The TCS Group
Inc

The Diversity Trap:
Success Strategies and
Pitfalls to Avoid with D&I Initiatives

April 19, 2013

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Today's Agenda

- **About The TCS Group, Inc.**

- **The Evolution of Diversity & Inclusion**

- **Success Strategies**

- **Pitfalls to Avoid**

- **Q&A**

The TCS Group, Inc. provides customized HR and diversity and inclusion (D&I) solutions to clients. We have three focus areas.

Strategy	Training	Education
• **Advisory Services** • **Organizational Assessments** • **Strategy Development** • **Program Execution**	• **Curriculum Development** • **Customized Training Content** • **Train the Trainer**	• **Public Speaking** • **Teaching** • **Executive Coaching**

Tamika Curry Smith, TCS Group President, formerly led the D&I organizations at Target Corporation and Deloitte Consulting

Our experience spans across many well-known organizations.

Diversity & Inclusion (D&I) programs evolved from and have built on EEO and AA concepts.

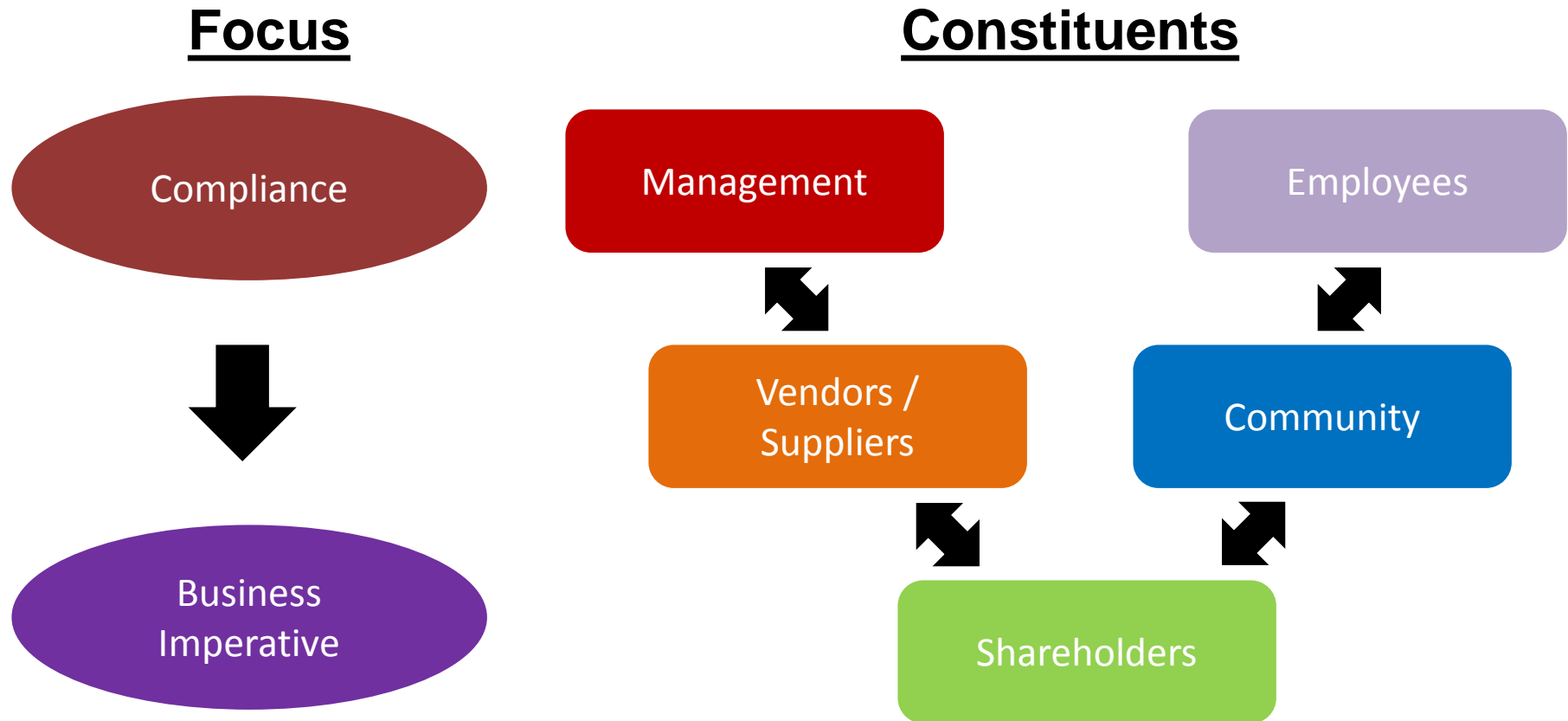| Strategic Imperative	Focus	Desired Outcome
Equal Employment Opportunity	Prevent discrimination	Compliance and equal treatment
Mandatory Affirmative Action	Correct effects of past discrimination	Compliance and action-oriented programs that lead to improved representation
Diversity	Build a diverse organization and develop strong internal and external partnerships	Diversity at all levels and long-lasting connections with internal and external stakeholders
Inclusion	Create an environment that appreciates and leverages differences to drive business results	Innovative, performance-based culture and competitive business advantage

