75 Most Powerful Blacks in Corporate America" are among Starwood's top executives.

Starwood is one of the leading hotel and leisure companies in the world, with 120,000 employees and more than 750 properties in over 80 countries. In 2003, the Minority Business Enterprise program was created to encourage all North American properties and regional offices to give minority suppliers a fair share of opportunities.

"Up until then we had someone handling procurement, but no formal program to speak of," Mollinedo explains. "We started creating internal tools to track and create a database of minority suppliers," she adds, noting that it was a cross-functional operation from the CEO on down. In addition, Starwood has started a second-tier program, holding its major vendors accountable for doing business with minority-owned firms. Starwood contracts products and services for advertising, food and beverage, cleaning, office supplies and equipment, and landscaping.

One of Starwood's MBEs, Royal Cleaning Service Inc., began as a one-man operation 13 years ago. Today, the New York firm has 73 employees who service hotels, residences, business, and government agencies. At the National Minority Supplier Development Council's 2004 annual gala, Royal's founder, Joseph Crowder, first learned of Starwood's MBE program. He was initially contracted to clean New Jersey's Westin Princeton Hotel and later the Sheraton. "They back their MBEs ... those who show progress. They are willing to give them additional work quickly," Crowder explains. "That is a big plus for them."

—Carolyn M. Brown

Strengths

- ✔ SUPPLIER DIVERSITY
- ✔ SR. MANAGEMENT
- ✔ EMPLOYEE BASE
- BOARD OF DIRECTORS

Strengths indicate diversity areas in which the company ranked among the top 20 respondents.

EASTMAN KODAK CO.

Location: Rochester, NY **Type of Business:** Photographic Equipment
Diversity Contact: Essie Calhoun, VP, Chief Diversity Officer & Director of Community Affairs

Eastman Kodak Co. has a substantial number of ethnic minority employees (close to 25%), including its recently appointed CEO, Antonio Perez. Roughly 10% of its employees are black. Eastman Kodak has a number of initiatives to maintain diversity in its senior management ranks, including a succession planning process that links senior executives with diverse middle managers. Initiatives that maintain supplier diversity are also in place. "We expect to place 11.5% of domestic purchasing with minority-owned businesses and 12% of domestic purchasing with women-owned businesses by 2008," says Calhoun.

Strengths
- ✔ SUPPLIER DIVERSITY
- ✔ SR. MANAGEMENT
- EMPLOYEE BASE
- ✔ BOARD OF DIRECTORS

FANNIE MAE

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

Despite an accounting scandal that led to the resignation of CEO Franklin Raines, one of corporate America's top black executives, Fannie Mae still boasts a strong showing of minorities among senior management—nearly 25%. Moreover, people of color make up close to 50% of Fannie Mae's workforce. Since 1995, the company has established business relationships with more than 200 minority-owned mortgage lenders. The leading residential mortgage holder continues to increase its discretionary spending to minority-owned vendors. In 2004, about 13% of contracts went to minority suppliers.

Strengths
- ✔ SUPPLIER DIVERSITY
- ✔ SR. MANAGEMENT
- ✔ EMPLOYEE BASE
- BOARD OF DIRECTORS

FEDEX EXPRESS

Location: Memphis, TN **Type of Business:** Mail, package, and freight delivery
Diversity Contact: R. Larry Brown, Senior VP & Chief HR Officer

FedEx Express is the second largest delivery company in the country with about $24.7 billion in revenues. Of its 116,369 employees, a little less than half—50,326—are ethnic minorities, including 34,479 African Americans. FedEx Express is also relatively strong in board representation with two black board members out of 13 total. The company did show strength in senior management representation: 15 of its 74 senior managers are ethnic minorities. Eight of those minorities are African Americans, including two who appeared on our list of "75 Most Powerful Blacks in Corporate America."

Strengths
- SUPPLIER DIVERSITY
- ✔ SR. MANAGEMENT
- ✔ EMPLOYEE BASE
- BOARD OF DIRECTORS

GENERAL MOTORS CORP.

