

22. Bring Your Full Self to Work

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Toyota Motor North America's Chief Diversity Officer Sandra Phillips Rogers and former U.S. Labor Secretary Alexis Herman discuss the practical and cultural rewards for businesses that include and listen to all voices.

Full transcript below.

Tyler Litchenberger: Hey, everyone. It's Tyler. And welcome back to another episode of Toyota Untold. On today's show, we're talking about diversity and inclusion. And Kelsey, as you know, I tend to bring my whole self to work. So, I'm really glad that we work at a place where it's appreciated.

Kelsey Soule: And we're so happy that you bring your whole crazy self here every single day.

Tyler Litchenberger: I do.

Kelsey Soule: But on a serious note, Toyota has made diversity and inclusion a top strategic priority in creating a workplace culture that is welcoming to all, like Tyler. We truly want our team members to be able to bring their full selves to work, and we're dedicated to ensuring that everybody has an opportunity to contribute. But we didn't reach that place on our own. This inclusive culture is a result of continuous improvement through gaining critical perspectives from diverse business partners. And we're so lucky to have one of those business partners on our podcast today.

Alexis Herman is a true trailblazer when it comes to diversity and inclusion and making a difference in the business community. She is one of the foremost experts in this field. And we're lucky enough to have her as the Chief of our Diversity Advisory Board.

Tyler Litchenberger: And you know what, Kelsey? I didn't know much about her before we got to talk to her, and I was just stunned that probably a lot of the benefits that I've enjoyed throughout my career were probably due to her work early on.

Kelsey Soule: Yeah. She really changed the game. So, today, on our conversation with Alexis, we're going to talk about everything from when she got expelled from school to her time in both the Jimmy Carter and Bill Clinton Administration and on topics that are popular to everyone like working from home.

Tyler Litchenberger: And later on in the podcast, we're going to be talking with Sandra Phillips-Rogers who is the Chief Legal Officer and our Chief Diversity Officer. And we're going to talk to her about why Toyota has made diversity and inclusion a strategic business priority, how we're doing it, and how it impacts our customers, dealers, and fellow team members.

Kelsey Soule: Yeah. So, we had a really interesting conversation, especially from Alexis telling the historical perspective of how long this has been, you know, a struggle and, really, what the status is of it today, and maybe what we can expect for the future, so.

Tyler Litchenberger: All right.

Kelsey Soule: Ready?

Tyler Litchenberger: Let's take it off with Alexis.

Kelsey Soule: Let's go.

We're here today to talk about the importance of diversity in the workplace. But before we do, we want to go through your resumé a little bit just for our listeners. So, you've worked for the Jimmy Carter administration as a Director of Labor Department Women's Bureau. When Bill Clinton took office, you were the Assistant to the President, Director of the White House of Public Engagement, and then you served as the Secretary of Labor.

Tyler Litchenberger: I also loved reading your resume because it's a little bit like—I mean, you have corporate experience, consulting experience, building your own company, and government experience. I feel like I also read about your experience when you got expelled from school. So, you're a little bit of a rebel. So, how do you take your experience in just bringing that, like, disruption a little bit to those three areas from government, to your personal consulting business, to being on the—you know, the advisory boards for companies like ours and Coca-Cola.

Alexis Herman: Well, you know, it's interesting you raise that, Tyler, because, for me, getting expelled from high school at the age of 15 because I dared confront the Archbishop of our diocese that our Catholic schools were segregated-

Tyler Litchenberger: Yeah.

Alexis Herman: ... at a public event where all of the schools had to participate, but the black high schools, of which I was a member, were not allowed.

Tyler Litchenberger: All right, everyone. Quick back story on this. When Alexis was a sophomore, she was expelled for questioning the diocese's exclusion of black students from religious pageants in which white students were allowed to participate. Following a week of objection from, not only her parents, but other parents and fellow students, she was readmitted to the school.

Alexis Herman: So, the reality is when I got expelled that day, and I was a pretty good student, I had one teacher who came up to me and said, "Alexis, you did the right thing."

