



From Workplace to **Marketplace**

The Executive Playbook on
Expanding the Impact of DEI

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Project Director

Michael Nicholson, PhD

Strategic Research, Seramount

Designer

Joy Drakes

Art Director

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Executive Summary

From Workplace to Marketplace: The Executive Playbook on Expanding the Impact of DEI

The [recent rise in anti-DEI rhetoric](#) has many concerned about the future of diversity, equity, and inclusion (DEI). False and inaccurate narratives about DEI efforts are on the rise, ongoing legal challenges and skepticism about existing frameworks are making headlines, and companies are rethinking their DEI and talent strategies.

Expanding DEI Horizons for Impact

Yet in the wake of rising political polarization, ongoing global conflicts, and increasing customer and talent diversity, the scope of the work is constantly being expanded. The key challenge DEI and talent executives are facing today is how to expand their impact and reframe the conversation. While an internal talent-facing approach to DEI emphasizing inclusive workplace communities and culture will always remain business-critical, reframing the conversation today involves adopting a new, more expansive perspective on DEI work, roles, and outcomes.

Thinking Bigger About DEI: From Workplace to Marketplace

Thinking bigger about DEI now involves a “virtuous cycle” aligning workplace and marketplace approaches to inclusion and employee and customer experiences. Making the case for a holistic practice that’s broad rather than narrow means making DEI applicable to every role, stakeholder, and aspect of the business—from customers and suppliers to products and designs.

Key Challenges

A recent [Pew poll](#) reveals a majority of employees expressly value DEI initiatives. At the same time, Seramount’s 17 May 2024 [executive discussion](#) with 93 DEI and talent leaders found that more than half of surveyed organizations (53%) have either recently updated or are in the process of updating DEI terminology, with an additional 18% considering such changes. For those evolving, 37% cite customers or employees as the impetus, surpassing even legal considerations (36%) or CEO (23%) or board (5%) directives.

The challenge for DEI and talent leaders today lies in effectively and accurately defining, communicating, and broadcasting the value of DEI and its broader impact in an age of misinformation. Toward that end, this research focuses on five key strategies for impact, the basis for a comprehensive DEI strategy aligning inclusive workplace and marketplace outcomes.

5 Ways to Expand the Impact of DEI Now

- ▶ **Customer-Centric DEI**—Engaging the Customer of the Future
- ▶ **Inclusive Marketing and Design**—Attracting New Audiences
- ▶ **Inclusive Products and Services**—Building a Broader Customer Base
- ▶ **Supplier Diversity**—Inclusive Marketplaces and Business Innovation
- ▶ **Building an Inclusive Organization**—C-Suite Engagement

Besides benefiting the business, developing a comprehensive strategy across these five key areas of concern empowers a wider community to embrace the true value of DEI.

Section 1

Customer-Centric DEI

Engaging the Customer
of the Future

Rapidly changing customers present both challenges and opportunities for DEI leaders and their businesses. B2C, B2B, and nonprofits alike can prosper by adapting their products, services, and experiences to engage the customer of the future—whether that’s a patient, client, shopper, or consumer.

The key: truly understanding your diverse customers—as much as yourselves as consumers.

“The fan base of yesterday is not the fan base of tomorrow.”

—Esu Ma’at, Chief Diversity, Equity, and Inclusion Officer, Orlando Magic

This section explores best practices for expanding DEI’s impact by integrating customer-centric DEI across your organization to create a more inclusive ecosystem that directly impacts your bottom line. To begin understanding the story of DEI and the customer of the future, it’s imperative to think deeply about changing demographics and preferences.

Growing Diversity of the U.S. Consumer Base

- ▶ Multicultural consumers already account for nearly 40% of the U.S. population.
- ▶ The U.S. Census Bureau projects that the number of Black, Latine, and Asian consumers will increase by 2.3 million each year until becoming a numeric majority.
- ▶ By 2030, the non-Hispanic White population is expected to fall to 55.8%.
- ▶ By 2045 the U.S. will become “minority-white.”

The growing weight of these statistics is increasingly influencing leaders in business, government, and even the media, amplifying the importance of the DEI imperative.

Intersectionality Continues To Grow in Importance

- ▶ The fastest-growing racial or ethnic group is those who are biracial or multiracial, a group that will likely experience 200% growth by 2060.
- ▶ These tectonic shifts emphasize the growing complexity of consumer identity and the growing need for customer-centric approaches to DEI.

Sources: US Census Bureau, Association of National Advertisers, Brookings Institution

Demographics Shifts Are Inextricably Linked to Evolving Consumer Needs and Preferences

- ▶ Today’s consumers expect personalized experiences, customization options, and brands aligned with their DEI values.
- ▶ Traditional demographic segmentation is no longer enough: consumers’ ethical commitments and mindsets are becoming vitally important.
- ▶ Customers are increasingly prioritizing social responsibility and value.
- ▶ Online campaigns with better representation generate higher ad recall.
- ▶ Global consumers are increasingly emphasizing accessible content and language inclusivity.

