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Leadership, Governance, and Accountability
A Pathway to a Diverse and Inclusive Organization
by Stephanie J. Creary

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Glossary of Terms

Diversity has moved from an initiative-driven practice to one that is more strategic. Using business language accurately to describe diversity principles has become critical to establishing clear communication.

There are vast differences in how the following words have been used in the literature, so it is first important to clarify how several key business terms will be used in the context of this report:

Goals Targeted outcomes at the organizational level
Example Increase revenue by 10 percent

Objectives A goal that is much narrower but is generally used interchangeably with "goals"
Example Develop products targeted to younger generations

Strategy Management's action plan for how to achieve goals and/or objectives
Example Create a balanced and representative workforce

Initiatives Tactically focused programs designed to raise awareness and improve competency
Example Create a college recruiting program

Activities Tactically focused actions that are necessary as part of any initiative or program
Example Distribute surveys to prospective applicants at career fairs
*Example* Seek prospective applicant feedback on the interview process

Introduction

Where We Have Been

Dynamic companies have embodied it, great leaders have espoused it, and mathematical modeling now appears to prove it: diversity offers competitive advantage. In the words of economist and mathematical modeler Scott E. Page, "Diverse groups of people bring to organizations more and different ways of seeing a problem and, thus, faster/better ways of solving it."[1] Globalization and technological advances continue to speed the pace of change and increase the complexity of staying competitive. Making strategic and operational mistakes can be more costly in this kind of environment. Diversity, according to Page, reduces both the chance of getting "stuck" and making errors in prediction. It's hard to imagine choosing homogeneity over inclusion and diversity.

GM's diversity logo is an illustration of some of the dimensions that compose one's identity. Adapted from the Loden/Rosener model, the inner ring highlights the traditional dimensions of difference, often described as either unchangeable or "endowed" by one's

Exhibit 1
Diversity wheel
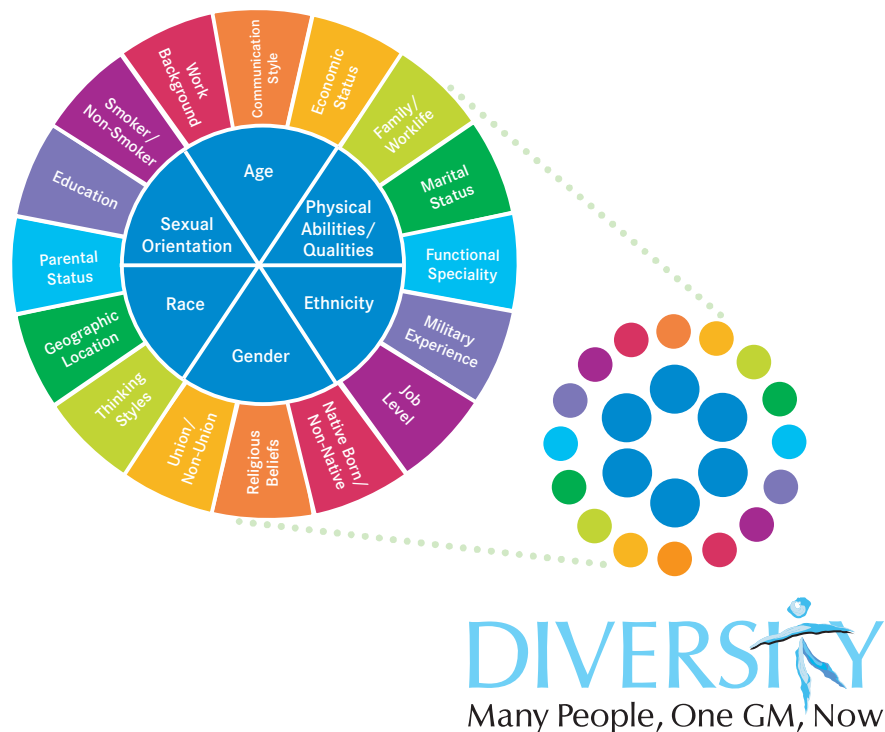
Source: General Motors, adapted from Marilyn Loden and Judy B. Rosener, *Workforce America! Managing Employee Diversity as a Vital Resource* (New York: McGraw-Hill, 1991), p. 20.]

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1   Scott E. Page, "A Conversation with Scott E. Page: In Professor's Model, Diversity = Productivity," *New York Times*, F2, January 8, 2008. See also, Scott E. Page, *The Difference: How the Power of Diversity Creates Better Groups, Firms, Schools, and Societies* (Princeton, N.J.: Princeton University Press, 2007).

birth. The outer ring extends this concept to include the dimensions that relate to a person's work and life choices. The logo and tagline "Many People, One GM, Now" are used to brand GM's diversity initiatives and show that GM aims to create a culture and a business environment based upon inclusion and understanding of all types of difference.

