

# Enterprise & Education

Earl G. Graves Sr. was fine-tuning the concept for *Black Enterprise* magazine the same year man first walked on the moon. The coincidence wasn't lost on him: It made him believe that anything was possible. He had lived through the Civil Rights era and had been a staffer for Robert Kennedy, so he knew that visionaries and individuals could work together to create sweeping change. The change he wanted to see was more respect and support for the black community, particularly in the business world—and he wanted to do his part by publishing a magazine targeted to black executives and entrepreneurs.

The inaugural issue of *Black Enterprise*, published in 1970, noted that minority businesspeople had been kept out of the workplace because they were “lacking capital, managerial and technical knowledge, and crippled by prejudice.” *Black Enterprise* set out to reverse some of those conditions. Within ten issues, the magazine was profitable; by 2003, yearly sales were over \$53 million. While the paid circulation today is 475,000, readership totals more than 4 million.

Graves, now chairman and chief executive officer of Earl G. Graves Ltd. in New York City, has capitalized on the magazine's success to achieve many of his other goals. In 1997, he published *How to Succeed in Business Without Being White*, an intimate, outspoken, and inspiring book that became a *New York Times* best seller. He has served as chairman and CEO of Pepsi-Cola of Washington, D.C., and he is a director at five major corporations: Aetna Inc., AMR Corporation (American Airlines), DaimlerChrysler AG Corporation, Federated Department Stores Inc., and Rohm & Haas Corporation.

Just as important to him are his roles in service organizations, including the Boy Scouts of America, the American Institute for Public Service, the Advisory Council of the Character Education Partnership, The Schomburg Center for Research in Black Culture, and the National Advisory Board of the National Underground Railroad Freedom Center. His professional and charitable endeavors have won Graves

much recognition, including the NAACP's Springarn Medal in 1999. In 2002, *Fortune* named him one of the 50 most powerful and influential African Americans in corporate America.

Graves remains committed to helping minorities succeed in business, and to that end he is a powerful advocate for higher education. A longtime donor to his alma mater, Morgan State University, in 1995 he saw its business school renamed the Earl G. Graves School of Business and Management. He also serves as a trustee at Howard University, speaks annually at a number of college graduation ceremonies—and goes out of his way to help newly minted business students succeed in the corporate world.

