



The Economic Club of New York

116th Year
695th Meeting

Ursula Burns
Chairwoman, Teneo
Former Chief Executive Officer, Xerox

February 13, 2023

In-Person/Hybrid Event

Moderator: Fred P. Hochberg
Principal, Heyday

Introduction

Chairman John C. Williams

Good afternoon and welcome to the 695th meeting of The Economic Club of New York.

I'm John Williams. I'm the President and CEO of the Federal Reserve Bank of New York and Chair of this Club. It's an honor to be with you here, with all of you, to kick off the 2023 season here at the Club.

The Economic Club of New York is known as the nation's leading nonpartisan forum for discussions on economic, social and political issues. Over the past three years, through our Diversity, Equity and Inclusion programming, we've been leveraging the Club's platform to bring together prominent thought leaders to help us explore and better understand the various dimensions of inequity in underrepresented communities. And our guests highlight strategies, best practices, and resources that the business community can use to be a force for change.

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

Now I'd like to extend a warm welcome to students from Mercy College and the Gabelli School of Business at Fordham University for joining us virtually today, as well as our largest ever Class of 2023 Fellows.

I'm honored to welcome our special guest today, Ursula Burns. Ursula is currently the Chairwoman of Teneo and was Chairwoman and CEO of Xerox Corporation. She joined Xerox as a summer intern in 1980 and has since held leadership posts spanning corporate services, manufacturing, and product development.

As CEO, Ursula helped the company transform from a global leader in document technology to the world's most diversified business services company spearheading the largest acquisition in Xerox history, the \$6.4 billion purchase of Affiliated Computer Services. And after her retirement from Xerox, she held positions, the positions of Chairwoman and CEO of VEON, Ltd. She's a member of a number of boards and provides leadership counsel to several community, educational and non-profit organizations and was previously appointed by President Obama to lead the White House national program on Science, Technology, Engineering and Math, and served as Chair of the President's Export Council.

The format today will be a conversation, and we're delighted to have Club member and Principal at Heyday, Fred Hochberg, as our moderator. So as a reminder, this

conversation is on the record as we do have media on the line. So, Fred and Ursula, if you're ready, I'm going to pass the mike to you.

Conversation with Ursula Burns

FRED P. HOCHBERG: Thank you. Thank you, John. So, Ursula, it took 695 meetings to...

URSULA BURNS: When he said 695, I was like, okay, I thought I was early in the cycle.

FRED P. HOCHBERG: We felt kind of special but I guess they ran out of people so we're at 695. We'll try and do the best we can...so we're going to do about 30 minutes just the two of us and then we'll open it up. If I had my way, I could just sit and talk to Ursula for two or three hours as we've often done.

So, one, part of the basis of this book and to sell books today, I mean that's part of, it's probably against every Club rule to do this, but this is a spectacular book. I both read it and did the audible. Actually audible lost all my notes, so I had to re-read it to get all my notes back. But it is a great book. So if you have not read it, and it's now even in paperback. I went to buy one at Barnes and Noble but they were already sold out. You can get it from Amazon or online. They'd be thrilled to sell it to you.

Ursula and I actually met, I checked, we met in 2010 when she was co-chair of the President's Export Council. And as part of that, she took a delegation to Turkey, which I missed, and as a result I am not mentioned once in this book. (Laughter) Not a single mention. The Vice Chair of EXIM Bank went over there, she gets a beautiful mention, but I was left at the curb.

So just to set the stage here...So I thought we would talk a little bit about Ursula's background, her personal life, time at Xerox. And, as John mentioned, Ursula has been very eloquent on issues around diversity, equity, and inclusion. Did a recent interview on CNBC about that. We'll talk about that and kind of where we see the future. And we should wrap up around 4:30 or something like that.

So maybe you could just tell everybody briefly, because it's an unusual title, where did the title come from?

URSULA BURNS: My mother, I'm one of these typical immigrant, poor immigrant Black kids. My mother came over from Panama. She was a single mom. She wasn't single when she came, but by the time she landed here and got settled, my father had exited stage-left. She, high school diploma, pretty standard. Literally poverty-stricken immigrant. We lived on the Lower East Side of Manhattan. And she had one set of

assets in the world and she made that clear to us, that she had one set of assets. And that was my brother, my sister, and I, and that her job was to make sure that we became assets to the world, positive assets to the world.