Diversity & Inclusion clearly has become more of a focus in the workplace.

Out of 500 companies surveyed:
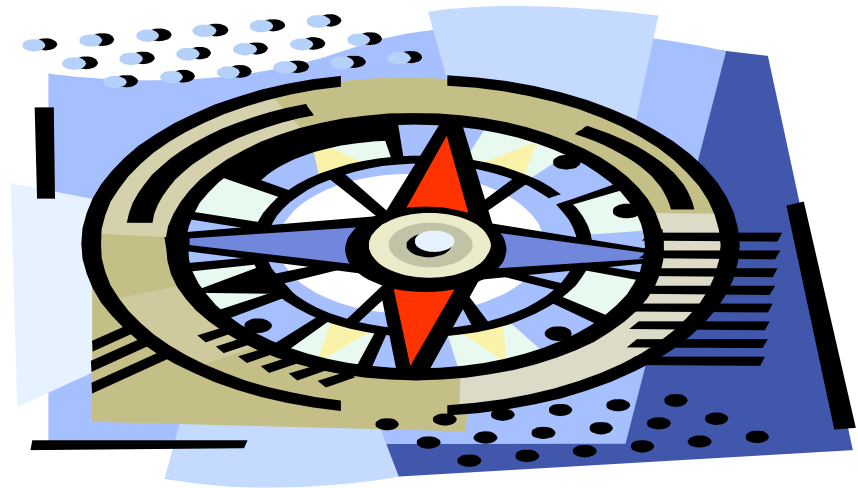
- **Diversity initiatives have been in place for a median of 6 years**

- **Median length of service for the Diversity-focused role is 2.5 years**

Source: The Conference Board

The Evolution of Diversity & Inclusion

In recent years, Diversity & Inclusion has made a more holistic shift in most organizations.

Focus

Compliance

↓

Business Imperative

Constituents

Management

Vendors / Suppliers

Employees

Community

Shareholders

So…How do HR/EEO/AA professionals navigate this important and evolving D&I space?

Success Strategy #1: Know Your Stuff
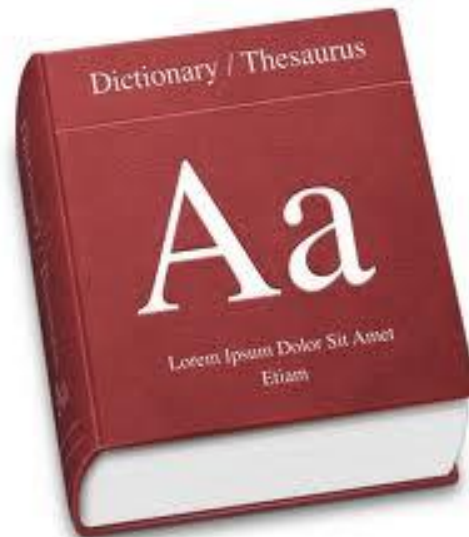
<u>Definitions</u>