Sources: Meta, Deloitte, McKinsey



Why does DEI matter in this context?

Because inclusion is not only critical to making the case for DEI now; it's also key to engaging the customer of the future.

DEI: Addressing the Evolving Consumer Landscape

- ▶ **67%** of consumers say it's important that brands act to promote DEI
- ▶ **46%** of consumers go out of their way to choose brands with explicit commitments to DEI

Sources: Amazon

Consumers Value Personalized, Authentic Experiences

- ▶ **77%** view customer experience to be as important as product quality
- ▶ **140%** more spent by customers with excellent brand experiences
- ▶ **80%** of consumers are more likely to make a purchase when brands personalize experiences

Sources: Forbes, HBR, Epsilon

Customer-Centric DEI: Engaging the Values-Based Consumer

- ▶ **Over 50%** of consumers will switch to a competitor after a single unsatisfactory experience
- ▶ **82%** of consumers want a brand's values to align with their own
- ▶ **92%** of customers are more likely to make a repeat purchase after a positive experience
- ▶ **42%** of consumers from underrepresented groups would switch to a company committed to DEI

Sources: Zendesk, Salesforce, Harris

DEI on the Front Lines

- ▶ **75%** of businesses with diverse frontline decision-making teams exceed financial targets. When done right, inclusive hiring practices ensure a representative face of the organization.

Source: Gartner

DEI and Risk Mitigation

- ▶ **60%** of retail shoppers have experienced discriminatory treatment
- ▶ **40%** of consumers report experiencing discrimination based on their race or skin color, including being followed by staff, ignored, denied discounts, and mistaken for sales associates
- ▶ **65%** of customers think stores fail to deliver an equally distributed assortment of products catering to different shoppers' tastes and preferences; those with disabilities face significant barriers and particularly limited choices when making everyday purchases

Source: [Sephora, Racial Bias in Retail study](#)

Risks of Divesting in DEI

Significant risks come with abandoning DEI in a time of increased pushback and market uncertainty.

“In 2007 the New York Knicks reached a \$11.6 million settlement relating to the culture of the workplace. In 2012 the Atlanta Hawks sold the franchise related to several issues that I’d classify as what happens when DEI is not in the room. In 2014 another team sold their franchise, and the owner received a lifetime ban. In 2017, another highly publicized lawsuit involved the US Open. In 2023, the Washington Commanders had to sell their team. In sports, there’s lots of lists that we want to be on. But that’s not one of them.”

—Esu Ma’at, Chief Diversity, Equity, and Inclusion Officer, Orlando Magic

“When we’ve had to fail fast and learn fast or were called out by our fans, it’s often been because we didn’t have the right voices at the table or the necessary representation....We don’t want to show up only when things are in a constant state of crisis....We want to ensure that we’re mitigating risk because we’re having the conversations.”

—Jennifer Vasquez, VP, Diversity, Equity and Inclusion, Golden State Warriors

The Opportunity Cost of Doing Nothing

“What’s the opportunity cost of doing nothing? What does it look like when DEI is not in the room? When that happens, organizations and brands pay the price for blind spots that could have been mitigated. I often use a previous [Seramount report](#) that outlines the workforce risks, reputational risks, legal risks, culture risks, productivity risks, and loyalty risks associated with not driving the value of diversity, equity, and inclusion.”

—Esu Ma’at, Chief Diversity, Equity, and Inclusion Officer, Orlando Magic

Customer-Centric DEI: From “the Vicious” to “the Virtuous” Cycle

Avoiding the “vicious cycle” of misalignment between employee and customer-facing inclusion means strategically engaging, investing in, and aligning with customer-centric DEI practices.

The Virtuous Cycle: Mutually Reinforcing Talent and Customer-Centric DEI Efforts

- ▶ There’s no richer source of knowledge and inspiration than your diverse customer base; the most successful DEI initiatives involve collaboration between brands and their diverse customers.
- ▶ Internal- and external-facing DEI efforts are mutually reinforcing, generating a “virtuous cycle” rooted in continuous feedback and engagement.
- ▶ Improvements in inclusive workforce outcomes create a more welcoming environment for customers; at the same time, customer insights can drive DEI innovation.
- ▶ Under the right conditions, employees become customers and customers become employees, boosting morale and retention while creating brand ambassadors.

Source: *Forbes*

5 Key Actions To Undertake To Advance Customer-Centric DEI Across the Organization

- 1. Understand your customer base:** Conduct surveys and gather data to understand your current and potential customers.
- 2. Diversify your customer experience team:** Hire a team that reflects the diversity of your customer base.
- 3. Train your employees on DEI:** Ensure employees are equipped to handle interactions with customers from a broad range of backgrounds.
- 4. Personalize the customer experience:** Use data to tailor marketing messages and service interactions to individual needs.
- 5. Market authentically:** Ensure marketing materials reflect the diversity of your customer base.

