



The Diversity Executive: Tasks, Competencies, and Strategies for Effective Leadership

Diversity executives, representing some of America's leading corporations, government agencies, and nonprofit organizations, share best practices and recommendations on setting standards for effective diversity leadership.



The Conference Board creates and disseminates knowledge about management and the marketplace to help businesses strengthen their performance and better serve society.

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by Michael L. Wheeler

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Methodology

“In the competitive landscape of the coming decade, our greatest asset will be the people of Chevron and how effectively we work together. We will tap into our full potential—and that potential is enormous—only when everyone is able to make a maximum contribution, drawing upon his or her different perspectives, life experiences, and abilities. I am committed to the principle of inclusion, to the value of diversity: First, because it is the right thing to do and is central to the Chevron Way; also, because it increasingly provides a key competitive advantage.”

Dave O'Reilly, CEO, Chevron Corporation

Executive Summary

Recent reports from the latest U.S. Census paint a picture of a changing world. The diverse demographics of the United States, along with a growing global economy, are forcing organizations to rethink models of business success and how they ensure organizational readiness for effectively aligning business strategies with current demographic and market realities to achieve growth, profitability, and sustainability.

Creating Competitive Advantage

The business imperative for diversity is helping companies to better understand and build upon the link between diversity and business performance. Organizations are tapping into new and emerging markets and expanding market share; they are improving their ability to attract and retain diverse talent to better meet market demands; and they are ensuring more effective workplace policies and practices for overall organizational effectiveness and improved productivity and innovation. Diversity executives believe the right thing to do is also the right thing for business. Aetna's Vice President of Diversity Leadership, Gwen Houston, says: "Diversity has changed the way we look at our company. Central to our business is the realization that our customer base is increasingly diverse—not to spend time understanding this is a missed opportunity."

Diversity Leadership: Creating Workforce and Workplace Opportunities

The diversity executive is becoming a business leader and catalyst, helping organizations to effectively address demographic and market realities by:

- tapping into and expanding market share while improving customer loyalty and satisfaction in the *marketplace*;
- recruiting, developing, and retaining diverse *talent* to effectively bridge the workplace with the marketplace; and
- creating and implementing workplace policies and management practices to maximize talent and productivity for overall *organizational effectiveness*.

Essential Responsibilities

As their role evolves from that of compliance to a business necessity, diversity leaders are challenged with representing a broad constituency, from management to employees to the external interests that include vendors, suppliers, community organizations, and government. They must balance human differences and needs, and the law, with business-driven objectives, while simultaneously focusing on the implications of business decisions, policies, and practices on the diverse human component.

Conference Board Diversity Council members identified seven key areas under which their primary tasks fall:

Strategic direction—aligning diversity with business goals and objectives

Integration of diversity into key business and human resources practices, initiatives, and objectives—ensuring that diversity is a consideration in every business initiative and policy

External relations—providing a link between the corporation and communities, educational institutions, advocacy organizations, and the government

Communication—keeping the organization informed, and making sure that issues and progress are constantly on the radar of management and employees

Consulting and executive coaching—assisting leadership in understanding diversity issues and knowing how to effectively lead them

Relationship building—as a catalyst, the diversity leader depends upon others to reach the entire organization, and to drive change

Measurement and accountability—being the barometer for the organization with regard to inclusion and exclusion, and ensuring that effective metrics are in place to drive change

These key areas represent an optimum for effective leadership and change. While the multiple tasks and competencies required of the diversity leader can be the tools used to drive change toward inclusion, the specific initiatives put into place may vary according to industry, business demands, and organizational readiness for inclusion.

Competencies of the Diversity Leader

According to Council members, competencies required to carry out the diversity executive's key responsibilities are the same as for any good business leader.