Based on past diversity practices, some leaders have assumed that diversity is solely about increasing racial, national, gender, or class representation among the employees to promote equal opportunity, and not so much about leveraging difference to enhance organizational effectiveness.[2] David Thomas and Robin Ely propose that this perspective evolved from the "discrimination-and-fairness" approach to diversity, which has focused on equal treatment, recruitment of underrepresented groups, and compliance with federal laws. The authors argue that use of this paradigm "insist[s] that everyone is the same, but, with its emphasis on equal treatment, puts pressure on employees to make sure that important differences among them do not count."[3] By creating practices that ignore differences, many leaders have ceased to understand how diversity may improve business performance and as a result may have impeded the execution of diversity strategy.

A seemingly stronger business case for diversity may be made using the "access-and-legitimacy" paradigm of the 1980s and 1990s. Under this model, companies celebrate differences and seek to recruit employees that reflect their new markets in order to better understand and serve customers. As part of a target marketing strategy, companies will hire members of underrepresented racial and ethnic groups to advertise products to and specifically create products for those communities that will generate revenue for the company. But Thomas and Ely indicate that the weakness of this paradigm lies in the tendency of companies to create teams that function as "little spin-off companies in their own right, doing their own exotic, slightly mysterious cultural-diversity thing in a niche market of their own."[4] Moreover, these practices "push staff with niche capabilities into differentiated pigeonholes without trying to understand what those capabilities really are and how they could be integrated into the company's mainstream work."[5]

Without attention to integration, the actions of employees hired to engage in target marketing are viewed as separate from the business, which may negatively impact their career development and investment in the organization. As a result, those employees may feel limited in their potential for contributing to the overall business—not just a sector of it—and wind up leaving the company altogether.

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[2]   David Thomas and Robin Ely, "Making Difference Matter: A New Paradigm for Managing Diversity," *Harvard Business Review*, Volume 74, Number 5 (September–October 1996) pp. 79–90.

[3]   Ibid.

[4]   Ibid.

[5]   Ibid.

Organizations that emphasize the understanding of diverse perspectives—not only for the sake of competitive advantage, but also for innovation—grow the entire organization through the creation of ideas, products, and services. Sodexo's model for diversity integration (Exhibit 2) illustrates components that are necessary for incorporating diversity into the core of their business. The smaller circles are linked and connected with the larger circle as a means of highlighting this interdependency.[6]

This critique of earlier approaches to diversity is not intended to suggest that businesses should not continue to actively recruit members of underrepresented groups, comply with federal laws, or have their workplaces reflect changing marketplaces. Instead, it indicates how business improvement can be achieved if diversity and inclusion (D&I) are embodied as central to the company's development, manufacture, and sales of its product.

When diversity is aligned with the business strategy, employees better understand the importance of thinking differently to best respond to the needs of the organization and the market. Companies can then "enhance work by rethinking primary tasks and redefining markets, products, strategies, missions, business practices and even cultures" to tap into the benefits of diversity.[7]

Exhibit 2
Sodexo's model for diversity integration

Source: Sodexo

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[6] Sodexo employs 342,000 employees in 80 countries, with its global headquarters in Paris. Its 2007 revenues total $17.7 billon.

[7] David Thomas and Robin Ely, "Making Difference Matter: A New Paradigm for Managing Diversity," *Harvard Business Review*, Volume 74, Number 5 (September–October 1996) pp. 79-90.

Where We Are Headed

Successfully integrating change into any organization takes leadership, governance, accountability, and an iterative process of continuous improvement. The change required to build a diverse and inclusive organization is no different. Without incorporating these core principles, a diversity initiative will likely fall short.

"IBM has long understood that an inclusive workplace is critical to our ability to attract the best people and maximize their ability to work together to create truly innovative products and services to meet the needs of our clients. We believe our commitment to diversity is both a moral and a business imperative that will benefit our company's bottom line as we compete in today's increasingly global economy."[8]

Ron Glover Vice President, Global Employees Diversity, IBM

Supported by these pillars, and reinforced by a commitment to secure continuous improvement, organizations seeking to build a diverse and inclusive organization can utilize the following four steps, which will be discussed in detail throughout the remainder of this report:

1 Start at the Top: Articulate the Vision

2 Establish Goals, Objectives, and Strategies

3 Design and Implement Systems

4 Seek Continuous Improvement

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8 IBM employs 355,700 people globally, and its global headquarters is in Armonk, New York. IBM's 2007 revenues total $98.8 billion.

