



# Chicago United

Closing the gap between race and business.®

A SPECIAL REPORT ON DIVERSITY AND INCLUSION IN BUSINESS

## As Racial Disparities Widen, Advocacy Efforts Remain Committed



Gloria Castillo  
President, Chicago  
United

**FOR AS LONG AS I CAN REMEMBER,** I have felt strongly and worked hard to champion social and economic equality. I continue to see a society that can do so much more if only it would leverage the intelligence, innovation and leadership capabilities of more men and women of color. As the president of a business organization, I continue to see wide windows of opportunity for enterprises to serve their customers and shareholders even better by unleashing the potential of diversity and inclusion. I've also observed that more and more C-level leaders are "getting it."

While Chicago United's focus is increasing diversity and inclusion in senior leadership, it is equally important that they are driven at all levels of business and throughout society. That is why I am proud to be associated with the anti-racism efforts of the YWCA and other impactful organizations.

Playing fields still need to be leveled, inclusion of leaders of color at all levels of the public and private sectors is still lacking, and we aren't yet fully engaging the best talent available – regardless of color – in many endeavors, including marketplace competition.

The median wealth of whites is now 20 times that of African-Americans and 18 times that of Hispanic households, according to a recently-released Pew Research Center analysis of government data. Unemployment rates for African-Americans and Hispanics remain much higher than they are for whites. The U.S. Department of Commerce's Minority Business Development Agency continues to report that "minority-owned businesses face the obstacles of access to capital, access to markets and access to social networks, all of which are essential for any business to increase in size and scale."

Chicago United's most recent *Corporate Diversity Profile* showed that the recession dealt a blow to efforts to diversify Chicago's corporate ranks as the pipeline of executives of color was thinned by layoffs. The *Profile* goes on to indicate that prior to the economic downturn, there appeared to have been some progress in employment opportunity and the hiring of diverse candidates. However, many of the economic gains minorities made in the previous economic expansion were erased during the downturn.

These realities are sobering. It will require our continued diligence to begin to reverse the trends that are decades in the making. Yet, signs of continued progress are seen right here, this year, at Chicago United.

Through Chicago United's Five Forward program we see that corporate spending with local MBEs is creating jobs. Also, our partnership with the University of Notre Dame's Mendoza College of Business Executive Education team will prepare more executives of color for corporate board directorships. Chicago United's Bridge Awards, to be presented in November, will honor CEOs for the progress their companies have made in infusing greater diversity – from the board room down through the organization. Lastly, Chicago United identified 46 executives who are impacting strategic business development inside their own organizations

on national and international basis' and in the community organizations which they serve. The 2011 *Business Leaders of Color* publication, due for public release in November, will feature this accomplished group of individuals as examples of the extraordinary talent of color available in Chicago ready to advise our nation's Fortune 1000 boards of directors.

I'm also proud to welcome new members to Chicago United. MillerCoors, UPS, UHC (University HealthSystem Consortium), Battle Law Office, Financial Executives International and Northstar Lottery Group, LLC recently joined us, and I look forward to their contributions.

On a personal level, it has been an exciting and humbling year for me as well. I have been honored to receive accolades from some of the most respected organizations in Chicago's civic community. Those awards are a testament to the support that corporate CEOs and business owners of color continue to provide to Chicago United. Taken together, the awards bestowed upon me and the support I enjoy from the business community illustrate real progress as well as the challenges that remain before us as we continue to close the gap between race and business.

Returning to the work of organizations committed to social justice, I want to thank a few for their contributions and for recognition of our work.

This spring, I was honored to receive the Corporate Social Responsibility Award from the Mexican American Legal Defense and Educational Fund (MALDEF). I also received the Champion of the Public Interest award from Business and Professional People for the Public Interest (BPI). Both of these highly-respected organizations recognize individuals for civic leadership, efforts to increase access to opportunities for everyone and for advocating social justice.

In October, I will be proud to receive the YWCA's Racial Justice Award. The YWCA is dedicated to eliminating racism, empowering women and promoting peace, justice, freedom and dignity for all.

Notice that social justice, access to opportunity, and leadership in breaking down barriers are common denominators in these accolades. This reveals that each organization recognizes the need for continued advocacy in these areas; they all pursue a mission that remains relevant.