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

GM was the first automotive company to establish minority supplier and dealership programs in 1968 and 1972, respectively. But what landed this company on our list was continued first-tier and second-tier spending with minority vendors. These businesses are providing critical parts and services to some of GM's most prestigious staples, says V. Diane Freeman, senior manager of supplier diversity. The new Chevrolet Corvette (C6) had 28 minority suppliers, including The Bing Group, (No. 8 on the **BE INDUSTRIAL/SERVICE 100** list with $372 million in gross sales), which provided seats. "Spending is important," Freeman adds, "but we also want to make sure that we are developing good suppliers with strong performing capabilities."

Strengths
- ✔ SUPPLIER DIVERSITY
- SR. MANAGEMENT
- EMPLOYEE BASE
- BOARD OF DIRECTORS

MARRIOTT INTERNATIONAL INC.

Location: Washington, DC **Type of Business:** Hotels, casinos, resorts
Diversity Contact: Dave Sampson, Senior VP, Diversity Initiatives

Marriott International has more than 2,600 individual properties located in the U.S. and 65 other countries and territories. Marriott added Debra Lee, president and chief operating officer of BET, to its board of directors last year, giving it two African Americans on its 11-member board. Sampson says Marriott has pledged to spend more than $1 billion with women and minority suppliers and to double the number of women and minority owners and franchisees over the next five years. "For over 16 years, our proactive diversity programs have added to our competitive advantage," says Sampson. ▸

Strengths
- ✔ SUPPLIER DIVERSITY
- SR. MANAGEMENT
- ✔ EMPLOYEE BASE
- ✔ BOARD OF DIRECTORS

Strengths indicate diversity areas in which the company ranked among the top 20 respondents.

XEROX'S SENIOR-LEVEL MANAGEMENT INCLUDES KEVIN WARREN, ALICIA FERNANDEZ-CAMPFIELD, SIDDHARTHA DALAL, STEVEN PEREZ, AQUA PORTER, AND DONNA DUNLAP.

XEROX CORP.

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

Xerox Corp. is best known as a manufacturer of copiers, printers, and fax machines. However, the $15.7 billion enterprise also offers document management software, consulting, and document outsourcing. A company of this size requires plenty of employees, and Xerox boasts more than 58,000 employees worldwide.

Xerox gets high marks for advancing ethnic minorities to top ranks. The company has three African Americans at the division-president level, all of whom made our "75 Most Powerful Blacks in Corporate America" list. They are: Ursula Burns, president, Business Group Operations; Emerson Fullwood, chief of staff and marketing, Xerox North America; and Quincy Allen, president, Production Systems Group.

Marlon Cousins, managing partner of The Marquin Group in Atlanta, says companies like Xerox are successful when it comes to appointing minorities to senior management positions because, "They do a very good job of succession planning, sponsorship of diverse talent, and [have developed] a clear strategy around cross-functional development as well as vertical development." Cousins also credits the support of existing senior managers.

"Xerox is a company that leads by example. From my very first days at Xerox, the presence of diverse professionals at every level of the organization has sent a powerful message that advancement is based solely on performance," says Kevin Warren, senior vice president, Eastern Sales Operation. Warren is a 21-year veteran with Xerox and says the company has made a significant investment in his training and education. "Throughout my career, Xerox has taken an active role in my future by providing mentors, development programs, and post-graduate education," he says.

At the elite corporate officer level, there are people of all ethnic groups represented, and that is not by chance. The diversity office focuses on succession planning from the entry-level manager to the chairman. The diversity office strives to have a balanced workforce. "We don't deal with quotas. However, based on the demographics and ethnicities available with the requisite skills in a workplace, we like to see that same representation in our workforce," says Ernest Hicks, corporate diversity manager. That is to say, if Xerox were to find that 2% of African Americans are educated in a specialized engineering area, they will strive to make sure that specialized area within Xerox is staffed with at least 2% African Americans.

In addition, if Xerox recognizes there is a lack of diversity in a certain field, the corporation funds scholarships to encourage minorities to seek degrees in that field.

—Sakina P. Spruell ▶

Strengths

- ✓ SUPPLIER DIVERSITY
- ✓ SR. MANAGEMENT
- ○ EMPLOYEE BASE
- ✓ BOARD OF DIRECTORS

Strengths indicate diversity areas in which the company ranked among the top 20 respondents.

