



The Economic Club of New York

114th Year
579th Meeting

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Executive Chairman, IBM

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Webinar

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Introduction

Chairman John C. Williams

Good afternoon and welcome to the 579th meeting of The Economic Club of New York in our 114th year. It's the first time I've been able to say that. I'm John Williams. I'm the Chair of the Club and I'm President and CEO of the Federal Reserve Bank of New York. The Economic Club of New York is the nation's leading nonpartisan forum for the respectful exchange of diverse perspectives on economic, social and political issues and its mission is perhaps more important today than it ever has been.

This past summer the Club kicked off its Focus on Racial Equity where we've been leveraging our platform to bring together prominent thought leaders to help us explore and better understand the various dimensions of racial inequity and highlight strategies, best practices and resources that the business community can use to be a force for change. We'll be cataloguing, publishing and sharing last year's insights shortly. And we will be continuing this program in 2021 beginning with today's event.

We're not doing this work alone and would like to give special thanks to our corporate partners – Mastercard, Bloomberg, PayPal, Taconic Capital and S&P Global as well as the many members, speakers and subject matter experts that are now and will be engaged in this work. If your organization is interested in collaborating with us as a

partner and thought leader in our 2021 Racial Equity programming, please reach out to Barbara following this event for more information.

I'd like to take a moment to recognize those of our 321 members of the Centennial Society who are joining us today as their contributions continue to be the financial backbone of support for the Club and help enable us to offer our wonderful, diverse programming both now and in the future. A friendly reminder that applications for the Economic Club's 2021 Class of Fellows – a select group of rising next-generation business thought leaders are still welcome this month. So please visit our website for more details, and we'd like to welcome our newest fellows who have joined us for today's event. We'd also like to welcome graduate students from the Zicklin School of Business, the Gabelli School of Business at Fordham University and Rutgers University. And we're proud that the Club was able to host 750 graduate and undergraduate students from around the country last year and we look forward to doing the same this year.

Now it's an honor for me to welcome our very special guests today, Ginni Rometty and Charles Phillips. Ginni is the current co-Chair of OneTen and the former CEO and executive chair of IBM. She believes in changing the way we do business to create equitable and inclusive workforces, advocating for companies to act as responsible stewards in creating a better tomorrow, and mentoring the next generation of leaders.

During her tenure at IBM, it acquired 65 companies, including Red Hat, the largest acquisition in the company's history. She reinvented more than 50% of IBM's portfolio, built a \$21 billion hybrid cloud business and established IBM's leadership in AI, quantum computing and blockchain, while divesting nearly \$10 billion in annual revenue to focus the portfolio on IBM's high-value integrated offerings. Ginni held a series of leadership positions across IBM and led the successful integration of PricewaterhouseCoopers Consulting, creating a global team of more than 100,000 business consultants and service experts.

Charles Phillips is a trustee of the Club and he's co-Founder and Managing Partner of RECOGNIZE, a technology investing and transformation company. Prior to RECOGNIZE, Charles served as Chairman of the Board of Directors and CEO of Infor, Inc., an enterprise software applications provider. Charles helped build Infor into a leading cloud business software company successfully acquiring and integrating multiple businesses, leveraging design thinking and artificial intelligence to modernize the company's products which led to the sale of the company earlier this year.

Before Infor, Charles worked for eight years at Oracle, serving as co-President with responsibility over acquisitions, sales, consulting services, industry business solutions, marketing and customer relationships. And at Oracle, Charles contributed to expansive growth and the acquisition of 70 companies.

Charles was previously Managing Director of Morgan Stanley and was named the Top Analyst for Enterprise Software by *Institutional Investor* from 1994 to 2003. *Black Enterprise* magazine also named him one of the Top 50 African-Americans on Wall Street.

Before entering business, Charles was a Captain in the U.S. Marine Corps in the 2nd Battalion, 10th Marines artillery unit. And he's a member of the Georgia State Bar and served on the Obama Administration's Economic Recovery Board.

The format today will be a conversation in which we're fortunate to have Bloomberg News Deputy Bureau Chief and Bloomberg Live Senior Editor for the Americas, Shartia Brantley, doing the honors. Now we're going to end promptly at 2:45 everyone. So appreciate that we're going to have to stay on time. And as a reminder, this conversation is on the record. There's going to be media on the line. So with that, I'm going to turn it over to Shartia for what's sure to be a fascinating dialogue and conversation.

