



How Talent As A Competitive Advantage May Finally Break The Glass Ceiling

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Today, the number of minority and women CEOs still remain few and far between in Corporate America. According to Catalyst, a New York City-based research organization working on behalf of businesswomen, as of April only 11 women held the CEO spot at Fortune 1000 businesses. Currently, only three African-Americans serve as CEO in Fortune 500 companies, based on information from the Executive Leadership Council, a Washington, D.C.-based networking organization for African-American corporate executives. The Hispanic Association on Corporate Responsibility, also in Washington, D.C., notes that Hispanics comprise about 1.8% of board members in Fortune 1,000 companies, with Hispanic women making up less than 15% of that number.



But while African-American, Latino, Asian and women CEOs are a rare breed, a growing number of them have nonetheless taken center-stage by heading up some of the most well-known and largest companies in the United States. The high profile and sometimes-troubled nature of these businesses has served to put these minority and women CEOs on the map. The media has taken note, with African-American movers and shakers such as Richard D. Parsons, CEO of AOL Time Warner; Kenneth I. Chenault, CEO of American Express; and Stanley O'Neal, president and chief operating officer of Merrill Lynch, gracing the cover of *Newsweek*.

Stanley O'Neal, in particular, has one of the more difficult jobs ahead, as he tries to reform the image of his company. According to recent reports in *Fortune* magazine, O'Neal is not winning any fans as he works aggressively to rejuvenate Merrill Lynch's tarnished reputation.

The firm's stock price and reputation are both plummeting, following a

multi-million dollar settlement resulting from investigations by New York attorney general Eliot Spitzer into Merrill Lynch analyst Henry Blodget and other analysts there for allegations of conflicts of interest in research practices, as well as an implication in the Enron financial shenanigans and the insider-trading scandal at ImClone Systems.

But, says [Andrea Hershatter](http://goizueta.emory.edu/faculty/faculty_bios_temp.asp?bio_id=2136) (http://goizueta.emory.edu/faculty/faculty_bios_temp.asp?bio_id=2136), assistant dean and director of the BBA Program and a senior lecturer in organization and management at Emory University's [Goizueta Business School](http://goizueta.emory.edu/) (<http://goizueta.emory.edu/>), the financial scandals of late may have surprisingly created opportunity for talented African-American, Hispanic, Asian and female execs to rise up the ranks. She believes that the poor economic times, coupled with the wave of corporate financial problems, have prompted firms to look to talented executives that they may not have otherwise considered for the CEO spot. "The recent tumultuous times may have prepared companies to seek non-traditional answers to some of corporate America's problems," she notes. "New perspectives, different approaches, and a wider array of talents may have allowed minorities and women to play a larger role."

The pipeline of qualified people of color and women in Corporate America has increased dramatically, says [Earl Hill](http://goizueta.emory.edu/faculty/faculty_bios_temp.asp?bio_id=647) (http://goizueta.emory.edu/faculty/faculty_bios_temp.asp?bio_id=647), senior lecturer in organization and management at Goizueta, increasing the odds that some will rise to the CEO position. Hershatter adds, "People who were trailblazers in fields where minorities and women were under-represented in the 1970's currently have 20 to 30 years in the workforce. It seems reasonable that by now some would reach the senior-most echelons of major corporations."

Additionally, many of their white male CEO counterparts are leaving their posts in droves, increasing the opportunity at the top rung of the corporate ladder. According to a recent study by Challenger, Gray & Christmas, the Chicago-based outplacement firm notes a surge in chief executive officer departures, with about 120 individuals

leaving the job in July and August. The study also shows that in August 70 CEOs vacated the position, up 40% from July. The August figure was 23% higher than departures recorded in the same month a year ago. "Some may be resigning under pressure, as a result of corporate governance issues, or it may be that more are leaving voluntarily because they are fed up with increasing scrutiny from directors, shareholders and Wall Street analysts," says John A. Challenger, chief executive officer of Challenger, Gray & Christmas.

In addition to the resignations, the recent financial scandals and big name company bankruptcies have forced some, such as former WorldCom CEO Bernie Ebbers and former Kmart CEO Chuck Conaway, to be ousted from their company posts. Sheila Wellington, president of Catalyst, says. "We've been seeing the tenure of CEOs slip drastically for a while now, currently accelerated by the recent scandals. Major U.S. companies appear to be ousting their leaders more quickly than ever before. With this churning of CEOs, boards need new candidates, which spells opportunity for those women in the pipeline."

But, considering the state of some of the country's major corporations, one may wonder if these minority and women executives should consider taking the helm at a company in need of serious reform initiatives. However, Hill jokingly notes, "You can't hit the jackpot unless you put a coin in the slot machine." A successful turnaround effort at a company provides the right executive the chance to make a permanent mark in his or her industry. Hill adds, "The risks and rewards are significant. However, they go with the territory."

Besides the obvious difficulties of reforming a beleaguered business in difficult economic times, African-American, Hispanic, Asian and women CEOs must deal with the increased scrutiny that comes with being one of the few among a sea of white male leaders. Hewlett-Packard CEO Carly Fiorina, for one, quickly found herself at the center of a media tornado after her entry to the computer hardware company in 1999. Fiorina has a considerable amount of nay sayers in the financial press, with the company's annual net income continuing to dip and the stock price near a yearly low.


It may take some time to assess the effectiveness of Fiorina's long-range reforms at Hewlett-Packard, including considerable company layoffs and a controversial merger with Compaq in May. Nonetheless, Hill says, "Lingering assumptions and stereotypes will pop up from time to time, and any shortcoming or failure will tend to be magnified by gender or color." Hershatter adds, "In this sort of volatile environment, quick judgments will be made and any misstep is likely to brand them a failure more rapidly."


While all CEOs come up against media scrutiny, notes Hershatter, minority and women CEOs face not only the risk of failing on a personal level, but also for all women or the minority group they represent. She adds that this often happens "whether or not they have any desire to take on this explicit role. If an individual holds a particularly visible position and also is identified with a sub population that is not well represented, his or her actions may extend to the population as a whole."

Wearing the mantle of trailblazer can be exceedingly important, but also personally challenging. Hershatter says, "Entrance is not acceptance, and access is not equality." However, by "exceeding expectations, and exploding pre-conceived notions about any limitations of leadership," board members will begin to consider a more diverse candidate base for top executive positions. Catalyst's Wellington notes that a "revolution of expectations for women and people of color," in addition to the opening of opportunities and more diverse perspectives, come from bringing more women and minorities into the top rungs of the corporate ladder.

As minority and women CEOs move about the corporate world, their influence can also pave a pathway for other talented African-American, Hispanic, Asian and female business people. Hershatter says, "As industry ceilings crack, one can expect that some newly-empowered minorities and women will consciously seek to serve as role models and facilitators to others who wish to follow in their footsteps, creating a legitimate pathway with fewer significant obstacles than they had to navigate themselves."

While the “basic qualities required to be a CEO (i.e., leadership, visionary, change agent, etc.) remain pretty much the same for everyone, the demands, at least for the time being, says Hill, will continue to be magnified for women and minorities as one of the few in the top office. “The numbers are beginning to grow, but the rate continues to be ever so slow,” he adds. Nonetheless, Hill is optimistic about the prospects for African-American, women, Asian and Hispanic executives to rise up the ranks. “Corporate America is beginning to recognize that true talent is what really matters, and talent is the only sustainable competitive advantage,” he says.

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