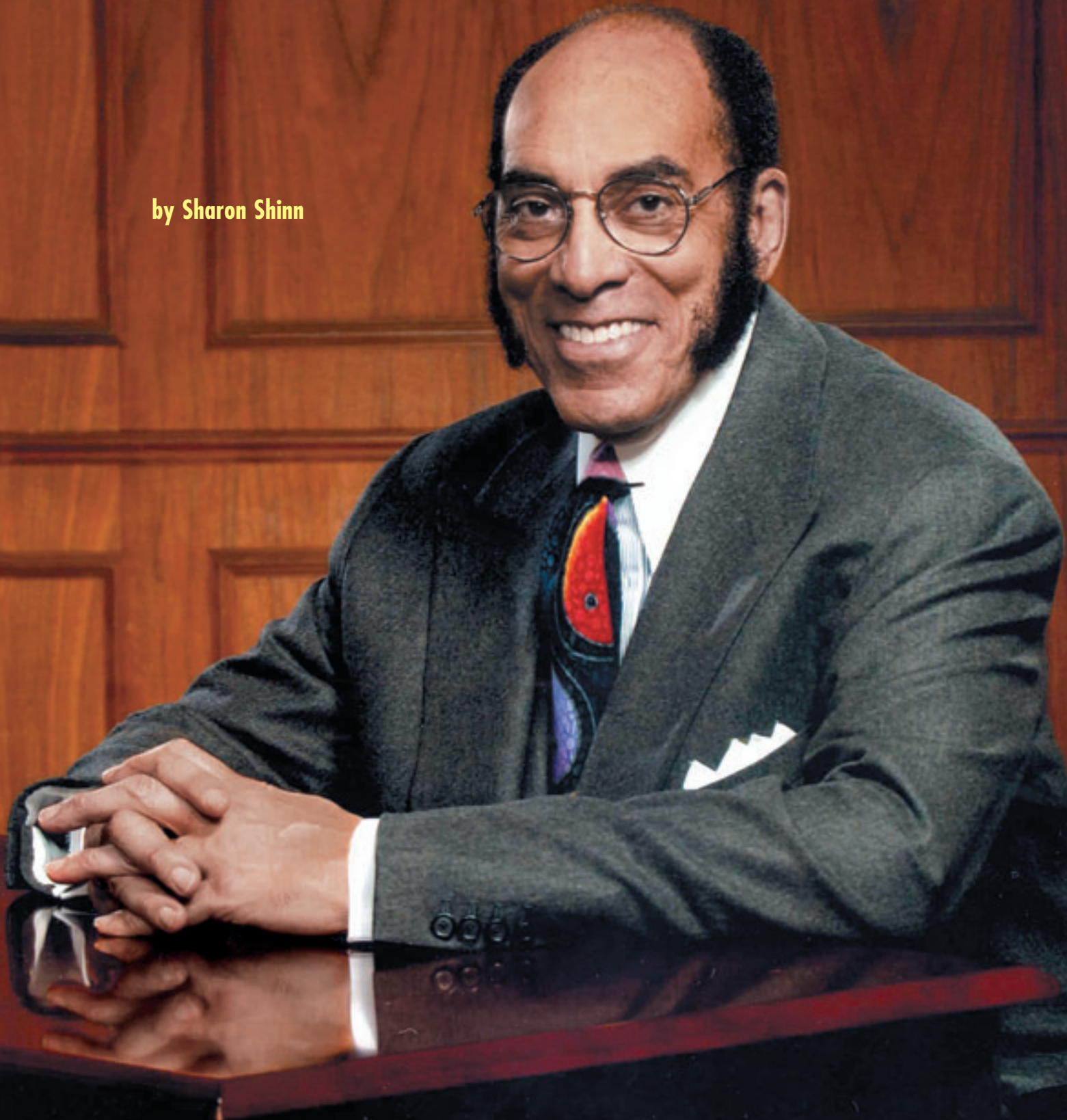
**Obviously, you have a great dedication to higher education. What do you feel you must do as a well-known businessman to personally promote higher education?**

I consider it important to give back to higher education. For example, in the past few days, I have spent seven hours on the phone on behalf of Howard University. I didn't graduate from that school, but I have an interest in it. It's not the oldest African American school, but it's the most well-known. I've raised \$6 million for Howard, where I'm a trustee. I was supposed to come off the board four years ago. Each time I said, “My term is up,” I was told, “No, you've got the numbers wrong.” I also plan to give all my papers to the Schomburg Center.

I didn't just start giving after I was successful. I started doing it right after school. I would send \$25, sometimes \$20. Then one day I looked up and I was writing a check for \$50,000. My wife, Barbara, and I gave \$1 million to Morgan State in 1995. I go back every year and address the students graduating from the business school. I shake each hand, and I make my speech. I leave them with some charges about what they need to do. I don't just do it myself, I challenge other people. All of this is part of giving back.

*Black Enterprise* founder **Earl Graves** believes that **business** rules the world — and that **education** is the key to creating successful businesspeople. He has committed himself to both.

by **Sharon Shinn**



**“I’m a salesman. When I can convince someone to give \$1 million to a college that I didn’t even attend, I’m a salesman. This means I can borrow money, because I can convince banks I’m good at what I do.”**

On a personal level, I take my grandchildren with me to business meetings. All of them, by the time they’re eight, have attended at least one black-tie business dinner where I’m a speaker. That’s also a part of giving back.

**Business schools are concerned that they are receiving fewer applications from minority students than they would like. Why do you think young black students are not interested in business school?**

The way I see it, the numbers would tell a different story. The largest school at Morgan State University is now the school of business. North Carolina State and Howard University have very successful business schools. Maybe I’m so close to the trees, I can’t see the forest. Most of the schools I address are primarily African American.

When I was in school, people would ask me, “Why are you going to major in economics? You aren’t going to be able to get a job. Why would you want to major in business when no corporation is even going to consider you? Why major in business when you know your chances of getting credit to start a business or borrow money are zero?” Keep in mind, the Civil Rights movement was just beginning in 1957 when I was graduating. There were no recruiters on campus. But now all these young people see that Ken Chenault is CEO of American Express, Richard Parsons is CEO of AOL Time Warner, Stan O’Neal is CEO of Merrill Lynch, and Franklin Raines is CEO of Fannie Mae. And African American students can say, “Well, I might not be the chairman, but I’ve got a shot at this.”

