

INSIGHT PAPER

# ERGs at the Crossroads

Benefits, Boundaries, and Burnout

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# ERGs at the Crossroads

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## Benefits, Boundaries, and Burnout

### A Resurgence

Employee Resource Groups (ERGs) have grown steadily in popularity across the past decade—their rise matching increasing investment in Diversity, Equity, and Inclusion (DEI). Since 2020, however, ERGs have seen an unusually strong surge of attention and interest, with companies relying on them to tackle cultural disruptions and pursue growing business opportunities. This resurgence of an age-old DEI tactic has taken many organizations by surprise.

The rapid pace of change and the current environment of uncertainty call for organizations to revisit and examine the role that ERGs will play moving forward. Near universal reports of ERG leadership burnout make these discussions urgent.

### Tensions and Boundaries

Organizations need to address two inherent tensions within the makeup of all ERGs. Are they inclusive or exclusive, and voluntary or professional?

#### Boundary 1: Inclusivity

Despite their positive intent, ERGs are, essentially, an exclusive idea. This can conflict with the current movement to promote inclusivity and intersectionality. Most organizations are tempering the exclusive aspects of their ERGs by opening them to all staff and creating forums, such as diversity councils, to look for opportunities across ERGs to promote inclusivity.

#### Boundary 2: Multicultural Marketing

Businesses increasingly turn to ERGs to support revenue generation through assistance in marketing to aligned communities. There have been many successful examples of ERGs supporting product development and market access for growing, attractive market segments. This can be a win/win for the business and ERG members—ERG members can find the work engaging and gain experience and exposure. However, the question is where the line lies between providing opportunities and potential exploitation. The history of HUGs (Historically Underrepresented Groups) performing extra uncompensated work in US enterprises calls for sensitivity to this boundary. The transition from ERGs providing initial support and advice to creating a professional business unit can be complex.

#### Boundary 3: Leadership Compensation

Questions around opportunity, exploitation, and widespread ERG leadership fatigue have led many organizations to consider how ERG leaders should be recognized and compensated for their efforts. Five main approaches to compensation have appeared across industries, each with its own trade-offs.



# Great Expectations

Employee Resource Groups Post-pandemic

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SECTION

1

# A Surge in ERG Investment

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## Growing Interest in ERGs

ERGs—Employee Resource Groups (known by many names, including Affinity Groups, Employee Networks, Business Resource Groups, and a multitude of others)—are one of the most visible elements of DEI programs. Seramount has seen a steady and growing interest in ERGs across the past decade. However, there has been a recent surge of activity as well as a rise in requests for advice. Some companies are setting up ERGs for the first time. Many more are increasing investment in the ERGs they already have. And a few, with long-standing programs, are retooling, rethinking, or adding more ERGs. This wave of interest continues and has shown few signs of ebbing. As one commentator put it, “After 60 years of unremarkable existence, Employee Resource Groups (ERGs) have become the centerpiece of most human capital strategies.”

Why has a decades-old diversity, equity, and inclusion tactic become so popular?

What does this mean for employee resource groups and the people in them?



### Frequently Asked ERG Questions from Seramount Members

- How do I start a \_\_\_\_\_ERG? What should I consider? (disability, generational, neurodiverse, religious, mental health, multicultural)
- What are best practices for ERG structure and (re)organization? How do we organize globally?
- What are some tips for increasing member engagement?
- Which ERG metrics should we track?
- What should an ERG leadership development program look like?
- What have you seen other companies do to determine ERG budgets?
- How can we improve a struggling ERG? (typically related to ERG leadership challenges: high turnover, lack of diverse representation, etc.)
- Which ERG management tools do you recommend?
- How are organizations considering ERG leader compensation or recognition?
- What advice do you have for merging ERGs?

### Terminology

Except where case-study organizations use different terms, *ERG* will be used throughout this report to refer collectively to any affinity-based group. The term *DEI* will refer to Diversity, Equity, Inclusion, Belonging, and Social Justice programs generally. *HUG* refers to historically underrepresented, excluded, and/or marginalized groups.

# Drivers of Long-Term Growth

## ERGs' Slow Rise to Recognition

There are several reasons for the ongoing interest in ERGs. ERG investment has mirrored general investment in DEI, particularly across the past decade. DEI budgets have grown along with larger cultural shifts in society, a greater focus on corporate ESG, and the changes in areas of interest and focus of new generations of workers.

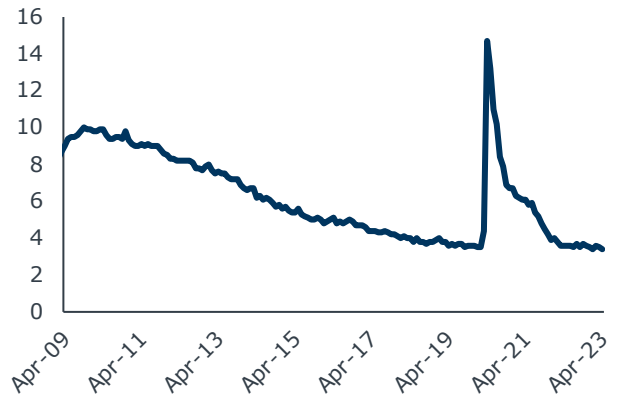
## Need for Talent

Increasingly, too, ERGs are seen as a business asset. Unemployment is at historic lows, with many industries struggling to find staff. At the same time, representation within organizations is becoming more transparent, highlighting the distance many organizations must go to achieve a balanced workforce.

ERGs and ERG members have been seen as an effective and visible way to attract and retain employees from historically underrepresented groups.

## Labor Market Stretched

US Unemployment Rate

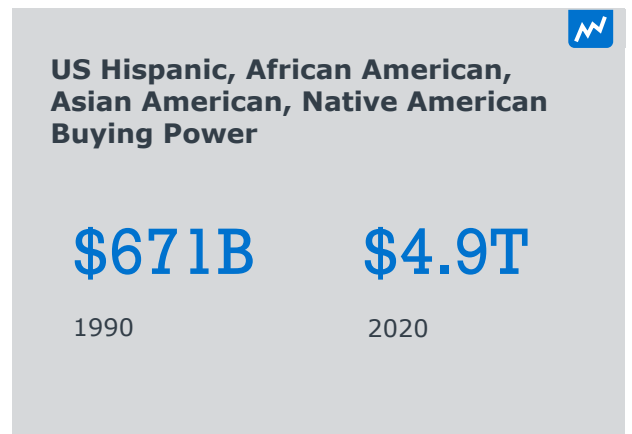


Source: US Bureau of Labor.

## Opening New Markets

Additionally, the consumer power of many historically marginalized groups has grown. As a result, companies have turned to aligned employees and ERGs to assist in accessing these attractive markets. ERG members can support the business through product development and testing, cultural competency training, marketing advice, and community interactions.

## Market Power Increasing



Source: U.S. Bureau of Labor Statistics, <https://www.bls.gov/charts/>; Melancon, J. M. (2021, August 11), Thirty years of change: Consumer buying power is more diverse than ever, *UGA Today*; Seramount interviews and analysis.

# A Whole New World

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## ERGs Relied On During Unprecedented Time of Disruption

The sudden further uptick of ERG interest since 2020 is due to more recent events. The first ERGs, Affinity Groups, were a response to the racial, gender, and cultural flashpoints in the United States in the late 1960s. Similarly, the latest surge is partly a response to the social justice and workplace upheavals of the early 2020s. According to the 2022 Seramount Inclusion Index in 2021, 68% of index organizations reported increases in their DEI budgets, while only 7% reported decreases.

## Turning to ERGs

“ Executives didn’t know how to respond, so they turned to our ERGs to fill the gap.

In 2020, most organizations were unprepared to respond quickly to questions raised by the Black Lives Matter movement, the murder of George Floyd, Asian hate crimes, and other events, as well as the sudden move to mass remote work during the pandemic. Without a playbook, many turned to their ERGs for help.

## Rapid DEI Investment and Program Setup

“ Our diversity team was created overnight, and very ambitious goals set.

At the same time, numerous organizations made new, public DEI commitments. Seeing a big gap between where they were and where they wanted to be, many scrambled to make significant investments in DEI staff, DEI marketing, community outreach, and also in ERGs. Some of these investments were well thought through, extensions of long-standing programs, but some were hasty and not planned as well.

## Move to Remote Work Creates Opportunity to Standardize

“ Suddenly, we could include all these people who had never been in the office.

So, while many ERGs were thrust into the spotlight as they responded to societal events, the sudden shift to remote work also brought a dramatic increase in people able to access ERG activities for the first time. ERG membership blossomed. The move to remote membership accelerated, or drove, a frenzy of centralization and standardization of DEI and ERG resources, especially for national and global organizations.

“Let’s just take our Pride ERG, for example. There were Pride chapters throughout the United States. At one time, we probably had 50 or 60. And now, since COVID, with everybody remote, what you do for one is easy just to do for 1,000. When you think about virtual, what we’ve done is to consolidate everything at the head office, which is useful since we are a family of companies, but there are good and bad things to it.”

*Head of ERGs, US Fortune 100 company*

# Post-pandemic Headwinds and Tailwinds

## #1 Economic Uncertainty

### Entering a New Environment

Three years on from the events of 2020, many other factors are coming into play. ERGs are facing both headwinds and tailwinds; these are four of the most important emerging trends.

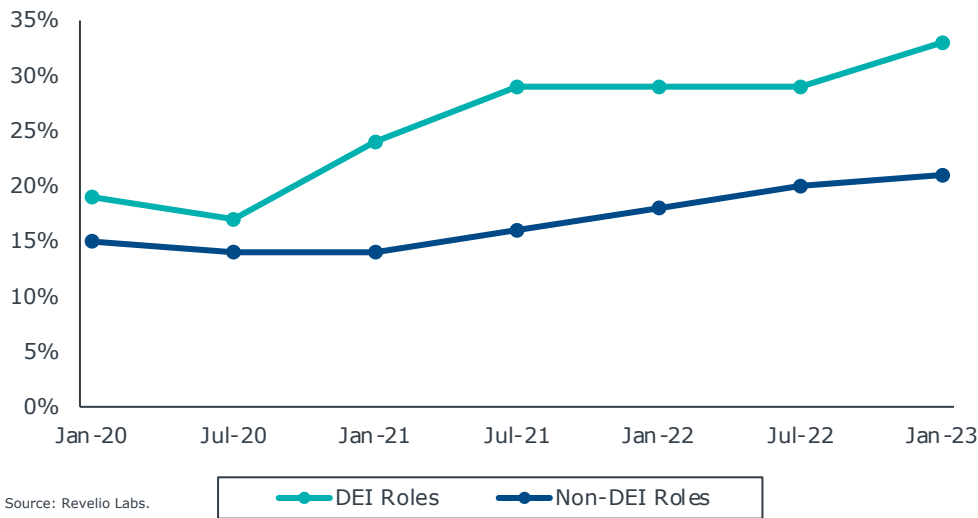
### #1 Economic Uncertainty

Economic instability and workforce corrections have put DEI commitments and investments under pressure, particularly in the tech sector. While Seramount members have not reported major DEI budget reductions, the major tech layoffs of 2022/2023 revealed disproportionate cuts to staff from historically underrepresented groups (HUG). Since layoffs tend to focus on less-tenured staff, many hired under recent diversity-promoting protocols were affected. Additionally, DEI teams appear to have been disproportionately targeted, raising questions about the seriousness of companies' long-term commitments to DEI.

