



MLT workshops teach "key ingredients" needed to reach the top.

## THE LEADERSHIP GAP

# Investing in Diversity

American corporations have long lacked minorities and women at the top. But more employers, recruiters, and business schools are working on it

By Dan Gilgoff

**W**ith an African-American serving as the nation's chief executive, a woman heading the State Department, and a Latina settling into a new job on the Supreme Court, are there any glass ceilings left for minorities and women aspiring to leadership positions?

Plenty of them.

Though blacks, Hispanics, and American Indians represent roughly 30 percent of the population, they fill only 3 percent of senior management positions at American corporations and nonprofits, according to **Management Leadership for Tomorrow**, a minority recruitment and development group. Just 15 *Fortune* 500 companies are led by women. Even fewer have black CEOs. And while blacks and Hispanics generally constitute 5 to 10 percent of a big law firm's first-year associates, they account for around 2 percent of those

firms' partners, according to David Thomas, a Harvard Business School professor who studies the issue. "People of color who start at the same time as an equivalent white person have less of a chance of being at the top echelon in 20 years," he says, "in whatever field you're talking about."

But more and more employers are working to change that. They're partnering with minority recruitment specialists who offer assistance with grooming minority professionals for leadership roles. Top business schools are following suit, putting more minorities on leadership tracks. And more private- and public-sector employers are adopting internal strategies for getting minorities into senior roles. The number of companies applying to be in *DiversityInc.* magazine's annual "Top 50 Companies for Diversity" rankings—for which minority representation in management is a key criterion—has more than tripled in four years, to over 400. "Most



companies have realized that mathematically, they cannot have the best talent available if minorities aren't represented," says Luke Visconti, DiversityInc.'s CEO.

Which means that corporations working to narrow the minority leadership gap aren't acting out of some impulse toward social justice; they're trying to improve their bottom line. But maintaining diverse workforces has proved a challenge. A recent report by the recruiting firm Korn/Ferry International found that U.S. companies are wasting \$64 billion annually by losing and replacing employees who leave their jobs "solely due to failed diversity management."

A shortage of minority leaders is a big part of the problem. Minority employees don't want to stick with companies where the top jobs appear to be off limits to them. "If blacks and Latinos and women are looking up the food chain and they don't see people who look like them at the top, why would they stay?" asks Visconti.

For PepsiCo, a longtime leader in minority recruiting, the naming of Indra Nooyi—an Indian-born woman—as CEO in

or create that perception even when it's not the case. And women who return to work after taking time off to raise kids can find themselves far behind male peers.

Though more women than men have earned bachelor's and master's degrees since the 1980s—and now earn a third of all M.B.A.'s—the gender gap in leadership positions hasn't closed much since then. Women hold just 16 percent of corporate officer positions and constitute about 6 percent of top earners at *Fortune* 500 companies, according to a recent analysis by Catalyst, a nonprofit group working to expand business opportunities for women.

Another reason for the gap is that male executives tend to promote their own, despite a management trend toward strategies more associated with female leaders, like collaboration and relationship building. And those very qualities can help keep women from breaking through to top jobs. "When a little girl on the soccer team says, 'I'm the best,' other girls will say she's bossy and bragging," says Rayona Sharpnack, founder of the Redwood City, Calif.-based Institute for

Women's Leadership. "But we expect little boys to say that. Some of this is cultural." Esther Wachs Book, author of *Why the Best Man for the Job Is a Woman*, says that many women executives excelled in sports as children, giving

## WITH FEW MINORITIES IN UPPER MANAGEMENT, IT CAN BE DIFFICULT FOR EMPLOYERS TO PICTURE THEM THERE.

2006 has helped attract more minority talent. "It says to a [minority] person who is considering us as an employer that we are serious about diversity and inclusion," says Paul Marchand, the company's vice president of talent acquisition management and global human resources. "This can happen to them."

**Slow going.** PepsiCo's "diversity and inclusion" program also helps prepare minorities in middle management for senior management posts, contributing to a 12 percent jump in minorities and women in executive positions since 2001.

Even for employers striving to fill more top jobs with minorities, however, the process is almost always slow. Experts who've studied the minority leadership gap say it's due less to overt racism than to unconscious employer biases and entrenched networks and habits. "The undermining often starts very early in a career," says Harvard's Thomas, "when minorities are less likely to be invested in by mentors and bosses making subjective choices about which people have long-term prospects to run the firm."

The Korn/Ferry report found that 34 percent of those who've left jobs because of diversity-related issues said they probably would have stayed if managers had recognized their abilities.

Biases about who's qualified for the top jobs can also keep midcareer minorities and women from being plucked for those posts. With few minorities in upper management, it can be difficult for employers to picture them there. "We see it as more a sticky floor than a glass ceiling," says Kerri Gwinn Harris, who runs a St. Louis-based consulting firm that offers diversity training. "Minorities can get only so far in their career before getting stuck in middle management."

Working moms often face even longer odds in landing senior positions because family commitments can keep them from investing as much in their jobs as male colleagues—

ing them a sense of confidence and competitiveness.

Those are the kinds of skills that programs like the Institute for Women's Leadership emphasize in their training workshops. For organizations working to groom minority professionals for leadership roles, meanwhile, the focus is largely on developing soft skills like networking and communication. Management Leadership for Tomorrow, whose corporate partners include Google, Goldman Sachs, and Target, has identified a set of "key ingredients" that it says minorities need to break through to the top, including a career road map and access to what it calls door-opening relationships. "A lot of these things are not taught in the classroom," says John Rice, MLT's founder. "They're passed down through informal channels. Minorities have had limited access to those channels."

In addition to mentoring midcareer professionals, MLT has partnered with more than 30 leading business schools, where minority enrollment hovers around 8 percent, to recruit and train African-Americans, Hispanics, and American Indians for leadership roles. The 18-month program for M.B.A. candidates includes five boot camps to teach the so-called key ingredients. Almost 40 percent of minority M.B.A. candidates currently enrolled at Harvard Business School and the University of Pennsylvania's Wharton School have gone through MLT.

A cottage industry of similar minority-focused talent recruitment and development organizations has sprung up since the 1990s, marking a dramatic shift in approach from post-civil-rights-era initiatives that focused on using the legal system to gain access to professional opportunities for minorities. "The challenge today," says Rice, "is meeting the very high bar those firms set with a supply of minority candidates with the skills to clear it." ●