BEST COMPANIES FOR DIVERSITY

In our third annual survey, we focus on supplier diversity and senior management representation—how much companies spend with black suppliers and who they let into the corporate suite

By Sonia Alleyne

Additional reporting by Erinn R. Johnson, Sheiresa McRae, Nicole Marie Richardson, Tennille M. Robinson, Sakina P. Spruell & Tanisha A. Sykes

CORPORATIONS HAVE COME A LONG

way from posing questions about the relevance of diversity. Studies and statistics about emerging demographics. minority spending power, and the globalization of the marketplace have moved the discussions well past whether or not a corporation should embrace diversity to how it can make inclusion part of its corporate fabric. There have also been numerous examples of the bottom-line benefits of diversity. In 2006, several of the 500 largest publicly traded companies headed by women outperformed the Standard & Poor's 500 index. African American senior executives including Merrill Lynch & Co. Chairman and CEO Stanley O'Neal, Aetna Chairman and CEO Ronald A. Williams, and Time Warner Chairman and CEO Richard D. Parsons have also significantly driven stockholder value in companies that were struggling before they took the helm.

But despite forecasts of continually changing demographics and a variety of success stories, many corporations still struggle with actually making diversity work. It doesn't, however, prevent many of these companies from waving a diversity banner. Since diversity has become one of the biggest corporate trends in recent times, companies have been offering intentions of support but not quite committing to policies, resources, and strategies for effective implementation.

Although BLACK ENTERPRISE has been covering diversity practices for 36 years—long before it was labeled as such—we have been statistically tracking corporate behavior in this area for three years through surveys sent to the top 1,000 publicly traded companies and 50 leading global companies with significant U.S. operations. These surveys judge diversity performance based on the representation of African Americans and other ethnic minorities in four key areas: corporate boards, total workforce, senior management, and corporate procurement. For the past two years, all four areas had been equally weighted to develop a list of the Best Companies for Diversity. This year, however, as BE reveals its list, we decided to draw a more definitive line in examining the commitment that companies say they have made to diversity by weighing

more heavily on two of the four categories: pro-

curement and senior management.

Experts agree that although all four areas are important in determining a company's commitment to diversity and inclusion, it is easier to measure that commitment in the categories of procurement and senior management. "Those two areas are high-impact areas, and you can

have high impact immediately as well as tremendous influence," explains Marlon Cousin, managing partner of the Marquin Group, a diverse executive recruiting firm based in Atlanta.

cies and programs that affect minority issues such as mentorship and talent management or the understanding of new, emerging markets. You can measure the outreach effect that supplier diversity has on communities in creating jobs and opportunities. When a minority supplier employs 25 more people because of a contract with a large corporation, that creates economic stability and educational growth within families," he continues. "It's important, but it's hard to measure the effect of board participation or a workforce where employees are more involved in the blocking and tackling of frontline responsibilities."

"You can measure senior leadership and its impact on poli-

Corporate commitment to those two areas also requires a significant adjustment in how companies view diverse ideas and people, comments Janet B. Reid, a principal partner of Global Lead Management Consulting and co-author of The Phoenix Principles: Leveraging Inclusion to Transform Your Company (New Village Publishing; \$22.95).

"The higher up you go, the less your advancement is predicated on technical skills. Those in the C-suite have to be familiar with. comfortable with, and trusting of you to let you in the club," she explains. "That's where the C-suite has to be willing to build a bridge to [develop a business relationship]. It's the same with supplier diversity. It's about building familiarity, comfort, and trust."

For some companies, the heavier weighting on senior management and procurement made a difference in making the list. This year we saw a 19% increase in survey participation and several newcomers: WGL Holdings Inc., TIAA-CREF, Starbucks Coffee Co., Johnson Controls Inc., Ryder System Inc., Comcast, Texas Instruments, State Farm Insurance, Exelon Corp., Eli Lilly and Co., and General Mills. Several of the 40 Best Companies for Diversity employ executives from our 75 Most Powerful African Americans in Corporate America list and have procurement contracts with a variety of BE 100s companies, including Bridgewater Interiors L.L.C., ACT-1 Group, Siméus Foods International Inc., Manufacturers Industrial Group, and World Wide Technology Inc.

> "The best way a company can show its customers that it values their business is by doing business with them,"

> > states Harriet R. Michel, president of the National Minority Supplier Development Council Inc. in New York City. "This is an economy that functions on the exchange of business, so

> > > it's not enough to have money coming into a minority organization from a majority company; there has to be an economic exchange with that same community,"

Unfortunately, at many companies there's the assumption that minority suppliers cannot match the quality and national or international distribution mechanisms of current majority suppliers, stresses Reid. "The ▶

problem is there is rarely ever enough effort in developing the network or tapping into the resources that would help you find the best suppliers."

Those companies who are the best at diversity and inclusion understand that challenge and have created the programs, systems, and tracking to make it an integral part of how they do business. "Not only is it part of their culture," explains Reid, "they drive the culture of their majority suppliers—encouraging them to use minority suppliers." Diversity, when it works, is developed

and financed with programs for training and outreach mechanisms to grow contacts and networks. "Once corporations understand it, they support it with initiatives and tactical plans and then people," explains Cousins. There are many who have good intentions, he offers, but for diversity to be successful, companies have to be willing to change their business approach. "Those who do it right do it consistently, and it's a part of their go-to strategy. They track it, measure it, and commit to being the best in class."

ADVERTISING DIVERSITY

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

Five stars 未未未未

\$2 million or more spent with black media or ad dollars spent with black media comprising at least 5% of total spending of at least \$10 million

Four stars ★★★★

\$1 million or more spent with black media or ad dollars spent with black media comprising at least 3% of total spending of at least \$10 million

Three stars 大大大

\$750,000 or more spent with black media

Two stars ★★

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

One star *

Less than \$500,000 spent with black media

SOURCE 11/5 MEDIA RATECLICENCE, FOR PERIOD FROM IAN 1,2006 TO DEC. 31,8006

15BES

IN MARKETING DIVERSITY

Alistate Corp. American Airlines Inc. DaimlerChrysler Ford Motor Co. **General Motors** McDonald's Corp. NIKE Inc. PepsiCo Inc.