### Attrition at Layoff Companies

12-Month Attrition Rate

n = 600 US companies with layoffs



### Last In, First Out

1 yr

Average tenure of laid-off employees during 2022/2023 tech layoffs

2.5 yrs

Average tenure of all company employees during 2022/2023 tech layoff

### 2022/2023 Tech Layoffs Disproportionately Affecting Women

39%

Women in the overall tech workforce

46%

Proportion of women laid off in tech between Sept. 2022 and Jan. 2023

Source: Ayas, R., Aceves, P., & Rawlings, D. (2023, February 7), Cutting Costs at the Expense of Diversity, Revelio Labs. <https://www.reveliolabs.com/news/social/cutting-costs-at-the-expense-of-diversity/>; Nix, N. (2023, January 30), After layoffs, Meta, tech companies face uphill battle to boost diversity, *The Washington Post* <https://www.washingtonpost.com/technology/2023/01/27/diversity-layoffs-meta-facebook/>; Seramount interviews and analysis.



# ERGs Seen as Economical Approach

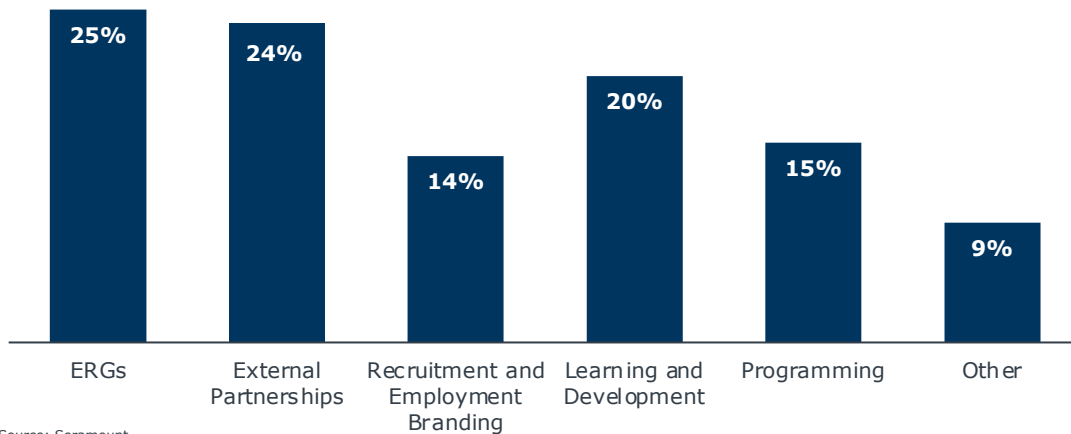
## Attractive Proposition

As one of the most visible DEI tactics, ERGs are attracting the attention of leadership teams. On the one hand, as DEI investment and effectiveness are coming under scrutiny, Seramount has seen increased interest in ERG metrics and reporting. Many are assessing or purchasing ERG management software or working with HR data teams to centralize measurement.

On the other hand, ERGs are receiving attention because they are often seen, rightly or wrongly, as an economical solution. Budgets for all ERGs in an organization can be less than the salary of a single DEI professional. ERG members and leaders are typically voluntary positions. Even in some of the most successful and well-funded ERG programs we have seen, with tens of thousands of members across the globe, a single DEI office leader has the responsibility for coordination, management, and operations. There are certainly exceptions to this, something we will explore later in this report.

## Percentage of Total DEI Budget Allocated

Seramount 2020 Inclusion Index Companies



## Freezes and Increased ROI Expectations

In our research conversations, most organizations reported a slowdown or pause in new investment in DEI. Many have hiring freezes. Few are planning for more resources, and some are reporting greater scrutiny and increased reporting expectations. Economic uncertainty and lack of progress in fulfilling ambitious diversity pledges in 2020 have prompted a push for financial returns on diversity initiatives.

### Budget Cuts and Low Morale

“What I am seeing is budgets being cut across the board... I am also continuing to hear and see fatigue with DEI officers due to lack of resources, positional power, and lack of progress. This will only be heightened during an economic downturn.”

*Sandra Quince, CEO Paradigm for Parity*

### Staying the Course, Less Bandwidth

“Our BRGs continue to be supported at the highest level. The biggest change I have seen comes from the change in bandwidth. When economic priorities shift at work you don’t have as much time to dedicate to voluntary programs.”

*DEI BRG Lead, Global Media Company*

Source: Ward, M. (n.d.), Layoffs sweeping Big Tech are putting corporate diversity efforts at risk, Business Insider retrieved March 1, 2023; Seramount 2020 Inclusion Index; Seramount interviews and analysis.

# Difficult to Prove ERG Effectiveness

## #2 Lack of Data

### Popular but Unproven?

ERGs have become popular with both staff and management for multiple reasons. However, for an important strategy that has been around for such a long time, there is surprisingly little comprehensive data on the makeup of ERG programs or evidence of their effectiveness. There is especially a lack of evidence surrounding ERG effectiveness in advancing its members into upper management, a primary DEI goal. Certain individual ERGs such as those for women and LGBTQ+ have had some research focus, and Seramount and others have conducted studies using client data. But due to the changes in workforce brought about by the pandemic, there is little experimental data or longitudinal observation. Despite the increase of scholarly interest in the mid-2010s, it has been difficult to conduct long-term comparative studies. Bentley University's complaint in 2016 that there had been no experimental trials of ERG effectiveness to date is unfortunately still true in 2023.

### More Research Needed

“To date, there have been no randomized controlled trials (and very little academic research overall) tracking the impact of ERGs on member advancement and professional development... . No studies show definitively that membership in an ERG helps employees achieve greater upward mobility, and some research has identified difficulties in achieving effectiveness. Women's groups have been the most popular and common form of ERG for over four decades, yet women's progress into top leadership roles in American organizations remains stalled, calling into question all initiatives designed to overcome this problem, including the impact of ERGs.”

*Bentley University, Center for Women and Business*

Even in terms of raw numbers, there is no solid data on how many companies have ERGs. For example, the often-quoted estimate that 90% of Fortune 500 companies have ERGs has uncertain provenance and is at least 15 years old.<sup>1</sup> It's also difficult to measure. Berkshire Hathaway, a Fortune 5 company, has no ERGs among its handful of corporate staff, but many of the companies it owns, such as GEICO, have extensive programs.

1) Best we can tell, the number originally comes from a 2007 law brief that is no longer publicly available. Our experience suggests that the number is higher, but there have been no recent studies.

Source: Bentley University, Center for Women and Business, (2016), Employee Resource Groups, A Curated Research Report; Seramount interviews and analysis.

# Informal Measures Suggest Effectiveness

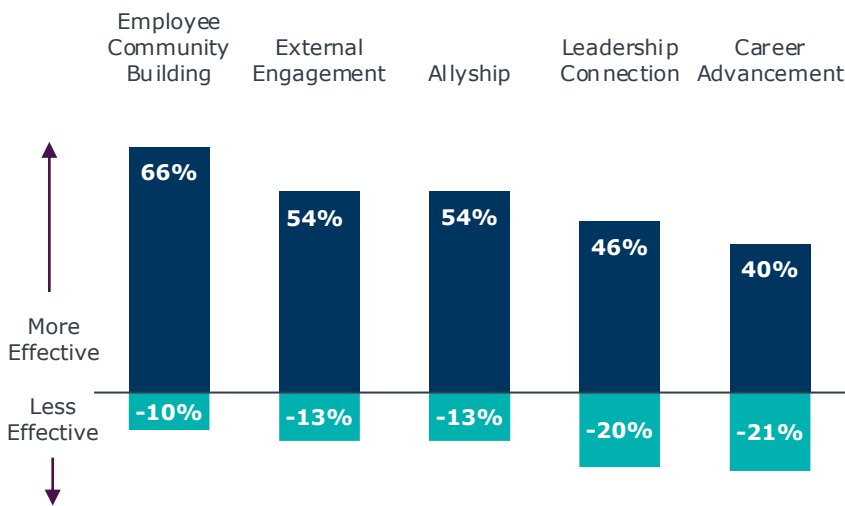
## ERG Members Confident of Effectiveness

In terms of ERG effectiveness, one of the more comprehensive academic literature reviews (Welbourne et al., 2017) could only conclude: “Generally speaking, the body of work suggests that ERGs are associated with positive results.” Continued investment by sophisticated companies in ERGs and many smaller studies suggest that ERGs are effective on many levels. Numerous organizations interviewed in the course of this research reported a correlation between ERG membership and higher engagement and sense of belonging in company-wide surveys. There is some data to suggest that higher levels of employee-belonging lead to increased job performance, a decrease in turnover, and a reduction in sick days.

There is stronger evidence that ERG members themselves feel that ERGs are effective, especially in terms of engagement and building community. It’s hard to get a clear picture—for practical reasons those surveyed are often ERG leaders or the most engaged ERG members attending conferences. There are fewer surveys of people who choose not to be members of their ERGs. The trend toward ERG centralization, dedicated oversight, and the increasing use of metrics and KPIs suggest that more robust data will soon be available.

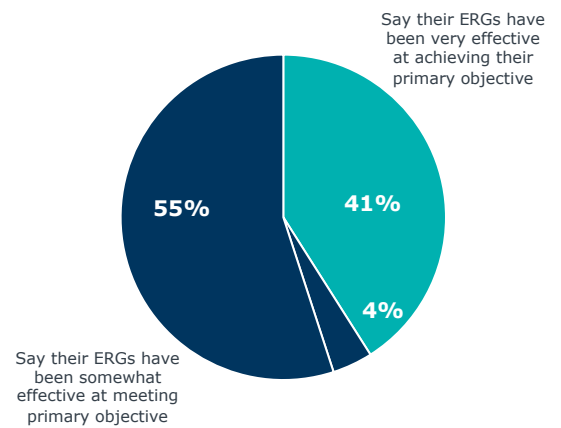
### Effectiveness of ERGs by Dimension

% of ERG members rating



Source: McKinsey.

### ERG Effectiveness at Achieving Primary Objective



Source: Salesforce (2021).

“Fairygodboss surveyed 400 women who work at companies with women’s affinity groups... . While the findings were mixed, we learned that a surprisingly high number of women reported both belonging to their women’s ERGs and believing them to be helpful in their personal and career. Eighty-five percent of respondents said that participating in their ERG benefited them and their career. Even more encouragingly, 70% said that their ERGs had actually helped to create changes in policy at work.”

*Forbes, "90% of Fortune 500 Companies Already Have a Solution to Gender Equality but Aren't Utilizing It"*

Source: Bentley University, Center for Women and Business (2016), Employee Resource Groups, A Curated Research Report; Welbourne, T., Rolf, S., & Schlachter, S. (2017), The case for employee resource groups: A review and social identity theory-based research agenda, Personnel Review, 46, 00-00; Effective employee resource groups are key to inclusion at work, Here’s how to get them right | McKinsey. (n.d.), retrieved February 16, 2023; Salesforce (2021), A Study of the Structure and Operations of Employee Resource Groups; Seramount interviews and analysis.

# Identity Increasing in Complexity

## #3 Intersectionality

### A Changing Workforce

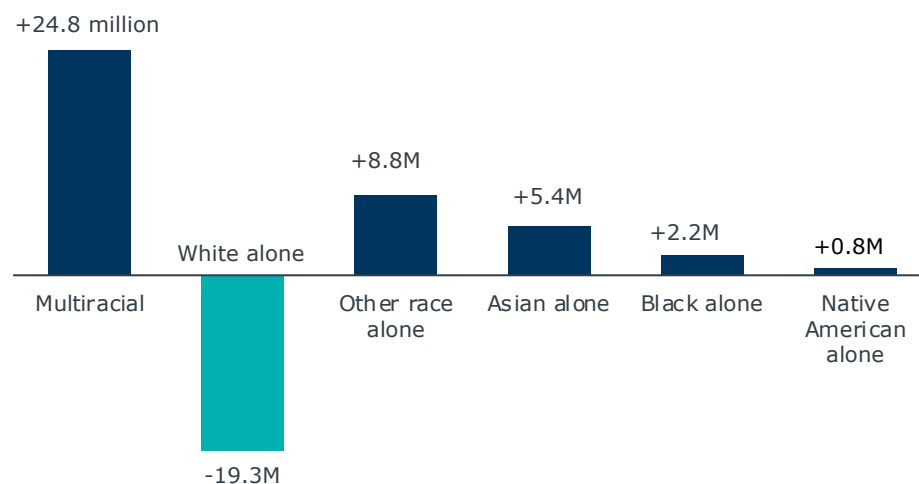
As ERGs (employee resource groups) evolve, intersectionality is an increasingly important factor. US Census data shows a 276% increase in people identifying as multiracial between 2010 and 2020. Additionally, there is some data to suggest that the younger generations of the workforce are less likely to align themselves to traditional identities reflected by most ERGs.

