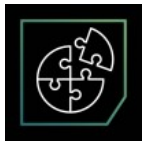




Mellody Hobson



Leading in the B-Suite

Powerful conversations about life, race and leadership

"Corporate America Now Has More Responsibility Than It Ever Had Before."

Published on September 22, 2020



Adam Bryant [in](#)

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*Thrilled to have the opportunity to interview **Melody Hobson**, president and co-CEO of Ariel Investments and **TED Talk** star, in this third installment of a series we've launched with prominent Black executives called "Leading in the B-Suite." Our goal is to share the lessons of leaders to spark more conversations about race in corporate America and what should be done to increase the ranks of Black leaders in the C-Suite (thus the B-Suite name). I'm lucky to have **Rhonda Morris**, the chief human resources officer of Chevron, as my partner for this series (check out **Rhonda's post** for the backstory). Pure gold in this interview.*

Morris: What were important early influences in your life?

Hobson: I'm the youngest of six kids. I am so grateful and appreciative of how my mother treated us very differently and in ways that were appropriate for each person. I was an odd child, but I was never odd to her. I was obsessed with school. I made her prove to me on snow days that school was actually cancelled.

My other siblings weren't like me, and she managed them differently. So I just give her so much credit for not having a one-size-fits-all parenting model. She's the one who gave me a sense of confidence, and she would say to me on a regular basis, "Melody, you can be or do anything," and I believed her. At the same time, she raised me with a very clear sense of the obstacles that I was going to confront. There was this tremendous optimism grounded in reality.

Bryant: What was the big break that really set your career on a different trajectory?

Hobson: It was one of the first jobs I had. I worked in a storeroom in a clothing store on Oak Street in Chicago, which is like Rodeo Drive or Madison Avenue. I was 15 years old. When I started, my job was to check in the merchandise that came in. I was usually done in about two hours even though it was an eight-hour job.

They came to me one day and said, “Why don’t you help in the bookkeeper’s office?” Then one day someone said, “I’m having a hard time closing out the register.” So I started doing that every day. And I was on the floor one day when a woman walked in and said, “Could you help me?” She spent \$5,000 on clothes. That was about the cost of a car back then. And she gave me a \$100 tip.

"I learned what indispensable looks like."

The reason I tell that story is because my mother always said, “Make yourself indispensable and you can’t get fired.” I learned what indispensable looks like. No job was too small. I learned that it’s all about your attitude. And that really shaped my thinking professionally, and it was foundational to my work with John Rogers [the founder of Ariel Investments].

Morris: What are some headwinds you’ve encountered over the

course of your career because of race, and what are the tailwinds that helped you through them?

Hobson: The financial services industry has not done a good job when it comes to diversity. So the No. 1 headwind that I have faced is walking in a room and people don't connect me with managing billions of dollars in a portfolio. You get discounted before you've even started. But I can see when the lightbulb goes on — when a person's eyes, body language or facial expression changes as they're saying to themselves, "Oh, she's smart."

I've always overcome the headwinds through preparation. Confidence comes from preparation and really knowing the subject matter. To the extent I am prepared, I'm able to hit the cover off the ball in helping people have that lightbulb moment faster.

Bryant: How do we change the discomfort that so many people feel when talking about race?

Hobson: For as long as racism has existed in America, the questions are always the same, but the answers become different for the times. The answers during the Civil Rights period were around legislative change, and the courts were arbitrating these issues.

The answer now has to come from corporations. There are still only a few Black CEOs in the Fortune 500. That's why I've been talking about the three Ps — people, purchasing and philanthropy. I'm concerned that the third P, philanthropy, is the tail that's wagging the dog. You have to

fix your house from within, not without. Scholarships and donations will not fix this problem. It really is about corporations counting internally. The data doesn't lie.

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And putting all people of color under one umbrella of "multicultural" doesn't work. You have to break it down by ethnicity from the board all the way down through the organization. That will show you if you are tracking with the demographics of the country. That's the P around people.

And the P around purchasing is to move into the 21st century in terms of what we are calling business diversity. No one "procures" an investment banker or a lawyer. Procurement is last-century language from a manufacturing economy, not the service economy of today, where the biggest areas of corporate spending are professional services, like financial services and technology.

