



Dealing With Diversity

Research shows that innovation won't happen without a diverse work force. Then why do so many CEOs clone themselves for every position?

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It's hard to imagine the top executives of Mark IV Transportation & Logistics getting together to socialize on weekends. They're a pretty unlikely lot: a cautious president wearing a dowdy bow tie; a former truck driver who climbed the ranks to executive vice president; a lesbian in a company polo shirt; and a 43-year-old mom with a corporate background. CEO Jerry Giampaglia, an eager optimist fond of custom-made suits and contact sports, can't think of much he has in common with any of them, really.

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The group couldn't be more different from the cozy collection of friends and family that ran Mark IV for nearly a decade. It's also the most talented team the Rochelle Park, N.J.-based messenger service has ever seen. For years, the company had been in a rut, unable to get past the \$3 million mark. The new team drove revenue to \$20 million in just five years, transforming a small courier service into a major logistics operation that competes for business with Federal Express. "We are nothing alike when we're outside this company," Giampaglia says of his group, "but when we walk through those doors, we're clicking."

Whether times are good or bad, business owners complain about how hard it is to find talented employees.

But could it be that entrepreneurs are fishing in too shallow a pool? Think about it. How many times have you heard it said of a job candidate "He'll be a great fit"? Ideally, of course, a great fit is someone who brings a needed talent. But "He'll be a great fit" can also mean "We like this person because he thinks like we do." In other words: He's likely to agree with us.

Hiring, of course, is one of the most difficult tasks a manager faces, and the wrong decision can cause a serious setback. As a result, the safest bet often wins out, and in most cases that means a candidate with a background and disposition just like the CEO's. Eventually, and often unintentionally, you wind up with a company of clones. "I don't think any manager wants to admit it, but that's exactly what happens," says Tom Long, who works with entrepreneurs at Solid Oak Consulting in Chicago. It's not necessarily a

question of ethnicity, gender, disabilities, and the like. There are other kinds of diversity to consider as well--of personality, sensibility, work style--that can be just as important in driving a company's success.

To be sure, loads of companies are run by people cut from the same cloth. But such teams are far less likely to spur growth, many academics argue. Homogeneity simply does not breed innovation, says Anne Donnellon, an associate professor of organizational behavior at Babson College. In one 2003 study, researchers at Northwestern University asked 50 groups of subjects to solve a murder mystery. The case was more likely to be solved by groups of people from different social backgrounds. More homogeneous groups were both more likely to be wrong and more confident of their answers. "For good problem solving and decision making, you need a diversity of personality types," Donnellon says.

Venture capitalists understand this, and often shy away from companies in which the CEO clones himself or herself for every job. "You look for healthy contention," says Chris Pacitti, general partner at Austin Ventures in Austin. The obvious question is: Is it possible to work with an executive team composed of people who might prefer not to have dinner together?

Giampaglia insists that it is. For 10 years, Mark IV was a genial place, run by a tightly knit group of friends and family, most of them men, who kept banker's hours and often met for drinks or sporting events after work. At meetings, colleagues seldom disagreed with one another, and when problems arose, solutions were hurriedly agreed upon with little debate. When Giampaglia tried to schedule a Saturday meeting to brainstorm new strategies, his suggestion was met with groans.

The company provided three basic services, just like nearly every other courier service in town. Revenue was stagnant, and Giampaglia eventually came to the realization that it probably would remain that way as long as the same clubby group of managers was in place. But the idea of changing was scary. He liked these people. He was comfortable with them, and he trusted them.

Nonetheless, the next time a position opened, Giampaglia tried something different. He forced himself to look at candidates that Mark IV probably would have shunned in the past. And he started hiring them. John LoPresti, a bow-tie-wearing teetotaler, was hired as president because he expressed a craving to create a truly great company. When the position of quality operations manager opened up, Bridget Pucheu came into an interview and admitted that she wasn't qualified for the job as it had been advertised. But when she talked about how she thrived on challenges, and discussed the lengths she would go to solve any problem, Giampaglia decided to take a chance. Later, despite his aversion to loud, cocky extroverts, Giampaglia forced himself to hire just such a person, sensing that the man would bring true passion to his work. "Customers love him," Giampaglia says.

Most of the old crew has slowly faded away. Today, meetings are more raucous and consensus is harder to achieve. But these arguments often spark new ideas. Indeed, instead of providing just three services, Mark IV now offers to customize its services for

all of its clients. As a result, the company is constantly spawning and sculpting new innovations in a way the old team never did. Revenue has increased more than sixfold. And Giampaglia's having a lot more fun. "In the old company, the challenges found us and we sweated them out," he says. "Now, we create challenges and love finding solutions."

Of course, that doesn't mean you should go out of your way to hire people you don't like. Indeed, while a certain measure of conflict is healthy, too much conflict can be destructive. (See "Culture Shock" on the previous page.) Austin Ventures' Pacitti, for example, encourages the firms he invests in to "focus on the chemistry" when making an important hire.

Christopher Kuenne, president and founder of Rosetta Marketing Strategies in Princeton, N.J., feels the same way and is extremely cautious about whom he hires. But because Rosetta specializes in understanding consumer behavior worldwide, diversity has been part of the company's business plan from the outset. Indeed, the firm's 100-person work force is about as polyglot as you'll find in terms of ethnicity, gender, and personality type.

But rather than pursuing diversity as an end in itself, Kuenne says it's the natural result of a painstaking hiring process designed to find people "who are really, really smart and really, really driven. We have serious jocks around here and we have serious bookworms. We have skeptics and optimists. We have introverts and extroverts. But what makes a fit is the ambition and drive to change the game."

Resources

Resources For more on innovation, read *Weird Ideas That Work: 11 1/2 Practices for Promoting, Managing, and Sustaining Innovation* by Robert I. Sutton. For tips on managing conflict, see the article [Playing Well With Others](#).