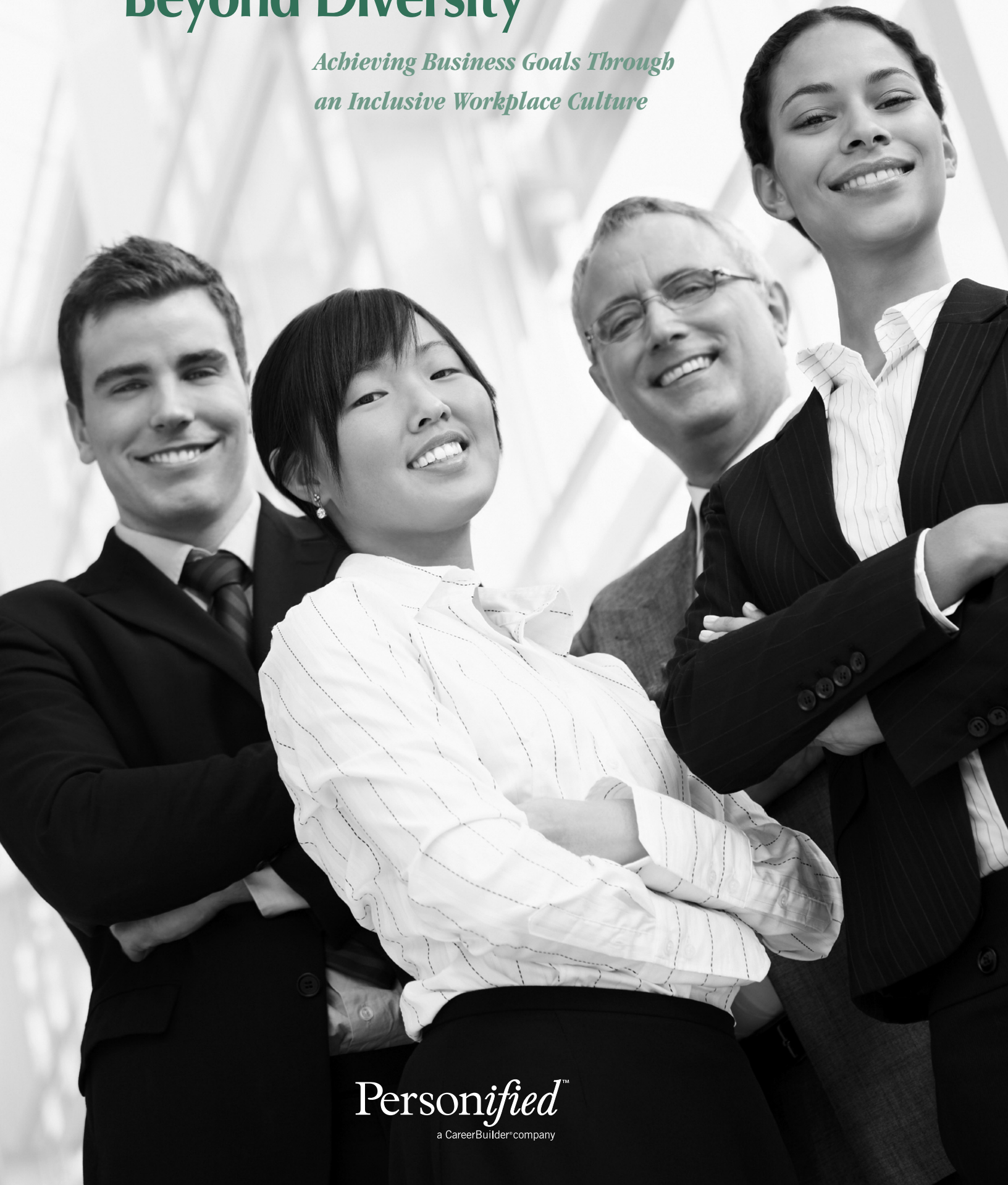


Beyond Diversity

*Achieving Business Goals Through
an Inclusive Workplace Culture*



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An inclusive workplace culture is critical for attracting the best talent and ensuring that all employees contribute fully to meeting their company's business goals. While many organizations are working hard to diversify their employee base by hiring people without regard to gender, race, ethnicity, sexual orientation, disability status, age or other factors, few have attained a fully inclusive work environment.

For some companies, the impetus for cultural transformation comes from a business change such as a merger or acquisition. For others, it stems from competitive factors such as declining revenues or market share, or the desire to build a global customer base.

Companies that have succeeded in creating an inclusive workplace culture have been able to align diversity and inclusion strategies with key business objectives such as revenue growth or increased customer satisfaction. They also have buy-in from top leadership. Although there are many challenges that work against inclusion, companies that foster such an environment have seen increased employee engagement, improved customer satisfaction and other positive outcomes.

