

Diversity Best Practices

D&I Strategic Plans and Maturity Models

Presented to Kaiser Permanente

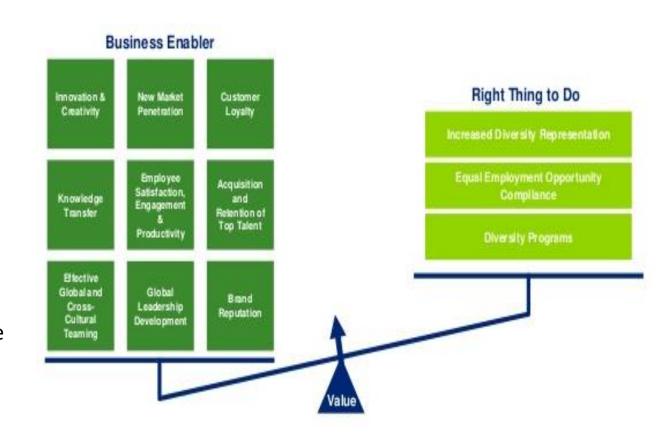


D&I Compliance Strategies, Plans and Approaches



Shifting D&I strategy from compliance to imperative

- The success of D&I efforts can no longer be measured in terms of the color and composition of the workforce: they must amount to real business results that create competitive advantage.
- Understanding the global talent landscape and the potential impact of a comprehensive D&I strategy can help companies shift the paradigm of diversity from compliance driven and 'the right thing to do' to a critical enabler in executing an effective business strategy.
- A strategic approach to D&I compliance and maturity involves assessing the current state of the workforce and workplace, articulating a desired future state, and designing a strategy and plan to achieve desired outcomes.



Source: <u>Deloitte</u>



Components of the D&I planning framework

- ✓ Informed and committed leadership
- ✓ Comprehensive scope of goals and activities
- ✓ Integration of objectives within business plans throughout the organization
- ✓ Dedicated resources
- ✓ Focused education and training opportunities
- ✓ Policy review and development
- ✓ Shared responsibility and individual accountability
- ✓ Measurement and evaluation



Source: edmonton



Best practices: Writing the D&I strategy

- Understand market context and identify priority issues for attention, key drivers, and risks
- Articulate the business case for D&I and what diversity, equity, and inclusion means for the organization
- Obtain leadership buy-in and support
- Assess the current state of the organization through a D&I lens
- Develop a D&I roadmap
- Establish measurable goals and objectives
- Engage internal stakeholders to establish common ownership and commitment to the D&I strategy
- Assign roles and responsibilities
- > Develop action plans and timelines for carrying out D&I goals
- Monitor and report on progress
- Communicate accomplishments, D&I impact and ROI
- > Review and update the strategy to ensure it remains relevant and forward thinking



Best practice: Understand the market

- ➤ Analyze how the organizational brand is perceived in the market through forums such as Glassdoor, LinkedIn, Monster, Facebook, and how these perceptions impact business outcomes in areas including employee attrition, onboarding of diverse employees, and change in revenue.
- Conduct internal and external benchmarking to identify leading and innovative D&I practices.
- ➤ Analyze the impact of the D&I strategy on business objectives.
- Compare performance against other leading-edge companies in the industry.
- ➤ Continually ask: what can we stop doing, what should we start doing, and what should we do more of—to drive business impact.



Developing the D&I Strategy: Guiding Principles



Source: Deloitte



D&I Strategy

Executive Ownership • Anchoring D&I in Business Strategy • Connecting to Talent Strategy • D&I Vision, Purpose & Definition • Current State Assessment • Alignment with Culture • Strategic Objectives & Roadmap • Global & Local Customization

Constituencies

Culture • Ethnicity / Race • Gender • Generation / Age • Invisible Dimensions • Language • Mental / Physical Status • Nationality • Religion • Sexual Orientation • Veterans

Solution Design

Desired Outcomes • Alignment with D&I Strategy • Executive Ownership • Budget • Implementation Approach • Technology • Customization