So she came up with all these crazy statements, which when I was living through them, you know, all you could do is tune them out and say this is like, do I have to hear this again? One of them was, God doesn't like ugly. She said that continuously. She would say the world doesn't happen to you; you have to happen to the world. She said where you are is not who you are and remember that when you're rich and famous.

Now, for my mother to say, and remember that when you're rich and famous is such a bizarre thing because this was before the internet, before anybody knew about rich and famous. I mean how do we know about rich and famous? And she had absolutely no idea that I would be sitting here. Actually I had no idea I'd be sitting here so I know she didn't have any idea that I'd be sitting here.

So when I started working and moving through corporate life and social life in general, I realized that there was always these options I had to actually kind of give in, to trade the card, and to become like, to conform, to take a shortcut, whatever. And this statement was in the back of my head all the time. You have to make sure you understand who you are and that "who you are" doesn't change because you're poor and that "who you

are” definitely doesn’t change when you become rich and famous. So I’ve navigated my life around this saying, around this whole statement of “remember.”

FRED P. HOCHBERG: As John mentioned, we have a number of students online and a few people here who also are in positions, you talk a lot in the book about mentoring. You talk about your late husband, Vernon Jordan, President Obama, many White executives at Xerox. And one of the things I came away with reading the book was find ways to both stand out and fit in and how many people have that dilemma, particularly if they’re not part of the White, straight male hierarchy. So any particular thoughts you have on that, that you might want to share?

URSULA BURNS: I had the greatest teachers in this. I mean I didn’t, I kind of knew how to stand out without trying because I didn’t look like anyone else, as you can tell. I’ve kind of done the best that I can at my New York City accent...

FRED P. HOCHBERG: You’re wearing black. You’re wearing all black.

URSULA BURNS: This is what people tell me is the color of my skin, all black. I’m a girl. I was poor. So all these things that I knew I was. So standing out, being different wasn’t really that hard. Not that I was trying to be. It’s just that people actually identify you as one. The other difference, by the way, was I was an engineer. I studied undergraduate

and graduate degrees in engineering. And I actually worked as an engineer in a place. So I was just very odd.

What was hard for me was actually that there's a point where that difference becomes a massive inhibitor. And that difference actually is rigidity around learning new approaches and learning new things. So I had to step back and I had a lot of help. My husband was a great help. My husband was 20 years older than I am, I was, now still. He passed away in 2019, way before Covid started, which is good. And he was an engineer at the company, a scientist at the company. He had 84 patents at Xerox, amazing guy, amazing guy.

And he would always tell me that basically you're like way out there. You've got to kind of come closer to where everybody is. I know that you're a Black woman and I had this massive afro and everything about me was like just, look at me, I'm different, physically but also in the approach to things. And he said, you just gotta close the gap a little bit, because people can't, halfway is not even close enough. That was one.

And the other person who was really good at this was Vernon. Vernon Jordan was a very good friend of mine, a very good friend of Mr. Hochberg here. He was just an amazing mentor and guide for me. And he would call me on everything. Like if I went to a meeting, a board meeting, dressed inappropriately, I was a young engineer presenting

to the board all the time, and he would write me a note and say, let's talk after.

(Laughter) Which was always, in the beginning I was like, oh, this is going to be fun, right? Let's talk after.

I remember one day he told me, for example, let's talk after, I come in, he says, you know, you have to wear hose. I said, what? By the way, he was wrong. But it was his point of view and he was always watching to see whether or not I could close this gap between where I was and where people were, enough that I don't lose my soul and who I am, and close the gap. He called me on everything, how I dressed, how I spoke, whether I was respectful to people. He was just an amazing guy. So I had a lot of people who were rotating around me who helped to have me fit in a little bit more. Because like I said, being outside was pretty normal so I knew how to do that.

FRED P. HOCHBERG: Well, with Vernon, if you went to see Vernon Jordan and did not have a necktie on, you might as well just turn around and go.

URSULA BURNS: We had a lunch for him two weekends ago at the Alfalfa, a club that he used to put on this lunch. And we sent out the invitations. I said to them in the invitation something like, dress as you may or something like business casual. I got there and realized, oh, my God...he passed away last year. He's looking down at this room, so I literally sent out an email to everyone saying, please, please, wear ties.

