

Executive Summary

Research Question

"In what ways can organizations promote inclusion to ensure that high potential diverse talent (gender, race, ethnicity) brings their whole-selves to work? Additionally, does any specific evidence exist around strategies for supporting inclusion among senior level leaders?"

The Importance of Inclusion

Many companies today are taking steps to increase the diversity, particularly gender and ethnic diversity, of their workforces. Research suggests that bringing diverse perspectives to the table increases companies' resilience and agility, and boosts financial performance. Diverse leadership is also associated with greater innovation⁷. Companies with above-average diversity on their management teams report *innovation revenue* (i.e. revenue that comes from products and services launched in the past three years) that is 19 percentage points higher than companies with below-average leadership diversity⁸.

However, in order to reap the benefits of diversity, teams require inclusion. There is little value in having a diverse mix of employees if the individuals do not feel comfortable bringing the unique, diverse aspects of their selves to team meetings and work decisions. Companies where diverse individuals are not recognized or receive fewer opportunities to speak up see lower employee retention rates and weaker Net Promoter Scores⁹. Moreover, a non-inclusive culture engenders a vicious cycle – diverse employees fall off the track to senior leadership and management positions, leading to a paucity of diverse role models, and a lower likelihood for companies to reap the benefits of diverse leadership.

Despite this, far fewer companies go beyond diversity to focus on inclusion. There are two critical aspects of inclusion. *First*, individuals must feel free to bring their authentic selves to work. *Second*, they must believe their perspectives at work matter and are valued. However, diverse employees do not experience the same level of inclusion as the majority group (i.e. white, heterosexual-cisgender men who have no disability and are not veterans) – and this difference compounds with the number of dimensions of diversity. In the U.S. for example, employees with one dimension of diversity (e.g. white females or veterans) are on average 4 to 6 percentage points less likely to feel included than the majority. For employees with two dimensions of diversity (e.g. women with a disability), the number drops by 7 percentage points. Employees with higher intersectionality (i.e. diversity in multiple domains, e.g. lesbians of color), the drop is closer to 15 percentage points. Refer to Appendix A⁷.

This report explores strategies for organizations to build an enterprise-wide culture of inclusion, and specifically, support inclusion among diverse senior leaders.

Creating a Culture of Inclusion

Building an inclusive organization requires a fundamental culture shift – one that cascades from the senior leaders to the frontline employees. In order to achieve this, companies must focus on five key imperatives⁷.

Seek leadership commitment. As in any transformation, change must start at the top. The senior leadership team, including the CEO, must visibly and vocally support diversity and inclusion as priorities of equal weight. This should be exemplified through their interactions with people, explicated in formal policies and standards, and implied in decisions that incorporate the feedback of others. The most effective way to seek leadership commitment is to build a business case for prioritizing inclusion. This could include potential improvements in retention rates, employee engagement, and innovation.

Leadership Commitment Case Study: Nationwide

Nationwide launched its initiative "Our Associates' Success Drives Business Success" to create an inclusive workplace culture for all women, particularly women of color, at all leadership levels. This initiative includes enterprise-wide development programs, 19 Associate Resource Groups, 18 D&I Business Unit Councils, and a 30% people performance objective. The initiative has led to improved inclusion scores for women, an increase in representation of women from 29.1% to 33.9% in executive roles, and an increase in women of color vice presidents from 2.8% to 6.9%¹¹.

Engage frontline leaders. In order to successfully change culture, it's important to secure the support of frontline leaders. These are the operational managers who oversee line employees, and they must buy into the cultural shift. However, frontline employees also have unique needs. They're typically in their first or second management role and have limited training in managing and coaching teams. In addition to their daily work, they may have limited bandwidth in setting the right tone and culture. These leaders can be provided with practical tools to embed inclusion in their day-to-day processes. Refer to Appendix B for BCG's tips for frontline leaders on leading inclusive meetings and making inclusive personnel decisions.

Identify and share best practices. Organizations must make efforts to identify their culture carriers; i.e., whose teams are performing well, and coming up with the most innovative ideas? What distinguishes successful leaders from the rest? Companies must observe these star performers' behaviors and develop standardized tools (e.g. meeting guides, checklists, tips) that can be disseminated to other leaders. Such training must also incorporate a celebration of real-world cases; for example, how a diverse team came together, or someone spoke up that changed a team's view and subsequently improved performance. Stories drive the value of inclusion more effectively.