Conversation with Ginni Rometty and Charles Phillips

SHARTIA BRANTLEY: Thanks so much John. I am just delighted to be here today with Ginni and Charles and to have a fantastic discussion about the OneTen initiative.

Before we dive into the mechanics of the initiative, Charles, can you take us back to how the idea came about.

CHARLES PHILLIPS: Sure. Well, Shartia, thank you for that, and thank you to John as well and it's fun to be doing another event with Ginni Rometty who has been a longtime business partner and focused on this area for a long time and so that's part of the fun of this project. So it got started around the springtime, at least the idea came up.

I had been on the board of a policy organization called the Black Economic Alliance thinking about these sorts of things for a while. And one of the focus was job training and how can you re-skill the Black workforce. But what happened was is after all the events over the summer, more companies started asking for input, kind of what can we do, let's have a discussion about this. And so a few of my colleagues – myself, Ken Chenault and Ken Frazier – had been talking about we're all getting these requests. And then one big request came up from the Business Council. They wanted to talk about this topic of kind of, you know, the Black economy essentially.

And so the night before we were talking and said, well, we really should come with an ask, something specific to do. And the thing that these companies are best positioned to do is to hire people who may have an interest in, you know, social justice, police reform, many of the things that obviously need to be discussed, but for these specific

companies and what they had a skill set in and the resources to do, that's how we came up with a number. Let's do one million Black jobs over the next ten years. It was an idea, a concept at the time, but that discussion got started with the Business Council, much like this with about 200 CEOs, and then it kind of grew from there.

Ginni was on that call and I knew she had a deep background in it and that's how she got involved as well. I'm going to talk about that also. But it was really just a timing where the opportunity arose where there was concern that people were more open to discussing this than ever before and we had done some pre-work and so it all came together.

SHARTIA BRANTLEY: And Ginni, how did your experience with IBM's P-TECH program encourage your participation in this initiative?

GINNI ROMETTY: Well, I want to just echo Charles. I've had the chance to work with Charles as a business partner through the years and it's been a great experience and this really culminates it, working with this group of leaders on this. So I'm equally blessed to be doing this with these guys who are so committed. And my background which is kind of serendipity that we all ended up in this one place, I've been at this for a good decade, and I will say there were two drivers. One was, you mentioned this P-TECH program.

Well, it must have been 2012 as I said to myself this digital divide, as I looked at what was happening, I felt while the digital era was great in lots of ways, it was causing a pretty huge division out there. I could picture in the United States two coasts, West and East, getting all the riches, and the middle was left behind and that drove me towards this program. We had just started a pilot and it was called Pathway to Technology, early college, high-school. Because picture yourself back in that 2012 era, unemployment was 10% but you couldn't hire people in tech. You couldn't find them. And we said, well, what do we do? And it was this intersection between these underserved communities where you had young people that weren't going to school, very bad situation, and yet I needed the workforce. Did I have to wait for a college degree?

And that set up a program that has, think of taking high schools with nearby community colleges, a six-year program, actually kids get a free Associate degree. The states are sponsoring this. We're up to now 270 schools in 27 countries and over 150,000 kids coming through. And what they have are, you know it isn't as if this is technical skills, but it is skills that if they come to us we can teach them the technology skills. And we coined it "new collar." So I've been working on that program, scaling it, but albeit given the size of the problem, even 150,000 isn't a big number.

And that was going in parallel and we can talk a bit about what you have to do to change your company to embrace this new workforce. But then I had also led the work

at, like Charles had done at other places, I'd led it at the Business Roundtable for the Workforce Group. And my experience there had been we all had our programs, whether it was my P-TECH or perhaps Accenture and Aon had a great program on apprenticeships, but scale was the issue. And everyone loved the program, but no one wanted to stop their program, yet we couldn't all get scale.

So at that same Business Council, when this idea got talked about, sort of me to me a lightbulb went off that said this is perfect. We can federate and scale all these efforts and, like Charles said, do what we do best – hire people. So that's the background.

SHARTIA BRANTLEY: Charles, one million Black workers hired in a decade. How easy or how difficult was it to recruit the 37 founding corporations that are a part of this initiative?

CHARLES PHILLIPS: Well, actually the recruiting part went faster, better than I thought. Much thanks to Ginni and Ken calling around to people and they had a lot of relationships they could pull in quickly. It is a pretty tight network as you can imagine. But, you know, at the same time not everybody was ready to jump in. So it's okay to start where we can start. There's still a lot of large companies. And it's not limited to these companies because they have suppliers. We're also working with associations like the National Manufacturing Association to get to smaller businesses. We've been

approached by private equity funds who have multiple companies. And so as we expand beyond those 37, there are ways of federating this out to more sources of jobs.