(Laughter) He's not even here, but please wear a tie. And just about everybody did. One person who didn't. It was Jamie Dimon, by the way, so I guess...But everybody wore a tie, because he called it like he saw it. Like I said, he was not always correct, but he was clear-minded and always in my best interest. Always in my best interest.

FRED P. HOCHBERG: So actually that fits in, you got to the C-Suite and the CEO of Xerox very, in an unusual way. Not through finance. Not through law, but through manufacturing. So that also made you somewhat of an outsider amongst your peer group of Fortune 500, other CEOs. Can you talk a little bit about that because that was very different than a Boeing or a G.E. or companies like that?

URSULA BURNS: Yes, I think more engineers should be CEOs, by the way.

FRED P. HOCHBERG: Noted.

URSULA BURNS: We would have probably more logical thought. I became an engineer. How did I become an engineer? Because I was good at math. Literally the entire association, I went to an all-girl Catholic high school here, Cathedral High School on 56th Street and First. And I went to a parochial grade school. And we were poor and the school was okay. The grade school was okay.

Cathedral turned out to be great but it was very narrow, right? My classes were Belief in Jesus. I had a class called that. I had a class called Marriage. I did not have a class called Calculus. But I didn't need a class called Calculus. I needed a class called Belief in Jesus and Marriage, right? Because it was not about only what they taught, it's the way that they taught us, which is to learn how to study and read, to learn how to write, to just learn how to articulate, debate. So it was a great place.

And I took the normal things that you take. You know, you go to the guidance counselor, which were all nuns, and they said, three choices you have here. You can become a nun. And this is not a lie. A nun, a teacher, or a nurse. Those were the options. This was in 1970. Nun was absolutely off the table. (Laughter) I had flunked all of the pre-nun courses. I definitely didn't do that. Nurse was not on the table either, even though I kind of liked the idea of medicine and being a doctor. And teacher was an option. It was an option. I said this is a place I could probably go. Then I looked in the Barron's book and they told me what a teacher made every year. And I said there's no way I could do that. I mean literally, my family was, my mother was poor as hell. And the number one thing I was going to do was get her out of where she was. And I wouldn't be able to do that being a teacher.

So in that same book was the number one, highest-paying degree after four years of college – civil engineering, and also chemical engineering. So I said I'm going to be a

chemical engineer. Period. End of discussion. Had no clue what the hell a chemical engineer did, what you had to study to become one. It sounded really great.

I looked at all the schools that did chemical engineering and I went back to my high school and said, okay, I'm going to become a chemical engineer and here are the schools that I'm going to apply to. It was the most competitive schools. You know how the Barron's book lays it out. Those were the eight I was going to apply to. I actually applied to 11. Most of them were like, I actually ended up getting into all but two. All on this one program called The Higher Education Opportunity Program, which means that you had potential but you hadn't taken any of the precursor classes. So they stuff you in these things over the summer to catch you up. Anyway, long story short, I didn't like chemical engineering. I loved the mechanics and mechanical engineering. Became a mechanical engineer, studied mechanical engineering. And literally loved it. I actually liked what I studied and wanted to do it, to actually practice it.

And I went to Xerox. I had worked at other places in the summers before that. The last summer I worked at Xerox; they told me to get my master's degree. I got my master's degree at Columbia. Went to work for them. And for the first six or seven years, I was an engineer in the lab working on very specific problems. Loved it. It was great. But it was really, my husband is the one who told me, it was kind of like only one portion of the company. And I knew nothing about the company. I had absolutely no idea what the

heck we were doing out there, who we were selling to, how we made money, who the leadership of the company was. That was during a time when you couldn't Google who the CEO was. You had to go to an annual report and look up the leadership team. There was no way to really, at the time we didn't have computers. It was just a strange, a different time.

FRED P. HOCHBERG: It was the last century.

URSULA BURNS: The last century, it was literally the last century, right?

FRED P. HOCHBERG: That school was right here on 56th...

URSULA BURNS: 56th and First, right up the street. And we graduated at St. Patrick's Cathedral.

FRED P. HOCHBERG: So in looking at that, what can you talk to us, I know we're in New York, it's the financial capital, but the whole idea of manufacturing in America, you know, you were at the intersection of technology, tech company, manufacturing company...