Ensure no tolerance for bad behavior. Companies must make the explicit determination that inclusion matters. In order to drive a zero-tolerance policy towards non-inclusive behaviors, they must do the following. *First*, be clear and specific about the organization's expectations, and what behavior qualifies as undesirable. *Second*, publicize its values, anti-discrimination and harassment policies, and code of conduct. *Third*, take all complaints seriously; appoint people and establish systems to handle serious infractions. *Fourth*, train teams to call out bad behavior like insensitive jokes, talking over women, or negative stereotypes. *Lastly*, drive accountability and integrate inclusion as an important part of managers' performance and promotion evaluations.

Measure and track. Companies must establish metrics to measure and track inclusion. Questions on inclusion should be integrated into employee surveys, and the responses must be used to identify problem areas that require attention and time. This data must inform rewards for managers who promote an inclusive culture, and training for those who fail to meet the company's standards. For example, at BCG, the Annual People Survey asks employees to rate their personal sense of inclusion by responding to statements such as "My opinions seem to count at work" and "At work, there is a culture where it is safe to speak up and express opinions".

Supporting Diverse Senior Leaders through Coaching

Whether it be through their behaviors, attitudes, or mindsets, there is a common misconception that an aspiring leader must mimic their predecessor to be successful in their new role⁶. However, instead of beginning with a preconceived notion as to what the successful leadership approach is in a given situation, there needs to first be a concerted effort to understand each leader's background, experiences, and what it is they bring to the position⁶. Oftentimes, it is that set of attributes that landed the individual their leadership duties, so it is imperative they understand the value in bringing their true selves to the role.

To assist new senior leaders with this transition, organizations' most common talent development approach is executive coaching. Through coaching opportunities, present and high potential future leaders can focus on developing fundamental skills such as creating vision, leading teams, driving for results, and managing performance³. Focusing specifically on diverse talent, these individuals can learn how to be comfortable acknowledging their cultural differences which can lead to greater inclusion and uplifting of all team members⁵. Coaching activities that can assist in these areas are *cultural awareness and inclusion, understanding of generational differences, and recognition of behavioral and personal styles*¹. Refer to Appendix C for more information on these diversity-based coaching activities.

While executive coaching is an effective method for helping an individual navigate the context of their specific situation on the job, organizations can also create a broader culture of coaching that permeates throughout the entire business. Such a culture is achieved when interactive dialogue between job levels is organic. The goals of these cross-level relationships are to explore growth, deepen learning, and unlock an employee's potential toward the achievement of individual, team, and organizational goals⁴.

*Culture of Coaching Case Study: Kimberly – Clark*²

In 2016, Kimberly-Clark developed their Culture of Coaching (CoC) framework. This initiative focused on the following:

- increasing leaders' agility to lead diverse employees and teams with different levels of experience, competency and commitment
- enabling leaders to have a range of conversations tailored to the needs of the situation to drive employee capability and better business results
- reinforcing their 'One K-C Culture' of trust by encouraging open dialogue, candid feedback, and coaching.

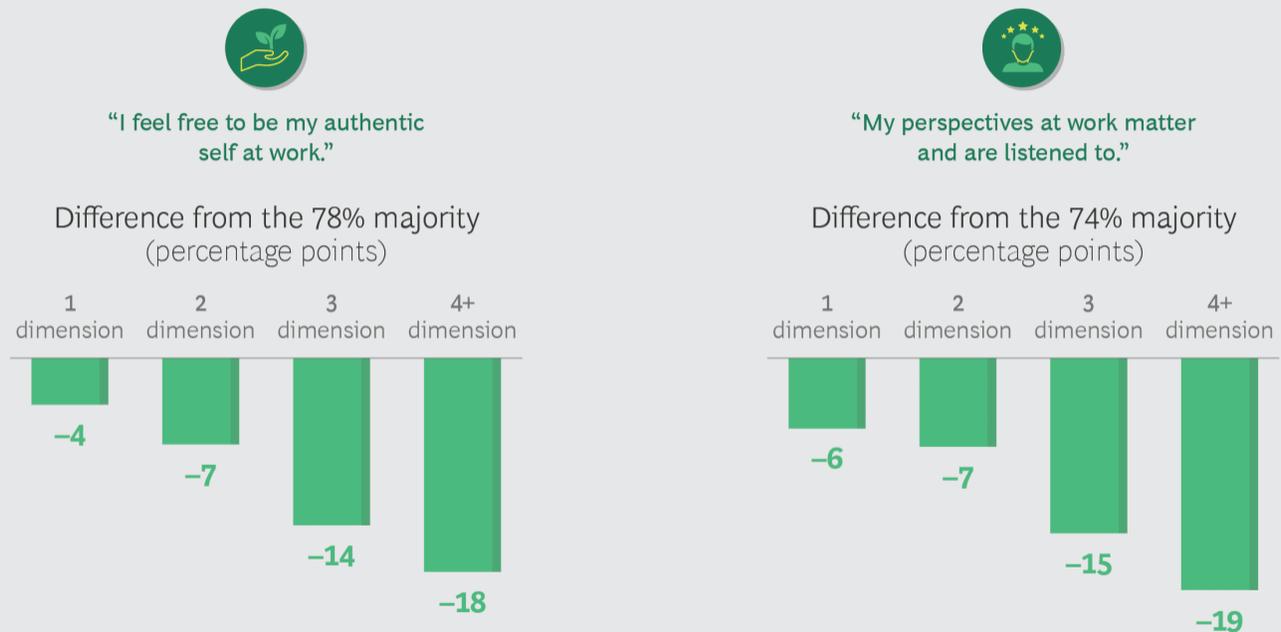
Two years into their three-year implementation, the organization has realized a positive impact on team leader effectiveness. Also, critical behaviors related to an inclusive culture (e.g. trust/confidence and clear feedback) were higher for teams led by leaders trained in CoC versus those leaders not trained in CoC.

