

• AMERICA'S 50 BEST •

# Companies FOR Minorities

**H**ow closely does your company's complexion match that of the nation? Every employer in America will respond differently, which is, perhaps, why the question has to be asked. The answers go a long way toward telling you how well your company is adapting to the changing face of the American work force. Are you making the best use of it, in all its polyglot, multihued creative energy? Or does your corporate culture reject anyone who doesn't resemble the portraits in the boardroom? For the 50 companies ranked below, the answer is unambiguous: They have clearly cast their lot with the employee of the future. Each of these companies takes extraordinary care to recruit and retain a diverse work force—even, in some cases, at the cost of throwing over the old culture and constructing a new, more inclusive one in its place.

As in the previous two years, our best companies for minorities rankings are a collaboration between FORTUNE and the Council on Economic Priorities (CEP), a New York City nonprofit research organization. The results were tallied from surveys sent to all of the companies in the FORTUNE 1,000, plus the 200 largest privately held firms

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RANK 2000

COMPANY

1999 REVENUE (\$ MILLIONS)

BOARD OF DIRECTORS

TOP 50 PAID

OFFICIALS AND MANAGERS

MINORITY WORK FORCE

MINORITIES AS A % OF NEW HIRES

RANK 2000	COMPANY	1999 REVENUE (\$ MILLIONS)	BOARD OF DIRECTORS	TOP 50 PAID	OFFICIALS AND MANAGERS	MINORITY WORK FORCE	MINORITIES AS A % OF NEW HIRES	DESCRIPTION
1 (6)	ADVANTICA Spartanburg, S.C. \$1,735	4 of 11	8	33.4%	49.9%	4.3% 10.6% 24.7% 4.3%	68%	Once synonymous with discrimination, Advantica's Denny's chain now requires all employees to complete extensive diversity training. Currently, 35% of Denny's franchises are minority owned.
2 (+)	LEVI STRAUSS & CO. San Francisco \$6,000	2 of 12	7	35.3%	58%	6.9% 9.2% 41.8% 1.2%	51%	The clothing manufacturer was one of the first companies to integrate its factories in the South. It also pioneered a program to buy supplies from minority-owned businesses.
3 (2)	FANNIE MAE Washington, D.C. \$36,969	N.A.	8	27.6%	40.2%	9.8% 26.3% 4.8% 0.2%	46%	Its reputation for diversity is so widespread (CEO Franklin Raines is the first black to head a FORTUNE 500 company) that it is helping to teach other companies how to be more inclusive.
4 (4)	SEMPRA ENERGY San Diego \$6,435	5 of 16	6	27.9%	47.1%	7.7% 12.2% 27.7% 0.7%	45%	Sempra requires its HR staff to evaluate everything from job postings to employee benefit plans to ensure that minorities are treated equally. Supervisors must explain why minority candidates are rejected for promotions.
5 (+)	DOLE FOOD Westlake Village Calif. \$5,061	1 of 7	17	26.6%	55.6%	28.5% 1.1% 14.1% 1.0%	71%	A newcomer to the list, the food company boasts a higher percentage of minority managers—almost 40%—than any other company on this list. It's also tops for Asians: Four in ten Dole employees are of Asian descent.

N.A. Not available + Not on last year's list - New hires in 1999

## DIVERSITY LEADERS



### COMEBACK STORY

**Advantica captures No. 1 just six years after settling a \$54 million lawsuit for bias.**

in the country, 148 responded. This year we analyzed how companies stacked up against one another in 15 different quantitative and qualitative categories, from what percentage of new hires are minorities to whether the company ties performance reviews and bonuses to diversity goals. We paid special attention to how many minorities are in leadership roles at each company—on the board of directors, in corporate suites, among the top 50 paid employees, and throughout the management chain. This year we also introduced two new criteria: To check on retention, we compared each company's minority turnover rate with that of whites. And to see how thick the glass ceiling is, we examined how well minorities are represented in management vs. in the work force as a whole.