I give thanks for those who have joined me in this ongoing journey to open doors, minds and opportunities. I invite the participation of those who are ready to reap the returns on investment that diversity and inclusion work provides.

# Quarles accelerates business change at the University of Chicago

The members of Chicago United don't just talk about access to opportunities for multiracial business leaders. They take action to open those opportunities. The University of Chicago, a Chicago United member since 2009, recently promoted one of its own executives of color for her leadership in making the university a better business partner for minority-owned companies.



Nadia Quarles

Nadia Quarles was recently promoted to Assistant Vice President for Business Diversity at the University. She is credited with focusing the University's attention on expanding its use of minority

and women-owned business enterprises (M/WBE's), professional services firms in particular. In this Q and A with Chicago United, she lays out the steps she's taken to put the University in a leadership position in business diversity and inclusion. She also reveals the highlight of her achievements there thus far – recruiting minority-owned investment managers.

**Chicago United:** *How and when did you start at the University?*

**Nadia:** It's interesting because I didn't even know that the University was looking to fill the position. I received a phone call from the search firm asking me to complete the online employment application, and it seemed like a perfect fit. I came to the University in 2006. Prior to this position, I managed the business diversity program at Chicago Public Schools. I oversaw the target market program for the City of Chicago prior to that.

**Chicago United:** *Describe some of your accomplishments thus far.*

**Nadia:** I have created the current business diversity program. There was already a significant focus on our construction projects; however, I have worked to integrate business diversity throughout the University. So our efforts have expanded to creating opportunities for M/WBE's in professional services and goods and services. I collaborated with our Booth School of Business and Law School Justice Clinic for Entrepreneurship to create our South Side Business Development Initiative, where our students and professors

facilitate free workshops to help elevate business acumen and sustainability of our local businesses. In addition to that, our Direct Connect Program provides an opportunity for M/WBE's to meet with our purchasing leaders, and our Professional Services Symposium brings together minority and women-owned professional service firms to network and build relationships with our senior decision makers at the University and Medical Center.

My primary focus is on creating opportunities for M/WBE professional service firms because they generate great economic development and sustainable job opportunities. As a result of the symposium we have already retained nine firms in industries including money management, legal, executive search, auditing and communications. Last year, we began advertising in Ebony and Black Enterprise magazines. This was another first for the University. These premier publications have provided new opportunities for students and their families to learn about the University's extraordinary intellectual community. Each time one of our ads appeared in the magazines, our website traffic spiked.

**Chicago United:** *What are the success metrics that you apply to your position?*

**Nadia:** I determine success by the number of sustainable relationships we create with M/WBEs. By that, I mean I like to see the university entering into lasting partnerships and not one time transactions. I measure success through the number of professional service firms the University retains.

**Chicago United:** *Have you been able to move the diversity and inclusion "agenda" farther and faster than you thought you would? If so, why?*

**Nadia:** Yes. I did this through a grassroots effort. It didn't happen overnight. It took a lot of internal relationship building on my part. Once I established those internal relationships, my colleagues trusted that I would introduce them to the best businesses to meet their needs and the needs of this institution. I think credibility and trust are important. I often hold one-on-one introductions between business people and key decision makers here at the University. In those meetings, my colleagues see the high quality of minority and women-owned businesses I can bring to this institution. I

spend a lot of time researching a business, talking with the owners and learning as much as I can about their products and services before I make a recommendation or introduction.

**Chicago United:** *The hiring of minority money managers to invest a portion of the institution's endowment funds is a major step for a private university like Chicago. Not many, if any, major universities have selected such firms to manage endowments. How would you put that in context?*

**Nadia:** This is huge. I don't know of any other private university with a significant endowment that is currently investing with minority-owned money managers. For the first time in the history of the University of Chicago, we hired two minority-owned money management firms to invest a portion of our endowment funds. We recently retained Holland Capital Management here in Chicago and Earnest Partners from Atlanta. This is quite significant for the University and a proud moment for me personally. I have to give credit to Mark Schmid, our chief investment officer for his leadership and commitment to creating these opportunities.