Implementation Focus Areas

Work Environment

Organizational Design • Workplace Design • Knowledge Management • Culture

Business Processes

Suppliers * Customers * Product Development • Brand-Building

Community Involvement

Corporate Social Responsibility • External Networks • **Partnerships**

Talent Management Processes

Talent Acquisition • Performance Management • Learning & Capability Development • Leadership Development • Succession Management • Career Management

Evaluation

Change Management & Communications

Change Strategy • Change Approach • Alignment to Culture • Stakeholder Alignment • Two-Way Communication Channels

Potential. Present & Former Employees . Boards of Directors . Community . Customers . Governments . Interested Individuals & Groups • Media • Shareholders • Suppliers

Source: Bersin

Management



Best practice: Collect data and measure progress

A strategic approach to assessing D&I compliance and maturity begins with understanding the current state of the workforce, workplace, and organizational culture.

This entails gathering, analyzing, and leveraging data to establish a basis by which to define meaningful D&I goals and measure their attainment.

Most organizations track employee demographics (e.g. gender), unfortunately, far fewer measure discrepancies in compensation, promotions, or customer feedback based on these attributes.

Best Practices

- Establish clear metrics and track progress against metrics throughout the year; communicate metrics to organization to ensure alignment against goals
- Ensure leadership accountability for progress against goals; link to performance metrics

Diversity Metrics

- Workforce Representation Hiring, promotions, transfers, and turnover by employee group
- Employee Survey Data Employee engagement ratings
- Employee Development Programs Minority and female participation rates in employee development programs
- Executive Commitment Leadership involvement in and commitment to diversity programs (i.e. BRGs, training)
- Internal Availability Internal labor force with requisite skills for open jobs
- External Availability Labor force with requisite skills in local labor market; national labor force with requisite skills (Canadian Census Data)
- . Legal Involvement Allegations and complaints
- Flexible Benefits Programs Utilization rates by employee group for flexible benefits programs
- Supplier Diversity Percentage of vendor budgets spent on minority suppliers
- Branding Number of external awards or other external market recognition; positive media hits

Source: Deloitte



Importance of data in driving results



Internal data sources already exist in the organization's ecosystem of HR and Talent data and may include workforce composition data, existing culture and engagement survey data, talent program usage data or qualitative employee sentiment data.

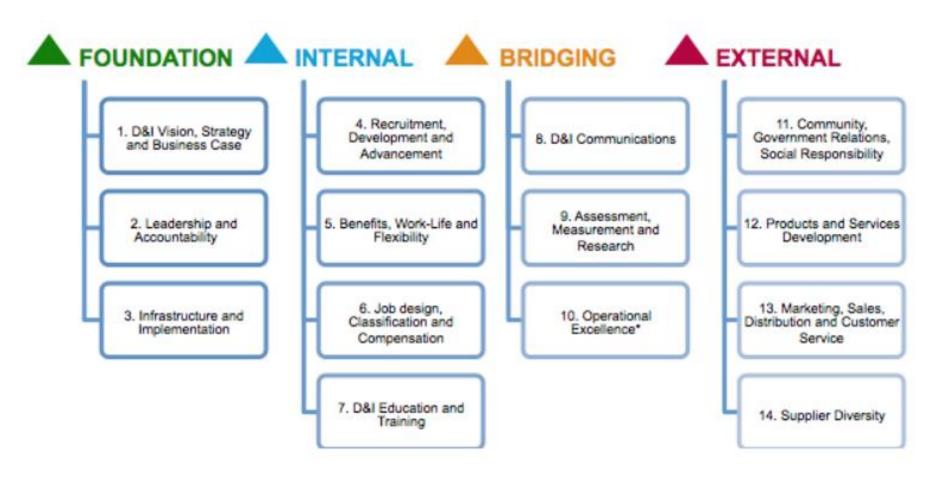
External data sources include publicly available data such as Census and Bureau of Labor Statistics data, as well as existing data collected by the organization such as customer satisfaction data and brand sentiment data. New data may be collected via employee surveys to measure inclusion, unconscious bias, covering behaviors, inclusive leadership or talent impacts, as well as new sources of customer satisfaction and brand sentiment data.

Using a set of qualitative and quantitative measures in the data ecosystem, leaders can gather a baseline understanding of challenge areas to act on and monitor.