Tyler Litchenberger: Yeah.

Alexis Herman: It was really my first leadership lesson in risk taking. And I recognized that in order to advance and evolve that you have to be willing to go outside of your comfort zone, you have to be willing to take some risks, and to know that when people encourage you and support you – we need that – it does make a difference.

And so, for me, I learned from that experience that it is not so important, the individual risks that you take in life, because on our career journeys, on our experiences in life, there are all kinds of risks you have to take. It's about getting into the habit of risk taking as a behavior because the more you do it, the less you feel those butterflies in your stomach, the more courage you feel, and the more confidence you start to build in yourself. And you can look at a situation where you know you have to take that risk, and you can say to yourself, you know, "I've been here before, and it worked out." And so, I focus now in my own leadership lessons that I talk a lot about, I talk about the habit of risk taking, getting into it, and that was my first.

Tyler Litchenberger: So, then, how do—because companies like Coca-Cola and Toyota maybe aren't known as big risk takers, right. You think more of like Silicon Valley type companies. How do you, as, you know, the chief of our Diversity Advisory Board, how do you push companies to take on risk?

Alexis Herman: Well, first of all, I think you have to be very clear about what types of risk you're taking and to what end. You know, just to take a risk to take a risk, that's not what it's about. It's about understanding why, and what's the goal. And the reality for me is that Toyota may not call it risk taking, but it's a company that fosters a culture of innovation. And you cannot have an innovative culture, you cannot have a company that fosters innovation without being willing to take some risk, without being willing to have some failures in the process, and that expands if you're willing to open up your eyes and your mind to the whole diversity and inclusion space because it is about taking risks just to embrace someone who is different from you, to go outside of that comfort zone, to learn from other experiences.

And so, for me, I think Toyota has been pushing that envelope. But sometimes, I think we don't recognize that's what we're doing. And I think the more you can push for diversity of thought, and experiences, and exposure at the table, the more we talk about innovation. Inside Toyota, the more the synonymous word of risk needs to go along with that because that's really what it's about, so that people can feel more freed up. And I think what's different today in corporate America generally, particularly with millennials and this new generation of workers, people want to bring their whole selves to work. They don't want to have to think about what's proper for Toyota.

Kelsey Soule: And so, since you've been a champion for diversity throughout several decades, can you explain how the landscape has changed since you were expelled from high school, and then through adulthood, and now working as a consultant for corporations. How has diverse or the fight for diversity changed and your role in the fight for diversity? How has life changed also?

Alexis Herman: Well, it's interesting. I'll give you a real practical example. When I was the director of the Women's Bureau in the Carter Administration, I came in in the late 1970s, the early '80s. I was the youngest presidential appointee for President Carter in my late 20s. I always say I aged the fastest after I left that job, but anyway, during that time, the question on the table was when women first started to come into the workplace in really great numbers. It was the very first time that you saw women leaving the home and taking on careers. It was the first time we started to experience do career earners.

And the question that was being asked was, why are all of these women, all of a sudden, coming into the workplace, right? And my big mantra as secretary—not secretary of labor then, but as Director of the Women's Bureau, the question should not be why, because women are coming into the workplace for the same reasons as men are – to support themselves and their families but, also, for the joy that work can bring.

Tyler Litchenberger: Absolutely.

Alexis Herman: The real question needs to be, how are we going to help women to reach that accommodation? What are we going to do differently? And so, when you ask about what the changes are, if I just take that one snapshot of women during that period, the question needed to be not why but how. And so, for the first time, I helped to work on the first flextime rules in the workplace because women needed more flexibility. But guess what, it turned out not just to be about women, men wanted more flexibility.

Kelsey Soule: Shocking.

Alexis Herman: So, we got away-

Kelsey Soule: Crazy

Alexis Herman: For the first time for the 9:00 to 5:00 rule, and we did something really revolutionary. Guess what it was. We went 10:00 to 6:00. Oh my God. Oh my God.

Kelsey Soule: Groundbreaking.