Exhibit 3 illustrates how these four steps align with the required components for successful change.

Leadership at the top of the organization first articulates the vision, which drives the desired change. Governance and accountability simultaneously work to ensure action through the establishment of goals, objectives, and strategies, and the oversight of systems design and implementation. Continuous improvement creates a cycle of learning and increased effectiveness over time.

Exhibit 3
Process of continuous improvement

Key Elements

Leadership The ability to influence, motivate, encourage, and enable others to contribute toward the effectiveness and success of an organization

Governance The mechanisms and systems used to ensure that appropriate leaders are involved and established processes and policies are followed

Accountability The acknowledgement and assumption of responsibility on the part of various leaders for their roles in performance management and process improvement

Leadership

Start at the Top: Articulate the Vision

Effective communication of leaders' expectations throughout the organization is paramount. The most effective process for change starts at the top. By looking at the behaviors encouraged (or discouraged) by top management, employees gain the greatest sense of the company's commitment to any initiative.

"Chevron operates in many countries around the world. I encourage all of us to behave in a manner consistent with the Chevron Way, which calls on us to trust, respect, and support each other and to embrace a diversity of people, ideas, talents, and experiences. Diversity is a core value. I strongly believe that as we exhibit the inclusive behaviors for which we have come to be known, we will strengthen our company and be a positive force in the communities in which we operate."[9]

David J. O'Reilly CEO, Chevron

Without clear communication flowing between leaders and employees, the importance of having a diverse and inclusive environment will not be understood. Since implementing a diversity strategy entails change, good communication is necessary to both provide information to and encourage participation from all employees. It is up to senior management to clearly articulate the company's values, goals, and strategic vision so that all employees understand their roles in the execution process.

As part of the communication strategy, top management articulates why the strategy makes good business sense, how it will move the company beyond where it is today, and how it aligns with the company's values. By giving employees reasons to believe in the strategy, leaders increase the likelihood of winning support. Moreover, by involving employees in processes that help identify the need for improvement, employees can become encouraged to take actions that benefit the company.[10] The most effective communication strategies for diversity are informative yet inspirational, while reinforcing the company's commitment to diversity as a core value.

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[9] Chevron's global headquarters is in San Ramon, California, and it employs 62,000 people in 180 countries. Chevron's 2007 revenues total $214 billion.

[10] Ian Palmer, Richard Dunford, and Gib Akin, *Managing Organizational Change: A Multiple Perspectives Approach* (New York: McGraw-Hill Irwin, 2006).

Michelin North America's diversity policy is a good example:[11]

> Many different cultures, races, backgrounds, interests, and talents exist among our employees and our communities. Michelin North America is committed to creating an environment that respects these differences and recognizes the competitive advantage a diverse and cohesive workforce can achieve.… Michelin North America is committed to actions that will bring increased fulfill-ment and cohesion to our employees, strength to our communities, and value to our shareholders and customers.

Defining a strategic vision that is specific to the needs of the organization will effectively steer a company in a focused direction. Good vision statements are both descriptive and visual, emphasizing the direction that an organization intends to take to enhance business performance. The most effective vision statements are also focused, flexible, feasible, and easy to communicate. Today, companies' visions for diversity address engaging diverse per-spectives in order to foster innovation and creativity. Organizations that actively engage diverse perspectives to achieve desired business results are said to have "inclusive" cultures.

GM's pyramid is a good example of an image that a company may use to articulate the vision of diversity and guide its diversity and inclusion practices (Exhibit 4). At the base of the pyramid is GM's foundation—its consumers, dealers, employees, communities and

Exhibit 4
GM diversity pyramid

VISION
A winning culture of inclusion that naturally enables GM employees, suppliers, dealers and communities to fully contribute to the success of GM around the world.

GUIDING PRINCIPLES
• Respect and Inclusion begin with each individual
• Cultural competence is essential for global growth
• Diversity and inclusion drive innovation, great products and strong brands

ACTIONS FOR LEADERS DRIVING DIVERSITY
• Build Diversity   • Lead with Cultural Competence
• Listen and Engage for Inclusion   • Leverage Diversity for Business Success

Consumers   Dealers   Employees   Communities   Suppliers

Source: General Motors

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[11] Michelin North America's headquarters is in Greenville, South Carolina; the Michelin Group is headquartered in France. Michelin employs 22,000 people in the United States, Canada, and Mexico, and the Group employs 129,000 globally. Michelin Group's 2007 revenues totaled $26.5 billion.

suppliers. "Actions for leaders driving diversity," "Guiding principles," and "Vision" have specifically been crafted as a means of considering how to best manage the differing needs and expectations of these stakeholders as part of creating a more diverse and inclusive organization.

