

## Center for Talent Innovation “Black Women: Ready To Lead”

Remarks By Michael Bodson, DTCC President and CEO

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Good evening, I want to thank CTI for the opportunity to speak to you tonight, and for the important work they are doing.

At DTCC, we are pleased to be a sponsor of this research—Black Women: Ready to Lead—which is crucial in helping to raise awareness of the need for greater diversity in financial services and in serving as a rallying cry for action.

Tonight I want to talk about three things: one, the business case for diversity and inclusion, two, how to build effective programs and measure their success, and three, the importance of taking action amid shifting priorities. But let me begin by providing background on DTCC.

As some of you know, DTCC has more than 40 years of experience as the primary financial market infrastructure serving the global marketplace. To put some size and dimension around our activities, last year we processed securities transactions valued at approximately US\$1.6 quadrillion. Looking at it another way, we process the equivalent of the U.S. annual gross domestic product every 2 days.

In recent years, we have dramatically expanded the scope of our operations, and today we have offices in 16 countries and provide services for an expanded roster of asset classes and instruments in many of the world’s most important markets. Our newest joint ventures leverage our skills and expertise in risk management and processing large volumes of data to address current and emerging industry challenges related to collateral management, client entity reference data and cybersecurity.

While our portfolio is more complex and diverse than at any point in our history, and while our global footprint is larger than ever before, our fundamental mission remains unchanged – to help protect the stability and integrity of global financial markets.

### **The Business Case for D&I**

This more prominent role we are playing in the industry has naturally led us to provide greater leadership on other important issues impacting financial services, such as diversity and inclusion.

Most financial services companies have robust D&I programs, but the metrics tell us that these efforts, while well-intentioned, could be better. In particular, many black women still find themselves hitting a glass ceiling at the middle management level.

For example, women in the S&P 500 Finance and Insurance sector account for 53% of the labor force, but moving up the hierarchy they account for only 45% of mid-level managers, 28% Executive/Senior level officers and 1.4% CEOs. More specifically, Black women in the entire S&P 500 are only 7.4% of the labor force, and this number declines to 3.8% of mid-level managers, 1.2% of Executive or Senior level officers, and—as the CTI report notes—there is just a single black woman CEO, Ursula Burns of Xerox.

One point I want to make clear is the criticality of providing black women the necessary development opportunities to build their skills and leadership. Our focus needs to be much broader than hiring and promotions—we need to be deliberate about development.

The reality is that individual firms, as well as the entire sector, will be negatively impacted if we do not turn this tide. There are many reasons why this is the case, but let me share three important ones with you:

- One, we need to ensure we have a diverse group of people bringing diverse viewpoints to internal debates to better solve the unique challenges facing our industry today;
- Two, as competition increases, especially with the potential of disruptive technologies and the sharing economy to usurp the traditional role of financial services – Blockchain and Kickstarter, for example – we need to be able to recruit the very best people from the largest talent pool possible; and
- Three, diversity and inclusion are essential to building more client-focused and globally-minded organizations that can effectively meet the challenges of today's faster, cheaper and more transparent environment.

Additionally, financial regulators recently released guidelines for diversity reporting under the Dodd-Frank Act and, while there is a lot of debate over them right now, it clearly shows Congress and regulators are taking a keen interest in the diversity of our sector.

I would argue that recruiting, retaining and promoting diverse employees is one of the biggest challenges facing the industry – and also one of the biggest opportunities to help create long-term sustainable growth.

### **Building Effective Programs & Measuring Success**

Let me now turn to my second point about the need to build effective programs and measure their success.

In financial services, senior executives must do more to hold their leadership accountable on matters related to D&I. Let me share with you something I spoke about earlier today with our employees related to our hiring goals. So far this year, we have hired or promoted 34 officers of which only one is African-American and none who are Hispanic/Latino. This is unacceptable, and I made it very clear that there are no excuses and that we must do a much better job moving forward. And I am committed to taking steps to change that.

Another challenge we face in financial services today is the number of women entering the industry—and remaining here for the long-term. This is especially true with regard to black women. We are not attracting the numbers we need so, therefore, we must develop our own pipelines because growth and retention are key.

At DTCC, we have made progress in this area over the past few years, and while we still have a lot of work to do, I was pleased when the report highlighted some of our efforts.

Let me briefly share with you an update on the program mentioned in this report, the Emerging Talent Program for Women, which is targeted to key areas of operations and technology within DTCC. The 23 women who participated in the program's first year have stayed together as a peer group, their managers have seen and rewarded visible growth in their abilities and two participants have been promoted. This year's program is underway with 24 participants, and I am pleased to report that early indications are again very positive.

One enhancement to the program this year – and we have also incorporated this change into our Business Professional Networks – is to get managers more involved to ensure we are developing talent for the future. As part of that manager training is a new Inclusive Leadership learning initiative. Nearly 80% of people managers have now completed the program, which looks at the unconscious biases and insider/outsider dynamics that impact decisions in the workplace.

In addition, we have established a means to measure our progress and score our progress in meeting our goals. For example, we incorporated D&I into our Balanced Business Scorecard, which is a key metrics tool used by our Board to evaluate our performance.

## **Taking Action**

We are proud of the successes we've had at DTCC, but we recognize that we have only just begun. There are a number of steps we, and all firms, can take to enhance and strengthen D&I—and the CTI research is very valuable in that effort.

Obviously, one key is to ensure senior management makes D&I a top priority to build a true culture of inclusion. If we walk-the-walk and talk-the-talk, the rest of the organization will understand that D&I is a priority for the firm.

I believe one of most important takeaways of the CTI report is the need to develop formal sponsorship and mentoring programs to address unique needs related to women and other diverse groups. A recent finding from the Wall Street Women Forum survey reinforces this point – one-third of women have neither a mentor nor a sponsor, while only 4% have a mentor through a formal program at their firm.

As the report further notes, hand-in-hand with formal sponsorship programs is the importance of recognizing and rooting out unconscious bias. This is crucial for the success of these programs.

Ultimately, what senior leaders need to do is set clear and aggressive goals for D&I and hold our people accountable for results. We also need to set those goals as accurately as possible using the best data available, including not viewing all women as a monolithic bloc.

If we are going to make the changes necessary to ensure black women are more visible in the workplace, then they cannot be invisible in research on the career trajectory of women.

## **Conclusion**

In thinking about the challenges of D&I, I am reminded of a quote from the poet Langston Hughes: “I will not take ‘but’ for an answer...” Unfortunately, as an industry, as firms, and as individuals, I think too many of us have accepted “but” as an answer for much too long.

As a generation of leaders, most of us would view ourselves as inclusive of gender, race and ethnicity in our approach to talent. It is unfortunate, however, to look at the facts and see that the data tells a different story.

For our words to have meaning, for our intentions to have impact, for us to leave a legacy that we can be proud of we all need to challenge our firms, our staff and ourselves to make a meaningful effort to address our shortcomings.

Admitting them is the right and needed first step, but then we need to prioritize the hiring, development and growth of diverse employees.

Mr. Hughes also said: “I have discovered in life that there are ways of getting almost anywhere you want to go, if you really want to go.” Well, I know where I want to go, I think you know where you want to go, and I know where we need to go so let's stop talking about it and let's go. Let's release the incredible talent pool that is available to us and then say to them, “No more buts, let's get going to where we should be.”

Thank you very much.