URSULA BURNS: I did it in the right order, I think. I actually found something I really loved, by accident, however I got there. Did it for a while and understood what it took to

do it. So I knew a lot about the inner workings of the company. Didn't have any thought about running the place or even understood that kind of a structure, and I stayed in that world for four or five years and then got plucked out.

Primarily because I was vocal about things, about the way things were. Like how our labs were organized or staffed, for example, how few women we had, how few Black people we had. This was well before, this is when we still called things affirmative action. We didn't call it diversity, equity and inclusion. We called it affirmative action. So I was fairly outspoken in these areas. And that ability to speak out got me on the radar of some executives at Xerox. I had no clue who they were and they were just White guys and they were all from the Midwest.

So I was, you know, I was dedicated to stay in engineering because I was really good at it and I had kind of made my name, and I liked it a lot. And this one guy pulled me and said, you should learn more about the company. My husband said that too, but he wasn't my husband. I was flirting with him. (Laughter) I didn't take any of his advice, I was just kind of flirting with him. This other guy...

FRED P. HOCHBERG: That was then. They don't that anymore.

URSULA BURNS: You don't flirt anymore?

FRED P. HOCHBERG: Well, not with employees.

URSULA BURNS: Well, thank God I lived back then. Anyway, he told me to come up and kind of talk to him. We got into a big argument in a big meeting. He asked a question. Somebody asked a question about why we're hiring all these women and these Black people. Literally that was the question. Why are we hiring all these women and Black people because he thinks it's lowering the standard of the company. This individual asked in this very large meeting.

And the person who answered the question was a guy named Whalen Hicks, and Whalen answered it really nicely. And then I raised my hand and it's really interesting, I learned early, if you're the only Black person or Black woman in the room and you raise your hand, guess what, they generally call on you. All you have to do is raise your hand and it's really interesting, they can see who you are because you don't look like everybody else. I raised my hand. Whalen called on me and I said, I'm absolutely insulted that you answered this question. I really lit into him without thinking too much about what I was doing. And he answered my question respectfully and then said, I'd like you to come and see me. This is in front of 2,000 people. I'd like you to come and see me next week. And my husband, who wasn't my husband back then, the worst that can happen is that you're going to have to find a new job.

FRED P. HOCHBERG: How bad could it be?

URSULA BURNS: You're probably get fired. Anyway, the great news was that this guy took an interest in me. And he said, you said the right thing but you said it the wrong way. And you're going to have to learn as you go through your career how to say things in a way that people listen to you. And that's another lesson that was amazing because you don't want people to kind of put-up defenses on not the content. The content is what we want to focus on.

So being an engineer was really interesting because most of the people became, they were marketing guys or finance guys, a lot of legal guys running companies. And when you walk into a room and you don't actually know anything about the law and you're not that interested in the finances, but you're interested in the way the company works or what they make to make money, you come with a completely different point of view. And it's always been fun and interesting. Still to this day, there are very few engineers who run companies. There should be more.

FRED P. HOCHBERG: Noted. One of the challenges you spoke about in the book, or you wrote about in the book and you just touched on, and that is to be in manufacturing, there's a lot of emphasis right now on re-shoring, bringing manufacturing back, bringing

supply chains back. That's a challenge for global companies, a challenge for Xerox. You know, a lot of politicians think, well, why can't you make everything here and just export it? Can you talk about how you navigate that, which is very hard to do, and what do you see going forward? Because there is a sort of de-globalization discussion going on right now.

URSULA BURNS: It's a big deal right now. It turns out, I write about this in the book and Fred and I worked together for a couple of years because I was Vice Chairman and the Chair of the Export Council. He was the Head of the EXIM Bank. And we never got as much money as we should have from the EXIM Bank, but he was a good partner, nonetheless.

And one of the discussions that was swirling around back then and even before back then, but back then, and now is this idea that we should make more things here. And I always said, where is here exactly? Is here where we sell our stuff? Because if that's the case, we should probably make it everywhere in the world. Is here where we earn most of our profits or generate most of our revenue? That should be around the world as well.

