



insights

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THE EVOLVING DIVERSITY FUNCTION *no longer one size fits all*

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As a search firm with a focus on senior-level diversity search, Bridge Partners LLC is frequently briefed to recruit executives who will support an organization's broad diversity and business strategy. For example, a marketing leader to increase market-share of a diverse customer base; a merchandising executive to support product development and assortment choice for a target growth customer demographic; an HR executive with a focus on talent acquisition and employee engagement; a diverse finance leader who will act as a senior level mentor to improve retention in the finance functions; a business leader with experience growing a P&L in a specific geography or demographic market. These conversations rarely start with the description of the desired individual, but with the business challenge and why there is a "gap to fill" with the incoming executive.

Conversations around the desired profile for a new diversity leader now take the same course – it is the business driver that dictates the profile. This seems obvious but it is only a relatively recent step-change in approach on behalf of hiring organizations. Instead of being presented with a "traditional" diversity leadership profile, with the diversity business case being a separate add-on discussion, the two are now intricately entwined. As they should be. There is no longer a one size fits all profile for diversity leadership.

We all know that progressive and innovative companies will engage their diversity leadership in everything from branding, to talent acquisition, to community relations, to retention, to business strategy. As evidenced in the Q&A's with two senior diversity leaders in this edition of Insights, the function and background of diversity executives is increasingly being customized to fit the organization's diversity business case.

As we continued to see this transition reflected in our search work, we wanted to see if the data supported our perceptions. During the summer of 2011, Bridge

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Partners LLC undertook a survey of diversity leadership in the Fortune 100 companies, many of whom we have had the privilege to build direct relationships with as a firm.

The survey focused on career path and the profiles of diversity leaders at Director-level and above. The results of that survey are published in the following pages but a critical highlight is that the profile of the diversity leader truly is evolving from what was once a “traditional” career track through legal, compliance and/or HR, to the recognition by organizations that executives in a diversity leadership role should have a background that supports that organization’s formal business case for diversity.

That is not to say that there is no place for the traditional profile any more – for many companies it remains the perfect fit. For example, if the key driver of an organization’s diversity initiatives is talent acquisition, retention, or employee engagement, the diversity leadership is likely to be most effective with an HR background. However, if the diversity business imperative is customer or market-facing, the diversity leader might be more likely to come from marketing, sales, operations or external affairs; if the key diversity initiatives are federal or compliance-driven, the leader may have developed their careers in the legal or government affairs functions.

As seen in the survey results, only 21 of 68 current diversity leaders at Director-level and above have backgrounds in human resources, while 10 are from general management or operations roles, and a further 9 from marketing, business development or sales roles.

Another point of note was that many of the individuals currently in diversity leadership roles are relatively recently-appointed. 32 of the 68 have been in their current role 3 years or less and, of those, half (16) have less than 2 years direct experience in the diversity function altogether. Many of those new appointees have “non-traditional” diversity backgrounds.

Other themes that we have witnessed also appear to be supported by the survey results, including the increasing seniority of diversity leaders in the organizational structure, with 47 of the 68 leaders holding a title of VP or above.

With regard to demographics, while the function remains dominated by women (45 of 68), the ethnic background of these leaders is itself becoming more diverse, something that we attribute to corporate diversity becoming more broadly defined beyond ethnicity and gender, to encompass approaches and initiatives that focus on globalization, cultural sensitivity and diversity of experience.

q&a

CECILIA CARTER

VP, GLOBAL DIVERSITY, COMMUNITY & CIVIC AFFAIRS

STARBUCKS



Cecilia Carter joined Starbucks in January 2011 as VP, Global Diversity, Community & Civic Affairs. In this role, she is responsible for the strategy and management of the diversity, community and government affairs and philanthropy functions. Cecilia also serves as general manager of the Starbucks Foundation. Cecilia’s desire to join a company with whose values and principles aligned with her personal mission and passions led her to Starbucks. She describes it as a “perfect fit.”

Prior to joining Starbucks, Cecilia was head of community affairs at UBS, one of the world’s leading wealth management firms, where she led the company’s

philanthropic and community outreach in the United States. Earlier in her career, Cecilia was Director of Public Relations at Burson-Marsteller, specializing in corporate reputation and multicultural outreach strategy. She also held communications, marketing and project management roles at General Electric, Saatchi & Saatchi and American Express.