Alexis Herman: Yeah, shocking. And look at where we are now when you talk about changes. Teleworking and, you know, all kinds of ways. Video conferencing. So, there's all kinds of of workplace flexibility now that benefits everyone. We had no child care centers then. We opened the first federal women's child care center at the Department of Labor.

Kelsey Soule: Wow.

Alexis Herman: And let me tell you-

Tyler Litchenberger: And not just with moms, but the dads too.

Alexis Herman: Exactly.

Tyler Litchenberger: Yeah.

Alexis Herman: And we were overwhelmed, and we were always subscribed, because no one understood then the necessity of childcare. And what that meant, in particular, to support all of these women who were coming into the workplace. And so, much of the support systems for women, I've seen it change now, and it benefits everyone. And that's just taking one segment. When I look at what happened with women of color, with ethnic diversity, the changes that have taken place, back then, it was all about the first, the one who broke through. Okay. And it was tough because if you were an African-American, you brought the whole race to work with you. Okay. And you couldn't be yourself because, you know, the eyes of the company or the world were on you.

Well, luckily that's changed, and we no longer talk about the first this, the first that; although, I have to say, in many instances, in areas of the business now, whether you're talking about women, or people of color, or other diversity issues, there's still that in the workplace, but it is not to the same degree. I was responsible when I was Director of the Women's View working with, then, the chair of the EEOC for promulgating the first sexual harassment workplace rules.

Kelsey Soule: Wow.

Alexis Herman: And 40 years later, what's changed? It's no longer a hidden issue. You know, we're talking about it. That's in part with the Me Too Movement it's all about. And that's what I mean by bringing your whole self to work. So, I just see the journey of the first and all of the issues that surrounded so many of those who were left out of the workplace because that has always been my focus. For those who had to overcome particular workplace barriers that those barriers are now on the table, we still have to work on them, whether it's pay issues for women and being treated as equals in the workplace. We get confused, I think, today when we look at all of the changes, and we're blessed that we've seen so many. But people think because there's so many changes, and you've seen the first this and the first that, that we don't have any more issues.

Kelsey Soule: Yeah.

Tyler Litchenberger: Right.

Kelsey Soule: Does it ever frustrate you that we're still having the same issues?

Alexis Herman: Absolutely and completely.

Kelsey Soule: Yeah.

Alexis Herman: But the reality is every generation brings its own set of concerns and issues. And the nature of the conversation for me is I have to work on my own frustration. I really do. And I have to listen anew to the concerns because the reality is we still have a workplace and a society where women, people of color, the disability community, I mean, all of these communities that we want to include today that we have to be open to hearing their points of view. And we're all the product. I always say this, we're all the product of our own unique experiences.

Tyler Litchenberger: The different generations, as they get younger, are getting more diverse. Are they getting involved as much or not as much? Are they facing—I think we just said, you said they're facing similar

challenges. Are there new challenges that they're facing as well?

Alexis Herman: I find this new generation of workers totally fascinating. I mean, totally. And let me tell you, their issues and their concerns are very different-

Tyler Litchenberger: Really?

Alexis Herman: ... from when I came into the workplace, and when you came into the workplace. Okay. And let me give you a very practical example. We just had a marvelous conversation inside our Diversity Advisory Board family on this new generation of workers with Toyota. And there was one statistic that came out of that dialogue that I went, "Wow." Do you know what it was?

Tyler Litchenberger: What?

Kelsey Soule: What?

Alexis Herman: 63% of millennials today care more about a company's community engagement, societal engagement, the issues of diversity and inclusion in their workplace than they do about a company, its profit margin. It's not so much for the millennial generation about, how much money you make but how do you make the money that you make? What are the values-

Kelsey Soule: Yeah, that's true, yeah.

Alexis Herman: ... that you bring.

Kelsey Soule: So, I guess when it comes to diversity in a company because you've worked for several different companies, what does it mean or what happens if a corporate lacks diversity? Like how can you tell?

