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FOR **NEW JERSEY**

2014
**CORPORATE
DIVERSITY
SURVEY**



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INTRODUCTION

2014 CORPORATE DIVERSITY SURVEY

FOREWORD

As Chair of the Senate Democratic Hispanic Task Force, I believe expanding diversity at all levels of our social, political, and economic sectors is essential – including in Corporate America. The quest for corporate diversity is an issue of fairness, opportunity, and the fundamental realization by all Americans that our strength as a nation is tied to our inclusivity. We all deserve a seat at the table.

The fair representation of women and minorities in corporate board rooms, C-suites, and in procurement practices is both the right thing to do and good for business. With the purchasing power of Latino and Black consumers each exceeding an estimated \$1 trillion, racial and ethnic minorities are now more relevant than ever in driving economic growth across all industries. As the United States continues to grow more diverse, companies seeking superior performance and competitive advantage must have diverse leadership – both at the board level and in senior management positions – to best meet consumer, stakeholder, and marketplace needs.

The 2014 Corporate Diversity Survey, the third of its kind, continues to track the progress our nation's leading companies have made on diversity and encourages greater inclusion of women and racial or ethnic minorities on corporate boards, executive teams, and among suppliers. In 2014, I chose to focus exclusively on Fortune 100 companies to gain deeper insight into the best practices and greatest challenges facing our nation's top-performing companies. I was pleased to see that, as in past years, more than two-thirds of Fortune 100 companies participated in my survey.

I would like to thank the 69 companies that participated in my 2014 Corporate Diversity Survey for their demonstrated commitment to diversity. While completing the questionnaire can be a time-consuming process, doing so brings important attention to company practices that impact diversity in meaningful ways. Truly increasing diversity in Corporate America requires time and a collective willingness to assess where we are and what adjustments must be made to move us closer to where we need to be. We are at a critical juncture in which companies that prioritize diversity must take greater risks and make a more concerted effort than ever before to align their diversity values with their business practices, and my hope is that this survey is a valuable tool in that integration process.

In the time that has passed since my last survey was issued in 2013, more industry principals, stakeholders, and companies have engaged in efforts to promote diversity and inclusion. In 2014, we witnessed a wave of Silicon Valley technology giants and other major companies voluntarily release workforce diversity data for the first time – an important initial step in addressing the need for greater representation of women and minorities at our nation's leading companies. In the first half of 2015, one Fortune 100 company that participated in my 2014 survey, Intel Corporation, established a targeted \$300 million fund to improve diversity at their company and attract women and minorities to the technology industry more broadly. We are beginning to move in the right direction.

It is my hope that other companies will take similarly bold steps in the coming year. Nonetheless, I am aware that there is still some resistance to change. We are working toward a collective willingness to look at the numbers, ask ourselves if they add up, and resolve to bridge the gaps. Like my own ascension as the son of Cuban immigrants from New Jersey to the United States Senate, I understand that breaking new ground in the public and private sectors can be a challenging process, and that progress towards equity and inclusion at the highest levels takes time and commitment. I will continue my efforts to increase corporate diversity until, one day, this survey and others like it will become irrelevant because we will have worked together to achieve full inclusion.

Sincerely,



ABOUT THE 2014 CORPORATE DIVERSITY SURVEY

Following two successful surveys administered in 2010 and 2011 to Fortune 500 companies, a third voluntary survey was developed and administered in 2014 to continue to measure the progress our nation's leading companies have made on corporate diversity.

The 2014 survey focused exclusively on Fortune 100 companies to gain deeper insight into the representation of women and racial or ethnic minorities at the highest-performing companies in the United States – not only in leadership, but also in the use of minority- and women-owned businesses in the contracting and procurement process. Specifically, the 2014 survey requested demographic data on each company's board of directors, executive team members, and suppliers, including professional services suppliers – a cohort that is often overlooked by traditional supplier plans and internal data collection efforts.

The 2014 survey remained voluntary and self-administered. As in previous years, companies were assured that no individual company data would be revealed; consequently, only aggregated data are shared in this report. The survey instrument was made publicly available for download at <http://menendez.senate.gov/diversitysurvey> throughout the distribution, collection, and review of the 2014 questionnaires. Similarly, the 2014 Corporate Diversity Survey report is publicly available online at <http://menendez.senate.gov>; a limited number of printed copies are available upon request.

Participation Rate

In 2014, a total of 69 Fortune 100 companies responded to the survey – a participation rate that rivals the record high participation of 71 Fortune 100 companies in 2010 and surpasses the participation of 66 Fortune 100 companies in 2011. This is the highest participation rate for a voluntary survey of its kind, particularly given the expanded questionnaire – the most comprehensive and in-depth data collection instrument used by Senator Menendez to date.

Revised Questionnaire

Senator Menendez' 2014 survey instrument added new questions to pre-existing sections of the 2011 questionnaire and created a new stand-alone section on company practices that expanded upon general questions from previous surveys, particularly those pertaining to written diversity plans.

Additionally, the 2014 questionnaire included two new sections on capital investments and asset management to underscore the importance of access to capital for minority- and women-owned businesses, assess investments in minority- and women-owned firms, and encourage greater diversity in fund management. Given that 2014 was the first year for which this information was requested, companies were allowed to indicate whether they did not collect, or were unable to disclose, this information. Unfortunately, participating companies did not share sufficient data on capital investments and asset management to conduct a thorough analysis for this report. However, despite the lack of information provided by participating Fortune 100 companies on capital investments and capital allocations, the survey questions alone emphasize the need for increased data collection in these areas, and their mere inclusion in the 2014 questionnaire should encourage greater investments in minority- and women-owned suppliers and diverse asset fund managers.

Survey Timeline

A letter was sent to every Fortune 100 company in early July 2014 encouraging participation in the survey by August 10, 2014. The deadline for submitting completed questionnaires was later extended to August 18, 2014. Several companies submitted completed questionnaires beyond the extended deadline.

Completed questionnaires and additional data were collected from participating companies between August 2014 and January 2015. Several attempts were made to contact each Fortune 100 company and encourage their participation throughout this period.

Senator Menendez' staff reviewed every submission individually and contacted participating companies to request clarification or additional information as needed. A fraction of participating companies did not provide all of the requested data.

Internal data analysis was supplemented with external research in the writing of this report.

Terminology

Throughout the 2014 survey questionnaire and this report, the term "Black" is used interchangeably with "African American," and no distinction is made between the terms "Latino" and "Hispanic." In keeping with the U.S. Census Bureau's definition of Hispanic origin, individuals who identify as "Hispanic" or "Latino" may be of any race. If board members or executive team members of participating Fortune 100 companies identify as more than one race or ethnicity, companies were instructed to count those individuals as "other" racial or ethnic minorities in the appropriate sections of the questionnaire.

Additionally, the term "people of color" is used interchangeably with "racial and/or ethnic minorities" throughout this report. When used in figures, tables, and findings, the term "people of color" refers to the combination of all racial and ethnic minority groups (i.e., Latinos, Blacks, Asians, Native Americans, and "other" racial or ethnic minorities), either as reported directly by companies or as an independently calculated sum.

The term "board" refers to a company's board of directors.

The terms "minority-owned businesses" and "Minority Business Enterprises (MBEs)" are used throughout the report in reference to firms predominantly owned and operated by racial or ethnic minorities. This is a widely accepted definition across industries and aligns with the U.S. Census definition of a minority-owned firm: one in which Blacks or African Americans, American Indians and Alaska Natives, Asians, Native Hawaiians and other Pacific Islanders, and/or Hispanics own 51% or more of the interest or stock of the business.

While some business and government sectors have expanded the use of the term "minority business" (and its iterations) to include firms owned by other socially- and/or economically-disadvantaged groups, the term "minority" refers exclusively to racial or ethnic minorities throughout this report. However, it is possible that the data collected on MBEs in the 2014 survey may inadvertently reflect a broader definition used by companies that include other disadvantaged groups in their calculations pertaining to minority-owned businesses.

Acknowledgements

Senator Menendez would like to thank leading experts on corporate diversity, supplier diversity, and/or capital investments for sharing their recommendations and expertise, including key stakeholders consulted in the development of the revised 2014 survey instrument at Altura Capital, Cabrera Capital Partners, The Greenlining Institute, the Hispanic Association on Corporate Responsibility (HACR), Jackson Lewis P.C., New America Alliance (NAA), the U.S. Hispanic Chamber of Commerce (USHCC), and the office of Rep. Ben Ray Lujan. As Chairman of the Congressional Hispanic Caucus' Diversity and Inclusion Task Force in the 113th Congress, Congressman Lujan also encouraged the participation of Fortune 100 companies in the 2014 Corporate Diversity Survey and provided opportunities for the Congressional Hispanic Caucus to further engage on the issue of corporate diversity.

THE CASE FOR DIVERSITY AND INCLUSION

Since the last Corporate Diversity Report was published in March 2013, further research has shown there is a strong business case to be made for diversity and inclusion. A diverse workforce is not only a reflection of our nation's shifting demographics; it can, in fact, contribute to higher performance, greater innovation, and increased relative profits, making companies with diverse teams and leadership better positioned to compete in the marketplace.

Diversity Enhances Financial Performance

Studies examining the relationship between racial or ethnic diversity, gender diversity, and financial performance have revealed that companies with more diverse teams outperform their less-diverse counterparts.

- A 2014 study conducted by McKinsey & Company¹ examined the relationship between a company's financial performance (measured as average earnings before interest and tax, or EBIT, from 2010-2013) and the share of women and racial or ethnic minorities in the leadership of large companies. After looking closely at hundreds of organizations and thousands of executives in the United Kingdom, Canada, Latin America, and the United States, McKinsey & Company found a statistically positive relationship between diverse leadership and strong financial performance. Specifically, **companies in the top quartile of racial or ethnic diversity were 30% more likely to have financial returns above the national industry median.** While variations occurred among countries, U.S. companies with 10% greater gender and racial or ethnic diversity on management teams and boards experienced 1.1% higher EBIT. Moreover, EBIT improved by 0.8% for every 10% increase in executive leadership diversity. Overall, more racially diverse companies experienced better financial performance.

Similarly, studies examining the relationship between gender diversity and business performance have demonstrated that companies with a higher proportion of women on their boards have better overall results and are more risk-averse.

- Research published by Credit Suisse Research Institute in September 2014² demonstrated a positive correlation between the market capitalization of a company and the degree of gender diversity at both the board of directors level and in senior management positions at the company. After analyzing data corresponding to more than 3,000 companies in 40 countries across all major sectors, Credit Suisse found that companies with greater representation of women on boards or in senior management positions exhibited higher returns on equity, higher valuations, and higher payout ratios. Since 2005, companies with at least one female board director have produced yearly compounded stock market returns of 3.7% over their male-only counterparts.
- A 2014 Gallup study³ of more than 800 business teams representing two different business industries (retail and hospitality) also showed that gender-diverse teams outperformed single-gender teams and experienced significant financial improvements. Specifically, retail business units that were characterized as "diverse" and "engaged" experienced a 46% increase in revenue compared to other units. Revenue increases were even more pronounced for gender-diverse hospitality units, which experienced a 58% higher net profit over single-gender and less-engaged units. These results underscore gender diversity as a business imperative and suggest that fostering an engaged workplace culture enables individuals to perform at a higher level.

Diversity Drives Innovation

In addition to financially outperforming their less diverse counterparts, diverse teams are a source of creativity and innovation – two characteristics critical to business success. When teams consist of people with different and diverse histories, the combination of unique viewpoints and varied approaches to problem solving helps foster innovation.

Research by leading organizations demonstrates that companies and business leaders that cultivate a diverse environment allow innovation to flourish and acquire a substantial competitive advantage.

- In 2013, the Center for Talent and Innovation (CTI), in partnership with a taskforce of corporate leaders and organizations, published a nationwide study⁴ of 1,800 survey respondents that provided compelling evidence for the concept of diversity-driven innovation and market growth. Publicly traded organizations with both “inherent diversity” (i.e., traits individuals are born with) and “acquired diversity” (i.e., traits gained from experience) were 70% more likely to capture a new marketplace and 45% more likely to report market share growth over the previous year.

Equally relevant, CTI’s research suggests that without key support at the organizational level, some benefits of diversity are lost. For example, CTI’s 2013 study indicates that in workplaces lacking diverse leadership, women are 20% less likely than white men to win endorsement for their ideas, and people of color are 24% less likely to do so. This is a missed opportunity for engagement and growth, particularly since inherently diverse contributors can understand the unmet needs of under-leveraged markets and potentially expand the company’s reach to new clients and customers.

Business leaders and companies that wish to foster innovation and creativity as part of their business strategy must also be willing to promote inclusion and engagement.

Diversity Influences Employee Engagement

Satisfied and engaged employees can have a direct impact on productivity and profitability, as suggested by Gallup’s recent estimation that actively disengaged employees cost the U.S. \$450 billion to \$550 billion in lost productivity per year.⁵

Recent studies have shown that diversity is correlated with engagement at the internal organizational level and that both increased diversity and increased engagement can lead to better business outcomes.

- A 2014 report by RoundPeg, Inc., a culture management company, concluded that highly diverse teams are 13 times more likely to be engaged than less diverse teams. RoundPeg found that for every 10% increase in diversity, there was a corresponding 6% increase in engagement. Inclusivity was found to be an even stronger factor influencing engagement, with a 10% increase in inclusion corresponding with an 11% boost in engagement.

These results are not surprising, as it is intuitive that when individuals feel included, they are able to contribute more and perform better on the job. Additional research supports the notion that employee engagement and satisfaction can be a powerful predictor of performance outcomes for companies and business teams.

EXECUTIVE SUMMARY

2014 CORPORATE DIVERSITY SURVEY

EXECUTIVE SUMMARY

Senator Menendez' 2014 Corporate Diversity Survey continues to measure the progress our nation's leading companies have made towards achieving the fair representation of women and racial or ethnic minorities in corporate board rooms, on executive teams, and among suppliers.

As the United States continues to grow more diverse, companies seeking superior performance and a competitive advantage must have inclusive leadership that reflects the country's rapid demographic shifts. Research has shown that there is a clear business case to be made for diversity; it can, in fact, contribute to higher performance, greater innovation, and increased relative profits, making companies with diverse teams and leadership better positioned to compete in the marketplace.

- For example, a 2014 McKinsey & Company study found that companies in the top quartile of racial or ethnic diversity were 30% more likely to have financial returns above the national industry median.
- Similarly, a 2014 Gallup study found that businesses with gender-diverse teams outperformed their less diverse counterparts and experienced a significantly higher net profit.

This report acts as a roadmap for increasing diversity across every business sector in the United States: 1) it highlights why diversity matters and makes the business case for inclusion, 2) it provides a snapshot of the current representation of women and racial or ethnic minorities in senior leadership (board and executive levels) and in the contracting and procurement processes of our nation's leading companies, and 3) it offers a series of recommendations for ways to make lasting inroads on diversity and inclusion in Corporate America.

Key Findings from Senator Menendez' 2014 Corporate Diversity Survey Report

Following two highly acclaimed surveys in 2010 and 2011, the 2014 survey focused exclusively on Fortune 100 companies to gain deeper insight into the practices of the highest-performing companies in the U.S. A total of 69 Fortune 100 companies responded to the survey – a participation rate that rivals the record high participation of 71 Fortune 100 companies in 2010 and surpasses the participation of 66 Fortune 100 companies in 2011.

Company Practices

Most companies share similar practices: the vast majority reported having a formal written diversity strategy and implementation plan in place that is reassessed on an annual basis and includes accountability mechanisms to meet and exceed diversity goals.

- Only 9.2% of companies include numeric targets for diversity and inclusion at the board of directors level.
- Approximately half of participating companies (53.8%) include numeric targets for diversity and inclusion at the executive level.
- Approximately half of companies (55.4%) tie performance on meeting diversity goals to a portion of executive compensation.
- Only 14.5% of companies with a Chief Diversity Officer indicate that this person reports directly to the CEO.
- No Supplier Diversity Officers report directly to the CEO.
- Approximately half of companies (54.5%) indicate that the highest-ranking executive responsible for diversity and inclusion reports to the CEO on a quarterly basis.

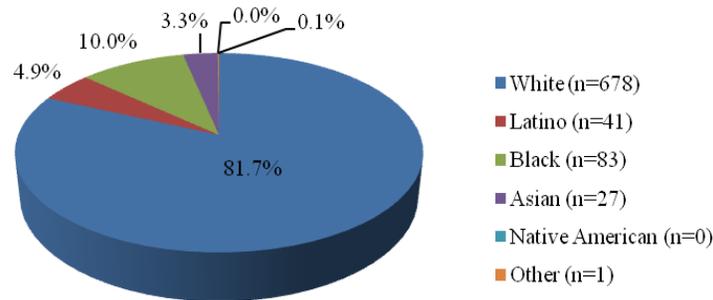
Diversity on Boards of Directors

White men continue to represent the overwhelming majority of members on boards of directors, comprising 63.0% of board members among participating Fortune 100 companies. Women and racial or ethnic minorities were slightly better represented on corporate boards in 2014 than in 2011, but are still grossly underrepresented overall.

- **Women represent 22.9% of directors.**
- **People of color represent 18.3% of directors;** 4 companies do not have a single racial or ethnic minority on their board.
 - Latinos represent only 4.9% of directors; 35 companies do not have a single Latino director.
 - African Americans represent 10.0% of directors; 9 companies do not have a single Black director.
 - Asians represent 3.3% of directors; 47 companies do not have a single Asian director.
 - Native Americans continue to represent 0.0% of directors.
- **Women of color represent only 4.2% of directors;** 41 companies do not have a single woman of color director.

By industry, the media/telecommunications/IT/entertainment industry has the highest percentage of women directors (24.8%) and the food products/services industry has the highest percentage of people of color (28.8%). The energy sector has the lowest representation of women and people of color on boards (19.4% and 11.4%, respectively).

**Fortune 100 Companies
2014 Board Diversity**



**Fortune 100 Companies
Representation of Women and People of Color on Boards
2010-2014 Corporate Diversity Surveys**



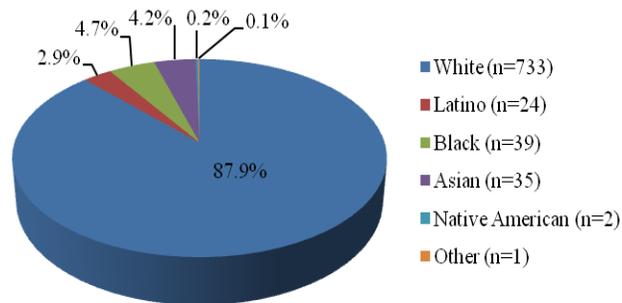
Diversity on Executive Teams

White men continue to represent the overwhelming majority of executive team members, comprising 69.7% of senior executives at participating Fortune 100 companies. The representation of women and people of color on executive teams decreased overall from 2011 to 2014 and is at even lower levels than on corporate boards.

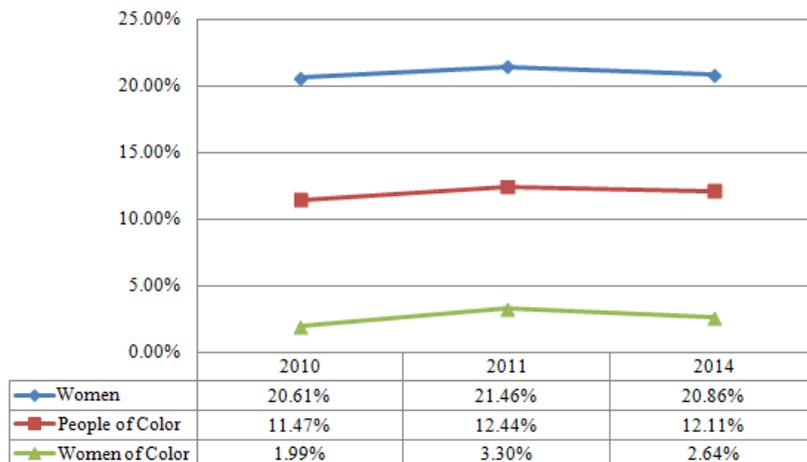
- **Women represent 20.9% of executive team members;** 2 companies have zero female representation on their executive teams.
- **People of color represent 12.1% of executive team members;** 13 companies do not have a single person of color on their executive team, and 28 companies have only one.
 - Latinos represent only 2.9% of executive team members; 45 companies do not have a single Latino senior executive.
 - African Americans represent 4.7% of executive team members; 39 companies do not have a single Black senior executive.
 - Asians represent 4.2% of executive team members; 41 companies do not have a single Asian senior executive.
 - Native Americans continue to represent 0.2% of executive team members; only one company reporting having at least one Native American senior executive.
- **Women of color represent only 2.7% of executive team members;** 49 companies do not have a single woman of color on their executive team.

