The Immigrant Perspective on Business Leadership

BY Glenn Llopis
OCTOBER 2011
Executive Summary

The workplace and business landscape has changed, becoming rapidly more diverse and global, and American business leadership is not moving fast enough to catch up. In fact, leadership in America’s corporations is losing its impact and influence to perform in this changing terrain. As a result, U.S. businesses risk falling further behind in marketplaces around the world. Many of the dimensions of the changing competitive landscape are well known — the varying cost of labor, the shift of manufacturing overseas, the exploding economies of the BRIC (Brazil, Russia, India and China) countries — but what is less well understood is the role that diversity plays in both the marketplace and in the competitive advantages BRIC companies and others enjoy. It is not enough to meet the numbers in terms of workforce diversity and to pursue ethnic product differentiation, as many U.S. companies have done. Diversity — more broadly defined and better understood in the U.S. as the immigrant perspective — holds the keys to unlocking business growth and innovation in the next decade and beyond. Companies that develop an immigrant perspective will dominate their marketplaces in the years to come.
By 2010, African Americans, Asian Pacific Islanders, and Hispanics made up over a third of the US population. The population of two of those groups, Asian Pacific Islanders and Hispanics, are growing at approximately 8 times the rate of the white population. And one of those groups, the majority minority Hispanics, will represent 30% of the U.S. population alone by 2050. And with this population growth comes increased economic impact. Indeed, Hispanic purchasing power will be an estimated $1.2 trillion as early as 2012.

In short, we are becoming an increasingly diverse nation at a faster and faster rate. But American business leaders – and Americans in general – remain in denial about the implications of these facts. A recent Pew Hispanic Center study found that 74% of those surveyed could not name an important Hispanic leader in the U.S. At the leadership level itself, the Census Bureau reports that white men overwhelmingly dominate boards of Fortune 500 companies, holding more than three quarters of all seats. Women hold 15.7 percent of board seats and minorities hold 9.8 percent of board seats. And Fortune 500 boards are less diverse than Fortune 100 boards. Approximately one-half of Fortune 500 company boards have 20 percent or less representation of women and minorities. Minorities and women are underrepresented at the leadership level, and as a result, Americans are not aware of the few leaders that have reached high levels in business. And without such representation, how will companies develop an authentic awareness of the new consumer markets?

But the myopia does not stop there. Companies, deprived of a diversity of leadership, lack the imagination and innovation to market to these fast-growing populations, and are falling further and further behind the global competition. A recent 2011 study by Forbes Insights, “Fostering Innovation Through a Diverse Workforce,” found that, Respondents in Asia were more likely to see a link between diversity and innovation. In the APAC region, 56% “strongly agreed” with this notion, compared to 48% in the Americas and 41% in EMEA. “In Asia Pacific, we’re focused on leveraging diverse skills in growth markets and getting better gender representation in senior management,” explained Niki Kesglou, head of diversity and inclusion, Asia Pacific, for financial services firm Credit Suisse.

The study notes further that, The basic formula for diversity is rapidly evolving. It is no longer simply a matter of creating a heterogeneous workforce, but using that workforce to create the innovative products, services, and business practices that can set a company apart and give it a competitive advantage in the marketplace. And as companies compete on a global scale, diversity and inclusion frequently have to shift, as different markets and different cultures have varied definitions of what diversity means. Today, diversity and inclusion efforts are de rigueur for almost all companies.

Efforts are ‘de rigueur’ but many companies, especially in the U.S., have not figured out what that might mean.
The Business Case for a New Approach to Diversity

Diversity management is the key to growth in today’s fiercely competitive global marketplace. No longer can America’s corporations hide behind their lack of cultural intelligence. Organizations that seek global market relevancy must embrace diversity – in how they think, act and innovate. Diversity can no longer just be about making the numbers, but rather how an organization treats its people authentically down to the roots of its business model. In today’s new workplace, diversity management is a time-sensitive business imperative.

Corporate leaders pay lip service to diversity, but they don’t really live it. Diversity is more than employee demographics and support for a few non-profits. You can’t buy diversity, and organizations that continue to embrace this approach will tarnish their brand. America is changing, and the new population carefully evaluates how organizations relate to it. If you are not authentic, consumers and employees will begin to question the authenticity and leadership of your organization.

Some American companies are beginning to ‘get’ the reality behind the lip service. As Rohini Anand, Chief Diversity Officer of Sodexo, says, “The traditional representation perspective originated from the Civil Right era. This will never go away entirely. However, diversity must go beyond this mentality. At Sodexo, diversity is embedded in our brand. The Sodexo brand is synonymous with diversity. Though the Sodexo brand is not a known consumer brand, diversity leadership defines our brand – it’s all about talent. Diversity is about responding to the needs of our clients in a holistic way.”

