



Hispanic Association on Corporate Responsibility

No participating company employs a **Hispanic woman** as a "Top 10" executive

Board **57%** of participants have **Hispanic representation** in their board room (**vs 37%** of all FORTUNE 100 companies)

Of all board seats within **FORTUNE 100** companies, Hispanics hold **3.85%**

67% of respondents board of directors regularly and formally address issues of **Hispanic inclusion**

33% of participating companies identify a **Hispanic (male)** as a top 10 executive

Top 100

82% of respondents have Hispanic representation within the "Top 100" executives ranks.

58% of respondents do not have a Hispanic woman within the "Top 100" executive ranks

HACR Corporate Index 2004

Supplier Diversity

81% of respondents track **supplier spending** with Hispanic-owned firms

52% of respondents do not commit to a specific spending volume with **Hispanic-owned firms**

33% of respondents enforce a Tier 2 **supplier diversity/Hispanic** supplier spending program

86% of respondents recruit from **Hispanic serving institutions**

81% track Hispanic hiring rates

81% target Hispanics in their **succession planning** pools

71% track Hispanic **employee retention**

67% target Hispanics for **leadership development** programs

Talent Management

Market Share and Reciprocity

76% of respondents track Hispanic **market share**

81% of respondents do not consider the **economic contributions** derived from the Hispanic community as a benchmark for inclusion or **corporate philanthropy**



Corporate Index 2004

Companies are listed in order of ranking

- | | | |
|-------------------|----------------|----------------------|
| 1. IBM | 10. Coca-Cola | 19. Citigroup |
| 2. Verizon | 11. Ford | 20. Cisco |
| 3. PepsiCo | 12. UPS | 21. DuPont |
| 4. Home Depot | 13. Prudential | 22. Bank of America |
| 5. General Motors | 14. Fannie Mae | 23. Johnson Controls |
| 6. SBC | 15. Intel | 24. Walt Disney |
| 7. GE | 16. ConAgra | 25. Bell South |
| 8. Wal-Mart | 17. Delphi | 26. Best Buy |
| 9. Altria | 18. Tyson | 27. Duke Energy |

Non-Participating Companies

These companies failed to respond to The HACR Corporate Index.

Abbott, Albertson's, Alcoa, Allstate, Amer Int'l Grp, AmerisourceBergen, Amex, Archer Daniels Midland, AT&T, AutoNation, Berkshire Hathaway, Boeing, Bristol-Myers Squibb, Caterpillar, Bank One Corp, Cardinal Health, ChevronTexaco, Comcast, ConocoPhillips, Costco Wholesale, CVS, Dell, Dow Chemical, EDS, Exxon Mobil, FedEx, Georgia-Pacific, Goldman Sachs Group, HCA, Hewlett-Packard, Honeywell, Ingram Micro, International Paper, JC Penny, Johnson & Johnson, JP Morgan Chase, Kmart Holding, Kroger, Lockheed Martin, Lowe's, Marathon Oil, Mass. Mutual Life Ins., McKesson, Medco Health Solutions, Merck, Merrill Lynch, MetLife, Microsoft, Morgan Stanley, Motorola, New York Life Ins, Northrop Grumman, Pfizer, Procter & Gamble, Safeway, Sears Roebuck, Sprint, State Farm Ins, Supervalu, Sysco, Target, TIAA-CREF, Time Warner, United Technologies, UnitedHealth Group, Valero Energy, Viacom, Wachovia Corp., Walgreen, WellPoint Health Networks, Wells Fargo, Weyerhaeuser, Williams

In 2004, the Hispanic Association on Corporate Responsibility launched the HACR Corporate Index. The Index ranks Fortune 100 companies as to the inclusion of the Hispanic community throughout their business models. With an emphasis on board room and senior executive demographics, participants are also measured on representation in the workforce, supplier development and outreach, and Hispanic community reciprocity.

HACR Coalition Organizations

The Hispanic Association on Corporate Responsibility, American GI Forum of the United States, ASPIRA Association, Inc., Congressional Hispanic Caucus Institute, Congressional Hispanic Leadership Institute, Cuban American National Council, Hispanic Association of Colleges and Universities, League of United Latin American Citizens, MANA, A National Latina Organization, MENTOR, The National Hispanic Employee Association, National Association of Hispanic Publications, National Council of La Raza, National Puerto Rican Coalition, SER-Jobs for Progress National, Inc., and the United States Hispanic Chamber of Commerce

Hispanic Association on Corporate Responsibility

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HACR Corporate Index 2004

Executive Summary

Launched in the fall of 2004, the *HACR Corporate Index* is the most ambitious assessment of corporate America ever conducted by the Hispanic Association on Corporate Responsibility.

