

# Your growth story includes DEI

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**Regina Curry**  
Chief Diversity Officer



**Jenny Johnson**  
President and  
Chief Executive Officer  
Franklin Templeton

When Marion Donovan invented the first disposable diaper and pitched it to venture capitalists, they all laughed. Determined, she hired a lingerie manufacturer to help launch at Saks Fifth Ave,<sup>1</sup> and made billions of parents' diaper dreams come true. Lack of access for people with great ideas is one of the oldest stories in the world that still repeats today. However, today's extremely competitive environment, ongoing disruptions, and innovations require diverse thinking and problem solving to find great opportunities.

Diversity, equity and inclusion (DEI) practices are essential<sup>2</sup> to navigating our investment industry's dynamic landscape:

- **Thinking more holistically leads to more than company growth.** Creating diverse and inclusive workforces produces the best outcomes for people, businesses, industries, societies, and investors.
- **DEI practices and policies create company platforms for differentiation and competitive advantages** for firm performance, innovation, and resiliency.
- **Diverse practices, processes, and teams expand business strengths and possibilities for solutions.**
- **Companies and investors will miss investment opportunities** unless they talk with people who can relate to their unique business problems and resonate with them.
- **Younger generations seek to align with companies with similar values** and will stand up for those shared values and beliefs.
- **By acknowledging that all humans have natural biases, companies and leaders can find more ways to bring in more diverse talent** and expand recruitment as much as possible to build their best teams.

As our global population changes, DEI practices will continue to contribute to growth across business lines and industries. Investors, companies, and leaders must embed DEI practices in their processes and leadership, or they risk missing the next US \$50+ billion baby-diaper-market opportunity.

For more, please see my DEI discussion with CEO Jenny Johnson, "Dimensions & Insights: Your Growth Story Includes DEI" and its transcript on the following pages.

**Regina:** It's been said that diversity, equity and inclusion is essential to navigating our industry's dynamic landscape. It creates a platform for differentiation, a competitive advantage for firm performance, as well as resiliency. Jenny, why do you believe DEI adds to an asset manager's bottom line?

**Jenny:** Well, first of all, I think, D, E and I is a growth story in the firm. And I always say that because, too often, you hear people describe it like it's a problem to be solved instead of this amazing opportunity that it is. You want to be able to recruit from as many people as you can to field the best team. And I think we all have to acknowledge that we all have natural biases. If you acknowledge that and you say, but I want to make sure I field the best team, then you're going to have to find creative ways to bring in all the talent. And then I look at it and I say, what does Franklin Templeton do? We provide risk-adjusted investment returns to our clients, and I think it's just essential to have diverse investment teams so that they can actually just find the great opportunities for investments. And then I would just say, running a business in a very competitive time—it's a competitive industry—plus with the technology innovation that's going on and disruption, it's a tough time to compete. And it has been proven that if you put a diverse team together, they expand the possibilities of solutions. If you put people together that all think alike, you're going to be very limited. And so, I think the only way for us to compete going forward is to ensure that we create an employee base that is very diverse, so that we get the best outcomes.

**REGINA:** I agree. And I think it's also the notion of: "Do I need to hire the exact same talent one for one or do I need to hire someone who's going to make my team stronger, and what's the difference in diversity on my team?" So, I think it's a great mindset to think more holistically, and to your point around, "let's think about growth and the next steps in terms of our industry."

**Jenny:** Less than 2% of VC [venture capitalist] money goes to female entrepreneurs. And you hear women who have been turned down by the venture capitalists saying, "I was turned down because the VCs didn't understand the business plan that I was bringing in, they didn't understand the need. And so, I think about that story, about women feeling pressure for a new dress, and dresses being very expensive that when somebody came up with the idea, and they're pitching to a bunch of male venture capitalists ... I think women can rent their dresses. You know as a woman—you go to these public gala events or whatever, and you can't wear the same dress too often. Maybe—not even if there's pictures—maybe not at all again the second time. Now, you think about the men who are hearing that story and they're thinking, "I've had the same tuxedo for 20 years. It's fine. I don't understand this problem." So, unless you have somebody in the room who experiences or understands that problem, it may not resonate with them.

**REGINA:** I love that you talked about not only the people part of it and having diversity there, but also looking at our processes differently. And I think there's a belief that you can have inclusive leaders, but if they're following the same processes, you can still get the same outcomes.

**Jenny:** Absolutely.

**REGINA:** I think that is excellent as we think about it as part of Franklin Templeton's growth story because you do have to have both. And speaking of talent, we hear a lot about how our industry potentially has an image problem. Hollywood has portrayed finance, in some ways, in a negative light. Jenny, how do you believe that the image problem or challenge impacts the younger generation and attracting the younger generation to our industry?

**Jenny:** A story I often tell is with my five kids, asking my daughters are any of them going to follow me in this industry. And one of my daughters responded with, “Mom, I want to do something that helps people.” And I thought, “I failed” because how have I not described the job that I’m passionate about every day, that we are helping people to solve their hardest problems in their lives. And too often, this industry is described as, “It’s all about people wanting to make money.” No, we come in with a responsibility to help our clients achieve the most important goals. And I think we need to describe this business in a way that is all about our ability to really help people achieve what matters to them. And I think if we can change the narrative, we will attract more people.

**REGINA:** I agree, and I think that the generation wants to align with firms that have beliefs that they believe in.

**Jenny:** Absolutely.

**REGINA:** They want to have firms that value and stand up for those beliefs and align with what their values are. That’s an excellent perspective and what Franklin Templeton looks to as we look to recruit.

**Jenny:** And as you know because you’re an expert in this area, how many times do you hear people say, “Oh, I just couldn’t get any diverse candidates.” And of course, they’re now starting to understand the psychology that if you don’t change the way in which you do a job description, using different words, you immediately eliminate a huge group of the population. And so, that’s where you have to look internally and say, “Wait a second, maybe it’s us and not them. Maybe it’s not these people who aren’t interested in this industry. Maybe we’re not selling ourselves in a way that resonates with them as a great business to be in.” If you’re not talking to people who the problem can relate to and resonate with them, you’re going to miss investment opportunities. To me, that’s the growth story in this.

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#### Endnotes

1. Source: “Marion Donovan: Disposable diaper,” Lemelson-MIT (Massachusetts of Technology).
2. Source: PwC, *Time to get serious: If diversity is a business imperative, treat it like one*, September 2019.

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