The results of the survey contain some bad news and some good. For the former, look who's missing. Even though New York City and the San Francisco Bay Area are among the most diverse metropolitan areas in the

COMPANY	BOARD OF DIRECTORS	TOP 50 PAID	OFFICIALS AND MANAGERS	WORK FORCE	MINORITIES AS A % OF NEW HIRES	DESCRIPTION
6 (1) UNION BANK OF CALIFORNIA San Francisco \$2,749	4 of 14	6 <sup>1</sup>	35.7%	54% 22.1% 1.4% 31.7% 6.4%	61%	Last year's No. 1 remains the leading bank on our list. A unique partnership with a check-cashing chain and a nonprofit group provides affordable banking services in inner-city locations.
7 (3) PUBLIC SERVICE CO. OF N.M. Albuquerque \$1,158	3 of 9	9	32.1%	47.1% 1.8% 1.7% 48.7% 4.2%	51%	Though it tumbles a few places from last year, this utility is a leading employer of minorities, especially Hispanics, who make up more than 40% of the company payroll.
8 (+) AVIS RENT A CAR Garden City, N.Y. \$3,333	2 of 11	5	25%	48% 2.1% 23.1% 15.5% 8.6%	63%	The company leads its industry in the share of total purchasing dollars spent with minority-owned firms. Minorities now make up 25% of managers and receive about 35% of promotions.
9 (+) U.S. POSTAL SERVICE Washington, D.C. \$62,726	2 of 11	11 <sup>2</sup>	30%	35.7% 1.4% 21.5% 7.2% 4.5%	50%	Delivers on diversity by bringing in people of color—about half of new hires are minorities—and helping them move up through special career-management programs.
10 (7) SBC COMMUNICATIONS San Antonio \$45,489	4 of 24	4	28.1%	34.4% 1.7% 11.4% 11.7% 6.7%	52%	Reflecting the diversity of its customer base, the telecom giant operates a call center that fields questions in some 20 languages and dialects. It also contributes to special funds that help minority vendors obtain loans.

N.A. Not available. \* Not on last year's list. \*\* New hires in 1999. † Of 46. ‡ Of 68.

PHOTOGRAPHS BY ROBERT WRIGHT

## DIVERSITY LEADERS

country, Wall Street and Silicon Valley were unrepresented except for Applied Materials, SGI, Sun Microsystems, and J.P. Morgan. The good news is that redemption is possible. Consider the nearly miraculous turnaround of Advantica, the owner of Denny's restaurants. In 1994 the company paid \$54.4 million to settle two class-action suits filed by black customers who claimed that Denny's had refused to seat or serve them. What a difference a new leaf makes. In 1998 it was No. 2 on our list; last year it was No. 9, and now it's No. 1. The past year was also good for Avon, No. 20, which named Andrea Jung CEO; she is the first and only minority female to hold that title in the FORTUNE 500. One more reason for encouragement: Four of our top ten are new to the list, including Levi's, Dole, and Avis. That's a sign that diversity is more than just a passing blip on America's corporate conscience. It has become something to compete on and to be proud of. As it should be. — *Christine Y. Chen and Jonathan Hickman*

