Foot Locker's directors don sneakers at board meetings. From left: Chair, President, and CEO Richard A. Johnson, Maxine K. Clark, Alan D. Feldman, Kimberly K. Underhill, Guillermo G. Marmol, Matthew M. McKenna, Dona D. Young, Cheryl N. Turpin, Steven T. Oakland, and Ulice Payne Jr.

Foot Locker Success Story

DIVERSITY: WOVEN INTO THE CORE OF THEIR DNA

Many may not be aware of the fact, but the Foot Locker brand grew out of the long-gone but iconic American five-and-dime retailer, Woolworth's. The department store closed its last US location under the Woolworth name in 1997, and refocused its strategy to provide athletic footwear and apparel brands targeting active consumers. In 2001, Woolworth officially changed its name to Foot Locker.

But it was during the company's beginnings as Woolworth's that Foot Locker's dedication to diversity and inclusion emerged. Sit-ins at Woolworth's Nashville lunch counter, among other sit-ins in the 1960s at other department stores in various locations, led to their desegregation, to the advancement of civil rights across the nation, and eventually to diversity within Foot Locker's own boardroom. The first female director was appointed to the company's board in 1977 and the first African American director representation dates back to 1981.

Today, Foot Locker's 10-member board consists of

- 4 women directors, 1 African American director, and 1 Hispanic director;
- ages that range from 54 to 71; and
- diverse backgrounds and experiences that include retail, brand marketing, consumer products, financial, legal, digital, technology, risk, management consulting, strategic planning, insurance, government, and academia.
Diversity and inclusion are fundamental principles grounded in the belief that a diverse board in the broadest sense (gender, race, ethnicity, age, viewpoints, and experiences) is in the best interest of our company, our shareholders, and other stakeholders.

Sheilagh Clarke has served as general counsel of Foot Locker since 2014, and has been with the company for more than 30 years. She has witnessed the transformation of Woolworth's five-and-dime model to the thriving, diverse, and inclusive Foot Locker model that exists today. Clarke explains that diversity and inclusion are not new concepts or simply "check-the-box" exercises for the Foot Locker board: “Rather, diversity and inclusion are fundamental principles grounded in the belief that a diverse board in the broadest sense (gender, race, ethnicity, age, viewpoints, and experiences) is in the best interest of our company, our shareholders, and other stakeholders.”

Dona Young, Foot Locker’s lead independent director since 2016, continues to shape a board that is diverse, inclusive, and, by design, fit to oversee the company’s strategy. As she puts it, “Diversity is a process. It’s not a “one and done” . . . it’s about creating that environment that allows people to feel free to really speak their mind but also [be] willing to engage in listening, and [to] understand that at the end of the day, what’s important is that we come to the best outcomes, and we come to them together.”

LONG-TERM SUCCESSION PLANNING

As part of the ongoing process, the Foot Locker board engages in disciplined, long-term succession planning. They meet regularly and look at a roll forward of their directors, their competencies, and their anticipated time frame for retirement.

The process is led by the nominating and corporate governance committee, chaired by Steve Oakland, and starts with the board strategy and how it is evolving and changing. The committee considers what is needed in terms of skill sets or areas of expertise, and how those areas of expertise may be changing, and then also consider the board's needs in terms of diversity of thought, experience, and perspective. As Young explains it, “We are taking that waterfall process of succession looking forward and superimposing it against . . . our role of looking forward at strategy.”

Young stresses the importance of seeking independent thinkers who believe in collective outcomes, who can “both listen to and learn from each other and also be frank and open with each other, which we believe informs better outcomes.”

DIVERSITY DOES NOT END WITH THE BOARD

The board’s commitment to diversity is further reinforced by their Code of Business Conduct, published in 2018, that defines community and diversity as one of their seven core values. The Code of Conduct notes that at Foot Locker, they “embrace diversity and are expected to treat everyone with dignity, respect, trust, and fairness. . . . We are committed to maintaining an inclusive work environment where all associates demonstrate leadership by making others feel welcome and free to be themselves. Valuing our differences and recognizing how those differences allow us to make meaningful contributions to the team drives our elite performance.”

Foot Locker’s board also closely monitors the company’s culture with regular benchmarks and reviews. In advance of each board meeting they receive a dashboard
that includes diversity metrics such as engagement scores, turnover, and diversity by level of the organization, stores versus home office. As the board reviews these metrics, they look for changes over time and if there are certain areas that need to be explored.

CONTINUING THE JOURNEY

To remain sustainable in the highly competitive, global retail environment, Foot Locker understands that it needs to meet people where they are—including employees, customers, and any number of other stakeholders. The company’s leadership has been intentional in the alignment of its purpose, mission, and operations with an understanding of the importance of their employees and their target customer.

The board has a singular advantage over those in other industries when it comes to the oversight of talent management: the ability to walk into any one of the company’s stores across the United States and in 27 countries in Canada, Europe, Asia, and the Middle East. “As directors, we all walk into stores as a customer,” Young said. “It is just amazing what being in those stores can tell us about how our oversight work and management’s leadership is trickling down—from the board of directors to the associates in a Foot Locker store in Philadelphia, for instance. You ask a couple of questions: How long have you worked here? What are you doing? What do you like best about working here? It is so energizing to have that contact, and it is a way for us to have a firsthand view of culture.”

Assessing the company’s culture at the store and employee level is part of what allows the company to grow and change in the competitive, challenging retail market. It should come as no surprise, given the continued evolution of this iconic brand, that Young never feels like her work in partnership with the rest of the board is ever done. “Do I feel good about where we are? Yes,” Young said. “Do I think our work is done? Absolutely not. We have to continuously work on these issues and never become complacent. We have to continuously find ways to improve our outcomes, our results, our performance on every dimension. That’s just core to our DNA.”