MGM MIRAGE

Location: Las Vegas **Type of Business:** Hotels, casinos, resorts

Diversity Contact: Punam Mathur, Senior VP, Corporate Diversity & Community Affairs

MGM Mirage takes its diversity initiatives seriously, having declared in May 2000 that it was a critical business imperative. Since then, the fifth largest hotel, casino, and resorts company, which boasts more than $4.2 billion in revenues, has fostered an environment in which diversity is recognized as a fundamental part of its culture. In 2000, MGM Mirage hosted its first Minority Business Expo as an opportunity to identify potential local vendors. As the company was quick to point out, minority vending and suppliers have "increased significantly" over the past five years because of "very proactive measures" to ensure greater inclusion.

Strengths

- ✓ SUPPLIER DIVERSITY
- ✓ SR. MANAGEMENT
- ✓ EMPLOYEE BASE
- ○ BOARD OF DIRECTORS

NORDSTROM

Location: Seattle **Type of Business:** Upscale apparel & shoe retailer

Diversity Contact: Delena Sunday, Executive VP, Human Resources & Diversity Affairs

The retailer seeks to boost employee diversity through recruitment and retention efforts. "Nordstrom's commitment to supplier diversity has been strong for many years," says Victor Valdez, president of the Northwest Minority Business Council. The retailer has played a lead role in embracing new business models to increase business opportunities with minority-owned companies. "One thing Nordstrom can be very proud of is that it spends procurement dollars on items across the board," says Valdez.

Strengths

- ○ SUPPLIER DIVERSITY
- ○ SR. MANAGEMENT
- ○ EMPLOYEE BASE
- ✓ BOARD OF DIRECTORS

PEPCO HOLDINGS INC.

Location: Washington, DC **Type of Business:** Utilities, gas & electric

Diversity Contact: Joy Dorsey, Director of Diversity & HR Strategic Planning

With $7.2 billion in revenues last year, Pepco Holdings is one of the largest utility companies in the mid-Atlantic region. It employs 5,592 employees, of which 1,456 are African American. And though it has a modest score for hiring blacks, the company does well in the area of senior management representation and board representation. Of the 13 board members, three are African Americans and of the 51 senior managers, nine are ethnic minorities, including six African Americans. Pepco did well in these two areas, according to Wanda Paradis, a diversity consultant, because the company understands the importance of having diversity within all ranks.

Strengths

- ✓ SUPPLIER DIVERSITY
- ✓ SR. MANAGEMENT
- ✓ EMPLOYEE BASE
- ✓ BOARD OF DIRECTORS

THE PEPSI BOTTLING GROUP

Location: Somers, NY **Type of Business:** Beverage

Diversity Contact: Rhonda Curry, Senior Manager, Diversity & Staffing

The Pepsi Bottling Group, the world's largest manufacturer, seller, and distributor of Pepsi-Cola beverages, generates nearly $11 billion in annual sales and shares its wealth by spending millions in procurement contracts with ethnic minority suppliers. PBG also created a Website to service its minority and women enterprise program. PBG's diversity efforts are reflected in its more than 30,000 employees; roughly one-third are ethnic minorities. Curry says PBG "leverages the diversity that exists within our employees, company, customers, and communities to create a competitive advantage in the marketplace."

Strengths

- ✓ SUPPLIER DIVERSITY
- ○ SR. MANAGEMENT
- ○ EMPLOYEE BASE
- ○ BOARD OF DIRECTORS

PEPSICO

Location: Purchase, NY **Type of Business:** Beverage & snacks

Diversity Contact: Ronald Parker, Senior VP, Human Resources, FLNA

PepsiCo is dedicated to spending its dollars with minority vendors. Supplies, services, and raw materials provided by minority-owned businesses account for a large portion of the company's $100 billion in total purchases. PepsiCo's spending with minority suppliers increased in 2003 despite overall purchasing reduction, according to The National Minority Supplier Development Council, which presented the beverage conglomerate with both its Leadership Award and Corporation of the Year Award in 2004. NMSDC reports that PepsiCo has made significant progress in core business areas such as sweeteners, packaging, and equipment. ▶

Strengths

- ✓ SUPPLIER DIVERSITY
- ✓ SR. MANAGEMENT
- ○ EMPLOYEE BASE
- ✓ BOARD OF DIRECTORS

Strengths indicate diversity areas in which the company ranked among the top 20 respondents.

