



weLEAD Online Magazine

leadingtoday.org
©2007 weLEAD Incorporated

May 2007 Editorial

Understanding Diversity and Workplace Development An Interview with Carl T. Camden

By Shannon Flumerfelt, PhD.

Editor of the E-Journal of Organizational Learning and Leadership



Carl T. Camden is president and chief executive officer of Kelly Services, Inc., a global provider of staffing services. He also serves on the company's board of directors. Kelly is a Fortune 500 company with world headquarters in Troy, Michigan.

In 2006, Mr. Camden was appointed to the American Staffing Association's Board of Directors. He has served on the Labor Advisory Council of the Federal Reserve Bank of Chicago since 1997, and serves on the boards of a variety of organizations. Mr. Camden served on the Advisory Committee on Employee Welfare and Pension Benefits (ERISA Advisory Council) from 2000 through 2002. In June 2005, Mr. Camden received the Individual Citation Award from the International Association of Workforce Professionals (IAWP) for 2004 and 2005, the highest honor IAWP presents to an individual. In September 2004, the National Association of State Workforce Agencies (NASWA) presented Mr. Camden with the 2004 William L. Heartwell, Jr. Award. This award recognizes individuals who have made a significant and substantial contribution to the workforce development system.

Mr. Camden is well-qualified to share his insights on the complex issues of diversity in the workplace. He advocates for a more sophisticated approach to diversity, which he calls "Diversity 2.0." In this interview, he presents some compelling insights into the need for an improved approach to diversity.

To begin with, can you comment on some of the historically significant issues that have impacted diversity in the workplace?

Typically, diversity discussion in the U.S. is framed by structural characteristics or what many call "diversity by numbers."

Structural diversity has consistently evolved over the past 40 years. In the 60's, the leadership of Cesar Chavez and Dr. King emerged. The committee on Equal Employment Opportunity was created. The Civil Rights Act was signed. The National Organization for Women was established and the Gay Rights Movement began. Gender equality took center stage in the 70's. Affirmative Action led to affirmative procurement and the minority business development movement began. The 80's heralded the appointment of the first woman Supreme Court justice, Sandra Day O'Connor. And,

Geraldine Ferraro becomes the first woman vice-presidential candidate while Douglas Wilder becomes the first African American state governor.

In the 90's, Congress passed the Americans with Disabilities Act, President Clinton authored the "don't ask, don't tell, don't pursue policy," and Prop 209 passed in California.

Given that progression from the 1960's to the start of the new century, can you assess the current situation in regard to diversity?

Today, the numbers define the story. Nearly twelve percent of the U.S. population is over the age of 65. One-third of the nation's population is minority and their buying power is increasing at almost double the pace of the majority. As a result, companies are aggressively pursuing this segment and supplier diversity initiatives have become the rule versus the exception. And published diversity rankings are highly sought after as barometers of an organization's "diversity fitness." While we have made progress, I have been wondering lately if the numbers game has made us somewhat lose our way. I believe the critical challenge for corporate America and its allied institutions is to move beyond structural diversity to "Diversity 2.0." Diversity 2.0 will be more than skin deep and will instead reflect diversity of thought and experience.

Can you describe the main ideas of "Diversity 2.0?"

My discussions of Diversity 2.0 to date have encompassed three main sub-categories: real diversity in terms of our suppliers, our employees and diversity at a global level.

Let's start with the first category, real diversity in terms of suppliers. Can you explain your view on this issue?

When large companies and institutions first built relationships with minority suppliers, we ensured that these suppliers participated as we purchased goods and services. But participation alone is not diversity with impact. For real impact, the focus must shift from ensuring participation to ensuring sustainability and influence. I think, we can best do this by focusing more on the quality of, rather than just the quantity of, our spend with diverse suppliers.

What does that mean to focus on quality, rather than just quantity of spend with suppliers?

First, quality spend means spend that is higher up on the value chain. In the United States, the further up the value chain, the better you can compete in the marketplace, and the more influence you have with customers. And, the harsh reality is that too many diverse suppliers are sitting at the low-end of the value chain. According to a study by the Boston Consulting Group: in the manufacturing sector, majority-owned firms generate 1.5 times more revenue per employee than do minority-owned firms, whose products tend to have a lower value added component, and therefore, lower margins. In aggregate, these minority-owned firms are less profitable and are in the most immediate danger of having their work outsourced and/or off-shored. If the work can be done for less money in another country, that work will eventually disappear from the United States.

If minority firms are to move up the value chain, large companies must alter their internal metrics of success in order to focus more on the quality of the spend. One reason there are currently too few

diverse companies at the high end of the value chain is because most large companies evaluate their procurement departments on the quantity of the spend with minority companies. Purchasing managers find it much easier to hit their volume-based diversity targets with low-end work because it generates high sales volume. After all, this high sales volume makes it easier to become a member of the billion-dollar club. And so, large companies have unintentionally incentivized the aggregation of diverse companies at the low end of the value chain.

Now, the Billion Dollar Roundtable is a worthy program. But, let me tell you, not all billion dollars are equal. In my opinion, I'd much rather have \$200 million of high margin work than one billion dollars of very low margin work.