Cecilia has also served as Executive Director for the Rhythm & Blues Foundation, a nonprofit organization dedicated to the historical and cultural preservation of R&B music. She was active in her community, serving on boards for the Urban League of Southern Connecticut and the University of New Haven.

She holds a Bachelor of Arts in psychology from Northwestern University, a Master of Management from the Kellogg Graduate School of Management and a Doctorate in Humane Letters from University of New Haven.

1. What attracted you to your current role after spending the majority of your career in communications and marketing roles?

I remember receiving Bridge Partners’ call describing the newly created position at Starbucks and thinking it was the perfect culmination for my experience. I was immediately drawn to the challenge of combining diversity, community and government affairs to support Starbucks brand and global reputation.

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Although traditional diversity strategies and programs have helped reposition diversity from quotas to cultural DNA, there is still significant room for improvement as globalization leads us to develop more innovative approaches to diversity. I was impressed with Starbucks' approach of integrating these functions as part of the Public Affairs organization to address these challenges.

2. Do you think the diversity function has evolved in terms of impacting the business and corporate functions?

Absolutely! The past ten years have seen a significant shift in diversity from a "nice-to-do" to a business imperative with executive goals linked to performance. Global societal, political and demographic shifts increasingly impact a corporation's ability to hire the best and the brightest or market its products.

Simultaneously, corporate reputations are being viewed through a myriad of lenses. All Chief Diversity Officers must create a culture that allows their organizations to access and understand these perceptions and how it impacts their ability to do business.

This is why our new model of integrating diversity, community and government affairs is so important. It transitions diversity from EEOC and staffing to one of social relevance and culture both internally and externally.

3. How does one go about rebranding the diversity function internally, in the context of its evolution beyond HR?

Let's begin by not referring to the change as rebranding. This evolution represents a significant change in how core functions operate. It is about changing perceptions and processes over time until ultimately your company reflects the diversity of the communities in which it operates.

It is a grassroots effort and the keys to this transformation are: understanding your company's business model and growth strategy, linking diversity and community to the plan, and engaging employees as brand ambassadors. This expands diversity beyond staffing and HR, firmly cementing it into the reputation and culture of the company. Placing diversity, community and policy in the Public Affairs organization further reinforces the strategic importance of our new team. It signals a new approach to the rest of the business and provides a platform that directly links us to brand reputation.

4. How have the businesses, as well the corporate functions, relied on you and your team to provide input into corporate initiatives?

Starbucks' culture is very innovative and has one of the best

immersion processes, so that new hires truly understand how the business works. My first months were spent solely on understanding the business, from in-store experience to strategic planning.

During these phases I counseled on all aspects of the business including developing executive diversity goals, marketing campaigns, employee communications and business acquisitions. My team is an integral part of this process, providing deep subject matter expertise and experience to shape programs and strategies. I am constantly excited and motivated by the level of work and engagement we have with the business.

5. How has your previous experience prepared you for your current role?

I have a wide range of experiences across many industries. The bulk of my career was with GE working for both industrial and finance

businesses. I learned strong business analytics and honed my leadership skills over 12 years. But my real driver is passion. I have a passion for community, helping others, and being creative. I have also run a non-profit, worked in advertising and public relations and the entertainment industry. I have learned to adapt to change quickly, grasp new concepts and most importantly, have fun.

Robert Fulghum wrote, "All I Really Needed to Know I Learned in Kindergarten". My version of that can be summarized in these areas. I learned to share, I learned that not everyone would agree with me, that there is more than one way to do something, and you need your friends. But most importantly, I learned that a smile, a kind word and great attitude will help get the job done. And that is the best experience I could have to be a part of Starbucks culture in my current position.

6. Does the evolving role require a "rethink" in terms of how diversity teams are structured?

Finding ways to be closer to our customers, communities and partners (employees) will be factors in structuring our teams. Creating scalable models for diversity teams that can be replicated in global markets will be a significant challenge in this economic environment.

Our teams will need a good mix of the traditional Diversity and Inclusion skills combined with good general management experience. This will increase our ability to deliver measurable results. I also think this presents positive long-term career options for diversity staff members.



As the Chief Diversity Officer, Ms. Gray-Walker drives the advancement of AXA Equitable's goal to foster a diverse and inclusive environment within all of the company's business units. She also advises and supports executive management on diversity and inclusion goals; develops relationships with diverse professional organizations for talent acquisition; and measures progress on the company's inclusion initiatives.