By industry, the health/medical industry has the highest representation of women executives (24.9%); the aero/defense/transportation industry has the lowest (15.5%). As with board representation, the food products/services industry has the highest percentage of people of color on executive teams (24.0%); the energy sector again has the lowest (5.1%).

**Fortune 100 Companies
2014 Executive Team Diversity**



**Fortune 100 Companies
Representation of Women and People of Color on Executive Teams
2010-2014 Corporate Diversity Surveys**



Supplier Diversity

The share of procurement dollars spent on minority- and women-owned suppliers remains disproportionately low – even less than in 2011. Procurement spend with minority and women business enterprises (MWBEs) decreased overall in 2014 and for nearly every specific racial or ethnic minority group. MWBEs remain underutilized across all industries, particularly in the health/medical and energy industries.

- **On average, 7.9% of total procurement dollars are spent with minority- and women-owned businesses.** Average expenditures with minority- and women-owned businesses amount to \$1.5 billion.
- **3.0% of total procurement dollars are spent with women-owned firms.**
- **4.8% of total procurement dollars are spent with minority-owned firms.**
 - 0.9% of total procurement dollars are spent with Latino-owned businesses.
 - 1.5% of total procurement dollars are spent with Black-owned businesses.
 - 1.7% of total procurement dollars are spent with Asian-owned businesses.
 - 0.2% of total procurement dollars are spent with Native American-owned businesses.

Professional Services Diversity

The percentage of total procurement dollars spent on professional services with minority- and women-owned firms decreased across the board from 2011 to 2014 among participating Fortune 100 companies. Women-owned firms received a greater percentage of professional service procurement dollars than any specific racial or ethnic demographic group in 2014, as in 2011.

- **1.7% of procurement dollars are spent on professional services with women-owned businesses.** Average professional services spend with women-owned firms amounts to \$115,283,210.
- **3.9% of procurement dollars are spent on professional services with minority-owned businesses.** Average professional services spend with minority-owned firms amounts to \$176,674,173.
 - Professional services spend with Latino-owned businesses represents 0.6% of procurement dollars (\$35,527,093 on average).
 - Professional services spend with Black-owned businesses represents 0.8% of procurement dollars (\$29,137,499 on average).
 - Professional services spend with Asian-owned businesses represents 2.3% of procurement dollars (\$78,178,109 on average).
 - Professional services spend with Native American-owned businesses represents 0.2% of procurement dollars (\$8,119,805 on average).

Breakdown of Professional Services Spend with Minority- and Women-Owned Firms in 2014

	Spend with Women-Owned Firms*	Combined Spend with Minority-Owned Firms*
Financial Services	0.1%	0.0%
Consulting Services	0.8%	1.6%
Legal Services	0.2%	0.6%
Accounting Services	1.6%	0.0%
Other Services	1.4%	4.9%
Professional Services TOTAL**	1.7%	3.9%

*Calculated as a percentage of total procurement dollars.

**Average overall spend reported by participating Fortune 100 companies.

RECOMMENDATIONS

2014 CORPORATE DIVERSITY SURVEY

ACTION PLAN FOR DIVERSITY

The results of this survey reveal a salient and recurring concern: women and racial or ethnic minorities remain significantly underrepresented at the highest ranks of corporate leadership and in corporate supply chains. Research cited throughout this report asserts that companies that embrace diversity and inclusion have stronger bottom lines, yet results from the 2014 Corporate Diversity Survey indicate that top management and leadership positions continue to be largely inaccessible to many women and people of color. This is a true loss of talent and opportunity and a contradiction to American values.

For years, Senator Menendez' Corporate Diversity Survey has been used as a tool to engage the nation's top-performing companies and better understand how diversity is being managed and increased among industry leaders and in contracting and procurement practices. The recommendations included in this report build upon the innovative and voluntary strategies for improving diversity from Senator Menendez' past informal working group on diversity, and include documented examples of diversity and inclusion initiatives that are informing best practices in Corporate America.

Some recommendations are repeated from previous years, as they are indeed effective. Others are new to the list, derived from companies that completed the survey and have made successful inroads on diversity or from recommendations by leading experts on corporate diversity.

By adopting these recommendations, companies can begin to move beyond merely talking about diversity to identifying and implementing practices that can truly lead to inclusion, one deliberate action at a time.

1. CEO Leadership: Make Diversity a Visible Priority at the Top

Major strides toward improving diversity must come from all areas of a company's business operation, but most importantly from the company's leadership. CEO involvement in making diversity a top priority is integral to ensuring meaningful change and the success of a company's diversity and inclusion initiatives.

A clear and direct message from the CEO establishing diversity and inclusion as an organizational goal cultivates an internal mindset that diversity is valued. This must extend beyond a company's mission statement and include structured, strategic, and regular communication between the company's leadership and those directly responsible for improving diversity and inclusion at the company.

Notable Fortune 100 Company: The Walt Disney Company (CEO Engagement)

- The company reports that "the single most significant driver of diversity and inclusion at The Walt Disney Company resides at the very top – the Office of the CEO."
- The CEO calls diversity "a core strategy for the company" and asserts that "the company's success is tied in many ways with its ability to succeed with diversity."
- The CEO publicly drives his personal commitment to diversity as a core strategy in achieving business objectives through presentations at company shareholder and board meetings and through his active participation in the company's Diversity Council, which he chairs.

- The CEO reinforces accountability at the enterprise-wide level by signing off on executive compensation that factors in diversity efforts, approving diversity objectives with the Office of Diversity and Inclusion and the Diversity Council, and monitoring progress toward achieving diversity goals.

2. **Bonuses, Annual Reviews, and Scorecards: Make Diversity a Key Deliverable**

Too many diversity initiatives fall short by failing to make diversity a fundamental component of operations. Companies that hold managers and executives accountable for diversity goals and incorporate diversity concerns into key business decisions, including performance evaluations and promotion opportunities, establish diversity as a priority business objective. As an added business advantage, the company simultaneously reinforces or creates a structure of accountability across all business units.

Diversity should be a key factor in meeting performance expectations, and progress toward quarterly and annual diversity goals should be tracked and measured alongside other key deliverables within every department (e.g., not just workforce hiring, but also professional services spend). Efforts to improve diversity require specific metrics by which companies can define and measure progress.

Meeting (or not meeting) diversity goals should be tied to at least 10-15% of bonuses as incentives to meet quarterly and annual objectives. Moreover, if a department consistently fails to meet a diversity goal, other departments should be brought in to help ensure that diversity is a company-wide priority.

Scorecards should be issued regularly to evaluate whether diversity goals have been met, and departmental managers should consistently meet with company leadership to review these scorecards and assess the company's progress toward its diversity goals. Equally important to incentivizing diversity through executive compensation and bonuses is ensuring that there are specific consequences for failing to meet diversity goals. Leadership must clearly communicate diversity as not just a goal to be met, but also as a critical aspect of company performance, and measure it as such.

Notable Fortune 100 Company: Walmart Stores, Inc. (Bonus Deductions)

- The Compensation, Nomination, and Governance Committee of the company's Board of Directors reviews progress toward diversity goals on a quarterly basis.
- If requirements are not met, there can be a bonus deduction of up to 15%. There is also a 10% performance evaluation impact.

Notable Fortune 100 Company: Intel Corporation (Annual Review and Accountability Measures, Including Formal Legal Reviews)

- Intel includes the development and progression of women and underrepresented minorities as a visible component of the performance review process for the company's senior and executive managers.
- Senior and executive managers with oversight over a business group that consistently does not meet its diversity goals are viewed as not meeting a key deliverable.
- Progress toward diversity goals in the areas of promotions and ratings is evaluated on a business group basis each year, and business groups that do not meet the company's goals must provide legitimate business reasons for not achieving those goals during a formal legal review.

3. Executive Diversity Councils: Connect Diversity to Business Objectives

Over the past few years, more companies have created executive diversity councils as a way to connect diversity with achieving business objectives. Diversity and inclusion councils can help keep diversity and inclusion at the forefront of a company at the regional and departmental levels.

The importance of CEO commitment and involvement in diversity councils cannot be understated. Board engagement and consultation with executive diversity councils further strengthens their effectiveness and solidifies their role as a valuable resource in promoting diversity and inclusion across business units and corporate functions.

Notable Fortune 100 Company: AT&T, Inc. (Senior Leadership and CEO Engagement in Diversity Councils)

- Several diversity councils report to the Chairman’s Council, including the Senior Executive Diversity Council, whose officers lead the company’s “four diversity pillars” (i.e., people, marketing, community, and suppliers) and meet quarterly to discuss opportunities to leverage diversity initiatives across the company.
- The company’s 11 Business Unit Diversity Councils report to one of the CEO’s 11 direct reports and meet monthly to develop, implement, and oversee initiatives to drive diversity awareness and employee engagement.

Notable Fortune 100 Company: Chevron Corporation (Expansive Role of Diversity Councils)

- Members of Chevron’s diversity councils serve as a resource to managers in their respective organizations and actively support the company’s diversity vision, mission values, and strategic framework.
- More than 20 diversity councils across operating companies, business units, and staff groups, including some in international locations, support diversity by: a) developing and implementing diversity and inclusion strategies, b) recruiting and onboarding new employees, c) organizing diversity and inclusion forums, d) providing diversity and inclusion resources, and e) participating in community outreach efforts.

Notable Fortune 100 Company: The Coca-Cola Company (Targeted Focus on Women and People of Color)

- The Coca-Cola Company has two internal diversity councils responsible for developing recommendations and advising senior management on strategy, initiatives, and metrics in pursuit of achieving a diverse workforce at all levels by 2020.
- The Women’s Leadership Council consists of 16 geographically and functionally diverse senior women around the globe who oversee the progress of the Global Women’s Initiative and advise the CEO and senior leaders on strategies to accelerate the advancement of women into roles of increasing responsibility and influence.
- The Multicultural Leadership Council consists of 12 diverse senior leaders across the United States who oversee the progress of Coca Cola’s multicultural workforce opportunities and advise the CEO and senior leaders on strategies to accelerate the advancement of multicultural talent into roles of increasing responsibility and influence.

4. **Management Succession Planning and the “Rooney Rule”: Intentionally Incorporate Diversity into Business Leadership Strategies**

Companies committed to identifying a strong talent pool and high-potential candidates should be intentional about including diversity as an important aspect of talent reviews, leadership development programs, and succession planning processes.

Succession planning plays a key role in ensuring that a company is developing its best leaders to meet its current and future needs. Succession planning efforts should be inclusive and fully integrated into a company’s business strategy and diversity plan.

Ensuring diversity does not necessitate imposing quotas, but the “Rooney Rule” – a practice implemented by the National Football League (NFL) that requires at least one minority candidate to be interviewed for every head coaching vacancy and senior football operation position – can be a helpful tool in corporate succession culture.

To proactively develop internal successors, corporate leaders should require participation from board of directors, executive leadership teams, and management. It is also imperative that companies utilize specific metrics to track how successful their succession processes are in increasing representation and opportunity for women and racial or ethnic minority leaders.

Notable Fortune 100 Company: Tyson Foods, Inc. (Succession Planning)

- The company does succession planning for the three levels below the CEO, and all succession plans must include a woman or minority candidate.
- The company also has an emerging leader program to develop director and above talent for VP level positions and build a pipeline of diverse senior staff.

Notable Fortune 100 Company: Comcast Corporation (Rooney Rule)

- Comcast and NBCUniversal require at least one person of color on all hiring manager slates for positions at the VP level and above, ensuring that at least one racial or ethnic minority is interviewed.
- The company also actively partners with search firms that have a strong track record of successfully recruiting diverse pools of talent in the process of identifying candidates for senior-level executive positions.
- As a result of these efforts and others, people of color accounted for 40% of the company’s net hires and promotions into VP level positions or higher between 2010 and 2013.

5. **Mentorship and Sponsorship: Provide Targeted Support to Rising Talent**

Mentorship programs should be meaningful, structured, and actively strengthen relationships between mid-level managers and senior leadership, including the company’s CEO. By identifying top performers and matching them with senior executives who are well-positioned to help advance their careers, companies can retain more top talent and gain a competitive advantage in the marketplace. Effective mentorship programs require a significant time investment by the mentor and should be considered a key component of the company’s diversity and inclusion plan.

Sponsor relationships are also essential to cultivating diverse leadership, and research has shown that women and racial or ethnic minorities in the workplace are less likely to have sponsors than other demographic groups.^{vi} This has vast implications for upward mobility

within a company given that sponsors can be positive advocates for their mentees, particularly when it comes to intervening on a mentee's behalf for promotions, workplace flexibility, and raises or bonuses.

Some companies that participated in the 2014 survey highlighted the role of employee resource groups in facilitating mentorship and sponsorship opportunities for minority talent. The impact of these groups, while valid, is challenged when companies do not give these groups adequate support.

Notable Fortune 100 Company: Wells Fargo & Company (Mentorship)

- Wells Fargo sponsors and supports multiple types of mentoring programs, including organizationally matched and uniformly structured mentoring programs, and self-directed, privately matched, and contracted programs.
- The company's Executive Mentoring Program is the foundation for its mentoring culture. It is an enterprise-wide program that matches the top 84 leaders in the company, who comprise the Management Committee, with mentees from across the company in different lines of business and from different cultural identities.
- The Executive Mentoring Program includes ongoing tracking and evaluation processes throughout the relationship lifecycle of the mentor-mentee pair via quarterly check-in surveys and a formal evaluation at the end of each cohort. The company identifies best practices, reviews opportunities for improvement, and assesses the overall effectiveness of the experience on a regular basis. Participants are also tracked over time for retention and movement in the company.

Notable Fortune 100 Company: American Express Company (Sponsorship)

- In 2010, American Express partnered with the Center for Talent Innovation to research the effect of sponsorship on career advancement and retention and found that women were over-mentored and under-sponsored.
- In response, the company built a suite of sponsorship workshops and developed Pathways to Sponsorship, a program that offers high-potential women targeted development experiences and opportunities to earn sponsorship, including classroom training and one-on-one coaching.
- Across the globe, 65% of the company's executive level senior women who participated in Pathways to Sponsorship have been promoted or made strategic lateral moves.
- By fostering a culture of sponsorship and demonstrating the power and potential of a sponsorship relationship, American Express experienced a shift in relationship dynamics across the company. Sponsorship is now a core part of talent discussions at the company and an expectation of leaders globally.

6. Employee Resource Groups: Leverage Affinity Networks as Strategic Corporate Partners Internally and Externally

Internally, Employee Resource Groups (ERGs) and affinity networks help create an inclusive workplace environment that can accelerate progress on diversity goals. Externally, ERGs can be instrumental in developing relationships with underrepresented communities, including working with external advisory councils to identify diverse candidates for open positions within the company. ERGs and affinity networks can also be critical partners in engaging communities that reflect their company's diverse consumer pool and in implementing

additional strategies to foster external partnerships that will influence a company's brand and elevate its market opportunities.

Many companies that participated in Senator Menendez' 2014 Corporate Diversity Survey described their ERGs and/or affinity networks as both a resource for talent acquisition and a tool for minority leaders to strengthen the company's inclusion practices and community relations. Some companies went a step further and extended opportunities for ERGs and affinity networks to become strategic partners at the highest levels of the organization, either by integrating them into Corporate Diversity Councils with access to the CEO and senior leadership or by having the CEO mentor or oversee its affinity groups directly.

To maximize the effectiveness of ERGs and affinity networks, companies should meaningfully engage these hubs of diverse leaders and consult them in business planning and decision-making processes at the highest levels of the organization. Companies should also track the efforts, growth, and membership of ERGs and affinity groups over time.

Notable Fortune 100 Company: General Electric (Senior-Level Integration)

- The company's affinity network leaders are consulted at the highest levels of the company, comprising the company's Corporate Diversity Council alongside the CEO, President, and 20 senior business and functional leaders. The Council meets quarterly to address business diversity initiatives in depth, discuss new diversity strategies and ideas, and monitor its progress. Through discussions in these meetings, the Council leverages GE's affinity networks to support and accelerate key company initiatives.
- GE views its affinity networks and Business Employee Groups as reflections of the success of its diversity strategy, both to the company and to employees directly. As an example, the company's African American Forum works to further the professional development of African American employees at GE while also strengthening the linkages between GE and local African American communities.
- In January 2013, GE established an Affinity Network Center of Excellence (COE) to support the goals of each GE affinity network, enable GE's vision of diversity and inclusion, and drive overall alignment of each affinity network to leverage best practices. The COE is led by a Latina executive who reports directly to the President.

7. Lasting Inroads to Inclusion: Mitigate Implicit Bias

In order to earnestly tackle the lack of diversity in Corporate America at all levels, particularly the underrepresentation of women and people of color on executive teams and boards of directors, companies must be willing to acknowledge that implicit racial and gender biases remain systemic barriers to achieving full inclusion.

Companies that do not intentionally discriminate against women and people of color have still been shown to exhibit racial bias in recruiting and hiring practices, such as unconsciously favoring male candidates and/or applicants with white-sounding names for callback interviews,^{vii} job offers, career mentorship opportunities,^{viii} and promotions.

Some companies have undertaken targeted efforts to deconstruct personal and social biases and actively combat the pervasive, misguided perceptions of women, people of color, and women of color that hinder their advancement in corporate leadership and governance. Google, for example, included funding for anti-bias trainings as part of its recently launched

\$150 million diversity initiative. As of mid-May 2015, nearly 2,000 employees had completed the company’s “bias-busting” workshops – workforce trainings on addressing hidden prejudices.

Research^{ix} indicates that some decision-makers will try to correct for biases once they become aware of their potential prejudice, which suggests that anti-bias workshops may be an effective strategy to minimize implicit bias. However, research^x has also shown that diversity training alone is insufficient to counter bias.

Supplier Diversity Management Recommendations

While there have been groundbreaking efforts to invest in supplier diversity programs across the country, more can and should be done to promote contracting and subcontracting with minority- and women-owned businesses. The value in expanding opportunities for minority- and women-owned businesses is supported by national data demonstrating their rapid growth and economic influence:

As of 2014, there are nearly 9.1 million women-owned businesses in the United States, generating more than \$1.4 trillion in revenues and employing nearly 7.9 million people.^{xi}

By race and ethnicity, there are an estimated 1.2 million African American women-owned firms, slightly more than one million Latina-owned firms, nearly 700,000 Asian American women-owned firms, and more than 100,000 firms owned by Native American or Alaska Native women.^{xii}

The U.S. Census Bureau estimates that there are nearly 5.8 million minority-owned businesses in the U.S., and they are growing at more than twice the national rate of all U.S. businesses.^{xiii}

Simply stated, utilizing minority- and women-owned suppliers is “smart business” and an essential way to drive economic growth. The recommendations below reflect best practices drawn from examples of robust supplier diversity programs at participating Fortune 100 companies.

8. Meaningful CEO and Senior Leadership Involvement: Establish a Top-Down Commitment to Supplier Diversity

As previously noted, a strong commitment to diversity from the highest levels of corporate leadership is critical to bringing diversity and inclusion to the forefront of a company or organization. CEO and senior leadership involvement is equally integral to connecting supplier diversity programs to a company’s broader business plan and advancing supplier diversity and inclusion strategies.

As expected, some participating Fortune 100 companies shared that their CEO’s involvement in the process of setting procurement goals and metrics significantly strengthened the effectiveness of their company’s supplier diversity program, as did engaging senior executives in evaluating progress towards meeting supplier diversity goals.

Notable Fortune 100 Company: Procter & Gamble (Senior Leadership Involvement, Supplier Diversity Advisory Council Consultation, and Tier-Targeted Goal-Setting)

- Procter & Gamble’s Chief Purchasing Officer and all Purchasing Vice Presidents meet twice a year with a Supplier Diversity Advisory Council, a group of 12 of the company’s top strategic diverse suppliers, to strategize ways to grow and further develop the company’s diverse supply base.
- Procter & Gamble includes supplier diversity in its sourcing strategies and has a robust second tier program that seeks to drive diversity spend with majority-owned suppliers.
- The company’s Corporate Supplier Diversity Manager, a senior-level role, is responsible for tracking and driving increased spending with minority- and women-owned businesses on a first and second tier basis, identifying diverse suppliers to meet internal business needs, participating in external councils to develop diverse suppliers and grow its Supplier Diversity Program internally and externally, and coaching prospective and current diverse suppliers to increase their capacity.