Dialogue is essential

Building a diverse and inclusive organization entails making changes within the company that may not be easily embraced. Seeking employee feedback from the onset of change is encouraged. Understanding employees' needs helps identify how processes can be improved. To introduce this, many leaders have created or sponsored employee dialogue groups that allow employees to engage in concentrated conversations about diversity topics. Other ways to initiate a free-flow of communication within a company include:

- Create opportunities for feedback and value employees' insight

- Disseminate employee opinion/attitude surveys and analyze data received

- Conduct formal and informal interviews that assess the work environment (i.e., cultural audits)

If senior leaders engage in dialogues with employees and stakeholders, those conversations can reveal whether barriers to full employee contribution exist. For example, the following conditions exist for many companies:

Lack of opportunity In some cultures, there are not enough opportunities for employees to develop their leadership skills and managerial potential. The problem could be augmented if the senior management ranks and board of directors do not reflect the demographics of the employees. As a result, employees perceive barriers to career advancement and are less invested in business performance.

An exclusive company culture An exclusive culture does not engage and reward people whose experiences, perspectives, or talents differ from the norm—and may simultaneously encourage employees who conform to outdated standards. Exclusive norms can include limiting the amount of information that employees are given, ignoring or alienating those whose opinions differ, and not discouraging discriminating behavior. As a result of exclusivity, employees limit their participation in idea generation and product development activities, as well as organizational change initiatives.

It is through engaging in activities that seek employee input that many companies are able to increase employees' personal investment in the company. The company's vision becomes a shared one, which will inspire employees to contribute and sustain an increase in the level of employee participation in the future.

Governance and Accountability

Establish Goals, Objectives, and Strategies

While articulating a vision sets the tone for what is expected for the future, the ultimate purpose of setting goals and objectives is to convert top management's vision into action-able performance targets. Goals should be measurable and include both long-term (in 3–5 years) and short-term (quarterly or annually) timelines to most effectively drive participation.

Diversity objectives ideally will be aligned with organizational goals and related to performance improvement to generate maximum support. Today, the practice of diversity emphasizes having objectives (e.g., mirror the marketplace, seek full employee contribu-tion, limit attrition, promote retention) and strategies for meeting those objectives (e.g., creating a balanced and representative staff; creating a fair, respectful, and inclusive culture).

Diversity and Inclusion Success Stories

General Motors' People with Disabilities Group (GMPWD) has been a con-sistent resource for provid-ing input and support relative to accessibility of products and services for GM and for GM employees. They played a role in help-ing OnStar develop one of their latest innovations: the addition of TTY capability, text telephone for the hear-ing impaired, for OnStar equipped vehicles. The GM PWD group meets with the senior executive leadership liaison to provide a voice to the disabled community and marketplace, and their expertise and experience helps GM provide the resources and accommoda-tions for employees and customers to ensure employee success and customer enthusiasm.

Source: General Motors

IBM created the Market Development organization to assist businesses owned by Asians, African-Americans, Hispanics, Native Americans, and women. Its charge was to develop and implement a strategy designed to increase these businesses' "mind-share" and "market share" and to market IBM's portfolio of business solutions. As a result of these efforts, the Market Development organi-zation has contributed con-siderable revenue to IBM for several years.

Source: David A. Thomas, "Diversity as Strategy," *Harvard Business Review*, Volume 82, Issue 9, September 2004, pp. 1-11.

PepsiCo's Adelante, its Hispanic employee net-work, provided insights that resulted in the devel-opment of the guacamole chip. In the first full year of distribution, PepsiCo's Frito-Lay division sold $100 million in Lay's guacamole chips. But the network's impact goes beyond revenue. EnAble, another of the networks, created an ad to air during the Super Bowl pre-game show. Dedicated to advancing people with different abilities, the EnAble group's ad provided consumers with glimpses into the reality of being "differently abled" and into the culture of PepsiCo networks. The response to the spot – filmed entirely in American Sign Language – was overwhelming. Nearly 850,000 views on video-sharing sites were gener-ated before the ad aired. After airing, it elicited a host of "thank you" videos on YouTube by the deaf community and mentions in more than 3,000 blogs. Maurice Cox, vice president of corporate development and diversity, explained: "Our employee networks support our incredibly diverse employee base – but more important, they have played a critical role in growth and development. Today, our associates who are active in networks have a voice that is heard throughout the company, influencing product innovation, marketing, and sales, as well as community response and outreach."