PG&E CORP.

Location: San Francisco **Type of Business**: Utilities, gas & electric
Diversity Contact: Russell Jackson, Senior VP, Human Resources

PG&E Corp., the parent company of Pacific Gas and Electric Co., has shown a commitment to diversity on its board of directors for decades. Barry Lawson Williams, president of Williams Pacific Ventures Inc., became a director of Pacific Gas and Electric Co. in 1990. When the holding company was formed in 1997, Williams also became a director of PG&E Corp., and he serves as chairman of the PG&E Corp. and Pacific Gas and Electric Co. audit committees.

Fellow African American David Andrews joined the boards of directors of PG&E Corp. and Pacific Gas and Electric Co. in 2000. Andrews is a retired senior vice president of government affairs, general counsel, and secretary of PepsiCo Inc. Previously, he served as the legal adviser to the U.S. Department of State and former Secretary of State Madeleine Albright. Andrews is a member of the PG&E Corp. and Pacific Gas and Electric Co. audit committees and the PG&E Corp. public policy committee.

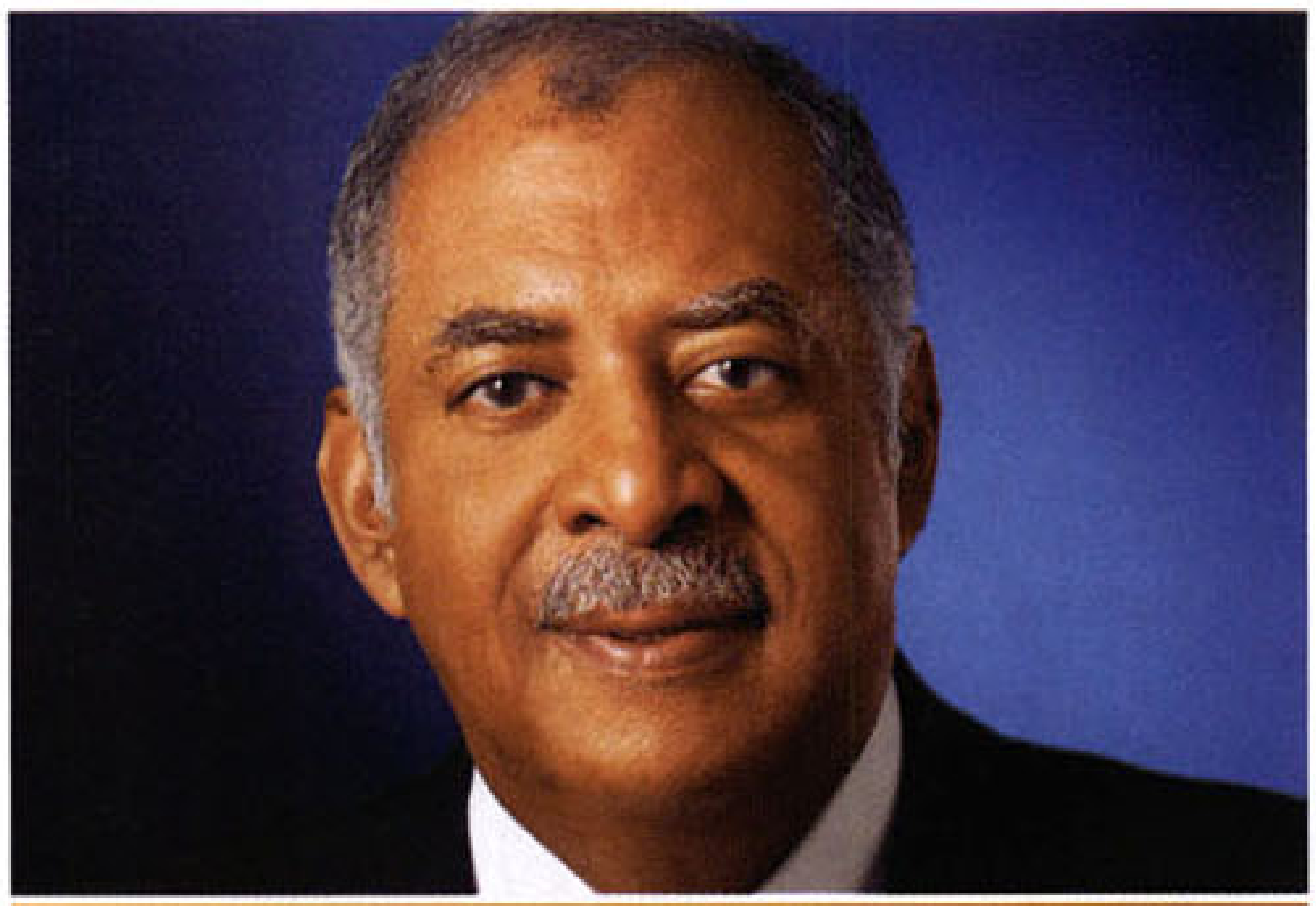
"Certainly, there are more African Americans on corporate boards today than there were 15 years ago," says Dennis Dowdell, executive director of the Executive Leadership Council. Dowdell says that out of the 5,572 corporate board seats at the 500 largest publicly traded companies, 449 seats are held by African Americans. "The highest number of African Americans on any one board is five right now," says Dowdell, referring to the ELC's recent study on board representation.