9. Supplier Diversity Metrics: Set Ambitious Spend Goals, Consistently Track Progress and Outreach Efforts, and Aim to Increase Supplier Diversity at All Levels

Some of the strongest supplier diversity programs reported by participating Fortune 100 companies utilized consistent reporting metrics to ensure transparency and thorough reporting across business units, closely assessed both Tier I and Tier II initiatives on a regular basis, and monitored the success of targeted supplier diversity outreach efforts. Some companies worked to increase spend with minority- and women-owned businesses among both prime suppliers and subcontractors, which contributed to meeting or exceeding their overall spend goals. In addition to assessing internal supplier diversity business practices, companies should expand tracking efforts to external networks to better understand and strengthen supplier networks.

Notable Fortune 100 Company: AT&T, Inc. (15% Spend Goal for Minority-Owned Suppliers, Monthly Tracking, and a Supplier Diversity Program for Prime Suppliers)

- AT&T reported a 15% spend goal for minority-owned businesses in the 2014 Corporate Diversity Survey, one of the highest of any participating Fortune 100 company. The company surpassed its goal one year ahead of schedule, spending 21.5% of total procurement dollars with minority-owned businesses (and 28% of its total spend with certified diverse suppliers overall). In 2014, the company announced that it achieved a record \$15.5 billion diversity spend.
- The company works to increase both direct spend with certified diverse suppliers and national subcontracting spend. AT&T has a Prime Supplier Program comprised of dedicated supplier diversity managers who collaborate with the company’s prime suppliers to set supplier diversity goals, develop strategies for improvement, and track and review results on a monthly basis. Its supplier diversity managers also track annual compliance results for the Prime Supplier Program.
- AT&T monitors the effectiveness of the company’s targeted efforts to recruit minority- and women-owned businesses and connect diverse businesses with prime suppliers, such as its Meet the Prime Matchmaker events, which have successfully secured hundreds of meetings between primes and diverse suppliers and led to millions of dollars in contracts. Meet the Prime Matchmaker events bring together diverse suppliers and AT&T’s prime suppliers for 15 minute face-to-face meetings in which primes and diverse suppliers discuss current and future contracting opportunities.

10. Engagement and Accessibility of Supplier Diversity Programs: Share Procurement Information Online, Strengthen Relationships with Diverse Suppliers, and Partner with Minority Business Development Organizations

As companies seek to develop and deepen relationships with diverse suppliers, more supplier development programs are making relevant procurement information readily accessible to potential business partners online, such as offering web-based supplier registration portals.

Efforts to leverage technology to identify and engage potential diverse suppliers may be driven by an interest in building enduring relationships and collecting valuable information to assess supplier capacity. To that end, many companies with successful diversity supplier initiatives reported that their supplier diversity managers meet face-to-face with potential suppliers on a regular basis. This practice fosters a mentorship relationship between the company and supplier and creates opportunities for the company to guide procurement and supplier development in new, informal ways. Supplier diversity initiatives are further strengthened by partnerships with minority business development organizations, which can help identify qualified diverse suppliers across a broad industry spectrum.

Notable Fortune 100 Company: Cigna Corporation (“Open Call” Meetings with Vendors)

- The company’s supplier diversity manager hosts “Open Call Fridays” every week, giving potential diverse suppliers the opportunity to meet briefly for one-on-one assistance. Calls with vendors last approximately 30 minutes each and provide a forum for prospective suppliers to highlight their goods and services.
- Cigna also partners with national organizations that support diverse business owners, such as the National Minority Supplier Development Council (NMSDC), Women’s Business Enterprise National Council (WBENC), and the U.S. Hispanic Chamber of Commerce (USHCC).

11. Education and Training: Develop the Capacity of Diverse Suppliers through Ongoing Mentorship and Training Opportunities

Some participating Fortune 100 companies demonstrated a strong commitment to supplier diversity by offering educational scholarships, ongoing mentorship, and regular trainings or seminars to qualified diverse suppliers to build their capacity – a critical component of supplier selection. Capacity-building efforts may include skilled volunteering by senior executives, such as the aforementioned meetings with diverse suppliers to discuss potential opportunities for them to supply goods and services.

Notable Fortune 100 Company: WellPoint (CEO-to-CEO Meetings, Supplier Mentorship, and Scholarships)

- The company’s President and CEO (along with its Supplier Diversity Office) meets with minority-owned business CEOs to discuss opportunities, challenges, and experiences as CEO peers.
- WellPoint’s Supplier Mentorship Program establishes collaborative partnerships between potential diverse suppliers and executives at the highest levels of the organization to help build the capacity of diverse companies. The company further engages diverse businesses through trainings offered to internal and external stakeholders.
- Additionally, through a partnership with the National Minority Supplier Development Council and the Women Business Enterprise National Council, WellPoint provides

financial support to diverse companies by offering scholarships to two of the leading business schools in the United States: the Tuck School of Business at Dartmouth College and the Kellogg School of Management at Northwestern University.

12. Second-Tier Sourcing: Include Tier II Spend in Supplier Diversity Programs

Another way to promote diversity throughout the supply chain is the inclusion of second tier sourcing practices. Second tier and alternative sourcing strategies facilitate the inclusion of other minority businesses, while also building capacity for minority- and women-owned businesses to eventually become first tier suppliers. Second tier programs should be aligned with a company's overall sourcing process for maximum effectiveness, and companies should establish both Tier I and Tier II spend metrics across all procurement areas that incorporate minority and women supplier spend.

Notable Fortune 100 Company: International Business Machines (IBM) (Targeted Second Tier Initiative)

- In addition to IBM's First Tier Initiative, which requires that all U.S. Requests for Proposals (RFPs) include diverse and small suppliers, the company has a Second Tier Initiative that strengthens IBM's supplier diversity program.
- IBM's Second Tier Initiative sets the expectation that First Tier suppliers have supplier diversity programs that include the tracking and reporting of expenditures with diverse suppliers. The "Diverse Enterprise Spending" agreement can be used by IBM with U.S.-based Tier I suppliers to support the Second Tier Initiative.
- Tier I suppliers with a supplier diversity program must submit their direct or indirect spend with diverse-owned businesses to IBM by the end of the month, following quarter close. IBM, through its client account teams, reports its diverse spend – including direct and indirect expenditures – to its customers every quarter.

13. Capital Investments: Expand Opportunity for Minority- and Women-Owned Businesses (MWBs) via Incremental Payments, Direct Investments, and Capital Allocations

Studies, including a New Jersey disparity study,^{xiv} have found that minority- and women-owned businesses are often at a competitive disadvantage to win bids due to insufficient cash flow, which can hurt their ability to build a strong track record and position themselves strongly for future contracting opportunities. Consequently, one way to support minority- and women-owned businesses and increase the contracts they are awarded is by providing incremental payments to businesses that may not otherwise be in a position to absorb project-related expenses upfront. Companies can help expand access to capital and business growth opportunities for MWBs by paying in advance for goods, services, and projects rendered by a company that has not yet accumulated large enough financial reserves to sustain itself while awaiting payment for a project's completion.

Companies are also encouraged to provide equity or debt investments to minority- and women-owned suppliers, either directly or through a third party. As previously noted, the 2014 Corporate Diversity Survey included new questions on capital investments and capital allocations to underscore the importance of diverse investments and diverse asset management, but very few companies provided responses to these sections of the questionnaire. Ideally, more companies will commit investments to minority- and women-owned suppliers, provide direct allocations to minority- and women-owned fund managers, and track and disclose this information.

Notable Fortune 100 Company: Prudential Financial (Direct Investments, Emerging Manager Investment Program)

- The company provides direct investments to minority- and women-owned suppliers and considers diversity a key driver of its supplier relationships.
- In addition to supplier diversity, Prudential includes third party asset managers, minority bankers, social investments, and philanthropy benefiting communities of color in the “community” pillar of the company’s diversity and inclusion strategy.
- Prudential outsources approximately \$200 billion in assets to outside managers. Its Emerging Manager Investment Program outsources assets to outside managers as an “extension of [its] legacy and history of diversity directly to the public markets.” The company developed an Emerging Manager Program to diversify managers with fewer assets under management that are at least 51% owned, operated, and controlled by a minority individual or group.
- In 2014, Prudential hosted an Emerging Manager conference with 300 attendees in Newark, NJ, and invited managers to hear Prudential’s process and hiring criteria. Prudential also sponsors various industry conferences and events that promote opportunities for Emerging Managers to gain insight into hiring trends.

These practices, while simple and straightforward, can facilitate significant progress towards meeting and exceeding supplier diversity goals and a company’s broader diversity and inclusion objectives. Strategic sourcing and supplier diversity should not be mutually exclusive: as companies continue to identify new business opportunities, they must do so in a way that champions inclusion and opportunity. Supplier diversity programs play a significant role in enhancing the capacity and competitiveness of minority- and women-owned businesses, which are crucial to our nation’s wealth growth, job creation, and economic revitalization. Companies are encouraged to continue sharing best practices so that others may learn from their example to address common challenges in establishing successful supplier diversity initiatives.

COMPREHENSIVE FINDINGS

2014 CORPORATE DIVERSITY SURVEY

FINDINGS: COMPANY PRACTICES

2014 CORPORATE DIVERSITY SURVEY

COMPANY PRACTICES

Section 2 of the questionnaire assessed the tools and strategies employed by Fortune 100 companies to promote diversity and inclusion, including formal written diversity plans, accountability mechanisms for diversity goal management, and structured mentoring programs or advisory councils. The 2014 questionnaire also included new questions regarding how frequently diversity plans are reevaluated, how progress on diversity goals is tracked across departments, whether performance on meeting diversity goals is linked to executive compensation, and the role of a Chief Diversity Officer and/or Director of Supplier Diversity, among others. A full list of questions regarding company practices in the 2014 survey instrument is available in Appendix C of this report.

Written Diversity Strategy and Implementation Plans

As in previous years, an overwhelming majority of companies that participated in the survey reported having a formal written diversity plan in place. Only three companies do not have a diversity plan, representing a mere 4.4% of Fortune 100 respondents.

Additionally, 100% of participating Fortune 100 companies articulate a commitment to diversity in their core values or guiding principles.

Characteristics of participating Fortune 100 companies (n=68):

- **95.6% of companies currently have a formal written diversity strategy and implementation plan in place (n=65).**
 - This is a slight increase from 2011, when 94% of Fortune 100 companies had a written diversity plan in place.
 - Of the three companies that do not have a written diversity plan in place, two intend to establish one in the next 12 months.

Perceived Effectiveness of Diversity Plans and Frequency of Plan Reassessment

The vast majority of Fortune 100 companies with written diversity plans indicated that their plan has increased diversity at their company. Most plans are updated on a yearly basis.

Characteristics of participating Fortune 100 companies with written diversity plans (n=65):

- **90.8% of companies believe that their written diversity plan has improved diversity at their company (n=59).** 3.1% of companies did not know the impact of their plan (n=2), and 6.2% of companies did not provide this information (n=4).
- **70.8% of companies reassess or update their written diversity plan on a yearly basis (n=46).** Another 13.8% update their plan every quarter (n=9), and 4.6% of companies reassess their plan either periodically throughout the year or on a more frequent than quarterly basis (n=3). 10.8% of companies did not provide this information (n=7).
- **Among companies that annually update their diversity plan, 97.8% believe that their plan has improved diversity at the company (n=45).**

- Only one company that annually updates its diversity plan indicated uncertainty about the impact of its plan. This suggests there could be a positive correlation between annually reassessing a written diversity plan and the perceived effectiveness of that plan at improving diversity.

Numeric Targets for Diversity and Inclusion

Most Fortune 100 companies with written diversity plans set targets for diversity and inclusion at the executive level and supplier level, but not at the board of directors level.

Characteristics of participating Fortune 100 companies with written diversity plans (n=65):

- **53.8% of companies include numeric targets for diversity and inclusion at the executive level (i.e., the CEO and his/her direct reports) (n=35).** 38.5% of companies do not have numeric targets for diversity at the executive level (n=25), and 7.7% of companies did not report this information (n=5).
- **Only 9.2% of companies include numeric targets for diversity and inclusion at the board of directors level (n=6).** The vast majority – 80% – of participating Fortune 100 companies do not have numeric targets for board diversity (n=52). Another 10.8% of companies did not report this information (n=7).
- **67.7% of companies set numeric targets for diversity and inclusion in the procurement of goods and services (i.e., supplier diversity metrics) (n=44).** 23.1% of companies do not have numeric targets for diversity among suppliers (n=15), and 9.2% of companies did not report this information (n=6).

Tracking and Incentivizing Progress on Diversity Goals

Most Fortune 100 companies with written diversity plans have accountability mechanisms in place to meet and exceed diversity goals, including performance-based financial incentives. Most companies track progress on diversity goals within every department.

Characteristics of participating Fortune 100 companies with written diversity plans (n=65):

- **Three quarters – 75.4% – of companies with diversity plans have incentives or accountability mechanisms in place to evaluate, meet, and exceed diversity goals (n=49).** 20% of companies do not (n=13), and 4.6% of companies did not provide this information (n=3).
- **More than half – 55.4% – of companies tie performance on meeting diversity goals to executive compensation (n=36).** 40% of companies do not (n=26), and 4.6% of companies did not provide this information (n=3).
- **83.1% of companies track progress on diversity goals within every department, including human resources and procurement (n=54).** 10.8% of companies do not (n=7), and 6.2% of companies did not provide this information (n=4).

Chief Diversity Officer and Director of Supplier Diversity Roles

Most Fortune 100 companies have a Chief Diversity Officer and a Director of Supplier Diversity, but very few, if any, report directly to the CEO.

Characteristics of participating Fortune 100 companies (n=68):

- **Nearly all companies – 91.2% – have a Chief Diversity Officer (n=62).** Six companies do not have this position.
 - Among companies with a Chief Diversity Officer, 83.9% indicate that the Chief Diversity Officer reports to a senior executive instead of directly to the company's CEO (n=52). **The Chief Diversity Officer reports directly to CEO in only 14.5% of companies (n=9).** One company did not indicate to whom the Chief Diversity Officer reports [Figure A].
- **Nearly all companies – 92.6% – also have a Director or Manager of Supplier Diversity (n=63).** Five companies do not have this position (n=5).
 - Among companies with a Director of Supplier Diversity, all but one – 98.4% – indicate that the Director of Supplier Diversity reports to a senior executive instead of directly to the company's CEO (n=62). **No companies indicated that their Supplier Diversity Director reports directly to the CEO.** One company did not provide reporting information for its Supplier Diversity Director [Figure B].

Role of the Highest-Ranking Officer on Diversity and Inclusion

In most Fortune 100 companies, the highest-ranking executive reporting directly to the CEO is the head of human resources. Most companies indicated that the highest-ranking executive on diversity and inclusion reports to the CEO on a quarterly basis and to the board of directors on a yearly basis.

Characteristics of participating Fortune 100 companies (n=68):

- **Two-thirds of companies – 66.2% – indicate that a senior executive in human resources is the highest-ranking person reporting to the CEO on diversity and inclusion matters,** including the successful implementation of the company's diversity strategy (n=45). Common titles for this position include Senior/Executive Vice President of Human Resources and Chief Human Resources Officer.
 - 25.0% of companies indicate that the highest-ranking executive reporting to the CEO on diversity and inclusion has a title that explicitly mentions diversity (n=17), such as a Vice President of Diversity and Inclusion, Chief Diversity Officer, or Global Head of Diversity.
 - In 8.8% of companies, the highest-ranking person reporting to the CEO on diversity and inclusion is neither explicitly affiliated with diversity issues nor human resources, but instead holds a leadership position such as Chief Administrative Officer or Executive Vice President of Government Relations (n=6).

- **More than half – 54.4% – of companies indicate that the highest-ranking executive responsible for diversity and inclusion reports to the CEO on a quarterly basis (n=37).**
 - 11.8% of companies indicate that this person reports to the CEO annually (n=8).
 - 29.4% of companies indicate an alternative reporting frequency, such as monthly, biannually, or “as needed” (n=20).
 - 4.4% of companies did not provide information about how frequently the highest-ranking executive responsible for diversity and inclusion reports to the CEO on diversity strategy implementation and performance (n=3).
- **More than three-quarters – 76.5% – of companies indicate that the highest-ranking executive responsible for diversity and inclusion reports to the board of directors on a yearly basis (n=52).**
 - 2.9% of companies indicate that this person reports to the board quarterly (n=2).
 - 16.2% of companies indicate an alternative reporting frequency, such as biannually or “as needed” (n=11).
 - 4.4% of companies did not provide information about how frequently the highest-ranking executive responsible for diversity and inclusion reports to the board of directors on diversity strategy implementation and performance (n=3).

Consideration of Diversity in Recruiting Senior Executives and Board Members

Nearly all Fortune 100 companies consider diversity when directly recruiting board members and executive team members and when utilizing an executive search firm to help fill board or senior management positions.

Characteristics of participating Fortune 100 companies (n=68):

- **98.5% of companies actively consider diversity when recruiting board members or executive team members (n=67).** One company did not respond to this question.
- **100% of companies that engage an executive search firm for board openings or senior management positions actively discuss the issue of diversity with the firm (n=64).** Three companies do not utilize a search firm, and one company did not respond to this question.

Use of Mentoring Programs and Advisory Councils to Promote Diversity

Most Fortune 100 companies have a structured mentoring program in place to build a pipeline of diverse senior leadership. Nearly all Fortune 100 companies have external and/or internal advisory councils focused on diversity.

Characteristics of participating Fortune 100 companies (n=68):

- **More than two-thirds – 69.1% – of companies have a structured mentoring program** in place in which mid-level managers who are women and/or racial or ethnic minorities are mentored by the CEO and/or senior leadership (n=47). Nearly a third of companies – 30.9% – do not have a structured mentoring program in place (n=21).
- **Nearly all companies – 95.6% – have external and/or internal advisory councils focused on diversity (n=65).** Only 4.4% of companies do not have advisory councils (n=3).

Notable Companies

While some best practices were common among participating Fortune 100 companies, a few companies merit positive recognition for adopting lesser-utilized practices to promote diversity and inclusion (as measured by companies' quantitative responses to section 2 of the questionnaire).

- **Six companies have numeric targets at the board of directors level:**
 - Cardinal Health, Inc.
 - Cigna Corporation
 - Merck & Co., Inc.
 - Oracle Corporation
 - Target
 - United Technologies Corporation

- While most companies update diversity plans on a yearly basis, **ten companies reassess their diversity plans on a quarterly basis or more:**
 - Best Buy Co., Inc.
 - Cardinal Health, Inc.
 - CVS Caremark
 - Freddie Mac
 - Hewlett-Packard Company
 - Honeywell International, Inc.
 - Intel Corporation
 - Johnson Controls, Inc.
 - Massachusetts Mutual Life Insurance Co.
 - Tyson Foods, Inc.

- While the Chief Diversity Officer reports to a senior executive instead of the CEO in most companies, **the Chief Diversity Officer reports directly to the CEO in nine companies:**
 - Archer Daniels Midland Company
 - Comcast Corporation
 - Costco Wholesale
 - The Dow Chemical Company
 - Freddie Mac
 - Johnson & Johnson
 - Johnson Controls, Inc.
 - The Kroger Company
 - The Procter & Gamble Company

- While the highest-ranking executive responsible for diversity and inclusion matters reports to the CEO on a quarterly basis in most companies, **seven companies indicated that the highest-ranking executive responsible for diversity reports to the CEO on a monthly basis or more:**
 - AmerisourceBergen
 - The Boeing Company
 - Ford Motor Company
 - International Business Machines
 - Nationwide Mutual Insurance Co.
 - New York Life Insurance Company
 - The Procter & Gamble Company

- While the highest-ranking executive responsible for diversity reports to the board of directors on a yearly basis in most companies, **two companies indicated that the highest-ranking executive responsible for diversity reports to the board every quarter:**
 - Lockheed Martin Corporation
 - Walmart Stores, Inc.

