



Differences That Make A Difference

Keynote Address by Donald R. Knauss, Chairman and Chief Executive Officer

The Clorox Company

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Good afternoon ladies and gentlemen!

It's great to be here with you in Austin. Given the diverse and eclectic mix of people and the progressive lifestyle of many Austinites, this location was certainly a great choice for this year's Out & Equal summit.

I'm sure we all remember where we were on this date seven years ago. As I think about 9/11 and the days that followed, I'm reminded how our nation and people around the world came together. Divisions and differences were set aside. As horrific as the events of that day were, there was a palpable sense that we were in it together and we connected in ways we hadn't before. So, the theme of this meeting on this date – creating connections – is particularly fitting as we work to bring the people in our workplaces together in equality.

Before I get into my remarks, I'd like to ask the Clorox folks who are here today to stand. We have several members of our PRIDE employee resource group in attendance at the conference, and I want to take just a moment to thank them for their leadership in helping promote workplace equality for Clorox's gay, lesbian, bisexual and transgender employees:

Sean Chang from our IS group, Erby Foster from our diversity team, Greg Ligotti from our corporate finance team, Tom Johnson, Clorox's controller, Carol Rodriguez from Finance, and Scott Willoughby from our Legal department.

I'd like to share my perspective on the differences I believe truly make a difference in an organization, and why promoting equality and embracing diversity in the workplace, is so important. I'll focus on five key leadership traits I believe are key to creating the connections that shape a workplace culture into one that celebrates diversity of all kinds.

First I'd like to share some experiences that have shaped my views.

I grew up in Highland, Indiana, just across the border from Chicago and, as a young man, I traveled "all the way" to Bloomington to attend Indiana University and pursue a degree in history. This was a socially contentious time, and voices of dissent were often met with resistance as evidenced by the tragic shootings at Kent State University. As you no doubt know, this period also marked the police raid on Greenwich Village's Stonewall Inn, uniting New York City's GLBT community in protest against persecution in what was to be the seminal event of the gay rights movement in the U.S. and, really, world wide. It was also a time when more people were in the closet than out, including gay college friends who confided their sexual orientation to me, but were afraid to do so openly out of fear of rejection, if not outright discrimination. These events made a profound impression upon me.

Following college, I decided it was time to venture further from home and I joined the Marine Corps. I credit the experience of serving in the Marines with shaping much of my style and philosophy of leadership. I learned early on in the Marines that taking care of your people is one of the key values of leadership. As an officer, I discovered that my highest purpose was to support my unit – to ensure they understood the mission and had what they needed to successfully complete it. It was all about them, not me.

Fast forward to my career in the consumer products industry and the 12 years I served with The Coca-Cola Company before joining Clorox. Beginning in 1998, I had the opportunity to serve nearly two years managing Coca-Cola's businesses in 10 countries of southern Africa.

In May 1999, I had the honor of meeting with Nelson Mandela as he was about to step down from the presidency of South Africa. Coke was a big part of South Africa's gross domestic product and the company had supported the African National Congress while he was in prison. In fact, Coke pulled out of South Africa for a long time while he was in prison. At this meeting, I presented President Mandela with my USMC officer's sword. This sword has been carried by Marine officers since the early 1800s and was first presented to a Marine Corps officer to commemorate the Battle of Tripoli Harbor. The sword's design is African in origin and stands for duty and honor. It seemed a fitting tribute to the courage and sacrifices he made in his fight against segregation in South Africa and his ability to bring factions together. He achieved this by not judging people based on who or what they were, but on the basis of what they did and their character.

After 27 years in prison, Nelson Mandela maintained his presumption of the goodness and decency of others and a profound sense of optimism. His example helped shape my views about how to bring people together without judgment and reinforced my commitment to promoting diversity. When I returned to Coca-Cola North America, one of the great opportunities I took on was to lead the company's diversity efforts.

And that brings us to the current day.

Two years ago next month, I was privileged to take the helm at Clorox. Aside from the opportunity to lead a company with great people, great brands and lots of growth potential, I was excited to join a company with a deeply ingrained set of values: chief among them a strong reputation for integrity and doing the right thing. This value for integrity was of particular importance to me because I believe the quality of leadership rests first and foremost on a person's character. It's not about having a title or power – it's about having values and staying true to them, just as The Clorox Company has for more than 95 years.

At the end of the day, it doesn't matter if you're black or white, gay or straight, tall or short. What does matter is the kind of human being you are – your character. Sexual orientation, gender identity, expression or characteristics are not differences that should matter except for the richness and diversity of thought and experience they bring to the table. If you disenfranchise people for these reasons – or any other – you limit the genius of an organization. At the end of the day, it's about winning and keeping the best and brightest engaged. When people hold themselves back, whether consciously or unconsciously, you lose out on the best they have to offer and the unique perspectives they've gained from their journeys through life.

