THE POWER OF DIFFERENCE

A BALANCED APPROACH TO DIVERSITY & INCLUSION

& undconsorten

DIVERSITY & INCLUSION MANAGEMENT AS AN ASSET FOR THE BUSINESS

In an ever more complex world, managing diversity and inclusion has become a business necessity. Companies need to adapt to increasingly global markets and compete for talent. They need diverse teams to drive constant innovation and to mirror their customer base ever more closely to ensure growth. The importance of moving towards greater diversity has been publically recognized by the vast majority of business and diversity and inclusion (D&I) leaders.

This, however, does not mean that diversity will increase and work smoothly of its own accord or that implementing comprehensive and proactive diversity and inclusion management processes is uncontroversial or easy: While substantial benefits can be reaped from increased diversity, these need to be defined by and linked to specific business needs and engrained in the values shaping the culture. Successful diversity management needs to think broadly about the dimensions of difference relevant to the business. This ultimately means going beyond the visible dimensions of age, gender and ethnicity

that are usually a good starting point for diversity initiatives.

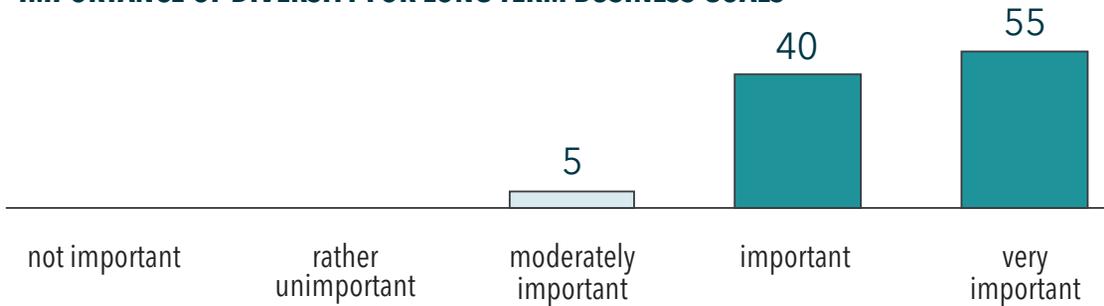## D&I MANAGEMENT NEEDS TO FOCUS ON A LONG-TERM BUSINESS CASE

Diversity describes the differences, visible and invisible, between people that affect the way they work. Inclusion signifies embracing these differences in a way that benefits all. Consequently D&I management is people management and its implementation is closely linked to HR processes. Nevertheless, the key to successful diversity management lies in engaging line management and maintaining a clear focus on business processes. If these are adapted to capitalize on diversity, rather than to merely tolerate it, diversity will become a true asset for the business and the company as a whole.

The question managers face today is no longer if the organization will become more diverse. While the specific business case will differ between industries and even be-
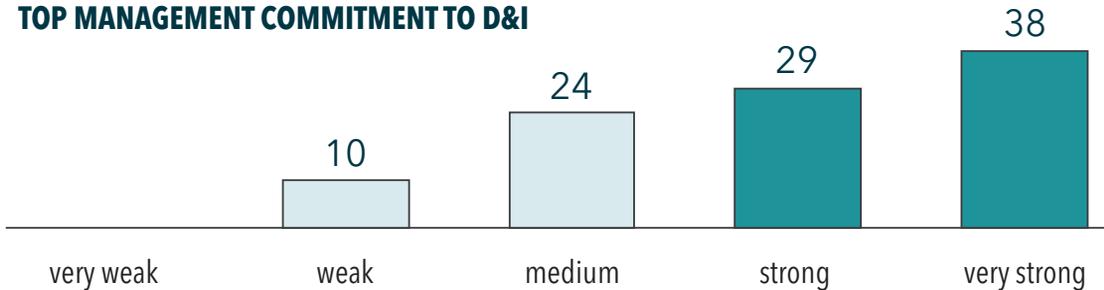
IMPORTANCE OF DIVERSITY FOR LONG-TERM BUSINESS GOALS AND TOP-MANAGEMENT COMMITMENT ARE HIGH

SHARE OF ANSWERS IN % (SURVEY OF 26 MULTINATIONAL COMPANIES)

IMPORTANCE OF DIVERSITY FOR LONG-TERM BUSINESS GOALS

not important	rather unimportant	moderately important	important	very important
		5	40	55

TOP MANAGEMENT COMMITMENT TO D&I

very weak	weak	medium	strong	very strong
	10	24	29	38

tween different units within a single company, business needs and the threat of regulation have answered that question. The key challenge now is to assess which kind of diversity is needed and which measures and adjustments of people management and of business process really deliver "the biggest bang for the buck" and how to implement these properly to create real cultural change. Each company needs individual answers to these questions, but all can benefit from a balanced and structured approach to D&I management.

> **"EVERYONE IS LOOKING FOR QUICK FIXES, BUT THE CRUX OF D&I IS THAT YOU NEED TO SUCCESSFULLY BUILD A PIPELINE OF DIVERSE TALENT. AND THAT THAT TAKES A LONG TIME."**

Driven by intense public debate and the possible impact of regulatory action, there is a clear tendency towards short-term impulsive action with respect to diversity management. Haphazard quick fixes such as (too) early promotions or unrealistic hiring quotas in an overheated market run the risk of backfiring and damaging diversity initiatives. To avoid things like these from happening, diversity management needs to start by looking at the real business challenges rather than being driven by considerations of pending regulation or quotas. However, the regulatory argument can provide a beneficial tailwind to D&I initiatives.

To benefit from the upsides of diversity, a more long-term approach is necessary. In building up a talent pipeline, an inclusive culture and diversity sensitive processes cannot be skipped. The good news is that some of the impact can come faster than one might imagine. A client was able to effectively address a serious retention problem with respect to women by setting up a credible diversity and inclusion program, as women appreciated that the issue was finally being addressed by its root causes.

ONE SIZE DOES NOT FIT ALL: BALANCING CENTRAL GOVERNANCE AND BUSINESS AUTONOMY

Setting up effective diversity and inclusion management is a genuine challenge that requires substantial attention from management. As companies move towards greater diversity in their workforce and leadership, tension comes from two opposing trends. Diversity goals tend to be set in a top-down manner by upper management, while lasting cultural change inevitably needs to take place from the bottom up. This, of course, affects all the layers in between.