So this idea of here is a narrow perspective of what a business does, right? And, by the way, we have a huge amount of affinity and therefore leaning towards the shore that

we're incorporated in but we make, at Xerox, when I left, we made as much money outside of the United States as we did, in profitability, revenue, for sure, more outside the United States. Profitability, probably about break even.

So there's no way for me to actually say, go to Paris and say, by the way, I'm going to sell you my digital printing machines and none of them are made in France. They're all made back in the United States. Just give me your money and I'll send it all to the U.S. So I think there's, one problem is global companies are actual global citizens and have to actually operate on a global basis. That's one. The other one is that it's not, it doesn't make sense to actually, financially to do it that way. Literally, there are better sources of X, or Y, or Z in other places in the world. And so you should go to those places to get the best source.

What has happened a lot lately is that we've actually disconnected tax paying, profitability, a whole bunch of other financial metrics from where you're shored. And we definitely have to fix this because there is, it doesn't make sense if you make all of your money, or make most of your money in X, Y, Z and you have a way to pay taxes to none of the people. It doesn't really happen that you pay taxes to none of the people, but you actually pay low taxes to the places where you have the biggest presence. And that's a big challenge.

FRED P. HOCHBERG: Like Apple's music business is headquartered in Luxembourg. The last I checked there are not a lot of great Luxembourgian musicians, songwriters, and recording artists living in Luxembourg.

URSULA BURNS: And Xerox for a while, when I was running manufacturing one of the things that we did along with everyone else is we moved some of our factories to Ireland because Ireland had given most manufacturing companies a tax holiday. How many machines could we actually sell in Ireland? Not very many. So this kind of playing of the game, I do understand. It's not breaking the law. But it is not easy to explain it and we have to be better at explaining it if this is what we're going to do or stop doing it.

FRED P. HOCHBERG: One of the things that John talked about that the Club is focused on is diversity, equity and inclusion, DEI. And you've spoken a lot about that, how that's changed the conversation in boardrooms, on the three boards that you're on. So I think there's been greater emphasis, in the aftermath of the murder of George Floyd, the pandemic, a sense of fairness and equity. So how do you see how companies, and you're on three boards, how will we navigate that going forward?

URSULA BURNS: I'm on five boards, by the way, but I liked the sound of three better.

FRED P. HOCHBERG: I picked that up from CNBC. Can't rely on that CNBC.

URSULA BURNS: That's one of the problems, right? You can't rely on any of that stuff anymore. You know, DEI is one of these things that, depending on the mood I am in the morning, I want to talk about it or don't want to talk about it. Because it's just such an overused, it's kind of like cloud computing or AI. Everybody has one of those and everybody has a DEI thing.

The way that I think about it is that if you think of where we are in the world, right, companies, not-for-profit organizations, educational institutions, arts organizations, everything, were designed by White men. All of them. There's not one that hasn't been. The rules were written by White men. The judges were White men so the people who determined whether you were following the rules were White men. Everything about the structures that we actually live in and we benefit from were built from the eyes, through the eyes of a certain segment of the population.

And during the time that they were making these great investments and unbelievable strides, the positions of women and people of color, anybody that wasn't like them, was a position of subservient. Either legally structured that way, almost always legally structured that way, but also socially structured that way, meaning they actually thought it and believed it, and so did we. So we literally, we, people who are not in that club, we've designed a whole world around these White men and now we're starting to get a

little bit, like antsy. Well, like, wait a minute, I'm just as good and just as smart and half the population, you know, are women, 60 to 70% of the population is not White males. You know the numbers. So we're now saying, wait a minute now, let us in.

And what's happening is we're trying to let them into the structures that they built. And so we have to actually change ourselves to fit in that world. DEI is about some of that change is about us, people who are not in, understanding and making that kind of course correction that we have to make. But it is as much and more about these structures, understanding that they are unfair, unbalanced, that they are not set up for us. And that's where the "I" part comes in.

And I think that what's happening is everybody's focusing on, like numbers, and we have to make, but it's more, it's as much about can we just step back and realize that we may have to kind of rebuild the building. I'm not into, my nieces and my children are into burn the whole damn thing down and build it. A lot of young people are that way. Good or bad, I don't what that is. But I'm not there. But I know that if we don't make the changes to the structures that we have, the laws that we have, what looks good on the educational resume, all of that stuff, that we're going to have, if we don't do that as well as the people who are excluded making changes as well to be included more, then we're going to have a war on the streets.