Beyond Diversity

Achieving Business Goals Through an Inclusive Workplace Culture

In recent years, the conversation about diversity—once focused solely on the need to attract employees from diverse backgrounds—has broadened to include the importance of creating a workplace culture in which all employees contribute fully to advancing their company’s business goals, regardless of their gender, race, ethnicity, disability, age or sexual orientation.

In the past, employers were primarily concerned about complying with Equal Employment Opportunity laws and avoiding lawsuits. Today smart companies recognize that diversity and inclusion are interwoven with the ability to attract the very best talent, utilize that talent to the fullest extent and outperform the competition. Inclusion can drive innovation, improve understanding of customers, boost employee retention and increase revenue or market share.

Only 24.1 percent of employers say that their organization lacks diversity in the workforce, according to a recent survey conducted for CareerBuilder by Harris Interactive. However, even companies that have succeeded in diversifying their employee base by hiring underrepresented groups such as racial minorities and women may not be taking full advantage of the talent and experiences these people bring to the table.

If asked, most companies likely would acknowledge that they are a long way from achieving a fully inclusive workplace. To help move companies toward that goal, this paper discusses why inclusion is important to achieve business goals and how companies are addressing the long- and short-term challenges inherent in creating an inclusive work environment.

MEANING OF INCLUSION

An inclusive environment allows employees to maximize their personal potential and the potential of the organization. It's about removing barriers such as prejudice, discrimination or favoritism so workers and the company can achieve their goals. For many companies, that means transforming the existing culture into one that welcomes and supports people with fresh ideas and approaches.

Diversity and inclusion can mean different things to different organizations. For example, one of the current hot topics at many companies is generational

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diversity; for the first time, there are four generations working at the same time. At other companies, especially those that historically are male-dominated, the challenge is to make the voices of women heard and valued. Some businesses are trying to attract racial or ethnic minorities and include their perspectives in decision-making.

Whatever the differences in how companies define inclusion several common threads are applicable across organizations. In an inclusive

culture, people from diverse backgrounds endeavor to better understand one another so they can work more effectively together. In addition, an inclusive company finds a way to tap into the hidden potential of its diverse workforce.

Diversity and inclusion should not be presented as a program, but as a philosophy. Otherwise, employees may see it as the “flavor of the month.” One corporate Chief Diversity Officer recalled a comment that a manager made to him recently: “Diversity?” the manager said. “I thought we did that last year.”

The first step in creating a truly inclusive culture is to understand that there is a difference between diversity and inclusion. “Diversity is the mix; inclusion is how the mix works,” explained Philip Berry, Vice President of Global Workplace Initiatives and Corporate Officer at Colgate-Palmolive Co.

Berry emphasized that an inclusive workforce culture brings diverse perspectives and ideas to everyday business interactions and processes. This requires seeking the contributions of those who are less likely to participate to ensure that every voice is heard. “That’s where you get true innovation,” he said.

In an inclusive environment, employees feel empowered to take calculated risks. Berry observed that companies that are resistant to risk-taking also



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are resistant to inclusion. For companies to be successful in a highly competitive environment, they must be able to take risks.

REASONS FOR CULTURAL TRANSFORMATION

There are multiple reasons why companies embark on the journey to inclusion. For some, the impetus for cultural transformation comes from a business change such as a merger or acquisition. For others, it stems from competitive factors such as declining revenues, decreasing or market share, or the desire to expand their customer base overseas.

Companies competing in the global arena recognize that employees must be knowledgeable about customers throughout the world. For example, MTV

Networks is in the business of creating content that is seen in 130 countries, noted Juan Herrera, Senior Director of Strategic Partnerships & Inclusion. “For us to be inclusive, we need to know how tastes differ in different countries. We need to have people who understand the viewership, and can speak in a way that speaks to them.”

At some companies, inclusion requires hiring people with different educational backgrounds, or even from a wider range of colleges and universities. At MTV, there were no MBAs when Herrera first started working there. “We thought it wasn’t necessary...but as the industry has changed, we are looking at it differently,” he added. MTV is now seeking people with business skills to keep up with the competition and to help figure out when and where the next big thing will hit. “Now MBAs are everywhere,” Herrera said.

Blue Cross Blue Shield of Michigan determined that its culture has to change to overcome a challenging business situation, said Equilla Wainwright, Vice President of Diversity and Community Affairs for the non-profit insurance company.

“We are changing from a culture of entitlement to one of accountability. We have to; there’s the prospect of losing business to other insurers unless we change our culture to become leaner and higher-performing,” Wainwright explained. “Trying to merge diversity and inclusion while driving change can be difficult.