And yet, when you talk to companies about their "minority purchasing," they talk about their construction numbers. And I always say to the CFO, "Can you tell me anyone that you went to college with who works for a construction company?" And that's not meant to be disparaging of construction companies. I'm just saying those aren't the 21st century jobs for Black and Brown kids who are going to college.

Corporate America now has more responsibility than it ever had before. CEOs and boards cannot turn their backs on these issues. And their employees and their customers are holding them accountable. There are a whole host of issues that you can't ignore, including the mental health of your employees, and this is one of them.

Morris: How do you respond to White males saying that they are starting to feel they are being discriminated against? Because if we are going to increase the representation of one group, it has to be at the expense of another one.

Hobson: Not at the expense of a group that has had the edge for 400 years. That falls on deaf ears with me. Until the numbers start to look simpatico and appropriate in some way, that is an empty argument. And then people say, well, why are you focusing on Black people? Because there is actually a true crisis for Black Americans. Fifty percent of African American workers right now are unemployed. A high school dropout who is White is more likely to have a higher median income in America than a Black college graduate.

Bryant: What is your reaction to all the announcements from companies in the wake of the killing of George Floyd?

Hobson: Talk is cheap. We need action. I quote Yoda all the time. "Do or do not; there is no try." I want to make sure that boards and leadership teams hold themselves accountable to make sure there are no empty words. Some companies are going to get in trouble by making statements that have no substance behind them. Race is the third rail.

Once you get it wrong, it's hard to fix.

Morris: So many companies repeat the mantra of, “We’re committed to this, we’re making headway, we’re not where we want to be.”

Hobson: This is the only area in corporate America that people want to get credit just for working on it. There is no other aspect of corporate America where you can work on something for a long time and make no progress and still have your job.

"Some people want partial credit just for making an effort."

When I was a kid, I had teachers who would give you partial credit for showing your work, even if you got the answer wrong. Some people want partial credit just for making an effort. But as you become an adult, you learn that you don't get partial credit for showing your work in real life. You've got to get the right answer at some point.

Bryant: So what needs to be done to increase the representation of Black leaders in the C-suite?

Hobson: Find them. If you don't think there's someone out there who can do the job, remember that there are 300 million Americans. There is someone qualified to do the job. If you called Rhonda or me and said

this is the kind of person I'm looking for, I'm sure we could serve up five people immediately. I joke that Ariel could be a search firm at this point, given all the resumes I've passed along. There's a lot of talent out there.

And you've got to have targets. I'm not asking people to pin themselves to a number. Set a range over some reasonable amount of time, and then just like every single thing we do in corporate America that matters, tie compensation to the outcome. If your leadership team doesn't somehow represent the overall demographics of America, you will have a problem over the long-term. Companies that don't consider diversity a critical initiative are committing corporate suicide. It's not a question of if they will die; it's just when.

Morris: Why haven't more companies established these targets and tied compensation to them?

Hobson: Some people are concerned about being tied to an outcome that they don't know how to solve for. And some people feel that we have a meritocracy already. I've tried to explain that it just doesn't exist. I've had this argument with some of the most accomplished entrepreneurs in the country, and I'll say to them, I wish that were true but it's not. Just look at the legacy system for getting into the Ivy League universities. We all try to think that there's some perfect grading on a curve but it doesn't exist.

Morris: What career advice do you give to young Black professionals?

Hobson: I'm a big believer in the approach that worked for me. In your twenties, everything personal should be set aside. I don't mean at the expense of taking care of yourself. I spent my twenties putting my nose to the grindstone for one very specific reason. Reverend Jackson said that "freedom is never free." I wanted freedom, and I realized that the only way you get freedom is to pay your dues.

*"The only way you get freedom
is to pay your dues."*

I paid those dues intensely in my twenties so that I could have the ability to control my agenda in my thirties. So my big advice to young people is to pay those dues in your twenties so that you can have optionality in your thirties and forties.

Bryant: I can imagine somebody reading those words and thinking, "But what about work-life balance?"

Hobson: I don't think Martin Luther King was talking about work-life balance, and thank God he didn't, because the world is a better place for me and so many others. It all depends on what you want to do and how big you're going to dream. I've had the opportunity to work up close with some people who are true icons. Those icons made some pretty significant sacrifices, and they made them in the name of progress and ingenuity.

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*future Leading in the B-Suite™ interviews! And check out our first two interviews in the series with **Carlos Watson, CEO of OZY Media** and **Ruth Simmons, president of Prairie View A&M University**.*