And I mean the original way to try to do this when we first started on the think tank side of it and I talked about the Black Economic Alliance, we were trying to do this with federal programs, and there are a lot of them. There are, you know, 47 different programs and nine agencies, and if you include the ones that have partial workforce development, there's over 100, but they have major issues. Usually they're pet projects by some congressmen. They're not connected to employers. They have ___ limitations on which skill sets and they just really don't work that well. And so we got frustrated trying to change that and trying to get them consolidated. They're not located in Black communities. There's no transportation. And so people just don't use them.

And so having seen that alternative, I thought there had to be something better on the private side and that's how I went out and started this opportunity. This was the perfect, kind of opening that we had to jump on while it was there. And so fast-forward, I think there'll be many more than 37 companies, you know, a couple of years from now. I think they're waiting to see how it goes more. And just like anything else, once you get the wave going, other people will jump in.

SHARTIA BRANTLEY: So Ginni, what are the immediate tasks at hand? I know this

initiative was announced about a month ago, officially kicked off at the beginning of the month. So what are the short-term objectives?

GINNI ROMETTY: Yes, so first I just wanted to echo something Charles said. The recruiting actually wasn't that hard because everyone saw the issue and, while everyone is doing their best, everybody thinks they should do much better. So you start with a whole group of companies willing to put in, and they know it's going to be a long-term effort and that systemic barriers have to be removed. So that gets to where do we start first.

So, you know, there's that old saying, start at home first, meaning in your own company. And so one of the very first things is, remember, we are – as a startup – we're going to focus on Black candidates for employment that do not have a college degree. So many of us have programs for college degree folks and let those keep going. And we've often been asked, by the way, why aren't we looking at all the other diverse groups? And we said, look, as a startup, we're going to start with the Black community for all the reasons that are obvious, but when we remove those barriers, it'll help everybody. Right?

So first order of business, on your own home. And this is where Charles mentioned, you know, I've had a good, almost decade of experience on this now, is how many things have to change in your own company to bring in a non-college degree workforce in

many of our companies. So the first thing is to adopt a skills-first paradigm – if I can call it that. Meaning, will you hire people for their skill, not just their degree? So we can come back, it does not mean degrees are bad, but we're targeting – as you mentioned when you started, Shartia, that it would be middle-class jobs or family sustaining, so depending on the part of the country, \$50,000 to \$70,000. And therefore, would I, as a company, say yes, I will go through every job requisition I have, hard work, and go through it and say, first order of business, can I remove a college degree if it's not required, and instead state a skill?

And so, yeah, we were 100% PhDs and university degree requirement for every job. Today, 43% do not require that. So I view it as we're capturing a person at an earlier part of in their life. And just a quick side point, for us, our experience now has been 75% have gone on to get college degrees, by the way. So this isn't an issue of talent. This is an issue of their access here, right? They have aptitude but no access. And so the first order of business is just that, go through our own companies and see what we can do to change hiring practices. And in parallel, we're going to put up a community of practice between all the companies because no sooner do we get these new employees, you've got to keep them. And this is the other issue we have in our diverse, by and large in the diverse workforce, keeping people in it. So everyone felt a change of ideas, exchange of ideas, so the community of practice pops up right away as well.

Then the next thing, or I should say in parallel, is we're picking a few cities to start and we're going to say, again supply and demand we're linking. Because we do have the silver thread, we have job commitment from all these, you know, Charles, actually it's 39 now, companies, they're committing jobs, either 250 or 500 a year, and staying with it at least. And so when you go then to the people who produce skills and say, hey, look, I could hire 1,000 cyber people, can you produce their credentials? When they can say 1,000, we can help the supply side scale. So we're going to do this because, to Charles, he's been really effective sort of mentoring the group, this is not a mobile population so you've got to go by city.

And so the third course of business is can we go find certain supply, if I use the word supply, you know, providers of skills that we can help scale and then we'll start doing the matching. So get your own house in order. Change your job requisitions. The next thing is community of practice. Let's, whoever we're bringing in, how do we advance them? And then the third is finding some of the providers to start to scale. Oh, Charles, I should have mentioned, we'll be announcing the CEO, right? Charles did great work on that, of helping us with a superb candidate who will be announced.