In addition to Williams and Andrews, Robert Glynn Jr., chairman of the boards of PG&E Corp. and Pacific Gas and Electric Co., is also an ethnic minority. Glynn is Hispanic and has been chairman of both company's boards since 1998.

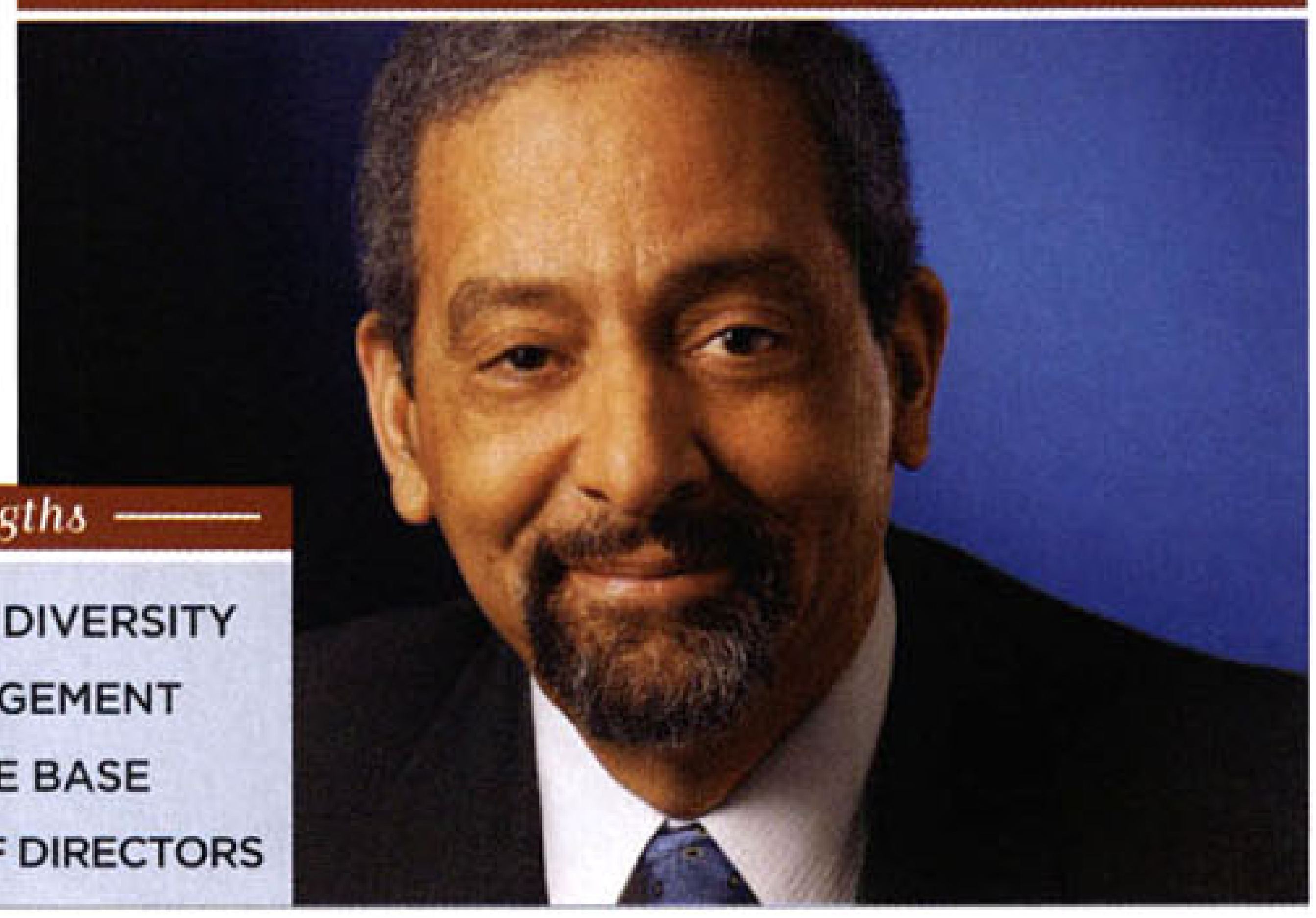
"We don't use quotas. We just go after the most qualified candidates, and minorities are just as qualified as nonminorities," says Jackson, the highest ranking African American at PG&E.