Source: PepsiCo

Process of linking diversity to business practices

The goals, objectives, and strategies outlined below are presented as ways to link diversity strategies and business goals. They are not necessarily concrete "steps" to reaching goals, but merely ideas and options for addressing them.

Sample 1

Goal: To increase revenue by __ percent

> **Objective**: To develop __# new and innovative products for X and Y market segments

>> **Diversity Strategy 1**: Create a balanced and representative group of employees that mirrors the marketplace

>> **Diversity Strategy 2**: Create a fair, respectful, and inclusive culture that seeks full employee contribution

Sample 2

Goal: To improve operational efficiency and cut costs by __ percent

> **Objective**: To reduce attrition rates for X employee groups to __ percent

>> **Diversity Strategy 1**: Create a representative and balanced group of employees that mirrors the marketplace

>> **Diversity Strategy 2**: Create representative and balanced teams internally that mirror the company's workforce

>> **Diversity Strategy 3**: Seek parity in pay and promotions

>> **Diversity Strategy 4**: Create a fair, respectful, and inclusive culture that seeks full employee contribution

Real-World Example of Goal-Setting

As part of Pitney Bowes's annual Diversity Strategic Planning process, managers and executives consider how objectives can be tailored to address diversity in the marketplace. They take the following questions into consideration:

- What must you do the same or differently with your current/future products given changes in the demographics of customers/end user?
- Who is your end user?
- How is the profile of that person changing?
- What are the demographic implications of your current markets?
- Where are the opportunities for future markets?
- How can you leverage the diversity of your people to look at your products and market opportunities differently?
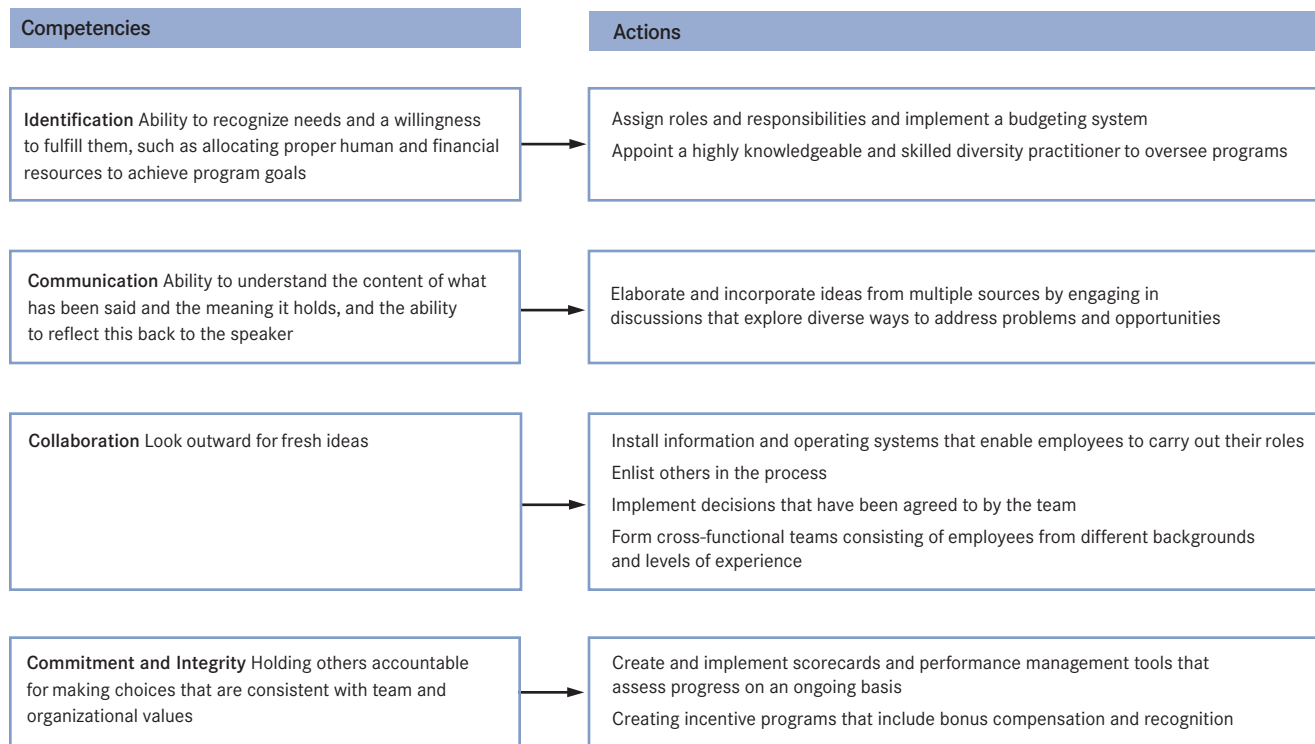
Source: Pitney Bowes

