

In-House Counsel Spotlight on Diversity Initiatives

For Kraft Foods, Equal Parts Diversity and Inclusion Make a Recipe for Success

By Sandra G. Ezell, Robert L. Wise and Andrea L. Moody

This is the seventh article in *In-House Defense Quarterly's* series spotlighting the diversity initiatives of various industry leaders and their in-house legal departments. Recently, we visited with some of the men and women of Kraft Foods to learn about their efforts and thinking on diversity and inclusion. What we learned is that, at Kraft Foods, diversity and inclusion are part of a recipe for success.

When James Kraft, a Canadian immigrant of German origin, started his door-to-door cheese business on the streets of Chicago in 1903, he hardly could have envisioned what successes lay ahead for his young company. Now, over a century later, Kraft Foods is the world's second-largest food company.

Kraft Foods owns a staggering 11 billion-dollar brands and over 70 brands worth \$100 million or more, contributing to annual company revenues of approximately \$48 billion. With iconic household names such as *Oreo* cookies, *Ritz* crackers, *Milka*, *Côte d'Or*, *Toblerone* and *Cadbury* chocolates, *Trident* gums, *Tang* beverages, *Jacobs* and *Maxwell House* coffees, *Philadelphia* cream cheeses, *Oscar Mayer* meats, and, of course, *Kraft Macaroni & Cheese* in its vast portfolio, it is no wonder billions of customers in over 160 countries regularly

bring home Kraft Foods' delectable offerings. And, every day, the company continues to add new consumers from all walks of life, and from all corners of the world, who are attracted to Kraft Foods' diverse and innovative array of food products.

The company's global presence is due

A successful diversity and inclusion program requires commitment on multiple levels.

in no small part to the inherent diversity and inclusion efforts within its 140,000-person-strong global workforce. Atop this dynamic workforce sits Irene Rosenfeld, the company's current chairman and chief executive officer. In 2009, only 15 "Fortune 500" companies were headed by women—but Ms. Rosenfeld at Kraft Foods was one of them. Having steadfastly served the company for years, Ms. Rosenfeld was named CEO of Kraft Foods in June 2006 and chairman in March 2007. In 2009, *Forbes* also gave Ms. Rosenfeld her personal due, listing her sixth on its list of America's most powerful women. And under Ms. Rosenfeld's stewardship, the Reputation Institute recognized Kraft Foods in 2009 as one of the "World's Most Respected Companies."

Chief among Kraft Foods' responsibility initiatives is its commitment to diversity and inclusion. As Ms. Rosenfeld has stated, "Understanding the importance of diverse teams and a culture that embraces differences as an essential competitive advantage in today's marketplace has made us a leader in our industry."

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Kraft Foods' commitment to diversity is not mere lip service. For starters, the company has devised a comprehensive, ambitious, and action-oriented "Diversity Vision" as one of its business cornerstones. This "Vision," set forth on the company's website, encompasses five important aspects: (1) making "effective diversity management" a "core leadership competency and business priority"; (2) respecting the value of employees with different life experiences, styles, and backgrounds; (3) being responsive to different employees' needs for "work solutions"; (4) providing opportunities for employees to continually develop skills and contributions; and (5) creating a workforce reflective of the company's diverse consumers.

Has Kraft Foods been successful in implementing its "Diversity Vision?" Over half of the 11 management team members are women or minorities, and the top 30 leaders represent 10 nationalities. Kraft Foods' workforce is also diverse—of its North American employees, 20.8 percent are people of color and 35.1 percent are women.

Although Kraft Foods has received many recent accolades as a result of its efforts in these areas—an impressive list that includes being named to DiversityInc's "Top 50 Companies for Diversity," *Working Mother* magazine's lists of "100 Best Companies" and "100 Best Companies for Multicultural Women," and *LATINA Style* magazine's list of "Top 50 Best Employers for Latinas," and, most recently, the 2010 SOAR award, given annually to "an outstanding organization that is a proven Standard-Setter for Opportunity, Advancement and Recognition for women within their organization"—it has been working on inclusion for some time.

Fostering "a Delicious Work Experience" Through Inclusion and Diversity

Kraft Foods' website succinctly summa-



factors in courtrooms all over the country while speaking and publishing and blogging at www.legaldivasblog.com on issues regarding women and diversity. Robert L. Wise, also a partner in Bowman and Brooke's Richmond office, serves on DRI's Appellate Advocacy Committee and chairs the Diversity Committee's Liaisons Committee. Andrea L. Moody is a partner in the firm's Detroit office who serves on DRI's Diversity Committee and is also a "diva blogger."