Procter & Gamble State Farm Insurance Time Warner Inc. Toyota Motor North America Inc. Tyson Foods Inc.

Verizon Wal-Mart Stores Inc.

ECCATION

Northbrook, II Fort Worth, TX Auburn Hills, MI Dearborn, MI Detroit, MI Oak Brook, IL Beaverton, OR

Purchase, NY Cincinnati, OH Bloomington, IL New York, NY New York, NY Springdale, AR Basking Ridge, NJ Bentonville, AR

TYPE OF BUSINESS

Retail

Insurance Airline Automotive Automotive Automotive Food Services Sporting Goods & Apparel Convenience Foods & Beverages Consumer Packaged Goods Insurance Media, Entertainment, Publishing Automotive Food Producer **Telecommunications**

HOW WE CHOSE THE 40 BEST COMPANIES FOR DIVERSITY

THE 2007 BLACK ENTERPRISE 40 BEST COMPANIES for Diversity were determined by analyzing the responses to a survey of major corporations to determine investments in key diversity activities. Be engaged in a comprehensive outreach effort to the CEOs and diversity executives of the top 1,000 publicly traded companies and the diversity executives for the 50 leading global companies with strong U.S. operations. Following initial contact, additional rounds of contact were undertaken to ensure that all companies were apprised of the opportunity to participate in this year's survey.

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

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

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

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

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

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

allocated to African Americans and other ethnic groups. The second primary category, senior management diversity, assesses minority executive representation as a percentage of all senior management positions, including the corporate officers of each company. The third primary category, board representation, examines the diversity of the board of directors, while the fourth primary category, workforce, assesses the percentage of minority employees in an organization as a percentage of all employees.

Upon receipt of all surveys, BE performed a quantitative assessment of all corporate respondents in each survey category. Based on the analysis, each company was provided a score per category, which was compiled into a final survey score. Previous rankings of the BE Best Companies for Diversity weighted scores in all four categories equally. This year, a heavier weighting was given to scores in the supplier diversity and senior management diversity categories. (This change was made at the suggestion of diversity experts, who stress that spending with minority suppliers is the diversity function with the greatest potential economic benefit to minority communities, while minority representation in senior management reflects a commitment to diversity at every level of a company, from entry level to the corporate suite.) In addition, the editorial staff reviewed all surveys and performed follow-up validation, including contacting corporate diversity officers, senior managers, minority suppliers, and third-party experts. The final scores, along with the results of reporting and research conducted by the BE editorial staff, were used to determine the 40 Best Companies for Diversity,

These scores were also used to determine the 15 best companles in each of the four key categories. The "sublists" include



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



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



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

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

The first primary survey category, supplier diversity, focuses on the percentage of total procurement spending



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

companies that are strong in one particular category of diversity, whether or not they made our 40 Best Companies for Diversity list.

All companies were surveyed on a secondary category—marketing and outreach. This included advertising, promotions, community outreach, and scholarships. A large number of corporations would not provide full marketing information because of the sensitivity of marketing investments and competitive concerns. Using data from TNS Media Intelligence and information provided by the companies surveyed, BE compiled its list of the 15 Best Companies in Marketing Diversity.

—The Editors »

15 BEST

IN SUPPLIER DIVERSITY

ARAMARK T&TA

Bank of America DaimlerChrysler Denny's Restaurant Eastman Kodak Eli Lilly and Co. Worldwide Johnson Controls Inc.

Kelloaa Co. McDonald's Corp. MGM MIRAGE

Pepsi Bottling Group Inc.

PG&E Corp.

Toyota Motor North America Inc. WGL Holdings Inc.

EUCATION

Philadelphia, PA San Antonio, TX Charlotte, NC Auburn Hills, Mi Spartanburg, SC

Rochester, NY Milwaukee, Wi

Battle Creek, MI Oak Brook, IL

Somers, NY San Francisco, CA

Indianapolis, IN

Las Vegas, NV

New York, NY Washington, DC

WE BERTHE

Food & Facilities Management Services Telecommunications, Telephony & Wireless

Financial Services Automotive **Food Services** lmaqing

Pharmaceuticals

Automotive Systems and Building Controls

Packaged Goods Food Services

Hotels, Casinos, Resorts **Beverage Distribution**

Utilities Automotive **Utilities**

IN SENIOR MANAGEMENT DIVERSITY

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Aetna Inc. Affac Inc. Coca-Cola Co.

Denny's Restaurant Fannie Mae

Ford Motor Co. McDonald's Corp. Pepco Holdings

PepsiCo Inc. Starbucks Coffee Co.

State Farm Insurance TIAA-CREE UPS

WGL Holdings Inc. Xerox Corp.

DIVATION

Hartford, CT Columbus, GA Atlanta, GA Spartanburg, SC Washington, DC Dearborn, MI Oak Brook, IL Washington, DC

Purchase, NY Seattle, WA Bloomington, IL New York, NY Atlanta, GA Washington, DC Stamford, CT

TVPC OF BUSINESS

Healthcare Benefits Insurance Beverage Food Services **Financial Services Automotive** Food Services **Utilities**

Convenience Foods & Beverages **Food Services**

Insurance Financial Services Package Delivery Utilities

Computer and Office Equipment

IN WORKFORCE DIVERSITY

COMPANY

Aflacinc. ARAMARK Comcast

Consolidated Edison

Fannie Mae FedEx Corp.

NIKE Inc.