Design and Implement Systems

By this point, senior management has created an environment that encourages employees to actively contribute their ideas. This has helped the leadership team determine the direction diversity initiatives will take in the organization. Goals and objectives have been created to convert the vision of diversity and inclusion into measurable performance targets. The process thus far has focused on inspiring and motivating employees to contribute to the success of the organization, but also included leaders' clearly defined expectations that are understood by employees. From this point forward, the process concentrates on creating and executing strategies that indicate prime areas for improvement.

Implementing strategy is a time-consuming process and requires important competencies and expertise in order to convert strategic plans into actions. Exhibit 5 illustrates the competencies required for executing diversity strategy.

Exhibit 5
Competencies for converting strategic plans into actions

Competencies	Actions
Identification Ability to recognize needs and a willingness to fulfill them, such as allocating proper human and financial resources to achieve program goals	Assign roles and responsibilities and implement a budgeting system Appoint a highly knowledgeable and skilled diversity practitioner to oversee programs
Communication Ability to understand the content of what has been said and the meaning it holds, and the ability to reflect this back to the speaker	Elaborate and incorporate ideas from multiple sources by engaging in discussions that explore diverse ways to address problems and opportunities
Collaboration Look outward for fresh ideas	Install information and operating systems that enable employees to carry out their roles Enlist others in the process Implement decisions that have been agreed to by the team Form cross-functional teams consisting of employees from different backgrounds and levels of experience
Commitment and Integrity Holding others accountable for making choices that are consistent with team and organizational values	Create and implement scorecards and performance management tools that assess progress on an ongoing basis Creating incentive programs that include bonus compensation and recognition

Includes text from: Ruth Wageman et al., *Senior Leadership Teams: What It Takes to Make Them Great* (Boston: Harvard Business School Press, 2008).

"To truly achieve cultural diversity, everyone must be responsible
and 'own' it. Every employee can make a difference because
each of us shapes our culture and builds the future,
moment by moment, interaction by interaction."

Carole Young General Manager of Global Diversity, Chevron

But change cannot take hold without commitment. The following points highlight how accountability can further support organizational change:

- Outline roles and responsibilities within a clear reporting structure

- Measure and reward performance

- Ensure effectiveness of the initiatives

Outline roles and responsibilities within a clear reporting structure

For companies to successfully execute any strategy, accountability—the acknowledgement of roles and assumption of responsibility by employees—must be integrated into the process. Leaders not only emphasize that achieving organizational goals is part of every employee's job, but they also create methods of ensuring that employees assume responsibility for achieving these goals.

Spotting Obstacles to Inclusion

Organizations often meet the greatest degree of opposition during strategy implementation. To circumvent this, leaders might consider why people may resist change, whether it is that they:

- dislike change in general;

- are uncomfortable with uncertainty;

- perceive that the change may negatively affect their interests;

- believe that the change clashes with their own ethics;

- disagree with the way the change is being managed; or

- lack clarity as to what is expected of them.

Leaders are mindful about how they will both motivate the workforce and manage resistance, which can include informing people about the rationale for the change, involving people in the change process as active participants, offering incentives, or penalizing people for resisting.

Source: Ian Palmer, Richard Dunford, and Gib Akin, *Managing Organizational Change: A Multiple Perspectives Approach* (New York: McGraw-Hill Irwin, 2006).

To facilitate those efforts, a reporting structure that supports accountability should be established. If many leaders have been identified as having roles and responsibilities, reporting structures will also need to be made transparent, especially throughout lower levels of the organization.

Targeted responsibilities that combine to create a diverse and inclusive organization are then developed by the senior team and the diversity practitioner. These responsibilities can be benchmarked as required competencies for all employees, including managers and executives. Here are some examples of commonly targeted competencies:

- Values individuals who bring diverse talents, skills, and perspectives to the organization

- Encourages and promotes diverse approaches to all thoughts and actions

- Encourages an inclusive culture that integrates, recognizes, and rewards diverse and individual approaches

- Works effectively with difference to find new ideas and improve problem solving

- Recognizes cultural factors and understands communication styles that may impede or enhance successful relationship development

- Demonstrates awareness of culturally biased workplace behaviors that may negatively impact motivation, morale, productivity, and success

- Understands customs and traditions that affect employee engagement

Merck defines the roles and responsibilities of leaders at multiple levels within the organization for executing D&I strategy.[12] Individual contributors are responsible for demonstrating an understanding of the fundamental principles of diversity and inclusion. Managers and directors ideally are able to effectively manage relationships up, down, and across the organization. Merck executives must regularly articulate a clear, compelling vision and direction for diversity at the company, effectively integrate D&I into business strategies and outcomes, and sustain continuous improvement.