Kraft Foods
Vice President
of Diversity,
James E.
Norman



Kraft Foods
Director of
Sustainability,
Denise
Wooldridge

rizes its philosophy: “We’re open and inclusive. It’s a simple concept.” Indeed, the company prides itself on “creating a delicious work experience for [its] employees and business partners.” In Kraft Foods’ view, diversity encompasses “much more” than gender or race. “It’s also about embracing new ideas and different points of view.” And this is not just talk—as Kraft Foods Associate Director of Supplier Diversity Yvonne Coffey can attest.

Prior to joining Kraft Foods, Ms. Coffey was a lifelong Kraft Foods consumer, but it was what she heard almost 25 years ago from friends working at the company that really attracted her. As her connections reported, Kraft Foods had a history of listening to ideas and perspectives from all sources, and those voices were being heard. It was this inclusiveness and receptiveness to new ideas and perspectives that lured her to Kraft Foods. As she explains, when she first looked at the organization, she “wanted a company that would value my perspective.” Her quarter-century commitment to Kraft Foods bears out that she found what she was looking for.

And Ms. Coffey now builds on those very same ideas in promoting and increasing diversity among Kraft Foods’ suppliers. From a supplier-diversity perspective, diversity and inclusion are “critical to the bottom line of how we do business every day,” Ms. Coffey explains. Indeed, supplier-diversity efforts are vital to the company’s continued growth among its ever-diversifying customer base:

“Because we support them, they will support us as well.” In that way, Ms. Coffey explains, “it goes full circle.”

Kraft Foods Vice President of Diversity, Jim Norman, shares a similar story about the company’s inclusion of voices from all corners and its open-door policy for individual success. Mr. Norman began with Kraft Foods nearly 30 years ago as a security guard, lured, as he candidly admits, by the promise of tuition reimbursement. But, like Ms. Coffey, Mr. Norman was also looking for a company “where hard work and good ideas provided opportunities.” Believing he had found those at Kraft Foods, Mr. Norman took his bachelor’s degree in psychology from Northwestern University and worked his way up through the company’s various divisions and brands before securing the position of Kraft Foods North America Director of Diversity in 2001. In that role, he turned his focus to broadening the company’s view of “diversity” and devising strategies to tap into underrepresented talent. He also looked to continue what he had learned first-hand, which is that, at Kraft Foods, “if you have good ideas, it does not matter what your background is.”

One of Mr. Norman’s first orders of business was to focus and direct Kraft Foods’ numerous diverse employee councils to be an even more effective business resource for both the company and its employees. These employee councils—including the Asian-American and African-American Councils as well as the Women in Operations, Women in Sales, and Rainbow Councils, among others—provide a network for various affinity groups within the company. Mr. Norman made it his mission to increase intra-council collaboration and to leverage the councils nationally toward diversity and inclusion business strategies. His mission for the councils was straightforward: “treat them as a true partner in the business process.”

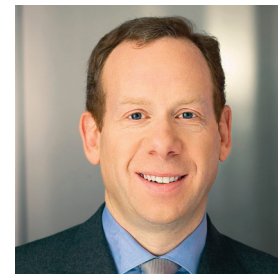
As one example, Mr. Norman has engaged the councils to be an active hiring resource for identifying and attracting new talent to Kraft Foods. He also established the Employee Council Leaders Committee, to promote sharing of best practices and innovation among the councils.

Mr. Norman’s goals for the future of diversity and inclusion at Kraft Foods are

lofty, but neither he, nor the company, sees any alternative. Externally, he has his sights set on maintaining and increasing Kraft Foods’ involvement with various local and national organizations, including Catalyst Foundation, The Conference Board, La Raza, and the Urban League, with the goal being to interact more with diverse consumers and attract talented people from different backgrounds. And internally, his goals for the next level of initiatives include building even greater engagement between Kraft Foods’ diversity management and its employee councils, with the objective to increase the internal sense of community to ensure that all voices are heard.

Fellow employee Denise Wooldridge can attest to the value and success of the company’s employee councils. As Kraft Foods Director of Sustainability, Ms. Wooldridge has oversight for the company’s responsible and sustainable sourcing, or social-accountability, and code-of-conduct practices, both internal and external to Kraft Foods. This is an expansive scope, which she describes as transparency across the supply chain. And as the chair of Kraft Foods African-American Council (“KFAAC”), she appreciates first-hand the vital role the employee councils play in Kraft Foods’ business.

The councils, which are open to all, seek to foster an environment of inclusion. Whether it is by sponsoring speakers like Yolanda King (the daughter of the late Dr. Martin Luther King, Jr. in 2007) for



Marc Firestone,
Executive Vice
President, Corporate & Legal
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Julie LaBunski,
Senior Counsel

Black History Month, or by taking part in a diversity marketplace featuring vendors from various cultures, the councils help to “make you understand that people are people” in spite of the cultural differences.

