

# How companies can be antiracist

KPMG Privately Speaking Podcast Series | Episode 14



**Erika Whitmore (00:00):**

So thank you everyone for joining today. I am so excited to have Ryan Pintado-Vertner with us. He is the CEO and founder of a company called Smoketown, which, Ryan, that is such an awesome name. I hope you can take full credit for coming up with that. But I met Ryan at the MO Summit, which is put on by Big Path Capital for impact CEOs and companies. And I just could not wait to try to get him on this podcast and get him, get you, Ryan, to our audience.

**Erika Whitmore (00:33):**

So super excited to have you here today. Very, very important topic, I think, for every company, but especially for our high-growth companies who may not always have resources to think about some of these things. I think this is going to be a really, really good thing for these companies to hear about. So with that, Ryan, if you could give us an introduction of yourself, that would be great.

**Ryan (00:54):**

Thank you. I'm happy to. First of all, I am so appreciative of you inviting me. Thank you for what you said a moment ago. This is—I don't take for granted that you gave me the invitation, so thank you.

**Ryan (01:10):**

Yeah, my name is Ryan. As you said, the company that I started is Smoketown. Smoketown is actually a neighborhood in Louisville, Kentucky. It's the neighborhood that my grandfather grew up in. And when I was growing up, he's an amazing storyteller and used to tell these ridiculous stories about what it was like growing up in Smoketown.

**Erika Whitmore (01:33):**

Awesome.

**Ryan (01:35):**

And the stories always had a through line. In one way or another, they tied back to his commitment to his family's potential, to his own potential, believing

in what was possible, despite all of the signals that America was sending him. He's a Black man growing up in the south, so he had really no reason to believe that two generations later, he'd have a son with an MBA and his daughter would have an MBA. And so, when I got a chance to name the company, I named it essentially after him and his legacy and my grandmother.

**Ryan (02:14):**

So thank you for the shout out on the name. I appreciate it. And what Smoketown does, we're a boutique consultancy that is all about helping mission-driven brands maximize their growth, and also maximize their positive impact without one set of choices compromising the other. The two big ways that we do that, the two superpowers that we have, one is that we are brand strategy, growth strategy, innovation strategy nerds, and we approach that nerdiness through the lens of being consumer grounded, so we can do custom consumer research. We embed that consumer-centric thinking in everything we do.

**Ryan (02:59):**

And then the second big superpower that we have is that we play the fractional marketing leadership stack for companies that are at a stage where they need a CMO or head of marketing, or that equivalent level of skill set, but they're just not in a position to bring that person in full time. And so, we provide that service on a fractional basis. And I came to those two things in a pretty improbable way.

**Ryan (03:30):**

The last 14 years of my career, I was in big CPG companies. So, I cut my teeth at companies like Clorox, always on the P&L, always sat at the hub of the wheel. But before that, I was an activist and was in the nonprofit sector totally and completely focused on social justice, racial justice, environmental justice, and eventually built Smoketown as an opportunity to bring those two parts of myself together.

**Erika Whitmore (04:01):**

That's awesome, Ryan. And thank you for giving us that background. I think that's super helpful. And so, the topic today is how emerging companies can be antiracist. And I do think that it'd be really good to ground ourselves, Ryan, and just what does that mean, right? So, what does it mean for a brand or a company to be antiracist?

**Ryan (04:24):**

Let's start with just defining the term antiracist. That is not necessarily something that, that's not a term that everyone knows. So, I'll just presume for the moment that folks have never heard that term. It was coined by a writer and activist and academic named Ibram X. Kendi. He wrote a book called *How to Be Antiracist*. The core premise of the book, everyone should read it. I'm not going to do it nearly enough justice in the next 30 seconds.

**Ryan (04:56):**

But one of the core theses of the book is that racism is a persistent, embedded, powerful part of the economy and society, and it therefore requires people who are focused on taking concrete steps to proactively dismantle the racist structure and create positive outcomes that reduce wealth gaps, that reduce criminalization gaps, that all of the ways that we all know that racism manifests in the country. It's about concretely doing things that dismantle that.

**Ryan (05:41):**

And so, when you take that idea of what it means to be an antiracist, is that it means to be action-oriented and doing concrete things that have a measurable impact on reduction in racist outcomes. And you merge that with brand building, you now need to think about antiracism as strategy, antiracism is strategy.

**Ryan (06:06):**

And my definition of strategy, my favorite definition of strategy is by A.G. Lafley. He wrote a book, he used to work, he used to run the show at Procter & Gamble. He may still run the show, I can't remember. And he wrote a book about strategy, and he describes strategy is a choice. Strategy is choice. It's choosing to do some things and not others, and then building a business around those choices. So, if we think of antiracism and strategy, then what it means to build an antiracist brand is to make antiracist choices and then build a business around those choices.

