

Leadership and Diversity: What It Will Take

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Kevin Kajiwar (KK): Well, good day, everyone. Thank you for joining today's edition of Teneo Insights. I'm Kevin Kajiwar, Co-President of Teneo Political Risk Advisory in New York City. On September 8th of last year, Teneo, the Ford Foundation, the Executive Leadership Council, and a group of founding signatory companies, launched the Board Diversity Action Alliance, the BDAA, which is a business led initiative with an objective of increasing representation of racially and ethnically diverse directors on corporate boards, starting with black directors. And there's an additional focus on disclosure. And today I'm joined by two of the driving forces and leaders behind the BDAA initiative. Ursula Burns is a Teneo Senior Advisor, and she serves on the boards of Exxon Mobil, Uber and Nestlé, as well as the Ford Foundation, MIT, the Mayo Clinic and the New York City Ballet. She served as Chairman and CEO of the international communications firm Veon. And in 1980, she joined Xerox as an intern back when Xerox wasn't just a company, it was a verb. And where in 2009, she became the first black woman to serve as CEO of a Fortune 500 company.

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Gabrielle Sulzberger recently joined Teneo as a Senior Advisor, bringing years of corporate governance and financial expertise to the table. She currently serves as a Strategic Advisor to the New York Private Equity Fund, Two Sigma Impact. She serves on a number of boards, including MasterCard, Cerevel Therapeutics, the Ford Foundation, the Metropolitan Museum of Art, Sesame Street Workshop and Trinity Church Wall Street. Previously, she was the Chairman of the Board of Whole Foods. Now, after going through all of their bonafides and CVs, we do have a little time left for discussion here. But if you'd like to join this conversation, please do so by utilizing the moderator chat function on your screen.

So, Ursula, let me start with you. You joined me on this program at the time of the founding of the BDAA. And the BDAA and numerous other similar initiatives clearly were catalyzed by the murder of George Floyd last summer and numerous other crimes, obviously, that led to a response that ultimately grew into the largest social justice movement in our nation's history. But really, it's rooted in the age-old inequities which persists to this day. But here we are. So, a lot has happened since September. It's a new year, a new administration. So, give us a sense, in the six months or so since the founding, how's it going? How would you describe progress on the fronts that BDAA is meant to address? And are you encouraged by what you're seeing?

Ursula Burns (UB): So, thank you all for dialing in first before I answer that question and thank you Kevin for doing this and thank you Gabby for being here with me. It's good to have a partner on these things. I think that I would start first with how I'm feeling. And I said back then, six or so months ago, that I was optimistic.

And I remain optimistic and probably incrementally more optimistic than I was even six months ago. What happens when you have a reasonable idea, you get copycats. And in this case, that's a very, very good thing that, we weren't the first people who thought about board diversity by any stretch of the imagination, but since the BDAA, and we've gotten additional signatories and that effort is going extremely well. As you know, we were focused on the larger corporates and not on private equity and VC, which I think Gabby will tell you a little bit more about later. And in that sphere, I would say that we're doing very well.

Companies are signing up. And even if they're not signing up, they're doing their own things in response to other initiatives like California, continued pressure from the UK, the NASDAQ communications on, 'if you don't have a diverse board, we're not going to list you.' So, there's a lot of activity going on that is focusing the energies and the actions of corporations in this area around board and leadership diversity. So, it's good. The government is chiming in. The new administration is definitely chiming in. In support, not specifically of the BDAA, they haven't said that or anything specifically, but with diversity overall, board diversity and leadership diversity. So, I think that we have, as I talked before, I didn't want this to become a moment. I wanted it to be a movement stolen from Hamilton the play. And I think we have the beginnings, the strong beginnings, of a movement.

Now this is not just, let's do this and get this off our back. I don't think we are at the point where we can take our attention away. It doesn't have enough momentum yet to not be nurtured along, but it is definitely moving in the right direction. And I'll leave it to Gabby to talk about some other areas that we found that need a push, but for the initial focus of the BDAA and the initial plank, which was at least one black or brown director on every board, we're making

progress there, so it's good. We still have a lot of work to do, like I said, I just don't want us to take our eyes off of it, but we've made progress.

KK: So you bring up the UK and I just wanted to highlight that there was sort of a sobering story that just hit Bloomberg this morning that was indicating that on the FTSE 100, now there are no black chairman, CEOs, or CFOs for the first time in six years. But before I turn it over to Gabby, I wanted to follow up with one thing here, Ursula. At the time of the launch, you talked about one of the things that really motivated you on this front, beyond the events of last summer themselves, was that in the aftermath of them, you were fielding a lot of calls from a lot of executives, not just in the U.S., but frankly globally, imploring you for guidance on what to do. And I guess my question here is, are you still fielding these calls? And are these executives and boards, are they walking the talk from last year?