Especially in decentralized companies the implementation of diversity management touches on the balance between centralized governance and autonomy of the individual business units. Corporate diversity strategies and targets often deeply affect business processes and leadership. This requires engaging the business right down to frontline managers. Diversity management should aim for an inclusive "ground swell in the organization", argues a senior talent management officer at a global media company.

A successful diversity and inclusion management strategy requires a company-wide vision and strategic direction guiding the push for change. D&I management must not take a "one size fits all" approach to the business, but instead needs to answer the question of what levels of diversity are useful and appropriate for what kinds of teams or business areas. Not only the amount, but the kind of diversity that is useful or necessary usually differs between the different business functions, areas and regions within a company. For example, a multi-national company needs to ensure that its face to the customer is local, while its on-site specialists have to gather experience around the globe.

DIVERSITY IS MORE THAN AN END IN ITSELF: IT CAN HELP COMPANIES WIN IN THE MARKET PLACE

Seeing diversity as an end in itself sells it short. Companies should embrace diversity as much for the business opportunities as for the aim of making companies more reflective of society. Attempts to increase diversity without a clear link to business needs runs the risk of being seen as "diversity for diversity's 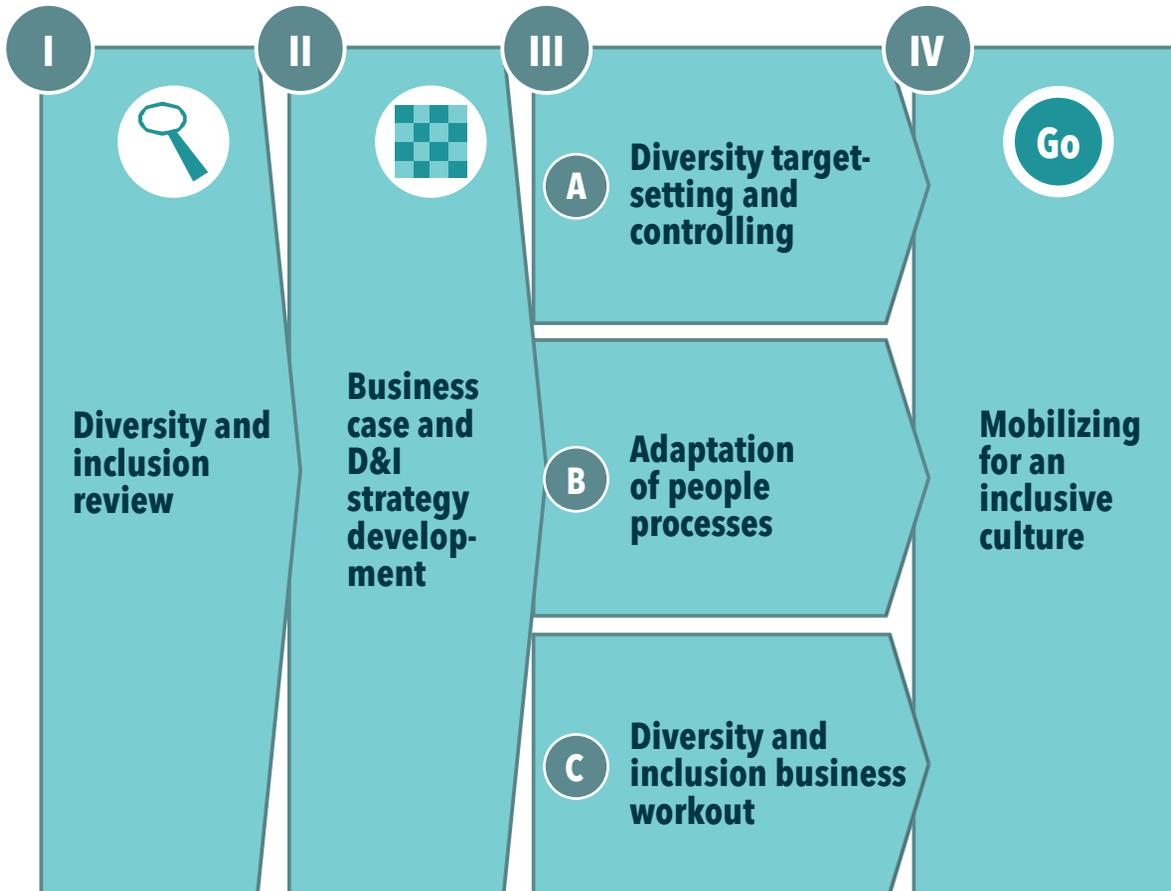sake", which is fatal for the success of D&I management as this alienates minorities, who feel they are being used only as window-dressing, and creates hostility among majorities who cannot see the justification for the resources and efforts being dedicated towards increasing diversity.

The value of diversity extends beyond its immediate business impact. Embracing diversity is an ideal lever to make the organization more flexible in its thinking and more open to constant change, necessary to win in the market place. The "new normal" in the markets also requires organizations to deal with high volatility and uncertainty – and diverse teams open up new ways of dealing with both. And finally, innovation is becoming crucial in commoditizing markets – and mixed teams have proven to be more innovative. The success of diversity management depends on changing mindsets - making people aware of their biases, their decision-making practices and the value of diversity for business success. This is not an easy task, but it is a necessary one.

> " **WE MUST NOT FOSTER DIVERSITY FOR DIVERSITY'S SAKE.** "

4 STEPS TOWARDS SUCCESSFUL D&I MANAGEMENT

I

II

III

IV

Go

Diversity and inclusion review

Business case and D&I strategy develop-ment

A Diversity target-setting and controlling

B Adaptation of people processes

C Diversity and inclusion business workout

Mobilizing for an inclusive culture

IMPLEMENTING SUCCESSFUL D&I MANAGEMENT

In improving D&I management, a structured process is crucial to ensure tangible improvements, especially applicable when regulatory deadlines are looming on the horizon. Additionally, a clearly defined process signals both inside and outside the company that management is committed to the initiative and expects real change.

