



The Human Resource Consortium, LLC

Aligning People, Strategy & Structure - Optimizing Results

234 Church Street, New Haven, CT 06510

Phone: 203.495.1500

Web-Site: www.thehrc.com

Fax: 203.495.1514

Diversity and Inclusion: Critical Success Factors for Transformational Success

By Regan MacBain Traub, CPC, SPHR

The practice of diversity and inclusion has evolved significantly during the past two decades. For the most part, approaches, concepts and practices of the '90's are no longer effective in today's workplaces. Awareness was the focus; transformation and D&I competence is today's necessity. Our organizations are global, deal with a diversity of customers and suppliers, have multi-cultural strategic partners, and include multi-cultural, multi-lingual and multi-generational employees with diverse perspectives, needs, and challenges.

In our consulting practice, we define **Diversity** in the broadest sense; a vast array of human similarities and differences, *inclusive of everyone*. The qualities that for the most part will not change for individuals, include race, age, gender, physical abilities, sexual affectation/ orientation, and ethnicity. Differently, the qualities we *can* modify include work background, religious beliefs, political beliefs, military experience, geographic locations, marital status, parental and family status, language, income, and education.

We define **Inclusion** as a sense of belonging – feeling a meaningful level of confidence, and commitment from the organization. It is important to recognize that you can have diversity without inclusion and you can have inclusion without diversity. Attaining both diversity and inclusion has challenged and eluded most every organization for the past twenty years.

Diversity and Inclusion initiatives that are more successful are planned culture shifts, anchored in the business strategy – they are NOT training initiatives. To succeed, the organization must be able to articulate a clear and compelling business case for D&I. It can be either simple or complex. A simple business case might be rooted in desired behavioral change such as improving teamwork due to changing workforce demographics. At a more complex level, it may start with a customer-driven business strategy, based upon rapid growth, globalization, or the pursuit of emerging markets where needs may include new products, marketing platform and tools, sales and customer service competence, and/or different employee demographics that mirror customers.

An effective business case *must* include:

- ◆ internal and external drivers;
- ◆ a legacy that plans to reflect customers of twenty years into the future;
- ◆ knowledge of your customers, ensuring you know who is influencing or approving your immediate customer's decision;
- ◆ blocks and barriers which need to be removed (e.g. the talent we have today does not have the cultural competence to engage the emerging market customers we wish to acquire);
- ◆ analysis of products and services by examining the various arrays of your customer segments (e.g., different health services for different ethnic groups); and

- ◆ reasoning behind how diversity and inclusion will support the organization's objective to achieve high performance.

For example, we were brought into a financial service Fortune 100 national accounts group's leadership to ignite motivation as well as focus on D&I. The group had been resistant to D&I conversations since they were bringing in 80% of the organization's revenue. They believed they were tremendously successful and didn't see a need to embrace or venture upon a D&I initiative, one to which the rest of the organization had committed. By providing the group with clear data and experiences to see how they were leaving significant market share and revenue on the table, we were able to quickly guide them to realize that pursuing D&I would bring them much greater success. Our work with them led them to earn the Chairman's Award later that year.

To be successful in D&I, in addition to a clear and compelling business case, an organization needs to have in place:

- ◆ Senior and mid-level champions;
- ◆ An accurate and effective organizational platform;
- ◆ Internal Diversity orientation;
- ◆ Diversity and Inclusion competence and modeling by managers;
- ◆ External Diversity orientation;
- ◆ Rewards that encourage D&I behaviors; and
- ◆ D&I proficiency and modeling by HR.

The senior and mid-level champions must be cohesive and consistent in their commitment to 'raise the bar,' understanding that their planned change will take more than five years to achieve and require alignment with vision, mission, strategic plan, values and operating principles. Their personal modeling of inclusive behaviors is pivotal. Further, their charge includes alignment and integration with employees, customers, suppliers, regulators, the community and non-governmental organizations (NGOs). Special coaching and mentoring programs for the organization's leaders, as well as for learning partners who represent an array of differences during this culture shift provides significant support.

The organizational platform starts with the business case and includes an accurate assessment of the organization's current cultural state, as well as an assessment of to what degree the organization needs to achieve inclusion. Once these basic elements are determined, specific desired behaviors, goals and measures are identified. Then, thoughtful attention to a planned response to anticipated resistance needs to be developed.

As far as internal diversity orientation is concerned, most organizations look first to talent acquisition. However, first and most importantly, development and retention of existing talent representing diversity needs to take place. Many organizations have been thrilled when they have succeeded in recruiting diverse talent only to become crestfallen when they realize they have created a revolving diversity door and an increasingly poor reputation in retaining those who are different among diverse talent sources. Another example of a similar trend is to increase sales within the diverse marketplace, only to lose the customers due to lack of appropriate customer service skills and sensitivity. Getting customers back after a poor experience is an extremely difficult and costly customer acquisition process. An effective organizational platform also includes the need for products that match different customer segments' needs or desires. As one of our clients learned, the significant revenues

realized due to the sales of products in one store, failed miserably in another where customers instead valued products associated with different ethnicity. Once they customized the product array to the demographics of that store's community base, revenue and community appreciation climbed meaningfully.

D&I competence and behavioral modeling by managers, as well as by the leaders, is tremendously important. Mid-managers and front-line supervisors are the organization's "glue." These managers are critically important in ensuring that key messages and behaviors are transferred to individuals who touch customers and suppliers. Employees today tell us that they rely more on what they observe in managers rather than what they hear them say. That trend will escalate to unprecedented levels within the decade with incoming GenY traits.

An organization also needs to take stake in their external diversity orientation – their relationships and accountabilities with customers, suppliers, regulators, the community, and NGOs. An easy example of external diversity orientation gone awry, is when a group of college students learned that Taco Bell, the nation's largest buyer of tomatoes, was buying tomatoes from distributors who bought tomatoes from growers who employed illegal, undocumented workers and paid them poor wages. A national tour and internet campaign brought tremendous pressure on Taco Bell to place stringent requirements upon their suppliers to ensure fair wages. Numerous consumer products companies now require their suppliers to commit to Fair Trade practices.

Whenever behavioral change is desired, careful evaluation of intrinsic and extrinsic rewards needs to be conducted – examining which behaviors are incented and which are discouraged. In implementing D&I, this also is an essential concept. For example, demonstrating active communications utilizing a variety of styles and languages or speaking up when people are excluded should be rewarded. Conversely, conveying offensive jokes or remaining silent when you hear offensive jokes or statements will need to be discouraged.

Lastly, a new frontier we developed this year; the role of HR as the *Accelerator* in Diversity & Inclusion initiatives. This role is a specialized consulting role that includes responsibility for diagnosis, support, alignment, and integration. It requires that HR effectively engage the right work with the right process at the right time to achieve transformational success in Diversity and Inclusion culture shifts.