Source: <u>DBP Conference - Deloitte</u>



Creating the D&I roadmap



Source: Communitybusinessobjective



Plan implementation requirements

Resources for Implementation (people and money)

Human and financial resources are necessary to implement the D&I framework.

Communication and awareness building activities, monitoring, reporting and recognition efforts also require resources to ensure their completion.

Capacity for Implementation (Capabilities & Competence)

Training and time are required to further develop the capabilities and competencies needed to meet the corporate goals of building a diverse and inclusive workforce.

D&I training can be delivered at corporate, department or business area levels using internal and external resources.

Time for Implementation

Achieving the goals of the D&I framework require leadership support and dedicated staff attention over a period of time.

As with any organizational change, individuals need time to learn how to implement D&I activities. Managers and supervisors will need time to review progress reports and provide feedback, support, and guidance in their departments.

Source: edmonton



Moving from Compliance to Maturity



Evolution to Diversity Maturity

Shift from compliance mindset and focus on affirmative action and equal opportunity to organization-wide recognition of diversity as value-added and source of competitive advantage.

D&I is aligned with business goals; drives innovation, and is directly responsive to consumer needs and expectations.

D&I practices are embedded in the company's policies, practices, and training.

Affinity groups and ERGs inform decision-making and drive business priorities.

Competition is external not internal.

The workplace is designed to foster teamwork and collaboration through open workspaces, virtual meeting capabilities, consensus-driven decision-making.

In-depth mentoring and sponsorship opportunities are equitable across age groups, ethnic groups, gender groups.

There is increased diversity representation among the organization's board, officers, partners, managers and directors.

Diversity defined as	Equal opportunity compliance	Narrowly by representation of ethnic and gender groups	Broadly defined in terms of thought, style and background	A core organizational asset
Differences	Seen as potential for problems	Need to be accommodated	Need to be encouraged and integrated	Are a competitive advantage
Role of Leaders	Legal compliance	Diversity is part of the Leader's jobs	Managing Inclusion is an essential leadership competency	Leaders integrate D&I as a business strategy
Role of Board	Passive	Limited requests for reporting representation	Board holds leadership team accountable	Leaders and Board own D&I

Source: <u>Humancapitalmedia</u>; <u>PwC</u>



From D&I Compliance to Maturity

DIVERSITY & INCLUSION MATURITY MODEL

Foundational

In compliance:

- Meet legislative and regulatory requirements at local level
- Providing equality of opportunity
- Policy focus

Advancing

Valuing diversity:

- Identify the business case for diversity
- Raising awareness of diversity
- Communicating business benefit
 Building grass-
- roots engagement
- Build a diverse pipeline

Intermediate

Integrating inclusion:

- Focus on creating an inclusive culture through:
- o Leadership
- o Accountability o Measurement
- Values driven
- Establish D&I governance

Mature

Leading from the front:

- D&I core business competence
- Embedding D&I into integrated HR and business systems and processes
- Cultural intelligence

World Class

Innovating:

- D&I Infrastructure that supports global and local initiatives
- Recognised as a world class leader in D&I
- External brand and internal brand aligned
- D&I drives innovation

Mercer Diversity & Inclusion Networks

© MERCER 2015

Source: Mercer



Tips from Bersin to achieve inclusive culture

- Treat D&I as business-critical, not compliance-necessary.
- Move beyond diversity to inclusion and diversity.
- Prioritize inclusive leadership and leaders who demonstrate behaviors such as courage, curiosity, and cultural intelligence.
- Reinforce an inclusive culture by integrating demographic diversity and diversity of thought into decisions that impact talent acquisition, promotions, succession planning, and leadership development.
- Provide D&I resources that empower individuals to take action and bring their authentic selves to work.
- Manage unconscious bias and leverage the support of mentors and sponsors.
- Create accountability by sharing strategic measurements about D& related activities and their impact, and have senior leaders report accomplishments on an ongoing basis.
- Tie compensation to D&I outcomes.
- Communicate D&I as a critical component of the organization's business strategy through all communications and reporting relationships.

