

Executive Summary

Question

What are short-term (3-6 months) and longer-term (6+ months) actions companies are taking as part of their Diversity, Equity, & Inclusion strategy?

What is Diversity, Equity, and Inclusion and Why Does it Matter?

Diversity, equity, and inclusion (DE&I) encompasses any organizational practice that promotes an open and supportive workplace for all employees. However, the implications of good DE&I strategy extend further than improved employee performance and engagement. Companies with good DE&I have been shown to have more innovation, are more agile, have higher employee performance, and more frequently hit financial targets³. Therefore, firms can “leverage those qualities in support of business objectives”¹ to consistently outperform and gain a strategic and financial advantage over less diverse competitors² (Exhibit 1).

Unfortunately, many companies fail to implement proactive DE&I efforts that effectively engage their workforce. This is particularly true in regards to employees from racially and ethnically diverse backgrounds, who often face greater systemic obstacles to integration and advancement within the workplace. But matured understanding and development of best practices in this field, especially in recent years, has helped guide companies beyond conversation and towards more meaningful, permanent action in both short and long term operations.

Best Practices for Diversity, Equity, and Inclusion

Best practices for DE&I are often bucketed into three main categories: **recruitment**, **retention**, and **advancement/promotion**. This breakdown is a best practice in itself because it allows companies to clearly identify how and where their DE&I strategy aligns with their talent pipeline. In addition to determining what facet of the employee life cycle DE&I practices will address, it is imperative for firms to track and measure the success of any corporate initiative (Exhibit 2). Companies need concrete evidence both to suggest that these practices are working and to identify potential areas of improvement in their current strategy⁴. There are a myriad of ways to track goals that, if used appropriately and kept confidentially, can collect and analyze data for any of the three buckets of DE&I strategy. These recommendations range from **outsourcing DE&I data collection and analysis**, **purchasing specifically tailored HR software**, or **performing collection and analysis of DE&I data through the company’s HR function**³.

Recruiting

Companies should focus on making *both* sides of the interview diverse; this is an easy action that can quickly embolden DE&I⁶. It is common practice for companies to focus on recruiting diverse talent in their recruitment process, but in order to be a true leader in DE&I, a company should ensure that the *interviewer(s)* are diverse as well. This **diversity in the interviewer pool** helps get more equitable interview assessments as well as shows potential employees that diversity matters. Additionally, a growing trend is using technology to **screen candidates** and **remove selection bias**.

Retention

Leaders should formalize official **employee resource groups (ERGs)** to build out DE&I⁶. Though implementing ERGs (if they do not already exist) will likely be a long-term action, companies can take action right now in lieu of ERGs by having senior leadership lead out in conversations about DE&I⁷. Additionally, these conversations can be administered in tandem with an “internal audit” in regard to what is and is not working for employees when it comes to the company’s DE&I efforts throughout the company⁴.

Another retention strategy: provide both employees and management with appropriate information and data (e.g., **pay equity analyses**) related to company-wide diversity initiatives and goals⁹. Employees want clarity in their compensation, to know they are being appropriately rewarded, and that they are supported equally. An organization's benefits strategy should address the needs and expectations of a diverse workforce. Management should recognize that employees value both security and flexibility and should support their workforce by tailoring existing benefit portfolios to better accommodate their individual needs and interests. The ultimate goal is for benefit plans to support all employees equally. **Personalized benefit plans** can accomplish this by allowing employees to choose from a varied suite of offerings, services, and resources that support talent⁸. Ideally, they would be structured in a way that permits for differentiation of rewards. Firms can assess the success of current benefits programs by gauging employee input on current offerings, particularly as to whether they support retention and recognize and accept differences in the existing and future workforce⁹.

The reskilling imperative provides companies with opportunities to advance their DE&I strategy by providing diverse talent with an advantage that will improve retention rates and open up new employment opportunities. **Reskilling** offers opportunities to learn new talents and skills to adapt to changing organizational needs and technologies. Minority workers, who already face greater obstacles to success and advancement within organizations, are particularly vulnerable to these changes. Investing in comprehensive, well-crafted training in the long term will provide them with greater opportunity¹⁰.