Tracey joined AXA Equitable's Financial Management Development Training Program in 1989 and rapidly ascended within the organization to key positions in marketing, sales, business planning, operations, technology and finance. Tracey's broad based experience has resulted in increased revenues, improved operational efficiencies and cost reduction programs. She also led the Retail Distribution Group in achieving exponential growth within diverse markets as the Vice President of Business Development and Opportunities.

Tracey serves on the Board of Directors for The Executive Leadership Council, she was named the "2004 Autism Ambassador of the Year" and is a former Trustee for Autism New Jersey formerly, The New Jersey Center for Outreach and Services for the Autism Community (COSAC), a non-profit organization in Ewing, NJ. Autism New Jersey is dedicated to serving parents and professionals in the Autism Community.

In March 2006, Tracey was recognized among The Network Journal's 2006 "Twenty-Five Influential Black Woman in Business" and in October 2007 was featured in Profiles in Diversity Journey as one of its Women Worth Watching in 2008.

Prior to joining AXA, Tracey spent 4 years with Touche Ross & Co., as a senior auditor.

1. What attracted you to your current role after spending the majority of your career in client-facing and business development roles?

The Chief Diversity Officer role is a relatively new role for AXA-Equitable. In the company's almost 150 year history, I am the second person to hold this office. I was not immediately convinced that I was the right person, but after several discussions with our leadership team, I accepted the challenge. I knew that my business relationships and experiences, as well as commitment to quantitative tracking and results-oriented

style would help me create a certain level of engagement and results. I must admit that I was attracted to the challenge, learning and the overall opportunity to create impact.

2. Do you think the diversity function has evolved in terms of impacting the business and corporate functions?

Yes, I believe the diversity function has moved toward being a business driver and will continue in that direction for years to come. The current economic situation and changing demographics will reinforce the need for organizations to maximize untapped markets and talent pools. The "right thing to do" approach is a thing of the past. Now, when looking at diversity and inclusion, organizations' leaders are asking "how do I increase the bottom line or share of market?" That's the new and valid question. Strong business-aligned diversity and inclusion initiatives are the only way to operate moving forward.

3. How does one go about rebranding the diversity function internally, in the context of its evolution beyond HR?

One way to rebrand diversity and inclusion is through cross-organizational partnerships and collaboration. Positioning diversity and inclusion as a business imperative is another way to help demonstrate business ownership and makes the rebranding easier to achieve.

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4. How have the businesses, as well the corporate functions, relied on you and your team to provide input into corporate initiatives?

Changing demographics and business desire for growth are two items that have made diversity and inclusion a strategic need to business leaders. The diversity office has partnered to create solutions, while leveraging Employee Resource Groups and other diversity constituents to align business initiatives such as the sponsorship of the Dragon Boat Festival, which is positioned as a branding opportunity while also supporting employee engagement.

“...the diversity function has moved towards being a business driver and will continue in that direction for years to come. The current economic situation and changing demographics will reinforce the need for organizations to maximize untapped markets and talent pools...”

TRACEY GRAY-WALKER

5. How has your previous experience prepared you for your current role?

Being a person with strong financial/accounting roots has helped me with understanding the value of metrics and ROI. I have always been willing to think outside the box to help develop creative solutions. In addition, my desire to collaborate and share information both internally and externally has helped and continues to help me identify ideas to support our diversity and inclusion work.

6. Has your previous experience been leveraged in your current role and, if so, how?

I consistently leverage all of my experiences, always looking at data to help understand the changing demographics and ways that the Office of Diversity and Inclusion can best support our leaders and the company goal of growth. I also leverage other experiences to partner with various business areas across the organization to help support employee acquisition, engagement and retention.