The Bersin by Deloitte Diversity and Inclusion Maturity Model

Level 4, Inclusive Culture (12%)
All employees take responsibility for D&I

Level 3, Leader-Owned D&I (15%)
Leaders advocate and take responsibility for D&I

Level 2, Programmatic D&I (31%)
D&I programs employed, but uneven leadership buy-in

Level 1, Compliance-Focused Diversity (42%)
Companies focused on D&I for compliance reasons

Source: Bersin



Has the organization achieved inclusive leadership?

CONSIDER THE FOLLOWING:



Cognizance: Are leaders aware of their own behaviors and bias?



Curiosity: Do leaders bring an open mindset and a true desire to know their people?



Courage: Do leaders speak up against entrenched organizational challenges to transform the status quo?



Cultural Intelligence: Are leaders respectful of cultural differences and flex their style to drive team performance?



Commitment: Do leaders publically demonstrate a commitment to D&I, organizational values, and culture?



Collaboration: Do leaders create and empower diverse teams for better collaboration and innovation?

Source: <u>DBP Conference - Deloitte</u>



D&I maturity: Leadership

Sustainability

inclusion

- Dedicated, planned resources and funding
- CEO or other C-suite leader owns diversity & inclusion
- Director of Diversity & Inclusion reports to C-suite leader
- □ Executive leaders make frequent reference and mention of diversity & inclusion
- Executives sponsor ERGs
- Business case is expanded to include market/mission and operational impact of diversity & inclusion
- own cultural identity and communicate importance of cultural competence

 Execs are fluent in ways high performing teams and innovation are driven by top talent and

While still owned by CEO, ownership of progress is pushed up to board and down to C-suite, other

differing workforce and market/mission landscape

leadership councils that are inclusive org.-wide

C-Suite participate in and kick-off unconscious

At an individual level – all execs understand their

officers, and even to middle management

Business case is modified to adjust to the

■ Business-embedded diversity & inclusion

bias and inclusive leadership training

in different regions/business units

Inclusion Efforts

- Ownership is seen as the domain of a designated leader (CDO, SVP of HR, Director of Diversity)
- Business case is entirely focused on talent recruitment and retention and compliance

Compliance Efforts

Employer of Choice Efforts



D&I maturity: Training



- □ Training focused on legal compliance (sexual harassment, nondiscrimination).
- Purpose of training to promote tolerance of differences.
- No specific or updated diversity training

Compliance Efforts

- Training focused on building crosscultural competence or other indepth diversity & inclusion competence for all employees (skillbased training)
- Integrate diversity training in manager and leadership training (with assessments)
- Adapted by geography and/or business unit, reflecting local priorities/ context
- Highlight: diversity is not just tolerated but we become stronger with inclusion & bias interruption

Inclusion Efforts

Sustainability

- Just-in-time behavior priming tools are accessed at point of decision-making—to reinforce and drive inclusive talent management over time
- Modules available by function (e.g., for HRBPs, recruiters, managers for performance reviews, etc.)
- Curriculum is built out to focus on specific audiences: All employees; Leaders driving change; Managers of diverse teams; Location type (office, store, operation facility)
- Curriculum is built out around developmental stages/levels of cross-cultural competence and knowledge about diverse consumers and markets
- At an individual level leaders, managers, and employees understand their own culture and the importance of cultural competence
- Inclusion, intercultural competence and bias interruption are embedded into training, such that they become a way of life

Employer of Choice Efforts



D&I maturity: Recruitment



- Attend diversity career fairs and have diversity marketing materials (largely traditional materials with diverse images) but coordination does not take place organization wide
- Majority of organization's diversity efforts focused on the recruitment and development of diverse talent

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Compliance Efforts

- ☐ Recruitment and development of diverse talent at ALL levels
- Coordinated, organization-wide effort to attract and recruit diverse talent in all geographies/bus. units
- Develop relationships with target schools and diverse professional organizations(e.g. HBCUs, HSIs, women's colleges, Black MBAs)
- Actively identify and recruit diverse students for high-po/leadership development or rotational programs
- Have internship programs and early college and high school student outreach
- Sponsorship of on-campus scholarships and programs

