

HOW TO ESTABLISH THE MOST EFFECTIVE DIVERSITY AND INCLUSION PROGRAMME



EXECUTIVE SUMMARY

Although diversity and inclusion initiatives have become increasingly popular in the past decade, at some organisations, efforts aren't producing the desired results — or are virtually nonexistent.

Diversity programmes can be a positive endeavour. In addition to making a company more socially responsible, they provide a potentially beneficial productivity effect; and studies have shown both consumers and job candidates value them. Supporting a diversity and inclusion initiative can help organisations attract and retain important talent assets; it may also provide an opportunity to increase profits.

Ensuring several key aspects — including careful planning; regular assessment and training — as part of your diversity efforts can increase the chance they'll be successful. This white paper will outline the impressive effect diversity programmes can have on a company's operational aspects and how the organisation is perceived; what steps you need to take to create a brand new initiative; ways to strengthen a pre-existing one — and common ways diversity programme efforts can veer off-track you should cautiously avoid.



THE CASE OF AN INCLUSION-BASED PROGRAMME

Inclusion and diversity programmes, in recent years, have become increasingly common. Ninety-seven percent—nearly all the companies Forbes Insight spoke to for its 2011 global [survey](#)—had formal workplace diversity strategies in place.

Recent research has shown such programmes can produce several unexpected side effects.

Studies have shown, for example, a number of candidates, particularly millennials, prize diversity programmes, and want to see that you have one, which could potentially aid in recruiting and retention efforts.

Forty-seven percent of the millennials surveyed in a 2016 Institute for Public Relations [tally](#) say diversity and inclusion is an important criteria they actively look for in potential employers. Overall, two-thirds (67 percent) of active and passive job seekers feel a diverse workforce is an important factor when evaluating companies and job offers, according to a Glassdoor [survey](#).

Inclusionary efforts can also provide productivity and revenue benefits. Several studies have found companies with more female executives, board members and general workplace diversity experience sales and revenue increases and outperform competitors.

Not all programmes, however, are built alike. Not all companies have one — and some organisations are managing vastly underutilised efforts.

Smaller companies may fear they don't have the manpower to support a full-fledged effort and, as a result, have avoided implementing a formal diversity programme. In some circumstances, a company's initiative may amount to little more than an unspoken promise to try to encourage diversity in one area, with no real plan in place to ensure a significant outcome.

Other programmes may be fully implemented, but lack the scope and follow-through to truly make a difference.

To design, establish and maintain a truly robust, effective diversity and inclusion effort, companies need to pay close attention to its structure, implementation, progress and results.

As with many system-wide missions, careful planning, ongoing support and assessment are key elements to increase the likelihood of success. If your organisation has yet to create a diversity and inclusion initiative — or feels its current plan isn't living up to its promise — consider utilising some of the steps outlined in the next two sections.



FORMING A DIVERSITY AND INCLUSION PROGRAMME

Diversity-based programmes can indirectly result in a number of positive outcomes.

Gender-diverse companies, for example, are 15 percent more likely to outperform ones that aren't, and ethnically diverse companies are 35 percent more likely to, according to McKinsey [data](#).

In the United Kingdom, greater gender diversity on a company's senior-executive team corresponded to the highest performance uplift in its data set—for every 10 percent increase in gender diversity, EBIT rose by 3.5 percent.

According to an [analysis](#) of more than 20,000 firms in 91 countries conducted by the Peterson Institute for International Economics, moving from having zero female leaders to incorporating a 30 percent representation is associated with a 15 percent increase in net revenue margin.

Companies that had three or more women board directors for at least four of five years significantly outperformed ones who didn't. Companies with the most women board directors outperformed organisations with the least amount by 26 percent on return on invested capital, according to a [report](#) from the Catalyst nonprofit organisation.

Few companies would likely turn down an opportunity to increase revenue — particularly if it involved something as positive as supporting diversity.

Statistics like the ones above may convince some to launch a diversity initiative; however, before a company can determine what its focus should be, or what components its programme should include, the organisation first needs to clarify what gaps or deficiencies exist.

Conducting a needs assessment can help the programme you're about to develop establish a solid foundation. Examine recent data, such as hiring and retention stats, to note whether specific deficiencies are present in your workforce — an increasingly smaller number of women in management roles, for example.

You'll then be able to more accurately see where improvements could be made when you review your current hiring, retention and other practices and policies and ask why your organisation is creating this programme, and what need you hope to serve.

Research doesn't have to be limited to just the employee population. If you suspect you could pursue relationships with a more diverse group of vendors, customers and other entities, consider reviewing data involving those parties, as well, to pinpoint any areas that are lacking.



FORMING A DIVERSITY AND INCLUSION PROGRAMME

After you've assessed which elements of your organisation show room for improvement, you'll see where you need to start establishing a greater focus on diversity; knowing what results you should logically be able to achieve, however, can be somewhat more elusive.