5 Key Impact Areas and Business Benefits: Customer-Driven DEI

- 1. Improved customer loyalty:** Customers feel valued and understood when businesses reflect their diversity. Research has consistently shown that companies with diverse staff are seen as more in tune with their customers and their needs.
- 2. Enhanced creativity and problem-solving:** Diverse teams bring new perspectives, leading to better solutions for a wider range of customers.
- 3. Reduced bias:** A focus on DEI helps employees avoid stereotypes and biases that can negatively impact customer interactions and the brand.
- 4. Risk management:** A diverse customer base mitigates risk and creates a broader market reach.
- 5. Market expansion:** Organizations can tap into new customer segments by understanding and catering to their unique needs.

Sources: Intuit, US Department of Defense, Aum, L.J. Aftén, "Embracing Customer Diversity: Unlocking Market Expansion and Sustainable Business Growth"

Case Study: The Miami Heat

Size Inclusion and the Business Value of Customer-Centric DEI

While the value of customer-centric DEI is proven for a diverse range of industries from financial services to technology and health care, this case study analyzes the ways in which the NBA basketball team The Miami Heat created a size inclusion program that innovatively engages the customer of the future.

Engaging the Customer of the Future

As Jeff Chen, a leader in the smartphone 3D body scanning industry [points out, average body types and sizes in the United States are rapidly evolving](#), with growth in the [market for plus-size fashion expanding at twice the rate of total apparel sales in the United States](#).

Yet the Heat's work responding to these dramatic demographic shifts and market opportunities remains the exception rather than the rule. Recent industry research on size inclusion broadly demonstrates the prevalence of out-of-date brands and attitudes. The latest data from the fashion industry paints a picture of a sector out of touch with marketplace reality.

The latest [Vogue Business size inclusivity report](#) finds an incremental decrease in total size inclusivity represented across 230 major fashion shows and presentations. Of the 8,800 looks presented, only 0.8% were plus-size (down from 0.9% last season) while a mere 3.7% were mid-size (a decline from last season's 3.9%).

[Vogue data on menswear reveals an even starker reality](#): out of 2,855 looks, only 1.5 percent were mid-size (down from 7.7% from last season) while a mere 0.2 percent were plus-size (down 50 percent from [last season](#)).

The Miami Heat and Size-Inclusive Apparel

Keenly aware of the impact of these gaps between broader market shifts and their past product offerings, brand and DEI leaders at the Heat worked tirelessly to create a one-of-a-kind, size-inclusive apparel line.

Engaging the customer of the future, it turned out, required a data-driven awareness of specific demographic changes to their fan base. For the Heat, creating a truly inclusive fan experience capitalizing on these new business opportunities meant developing a [new line of size-inclusive apparel designed with all sizes in mind](#).

Heat leaders studied the most pressing inclusion gaps in their merchandise offerings and discovered that women's clothing in particular lacked variety, design choices, and size options. If past offerings excluded a significant portion of their fan base, new designs could promote inclusion and engage women fans while also driving business outcomes.

Yet Heat leadership also quickly came to understand the core problem they would need to overcome to achieve this goal: limited sizing options from existing suppliers.

As this example proves, even in today's context of rapidly evolving demographics, existing constraints mean that customer-centric DEI solutions are rarely easy, simple, or straightforward.

Jennifer Alvarez, project lead and Senior Vice President of Brand and Chief Creative Officer at the Heat, shares that the work involved staying the course for long-term business and DEI outcomes: **"It took us eight years to get to a place where we can finally have this conversation."**

The Court Culture Line: Women-Led, Self-Sourced

As Alvarez and Stroude-Vasquez put it, the journey to a size-inclusive brand can be as challenging as it is rewarding: **"We can do hard things together—inclusion benefits everyone."**

The transformative Court Culture Line that the Heat ultimately developed was women-led and self-sourced. Unable to find existing manufacturers offering inclusive sizing, the Heat’s solution involved manufacturing in-house.

Taking matters into her own hands, Alvarez ultimately partnered with a garment manufacturer to source, design, and manufacture new garments. The result: they were able to offer a wider range of styles and sizes (XS–5XL) for women.

Baby		Toddler		Youth		Adult		Hats
3–6M	18M	2T	5T	4	S-Youth	XS	L/XL	7
6–9M	18–	3T	6T	5/6	M-Youth	S	XL	7 1/8
6–12M	24M	4T	7T	6–9	L-Youth	S/M	2XL	7 1/4
12M	24M	3X	3–6	6–12	XL-Youth	M	3XL	7 3/8
	0–3			L (6–12)	13Pro	M/L	4XL	7 1/2
				L (9–12)	13ProMax	L	5XL	7 5/8
				3XL	12/12Pro			7 3/4
				12–18	14Pro			8
				18–24	14ProMax			

The Court Culture Line: Apparel for All

The Heat’s commitment to size inclusion engages fans of all ages, cultures, and sizes. The impact of customer inclusion was immediate. The Heat captured a new market, directly engaging the customer of the future.