SHARTIA BRANTLEY: When can we expect that announcement?

GINNI ROMETTY: Pretty soon, within a week or so.

SHARTIA BRANTLEY: Okay. You talked about the issue of fragmentation and sort of connecting the dots. Some could argue why should companies need to be a part of an initiative to boost hiring of Black workers.

CHARLES PHILLIPS: Well, I think this is not just only boosting Black workers. I would say this is good for the economy. It's good for them. And if you look at the demographics of the workforce, it's changing whether they like it or not and so these are your future workers. These are your future customers as well. And so this is an investment that makes sense that I need to train my future pool of employees, no matter where they are, this is where they're going to be. And so I think, you know, before the pandemic, what did we have, like 3% unemployment rate? We couldn't find enough workers. Yet we had a workforce participation rate of 61%, a lot of people out of the workforce. It makes no sense.

At some point, if you want more workers, how about training the people who are already here instead of waiting for somebody to emigrate here. And so I think from a business perspective, it all made a lot of sense as they thought about it, and secondly, it's good for the country. If you look at when people are working, there's less crime, they own houses, the kids are better educated, they don't use entitlements because they're making their own money. And so altruistically, if you think about, if you care about that, this is the way to give back in a different way but it's good for the company as well.

SHARTIA BRANTLEY: Before we dive into the wages and wealth gap, I would like to just expand on whether or not you're adding sort of gender targets to this. Because, you know, the fallout from the pandemic, a lot of people are calling it a pink-collar recession. Women have been so hurt by this weak economy. So, are there some initial targets within this program to ensure that women are definitely being considered and participating in this program?

GINNI ROMETTY: Well, listen, I'll be honest with you, we have not yet really talked about gender targets, but I also agree with what you've just described and what's happening. Charles and I happen to co-chair part of the Reimagine New York Commission on Workforce for Governor Cuomo and this is very clear. And I saw it in our own workforce when you watched as childcare and education, what was even happening no matter where the income level was. And I don't mean that as a stereotype, but if a choice had to be made, if one parent had to stay home to help school kids, it tended to more often, in many of our cases I saw, be the mother. And so this is, whether it's, any income, right, across, and then of course you go into the service jobs, etc.

So I would have expected, Shartia, again we haven't set a target like that, but if you believe in a diverse workforce right from the beginning, it's at a minimum 50-50, right? And so, now whether you should tilt one way or another is a different discussion, which

we probably will end up having. But at a minimum, it's going to be as diverse as the population that we source from, right, gender-wise.

SHARTIA BRANTLEY: Now we talk about these family sustaining jobs, which job functions are ripe for this opportunity within OneTen? Charles, can you take a stab at that?

CHARLES PHILLIPS: Well, I guess we can talk industries and types of jobs. So we've been discussing advanced manufacturing, construction jobs, healthcare, technology, financial services. And to Ginni's point, more companies are learning to hire from skills instead of degrees and so you have to have that, you know, parallel change happening at the same time where again 73% of Black people do not have a college degree and so this opens up more jobs to them.

The other thing we're trying to solve for, though, is if you look at the providers, the people who actually do the job training, most of them are very small nonprofits and so it's highly fragmented by job role, by city, by industry and just finding what's out there. I'm here in New York City. There's over 500 here locally in New York City. It's just too much friction for a large company. They can't find where all these programs are and even if you could find them, you don't know which ones work. So an important part of this is not only the discovery piece and netting it together in a network that we know

about, it's also being the accreditation end and saying these are the ones that are working, these are the ones we've been measuring over the last, we've onboarded over the last year or six months. And so just like a university has an accreditation system, you know which universities are legitimate, we have to do that for the providers of training companies as well. Otherwise, the companies won't have any confidence in hiring through this network. So it's all integrated together. We kind of have to think through kind of how to do all that and putting systems in place to do that right now.

SHARTIA BRANTLEY: Definitely. You know with the events of last summer, you know, the calls for racial justice, quickly the discussion shifted to economic justice. And so I want to talk about how this initiative can help close the wage and wealth gap that we see, you know, a typical Black family has \$4,000 in net wealth compared to a typical White family has \$147,000 net wealth. Ginni, what's your take on that?