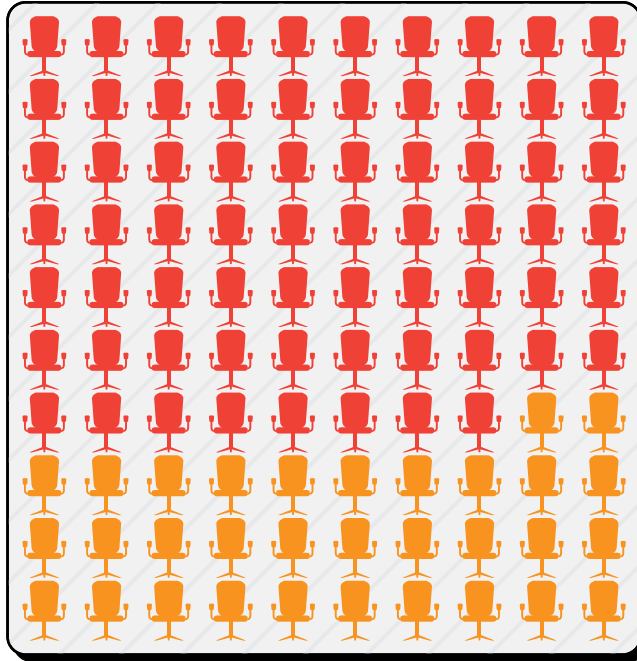
7. Does the evolving role require a “rethink” in terms of how diversity teams are structured?

Evolving the role of a diversity and inclusion leader, with the focus on driving business, does require a “rethink”. Rethinking includes skills, approach, and senior level support. Diversity teams need to have people with varied experiences including, but not limited to, core business, human resources, marketing, communications and solid project management experience. The team really needs to be able to communicate with and support the various constituents across the organization to truly prove the value diversity and inclusion brings to the bottom line.

2011 SURVEY RESULTS

SURVEY OVERVIEW

- The results of Bridge Partners LLC's diversity leadership survey were gathered over the summer of 2011;
- Companies studied were the Fortune 100 for 2011;
- We made a decision not to use any published diversity-oriented rankings to define our survey sample, in an attempt to provide a study that was more representative of corporate America as a whole;
- By the very nature of the Fortune 100, all the companies are headquartered in the US;
- The sample of executives was "lead diversity officers" i.e. the most senior diversity executive in any given organization;
- Many of the executives are known directly to Bridge Partners LLC and therefore publicly available information was in many cases supplemented by personal insight.



68% of companies surveyed have a diversity executive at Director level or above.

32% of companies surveyed do not have a diversity executive at Director level or above, or do not have any lead diversity officer.

21% of diversity leaders hold the position title of Director or Senior Director.

31% of the diversity leaders at various levels also hold the title of Chief Diversity Officer.

47% of diversity leaders hold the position title of VP or above.

32% of companies surveyed do not have a diversity executive at Director level or above, or do not have any lead diversity officer.

DIVERSITY AND

- 26% use the word Inclusion in their title
- 10% include Human Resources in their title
- 7% include Talent Acquisition in their title
- 6% include Community in their title
- 5% include EEO and/or Compliance in their title
- 3% include Public Affairs in their title
- 2% include Talent Development in their title

- **INCLUSION**
- **HUMAN RESOURCES**
- **TALENT ACQUISITION**
- **COMMUNITY**
- **EEO/COMPLIANCE**
- **PUBLIC AFFAIRS**
- **TALENT DEVELOPMENT**

HUMAN RESOURCES

GENERAL MANAGEMENT/OPERATIONS

MARKETING/BUSINESS DEVELOPMENT/SALES

LEGAL

EEO/AFFIRMATIVE ACTION

PUBLIC AFFAIRS/GOVERNMENT RELATIONS/COMMUNICATIONS

COMMUNITY RELATIONS

ENGINEERING/TECHNOLOGY

SUPPLIER DIVERSITY

STRATEGY

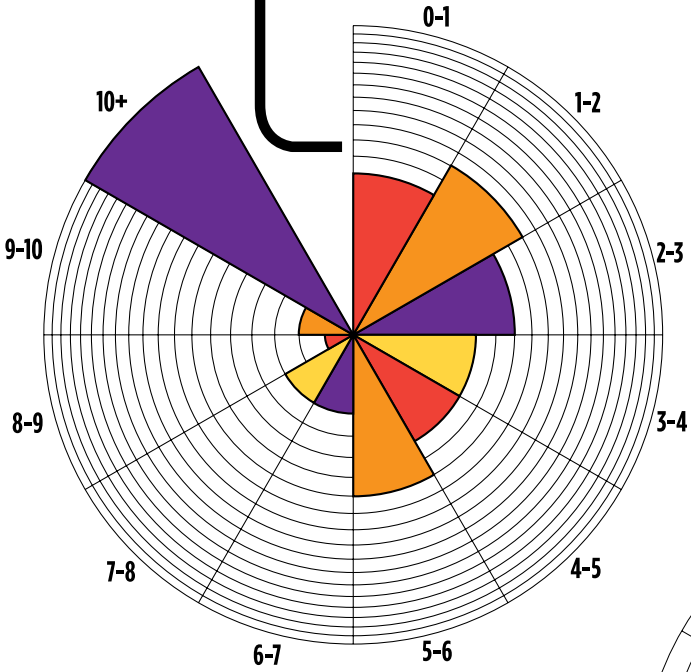
FINANCE

Functional background immediately prior to first diversity role:

- Human Resources = 21
- General Management/Operations = 10
- Marketing/Business Development/Sales = 9
- Legal = 7
- EEO/Affirmative Action = 6
- Public Affairs/Government Relations/Communications = 4
- Community Relations = 4
- Engineering/Technology = 2
- Supplier Diversity = 2
- Strategy = 2
- Finance = 1

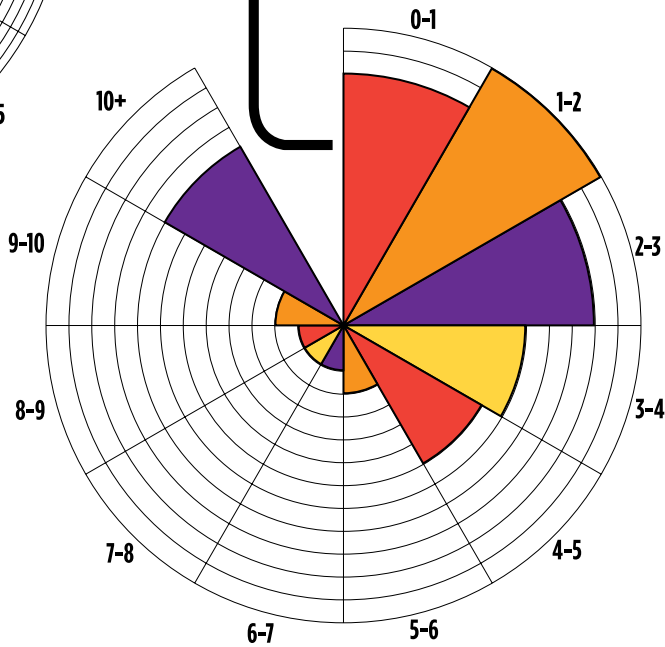
Length of time in diversity function (Director level and above)

- 0-1 years = 7
- 1-2 years = 9
- 2-3 years = 7
- 3-4 years = 5
- 4-5 years = 5
- 5-6 years = 7
- 6-7 years = 3
- 7-8 years = 3
- 8-9 years = 1
- 9-10 years = 2
- 10+ years = 19



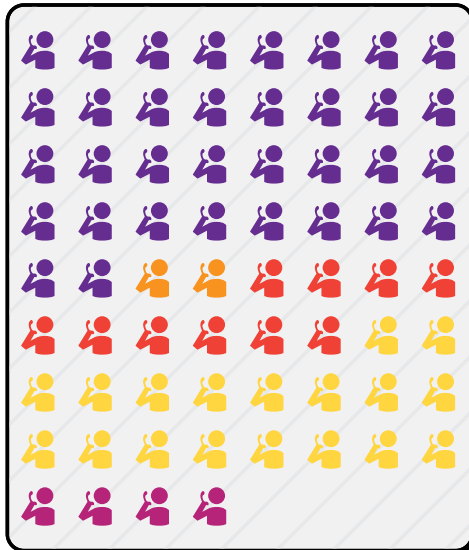
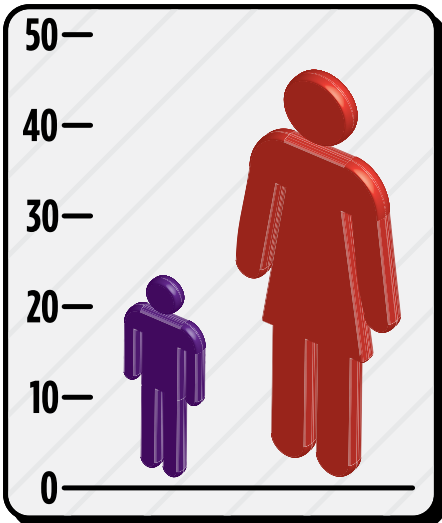
Length of time in current role (Director level and above)