Figures

Figure A. Diversity Management: Chief Diversity Officer Reporting Trends at Participating Fortune 100 Companies, 2014

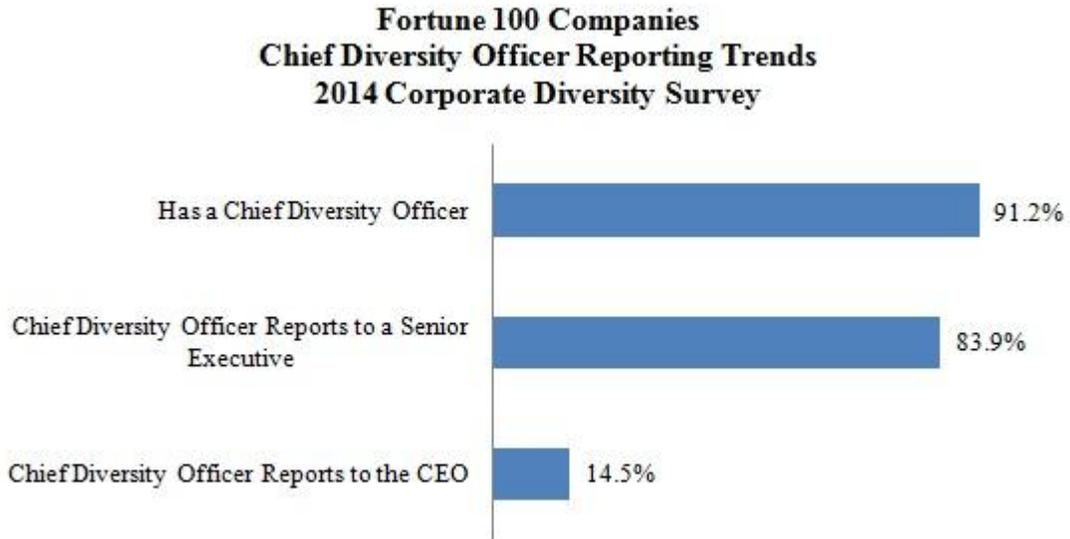
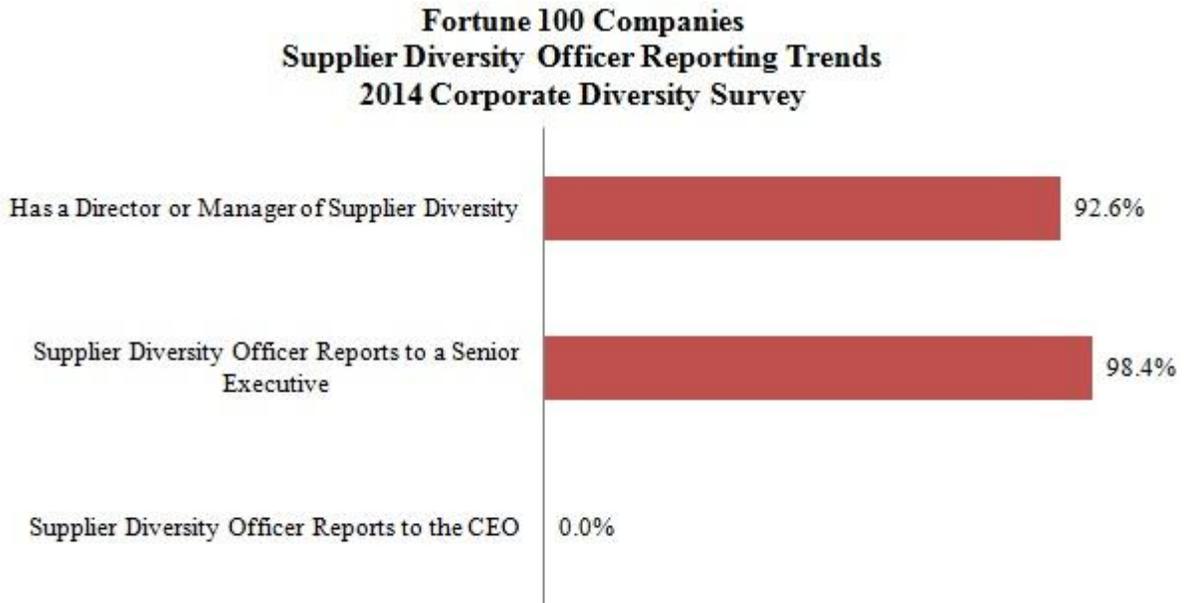


Figure B. Diversity Management: Supplier Diversity Officer Reporting Trends at Participating Fortune 100 Companies, 2014



FINDINGS: BOARDS OF DIRECTORS

2014 CORPORATE DIVERSITY SURVEY

DIVERSITY ON CORPORATE BOARDS

Section 3 of the questionnaire collected demographic data about Fortune 100 companies' boards of directors. Companies were asked to distinguish between foreign nationals and U.S. citizens when indicating the number of racial or ethnic minorities on their boards. Companies were also instructed to count directors who identify as more than one race or ethnicity as "other." The 2014 questionnaire included one new question regarding the change in board diversity over time. A full list of questions pertaining to boards of directors in the 2014 survey instrument is available in Appendix C.

Board of Director Demographics

White men continue to represent the overwhelming majority of board members, comprising 63.0% of directors at participating Fortune 100 companies (an average of 7.7 white men per board). This is slightly less than the 66.4% of directors they represented among participating Fortune 100 companies in 2011 [Figure 1]. White men represent at least 35.0% of every company's board and comprise 80.0% or more of the boards of 5 companies. Together, white men and white women represent 81.7% of directors on the boards of participating Fortune 100 companies in 2014 [Figure 2].

Women were slightly better represented on corporate boards in 2014 than in 2011, as were racial or ethnic minorities overall [Figure 4].

Characteristics of participating Fortune 100 companies (n=68):

- **Total Board: The average number of board members is 12.2, unchanged from 2011.** A total of 830 directors serve on the boards of participating Fortune 100 companies [Figure 3].
- **Women: Women represent 22.9% of directors (an average of 2.8 women per board, or slightly more than 1 in 5 board members).** The lowest percentage reported by any company is 9.1%; the highest is 45.5%. A total of 190 women serve on the boards of participating Fortune 100 companies [Figure 3].
 - This is a slight increase from 2011, when women represented 21.1% of directors at participating Fortune 100 companies (an average of 2.6 women per board).
 - Every company reported having at least one woman on its board – an increase from 2011, when two companies had none. Nearly half of all reporting companies – 47.1% – have only one or two women directors (n=32). Four companies have five women directors – the most on any board [Figure 5].
 - Three companies reported that women comprise 10% or less of its board. Nine companies reported that women comprise at least a third of its board.
- **People of Color: Racial or ethnic minorities represent 18.3% of directors (an average of 2.2 people of color per board, or fewer than 1 in 5 board members).** The lowest percentage reported by any company is 0.0%; the highest is 41.7%. A total of 152 people of color serve on the boards of participating Fortune 100 companies [Figure 3].

- This is a slight increase from 2011, when racial or ethnic minorities represented 16.7% of directors at participating Fortune 100 companies (an average of 2.1 people of color per board).
 - Four companies do not have a single person of color on its board, and 12 companies have only one. Three companies have five directors of color – the most on any board [Figure 5].
 - People of color represent 10% or less of the board in nearly a quarter – 23.5% – of participating Fortune 100 companies (n=16). Seven companies reported that racial or ethnic minorities comprise at least a third of their board.
- **Women of Color: Racial or ethnic minority women represent only 4.2% of directors (an average of 0.5 women of color per board, or fewer than 1 in 23 board members).** The lowest percentage reported by any company is 0.0%; the highest is 26.7%. A total of 37 women of color serve on the boards of participating Fortune 100 companies [Figure 3].
 - This is essentially unchanged from 2011, when women of color represented 3.9% of directors at participating Fortune 100 companies (an average of 0.5 per board).
 - 41 companies – more than 60.0% of all respondents – do not have a single woman of color director. Seven companies have two women of color directors and one company has four – the most on any board [Figure 5].
 - Women of color represent 10% or less of the boards in the vast majority – 88.2% – of participating Fortune 100 companies (n=60). Only two companies reported that women of color comprise at least 20% of its board.
- **Hispanics/Latinos: Latinos represent only 4.9% of directors (an average of 0.6 Latinos per board, or fewer than 1 in 16 board members).** The lowest percentage reported by any company is 0.0%; the highest is 25.0%. A total of 41 Latinos serve on the boards of participating Fortune 100 companies [Figure 3].
 - This is a slight increase from 2011, when Latinos represented 3.7% of board members (an average of 0.4 per board, or 1 in 27 board members).
 - 35 companies – more than half (51.5%) of all respondents – do not have a single Latino director. Six companies have two Latino directors and one company has three – the most on any board.
 - Latinos represent 10% or less of the boards of 88.2% of participating Fortune 100 companies (n= 60). Only one company reported that Latinos comprise at least 20% of its board.
 - 63.4% of Latino board members are reportedly U.S. citizens (n=26); 17.1% are non-U.S. citizens/foreign nationals (n=7). Citizenship status was not reported for 19.5% of Latino board members (n=8).

- **African Americans/Blacks: African Americans/Blacks represent 10.0% of directors (an average of 1.2 Blacks per board, or approximately 1 in 10 board members).** The lowest percentage reported by any company is 0.0%; the highest is 27.3%. A total of 83 African Americans serve on the boards of participating Fortune 100 companies [Figure 3].
 - This is essentially unchanged from 2011, when African Americans/Blacks represented 10.2% of board members (an average of 1.3 per board, or 1 in 10 board members).
 - Nine companies do not have a single Black director. Three companies have three Black directors – the most on any board.
 - Blacks represent 10% or less of the boards of 67.6% of participating Fortune 100 companies (n=46). Five companies reported that African Americans/Blacks represent 20% or more of its board.
 - 83.1% of Black board members are reportedly U.S. citizens (n=69). No non-U.S. citizen/foreign national Black directors were identified by participating Fortune 100 companies. Citizenship status was not reported for 16.9% of Black directors (n=14).

- **Asians: Asians represent 3.3% of directors (an average of 0.4 Asians per board, or fewer than 1 in 31 board members).** The lowest percentage reported by any company is 0.0%; the highest is 18.2%. A total of 27 Asians serve on the boards of participating Fortune 100 companies [Figure 3].
 - This is a slight increase from 2011, when Asians represented 2.2% of board members (an average of 0.2 Asians per board, or approximately 1 in 45 board members).
 - 47 companies – more than two-thirds (69.1%) of all respondents – do not have a single Asian director. Six companies have two Asian directors – the most on any board.
 - Asians represent 10% or less of the boards of 91.2% of participating Fortune 100 companies (n=62). No companies reported that Asians represent at least 20% of its board.
 - 66.7% of Asian board members are reportedly U.S. citizens (n=18); 14.8% are non-U.S. citizens/foreign nationals (n=4). Citizenship status was not reported for 18.5% of Asian board members (n=5).

- **Native Americans: Native Americans continue to represent 0.0% of directors,** as was the case in 2011 and 2010 among participating Fortune 100 companies. No companies have even one Native American on its board [Figure 3].

- **Other Racial or Ethnic Minorities: Other racial or ethnic minorities represent 0.15% of directors (an average of 0.01 per board).** Only one racial or ethnic minority board member was reported by a participating Fortune 100 company in 2014 [Figure 3]. This is essentially unchanged from 2011, when the percentage of other racial or ethnic minorities was 0.0%.

Self-Reported Changes in Board Diversity

Most companies – 57.4% – did not report a change in board diversity over the previous year (n=39). 30.9% of participating Fortune 100 companies reported an increase in board diversity (n=21), while 7.4% reported a decrease (n=5). Three companies did not indicate whether the overall diversity of its board had changed from the previous year.

Tables and Figures

Figure 1. Overall Board Diversity by Race/Ethnicity and Gender, 2011 and 2014

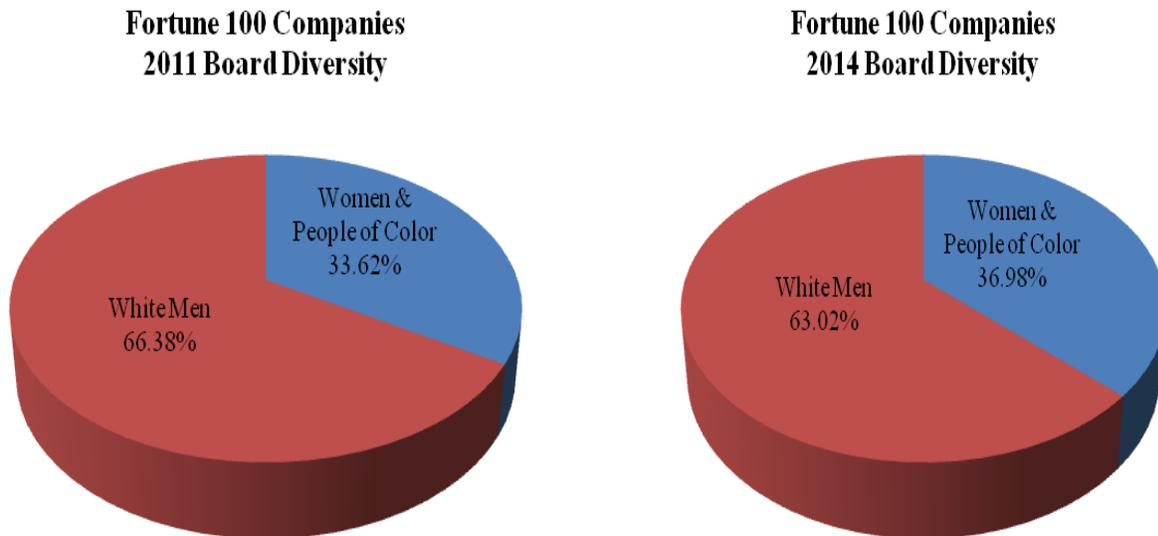


Figure 2. Overall Board Diversity by Race/Ethnicity, 2014

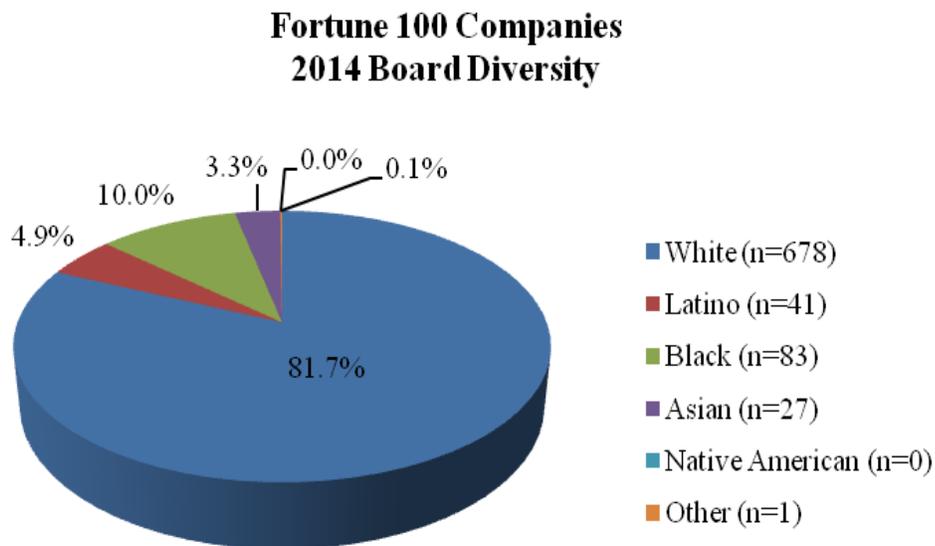


Figure 3. Total Number of Board Members by Race/Ethnicity and Gender, 2014

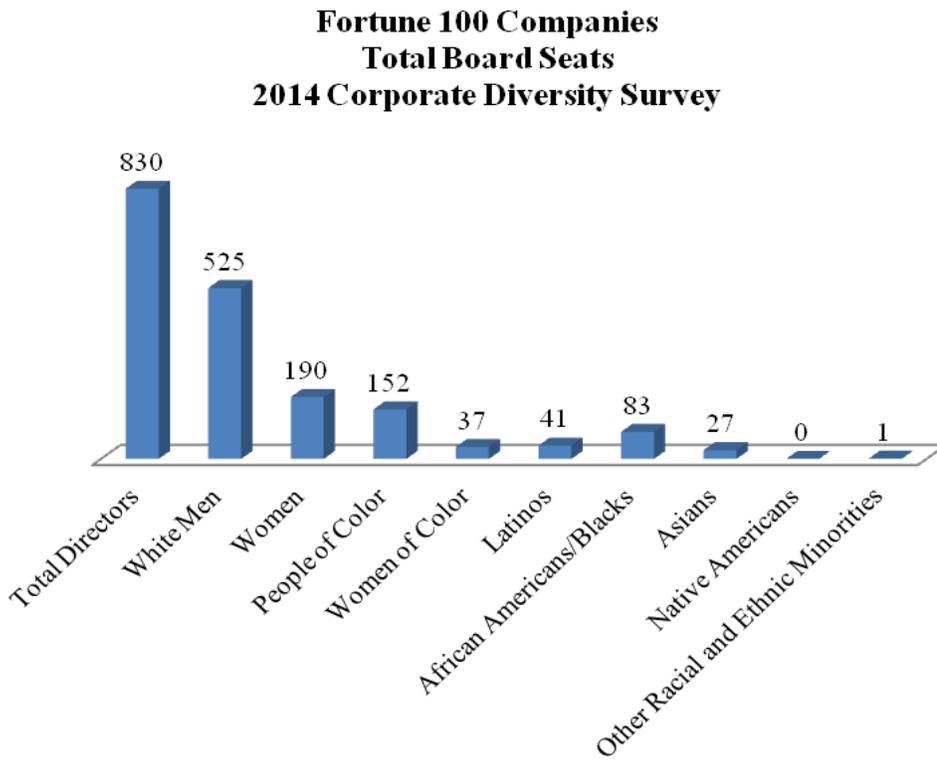


Figure 4. Representation of Women and People of Color on Boards, 2010-2014

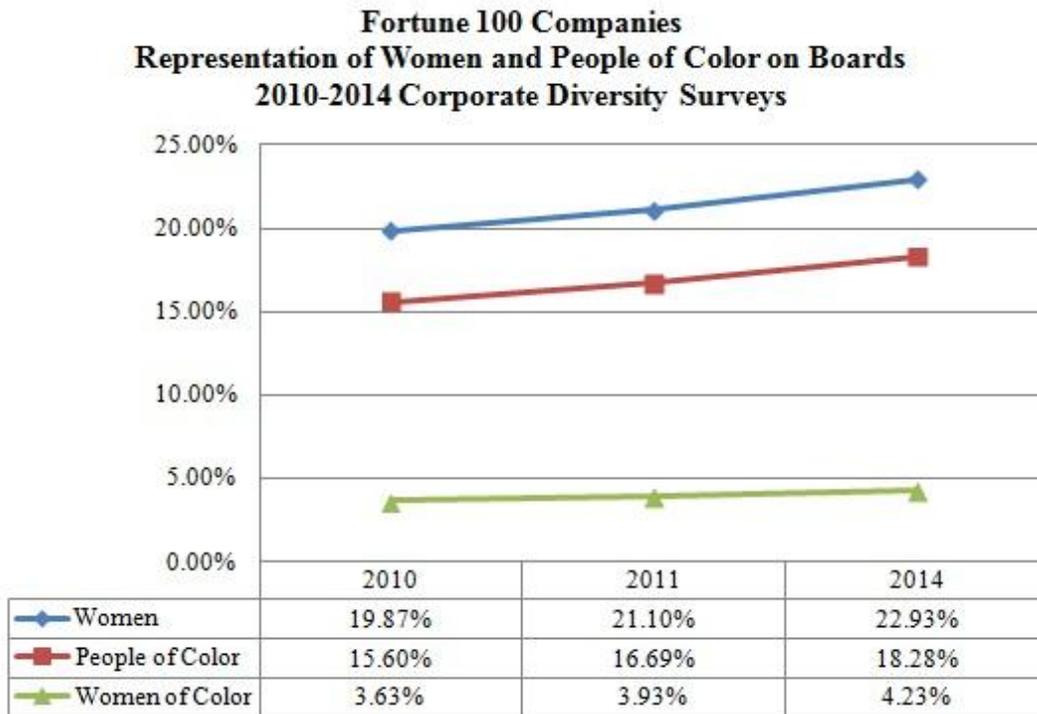
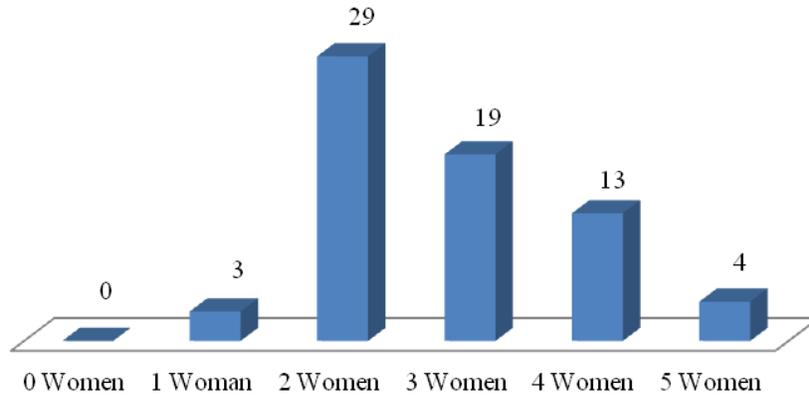
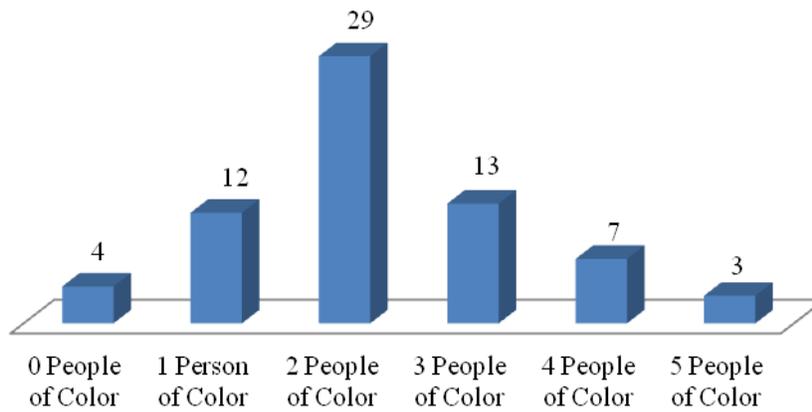