The Business Impact of the Heat's Size-Inclusion Program

- ▶ Increased sales and a more inclusive shopping experience
- ▶ More balanced shopper demographics (50/50 men and women in a sports franchise context)
- ▶ Positive feedback from fans and employees who had previously felt excluded
- ▶ Social media stories highlighting the emotional impact of size inclusion on lived experiences

"We have real data. We're selling through our inventory. We're hurrying and placing reorders. There's a customer base, they've wanted this, and now they're buying it. And they're supporting us every step of the way."

—Jennifer Alvarez, Senior Vice President of Brand and Chief Creative Officer, Miami Heat

Stroude-Vazquez adds that the program helped reconfirm and broaden the bulletproof business case for DEI:

"Our leadership understands why this is important. The results confirm we did the right thing. They also confirm the holistic business case for DEI."

For the Heat's innovators, belonging together meant moving beyond exclusive, limiting options that defined the broader marketplace. The end result ultimately offered fans who had been historically excluded from fully immersive experiences a chance to participate.

"We often hear from fans and employees, 'I've never been able to participate until now.' We've become a beacon for other teams and our league."

—Clara Stroude-Vazquez, Chief of Culture and Inclusion, Miami Heat

Key Takeaways: Size Inclusion Case Study

- ▶ Needs assessment is crucial: identify gaps in your offerings to directly address the customer of the future.
- ▶ Building strong partnerships inside and outside the organization is essential for success.
- ▶ Inclusive practices can create positive brand perception and help propel sales growth.
- ▶ Understanding the customer of the future can open new markets, drive innovation, and create novel experiences.



Section 2

Inclusive Marketing and Design

Attracting New Audiences

DEI's Impact on Customer Engagement and Experience

Integrating DEI principles into customer experience and engagement is crucial for business success. Expanding traditional DEI efforts enhances product relevance and market reach, meeting diverse customer needs and reflecting diverse customer perspectives.

Leading firms are underscoring the strategic alignment between DEI and business outcomes by integrating DEI into a variety of customer-centric roles and functions, including product marketing and design. Embedding DEI principles into user experience, design, and marketing ensures offerings align with the evolving demographics and preferences of your customer base.

“DEI has many layers, you have to think about it from a customer-facing standpoint and making your customers feel welcome when they interact with your brand.”

—Clara Stroude-Vazquez, Chief of Culture and Inclusion, Miami Heat

Broadening DEI's Business Impact I: Customer Diversity and Inclusive Design

As businesses increasingly recognize the critical intersection of DEI with customer-centric practices, the intersection of customer diversity and [inclusive design](#) takes on new importance. Far from just a checkbox, inclusive design is fast becoming a fundamental driver of innovation.

Broadening DEI's focus to include designs for diverse customer segments enables the discovery of new insights and growth opportunities.

This Approach Comes With Several Key Benefits

- ▶ Enhancing the user experience for underrepresented groups also enriches offerings for existing customers in unexpected ways
- ▶ Designing inclusive products and services fosters greater loyalty and engagement across the customer base
- ▶ Inclusive design expands market reach while deepening connections with existing users

Broadening DEI's Business Impact II: Customer Diversity and Inclusive Marketing

Marketing researcher Omar Rodríguez-Vilá (Emory University) recently conducted a social media analysis finding that leading US firms across all industries fail to represent diversity in the marketplace. According to the research, considering skin type, body type, and physical (dis)ability, **major US brands lag 20 years behind the current demographic makeup of the country.**

Yet consumer research consistently shows that authentic representation significantly impacts consumer behavior.

The Power of Inclusive Advertising: Consumer Response to Representation

- ▶ **69%** of Black consumers are more likely to purchase from brands with inclusive advertising
- ▶ **79%** of LGBTQ+ consumers are more likely to engage with ads reflecting their identity

Sources: Google/Ipsos, U.S., *Inclusive Marketing Study*

Driving Business Impact: Inclusive Design and Marketing

Key to success is the “designing for one, extending to many” philosophy, inspired by inclusive design principles. This approach tailors products to address specific demographic gaps while benefiting all users through enhanced usability and accessibility.

With inclusive marketing efforts showcasing products within diverse settings and featuring people from various backgrounds, organizations can connect with a wider audience.

Collaborating with Employee Resource Groups (ERGs) and a wide range of inclusive leaders and stakeholders enriches product designs and marketing efforts, ensuring representation.

