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**Managing Diversity:  
What It Is and What It Isn't**

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# Managing Diversity: What It Is and What It Isn't

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What we've come to know as "diversity" is one of the most written-about subjects of our time in the business press. Without even checking Nexis, I would venture to say that in the past few years, there have been more published references to "diversity" than practically any other topic, with the possible exception of "globalization" or "flat tax."

Nevertheless, I believe there's a bit more to be said about diversity. For one thing, it's a moving target, with implications that change every day along with the market and the society. For another, with all due respect to those

who've essayed the subject, it seems to me that much of what has been written is not entirely relevant to the needs of the business community.

Let me make it clear at the outset that I do not hold up Avon Products as the model for a diverse work force. It's true that we've made considerable progress over the past decade, not only in the United States but also in the other 40 or so countries where we have major operations. Various editors and reporters have been kind enough to note our progress and call us for the occasional quote or two when they're developing an article or broadcast.

All the same, we at Avon realize that ours is a work in progress — one that may never end, but one that is very much worth our best efforts.

From our own experience, and from a close study of similar efforts in other corporations, I would suggest four major principles regarding this important topic of the times:

- First, diversity is a matter of human decency.
- Second, for a commercial enterprise, especially a publicly held company, diversity must be regarded as primarily a business, rather

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than a social, issue.

- Third, diversity cannot be viewed only on a national basis. We must concern ourselves with what we at Avon call “global differences.”
- And fourth – and here’s where I sometimes get into trouble – effective diversity is not a matter of set-asides or a numbers-related system, such as affirmative action. They were useful in their time, but I believe that time has largely passed.

## **The Development of Diversity**

The movement toward diversity goes back to 1948, when President Harry S Truman issued an executive order desegregating the armed forces. Over the next 40 years, Congress passed laws prohibiting employers from discriminating against minorities, women, and other groups in hiring, training, and promotion.

American companies, large and small, realized that they had to change their policies and also their attitudes about personnel (rapidly coming to be known as “human resources”). They realized that it wasn’t enough just to observe the law. They had to work with community groups to alert applicants to openings in their companies and needed to offer special training and coaching to those hired.

The movement became more urgent in the 1980s when various studies predicted a shift in the demographics of the work force. Notably, the Hudson Institute forecast that by the turn of the century, at least 80 percent of those entering the work force would be women, minorities, or immigrants. It was clear that if a company couldn’t make its environment attractive to these newcomers, it would lose out in competition for the people it needed to grow and even to survive.

At Avon, we were quick to put new programs in place. We rounded up the “usual suspects” – target recruiting, mentoring, tracking, interning, in-house training – all under the banner of what we at first called “multiculturalism.”

We felt good about our intentions. We felt bad about the results. Apparently we could get new people in the door, but it was a revolving door. Our cherished recruits tended to come in, stay for a short while, then leave.

## The Fatal Flaw

What was the trouble with Avon's program and that of many other companies at the time? In hindsight, we were making a fundamental error. We were not *valuing* diversity, merely *recognizing* it. We were not *managing* diversity, merely *tolerating* it.

We were just "trying to do the right thing."

The white males of Avon management were inviting women and minorities to come in and join the party – but check your culture and gender at the door, if you please.

Most people, no matter what their background, don't want to be blended into anything. They want to preserve their own culture, their own heritage, their own customs.

At this time, we were very fortunate to come in contact with a unique organization called the American Institute for Managing Diversity, established at Morehouse College in Atlanta by Dr.

Roosevelt Thomas. It was Dr. Thomas who helped us understand that diversity was less a social than a business issue, and that it was not the culture of the people,

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but the culture of Avon that had to change.

Only the company that is culturally diverse *inside*, we finally understood, will best serve its customers (and in our case, our independent Avon representatives) *outside*. And for a company that operates in 120 nations, diversity is indeed limitless.

## The Learning Process

We began to send our managers to the Institute to take courses not on diversity all by itself, but on core business techniques with diversity as an underpinning – a new slant on the kind of training offered by graduate business schools. We also took the senior and middle management of the company through an awareness program run by Dr. Ron Brown, a diversity consultant in San Francisco.

We formed a top-level Minority and Women's Participation Council to seek new ways to recognize and make use of talent. And we established

a formal human resources review process to identify all high-potential managers, regardless of gender, color, or national origin – or, for that matter, personal interests and lifestyles.

However, I'm happy to say that after a time, the women's group dissolved itself because its members felt their goals were being met without the need for a network.

Achieving diversity goals became a critical factor in management performance. It was, in fact, part of the annual bonus plan. In our human resources reviews every year, we looked at the progress of each minority group and women by department, by function, by level. We established certain objectives.

That certainly got everyone's attention. And we did that for a number of years, until we felt that the process had become internalized to the point that we didn't have to go by the numbers.

Even today, we look at diversity as we go through the annual reviews each year. If I find that the finance organization, as an example, has fallen behind in the diverse makeup of that organization, I might well include diversity as one of the nonfinancial objectives for the chief financial officer's annual incentive plan.