Can you describe what you are doing at Kelly Services in regard to this first issue of developing Diversity 2.0 for suppliers and what the benefits are?

At Kelly Services, we are working to have our secondary suppliers concentrated in the higher margin professional and technical staffing space. First, it's just good business. A diverse network of suppliers is better able to fill a wide range of jobs because of an excellent reach into diverse populations. Second, we know the suppliers that fill these positions are strong, profitable, competitive, long-term partners.

I recognize that another cited reason for the concentration of diverse suppliers at the lower end of the value chain is because of the low cost of entry. Some would claim it's easier to start a company at the low end of the value chain. But, global competition has made that a conceptually weak argument today. If there is a low cost of entry for competing diverse suppliers here, there will be a much lower cost of entry for companies doing equivalent work in low cost geographies. Groups that support diversity must review the fundamentals of their reward programs. How many awards should we give to a large company that increases its diverse supplier spend by twenty percent if they do so in a way that decreases their diverse suppliers' profitability by fifty percent, thereby threatening their ultimate sustainability? What are we doing to recognize large companies that are concerned with the profitability and sustainability of their diverse suppliers? In the long run, we are best served by a value system of recognition where effective diverse spend is judged not just by absolute amount, but by whether it enhances the competitive position of the diverse suppliers' community. I see far too little work being done in this area.

Let's talk about the second area of interest in "Diversity 2.0," diversity in terms of employees?

The problem is, while most leaders are willing to embrace diversity by the numbers, they are not truly thinking about diversity 2.0: real diversity of thought and experience.

Today, when companies hire people of color, the individuals that are most likely chosen, the people that are most likely brought into upper management, are those that are most like the CEO.

A lot of CEO's prefer people around them that act just like them. They hire candidates that went to the same schools as them, belong to the same clubs and generally share similar if not identical thoughts and opinions as them.

If you turned off the lights at some of these companies and listened to the discussions going around the room, there would be little to distinguish one person from the next. Go to the right schools, know

the right people, have the right opinions.... and bingo, you're hired. Not because you are diverse, but because you are the same, and by the way, are ever so helpful in meeting a statistical target.

The challenge today for CEO's, companies and universities, is to ask questions like: How many of our employees were on public assistance at some point? How many of our executive management team (or professors) weren't able to go to a Tier 1 school but fought through anyway? Who on our staff thinks differently or had significantly different experiences than the rest of the people?

Does this practice of hiring for diversity of thought and experience have value for an organization?

Yes, it does because if all of the people at the top of the company come from Ivy League schools or through the company's training program, or if they all come from the same fraternities or sororities, where will those unique solutions come from? If we are all thinking alike, how do we innovate? How do we introduce new ideas? How do we ensure that our ideas and solutions translate correctly in the diverse segments of our workforce, communities and markets?

Just like we need diverse suppliers, we need a diverse management team, rich in experiences and representative of our companies' businesses. Right now, most American management teams are American. This is a criticism I have of my team at Kelly. We do forty percent of our business outside the U.S. Of the people on the 10th floor, which is the executive management floor, none are from outside the U.S.

By the way, when I travel to other countries, most of the time, even if the majority of their business is done here in the U.S., their management looks just like the country they are from. For instance, if you look at the amount of business Japanese companies do here in the United States, and you look at the Nikkei 100, out of the 1500 board members, can you guess how many are not Japanese? Seven! Not much diversity of thought is going on there either.

Can you comment on the third aspect of "Diversity 2.0," diversity at a global level?

Defining diversity by U.S. standards is defining diversity too narrowly. If we take our Diversity 2.0 commitment and stay true to it, we must look at different behaviors in different places around the world. So the question is, how is diversity viewed outside the United States? In Germany, where there is discrimination against the Turkish community, should we allocate ten percent of our German spend to Turkish firms? Should we hire North African employees in France, a country where ethnic origin is not recognized by the government? Most ethnic groups are in the majority somewhere and a minority somewhere else. Many government's official policies favor majority firms. So how do we support diversity in various countries around the world in the absence of government commitment? Government support seems to be a minimum criterion for success.

In many countries around the world, ethnic diversity is only part of an equation. Religion can play as an important role as does ethnicity. Geography sometimes trumps both. Right now in the United States we often don't recognize religion in our diversity efforts, and we definitely don't recognize geography. Our diversity targets aren't achieved if a Floridian owns the business or an Ohioan or if an employee is a Baptist. But abroad, equivalent differences could constitute diversity. Globally, we might need to redefine how we support diversity.

What are your final thoughts?

Up until now, we have only thought about diversity within the confines of our continent. We have only pushed diversity in terms of numbers. And we pat ourselves on the back when our teams look diverse but sound just like us.

Diversity is complex. And, I admit, I don't know the answers. But I do know we must begin the debate.

Thank you, Mr. Camden for a compelling and honest presentation of diversity issues for organizations today.

To see all of Shannon's editorials [click here!](#)

This material is copyright protected. No part of this document may be reproduced, in any form or by any means without permission from weLEAD Incorporated. Copyright waiver may be acquired from the [weLEAD website](#).