And Kathy Hannan, National Managing Partner, Diversity & Corporate Responsibility for KPMG LLP adds, “Companies must take a long term strategic approach to engage diverse talent. Companies must define their role in the global marketplace. The train has left the station. You may not be where you want to be with your diversity strategy, but you need to get started!”

The author is reminded of a pre-recession discussion he had with a consumer goods executive who said, “Diversity is another way of saying affirmative action and we are forced to support it in order to protect our brand in the trade and amongst our consumer audience. Diversity has no real value tangible to the growth of our business.” Unfortunately, many executives still share this opinion today.

As Anand says, “Consumer Packaged Goods (CPG) companies have been particularly effective with diversity from a marketing initiative standpoint. However, this is different from embracing diversity
holistically. Companies must think about diversity beyond addressing niche needs. Diversity is not just about accessing multicultural markets. Companies must look more broadly to reinvent the way we think about how business is done. How can diversity be pulled out of this commoditized mentality? Diversity leadership must drive innovative perspectives. Companies have not yet figured out how to unlock the potential within markets and processes that must be enabled globally.”

Diversity is much more than just a multicultural issue. Diversity is about embracing many different types of people, who stand for different things and represent different cultures, generations, ideas, and thinking. As Ron Glover, Chief Diversity Officer, IBM says, “Innovation is about looking at complex problems and bringing new views to the table. Diversity has allowed IBM to be innovative and successful for 100 years and to work across lines of differences in 172 countries, amongst 427,000 employees.”

Kathy Hannan notes, “Diversity has moved away from a nice-to-have, to a must-have for companies as a strategic business imperative. KPMG has a multinational client base. We must understand their protocols, their ways of doing business. Diversity must move from just a value, to being operational.”

Anand adds, “Diversity must drive the formation of new business models. Leaders must think about the changing landscape: the economy is changing, how business is being done is changing, so the question is how can diversity be utilized as a strategic enabler in today’s changing landscape.”

And Glover says, “Diversity is a core belief of IBM in how we succeed in business. In order for IBM to successfully expand globally, we need a workforce that understands the local market. Our clients are as diverse as our employees. And there are now 5 generations in the workplace. We must focus on building communities inside of IBM to embrace differences to drive innovation globally.”

Diversity clearly needs a refresh. The misinterpretations of what diversity means and what it truly represents have limited its ability to have the real impact and influence it warrants in America’s corporations. In fact, the executives who get it today will tell you how concerned they are for their business, because their people, products, and services do not connect naturally with the new faces of America. As one executive told this writer, “Our business demands diversity and we are more uncomfortable with our lack of diversity preparedness than ever before. We are in trouble if we don’t fix it!” As a result, most companies have been forced to react not only to the changing face of America but also the mindsets of the global marketplace. Consequently, executives have started to confront the inevitable: a new business model that fully integrates diversity as a business growth enabler.

Kathy Hannan says, “No homogeneous talent pool can be innovative. Diversity is essential. And, there are broader implications across the whole supply chain. Diversity is about how you do business across the board.”

The lack of appreciation of the real implications of diversity, and the failure of cultural intelligence, in U.S.
business and society are damaging our enterprises and our economy. Many American organizations are still in the early stages of integrating the basic functional and leadership requirements of diversity.

Kathy Hannan notes, “KPMG took diversity and integrated it with corporate responsibility. We purposely took the word ‘social’ out. This made us look at ourselves as an organization at the highest level of integrity. Today, KPMG views its sustainability strategy across four areas: Ethics, Citizenship, Environmental and Diversity (talent sustainability). You need to start with who you are. It’s about making a long-term investment – to have long-term sustainable impact.”

To better understand the future of diversity management and its role as a business growth enabler, think back to when Information Technology (IT) was viewed as just a cost center. IT was not associated with driving business growth 20 years ago. Just like diversity today, many people then thought IT got in the way of business. Today, IT is considered a profit center by many and a high priority for organizations as a business growth enabler. In fact, many CIOs (Chief Information Officers) are next in line for the CEO role.

CDOs (Chief Diversity Officers) will soon begin to experience many of the same functional roles and responsibility shifts as have CIOs. They will not only be required to assume practitioner responsibilities, but they must also learn to play a more integral strategic role in the design of new business models. Glover notes, “Diversity is a critical leadership success factor at IBM. Globally diverse leaders are maximizing the effectiveness of our teams. IBM has recognized the importance of building teams across the company from different countries. It’s not just about leadership, but capability. Diversity is fundamentally focused on talent! Those differences create real opportunities for those who learn to master them and a disaster for those who do not.”

