



Building a Diverse and Representative PepsiCo

To: Indra Nooyi, CEO of PepsiCo




From: ██████████ Consultant



Re: Recommendations for Implementing Diversity at PepsiCo

Date: February 12, 2006

Overview


As one of the top multinational corporations in the world, PepsiCo has a long history of adaptation and cutting-edge management practices. As the company has progressed, PepsiCo has wisely instituted several diversity and inclusivity initiatives, recognizing that a diverse workforce results in a more profitable company. To enhance your admirable diversity practices, I recommend you expand your programs and further integrate diversity competency. 

Management Challenge and Solution


 The key to successfully implementing diversity is the company's culture. The primary challenge at hand is how to convince PepsiCo employees that these diversity initiatives are beneficial. To do this, I suggest that you lead by example, and take a nuanced approach by instituting separate initiatives for women and for racial and other minorities. 


Leading by Example


I recommend you demonstrate your commitment to inclusivity by continuing Steve Reinemund's tradition of talking about diversity in every speech. It is important that you **lead by example**.

- **State the facts. Then repeat them.** In every address you give to the company, discuss the reasons for diversity initiatives: Companies that are explicit about the importance of diversity routinely earn higher revenue. This is not a coincidence;  discrimination excludes potential talent from labor pools. Smart managers inherently know this, but it can be difficult to remember that at all times without repetition.
- **Support at all levels.** It is vital that leaders in all positions at the company demonstrate their commitment to diversity initiatives. Many people of color and women have internalized feelings of guilt or inferiority, making it difficult to speak up. By forcefully declaring the leadership's public support of diversity, you can change the culture of fear around this issue and encourage an ongoing dialogue.

Women's Initiative

Women face challenges unique from other minorities. They tend to "lean out," for fear of looking selfish or inappropriate. This results in receiving fewer challenging and rewarding assignments, fewer raises, and fewer promotions. Part of the problem is that women lack sponsors, or older colleagues willing to mentor and advocate for them (see Appendix II). 


- **Structured Sponsors** – I recommend that you institute a structured sponsor program for high-performing women. By throwing the company's full support behind such a program, you can help alleviate the stigma or fears around female employees seeking out a male mentor. Ideally the program would be widely publicized to encourage timid workers to sign up. This may not always be the case, so I suggest you routinely 

survey managers for their recommendations for talented, reserved women who may benefit from this program but are too modest to sign up. Sponsors should meet bimonthly to discuss career goals, professionalism tips, and work/life balance. 

- **Create opportunities for women to earn sponsorship** – One way to encourage assertiveness and more fruitful partnerships is to incentivize asking for more stretch assignments. This “risk reward” program can dole out small cash bonuses every time a manager notices his/her employee taking a challenging assignment.

Organizational Challenge and Solution

It is important to address the role that organizational structure plays. In a large organization like PepsiCo, it is vital that you implement diversity policies with clear guidelines. Without clarity, employees will become lost and not commit themselves to the initiatives. With the following minor structural adjustments, PepsiCo’s culture can become more inclusive.

- **Create task forces:** Task forces based on identities allow a sense of community to form, and provide a valuable source of information and communication between lower and upper levels. Structuring a task force so that it includes two high-performing executive co-chairs who identify with that group will open communication channels. These task forces will meet monthly to discuss diversity initiatives particular to their group. They will also provide valuable role models and potential mentors. Demonstrating that it is possible to advance in the company will help employees feel valued, and decrease turnover rates. 
- **Create networking opportunities** at and across all levels of management. This will create solidarity, allowing minorities (including women) to learn from each other.
- **Institute a dedicated office to diversity** and employee complaints within HR. This will demonstrate institutional commitment as well as provide another direct communication channel between lower and upper levels.


Performance Evaluation

As a final overhaul, I recommend you tie employee evaluations and bonuses to diversity competency. This can be measured any number of ways: number of diversity trainings attended, number of diversity discussions participated in, number of women and people of color hired in proportion to white people. If managers know their fate is tied to how well they understand and support diversity, the programs will have a greater chance of success.