Linking Incentives and Performance

Many companies attempt to motivate the workforce and to manage resistance by creating incentive programs. Incentives like bonus compensation can be awarded when the overall performance of the business has improved and employees have improved their competencies and met their objectives.

Organizations could penalize employees who either resist or fail to achieve their goals, but this practice can be controversial when it involves reducing bonus compensation especially when diversity is not well-aligned with business objectives. As an alternative, many organizations support the creation of rewards, recognition, and organization-wide awareness for those executives and managers who model inclusive behaviors.

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[12] Merck employs 63,000 people and its global headquarters is in Whitehouse Station, New Jersey. Merck's 2007 revenues total $24.2 billion.

Measure employee performance

Organizations often use a combination of employee self-assessment, supervisor reports, and scorecarding to measure performance. One global consumer products company uses a personal goal-setting and self-assessment model to capture information on how managers and executives are meeting their D&I goals (Exhibit 6).

Exhibit 6
Sample

DIVERSITY REPORT CARD						
		Report Period:				
		Function(s):	Total Company			
			TURNOVER**			
METRIC	REPRESENTATION	NEW HIRES*	VOLUNTARY	INVOLUNTARY	TOTAL	PROMOTIONS***
	Representation Period:	Report Period:		Report Period:		Report Period:
Total #						
Total %						
Female #						
Female %						
Male #						
Male %						
White #						
White %						
Minority #						
Minority %						

Sunoco's diversity representation summary records new hires, promotions, and terminations according to percent white male, minority male, white female, and minority female (Exhibit 7).[13]

Exhibit 7
Diversity representation summary

| | As of 3Q xx | | Change Summary - 4Q XX | | | | | | Activity Total | Adj. | EE Count as of 12/31/xx | % as of 12/31/xx |
			Hires	Terms	Promotions (+)	Promotions (-)	Transfer In (+)	Transfer Out (+)				
White Males	%											%
Minority Males	%											%
White Females	%											%
Minority Females	%											%
TOTAL												

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[13] Sunoco's headquarters is in Philadelphia. It employs 14,900 people and its 2007 revenues total $44 billion.

Ensure effectiveness of initiatives

Diversity initiatives should be designed to improve employee competencies so that the company's goals can be achieved. They should also clarify how the company will include diverse perspectives, experiences, and talents in its organizational and business practices to leverage the value of differences among employees. Diversity practitioners have commonly created diversity programs that train employees in ways to improve the pipeline of communication and promote teamwork.

Sodexo created a side-by-side comparison of its diversity initiatives and activities over the years, demonstrating an evolution of the company's efforts (Exhibit 8).

Other specific examples of programs that can enhance diversity competencies include:

- Internal rotational programs
- International assignments
- Leadership development programs
- Cultural celebrations and social events
- Team development programs

Exhibit 8
Sodexo's diversity journey

Where We've Been – Building on the Past

FY 2003 Compliance Infrastructure & Positioning	FY 2004 Culture Change for Diversity & Inclusion	FY 2005 External Relations	FY 2006 Leveraging Diversity for Business Growth	FY 2007 Integrating D&I into All Aspects of Business	FY 2008 Embed NORAM and Global Diversity & Inclusion
• Staffing & Structure • Positioning of CDO • Diversity as a Strategic Imperative • Getting executive level buy-in • Affirmative Action structure, data management, audits, production and dissemination/communication • Compliance training • Business Case • Measurement and Accountability through scorecard and incentive link	• Staffing & Structure: OOD and markets • Training & Education: learning strategy • Work Life Effectiveness • Mentoring • Network Groups • Leadership Education • Awards & Recognition • Champions of diversity • Diversify Recruiting and competencies • Succession Planning • ESL (SSL) • Diversity Councils	• Staffing & Structure • Identifying Organizations • Building Relationships • Allocating Budget • Developing Criteria • Identifying ROI • Leveraging for business development and recruiting • Branding in diverse communities • Partnering with recruiting	• Developing Strategy to Leverage Diversity • Developing Internal & External Consulting strategy • Developing collateral • Developing Business to Business Relationships • D&I as a differentiator for client retention and new business development • Linking diversity to business growth strategy: patient care experience, QLS • Integrating D&I into all internal functional areas	• HR policies and processes • Marketing • Sales • Strategy	• Activating Task Force • Developing Strategy • Developing business case • Developing local action plans • Getting Buy-in from Leadership • Launching gender initiative • Establishing metrics and accountability through incentive compensation link • Developing global training

Source: Sodexo

Any new initiative created as part of a diversity strategy needs to be bolstered by oversight. Understanding whether engaging in these initiatives has enhanced business performance is important. Systems are then created to track how these initiatives contributed to the achievement of objectives.