GINNI ROMETTY: Well, look, I think those facts speak for themselves. And this is why I believe the only way to solve much of the racial injustice is economic opportunity if you really get to a root cause. And so this idea, when you hear those numbers, which your numbers are right, \$147,000 versus \$4,000, in Charles' comment, about 75% of the Black population does not have a college degree. By the way, it's 60% for Americans in general. It's much less than you think. So we could come back to the policy changes about a more effective education system and the second, for the amount we spend on

it.

But back to this, so what is your way to break that cycle? I'm a kid that came from a mother that was on food stamps. So while I have that deep sense of what the purpose of federal programs or aid programs are, but they're also – to Charles' point – you have to give people pathways and access to these other kinds of programs in a structured way. And if you do, you can break that cycle, whether cycle is the right way to call it, but it perpetuates itself because if you don't have any wealth, then your children don't have that as a way to start their way in life and it goes on.

So I think this is why we focus so hard on, you know, family sustaining. That was the kind of words to use that was a starting point and I think really important is we are hoping these jobs are starting points, not ending points. This wasn't meant to say, hey, let's take a whole part of the population and put them in a job that'll never make more than \$50,000. I think our goal is all our companies are bringing them in and that these are upwardly mobile – if you can and want - can be upwardly mobile positions that you can then move through where this is just where it starts.

My own experience again, that I can draw from having done this for a decade, our jobs started at probably 60,000 more and after all this period of time, I've watched, you know, whether it's been a barista, all first-generation, by the way, 90% Black and Latinx.

And all, like I said, 75% got college degrees. Just once you're around and you see what others are doing and, by the way, you may have had to do it part-time, you can't do it the traditional way, which gets back to changes needed in policy and federal policy for aid and the like, but they get college degrees. We actually just had our first PhD and our first person admitted to medical school out of these programs.

So I think it's so compelling that it is an issue of giving people access and that's what our companies can do. And we need – to Charles' point – we need the employees. I mean this is, I don't ever view this as CSR or just something purely altruistic. We need talented employees and now in the digital age every job's got some bit of technology. And I think, Charles, when you and I first started and we would talk to people in companies, some would say, well, I don't have any jobs like this. And we would say, you got technology jobs? You have finance operation jobs? You've got thousands of jobs like this to start actually.

And so we all can be part of a solution that I think creates a more inclusive workforce. You get better products. I mean this is a pretty virtuous circle. I probably don't have to convince anybody here listening to that, that this is good for the company. It's good for the community. It's good for the country. This is hard to argue with, I think.

CHARLES PHILLIPS: I think Ginni made a great point on this being a good start for

families because there's a lot of good work done by Raj Chetty at Harvard that shows that most of the time families that start at the lowest quintile of the economic curve in income, by the second generation they moved up a quintile or two. And that inter-generational wealth, that mobility hasn't happened in the Black community because they haven't had access to jobs, at least the right type of jobs, too many minimum wage jobs. So what that translates to is they usually can't buy a home and that's a great source of wealth for most families. So if you look at the home ownership rate, and I like to make this comparison, back in 1968, Martin Luther King's last speech talked about economics. We had a 41% home ownership rate among Black people and almost 50 years later, it's still 41%. It hasn't moved. And so unless you get enough wealth to own your own home and that creates more wealth, people start companies, up equity in their home, all of that starts to happen, it's very hard to kind of change the dynamics. And so these jobs can put people on a different trajectory which is very important for all these Black families.

SHARTIA BRANTLEY: I have a question I hope you both can answer. In that regard, is OneTen bold enough? Are you allowing too much time in order to hire 1,000 workers?

GINNI ROMETTY: No, no, one million, one million.

SHARTIA BRANTLEY: One million, thank you for correcting me, one million workers. Is

that too much time? Is ten years too much time?

GINNI ROMETTY: Well, look, you're funny, you sound like...

CHARLES PHILLIPS: Ginni and I, what we just talked about...

GINNI ROMETTY: You haven't met two more impatient people, by the way. So if we can over-achieve our goals, we would have to agree it's the beginning. And this is always a fine line, you know, we had a lot of people, can you set audacious of a goal and meet it? Or do you set, you know, should it have been ten million, 100 million?

And it's interesting to watch, I think, Charles, we've both watched the employers that have signed up, they're so, they want to make the target they set, right? So that's, I think, like they spend all this time vetting, can I adhere to what I'm...and I say, we're not a government institution, you know, there's not like an audit here, but they are so committed to make it. And so I hope we can do way better than that. We hope we'll go on to other groups by the way, not just the Black community here, because this is about barriers for all people. So we are going to try to beat that goal for sure.