Advancement / Promotion

Most companies have detailed succession plans. One short-term action for DE&I is to weave together these plans with DE&I objectives. **Including DE&I goals in the formal succession plans** is only one action companies can take⁶. Another creative solution involves senior leadership formally **“sponsoring” diverse employees**, speaking to them daily, encouraging them to give presentations, and, in doing so, putting them in the spotlight³.

Additionally, in order to improve organizational diversity in the long term, companies should look to **proactively seek out hidden talent** as early as possible within their career in order to develop diverse CEO succession pools¹¹. Three strategies for identifying hidden leadership candidates are **“hunting”**, **“fishing”**, and **“trawling”**¹². “Hunting” is a strategy that seeks to single out promising individuals who would not normally be considered for promotion. It aims to shed a light on unconscious biases within an organization by targeting people who display strong skills in areas where there are gaps in the current leadership, and then develops tailored approaches for improvement. “Fishing” involves baiting employees that demonstrate specific skills to identify themselves through awards or acceptance into exclusive training and skills development programs. This approach is most effective when firms offer the right incentives that will best attract diverse talent that meets the leadership attribute needs of the organization. Finally, “trawling” examines the abilities and skills of employees that upper management might miss through feedback from peers and subordinates and analysis of workplace social networks¹².

Conclusion

At the end of the day, DE&I initiatives are not a “rubber stamp” solution that can be taken and merely used as “one size fits all.”⁵ Each company needs to craft its own strategy that works for them and the above solutions are a good jumping off point. Whether you are looking for short-term or longer-term actions, there are a plethora of options available. Formalizing ERGs, leadership-led DE&I conversations, reskilling programs, diverse interview panels, and hunting, fishing, and trawling are just a few options that are currently considered best practices within the DE&I space. By purposefully and intentionally approaching goals and actions, a company can set itself up for success within its Diversity, Equity, and Inclusion.