- Webster's Dictionary – variety; heterogeneity; difference

- Diversity is about <u>PEOPLE</u> themselves…their differences, similarities, and unique characteristics as groups and individuals
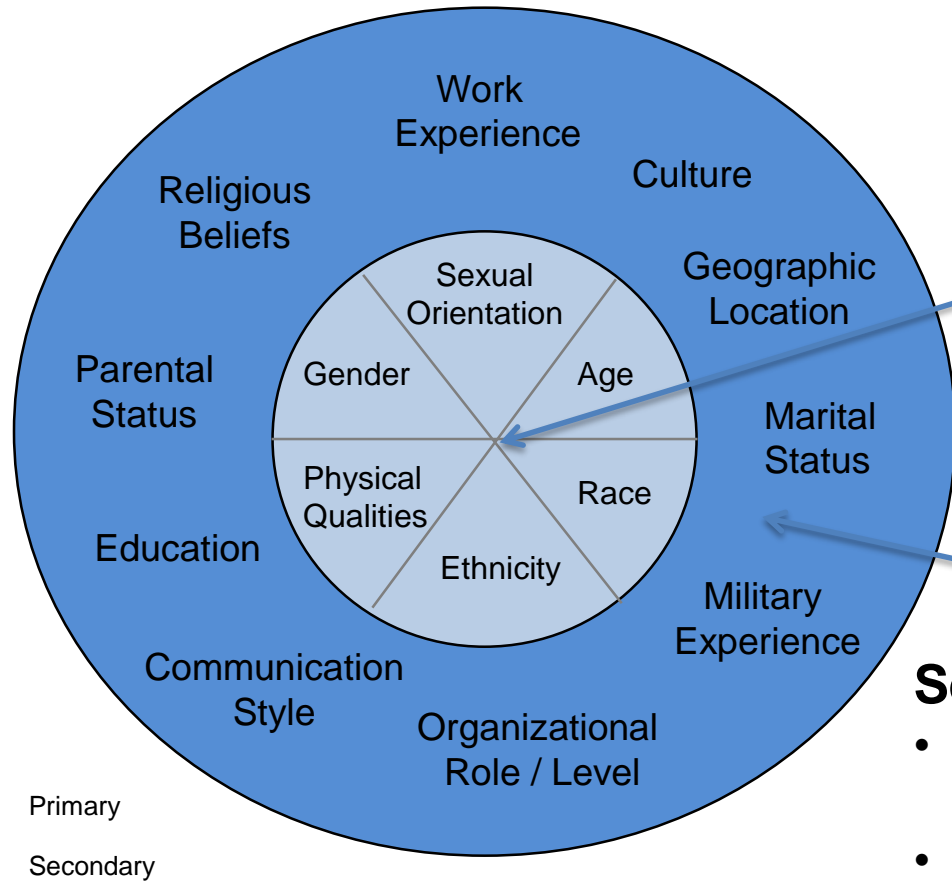
<u>Definitions</u>

- Webster's Dictionary – being considered along with other people, things, etc. as part of a group, set, etc.

INCLUSION

- Inclusion is about the extent to which people 1) have the <u>OPPORTUNITY</u> to and 2) <u>FEEL WELCOME</u> to fully be a part of and contribute to an organization

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<u>Dimensions of Diversity</u>

Source: Loden and Rosener

Primary

Secondary

Primary dimensions (inner)

- Born with characteristics
- Cannot be changed (in most cases)
- Most are physically visible

Secondary dimensions (outer)

- Acquire and/or achieve characteristics through life experiences
- Can be changed
- Are not visible

* Proprietary – Do not distribute *

D&I – Core Strategic Components

Workforce

- External Recruiting
  - ✓ Internships
  - ✓ Campus
  - ✓ Experienced
  - ✓ Executive
- Internal Moves / Promotions
- Destination / Succession Planning