## Standout companies

Even among the diversity leaders, these companies excelled

### ... in purchasing policy

Percent of total purchasing from minority-owned businesses

1 McDonald's	27%
2 Avis Rent A Car	23%
3 Southern California Edison	21%

### ... in charitable giving

Percent of total/total from minority-owned businesses

1 Advantica	99%
2 New York Times	89%
3 Avis Rent A Car	80%

### ... in managerial diversity

Minorities as a percent of officials and managers

1 Dole Food	37%
2 Union Bank of Calif.	36%
3 Hyatt	36%

### ... in pay

Number of minorities among 50 highest paid

1 Dole Food	17
2 Applied Materials	16
3 SGI	14

FORTUNE TABLES / SOURCE: COUNCIL ON ECONOMIC PRIORITIES

RANK 1999	COMPANY	BOARD OF DIRECTORS	TOP 5% EXEC	OFFICIALS AND MANAGERS	WORK FORCE	MINORITIES AS A % OF NEW HIRES	DESCRIPTION
11 (20)	<b>XEROX</b> Stamford, Conn. \$19,228	2 of 16	18	23.4%	28.7% 12.4% 7.4% 0.2%	40%	Despite recent corporate woes, the company continues to excel in diversity. It jumps several spots on our list, with better-than-average minority representation (20%) among its 50 highest paid.
12 (29)	<b>APPLIED MATERIALS</b> Santa Clara, Calif. \$4,859	1 of 9	16	26.1%	28.7% 23.1% 5.8% 8.2% 0.2%	45%	The maker of semiconductor equipment has pledged \$1 million to help close the "digital divide." One current project: a center in East Palo Alto that teaches computer skills to minority students and others in the community.
13 (18)	<b>HYATT</b> Chicago \$3,400	No heard	3	35.7%	62.5% 13.3% 21.8% 25.9% 0.3%	60%	For the second year in a row, Hyatt leads the list in minority representation, with 62.5% of payroll. Equally impressive: About 35% of Hyatt managers are minorities, up eight percentage points from last year's figure.
14 (16)	<b>SOUTHERN CALIFORNIA EDISON</b> Rosemead, Calif. \$9,670	4 of 14	4	25.3%	42.1% 11% 8.1% 24.4% 0.3%	46%	One of six utilities and ten California companies on our list, SCE promotes minorities through an intensive seven-month leadership training program designed to advance diverse and talented employees.
15 (+)	<b>MCDONALD'S</b> Oak Brook, Ill. \$13,259	2 of 16	5	18.8%	19.3% 4.2% 8.0% 3.0% 0.3%	35%	Another newcomer to the list, the fast-food giant leads our list in purchases from minority vendors—27% of all supply dollars. That translates into some \$3 billion poured into women- and minority-owned firms.
16 (42)	<b>S.C. JOHNSON &amp; SON</b> Racine, Wis. \$4,200	2 of 10	8	10.5%	11.6% 1.2% 5.8% 4.2% 0.4%	21%	The packaged-goods company offers full-burton fellowships to minority MBA candidates. Minority new hires increased by five percentage points, helping the company leap 26 places on this year's list.
17 (17)	<b>BANK OF AMERICA CORP.</b> Charlotte, N.C. \$51,392	4 of 20	4	25.5%	40.7% 1.2% 18.7% 12.1% 0.8%	52%	The bank is feuding with the Labor Department over allegations of discriminatory hiring at NationsBank, a corporate ancestor. Diversity is balanced at the company, with Asians, blacks, and Hispanics represented fairly evenly.
18 (12)	<b>CHASE MANHATTAN CORP.</b> New York \$33,710	1 of 17	7	28.1%	41.1% 8.4% 13.1% 10.6% 0.3%	46%	Chase, long an advocate of diversity training, is launching an optional course called "The Power of Small" that aims to expose the many small ways minorities are made to feel excluded from the corporate mainstream.
19 (14)	<b>US WEST</b> Denver \$13,182	3 of 10	8	16.8%	17.3% 2.1% 4.9% 3.3% 1.8%	21%	Under CEO Solomon D. Trujillo, a Hispanic, US West has long been a leader in diversity. But Trujillo has said he will leave once US West merges with Qwest, and many advocates fear diversity will fall by the wayside.
20 (47)	<b>AVON PRODUCTS</b> New York \$5,289	2 of 11	8	17.4%	28.1% 3.8% 15.1% 9.2% 0.3%	27%	Asian-American CEO Andrea Jung surrounds herself with a diverse cast of lieutenants, including Hispanic executives Fernando Lazama (Asia Pacific executive VP) and Pablo Daly (Latin American senior VP).

N.A., Not available. \* Not on last year's list. \* New hires in 1999. † Of 52.