SHARTIA BRANTLEY: Charles...

CHARLES PHILLIPS: That's the good thing about business people. They like targets and goals, like to be measured, and so we gave them a target. We can always change the target and I used to do that to myself. Oh, we made that last quarter, okay, it gets higher now. So that's challenging people and getting high targets out there. It's going to be a good thing. And there's a lot of other places we can go. Like I said, all these associations and small businesses, if we can mobilize the small business community where that's half the jobs, we've got to figure out ways to do that, but we're just now starting to work on that.

GINNI ROMETTY: Shartia, could I add more one thing on that.

SHARTIA BRANTLEY: Oh definitely.

GINNI ROMETTY: You know, because we've got a lot of people listening to us, what would make it scale? To me, it isn't like just what OneTen does. I feel we're trying to create a movement. I did use that word. It's a movement that you would hire people for their skill, not their degree. That opens up like a huge swath of the population to want to be hired, right? And I will always remember one of the kids we hired was going to be thrown out of high school because he'd hacked the school computers. Now, okay, actually that did get turned around to good use, okay, instead of him getting thrown out of high school and not getting his high school degree.

But this point that we hope it to be a movement, if you're listening, if you're running a company, companies you're involved with, changing the way that they do hiring. And to Charles' point, if we get some momentum, I hope it breeds momentum in all these other programs that are other there too, right, about how to scale and the silver thread is we offer jobs. And that is, to me, the part that if we get more and more people saying, hey, yes, my first call on jobs will be for this group, then I think we can get much more scale there. So it's just that thought that this is more of a movement. We're just one example of it. And there are other good programs that we want there to be scale out of.

SHARTIA BRANTLEY: Now, can you explain what OneTen is and what it isn't? Is this an entryway to hopefully increase representation at the highest levels of senior leadership in an organization? Or is that not the mandate? Charles, can you weigh in on that?

CHARLES PHILLIPS: I think most of the jobs that we're focused on right now, we're just trying to get people back to work, give them good skill sets. There are certainly other initiatives focused on kind of board representation and senior executive roles in the company. This one, however, has scale and we want to focus on the masses because there's so many people out of work. You've got to keep in mind that with remote work in place now and more automation coming, Black people were probably more at risk than anyone else from automation because of the types of jobs they were in. And with Covid,

that's accelerating that kind of transition. And so there's an immediate need that we thought to get scale to help a lot of people at once. That's why we chose this particular cohort. All of the other ones are equally important, of course, but they're a lot more people focused on executive, you know, college placement, out of college, executive development, board, and that's all good and I'm a part of some of those as well, but for right now, what do we do about millions of people who need work.

SHARTIA BRANTLEY: Well, let's talk about tracking, you know, accountability and transparency. How will you measure success for year one? Ginni, can you start with that?

GINNI ROMETTY: Yes, well, look, we are getting right to that point now. We've made some commitments about what success is not. So, in other words, the goal is not to go eight years like this and eventually hire someone. So our goal is to ramp like this. So we'll soon be setting a goal of what we can get, we're collecting from all the employers, the amount that they're hiring and will hire, what the skill sets are, where we can find the providers. And so we hope to have a ramping up speed that gets us to a steady state that accelerates. So numbers to be signed, but we have agreed with each other that we are going to be transparent so the numbers between the members will all be transparent. Now, how we then externally talk about, you know, a total number, etc., not the company, but a total number, we'll talk about that externally.

And I should mention, you know, these companies have not only agreed to hire, they've also agreed to put seed capital in. It's fairly substantive. And the money will be used to help through the scaling of the ___, as needed. That's why, you know, to Charles', all his experience in startups, you know, as seed capital. But it is a long-term commitment that they've made to do that. So we have both money and we have the hiring tickets that are part of it and then a commitment when you join that you would be transparent.

SHARTIA BRANTLEY: And that commitment is close to \$100 million right now?

GINNI ROMETTY: Year one.

SHARTIA BRANTLEY: Year one commitment.

GINNI ROMETTY: Yeah, so you can imagine that then over the whole time, but for just, even year one, it's \$100 million already.

SHARTIA BRANTLEY: In terms of, I know, Charles, you mentioned, you know, tapping the private equity community, tapping organizations like NAM and really unleashing the power of small businesses and mid-sized businesses to be a part of this initiative. Do you have a target in mind for the end of year one in terms of the number of major corporations – if you will – that you'd like to come on board in addition to the 37

founding corporations?

