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Australia—that functioned as the catalyst behind his diversity initiative. Nasser's history, which he openly shared with his employees, illuminated the source of his desire to make diversity thrive on a systemic level within Ford.

Telling his personal story to Wharton Business School students, Nasser said: "I didn't look Australian, and when I went to school, I was different than the kids in my class. I spoke Arabic, not English. My lunch was tabouli and flat bread, and kids would laugh at me. But I stayed with my food. The lesson I learned was, it's okay to be different. Be yourself. Be your own brand. Stand up for what you believe in."[8]

One would assume that Nasser's philosophy would not conflict with a company that has identified diversity as "one of our founding principles" since early in its history. In 1913, for example, Henry Ford's offer to pay $5 a day attracted thousands of immigrants and African Americans drawn to the prospect of earning twice the typical daily wage—a wage proudly claimed by Ford as being "credited with helping to create the black middle class."[9] By 1916, Ford employed people who represented 62 nationalities and more than 900 people with disabilities.[10] Additionally, Ford hired many disabled veterans returning from World War I in 1919, thus "making the automaker one of the first companies to hire people with disabilities and to adapt work environments to their specific needs."[11]

Nasser viewed excellence in diversity management not only as a continuation of and respect for Ford's long-standing traditions but also as a competitive advantage. Specifically, he desired the best possible reputation for diversity management so that Ford could recruit and retain the best minority employees. The value of a diverse workforce was, for Nasser, obvious: "Greater inclusion of minorities is a priority for two reasons. It's the right thing to do. It's also good business."[12] Impressively, in 1999, Ford made 30 percent of its new hires minorities and raised the percentage of minority managers to 15 percent. In its July 2000 issue, *Fortune* magazine rated Ford the country's 30th best company for minorities—no other automaker made the top 50.[13]

Ford's diversity numbers are indeed notable. According to the company's annual report, the number of women and minorities working for Ford was 47.5 percent of its workforce in 2001. African Americans accounted for 19 percent of Ford employees, and the percentage of Latinos working for Ford was 3.1. The percentage of women and people of color in management positions at Ford was 34.9 in 2001.[14]

In an effort to tap into African American, Hispanic, and Asian markets, Ford actively recruited and trained minority dealers. Under the program, the candidates completed two years of business classes, and as a way to reciprocate, Ford helped finance their dealerships.[15]

The Performance Management Process (PMP)

As Nasser pushed Ford in ambitious new directions—embracing diversity, urging employees to get closer to customers, hiring outsiders to shake up Ford's culture, expanding Ford's luxury-car portfolio, and overhauling management pay and performance practices—Ford's bottom line was taking a hit. Net losses in 2001 totaled $5.5 billion, down from earnings of $3.5 billion the previous year.[16] Of course, although it is impossible to ignore external forces such as September 11 and the Firestone tire debacle, some observers charged that Nasser simply ignored the basics, citing for example, "quality gaffes" found in vehicles such as the 2002 Explorer[17] and the misuse of the performance evaluation system he initiated.

Nasser's evaluation system was called the Performance Management Process (PMP) and was modeled after systems used by such companies as General Electric and Microsoft. Used

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specifically to rank Ford's 18,000 top managers, the PMP was a type of grading system that evaluated employees on a curve. More specifically, 10 percent of the employees were rated by management as "A"; 80 percent as "B"; and 10 percent as "C." "B" employees were divided into two categories, "B-1" and "B-2," with "B-2" employees considered less productive. All "A" and "B" performers were eligible for bonuses and pay increases, although lower-level "B" employees received fewer benefits than higher-rated employees and were in jeopardy of being downgraded to "C" performer status. Those who did not improve after two years could be demoted or fired.[18]

Under Nasser, part of top managers' bonuses hinged on how well they accomplished their diversity goals. Ford set specific goals for hiring and promoting minorities and women and tied executive compensation to meeting those objectives. This tie-in to promotions was one of Nasser's diversity initiatives that ultimately helped employees—mostly older white men—successfully sue Ford for age discrimination.

Older Workers Sue

At the same time that Ford was attempting to recruit, train, and retain diverse employees, it faced two class-action discrimination lawsuits: *Siegel v. Ford Motor Co.* and *Streeter v. Ford Motor Co.* Both lawsuits accused the company of age discrimination, but whereas Siegel was brought by older workers of both sexes and several ethnicities, the Streeter plaintiffs were all white men.[19] Interestingly, the Streeter plaintiffs at first claimed "reverse discrimination" but ultimately dropped the race and gender discrimination charges, thereby focusing only on age discrimination.

The Siegel suit gained national recognition because the AARP—formerly known as the American Association of Retired Persons—supported the lawsuit both financially and with staff time.[20] In the Siegel lawsuit, the plaintiffs charged that the PMP "was part of senior management's plan to eliminate older employees from Ford Motor Company's salaried workforce" in violation of the Michigan Civil Rights Act.[21] According to the lawsuit, a preliminary review of the statistics demonstrated that older workers disproportionately received "C" ratings. Plaintiffs alleged that the performance criteria were "rooted, in part, on the negative stereotypical assumptions about older employees."[22]

Further, the plaintiffs charged that Ford managers had worked aggressively to promote minorities and women while eliminating white male employees because their "compensation and upward mobility" were "contingent upon meeting diversity goals."[23] More specifically, the complaint explained how 10 percent of executives' bonuses were contingent on their reaching diversity goals, in other words, certain percentages of minorities and females at the various levels of Ford management.[24]

Fueling the discrimination lawsuit fire was the damaging testimony, as described in the complaint, from Ford executives. For example, David Murphy, Ford's former human resources vice president, said: "We are in the middle of transforming one of the biggest companies in the world. You aren't going to do that by pleasing everybody, by having some kind of consensus. We know we are going to upset some people. Maybe they shouldn't be a part of Ford Motor Co."[25]

As noted in the complaint, Richard Parry-Jones, vice president of product development and quality, said: "We are trapped in a mono-cultural environment that is dominated by old white males. We need to change. We need more employees who are more reflective of our consumer base."[26] Echoing similar sentiments was head of Ford Credit, Don Winkler, who said: "We went to head-hunters who didn't find us 51-year-old white males." Regarding the replacement of white males by