## DIVERSITY LEADERS

## Levi's mends the social fabric

Besides patching together jeans, Levi Strauss has a long history of funding projects that help patch together groups of people. Project Change, an independent nonprofit originally funded by the Levi Strauss Foundation (and still closely associated with it), combats racism in communities where the company has manufacturing operations. There are now sites in Albuquerque, El Paso, Knoxville, and Valdosta, Ga. In Albuquerque (where task force members appear at left), research showed that people of color were twice as likely as whites to be denied home loans, regardless of their income. Project Change established a Fair Lending Center to help customers comparison-shop among local banks and to encourage banks to lend in poor New Mexico neighborhoods. In Valdosta, the project talked nine banks into funding mortgages for low-income first-time home buyers.

—Natasha Turpley

Part 2000 1999

COMPANY

(Revenue in millions)

BOARD OF

DIRECTORS

TOP

50

PAY\*

OFFICIALS

AND

MANAGERS

WORK FORCE

MINORITIES

AS A % OF

NEW HIRES

COMPANY	BOARD OF DIRECTORS	TOP 50 PAY*	OFFICIALS AND MANAGERS	WORK FORCE	MINORITIES AS A % OF NEW HIRES	DESCRIPTION
21 (21) BELLSOUTH Atlanta \$25,224	2 of 14	6	24.9%	29.2% 77% 24.1% 0.2% 0.2%	41%	This regional Bell hangs on to its rank by increasing percentages of minority officials and new hires. CEO Duane Ackerman last year led an NAACP campaign to raise funds for the group's outreach programs.
22 (+) WASHINGTON MUTUAL Seattle \$13,571	2 of 18	5	28.3%	26.6% 14.5% 7.1% 17.8% 0.8%	43%	The banking company is the leading lender of conventional (i.e., nongovernmental) mortgages to Hispanics in California. It targets the Latino community and staffs facilities with bilingual lending officers.
23 (33) CONSOLIDATED EDISON New York \$7,491	2 of 12	4	17.5%	32.7% 2.9% 15.9% 18.2% 0	59%	The utility strengthened its ties to the National Action Council for Minorities in Engineering by naming the advocacy group's CEO to its board. Minority new hires are up 22 percentage points from last year.
24 (49) PEPSICO Purchase, N.Y. \$20,367	3 of 16	8	14.6%	24.6% 1.9% 12.8% 9.9% 0.3%	30%	As Coke deals with charges of discrimination, this rival beverage maker climbs 25 spots by adding two minority board members and spending 5% of its procurement budget with minority- and women-owned businesses.
25 (8) LUCENT TECHNOLOGIES Murray Hill, N.J. \$38,303	1 of 9	8	20.3%	25.2% 0.7% 11.2% 4.8% 0.1%	30%	The telecom-equipment giant aims to give minority students skills and experiences their competitors in the job market may lack. A summer research program ends in formal presentations to Bell Labs bigwigs.
26 (+) NEW YORK TIMES New York \$3,131	2 of 14	8	12.6%	18.9% 2.7% 11.6% 4.4% 0.2%	23%	The publishing company debuts on our list with strong minority representation on its board and among its highest paid. But people of color make up only about 13% of officials and managers—low for our top 50.
27 (15) FEDERAL EXPRESS Memphis \$16,774	0 of 10	5	28.3%	42% 1.1% 29.3% 1.6% 0.9%	56%	The shipping company has a strong track record of home-grown minority talent through programs like mentoring. There's room for improvement, though. FedEx still doesn't have any minorities on its board of directors.
28 (9) DARDEN RESTAURANTS Orlando \$3,453	5 of 11	5	17.9%	35.6% 2.0% 14.3% 17.3% 1.5%	36%	Multilingual menus and training manuals make the restaurateur friendly for minority customers and employees alike. It leads our top 50 in board representation, with five minorities on the 11-member panel.
29 (+) UAL Elk Grove Township, Ill. \$18,027	2 of 12	4	21.4%	30.8% 11.1% 10.6% 9.7% 0.4%	46%	United Airlines is the sole commercial carrier on our list. A third of United's employees are minorities, but only 10% of the powerful pilot corps are aviators of color.
30 (+) FORD MOTOR Dearborn, Mich. \$162,558	1 of 11	6	14.8%	23.1% 2.9% 19.3% 2.9% 0.4%	30%	Senior executives of the company meet with groups representing black, Asian, and Hispanic employees to get feedback on diversity efforts. An executive council makes sure diversity is factored into business initiatives.