Workplace

- Training & Development
- Leadership
- Retention
- Culture
- Internal Communications

Marketplace

- Multicultural Marketing
- Multicultural Merchandising
- Supplier Diversity
- Community Relations
- External Messaging

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D&I – DiversityInc's Approach

CEO Commitment	Human Capital	Corp. / Org. Communications	Supplier Diversity

- CEO's personal involvement
- Executive accountability
- Board-of-Director demographics

- Recruitment strategies
- Work force initiatives
- Work force metrics
- Work/life benefits

- Internal initiatives (employee surveys, affinity groups, mentoring, etc.)
- External factors (community efforts, website, diversity branding, etc.)

- Procurement budgets
- Audits and third-party certification
- Mandates in RFPs
- Supplier mentoring and assistance

Source: DiversityInc

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<u>Resources</u>

- **Use your relationships and leverage your NETWORK to learn about what works and what doesn't**

- **Leverage EXISTING D&I resources**

  - ➢ SHRM

  - ➢ The Conference Board

  - ➢ DiversityInc.com

  - ➢ DiversityBestPractices.com

  - ➢ DiversityExecutive.com

  - ➢ DiversityBusiness.com

<u>Resources</u>

- **Do BENCHMARKING**

  ➢ "Best in Class" companies

  ➢ Industry competitors

- **Use Google!**

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Success Strategy #2: Turn on the Light

Activity – Pictures Exercise

- Force rank the people 1-5 based on your likelihood to refer and/or hire him / her for a management position (1 = most likely; 5 = least likely)

A. B. C. D. E.

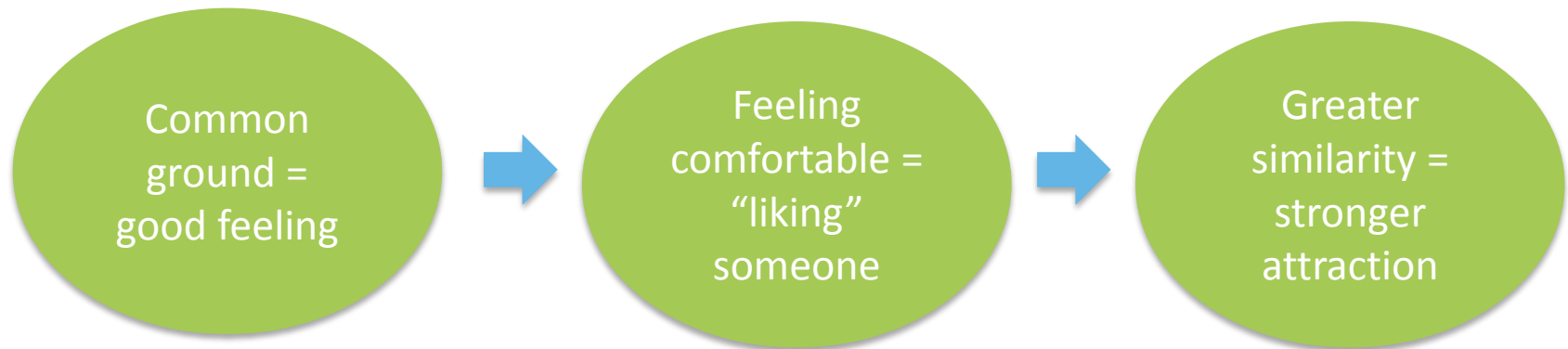# Driving Awareness – Bias

What is BIAS?