Starwood Hotels & Resorts Worldwide Inc. White Plains, NY

TIAA-CREF Tyson Foods Inc. WGL Holdings Inc.

Columbus, GA

LOCATION

Philadelphia, PA Philadelphia, PA

New York, NY

Washington, DC Memphis, TN

Washington, DC Oak Brook, IL

Beaverton, OR

Stamford, CT Gaithersburg, MD

New York, NY

Springdale, AR

Washington, DC

WILLIAM PROCESS

Insurance

Food & Facilities Management Services

Cable and Communications

Utilities

Financial Services Package Delivery

Lodaina

Food Services

Sporting Goods & Apparel Computer, Office Equipment

Food Services

Lodaina

Financial Services

Food Producer

Utilities

15 BEST

IN CORPORATE BOARD DIVERSITY

Aetna Inc. American Express

Citigroup Inc. **Darden Restaurants**

Denny's Restaurant Eastman Kodak

General Mills IBM

Marriott International

Merrill Lynch MGM MIRAGE

Starbucks Coffee Co.

Verizon

WGL Holdings Inc.

Xerox Corp.

LOCATION

Hartford, CT New York, NY New York, NY

Orlando, FL Spartanburg, SC Rochester, NY

Minneapolis, MN Armonk, NY

Washington, DC New York, NY

Las Vegas, NV Seattle, WA

Basking Ridge, NJ Washington, DC Stamford, CT

Type of puringer

Healthcare Benefits

Financial Services Financial Services

Food Services

Food Products

Information Technology

Lodging

Financial Services

Food Services

Telecommunications

Utilities

Computer and Office Equipment



JOHNSON CONTROLS INC. Location: Milwaukee

Type of Business: Automotive systems and building controls
Diversity Contact: Reginald Layton, Diversity Business Development Director

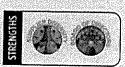
Johnson Controls' core business is to design, manufacture, and/or install automotive systems. The Milwaukee-based company has not been slow to realize that it must partner with ethnic minorities as well as others. Of the \$4 billion that JCI spent in procurement, nearly 23% was spent with ethnic minority suppliers last year. JCI's list of 400-plus suppliers includes black-owned companies such as Manufacturers Industrial Group (No. 36 on the BE INDUSTRIAL/SERVICE 100 list with \$118 million in sales) as well as ARD Logistics and Detroit Technologies Inc.

However, JCI's greatest contribution to black business was its establishment of a joint venture that grew to become one of the largest companies on the BE 100s: Bridgewater Interiors L.L.C. (No. 4 on the BE INDUSTRIAL/SERVICE 100 list with \$751 million in sales). The joint

venture was launched in 1998 by Ronald Hall with a big boost by JCI. Keith Wandell, then president of JCI Automotive Group "called in 1998 and said, 'How would you like to work with us on this deal?' And I'm thinking 'Is the Pope Catholic?'" recounted Hall in a 2005 interview with BE. The rest is history.

Hall became a 51% owner in the venture. In addition to financial backing to start the company, JCI provides Hall's company with the muscle necessary to service large automotive contracts. "We have been able to get lines of credit at banks because JCI is my partner, and I can tap into their technology base to make Bridgewater stronger," added Hall noting that if his firm has a hiccup, JCI's engineers are at the Bridgewater plant the next day. Past Appearances on the Best Companies for Diversity List: N/A

Advertising Diversity Rating: *



AETNA INC.

Location: Hardford, CT

Type of Business: Healthcare benefits Diversity Contact: Raymond Arroyo,

Chief Diversity Officer

Aetna has developed a philosophy that allows its multicultural workforce to grow and succeed. That philosophy is communicated within the insurer's corporate corridors and is embraced by Chairman, CEO, and president Ronald A. Williams, one of Br's 75 Most Powerful African Americans in Corporate America. Blacks represent 18% of Aetna's more than 30,000 U.S. employees: four sit on the insurer's 12-member board of directors; and three can be found on the company's senior management team. In 2006, Aetna spent \$6.5 million of its \$1.1 billion procurement budget with minority suppliers.

Past Appearances on the Best Companies for Diversity List: 2006 Advertising Diversity Rating: *



AT&T INC.

Location: San Antonio, TX

Type of Business: Telecommunications Diversity Contact: Forrest Miller,

Group President - Strategic Initiatives and Human Resources

With the merger of AT&T and Bell-South, a company that made BE's list in the past, it is no surprise AT&T would score high marks in diversity. At the world's largest communications holding company, 37% of employees are minorities, and 21% are African American. African Americans also enjoy significant representation in senior management, including Group President Rayford Wilkins Jr. In 2006, AT&T spent more than \$3 billion with minority suppliers, totaling 8% of its procurement dollars. Past Appearances on the Best

Companies for Diversity List: N/A Advertising Diversity Rating: * * * *



AFLACING.

Location: Columbus, GA
Type of Business: Insurance
Diversity Contact: Brenda Mullins,
Second VP, Human Resources
and Diversity Officer

Aflac, a \$14.6 billion company, views diversity as a key competitive advantage. Minorities make up 42% of the company's workforce and hold 24% of its leadership positions. To encourage employee retention and the promotion of women—who account for nearly 70% of its workers—Aflac has incorporated many family-friendly policies, including flextime, childcare, and telecommuting. Its Mentoring Matters program, created in 2002, provides additional training and support to minority associates within the sales force.

Past Appearances on the Best Companies for Diversity List: 2006, 2005

Advertising Diversity Rating: *



BANK OF AMERICA

Location: Charlotte, NC

Type of Business: Financial services
Diversity Contact: Geri Thomas, Global
Diversity and Inclusion Executive

As one of the world's largest financial institutions, Bank of America continues to make diversity a key part of its corporate mission. Of its nearly 190,000 employees, 44% are minorities; 17.4% are black. In 2006, the company spent \$570 million with ethnic minority suppliers, and about 32% of that went to African American firms. Staffing firm ZeroChaos (No. 14 on the BE INDUSTRIAL/SERVICE 100 list with \$366.8 million in sales) is among Bank of America's leading black vendors.