Incorporating Underrepresented Customer Voices into Brand Vision

Industry leaders can better shape their designs and brands by listening to historically underrepresented customer voices, ensuring inclusivity in design, and integrating diverse customer insights into the brand’s vision. Continuous feedback loops, which source insights and improvements from diverse customer communities, are key to driving design innovation and building brand awareness and loyalty.

Section 3

Inclusive Products and Services

Building a Broader Customer Base

Key takeaways: customer diversity and the future of product development

We've long known that inclusive products and services are good for business

- ▶ Three years ago Google and HBR published research upholding [the business case for product inclusion](#), finding notable business benefits from creating products and services catering to diverse audiences.
- ▶ The study showed that integrating DEI into product and service design improves customer experience and product quality while increasing market share and revenue.
- ▶ Organizations prioritizing workplace diversity were ahead in product inclusion, realizing significant business benefits.

What does this mean for today's DEI and talent leaders?

- ▶ The business benefits of inclusive products and services have long been clear, but organizations need to remain agile, adapting to a rapidly changing consumer base.
- ▶ Organizations should develop inclusive products and experiences for today's more diverse, digitally savvy, and values-driven consumers. Fostering a best-in-class DEI culture to achieve this is business critical today.

The Business Case for Broader DEI: Product Development

A growing body of evidence demonstrates a [strong correlation between DEI and positive business outcomes](#). Today successful products and services must appeal to a wider range of customers than ever before.

Incorporating Underrepresented Customer Voices into Product Vision

Listening to the voices of customers is pivotal in guiding product innovations today. This shift requires actively seeking out and amplifying the voices of underrepresented groups in the product development process, particularly those beyond the traditional boundaries of the consumer base. Directly engaging with ERGs and DEI leaders also ensures that products resonate with a broader spectrum of users, revealing potential biases and blind spots.

Broadening Perspectives: Cultural Representation and Community Engagement

Product lines should encompass a diverse range of cultural aesthetics. Collaborating with businesses owned by Black entrepreneurs and women can introduce culturally resonant insights and designs that appeal to a broader customer base.

Community Engagement

[H&M's partnership with Harlem's Fashion Row](#) and [showcasing of designs by emerging Black designers in-store](#), for example, empowers historically excluded entrepreneurs while connecting the organization to new inclusive products and designs. Support for organizations such as Harlem's Fashion Row also helps position the organization as an inclusive brand, promoting sustainability and inclusion within the fashion industry while attracting values-driven consumers and employees.

Data-Driven DEI: The Power of Inclusive Insights

Leading companies are adopting a data-driven approach where customer insights inform every phase of product development. This includes user research, design validation, and market testing, ensuring products resonate across diverse demographics. Building in inclusivity not only meets regulatory requirements but also contributes to growth.

“If a business says something is important, align yourself to that goal and make your work relevant to it. Doing so helps people understand your work as critical to what the business is focusing on. Since businesses are always looking at the numbers, aligning yourself to what the business wants means thinking about the data.”

—Karen Wilkins-Mickey, VP, Diversity, Equity, and Inclusion, Seattle Seahawks

Challenges and Opportunities

The path to inclusivity comes with challenges, such as accessing the insights of historically underrepresented customers and effectively incorporating their feedback into product development cycles. Adjusting user research methodologies and feedback mechanisms to be more inclusive can capture a more comprehensive range of perspectives, refining consumer surveys to better capture insights from diverse demographics.

Section 4

Supplier Diversity

Inclusive Marketplaces and
Business Innovation

Beyond talent management, internal operations, and customer diversity, supplier diversity is a critical component of DEI and modern business strategy. An effective supplier diversity program speaks to DEI's broader impact and reach beyond the talent organization, fostering innovation, inclusivity, and economic growth.

A robust supplier diversity program integrating a broad range of suppliers into an organization's marketplace generates a wealth of opportunities and connections for the business. Supplier diversity programs can also provide equitable opportunities for underrepresented business owners to reach a broader customer base.

Supplier Diversity: Challenges and Solutions

Time and Resource Constraints

Although diverse suppliers come in all shapes and sizes, many small business owners lack the time and resources to manage extensive business partnerships with major organizations. Addressing this challenge can mean creating support programs and champions for underrepresented suppliers, which help them optimize their product listings, pricing, and promotional strategies.

Market Competition

Small diverse suppliers often struggle to compete with established players. Offering diverse suppliers valuable market insights and coaching enables them to refine their offerings and better meet customer expectations.

Financial Limitations

Cash flow is a critical concern for small businesses. By offering underrepresented suppliers expedited payment terms, companies can ensure that diverse suppliers can maintain steady production and meet customer demand without significant financial strain.

Understanding the Importance of Supplier Diversity

Considering Fundamentals

- ▶ Supplier diversity must align with broader business objectives, not just be a feel-good initiative.
- ▶ Superficial support, such as temporary pop-up events, lacks long-term impact and meaningful engagement.