There are many ERGs that naturally cut across multiple identities. As one DEI leader put it, “Which ERG does a Black, lesbian, disabled veteran join?” Additionally, non-race-based ERGs can center on the majority race of the membership, and some ERG leaders don’t necessarily have expertise in the issues of all their members. There has been much written recently about the needs of smaller HUG groups within large women’s and LGBTQ+ ERGs. Some organizations try to address the issue with multiracial, generational, or religious ERG structures.

As a result, debate continues as to the role, makeup, and intention of ERGs.

### More People Identify as Multiracial

US Census change 2010 to 2020



Source: US Census Bureau.

“At the same time that ERGs work to refine their value proposition and management becomes educated on how the groups can affect business, both constituents must be mindful of an emerging tension. ERGs have been instrumental in developing programs that celebrate the myriad cultural heritages and differences that exist in today’s diverse, global workforce. However, note that ‘Generation Y’ employees do not necessarily identify with the need to align themselves along gender and race lines, the way some ‘Baby Boomer’ employees do.”

Jennifer Brown Consulting

Source: U.S. Census Bureau, 2010 Census Redistricting Data (Public Law 94-171) Summary File; 2020 Census Redistricting Data (Public Law 94-171) Summary File; <https://www.census.gov/library/stories/2021/08/improved-race-ethnicity-measures-reveal-united-states-population-much-more-multiracial.html>; Jennifer Brown Consulting (2022), Employee Resource Groups that Drive Business; ‘We’re talking about a big, powerful phenomenon’: Multiracial Americans drive change (2021, October 8), *The Washington Post* <https://www.washingtonpost.com/nation/2021/10/08/mixed-race-americans-increase-census/>; Seramount interviews and analysis.

# ERG Leaders Running Out of Gas

## #4 Leadership Burnout

### Taking a Toll

Reports of ERG leadership burnout are ubiquitous, even among successful ERG programs. This has caused difficulties with succession planning and a lack of eligible leaders.

The extra burdens placed on many ERGs and their leaders are taking their toll. As suggested earlier, in the mid-2020s, ERGs became a much-needed space for support for groups affected by events in the wider society. But, at the same time, companies also leaned on ERGs (and ERG leaders especially) to provide firm-wide education and training, to be crisis counselors, advisors to the organization, spokespeople for affinities, and creators of policy. All of this, often without training, on top of their normal work, and while dealing with their own personal reactions to events.

For many organizations, leadership burnout and finding the next generation of leaders are hampering the growth of ERGs. As a result, many organizations are questioning whether more needs to be done to support leaders and make those positions more attractive.

Compounding the issue, many ERG leaders are now running regional, national, or even global groups remotely. There are reports of "Zoom Fatigue" as the move to virtual ERGs has removed some of the in-person, social benefits of ERG membership. Many ERG programs are struggling with creating differentiated and compelling online programming and are looking for new ideas and engagement opportunities.

### Looking for Burnout Solutions

"And we have burnout. Like every company has. The ERG leaders are carrying more on their shoulders than they ever have. And there's high turnover and burnout and we think that if we can alleviate some of that administrative burden that they have and streamline some more processes: how to join, how to send an email to your membership, etc. if they can be more automated, it will help with that burnout."

*DEI Head of ERGs, Government Contractor*

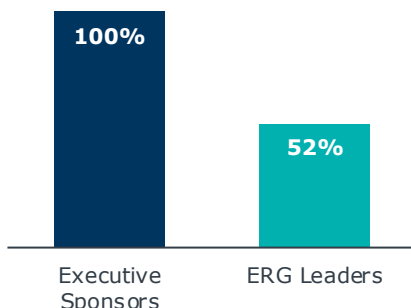
### "Zoom Fatigue"

"Since the pandemic, with all the large organizational changes, there has been a decline in engagement overall. Staff are more focused on their day to day role, people just want to keep their heads down, do that, and call it a day. And that, along with Zoom fatigue, where we don't have in-person events—we hear, 'I don't want to tune into another online session.'"

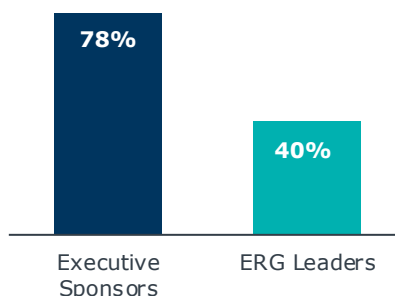
*BRG Lead, Communications Company*

### Executive ERG Sponsor vs. ERG Leader Responses

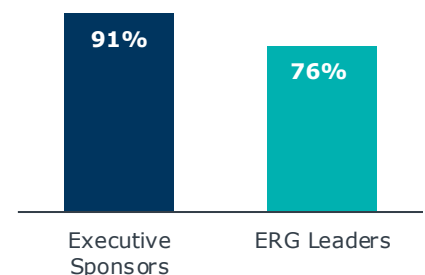
Agree leadership encourages ERG participation



Agree ERG involvement supports career advancement



Agree they feel a sense of belonging at work



Source: Erb (2021).

Source: Erb, M. (2021, June 30), *Leaders Are Missing the Promise and Problems of Employee Resource Groups*, Great Place To Work®, retrieved March 20, 2023, from <https://www.greatplacetowork.com/resources/blog/new-research-shows-leaders-are-missing-the-promise-and-problems-of-employee-resource-groups>; Seramount interviews and analysis.

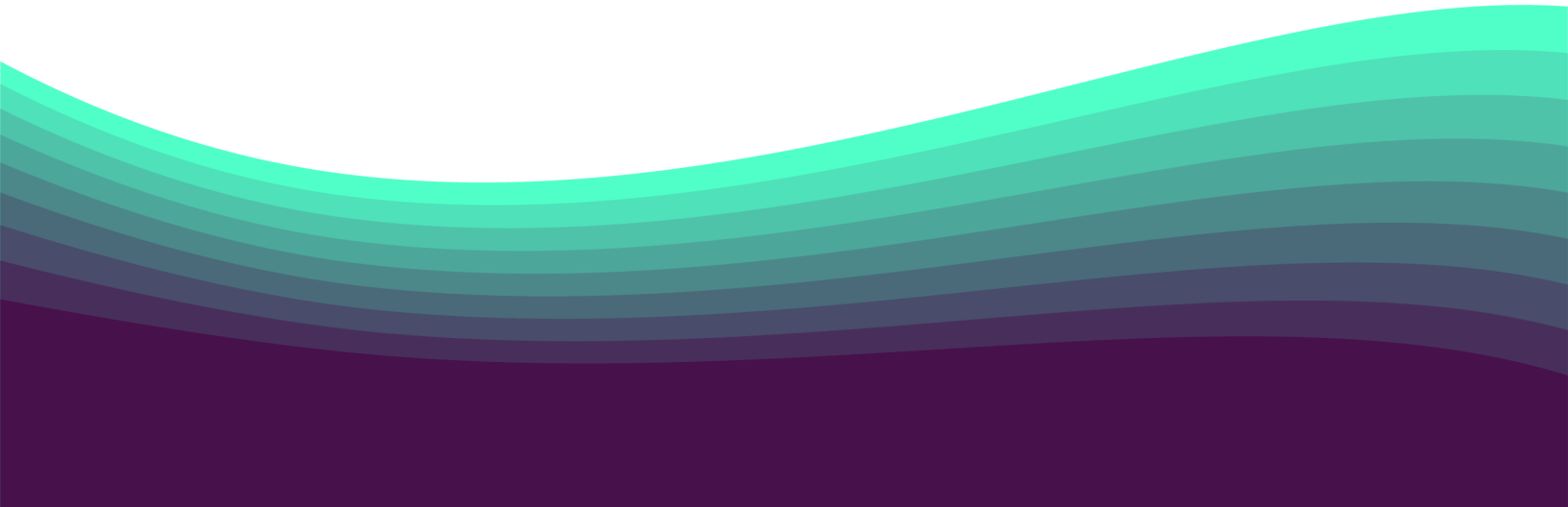


# Tensions and Boundaries

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SECTION

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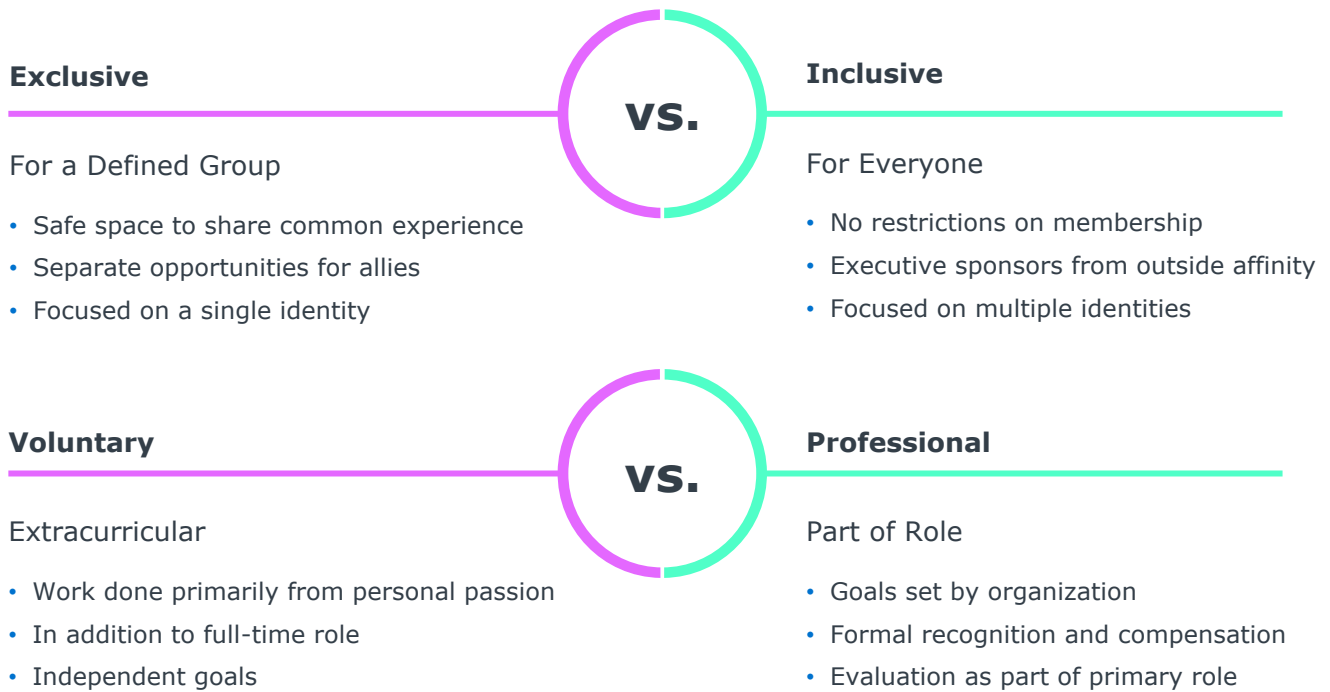
# Testing the Boundaries

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## A Time to Reflect

The current economic uncertainty and the promising but unproven effectiveness of ERGs make this a natural inflection point and an opportunity to reflect on ERGs and their role in the organization. The current state of ERG leadership burnout makes this discussion urgent.