Alexis Herman: Well, first of all-

Tyler Litchenberger: And what could someone do if they work for a company that is in that position? And how could they help?

Alexis Herman: Yeah. Well, first of all, I think it's important to get a definition of diversity. You know, a lot of times, we just throw words around, and we don't know what it really means. And every company has a different culture. And so, I never talk diversity without also talking about inclusion because it is about diversity and inclusion. And people will say to me, "Secretary Herman," or "Alexis, you know, what's the difference?" I always say diversity is about being invited to the party, about being invited to the dance, but inclusion is getting us to dance. It's getting on the dance floor, okay. And so, when you know you're invited. and you can also get on the dance floor and do your thing, that's when you know you've got diversity and inclusion working together.

Tyler Litchenberger: That's a great analogy.

Kelsey Soule: Yeah.

Alexis Herman: And so, for too many companies they focused on the diversity representation, and they say, "Look at us, we're doing pretty good." Yeah, but let's look at the inclusion. Where are they? What kinds of jobs? What kind of assignments? Are they getting the promotions? Are they in the leadership ranks?

So, at Toyota we had to spend a lot of time talking about that and looking at all of the various components that make up this tremendous company. I'll never forget in one of my early exercises, you know. We were very big on the trainings and the meetings. And one of our Japanese executives, I asked, "What does it mean to you?"

And I'll never forget this moment. "Do you know there's no translation for the word diversity in the Japanese language?"

Really?" There's no translation for it. So, we had to take a moment and say, "Okay. let's find a word in the Japanese culture that communicates this North American term and experience, so that it is relevant for our Japanese counterparts." And it took some time to do that, but we got there.

I separate companies out into what I call upstream companies and downstream companies. Okay. Toyota is a downstream company. I'll tell you what I mean by that in the moment. An upstream company would be folks who are out there working on the oil rigs and the Texas oil fields, okay. A lot of your manufacturing companies are upstream companies. Meaning, they are not close to the customer, okay. So, they don't see like a downstream company, who that customer is. They don't have to go face to face. Coca-Cola is a big downstream business. It's all about the customer and engagement. And guess what, the customer focus in Toyota is just as important.

Do you know that the Hispanic community, we, the Toyota brand, we have the largest share of the automotive industry? Women, okay, and big customers of the future but, right now, as a brand, the Toyota brand. women are the biggest purchaser in the automotive sector. So, how do you keep making sure that you go on to be a diverse business with diverse thought and leadership at the top of the company here that can continue to engage and make sure, with these changing demographics, that we're going to be at the top of our game? Millennials, okay, Toyota is the number one brand for millennials. Who are going to be the biggest purchasers of the future? Millennials.

Tyler Litchenberger: What do you care about, Kelsey?

Kelsey Soule: I care about my freedom. To do what I want when I want.

Alexis Herman: Yeah, and you care about social engagement.

Kelsey Soule: Yeah.

Alexis Herman: You care about the community folks. Yeah. And what else do Millennials care about? The environment.

Kelsey Soule: The environment, yeah.

Alexis Herman: Big, big issue for them. And guess what Toyota is all about.

Kelsey Soule: The environment.

Alexis Herman: We're big in that space. So, we've got to bring all of this together.

Tyler Litchenberger: Together, yeah.

Alexis Herman: So, what do I do with a company? I talk about those customers. I talk about the business. I say it's not just the right thing to do or the nice thing to do. It's the smart thing to do if you're going to grow your business of the future and be relevant.

Kelsey Soule: In your opinion, what is the most urgent diversity issue in America today?

Alexis Herman: I don't believe there is one most diverse issue. I think it is all about this question of inclusion. I think it is all about the lens that we wear. And can we raise our own thinking and mindset? Can we take off the

sun shades and really see this new world with all of the various elements that make up this great country of ours and not marginalize anyone?

Kelsey Soule: But here in North America, we have all various segments of our society that have to continuously be brought to the table. And we're also a nation of immigrants. Let's not forget that. And so many of our workplace partners today in this economy, immigrants are a very significant part of our workplace. So, we have to be open to all of these experiences if we're going to continue to grow.