**So you think corporations have been more successful at bringing diversity to the workplace?**

This might cause a little controversy, but I think the issues concerning African Americans and people of color have been marginalized by the word “diversity.” There are corporations that have boards that include 15 different interest groups, from left-handed white men to right-handed gay women. But at the end of the day, those who are the low people on the totem pole are not white women, and they’re not white men. They’re people of color. And I don’t see it getting better, at least under this administration.

When you start saying “diversity in numbers,” I start looking around. Watch the television coverage of the NASA Space Center when they’re showing pictures of the Mars rover. This just comes as second nature to me. I pan the audience to see if I see a dark face, a face of color. There are a hundred engineers there. I know there’s got to be somebody, and I’m just praying it won’t be somebody bringing

in the sandwiches. So I look—and we all have to be that sensitive. Until then, diversity has a different meaning.

**You founded *Black Enterprise* more than 30 years ago. You’ve said you didn’t know much about magazine publishing at the time, and yet it was profitable within ten months. To what do you attribute your quick success?**

I’m a salesman. When I can convince someone to give \$1 million to a college that I didn’t even attend, I’m a salesman. When I can convince the chairman of some board I’m sitting on that he ought to give an opportunity to a white female, I’m a salesman. This means I can borrow money, because I can convince banks I’m good at what I do. We recently started a private equity fund, the Black Enterprise/Greenwich Street Growth Partners, and the reason it took off and did as well as it did is that I’m a salesman.

It’s also important to believe in yourself and have a positive attitude. If you tell someone you’re going to do something, do it. If you say to the bank, “I will pay you back on this date,” it is better to be a half hour early than five minutes late. If you say to a person, “If you do such-and-such, there’s a promotion for you,” you make sure it happens. You have to live by your word.

I also think it’s important to be able to communicate, to be able to make another person understand what your position is. It sounds like a very simple thing, but young people are not skilled in communication. They can’t pick up a pencil and write. I’m talking about kids with master’s degrees, and I’m certainly not just talking about black kids.

It’s also important to carry yourself a certain way. We work in New York City with all sorts of people, and you can identify my employees not by the fact that 99 percent of them are African American, but by the fact that the men wear jackets and ties, and the ladies are dressed in a very tailored way. They look as if they came to work. I think that’s key. I think that setting certain standards and certain goals for yourself is very important in business.

**In addition to being a businessman, you’re extremely active in organizations like the Boy Scouts of America, the New American Schools Development Corporation, and the Black Business Council. Why is it important to you to serve in such organizations? Is this a critical part of leadership for today’s CEOs, or is it a more personal mission for you?**

I do it for a couple reasons. First of all, as I mentioned before, I think you have to give back. My wife and I decid-

**Black Enterprise publisher Earl Graves is inducted into the Small Business Administration Hall of Fame in September 2003 in Washington, D.C.**



ed we wanted to take the resources we had and make a difference in education, whether we were donating to Morgan State or Howard University. My wife is a trustee at Brooklyn College. Our sons are also involved. One is the finance chairman for the Thurgood Marshall Fund, and another is a trustee of the Meharry Medical College in Nashville.

My sense is, if we're going to make our society better, it's going to take a lot of changes that are not happening as fast as they need to. Most of those changes have to do with education and opportunity. This morning, at my senior managers meeting, we reviewed the requirements we have for bringing in interns for the summer. We want to give young people an opportunity to write an article for our magazine. We recently hired a girl who was co-captain of the golf team at Yale University and put her in charge of our golf tournament. We work at it.

I meet kids all the time. When I'm going through the airport, they call "Mr. Graves!" and introduce themselves. I give them a card and say, "When you finish business school, you call me." I've hired at least five of them. I met one guy at the airport who was on his way to Harvard Business School. Three years later, he called me and said, "I'm here." Now he's the co-director of the private equity fund. This happens to me all the time. I try particularly to help African Americans, but I don't limit it to that.