In our experience, this entails a four-step process: (I) performing an action-orientated diversity and inclusion review, (II) defining the diversity business case and strategic direction, (III) setting and controlling D&I targets, adapting people processes and building business alignment, and (IV) mobilizing the entire organization to undergo a process of cultural change to embrace diversity and become more inclusive.
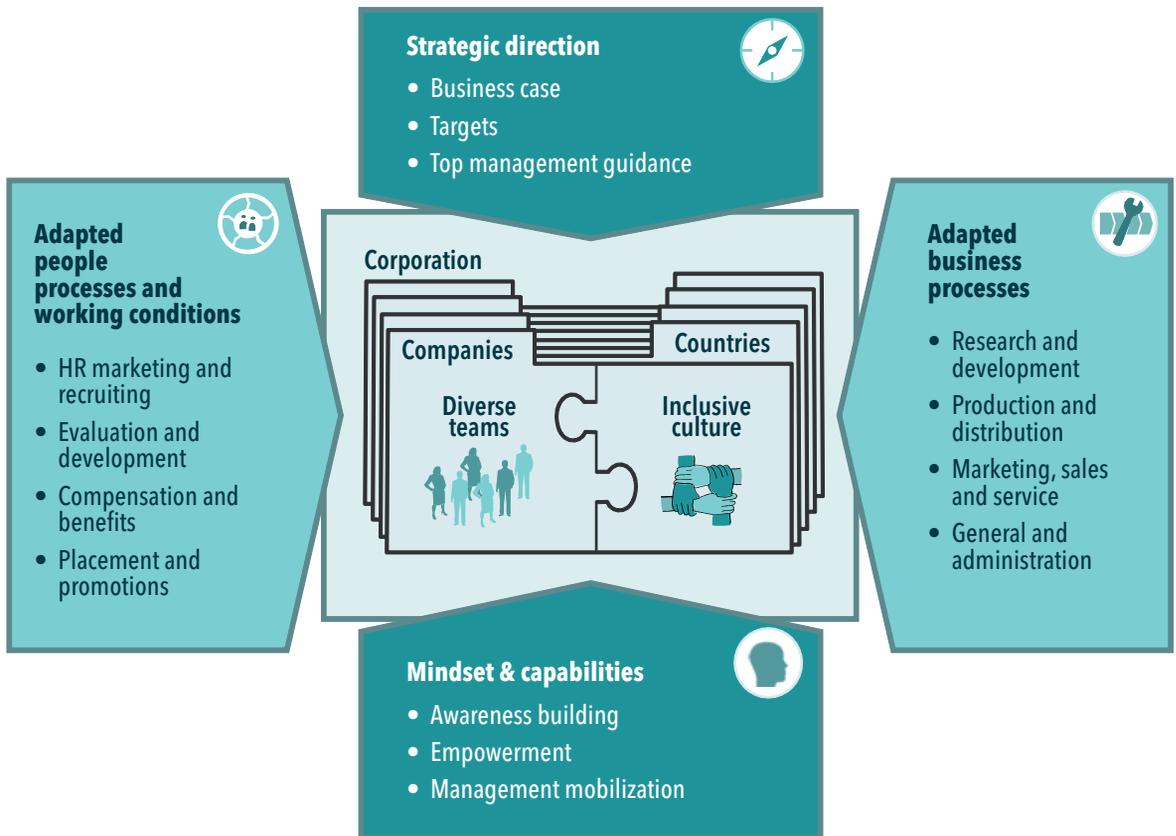
The 4-step process provides a framework for thinking about improving diversity and inclusion management in a systematic way. Each step in the process is self-contained, and together they form a comprehensive strategy for recognizing, appreciating and benefiting from diversity in an inclusive organization. Which of these steps are required and, to some degree, the order in which they are taken, will depend on individual circumstances. As most companies have already taken some steps towards improving their diversity and inclusion management, all D&I initiatives need to be tailored accordingly.

STEP I:
UNDERSTANDING THE STATUS QUO

Improving D&I management requires a sound quantitative and qualitative review of the present situation. The review establishes a baseline for improvement, identifies the need for change through a gap analysis, and benchmarks the organization against external peers. From this analysis an action plan with clearly identified priorities is derived.

ELEMENTS OF EXCELLENT D&I MANAGEMENT

Strategic direction
- Business case
- Targets
- Top management guidance

Adapted people processes and working conditions
- HR marketing and recruiting
- Evaluation and development
- Compensation and benefits
- Placement and promotions

Corporation

Companies — Countries

Diverse teams — **Inclusive culture**

Adapted business processes
- Research and development
- Production and distribution
- Marketing, sales and service
- General and administration

Mindset & capabilities
- Awareness building
- Empowerment
- Management mobilization

Building on a customized framework, D&I is reviewed along four dimensions: strategic direction, people processes and working conditions, business processes and mindset & capabilities.

The review first evaluates D&I through a qualitative survey and structured interviews with crucial stakeholders (management, HR, diversity target groups). A substantiated understanding of how diversity and inclusion are perceived by stakeholders is efficiently achieved by relying on standardized interview and survey techniques. This approach captures subjective judgments of diversity and inclusion as well as yields insights into processes that shape D&I management. If it seems fit, the understanding of the culture can be additionally broadened by participant observation - identifying unconscious biases and behavioral patterns. Secondly, quantitative data, such as attrition rates and promotion times, is analyzed along different diversity drivers and dimensions. This creates transparency and yields an overview of the diversity dimensions that might be in particular need of attention and the drivers that could be usefully employed to move in a desired direction.

The qualitative and quantitative findings are then mapped against our D&I management maturity model. The maturity model helps to identify gaps and suggest areas for improvement. For example, it defines different levels of diversity-sensitive promotion processes against which the reviewed organization can be measured. This is not a rigid process, but a structuring tool. An organization may reasonably decide that certain dimensions and processes are not particularly relevant or that they choose to go beyond their peers in one particular dimension.

The review identifies gaps by benchmarking the current situation against possible goals and suggests directions for further enquiry. Through workshops these are further refined to give D&I leaders a comprehensive understanding of the status quo, the levers for improvement and the action required.