**Erika Whitmore (06:47):**

So, I think that brings us to our next question. So, in terms of companies and brands, what does it look like? What does that mean, right? What does it mean to be antiracist and where does a company start?

**Ryan (07:02):**

To build an antiracist brand without having yourself gone through the difficult, personal work of committing to antiracism, understanding it, recognizing your,

perhaps, role in racism, being ready to have difficult conversations, if that hasn't happened first, this is going to be the wrong choice. Then the second thing that is fundamental to building an antiracist business or brand is, there's got to be a commitment to, and actually accomplishing a high level of diversity amongst the staff, amongst the leadership, amongst the ownership. But I'm going to move on from that and push further.

**Ryan (08:00):**

So, if we think of the table stakes, the basics are, do the personal level, antiracist work, and commit to diversity and inclusion, and then actually deliver on those commitments. If we think of that as the foundation, what else does it mean to be an antiracist brand? I would argue that that's not enough to be an antiracist brand. You've just managed to not do harm, right? But that's not actually being antiracist in my opinion. So, what it really means to build an antiracist business or brand is to be able to answer the question, "Will black people, as a community, be better off in tangible ways if your strategy is successful? Will brown people, as a community, be better off in tangible ways if the strategy's successful?"

**Ryan (08:53):**

That's ultimately the litmus test that an antiracist brand has to hold itself to. That's significantly different than filling your Instagram feed with racial justice assertions. It's significantly different than hiring a different, casting a different set of models so that your brand shows up more diverse and more colorful than what used to be true. I'm not saying that those are bad things, I'm just saying that falls short of the standard of what it means to build an antiracist brand, if we're going to define antiracism as having a measurable impact in chipping away at racist outcomes in the country.

**Erika Whitmore (09:45):**

No. And Ryan, I think that's fair, right? And I think that actually is really helpful to set the stage and here's table stakes, and here's what you need to start with. But then what is that next... give us some examples, right? What's that next level look like, right? When it is actually part of your strategy and it's not, like you said, just a feel-good post here and there. Right? What does that look like?

**Ryan (10:12):**

What I love about that question, are people going to be better off? Are people of color actually going to be better off? What I love about that is that, for me as a business nerd and for the audience as business leaders, we all know KPIs, you know? We know that a strategy is only as good as its ability to deliver on KPIs. If the KPIs don't show up, the strategy doesn't work period, right?

**Erika Whitmore (10:39):**

Yep.

**Ryan (10:39):**

There can be nuanced debates, but at the end of the day, strategies, they're measurable in their effectiveness or lack of effectiveness. And so, if we hold ourselves accountable to that idea that we're having measurable and real impact, let's think about the ways that racism manifests in the most pernicious ways, and at least in the context of American capitalism. One of them is the wealth gap. It's staggeringly, it's ridiculous, right? The delta between the average wealth of black folks in the U.S. and the average wealth of white folks in the U.S., that it's persistent, it's hardly changed.

**Ryan (11:38):**

I actually think I read that it got worse during the pandemic. So, let's just choose that as one specific example of a racist outcome. Well, you mentioned that much of the audience here are high-growth companies. High-growth companies are, generally speaking, backed by venture capital. Well, who is on the cap table? Who is going to, who is going to benefit from the wealth creation that your business is up to? Where's the antiracism in the cap table? So one of my favorite examples of a company that has embedded antiracism fully into who and what they are, that founder and I talked, and she described to me just having made a very concrete decision, "I am going to have the most diverse cap table anyone has ever seen."

**Erika Whitmore (12:44):**

Wow.

**Ryan (12:45):**

And she went and did it. She went and did it. She found investors, she found both a combination of angels and institutional investors who were on board with that plan. And she, in fact, built an incredibly diverse cap table. So that's one example of what it means to actually make a difference. She's actually going to make a difference in the wealth gap, because when her company is successful and successfully exits, and by the way, this is a woman who had, in her previous run at entrepreneurship, built a tech unicorn. She's going to get it done. So, actual wealth is going to be created. So there's one concrete example.

**Ryan (13:33):**

Another concrete example, and there's... To go back, there's a number of ways to ensure that your brand's choices are building wealth in black and brown communities, and I'd say in black and indigenous communities, in particular. One way is to use the lever of the cap table. The other way is to think about what level of employee is given access to equity and stock in the company, right? Do you have to be an executive who's already making \$300,000 a year to get equity, or do you get equity as a line worker, who's building the widget that you're selling? Right?

**Erika Whitmore (14:18):**

Right.

**Ryan (14:18):**

So, there's another way to think about how to create wealth. There's ways to think about, who's in the supply chain and scrutinizing ownership in the supply chain. So, that piece around wealth creation goes on and on. But then there's another piece concretely in the way that racism manifests in the U.S., which is public policy, public policies that systematically disenfranchise, incarcerate, disempower black and brown communities, build incinerators next to black communities. I mean, we can go on and on about the concrete public policy choices that create these racist outcomes.