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Appendix

Exhibit 1 – Diverse Companies Outperform Less Diverse Companies

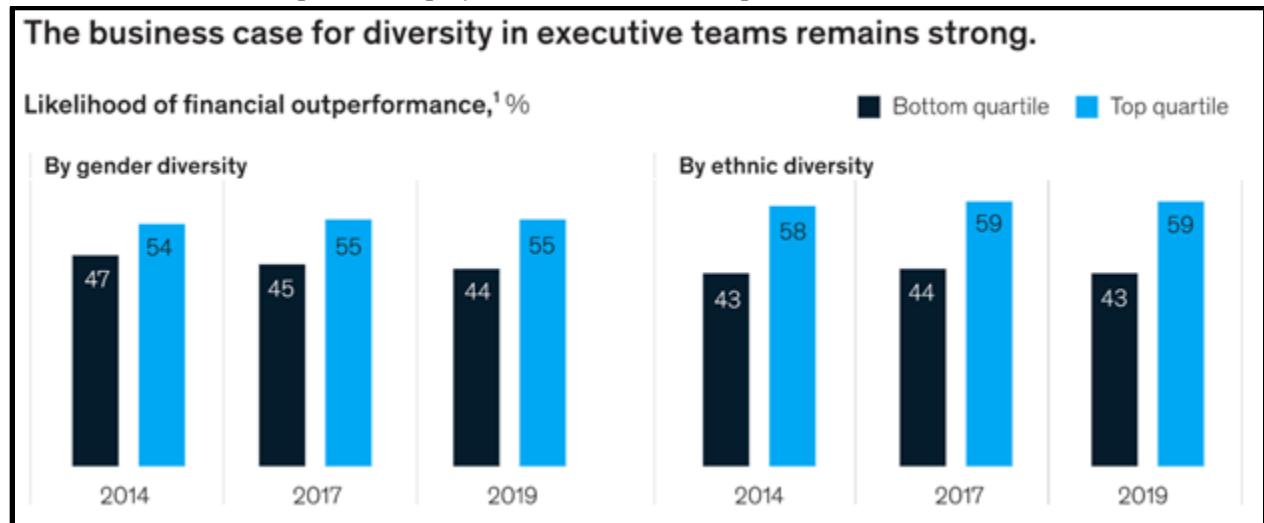


Exhibit 2 – Common Reasons Why Companies Fail to Track DE&I Data

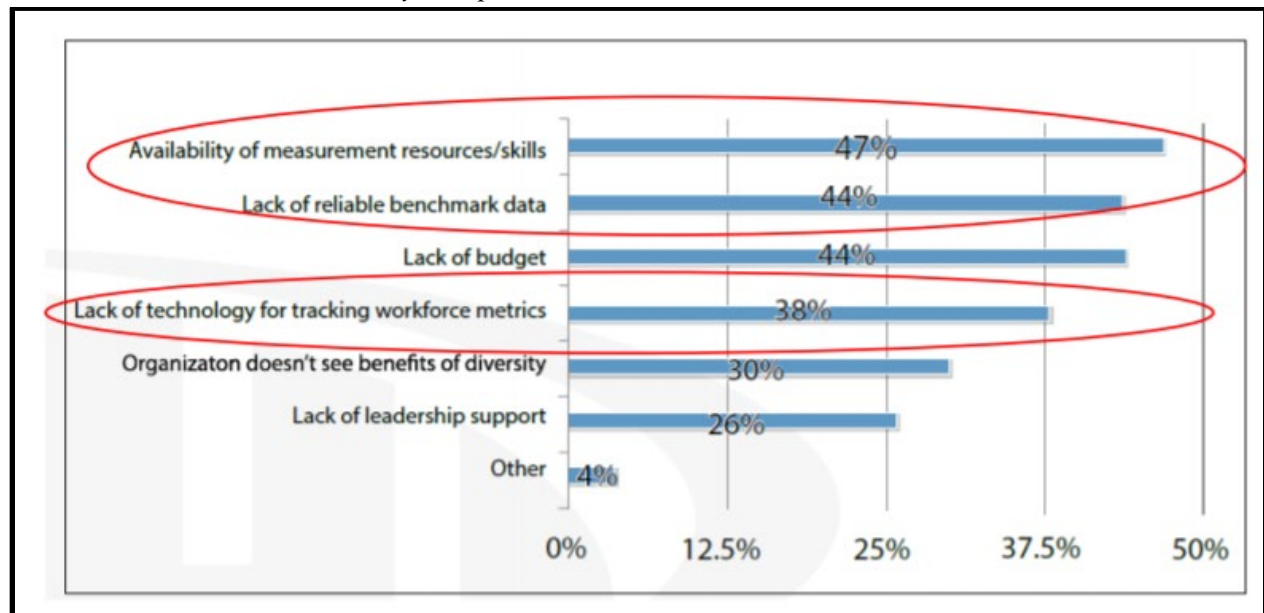


Exhibit 3 – DE&I Solutions Organized by Short-Term and Longer-Term

Short-Term Actions	Longer-Term Actions
Correctly define what DE&I is and keep up to date with current findings and approaches	Leverage technology to screen candidates and mitigate selection bias
Organize DE&I strategy and actions into 3 distinct buckets: recruiting, retention, advancement/promotion	Formalize Employee Resource Groups
Track and measure DE&I goals / efforts	Provide information to employees about company-wide diversity and initiative goals

Make both sides of the interview diverse	Modify benefits strategy to better serve a diverse workforce
Company leaders hold conversations around DE&I	Create reskilling and upskilling programs that serve diverse communities
Internal audit for employee experience of DE&I	Implement formal program for senior leaders to sponsor diverse employees
Include DE&I goals in succession plans	Identify hidden talent amongst diverse workgroups through “hunting”, “fishing”, and “trawling”