Past Appearances on the Best Companies for Diversity List:

2006/2005

Advertising Diversity Rating: *

ARAMARK

Location: Philadelphia

Type of Business: Food & facilities

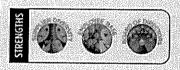
management services

Diversity Contact: Nicole Johnson-Reece, Vice President of Diversity

With a "kaleidoscope" commitment to diversity, ARAMARK makes it its business to foster inclusion as a key part of the company's business strategy. The proof is in ARAMARK's employee base, which counts 56% of its more than 150,000 workers as minorities. African Americans comprise 29% of the total workforce, including one executive on BE's 75 Most Powerful African Americans in Corporate America list. As an \$11.6 billion company, ARAMARK spent 1.8% of its total procurement with black suppliers in 2006.

Past Appearances on the Best
Companies for Diversity List: 2006,

Advertising Diversity Rating: *



THE COCA-COLA CO.

Location: Atlanta

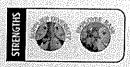
Type of Business: Beverage

Diversity Contact: Steve Bucherati, Director, Diversity and Workplace

As a company that values its brand and its people, The Coca-Cola Co. has made a point of promoting diversity. Of the company's 9,512 U.S. employees, 34.7% are minorities, and 21.3% are African American. The beverage powerhouse continues to do business with diverse suppliers, with black-owned suppliers making up 1.6% of the company's total procurement dollars. In collaboration with Clark Atlanta University, the company has established a minority- and women-owned supplier mentoring program to increase its capability and capacity.

Past Appearances on the Best Companies for Diversity List: 2006.

Advertising Diversity Rating: * * * * *





COMCAST

Location: Philadelphia
Type of Business: Cable and
communications

Diversity contact: David L. Cohen,

Executive Vice President, Comcast

Comcast is tuning in to inclusion. The company's 157 senior managers—seven are African American—have expanded the corporate commitment to diversity in four strategic areas: a multicultural workforce, a diverse supplier group, community investments, and multicultural programming. To address the last plank of its diversity platform, Comcast joined forces with Radio One Inc. (No. 11 on the BE INDUSTRIAL/SERVICE 100 list with \$413.2 million in sales) in 2004 to create TV One, an African American-owned channel. The company spends nearly 5% of its total marketing dollars on

Past Appearances on the Best Companies for Diversity List: N/A Advertising Diversity Rating: **

minority advertising and promotion.



EASTMAN KODAK

Location: Rochester, NY
Type of Business: Imaging
Diversity Contact: Essie L. Calhoun,
Chief Diversity Officer & Director
of Community Affairs, Vice
President Eastman Kodak Co.

Eastman Kodak, the world's foremost imaging innovator, has set up diversity efforts that are nearly picture perfect. Chairman and CEO Antonio M. Perez has made diversity objectives a business imperative, including the creation of an inclusive culture and the development of knowledge and skills that promote global inclusion. It has scored high in procurement spending with minority firms, which received nearly \$200 million.

Past Appearances on the Best Companies for Diversity List: 2006, 2005

Advertising Diversity Rating: *



DAIMLERCHRYSLER CORP.

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

With the recent sale of the Chrysler Group, DaimlerChrysler can expect a major shake-up in its workforce, though diversity will remain a key part of the auto manfacturer's business strategy. The company employs 67,000 people, 23.2% of whom are African Americans, Blacks also comprise 7% of senior management and 11% of corporate officers. The automotive giant spent about 4.5% of its total procurement with black suppliers in 2006.

Past Appearances on the Best Companies for Diversity List:

2006 2005

Advertising Diversity Rating: * * * * *



ELI LILLY & CO.

Location: Indianapolis
Type of Business: Pharmaceuticals

Diversity Contact: Patricia Martin, Vice President, Global Diversity

Eli Lilly & Co. has the right formula for diversity. The big pharma company has put in place a vice president of global diversity who reports directly to the CEO, as well as mandatory diversity training for all U.S. employees. Of its more than 21,000 U.S. employees, 16% are minorities and 7.6% are black. Diversity can be found in the management ranks as well: 9% of the company's senior managers are minorities. In terms of supplier diversity, 34% of Eli Lilly's vendors are minority-owned. To achieve such representation, it has developed several supplier diversity initiatives, including a mentor-protégé program for minority-owned businesses.

Past Appearances on the Best Companies for Diversity List: N/A Advertising Diversity Rating: *



DENNY'S CORP.

Location: Spartanburg, SC Type of Business: Food services Diversity Contact: Rachelle Hood, Chief Diversity Officer

Denny's is the largest full-service family restaurant chain in the U.S., with close to 1,600 restaurants and more than \$2 billion in sales. A champion of minority ownership, 46.3% of its 949 franchised restaurants are minority-owned, of which African Americans own 24. This is a significant improvement from 1993—when there was only one African American franchisee. From 1995 to 2006, Denny's also contracted approximately \$1 billion for products and services with minority businesses. Last year, nine of its 23 minority suppliers were African American.

Past Appearances on the Best

Companies for Diversity List; 2006 Advertising Diversity Rating: *



EXELON CORP.

Location: Chicago
Type of Business: Utilities
Diversity Contact: Peggy Davis,

Vice President, Diversity & Staffing

Exelon Corp. is one of the country's largest utility companies, and its diversity efforts shine brightly. Minorities represent 20.4% of Exelon's U.S. employee base (11.5% are black). Through its supplier diversity program, Exclon has cultivated relationships with minority- and womenowned suppliers; it also requires majority suppliers to report their volume of contracts with second-tier minority- and women-owned businesses. It has promoted several minorities to the top ranks, most notably, Frank M. Clark, Chairman & CEO of ComEd, listed among BE's 75 Most Powerful African Americans in Corporate America.