Figure 5. Distribution of Women, People of Color, and Women of Color on Boards, 2014

**Fortune 100 Companies
Distribution of Women on Company Boards
2014 Corporate Diversity Survey**



**Fortune 100 Companies
Distribution of People of Color on Company Boards
2014 Corporate Diversity Survey**



**Fortune 100 Companies
Distribution of Women of Color on Company Boards
2014 Corporate Diversity Survey**

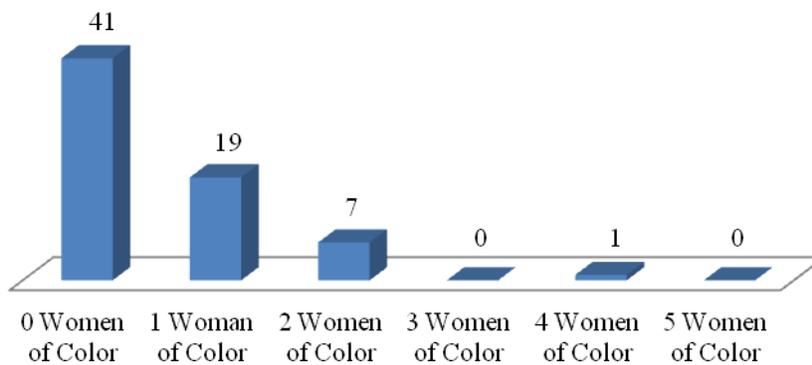


Table 1. Board Diversity by Industry: Total Number of Board Seats by Race/Ethnicity and Gender, 2014

Industry	No. of Companies	Total No. of Board Seats	White Men	Women	People of Color	Women of Color	Latinos	African-Americans /Blacks	Asians	Native Americans	Other Racial or Ethnic Minorities
Aero/Defense/Transportation	8	99	67	22	15	5	6	9	0	0	0
Energy	5	65	47	13	8	3	1	5	2	0	0
Financial Services	10	129	78	30	30	9	5	16	7	0	0
Food Products/Services	5	62	35	14	18	5	8	7	3	0	0
Health/Medical	10	115	73	26	18	2	4	12	2	0	0
Insurance	11	134	86	30	25	7	8	13	5	0	0
Retail/Manufacturing/Business Services	9	113	71	27	17	2	4	10	3	0	0
Media/Telecomm/Computers/IT/Entertainment	10	113	68	28	21	4	5	11	5	0	1
TOTAL NUMBER	68	830	525	190	152	37	41	83	27	0	1

*RED denotes the lowest number in each category; GREEN denotes the highest.

Table 2. Board Diversity by Industry: Average Number of Board Seats by Race/Ethnicity and Gender, 2014

Industry	No. of Companies	Average No. of Board Members	White Men	Women	People of Color	Women of Color	Latinos	African-Americans /Blacks	Asians	Native Americans	Other Racial or Ethnic Minorities
Aero/Defense/Transportation	8	12.4	8.4	2.8	1.9	0.6	0.8	1.1	0.0	0.0	0.0
Energy	5	13.0	9.4	2.6	1.6	0.6	0.2	1.0	0.4	0.0	0.0
Financial Services	10	12.9	7.8	3.0	3.0	0.9	0.5	1.6	0.7	0.0	0.0
Food Products/Services	5	12.4	7.0	2.8	3.6	1.0	1.6	1.4	0.6	0.0	0.0
Health/Medical	10	11.5	7.3	2.6	1.8	0.2	0.4	1.2	0.2	0.0	0.0
Insurance	11	12.2	7.8	2.7	2.3	0.6	0.7	1.2	0.5	0.0	0.0
Retail/Manufacturing/Business Services	9	12.6	7.9	3.0	1.9	0.2	0.4	1.1	0.3	0.0	0.0
Media/Telecomm/Computers/IT/Entertainment	10	11.3	6.8	2.8	2.1	0.4	0.5	1.1	0.5	0.0	0.1
OVERALL AVERAGE	8.5	12.2	7.7	2.8	2.2	0.5	0.6	1.2	0.4	0.0	0.0

*RED denotes the lowest number in each category; GREEN denotes the highest.

Figure 6. Board Diversity by Industry: Percentage of Women and Racial/Ethnic Minority Board Members, 2014

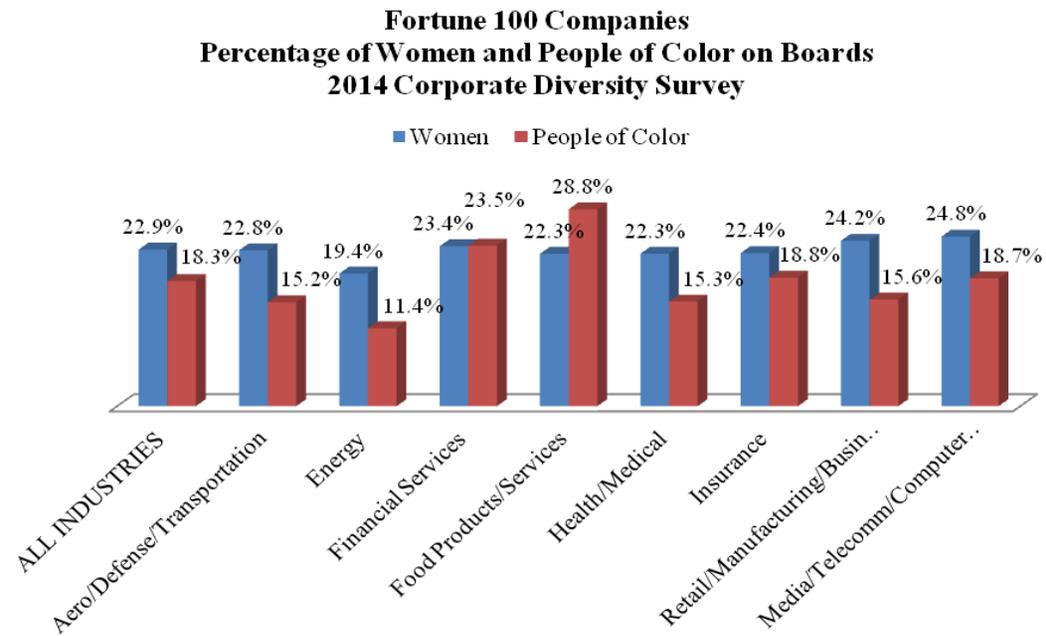


Table 3. Board Diversity by Industry: Self-Reported Changes in Board Diversity over Time, 2014

Industry-specific responses to the question of whether the diversity of the company's board changed within the last year.

Industry	Board Diversity Decreased	Board Diversity Did Not Change	Board Diversity Increased	Missing Data	Total Within Industry Type
Aero/Defense/Transportation	12.5%	87.5%	0.0%	0.0%	100.0% (n=8)
Energy	0.0%	80.0%	0.0%	20.0%	100.0% (n=5)
Financial Services	0.0%	50.0%	40.0%	10.0%	100.0% (n=10)
Food Products/Services	0.0%	60.0%	20.0%	20.0%	100.0% (n=5)
Health/Medical	20.0%	50.0%	30.0%	0.0%	100.0% (n=10)
Insurance	0.0%	36.4%	63.6%	0.0%	100.0% (n=11)
Retail/Manufacturing/Business Services	11.1%	55.6%	33.3%	0.0%	100.0% (n=9)
Media/Telecomm/Computers/IT/Entertainment	10.0%	60.0%	30.0%	0.0%	100.0% (n=10)
Average Across Industries	7.4%	57.4%	30.9%	4.4%	100.0% (n=68)

* GREEN denotes the highest percentage in each category.

FINDINGS: EXECUTIVE TEAMS

2014 CORPORATE DIVERSITY SURVEY

DIVERSITY ON EXECUTIVE TEAMS

Section 4 of the questionnaire collected demographic data on Fortune 100 companies' executive teams, narrowly defined as a company's CEO and his or her direct reports (excluding administrative support staff where possible).

As with previous surveys, companies were asked to distinguish between senior executives who are U.S. citizens and those who are foreign nationals. Companies were also instructed to count senior executives who identify as more than one race or ethnicity as "other." The 2014 questionnaire included one new question regarding the change in executive team diversity over the previous year. A full list of questions regarding executive teams in the 2014 survey instrument is available in Appendix C.

The survey intended to capture only U.S.-based C-suite executives (e.g., Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, and other high-level corporate executives), but it is possible that companies provided data for a broader definition of executive leadership than the survey intended. Data corresponding to global senior executives (e.g., Senior Vice Presidents in Latin America) were excluded from the analysis where possible.

Executive Team Demographics

White men continue to represent the vast majority of executive team members, comprising 69.7% of senior executives at participating Fortune 100 companies – an average of 8.6 white men per executive team [Figure 7]. This is unchanged from 2011, when white men represented 69.3% of executive team members at participating Fortune 100 companies [Figure 7]. In 2014, white men comprised at least 33.3% of every company's executive team and represented 100% of all senior executives at two companies. Together, white men and white women represent 87.9% of senior executives at participating Fortune 100 companies [Figure 8].

The representation of women and people of color on executive teams decreased from 2011 to 2014 across every racial or ethnic group [Figure 10], with the exception of African Americans, who were slightly better represented on executive teams in 2014 (from 4.1% to 4.7%), and Native Americans, who remained the same (0.2%).

Characteristics of participating Fortune 100 companies (n=68):

- **Total Executives: The average number of senior executives is 12.3, significantly lower than the 23.6 executive team members reported in 2011.** This difference may be attributed to a targeted effort in 2014 to follow up with companies reporting a large number of senior executives to request that only U.S.-based C-Suite executives be counted in the section of the questionnaire pertaining to executive team demographics. Many companies revised their responses in 2014 as a result. In total, there are 834 senior executives at participating Fortune 100 companies [Figure 9].
- **Women: Women represent 20.9% of executive team members (an average of 2.6 women per executive team, or approximately 1 in 5 senior executives).** The lowest percentage reported by any company is 0.0%; the highest is 50.0%. A total of 174 women serve on the executive teams of participating Fortune 100 companies [Figure 9].

- This is a slight decrease from 2011, when women represented 21.5% of executive team members at participating Fortune 100 companies [Figure 10].
 - Two companies reported zero female representation on their executive teams – a slight improvement from 2011, when four companies did not have a single woman in executive leadership.
 - More than half of all reporting companies – 52.9% – have only one or two women on their executive teams (n=36). Three companies have six women on their executive team – the most reported by any participating company [Figure 11].
 - Ten companies reported that women comprise 10.0% or less of their executive team. Thirteen companies reported that women comprise at least a third of their executive team.
- **People of Color: Racial or ethnic minorities represent 12.1% of executive team members (an average of 1.5 people of color per executive team, or approximately 1 in 9 senior executives).** The lowest percentage reported by any company is 0.0%; the highest is 50.0%. A total of 101 people of color serve on the executive teams of participating Fortune 100 companies [Figure 9].
 - This is a slight decrease from 2011, when racial or ethnic minorities represented 12.4% of executive team members among participating Fortune 100 companies [Figure 10].
 - Thirteen companies do not have a single person of color on their executive teams, and 28 companies have only one. Only one company has six senior executives of color – the most reported by any company [Figure 11]. One company did not indicate the number of people of color on its executive team, but noted that three of its nine executives were women; the remaining six executives were presumed to be white men for the purposes of this report.
 - People of color represent 10.0% or less of executive teams in more than half – 52.9% – of participating Fortune 100 companies (n=36). Only one company reported that racial or ethnic minorities comprise at least a third of its executive team.
 - **Women of Color: Racial or ethnic minority women represent only 2.7% of executive team members (an average of 0.3 women of color per executive team, or fewer than 1 in 35 senior executives).** The lowest percentage reported by any company is 0.0%; the highest is 25.0%. A total of 22 women of color serve on the executive teams of participating Fortune 100 companies [Figure 9].
 - This is a decrease from 2011, when women of color represented 3.3% of senior executives at participating Fortune 100 companies [Figure 10].
 - More than 72.0% of all respondents (n=49) do not have a single woman of color on their executive teams. Thirteen companies have one woman of color on their executive teams, and one company has three – the most of any company [Figure 11]. Two companies did not provide sufficient information about the number of women of color on their executive teams.

- Women of color represent 10.0% or less of executive teams in the vast majority – 86.8% – of participating Fortune 100 companies (n=59). Only one company reported that women of color comprise 25.0% of its executive team.
- **Hispanics/Latinos: Latinos represent only 2.9% of executive team members (an average of 0.4 Latinos per executive team, or fewer than 1 in 33 senior executives).** The lowest percentage reported by any company is 0.0%; the highest is 16.7%. A total of 24 Latinos serve on the executive teams of participating Fortune 100 companies [Figure 9].
 - This is a slight decrease from 2011, when Latinos represented 3.1% of executive team members.
 - Two-thirds (66.2%) of participating Fortune 100 companies do not have a single Latino in senior leadership (n=45). Twenty companies have exactly one Latino senior executive and two companies have two – the most reported by any company.
 - Latinos represent 10.0% or less of executive teams in 91.2% of participating Fortune 100 companies (n= 62). Only one company reported that Latinos comprise at least 15% of its executive team.
 - 54.2% of Latino executives are reportedly U.S. citizens (n=13); 20.8% are non-U.S. citizens/foreign nationals (n=5). Citizenship status was not reported for 25.0% of Latino executives (n=6).
- **African Americans/Blacks: African Americans/Blacks represent 4.7% of executive team members (an average of 0.6 Blacks per executive team, or fewer than 1 in 20 senior executives).** The lowest percentage reported by any company is 0.0%; the highest is 28.6%. A total of 39 African Americans serve on the executive teams of participating Fortune 100 companies [Figure 9].
 - This is a slight increase from 2011, when African Americans/Blacks represented 4.1% of executive team members.
 - Thirty-nine companies do not have a single African American in senior leadership. One company has four Black senior executives – the most reported by any company.
 - Blacks represent 10.0% or less of executive teams in 82.4% of participating Fortune 100 companies (n=56). Only one company reported that African Americans/Blacks represent at least 20% of its executive team.
 - 79.5% of Black executives are reportedly U.S. citizens (n=31); 2.6% are non-U.S. citizens/foreign nationals (n=1). Citizenship status was not reported for 17.9% of Black executives (n=7).
- **Asians: Asians represent 4.2% of executive team members (an average of 0.5 Asians per executive team, or 1 in 25 senior executives).** The lowest percentage reported by any company is 0.0%; the highest is 25.0%. A total of 35 Asians serve on the executive teams of participating Fortune 100 companies [Figure 9].

- This is a slight decrease from 2011, when Asians represented 4.3% of executive team members.
 - Nearly two-thirds (60.3%) of participating Fortune 100 companies do not have a single Asian in senior leadership (n=41). Nineteen companies have exactly one Asian on their senior executive teams, and two companies have three Asian senior executives – the most reported by any company.
 - Asians represent 10.0% or less of executive teams in 85.3% of participating Fortune 100 companies (n=58). Three companies reported that Asians represent at least 20% of their executive teams.
 - 62.9% of Asian executives are reportedly U.S. citizens (n=22); 5.7% are non-U.S. citizens/foreign nationals (n=2). Citizenship status was not reported for 31.4% of Asian executives (n=11).
- **Native Americans: Native Americans represent 0.2% of executive team members, as was the case in 2011.** One company reported two Native Americans in senior leadership; no other companies have Native Americans on their executive teams.
 - **Other Racial or Ethnic Minorities: Other racial or ethnic minorities represent 0.1% of executive team members, a decrease from the 0.8% of executives they represented in 2011.** One company had exactly one “other” racial or ethnic minority in senior leadership; no other companies reported “other” racial or ethnic minorities on their executive teams.

Self-Reported Changes in Executive Team Diversity

Most participating Fortune 100 companies did not experience a change in executive team diversity or reported that the diversity of their executive teams increased over the previous year. 44.1% of companies did not experience a change in executive team diversity (n=30), and 41.2% reported an increase in executive team diversity (n=28). Only 7.4% reported a decrease (n=5). Five companies did not indicate whether the overall diversity of their executive teams had changed over time.