**Chicago United:** *How did you do this?*

**Nadia:** I certainly didn't do it alone. John Rogers is a university trustee and this is something he has been advocating for a long time. Initially, this all started with a conversation I had with Mellody Hobson, chairman of the board of trustees, Ariel Investment Trust, and president, Ariel Investments, that really opened my eyes to the challenges minority money managers face in trying to obtain business with university endowments, foundations and corporations. I had no idea how difficult it was. It's really unfortunate because there is a lot of money out there and a plethora of amazingly qualified minority money managers who are more than capable to handle those investments.

I really immersed myself into the industry. For me, it was important to understand the nomenclature and concepts of the investment management industry so that I could effectively advocate for the firms I wanted to introduce to our investment team. I spoke to industry leaders and asked a load of questions. By the time I began introducing firms to our investment team, I could speak intelligently about every firm.

*Continued on next page*

I can give you detailed information about all of the money management firms I've introduced to the University. When you can speak intelligently about a particular company and the service they provide, you're better able to market that business to your company or institution which gives that business a better chance of getting a contract.

**Chicago United:** *What goals do you and the University have for the work done in business diversity?*

**Nadia:** To increase our relationships with M/WBE professional service firms and continue to exceed our M/WBE and workforce goals on our construction projects. I hope our commitment to advancing inclusion and opportunity in our business relationships will encourage other educational institutions to focus their efforts on creating opportunities for minority and women-owned businesses.

You asked me about what institutions serve as my role model in business diversity and

I don't think private educational institutions are doing a whole lot in this area. In fact, what I'm doing has gone under the radar because it's rare for a university to have this type of commitment to business diversity. For us, it has a lot to do with President (Robert) Zimmer and his vision for this institution. He is very committed to inclusion and opportunity here at the University. My role models are minority business leaders and entrepreneurs who struggle every day just to get a piece of the pie.

## Chicago Fed Promotes Diversity and Inclusion

Federal Reserve Bank of Chicago Moves Forward with Programs in a Variety of Different Areas

Working closely with partners like Chicago United, the Federal Reserve Bank of Chicago (FRBC) continues to promote diversity and inclusion in the purchase of products and services, hiring, and creating development opportunities for staff members.



Gordon Werkema

Leading the effort is FRBC First Vice President and Chief Operating Officer Gordon Werkema, who oversees the effort to promote social responsibility at the bank and also serves as vice-chair of the Chicago

United Board of Directors.

"We are committed to creating an inclusive environment for those who work at the bank and those with whom we do business," he said.

A big part of the process is promoting diversity in procurement, with a focus on minority-owned and women-owned businesses. In 2010, the FRBC included supplier diversity in the bank's corporate strategy, building on a longstanding commitment to the effort. In addition, Procurement Manager Bob Bohaty earlier this year received the Outstanding Buyer of the Year Award presented at the Chicago Business Opportunity Fair hosted by the Chicago Minority Supplier Development Council.

The FRBC also recently hired a manager in charge of supplier diversity. Since joining the bank last year, Mark Hands has helped



Mark Hands

strengthened the FRBC's supplier diversity relationships in the business community.

### Corporate Social Responsibility Council

Supplier diversity is just part of a much broader bank effort to promote socially responsible behavior. Also working on that effort is the bank's Corporate Social Responsibility (CSR) Council, which is made up of leaders who help establish strategies that support employees as well as communities throughout the Midwest.

Guided by the council, the bank connects its internal and external practices with key initiatives that, in addition to promoting supplier diversity, include fostering a diverse and inclusive work environment where employees are respected, treated fairly, and given equal opportunities to perform to their fullest potential. The bank actively seeks diversity in its workforce at all levels, with specific regard to recruiting efforts targeted to minorities and women. Other important bank efforts that council members consider in their work are financial and economic education efforts geared toward teachers and the public as well as programs related to community development, Midwestern economic outreach, environmentalism and volunteerism.

One recent Chicago Fed volunteer effort included a career preparation "speed mentoring" event in June that connected 20 college students from the Chicago Scholars Foundation with six local executives from the Chicago United Leaders Council. The event gave students the opportunity to share their career strategies and get practical advice from successful business



Valerie Van Meter

leaders. Chicago Fed Senior Vice President Valerie Van Meter, a Chicago United Leaders Council member, represented the Chicago Fed and offered counsel as a mentor.