STEP II:
BUSINESS CASE AND STRATEGIC VISION

A STRONG, COMPANY-SPECIFIC BUSI-NESS CASE IS THE PREREQUISITE FOR SUCCESSFUL D&I MANAGEMENT

Without a strong business case proving that diversity makes us stronger, the path towards a more diverse and inclusive organization is a very difficult one to take and will likely result in a struggle to overcome inertia, or even be met by (more or less) open resistance. A clearly defined and communicated business case makes diversity more tangible, provides orientation for the definition of specific goals and makes successful mobilization possible.
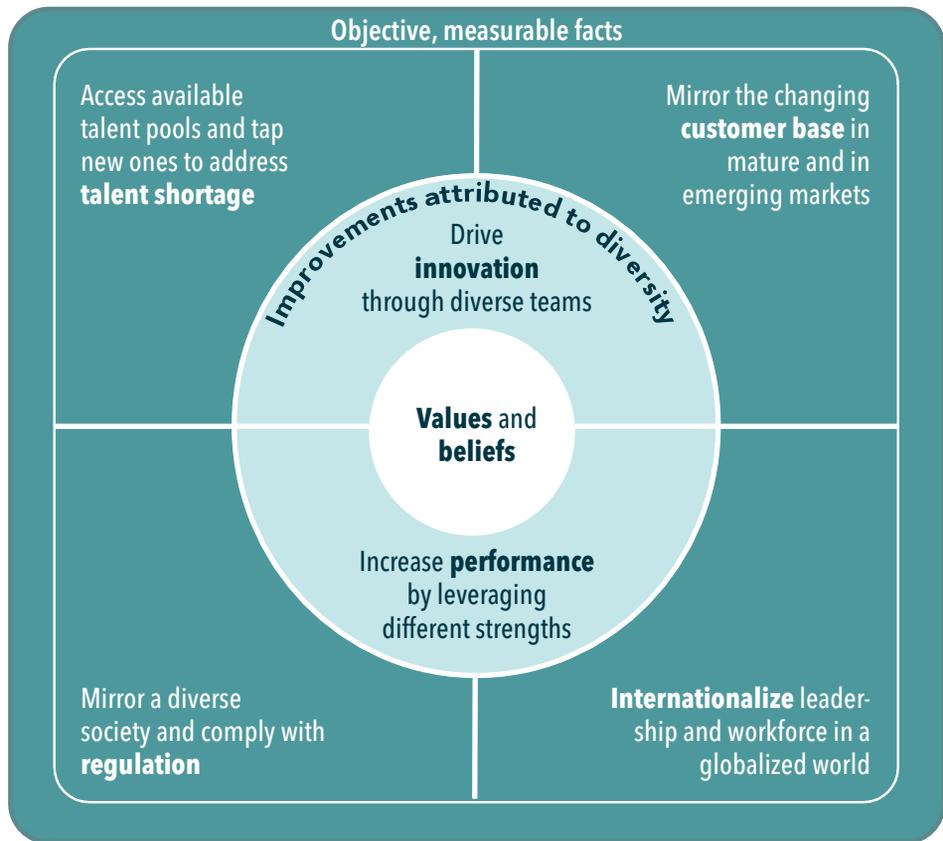
Business cases differ between industries but they tend to cluster around a number of recurring dimensions. The measureable drivers, based on hard facts, of business cases are typically the need to overcome or avoid talent shortages, mirror the customer base, internationalize personnel within a global business context and to comply with regulation. On a second, more experienced based, level improving innovation and performance in teams is seen as a case for more diversity. For example a global car maker could substantially improve the interior design of a new flagship product by leveraging the innovative potential of a diverse team. Finally the business case can also be supplemented by D&I being a core value and the belief, that it should be part of the company culture.

> **" THE FUTURE OF OUR BUSINESS DEPENDS ON ATTRACTING INTERNATIONAL TALENT. "**

We use a standardized diversity business case model as a starting point to develop hypotheses regarding the specific business case through a series of structured interviews with top management representatives. This builds

TYPICAL FACTORS IN BUILDING THE CASE FOR D&I

Objective, measurable facts

Access available talent pools and tap new ones to address **talent shortage**

Mirror the changing **customer base** in mature and in emerging markets

Improvements attributed to diversity

Drive **innovation** through diverse teams

Values and **beliefs**

Increase **performance** by leveraging different strengths

Mirror a diverse society and comply with **regulation**

Internationalize leadership and workforce in a globalized world

on a set of pre-defined analyses and a list of KPIs, which we have successfully used with our clients to refine their specific business case. This approach ensures that the process is efficient, goal orientated and comprehensive.

Business leaders usually have a good understanding of what does and what does not speak in favor of increasing diversity in their teams and operating units. These hypotheses need to be evaluated by analyzing business performance and needs, customer trends and broader social and economic developments. Such factors shape both the demand for diversity within companies as well as in-house potential and the external market for diverse talent. This supply and demand of diversity has to be taken into account in order to build scenarios that help shape the business case. Taken together these analyses yield strong indicators on which a resilient business case can be built.

> " **IN EMERGING MARKETS D&I AND TALENT MANAGEMENT BECOME ONE AND THE SAME THING.** "

DEFINING A CLEAR D&I MANAGEMENT STRATEGY TO ENSURE TOP MANAGEMENT COMMITMENT

The business case answers the "why" of D&I management. Equally important is the definition of a strategic approach and guidelines for the "how". Both are decisions that ultimately need to be taken by top management: An aligned strategic approach is a prerequisite to ensure top management commitment and drive cultural change. Here, a strategy workshop with the management team is often useful to agree on the target diversity dimensions and the overall goals to set guidelines for how to achieve the vision of a more diverse and inclusive organization and also to achieve an emotional understanding by the leadership team. This strategy should as far as possible be based on hard facts and supplemented by business judgment in order to identify the possible positive impact of diversity. For example, a professional services firm was unable to attract and retain enough women from a limited talent pool. Once the partnership was able to clearly identify how this was having a direct negative effect on their bottom line, the case for action was much easier to argue. On the other hand such a workshop should also include a confrontation of the management team with the situation of the diversity target groups to create awareness for the situation of minorities and the necessity of becoming more inclusive.

In addition, the answer to why an organization should become more diverse will include some degree of value judgments. While accumulating scientific evidence suggests that diverse teams are more suited to certain tasks, there is no self-evident case for diversity applicable to all organizations. This business case and the strategic direction for change need to be defined together with top management. While leadership commitment is merely a first step, it is a prerequisite if processes and behavior are to be changed. Only if top level leaders actively and repeatedly argue the case for diversity can steps be taken by the business and by HR towards improving D&I management.

MODELING OF TARGETS FOR REGIONS, BUSINESS UNITS AND THE CORPORATION

SENSITIVITY ANALYSES

Lever

A
B
C

Effect

A
B
C

Share of international employees

Share of women	2012	2013	2014	2015
VS	1%	3%	5%	8%
Grade 1	5%	7%	9%	15%
Grade 2	20%	25%	30%	33%
AT	40%	45%	47%	48%
T	30%	35%	40%	45%

SCENARIO ANALYSES

Scenario (A)

2012   2014

Scenario (B)

2012   2014

Scenario (C)

2012   2014

TARGET CASCADING

Global target   Unit A   Unit B   Unit C   Unit D

SUB-TARGET DEFINITION

2012   2013

Recruiting
Retention
Development

STEP III A:
REALISTIC TARGETS

The often politically charged debate about the necessity of increasing diversity within companies has attracted significant management attention. But no matter how strong the case for diversity is, defined and controllable

> **❝ SUCCESS DEPENDS ON QUANTITATIVE TARGETS FOR D&I. ❞**

targets have proven necessary in order to gain traction and maintain momentum in many organizations. If targets remain mere headline goals, they cannot become drivers for change. Instead, specific targets need to be defined for business units, departments and teams, and a transparent timeline needs to be set for achieving the milestones.