Defining Objectives

- ▶ Organizations should clarify the specific problems they aim to solve with supplier diversity.
- ▶ **Key questions:** Why pursue supplier diversity? Is there a commitment to long-term support or just temporary solutions?
- ▶ Clear objectives and strategic roadmaps ensure alignment with the organization's mission and capabilities.

Implementing Practical Steps

- ▶ Successful programs involve understanding diverse suppliers' needs and aligning them with company goals.
- ▶ Ongoing conversations with suppliers help integrate their insights into the organizational strategy.
- ▶ Aim for sustainable and impactful programs benefiting both suppliers and the company.

Approaching Supplier Diversity

- ▶ Engage with diverse customers and data to identify market gaps, particularly the absence of businesses catering to specific customer segments and needs.
- ▶ Formulate a hypothesis to integrate diverse suppliers to meet varied customer demands.

Building Relationships

- ▶ Engage with diverse suppliers to understand their challenges and align efforts with overall goals.
- ▶ Create a sustainable model supporting diverse suppliers long-term and enhancing product offerings.

Integrating Diversity

- ▶ Organically integrate diverse suppliers into the everyday shopping experience.
- ▶ Emphasize quality and distinctiveness of a broad range of products.
- ▶ Ensure inclusion is a natural part of the customer experience.

Long-Term Impact and Sustainability

- ▶ Embed supplier diversity into core business practices for long-term success.
- ▶ Ensure diverse suppliers are integral parts of the marketplace, leading to sustained growth and increased variety in product offerings.

Enhancing Innovation by Engaging Diverse Suppliers

- ▶ Create products and services reflecting the unique tastes and preferences of underrepresented consumers.
- ▶ Diverse suppliers enhance creativity, variety, and innovation within product offerings.
- ▶ Capture a larger market share by meeting the needs of a broader customer base.

Best Practices: Effective Supplier Diversity Programs

Supplier Relationship Management

Partnering diverse suppliers with supplier relationship managers can provide critical guidance on commercial strategy. These experts can offer advice on pricing, inventory management, promotional activities, and competitive positioning, helping suppliers navigate the complexities of the online environment. A leader in this area, Wayfair, for example, enables Black-owned

businesses to partner with the organization to [receive additional support and benefits to scale their business on the Wayfair platform](#).

Enhanced Payment Terms

Recognizing the financial constraints faced by small businesses, companies can create incentives by offering favorable payment terms to diverse suppliers. These terms can improve cash flow and enable historically excluded suppliers to sustain and grow their operations.

Dedicated Landing Pages and Filters

Enhancing the visibility of products from diverse suppliers through dedicated landing pages and search filters can also be key. Enabling customers to easily find products from Black- or women-owned businesses, for example, fosters a direct connection between these businesses and potential buyers. Wayfair's [Celebrate Black Makers program](#), for example, features "a broad product offering from Black-owned businesses and allows customers to easily discover, learn, and support Black-owned and Black-designed products when shopping for their homes."

The Future of Supplier and Customer Diversity

Today's most impactful DEI programs align supplier and customer diversity initiatives with talent management efforts. Embedding these efforts into the organization's core business strategy means moving beyond temporary initiatives and ensuring that diversity is a fundamental aspect of the company's operations. The result is a reputation for inclusivity creates loyal customers and employees.

Section 5

Building an Inclusive Organization

C-Suite Engagement

A New Blueprint: DEI and Organizational Structure

Beyond supplier and customer diversity, today's most forward-thinking organizations understand the need for a new organizational blueprint for DEI. Breaking down DEI silos optimizes the synergy that results in alignment between inclusive talent organizations, customer and supplier diversity programs, and innovative products and services. Truly moving the needle involves reimagining the fabric of the organization.

Building Bridges: Beyond DEI Teams of One

Building bridges for impact involves integrating DEI principles into organizational operations and rethinking organizational structures to embed inclusivity into every aspect of the business. For example, industry leaders are experimenting with developing innovative co-reporting structures linking design, product, user experience, and DEI teams. This cross-functional approach facilitates new conversations, ensuring that inclusion is woven into the fabric of the business.

"The question to address is how to avoid handling all organizational decisions in a silo. How can you bring different voices to the table?"

—Courtney Moore, VP, Diversity, Equity, and Inclusion, Los Angeles Dodgers

Shifting Mindsets and Implementing Change

Expanding the scope of DEI requires a shift in mindset at all organizational levels. Here are some additional key strategies for driving this change:

Accountability

Microsoft and other industry leaders are [integrating DEI goals into individual performance reviews](#), ensuring that all employees contribute to the overall DEI strategy. Accountability mechanisms like these are essential for maintaining focus on the goal of building products and services for all.

Collaboration

Fostering cross-functional collaboration between talent management, marketing, design, product development, customer experience, and supplier diversity teams promotes a more unified approach to DEI. Alignment enhances the effectiveness and reach of DEI initiatives, ensuring that every employee is included.