- A tendency or preference towards a particular perspective, ideology or result

- Interferes with the ability to be impartial, unprejudiced, or objective

Cognitive biases are common to ALL human beings

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<u>Driving Awareness – Bias</u>

SIMILARITY-ATTRACTION EFFECT

- A tendency to stick with people who are like yourself and avoid those who are different

Common ground = good feeling → Feeling comfortable = "liking" someone → Greater similarity = stronger attraction

Humans have a natural tendency to search for commonalities in others

Source: Personality and Social Psychology Review

Driving Awareness – Bias

The SIMILARITY-ATTRACTION EFFECT can have a devastating impact on our efforts to recruit, build, and develop diverse teams

Recruiting	Teams / Talent Development

- People tend to recruit candidates just like them

- Candidate assessments are based on subconscious comfort level and "fit"

- Candidates that are "different" face an uphill battle

- People "like" working with those who are similar, have the same work style, etc.

- Employees that are "different" fall off the radar

- This impacts who gets development opportunities, promotions, etc.

Source: Personality and Social Psychology Review

Driving Awareness – Bias

IN-GROUP BIAS

- The tendency for people to give preferential treatment to others they perceive to be members of their own group

In-Group Members = Successful due to innate talent and personalities + Failures due to outside / situational factors

The inverse is true for out-group members

Source: Personality and Social Psychology Review

Driving Awareness – Bias

IN-GROUP BIAS adversely affects our ability to drive inclusion on our teams

In-Group Members	Out-Group Members

In-Group Members
- Viewed and labeled positively
- Seen as diverse, unique individuals
- Given the benefit of the doubt and treated accordingly

Out-Group Members
- Viewed negatively and labeled stereotypically
- Lumped together and not seen as individuals
- Given little room for error and treated accordingly

Turnover among out-group members is typically higher as a result

Success Strategy #3: Show Them the Money

Activity – Diversity Quiz

1. **Women currently hold 40% of all jobs in the United States.**

    False – Women currently hold 47% of all jobs ad account for about a quarter of the current GDP.

2. **Over 30 million people in the US population have a disability.**

    True – 36.3 million people have a disability, which equates to roughly 12% of the US population.

3. **A majority of tomorrow's workforce will consist of non-White males.**

    False – 70% of current workforce entrants are women and people of color. This represents the workforce of tomorrow.

Sources: DiversityInc's Business Case for Diversity, Selig Center for Economic Growth, Center for American Progress

* Proprietary – Do not distribute *

Activity – Diversity Quiz

4. **How many different generations do you believe are currently in the workforce and therefore in your company's candidate pool?**

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5. **Name those generations.**

   Traditionalists (<1946)   **Baby Boomers (1946-1964)**

   Gen-Xers (1965 -1980)   **Millennials (1981-1994)**

6. **People of color own more than 20% of all US businesses.**

   True – People of color own 22% of all US businesses.

Sources: DiversityInc's Business Case for Diversity, Selig Center for Economic Growth

Activity – Diversity Quiz

7. **There are _____ million veterans in the US.**

    33 million

8. **The Gay, Lesbian, Bisexual, and Transgender (GLBT) community is among the most loyal group of consumers and their buying power is estimated at nearly $800 billion.**

    True – 71% of all GLBT adults reported that they would be very or somewhat likely to remain loyal to a brand they believed to be very friendly and supportive to the GLBT community – even when less friendly companies may offer lower prices or be more convenient.

Source: Dept of Veterans Affairs, Witeck Communications

Activity – Diversity Quiz

9. **People of color are expected to make up more than 50% of the US population by 2050.**

   False – People of color will make up more than 50% of the US population by 2042.

10. **Despite the gains women have made in education and the workplace, men still earn more advanced degrees than women.**

    False – The number of American women earning advanced degrees has now surpassed the number of men for the first time in U.S. history. Additionally, women have earned more undergraduate degrees than men since 1996.

Source: US Census Bureau

D&I Business Case – Population Statistics

	2000	2012	% of Total	% Growth
Black	35.7	41.4	13%	16%
Hispanic	35.3	54.8	17%	55%
Asian	11.1	17.2	5%	55%
Multiracial	3.9	7.9	3%	103%
American Indian	2.7	4.0	1%	48%
Total People of Color*	88.7	125.3		
White	228.1	245.4	78%	8%

*Note: Hispanic is an ethnicity (not a racial category), so the "people of color" numbers technically are not cumulative.

