

NATIONAL ASSOCIATION FOR THE ADVANCEMENT OF COLORED PEOPLE
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JULIAN BOND
Chairman, Board of Directors

March 23, 2009

A.G. Lafley
Chief Executive Officer
Procter & Gamble
1 Procter & Gamble Plaza
Cincinnati, OH 45202

Re: Racial Discrimination in the Advertising Industry

Dear Mr. Lafley:

In 2008, a coalition of legal, civil rights and industry leaders joined forces to address deep-rooted racial bias in America's advertising industry. The result of the collaboration -- the Madison Avenue Project -- is addressing pervasive discrimination in the advertising industry directed against African American professionals and managers. The initial emphasis in the Madison Avenue Project is the "Big Four" holding companies that dominate the industry and are industry leaders. I am contacting you because Procter & Gamble, with \$5.2 billion in U.S. advertising spending in 2007, purchases advertising services from Omnicom and Interpublic to sell its products and services. I want to share important facts with you and seek your support as the NAACP works to fight discrimination in the advertising industry.

African Americans have worked in advertising since the modern American advertising industry emerged more than 100 years ago. Yet, as employment discrimination has sharply diminished across the American labor market over recent decades, systemic barriers to equal opportunity in this \$31 billion a year industry have remained largely intact. Racial discrimination is 38% worse in the advertising industry than in the overall U.S. labor market, and that "discrimination divide" between advertising and other U.S. industries is more than twice as large today as it was 30 years ago.



Our study, *Research Perspectives on Race and Employment in the Advertising Industry*, a copy of which is enclosed and is available at www.madisonavenueproject.com, has found dramatic levels of racial discrimination throughout the industry. The study found bias against African American professionals in pay, hiring, promotions, assignments and other areas.

Specific findings include:

- Black college graduates working in advertising earn \$.80 for every dollar earned by their equally-qualified White counterparts;
- Based on national demographic data, 9.6% of advertising managers and professionals would be expected to be African-Americans. The actual percentage in 2008 was 5.3%, representing a difference of 7,200 executive, managerial and professional jobs;
- About 16% of large advertising firms employ **no** black managers or professionals;
- Black managers and professionals in the industry are only one-tenth as likely as their White counterparts to earn \$100,000 a year;
- Blacks are 62% as likely as their White counterparts to work in the powerful “creative” and “client contact” functions in advertising agencies.

The Madison Avenue Project believes that many of the changes needed to eliminate such stark racial discrimination must occur in the agencies themselves.

Since the 1960's, leading advertising firms have faced sporadic public pressure to address these disparities. The industry's primary response has been extremely modest expansions in training and entry-level hiring—for example, a handful of minority internships in firms with tens of thousands of employees. These token efforts contrast sharply with the scale of under-utilization just described. Eliminating the industry's current Black-White employment gap would require tripling its Black managers and professionals—which, at the present rate, would not occur for another 71 years.

However, the fundamental deficiency of advertising agencies' current equal opportunity efforts is not their size but their implicit assumption that the cause of Black under-representation is insufficient “qualified” African American job seekers. Initiatives to “expand the pipeline” of African Americans seeking positions in advertising through scholarships, internships, and entry-level hiring simply increase the already-substantial number of well-prepared Black job aspirants

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the industry currently ignores. These "pipeline" initiatives have been allowed to substitute for action against the industry's fundamental problem: persistent unwillingness by mainstream advertising agencies to hire, assign, advance, and retain already-available Black talent. That unwillingness, in turn, reflects an industry culture where pervasive bias, both conscious and unconscious, creates systemic barriers to inclusion for African Americans. In 1978, the New York City Human Rights Commission found that limited minority employment "was not simply the result of neutral forces, but emanated directly from discriminatory practices." Those practices continue today.

The behavior documented in the report is illegal, and we are sure that Procter & Gamble would not wish to be associated in any way with illegal behavior. The behavior documented in the report is not only illegal but also clearly out of step with the moral climate of the times, and again we are sure that Procter & Gamble would not want in any way to be so out of step with the times. The report, for example, shows that the advertising industry has racial employment problems more than one-third larger than the nation's overall labor market. Further, the report indicates that the advertising industry is steadily falling even further behind.

As suggested earlier, we are well aware that the advertising industry has in place a number of scholarship programs and internship programs that it claims respond to the problems the report raises. We are also aware that the large advertising agencies funnel some business to minority-owned or minority targeted agencies. But for reasons discussed at length in the report, such initiatives *do not* effectively address the issues raised in the report, and we *do not* want to hear back from either the advertising agencies or Procter & Gamble about such initiatives. To address the issues raised in the report, it is important that Procter & Gamble understands that such responses are inadequate and, in some cases, counter-productive. That is why we wish to assist you in designing your approach to this issue.

We would like for you to instruct your advertising agencies to use diverse teams in creative and account management positions.

Your website states a strong commitment to supplier diversity. It says, in part:

Our consumers, customers and suppliers become more and more diverse every day, so our success depends on our ability to understand diverse consumers' needs and to work

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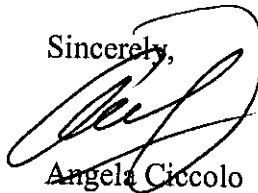
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effectively with customers and suppliers around the world. Diversity is the uniqueness that everyone – from suppliers to employees to corporate officers – brings to fulfill P&G's Purpose, Values and Principles.

Supplier diversity is a fundamental business strategy at P&G. In fact, our goal is to reach \$2.5billion in annual spending with minority – and women-owned businesses by 2010.

Since you have made this commitment publicly, now that we have brought to your attention the gross failures of your advertising suppliers to live up to your standards, we are confident that you will be addressing it as forcefully and effectively as its importance to your firm and the nation requires. We are prepared to assist you in this undertaking. As a first step in working together, we request that you identify a senior executive of your firm to serve as the point of contact with us. As a second step, we propose to meet promptly with that individual, and other members of your staff concerning appropriate ways to raise this issue with your advertising agencies. If you wish to pursue this cooperative approach, then please contact us within 10 business days to begin this process. You may reach me at (410) 580-5792 or Cyrus Mehri at (202) 822-5100 to arrange a meeting.

Sincerely,



Angela Ciccolo

Interim General Counsel

AC/vg

Enclosure

cc: General Counsel
Procter & Gamble