And that's what we started to see. That's what we're starting to see around capitalism, this war in the streets, where people are like, this is not, that system, I have no right, I have no right in that system. So I have no respect for that system. I have nothing, no patience with that system, so I'm going to start to tear it down. And that, unfortunately, we have nothing to replace it with that's any better. This is the best system structurally, I think, around the world. We're just practicing it in such a way that's it's getting worse, not getting better. So my whole thing about DEI is, this is not a program. Let's figure out a program.

FRED P. HOCHBERG: This is not an exercise.

URSULA BURNS: It's not an exercise. This is a literally step back. And we have some mental problems, we have to actually go through counseling. We have some structural problems. We have the change the bathrooms, the elevators. We have law problems where literally women are functionally discriminated against. And if you're Black, we are not even allowed to teach the history in certain states now because it's not American history.

FRED P. HOCHBERG: The state we live in...

URSULA BURNS: Yes, I won't say that too loud. It's not American history anymore. It's

now this special history that doesn't exist. There's so many things we have to kind of pull back from and say let's really look at what we are starting with. And I say to most CEOs who are still White men, the vast majority are still White men, be careful here, right? Because they can wink at DEI and try to do it without changing anything. That's basically what the people are trying to do. Let's increase numbers, let's make sure that those women go to these types of schools. Let's make sure that they study these kinds of things. And let's make sure that they do team sports so they could be more, all of this stuff is not fixing the problem. It's stuffing us into a system that's not built for us.

And I think to get the most out of us, we have to do both things on both sides. We have to make some adjustments. And we have to understand, the White men have to understand that they are victims just like we are, of a history that they did not build. So they have to actually be prepared to change it. Most of them are not.

FRED P. HOCHBERG: I think we're going to open it up for the floor. Right here. A microphone is coming to you. And just for everybody, because we have some online, obviously your name and your affiliation.

QUESTION: Thank you, Fred. Bal Das from BGD Holdings. I found profoundly resonant here reflections on DE&I. You know, as an Indian American, I was thinking of one of the teachings I had taken away from Mahatma Gandhi, which I try to pass on to our kids

also, is to be the change you want to see, which is structurally what your reflections are. I just wanted to get your thoughts on, as this process is going to play out, there is this overriding narrative of meritocracy that in business, across the globe by the way, but particularly – without naming people – when I raise the topic, they say, look, I am blind. I just get the best talent. So this narrative of meritocracy, it seems to me when I hear you, it sort of is that shoehorning. So since you don't fit, I just pick the best. I'm not looking at color. I'm not looking at gender. So there should be an amount of intentionality in practice. I would appreciate your thoughts on it. Thank you.

URSULA BURNS: Yes, I mean there are some buzzwords that are unbelievably racist. One of them is this...and sexist...is this word, meritocracy. Think about what, as I said earlier, rules made by you guys, referees by you guys, the definition of merit, right? This ladder all around the structure. Please realize this. That when this structure was defined, people who looked like me could be owned by other people in this country. People who look like me could not vote. So this idea of meritocracy is kind of an interesting, I call it a buzz...whenever people bring it up, I literally, my hair goes up and my back goes up, because I know what it's about.

So I say the following. I just started with two partners a private equity firm, which is what I do more than Teneo. Teneo is cool, I love it. It's a great company. Unfortunately, it has a CEO and I'm the Chairperson. I love being the Chairperson. It's like being a

grandparent. (Laughter) It's unbelievably good and I love it. I'm a principal in a private equity firm, a great one that we just started called Integrum.

And what we tried to do at this firm, we started it two years ago, it was me and two partners, we wanted a firm that tore down all of the stuff that I talked about – the rules, except for the financial rules, you can't change them, but everything about what does good talent look like? The good talent, what I always told, they had to go to Wharton or one of these 13 schools and then go work two years in this kind of a thing, private equity company, being a slave, or investment banking, a slave. And then they'd leave and they'd go to another place. They'd go through all this. I'm like this is training the worst things about people.