CHARLES PHILLIPS: I can't say we have a specific number of companies. We're probably more focused on the number of people who could be hired, whether it's one company or 5,000, if we can get jobs to that many people, 100,000 a year, which is what we're trying to do. Now, it'll take obviously a lot of different channels to do that. The small business one is the one that probably has a lot of potential that we haven't quite tapped into yet. But I'm surprised how many private equity people are calling and DC firms that want to participate. So we'll do all that as well. But we have to work hard to make sure we retain these people as well. We're not trying to place them and then go on to the next thing.

So, what the companies have asked for, which we're going to deliver, is a community of practice. And what that means is they want to share information amongst themselves. They're trying to get better and trying to learn as well what are best practices and we want to facilitate that. And then over time if we learn from each other, measure, hopefully the retention goes up and we should have some sort of affinity group amongst the people being hired so they stay connected throughout the years and that helps them stay, feel like they're part of something, still part of OneTen as they pursue their careers. And so we're trying to think through all the aspects of this, not just hire a million people but use a million people as well.

SHARTIA BRANTLEY: Definitely. You know we only have a few minutes left and I want to talk about whether there's a call to action. We're before a very esteemed audience today. What can someone do, if they're not in a position to hire, if they do not have a hiring role, how can they contribute to the OneTen initiative? Is it donating time? Donating money? What can people do?

GINNI ROMETTY: Well, there's a couple of things, I think, back to the point that it's a movement. You interact with lots of companies no matter, all the people in this audience do, and so really proposing and really standing up for that idea that you should be able to have a skills-first approach to work, is one. There are people here that influence policy and so policies such as universal broadband or policies for the federal government such that Pell Grants, which are the funding that go for college degrees, we believe should be able to be used if people are part-time as an example, not a full load. They're working with a family. Some very straightforward policy changes could make a very big difference. We'd be happy to share those that people could advocate for.

I did a call this morning with the Gates Foundation and work they've already done that we can then hook on. So if others have work they think that would support this or they have a smaller effort that they think could be scaled as part of this, they should contact us as an example. So the skills-first paradigm, this would be federal or state policies that are supportive of getting the right kind of funding to the right areas. And then if

there are some programs they have that are in these target areas, that we can vet and then perhaps help scale or hire from would be three that come to mind. Charles, how about you?

CHARLES PHILLIPS: That's a great list. And particularly on the providers of training, companies themselves, there are so many out there, thousands of them. So part of the challenge here is finding the ones with a reputation that work in each community and for each industry and job role so that matrix is pretty complex. So most of the people on this call are from different cities, they may know of one or two that they highly respect and want to refer in so that would be helpful because that's kind of pre-vetting for us if we can find someone that comes with an endorsement from a group like this.

SHARTIA BRANTLEY: And, you know, you talked about earlier, about the importance of home ownership and how that influences wealth. You know the other big issue is the student loan debt crisis right? That's over a trillion dollars. So how does that growing debt crisis contribute to the excitement – if you will – about the OneTen initiative and the impact it can have?

GINNI ROMETTY: Well, if I can jump in, part of it is, part of that is a loan crisis because people got degrees that aren't giving them jobs, right? So it was a lot of money spent for something that did not have a return. And so we are really focused on a tight connection

that the providers we're hiring from, there's a close linkage to a job. Because as Charles and I mentioned, not only are we hiring, we're offering internships, right? And so what I learned in our P-TECH program was the most valuable thing we did was give employees as mentors and do internships. It changes everything.

And so now we have, I don't know if we showed the list of companies that are the first group of 37, well, like I said, 39 now, but I don't know if we ever put it up. I can't tell on our Zoom screen. But when you look at who it is, it's really some of the pillar companies of this country and they've got huge supply chains that we say friends and family count, right? So we want them out with friends and family pulling them in. And so that idea that, you know, you can get a great job without necessarily a college degree, I hope we lessen that burden for a lot of people. That is actually the goal, right? To not have unnecessary money going into that.

CHARLES PHILLIPS: And I think OneTen can help educate people of college age kind of on their options because some of the problems around going to college in the Black community is we select for-profit colleges too often. Oftentimes even when we go to a college, it's not a good quality one but there's no way of discerning that. If you're a first-generation student, you may think the college you're going to is going to lead to a job but it doesn't. And then education on kind of what skill sets employers are looking for because if you've only been around people, around you who majored in sociology or

theology or something like that, you don't know that the skill sets that employers are looking for may be different from that. So at least letting them know their options.