Source: Selig Center for Economic Growth

D&I Business Case – Buying Power Statistics

	2000	2012	% of Total	% Growth
Black	$ 600	$ 1,038	9%	73%
Hispanic	$ 488	$ 1,179	10%	142%
Asian	$ 273	$ 718	6%	164%
Multiracial	$ 59	$ 155	1%	165%
American Indian	$ 40	$ 103	1%	156%
Total People of Color*	$1,459	$ 3,193		
White	$6,353	$10,177	83%	60%

*Note: Hispanic is an ethnicity (not a racial category), so the "people of color" numbers technically are not cumulative.

Source: Selig Center for Economic Growth

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D&I Business Case – Supplier Diversity

- Business ownership among diverse groups is on the rise

Women = 29%	People of Color = 22%	Veterans = 9%	GLBT Individuals = 5%

- Diverse businesses are growing faster as well

Minority-owned = 56%A	Woman-owned = more than 20%	White-owned = 14%

World class companies spend 13% of their Tier 1 spend with minority-owned and 11% with women-owned business enterprises.

Source: US Census Bureau, Witeck Communications

<u>D&I Business Case – The Link to Innovation</u>

- The Medici Effect

  – A diverse team or an individual with a diverse background = exponential increase of unique ideas

  – Diversity in teams allows different viewpoints, approaches, and frames of mind to emerge

> **Leveraging the diversity of your employees, community partners, and suppliers provides a foundation for innovation**

Source: The Medici Effect by Frans Johansson

D&I Business Case – The Link to Engagement

- Employees with the highest level of engagement

  - Perform 20% better

  - Are 43% more productive

  - Are 87% less likely to leave the organization

- Companies with strong diversity management initiatives have higher engagement among traditionally underrepresented groups and employees overall

Sources: SHRM, Towers Perrin, The Hay Group

D&I Business Case – The Link to Performance

- In recent studies, companies that leveraged the diversity of their people and promoted a culture of inclusion:

  - Improved customer satisfaction by 39%

  - Increased productivity by 22%

  - Raised profitability by 27%

  - Lowered turnover by 22%

  - Also showed improvements in stock price / market valuation and employee growth

Source: Gallup Workplace Studies

<u>D&I Business Case – The Link to Competitive Advantage</u>

- The greater a company's gender and racial diversity, the better its competitive position within its industry

- For every percent increase in racial diversity, there is a 9% increase in the number of customers a company has

  - Gender diversity accounts for a 3% increase in customers

- Racial diversity was found to be a better predictor of company revenue and sales numbers than company size, company age, or the number of employees working at any given location

Source: American Sociological Review

D&I Business Case – The Link to Shareholder Return

- Superior diversity management does lead to bottom line results and shareholder return

  - Over a 10-year period, when calculated as a stock index, the publicly traded companies in the DiversityInc Top 50 outperformed:

    - NASDAQ by 28.2%

    - S&P 500 by 24.8%

    - DJIA by 22.4%

Source: DiversityInc

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Success Strategy #4:
Measure Up
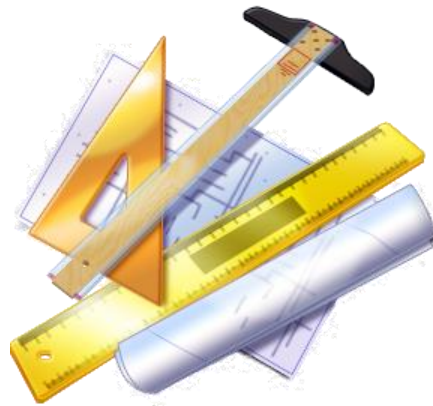
All of your D&I efforts must be *TRACKABLE* and *MEASURABLE* so you can gauge their effectiveness.