Tables and Figures

Figure 7. Overall Executive Team Diversity by Race/Ethnicity and Gender, 2011 and 2014

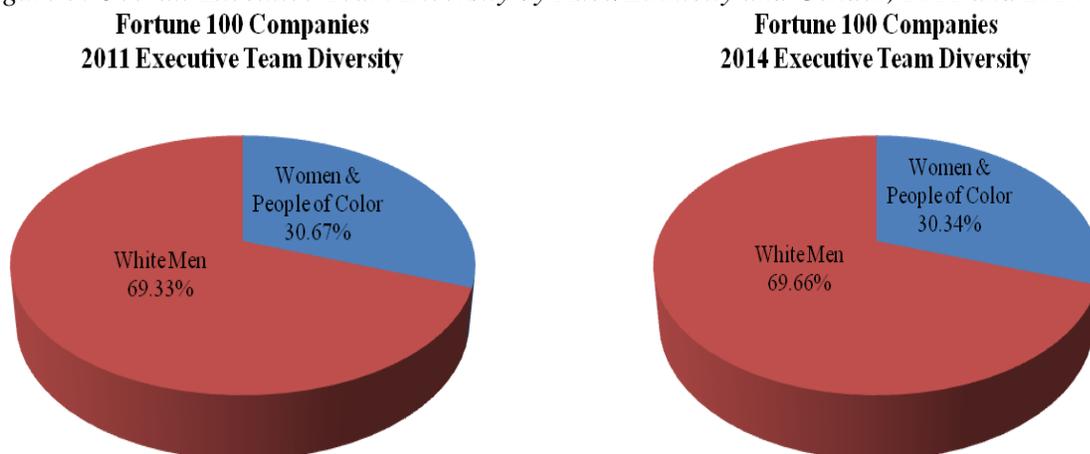


Figure 8. Overall Executive Team Diversity by Race/Ethnicity, 2014

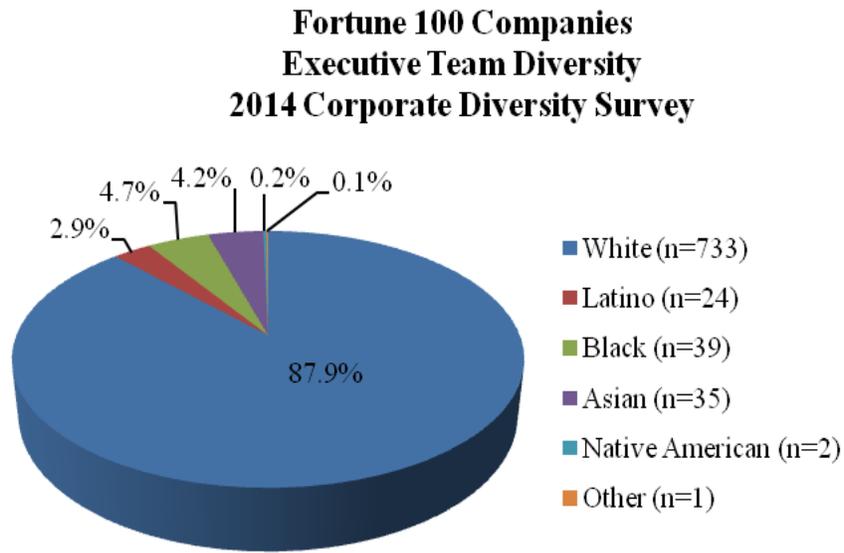


Figure 9. Total Number of Executive Team Members, 2014

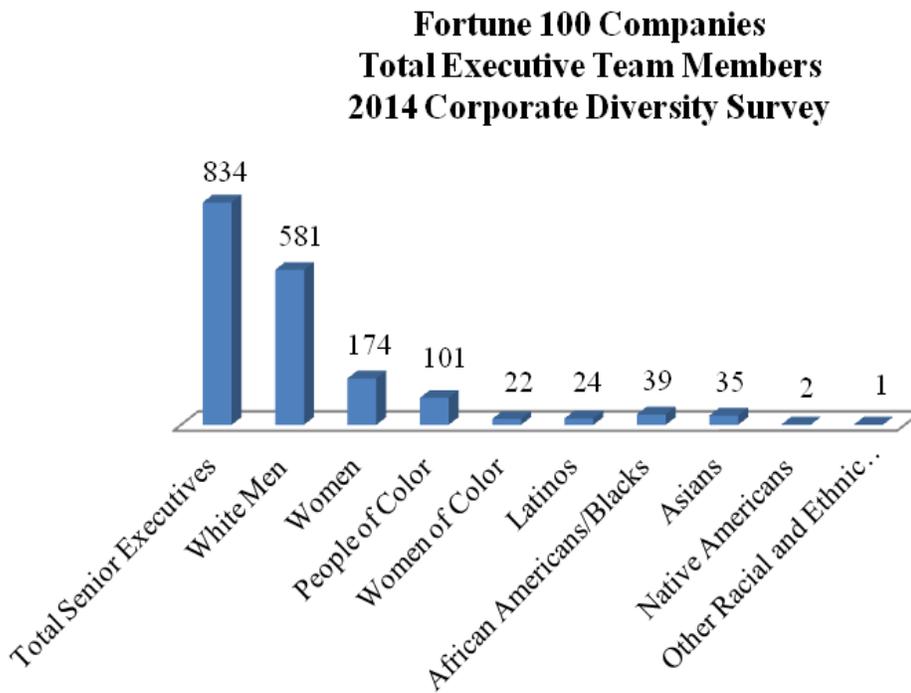


Figure 10. Representation of Women and People of Color on Executive Teams, 2010-2014

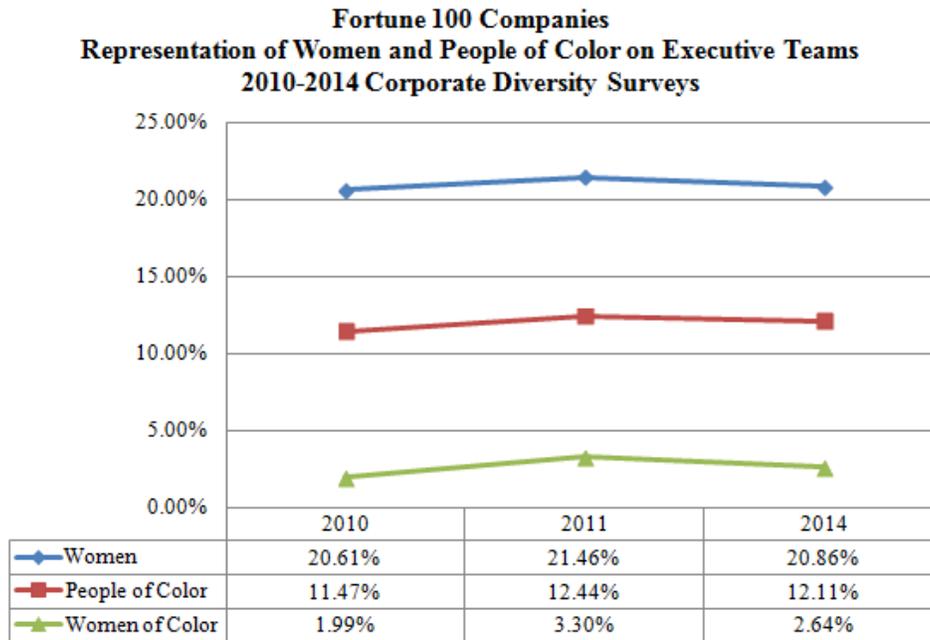
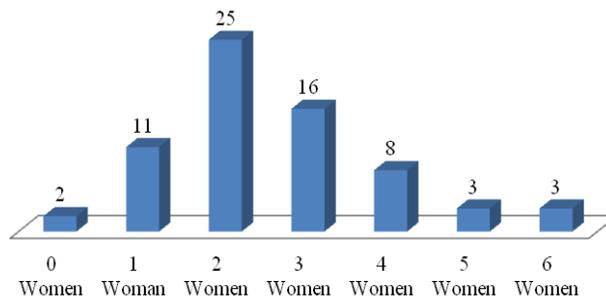
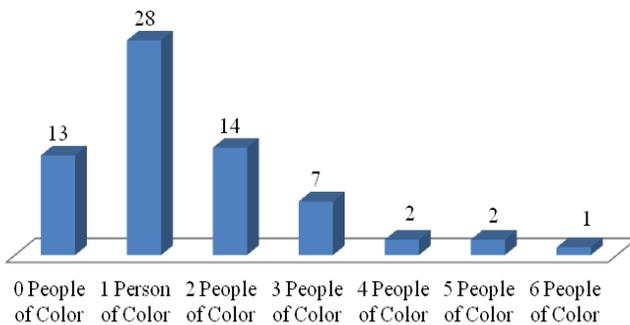


Figure 11. Distribution of Women, People of Color, and Women of Color on Executive Teams, 2014

Fortune 100 Companies
Distribution of Women on Executive Teams
2014 Corporate Diversity Survey



Fortune 100 Companies
Distribution of People of Color on Executive Teams
2014 Corporate Diversity Survey



Fortune 100 Companies
Distribution of Women of Color on Executive Teams
2014 Corporate Diversity Survey

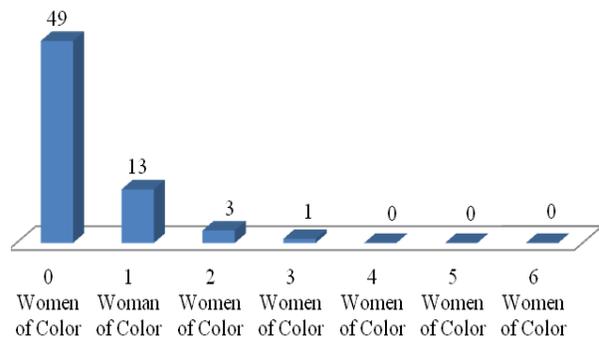


Table 4. Executive Team Diversity by Industry: Total Number of Senior Executives by Race/Ethnicity and Gender, 2014

Industry	No. of Companies	Total No. of Senior Executives	Women	People of Color	Women of Color	Latinos	African-Americans /Blacks	Asians	Native Americans	Other Racial or Ethnic Minorities
Aero/Defense/Transportation	8	112	18	17	5	3	8	6	0	0
Energy	5	69	12	3	0	1	2	0	0	0
Financial Services	10	120	24	13	3	3	6	4	0	0
Food Products/Services	5	60	14	13	2	3	4	4	2	0
Health/Medical	10	108	25	11	3	2	7	2	0	0
Insurance	11	118	28	13	4	4	5	4	0	0
Retail/Manufacturing/Business Services	9	97	22	9	2	2	4	3	0	0
Media/Telecomm/Computers/IT/Entertainment	10	150	31	22	3	6	3	12	0	1
TOTAL NUMBER	68	834	174	101	22	24	39	35	2	1

*RED denotes the lowest number in each category; GREEN denotes the highest.

Table 5. Executive Team Diversity by Industry: Average Number of Senior Executives by Race/Ethnicity and Gender, 2014

Industry	No. of Companies	Average No. of Senior Executives	Women	People of Color	Women of Color	Latinos	African-Americans /Blacks	Asians	Native Americans	Other Racial or Ethnic Minorities
Aero/Defense/Transportation	8	14.0	2.3	2.1	0.6	0.4	1.0	0.8	0.0	0.0
Energy	5	13.8	2.4	0.8	0.0	0.3	0.5	0.0	0.0	0.0
Financial Services	10	12.0	2.4	1.3	0.3	0.3	0.6	0.4	0.0	0.0
Food Products/Services	5	12.0	2.8	2.6	0.4	0.6	0.8	0.8	0.4	0.0
Health/Medical	10	10.8	2.5	1.1	0.3	0.2	0.7	0.2	0.0	0.0
Insurance	11	10.7	2.5	1.2	0.4	0.4	0.5	0.4	0.0	0.0
Retail/Manufacturing/Business Services	9	10.8	2.4	1.0	0.3	0.2	0.4	0.3	0.0	0.0
Media/Telecomm/Computers/IT/Entertainment	10	15.0	3.1	2.2	0.3	0.6	0.3	1.2	0.0	0.1
OVERALL AVERAGE	8.5	12.3	2.6	1.5	0.3	0.4	0.6	0.5	0.0	0.0

*RED denotes the lowest number in each category; GREEN denotes the highest.

Figure 12. Executive Team Diversity by Industry: Percentage of Women and Racial/Ethnic Minority Senior Executives, 2014

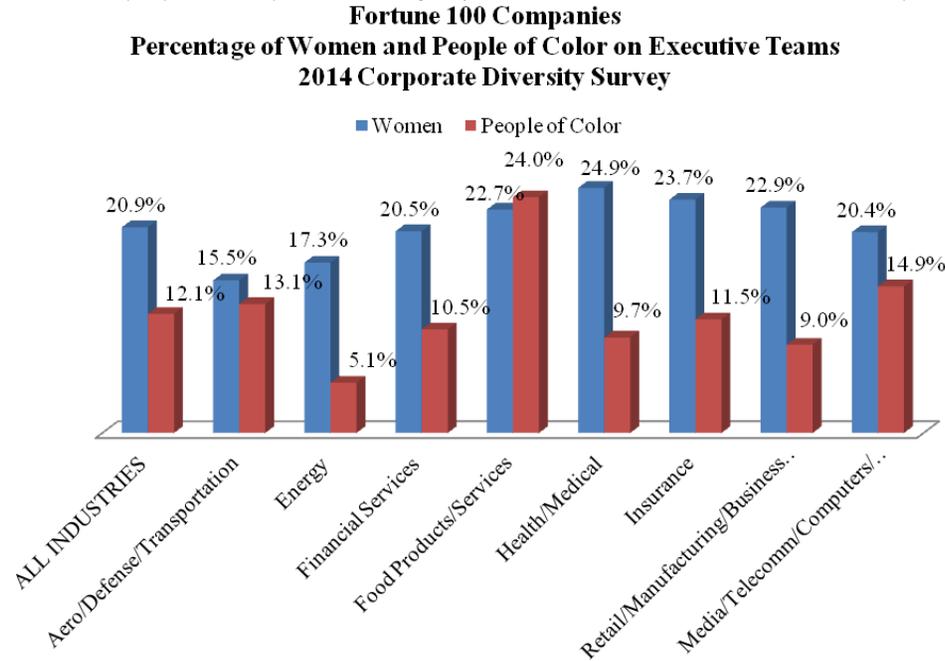


Table 6. Executive Team Diversity by Industry: Self-Reported Changes in Executive Team Diversity over Time, 2014
 Industry-specific responses to the question of whether the diversity of the company’s executive team changed within the last year.

Industry	Executive Team Diversity Decreased	Executive Team Diversity Did Not Change	Executive Team Diversity Increased	Missing Data	Total Within Industry Type
Aero/Defense/Transportation	12.5%	62.5%	25.0%	0.0%	100.0% (n=8)
Energy	0.0%	60.0%	40.0%	0.0%	100.0% (n=5)
Financial Services	10.0%	50.0%	20.0%	20.0%	100.0% (n=10)
Food Products/Services	0.0%	40.0%	60.0%	0.0%	100.0% (n=5)
Health/Medical	10.0%	60.0%	20.0%	10.0%	100.0% (n=10)
Insurance	9.1%	36.4%	54.5%	0.0%	100.0% (n=11)
Retail/Manufacturing/Business Services	11.1%	33.3%	44.4%	11.1%	100.0% (n=9)
Media/Telecomm/Computers/IT/Entertainment	0.0%	20.0%	70.0%	10.0%	100.0% (n=10)
Average Across Industries	7.4%	44.1%	41.2%	7.4%	100.0% (n=68)

* GREEN denotes the highest percentage in each category.

FINDINGS: SUPPLIERS

2014 CORPORATE DIVERSITY SURVEY

SUPPLIER DIVERSITY

Section 5 of the questionnaire assessed Fortune 100 companies' procurement spending with minority- and women-owned suppliers. The 2014 questionnaire included new questions regarding the amount and percentage of procurement dollars spent with minority- and women-owned businesses, formal Supplier Diversity Programs, minority- and women-owned supplier spend goals, and company practices for proactively recruiting minority- and women-owned businesses to bid for contracts and services. A full list of supplier diversity questions in the 2014 survey instrument is available in Appendix C.

Companies were instructed to answer supplier diversity questions using data from the corporate fiscal year ending June 30, 2014, or from the most recent 12-month period for which data was available. A total of 22 companies referenced the calendar year ending December 31, 2013, in lieu of the most recent corporate fiscal year; 8 companies indicated an alternate reference period, such as the federal fiscal year ending September 28, 2013.

Minority- and Women-Owned Business Enterprise (MWBE) Spend

In 2014, companies were asked for the first time to provide the total dollar amount spent on outside procurement with minority- and women-owned businesses. The question intended to capture only direct spend with primary minority- and women-owned suppliers, but reported results may inadvertently include second tier, subcontracted, or indirect spend. If companies reported both Tier I and Tier II spend, only Tier I spend data was analyzed. Primary (Tier I) spend refers to suppliers contracting directly with a company to provide goods and/or services; secondary (Tier II) spend refers to subcontractors providing goods and/or services to primary suppliers.

Reported results may include minor double counting of minority- and women-owned businesses, as the questionnaire did not specify how to categorize spend with suppliers that are "dually certified" as both Minority Business Enterprises (MBEs) and Women Business Enterprises (WBEs). This will be clarified in future surveys to reduce the possibility of double-counting and to ensure that minority- and women-owned businesses are consistently defined as for-profit, U.S.-based enterprises that are at least 51% owned and operated or managed by a racial or ethnic minority or woman, respectively.

A total of 60 participating Fortune 100 companies disclosed the combined dollar amount and percentage of total procurement spend with MWBEs. This is a slight increase from 2011, when 52 Fortune 100 companies disclosed spend data with MWBEs, and it is a sharp increase from 2010, when only 16 Fortune 100 companies provided this data.

The share of procurement dollars spent with minority- and women-owned firms remains disproportionately low – even less than it was in 2011. MWBEs remain underutilized across all industries, particularly the health/medical and energy industries [Table 7].

Spend with minority- and women-owned businesses decreased across the board in 2014 in comparison to 2011 spending levels. Spend also decreased with businesses owned by every specific racial or ethnic minority group, with the exception of Black-owned businesses (which remained unchanged from 2011) [Figure 15].

Characteristics of participating Fortune 100 companies that disclosed MWBE spend data (n=60):

- ***MWBE Spend (\$): Average expenditures with minority- and women-owned businesses amount to \$1.5 billion.*** The lowest dollar amount reported by any company is \$2 million; the highest is \$15.3 billion.
 - There is no comparison for 2011, as this data was not collected as part of the 2011 Corporate Diversity Survey.
 - 36.7% of companies spend \$1 billion or more on outside procurement with minority- and women-owned businesses (n=22).
 - In total, \$19.2 billion was reportedly spent with minority- and women-owned businesses over a 12-month period.
- ***MWBE Spend (%): On average, 7.9% of total procurement dollars are spent with minority- and women-owned businesses.*** The lowest percentage reported by any company is 0.2%; the highest is 33.0%. Four companies that provided MWBE spend as a dollar amount did not indicate the percentage this represented of total procurement spend.
 - This is a decrease from 2011, when MWBEs received 10.0% of total procurement dollars.
 - 45 companies spend less than 10% of total procurement dollars with minority- and women-owned businesses.

Characteristics of participating Fortune 100 companies that disclosed disaggregated spend with WBEs and MBEs (n=52):

- ***Women Business Enterprises (WBEs): On average, 3.0% of total procurement dollars are spent with women-owned firms.*** The lowest reported percentage of goods and services procured from women-owned businesses is 0.1%; the highest is 15.5%.
 - This is a decrease from 2011, when women-owned firms received 4.7% of total procurement dollars.
 - 84.6% of companies spend less than 5% of total procurement dollars with women-owned firms (n=44). Only two companies spend more than 10% of procurement dollars with women-owned businesses.
- ***Minority Business Enterprises (MBEs): On average, 4.8% of total procurement dollars are spent with minority-owned firms.*** The lowest reported percentage of goods and services procured from minority-owned businesses is 0.1%; the highest is 26.3%.
 - This is presumably a decrease from 2011. The 2011 Corporate Diversity Survey did not collect MBE spend data directly from companies; however, it can be calculated that combined spend with Latino-owned, Black-owned, Asian-owned, Native American-owned, and other minority-owned firms accounted for 6.4% of total procurement dollars in 2011.

- 67.3% of companies spend less than 5% of total procurement dollars with minority-owned firms (n=35). Only five companies spend more than 10% of procurement dollars with minority-owned businesses.

Characteristics of participating Fortune 100 companies that disclosed disaggregated spend with businesses owned by specific racial or ethnic minority groups (n=36-37):

- **Latino-Owned Businesses: On average, 0.9% of total procurement dollars are spent with Latino-owned firms.** The lowest reported percentage of goods and services procured from Latino-owned businesses is 0.0%; the highest is 3.0%.
 - This is a decrease from 2011, when Latino-owned firms received 1.4% of total procurement dollars.
 - 64.9% of companies spend 1% or less of total procurement dollars with Latino-owned firms (n=24). No company spends more than 3% of total procurement dollars with Latino-owned businesses.
- **Black-Owned Businesses: On average, 1.5% of total procurement dollars are spent with Black-owned firms.** The lowest reported percentage of goods and services procured from Black-owned businesses is 0.0%; the highest is 6.0%.
 - This remains unchanged from 2011, when Black-owned firms received 1.5% of total procurement dollars.
 - 55.6% of companies spend 1% or less of total procurement dollars with Black-owned firms (n=20). Only two companies spend more than 5% of total procurement dollars with Black-owned businesses.
- **Asian-Owned Businesses: On average, 1.7% of total procurement dollars are spent with Asian-owned firms.** The lowest reported percentage of goods and services procured from Asian-owned firms is 0.0%; the highest is 8.0%.
 - This is a decrease from 2011, when Asian-owned firms received 2.3% of total procurement dollars.
 - 43.2% of companies spend 1% or less of total procurement dollars with Asian-owned firms (n=16). Only two companies spend more than 5% of total procurement dollars with Asian-owned businesses.
- **Native American-Owned Businesses: On average, 0.2% of total procurement dollars are spent with Native American-owned firms.** The lowest reported percentage of goods and services procured from Native American-owned firms is 0.0%; the highest is 0.8%.
 - This is a decrease from 2011, when Native American-owned firms received 0.4% of total procurement dollars.
 - 100% of companies spend less than 1% or less of total procurement dollars with Native American-owned firms (n=36).

- **Other Minority-Owned Businesses: On average, 0.2% of total procurement dollars are spent with other minority-owned businesses.** The lowest reported percentage of goods and services procured from other minority-owned firms is 0.0%; the highest is 1.1%.
 - This is a decrease from 2011, when other minority-owned firms received 0.8% of total procurement dollars.
 - All but one company spends 1% or less of total procurement dollars with other minority-owned firms.