There are two important tensions at the heart of the ERG concept: Are ERGs exclusive or inclusive, and are they voluntary or professional?



As more programs develop and advance, both of these sets of tensions are testing the boundaries of ERGs, their opportunities, and how they will be defined in the future.

The rest of this report is a discussion of these sets of tensions and how they are playing out in different organizations. In particular, we explore how organizations are testing three boundaries exposed by these tensions.

- 1. Inclusivity**
- 2. Multicultural Marketing**
- 3. Leadership Compensation**

# Inclusivity vs. Exclusivity

## Boundary 1: Inclusivity

### Creating Silos

ERGs create a safe, supportive space for traditionally underrepresented and marginalized staff. With the positive intention of correcting imbalances in opportunity for a defined group, ERGs are, essentially, exclusive. This raises questions regarding inclusivity, allyship, and intersectionality. Are ERGs inclusive or exclusive? What could they gain or lose by leaning more toward one than the other?

“While ERGs likely enhance employee identification with the organization, some ERGs are also inherently exclusive. For example, an ERG that is created for female employees naturally excludes male employees. The often-viewed exclusion from a named ERG can prompt some employees to view ERGs as ‘exclusive or providing preferential treatment’ while raising questions such as ‘Why isn’t there an ERG for my group?’ or ‘Why do we need an ERG for this group?’”

*Welbourne et al. The Case for Employee Resource Groups*

### A Shift in Focus?

Interviews with leading DEI practitioners found a current focus on inclusion and belonging—in addition to their existing focus on diverse representation. Several organizations have changed the names of their diversity departments to signal this new emphasis. Intersectionality, as mentioned in Section One, also plays into this debate. What is the role of the ERG (a potentially exclusive idea) in this new, inclusive-focused environment?

#### Decision at Deloitte

In 2017, Deloitte US famously shut down their ERGs and replaced them with “inclusion action councils.” It was reported at the time that ERGs were seen as relics of the past and unsuccessful at their primary aim of helping HUG members reach leadership positions. In short, ERGs were popular but ineffective. Furthermore, ERGs were possibly divisive and did not involve the people who were needed in order to effect change. The reframing that Deloitte sought was to make diversity and understanding how to work in and lead in a diverse environment everyone’s responsibility.

**Deloitte.**

“By having everyone in the room, you get more allies, advocates, and sponsors... . A lot of our [leaders](#) are still older white men, and they need to be part of the conversation and advocate for women. But they’re not going to do that as much if they don’t hear the stories and understand what that means.”

*Deepa Purushothaman,  
Deloitte Managing Principal for Inclusion*

“I am one of the more unlikely deserters from a women’s initiative... . But why go talk to a circle of people about something that feels like it’s tied to only one facet of your identity?”

*Megan Schumann, Deloitte Consultant*



# Hybrid Approach Becoming Standard

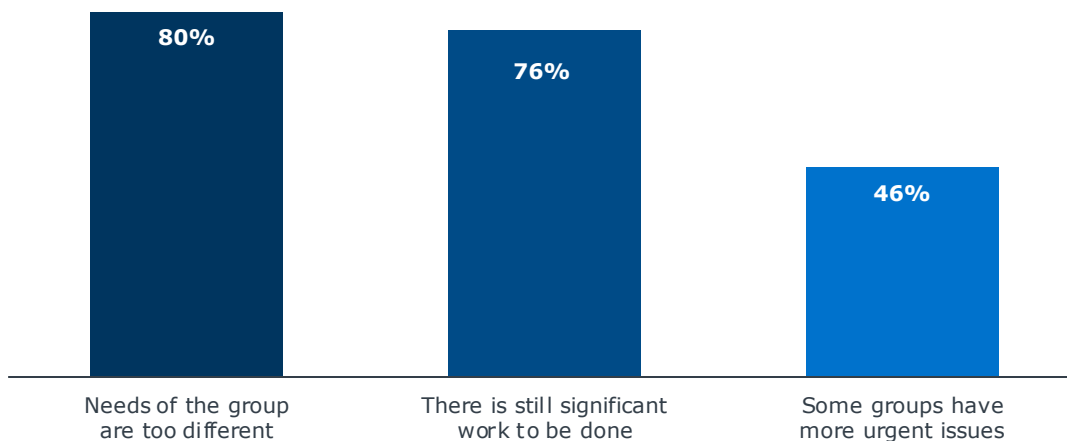
## Boundary 1: Inclusivity

### Not the Expected Revolution

At the time, Deloitte’s decision to scrap their Employee Resource Groups seemed like a watershed moment, the beginning of the end of ERGs. Nevertheless, in the years that followed, few organizations followed suit. In fact, ERGs are more popular than ever. When Seramount asked current and former ERG members in late 2022 whether separate ERGs were still necessary, the vast majority agreed. Notably, 100% of millennial respondents cited the “Needs of the groups are too different” as a reason for continuing to support separate ERGs.

### Top 3 Reasons Cited for Still Needing Affinity Groups

*Seramount 2022 ERG Leader Survey*



### ERGs Plus Diversity Council Offer Best of Both Worlds

However, organizations *have* responded to Deloitte’s criticisms of ERGs by adjusting their tactics. Most of the organizations we studied have some form of inclusion or diversity council or councils made up of company leaders and leadership from across the ERG spectrum. When these groups work well, they can ensure coordination between groups and encourage intersectional activities. This has coincided with a choice in some organizations to build larger, more multicultural ERGs. Most organizations we work with have both inclusion councils and ERGs.

Additionally, almost all major organizations we have studied have opened membership of their ERGs to all. Some have also required that executive sponsors and leaders come from outside the group’s affinity. This is to ensure that company executives support and hear the voices of the membership.<sup>1</sup> The downside of these tactics, as reported by ERG members, is that they can sometimes remove a previous safe space for dialogue and decompression among people with the same lived experience. Some organizations overcome this by restricting selected events to affinity-only members.

While the debate over inclusivity vs. exclusivity continues, in practical terms, most organizations have chosen a hybrid model that addresses exclusivity by adding protocols and structures to promote inclusivity.

### Deloitte Coda

In 2021, Deloitte US quietly reintroduced eight “National Communities” for certain identities and their allies (Asian, Black, Hispanic/Latinx, LGBTQIA+, Middle Eastern/North African, Disability, Veterans, and Women), essentially creating, what appears to be, an inclusive hybrid council/ERG model.<sup>2</sup>

1) In many organizations, it is also a matter of practicality; there may not be representatives of the same affinity in executive roles.  
2) <https://www2.deloitte.com/us/en/pages/about-deloitte/articles/dei/people-driven-dei.html>

Source: Seramount, Keenan, D., Frankel, B., and Forster, D. (2022), The Future of ERGs: Are Affinity-Based Groups Still Necessary?; Seramount interviews and analysis.

# Volunteer vs. Professional

## ERGs Changing Roles

The second tension, and one where there is still much active debate, is whether ERGs are voluntary or professional organizations.

The professionalization of ERGs is well documented—starting as affinity groups or networks, moving to employee resource groups, and more recently developing into business resource groups and beyond. ERGs are moving from collectives designed primarily to support the individual to resourced teams that support the objectives of the business.

## Evolution of ERGs



ERGs serve multiple functions, and there is an argument to be made that for ERGs to be effective, they must align with organizational objectives and that organizational objectives need to align with the goals of ERGs. But where does the ERG role end and the business role begin?

“Employee resource groups sit within an organizational context. As much as social causes and societal activism need to be integrated into organizational activities, employee resource groups must align with organizational objectives and vice versa, in order to fully thrive and be sustainable in the long term.”

*Farzana Nayani, The Power of Employee Resource Groups*

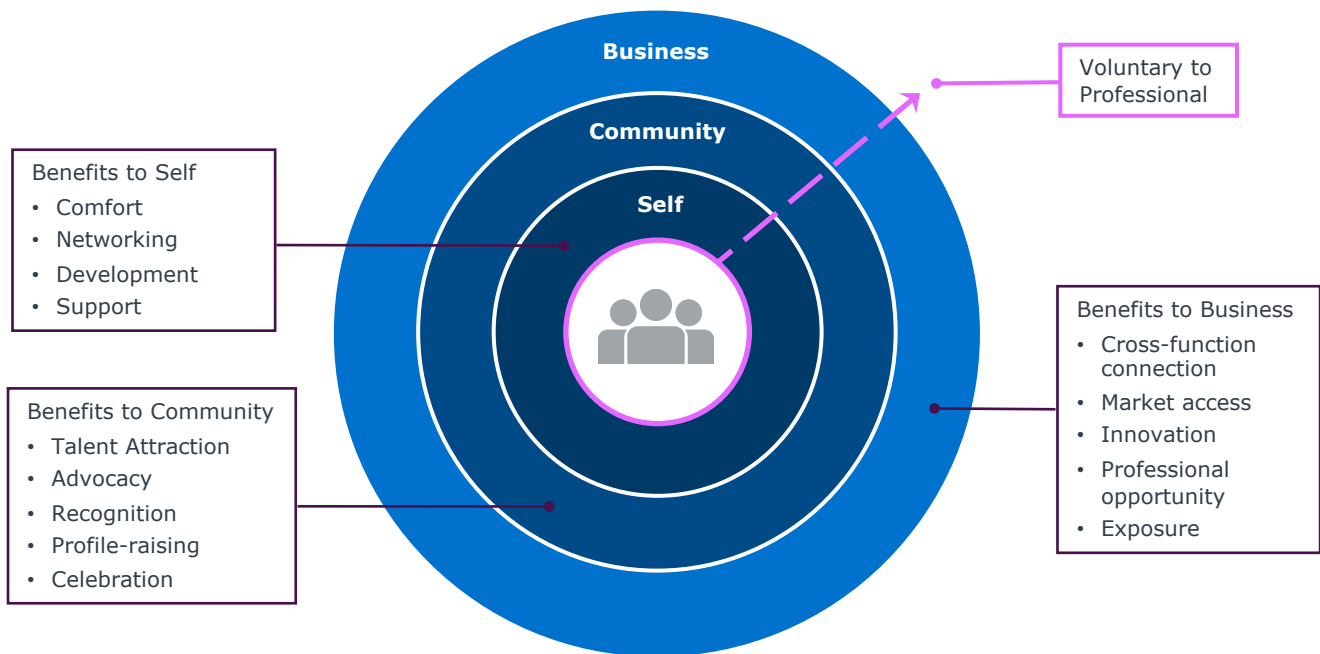
Source: Derven, M. (2016, January 22), What’s Next for Employee Resource Groups?; Nayani, F. (2022) The power of employee resource groups: How people create authentic change (First Edition), Berrett-Koehler Publishers; Seramount interviews and analysis.

# Where to Draw the Line

## ERG Functions Consist of Many Layers

At their core, ERGs directly benefit ERG members through community, support, development, and networking. ERGs also play a role in recruiting and onboarding efforts, connections to the the affiliated community, and ESG efforts such as supplier diversity. In some ERGs, functions expand all the way through to business-related efforts to develop affiliated markets and increase revenues.

## ERG Functions and Benefits—Voluntary to Professional



## ERGs Center on People

The first set of functions/benefits still fits squarely within the voluntary idea. ERGs will always be about the support and advancement of the aligned members and a safe, welcoming space. ERGs will likely always play a big role in development, recruiting, and retention. Most larger organizations have sufficient HR and recruiting infrastructure to allow ERG members to act in a supporting, voluntary role here.