- **You get what you measure…AND…What gets measured gets done!**

- **Promotes a culture of accountability**

- **Allows you to highlight wins and notice additional areas of opportunity**

> **Utilize a two-fold metrics strategy that examines both activity and results**

Activity metrics can help show initial progress and bridge the gap until you have data on more concrete metrics.

Examples of Activity Metrics

Workforce	**Workplace**	**Marketplace**
• Campuses • Recruiting Events • Professional Organizations • Applicants • Interviews • Website Traffic • Online Reputation	• Training Courses • Training Participation • Engagement Survey Participation • Communication Mediums • Internal Communications	• Bilingual Products • Bilingual Signage / Communication • Supplier Base • Community Partners • Volunteer Hours • Board Participation

Outcome metrics often require changes to your intake mechanisms, data sources, and IT systems.

<u>Examples of Outcome Metrics</u>

Workforce	Workplace	Marketplace
• Diverse slates • Yield rate • Acceptance rate • Intern, campus, professional, and executive hires • Promotions	• Training Evaluation Scores • Engagement Survey Feedback and Trends • Voluntary and Involuntary Turnover • Communication Effectiveness	• Mind Share • Market Share • Marketing Spend • Supplier Diversity Spend • Community Giving Trends • External Advertising

Pitfall #1:
Not Laying the Foundation

Companies that build successful D&I initiatives create an *INFRASTRUCTURE* to support them.

Examples of *INFRASTRUCTURE*

- **Dedicated D&I staff**

- **Strong involvement from HR and the Executive Team**

- **Diversity Councils**

- **Employee Resource Groups**

Successful companies also put their money where their mouth is by *FUNDING* their D&I efforts.

Out of 500 companies surveyed:

- **The median diversity budget was <u>$500,000-$750,000</u>**

- **Budgets generally ranged from under $50,000 to the $3-6 million range.**

Source: The Conference Board

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So, how do you get the ***RESOURCES / INFRASTRUCTURE*** and ***BUDGET*** you need to drive your D&I initiatives?

Effectively use the data at your fingertips

- **Business Case**

- **Benchmarking**

- **Industry Competitors**

Competition is a powerful motivator!

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Pitfall #2:
Not Sharing the Love

It is often unclear who "owns" D&I initiatives in many companies. And no matter where it resides, that department can't "make it happen" alone.

Advocate for / speak of D&I as a *CORE VALUE*

- **Classifying it as a corporate value is really where it belongs**

- **That means:**

  ➢ **It is part of who you are and how you work**

  ➢ **It is expected of *EVERYONE***

In companies with the most successful D&I programs, the responsibility is shared by everyone, starting at the top.

Out of 500 companies surveyed:

- **In 60% of the companies, the main advocates for D&I are the CEO and top management**

> **The impetus and tone for D&I must emanate from the most senior ranks of the organization**

Source: SHRM

So, how do you *SHARE THE LOVE* and ensure you're not going it alone?

INTEGRATION!!!

- **D&I must be integrated into initiatives, policies, and practices across the company**

- **Form multi-disciplinary, cross-functional committees to ensure integration happens**

Pitfall #3:
Not Communicating Enough

Since it typically takes time for your D&I efforts to produce results, you may not feel like you have much to share in the interim, *BUT YOU DO!*

- **Create quick wins, short-term, mid-term, and long-term goals and then *COMMUNICATE* the accomplishments along the way**

- **Discuss your *INCREMENTAL* progress so people see the momentum you're building**

> **Regular, ongoing communication positions your efforts as credible and successful**

So, how do you make sure your ***COMMUNICATION*** gets out and that you are heard?

- **Create *KEY MESSAGES* for your colleagues to share with their stakeholders**

- **Leverage *CROSS-FUNCTIONAL COMMITTEES* to ensure the successes are known and shared across the company**

- **Utilize your department *LEADERSHIP* to discuss the achievements with top executives**

> **Developing a multi-channel communication strategy is key**

As HR/AA/EEO professionals, you can help your organization's D&I initiatives be a *HIT* by being…

Hardy

Integrative

Thorough

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Thank You!