Ms. Wooldridge can also attest to the many collaborative efforts between the councils, such as Kraft Foods’ Latino Council and its Supply Chain Women’s joint efforts with Chicago’s “Glass Slipper Project,” which provides prom dresses and all of the accessories for local high school students who cannot afford them on their own. But perhaps one of the greatest impacts Kraft Foods’ employee councils make is in their contribution to mentoring and employee development.

“Jumpstart” and Mentoring— Key Ingredients

Kraft Foods recognizes that bringing diverse employees into the company is only the first step and, in many ways, the easy part. A truly successful program of diversity and inclusion requires a commitment to develop employees and to give them the tools, resources, and opportunities to be successful. The company’s “Jumpstart” program is a vital part of these efforts.

Through “Jumpstart,” more senior members of Kraft Foods’ line management and employee councils teach newer diverse employees—those with less than three years with the company—lessons in the unwritten rules of company life. The program also helps participants to understand how to build and maintain relationships, obtain power and influence within the organization, and establish effective mentor networks. The goal is to get the employees fully immersed and to remove all impediments to rapid success.

The benefits to job satisfaction are realized on both sides of the mentoring relationship, as evidenced by mentors like Ms. Wooldridge, who captures the sentiment of her fellow mentors when she enthusiastically remarks, “mentoring is my passion.” Moreover, she explains, the program works because of buy-in and participation from senior management through Kraft Foods’ network of “mentoring pods.” Through those “pods,” junior employees get real “face time”

with more senior employees, in addition to their peers, who can share their experiences, perspectives, and lessons learned.

Another example of Kraft Foods’ commitment to internal development is its peer-coaching project, which is aimed at accelerating the development of women and people of color towards middle-

Kraft Foods is not content to wait for market forces alone to deliver the necessary changes on its own.

and senior-management positions. Peer coaches (64 percent of whom are women and 49 percent of whom are people of color) provide coaching and support to their colleagues as they prepare for a future assignment or tackle a critical development need.

Driving the Right Conversations and Behaviors

Kraft Foods leadership also realizes that a successful diversity and inclusion program requires commitment on multiple levels. That is why, in May 2009, the company included a “diversity performance factor” for executive compensation.

Through a system of compensation incentives, and tracking such aspects as diverse hiring, retention, internal advancement, turnover rates, and external engagement, the program helps to ensure that Kraft Foods remains on the right path to achieving and maintaining its inclusion goals. As Jim Norman notes, the program is “driving the right conversations and the right behaviors.” He also credits the strong support of leaders like CEO Ms. Rosenfeld and Marc Firestone, Executive Vice President, Corporate & Legal Affairs and General Counsel.

Tying compensation to diversity and inclusion performance is an example of Kraft Foods’ understanding that “actions speak louder than words,” as its website reads. In the first year of the “diversity performance factor,” Kraft Foods has increased the percentages of both women and people of color in its management positions.

Diversity in Legal Representation— Not Just Food for Thought

The company’s commitment to inclusion is also part of the efforts of its legal depart-

ment. Headed by Marc Firestone, the legal department is both a dedicated partner in working with other internal groups to promoting Kraft Foods’ diversity initiatives as well as a driver outside company walls in leading the legal community with inclusion efforts.

Mr. Firestone worked for Kraft Foods’ former parent company, Altria, for 15 years before becoming the food company’s General Counsel in 2003. With him in his efforts to increase diversity is, among others, Julie LaBunski, Senior Counsel, who has been with Kraft Foods since 2005.

In his time as general counsel, Mr. Firestone has been an active voice in the diversity and inclusion movement, including speaking at events like DRI’s 2009 Diversity for Success Seminar and serving on the Board of Directors of the Illinois Equal Justice Foundation. He has also been active internally, serving as an advisor to Kraft Foods Diversity Practices Council, which brings together leaders from suppliers, talent acquisition, diversity management, multicultural marketing, corporate affairs, corporate giving, and legal to share knowledge.

As Mr. Firestone has experienced firsthand, Kraft Foods’ commitment to diversity and inclusion has not been without resistance. For example, the company received a challenge from a limited number of Kraft Foods shareholders as well as others, including the late Reverend Falwell, to the company’s continued sponsorship of Chicago’s “Gay Games.” But as Mr. Firestone explained to company employees, “It’s easy to say you support a concept or a principle when nobody objects. The real test of commitment is how one reacts when there are those who disagree.”