Leadership Commitment

Senior leadership must champion DEI and embed it into the organization's core business functions and roles. Leadership investment and commitment are crucial to drive meaningful and lasting change across the organization.

DEI and Inclusive Leadership: The Impact of Inclusive Decision-Making

A truly effective DEI strategy integrating the power of diversity into every level of the organization and its operations requires significant leadership buy-in. Research consistently shows that inclusive leaders enable organizations to create more sustainable futures for themselves and the communities they serve.

Diverse leadership is crucial to capturing new markets

Organizations with diversity in leadership are 70 percent more likely to capture a new market.

Sources: *Harvard Business Review*

Progress at Every Level: A C-Suite Roadmap to DEI Success

While past research has focused on [evolving alliances and partnership between CHROs and CDOs](#), new Seramount research is examining the unique DEI challenges and opportunities faced by every member of the C-suite, from the CTO to the CMO.

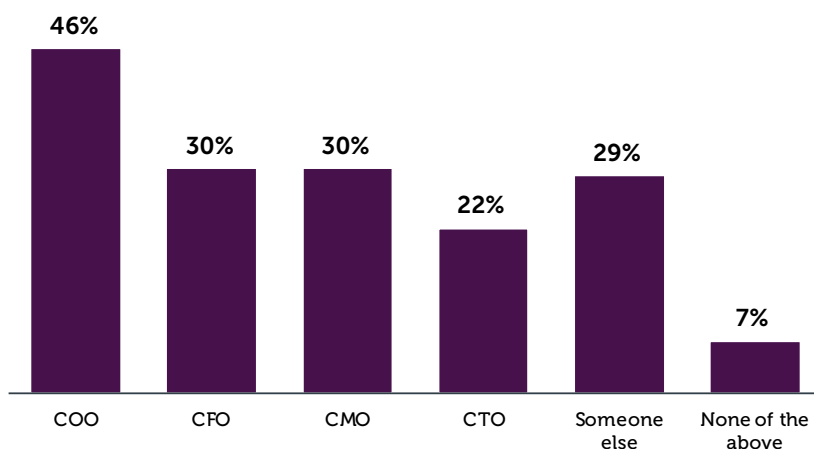
Moving beyond siloed and function-agnostic approaches to DEI in the age of new conversations around AI bias and the operational aspects of supplier diversity requires significant C-suite collaboration. Nurturing this work involves developing a tailored and targeted approach to advancing inclusive leadership across the organization.



Why is collaboration with C-Suite and other leaders essential for successful DEI implementation?

A recent Seramount executive discussion powered by [Assess360](#) emphasized the importance of cultivating a variety of cross-functional partnerships for impact.

Survey: Outside of the CHRO and the CEO, which C-suite leaders do you believe will be the most critical partners for Chief Diversity Officers over the next year?



Source: Seramount, 17 May 2024 DEI Executive Discussion (93 DEI and talent leaders), Powered by [Employee Voice Sessions](#)

DEI is not a stand-alone function but a strategic imperative that demands a cross-functional approach. Collaboration with C-suite leaders is essential to create a truly inclusive and equitable organization.

DEI and the C-Suite: Considerations

- ▶ **Organizational Impact:** DEI initiatives affect all business functions. C-suite collaboration ensures alignment with overall business objectives and strategy.
- ▶ **Resource Allocation:** DEI initiatives require financial investment. The CFO's understanding of the business case is crucial for securing necessary resources.
- ▶ **Operational Integration:** Successful DEI implementation depends on operational changes. The COO's involvement is essential for integrating DEI into daily operations.
- ▶ **Legal and Compliance:** DEI initiatives must adhere to legal and regulatory requirements. A strong partnership with the legal department is vital to mitigate risks.
- ▶ **Company Culture:** Employees primarily experience DEI through interactions with leaders and colleagues. Collaboration with other C-suite leaders fosters a company culture where DEI is a shared responsibility.

Developing Inclusive Leadership Competencies

Beyond cultivating connections with inclusive leaders, building inclusive leadership competencies across the organization is essential to the success of DEI efforts.

Cultural Competency

Leaders proficient in cultural competency hold historically excluded groups in high regard, develop innovative approaches to work, and internalize cultural knowledge. Inclusive leaders use cultural awareness to adapt behavior, ensuring that individuals with different perspectives or backgrounds feel welcomed, respected, and valued.

Prioritizing Skill-Based Behaviors

To train and empower inclusive leaders, organizations must prioritize teaching skill-based behaviors. Modified behaviors hold up over time only if skills are internalized.

Key Behavioral Shifts to Promote Inclusive Environments

Research drawn from the [2023 Seramount Inclusion Index](#) identifies six key behaviors all leaders need to drive inclusivity in the workplace:

1. Self-Awareness

- ▶ Inclusive leaders practice self-awareness by engaging in open and honest discussions.
- ▶ They're aware of how their identities maintain and/or dismantle structures of power in the workplace.