N.A., Not available. \* Not on last year's list. \*\* New hires in 1999. † Or 51, † of 41.

## US West has the tool

What gets measured gets done, goes the saying. And at US West, each manager's contribution to the company's efforts to promote a diverse work force is measured—to within an inch of the manager's life. Together with CEO Solomon Trujillo, executive director of diversity May Snowden (shown far right, with community relations director Dee St. Cyr) developed a 16-point scorecard, known rather ominously as the Diversity Accountability Tool. Managers use the tool to rate their own efforts to foster diversity at US West. They then explain their score in a face-to-face meeting with Trujillo. The CEO and Snowden confer and present the manager with an official diversity score, one factor in determining that year's bonus. It definitely gets managers' attention. Snowden says scores have jumped 60% since the plan started in 1997.

—Feliciano Garcia



Rank 2000	1999	COMPANY	1999 Revenue (millions)	NO. OF MINORITIES ON BOARD OF DIRECTORS	TOP 50 PAID	OFFICIALS AND MANAGERS	WGMF FORCE	MINORITIES AS A % OF NEW HIRES	DESCRIPTION
36	(39)	SHONEY'S Nashville \$999		1 of 9	3	28.3%	42.8% 18% 36.8% 1.9%	48%	Earlier this year a federal judge sprang the restaurateur from a consent decree tied to a discrimination settlement. The judge credited Shoney's for exceeding goals in diversity training, hiring, and promoting minorities.
37	(13)	MARRIOTT INTERNATIONAL Bethesda, Md. \$8,739		2 of 10	1*	21.7%	57.7% 41% 25.6% 22.7% 9.4%	81%	Though it still has a small number of highly paid minorities, the hotel chain boosted its percentage of minority managers and officers. Employees give thumbs-ups to the English courses the company offers.
38	(41)	ABBOTT LABORATORIES Abbott Park, Ill. \$13,178		2 of 13	6	13.7%	28.8% 1.8% 12.1% 4.8% 1.0%	31%	Through a partnership with the University of Illinois, the drugmaker's scientists mentor rural minority students. Almost 40% of the company's summer interns are people of color.
39	(*)	SGI Mountain View, Calif. \$2,749		0 of 6	14	18.3%	22.4% 12.7% 1.9% 5.4% 0.2%	23%	The company recently kicked off the National Association of Black Engineers convention by bringing together local chapters, students, and executives for a rap session on job hunting and mentoring at its offices.
40	(44)	ELI LILLY Indianapolis \$10,003		2 of 10	6	11.8%	14.8% 4.0% 1.8% 1.1% 8.1%	19%	Executives serve as mentors to Lilly's minority vendors, offering business advice. After retiring the job title of director of diversity, the company is now bringing it back.
41	(*)	HILTON HOTELS Beverly Hills \$2,150		1 of 12	3	27.8%	57.3% 1.6% 21.5% 27.0% 0.6%	62%	One indication of the clout diversity has here: Senior diversity VP Dorothy Hayden-Watkins reports directly to the CEO. As in other service firms, diversity is especially marked at the entry level. Some 62% of new hires are minorities.
42	(*)	DTE ENERGY Detroit \$4,728		2 of 12	7	12.7%	23.8% 1.5% 24.1% 1.1% 0.4%	49%	The energy holding company ties executive incentives to meeting supplier diversity goals. The results are impressive: Business with minority-owned supply companies is up 500% since 1989.
43	(30)	SUN MICROSYSTEMS Palo Alto \$11,726		0 of 7	8	21.8%	30.1% 22.8% 2.1% 4.1% 8.4%	32%	One of only a few Silicon Valley companies to make the list, Sun is now expanding its college recruiting beyond black institutions to include Hispanic schools as well.
44	(*)	SAFEWAY Pleasanton, Calif. \$28,860		N.A.	N.A.	24%	31.5% 1.1% 1.3% 1.4% 1.7%	74%	An astounding 74% of Safeway's new hires last year were minorities, the highest recruiting rate on our list. Maybe it's because the grocer ties compensation to minority recruitment and promotion.
45	(46)	SCHERING-PLOUGH Madison, N.J. \$9,176		2 of 15	8*	17.2%	24.3% 1.7% 10.0% 3.9% 8.1%	26%	With a Hispanic near the top (President and COO Raul Cesan), the drug company boasts solid minority representation among the 50 top paid. It also showed improvement in the percentage of managers who are minorities.