Supplier Diversity Programs and Spend Goals

Nearly every company reported having a formal supplier diversity program. Most companies also have specific minority- and/or women-owned supplier spend goals.

Characteristics of participating Fortune 100 companies (n=68):

- **94.1% of companies have a formal supplier diversity program in place (n=64).** Only two companies do not have a formal supplier diversity program. Two companies did not respond to this question.
- **58.8% of companies have minority- and/or women-owned supplier spend goals in place (n=40).** Nearly one-third – 30.9% – of companies do not have a supplier spend goal for WBEs or MBEs (n=21). Seven companies did not indicate whether or not the company has MBE and/or WBE supplier spend goals.
 - **The spend goal for WBEs is 5.5% or less of total procurement spend for 93.8% of companies that disclosed specific WBE spend goal data (n=15).** One company reported that its WBE spend goal is 20.0% of total procurement spend – the most reported by any company.
 - **The spend goal for MBEs is 10.0% or less of total procurement spend for 82.4% of companies that disclosed specific MBE spend goal data (n=14).** One company indicated its MBE spend goal is 15.5% of total procurement spend, and another reported a 20.0% MBE spend goal – the most reported by any company.
 - Ten companies have a combined MWBE spend goal in lieu of separate WBE and MBE spend goals. MWBE spend goals range from 3.0% of total procurement spend to 18.0% of total procurement spend, with the average being 8.4% among companies that disclosed their combined MWBE spend goal.
 - Six companies define spend goals using alternative performance indicators, such as a fixed dollar amount (e.g., exceeding \$1 billion in Tier I direct MWBE expenditures) or a year-over-year percentage increase (i.e., increasing spend by 10% over the previous year's diverse spend). Some companies have five-year spend goals rather than annual supplier diversity goals.

Self-Reported Changes in Supplier Diversity

Most companies indicated that overall spending with minority- and women-owned suppliers increased (over the previous year), as did the number of diverse suppliers.

Characteristics of participating Fortune 100 companies (n=68):

- **44.1% of companies indicated that the number of diverse suppliers increased over the previous year (n=30).**
 - 25.0% of companies reported the number of diverse suppliers did not change (n=17).
 - 16.2% of companies reported that the number of diverse suppliers decreased (n=11).
 - 14.7% of companies did not provide this information (n=10).
- **66.2% of companies indicated that overall spending with WBE and/or MBE suppliers increased over the previous year (n=45).**
 - 16.2% of companies reported that MWBE spending did not change (n=11).
 - 7.4% of companies acknowledged that spending with minority- and/or women-owned businesses decreased (n=5).
 - 10.3% of companies did not provide this information (n=7).

Figures and Tables

Figure 13. Spend with Minority- and Women-Owned Businesses, 2011 and 2014

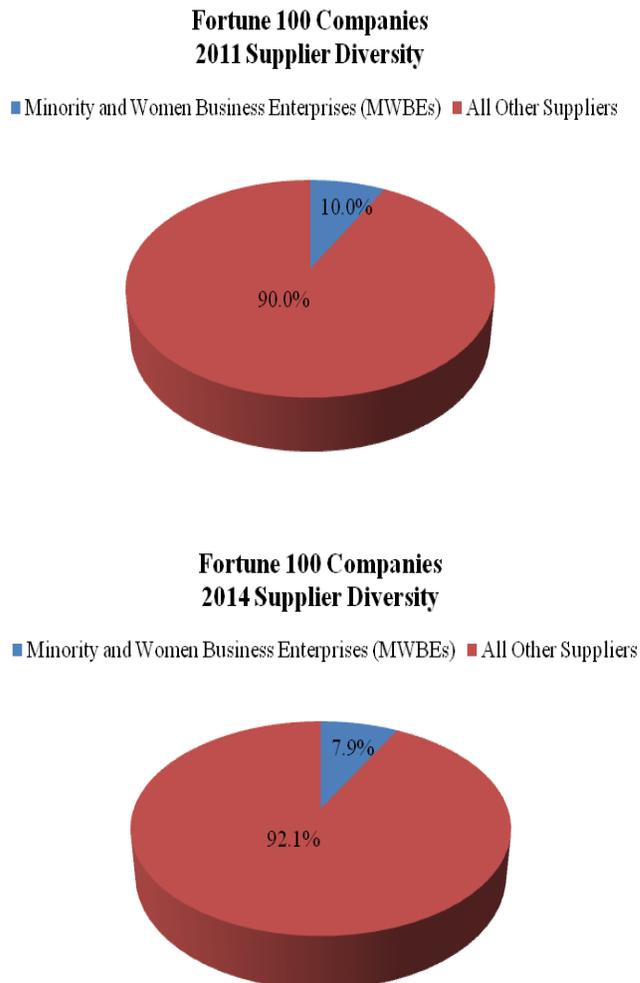


Figure 14. Spend with Minority-Owned Businesses, 2014

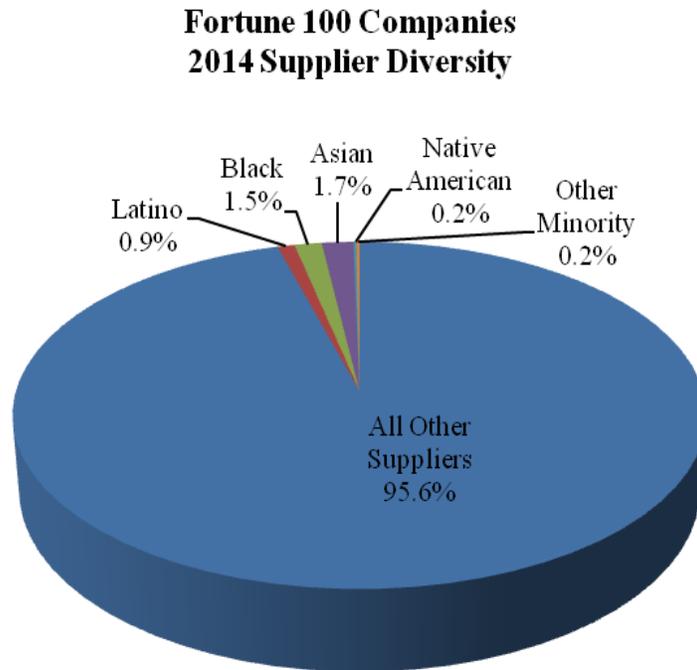


Figure 15. Spend with Minority- and Women-Owned Businesses, 2011 and 2014

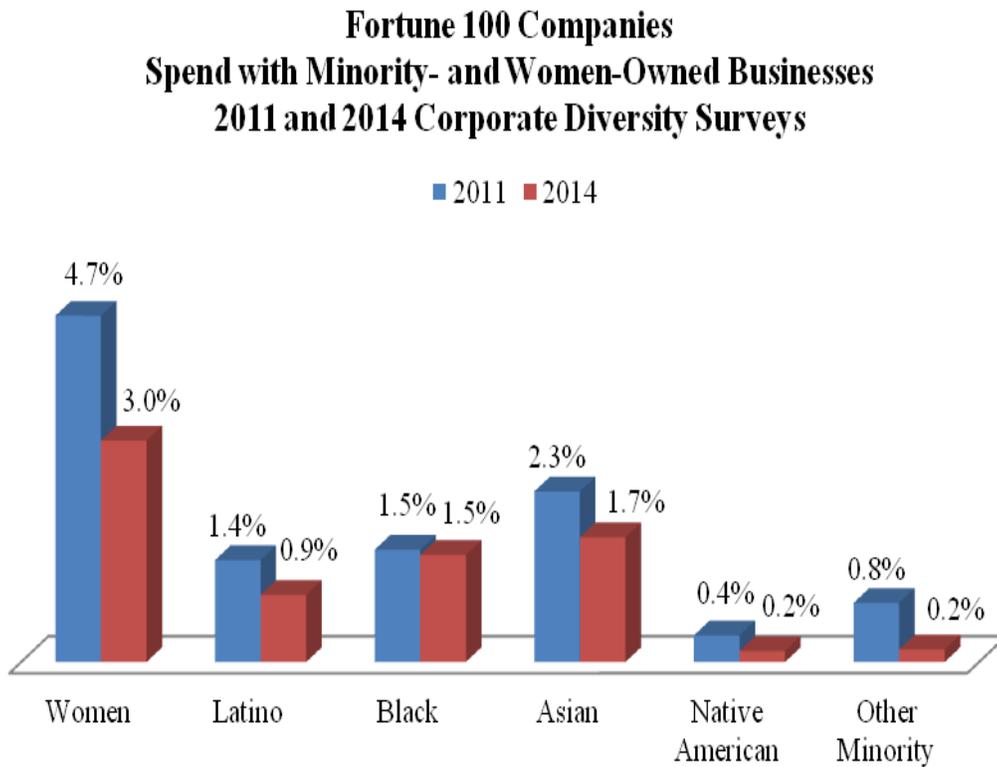


Table 7. Supplier Diversity by Industry: Spend with Minority- and Women-Owned Businesses, 2014

Industry	Average MWBE Spend (As a Dollar Amount Sourced to MWBEs)	Average MWBE Spend (As a Percentage of Total Procurement Dollars)
Aero/Defense/Transportation	\$2,475,950,000	10.4%
Energy	\$993,500,000	5.9%
Financial Services	\$621,730,000	8.1%
Food Products/Services	\$853,690,000	7.8%
Health/Medical	\$1,875,240,000	4.3%
Insurance	\$198,540,000	6.6%
Retail/Manufacturing/Industrial Products/Business Services	\$2,162,130,000	8.6%
Media/Telecomm/IT/Computers/Entertainment	\$2,821,680,000	11.0%
Overall Average	\$1,536,600,000	7.9%

*RED denotes the lowest figure in each category; GREEN denotes the highest.

FINDINGS: PROFESSIONAL SERVICES

2014 CORPORATE DIVERSITY SURVEY

PROFESSIONAL SERVICES DIVERSITY

Section 6 of the survey assessed Fortune 100 companies' spend with minority- and women-owned firms on professional services, including financial services, consulting services, legal services, and accounting services. Understanding that traditional supplier diversity plans often do not capture the professional services that companies contract out, the 2014 survey included new questions regarding professional services spend with minority- and women-owned businesses and requested a more detailed breakdown of financial services procurement data than in previous surveys. Specifically, participating Fortune 100 companies were asked to provide detailed spend data on asset management services, investment banking, brokerage fees, and financial advisory services, noting minority- and women-owned business procurement as a designated percentage of total procurement dollars. However, very few companies provided the level of detailed professional services data necessary for analysis, leading some results to be excluded from the report. A full list of questions regarding professional services in the 2014 survey instrument is available in Appendix C.

Spend on Professional Services with Minority- and Women-Owned Businesses (MWBEs)

In 2014, companies were asked for the first time whether they tracked spend on professional services with minority- and women-owned firms, and if so, to indicate spend as a specific dollar amount in addition to calculating spend as a percentage of total procurement dollars. As with the supplier diversity section of the questionnaire (pertaining to the procurement of both goods and services, not professional services alone), all survey questions regarding professional services procurement intended to capture only direct spend (Tier I), but reported results may inadvertently include Tier II and subcontracted spends as well.

Slightly more than half of participating Fortune 100 companies indicated they tracked spend on professional services with minority-owned firms (n=36) and women-owned firms (n=37).

This is an increase from 2011, when 23 Fortune 100 companies tracked professional services spend with women-owned, Latino-owned, Black-owned, and Native American-owned firms and 24 Fortune 100 companies tracked services procured to Asian-owned firms.

The percentage of total procurement dollars spent on professional services with minority- and women-owned firms decreased across the board in 2014 compared to participating Fortune 100 companies in 2011. However, the 2014 questionnaire did not indicate whether total procurement dollars referred to procurement dollars spent on both goods and services overall or specifically to total professional services procurement dollars. Consequently, it is possible that some companies calculated minority- and women-owned business procurement as a portion of overall procurement dollars rather than professional services procurement dollars. This would result in lower percentages than expected and could account for some of the observed differences between 2011 and 2014.

Women-owned firms received a greater percentage of professional service procurement dollars than any specific racial or ethnic demographic group, as was the case in 2011.

Characteristics of participating Fortune 100 companies that disclosed MWBE professional services spend data (n=65):

56.9% of companies track spend on professional services with women-owned firms (n=37);
43.1% of companies do not track this spend (n=28).

- **Women Business Enterprises (WBEs)**

- (**\$**) 31 companies provided the total dollar amount spent on professional services with women-owned firms:

- **Average professional services spend with WBEs: \$115,283,210**
 - High: \$803,000,000; Low: \$2,100,000; Sum of all reported amounts: \$3,573,779,504
 - 29.0% of companies reported spending more than \$100,000,000 on WBE professional services procurement (n=9).

- (**%**) 25 companies calculated the percentage of total procurement dollars spent on professional services with women-owned firms:

- **Average professional services spend with WBEs: 1.7%** (Max: 6.3%; Min: 0.1%)
 - This is a significant decrease from 2011, when women-owned firms accounted for 6.8% of professional services spend among participating Fortune 100 companies.
 - Only 1 company reported that at least 5.0% of total procurement dollars were spent on professional services with women-owned firms.

55.4% of companies track spend on professional services with minority-owned firms (n=36); 44.6% of companies do not track this spend (n=29).

- **Minority Business Enterprises (MBEs)**

- (**\$**) 30 companies provided the total dollar amount spent on professional services with minority-owned firms:

- **Average professional services spend with MBEs: \$176,674,173**
 - High: \$1,000,000,000; Low: \$3,800,000; Sum of all reported amounts: \$5,300,225,194
 - 36.7% of companies spend more than \$100,000,000 on professional services procurement with MBEs (n=11).

- (**%**) 25 companies calculated the percentage of total procurement dollars spent on professional services with minority-owned firms:

- **Average professional services spend with MBEs: 3.9%** (Max: 34.7%; Min: 0.1%)
 - There is no direct comparison for 2011; however, by simply adding the total percentages reported for professional services spend with Latino-owned, Black-owned, Asian-owned, Native American-owned, and other minority-owned firms in 2011, it is evident that the 2014 average is considerably less than the calculated 6.4% of professional services spend with minority-owned firms among participating Fortune 100 companies in the last Corporate Diversity Survey.
 - 4 companies reported that at least 5.0% of total procurement dollars were spent on professional services with minority-owned firms.

Characteristics of participating Fortune 100 companies that disclosed disaggregated professional services spend with MBEs (n=63 for Latino-owned, Black-owned, and Asian-owned businesses; n=62 for Native American-owned and other minority-owned firms):

46.0% of companies track spend on professional services with Latino-owned, Black-owned, and Asian-owned firms (n=29); 54.0% of companies do not track this spend (n=34).

- **Latino-Owned Businesses**

- (**\$**) 25 companies provided the total dollar amount spent on professional services with Latino-owned firms:

- **Average professional services spend with Latino-owned firms: \$35,527,093**
- High: \$223,000,000; Low: \$104,886; Sum of all reported amounts: \$888,177,334
- 4 companies reported spending more than \$100,000,000 on professional services with Latino-owned businesses.

(%) 20 companies calculated the percentage of total procurement dollars spent on professional services with Latino-owned firms:

- **Average professional services spend with Latino-owned businesses: 0.6%** (Max: 2.7%; Min: 0.0%)
- This is a decrease from 2011, when Latino-owned firms accounted for 1.2% of professional services spend among participating Fortune 100 companies.
- 6 companies reported that at least 1.0% of total procurement dollars were spent on professional services with Latino-owned firms.

○ ***Black-Owned Businesses***

(%) 25 companies provided the total dollar amount spent on professional services with Black-owned firms:

- **Average professional services spend with Black-owned firms: \$29,137,499**
- High: \$165,000,000; Low: \$5,259; Sum of all reported amounts: \$728,437,466
- 2 companies reported spending more than \$100,000,000 on professional services with Black-owned businesses.

(%) 20 companies calculated the percentage of total procurement dollars spent on professional services with Black-owned firms:

- **Average professional services spend with Black-owned businesses: 0.8%** (Max: 3.8%; Min: 0.0%)
- This is a decrease from 2011, when Black-owned firms accounted for 1.7% of professional services spend among participating Fortune 100 companies.
- 7 companies reported that at least 1.0% of total procurement dollars were spent on professional services with Black-owned firms.

○ ***Asian-Owned Businesses***

(%) 25 companies provided the total dollar amount spent on professional services with Asian-owned firms:

- **Average professional services spend with Asian-owned firms: \$78,178,109**
- High: \$724,000,000; Low: \$179,000; Sum of all reported amounts: \$1,954,452,717
- 6 companies reported spending more than \$100,000,000 on professional services with Asian-owned businesses.

(%) 20 companies calculated the percentage of total procurement dollars spent on professional services with Asian-owned firms:

- **Average professional services spend with Asian-owned businesses: 2.3%** (Max: 27.6%; Min: 0.0%)
- This is a decrease from 2011, when Asian-owned firms accounted for 3.0% of professional services spend among participating Fortune 100 companies.
- 8 companies reported that at least 1.0% of total procurement dollars were spent on professional services with Asian-owned firms.

41.9% of companies track spend on professional services with Native American-owned firms (n=26); 58.1% of companies do not track this spend (n=36).

- ***Native American-Owned Businesses***

- (**\$**) 22 companies provided the total dollar amount spent on professional services with Native American-owned firms:

- **Average professional services spend with Native American-owned firms: \$8,119,805**
 - High: \$65,000,000; Low: \$0; Sum of all reported amounts: \$178,635,707
 - 0 companies reported spending more than \$100,000,000 on professional services with Native American-owned businesses.
 - 9 companies that track spend with Native American-owned businesses reported spending \$0 on professional services with Native American-owned firms.

- (**%**) 19 companies calculated the percentage of total procurement dollars spent on professional services with Native American-owned firms:

- **Average professional services spend with Native American-owned businesses: 0.2%** (Max: 2.2%; Min: 0.0%)
 - This is a decrease from 2011, when Native American-owned firms accounted for 0.3% of professional services spend among participating Fortune 100 companies.
 - 1 company reported that at least 1.0% of total procurement dollars were spent on professional services with Native American-owned firms.

24.2% of companies track spend on professional services with other minority-owned firms (n=15); 75.8% of companies do not track this spend (n=47).

- ***Other Minority-Owned Businesses***

- (**\$**) 11 companies provided the total dollar amount spent on professional services with other minority-owned firms:

- **Average professional services spend with other minority-owned firms: \$17,141,931**
 - High: \$138,000,000; Low: \$0; Sum of all reported amounts: \$188,561,243
 - 1 company reported spending more than \$100,000,000 on professional services with other minority-owned businesses.
 - 3 companies that track spend with other minority-owned businesses reported spending \$0 on professional services with other minority-owned firms.

- (**%**) 16 companies calculated the percentage of total procurement dollars spent on professional services with other minority-owned firms:

- **Average professional services spend with other minority-owned businesses: 0.1%** (Max: 0.4%; Min: 0.0%)
 - This is a decrease from 2011, when minority-owned firms accounted for 0.2% of professional services spend among participating Fortune 100 companies.
 - No company reported spending at least 1.0% of total procurement dollars on professional services with other minority-owned firms.