Other industry members can be a valuable resource. To identify realistic programme targets, examine what competitors and organisations in similar sectors are doing — including any information they have publicly released on their intended diversity goals and progress toward reaching them.

Also locate any statistics you can on general demographics within the industry, and factor them into your calculations for increased accuracy.

If, in the process, you discover diversity is a pressing problem within your sector, you may want to consider investing in more widespread efforts to draw new, more diverse groups of workers to your field, similar to the efforts a number of organisations have made to study ways to increase interest among young girls in science, technology, engineering and mathematics (STEM) fields. Microsoft, for example, conducted [research](#) that found girls in the U.K. have an interest in STEM subjects that drops sharply when they turn 16 — and also discovered, in the course of its work, having a role model could help prevent that decline.

As you move on to the process of crafting actual programme details, keep a few key elements in mind:

OBTAINING ONGOING SUPPORT FROM THE TOP DOWN IS CRUCIAL

Management has to wholeheartedly back the initiative — not just sign off on it — and your organisation needs to incorporate clear diversity and inclusion procedures into every possible operational aspect to ensure the programme is a success.

SET SPECIFIC GOALS

Without targets to work toward, you may find much progress isn't made. The CEO, CHRO and management team needs to set numeric targets, and tie them into projected deadlines you hope or want to reach them by to ensure you'll see results.

INCORPORATE DIVERSITY INTO ALL TRAINING INITIATIVES FOR EMPLOYEES — AND HOLD MANAGERS ACCOUNTABLE FOR MAINTAINING DIVERSITY GOALS

Incentive pay is one option to encourage management to give ongoing support to diversity efforts in all hiring, development and retention efforts; a mentoring programme can also help diverse staff members reach career goals/encourage their retention.



FORMING A DIVERSITY AND INCLUSION PROGRAMME

HAVE A METHOD IN PLACE TO TRACK PROGRESS

Without a way to monitor results, the organisation may not know certain aspects of the programme are or aren't working.

Monitoring your progress may require an investment in hiring personnel who are dedicated to the effort, and/or purchasing additional software and/or tech tools. It's a necessary step, though, to find out what, if any changes need to be made to your system to ensure your programme is worthwhile.

ANALYSE THE RESULTS PERIODICALLY, AND ADJUST EFFORTS AS NEEDED

If you wait too long to examine programme results, you may find you've invested, and in some cases, wasted months of time and manpower in changes that didn't produce the desired effect. It also puts an organisation at risk of getting sidetracked by day-to-day operational duties that can, without anyone's intent, slow or prevent diversity and inclusion initiatives from receiving adequate attention.

Setting touch points throughout the process to evaluate programme data and identify underperforming areas that could be improved — quarterly, for example, or three, six and nine months prior to the date you hope to have increased diversity in your mentoring programme by 20 percent — can help your efforts stay on track.

Providing ongoing diversity training can also help ensure your programme and goals receive continued support. If your organisation is able to make the investment, hiring a chief diversity officer can solidify your commitment to increasing diversity across the complete enterprise.

Once you have concrete results a year or two into your programme's implementation, you may want to consider sharing the information with potential candidates, current employees and the general public.

Some organisations may be hesitant to talk about their efforts for fear it will sound too promotional; however, sharing your diversity programme successes can be a positive thing. While a number of employees value diversity-related initiatives, some may not be aware of all you're doing. Only a third of employees, in fact, know their company has a diversity initiative, according to Glassdoor.

To let them know your organisation is placing an emphasis on increasing diversity and inclusion, you can send out internal announcements, and also actively engage employees by establishing internal diversity-directed groups, similar to the quarterly Chief Diversity Office Forum and Business Unit Diversity Council [AT&T](#) created, which work to increase awareness and involvement and assess diversity and inclusion efforts' effectiveness.



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Sharing diversity and inclusion information with the public doesn't have to feel boastful. Weaving your diversity programme's story into your branding efforts, for example, to stress it's a holistic part of what you do, and encouraging employee involvement in the programme can be an effective communication method.

Eighty percent of companies, in fact, according to [Diversity Best Practices'](#) assessment, have published their diversity statement on their website and in corporate informational documents.

You may be able to take that level of communication a step further by regularly sharing diversity programme progress via your website or through quarterly or annual reports — even if you aren't quite hitting the desired mark — to let people know diversity and inclusion remain a focus.

No organisation wants to risk outreach efforts having a potentially negative effect; getting more input on plans may help prevent that from happening.

Consider utilising or establishing pre-existing committees and internal support groups to contribute to and review all diversity programme-related materials and other advertising and marketing efforts to avoid scenarios like the Red Cross experienced with a promotional [poster](#) in 2016, or having to post a response relating to a communication effort, as, according to [Adweek](#), Nivea's parent company did in 2011.