Tyler Litchenberger: Absolutely. So, I guess, the next question is, what's next? I mean, I feel like you're doing everything, you're leading major companies to answer these questions and really challenge themselves. What is your future continuing to be in helping guide and shape this area of diversity and inclusion?

Alexis Herman: I'll tell you what I am so excited about the future. There's a term called ESG. I don't know if you've heard about it, but it stands for environment, society, and governance. And guess what, for the first time, our institutional investors are now starting to grade companies and score them in this way. It's called an ESG index scoring. And guess who's driving that?

Kelsey Soule: It's me.

Alexis Herman: It's you.

Kelsey Soule: It's millennials.

Alexis Herman: It's millennials because we're talking about \$23 trillion dollars in terms of the investment houses in the world today. And millennials are saying, "It's great to get a return on dollars. It's great to see the margins in the profits grow, but we also want to know about the values of those companies. We want to know, what are they doing on the environment? We want to know under that S under society? What are they doing with diversity and inclusion? Where are the women? Where are the people with disabilities? Where are the people of color? We have a lot to do about the LGTB community. If I could sing, I'd sing Our Day Has Come right on this microphone. It's a song from my generation. You probably don't know it. I don't know any rap music.

Kelsey Soule: That's all right.

Alexis Herman: But let me tell you, there was another song called This Magic Moment.

Kelsey Soule: I know that one.

Tyler Litchenberger: I'm with you.

Alexis Herman: You know that?

Kelsey Soule: Yeah.

Alexis Herman: Well, it's our magic moment.

Kelsey Soule: That's awesome.

Tyler Litchenberger: Secretary Herman, Alexis Herman, thank you so much for joining us on Toyota Untold.

Kelsey Soule: Yeah, thank you.

Alexis Herman: Thank you. I enjoyed it.

Tyler Litchenberger: So, Kelsey, I left that interview with Alexis thinking, “What a legend?” She has seen and done so many things.

Kelsey Soule: Seriously, she has been working on the frontlines of diversity and inclusion for—throughout so many years and on so many different fronts. And I just think it’s so cool to hear from somebody who has been committed to standing up for underrepresented people for so long.

Tyler Litchenberger: Yeah. And not only that, she’s here at Toyota helping us make sure that our company is doing this as well.

Kelsey Soule: Right. We’re so lucky to have somebody who really knows her stuff when it comes to how we can make a more inclusive environment for our team members.

Tyler Litchenberger: Absolutely.

Kelsey Soule: So, now that we’ve talked to Alexis and learned a bit about the history of diversity and inclusion and how we’ve gotten to where we were today, we’re not going to stop there. We’re going to figure out what we need to do for the future, which is where our Chief Diversity Officer, Sandra Phillips-Rogers comes in.

Okay. So, today we’re with Sandra Phillips-Rogers, General Counsel, and Chief Legal Officer, and Chief Diversity Officer at Toyota Motor North America. Welcome to the podcast.

Sandra Phillips-Rogers: Thank you very much. Glad to be here.

Kelsey Soule: So, can you start by just telling us a little bit about yourself and your background?

Sandra Phillips-Rogers: So, I was born and raised in Beaumont, Texas. And I’m the youngest of four siblings. And I grew up very much in a competitive, try-to-do-your-best household, whether it was beating at tennis, beating at checkers, whatever. And academics is, ultimately, where I think we ended up being most competitive.

So, I think the lesson growing up for me is that it is your job to do as well as you can, and then pass it on to the next generation. But, you know, I went to school. I’m trained as a lawyer. I’ve been practicing since 1991. And I came at Toyota in 2012 as an Assistant General Counsel and became the General Counsel and Group Vice President in 2015. And then, in January, I picked up some additional responsibilities, Chief Diversity Officer. And I also have compliance and audit office, social innovation, and product regulatory affairs reporting in to me.