They include:

Business acumen—knowing all aspects of the business

Strong and visionary leadership—maintaining long-term goals and commitment amid short-term, quarterly objectives

Large system change skills—knowing skills, tools, theory of change

Results orientation—the ability to measure and set specific short- and long-term goals

Building and maintaining credibility—from both business and personal perspectives

The ability to influence—knowing who, where, and how to drive change and commitment

Commitment to diversity and inclusion—believing that it is not only “the right thing to do,” but the right thing for business

The diversity executive often utilizes what some call the “diversity lens” by providing new and additional insights into standard business and leadership practices. For example, he or she must be able to identify the subtle (and sometimes not so subtle) effects of cultural, racial, and gender nuances on business strategy and practices, the marketplace, the workforce, and overall organizational effectiveness. The questions often asked by diversity executives include the following:

- Where are people included or excluded? Why?
- What are the cultural implications of including or excluding diverse talent for our marketing strategies? How do we tap into diverse markets?
- Will a downsizing or merger and acquisition adversely affect any group? What are the cultural implications of two different corporate cultures merging? Who is or is not getting promoted? Why do we not have parity?
- How do we expand business opportunities with businesses owned by women and minorities?

By keeping business leaders informed and helping them keep these issues on their radar, the diversity executive can be an important advisor, providing new and valuable insights for ensuring successful business and people strategies.

Organizational Readiness

Diverse talent is the critical link between the workplace and the marketplace. To effectively link the two requires an organization ready for “inclusion.” Hence, the overarching—and long-term—work of the diversity executive is that of driving large systems change for organizational readiness where companies can leverage diversity as a competitive advantage. A model developed by Conference Board Diversity Council members identifies four stages of organizational readiness. Indicators of inclusion or exclusion can easily be characterized as they relate to customer focus, employee involvement, executive commitment, and market focus:

Exclusion is characterized by intolerance, compliance-driven initiatives, lack of support by top management, and poor representation (especially in middle and upper ranks).

Symbolic Pioneers are companies, functions, or divisions that are primarily compliance driven, but more tolerant of differences than those in the exclusion stage. There is minimal senior management commitment, but policies and initiatives such as diversity training, mentoring, or work-life policies have been implemented. This organization might be driven by political correctness or “the right thing to do.”

Critical Mass firms are beneficiaries of the initiatives set in motion by symbolic pioneers. There is progress in visible representation of women and minorities in management ranks, and a growing recognition that diversity equals a link to multicultural markets.

Inclusion is characterized by the full integration of diversity into business practices, policies, and objectives. Top management ranks include women and minorities, and there are clear links for bridging talent with the marketplace.

As a catalyst for change, the diversity executive is keenly aware of an organization's development and progress. With inclusion as the ideal, knowing the relative stage of the organization can help the diversity executive know where to place priorities and develop the appropriate initiatives, tactics, and strategies to drive inclusion.

Metrics

Measuring an organization's readiness allows the executive to assess the change that has already taken place and to drive further change. Council members identify four key areas of a comprehensive approach to diversity metrics:

Balanced workforce—visible diversity throughout the organization

Leadership commitment and accountability—serves to heighten diversity initiatives as business objectives

Work environment—provides an important barometer for the value of inclusion and diversity

Stakeholder and bottom-line impact—these look at diversity in the context of profitability, investments with vendors and suppliers, and customer satisfaction

These areas address both business and human resources issues, help move diversity initiatives forward successfully, assess effectiveness and progress, and drive management commitment and accountability for overall business success.

Business Fact

Diversity in the marketplace, the talent pool, and the workplace is a matter of fact. Redia Anderson, National Partner, Diversity Inclusion at Deloitte & Touche LLP, concludes: "Companies today can ill afford not to seek, retain, and cultivate the talent of their employees to compete in today's marketplace. Failure to do so can make the difference between staying abreast or ahead of competition—or losing the business." Successful organizations recognize that in today's dynamic economy, diversity is an opportunity for competitive advantage.

“A diverse workforce increases innovations in product development and production processes. Diversity helps us create higher-value solutions for our customers in more products, and [in] less capital-intensive ways.”