UB: So, the calls are obviously fewer. They've already made one or two rounds of calls so there's not a need to call as much as before. But there are lots of conversations happening and that's one of the positive things as well on every board that I sit on, but also in business gatherings, which all happened in the way that we're doing a business gathering now, by Zoom or whatever other form. This is a topic that is on every single conversation that I'm having everywhere, which is good. Board diversity, not just black or Latinx in the U.S., but racial diversity and females around the world. So, this is a topic that every company understands is not something they can dodge anymore. They can't kind of not talk about it. That's also good.

What we're seeing is that people are absolutely, and even if it's a short time, Radina Russell, who's doing a lot of the statistics for us here at Teneo on this in the short time, I think we've

gone from like 2% to 12%. So, the numbers are moving, even in this very short time. I will just reiterate, we are way far from being over, but we are seeing people not backing away yet, not everyone obviously, there's some companies that are just bad actors, but most companies are trying to understand the way to at least comply if affirmatively do the right thing. And that's very useful and very, very helpful. So, the conversations are still happening, like I said, on every business call I have, we do not have a call that doesn't have something to do with diversity.

Part of the reason for that by the way, is that we don't let it pass us by, somebody in the room brings it up. It's either me or someone else brings up, how are we doing? What are we thinking about, etc. So if we can keep that focus, that would be helpful. But let me make one other comment on this FTSE thing, I did read it this morning. Not surprising. One of the things that's really interesting in the U.K., in Europe, in general, but in the U.K. is that they focused first on gender diversity. This is something that we found in the United States as well because it's a little bit of an easier hill to climb. There's a lot more comfort with women, white women in particular. And so, we found that a lot of boards check the diversity box, if they're pushed in that way, and they check that box by bringing white women on the board.

By the way, that's not something that I say we should stop doing, I think it is part of the success factor. But in order to be truly diverse, we have to deal with the elephant in the room, which is the lack of racial and largely cultural diversity on many, many boards. So, good for the women, still have a long way to go to move forward there, but success will not be called if all you have is a set of women on your board, and white women and white men on the board, you still have to get the rest of the world represented in a reasonable way.

KK: So, Gabby, let me turn to you.

Gabrielle Sulzberger (GS): I so thoroughly agree with this comment, as it relates to what's going on in the U.K., and I think the only other thing I'd add to that is yes, it's distressing that we are at kind of a low watermark in this last six year period, but I just want to add that that little watermark was not very high before, so even if we look where it was six years ago, the fact that we're worse off than we were six years ago, and we were at a crappy place, I think there's really a larger problem. For the statistics and numbers to be that bad, it doesn't happen by accident. It's like, you almost have to work at it. It's a complex situation, but clearly there's a lack of intent for there to be zero. There is, at best, a lack of intent.

UB: Absolutely.

GS: At this moment in time, it is particularly discouraging. And the other thing I want to say, with regard to kind of what we're seeing, and Ursula's comments with regard to engagement. I just think that's so critical. And yeah, after kind of the events of the summer, one of the things that I did was in some cases, my CEO's reached out to me, but in cases where they didn't, I reached out to them and said, "Look, I'm the only person of color on your board, which was the case 99% of the time. And we've been working together, if there's any questions that you have, or thoughts or concerns." I found in some ways it was the ones who hadn't reached out to me that was most important for me to reach out to because I think one of the things that happened was they had kind of this new awareness and in some cases it's because they were living with their college students because of COVID.

For whatever reason, kind of this light bulb went off and they fully realized the extent that it is still really an issue. And there was a discomfort they had in talking about it and in really engaging. And they needed to have an

opportunity to have a really safe conversation about the issue and get grounded and centered themselves. And so, to me, that was one of the more encouraging bits, to the extent to which, it happened in my own boards. And I'm hearing about it happening in other places that, this as a topic and an issue, is no longer being ignored. If it's being raised by the people of color or non-people of color. It's clearly an issue now that people are having to talk about and engage in. And I think the conversations themselves are extremely important, because the conversations weren't happening before. And if we're not even in dialogue about it, nothing's going to happen.