Inclusion Efforts

Sustainability

- ERGs are actively used to help recruit diverse candidates, and systems ensure candidate tracking from referral to hire
- Ensure diverse candidate slates for all leader-level and key job openings (internally and externally)
- Require Cross-cultural competency training for recruiters, interviewers, and hiring managers
- Audit interview guides for bias
- Review job descriptions for outdated/too narrow requirements
- Provide onboarding programs for diverse candidates
- Develop partner relationships with organizations geared to diverse students/experienced hires
- Recruiting efforts are embedded within business unit action plans

Employer of Choice Efforts



D&I maturity: Metrics



- representation data
- Track participation in programs (e.g., network groups, etc.)

Compliance Efforts

- Track recruiting, retention, and turnover data
- Create and update diversity scorecard with lagging workforce representation metrics. Owned by CEO.
- Mine engagement data from a demographic differential perspective
- Ask standard questions relative to perceptions on support for diversity & inclusion and understand link to engagement
- Leaders understand how they are held accountable for owning and achieving inclusion outcomes

Inclusion Efforts

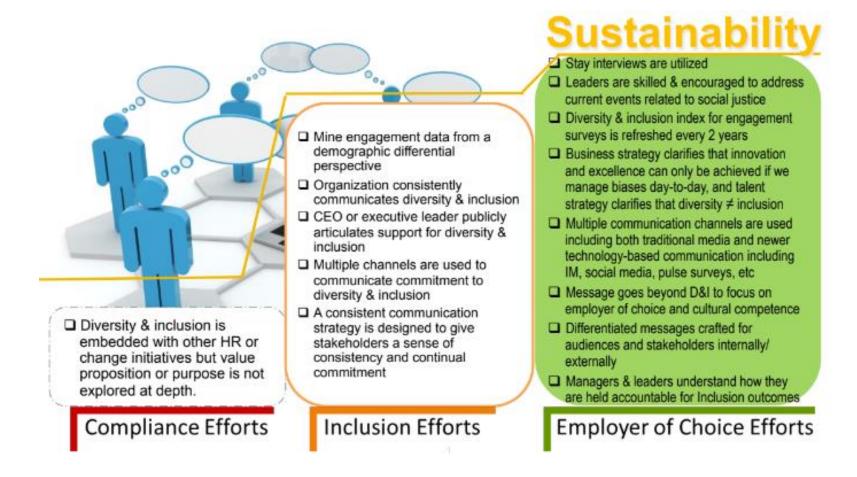
Sustainability

- Annual goals and performance objectives for leaders include specific links to talent strategy for inclusion, innovation and valuing top talent
- · Identify and track leading indicators/predictive metrics on scorecard that identify where and when key "non-inclusive" career management decisions happen, such as:
 - Access/staffing on key developmental
 - · Annual performance review differentials
 - Pipeline mix
- · Develop diversity & inclusion index in engagement surveys
- · Scorecards are owned by senior leadership and tied to leadership accountability system including variable pay
- OD/Competence models embed de-biasing. interculturally competent, and inclusive behaviors for all levels in the organization

Employer of Choice Efforts



D&I maturity: Communication and engagement





Best practice: Conduct stay interviews to test culture

Stay interviews provide diverse employees an opportunity to share what is going right with inclusion effort, as well as their perceptions of what could be done to improve workplace culture.

Consider carefully the timing of these interviews and whom should be included. One recommendation is to conduct stay interviews with all employees after they reach their third-year anniversary.

Stay interviews should be separate from standard performance interviews and performed in association with overall human capital and other recruitment and retention initiatives.

Examples of questions to ask during a stay interview include:

- What keeps you here?
- What would make you leave the company?
- If you could change one or two things about our organization, what would they be?