Tables and Figures

Figure 16. Professional Services Spend with Minority-Owned Businesses, 2011 and 2014

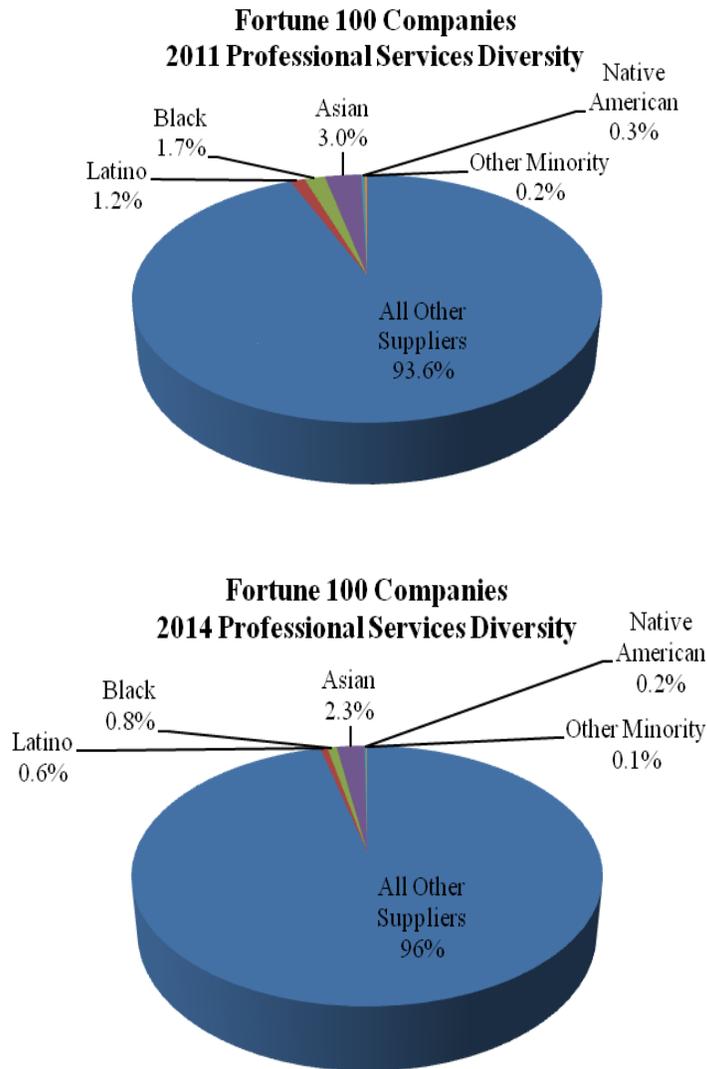


Table 8. Breakdown of Professional Services Spend with Minority- and Women-Owned Businesses, 2014

	Spend with Women-Owned Firms*	Combined Spend with Minority-Owned Firms*
Financial Services	0.1%	0.0%
Consulting Services	0.8%	1.6%
Legal Services	0.2%	0.6%
Accounting Services	1.6%	0.0%
Other Services	1.4%	4.9%
Professional Services TOTAL**	1.7%	3.9%

*Calculated as a percentage of total procurement dollars.

**Average overall spend as reported by all participating Fortune 100 companies – not the sum of each column, nor the average spend of only those companies that provided detailed professional services data.

APPENDICES

2014 CORPORATE DIVERSITY SURVEY

APPENDIX A: Participating Fortune 100 Companies

Senator Menendez thanks the following companies for participating in his 2014 Corporate Diversity Survey by returning a completed questionnaire:

Aetna, Inc.	Humana, Inc.
Allstate Insurance	Ingram Micro, Inc.
American Express Company	Intel Corporation
American International Group, Inc.	International Business Machines
AmerisourceBergen	J.P. Morgan Chase & Co.
Archer Daniels Midland Company	Johnson & Johnson
AT&T, Inc.	Johnson Controls, Inc.
Bank of America	The Kroger Company
Best Buy Co., Inc.	Lockheed Martin Corporation
The Boeing Company	Massachusetts Mutual Life Insurance Co.
Cardinal Health, Inc.	McKesson Corporation
Chevron Corporation	Merck and Co., Inc.
Cigna Corporation	MetLife
Citigroup, Inc.	Microsoft Corporation
The Coca-Cola Company	Morgan Stanley
Comcast Corporation	Nationwide Mutual Insurance Co.
ConocoPhillips	New York Life Insurance Company
Costco Wholesale	Oracle Corporation
CVS Caremark	PepsiCo, Inc.
The Dow Chemical Company	Pfizer, Inc.
DuPont (E.I. du Pont de Nemours & Co.)	The Procter & Gamble Company
Express Scripts, Inc.	Prudential Financial, Inc.
Exxon Mobil Corporation	State Farm Mutual Automobile Insurance Co.
Fannie Mae	Target
FedEx Corporation	TIAA-CREF*
Ford Motor Company	Tyson Foods, Inc.
Freddie Mac	United Continental Holdings, Inc.
General Electric	UnitedHealth Group
General Motors Company	United Parcel Service
The Goldman Sachs Group, Inc.	United Technologies Corporation
Hess Corporation	Verizon Communications, Inc.
Hewlett-Packard Company	Walmart Stores, Inc.
Honeywell International, Inc.	The Walt Disney Company
Hospital Corporation of America	WellPoint, Inc.
	Wells Fargo & Company

*Excluded from analysis due to delayed questionnaire submission.

APPENDIX B: Non-Participating Fortune 100 Companies

The following companies did not participate in the 2014 Corporate Diversity Survey. Companies that replied with a letter, but did not complete a questionnaire, are denoted with an asterisk.

Amazon.com
Apple*
Berkshire Hathaway
Caterpillar
CHS, Inc.
Cisco Systems, Inc.
Deere & Company
Delta Air Lines, Inc.*
DIRECTV
Energy Transfer Equity, L.P.
Enterprise Products Partners, L.P.
General Dynamics Corporation
Google*
Home Depot
INTL FCStone
Liberty Mutual Holding Company, Inc.
Lowe's Companies
Marathon Petroleum
Mondelez International, Inc.
Philip Morris International, Inc.*
Phillips 66*
Plains GP Holdings, L.P./Plains All American Pipeline
Safeway
Sears Holdings Corporation
Supervalu, Inc.
Sysco Corporation
Tesoro Corporation
Twenty-First Century Fox, Inc.
Valero Energy
Walgreen Co.
World Fuel Services Corporation

APPENDIX C: Full 2014 Questionnaire

OFFICE OF U.S. SENATOR ROBERT MENENDEZ

2014 CORPORATE DIVERSITY SURVEY

Section 1: General Information

1. Company name: [Click here to enter text.](#)
2. Name of person completing the survey: [Click here to enter text.](#)
 - a. Title: [Click here to enter text.](#)
 - b. Phone number: [Click here to enter text.](#)
 - c. Email: [Click here to enter text.](#)

Section 2: Company Practices

1. Does your company articulate a commitment to diversity in its core values or guiding principles?
Yes/No
2. Does your company currently have a formal written diversity strategy and implementation plan?
Yes/No

If not, are there plans to establish one within the next 12 months? Yes/No

If your company does not currently have a diversity plan in place, please skip the sub-questions below and continue to question 3.

- a. Does this plan set numeric targets for diversity and inclusion at the executive level (i.e., CEO and his/her direct reports)? Yes/No
 - b. Does this plan set numeric targets for diversity and inclusion at the board of directors' level?
Yes/No
 - c. Does this plan set numeric targets for diversity and inclusion in the procurement of goods and services (i.e., supplier diversity metrics)? Yes/No
 - d. How frequently is this plan reassessed or updated? Yearly/Quarterly/Other
If other: [Click here to enter text.](#)
 - e. Has this plan improved diversity at your company? Yes/No/Unknown
Please describe: [Click here to enter text.](#)
 - f. Is progress on diversity goals tracked within every department, including human resources and procurement? Yes/No
 - g. Is performance on meeting diversity goals tied to a portion of executive compensation?
Yes/No
 - h. Are there (other) incentives or accountability mechanisms in place to help your company evaluate, meet, and exceed its diversity goals? Yes/No
If so, please describe, including any consequences a department may face for consistently failing to meet its diversity goal: [Click here to enter text.](#)
3. Does your company have a Chief Diversity Officer? Yes/No
 - a. If so, what are his/her responsibilities? [Click here to enter text.](#)
 - b. To whom does the Chief Diversity Officer report? [Click here to enter text.](#)

4. Does your company have a Director/Manager of Supplier Diversity? Yes/No
 - a. If so, what are his/her responsibilities? [Click here to enter text.](#)
 - b. To whom does the Supplier Diversity Director report? [Click here to enter text.](#)

5. Who is the highest-ranking executive reporting to the CEO responsible for diversity and inclusion, including the successful implementation of your company's diversity strategy? Please specify the person's title and describe his/her duties: [Click here to enter text.](#)
 - a. How often does this person report on diversity strategy implementation and performance to the CEO? Yearly/Quarterly/Other If other: [Click here to enter text.](#)
 - b. How often does this person report on diversity strategy implementation and performance to the board of directors? Yearly/Quarterly/Other If other: [Click here to enter text.](#)

6. Does your company actively consider diversity when recruiting board members or executive team members? Yes/No Please describe: [Click here to enter text.](#)

7. If your company engages an executive search firm for board positions or senior management, does your company actively discuss the issue of diversity with that firm? Yes/No

8. Does your company have a structured mentoring program in which mid-level managers who are women and/or racial or ethnic minorities are mentored by the CEO and/or senior leadership? Yes/No

9. What (other) actions does your company take to build a pipeline of diverse senior staff? (e.g., leadership development programs, career development plans, succession planning, etc.) [Click here to enter text.](#)

10. Does your company have external and/or internal advisory councils focused on diversity? Yes/No
If so, what functions do they play in advancing your company's diversity goals? [Click here to enter text.](#)

Section 3: Board of Directors Demographics

1. Current number of board members at your company: ____

2. Please indicate the total number of board members who are:
 - a. Women: ____
 - b. Racial or ethnic minorities: ____
 - c. Both women and racial or ethnic minorities (minority women; women of color): ____

3. Please indicate the total number of board members who are:
(If board members identify as more than one race/ethnicity, please note as 'other' and specify)
 - a. Hispanic/Latino: ____
 - i. U.S. citizen: ____
 - ii. Non-U.S. citizen/foreign national: ____
 - b. African-American/Black: ____
 - i. U.S. citizen: ____
 - ii. Non-U.S. citizen/foreign national: ____
 - c. Asian (includes East Asian, South Asian, and Pacific Islander): ____
 - i. U.S. citizen: ____
 - ii. Non-U.S. citizen/foreign national: ____
 - d. Native American: ____
 - e. Other racial or ethnic minority (please specify other minority, if any): ____

4. Has the diversity of your company's board changed within the last year?
Yes; Increased/Yes; Decreased/No; Unchanged
If applicable, please describe the increase or decrease in diversity: [Click here to enter text.](#)

Section 4: Executive Team Demographics

1. Current number of executive team members (CEO and his/her direct reports): ____
2. Please indicate the total number of executive team members who are:
- a. Women: ____
 - b. Racial or ethnic minorities: ____
 - c. Both women and racial or ethnic minorities (minority women; women of color): ____
3. Please indicate the total number of executive team members who are:
(If executives identify as more than one race/ethnicity, please note as 'other' and specify)
- a. Hispanic/Latino: ____
 - i. U.S. citizen: ____
 - ii. Non-U.S. citizen/foreign national: ____
 - b. African-American/Black: ____
 - i. U.S. citizen: ____
 - ii. Non-U.S. citizen/foreign national: ____
 - c. Asian (includes East Asian, South Asian, and Pacific Islander): ____
 - i. U.S. citizen: ____
 - ii. Non-U.S. citizen/foreign national: ____
 - d. Native American: ____
 - e. Other racial or ethnic minority (please specify other minority, if any): ____
4. Has the diversity of your company's executive team changed in the last year?
Yes; Increased/Yes; Decreased/No; Unchanged
If applicable, please describe the increase or decrease in diversity: [Click here to enter text.](#)

Section 5: Supplier Diversity

Please answer the questions below using data from the most recent corporate fiscal year (July 1, 2013 – June 30, 2014). If this data is not available, please answer the questions using data from the most recent 12-month period for which data is available and indicate the reference period here: [Click here to enter text.](#)

1. Total dollars spent on outside procurement with minority- and women-owned businesses: \$ ____
2. Total percentage of minority- and women-owned business enterprise (MWBE) procurement, as compared to total procurement dollars: ____%
3. Please indicate the specific percentage of goods and services procured from women- and/or minority-owned firms, as compared to total procurement dollars:
- a. Women-owned: ____%
 - b. Total racial or ethnic minority-owned: ____%
 - i. Hispanic/Latino-owned: ____%
 - ii. African American/Black-owned: ____%
 - iii. Asian-owned (includes East Asian, South Asian, and Pacific Islander): ____%
 - iv. Native American-owned: ____%
 - v. Other minority-owned (please specify, if any): ____%
4. Does your company have a formal Supplier Diversity Program? Yes/No
If so, please describe: [Click here to enter text.](#)

5. Has the number of diverse suppliers changed within the last year?
Yes; Increased/Yes; Decreased/No; Unchanged
If applicable, please describe the increase or decrease in diverse suppliers: [Click here to enter text.](#)
6. Has your company's overall spending on WBE and/or MBE suppliers changed within the last year?
Yes; Increased/Yes; Decreased/No; Unchanged If so, please describe: [Click here to enter text.](#)
7. Does your company have a women- and/or minority-owned supplier spend goal? Yes/No
If so, what is the spend goal as a percentage of total procurement spend?
Spend goal for WBE: ___% Spend goal for MBE: ___%
8. How does your company proactively encourage or recruit minority- and women-owned businesses to bid for contracts and services? (e.g., trade association fairs, on-site training sessions for diverse suppliers and vendors, partnering with the National Minority Supplier Development Council or Women's Business Enterprise National Councils, etc.)
[Click here to enter text.](#)

Section 6: Professional Services

1. Does your company track spend on professional services with:
 - a. Women-owned firms: Yes/No If so, total spend: \$___
 - b. Minority-owned firms: Yes/No If so, total spend: \$___
 - i. Hispanic/Latino-owned firms: Yes/No If so, total spend: \$___
 - ii. African American/Black-owned firms: Yes/No If so, total spend: \$___
 - iii. Asian-owned firms: Yes/No If so, total spend: \$___
 - iv. Native American-owned firms: Yes/No If so, total spend: \$___
 - v. Other minority-owned firms: Yes/No
If so, please specify 'other' and total spend: \$___
2. For each category below, please provide your company's minority- and/or women-owned business procurement as designated as a percentage of total procurement dollars:

	Spending with women-owned firms	Combined spending with minority-owned firms	Hispanic-owned firms	African-American/Black-owned firms	Asian-owned firms	Native American-owned firms	Other minority-owned firms (Please describe: Click here to enter text.)
A. Financial services:	%	%	%	%	%	%	%
- Asset management	%	%	%	%	%	%	%
- Investment banking	%	%	%	%	%	%	%
- Brokerage fees	%	%	%	%	%	%	%
- Financial advisory	%	%	%	%	%	%	%
B. Consulting services:	%	%	%	%	%	%	%
C. Legal services:	%	%	%	%	%	%	%
D. Accounting services:	%	%	%	%	%	%	%
E. Other services (e.g., IT, architecture, engineering, etc.; please describe: Click here to enter text.)	%	%	%	%	%	%	%
Total Professional Services:	%	%	%	%	%	%	%

Section 7: Capital Investments

Please review this section in depth. If your company does not track – or tracks, but does not disclose -- the information requested, please indicate so below and skip to Section 8: [Click here to enter text.](#)

- A. *My company does not track information on diversity in capital investments.*
 - B. *My company does not disclose information on diversity in capital investments.*
1. Has your company provided direct investments (equity or debt) to women-owned and/or minority-owned suppliers either directly or through a third party? [Yes/No](#)

If no, please skip ahead to question 5. If so, please indicate the amount of direct investments:
WBE: \$___ MBE: \$___

2. Please share more information about the investments committed to women- and/or minority-owned suppliers:
 - a. How is the program managed? [Internally Managed/Externally Managed](#)
 - b. What type of capital was provided? [Equity/Debt/Both Equity and Debt/Other](#)
If other, please specify: [Click here to enter text.](#)
3. If these investments are part of a formal program at your corporation, please describe the program name/fund name, vintage year, and level value of investment since inception:
[Click here to enter text.](#)
4. Have you measured results of this program? [Yes/No](#)
If so, what factors do you measure to determine success for investments in these suppliers?
 - a. IRR: [Yes/No](#)
 - b. Revenue Growth: [Yes/No](#)
 - c. EBITDA Growth: [Yes/No](#)
 - d. Company Growth: [Yes/No](#)
 - e. Other: [Yes/No](#) If other, please specify: [Click here to enter text.](#)
5. If your company does not currently provide investments to women- and/or minority-owned suppliers, is there interest in doing so in the next 2 years? [Yes/No](#)

Section 8: Asset Management/Capital Allocations

Please review this section in depth. If your company does not track – or tracks, but does not disclose -- the information requested, please indicate so here and skip to Section 9: [Click here to enter text.](#)

- A. *My company does not track information on diversity in asset management/capital allocations.*
 - B. *My company does not disclose information on diversity in asset management/capital allocations.*
1. Has your company provided direct allocations to women-owned fund managers? [Choose an item.](#)
If so, please identify total equities allocated (in dollars) and asset type (fixed income, real estate, private equity, hedge fund, other): [Click here to enter text.](#)
 2. Has your company provided direct allocations to minority-owned fund managers? [Choose an item.](#)
If so, please identify total equities allocated (in dollars) and asset type (fixed income, real estate, private equity, hedge fund, other): [Click here to enter text.](#)
 3. Are allocations made to minority and/or women-owned fund managers made directly or through external managers such as fund of funds managers? [Click here to enter text.](#)
 4. Does your company have an emerging manager program? [Yes/No](#)
If so, please describe: [Click here to enter text.](#)

5. Please describe your firm's diversity policies with regards to internal hiring of diverse talent in your asset management activities, the hiring of diverse firms for the management of your corporation's assets, and any emerging manager programs your corporation utilizes:
[Click here to enter text.](#)
6. How does your company intend to improve upon its relationships with minority and/or women-owned asset managers? [Click here to enter text.](#)

Section 9: Additional Information

If you have any additional information you would like to share, please add your comments here:
[Click here to enter text.](#)

ENDNOTES

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- ¹ McKinsey & Company, *Diversity Matters*, February 2015, http://www.mckinsey.com/insights/organization/why_diversity_matters
- ² Credit Suisse Research Institute, *The CS Gender 3000: Women in Senior Management*, September 2014, <https://publications.credit-suisse.com/tasks/render/file/index.cfm?fileid=8128F3C0-99BC-22E6-838E2A5B1E4366DF>
- ³ Gallup Business Journal, *The Business Benefits of Gender Diversity*, January 2014, <http://www.gallup.com/businessjournal/166220/business-benefits-gender-diversity.aspx>
- ⁴ Center for Talent Innovation, *Innovation, Diversity, and Market Growth*, September 2013, http://www.talentinnovation.org/_private/assets/IDMG-ExecSummFINAL-CTI.pdf
- ⁵ Gallup Business Journal, *How to Tackle U.S. Employees' Stagnating Engagement*, June 2013, <http://www.gallup.com/businessjournal/162953/tackle-employees-stagnating-engagement.aspx>
- ^{vi} Harvard Business Review, *The Sponsor Effect: Breaking Through the Last Glass Ceiling*, January 2011, <https://hbr.org/product/the-sponsor-effect-breaking-through-the-last-glass/an/10428-PDF-ENG>
- Center for Talent Innovation, *Vaulting the Color Bar: How Sponsorship Levers Multicultural Professionals into Leadership*, October 2012, <http://www.prweb.com/releases/2012/10/prweb10006417.htm>
- ^{vii} The National Bureau of Economic Research, *Are Emily and Greg More Employable than Lakisha and Jamal? A Field Experiment on Labor Market Discrimination*, July 2003, <http://www.nber.org/papers/w9873>
- ^{viii} Proceedings of the National Academy of Sciences in the United States of America (PNAS), *Science Faculty's Subtle Gender Biases Favor Male Students*, August 2012, <http://www.pnas.org/content/109/41/16474.full>
- ^{ix} National Center for State Courts (NCSC), *Strategies to Reduce the Influence of Implicit Bias*, March 2012, http://www.ncsc.org/~media/Files/PDF/Topics/Gender%20and%20Racial%20Fairness/IB_Strategies_033012.ashx
- ^x Harvard Business Review, *Ending Gender Discrimination Requires More Than a Training Program*, October 2014, <https://hbr.org/2014/10/ending-gender-discrimination-requires-more-than-a-training-program>
- ^{xi} Womenable and American Express OPEN, *The 2014 State of Women-Owned Businesses Report*, March 2014, http://www.womenable.com/content/userfiles/2014_State_of_Women-owned_Businesses_public.pdf
- ^{xii} Ibid.
- ^{xiii} Center for American Progress, *The State of Diversity in Today's Workforce*, July 2012, https://cdn.americanprogress.org/wp-content/uploads/issues/2012/07/pdf/diversity_brief.pdf
- ^{xiv} County of Essex Disparity Study Commission, *Analysis of Essex County Procurement and Contracting*, October 2005, <http://essexcountynj.org/report.pdf>