In New York City, we recently had a 16-year-old youngster killed in what the police commissioner himself called an unprovoked act. I called Ray Kelly, the police commissioner, and said, "Let me know what I can do. I think it has something to do with training. If you want me to have a forum with some of your higher-ranking executives, I'll do it." Again, that's just part of giving back.

**You also serve as a director of five corporations. In light of recent corporate scandals, when some people have blamed boards of directors for not watching corporate executives closely enough, do you see your role changing?**

Significantly. I'm on two audit committees. Our meetings used to last half an hour, now they're lasting hours. That's because of all the new regulations.

I was fairly particular about which boards I wanted to serve on, and I looked at companies I knew would not be controversial. Obviously, some of them are dealing with

certain problems. American Airlines had issues with the union, and Daimler-Chrysler has had issues trying to integrate two entities. But they've all been very interesting challenges.

If I were to interview CEOs and ask them, "Besides the fact that you needed a minority, can you tell me why I'm on this board?" I don't think the answer would be that they ran out of smart white people. I'm there because I make a viable contribution. For instance, I'm on the board at Federated because I love shopping. I know selling and marketing;

therefore, I make that contribution. But I also think it's important that I ask the question about diversity—or, a better word, integration. I ask the question, "What are we doing in the marketplace in terms of going after the African American community?"

I'm reaching the twilight of the time I can serve on boards. I'm getting close to 70, and most of the boards require you to step down when you reach 70. But I have three sons, and two are already serving on corporate boards.

**If you were presenting a guest lecture to a business class, and your topic was governance, what would you tell students about why they should serve on corporate boards in the future?**

Today, a lot of people are becoming directors for a very basic reason. Most are CEOs of their own companies, and they want to learn from the experience of being on another board. Particularly with the recent upheavals and the questioning of integrity of boards, you don't see people serving on boards because they're going to get rich doing it. They do it because it's an exchange. They can learn something about other businesses, and then they can be in a better position in their own companies.

At a Federated board meeting, we'll talk about how people like to shop. Wal-Mart sells more soda than any grocery store in the country. So how do you fight Goliath? Or we might talk about how to do more with the Internet, because 20 percent of people today shop for Christmas gifts on the Internet. At American Airlines, we might talk about how many people are reserving airline tickets online. At Aetna we know that 44 million Americans don't have health care. What can we do at Aetna to be spokespeople for health care and still make a profit?

As directors, we come to board meetings and we're chal-

**In 1975, Graves explained the printing press to his sons, Earl "Butch" Graves, Michael, and Johnny. Now all three hold executive positions within Earl G. Graves Publishing.**



lenged by what we learn. And of course, we also socialize with each other and find out what the others have in mind. When

I'm talking to the chairman of AT&T and my company's doing \$50 million a year, I know that's not even the size of one of his small divisions, but my problems are no different than his. One problem everybody has is personnel, whether they're working at a magazine, an airline, or a hospital. You've got to get good people, you've got to keep them, and you've got to challenge them. When all the jobs go offshore, you've got to wonder what will happen in this country to the lower income person who's not fully educated. We sit there and discuss these things at board meetings.

**You mentioned the recent questions about integrity on corporate boards. Is there anything business schools can do to reinforce integrity in the workplace?**

Ethics have to be taught to young people from the very beginning. Many young people seem to have an attitude that says, "I want to work for one of these companies where I can move high up and make millions of dollars and get away with something." John McArthur, the former dean of Harvard Business School, was talking to me about something that happened during the days of Michael Milliken in the 1980s. When he interviewed students about what they thought about the corruption within corporations, the students were horrified—not about the corruption, but because the corporations were stupid enough to get caught! Hello! We're not supposed to be doing this. It's time to have a course about ethics, about the right and wrong way to run a business. Students need to know there's no easy path to success.

**If you could go back and do something differently with one part of your life or education, what would it be?**

If I had it to do over again and I had the time, I would go to law school, because at the end of the day, it's really all about the law. Law affects everything. We owned radio stations and we owned a Pepsi-Cola franchise, and each of those businesses had its own government regulations. At Pepsi-Cola, there was legislation about what to do with the cans. When we were going out to buy radio stations, we would have to interview a couple hundred people, then document that we really took the pulse of the community. But I'm very satisfied about life in general and everything that has to do with my family. My family is my No. 1 accomplishment. 