### Office of Diversity and Inclusion

The Federal Reserve Bank of Chicago earlier this year established the Office of Diversity and Inclusion (D&I) to build upon ongoing efforts and assist bank leaders to develop and execute strategic D&I objectives. The creation of the office was in response to a mandate included in last year's Dodd-Frank financial reform legislation. Similar offices were established at the Federal Reserve Board and at the other 11 Federal Reserve Banks, as required by the legislation.

Leading the diversity and inclusion office in Chicago is Van Meter, who also serves as the Federal Reserve Bank of Chicago's Director of Minority and Women Inclusion and Chief Financial Officer. "All the Federal Reserve Banks and the Board of Governors are working together to be responsive to the mandates of the Dodd-Frank Act," said Van Meter. "In fact, in many ways we have been meeting the mandates for a number of years, consistent with the Federal Reserve's core values."

"This is not a one-time initiative," she added. "It is an ongoing effort to integrate all our activities in a way that helps us achieve maximum economic impact in the region we serve."

## HCSC's Hemingway Hall to receive Chicago United award for high-level diversity and inclusion advancements



Patricia Hemingway Hall

Chicagoans are familiar with the unique ability of Health Care Service Corporation (HCSC) to reach new heights. After all, no other company built a virtually-empty skyscraper on top of another one – and then proceeded to fill it!

Now, Pat Hemingway Hall, president and chief executive officer of HCSC, is leading the company to new heights in corporate diversity and inclusion. And, for those efforts, Hemingway Hall will receive Chicago United's Chicago Bridge Award at the organization's 8th annual Changing Color of Leadership Conference and Bridge Awards dinner in November.

The Chicago Bridge Award salutes a corporation supporting the development of a vibrant and richly diverse business community in the Chicago region. The Bridge Award represents the first of its kind to honor a CEO who is an advocate for multi-racial diversity in corporate governance and executive level management. In support of multiracial participation at all levels in business, and brings visibility to those who have driven change and inspires others to follow.

Hemingway Hall joins a select group of CEOs who've earned the Chicago Bridge Award. Past awardees include John W. Rowe of Exelon Corp., James Skinner of McDonald's Corp., Robert W. Lane of Deere and Co., Gregory C. Case of Aon Corp., and Frederick H. Waddell of Northern Trust Corp.

Under her leadership, HCSC has accelerated the positive change brought by diversity and inclusion. Hemingway Hall appointed the company's first chief diversity officer to elevate the company's commitment to diversity and inclusion as a business strategy. She continually advances diversity and inclusion at HCSC, building on the foundation

laid by her predecessor, Ray McCaskey, a past Chicago United chairman.

"In order to continue to provide access to affordable health care, it is imperative that we have a strong understanding of the diverse populations we serve," Hemingway Hall noted. "That requires insights and strategies that can come only from corporate governance, leadership and a workforce that is equally diverse."

To select recipients of the Chicago Bridge Awards, Chicago United focuses on the the Chicago Metro 100. Through a rigorous examination of publicly available company data, the search is narrowed to five Chicago-area companies with diverse boards of directors based on a specific threshold of diverse board member participation.

The honoree's company must have no less than 20% minority representation on its board. Diversity is becoming an important indicator of a company's attractiveness to shareholders, said Gloria Castillo, Chicago United's president. Even though the Securities and Exchange Commission requires a company to disclose whether, and if so how, the nominating committee or board of directors considers diversity in identifying nominees for directors, it is good business practice for a company to move beyond such requirements and aggressively seek to add multiracial board directors," Castillo added.

"American business is increasingly influenced by people of color, and any company that doesn't see the value of diversity and inclusion may risk their position over time," Castillo said. "The Bridge Award is a strong indicator of companies that are well managed and well suited for growth in this new, highly diverse era of global competition. I'm very grateful for Pat's support of Chicago United and I applaud her for sprinting with the diversity and inclusion baton that was handed to her."

### Chicago United

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## Save The Date: November 16, 2011

### The 8th Annual Changing Color of Leadership Conference and Bridge Awards Dinner

#### Featuring the 2011 Business Leaders of Color!

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