## Opportunity or Exploitation?

The boundary between volunteer and professional becomes less clear around direct business objectives. The question is where the line lies between providing opportunities and potential exploitation. Given the long history of uncompensated work provided by women and other historically marginalized groups in organizations, leaders should be sensitive to using ERGs and ERG members in ways that benefit the organization without also benefiting the member in equal or greater measure. Multicultural marketing is one of the arenas where this distinction is being tested.

# Opening Up New Markets

## Boundary 2: Multicultural Marketing

### An Internal Source of Advice

ERGs can be a source of expertise and energy for organizations marketing to aligned market segments. ERG members can help to develop and test new products, provide advice on and support to marketing and product launches, and help to guide and train staff in cultural competency.

### Recognizing the Latine Market

Consumer packaged goods companies were among the first to tap into the latent experience of their ERG members to help develop and market products to their aligned communities. A famous example from the early 2000s is Frito-Lay's launch of a Guacamole Flavored chip aimed at the Latine community. Frito-Lay, the snack food division of PepsiCo, asked Adelante, their Latine employee network to provide feedback on the product to help ensure the product was embraced by the target market as authentic. It reportedly became one of the company's most successful launches, bringing in over \$100 million in sales in the first year. Adelante has been involved in other products over the years, including Flamin' Hot Cheetos, Sabritas Adobadas, Tapatio-flavored Doritos and Ruffles, and more.



Many organizations have tried to replicate the success of consumer packaged goods companies, and multicultural marketing has spread beyond consumer goods into other industries, including service organizations.

“The fact that one of our diverse employee groups helped to make this product so successful is one example of just how we leverage diversity to drive business results.”

*Amy George, Vice President of Global Diversity and Inclusion PepsiCo (2006)*

# Case Study: Froedtert Health



## Froedtert Health

Integrated Health System

HQ: Milwaukee, Wisconsin

US Staff: 17,000

Vice President, Community Engagement & Chief Diversity Officer: Andrés E. González, MEd., CCDP/AP

### Business Resource Groups

- Black
- LatinX
- LGBTQA
- Military/Veterans
- Women in Leadership

In 2019, driven by a commitment to their JEDI program (Justice, Equity, Diversity, and Inclusion) their VP and CDO Andrés Gonzalez proposed turning their existing affinity groups into five Business Resource Groups. The CEO-led executive diversity council approved the new BRGs and set up policies to align them with the strategies of the organization, either in terms of workforce, workplace, marketplace, or community. A director of diversity and inclusion was charged with overseeing the BRGs, with support from a diversity coordinator.

## Reaching Out to the Community

Over the past few years, Froedtert Health (pronounced FRAY-dert), an integrated health system based in Milwaukee, Wisconsin, with 17,000 staff leveraged their BRGs (Business Resource Groups) for multicultural marketing and recruiting.

### Defining Critical Business Needs

A key part of any US health system's business strategy is recruiting, particularly diverse recruiting. There are ongoing national staff shortages. Another critical strategy is increasing the mix of patients who have commercial health insurance. In most systems, patients with commercial insurance subsidize the uninsured and much of the government-based care provided. A number of historically marginalized communities have seen increases in individuals and families with commercial insurance. One of Froedtert's explicit BRG aims is to serve diverse local communities at every level and to increase market share among the commercially insured of those communities.

### BRG Recruiting Support

One of the ways that Froedtert Health's BRGs assist with attracting diverse commercially insured patients and recruiting is through community events. Froedtert partners with many local employers and their ERG/BRGs to put on partnership events. These events are organized through a director of emerging markets (who reports to the CDO). As part of those events, BRG members let attendees know that Froedtert is part of their health network and can provide the culturally and linguistically sensitive care they and their families may value. BRG members network at the event and sometimes speak as well. Froedtert measures both recruiting and patient conversions. For example, when a new patient comes to Froedtert, one of the standard questions they are asked, is "Where did you hear about Froedtert?" and specific community events are included as drop-down options for recording responses.

### Connecting with Aligned Communities

One of the most important events is the Mexican Fiesta held in downtown Milwaukee, which attracts 85,000+ people. Froedtert typically sets up booths, information, and screenings. According to the CDO Andrés Gonzalez: "We use Fiesta as an opportunity to present Froedtert as a provider of choice and also a workplace of choice. We might have someone from our talent acquisition team attending with one of our BRG members so our BRG members can discuss their lived experience as a member of the health network and what it has to offer as a workplace of choice. That is one way in which our BRGs partner with talent acquisition to hopefully recruit individuals from that event but also to talk about who we are in terms of our clinical excellence and the type of culturally linguistically relevant care that we provide as a health network. We are now able to track and monitor for every community-based engagement, how many individuals applied for employment—became a staff member—and how many of those individuals that we touch in a community event over time became a patient of the health network."

Working with BRGs, Froedtert Health has been able to increase market share of valuable diverse commercially insured patients, including continuous market share gains in the Hispanic/Latinx community, the Black/African American community and the Hmong and overall Asian community.

Source: Seramount interviews and analysis.

# From Voluntary Effort to Business Unit

## Where is the Line?

As ERGs create more impact through multicultural marketing, organizations must negotiate the transition from ERG-led efforts to creating business units. For example, while Frito-Lay's Adelante ERG helped to create a new market for the company, Pepsico, Frito-Lay's parent company, now has a dedicated Hispanic marketing department.

The transition from ERG to business unit can be challenging both for the ERG and the new business unit.

## Case Study: PetSmart



### PetSmart

US Pet Supply Retailer

HQ: Phoenix, Arizona

Global Staff: 50,000 (US, Canada)

Head of Belonging and Vice President, PetSmart Associate Assistance Foundation: Mark Dompier

### Associate Resource Groups

- PetSmart Pride at Work
- W.I.S.E. Women Inspiring Strength & Excellence
- MOSAIC at PetSmart
- StartSmart
- Serve
- AVID (Awareness of Visible and Invisible Differences)

## Opening Up a New Market

PetSmart is a privately owned retailer based in Phoenix, Arizona, with 50,000 employees across the United States and Canada. The Belonging/DEI team is led by Mark Dompier. There are diversity councils in each of seven distribution centers and six Associate Resource Groups or ARGs (Multicultural, Women's, Veterans, LGBTQ+, Disability, and Young Professionals).

### Organizational Changes Create Disruption in Programs

When PetSmart went private in 2015, the many organizational changes contributed to ARG activity and focus diminishing. The Pride ARG continued to be active and saw an opportunity to engage the LGBTQ+ market segment—a potentially high-value market for pet-related products. The ARG participated in Pride parades from 2016, handing out coupons that drove store traffic. The Pride parade tactics became the largest external activation for the PetSmart loyalty program in company history at that time.

### Pride ARG Innovates

Inspired by Disney's Pride collection, the Pride ARG made the business case to stand up a collection of Pride pet products. With the blessing of their executive sponsor, and with ARG members across product, merchandising, communication, marketing, and vendor relations, they decided to create an in-house brand. In-house brands have the highest margins. They also made a \$100,000 donation to GLSEN as a way to give back part of the proceeds to support LGBTQ+ youth and ensure that the collection was not, as they put it, simply seen as chasing the "rainbow dollar."

Working nights and weekends, and overcoming many challenges, key members of the Pride ARG pulled together a collection in record time.

Some of the strategies the team had to use, such as using images of associates and their pets instead of an expensive professional photoshoot, saved time, felt more genuine, and pointed to ways that the company could potentially make processes more efficient.

The collection was very successful, and it had many positive effects beyond the bottom line. All involved gained new skills and a better appreciation for the business. One ARG member stated: "I learned more in those three months about the business of retail, than in all the years I've been in retail companies." All involved were heavily engaged.

# Case Study: PetSmart—Continued



## PetSmart

US Pet Supply Retailer

HQ: Phoenix, Arizona

Global Staff: 50,000 (US, Canada)

Head of Belonging and Vice President, PetSmart  
Associate Assistance  
Foundation: Mark Dompier

### Associate Resource Groups

- PetSmart Pride at Work
- W.I.S.E. Women Inspiring Strength & Excellence
- MOSAIC at PetSmart
- StartSmart
- Serve
- AVID (Awareness of Visible and Invisible Differences)

## Taking a Passion Project into the Business



“A ton of learning, but I will tell you because of the ARG and because of all the relationships we have with the business members who were passionate about this and who had been part of the ARG, we made something happen in a three-month span that we would never have been able to make happen any other way. There’s no doubt in my mind, were it not for the ARG the collection would likely have launched but there is no way it would have launched in time for Pride 2020”

*Mark Dompier*

## Inspiring Other ARGs

Additionally, the activity and profile of the Pride ARG inspired other ARGs at the company to reengage and increase activity and innovation. The business results caught the attention of the executive team, leading to more investment in DEI, including the creation of a permanent team.

According to Dompier: “In coaching any DEI practitioner or ARG, I coach them on the same thing. You have to understand what matters to your leadership team. You have to understand what matters to your constituents and stakeholders because if you miss that part and you just say we’re going to do this because it’s the right thing to do, you may not ever get traction.”

## A Tricky Transition

The Pride collection proved there was a market, and in 2022 it became a formal part of the business and no longer the responsibility of the ARG. This created some tension as the business decided to move away from the in-house brand in favor of a large corporate partnership. ARG members wanted to be involved; however, when the collection became a business initiative, there was less ownership from the ARG. Due to a series of missteps with the new, large, corporate partner, no collection was available for 2022 Pride celebrations.

“We didn’t have a single product on store shelves, and our associates saw that, and our pet parents saw that, and they asked did we stop caring? Do we not care what happened? So yes, I do believe it becomes part of the business, but it’s also a double-edged sword when the business then makes decisions that the ARG doesn’t necessarily align with or necessarily agree with when the business sees the potential impact that collection can have.”\*

With success, new challenges have appeared. Another ARG advocated to launch a collection for their affiliated market segment; however, previous company attempts to do similar collections in the past have not been commercially successful. The company, however, is moving forward to show support to the ARG. And this time a member of the ARG or community is a part of the design committee.

\*In May 2023 the in-house “You Are Loved Collection” returned to stores and online—featuring photos of PetSmart associates and their pets and a continuing commitment to GLSEN with a \$200,000 donation.

# Opportunity or Exploitation?

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## Needing to Set the Rules

As ERGs gain executive attention through business impact, there is a danger that other groups within the organization can see them as free resources. This becomes more of a risk during times of resource constraint and economic uncertainty. While intentions are good, and the work requested is often engaging to ERG members, it is important to monitor to ensure that there is no danger of exploitation. Some companies are creating systems to ensure that ERGs are doing the most appropriate work.

## Case Study: Nielsen

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### Nielsen

Media Company

HQ: New York, New York

Global Staff: 14,000

Chief Diversity Officer:  
Sandra Sims-Williams

14 Business Resource  
Groups (listed on next  
page)

### Supporting Business Needs

Nielsen, a \$3.5 billion media company headquartered in New York, employs 14,000 people around the world. Sandra Sims-Williams, Nielsen's chief diversity officer, oversees a team of seven DE&I professionals who focus on both internal offerings for the benefit of Nielsen employees and externally facing DE&I thought leadership that helps the media industry make better-informed decisions. The team also champions business diversity efforts and all DE&I communications.

Since 2018, Nielsen has centralized and standardized its Employee Resource Groups (ERGs) into 14 Business Resource Groups (BRGs) operating across 5 regions and 27 locations. Not all regions have all 14 BRGs. One member of the DE&I staff, Camila Whyte, is responsible for BRGs globally. All the BRGs have executive-level sponsors, regional leaders, and local leaders. Additionally, each region has coordinators and communications leads responsible for coordinating regional efforts and promoting intersectional collaboration across the BRGs.