So I have been encouraged by the conversation and it's early days, there's no doubt, but at least on the boards and organizations I'm working with directly, the depth of commitment around it and the longer-term multi-year commitments that these companies have been making, also, I find really both encouraging and important, they're kind of differentiating between the, "Okay, we're going to do this, all right we're going to check this box, we're going to check this box." What I'm hearing and encouraging is multi-year longer term commitments with accountability, year to year to year. And I think that's part of the kind of, I think the value and the importance of what we've done with BDAA is, not only kind of accomplishing these very specific goals around board diversity, but accountability and transparency. Because in the longer term, that's really the important piece.

And I think one of the things if we kind of turn to this notion of kind of what we're seeing and kind of private companies and venture capital and private equity is different, which is private equity and venture. These are industries that were born out of kind of an interest in not being transparent. And so, they've been operating for decades, quite successfully on some metrics by being below the radar screen and not being held accountable and not being transparent even as much as public companies are. And so, kind of no surprise when we do start looking

under the hood, or under the kimono, what we see is not great. And so Ursula mentioned initially we were really very much focused on larger public companies, over these last several months we have turned our attention to Silicon Valley, and the private equity industry, and have done some pretty thorough work primarily around what their portfolio companies look like when they go public.

Because that is a moment when we have access to a lot of information through various filings. And so when we look at the performance, and we looked at over 20 of the largest kind of names that you've all heard of, private equity and venture funds, and we've looked at them, and kind of sliced and diced it in five-year increments over the last 20 years, when we look at those close to 900 portfolio companies that went public and created trillions and trillions of dollars in wealth, the numbers that we see with regard to executives, black and Latinx executives in the C-suite and on their boards is, again, as Ursula said, it's not an accident. There are major venture capital funds whose number is zero, and that's pretty remarkable over a 20-year period. So, and just again, back to where we started from, is to get engaged, let's at least start by having the conversation.

These are many cases firms which didn't want to be held accountable, did not want to get engaged on these issues. I think NASDAQ and the decision to require them going forward to have addressed this to some extent before they're able to take these companies public helps this conversation. But I think we're also hopeful that we're at a moment in time when there's a broader understanding of why diversity is important. And the fact that these portfolio companies are so underrepresented, you're underperforming relative to the market. You will do a better job for your LPs if you make your portfolio companies and your portfolio company governance more diverse. Now this seems like kind of a fundamental idea that

has surprisingly been lost, to a great extent in Silicon Valley. And so, I think the data will be interesting to kind of catalyze the conversations further.

KK: Absolutely. And I want to pivot here a little bit, and Ursula you brought up something in your initial comments with regards to what you're hearing out of the administration. President Biden, both on the campaign trail, and in his inaugural address about American leadership not characterized by the example of its power, but rather by the power of its example; much has been made, often by the administration itself, that this is the most diverse administration in history. I guess the proof is in the numbers. But Ursula are you impressed by that claim? Are you pleased with what you're seeing so far in this transition? And what are you expecting?

UB: I don't know the facts of the claim. I haven't studied whether or not it is actually the most diverse, I don't know. I think that what I've seen I am pleased with, particularly in the mix of people, not only obviously men and women, and not only black, but also Latinx, and just people from very different backgrounds. So, I'm pleased with that. I'm a little bit worried about the lack of business representation in Biden's cabinet. I'm sure that he has tried to get some business reps in. But that's someplace that I think that all of us on this call, when called for support in thinking through issues with the administration, which I'm sure many of your companies will be, I know that I was often when I was at Xerox, it's going to be important that we pitch in, because the cabinet doesn't have a natural voice in it. But the rest of the diversity I think is pretty good.

One thing that's important, I think and we learned this under Obama, is that people actually thought, including black people, that since we had a black president, the war was over. People say, "Oh, you don't have to worry

about it, and all the issues are going to be handled.” We have a black vice-president female now. Trust me if these people could have fixed the problems that we’re talking about in their own rights, they would have done that. It’s still going to take a large amount of work for progress to be made, despite the fact that we have a black female vice-president, on both the female front and the African American front, it’s going to take a lot more effort than just this one person. But I think generally so far, early days, on the traditional diversity, I am pretty okay. I would like more businesspeople sitting around the table.

KK: Interesting. Gabby, I’m interested to hear your thoughts on this as well, but in addition, the Black Lives Matter movement posed obviously a challenge to corporate America to not just say the right thing, but as we have been discussing thus far, to close that gap between ambition and actual action. And then soon enough, of course, the election itself posed a challenge, and the aftermath, and certainly January 6th, the insurrection at the Capitol, did as well. And we saw some immediate financial consequences in terms of corporate political donations to the GOP, and to certain members of Congress. So that this had to be a year of some serious whiplash for corporate America.

I guess I’m wondering if you think anything has actually changed and will permanently change for them politically? Or do you expect that things are ultimately just going to revert back to sort of let’s call it, “K Street normal?”