One global, leading financial services firm considered employing a radar screen visual to provide a comprehensive look at the company's diversity initiatives and activities in the areas of recruitment, supplier diversity, attrition, and diversity council development (Exhibit 9).

Measuring the outcomes of process implementation, evaluating the performance of the organization, and continuously improving the process are all necessary for reaching performance targets. This allows for easy communication of targets, highlights progress made, and can reveal the need for modifications to existing goals and/or targets that have either been attained or declared unfeasible.

Exhibit 9
Sample "radar screen" showing a company's diversity initiatives and activities

Seek Continuous Improvement

Evaluating the performance of the organization over the long term while continuously improving the process is necessary for reaching performance targets. It can be accomplished not only by assessing progress reported on scorecards, but also by engaging in the following activities:

- Monitoring employee opinion/attitude surveys

- Conducting exit interviews

- Obtaining feedback from employee network/affinity groups

- Involving senior leadership in complaint activity from litigation and/or grievances

- Requiring 360-degree feedback on manager and executive performance from a diverse constituency

By engaging in these activities, a company's diversity initiative becomes cyclical. Revisiting diversity strategies and attention to feedback ensures that organizations are monitoring their own progress by engaging leaders in ongoing discussions, and ensuring that they are implementing any necessary changes.

Planning for the Future: Sustaining Diversity and Driving Sustainable Change

The competitive landscape has changed greatly over the last 20 years—so much so that companies must think efficiently and innovatively in order to remain major players in this new and evolving marketplace. Today, companies' visions increasingly address engaging diverse perspectives to foster innovation and creativity. Globalization has forced companies to look deep within their operations at their human capital to create a pipeline of diverse talent that can drive and improve operational efficiency. Fully achieving this objective may require implementing organization-wide changes and ultimately incorporating diverse perspectives into the organization.

Crafting and executing diversity strategy may not be as linear as this report suggests. Therefore, readers are encouraged to think creatively about how to tailor the framework to best suit the needs of their organizations, workforces, and customers.

It is important to keep in mind that organizational change cannot be the responsibility of one person or even a few people. Though every change initiative requires a "champion" who will inspire a shared vision and set goals, it is important that change initiatives encourage participation from all employees. This method of promoting accountability will be important in ensuring successful execution of business strategies throughout the lifecycle of the change process.

Notably, there will come a time when champions of major change initiatives make their exit—often because of retirement or out of a desire to pursue other opportunities. It is during these times that organizations will question the sustainability of the changes that have been made and begin to consider, "How can we make sure that these changes are so embedded in our culture that efforts are not disrupted when X leaves?"

To sustain momentum, companies may need to redesign roles so that accountability for change is ensured and the risk for complacency is limited. Organizations can also link promotion decisions to performance during the change process. Further, companies can redesign reward systems and celebrate small "victories" while continuing to emphasize the need for performance improvement.

Sustaining a culture of change is about embedding goal-setting, accountability, and employee development into the organization's practices. Companies that emphasize both values and process, while inspiring and motivating their workforces, are more likely to build the diverse and inclusive organizations that will enhance their performance.

About This Report

Organizations that have been profiled in this report have strategically aligned diversity and inclusion practices with general business goals. They have shown greater levels of success with leadership accountability. These organizations were asked to submit specific definitions, initiatives, scorecards, tracking systems, references and success stories as a means of illustrating a well-integrated diversity strategy, and the author used these documents to create a tool that other organizations can use to build the diverse and inclusive organization necessary for enhancing business performance.

About the Author

Stephanie J. Creary conducts research that examines how team collaboration is impacted by diversity and, in turn, how diverse teams impact organizations. She holds a master of business administration degree with high honors from Simmons School of Management, and a bachelor of science degree in communication disorders and a master of science degree in speech-language pathology from Boston University. At The Conference Board, she serves as a research associate for the Management Excellence department. At the Harvard Business School, she serves as a research associate to several faculty members with whom she collaborates to develop business case studies, conduct organizational research, and develop a management textbook.

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