N.A. Not available \* Not on last year's list \*\* New hires in 1999. † Of 49, ‡ Of 51.

## Montoya and his shadows

Just about anywhere you find Public Service Co. of New Mexico's chairman, Benjamin Montoya, you'll also find Gilbert Jaramillo. No, he's not Montoya's lawyer or his CFO or even his personal trainer. He's a 39-year-old marketing director at PSCNM who showed enough promise to be chosen for the company's unique executive assistantship program. His job: to shadow Montoya all day long for four solid months. "This is a way to find young, talented people in the middle ranks—particularly women and minorities," says Montoya. The executive assistants handle his schedule and other administrative tasks, and Montoya invites them to most meetings, including otherwise closed sessions with regulators and directors. Three former assistants have become executives themselves, including VP Sarita Parra Lochr (right, with Montoya and Jaramillo), who shadowed Montoya in 1997. "It was the opportunity of a lifetime," she says. —FG.



Rank 2000-1999  
 COMPANY  
 1999 Revenue (Millions)

BOARD OF DIRECTORS  
 TOP 50 PAID

OFFICIALS AND MANAGERS

WORK FORCE

MINORITIES AS A % OF NEW HIRES

Rank 2000-1999	COMPANY	1999 Revenue (Millions)	BOARD OF DIRECTORS	TOP 50 PAID	OFFICIALS AND MANAGERS	WORK FORCE	MINORITIES AS A % OF NEW HIRES	DESCRIPTION
46 (34)	PG&E CORP. San Francisco	\$20,820	3 of 14	3	16.9%	29.3% 11.2% 8.1% 11.4% 1.6%	30%	The utility holding company was the only major corporation to publicly oppose California's Proposition 209, the referendum that ended affirmative action in the state. A fast-track management program helps minorities advance.
47 (*)	CUMMINS ENGINE Columbus, Ind.	\$6,639	N.A.	10	11%	14.7% 11.1% 10.0% 1.8% 0.4%	15%	Diversity is an international affair at Cummins: All offices, in 14 different countries, have a diversity council that addresses minority issues specific to the geographic location.
48 (*)	KELLOGG Battle Creek, Mich.	\$6,984	3 of 13	5	12.2%	23.6% 2.1% 16.2% 4.9% 0.4%	53%	Cuban-American CEO Carlos Gutierrez ties managers' performance evaluations to their support for diversity. Top ranks remain homogeneous, though, with minorities making up only 12% of officials and managers.
48 (31)	COLGATE-PALMOLIVE New York	\$9,118	0 of 8	4	18.5%	24.5% 3.2% 11.7% 1.3% 0.7%	38%	The purveyor of consumer products credits the cultural and geographical diversity of its employees with helping it build a strong brand internationally. Indeed, most of the company's sales come from outside the U.S.
50 (48)	J.P. MORGAN & CO. New York	\$13,110	2 of 17	2	14.8%	25.7% 11.5% 8.4% 3.8% 0.1%	27%	The only Wall Street company on our list. Some of the investment bank's coolest diversity initiatives are grassroots, such as a series of "fireside chats" that black managing directors host at their homes.

N.A. Not available \* Not on last year's list \*\* New hires in 1999