GS: First of all, on the former, it’s early days. I guess we’re not even at the first official month yet, but I am also encouraged. I think what I’ve read is that this is the first gender-balanced Cabinet that the United States has seen, and so that’s positive. It’s something like a quarter of the Cabinet is black. So, I think that

our president has made some really positive statements. And it is no panacea, but I do think it’s encouraging. The second question you’ve asked is in some ways, it’s a harder one. But part of the way I think about it is over this last period, and it’s driven Larry Fink, and some large institutional shareholders have really encouraged and pushed our boards and companies to think more broadly about what is our responsibility as corporations.

We’re the beneficiaries of huge entitlements, and so what does that mean, and how would we think of ourselves from an accountability perspective, and our social responsibilities. And is it enough to only be accountable to shareholders? And I think that there’s this increasing awareness, instead of understanding, that that answer is no. That for a company to truly serve its shareholders, you have to have a consciousness around the broader stakeholders we serve. And that includes our employees, and our customers, and our communities. And so, as it relates then to this Black Lives Matter, and these really structural issues that have been raised with regards to social inequality and racial inequality, I think the train has left the station. This idea that we can turn a blind eye to the realities and the economic impacts that these create. And will have only been exacerbated by this pandemic.

Unemployment has doubled, I read it’s something like 35% of people between the ages of 30 and 50 have had at least one person in their household lose their job. And we know that this disproportionately has affected people of color. So, the extent to which this affects the communities in which we operate, our employees, our customers, how you could not as a board member, as an executive, think about the ways, even if you’re just mostly narrowly thinking about business impacts, not understanding and being thoughtful about what this means to your enterprise is not fully responsible. So I think that while there may be

some settling back down, I don't believe all things are going to fully revert back to the way they were, because I just think there's a much deeper understanding of what this notion of corporate responsibility really means, and how boards and executives are really engaging on these issues.

UB: If I can add one thing to this?

KK: Sure, go ahead Ursula.

UB: Whenever we speak, I love this kind of a question, which is, "So is it working? Has it worked? What can we do?" I think one of the most important things is that things just don't happen by happenstance. People have to engage to actually have change happen, particularly if it's difficult. And I think that we, everybody, all of the business leaders, people on this phone, the people who sit on boards, have to be engaged here. It will not work. We will not make progress if we allow progress to not be made. We will make progress if we continue to agitate. That's not only on race and gender, it's on sustainability efforts, it's on all kinds of things. We have to, as board members, as consumers, as citizens wherever we are, we have to actually speak up.

We can't sit back and say, "Well, they're not doing it. It's not happening, they're not taking care of it." They are us. And so, I continually just plead that we don't leave it to other people, to actually control our destiny, that we actually get engaged on all these subjects. Talk to your board. If you are employed, make it clear that this is something that you are paying attention to. "Oh, these things are things that you're paying attention to, things that you're interested in." And I think that's what's happening. That's what's happening with some of the younger employees at Google and Facebook. They're having equal internal disruption as they have external disruption, because their employees are saying no more.

KK: So Ursula, you bring up something really interesting here I think, because obviously the events of the last year, and with the election, with the Black Lives Matter movement, and social justice movements, obviously then within the umbrella of the economic impact, the pandemic, the rise of China, all of these things clearly, and the fact that we're all at home and actually get to think about some of this stuff, one of the hallmarks of an open and sophisticated intellect I think, is the ability to change one's mind in the face of new facts and realities.

And one of the most remarkable corporate stories just emerged here in the last month, and that's General Motors, where after joining the Trump administration's pushback on California emission standards, the CEO, Mary Barra stunned at the street last week with a strategy to phase out the internal combustion engine in the face of climate change science, in the face of ESG increasingly the norm, and increasing pressure, in the face of Tesla. Do you expect more big dramatic announcements like this coming from some of the traditional big blue-chip companies? And what are the implications then that has to be thought second order?

The auto industry is a benchmark here obviously. You sit on the board of Exxon, that's going to have implications for the energy industry, etc.

UB: I think that I say, "Hooray," to Mary Barra, not necessarily because I'm all for phasing out the internal combustion engine. I say, "Hooray," because she actually studied the facts, the direction that the wind is blowing, her and her team and her board, and came to a conclusion that normal course would probably not be a long-term way to success here. By the way, she could probably have run this company, and her successors, for many, many, many, many, many

years doing the same thing. But I think that changing your mind and learning from science that's presenting itself, in this case it's climate science, presenting itself clearly, etc., I think I give her tons of credit, and her board, and her management team.

