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January 6, 2009

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Public Utility Commission of Texas
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Re: Project No. 30240 – 2008 Annual Progress Reports on Five-Year Plan to Enhance Supplier and Workforce Diversity - Telephone

Pursuant to Substantive Rule 26.85, I have enclosed four (4) copies of EMBARQ's Workforce Diversity Report for 2008. This report covers Central Telephone Company of Texas d/b/a EMBARQ and United Telephone Company of Texas, Inc., d/b/a EMBARQ. If you have any questions or need additional information, please do not hesitate to contact me.

Sincerely,

Samantha Rios
Regulatory Affairs

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WORKFORCE AND SUPPLIER DIVERSITY FORM **WORKFORCE DIVERSITY**

NUMBER OF TEXAS FULL-TIME EMPLOYEES													
JOB CATEGORIES	OVERALL TOTALS	MALE						FEMALE					
		WHITE (NOT OF HISPANIC ORIGIN)	BLACK (NOT OF HISPANIC ORIGIN)	HISPANIC	ASIAN OR PACIFIC ISLANDER	AMERICAN INDIAN OR ALASKAN NATIVE	MULTI-RACE	WHITE (NOT OF HISPANIC ORIGIN)	BLACK (NOT OF HISPANIC ORIGIN)	HISPANIC	ASIAN OR PACIFIC ISLANDER	AMERICAN INDIAN OR ALASKAN NATIVE	MULTI-RACE
Officials and Managers	58	31	1	4				17	4	1			
Professionals	101	50	5	1				35	6	3	1		
Technicians	24	12	1	1		1		8	1				
Sales Workers	128	25	12	7				33	40	9	1	1	
Office and Clerical	117	5	2	2				75	26	7			
Craft Workers (Skilled)	296	246	19	16	1	3	2	7	1		1		
Operatives (Semi-Skilled)	2	2						0					
Laborers (Unskilled)	0							0					
Service Workers	1							1					
TOTAL	727	371	40	31		4	2	176	78	20	3	1	
Total employment reported in previous year	774	387	42	35	2	8		182	85	27	4	2	

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(1) Describe the specific initiatives, programs, and activities undertaken under the plan during the preceding year:

Achievement of EMBARQ's vision for diversity is being accomplished through six primary areas of focus:

- Communications – An effective communication network has been established for diversity education, celebration and external recognition to generate buy-in and understanding for all constituents and to enhance EMBARQ's image both internally and externally.
- Employees – Specific initiatives in recruiting, training, evaluation, succession planning, career development, mentoring and Employee Resource Group utilization to ensure that EMBARQ attracts and retains the best talent. EMBARQ now has eight Employee Resource Groups.
- Suppliers – One of the most viable and measurable methods of making inroads into fast-growing racial and ethnic markets is through supplier diversity. An internal infrastructure has been established to support and maintain EMBARQ's supplier diversity program.
- Marketing – Customer loyalty and marketing efforts have been developed to ensure that EMBARQ is tapping into emerging markets.
- Community – EMBARQ proactively encourages employee involvement in community volunteerism to foster a reputation of trust in the communities we serve.
- Measurement – Diversity performance measurements and goals have been developed to ensure sustainable change and to determine the effectiveness of EMBARQ's diversity initiatives.

(2) Make an assessment of the success of each of the specific initiatives, programs, and activities listed above:

- Our communications network is helping to increase the awareness of EMBARQ employees of the various cultural celebrations that take place each year. Our communications have also helped to educate employees about the business rationale for diversity.
- Employees – The number of EMBARQ Employee Resource Groups has grown from three to eight. Employees are actively engaged in building a more inclusive workplace.
- Suppliers – Our targeted spend objective for minority and female suppliers

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was achieved. A mentoring program for minority businesses was also implemented.

- Marketing – Ethnic marketing campaigns have been tested and initiated and specific focus has been placed on decreasing churn in Hispanic markets.
- Community – Employee volunteerism is at an all-time high with participation in both our Community Affairs Department and our Employee Resource Groups. More than 40,000 hours of community service have been volunteered.
- Measurement – A diversity index has been incorporated in the EMBARQ Employee Survey. Metrics have also been established for diversity recruiting and placement efforts.

(3) Describe the initiatives, programs, and activities the utility will pursue during the next year to increase the diversity of its workforce and contracting opportunities for small and historically underutilized businesses:

Embarq continually focuses on identifying small and historically underutilized businesses to include in our procurement activities. The Supplier Diversity group will continue to attend tradeshow and conferences where diverse HUB suppliers are given the opportunity bid on upcoming opportunities. We are also active as national members in the National Minority Supplier Development Council, and have designated service points to be allocated to their Dallas, Texas local council.

Embarq has entered its second year of “Making Connections”, a Supplier Mentoring Program. We reached our goal of expanding this program by creating eight mentor/supplier relationships. Key objectives entering 2009 will be to identify opportunities for these suppliers to promote their products internally to Embarq decision makers.

Embarq believes that by focusing on the communities we serve and identifying potential suppliers in those areas, it is able to show its customers a committed partner.

(4) State the specific progress made under the plan filed by the utility:

Embarq offers a complete suite of common sense communications services. The company operates in 18 states. For consumers, EMBARQ offers an innovative portfolio of services including reliable local and long distance home phone service, high-speed Internet, wireless, and satellite TV from DISH Network®.

For businesses, EMBARQ has a comprehensive range of flexible and integrated services including local voice and data services, long distance, Business Class DSL, wireless, enhanced data network services, voice and data communication equipment and managed network services.

Embarq has achieved several wins under this plan. In 2008, Embarq spent \$5.4 million with

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State of Texas suppliers. Embarq has an ongoing relationship with a call center in Nacogdoches, TX for inbound/outbound telemarketing services. We also use suppliers that provide services such as wood products, fire and safety, advertising, commercial construction, and test and repair equipment.