Diversity management will begin to develop rapidly, out from under the traditional human resources and talent acquisition roles, to assume more dotted-line responsibilities that will touch corporate strategy, corporate social responsibility, organizational design & effectiveness, corporate marketing and even sales. Therefore, the requirements to be an effective CDO will mean that they must include operating more holistically in a general management and operational capacity to ensure that diversity becomes an embedded mindset with common threads that touch all functional areas (internally) and the supply chain (externally).

Hannan notes, “Good intentions are not a substitute for accountability. Everyone must be accountable for advancing diversity.” How companies manage diversity in the organization from today forward will determine their long-term success or failure in the global marketplace.
The Immigrant Perspective

U.S. companies that want to begin to respond to the diversity challenge must face a particular complication that is embedded within the fabric of American culture and history: we are a nation of immigrants. This is both a challenge and an opportunity. The challenge is by now well understood: how to embrace the full implications of the diversity that this immigration represents. The opportunity is less well understood, but within it lies the key to managing the stresses of the global economy today and the particular challenges America is facing in the world.

A recent report by the Partnership for a New American Economy reveals the full impact of the immigrant experience in the U.S:

More than 40 percent of the 2010 Fortune 500 companies were founded by immigrants or their children. Even though immigrants have made up only 10.5 percent of the American population on average since 1850, there are 90 immigrant-founded Fortune 500 companies, accounting for 18 percent of the list. When you include the additional 114 companies founded by the children of immigrants, the share of the Fortune 500 list grows to over 40 percent.

The newest Fortune 500 companies are more likely to have an immigrant founder. Just shy of 20 percent of the newest Fortune 500 companies — those founded over the 25-year period between 1985 and 2010 — have an immigrant founder.

Fortune 500 companies founded by immigrants or children of immigrants employ more than 10 million people worldwide. Immigrant-founded Fortune 500 companies alone employ more than 3.6 million people, a figure equivalent to the entire population of Connecticut.

The revenue generated by Fortune 500 companies founded by immigrants or children of immigrants is greater than the GDP of every country in the world outside the U.S., except China and Japan. The Fortune 500 companies that boast immigrant or children-of-immigrant founders have combined revenues of $4.2 trillion. $1.7 trillion of that amount comes just from the companies founded by immigrants.

Seven of the 10 most valuable brands in the world come from American companies founded by immigrants or children of immigrants. Many of America’s greatest brands — Apple, Google, AT&T, Budweiser, Colgate, eBay, General Electric, IBM, and McDonald’s, to name just a few — owe their origin to a founder who was an immigrant or the child of an immigrant.

Immigrant-founded Fortune 500 companies drive a wide range of industry sectors across the American economy. Fortune 500 companies founded by immigrants are not confined to a small subset of industries or fields. Instead, they range across aerospace, defense, Internet, consumer products, specialty retail, railroads, insurance, electronics, hospitality, natural resources, finance, and many other sectors.
The United States is undergoing great change – and at an ever-accelerating pace – during these tough post-2008 economic times, with upheavals in the political, social, and economic spheres all at once. The political mood is bitter, the social fabric is ripped in many places, and the economy continues to deliver bad news in terms of foreclosures, business failures, and high unemployment.

How to survive in this tough, fast-changing terrain? All business leaders today need the toughness, the adaptability, and the creativity of the immigrant perspective. When the writer’s Cuban parents came to the United States in the wake of Castro’s revolution, the most precious possession they brought with them was their perspective. It was that perspective – their immigrant values – that enabled them to adapt, and ultimately thrive in a new country, a new culture, and a new set of workplace challenges.

That’s what business leaders need today. In the future, six values in particular will be essential.

1. **Immigrant Perspective**
   Like an immigrant who comes to a new country with nothing but faith, hope and love, all leaders must not have myopia where opportunities are concerned. Leaders need to see that opportunities are everywhere, every day, and they must make the most of those that cross their paths. They need to see the opportunities that others don’t see.

2. **Circular Vision**
   Most immigrant families experienced crisis and change in their mother countries, strengthening in them an essential sixth sense, an ability to anticipate false promises and unexpected outcomes. Because that immigrant perspective allows them to see opportunities others cannot, they are proficient at anticipating crisis and managing change before circumstances force their hands. All leaders in 2012 will need to develop this ability to see around the corners up ahead.

3. **Passion**
   The ability to inject intense passion into everything they do makes immigrants potent pioneers. They not only blaze paths few others would go down, they see them through to the end. Their passion opens new doors of possibilities that they aim to share with others. When the terrain is difficult, only passion for the quest will see you through.