So, I’ve got a full plate. I love it. I’ve always been very passionate about what I do. I’m passionate about cars. First car that I drove was a Toyota Celica. And I have owned a series of Toyota and Lexus products my entire life.

Kelsey Soule: So, can you tell us a little bit more about your chief—your role as Chief Diversity Officer and what that entails?

Sandra Phillips-Rogers: So, the Chief Diversity Officer is really charged with the development of diversity and inclusion programs, practices both internally and externally. And so, whether that’s the team member internally or whether it is our customers, our dealers, our suppliers, what’s going on in the community, because we think that you have to have diversity and inclusion across the entire spectrum, kind of a 360 approach. It all feeds off of each other. When we have strong dealers and suppliers who are diverse, then that feeds internally to promote engagement among team members. And the reverse is true. And so, diversity and inclusion allows us to have a workforce that is engaged and motivated to do their best. And I think that’s where we succeed as a company.

Kelsey Soule: Why is it important now, and why was it important then for Toyota to create this entirely new group and have a whole team dedicated to diversity and inclusion?

Sandra Phillips-Rogers: Our journey for diversity and inclusion has been going on for 15, maybe longer years. So, it's not something that is new. I think the chief diversity officer role was developed somewhere, perhaps, around 2015. And the whole purpose there is that this is an officer role that reports in to the CEO. And I'm the third chief diversity officer. And what I think that really sends is a message to our organization and externally that we value diversity and inclusion at the highest levels in the company.

And the reason to have a chief diversity officer or an organization that is focused on that—and here it's under social innovation. Social innovation is challenged with putting forth the right types of priorities around philanthropy, environmental sustainability, work force readiness, mobility, as well as diversity and inclusion. But I believe diversity and inclusion is a core asset of our company. It's the glue that as I mentioned before, that kind of keeps all of the things that work around the will. Team member engagement, community involvement, and service, you know, dealers, suppliers. Diversity and inclusion really keeps that together. So, when you look at it that way, it's a business imperative.

And more and more, what we're finding is that as generations come, millennials, whatever, you know, Gen-Z is next, that they're looking for a place where they can bring their full selves to work in an atmosphere that's going to engage them to be innovative. And when you have diverse people around the table who feel included, who feel empowered, then they're going to give you their best. And that's how you unlock innovation.

And I think where we are now as a company and as an industry, as we're looking to transform to mobility, I think diversity and inclusion has never been more important than it is now, because we've got to set the right environment to get the most out of our team members. And diversity and inclusion is a key way to do that.

Kelsey Soule: Yeah, they want to be able to see themselves at a place where they want to work.

Sandra Phillips-Rogers: Absolutely.

Kelsey Soule: So can you speak to what Toyota is doing today to ensure our stance, you know, our level of diversity and inclusion from an internal standpoint?

Sandra Phillips-Rogers: So, I think one of the real success stories is our business partnering groups. We have 12 business partnering groups and almost 90 chapters just in North America. And they're focused in key areas, whether it's, you know, African-American collaborative or, you know, Todos or ToyotAbility, our veterans. And I think that that gives us the grass roots involvement for diversity and inclusion.

When you break it down further, I think other areas that are making a difference is what we're doing to motivate, encourage, develop, and promote women. I think the Women in Leadership Program is second to none. And I've seen women come through that program who are forever changed. They've got a new perspective on who they are, what they can be, and how they can contribute. So, the North America Women's Conference. Again, we've had wonderful offshoots come from that, whether it'd be sponsoring programs or other executive development type opportunities, mentoring. I think that's what's really moving the needle a lot.

And I also think that where we are, again, in our trajectory as an industry and as a company, that mobility for all and setting as a goal that as a company we want to help all people move in whatever way that means, I think that is something that's resonating with team members, and it's incentivizing them in a way to get more involved and get more engaged.

Kelsey Soule: When you look at Toyota as a whole, do you find that the particulars of diversity and inclusion are different based on the segment? Meaning, does a discussion of diversity and inclusion differ in the plants as it does here in the corporate headquarters, or logistics, or, you know, other parts of our business?