And if you paid attention last week, ExxonMobil just announced the significant investments that they're going to make in non-carbon-based fuels, another shocker. It's like, "Really?" This is the molecule company, that's what they do. But they're literally standing up and spending billions of dollars to create a new future, not only for the company, but for the world. So, I think that the answer is absolutely, we're going to see more and more. It may not be public, Mary Barra and ExxonMobil, it may not be public, but you will see more and more companies literally thinking about being waste-neutral, plastic-neutral. You hear it all over. We're starting to pay a little bit more attention to the reality that's been facing us for a long time.

Having an administration that won't punish you is helpful by the way, but it's not necessary to do it, it's helpful. And I think that we'll see even more because we have an administration now that actually will probably punish you if you don't take progressive steps towards the environment, and towards a new future for the world. So, I think that the answer, and I think Gabby said it, you can't be dumb here. There are some things, the tea leaves are, they're not even tea leaves anymore, there's big black letters in front of every CEO, in every company around sustainability, around diversity. There are some things you just cannot avoid anymore. And if you think you can just hold your breath until it goes away. If I were an investor, I would actually not be for long because it's not going to be, there are certain things that are not going to turn.

GS: And Ursula, don't you think one of the things that I think is interesting and with kind of a little more kind of with a broader white space

on this, the extent to which companies are kind of thinking about this strategically, right? They're not just like, "This is kind of a nice thing to do. I'm just like, I'm going to check now my social responsibility box." But understanding that they're strategically on the right direction and making the right set of decisions. And that's true, with regard to ESG, it's true with regards to diversity. We're not doing this because it's a nice thing and because we want to be good people. We want to get to heaven. Strategically, these are important long-term decisions, complicated ones, but important for the health and the growth of the business.

UB: Absolutely Gabby, you said it, you said it. The writing is on the wall and I'm not talking about the writing that you're going to go to heaven or wherever you go or whatever religion you're in. It's the writing of we see what's happening to the planet. We see what the future consumers are focused on. We see what the realities of just a talent deficit. And if you think you can keep picking from this smaller and smaller pool of white males, you're going to be in trouble. Everything, you know it, we see it and businesses strategically are thinking about it as well. And with cover. And I mean, this is good cover from shareholders who actually say "No, no, no, no, no. We are not going to beat your head against the wall if you miss by a penny or you spend too much on whatever. We actually want you to report not only on how much revenue you generate and how much profit you make.

We want you to report on how sustainable your company is. We want you to report on the diversity and equity of your employee base and your supplier base etc." So, investors are saying enough is enough as well. And people like Larry Fink, great, but all of the pension funds are starting to climb on board. It's actually unavoidable and it is strategic, right? Because as you said, you can't avoid it, it's big black letters now. It's not a little foot spread in ink.

GS: Well, I think the other thing, you and I've talked about this, our children are all millennials. The millennials are not standing by, they have kind of a completely different set of sensibilities and as they grow an increasing clout, not just as consumers, but in our workforce, again, like the writing on the walls, if you're not thinking about this because guaranteed these millennials, they are.

UB: And I tell you what, Gaby. Gaby and everybody on the phone. I have two children and they're obviously come from, a little bit different than me, from a privileged background. They're in great schools, a lot of access to a lot of great things. And you would think that they would be softer on the topics. It's just a hop opposite. It is absolutely insane how focused and critical and engaged they are to change the current narrative to make the world a different place. So, you're so right. If you are at home, which we all are now, if they happen to be home, these kids will not give you a break. You're not going to leave us a bigger mess than necessary. Please clean it up as much as you can before you go.

KK: Ursula, let me ask you something about not the millennials, but the next generations after that. Because so much of the conversation we've had today has been focused on increasing this diversity in the workplace, particularly at the leadership levels and the pipeline of people that are ultimately going to get to those leadership levels. And one of the sorts of paradoxes of this past year with this large social justice movement is that it came in the context also of the pandemic. And one of the effects of the pandemic has been a widening again of the digital divide, a widening of which kids in high school and younger are getting the quality of education that they were already getting pre pandemic. And who's got the technology at home? Who's got all of this ability to learn virtually?

And it seems to me that the divisions that are being created here, whether you're in kindergarten or a junior, senior in high school, we're going to deal with the ramifications of that for years to come. As people either try to get to college and are competing against those who were able to get the level of education they were expecting during this time or get those first jobs. How worried are you about what's happening on that front right now?