"What doesn't get measured doesn't get done" is the credo in business and D&I management is no exception. But many companies are still struggling to translate broad goals into operating targets. undconsorten has developed a customizable tool that models scenarios based on adjustable parameters and assumptions. Starting from the current situation on the ground, the tool provides the information necessary for informed management decisions about which targets can realistically be achieved and how dif-

> **❝ GLOBAL DIVERSITY TARGETS ARE ABSOLUTELY COUNTERPRODUCTIVE. ❞**

ferent levers and different parts of the organization can contribute towards achieving headline targets most effectively.

TARGETS NEED TO TAKE THE SITUATION ON THE GROUND INTO ACCOUNT

In most corporations with multiple companies operating in various countries there is a risk that the overall targets will fail to sufficiently consider the situation on the ground. Unreal-

istic targets frustrate managers, who face a lose-lose dilemma of choosing between missing the targets set or accepting the significant downsides of achieving diversity goals "come hell or high water", as a senior diversity manager at a global telecommunications company put it. In turn, this frustrates employees as promotions become biased towards achieving unrealistic targets. The backlash this can create threatens not only diversity itself, but also the bottom line. Defining targets and timelines transparently and realistically is therefore one of the most important task business leaders face when deciding to take on D&I challenges. The tool helps to define targets in a way that works with the organization rather than 'against the grain'. To set such specific targets, D&I leaders need to understand the initial situation in different businesses and regions – and the mechanisms and levers that will affect the outcome over time. When one of our clients wanted to increase the share of women in senior leadership positions, a range of factors

including development within the funnel, fluctuation, new hires, nominations for talent pools and company growth had to be considered on a company-by-company, level-by-level basis.

REALISTIC TARGETS CAN AND SHOULD BE AMBITIOUS

Taking the current talent pipeline and projections made by the operating units as the starting point should by no means lower ambitions for achieving real change. On the contrary, they are the common ground that can be used to compare and challenge progress. The task for D&I managers lies in striking a balance between goals that are too cautious and those that are overly ambitious. Communicating defined targets creates a positive vision of a more inclusive organization raise aspirations, retains and attracts diverse talent, and allows for proactive engagement within the political debate.

This approach to target setting combines a top-down drive for increasing

diversity with bottom-up aggregation in order to define the most ambitious targets that can realistically be achieved. It ensures three things. Firstly, transparency provides benchmarks and leads to competition between organizational units to achieve their targets. Secondly, it raises the full potential of D&I management across the organization while, thirdly, adjusting targets to the capabilities and needs of the respective business units. Making targets transparent to middle management in this way avoids that they are seen as "yet another corporate initiative interfering with the business" and engage business managers in the cultural change effort.

Once targets have been defined, they need to be controlled and, if necessary, adjusted. Adjustment may be necessary because, for example, intense competition for diverse talent has overheated the external talent market, making the assumptions made about attracting external candidates for senior positions no longer viable.

This approach enables the building of different scenarios based on varying assumptions. They provide a valuable basis for long-term thinking about D&I management within the organization – and serve as an early warning system. Such differentiated modeling of targets is the prerequisite for real management decisions about the targets and sub-targets that are appropriate and how to achieve them. An ambitious diversity target may be met by increasing the share of recruited candidates from outside the company when filling vacancies. This may however come at the cost of limiting vacancies available to in-house candidates, rising recruitment costs, etc.

TARGETS ARE AN IMPORTANT START-ING POINT, BUT COMPREHENSIVE D&I MANAGEMENT NEEDS TO GO FURTHER

As urgent as the need for quick ac-tion may appear, the costs of getting D&I management wrong, e.g. by set-ting unrealistic targets or losing mo-mentum if no effective controlling mechanisms are put in place, are sub-stantial. But setting and controlling measurable targets is no panacea for D&I management, as many important dimensions of diversity are not mea-surable.

Some, such as sexual orientation, are neither immediately evident nor nec-essarily disclosed, and others, such as ethnicity, often depend on subjec-tive attribution. Many of these dimen-sions can also not be measured for legal reasons. It is nevertheless cru-cial to consider these dimensions in comprehensive D&I strategies. Even though hard targets cannot be set, a direction of change can be defined and progress in that direction can of-ten be measured. As inclusive cultural change takes place through a broad understanding of diversity including non-measurable dimensions, targets are no substitute for cultural change and cannot force it. Building an inclu-sive organization can start with mea-sureable targets but equally requires adjustments to processes and a com-prehensive cultural change effort.
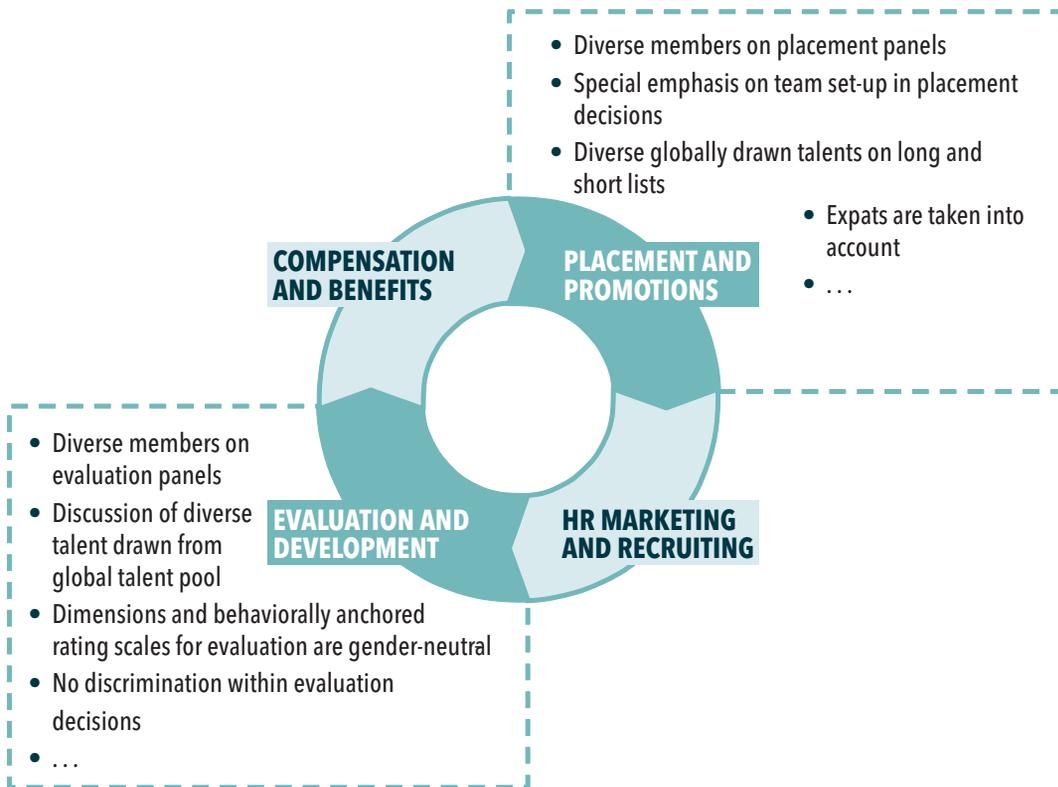
STEP III B:
ADAPTED PEOPLE PROCESSES