Sandra Phillips-Rogers: Well, I think at the end, we're more similar than we're different because we're all striving for the same thing, and that's to have a workforce that is engaged and that feels valued. But of course, there are challenges in certain parts of the company. They're unique, you know. For example, if you're looking at, you know, R&D and the heavy focus on a STEM background, you know, this isn't unique to Toyota, but we still are not getting the numbers of women and people of color coming into that program. And then, of course, you know, moving up and being promoted to executive positions. We still have ways to go, I think, in terms of filling that pipeline up.

And that is a challenge. I think if you go to the plant, you know, it is probably, historically, the case that there are some jobs that men tend to occupy, and that women may or may not even know are available to them. And so, we've got to do more there, I think, to try to position a career in manufacturing as one that is suited for men and women equally. Of course, the best case we could make is the women who lead our plants. Now, that has made a tremendous difference. But, you know, it still doesn't change the fact that manufacturing may have more, historically, male focus.

And so, we have got to say, "Hey, look, women can do these jobs and do them extremely well. And not only that, but they can become the presidents of the plants." But that takes special effort. It just won't happen on its own. And I think the other piece is in our technology space, whether it's in a connected or autonomous. Same thing there, there's a lot of need for STEM background.

Kelsey Soule: So, when Alexis Herman was here from our Diversity Advisory Board, she spoke broadly about why diversity and inclusion is important for companies, especially as consumers are becoming more socially conscious, as well as our investors, and that they now grade companies on things like environment, society and governance. In your opinion, why is it important for an auto manufacturer, in specific, to have a high score on those types of scales?

Sandra Phillips-Rogers: Well, I think it's important for all companies to strive to have excellence demonstrated in environmental, social and governance. I think for the reasons we discussed with millennials, you know, and Gen Y, those team members and potential team members are looking for a more holistic experience. They're looking for things that they're passionate about, that they care about, that really drives them to want to unlock their own potential and maximize it to the highest. So, that's really one of the main reasons is we need to continue to be competitive for the future, but as I mentioned, I think this also factors into how we're going to innovate in the future.

And so, these things become more important if we're going to stay competitive. And I think that what the investment community is doing now, it's really standing for the proposition that you can do well by doing good. McKinsey did a study that showed that companies that have more diverse boards and C-suite executives do better by 30%, and those that don't underperform by about the same amount. So, if you think about it from that standpoint, as a company, you want to maximize all of those opportunities. You want to have engaged team members who feel like they can contribute. You know, you want to have a company that focuses on being a good steward in the community. You know, you want to have a company that wants the businesses that it does—it partners with, that they share those same values.

So, I think we'll see more of it. I think we've already seen the number of diverse board members, women and people of color, increase since the investment community and start to put a focus on that. The auto industry absolutely needs that, I think, to unlock the innovation that we know we're going to need to move to this future of mobility.

Kelsey Soule: And so, then, the index and the ratings are really just kind of gauge where you're tracking versus the rest of the industry and the rest of the, you know, business world, right?

Sandra Phillips-Rogers: These scores give evidence to the marketplace of the type of company you are and what you stand for. So, it's not a panacea, but it is some evidence to show what you stand for. And if, again, you are a company that wants to be known for doing well and doing good, then those indices are good indicators.

Kelsey Soule: Are you just as competitive about these [inaudible] ?

Sandra Phillips-Rogers: Oh, you know, I could control things a little bit better when I was a kid, you know. If I wanted to beat my sister in tennis, maybe I could practice a little harder. But I think that the way I see it is as a company, we have done a very good job of messaging internally and externally who we are and what we value. You know, most people who know us know about the Toyota way. They know about respect for people. They know about continuous improvement. I think these indices and rankings are good because they do demonstrate internally and outwardly. What's the scorecard? How are you doing?

But make no mistake. For me, what's most important is, is that we live out our values to our customers, to our team members, to our business partners and to our community. If we get recognition, great. If we don't, that's okay too. So, I think that what excites me the most is when we're in a community doing things, that may get no coverage because the team members who are engaged know that they work for a company that cares enough to come on National Public Lands Day and actually paint, and clean up, and just celebrate the community.