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I would do the same thing to address any important issue. That's sound practice. But to me, it's not affirmative action as that term is generally understood. I don't believe in bringing in people because you want to have a race or gender quota. I think that's wrong for the people and wrong for the business.

When you hire people under strict guidelines, you are by definition playing a numbers game. You are doing it for all the wrong reasons. You can't win in the long term.

We have many great minority executives and employees at Avon. I don't know any of them who wants to be known as somebody who came into the organization because of quotas. Rather, they want to be known as someone who came to Avon because of his or her talent and potential to contribute.

## Diversity that Works

As a direct-selling company, Avon pays close attention to the configuration of our sales districts. In the United States, they are headed by district sales managers, the first line of sales employees, each of whom manages a group of independent representatives who merchandise and sell the products.

The typical urban area is very densely populated, primarily by African-Americans and Hispanics and, increasingly, Asians. If you come out a bit, you've got the suburbs, primarily occupied by middle-class white families. And then you've got the rural areas.

Our traditional method was to give each manager a little bit of each area. Most of the managers were white. Where did they spend their time? In the suburbs, where they were comfortable. As a result, we were ignoring the rich sales potential of the inner cities. Our work with Roosevelt Thomas and Ron Brown showed that we badly needed to reconfigure our sales districts.

In a typical inner-city market, we had Mexicans, Ecuadorians, Vietnamese, Chinese, and many other groups. Why not try to find district sales managers from those cultures?

We did, and very soon the inner city districts went from the bottom 10 percent of sales to the top 10 percent.

Today, 75 percent of Avon's managers in the United States are women. Worldwide, we have more women employees than the national average in every country where we operate. Forty-two percent of these women employees are at the level of manager or above — compared to just 13 percent of our male employees.

Half of the people reporting directly to me are women, including the chief financial officer — not exactly a traditional position for a woman.

The head of Avon U.S., our \$1.6 billion domestic business and the largest single unit in our global network, is a woman. Avon is one of only five U.S. corporations with as many as four women on its board of directors — and that number will increase.

African-Americans, Hispanics, and Asians are also coming to prominence. But I have to admit that our percentages of those groups are less impressive because the competition for minority talent is intense. Even so, we don't intend to use this as an excuse.

Globally, Avon is nothing if not multinational. Not too many years ago, our senior management group carried two or at most three passports — American, maybe a Canadian, an occasional Briton. Today, our senior

group, called the Global Business Council, carries a total of six passports.

Management people around the world are selected on the basis of skills, not nationality. We look for the best available talent. As a result, our entire European business is now run by a Venezuelan. A Chilean heads our German business. A Chinese-American woman heads our business in Thailand. A Portuguese man is in charge of France.

## The Richness of Diversity

But diversity at Avon doesn't stop at nationalities. It also includes differences in age, lifestyle, and personal interests. We constantly try for a richness in the decision-making process that we can only get from people with widely diverse backgrounds. Different people — local or global — come at things differently, and that leads to better decisions.

This is not a matter of paying attention to numbers, but paying attention to talent. As a *Wall Street Journal* columnist put it: “The challenge now is harnessing the power of diversity. This demands a culture of tact and respect — essentially, adopting old-fashioned ‘good manners’ and golden-rule sensibilities as corporate objectives.”

The concept of diversity began in the United States, and we can be proud of that. America is not a melting pot. It is a mosaic. That has been said so often, by me and a lot of others, that it has become almost a cliché. But there is a rock-bottom truth to it.

Amitai Etzioni, a professor at George Washington University, has stated the case for the mosaic as follows:

“There is no reason for Greek-Americans, Polish-Americans, African-Americans or any other groups to see themselves as plain Americans without any particular distinction, history, or subculture.” Yet there is a danger if differences among the subcultural groups lead to the kind of “tribalism” that destroyed Yugoslavia.

“The mosaic,” Etzioni wrote, “depicts a society in which various communities maintain their religious, culinary, and cultural particularities, proud and knowledgeable about their specific traditions — while recognizing that they are integral parts of a more encompassing whole . . . .”

“The sociological trick is to leave some room for the enriching particulars while sustaining the shared values, habits of the heart, institutions, and public policies that keep the various communities as members of the more encompassing community — the American society.”

To Avon, diversity is making sure we provide an environment where every individual, regardless of ethnicity, religion, lifestyle preferences,

dress, whatever, has an opportunity to progress in direct correlation to his or her ability to contribute to the objectives of the company.

To close on a personal note, I can't help but recall that my dad died when I was 9, and if I hadn't had a scholarship to Northwestern University, I never would have gone to college. I worked three jobs while in school.

Yes, I had an advantage in that my skin was white. But I went to a high school that had 32 nationalities and 26 languages spoken at home on the south side of Cleveland.

I don't buy this business that there are "certain groups" who can't compete.

They can. They do. You just have to be serious about looking for them.

Avon and every other company has an obligation to its employees and its shareholders to reflect in our ranks, from senior management on down, the societies where we live and work. Only then can we be financially successful while providing genuine opportunity and assistance to all those whose lives we touch. 

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