"We really value different perspectives. It keeps us in touch with many different constituents, and it enriches our company's decisions."

—Sakina P. Spruell



WILLIAMS (TOP) AND ANDREWS GIVE PG&E AMERICA'S MOST DIVERSIFIED BOARD OF DIRECTORS



Strengths

- ✓ SUPPLIER DIVERSITY
- ✓ SR. MANAGEMENT
- EMPLOYEE BASE
- ✓ BOARD OF DIRECTORS

IBM

Location: Armonk, NY **Type of Business:** Technology
Diversity Contact: J. T. "Ted" Childs, VP, Global Workforce Diversity

Big Blue scores favorably in senior management, board representation, and workforce and supplier diversity. But it is IBM's corporate citizenship and outreach that stands head and shoulders above other corporate giants.

Education is IBM's No. 1 social commitment. Its flagship program is a $75 million education initiative encompassing 25 school districts. "We are very good at the community piece," says Childs, "particularly on improving the quality and delivery of education in inner-city school systems of America through the use of technology."

Bridging the digital divide remains a priority at the world's largest developer and manufacturer of computer hardware and software. As part of a 10-year commitment that began in 2000, IBM is the lead corporate sponsor of National Black Family Technology Awareness Week. The company has since supported National La Familia Technology Awareness Week and Native American Family Technology Journey. The primary goal is to draw attention to the digital divide and the negative impact it has on education and on employability, says co-chair Rodney Adkins, who serves as vice president of development of IBM systems and technology group. Studies suggest that more than 50% of jobs in 21st century America will require skills in computer and network use. In addition, those with computer skills are expected to earn 43% more than those without.

Adkins is an elite member of IBM's Worldwide Management Council, which represents the 50 highest ranking senior executives. At the top of Adkins' agenda is bringing minorities into the pipeline and elevating them to the top level. Adkins says his work experience exemplifies one of the value propositions that IBM offers in terms of career advancement.

The 24-year IBMer has covered a broad range of technologies and products and has played different types of key roles. "As an engineer, I was involved in inventing and developing," he explains. "As a manager I oversaw projects, and as an executive, I was responsible for the impact that IBM products would have in the marketplace in terms of financial performance and customer satisfaction."

—Carolyn M. Brown ▶

Strengths

- SUPPLIER DIVERSITY
- SR. MANAGEMENT
- EMPLOYEE BASE
- ✓ BOARD OF DIRECTORS

Strengths indicate diversity areas in which the company ranked among the top 20 respondents.

