

Madison Ave. Charts Some Progress in Meeting Diversity Hiring Goals

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AN initial report card on efforts to diversify the long-homogeneous upper ranks of Madison Avenue shows some improvement, but much more left to be done.

The 15 agencies that agreed to be monitored for three years on their minority hiring practices met 24 of the 30 goals they set for themselves in 2007, according to a summary provided on Tuesday by the New York City Human Rights Commission.

Each agency set two goals: one for hiring managers and one for hiring professionals like copywriters. The goals were expressed in terms of percentages of new hires who were black, Hispanic or Asian-American.

According to the summary, the 15 agencies had hoped that 18 percent of the total managerial and professional employees they hired last year would be minorities, and the actual percentage was higher, at 25 percent. The goal for 2008 for both categories combined is 19 percent.

Only one agency, Merkle & Partners, part of the Omnicom Group, missed both its goals, while four others — three of them also owned by Omnicom — missed one goal each. Omnicom executives said that in some cases, the goals were missed because there were no hires, period, in the categories in question.

Some agencies met their goals exactly. For instance, the New York office of Arnold Worldwide, part of the Arnold Worldwide Partners unit of Havas, agreed that 30 percent of the managers and professionals to be hired in 2007 would be minorities, and that is what the results showed took place. In other instances, agencies exceeded their goals — sometimes by small margins, sometimes by large ones.

For example, Y&R, part of the Young & Rubicam Brands division of WPP, pledged that 18 percent of the managers and 30 percent of the professionals it would hire last year would be minorities. The figures reported on Tuesday were 27 percent and 46 percent, respectively.

"Going into this, we thought it was important to set high goals for Y&R and to support those goals with a clear set of initiatives," said Hamish McLennan, chief executive at Y&R.

"We are going to raise the bar this year," he added, with the hiring goals for 2008 being set higher than last year.

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The commission's report was the first of three that it plans to issue as part of an inquiry, dating to 2004, into the hiring practices of some of the best-known agencies in the world.

In addition to the four agencies owned by Omnicom, which is the largest holding company by revenue, four are owned by the second largest, the WPP Group. Three agencies are part of the No. 3 holding company, the Interpublic Group of Companies, while two are owned by Havas and two by the Publicis Groupe.

The 15 agencies accepted the reporting process as part of a binding agreement reached in September 2006 with 16 of them. They also agreed they could be punished with fines for failing to achieve more diversity in the hiring of senior employees. (The discrepancy in the numbers is explained by another fact of life on Madison Avenue: a merger of two agencies.)

The way the industry fills its ranks has been scrutinized for years because of the tangible and symbolic roles it plays in the economic life of New York. There are more than 40,000 advertising jobs in the city, but beyond that figure is the crucial part the industry plays in the

marketing food chain, extending from the advertisers to the media to the ultimate goal, the consumers.

The industry's inability to find and keep talented minority employees for jobs in the upper echelons has been at odds with the growing need of advertisers — the agencies' clients — to meet the demands of an increasingly diverse consumer marketplace.

"It takes a long time to do this sort of thing," said Cliff Mulqueen, deputy commissioner and general counsel of the commission, referring to attempts to increase the number of minority employees in the professional and managerial ranks. "It's not the sort of thing you do overnight," Mr. Mulqueen said. "We're optimistic that the agencies are doing the right thing."

Some agencies gave clear numerical proof of their efforts. At two other WPP agencies — G2 Direct and Digital and G2 Interactive, both part of the Grey Group division — both sets of goals were exceeded, particularly in the hiring of professionals.

Owen J. Dougherty, executive vice president at Grey Group, outlined a long list of "very concrete" steps taken last year to "recruit mid- and senior-level diversity candidates." Some of those measures, like participating in job fairs, were taken in conjunction with the industry trade organization, the American Association of Advertising Agencies.

The agencies owned by the Interpublic Group that were party to the settlement — Avrett Free Ginsberg, Draft FCB and Gotham — all surpassed their goals for 2007. (Initially, Draft and Foote Cone & Belding were involved separately; Interpublic merged them to form Draft FCB.)

"While last year's results are encouraging, we still have lots of work ahead of us," said Philippe Krakowsky, executive vice president at Interpublic.

One Publicis agency, Saatchi & Saatchi, exceeded both its goals, while the other, the Kaplan Thaler Group, surpassed its goal for professional hires (18 percent versus 15 percent) but fell short of its goal for managerial hires (2 percent versus 13 percent).

Kaplan Thaler "is pleased about the progress we have made thus far and the fact that in some areas, we have exceeded our goals," said Tricia Kenney, a spokeswoman. "We remain steadfastly committed to creating the most diverse organization possible."

The Omnicom agencies being tracked, in addition to Merkley & Partners, are BBDO Worldwide, DDB Worldwide and PHD. Their shortfalls are unusual because Omnicom agreed in 2006 twice to improve its minority hiring. One agreement was with the commission. Under the other, signed with the New York City Council, Omnicom agreed to spend more than \$2 million on other efforts to encourage diversity in the work forces of its agencies.

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Under the terms of the deal with the commission, the agencies said they would hire outside consultants if they did not meet their goals. Omnicom has hired one for its four agencies: the corporate diversity counseling group at the Washington office of Davis Wright Tremaine. "If you know anything about diversity, one of the things you know is that it's not a sprint; it's a marathon," said Weldon Latham, chairman at the counseling group.

"The companies that are successful are the companies that put together a long-term approach," he added, to become "a positive representation of their customers."

Asked what happened at the Omnicom agencies last year, Mr. Latham answered plainly. "They set aggressive goals and they didn't make them," he said, adding that the idea would be to work hard to "be more effective in reaching the goals."

Mr. Latham and a colleague, Michael Hatcher, took issue with an aspect of the reporting process as it affected two Omnicom agencies. They said the percentage of minority

management hires at DDB and Merkle was zero, compared with goals of 10 percent at both agencies, because those agencies made no management hires last year.

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