ENHANCING AN EXISTING DIVERSITY AND INCLUSION PROGRAMME

If your initiative isn't meeting its goals, or has fallen by the wayside for some reason, it's time to examine potential approaches you can utilise to increase its effectiveness.

Diversity and inclusion programmes can be unsuccessful for a number of reasons. Recent Harvard Business Review [research](#) identified several — training, for example, if handled poorly, can actually negatively impact companies' efforts.

In some instances, more resources need to be dedicated to the initiative. Diversity programmes can be time consuming, particularly as they expand, to manage. Yet only 15 percent of organisations have staff devoted exclusively to diversity in 2013 — and less than one in eight had a diversity training budget in 2012, the last year in which SHRM gathered diversity spending [data](#).

If you've tasked employees with other full-time jobs with maintaining the programme, their performance, and the programme's performance, may suffer.

Although adding programme-specific staff, or realigning resources to provide greater support, can incur a cost, it can also help position your company culture to best champion a positive diversity and inclusion programme outcome.

McKinsey [research](#) found, for example, that women who are more confident of their ability to rise within an organisation tend to say that their employers' leadership styles are compatible with general female leadership and communication styles, and that women are just as likely as men to reach the top at those organisations.

Having the support of men in the workplace who seek to engage them is a significant factor in women's ability to reach top management, according to McKinsey. The absence of diversity in leadership styles has been a challenge at many organisations: almost 40 percent of female respondents said that women's leadership and communication styles don't fit with the prevailing model of top management in their companies.

Similarly, research has found men and minorities are sometimes penalised for promoting diversity in the workplace — which could prevent diversity and inclusion initiatives from having full effect.

Women, according to one [study](#), and nonwhite employees who, through hiring decisions, actively favor and promote other women and nonwhite employees receive much worse ratings from their bosses, compared to employees who don't utilise diversity programme hiring practices.

It's also important to make sure you've included all underrepresented groups in your diversity and inclusion efforts. Ethnicity, gender, race and age typically receive the most attention, according to the [Society for Human Resource Management](#); parental status and gender identity are two areas that are often focused on least.



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As of 2013, more than a third of companies didn't have a policy addressing sexual orientation-related work discrimination.

Generational diversity is another growing sector that is sometimes inadvertently left out of inclusion efforts.

During the next decade, statistics indicate a significant number of U.S., European and other workers may not leave the workforce at what is often considered the traditional retirement age, causing a wide distribution of ages to be present in many work environments.

Succession planning could be affected, and management needs may change, as a result. A global CBRE [study](#) found different generations tend to respond to different management styles; while 33 percent of millennials prefer to communicate via email, only 18 percent of baby boomers felt the same way. Older workers also were less likely to favor placing an emphasis on in-person meetings.

If you've contemplated expanding your diversity and inclusion programme outside of your company's walls, you're not alone: A number of organisations are including vendor initiatives in their diversity and inclusion efforts.

Weaving diversity into your supply chain reinforces how serious an organisation is about supporting diversity. It can also help support growth in the areas it operates in — and may result in a financial plus: On average, supplier diversity programmes add \$3.6 million to the bottom line for every \$1 million in procurement operation costs, according to a [study](#) by The Hackett Group.

Numbers like that paint a convincing argument for strengthening diversity and inclusion efforts. Yet many organisations — 66 percent, actually — say they have no way to measure their programme's outcome, according to [SHRM](#).

Whether you're adding a supplier component, or a dedicated diversity team or implementing changes to make your workplace a more supportive, engaging environment, as with brand new diversity programmes, tracking and evaluating your results is imperative. Set up annual and other dates during the earliest possible phase of your planning to ensure you're moving in the right direction, at the right speed.



CONCLUSION

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Today, having a diversity and inclusion programme isn't an uncommon thing; in some industries, it seems it may almost eventually become a requirement to operate.

In others, diversity initiatives are still a growing trend.

Companies often sponsor a diversity programmes because they feel it's the right thing to do; recent research, though, has shown an organisation can experience a number of unexpected benefits as a result of fostering a diverse workplace, ranging from attracting top candidates to retaining valued workers and seeing revenue increase.

Simply having a diversity and inclusion initiative, though, is not the same as having a *successful* diversity and inclusion initiative.

If your organisation hasn't yet made a commitment to developing a full-fledged programme, an ongoing investment will need to be made to transform an informal policy into an effective plan. For diversity efforts to truly have an impact, they have to be carefully planned, executed and analysed.

If you aren't sure where to start — or, despite changes, your programme is still consistently falling short of its intended goals — Talent Intelligence can assist you in determining what needs you want the programme to serve and provide advice and research to help design the programme. We can help you set specific hiring goals; establish a plan to build up pools of diverse talent; suggest an external partner to effectively communicate the programme's intent to employees, vendors and other stakeholders, if desired; and will directly work with managers on post-hire decision-making reviews to assess how and why choices were made.

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