PITNEY BOWES

Location: Stamford, CT **Type of Business:** Computer, office equipment
Diversity Contact: Christine Castellano, Diversity Specialist

Pitney Bowes is the eighth largest provider of office technology and office services. With $5 billion in revenues, the company is a strong proponent of workforce diversity, landing among the top 10 companies that scored well in this category. Forty-four percent of its 26,263 employees are ethnic minorities; 24% are African American. According to Castellano, Pitney Bowes' commitment to diversity means the company values and actively pursues it as a mission. One-quarter of its board members are ethnic minorities, one of whom is African American.

Strengths

- SUPPLIER DIVERSITY
- SR. MANAGEMENT
- ✔ EMPLOYEE BASE
- BOARD OF DIRECTORS

PROCTER & GAMBLE

Location: Cincinnati **Type of Business:** Consumer products
Diversity Contact: Carol Tuthill, VP, Global Diversity & Organization Capability

Part of P&G's workforce diversity assurance is advancing minorities to executive and general manager levels. The firm has stepped up its minority recruitment, namely expanding the minority internship program, which is responsible for one-third of full-time employees hired. Diversity as a business strategy comes from P&G's Chairman, President, and Chief Executive A.G. Lafley, who has renewed the company's focus, which includes increasing 2005 purchases from minority businesses. States Lafley: "We simply cannot create brands and products to improve the lives of the world's consumers unless we understand the diversity of our customers."

Strengths

- ✔ SUPPLIER DIVERSITY
- ✔ SR. MANAGEMENT
- EMPLOYEE BASE
- BOARD OF DIRECTORS

VERIZON COMMUNICATIONS INC.

Location: New York **Type of Business:** Telecommunications
Diversity Contact: Magda Yrizarry, VP, Workplace Culture, Diversity & Compliance

With more than $71 billion in annual revenues, Verizon is one of the world's leading providers of communications services. Verizon did well in the areas of board representation and senior management, including one who appeared on our list, "75 Most Powerful Blacks in Corporate America." Among the 271 senior management positions, 50 are filled by ethnic minorities, 25 of whom are African Americans. And of the 11 board members, Verizon has three who are ethnic minorities, including two African Americans. "With regard to board representation, we do well because leadership understands the importance of having diversity throughout the business," says John Bell, senior vice president, Domestic Telecom Human Resources. "The same is true for senior leadership."

Strengths

- ✔ SUPPLIER DIVERSITY
- ✔ SR. MANAGEMENT
- EMPLOYEE BASE
- ✔ BOARD OF DIRECTORS

WAL-MART STORES

Location: Bentonville, AR **Type of Business:** Retailer
Diversity Contact: Esther Silver-Parker, VP, Diversity Relations

Wal-Mart gets high marks for its philanthropic efforts and community outreach in African American communities. The national retailer makes the grade in terms of a fair representation of ethnic minorities among its employees, corporate board, and senior management. With total procurement in the billions, Wal-Mart continues to push for greater inclusion of minority vendors. A target of criticism and lawsuits, the company established a new diversity office in 2003 that serves as its driving force for diversity initiatives. Since then, pay systems and managers' bonuses are now tied to diversity goals.

Strengths

- SUPPLIER DIVERSITY
- SR. MANAGEMENT
- EMPLOYEE BASE
- ✔ BOARD OF DIRECTORS

YUM! BRANDS

Location: Louisville, KY **Type of Business:** Fast food franchise
Diversity Contact: Terrian Barnes, Director, Public Affairs & Global Diversity

Yum! Brands captures a high spot in workforce diversity, with ethnic minorities composing more than 50% of U.S. employees. One Yum! Brands senior executive made our "75 Most Powerful Blacks in Corporate America" list. Though strides have been made, additional steps are needed to improve its supplier base. "Chairman and CEO David Novak is holding all brand leaders accountable for building a Yum! dynasty that reflects the communities we serve," says Barnes. "We are trying to form the right partnerships with the right organizations that can help deliver minority suppliers for all aspects of our business." BE

Strengths

- SUPPLIER DIVERSITY
- SR. MANAGEMENT
- ✔ EMPLOYEE BASE
- BOARD OF DIRECTORS

Strengths indicate diversity areas in which the company ranked among the top 20 respondents.