Source: AICPA



D&I maturity: Accountability



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Employer of Choice Efforts



D&I maturity: Work-life integration





D&I maturity: Performance management





D&I maturity: Advancement of underrepresented groups



- Strategy is compliance driven.
- Women and ethnic minorities are well-represented in nonleadership roles and nontechnical roles
- □ Women are overrepresented in HR/administrative support roles
- Unclear or developing efforts to define a career path and leadership opportunities.
- Strategies to provide benefits to attract women and ethnic minorities in their infancy.
- **Compliance Efforts**

- Org-wide system in place to identify if/where/what groups are underrepresented
- Strategy and targeted programs in place to retain, groom, develop underrepresented groups (e.g. women) into senior level positions, however, with mixed results.
- Developing effort to tie manager's compensation to the advancement of underrepresented groups.
- Periodic salary surveys conducted to detect salary inequities.

Inclusion Efforts

Sustainability

- Stay interviews are conducted annually with key employees
- Inputs into hi-po identification, key assignments, leadership development reviewed for/address bias annually
- Strategy and targeted programs in place to retain, groom and develop underrepresented groups into senior level positions refined by subsegments
- Established program to tie manager's compensation to the advancement of women and ethnic minorities
- Periodic salary surveys conducted to detect salary inequities including a grievance process
- Approximately 3% to 5% of women promoted to senior management positions

Employer of Choice Efforts



D&I maturity: Pipeline development

- Diversity attributes are not included in pipeline development
- □ Talent reviews are not conducted
- □ Pipelines identify demographic attributes of candidates, but those attributes are not considered or weighed when candidates

Compliance Efforts

☐ Proactive consideration (and development) of diverse talent to

minimize risk of talent oversight

- Exec leadership pipeline inclusive of manager or lower level partners
- Full succession planning for officer roles completed annually
- □ Recruitment and devt of underrepresented talent is linked to innovation and sustainability—where are cross-cultural skills needed to drive operational, market/mission success?
- Review and manage impact that performance mngt and ratings have on talent review/pipeline

Inclusion Efforts

Sustainability

- Process put in place to control for/mitigate availability and affinity bias—in particular
- Conduct within group, and cross-functional group, talent reviews with clear tracking of diversity in the pipeline
- Provide cross-cultural /unconscious bias training for HR and leaders conducting the talent reviews to ensure implicit bias is managed in the conversations
- □ Tracking of pipeline conversion rates (% of diverse pipeline that is promoted vs. remaining within the pipeline)
- Mapping of career lifespan and tracking of advancement cycle time (does it take longer for diverse people to be promoted within X)
- Post-mortem of talent review outcomes is done annually, and improvements are made accordingly

Employer of Choice Efforts



D&I maturity: Mentoring



Provide formal mentoring programs for diverse groups where they are partnered with senior leaders but little organization-wide consistency

Compliance Efforts

- Conduct annual diverse leadership development conferences and forums.
- Assessment of performance rating & career development processes to ensure no institutional or implicit biases built into the infrastructure
- Partner with external organizations focused on leadership development for underrepresented populations
- Have targeted mentoring programs geared toward high-potential diverse groups where they are also partnered with leaders externally based on their specific mentoring/development objectives

Inclusion Efforts

<u>Sustainability</u>

- Inputs into hi-po identification, key assignments, leadership development reviewed for/address bias annually
- Development programs are focused on both diverse individuals but also their managers and leaders to increase adaptation at the leader levels (i.e. reverse mentoring, cross-cultural learning)
- Managers trained regarding critical role of cross-cultural and informal, on-going feedback, as primary development tool
- Ensure mentoring goes deep in the organization where high-potential diverse candidates are being mentored at all levels
- Org adopts a sponsorship-based model of career development and promotion

Employer of Choice Efforts



D&I Checklist

- ✓ Does the organization have a formal D&I strategy? Is it robust, measurable, and tied to business goals?
- ✓ Do senior leaders publicly support D&I initiatives? Are they invested and committed to the process?
- ✓ Do leaders receive coaching in D&I as well as provide coaching to others?
- ✓ Does the organization understand the composition of its labor force?
- ✓ Does the organization actively identify and advance diverse employees?
- ✓ Would diverse talent be able to identify mentors or role models that look like them at all levels in the organization?
- ✓ Does the organization require recruiters to present a diverse slate of candidates?
- ✓ Does the organization have a talent retention strategy? If so, does it specifically address retention of diverse talent?
- ✓ How are D&I results measured, tracked, and communicated?
- ✓ How is D&I used to promote brand and reputation?