### From ERG to BRG

The groups were rebranded in 2021 from ERGs to BRGs, not just as an acknowledgment of their role in fostering an inclusive culture that supported Nielsen's retention and recruiting efforts but also because of projects the groups were beginning to take on in direct support of the company's products and services.

### Helping a Product Launch with Unique Knowledge

An example, BRG members were mobilized to assist in coding a celebrity database. BRG members across a wide range of communities were asked to help identify celebrities' racial identification, sexual orientation, pronouns, and other features to add metadata to one of Nielsen's many databases.



# Case Study: Nielsen—Continued



## Business Resource Groups

- ADEPT (Able & Disabled)
- ALL-IN (Asian)
- Believe
- Cares (Volunteering)
- Green
- HOLA
- Marhaba (Arab Descent)
- MOSAIC
- NATIV
- N-GEN
- Pride
- SABLE (Black)
- SERV (Veteran)
- WIN (Women)

## Protecting the Resource

### An Increasingly Sought-After Pool

According to Whyte: “BRGs are at the center of our business. BRGs are uniquely positioned to serve as focus groups and create safe spaces for their communities. Many companies hire external consultants or third parties to come in and evaluate different products, services, systems, tools, etc. Our BRGs at Nielsen provide the unique feedback and diverse perspectives that you might otherwise look for from external sources.”

Because there can be a tendency for some people to think of BRGs as groups of people willing to take on additional work—regardless of what it is—the DE&I team now proactively vets BRG support requests from the business. If the BRG community is not uniquely qualified to support the project, then the request is rejected. For example, a request for BRGs to help with language translation was rejected since it is something that can be done by anyone with the desired language skills or external vendors. According to Camila Whyte, the DEI team accepts about 40% of requests.

Requests that are approved include product reviews—to assess whether a product is inclusive, and manual and guideline reviews—to ensure they cater to different communities. BRG teams have also helped Nielsen’s Procurement team scout diverse-owned businesses to increase pipelines into the company’s supplier diversity pipeline.

One factor that determines whether a task is appropriate for BRG support is whether it is a one-off or an ongoing effort. Once a project becomes ongoing, it probably should be assigned dedicated resources rather than rely on the volunteer efforts of BRG members.

### Finding the Right Balance

“The question is, how can we define the balance between the value BRGs bring to the business and making sure that both sides feel supported? For us, our central DEI evaluates those business propositions that are placed in front of the BRGs. We have 14 BRGs and a lot of leaders; we have about 300 leaders that I support. For us, when we get a request from the business, our team tries to evaluate it and say, is this something that the BRG leaders are uniquely positioned to support, or can it be fulfilled by either an external contractor or another colleague whose role is directly tied to it? I would say that’s probably the best way to find that balance: Is the BRG providing a unique perspective that you won’t get anywhere else?”

*Camila Whyte, Head of BRGs, Nielsen*

# Working Two Full-Time Jobs

## Boundary 3: Leadership Compensation

### Rewarding Impact

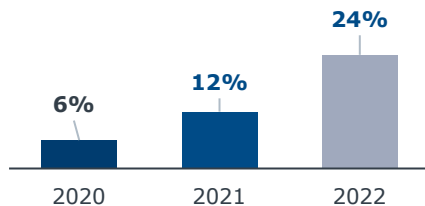
Where considerations of opportunity and potential exploitation come to the fore is with the debate around ERG leader compensation.

As stated in Section One, there are widespread, almost universal, reports of ERG leadership burnout. Organizations are looking at many ways to support their ERG leaders and to create succession plans. DEI programs have created centralized ERG support roles along with resources, guides, and policies. Many are researching ERG automation systems to try to remove some of the administrative work from their leaders. Others are expanding leadership panels. The results, so far, are unclear.

As ERGs have shifted from individual-focused to business-focused, the question of explicit rewards for leadership has become a priority. Many organizations we spoke with are in active discussions around ERG leadership compensation. Surveys suggest that the practice of ERG leadership compensation has doubled each year since 2020.

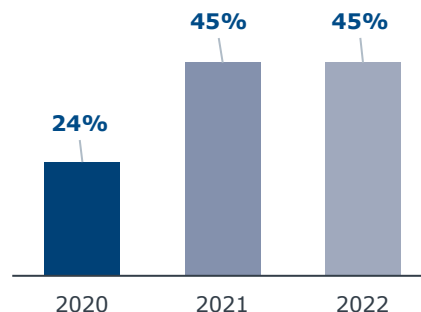
### Organizations Compensating and Considering Compensation

Currently Compensating ERG Lead with Cash



Source: The Rise Journey (2023).

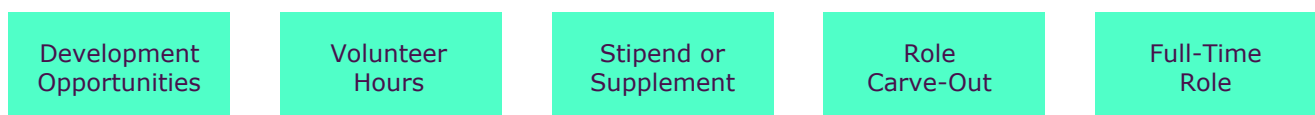
Considering Compensation



### Organizations Experimenting with Different Approaches

We have seen five main approaches to regular leadership compensation across industries, although variations exist and some of these approaches can be combined. There are also spot bonuses, given as one-offs to ERG leaders based on specific situations, for example, to some ERGs in recognition for extra work taken on during 2020.

### Major ERG Leadership Compensation Models



Source: The Rise Journey (2023), 2022 State of ERG Report; Seramount interviews and analysis.

# Baseline Models

## Compensation in Kind

The first approach, and the most popular, does not offer specific time or compensation but makes an explicit commitment to development, opportunity, and exposure to benefits. All the other models include this promise at their base.

## Model 1: Development, Opportunity, Exposure

### Froedtert

#### Froedtert Health

Integrated Health System

HQ: Milwaukee, Wisconsin

US Staff: 17,000

Vice President, Community Engagement & Chief

Diversity Officer: Andrés E. González, MEd., CCDP/AP

#### Business Resource Groups

- Black
- LatinX
- LGBTQA
- Military/Veterans
- Women in Leadership

### Creating a Path to Promotion

Each of Froedtert's five BRGs has three leaders: a chair, vice chair, and secretary. There is an organizational vetting process for candidates. Terms are staggered to ensure leadership continuity. Each BRG leader has an agreement in place that protects their time, gives them credit on their annual appraisals, and invests in their leadership development. Currently 40% of BRG leaders have been promoted over the last three years.

According to Andres Gonzalez: "You have probably heard or have read, the challenges of organizations saying, 'absolutely we embrace BRGs' and then when the rubber meets the road—issues emerge—primarily the BRG leader's manager saying, 'You cannot serve, because I need you to be here.' It's especially difficult if you have staff on the clinical side. So, we needed to be very mindful about those things. If BRGs are important and they're valued by the organization, then their time needs to be protected so we make sure that their time gets protected."

### Making Leadership Roles Attractive

BRGs are seen as a place for up-and-coming leaders to get experience and to get ahead. The organization looks for workers who are high-performers to get them involved in BRGs, serving on a committee or subcommittee. From there, they may take a leadership position. The diversity team will work with their manager to build an individualized development program to provide skills and competencies to help them as a leader and in their primary job as well.

"All of our BRG leaders every year get great comments in their annual appraisal from their managers saying: this individual is much more assertive, is stepping up and asking for stretch assignments, is helping us to connect dots because the BRG leader is getting a wider view (perspective) than perhaps we have on our own team so they're able to bring some insights or perspective on initiatives the health network is working on that our team should be aware of. So, it's really interesting to see how all of that is working, benefiting and advancing the individual. But also advancing the collective as well."

*Andres Gonzalez, CDO, Froedtert Health*

## Model 1: Development, Opportunity, Exposure—Cont.

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### Froedtert

#### Froedtert Health

Integrated Health System  
HQ: Milwaukee, Wisconsin  
US Staff: 17,000  
Vice President, Community  
Engagement & Chief  
Diversity Officer: Andrés E.  
González, MEd., CCDP/AP

### Building Future Competencies

Froedtert Health focuses on strategic thinking as an important leadership competency. BRG leaders are measured on this specific competency during their annual appraisals. Additionally, the DEI staff along with the chief culture and learning officer work closely with the BRG executive sponsors during succession planning. Froedtert does organization-wide succession planning quarterly, and prior to those sessions, executive sponsors are interviewed to find examples of where BRG leaders are exhibiting certain skills and competencies. By preparing the executives in advance, the executives are ready and more likely to advocate for their BRG leaders in succession planning discussions.

Executive advocates, development opportunities, and a higher profile means that BRG leaders are promoted at higher rates than non-BRG leaders from the same demographic.

“It’s a great opportunity, and a lot of folks have started stepping up and raising their hands to get involved with BRGs but more importantly they want to get into the leadership roles. Once you start seeing the conversion—people notice that BRG leader just got promoted and that other person who worked on that stretch assignment also got promoted—that spreads like wildfire through the organization.”

## Model 2: Volunteer Hours

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### Nielsen

**Nielsen**  
Media Company  
HQ: New York, New York  
Global Staff: 14,000  
Chief Diversity Officer: Sandra  
Sims-Williams  
14 Business Resource Groups

### Leveraging and Extending Existing Programs

Many organizations have a program for all employees where they have a defined set of hours that can be used for volunteer work within their roles. In some organizations, ERG work can be counted within those hours. Nielsen extends and enhances the model specifically for ERGs.

At Nielsen BRG leaders are not compensated; however, BRG leaders are given 10 hours per month to dedicate to their BRG roles, and BRG members are given 4 hours. This is on top of 24 hours per year given to all employees to pursue volunteer work.

# Payment Models

## Acknowledging the Job on Top of the Job

In recognition of the extra work and stress that many ERG leaders experienced during the pandemic, several organizations provided one-off or “spot” bonuses to some ERG leaders. However, this compensation is generally one-off and at the discretion of the company.

An emerging model is a regular additional payment for ERG leaders. This can be called a bonus, a stipend, or a supplement, but it is permanent and not typically performance-based. The model emerged mostly among technology companies in the early 2020s: Uber (\$5,000), Ripple, Autodesk (\$10,000), Twitter, Justworks (cash and stock options). From 2023, given the staffing and other changes in the tech industry, it is unclear how many of these programs have continued.

## Model 3: Pay Supplement/Stipend



Social Media Platform  
HQ: Sunnyvale, California  
Global Staff: 21,000  
Subsidiary of Microsoft  
SVP, Chief People Officer,  
Teuila Hanson

### Employee Resource Groups

- Black Inclusion
- EnableIn
- Embrace
- Families at LinkedIn
- Hispanics of LinkedIn Alliance
- LinkedIn Asian Alliance
- Out@In
- Veterans at LinkedIn
- Wisdom at LinkedIn (40+)
- Women at LinkedIn

## Compensating for Extra Work

LinkedIn is a business and employment social media platform owned by Microsoft with close to a billion users and approximately 21,000 employees. The company has 10 global Employee Resource Groups. There are more than 8,000 ERG members and allies and 800+ ERG leaders.

In July 2021, LinkedIn committed to paying \$10,000 per year to each of their 20 global ERG co-chairs during their two-year terms. This is on top of the regular compensation they receive.

The \$10,000 is part of what is called the Global Co-Chair Distinguish Award. Each Co-Chair also receives executive coaching. For other ERG leaders, there is funding called the ERG Distinguish Award Pool that is set aside to create internal recognition and awards for the larger group of ERG leaders. ERG leaders participate in the C.E.O. (Collaborate. Empower. Own.) ERG Leadership program. The C.E.O. program focuses on leadership development, business strategy, networking, and recognition.