Cultivating an environment that celebrates diversity -- that makes it comfortable and safe for each person to bring his or her whole self to work every day – is key. Not only is it the right thing to do, but failing to do so negatively affects productivity, employee engagement, retention and more.

Fundamentally, I believe great leaders – really, great people – share five key qualities: **integrity, curiosity, optimism, compassion and humility.**

These traits are the differences I believe should really make a difference in the workplace. They are about how we create a culture where the best and the brightest want to work and stay.

I believe that defining and modeling these five behaviors shapes our culture at Clorox and has the power to create a trusting environment, which is fundamental to building the connections between people that go beyond tolerating diversity to embracing them. It's about attracting and keeping top talent.

I'd like to take a look at these leadership traits, using examples of people throughout history who have inspired me and helped form my views of leadership.

You've probably heard the name George C. Marshall, but you may be hard pressed to say precisely who he was. Yet this is the man Franklin Roosevelt and Winston Churchill chose as the greatest man they ever knew.

Marshall served as Chief of Staff of the U.S. Army, and later as Secretary of State and Secretary of Defense. Following World War II, he was the architect of the post-war reconstruction effort in Europe, which became known as the Marshall Plan, and which was widely credited with rebuilding and revitalizing war-torn Europe. He is the only United States Army general to receive the Nobel Peace Prize. He was responsible for launching the Women's Army Auxiliary Corp -- where many women were able to proudly serve the country during World War II, including many lesbian service personnel who went on to become active in GLBT rights.

During World War I, General "Black Jack" Pershing, commander of the American Expeditionary forces, came to visit the headquarters of the First Division where Marshall had become acting Chief of Staff. In an angry exchange, Pershing blamed the division commander for the division's poor performance. Brilliant strategist that he was, Marshall spoke up about Pershing's own staff's ineptitude and lack of support, which had caused their poor performance. Pershing stalked off muttering, "We have our problems, too." And Marshall replied something to the effect of, "Well general, we have our problems, and if we don't solve them people will die." Pershing turned on his

heels, got in his car and drove away. At this point, everyone who witnessed the exchange assumed Marshall's career was over. To the contrary, Pershing turned again and again to Marshall knowing he would always hear the truth. Within six months, Marshall was on Pershing's staff.

Integrity is at the core of trust. The single key to effectiveness in my mind is trust built from integrity. If I believe that you're always going to tell the truth, I'm going to trust you. And when you trust others, things get done.

There's another important component to integrity: it's the integrity that comes from being authentic. When you're in an organization steeped in integrity and, thus, trust, it enables people to be genuine.

In a discussion with Tom Johnson the other day, he talked about the toll it takes on one's integrity to be in the closet. He explained to me the enormous amount of energy that is wasted every day when he and others feel that they have to hide such an integral part of themselves out of concern for the reaction from others or the impact such a revelation could have on their careers. I can only imagine how difficult it must be to have to choose to hide versus the choice and desire to be authentic. Ultimately, he said that being in the closet undermines the integrity of the individual and the integrity, trust and productivity of the workgroup. Conversely, he shared with me the positive impact his coming out had on his engagement at work and the dramatic impact it had on the trust and camaraderie of his entire team.

Integrity is also about having the courage to stand up for what you believe in and for who you are. I think Ralph Waldo Emerson put it very well when he said, "To be yourself in a world that is constantly trying to make you something else is the greatest accomplishment."

Ideas drive organizations. They drive innovation. They break new ground. You can only continue to get better at what you do if you are truly curious about your craft.

Marie Curie was driven by a deep **curiosity** and desire to ease human suffering. At a time when scientific careers were almost entirely closed to women, Curie became the first female professor at the University of Paris, the first woman to win a Nobel Prize and the first person to win a second Nobel Prize.

Curie made profound changes in the way scientists think about energy and matter. She also promoted the use of radium to alleviate suffering. Her work ultimately led to a new era for medical knowledge and the treatment of diseases such as cancer.

If you accept the notion that ideas drive organizations, then leaders must create safe environments for people to debate each other. It's the quality of an idea that matters. If yours is better than mine, then let's go with your idea. Let's win, but win the right way. And that's where diversity comes in. When you have a diverse organization, one that also has a strong foundation of trust and integrity, ideas can come forth from all perspectives.

Sean Chang on our PRIDE leadership team put it this way: Without trust and openness, however, people actively filter their ideas. They do so out of fear they may expose themselves. Imagine the energy that goes into constant self-monitoring. It's wasted energy and it can hold an organization back from achieving its highest potential and getting to the best ideas.