Why can't we get some other people? Good analytical skills, but journalists, right? We have some social science people. So we started this firm, very, very amazing people who don't look anything, a large number of them, the vast majority of them, the majority of them don't look anything like any other private equity firm. Because talent is distributed relatively evenly around the world, opportunity is not. So what we decided to do, I'm not that concerned about the talent or the merits of the people that I hire, I'm not concerned about that. I'm more concerned about whether or not we can give them a good opportunity to fit in and do the right thing. And so I use that example because it's possible to build, it's possible to build and rebuild an organization where meritocracy is

even redefined.

And I don't mean that you go to college and get F's. That's not what I'm talking about. I'm talking about not everybody is going to be able to go to Harvard. By the way, thank God, right? Not everybody's going to go to MIT. Thank goodness. But those people who don't have that opportunity should have the right and the ability to actually participate like the people who did. And what's why this idea of meritocracy, because it's wrapped in this very sexist, very racist construct, I don't buy.

And the last piece, I used to have this great friend, he's still a good friend. He ran a company called Motorola, unbelievably good man. When I was a new CEO, he was a CEO as well, both of us about the same age. I went to his place in Chicago to speak to his leadership team, a whole bunch of business executives. He introduced me by saying the following: This is Ursula Burns, a very good friend, and I don't see color or gender when I look at her.

And I got up on the stage and said, I mean, this is the biggest insult I have ever heard. If you have to introduce me and position me in a place that takes the essence of who I am away from me to make me valid, my goodness, how terrible is that? You should be able to say here's Ursula Burns. This is this woman from the Lower East Side of Manhattan who happens to be Black, fine, if you want to say anything about the description of me other than my name. But to say it in a way that you have to defend the fact that I'm here

as something that is a merit-based thing versus the other side is absolutely amazing. We do this all the time. Men, White men, even we do it. We say we got there because of how smart we are, not because I'm a woman and not because...I'm like, really? I got there because I'm a woman. I got there because I'm Black. I got there because I'm Ursula. All of those things. I shouldn't have to pull any of them apart to be part of this club. But these kinds of conversations are happening now in companies, in boardrooms. They are starting to happen now. They're starting to realize how structured and how subtle this conversation has become and how they must change everything about what you think about what's acceptable.

Board diversity, we started this thing called the Board Diversity Action Alliance, right after George Floyd. George Floyd was murdered. I live in London. I moved to London in 2016, December, with my husband, because in 2016, November, a man was elected President of the United States who actually said out loud to people like me, we don't like you. You're not really one of us, you don't really deserve. So my husband and I said, okay, we can find a place that will take us. So we moved, everything, lock, stock and barrel, moved to London.

At that point that we were exiting and emptying our presence here, we had to reestablish, we had to determine how we participate back here, if we participate back here, how we participate back here. And for the first year we felt, it was such a great

thing. We just said, that crazy country, we're just going to build another world somewhere else. Not realizing, but of course realized that racism is everywhere, sexism is everywhere. And we had to end up building a bridge back here to make sure that we could eventually come back here and actually participate. We participated more from London, for voting rights, for education rights, than when we were even here, coming back here. I don't know why I went down that point.

But this whole idea that, so George Floyd gets murdered, this is where I was going to go. He gets murdered. I'm flying back from here to London and he's killed during that flight, you know, when I was out of contact. And a guy, a really good friend of mine who ran a massive sporting apparel and goods company headquartered in Europe that begins with an "A" called me and said, you know, I picked up my phone, he said, how are you doing? Great, how are you doing? He said, you heard about this thing. I said, yeah, yeah, yeah. I heard about it. I just lied that heard about it.

He said, well, there's protests happening. He said, it's different. There are protests happening everywhere. Where he was there were protests happening. This is in Europe, I won't name the city, protests happening as well. He said I'm a little confused about what's going on. This is a little different. It feels a little different. It's not just Americans ranting and raving about police brutality and killing a Black man. Everybody is kind of lining up on this whole thing. What can you tell me about this? What do you

think? He was a great friend and still is.

And my response was, sure, sure, sure. I'll talk to you about that, but why aren't you calling, like some of your board members or like some of your management team? He said to me, I have no board members who are African, Black. None of my management team is. So anyway, we go through this whole thing. It's great. We have this great conversation, a very active, very smart man. And I hung up the phone and realized, think about this, this is a company that sells to young people all over the world, but in America, disproportionately to African American boys and girls. He has nobody on his board.