4. **Entrepreneurial Spirit**
   In America, you might be an entrepreneur. In developing countries, you must be one. Seizing opportunities to build relationships, advance commerce, and improve humanity is an inborn survival mechanism for immigrants – and must become one for all leaders concerned about innovation in 2012.

5. **Generous Purpose**
   It is in the immigrants’ nature to give. They are raised to consider others’ needs as much as their own. This begins with giving inside the family when they are young, and then, when they are older, they are taught that they are a part of a larger family all around them. Their propensity to give from their harvest ensures them a perpetual harvest.

6. **Cultural Promise**
   The immigrant’s familial style of relating brings potentially everyone within the circle. The strongest bonds in business, across the entire value chain, occur when employees, partners and distributors alike are treated like family. The treatment is reciprocated and opportunities continue to arise. The immigrant’s cultural promise is that success comes most to those who are surrounded by people who want their success to continue. Leaders – and companies – that embrace this attitude, and practice this skill, will thrive in 2012.
These 6 values comprise the immigrant perspective and will give business leaders the edge they need to innovate and grow in today’s rapidly changing marketplaces. The immigrant perspective is the key to bridging the American experience and the increasing diversity of the workforce and global markets. The immigrant perspective is not a “nice to have,” but rather a necessity for any business and business leader seeking to understand where growth will be found and how innovation will work in the coming decades.

It’s time for business to realize that diversity is not optional and cultivating the immigrant perspective is not just a novelty in the economic climate of today. Both are strategic and operational necessities for any organization that wants to grow and innovate in the marketplaces of the future.

Conclusion

America is a country of immigrants. And yet too often the strengths and values of that immigrant ancestry are forgotten as subsequent generations assimilate. It is these immigrant values that American businesses must adopt if they are to put themselves back into the top ranks of global competitiveness and lead the way back to prosperity. It is these immigrant values that American businesses must adopt if they are to understand and cultivate new marketplaces in the rapidly shifting population mix in the U. S. – and in global markets. And it is these immigrant values that American businesses must adopt if they are to create authentic new identities for themselves and their workers, identities that are sustainable and holistic and suitable for a new century and new generations of workers.

Further Reading

The Immigrant Advantage
Inc Magazine
http://bit.ly/b6gUxm

The Open-Door Bailout
The New York Times
http://nyti.ms/l1T8t

How Immigrants Can Help America Rise Again
Immigration Impact
http://bit.ly/cxNnwA

Bernanke Says High U.S. Unemployment Poses ‘National Crisis’
Bloomberg
http://bloom.bg/pkFQsq

America’s Most Wanted: What Diversity Can Do for Business
Forbes
http://onforb.es/qjVN6W

How to Create American Jobs
Huffington Post
http://bit.ly/rM1e2a

The Immigrant Solution for Job Growth
The Wall Street Journal
http://bit.ly/vEWm7I

Immigrant’s Economic Impact
Worcester Telegram & Gazette
About Glenn Llopis

Glenn Llopis focuses on bringing the immigrant perspective to business leadership and workplace innovation. Founder of the Center for Hispanic Leadership and the Center for Innovation and Humanity, Glenn is a consultant and author of *Earning Serendipity: 4 Skills for Creating and Sustaining Good Fortune in Your Work*, *Why Hispanic Leadership Will Save America’s Corporations*, and *Why a Personal Employee Brand Will Save Your Career and Your Workplace*. Glenn speaks frequently on issues concerning the global workplace, helping employees find new purpose, innovation, and maintaining ethical leadership.

The son of Cuban immigrants who were victims of Castro’s revolution, Glenn has worked as an executive in the consumer packaged goods industry and as an entrepreneur.

Glenn writes regularly for Forbes.com, Huffington Post and AOL Latino, and makes frequent appearances on local and national TV, including CNN, Fox, ABC, NBC, and Univision.

Contact
Glenn Llopis Group, LLC
8 Corporate Park, Suite 300
Irvine, CA 92606
Tel: 949-387-2609
Email: ideas@glennllopisgroup.com

Media
Melissa Brown Publicity
4869 Topanga Canyon Blvd, Suite 208
Woodland Hills, CA 91364
Tel: 818-448-3344
Email: info@melissabrownpublicity.com

To learn more about Glenn Llopis Group, their clients and community, please visit:
http://www.GlennLlopisGroup.com
http://www.InnovationHumanity.org
http://www.CenterforHispanicLeadership.com

© Copyright 2011, Glenn Llopis Group LLC. All Rights Reserved.