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ProGroup employees gather around the "lollipop table" to help write the words to a song called, "It's Not Easy Being a White Guy," which will be sung in a performance during diversity workshops. The song will be sung to the tune of Kermit the Frog's "It's Not Easy Being Green." The lyricists include, left to right, project manager Allen Malicsi, CEO and founder Karen Stinson, president and co-owner Myrna Marofsky, information coordinator Forrest Brandt and technical consultant Leon Williams.

Affirmative action and court orders aside, companies find focusing on a diverse workplace helps them reach new and growing markets.

Business sense behind diversity

By Casey Selix

Even before last week's U.S. Supreme Court decision upholding affirmative action, a diversity-consulting firm in Minneapolis expected to post its highest revenue in 17 years.

But it isn't compliance with government regulations that is beefing up business at **ProGroup**, which anticipates \$6 million in revenue this year.

Instead, it's the downturn in the economy, said **ProGroup** CEO Karen Stinson.

Aside from court decisions and government rules, companies are seeing a business case for recruiting and retaining women and people of color to help them reach out to new markets and compete in the global economy, she said.

"Companies know they have to look at all revenue streams" in difficult times, Stinson said. "If they are smart enough to see the changing demographics in the marketplace, they are going to see untapped opportunities. Smart organizations know that diverse markets are the best growth opportunities around."

Stinson cites federal studies showing that minorities' buying power has nearly doubled since 1990 and is growing 65 percent faster than the U.S. norm.

"That's where the money is," said Stinson, whose clients include General Mills, 3M and Abbott Laboratories.

Stinson notes that 75 percent of Fortune 500 companies now have diversity initiatives that are at least five years old.

"They're not doing that because it's the right thing to do -- they're doing it because it makes business sense," she said.

Still, last week's ruling sealed deals with a number of potential clients who were "sitting on the fence" about setting up diversity initiatives, Stinson said.

For others, the ruling also raised some questions.

"What I'm hearing from some clients is, 'We know we need diversity in our work force to be successful in our business, but how do we get diversity in without getting in trouble with the government?' " she said.

"Now they think they'll get in trouble with the government in a different way (from the early days of complying with affirmative action). The world has changed 180 degrees. They're saying, 'OK, we can't do percentages and quotas anymore and we can't do a point system in recruiting and hiring, so you have to help us figure out how to do this.' "

When Stinson launched **ProGroup** in the 1980s, she typically dealt with clients who were under court order to offer equal employment opportunities and implement affirmative action. They wanted to get out of trouble with the government, but they were missing the big picture, she said.

Even then, she pitched the business case.

"I would say, 'What you want to do is create a more diverse work force to make your company more successful,' " she said. "I would talk about the business drivers for an organization to do a diversity initiative such as the changing demographics in the labor pool ... and that to serve your customers well and the new markets well, your organization will have to reflect that."

The Supreme Court said June 22 that the University of Michigan's law school could give preference to minority applicants, but the court struck down a points system used by the undergraduate school to admit minority students over others. Though the decision involved a public university, it has implications for employers.

"You have to assume that any kind of quota is just unlawful and should be stayed away from," said David Goldstein, a partner at Faegre & Benson who specializes in labor and employment law.

Goldstein said the court decision "results in a sigh of relief and sends the signal that most businesses that are trying to do diversity and affirmative action programs can feel reasonably secure their programs will be upheld as lawful. Prior to this decision, that wasn't clear."

Golden Valley-based General Mills is among the companies feeling relief, said Lydia Mallett, chief diversity officer for the food manufacturer. General Mills and Maplewood-based 3M were among 100 major corporations that filed an amicus curiae (friend-of-the-court) brief supporting the University of Michigan's system.

In the past decade, General Mills has developed a diversity program that includes several employee groups based on ethnicity, gender and lifestyle. The groups range from the American Indian Council to Betty's Family (for the gay, lesbian, bisexual and transgender community) to the Women's Forum.

"We use these groups to help us in taste-testing and marketing research," Mallett said. "There are a variety of ways to leverage diversity in the organization to help us be a better developer and distributor of our products."

Though General Mills doesn't measure how its diversity program affects its bottom line, she said, anecdotes are revealing.

"We can say we tried this particular marketing campaign and our market share went up ... or that we've had no significant faux pas because we use the networks if we're targeting a particular community to make sure we're not offending anyone," she said.

Seagate Technology, which also has set up employee councils similar to General Mills', has more than 3,500 employees in Minnesota and half are nonwhite males, said Tom Hall, vice president of human resources for the United States and Ireland.

"Employees here were born in 65 different countries, so we have a tremendous amount of diversity -- and with that brings both opportunity and risk depending on the type of work environment you foster," said Hall, whose company employs 46,000 worldwide.

During his 23 years in the human resources field, Hall has watched affirmative action evolve from just meeting federal requirements on gender and race.

"When I first started no one was using the word diversity -- it was mostly about affirmative action," he said. "The concept of diversity is that once you're successful in recruiting people of color and females in nontraditional roles, then the question is can they be successful and what type of environment do you offer them? We try to identify obstacles and remove them so people feel comfortable."

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