D&I management must reflect business needs in order to succeed. But at its core diversity is about the differences among people and how these can be brought together in an inclusive, productive setting. Therefore, evaluating and, when necessary, adjusting standard people and talent management processes is crucial. As biases may be hidden, the entire people lifecycle needs to be reviewed systematically, using a check list. Structured interviews with process owners are often a useful starting point, but need to be validated by in-depth analyses. Observing recruitment panels at work, for example, can help to identify unconscious biases in processes and potential levers for improvement.

Many service companies face less difficulty in recruiting diverse talent, but struggle to develop such talent for leadership roles. Our experience shows that inclusive adjustments to the development and placement processes are key to promoting diversity. Unconscious biases often make it more difficult for a diverse candidate to reach a higher level in the hierarchy. This exacerbates the challenge as top managers with a diverse

> **I'M A BIG FAN OF HOSTING D&I MANAGEMENT IN HR. THIS IS WHERE THE LEVERS LIKE PLACEMENT AND PERFORMANCE ASSESSMENT ARE.**

background are useful role models for aspiring diverse candidates, and serve as a 'proof of concept' to managers who are not yet convinced of the value of diversity.

EXEMPLARY ADAPTATIONS TO PEOPLE PROCESSES TO FOSTER D&I

- Diverse members on placement panels
- Special emphasis on team set-up in placement decisions
- Diverse globally drawn talents on long and short lists
- Expats are taken into account
- . . .

COMPENSATION AND BENEFITS

PLACEMENT AND PROMOTIONS

EVALUATION AND DEVELOPMENT

HR MARKETING AND RECRUITING

- Diverse members on evaluation panels
- Discussion of diverse talent drawn from global talent pool
- Dimensions and behaviorally anchored rating scales for evaluation are gender-neutral
- No discrimination within evaluation decisions
- . . .

Some gaps may seem obvious, such as an absence of women or internationals on review panels, and some less so, such as the lack of on-the-job development. All of these can be identified through a structured evaluation of people processes. Successful D&I management in international companies also needs to adjust mobility requirements to a more diverse workforce. When redesigning the expatriate management system for a global technology corporation we identified a number of levers relevant to D&I management. These included guaranteed 'home time' when working on international projects and much more extensive relocation support including a focus on finding employment for the spouse, especially for dual career couples.

This adjustment process also aligns central and decentralized people management processes to ensure the comprehensive and deliberate management of increased diversity. A clear action plan for decentralized processes is defined together with the process owners. This results in a seamless integration of diversity targets and requirements into broader people and talent management processes. The objective here is definitively not to re-invent the wheel, as most organizations already have successful people management processes in place, but to tweak and oil the engine that drives diversity and inclusion in an effective way.

STEP III C:
BUSINESS WORKOUT: MOBILIZING LEADERS

Ultimately, the success of D&I management must be measured by its impact on the business. Only if line managers perceive it as adding value to their business can the benefits of a more diverse organization be realized.

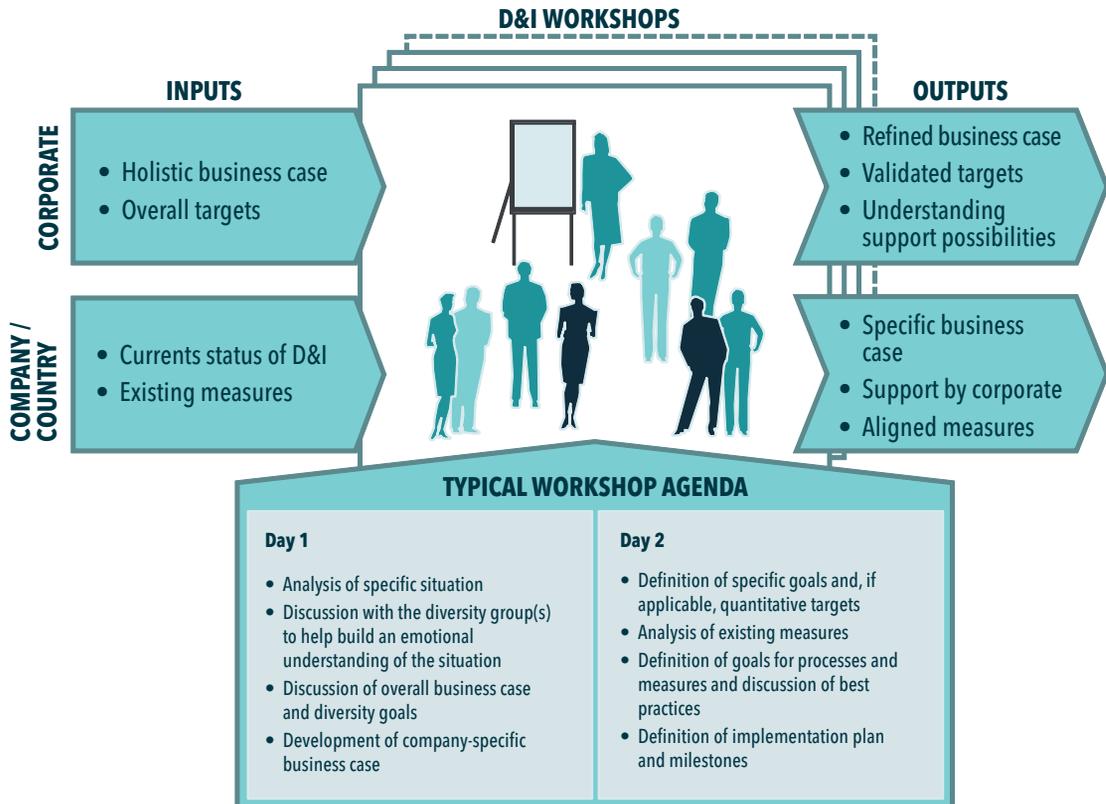Working closely with the business ensures alignment with internal best practices avoiding inefficient allocation of resources and duplication of effort. For example, one leading global company struggled to align mentoring programs for female talent. They were being offered different mentoring programs on the divisional, regional and corporate levels. This was not only a highly inefficient use of resources, but also placed unnecessary demands on the mentees.