**Ryan (15:03):**

So, another example that's one of my favorites is the company that, it fully fuses racial justice advocacy into a significant percentage of the marketing choices that they make. So concretely, they've got an ice cream product line that partners with Colin Kaepernick, former NFL quarterback and star, current activist, who is on a mission to reduce racist outcomes and, in particular, is focused on the intersection between criminal justice, the criminal justice system, and black and brown youth.

**Ryan (15:47):**

He's built a nonprofit that's completely focused on helping black and brown youth understand their rights so that they can navigate interactions with law enforcement and interactions with the criminal justice system in a better-informed way. Well, this ice cream is cobranded with Colin Kaepernick and his nonprofit, the proceeds of it support the nonprofit, the communication platform allows them to tell the story, and that's going to have concrete and measurable antiracist impacts.

**Ryan (16:21):**

Contrast that with selling ice cream that has Juneteenth on it. In what measurable way are black and brown lives better off because a company sold more ice cream that says Juneteenth? That's performative and marginally representational. It's not in any way assaulting the core structure of how racism operates in the U.S.

**Erika Whitmore (17:02):**

No, I think that's a great example of digging deeper, right? When we were preparing, Ryan, you had a really good example, too, of a SaaS company, and I know we're running short on time, but I think our audience would really benefit from that example, too, if you're willing to share it.

**Ryan (17:23):**

Yeah. So, one of the things that I love about strategy, in general, the reason I'm a big nerd is I love to celebrate when a strategy aligns all aspects of what makes a company great, what its brand is

differentiated on, what its technology enables, what the business model supports. All of that stuff should be aligned. That's when you know you've got a really solid strategy. And so, there's a company whose business model is to help tech firms find, recruit, and hire, specifically interview, software engineers globally. And that company has made a commitment to doubling the number of black software engineers in the U.S.

**Ryan (18:20):**

I forget over what time horizon, and they've built out a program that's taking concrete steps to bring about that outcome. So, what's the measurable impact? What's the KPI that's tied to that? Today, there are an abysmally small number of black software engineers in the U.S. If their strategy is successful, they will have doubled that number. But what's also beautiful, and I think impressive about that strategy, at least as much as I know about it, it also makes a ton of sense in the context of their business model.

**Ryan (19:08):**

So, their choice to invest in building a pipeline of black software engineers, their investor pool, like their board of directors is not, is unlikely to come after that as a wasted effort, because it actually syncs up and makes a ton of sense for the business that they're building. Their business is entirely about making it easier for software engineers to get jobs. So, that's a second example that's more in the tech space of what's possible when we set our sights on measurable impact and fully embedding those choices and strategy.

**Erika Whitmore (19:53):**

Thank you for sharing that. I think that resonates, and that is super helpful. So, one last question, Ryan. I know I've taken a lot of your time today, but I do think this is such an important topic, and I'm just so, so excited for the audience to hear this, but what would you like to leave our audience with?

**Ryan (20:12):**

The way I think about this, there's two things that I believe are, frankly speaking, a mortal threat to American democracy. One of them is racism, and the other is climate crisis, is climate change. And I think

that everyone in the audience probably agrees with that second assertion, right? It's well understood that the path that we're on is leading to cataclysmic levels in change of that will restructure the economy. So, it has all these negative outcomes that we know and understand and are bought into.

**Ryan (21:02):**

And therefore, when we're evaluating the efforts that a company invests in climate and in sustainability, we recognize what's inadequate. We recognize that we're way past the point where having a recycling program or composting a little bit more is going to make a difference. We need to completely restructure the economy, we need to change extractive business models, like big oil. That's a well-understood concept.

**Ryan (21:36):**

I think that what we need is to, and what I would challenge the audience to do, is to take that same idea and apply it to racism as an equally present threat. We're well past the point where the basics, table stakes, are adequate. We're at a point where we need companies and leaders that make bold commitments, that build compelling strategies, that set large, significant, antiracist objectives in order for us to avert the threat that racism presents to this country that we all love, and to this democracy that we so deeply care about.

**Erika Whitmore (22:22):**

Ryan, thank you so much. I mean, I'm really glad we went to that question. I think that was a good way to sum it up. Well, I can't thank you enough for your time. And like I said at the beginning, just a topic that's so, so relevant. And I just really hope that if all companies can move the needle, we'll be in a much better place.

**Ryan (22:43):**

Yeah.

**Erika Whitmore (22:43):**

So, thank you for your time and for being willing to help us out.

**Ryan (22:49):**

I appreciate it. I am so grateful that you invited me. Thank you so much.

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