By *Alfonso E. Martinez*
President and CEO

HACR's corporate assessment of Hispanic inclusion focused on FORTUNE 100 companies and measured the inclusion of Hispanics across five distinct operational dimensions: Executive leadership, Corporate Governance, Workforce Representation, Hispanic Community Reciprocity, and Hispanic Supplier Outreach and Development. Key to the *HACR Corporate Index* was the fact that Hispanic leadership in the boardroom and within the top ten executive ranks was given a 3x weight over any other dimension of Hispanic inclusion. Our premise simply rests on the notion that systemic and sustainable Hispanic inclusion is best achieved as the leadership of corporate America is equitably shared with deserving Hispanic talent.

The *HACR Corporate Index* was initially communicated to FORTUNE 100 CEOs and their key executive leadership in early October 2004. The survey instrument itself contained thirty total questions of which twenty-four were answered as "yes" or "no". The survey was designed with processing ease in mind and included an offer to sign a confidentiality agreement in the event a corporation requested additional assurances of confidentiality. With the exception of only a few, many corporations shared information openly knowing that the only representation of their brand would be their final ranking. Of HACR's 34 corporate partners, a full fourteen fall within the FORTUNE 100 ranks and all participated in the survey.

As of mid-December 2004, several survey responses had been received yet a second letter was issued to CEO's urging participation. During the first quarter of 2005, dozens of phone calls were placed to corporations announcing the closing of the survey tally period as of March 1, 2005. Overall, FORTUNE 100 corporations heard from HACR on three occasions while a five-month processing window was offered to accommodate their needs. Additionally, many conversations were held with respondents to verify some of the information submitted. Moreover, the family of companies to be surveyed also understood that a national media campaign would announce the overall rankings of those responding while clearly identifying those corporations who chose not to respond. A 27% response rate was achieved.

Although the *HACR Corporate Index* is only one measure of Hispanic inclusion, our message to the national Hispanic community, corporate America, and all consumers is to be vigilant as to which corporations

choose to engage with the Hispanic community and which do not. Take note of companies who make a commitment, do the work, and produce favorable results relative to Hispanic inclusion. Support those corpora-

tions who excel in this area and those corporations willing to engage, learn, and do better.

The Hispanic Association on Corporate Responsibility wishes to thank the twenty-seven corporations

choosing to participate in the inaugural effort of the *HACR Corporate Index*.

Corporate Trends, Opportunities, and Issues

HACR Corporate partners fared the best. On 97% of the Index questions, HACR corporate partners performed better than non-HACR corporate partners. Clearly, the value of a partnership with HACR not only demonstrates a commitment to the national Hispanic community, but this commitment produces results in all areas of Hispanic inclusion.

Top 100

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58% of respondents do not have a Hispanic woman within the "Top 100" executive ranks.

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Top 10

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Talent Management Board Supplier Diversity

The Boardroom

75% of HACR corporate partners have Hispanic representation in their boardrooms while 57% of all companies participating in the *HACR Corporate Index* do as well. Survey respondents fared better here than the FORTUNE 100 overall of which 37% have Hispanic representation in the boardroom. HACR has set out a standard to achieve Hispanic representation in the boardrooms of all FORTUNE 100 companies by 2010.

To put this in perspective, the top 100 companies reflect double the Hispanic boardroom representation — 3.85% of the total available seats — than the 1000 largest companies in which Hispanics hold only 1.97% of all available board seats. Clearly, the larger the company the greater the probability of finding Hispanics in the boardroom. Moreover, those corporations with Hispanic board representation were far more likely to participate in the *HACR Corporate Index*.

Unfortunately, only 9% of companies surveyed have a Hispanic woman in their boardroom while FORTUNE 100 companies in aggregate can point to Hispanic women holding only .5% of all available board seats.

However, the *HACR Corporate Index* did reveal a positive trend relative to the evolving role of the board of directors. To underscore the growing importance of Hispanic inclusion, 67% of the respondent's boards of directors regularly and formally address issues of corporate Hispanic inclusion. In fact, 52% have actually created and implemented an executive accountability model to ensure that key internal decision makers are pursuing a path of full Hispanic inclusion. Several respondents have taken it a step further

Supplier Diversity

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and have created infrastructure that HACR advocates for; a board level corporate responsibility committee to assess in part, Hispanic community opportunities. This committee would compliment the existing nominations, compensation, and audit committees.