UB: Yeah, not more worried than I would normally be, which is very worried. But I'm not panicking right now. What has happened during the pandemic is that we've done something good. And that's that we've took the cover off something that was happening no matter what. It was happening anyway. We just didn't pay a lot of attention to it. When I say we, I mean, collective we, we were not paying enough attention to it. The digital divide existed. Both Gabby and I serve on the Ford Foundation board, this is something that we talk a lot about, the number of people who actually have no access even pre pandemic.

So, I think that in some ways, this is a positive thing. Not the people affected, it's not positive for them, but it's positive for the people who can affect change. One, to bring visibility and transparency to the fact that this problem really exists.

It relieves us. It's now exacerbated by the fact that everybody is at home. Number two, that there are things that can be done. There are all of these start-ups, little activities. Now we have to catalyze our efforts behind them to help, to close this thing. And the third is that you can get involved. It doesn't require millions of dollars and traveling millions of miles. Locally, we can get involved and we can help. And I think that while it is not pleasant or positive for the affected, it's now positive for the change that we can start and have, because it's now

in everybody's face every day. And so, I'm hoping that this, just like the raid on the Capitol building, brings to light, that we had a level of tyranny that we were bubbling up and people had to see it before they could actually do something about it.

Same thing here, we have a fundamental inequality that we're going to pay for, we're going to pay for no matter what you think. No matter how rich you are, we're going to pay for this either in incarceration rates or in welfare rates or whatever. We're going to have lack of good health outcomes, if we don't get in the middle of it right now. And it was happening before and now, at least there's a light on it. So, we can hopefully do something more about it. And hope is not a good strategy. So, I say always, get engaged and get engaged. We were talking earlier about how busy we all are, but not busy enough to actually lend a little bit of a hand.

GS: But Kevin, I guess as you were talking Ursula, and this reminds me of a conversation we had a couple of weeks or so ago, which is kind of this bubble that we get ourselves in. And we're busy, we've kind of figured out how to navigate through the pandemic and stuff. But you can kind of get accustomed to whatever your bubble is and you figure out how to deal with living through a pandemic, which under any circumstances like this, it's a hardship for everybody. However wealthy and privileged you are, it is still difficult, right? But you can get stuck in your bubble. And I think there really are folks who just don't realize, you can kind of figure out how really, really challenging it has been for folks on the other side of this divide who are living not that far from your zip code.

That they are having just a fundamentally different experience of what this last year has been like and the financial anxiety that you've been living with kind of day to day, compounded with health anxiety. And I think one way, I'm seeing it right now real time is

around this vaccination and of what's emerging as a two-class or three-class society around vaccinations. And I don't know, a black person who doesn't believe that one is J&J, the cheaper, less effective one-shot vaccination, that immediately translated into, "Oh, now I know, what the black person vaccination is going to be." Yes, lights are being shone on all of this. On the other hand, the extent to which we've all been through something really but there are folks for whom this has been just shattering.

KK: Ursula, I want to take it back though, at what both you and Gabby have just been talking about and go back to the GM thing for just a second. Because it reminds me that the auto sector and its suppliers are the largest manufacturing sector in the country. It's another sector now that's going to continue to displace workers in a sense. So, I'm wondering what is the corporate role here in re-educating and retraining workers? I mean, the human capital infrastructure of the country is in flux.

And the pandemic has shown us that if you're a university educated person, I mean, that's one of the easiest ways to determine whether somebody has been able to weather the pandemic well versus not weather the pandemic well, is whether you were college educated or what. However, the workforces of manufacturing America are going to be dependent on their employees being properly trained and properly located for the work that needs to be done. So, this can't be just left to the education system. Corporate America has to engage on this front as well to prepare that pipeline. What are your thoughts on that?

UB: Absolutely. I think that there was an announcement yesterday on a commission that was formed on inclusive capitalism. It's to try to redefine, we all love capitalism, but we have some pretty big missteps in the current practice

of capitalism. One of them is that workers are not valued. Capital is valued, workers are valued significantly less. And there's a whole bunch of statistics about growth in market valuations, growth in C-suite pay, growth in everything. And over the last, what is it, 15 years, the pay of a worker has gone up by what is it, 15%. That's over the whole time. And it's 1000s of percent in market valuation and 10s of 1000s of percent in CEO pay.

One of the fundamental responsibilities that a company has is to assure that its workers are ready for not only today, but for the future. I don't think that companies have to educate somebody to read and write and do basic arithmetic. That's what we pay taxes for in most of our jurisdictions. But the world is changing. Technology is driving the need for continuous change and therefore continuous education. And the responsibility of that is jointly held by the employee and the employer. And it's something that employers have been failing on. There are some companies who do a great job on this, a company like AT&T who has to train line men and women who go up on these lines, they actually train people to do this. It is the responsibility of business to be responsible for the lifeline, for the lifetime learning of the employee while they are there. Even though that employee is probably going to be more mobile.