Charles O. Holliday, Chairman and CEO, DuPont

The Business Imperative for Diversity

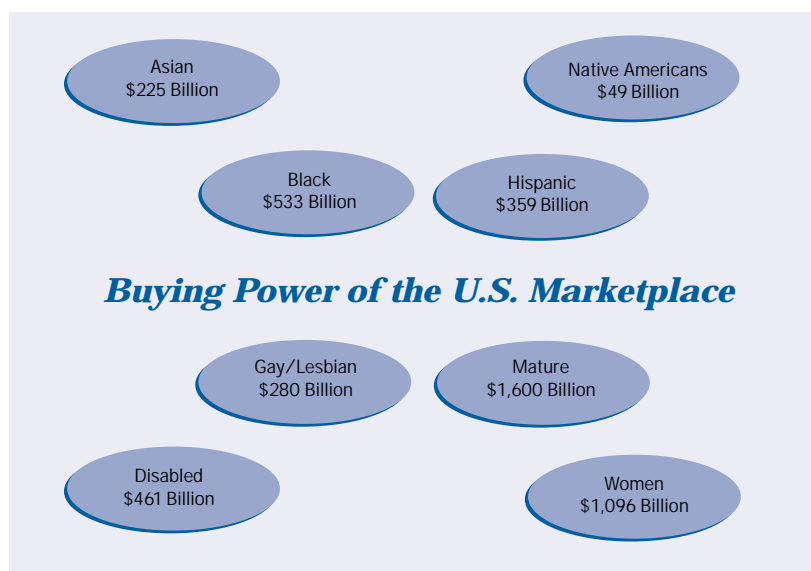
The marketplace, talent, and organizational effectiveness are the key drivers for the corporate investment in—and commitment to—diversity. These business imperatives are requiring organizations to rethink their models of business success, along with the ways in which they ensure organizational readiness for effectively aligning business strategies with current demographic and market realities. This allows them to achieve growth, profitability, and sustainability by:

- tapping into and expanding market share while improving customer loyalty and satisfaction in the *marketplace*;
- recruiting, developing, and retaining diverse *talent* to effectively bridge the workplace with the marketplace; and
- creating and implementing workplace policies and management practices to maximize talent and productivity for overall *organizational effectiveness*.

The Marketplace

The U.S. marketplace is increasingly diverse, and it represents billions of dollars in potential revenue (Exhibit 1). Ted Childs, IBM’s Vice President of Global Workforce Diversity, says, “We want their business!” Companies like IBM have discovered the value of business strategies that anticipate, and are sensitive and responsive to, demographic differences. These diversity-related business strategies help tap into new multicultural markets, expand market share, improve customer loyalty, and establish strong brand image. DuPont, for example, translated usage instructions on one of their pharmaceutical products into Spanish (and eventually into other languages). The result was millions of dollars in increased revenue. Marriott recognized that African-American professionals control \$40 billion in convention and tourism business, and responded with a variety of initiatives directed at ethnic markets. PNC Financial Services Group, Inc. identified distinct differences and needs among women of wealth; attention to details in this niche market made a difference in their bottom line.

Exhibit 1
IBM



Talent

Equally important as the growing multicultural marketplace is the increasingly diverse talent and labor pool. In fact, diverse talent is considered the bridge between the workplace and the marketplace. Emilio Egea, Vice President of Human Resources at The Prudential Financial Inc., explains: “A company whose workforce reflects the diversity of its customer base is more likely to understand and meet the needs of its customers.” Betty Maple, a Partner at Deloitte & Touche and its National Director of Diversity, adds: “The organization’s achievement of its business strategies depends upon its ability to attract and hire the best people, create the best teams, develop the best ideas, and create an environment where people can do their best work.” A recruitment campaign by Unilever Bestfoods, for example, clearly links diversity to its diverse product line and global business success (Exhibit 2).

There is one caveat to leveraging diverse talent: “It’s the environment in which they work, one in which they are respected for results and contributions, that gives the people and the company the advantage,” says Monica Emerson, DaimlerChrysler Corporation’s Director–Diversity, Development and Process Management. “Just having different people won’t provide a company with a strategic advantage.”