> " D&I MUST NOT BE SEEN AS AN HR TOPIC. IT IS FIRST AND FOREMOST A LEADERSHIP TOPIC. "

Through workshops with business critical functions, regions and units, the diversity officer gains a better understanding of business needs and challenges with respect to diversity and inclusion. Potential for improvement is defined along with stakeholders in the business, ensuring intellectual as well as emotional buy-in. The workout serves as a useful validation of the diversity targets defined centrally and cascaded downwards to the business units.

For these purposes, we have developed a proven workshop format that ensures efficiency and comparability. Once the business critical units are identified, the workshop structure is further adjusted to the extent necessary for each organizational unit. As a starting point for discussion in the workshop, relevant stakeholders are invited to prepare a current overview of the state of D&I in their business

WORKSHOPS SHAPE TARGETS AND MEASURES FOR DIFFERENT ORGANIZATIONAL UNITS

D&I WORKSHOPS

INPUTS

OUTPUTS

CORPORATE

- Holistic business case
- Overall targets

- Refined business case
- Validated targets
- Understanding support possibilities

COMPANY / COUNTRY

- Currents status of D&I
- Existing measures

- Specific business case
- Support by corporate
- Aligned measures

TYPICAL WORKSHOP AGENDA

Day 1

- Analysis of specific situation
- Discussion with the diversity group(s) to help build an emotional understanding of the situation
- Discussion of overall business case and diversity goals
- Development of company-specific business case

Day 2

- Definition of specific goals and, if applicable, quantitative targets
- Analysis of existing measures
- Definition of goals for processes and measures and discussion of best practices
- Definition of implementation plan and milestones

units. The workshops bring together local business managers and diverse talent, as well as representatives of local HR and local and corporate D&I management and introduce the overall business case for diversity and global targets and measures. And the management team is confronted with the implications of being a minority group by hearing the views of diverse talents directly.

These workshops are much more than a "diversity road show": Local business leaders define the D&I needs of their units and develop appropriate measures. Binding milestones for the unit are also defined.

Consequently this efficient format helps to make targets and measures tangible and specific. Additionally it allows to find synergies within processes, define necessary support and creates the necessary management buy-in to ensure D&I is actually reaching the front line. On the corporate level the aggregated results of the series of workshops provide an instrument for assessing the validity of global targets and the feasibility of global measures and adjusting them accordingly. On the local level, business buy-in takes place as practical measures with milestone are defined together with the business. The workshops identify synergies and interfaces and define the level of support needed from the corporate level to ensure an efficient roll-out of D&I.
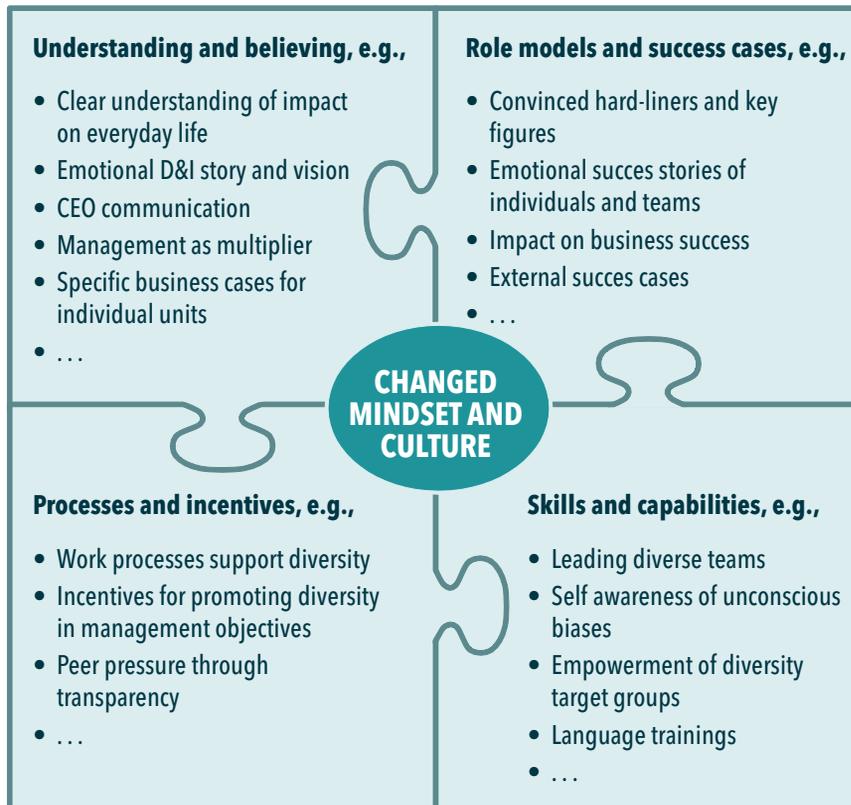
INCLUSIVE CULTURE

> " **THERE IS ABSOLUTELY NO POINT IN HR ORGANIZING DIVERSITY NETWORKS. THE DRIVE HAS TO COME FROM DIVERSITY GROUPS THEMSELVES; HR SHOULD MERELY FACILITATE SUCH NETWORKS.** "

Building a truly inclusive culture, where diversity is no longer an "issue", but is embraced as natural by the business, is the ultimate aim of successful D&I management. Indeed, many D&I managers work towards making their role obsolete in the future. As much as this is an admirable goal, evidence from the USA, where active diversity management has a much longer history than in Europe, suggests that fostering such a culture will be necessary for the foreseeable future.