Past Appearances on the Best
Companies for Diversity List: N/A
Advertising Diversity Rating: *





STARBUCKS COFFEE CO.

Location: Seattle

Type of Business: Food services

Diversity Contact: Laura Swapp, Director, Diversity and Inclusion

By partnering with the largest black-owned business in America, World Wide Technology (No. 1 on the BE INDUSTRIAL/SERVICE 100 list with \$2.1 billion in sales), and the likes of Earvin "Magic" Johnson, Starbucks demonstrates that it values diversity in business.

In 1998 Johnson's company, Johnson Development Corp., entered into a 50/50 joint venture with Starbucks under the name Urban Coffee Opportunities, Johnson now owns more than 100 Starbucks coffee shops, which adds considerably to his sizable net worth, an estimated \$1 billion.

But more importantly, Starbucks employs thousands of African Americans in urban areas through its venture with Johnson. In a prepared statement on Starbucks' Website, Johnson says, "The goal of the UCO joint venture is to broaden the retall selection and provide qual-

ity products and services to minority communities. We hope that our entry into these communities will help reinforce Starbucks as a positive place to work."

Starbucks is committed to supplier diversity as well: Of the coffee retailer's 348 suppliers, 37.3% are ethnic minorities.

The numbers are also impressive within the company's senior management ranks; Of the 30 senior managers, 23% are ethnic minorities; of the 28 corporate officers, 25% are ethnic minorities. And the 11-member Starbucks board includes two African Americans, one of whom is Mellody Hobson, president of Ariel Capital Management L.L.C. (No. 2 on the BE ASSET MANAGERS list with \$16 billion in assets under management).

Past Appearances on the Best Companies for Diversity List: N/A

Advertising Diversity Rating: * *



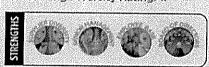
FANNIE MAE

Location: Washington, DC
Type of Business: Financial services
Diversity Contact: Kristy Williams,
VP. Human Resources

Last year, Fannie Mae spent more than \$355 million with minority suppliers. Of the 186 minority suppliers the company had contracts with, 41% were black. The company is also strong in the areas of workforce diversity and senior management representation. Of its 6,450 employees, 47% are minorities, with African Americans comprising 24% of the workforce. More than 200 members of Fannie Mae's senior management team are minorities. Gabrielle Barry, spokeswoman for Fannie Mae, says "In order to serve America and carry out our mission, we understand we must be a company that represents all Americans,"

Past Appearances on the Best Companies for Diversity List:

2006, 2005 Advertising Diversity Rating: *



GENERAL MILLS

Location: Minneapolis
Type of Business: Food products
Diversity Contact: Kelly Baker,
Vice President of Diversity

General Mills has had diversity on its menu for years. Roughly 15 years ago, the company created a Corporate Diversity Department, which included a full-time manager of supplier diversity. Two of General Mills' 11 board members are black. About 21% of U.S. employees are minorities; 7% are black. Two executives, Marc Belton, executive vice president, Worldwide Health, Brand and New Business Development; and Kim Nelson, president, Snacks Division. Belton and Nelson have appeared on BE's 75 Most Powerful African Americans in Corporate America and 50 Most Powerful Women in Business rosters, respectively.

Past Appearances on the Best
Companies for Diversity List: N/A
Advertising Diversity Rating: * * *



FEDEX CORP.

Location: Memphis

Type of business: Package delivery Diversity Contact: William Cahill, Corporate Vice President, Human

Resources

Through its diverse workforce, supplier base, and corporate culture, FedEx Corp. has become a dynamic force in the global marketplace. In 2006, it spent nearly \$200 million with ethnic minority suppliers; 9.5% was spent with black vendors. FedEx is also committed to the hiring and promotion of minorities and women. Minorities make up more than 40% of its staff of more than 219,000; 27% are black. Its highest-ranking black executives include Senior Vice President and CFO Cathy D. Ross and Senior Vice President of U.S. Operations Matthew Thornton.

Past Appearances on the Best Companies for Diversity List: 2006, 2005

Advertising Diversity Rating: * *



GENERAL MOTORS

Location: Detroit

Type of Business: Automotive Diversity Contact: Roderick D. Gillum,

Vice President, Corporate Responsibility & Diversity

In the U.S., almost 21% of General Motors' 128,000-plus employees are African American. And it is one of the nation's first companies to implement a formal supplier diversity program. GM has spent \$5 billion of its \$47 billion in total procurement dollars with minority vendors. Among its leading African American suppliers are Bridgewater Interiors L.L.C. (No. 4 on the BE INDUSTRIAL/SERVICE 100 list with \$751 million in sales). Out of 49, eight corporate officers are ethnic minorities and five are black.

Past Appearances on the Best Companies for Diversity List: 2006, 2005 Advertising Diversity Rating: * * * * *



FORD MOTOR CO.

Location: Dearborn, MI
Type of Business: Automotive

Diversity Contact: Joe Laymon, Group Vice President, Corporate Human Resources and Labor Affairs

Ford Motor Co. made headlines when it awarded a \$500 million annual contract to Bridgewater Interiors L.L.C. (No. 4 on the BE INDUSTRIAL/SERVICE 100 list with \$751 million in sales) to supply automotive seat systems, the largest contract awarded to a minority-owned firm in Ford's 104-year history. Moreover, 8% of the \$44 billion the automaker spent in corporate procurement in 2006 went to minority-owned firms. Within the company, African Americans represent 9% of senior management, including Thomas K. "Tony" Brown, senior vice president of Global Purchasing.

