



EXECUTIVE LEADERSHIP FOR UP-AND-COMING BLACK LEADERS

The financial services industry has exhibited a lack of diversity with respect to gender and ethnicity within its ranks. In particular, numerous studies have shown that people of color are underrepresented in the industry, including a U.S. GAO study finding that Blacks in the financial sector at various management levels decreased, while representation of other underrepresented groups increased between 2007-2015.¹ Encouragingly, we do see a beginning trend of financial companies sharing diversity data, including the number of Blacks in management positions.² We even see companies investing in and creating opportunities for workforce diversity as they recognize how it impacts their bottom line. Despite these trends, efforts to promote and retain Black entry- and mid-level managers, whom may serve as a pipeline through which they could move into executive and senior level leadership positions, remain inconsistent and ineffective. Recognizing this, we explore two leadership programs for Black executives that we view as vital focus points to achieve meaningful progress:

1. Black Executive Leadership Program for up-and-Coming Black Leaders

2. Executive Sponsor Program

As the lifelong learning partner to financial professionals for nearly a century, our observations and deep engagement with various industry stakeholders lead us to conclude that a new, relevant, and ambitious approach is needed to ensure a steady pipeline of Black executive leaders in the financial sector.

Black Executive Leadership Program for up-and-coming Black Leaders

The American College of Financial Services has experience in delivering graduate level education, but this ambitious endeavor aims to identify a variety of stakeholders to obtain the perspectives and expertise needed to establish robust curriculum and programming. Our plan includes identifying specialists in academia and former or current Black executives who have learned how to successfully navigate corporate America – these are the leaders with the life lessons and practical, applied knowledge that will set this program apart.

The College will lead in researching competency gaps and desired learning outcomes and formulate a bold curriculum that explores avenues to lead through influence and effective communications, to build personal power and influence, recognize cultural biases and competencies, guide organizations through change and competitive environments, and to lead cross-functional teams that contribute to organizational success. At the same time, the cohort-style program allows for a unique opportunity to build a strong community of students based on shared experiences.

Executive Sponsor Program

Our conversations with senior and executive Black leaders, and research we reviewed, found a variety of practices that are effective for promoting Black senior and executive level managers. Of significance is having a sponsor, someone ready to use their social capital on behalf of a protégé.³

A report from Coqual noted that 56% of employees who have sponsors are satisfied with their rate of advancement as compared to 34% of those without a sponsor.⁴ The sponsor-protégé relationship is not all one-sided. Sponsors see tremendous returns as well, as protégés help expand their skillset, develop new market segments, and propel their career forward as a leader – someone that is committed to the organization’s growth. Unfortunately, sponsors have a tendency to select protégés most like them. The same report found that 71% of sponsors select protégés of the same gender or race.

We propose an ancillary program to help executive sponsors navigate differences to sponsor Black managers. This condensed management track includes understanding the changing demographic and talent environment, the psychology behind bias and overcoming barriers, and building trust.

Conclusion

Studies have shown that businesses with gender and ethnic diversity outperform their peers by enhancing performance and driving innovation. Unfortunately, we have not seen progress in bringing more Blacks into the executive ranks despite current efforts. Unaddressed, this gap will cost businesses talented employees and loyal customers. The College’s proposed Black Executive Leadership Program and the Executive Sponsor Program closes this senior and executive leadership gap in financial services firms.

ABOUT THE AMERICAN COLLEGE CENTER FOR ECONOMIC EMPOWERMENT AND EQUALITY

The American College Center for Economic Empowerment and Equality is the flagship for research, thought leadership, curriculum and course development, programming, and scholarships aimed at cultivating lasting relationships between financial services and all underserved communities.

ABOUT FOUR STEPS FORWARD

An approach led by a broader coalition of financial services firms can narrow the racial wealth gap, promote professional diversity, and fortify relationships with communities of color. *Four Steps Forward* is a big, bold initiative focused on delivering pro-business, pro-community outcomes that promote upward mobility and wealth building for Black America.

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SUPPORTING RESEARCH

1. U.S. Government Accountability Office. (2017, Nov.). Financial Services Industry: Trends in Management Representation of Minorities and Women and Diversity Practices, 2007-2015. (Publication No. GAO-18-64). Retrieved from <https://www.gao.gov/assets/700/697125.pdf>. 2. Skinner, Liz. (2020, Aug. 21). Merrill Lynch releases adviser diversity data. Investment News. Retrieved from <https://www.investmentnews.com/merrill-lynch-diversity-women-196294>. 3. Jing Cao and Yu-Chung Yang, “What are Mentoring and Sponsoring and How do they Impact Organizations?” Cornell University ILR School (Spring 2013). 4. Coqual, formerly Center for Talent Innovation, Key Findings, “The Sponsor Dividend” (2019).