

DiversityInc Benchmarking 2008 NAMIC Report

I. Introduction

In this third biennial report on the cable telecommunications industry's workplace demographics and diversity management best practices, NAMIC's improvement in cable company representation, CEO commitment, corporate communications and supplier diversity *spend* is clearly demonstrated. However, both The DiversityInc Top 50 Companies for Diversity[®] and the three telcos on the Top 50 (Verizon Communications, AT&T and Sprint) are advancing in these areas far more rapidly than the NAMIC participating companies. This is particularly important because two of these telcos, Verizon and AT&T, are rapidly making inroads into cable territory.

In this report, we detail the improvements NAMIC companies have made and break them down by multiple-system operators (MSOs) and programming networks. We also compare them against the Top 50 and the three top telcos listed above, including year-to-year comparisons where relevant.

II. Methodology

In the summer of 2008, and for the third time since 2004, DiversityInc Benchmarking conducted a study for NAMIC to assess the progress in diversity management among cable MSOs and programming networks to provide best practices and to offer solutions. This study was actually the fifth examination of NAMIC's research, *A Look Toward Advancement: Multi-ethnic Employment in Telecommunications*, which was launched in 1999 and updated every two years since 2002.

The 2008 NAMIC survey, like the 2004 and 2006 versions, was modeled after the DiversityInc Top 50 Companies for Diversity[®] survey and utilizes 2007 company data. The findings were measured against both the 2008 DiversityInc Top 50 results and the previous two NAMIC studies conducted by DiversityInc Benchmarking. In all three of the DiversityInc Benchmarking/NAMIC surveys, cable industry diversity was assessed in four key areas: Human Capital, CEO Commitment, Corporate and Organizational Communications, and Supplier Diversity.

In assessing the industry's performance over the past four years, it is essential to note that the companies participating have changed substantially. While 16 companies representing 223,300 employees (five MSOs and 11 programming networks) participated this year, only four of them participated in the 2004, 2006 and 2008 surveys, and only nine participated in both 2006 *and* 2008. This included three large companies that have been on The DiversityInc Top 50 Companies for Diversity list and thus are national diversity leaders, skewing the results positively. The comparative year-to-year results should be taken in the context that we are assessing the industry at-large and not specifically the performance of NAMIC participating companies year to year.

This year, with competition intensifying from leading telcos, we also compared NAMIC results to the three telcos on the 2008 DiversityInc Top 50 list: Verizon Communications (No.1), AT&T (No. 22), and Sprint (No. 35), referenced throughout this report as Top Telcos. All three (and their predecessor companies) have been longtime Top 50 mainstays, and Verizon has the distinction of being the only company to be No. 1 on the DiversityInc Top 50 two out of three years. Thus, the comparisons to this industry show that while Cable's numbers have improved

dramatically, the industry faces competition from world-class diversity leaders, which creates an entirely new playing field.

The survey results also include responses to questions asked of NAMIC members on their views of best practices, talent development, mentoring and compensation, among other issues.

III. Executive Summary

Successes

- NAMIC companies show a consistent improvement in overall *total workforce* representation of non-whites in Cable. This is occurring, however, at a slower pace than with the Top 50 or the Top Telcos.
- NAMIC's *total management* representation (all levels) for people of color has gone up from 19 percent in 2006 to 24 percent in 2008 and compares favorably with the Top 50, the Top Telcos *and* nationally.
- The *management-to-promotion* ratio for people of color has risen steadily since 2004, thereby increasing the pipeline into senior leadership positions.
- NAMIC's *senior management* demographics have improved and compare favorably with Top Telcos.
- For *middle management*, NAMIC's numbers are up nine percentage points from 2006 and compare favorably to both the Top 50 and Top Telcos.
- While substantial progress has been made this year with the number of CEOs tying executive *compensation* to diversity, NAMIC companies lag behind the Top 50 and Top Telcos.
- NAMIC companies' top 10 percent highest paid employees were on par with the Top 50 when viewed through the lens of race/ethnicity/gender.

Challenges

- Cable's overall workforce *retention* rates show a slight bias against Blacks, Latinos and women, and an even larger bias against Asians.
- MSOs, in particular, show a huge discrepancy in *retention* rates between whites and non-whites.
- Relative to their representation in the overall population, Latinos remain most severely under-represented in *total management*.
- There remains a severe lack of Latinos and Asians in *senior management* level positions.
- The Top 50 and Top Telcos are exceeding NAMIC's progress in *new hires*.
- Fifty percent of NAMIC companies have *employee resource groups*—no change from 2006. Ninety-eight percent of the Top 50 and 100 percent of the Top Telcos have them.
- With *mentoring*, so critical to talent development and retention, NAMIC companies are behind the comparative indices.
- Cable's *supplier-diversity* spend efforts are on par with the Top 50 and the Top Telcos, but some of the best practices that will further enhance this effort lag behind and are even on the decline.