Past Appearances on the Best

Companies for Diversity List; 2006 Advertising Diversity Rating: *****



IBM

Location: Armonk, NY
Type of Business: information

technology

Diversity Contact: Ron Glover, Vice President of Global Workforce Diversity

IBM applies a laser-like focus to creating an inclusive environment for its employees and vendors. The company continues to get high marks in the area of board representation. Four minorities, two of whom are African American, serve on IBM's 13-member board of directors. In terms of its supplier base, IBM contracts with nearly 200 minority suppliers out of 6,540, and several BE 100s companies have joined the ranks of IBM's top vendors, including staffing firm Act-I Group (No. 3 on the BE INDUSTRIAL/SERVICE 100 list with \$800 million in sales). Past Appearances on the Best Companies for Diversity List 2006, 2006.

Companies for Diversity List: 2006, 2005
Advertising Diversity Rating: * *



KELLOGG CO.

Location: Battle Creek, MI
Type of Business: Packaged goods
Diversity Contact: Sherri Toney, Vice
President, Diversity & Inclusion

Started in 1906, Kellogg, producer of the iconic Kellogg's Corn Flakes and other cereals, employs more than 19,000 people. with black employees comprising 19% of that total. African Americans have moved into the ranks of upper management, with six becoming senior managers and two corporate officers. Ethnic minorities comprise a third of Kellogg's board. The company also excels in supplier diversity, spending \$70 million with African American suppliers, including two companies on the BE INDUSTRIAL/SERVICE 100 list: Mays Chemical Co. Inc. (No. 27 with \$155 million in sales) and Baldwin Richardson Foods (No. 39 with \$113 million in sales). Past Appearances on the Best

Companies for Diversity List: 2006 Advertising Diversity Rating: * * *



MGM MIRAGE

Location: Las Vegas

Type of Business: Hotels, casinos, and

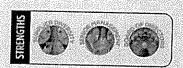
PGSGLLS

Diversity Contact: Debra Nelson, VP, Corporate Diversity

MGM MIRAGE is the first gaming company to launch a voluntary diversity initiative. Of the company's 70,000 employees, 41.4% are minorities. MGM MIRAGE is unique in that it also focuses on construction diversity. The company actively recruits women and minority general contractors, subcontractors, and construction suppliers through its Construction Diversity Initiative. Among its recruits is Thor Construction (No. 50 on the BE INDUSTRIAL/SERVICE 100 list with \$84 million in sales). It spent more than \$185 million with minority suppliers last year.

Past Appearances on the Best Companies for Diversity List: 2006, 2005

Advertising Diversity Rating: *



MARRIOTT INTERNATIONAL INC.

Location: Washington, DC Type of Business: Lodging

Diversity Contact: Priscilla Hollman, Vice President, Diversity Relations

Diversity has been a major part of Marriott International's franchisee development. In 2005, the hotel chain set an ambitious goal of having 500 properties owned by minorities by 2010; by the close of 2006, the number of hotels with minority or women owners and management. had reached 400. Robert Johnson, CEO of RLJ Development L.L.C. (No. 8 on the BE INDUSTRIAL/SERVICE 100 list with \$460 million in sales), increased the number of his properties from 40 to more than 100. Moreover, two of the lodging giant's 10 board members are black, and 8% of the company's senior managers are minorities. Past Appearances on the Best

Companies for Diversity List: 2006, 2005

Advertising Diversity Rating: *



PEPCO HOLDINGS INC.

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

Pepco Holdings is fueling innovation through diversity. With African Americans comprising more than 25% of its workforce, the company is "committed to creating a work environment where everyone and every group fits, feels accepted, has value, and can contribute to the company's success," maintains Diversity Specialist Carolyn Lomax. In 2006, Pepco spent more than 11% of its \$452 million procurement budget with ethnic minority suppliers and has created successful strategic partnerships with firms run by women. African Americans, and other minorities,

Past Appearances on the Best Companies for Diversity List: 2006, 2005

Advertising Diversity Rating: *



MCDONALD'S CORP.

Location: Oak Brook IL

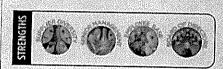
Type of Business: Food Services
Diversity Contact: Chere L. Nabor

Senior Director, Diversity & Inclusion

McDonald's encourages workforce diversity by hiring, promoting, and retaining minorities, who comprise about 26% of its managers and more than 25% of its corporate officers. Among them is Don Thompson, one of BE'S 75 Most Powerful African Americans in Corporate America, who was promoted from executive vice president and chief operating officer to president of McDonald's USA last August, Furthermore, McDonald's provides diversity education to its executives. Last year, the company spent more than \$4 billion with minority suppliers.

Past Appearances on the Best Companies for Diversity List: 2006, 2005

Advertising Diversity Rating: * * * * *



PEPSI BOTTLING GROUP INC.

Location: Somers, NY

Type of Business: Beverage distribution Diversity Contact: John Berisford, Sr Vice President, Human Resources

With a U.S. employee base of 33,000 (blacks comprise 18.2% of the staff), the world's largest bottler of Pepsi-Cola beverages says that it values and celebrates the diversity of all its employees and consumers. The \$12.7 billion company spends more than 40% of its total marketing dollars targeting ethnic minorities, including 17% marketing to African Americans. That philosophy of diversity extends to the company's corporate spending with vendors and suppliers as well—with 5.4% of Pepsi Bottling Group's total procurement, \$156 million, going to ethnic minority suppliers.

Past Appearances on the Best

Companies for Diversity List: 2005 Advertising Diversity Rating: *





STATE FARM DEMONSTRATES ITS COMMITTMENT TO DIVERSITY ACROSS DIVISIONS,

STATE FARM INSURANCE

Location: Bloomington, IL Type of Business: Insurance

Diversity Contact: Laura Hass, Assistant Vice President Diversity/Human Resources

"I know better than to argue with Pam," jokes State Farm Chairman and CEO Edward B. Rust Jr. about how fervent Vice President of Marketing Pamela K. El is about pushing the diversity agenda. One of several State Farm diversity advocates who understand not only its importance but its business case, Rust says, "Our strength is being very receptive to different ideas. As an organization, it's critical to long-term success."