Mr. Firestone and Ms. LaBunski are the first to acknowledge that diversity of outside counsel serves a strong business purpose in bringing together varying perspectives to complex legal issues. This diversity of perspectives certainly enhances Kraft Foods’ legal representation. But the commitment comes from what Kraft Foods sees as its obligations as a corporate citizen.

The Corporate and Legal Affairs department is a part of Kraft Foods the same as

any of its other corporate divisions or departments, and it shares the company's overall commitment to diversity, seen in areas such as supplier diversity. As Mr. Firestone has shared with his department, "We can't change the state of diversity in this country, but we can and we will make a difference with our outside-counsel spending, which will affect a sector of the economy that is... far less integrated than others."

The legal department's commitment is also driven by a "moral imperative." Mr. Firestone and Ms. LaBunski are quick to point out the reality that equity ownership and leadership of the top 250 law firms rests predominantly in the hands of white males, which reflects overall neither Kraft Foods' ownership by its shareholders nor the demographic of its consumer base. Moreover, quoting the American Bar Association, they note the "embarrassing history" of segregation and prejudice that has led to an overall lack of diversity in the legal profession, and not only at the equity ranks. That history may be an explanation for some of the current state of diversity, but it is not an excuse—at least not as far as Kraft Foods is concerned.

Indeed, Kraft Foods is not content to wait for market forces alone to deliver the necessary changes on its own. Rather, the company hopes to drive that change. As Mr. Firestone explained, "The only way that there will be greater diversity, not just in numbers but in critical areas of leadership and economic ownership, is through our intervention on the demand side of the equation."

Kraft Foods' "intervention" is focused on empowering women, minorities, and other diverse groups to achieve partnership, leadership, and ownership status. They expect the company's legal providers to assign a diverse team to the account or matter. They want diverse lawyers to get real opportunities, and to contribute meaningfully to the representation. This intervention also embraces economic realities



Edwin Rivera (from left), Perfecto Perales and James E. ("Jim") Norman, Vice President of Diversity, during a Latino Council event.

of law firm life; as Mr. Firestone explains, "when we work with a minority or woman lawyer as lead partner on one of our matters, we make sure they get appropriate recognition within whatever system the firm uses for partner advancement."

Kraft Foods recognizes that building greater diversity within the leadership and ownership ranks of the nation's older and larger law firms will take time. That is why it adopted a "two-track system" for meeting its legal needs. The first track includes the "old guard" law firms, which Kraft Foods is actively working with and intervening, where necessary, to increase diversity. But the second track includes smaller minority- and women-owned "entrepreneurial" firms, which Kraft Foods has found can play a significant role in fulfilling its legal needs.

While the company recognizes that some matters require the resources of a larger firm, as Ms. LaBunski explained, "If a 10-lawyer firm has the same capabilities as the 10-person team in a big firm, then we should consider them as equal candidates for our work. We should not assume that only 'small matters' can go to 'small firms.'"

Kraft Foods' legal department also rejects the notion that the company can only be ably represented by retaining attorneys who attended top-tier law schools. Certainly, Kraft Foods demands excellence in its representation. But it also recognizes that neither all of its in-house counsel, nor all of the attorneys who have ably represented the company in the past, have

attended top-tier schools. This recognition, in part, drives the company's efforts to reform recruiting practices that can serve to limit the pool of diverse candidates available to work on Kraft Foods' legal matters.

Consistent with Kraft's goal of diversifying law-school candidates, Mr. Firestone is also involved in "pipeline" initiatives such as the Institute for Inclusion in the Legal Profession, of which he is a co-founder. Among other ventures, the Institute sponsors seminars

and programs aimed at law students of diverse backgrounds and cultures, including gender, race, ethnicity, nationality, age, religion, LGBT, disability, and geography, such as the recent program, "Professionalism in Practice: Toward a More Inclusive Legal Profession," which brought together law students, judges, and practicing attorneys to discuss "professionalism in the law and inclusivity within the profession."

However, Mr. Firestone admits, "We approach diversity with energy and humility. We've made good progress but there is much more to be done."

Conclusion

Kraft Foods' website is correct—inclusion is "a simple concept." But as the company recognizes, turning that concept into reality is not easy. There is no secret formula for success and there is a way to go before the company will be satisfied it has turned the corner on this challenge. We salute Kraft Foods' efforts so far, and we look forward to what the company cooks up next.

We hope that you have been inspired by the insights that the companies featured in our spotlight series have shared over the last several years. We want to hear about your company's story. If you would like to describe your company's diversity efforts, successes, and struggles, please contact Sandra Giannone Ezell (sandra.ezell@bowmanandbrooke.com) to add your voice to this issue and to shine the spotlight on your company.