So, I will say that that is as important, and I've always believed that good works will be recognized. And so, all of these other things are on the other end of the continuum. But the end of the day, we're a business, and we have to do the things that will promote the business. And when it comes to diversity and inclusion, I think we've got a good story there, but we've got to focus on, again, where our next team members coming, where our next investors are coming, and we've got to consider it all.

Kelsey Soule: Right. So, I think we've mentioned it a couple times, and when we were talking with Alexis, she mentioned a lot of new diversity challenges today being surrounding a changing workforce. So, talking about millennials, and I am one. So, I am going to say "Us, we."

Sandra Phillips-Rogers: Okay.

Kelsey Soule: So, how do you think companies and roles are really shifting to meet the needs of these new members of the workforce generally?

Sandra Phillips-Rogers: I think we're trying our best. I think we've got some early indicators of maybe what's going to make a difference. Again, whether the company has a mission and a purpose that fulfills the greater good community. I hear that a lot from millennials. They just don't want to come to work and make money. They want to work at a company that makes a huge difference to them personally. But we also know that there are statistics that would demonstrate that. Perhaps unlike Generation X, which is me, I'm almost a baby boomer, but I just missed the cut off that, whereas, when we were growing up, and boomers, we wanted to be in a job for life. And most millennials appear not to be as motivated by that.

Well, okay. We know that we're trying to make it a great experience for millennials to stay. I think, Toyota can make that case better than a lot of places, but, you know, we've got to have the right work environment. We've got to have the flexibility. We've got to have the technology. So, I think the news is as each generation changes, it's not leaving the other generations behind.

I think that's what a responsible company needs to do when it comes to dealing with cultural and generational change. Find the common ground and thread across the generations that you have. And then, everybody try to move forward.

Kelsey Soule: Yeah. It's got to be tough when you have a workforce that really varies, the age range, because, I mean, everyone works differently and wants differently. But I think that, probably, what will be a benefit to the mission of diversity and inclusion moving forward is that. I think, that the millennials and Gen-Z, Z-ers, if we call them that, are highly communicative and in touch with their feelings. So, at least, you know that they'll tell you what they want in the future.

Thank you so much for joining us today.

Sandra Phillips-Rogers: You're very welcome.

Kelsey Soule: It's so great to hear from someone at your level on how committed we are to diversity and inclusion.

Sandra Phillips-Rogers: Great. Thank you.

Tyler Litchenberger: Like Sandra, I'm super competitive as well. And I know that we, Toyota, will continue to be competitive in this space.

Kelsey Soule: Yeah, I'm excited to see what the future is going to look like and how future generations of workers will truly change the traditional corporate office atmosphere.

Tyler Litchenberger: Absolutely. So, stay tune for our next episode, which is going to be talking about the Rebelle Rally and two women who took a Lexus GX offroad.

Kelsey Soule: Truly offroad. They didn't even have like a phone. All they have was a compass, right?

Tyler Litchenberger: That's it.

Kelsey Soule: I mean, I can't imagine, but their story is pretty cool, so you're going to want to listen.

Tyler Litchenberger: Our show is produced by Alison Powell. And the music you're rocking out to is by Wes Meixner. We're edited and mixed by Crate Media.

Kelsey Soule: Thanks again for listening. And if you enjoy our podcast, please give us your feedback. Hit subscribe, give us five stars on Apple Podcast, and email us your comments at podcast@toyota.com.

Tyler Litchenberger: And if you want to talk to me on social media, make sure you tag @Toyota on Twitter and Facebook, and tag @ToyotaUSA on Instagram.

Kelsey Soule: Yeah. Who said corporate offices don't have a person managing their handle? It's Tyler.

Tyler Litchenberger: To be fair, it's me and a team. I can't read all of your comments.

Kelsey Soule: All right. Until next time. Bye, guys.

Tyler Litchenberger: Bye.