Diversity drives innovation, Rust asserts, which makes for a more progressive and competitive company. That progress, in turn, will create broader opportunities for everyone in an organization. Started in 1922, State Farm covers more than 74 million fire, auto, health, and life insurance policies, and its workforce reflects the diversity of its policyholders. Some 14% of State Farm's senior management positions and about 13% of the

company's more than 66,000 U.S. employees are African American. About 8% of the company's total procurement was spent with ethnic minority suppliers.

Last year, while attending the Black Enterprise Entrepreneurs Conference, El engaged what would appear to be an unlikely supplier—Dr. Ian Smith. In April, the two launched the 50 Million Pound Challenge. Sponsored by State Farm, the Challenge is an effort to reverse the morbid obesity trends faced by African Americans. All levels of the company have embraced the program. "We've got 17.000 agents and 12,000 of them have signed on," says Mike Davidson, vice chairman and chief agency and marketing officer. "For us to get that kind of buy-in speaks very well." (See "The Battle for Minimum Weight" in this issue.) Past Appearances on the Best Companies for Diversity List:

Advertising Diversity Rating: ★ ★ ★ ★



PEPSICO INC

Location: Purchase, NY

Type of Business: Convenience foods

8 beverages

Diversity Contact: Ron Parker, Senior Vice President, Human Resources, PepsiCo North America

In 2005, PepsiCo created a Diversity and Inclusion Governance Council. Its mission: Raise the bar on diversity by marketing to targeted communities, building alliances with minority retailers, creating products for a more diverse consumer base, and developing a diverse supplier base. In 2006, the \$35.1 billion company spent \$270 million with about 150 black suppliers. Out of 10 corporate officers, two are black and four are ethnic minorities.

Past Appearances on the Best Companies for Diversity List:

2006, 2005

Advertising Diversity Rating: * * * * *



RYDER SYSTEM INC.

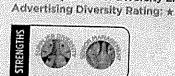
Location: Marri

Type of Business: Transportation Diversity Contact: Gerri Rocker.

Group Director, Corporate Diversity and Work/Life Planning & GSS Human Resources

Part of the Ryder diversity mission statement is to "create a supportive environment which values individual differences." The company has implemented a Balanced Scorecard program, which tracks its efforts to provide diversity training and maintain ethnicity-based employee network groups. The workforce is 29.8% ethnic minority, with African American employees comprising 17% of the total. Its commitment to diversity is evident in the higher echelons of management as well. Ethnic minorities represent 19% of senior managers and 18.3% of corporate officers.

Past Appearances on the Best Companies for Diversity List: N/A



PG&E CORP.

Location: San Francisco Type of Business: Utilities Diversity Contact: Steve Leder, Director of Diversity

PG&E prides itself on recruitment, management participation, supplier diversity, and community relations; diversity is one of the core values of the \$11.7 billion company. The workforce reflects the community it serves, with more than 7,000 minority employees. Last year, the company spent nearly \$108 million with black suppliers, almost 5% of its total procurement spending. One of PG&E's top black suppliers is World Wide Technology Inc. (No.1 on the BE INDUSTRIAL/SERVICE 100 list with \$2.1 billion in sales).

Past Appearances on the Best Companies for Diversity List:

2006, 2005

Advertising Diversity Rating: *



STARWOOD HOTELS & RESORTS WORLDWIDE INC.

Location: White Plains, NY Type of Business: Lodging

Diversity Contact: Shelley Freeman. Director, Global Diversity and

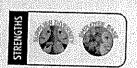
Inclusion

Back in 2003, Starwood launched diversity-oriented programs for its employees and vendors. Since then, Starwood, a global organization that operates in more than 95 countries, has continued to broaden every aspect of the company in terms of diversity. For example, the hotelier requires majority suppliers to subcontract with ethnic minority vendors. Starwood's commitment doesn't stop with employment and business contracts: It has dedicated more than 37% of its philanthropic dollars to community development.

Past Appearances on the Best Companies for Diversity List:

2006, 2005

Advertising Diversity Rating: 🖈



PITNEY BOWES INC.

Location: Standord, CT

Type of Business: Computer, office

equipment

Diversity Contact: Michael Holmes, Director of Strategic Talent Management and Diversity Leadership

Pitney Bowes Inc.'s employee base reflects its commitment to diversity, with blacks comprising 23% of its 26,743 employees, Of the company's 142 senior managers, 16% are minorities, and 9% are African American. According to Michael Holmes, director of strategic talent management & diversity leadership, "Having a workforce that is reflective of the global talent marketplace is essential for any business which expects to continue to grow."

Past Appearances on the Best Companies for Diversity List:

2006, 2005

Advertising Diversity Rating: *



TEXAS INSTRUMENTS

Location: Dallas

Type of Business: Technology Diversity Contact: Betty Purkey, Manager, Work/Life Strategies

TI's diversity initiatives have spawned an array of diversity-focused organizations charged with accelerating the company's push for inclusion and led to the creation of an internal metric system to track the company's progress. As a result of these efforts, roughly 10% of the company's nearly 15,000 employees are black; one out of 14 corporate officers is black; and three out of 18 senior managers are minorities. In terms of procurement, minority-owned companies represent 7% of TI's supplier pool. One of its top corporate vendors is World Wide Technology Inc. (No. 1 on the BE INDUSTRIAL/SERV-ICE 100 list with \$2,1 billion in sales). Past Appearances on the Best

Companies for Diversity List: N/A Advertising Diversity Rating: ★



TJAA-CREF

Location: New York:

Type of Business: Financial services Diversity Contact: Dermot J. O'Brien.