2. Advocacy

- ▶ Inclusive leaders advocate for their employees by communicating transparently.
- ▶ They ensure employees feel safe discussing their concerns, providing assurance that their concerns will be heard and followed up on.

3. Psychological Safety

- ▶ Inclusive leaders foster psychological safety for historically excluded talent by acting as role models.
- ▶ They ensure a broad range of perspectives are included during succession planning and key conversations.

4. Trust

- ▶ Inclusive leaders cultivate employee trust by investing in their personal growth and development.
- ▶ They establish trust by connecting with their teams and nurturing employee growth and advancement.

5. Inspiration

- ▶ Inclusive leaders inspire their teams by understanding and implementing a shared vision.
- ▶ Exceptional people managers follow up on projects and provide tailored support to team members.

6. Commitment

- ▶ Inclusive leaders demonstrate their commitment to inclusive behaviors through collaboration with team members.
- ▶ Effective leaders work alongside their teams, fostering a sense of teamwork and inclusivity.

Implementing Inclusive Leadership Competencies

Formal Mentoring and Sponsorship Programs

According to the [2023 Seramount Inclusion Index](#), the vast majority of index companies with formal mentoring (87%) and sponsorship programs (95%) provided cultural competence/bias training for mentors and mentees.

Inclusive Interview Panels

Eighty-eight percent of index companies require or highly recommend that candidates be interviewed by a diverse panel of interviewers as part of a culturally competent talent management program.

Inclusive Leadership: Practical Next Steps

- ▶ Conduct regular training on cultural competency and bias.
- ▶ Establish formal mentoring and sponsorship programs.
- ▶ Organize diverse interview panels.
- ▶ Encourage open and honest discussions about identity and power structures.
- ▶ Advocate for transparent communication and follow-up on employee concerns.
- ▶ Act as role models for inclusive behaviors.
- ▶ Build trust by investing in employee growth and development.
- ▶ Inspire and support teams with a shared vision and tailored guidance.
- ▶ Collaborate closely with team members to foster an inclusive environment.

Building inclusive leadership competencies is crucial in order to broaden the impact of DEI initiatives within organizations. Inclusive leaders, characterized by self-awareness, advocacy, role modeling, trustworthiness, inspiration, and commitment, are essential for driving organizational success and DEI outcomes.

Additional Seramount Resources on Inclusive Leadership

- ▶ [Inclusion Through Language—A Fluid Guide to Inclusive Language in the Workplace](#)
- ▶ [Guide to Managing Diverse Teams](#)
- ▶ [Creating DEI Advocates and Amplifying Inclusive Behaviors Among White Male Managers](#)
- ▶ [Bold and Inclusive Leadership: The Time Is Now](#)

Conclusion: Expanding Horizons—The Future of DEI

As this research demonstrates, expanding the impact of DEI is critical to positive organizational outcomes and the future of the profession today. [The business benefits](#) of customer diversity, supplier diversity, and inclusive design, products, and marketing are clear.

[With the uncertainty of an upcoming](#) election and continued global crises, the value of inclusive leadership will only grow in importance.

DEI No Matter What: Success in a Changing World

To be sure, there's noise surrounding recent headlines on DEI pushback. But as we look to the future, DEI's impact and importance will steadily increase. As demographics shift, businesses must stay attuned to changing consumer and employee needs and preferences.

For example, the rise of conscious consumers and the increasing [purchasing power of Gen Z](#) highlight the importance of committing to inclusivity, accessibility, and sustainability for the long haul. Companies that proactively embrace these trends will also be better positioned to attract and retain diverse talent and customers.

Looking Ahead: The Future of DEI

The shift toward more diverse and intersectional demographics necessitates new innovative, inclusive, and equitable practices to inspire and empower evolving communities in the workplace and marketplace.

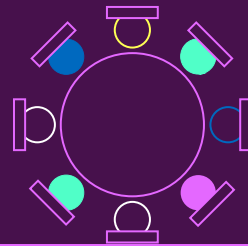
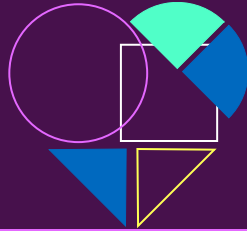
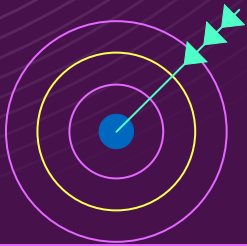
As these demographic shifts transform the face of business and culture, it's imperative to take a broader, more comprehensive view of DEI and its impact within and beyond the walls of the organization. Successfully integrating inclusion across the organization, however, is a journey rather than a destination.

▶ Learn more about expanding the impact of DEI by scheduling a call with one of our experts.

seramount.com/contact-us



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