ERG leaders are appointed after an interview process and expected to have tenure at the organization, experience with ERGs, and leadership skills.

“Historically, these employees take on leadership roles and the associated work in addition to their day jobs, putting in extra time, energy, and insight. And despite the tremendous value, visibility, and impact to the organization, this work is rarely rewarded financially.”

*Teuila Hanson, Chief People Officer, LinkedIn*

“I believe that your ERG leadership should be compensated once the work has been established. I don’t believe in ‘We’re going to start ERGs, and we’re going to pay you all.’ Well, what did they accomplish? What did they actually change within the organization? I think there should be different stages in which you implement comp plans.”

*Independent ERG Consultant*

Source: *LinkedIn Rewards Employee Resource Group Leaders Financially* | LinkedIn (2021, June 12), retrieved May 16, 2023, from <https://www.linkedin.com/pulse/linkedin-rewards-employee-resource-group-leaders-teuila-hanson>; *How and Why Justworks Compensates our ERG Leads*, (2020, July 23), Justworks, retrieved March 8, 2023, from <https://www.justworks.com/blog/why-justworks-compensates-erg-leads>; Seramont interviews and analysis.

# Model 4: Defined Role Carve-Out



## BTL Holdings

(Pseudonym)<sup>1</sup>

Financial Services Business

HQ: United States

Global Staff: 40,000+

### Employee Resource Groups

- Asian American Network
- African American Network
- Ability Network
- Veterans Network
- Women’s Network
- Families Network
- Native American Peoples Network
- Latino Network
- PRIDE Network

## Creating Time for Leadership

BTL Holdings<sup>1</sup> (BTL) is a global financial services company with approximately \$45 billion in revenues and more than 40,000 employees. Twenty-seven percent of their US staff belong to one or more of their nine Employee Resource Groups (ERGs). The company reports that ERG member turnover is a third lower than that of non-ERG members.

### ERG Context

Historically, ERGs began as grassroots organizations at BTL. Prior to 2020, ERGs existed in silos, with many individual chapters in different offices across the United States and within different subsidiaries. Despite having a mature and long-standing program, BTL invested more heavily in ERGs in response to societal and workforce changes in 2020. Black Lives Matter and the shift to remote work drove more ambitious DEI commitments and investment in infrastructure. Like many organizations, the move to remote work allowed BTL to centralize their DEI efforts and to create a head-office-led ERG strategy.

In the past, apart from fragmentation, a major problem BTL’s ERGs faced was succession planning. It was hard to replace leaders, and there were no role tenure limits. Furthermore, ERG leaders were often not recognized for the work they were doing, and some in the organization considered the groups to be merely social clubs.

“When I evaluated our ERGs I saw they were underutilized. People assumed they were clubs for similar people to come together, to have talks, and then have events on Zoom. So, I looked at the strategy and how ERGs impact business and how they impact employees and wanted to make sure that some of the things they were already doing, in the shadows, were elevated, were recognized. And not just to elevate the ERG but the people that are leading it.”

*DEI Head of ERG Operations, BTL*

In 2022 they redirected their ERGs to achieve business impact through influencing the experience and engagement of employees. BTL wanted to ensure that their ERGs continued to resonate with staff and be seen as a safe affinity group.

### Leveraging “Role Sharing”

In order to give ERG leaders protected time to lead and to make the roles more attractive, BTL implemented ‘role sharing.’ Role sharing sets aside dedicated time for ERG leadership work. Role sharing leverages an existing system across BTL for creating temporary assignments, cover roles, and stretch projects. Role sharing reserves a percentage of a staff member’s work week for ERG leadership responsibilities. The role sharing program for ERG leaders started at 15% and has moved to 25% of an employee’s time. ERG leaders get their regular wage from their department but spend only 75% of their time on average in their primary role.

1) Pseudonym.

# Model 4: Defined Role Carve-Out—Continued



## BTL Holdings

(Pseudonym)

Services Business

HQ: United States

Global Staff: 40,000+

### Employee Resource Groups

- Asian American Network
- African American Network
- Ability Network
- Veterans Network
- Women’s Network
- Families Network
- Native American Peoples Network
- Latino Network
- PRIDE Network

## Defining the Role

Each ERG has a president, vice president, and engagement director as role sharing positions. The three-leader model was chosen after an extensive process involving ERG members in working sessions. The president is the leader and liaison with the DEI team and executive sponsor; they are responsible for developing strategy. The vice president works as a chief of operations, coordinating and translating the strategy into action. The engagement director is responsible for overseeing the engagement of employees to support the ERG’s main objectives. Having three leaders also serves to improve succession planning.

Staff apply for ERG leadership roles as they would to other internal roles. The selection process includes the staff member’s current manager, the DEI team, previous ERG leaders, and ERG executive sponsors. Applicants must have approval and sponsorship from their managers, who need to have a plan to cover the gap in workload. Applicants must be in good standing and be meeting their current goals. Each role comes with a 12-month commitment, with an opportunity to renew, on review, for another 12 months.

Based on an assessment of job requirements, ERG leadership positions are posted at mid-level pay bands, which means ERG leaders typically earn similar amounts to each other for their ERG work. BTL looks for ERG leaders who have had some history of leadership in the organization and the potential to grow.

### Leadership Development a Priority

The size of the roles and the dedicated time allows for specific professional development. While the typical role sharing arrangements across BTL are shorter and often project-based, for ERG leaders they are more extensive and involve a specific promise of skill-building and growth. The head of ERG operations meets with role sharing managers regularly and reports progress quarterly to ensure alignment in skill expansion and career pathing.

BTL provides ERG leaders with a two-year leadership academy. The academy includes a Gallup strength assessment and coaching, the IDI (Intercultural Development Inventory), and development of a personal adversity story. Each ERG also has three executive sponsors in order to provide yearlong mentorship and advocacy for each ERG lead. The program is still young, but there is early evidence that ERG leaders benefit from rapid promotion. Of 37 ERG leads, 10 have been promoted and 6 have had lateral moves to other departments across 16 months.



“Without role sharing, I believe you would lose succession planning. I think you would lose that ‘what’s in it for me?’ Employees really want to be able to participate in things, but they want to know that they’re going to get something back in value. So, I think the talent share allows them to almost feel like they are being rewarded for their hard work because it’s an additional title and experience for them.”

*Former BTL Role Sharing DEI Leader*

# Model 4: Defined Role Carve-Out—Continued



## BTL Holdings

(Pseudonym)

Services Business

HQ: United States

Global Staff: 40,000+

### Employee Resource Groups

- Asian American Network
- African American Network
- Ability Network
- Veterans Network
- Women’s Network
- Families Network
- Native American Peoples Network
- Latino Network
- PRIDE Network

## Smooth Operations

### Executive Sponsor Responsibilities

#### Attend meetings

- Bi-annual meetings with central ERG team
- Executive Sponsor quarterly meetings
- ERG Core leader meetings
- ERG Talks

#### Support ERG & ERG Leaders

- Remove barriers
- Connect ERG leaders to resources
- Mentor/Sponsor at least one role sharing leader
- Assist in performance management
- Assist with and support assigned ERG’s strategy
- Attend at least one Heritage Month event

#### Champion DEI

- Support all ERGs
- Hold team members and down line accountable for supporting ERGs
- Forward events to senior and executive leaders, peers, and team members
- Raise ERG issues and share ERG activities at meetings with senior and executive leaders

In terms of operations, the leaders of all the ERGs meet monthly to communicate, coordinate, and collaborate. With centralization, ERG budgets are held at the DEI office level, and ERGs can apply for budget toward specific goals. The budget can be deployed effectively for items that support the ERG program overall. The virtual nature of the ERGs allows leadership teams to be similar sizes, even though the ERGs themselves may be vastly different in terms of member numbers. Each ERG must plan goals in support each of the company’s four pillars, and there is a scorecard for each.

BTL has also successfully used role sharing to create a central ERG support team with seven team members taking temporary assignments on the DEI team, ranging from 50 to 100 percent of their roles and paid for by their departments. According to the head of ERG operations: “I leverage the role sharing program for BTL. I create a job description for what I need, and I put it into our system so people apply for the role that aligns with their career path. And then once they apply, they must ask their manager for approval. And then I have a conversation with the manager, and I share a value proposition letter. I say, this is what you will get from me if you share your employee. This is what your employee will get for you to take back to their everyday role.”

Source: Seramount interviews and analysis.



# Model 5: Full-Time Role



## Bristol Myers Squibb

Biopharmaceutical Company

HQ: Princeton, New Jersey

Global Staff: 34,000

Global Chief Inclusion and Diversity Officer: Pamela M. Fisher

### People & Business Resource Groups

- B-NOW Bristol Myers Squibb Network of Women
- BOLD Black Organization for Leadership and Development
- CLIMB Cultivating Leadership in Millennials and Beyond
- DAWN Disability Advancement Network
- OLA Organization for Latino Achievement
- PAN Pan Asian Network
- PRIDE Alliance
- VCN Veterans Community Network

## Making a Commitment

Finally, a more radical approach is to create a full-time, paid role for ERG leaders, albeit for a limited period of time. In this case, the ERG leader is on a temporary assignment from their regular role, as opposed to creating a permanent ERG leadership career path.

**Bristol Myers Squibb (BMS)** is a global biopharmaceutical company based in Princeton, New Jersey, with revenues of approximately \$46 billion and 34,000 staff.

The Global Inclusion & Diversity (GI&D) organizational model includes two complementary functions: a Business-Facing Team to advance the GI&D enterprise strategy across business units, enabling functions and regions for local market relevance—and a Center of Excellence responsible for developing solutions, resources, and metrics to support the GI&D strategy. One of the Center’s responsibilities is strategic guidance for the company’s eight People and Business Resource Groups (PBRGs).

According to BMS, PBRGs were launched in 2016 as an evolution of traditional employee resource groups to give BMS a competitive advantage in a complex industry, one that has seen many mergers and acquisitions, shifts in global policy, and changing patient and talent demographics. PBRGs have proven popular and high-profile, with 13,750+ members worldwide (comprising 40% of the global workforce). When PBRGs were launched, efforts were also made to centralize the PBRG program to improve impact and efficiency. However, one of the most notable tactics BMS introduced was to create dedicated, full-time PBRG leaders.

### PBRG Structure: Full-Time Leader

PBRGs at BMS are unique in that they are led by an experienced, high-potential employee from the business who is fully dedicated to the role as part of a two-year commitment. These are not volunteer positions, but these leaders instead act as full-time dedicated resources reporting to a member of the BMS leadership team and have significant responsibilities, including the development of three-year business plans.

PBRG leaders are sourced internally and typically come from the business, commercial, or medical and scientific departments. The roles are posted for application, as are other internal roles. There is a formal interview process, and final selection is made by the C-suite with GI&D recommendation. PBRG leaders are paid from the GI&D budget at the level of their current business role.

The PBRG role provides a unique opportunity for business oversight associated with the needs of patients, communities, and colleagues across dimensions of diversity. They also provide an opportunity for further growth, learning, and advancement within BMS. According to Elvie Gee, Executive Director for Global Inclusion & Diversity and to whom the PBRGs have a dotted reporting line, “We leverage the two-year secondment of a PBRG as an accelerator to the leader’s career and utilize the time to build the connections and networks needed to demonstrate business impact in GI&D as well as to position them for the role they eventually want to be in approximately two years from now.”