EVP, Human Resources & Corporate Services

With more than \$406 billion in combined assets under management, TIAA-CREF is one of the world's largest retirement systems. Top executives in the company have been named to BE's 75 Most Powerful African Americans in Corporate America list, TIAA-CREF also shows its diversity in its employee base: 26% of the company's 6,547 employees are African American, and 19% of its senior managers are minorities. The company is also involved in diverse community organizations, including INROADS, which prepares minority students for business careers through internships. Past Appearances on the Best

Companies for Diversity List; N/A Advertising Diversity Rating: *



WGL HOLDINGS INC.

Location: Washington, DC Type of Business: Utility Diversity Contact: Roberta Sims,

VP, Gorporate Relations

WGL Holdings, parent company of Washington Gas Light Co., is serious about diversity. About 47% of the company's employees are minorities, with African Americans comprising 39.2%. The company receives high marks in the area of board representation—African Americans occupy four of the corporation's eight board seats. Last year, WGL spent more than \$37 million with ethnic minority suppliers; \$32 million went to African American suppliers. Minorities are also represented in the executive suite. Its highest-ranking African American executive is James H. DeGraffenreidt Jr., the company's chairman and chief executive officer,

Past Appearances on the Best Companies for Diversity List; N/A Advertising Diversity Rating: ★



TOYOTA MOTOR NORTH AMERICA INC.

Location: New York

Type of Business: Automotive

Diversity Contact: T. Hudson Williams, Corporate Diversity Manager

Toyota North America has embraced inclusion as a business imperative. Its commitment is apparent in the composition of its supplier base and dealer network: 7.7% of Toyota's suppliers are minority-owned companies (3.7% are black-owned) and the company spent 10.4% of its procurement dollars with them. To ensure diversity throughout its supply chain, the company has implemented an inventive Tier II Sourcing Program, helping companies like Millennium Steel Services L.L.C. (No.

list with \$149.6 million in sales) become top suppliers.

Past Appearances on the Best

Companies for Diversity List: 2006 Advertising Diversity Rating: * * * * *

28 on the BE INDUSTRIAL/SERVICE 100



XEROX CORP.

Location: Stamford, CT

Type of Business: Computer and office

equipment

Diversity Contact: Ernest Hicks.

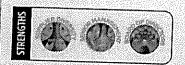
Manager, Corporate Diversity Office

With three African Americans as division presidents, including the recent promotion of Ursula Burns to president, it is evident Xerox is not afraid to elevate minorities to its top ranks. All three executives—including Quincy Allen, VP, president of the Production Systems Group, and Emerson Fullwood, vice president and chief of staff and marketing for Xerox North America—made Be's 75 Most Powerful African Americans in Corporate America list. Xerox scores diversity points with 24% of senior management positions held by minorities.

Past Appearances on the Best Companies for Diversity List:

2006, 2005

Advertising Diversity Rating: *



UP5

Location: Atlanta

Type of Business: Package delivery Diversity Contact: Allen Hill, Senior Vice President, Human Resources

Originally founded as a messenger company in 1907, UPS has grown into a global transportation provider committed to creating a workforce as diverse as its clients. UPS, which spent \$41 million with black suppliers last year, continues to expand opportunities for African American companies such as ACT-1 Group (No. 3 on the BE INDUSTRIAL/SERVICE 100 list with \$800 million in sales). With more than 350,000 employees, UPS extends its commitment to diversity to its employee base. Among the company's U.S. management team, women occupy 28% and minorities fill 33% of all executive management positions.

Past Appearances on the Best Companies for Diversity List: 2006 Advertising Diversity Rating: *



YUM! BRANDS INC.

Location: Louisville, Ky

Type of Business: Food services Diversity Contact: Terrian Barnes, Global Diversity Officer

Proof of a diverse workforce at Yuml Brands can be seen from KFC Chief Operating Officer Harvey Brownlee, an African American, down to the more than 70,000 other minority employees. Ethnic minorities make up 57.5% of the 122,000-plus employees at Yuml Brands, owner of convenience restaurants such as KFC and Pizza Hut. The 37-member senior management team is 13.5% ethnic minority and 10.8% black. Included among Yuml Brands' 130 black-owned suppliers is Integrated Packaging Corp. (No. 30 on the BE INDUSTRIAL/SERVICE 100 list).

Past Appearances on the Best Companies for Diversity List:

2006/2005

Advertising Diversity Rating: *





WACHOVIA CORP.
Location: Charlotte, NC
Type of Business: Financial services
Diversity Contact: Rosie Saez, Corporate Diversity Director

Wachovia's commitment to diversity is apparent in the large number of goods and services the company purchases from businesses owned and operated by minorities and women. It contracted with more than 300 black-owned suppliers last year, including Atlanta-based EARNEST Partners (No. 1 on the BE ASSET MANAGERS list with \$25.9 billion in assets under management). Of its \$4.3 billion procurement budget in 2006, Wachovia spent \$45 million with black-owned suppliers.

In addition, the company helps minority- and women-owned businesses through programs such as its Technical Assistance Project, which has assessed minority-owned businesses and then assigned consultants to help strengthen their weaknesses. Wachovia also offers a series of economic growth summits at which experts speak about capacity building and the importance of minority-owned firms forming alliances.

Wachovia's diversity recruiting partnerships with groups such as the National Black M.B.A. Association help ensure that the company recruits and retains a diverse workforce. Of more than 97,000 employees 38.9% are ethnic minorities, and 19.9% are black, including Executive Vice Presidents Reginald E. Davis and Martin Davis (no relation), two of BE's 75 Most Powerful African Americans in Corporate America.

Past Appearances on the Best Companies for Diversity List: 2006

Advertising Diversity Rating: * * * *



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