Risks

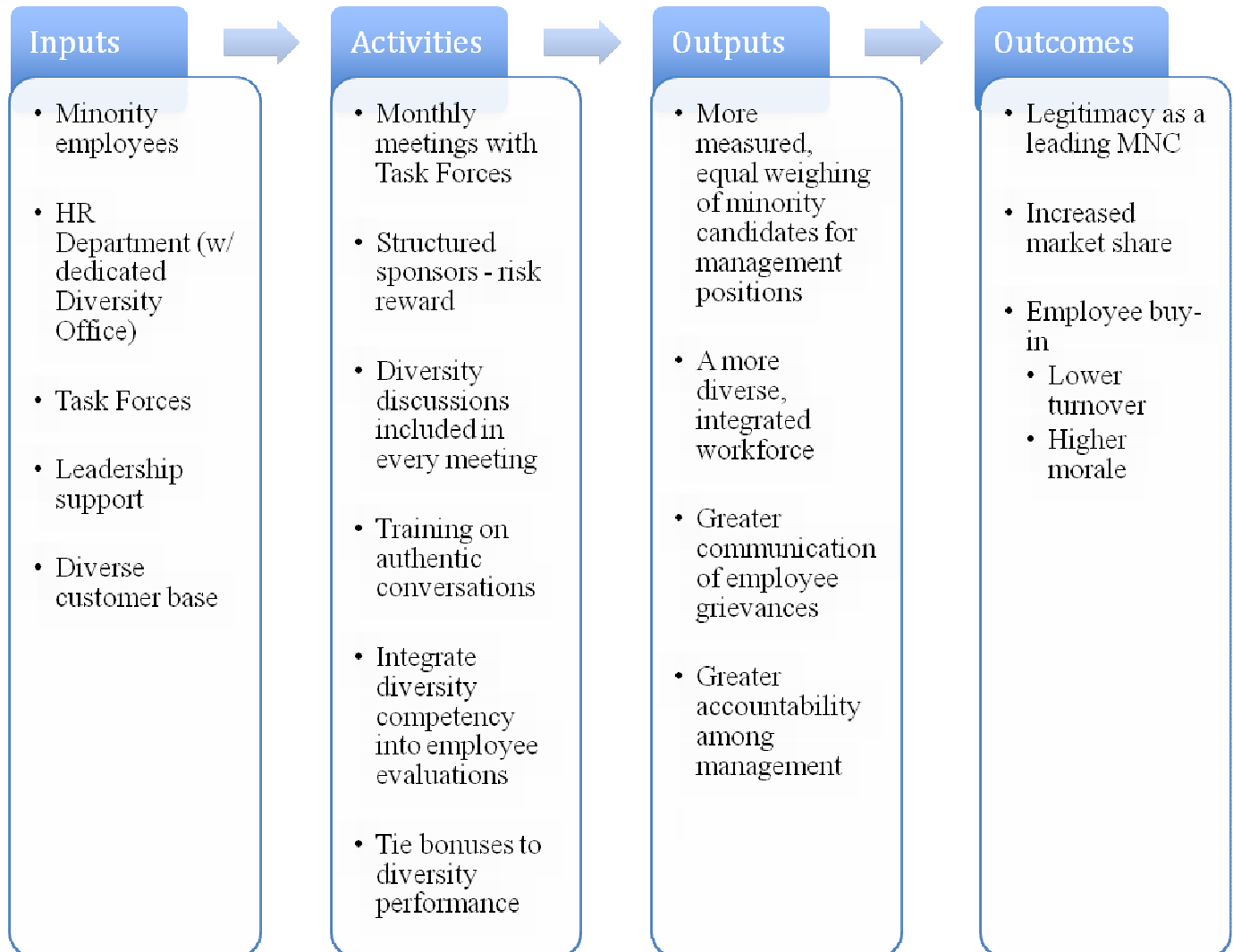
You are likely to face significant backlash. This is why it is necessary to demonstrate to your employees the benefits of diversity and make your company feel the change. Additionally, racial diversity can have negative effects in group projects, but the overall effect has a net benefit.

Conclusion

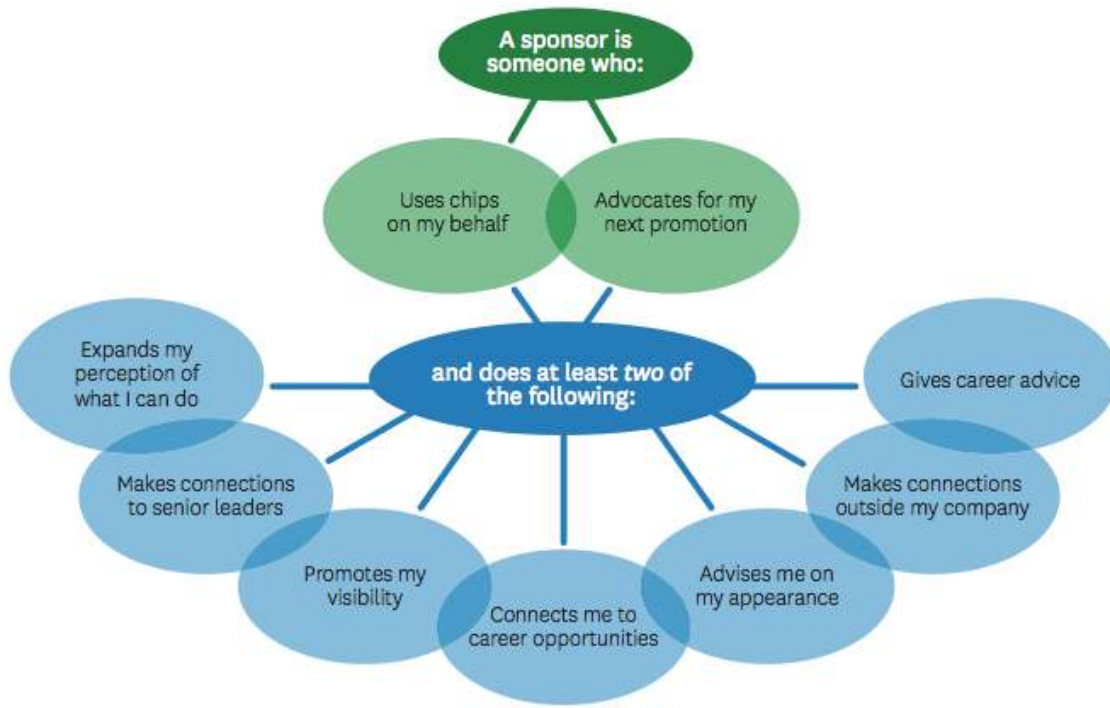
At its core, developing a diverse and inclusive work force is both moral and savvy. 
Harnessing diversity is really about managing people; if you manage an ever-diversifying workforce and customer base well, you will see great financial and personal returns.



Appendix I: Logic Model of Diversity Implementation



Appendix II: Definition of a Sponsor



Source: "The Sponsor Effect: Breaking Through the Last Glass Ceiling." Harvard Business Review