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#### PBRG Leads: Key Roles and Responsibilities

- **Strategic Business Plan:** Establish and lead the delivery of the vision, strategy, tactics/goals through the development of the PBRG three-year business plan aligned to BMS business and GI&D priorities.
- **Annual Operating Plan:** Develop the annual operating plan ensuring ongoing execution excellence through rigorous program and milestones/metrics management to achieve business plan objectives.
- **Leadership Development and Management:** Build, develop, and maintain strong global expansion and succession planning.
- **Performance Management:** Provide quarterly business updates to executive sponsor and to GI&D. KPIs to include but not be limited to PBRG membership (growth, active membership, promotion, retention) and business priorities (diversity in clinical trials, diverse talent recruitment, community activation, etc.).
- **Financial Management:** Compete for and obtain internal financing for business projects based on ROI, and actively manage expenses versus budget.
- **Business Membership Engagement and Growth Strategy:** Grow PBRG business membership globally.
- **External Reputation Management:** Position BMS as the “Employer of Choice” and a “Culture of Innovation and Inclusion” through focus on significant strategic external relationships aligned with the BMS business priorities and which provide access to key global/national leaders in government, industry, academia, and/or nongovernmental organizations.
- **Communications and Stakeholder Management:** Deepen and refine all aspects of communications—from print to web to social media—with the goal of creating a stronger Bristol-Myers Squibb and PBRG brand.

#### Executive Sponsor

All PBRGs have an executive sponsor to whom the PBRG leader reports directly. The executive sponsor is a senior business leader within the organization and in most instances is a member of the BMS leadership team. The CEO approves executive sponsors for a two-to-three-year term.

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## Planning

Each year, PBRGs align their strategic plans to the enterprise strategic priorities. Draft objectives are reviewed to look for synergies between PBRGs and to avoid duplication. Plans are shared with organizational stakeholders for further input, after which planning is finalized in a standard template. Budgets are allocated depending on priorities. Each PBRG then turns the priorities into tactics with KPIs and reports on progress to their executive sponsor.

According to Gee: "Our PBRG Leaders uncover and provide patient, community, and colleague insights, which they share with the business. They understand and know what is important to the organization, and as such, provide insights that are pertinent to what we have said we would focus on. That's the other piece that we have evolved, and why the 'B' in PBRG is so important. They need business alignment because without it, they are not going to receive the funding, the resources, the impact, the visibility, and the sponsorship from the leaders in your organization to move the initiative forward, because they have a set of priorities already, and the PBRG plans must fit within those priorities."

## Accountability

Executive sponsors hold PBRG leaders accountable for their goals through semiannual updates and yearly performance reviews. Each PBRG lead is evaluated on their PBRG KPIs as well as company-wide leadership goals. Each PBRG also has an annual dialogue with the CEO where they bring insights from their PBRG community and share evidence-based outcomes for the programs they lead and manage.

## Model Benefits

BMS is confident in the business value that the PBRG model presents and has found that one of the primary benefits is accelerated impact.

The BMS model also enables higher visibility within the organization to issues that may be barriers to progress. Because the PBRG leaders report directly to executive sponsors who are members of the BMS leadership team, barriers can be addressed more readily and removed.

### Accelerated Impact

"When you dedicate 100% of someone's time, you will get to results quicker than someone dedicating only a few fragmented hours when they are free from other priorities. I've managed ERGs with the traditional volunteer model and this new approach, and I can see the tremendous difference in how quickly activations are completed and with strong impact to the business."

*Elvie Gee, Executive Director for Global Inclusion & Diversity Strategy and Operations*

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## Learning to Become a Leader

Future career mobility is another important benefit of this model. Interacting with very senior leaders provides a unique development opportunity that can help PBRG leaders to gain visibility and further their careers. "This is why the BMS PBRG model is a differentiated development opportunity," says Gee. "You understand the conversations happening at the senior level, and you start to grow an enterprise mindset so that every decision you take is not just for the good of your PBRG. You're thinking about it from a BMS standpoint, and so you're adopting a very different, critical mindset. If you are going to be at a leadership level further up in the organization, you need to be able to say, it's not only about my group, but what are we playing for overall."

## Investment for Impact

While full-time roles are a significant financial investment in PBRGs, the model demonstrates a deep and significant commitment to Inclusion and Diversity at BMS to both internal and external stakeholders.

BMS tracks PBRG membership and other key metrics associated with performance. Metrics show higher retention and engagement among PBRG members vs. non-members.

Elvie Gee believes that succession planning is a key component of the PBRG model: "If I had a learning to share with anyone who's thinking about this model, I would counsel them to look at it from an end-to-end perspective. You need a plan for what that person will pursue next when they transition out of the PBRG role."

When asked under what circumstances she would recommend compensating ERG leaders in other companies, Gee states: "I would move forward if the ERG program was mature and had some level of impact in the organization. The PBRG model would provide greater speed, focused attention to unmet needs and opportunities, and fully dedicated attention to growth potential across an organization. I would not recommend introducing the model in an organization where the ERGs are still proving their value, because it is a hard sell without first seeing tangible impact."

# Finding Balance

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## Different Approaches

This report explored some of the challenging questions that organizations are grappling with as they build, rebuild, expand and retool their employee resource groups in a dramatically different and uncertain environment. ERGs play an important and very visible role in an organization’s diversity, equity, and inclusion strategy. The ERG role has developed over time to become a more active arm of the organization, impacting multiple important goals, not all of them DEI-related. The shift to remote accessibility has transformed ERGs into larger, centralized, more standardized, often global organizations far from previous small, local affinity groups. These developments raise questions as to where the boundaries of the ERG role in the organization lie.

## No One-Size-Fits-All Approach

We have presented different organizations’ responses to these questions and discussed the trade-offs they made. There is no one right answer for all. An organization’s approach to inclusivity, business support, and leadership compensation will be different depending on the organization, the stage of ERG development, and many internal and external factors.

However, we recommend leaders, no matter the stage of development of their ERGs, consider the questions surrounding ERGs as they plan for the future. In particular, to what extent are ERGs inclusive vs. exclusive, and voluntary vs. professional and how will that change as their ERGs develop and grow?

## Looking Ahead

There is enormous potential in ERGs to both engage and harness the passion of a workforce that wants to be included and make a difference. The surge in interest in ERGs and their growth across the past few years will increase the data available and hopefully create further evidence of impact and more guidance as to best practice.

As for the future of ERGs, Seramount’s position remains optimistic and has not substantially changed since the publication of our ERG Leadership Handbook.



“What does the future hold for ERGs? How can they become more relevant to ever-changing business goals? The answer: By evolving into groups that are both affinity-based and intersectional and have a specific focus on what’s going to be most needed—developing a global talent pool with emphasis on leadership development; creating innovative solutions to business concerns, such as increasing outreach and connectivity to developing markets; and making themselves indispensable to inclusive leadership by advancing subject-matter knowledge and interest on such topics as religion, generational differences, and bias in artificial intelligence.”

*ERG Leadership Handbook, Seramount*



# How Can Seramount Help?

## Our DEI Research Partnership Offers Evolving Research And Advisory Services to Support Rapidly Changing DEI Needs And Priorities



### Three Pillars of Service to Help DEI Leaders Effect Change

#### Rigorous Research with a Global Reach

Deploying a Proven Research Methodology to Identify How CDOs at Any Company, Anywhere in the World Are Making Change Happen

- ✓ Annual Research Initiative
- ✓ Resources to Educate Stakeholders and Accelerate Impact
- ✓ Custom Research to Answer Your Up-at-Night Questions

#### The Collective Experience of DEI Leaders at the Center

DEI Leaders Guide and Shape Our Search for Breakthrough Ideas, then Pressure Test What We Find

- ✓ CDO Roundtables and Experience Labs
- ✓ DEI Practitioner Roundtables and Hot-Topic Webinars
- ✓ Regular Convenings to Build Global DEI Leader Community

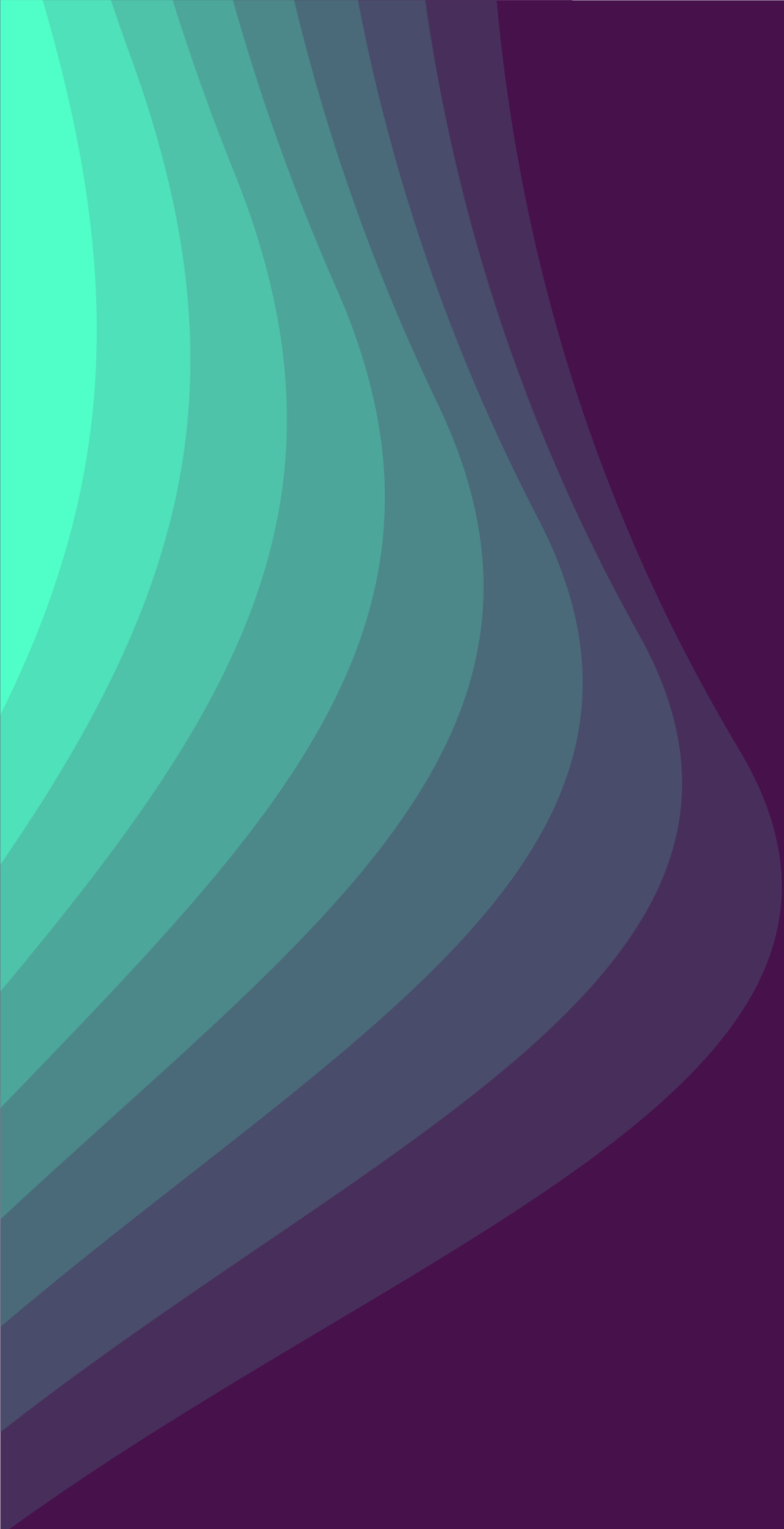
#### A Commitment to Applying Lessons Learned

Supporting You in Getting Buy-in For Change and Customizing Implementation of Lessons Learned

- ✓ Access to Expert Advisors to Increase Your Capacity
- ✓ Partner Intensives Bring Insights to Your Broader Team
- ✓ Proactive Planning to Drive Progress on Your Priorities

▶ Learn more about how the DEI Research Partnership can propel your DEI strategy forward by scheduling a call with one of our experts.

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