KK: I got to ask you both since I've got you here and you both represent significant corporate boards. As we embark on this new year, as Gabby pointed out, the vaccine programs, but we've got obviously a pandemic that continues to rage in the country. We've got significant economic dislocations. We have got unlocked gridlock as yet in Washington on the next round of fiscal stimulus and the like. What are you on your respective boards, hearing from your managements and their advisors on the economic prospects for this year? What are you anticipating at kind of a macro level?

UB: Interestingly enough, most of the signals and news is good. I am shocked by this, by the way. But this also presents the difference between Wall Street and Main Street. There is an expectation that the second half of the year will come, since we now have a set of vaccines in hand, that the second half of the year will stimulate consumer confidence and growth. All of the companies that I'm engaged with, ExxonMobil, specifically price of oil driven company, but fundamental operations really good. Most of the companies I'm engaged with are prepared, ready, and optimistic for 2021 and beyond. It's, like I said, a little different from what most people are feeling when you see them in this group. But companies, I don't believe are overly nervous. They are a little nervous about actions in Washington or global actions or actions in the U.K., those kinds of things, but that's normal business operations. As far as their normal P&L prospects I think that they believe 2021 and beyond is going to be, particularly the second half, is going to be a good year.

KK: Yeah. Interesting. Are you concerned at all in your board positions? Ursula talked about this division now between the way that Wall Street versus the way that Main Street is feeling, but we've continued to see, after the economic dislocations of the last year, the market continues to head toward new highs. The fed has indicated that rates are not going up anytime soon. They're continuing to push a wall of money at business and real rates are negative. The market keeps going up. From a corporate governance perspective, are you at all concerned that the price discovery mechanism, the market has gotten somewhat corrupted here? Does that influence corporate behavior?

UB: Yeah. This is something I think a lot about Kevin, and I have to say I'm concerned about it, but I'm not really sure yet how to think through it, if you know what I mean. If it were sector

specific or geography specific, I would say for sure that there is an issue. You know what I mean? This is everywhere, every sector. I keep rolling around in my head before I come to a conclusion on what's really happening here. It's been going on for so long. This is 10 years, right? It's been going on for so long that there may be something else happening here. I don't know. I do tell you that Gabby mentioned this, I think. It was a little broken up, but boards are thinking about this as well.

They're optimists. In just about every single meeting, we have this pause. This tailwind almost can't last forever, essentially free money, very high level of risk appetite. There's a whole bunch of things that generally come in cycles and this is one of the longest cycles that we've had. I'm not totally sure because, like I said, it's been going on for a long time and it's across just about every industry and every geography that maybe there's something else structural going on, but boards, at least the ones that I'm on and I hear it just from walking around and talking to people, not that I walk a lot anymore, but talking to people that literally every board is worried about or thinking, worried is not a good word, but thinking about this reality of today. Is this reality of today going to last for very much longer?

KK: I want to pivot for the last few minutes that we've got left, because both of you sit, as I mentioned at the beginning, on the boards of significant and iconic American cultural institutions, Gabby on the Metropolitan Museum in New York and Ursula on the New York City Ballet, because the arts in this country have obviously, and frankly globally, have been significantly impacted by all of the things that we're talking about today, financially impacted to be sure, but also on the broader issue of diversity and inclusion, and frankly both of your institutions in the fine and performing arts presentation areas have

a compelling place in telling the nation's narrative, right? Some institutions have taken this opportunity and have made great strides. Others have had very publicly traumatic experiences on this front, like the Guggenheim Museum here in New York. Maybe your thoughts, Gabby, I can start with you, on how all of this is impacting the cultural institutions of the country and how you're moving forward through this.

GB: Yeah. When we were talking about this a little earlier it's, I think, particularly enduring times of this level of anxiety that we know how important the role of culture is for helping people cope with stress. For example, at the Met, because of safety concerning COVID requirements and so forth, we were limited to 25% visits, but fortunately through this time, we are at max on visitations. When we opened our doors in August, we were overwhelmed, but you know how we were welcomed by the community. Clearly the role of culture is important through all these communities and because of the financial pressure on these institutions that COVID has created, they are now facing almost, in many cases, existential challenges.

Also, in our experience, it's been kind of a day of reckoning on some of these issues and for institutions that have been challenged for decades. Right? One of the statistics I've seen is a survey of the top 20 major cultural institutions, it's less than 2% of the artist's works are by African American artists, right? This extreme lack of diversity with regard to the content of what museum's exhibit, and therefore the narratives that are shared and validated is clearly a systemic problem, but particularly exacerbated in the context of this pandemic.