- 0-1 years = 10
- 1-2 years = 12
- 2-3 years = 10
- 3-4 years = 8
- 4-5 years = 7
- 5-6 years = 3
- 6-7 years = 2
- 7-8 years = 2
- 8-9 years = 3
- 9-10 years = 3
- 10+ years = 9



Demographics of Fortune 100 diversity leaders at Director-level and above:

Male = 23
Female = 45



Ethnicity of Fortune 100 diversity leaders at Director-level and above:

Black = 34
Asian = 2
Hispanic = 10
White = 18
2+ races = 4

SELECT CLIENT LIST

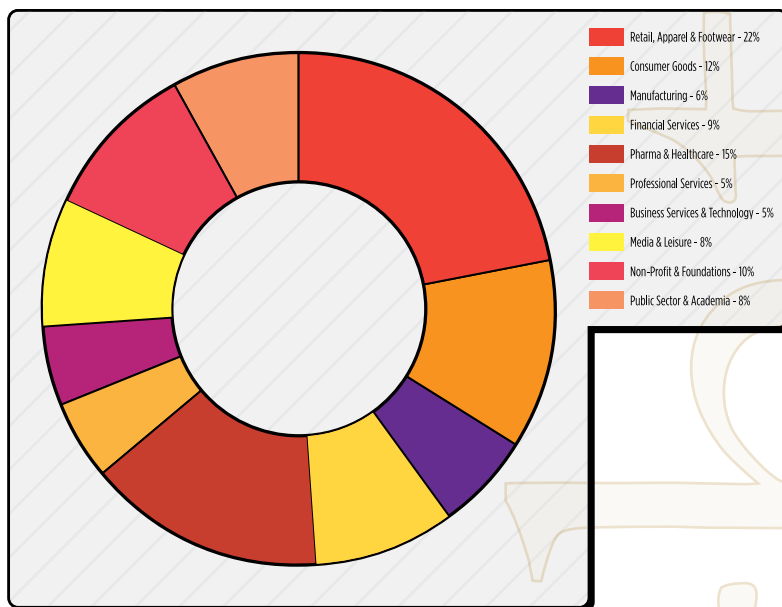
Alcatel-Lucent
American Eagle Outfitters
Barnes & Noble
Brown Shoe Company
Burlington Coat Factory
Campbell Soup Company
Children's Place Retail Stores
Choice Hotels
Colgate-Palmolive Company
CVS Caremark
Federal Reserve System
Foot Locker
Fossil
General Electric Company
GNC Corporation
Grant Thornton International
Jackie Robinson Foundation
Jimmy Choo
Kaiser Permanente
Macys
Medco Health Solutions
Merck & Co (Schering Plough)
Microsoft
Pfizer (Wyeth Pharmaceuticals)
Prudential Financial, Inc.
Sodexo
Starbucks
Starwood Hotels & Resorts Worldwide
Sullivan & Cromwell
TIAA-CREF
TJX Companies
Tommy Hilfiger
Travelers
University of Medicine & Dentistry of New Jersey (UMDNJ)
USAA
Walt Disney Company
Wendy's International



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ABOUT BRIDGE PARTNERS LLC

Bridge Partners LLC is a retained executive search firm with an unrivaled ability to successfully and efficiently execute senior-level search assignments, bringing to each project a focus on ensuring that our clients are presented with a diverse slate of candidates.

Our reputation has been built on consistently achieving superior results in the execution of our assignments. We are dedicated to a client-driven process and believe that process is maximized by partnering with the client organization on a relationship-driven, long-term basis. Bridge Partners LLC maintains the highest level of ethical standards and integrity with both clients and candidates by placing their interests first and ensuring that our methodology and process is transparent during the entire search process.

DIVERSITY-INCLUSION

We know diversity is a business imperative. As a minority-owned business, it is an intrinsic component of what we do. It is a core value of Bridge Partners LLC and is embedded in every aspect of our culture and practice.

We provide a higher level of service and raise the degree of expectation regarding inclusion in our candidate slates. We recognize that ability is the top priority, regardless of race, gender or any other defining characteristics and our track record of successfully attracting and placing senior level diversity candidates proves our ability and commitment to building our clients' management strength and social responsibility.

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