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My role is to figure out how we drive performance, promote an inclusive culture and sustain morale,” she added.

The University of Texas M.D. Anderson Cancer Center recognized the need for change about eight years ago, said Susan Gilbert, Associate Vice President of Diversity Programs in the Office of Institutional Diversity. The state’s demographics had changed dramatically, with no single group accounting for a majority. The legislature, which controls the funding for the University of Texas, also had become more representative of the population.

“When we looked at our own leadership and the populations we serve, it became the right business decision to pay more attention to diversity,” said Gilbert.

Many companies are confronting the need to foster understanding among employees from different generations. For instance, at Wyndham Worldwide, a New Jersey-based hospitality company, diversity training includes how Baby Boomers can best work with Generation X and Y employees. The issues include

helping Baby Boomers adjust to bosses who are younger than they are and who want to incorporate new technology and social media into the workplace. Such training helps employees from different generations learn to take advantage of each other's strengths rather than focus on their differences.

INCLUSION AS A BUSINESS IMPERATIVE

There is no single road to success when it comes to creating an inclusive culture. However, companies that have succeeded in building an inclusive culture have been able to align diversity and inclusion strategies with their key business objectives. Typical objectives include:

- Growth in sales, profitability, market share, innovation, productivity and teamwork
- Improved customer satisfaction, investor satisfaction and external community relationships
- Reduced turnover and training costs
- Reduced cost of manufacturing company products or providing services¹

Those advocating for diversity and inclusion initiatives should frame their argument around issues such as: “What business priorities are we helping to meet? What changes are needed in the workforce and the work environment to help ensure that we meet these business priorities? What elements of a diversity initiative will we put in place to achieve these changes?”²

By answering these questions, diversity advocates and business leaders can create a plan that connects an inclusive work environment to business success. An inclusive approach to talent has led to important business advantages for Colgate-Palmolive, Berry said. For example, by creating a global team to create and launch products, rather than launching them in one country and then transferring the idea to other countries, the company is able to get new products to market faster and more efficiently.

INCLUSION TACTICS

Inclusion is the key to sustainability, and it should be infused into everything companies do—training, staffing, on-boarding, marketing, team-building, product and service development, succession planning and more.

One of the ways that M.D. Anderson fosters inclusion is through its core values of caring, integrity and discovery, Gilbert said. Embedded in the “caring” message is language that talks about the importance of a respectful work environment. A recent employee survey conducted by the center found that a very high percentage of employees understand and embrace the core values.

In addition, M.D. Anderson provides opportunities for employees to participate in a wide variety of educational and skill-building programs that address all dimensions of diversity. “Everything we do is with an eye toward understanding that one size does not fit all,” Gilbert said.

New York-based Avon Products, Inc. also is committed to improving employee engagement and reducing turnover by building an inclusive workforce culture, according to Kizzy Maitland, Manager of Diversity & Inclusion.

Avon is tapping into the leadership of its five network groups — the Pride Network (gay, lesbian, bi-sexual, transgender), Hispanic Network, Asian Network, Black Professionals Association and Parents Network — to answer questions such as: “What do you need to do to be successful? What are the unwritten rules of the culture? How can we better leverage the talent within your group?” Armed with this information, Avon will work to transform the corporate culture. “It is a cycle—an ongoing journey,” Maitland added.

While support groups such as those at Avon can be important in making employees feel comfortable and welcome, few companies have established these groups. A March 2008 survey of 3,147 U.S. employees conducted for CareerBuilder by Harris Interactive found that only 13.9 percent have support or mentoring groups, and 13.7 percent have a diversity council. Larger companies are more likely to have these types of groups, the survey found. However, of companies with more than 250 employees, only 22.2 percent have support or mentoring groups and 22.9 percent have a diversity council.

Establishing mentoring groups and/or diversity councils can be an effective way for companies to demonstrate their commitment to inclusion. They also create a forum for groups of employees to share

their concerns and present ideas for change to senior management.

SUPPORT FROM THE TOP

Buy-in from top leadership is critical to create an inclusive workplace culture. When senior leaders model certain behaviors and are committed to a goal, middle managers and other employees pay attention.

People who are responsible for diversity and inclusion may need to be proactive in enlisting the CEO and other senior executives to advocate for their goals. For example, when a new CEO took over at Colgate-Palmolive in 2007, Berry and other senior leaders made sure that he was on board.

“The biggest impact I’ve had on the culture is helping the new CEO to ‘get’ diversity and inclusiveness,” Berry said. The fact that Berry is one of only 20 corporate officers gives him added influence. Nevertheless, he said, “If it’s just me, it fails. There are members of the management team who were not believers before, but they are evangelical now.”