We began some work last fall. We formed an organization, actually an alliance of black trustees of all the major arts museums.

We've been meeting over the course of the fall to develop a platform and a set of resources for black trustees of major museums, all of whom are facing really kind of similar issues with regard to lack of curators, and developing curatorial talent, lack of diversity in senior leadership. A really organized effort to, one, make us be more effective trustees, but two, be a resource to one another and to these institutions who truly are grappling with these issues, but grappling with them at a time when they are under, even the Met, significant financial stress. Trying to address these issues around diversity now is more of a challenge, but all the more important.

KK: You represent the Met, I mean, at least it's a very large place. You can actually accommodate a lot of people in there safely under the guidelines of the city right now and obviously one of the most richly endowed cultural institutions in the world. Ursula, you represent the performing arts and that's a much tougher situation right now. What are you hearing in terms of when your company will be back on stage at Lincoln Center?

UB: Yeah, it'll be a while. We are hoping that we can start to get some level of interaction with other humans in the middle of this year until the third quarter of this year. We're hoping that that's the case. Our issue is very different than the Met. The Met, they can let people in even if it's only 25%. The New York City Ballet, basically, we've gone to performing on video. You've done everything that you can to keep the art alive, but this is very, very, very dire for the ballet. Fortunately, it has a series of benefactors that are closing some of the gap, but this is an organization that, if they made a dollar yesterday, they make \$0 today. They have very skilled humans. What I said earlier in one of my previous calls like this is that it's important that we all find our organization, whatever that is.

It could be the Y or whatever it is in your community, to pay attention to it and help it through this time with extra donations or whatever you can do because if we don't support them and they cannot make it through this time, there is really no going back, if you know what I mean. You can't say, "Okay, we're going to disband." This will never happen, but, "We're going to disband the Whitney." It's not going to happen, or the Met's not going to exist because it doesn't have any money. "Oh, next week we actually are out of pandemic, so let's start it again." The Apollo was one of these things I'm very concerned about and it's been doing well from benefactors. If these things go, they will not be able to come back.

It's really important that we understand that we have to give disproportionately attention and probably money to these organizations. The Met needs it, but so does the little museum around the corner, or the little book shop, Studio Museum in Harlem absolutely needs it all. The Tenement Museum absolutely needs it. These places will go away if we don't help them through this time. We have to absolutely help them, even if we don't go to visit them.

GS: Well, and these institutions also, particularly with the performing arts, they play an important role for these artists, these dancers, these musicians who don't have big safety nets. Being out of work or in furlough, this is a huge, huge hardship. Even if you thought, "Oh, we're going to turn the lights back on," these folks have been out of work.

UB: Yeah. It's dire, Gabby. It really, really is. It's something that we all have to pay attention to. The good news is that while the last administration was in, and he literally vilified the arts, and said he was going to cut funding, he actually didn't cut it as much as he said he was going to cut it. That's good, but the pandemic then layered on top a total lack of traffic.

There's not enough traffic and not enough time to practice. It's hard. They need money. They need support.

GS: Even in, well, relatively wealthy places, again, who this has disproportionately affected has been employees of color.

Even the Met, as hard as we've worked because of decreased attendance, some of the areas that we've cut operating costs have been, for example, security, restaurants. That's where a large percent of our diverse employee's work.

UB: Absolutely. Absolutely.

GS: Again, it's affecting all communities and then it's surprising in some of the ways that it's disproportionately affecting communities of color.

KK: Well, we could dive into this topic even more, but the clock, I'm afraid, is a harsh taskmaster. I am impressed as ever with people who joined the Teneo Insights calls, the sheer breadth of topics that you're able to cover and discuss so thoroughly here. Thank you both so much. We're glad to have you both as part of the Teneo family and hope to have you back on the call. Ursula Burns and Gabby Sulzberger, thank you.

To our audience, we will be back in two weeks on February 18th. We are going to turn our attention again to foreign policy under the Biden administration. We've focused a lot on the economy and trade in past calls. We're going to turn more to the strategic interests of the country. Our guest will be General Ray Odierno, the former Army Chief of Staff, and former members of the National Security Council on China, the Korean Peninsula, and the Middle East. Please join us in two weeks' time.

Meanwhile, thank you again to Ursula, and to Gabby, and to everyone for joining us. We will be back in two weeks. If you have any additional questions, please don't hesitate to reach out to your Teneo contact or reach out to us at teneoinsights@teneo.com. Have a great day and all the best for the weekend.



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