The Top 10 Executives

Is it possible that no corporation responding to the *Index* has a Hispanic woman as one of their top 10 paid executives? Well, 33% of respondents identify a Hispanic male as a top ten executive while 45% of HACR corporate partners do so as well. Viewed otherwise, two-thirds of the respondents do not have Hispanic representation within the top 10 executive ranks. This is of critical importance not only unto itself but also because the primary feeder pool for board director candidates has historically depended on this category of talent-sitting CEO's and executive officers—of which only 1% are Hispanic when looking at the larger FORTUNE 1000 group.

The Top 100 Executives

Fortunately, Hispanics are far better represented within the top 100 corporate executive ranks. 100% of HACR corporate partners surveyed have Hispanic representation within their top 100 executives while 82% of all respondents do as well. Yet only 42% of all companies surveyed have a Hispanic woman as a top 100 executive. It is revealing yet unfortunate to know that a full 58% of the companies surveyed cannot point to a single Hispanic woman within the top 100 executive ranks.

Tracking Market Share and Reciprocity

So why is it that over half of the respondents hold themselves accountable for improving Hispanic inclusion? CEO's know that a human capital model that does not explicitly pursue and retain Hispanic talent is under optimized. They are taking notice to the fact that the domestic Hispanic community is now the 8th largest economy in the world and will comprise 25% of the entire U.S. workforce by 2050. To prove a point, 76% of the company's surveyed track Hispanic market share while 100% of HACR corporate partners do.

However, it is eminently clear that the corporate mindset has not yet drawn a correlation between the Hispanic market share they enjoy and giving back to the communities from which they derive the most benefit. This corollary and standard of reciprocity is a simple equation and a healthy paradigm from the HACR perspective. A full 81% of the companies surveyed do not consider the eco-

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Top 10 Top 100 Market Share and Reciprocity

Board **57%** of participants have **Hispanic representation** in their board room (**vs 37%** of all FORTUNE 100 companies)

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conomic contributions derived from the Hispanic community as a benchmark for inclusion or giving back to the Hispanic community. Often times, corporations believe that their current level of community support and participation is adequate when in fact their standard may be out of step with community expectations. In short, HACR advocates for equitable Hispanic inclusion commensurate with Hispanic economic contributions.

Demographic Tracking

There is evidence that companies are beginning to track employment and career development issues specific to the Hispanic community. When respondents were asked if they targeted Hispanics for hire, tracked Hispanic hiring rates, retention, and promotion rates, targeted Hispanic employees for leadership development opportunities and sought to include Hispanics in succession planning models—we received several positive and encouraging responses.

A trend did emerge however, that many companies still track Hispanics at the “minority” level and do not break down the demographic groups within the “minority” category. Corporations need to become much more purposeful within their human capital

models by identifying strategies and goals relative to Hispanic employment opportunities if they are to win the competition for talent.

Supplier Diversity

Although 81% of respondents track supplier spending with Hispanic firms owned by men and women, only 48% actually commit to a specific spending volume with them. Moreover, it is well understood by procurement professionals that tier 2 spending generates exponential economic activity impacting multiple spending tiers. Yet only one-third of the survey respondents actually enforce a tier 2 supplier diversity/Hispanic supplier-spending program with their tier 1 vendors. Knowing that a corporation’s spending power holds untold impact on economic development for all small businesses, a full two-thirds of the survey respondents are missing a key opportunity to enhance the economics of the supply chain and grow the identity of their brand in the Hispanic community.

Conclusions

A majority of the FORTUNE 100 corporations chose not to participate in a simple and highly visible op-

portunity to engage the Hispanic community, and by doing so they are failing to create trust for their brand.

Hispanic women are on the outside looking in to the classic power centers of the corporate boardroom, the top 10 and top 100 executive ranks. Less than half of the survey respondents make a specific economic commitment to the Hispanic small business community. And finally, the vast majority of respondents have not adopted a model of purposeful and specific reciprocity with the communities from which they derive the most benefit.

As a result of the inaugural *HACR Corporate Index* however, we do see evidence of strong Hispanic inclusion by HACR corporate partners. We see boards of directors formally and regularly looking at data that is critical when building shareholder wealth and earning the trust of the Hispanic community. We see senior Hispanic executives targeted for greater leadership responsibilities and we see a corporate movement waking up to the enormous value of the Hispanic market and it’s under optimized opportunities.

In October 2005, the Hispanic Association on Corporate Responsibility and its 14 national Hispanic nonprofit organization members will embark on the second annual *HACR Corporate Index*. This second assessment of Hispanic inclusion will allow for a deeper analysis, identification of trends, and will seek full participation by all FORTUNE 100 corporations as a demonstration of their commitment and transparency with the Hispanic community.

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