One of the first things Wainwright did when she joined Blue Cross Blue Shield in late 2007 as Senior Director of Workforce Diversity and Inclusion (she has since been promoted), is meet with President and CEO Daniel J. Loepp about the need for support from the top. In one of his recent monthly webcast presentations on the organization’s performance, Loepp closed with a very strong message about diversity and inclusion. By doing so, he is saying to the company that diversity is important to the CEO and his leadership team, not

just the “diversity person,” Wainwright said.

The best way to ensure buy-in from top executives is to frame the argument around business issues. Leaders want to do what’s right for their company and their employees. If they are convinced that hiring diverse employees and building an inclusive culture will improve the bottom line, they will make sure it happens.



Berry pointed out that often people whose role is to foster diversity and inclusion need to do a better job understanding the business so they know how to approach senior leadership to get their initiatives funded. At the same time, they should engage middle managers to help them create the business case for inclusion.

One indication that more companies are committed to diversity and inclusion is that an increasing number have a Chief Diversity Officer (CDO). Of the Fortune 1000 companies, 339 have CDOs or the equivalent.³ Of course, individuals with titles other than CDO—such as Senior Vice President of Human Resources—also can play a significant role in driving diversity and inclusion.

Regardless of the title, however, for the role to be meaningful, diversity leaders must have decision-making power over the four principal areas used in

diversity assessments: workforce acquisition and retention; vendor/supplier selection and operations; engagement with the community; and marketing approach.

“It is beneficial for the CDO to have input in the development of a company’s policies and practices, including on-boarding, training and mentoring, with an eye toward incorporating the diversity and inclusion thread throughout. It is his or

her job, along with the organization leader, to make sure that each individual has the opportunity to be successful,” according to Evelin K. Potts, Vice President of Talent Acquisition & Diversity Inclusion at Wyndham Worldwide.

Even the most skilled and influential diversity officers need support throughout the company to create an inclusive workplace culture. The more leaders who embrace and live inclusion at work, the better. At Wyndham, 25 top organization leaders are on the diversity council, representing a variety of functions such as business development, marketing, procurement and communications. They are all partners in developing and implementing the diversity strategy. This sets Wyndham apart from many companies whose councils are made up of volunteers from various levels in the organization.

CHALLENGES AND RESULTS

Even companies that are committed to fostering inclusion often face serious challenges. An organization that has devoted time and resources to the effort, including hiring a CDO, may find that new employees from diverse backgrounds have a difficult time fitting in to the company's culture. Herrera, of MTV Networks, pointed out that frequently when hiring managers bring in people with different experiences, they don't last long because no one explains the unwritten rules, and they are left to fend for themselves. "When people come from another industry, it can be rough. . . They're seen as trouble-makers," Herrera said.

Employees who bring different perspectives to the company face a great deal of institutional pressure. As much as organizations may want their employees to think differently, they have a large amount of systemic baggage that leads to conformity. For example, screening processes often are designed to screen people out, rather than screen people in. Similarly, the performance management process frequently is designed to tell people where they fail instead of reward where they've succeeded.

Despite the challenges, companies that are working hard at inclusion have seen positive changes. An inclusive environment has furthered the goals of M.D. Anderson, Gilbert believes. "One of the best and most powerful things I've seen happen is a higher level of employee engagement when people feel more comfortable expressing themselves. We see people more willing to take risks. They are fully engaged—they're

coming to work not just waiting for the day to end, but looking for ways to do more, or do things better," she said.

In the service industries, employee satisfaction is a critical element in driving customer satisfaction, said Potts, of Wyndham Worldwide. "When people feel they are part of an organization, they're more likely to be productive. If they are happy, they are more likely to serve the customer better."

CONCLUSION

It is difficult to quantify the outcomes of an inclusive workplace culture. However companies that embrace inclusion have demonstrated positive results such as increased innovation, greater employee engagement and higher levels of employee satisfaction. These factors, in turn, are critical for sustainable business success.

Experts caution, however, that the job is never complete. There always will be people who resist change, and there always will be new employees who need to internalize the importance of inclusion in a company's culture. When all employees feel respected and all voices are heard, companies will reap the maximum benefit from their investment in talent.

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This paper discusses the key issues raised during a recent New York City symposium on "Workplace Culture: The Dynamics of Connecting People to an Organization." The symposium was sponsored by Personified, a CareerBuilder.com company.

¹ Peter L. Bye, "Realizing the Full Potential of Diversity and Inclusion as Core Business Strategy," SHRM White Paper, June 2007.

² Ibid.

³ www.Hoovers.com

ABOUT PERSONIFIED

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