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Asian directions, few Asian directors

Companies go global, but only 1.5% of board seats go to minority

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When it comes to grand plans for business in Asia, Dallas attorney Wilson Chu says, America's largest corporations are taking the slow boat to China.

Mr. Chu, a well-known merger and acquisition partner at Haynes and Boone LLP, chaired a major national initiative to find out how many Fortune 500 board members are of Asian descent.

You guessed it. Not many.

"I'm not interested in tokenism or corporate brow-beating," Mr. Chu says. "I'm interested in showing the real value that can be added."

The 48-year-old oversaw the third annual corporate board report card compiled by the Committee of 100, an organization of Chinese-American business, academic and arts leaders founded by renowned architect I.M. Pei in 1990.

In 2006, only 74 of the 500 largest public companies in the U.S. had directors of Asian descent. Sixty-nine Asians hold 81 seats at those companies, or 1.5 percent of the combined 5,563 board spots.

That's a slight improvement from 2005's 1.2 percent.

We all know that an *inclusive boardroom* is largely an oxymoron.

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MONA REEDER/DMN
Wilson Chu, a merger and acquisition partner at Haynes and Boone, chaired a major national initiative to find out how many Fortune 500 board members are of Asian descent. He also serves on the Dallas Museum of Art's board.

But what makes these statistics startling is that so many of these companies have major operations in Asia or have pinpointed this part of the planet as their Promised Land for selling products and services.

How many times have you heard a CEO espouse the importance of going global?

"Look at GM," Mr. Chu says. "What's the only bright spot in their report? Growth in business with China. How many Asian-Americans do they have at the top? Zip."

Based on *Fortune's* 2006 rankings, you not only pass by General Motors Corp., but also Wal-Mart Stores Inc., Exxon Mobil Corp. and Ford Motor Corp. before you get to an Asian-American director – at General Electric Corp. in the No. 7 spot.

Looking at the list, obvious local names such as Texas Instruments Inc. and AMR Corp. are also without an Asian-American on the board. But there are plenty more I could pick on.

Mr. Chu thinks such omissions are shortsighted.

"Do you just want to go to the country club, have drinks with your buddies, call it a board meeting and watch the world go by?" he asks. "If you want to gain strategic insight into 40 percent of the world's population, then devote one seat to someone who can help with that perspective.

"Here's the question: Why wouldn't you want that?"

In seats

The purpose of the New York-based nonprofit is twofold: To encourage stronger relationships between the U.S. and Greater China (China, Taiwan and Hong Kong) and to promote full participation by Asian-Americans in all aspects of U.S. society.

Mr. Chu, who came from Beijing to Dallas at age 4 with his widowed mother and five siblings, is the group's general counsel and the guy in charge when it comes to C-100's efforts to give Asian-Americans more clout in corporate America.

To do that, Mr. Chu says, you start at the boardroom. "My model is the airline model: Get butts in seats."

Research for the report, done with the help of the Asian-American Business Association at Harvard Business School, was completed before last month's release of *Fortune's* 2007 corporate rankings.

The full report is being released today in conjunction with Asian-American Heritage Month and is available online at www.committee100.org.

Consider the enticing demographics, Mr. Chu says. Asian-Americans account for 5 percent of the population, have the highest household incomes of any racial or ethnic group, and are better educated than the U.S. norm.

"If you're Charles Schwab, you want to tap into this thriving Asian-American market that has the highest per capita net worth of any ethnic group," Mr. Chu says. "It just makes sense."

Enlightenment

He gives his family as a case study. His mother, 88-year-old Irene Chu, reared and educated her six children from the profit of her restaurant, Chu's in Addison, which she closed last year.

"Five of us have postgraduate degrees in various professions," Mr. Chu says, "an orthodontist, architect and former insurance executive."

Nearly a third of all Silicon Valley companies were started by Asian-Americans – including household names Yahoo Inc. and YouTube Inc., which is now owned by Google Inc.

As chairman of the task force, Mr. Chu decided against action items. "I don't need to tell Fortune 500 companies what to do. I just need to give them the reasons to do it. I call the companies that have 'The Enlightened.' "

Big Dim

Unfortunately, Big D is still the Big Dim, he notes. "Dallas was No. 5 [now No. 4] in Fortune 500 companies last year. And there are two at Celanese, two at Triad Hospitals, one at Neiman Marcus, and that's it."

And the Dallas-based retailer is on the Committee of 100's list even though it ranked 512 in 2006. It and nine others were added to backfill for companies that dropped off the rankings because they were acquired or merged.

AMR apparently thinks Mr. Chu has a point. Roger Frizzell, vice president of corporate communications, says that although its board is already diverse, with Hispanic, black and female representation, "This may be an area of opportunity for AMR in the future, especially since we are always looking to continually strengthen our governance in every possible area."

Texas Instruments says it's content with its current lineup, which includes four women – three nonminorities and one minority – on its 12-person board.

"TI has been a global company for decades, with operations in Europe, Asia and the Americas," a company spokesperson says. "Likewise, several of our directors' companies also have a global presence."

Exxon Mobil did not respond to my inquiry.

Dallas is doing better than the state as a whole. Texas had 57 Fortune 500 companies with a total of 613 board seats. Asian-Americans held seven slots, including the five in Dallas.

Mr. Chu would like to do his part. He sits on a number of nonprofit boards but hasn't found a good fit with any of the corporate directorships he's been offered.

"As an attorney, I'm limited to the boards I can join, and I want to be highly selective of the ones I can," he says. "But I can tell you, if American Airlines calls, I'm there."