FRED P. HOCHBERG: Or management team.

URSULA BURNS: Or management team, nobody. And it was totally fine. He said I had a Chinese guy. He had some Chinese people. (Laughter) And that's when I realized that, let me tell, we started this thing called the Board Diversity Action Alliance, simple, with Teneo, Ford Foundation, the ELC, a couple of other partners, to just do one simple thing. We're not going to do religion or map you and track you every single...one thing, a simple report. Do you have any people of color on your board? Pretty simple. Do you have a program that teaches and talks about diversity, equity and inclusion in your company? And the third is, if you have one of anything, are you on path to get the second? Simple, simple, simple.

And we're not going to come back and ask you every year. We're not going to put you in the newspapers, you know, with tables. And then we're going to turn it over to your consumers and to your employees and to your investors and those three groups are the people who can judge you from this point forward. By the way, we find out, to get the data that I just said, you would think, oh, just type in diversity on boards or something and out would come numbers. Guess what? No numbers anywhere. By the way, private equity and venture, zero numbers, zero tracking. At least in public companies you can get the annual report if they have pictures. And if they don't have pictures in the annual report...

FRED P. HOCHBERG: There's a reason.

URSULA BURNS: There is a reason. But anyway, if you have pictures, you can actually make a guess, right? I can say this is a female, even though that's even getting hard, but you know what I mean. And you can kind of make a guess about ethnicity. But that's kind of what we had to do. Because you'd send it out and said can you report this, and the first thing is, what are you going to use it for? People didn't self-declare.

So anyway, this whole thing about the fact that you actually, we can govern the whole universe, consumer goods, tech, government structures, everything, without having

anyone that doesn't look like you participating, is another fallacy that I think we're starting to learn. And boards know this, boards know this. They're still struggling on how to fix it, but they are aware that to make their company future-ready, they'd better do some things. It's hard.

One last piece on this. I was on Andrew Sorkin, who I love, great, great guy. He was interviewing us about this BDAA thing. And he said, so, you know, these people are going to be really upset about you taking their seats. I said, their seats is an interesting characterization. They own these seats? We actually even think of it as their seats, right? The women are going to take some of their seats. They're human being seats, the last I checked. So they're taking some of our seats by definition. But it's a strange entire construct. My whole point here is think differently about the entire construct. There is no righteousness and permanence in this kind of thing.

FRED P. HOCHBERG: As John comes up, in addition to this great book – you hopefully got a taste – there is a book called, *The Tyranny of Merit*, which is exactly what you're talking about. And it's a really worthwhile read as well. John, back to you.

CHAIRMAN JOHN C. WILLIAMS: Well, this is an amazing conversation. And you're right, Fred, this could go on for many hours. I wish we could do that, but we are out of time now. And many thanks to both of you for spending this time with us.

So this is the point which I talk about all the events we've got coming up. We've got an exciting year ahead of us. On February 22, we've got Richard Thaler, Nobel Laureate from the University of Chicago Booth School of Business. On March 1st, we have a luncheon with L'Oreal's CEO, Nicolas Hieronimus. Joining him in conversation will be Former Chair of The Economic Club of New York, Marie-Josée Kravis. We'll have a luncheon with Jen Easterly, the Director of the Cybersecurity and Infrastructure Security Agency on March 23rd. It sounds very timely. And Robin Hayes, President and CEO of JetBlue on March 29th. And then on April 4th, we'll have our Annual Women in Business Conference together with the Consul Generals of Canada and France, and we'll be announcing speakers soon, so be on the lookout for that. And then on April 13th, we'll have a webinar with Dr. Ella Washington, Organizational Psychologist and Professor at Georgetown University. And finally, we'll have Lee Ainslie, a luncheon with Lee Ainslie, Founder and Managing Partner of Maverick Capital on April 18th. So when I say finally, that's for the next few months. Of course, we have a lot of other events we're in the middle of planning for the rest of the year.

So I'd like to take a moment to recognize the 361 members of the Centennial Society who are joining us today as their contributions continue to be the financial backbone and support for our Club. And thank you for all of those who attended virtually, and for those of you in the room, please enjoy your lunch. Of course, people attending virtually

can enjoy their lunch too. And we look forward to seeing you again soon.