And not everybody can go to college or wants to go to college and it used to be that they got tracked early in high school. That became a bad thing so we went away from vocational school training and tracking and all that, but we probably went too far with it. We don't even talk about it anymore that there's another alternative other than college. And so this is designed to fix a lot of those problems. If you don't want to go to college or can't go to college – whatever the situation is – and you want a skill set, and you want to know which types of skill sets that will lead to a job, this is a good option.

SHARTIA BRANTLEY: Is there work on behalf of STEM to dispel the notion that you need a four-year college degree to have a successful job in STEM? It's sort of ingrained in you, if you want to work in software development, you must have a four-year degree. So is there, should there be a concerted effort within STEM to try to broaden, educate people on, no, you don't necessarily need that four-year degree specifically to have a successful job in STEM?

GINNI ROMETTY: Well, I think it's very related to this topic that almost every job requires some digital technology nowadays, right, so it isn't even just our STEM jobs. And we try to be that role model to show 43% of our jobs, you know, you could get

started and it's why we had coined a phrase "new collar", like this isn't a bad thing. It isn't to say that this is, because one of the comments from a lot of the employers are, well, does this dumb-down my workforce? No, it doesn't dumb down, not at all. It's a beginning, it's a different starting point. And "new collar" meant not white collar, not blue collar, it was meant to be just something new. And, by the way, for IBM, all technology, it's 15% of our hiring last year, 1-5 in the United States, so that is a big number.

And there was a project that got started, actually that the government had sponsored but the Ad Council, you know this is the group that did Smokey the Bear. It's all the advertisers that come together, they pick a cause. You know, a little bit of it was bad timing, right with Covid, right before we were launching a campaign, which was try something new, and it was trying, an advertising campaign to get across this point that you could do all these things, almost without a college degree – whether, as Charles said, vocational, whether you go to these other credentialing groups.

And so I think in time we're going to need to do more of that again, but it kind of hit right at the center now of Covid. And so I think just a little bit of timing, it will come back again. Hey, there are some really great jobs and I think it'll just happen, you know, we're not, there's other efforts, not just ours. I don't want to over, we're not trying to over-promise here, but we'll be examples of there are plenty of tech jobs. Tech jobs are number one on our list of what all these companies are going to fill. And so maybe

you're on a good point, just publicizing that quite a bit would be of some good help there.

SHARTIA BRANTLEY: Charles, I'll give you the final word.

CHARLES PHILLIPS: I think also just educating people on how the tech industry works because not every job is a software engineer or some hardcore engineer. There are lot of those but there's, most jobs aren't that. And so we don't want people to be intimidated by, I've had a lot of software engineers that didn't have college degrees. In fact, some of the CEOs that are running some of our most famous companies don't have college degrees. It didn't hurt them at all. And so I think it's a lot more open to non-college degree people than people may realize. And so we do have to educate people on a different way.

SHARTIA BRANTLEY: Well, let's leave it there. Thank you both so, so very much.

John, over to you.

CHAIRMAN JOHN C. WILLIAMS: Well, thank you very much. This has been a terrific and inspiring conversation on a very important initiative and thank you all for participating in that. But I have to look ahead now to our future speakers. We've got a number; we had a record number of events last year and I think we're lining up to have

a new record number of events this year. And so we encourage you all to, the members, to invite, to attend the events and invite guests as well.

So on Tuesday, January 19, we've got Larry Summers and Jason Furman, who are going to discuss their recent paper called "Reconsideration of Fiscal Policy in the Era of Low Interest Rates." Looking further ahead, we've got Garry Kasparov, the Russian Pro-Democracy Leader and former world chess champion on January 26. Turning the page to, the calendar to February, we have Adena Friedman, the President and CEO of Nasdaq on February 2. And then on February 10, we have Jay Powell, obviously the Chair of the Federal Reserve System speaking to the Club. Then we're going to take a virtual tour of the West Coast and we have on February 17, we have Marc Tessier-Lavigne, the President of Stanford University, my alma mater, who is going to speak to the Club. And then on March 2, we have Mary Daly, President and CEO of the Federal Reserve Bank of San Francisco. So we've already got a lot of events, terrific events lined up and we're planning many more through the spring. So please, first of all, thank you, and please keep an eye on our calendar and your emails, the emails that we'll be sending out for future events. So have a great day.