Part of the difficulty of changing culture is the delicate balance that needs to be struck between shared values applying to all, and the individual differences that need to be considered. Such a culture cannot be created using pressure alone, but must develop organically.

BEHAVIORAL LEVERS FOR BUILDING AN INCLUSIVE CULTURE

Understanding and believing, e.g.,

- Clear understanding of impact on everyday life
- Emotional D&I story and vision
- CEO communication
- Management as multiplier
- Specific business cases for individual units
- . . .

Role models and success cases, e.g.,

- Convinced hard-liners and key figures
- Emotional succes stories of individuals and teams
- Impact on business success
- External succes cases
- . . .

CHANGED MINDSET AND CULTURE

Processes and incentives, e.g.,

- Work processes support diversity
- Incentives for promoting diversity in management objectives
- Peer pressure through transparency
- . . .

Skills and capabilities, e.g.,

- Leading diverse teams
- Self awareness of unconscious biases
- Empowerment of diversity target groups
- Language trainings
- . . .

As this influencing model shows, this process needs to be actively supported by four factors. A convincing narrative of how diversity makes the organization stronger has to be crafted and delivered. Awareness campaigns can help to highlight attitudes that should change and create an environment where the decision for diversity is the norm, not the exception. This needs to be supported by system adjustments and by capability building, helping more diverse teams to work effectively and managers to lead inclusively.

Identifying and promoting appropriate pilot schemes and "lighthouse examples" can be highly effective. In turn, these role models need support to be effective ambassadors for change and to avoid the risk of ending up as "token" poster figures for diversity.

As organizations have very different cultures, such campaigns for cultural change need to be carefully tailored. What they share is a focus on changing the mindset of the majority while empowering minorities.

In the view of the head of management development at a global holding company this mobilization process must build on the strategic vision and business leader buy-in outlined above. To maintain momentum, it is important to focus on a few effective, well-coordinated measures with some quick wins to make successful change visible. If the cultural change process is managed in a structured, efficient manner that produces tangible results by using persuasion instead of forcing people to overcome their biases, change towards a more open and adaptable, and thus more successful, organization will be off to a very good start.

FROM DIVERSITY AS A CHALLENGE TO DIVERSITY AS AN ASSET

D&I management is not just a fleeting fad, but one of the key business and people challenges at a time when people management is becoming more and more important for business success. Every corporation and every individual business unit faces specific D&I challenges.
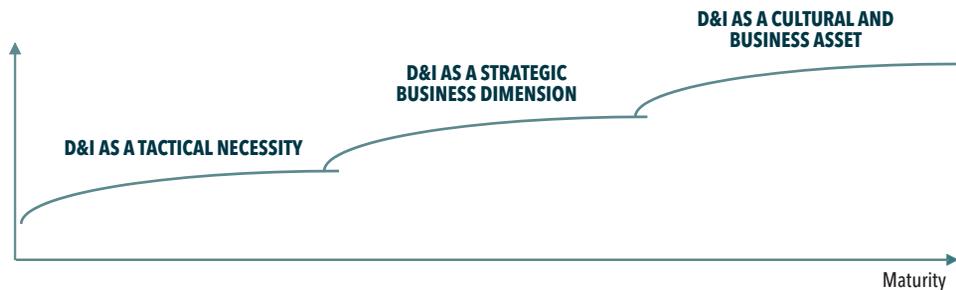
> 66 WE ARE NOW MOVING FROM A TACTICALLY DRIVEN APPROACH TO A STRATEGIC ONE. THIS WILL COMBINE OUR SCALE WITH THE ADDED STRENGTH OF A MOST DIVERSE ORGANIZATION. 99

In our experience, corporations, but also individual business units, can be situated along one of three horizons in D&I management. The horizons are not static, as a company may have a well-defined business case yet still lack any measures for cultural change, but this systematic framework provides useful way of thinking about the value of diversity and inclusion in a structured manner, allowing for efficient allocation of resources and efforts.

To address these individual challenges, an efficient approach needs to be tailored to each horizon and individual structure of the organization. The four-step approach outlined above can be usefully applied along the three horizons and can accommodate the different needs of different units. To be successful, pragmatic diversity and inclusion management must be structured, but also needs to be flexible.

3 HORIZONS OF D&I MANAGEMENT

D&I AS A CULTURAL AND
BUSINESS ASSET

D&I AS A STRATEGIC
BUSINESS DIMENSION

D&I AS A TACTICAL NECESSITY

Maturity

Strategic direction

- D&I is seen as a necessity, driven by talent shortage, demographic change and regulation

- Company-specific business case has been defined

- Diversity is actively embraced as driver for positive cultural and organizational change and renewal

Adapted people processes, business processes and working conditions

- Few adaptations, technocratic approach

- Many people processes and working conditions adapted to foster diversity

- Fully sensitive and inclusive people processes to leverage diverse potential

- Not seen as business topic, but HR topic

- Some business processes include diversity

- D&I improves business processes and team performance

Mindset & capabilities

- Seen by many line managers as low priority

- Diversity is seen as a strategic asset and shapes management decisions

- D&I is seen as cultural asset, integral part of business and organizational identity

UNDCONSORTEN'S EXPERIENCE IN D&I MANAGEMENT

undconsorten has substantial experience in D&I management. We have supported a number of multinational companies in various aspects of D&I management: From reviewing the current D&I situation, over defining the business case for diversity, target setting, process adaptations and D&I measures to mobilizing management and thus changing the company culture.

SPECIFIC CONSULTING APPROACH

What helps us is not just the experience in relevant thematic areas associated with D&I, but also our experience in supporting strategy processes, our understanding of business processes, our pipeline modeling capability and extensive facilitation expertise. Our specific consulting approach ensures an integrated perspective of content, people and behavior. We draw on our expertise in related HR topics (such as talent management, performance manage-ment and corporate learning) to enable people to embrace an inclusive mindset in business and people processes alike. Identifying and leveraging the client's resources allows for an efficient project structure and creates a lasting impact. We use proven formats and tailor them to our customers' needs.

Our strong focus on implementation and stakeholder engagement from day one addresses both the strategic and the mobilization challenges of D&I in a comprehensive manner.

" QUOTES " ARE FROM THE INTERNATIONAL EXPERIENCE EXCHANGE ON DIVERSITY AND INCLUSION CONDUCTED BY UNDCONSORTEN IN 2011.