Great leaders lead from optimism. It creates positive energy.

As Colin Powell said: "Perpetual optimism is a force multiplier."

But it's not optimism in a "Pollyanna" sense. It's optimism based in a deep abiding faith that we will win. It means confronting the issues -- confronting reality.

Powell also said, "If you get the dirty end of the stick, sharpen it and turn it into a useful tool."

Optimism nurtures dreamers. Optimism creates possibilities. Optimists are problem solvers. Optimists speak up to create a better future. As Harvey Milk, the first openly gay supervisor of San Francisco and gay rights activist said, "Hope will never be silent."

I strongly believe that promoting an inclusive environment – one that actively and openly promotes equality – contributes strongly to an organization's sense of optimism.

Shortly after I came to Clorox, we launched a number of employee resource groups – or ERGs. We have five of them: PRIDE for the GLBT community, as well as ones for Hispanic employees, Asian employees, women and African American employees. We kicked off the formation of these ERGs at an employee Town Hall meeting, and Sean tells me the simple act of my introducing the PRIDE ERG and recognizing the company's gay, lesbian, bisexual and transgender employees in an open forum had a profound effect on the optimism of Clorox's GLBT people. It furthered their belief that they work for a good company that's committed to doing the right thing.

Compassion is a key to trust as well. Compassionate leaders put the concerns of others ahead of themselves.

As I talk with members of the Clorox GLBT community, I've been struck by the notion that coming out isn't a one-time event, it's a continual process. As CEO and as an ally to my company's GLBT employees, my job is to focus the organization on what really matters and to remove the obstacles to creating a workplace where all employees are fully engaged and fully equal. This equality is reflected in our policies and practices as evidenced by Clorox's score of 100 on the Human Rights Campaign's Corporate Equality Index.

Life may not be fair, but leaders have the power to make it more fair.

Eleanor Roosevelt, for example, used her status to champion the rights and needs of minorities, women and the poor. She visited relief projects on behalf of President Franklin Roosevelt, surveying working and living conditions, and then reporting back to the president with her observations.

After the death of her husband, she chaired the United Nations Commission on Human Rights, which was responsible for drafting the Universal Declaration of Human Rights. President Harry Truman called her the "first lady of the world" in recognition of her extensive humanitarian efforts.

She worked to make the world more fair.

Humility. Now, this is one you don't hear much about in a corporate setting!

To me, humility is about being approachable and accessible. That's how you learn what's really going on and it's how you promote engagement through making genuine connections with people.

Humility is different than being humble – it's behaving in a way that's not arrogant and insensitive.

Gandhi was one of the most respected spiritual and political leaders of the 20th century. He spent two decades defending the rights of immigrants in South Africa before returning to India, where he became the leader of the Indian National Congress and helped free the Indian people from British rule through nonviolent resistance.

Yet despite his tremendous influence, Gandhi acted with humility.

Humble leaders are driven by the greater good versus their own egos – they understand, respect and communicate the value of others around them.

The leadership traits help to create an environment of trust and openness. I'm proud to be at Clorox and feel good about the progress we've made, but there's more to be done.

Recently, I spoke with a six-year Clorox employee who works in one of our field locations and is still largely in the closet at work. I was struck by the courage she had to share her experience with me. She told me that she has been encouraged by changes she's seen throughout the company, but her isolation as a remote employee has made it difficult to feel safe and comfortable. As a result, she holds back from being open with most people at work about her sexual orientation. That's hard for me to hear – but it's critically important that I hear it. I am pleased to know that this employee remains optimistic and encouraged by the changes we're making, but we have to do more. We have to continue to build trust and connections across the organization, so every employee, everywhere, brings all they are and all they have to offer to work every day.

It's my job to set an example and provide the leadership our company needs to continue changing for the better: To continually reinforce the standard that all employees at Clorox are expected to be open to diversity of all types and to accept people who are different from themselves. It's also my job to inspire people to live the leadership traits and realize a better future – a future of equality and openness for GLBT people – for all Clorox people.

In closing, I'd like to thank you for the opportunity to speak today. To understand the challenges and opportunities faced by GLBT employees is a journey. While I'm no expert, I recognize that I'm in a position that can clear the path for others on the journey.

Finally, I'd like to recognize the other speakers at this conference and each of you for your courage and your commitment to stand up and speak out on behalf of GLBT workplace equality. Creating connections within the GLBT communities at your work and through forums like this, as well as with straight allies, is indeed key to "building" "progress" "together."

With that, I will leave you with these words from Jackie Robinson. "A life is not important except in the impact it has on other lives."

Thank you.