Conclusion

Organizations must recognize the importance of inclusion in extracting real value from a diverse workforce. In order to build an organizational culture that prioritizes inclusivity, seeking leadership support (both senior and frontline leaders), sharing best practices and standards, and using inclusion-focused metrics are critical. Such a culture must be established at the top with the aid of executive coaching, then cascaded to the frontline staff – enabling everyone to bring their whole and authentic selves to work.

Appendix A

EXHIBIT 1 | People with More Dimensions of Diversity Feel Less Included



Source: BCG Global Diversity Survey 2018.

Note: The majority represents respondents who are white, male, cisgender, heterosexual, not veterans, and not disabled.

Figure 1. Inclusion in U.S. employees, BCG Global Diversity Survey, 2018.

Appendix B

BCG's practical tips to enhance team inclusivity (Taplett, Krentz, Dean, & Novacek, 2019)

Inclusive meetings and discussions:

- At the start of a meeting, set expectations: everyone will participate. Call on people by name if necessary.
- Amplify messages, especially the arguments or ideas expressed by diverse employees. Their contributions are sometimes not "heard" until they are repeated by a majority member. When this happens, credit should, of course, be given to the person who introduced the idea.
- Set ground rules for discussions. Make sure, for example, that only one person speaks at a time and no one interrupts or talks over another person. Studies have consistently shown that women are interrupted more often than men—even at the Supreme Court. And make it clear that there will be absolutely no retribution for disagreement.
- Rotate the responsibility for running meetings, giving responsibility to different people on the team.
- For each meeting, designate the person who is responsible for taking notes so that nobody gets pigeon-holed into a low-status position. Incidentally, the notes can—and should—include any off-topic ideas that might be distractions during the meeting.

Inclusive personnel decisions:

- Prior to the consideration of actual candidates, establish clear criteria and qualifications for top assignments and promotions.
- Slow down and evaluate people objectively. Avoid gut-level decisions.
- To reduce inevitable bias in evaluations, mentally "flip" the person who is being considered. For example, if you, perhaps, have a specific opinion about a woman who is under consideration, ask yourselves whether you'd think the same thing about a man.
- Focus on results – business outcomes – not just where you are and how you got there.
- Give feedback this is specific and actionable, with facts rather than adjectives.
- Isolate employees' communication styles from their competency.
- Monitor the composition of your projects and teams.

Appendix C

Diversity based coaching activities (SHRM)

- **Awareness and inclusion.** Coaching can be used to sensitize individual employees who may have exhibited or been accused of inappropriate, discriminatory or harassing behaviors. The objective would be to help them see things through the eyes of persons who are different from them in terms of gender, race, religion or other characteristics and to respond effectively in a business environment.
- **Generational differences.** Coaching can assist older and younger workers in understanding the differing world views and skills of the various generations, learning how their different experiences affect the way they view the workplace and discovering how they can most effectively work together to achieve organizational goals. Coaching can also help identify and eliminate generational stereotypes.
- **Behavioral and personal styles.** Coaching can help individuals better understand how their business counterparts are similar and different from them and how to interact effectively with individuals with different styles.

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