Exhibit 2

Unilever Bestfoods Recruitment Campaign



Organizational Effectiveness

Strategic advantage occurs when work environments are inclusive and become places where differences are viewed as strengths, and where artificial barriers to the full engagement and participation of employees are removed. This requires policies and practices in which diversity is leveraged for innovation and improved problem solving, effectively tapping into and expanding markets. Benchmark companies like DuPont have established values statements that help to assure organizational effectiveness through inclusive work environments (Exhibit 3). DuPont's Chairman and CEO,

Exhibit 3

DuPont Global Valuing People

DuPont can achieve its corporate vision only through and with the full support, commitment, participation, and cooperative spirit of its increasingly diverse workforce. It is essential to obtain that commitment and spirit by respecting each and every individual, valuing uniqueness, and treating all fairly.

DuPont should create among all its stakeholders—employees, stockholders, customers, and society—an identity as a company which achieves competitive advantage by valuing, utilizing, and bringing forth the unique talent, ability, and thinking of every employee.

Charles O. Holliday explains: “Today, our standards and expectations for our workforce are higher. I’m committed to assuring DuPont employees that they have a level playing field, where everyone has the opportunity to contribute their unique talents, skills, perspectives, and ideas to make our company grow.”

Neil Beckerman, President and CEO of Unilever Bestfoods North America, concurs: “I’m fully committed to diversity, in its broadest possible interpretation, as part of my own personal philosophy. In the context of our business, I see diversity as a strategic imperative that seeks to leverage the strengths of our differences as well as our similarities—not only the obvious ones, such as race and ethnicity, but also our rich and varied experiences and our divergent points of view. Our goal is to create a work environment in which all of our employees feel included, respected, and valued for who they are and what they contribute to our company’s success.”

The diversity function and role has been created to effectively address the business challenges and opportunities related to multicultural markets, diverse talent, and organizational effectiveness. It is the responsibility of the diversity executive to proactively and effectively bridge these three components by knowing the markets, recruiting and developing diverse talent, and ensuring inclusive work practices and policies to leverage diversity for a competitive advantage.

The Diversity Executive: An Evolving Role

“BellSouth long ago made a commitment to take action and be an organization where diversity is embraced and fostered. The appointment of a chief diversity officer is a reflection of that commitment. Diversity must be driven by the leadership of the company.”

Duane Ackerman, Chairman and CEO, BellSouth

The current role of the diversity executive is actually the evolution of decades of work. To best understand the context and content of the work requires an understanding of its origins.

An Historical Foundation: From Compliance to Business Necessity

Although the title “diversity” may be relatively new, the work is not. For example, as early as the 1940s, corporate leadership at Pitney Bowes was “setting the stage” for CEO competency on valuing diversity and race relations (Exhibit 4). The foundation of this work was built via the initiatives of a few visionary companies, the efforts of dedicated individuals, the civil rights movement, and legislation for Equal Employment Opportunity (EEO) and Affirmative Action (AA).

Compliance. It is not uncommon for individuals in the current diversity function to have emerged from, or at least passed through, the EEO/AA function. These laws still assist organizations today, and many diversity executives are still responsible for federal compliance. Companies such as Marriott have provided definitions of AA and diversity so that management and employees know the purpose of each and the differences between them (Exhibit 5). Diversity executives often find themselves dispelling myths about both EEO and AA, while still utilizing them as levers to continue driving necessary change in the context of broader diversity efforts.

Exhibit 4

Pitney Bowes: Diversity Timeline

1940s	1950s	1960s & '70s	1980s	1991	1992
Walter Wheeler’s leadership sets the stage for CEO competency on valuing diversity and race relations	Award from National Urban League	Pitney Bowes expanded civil rights and equal employment efforts	Pitney Bowes enhanced representation: “35/15”; MRG/WRG	Established Work Life Task Force	Launched Diversity Task Force

Business Necessity. The past decade has seen a rapid shift from a compliance-driven initiative to the business-driven rationale that recognizes diversity as a challenge and opportunity as it relates to the marketplace, talent, and organizational effectiveness.

Due to the nature of the work, the diversity leader plays a complicated, demanding, and interesting role in addressing a wide array of issues involving the law, human behavior, government, communities, special interest groups, business strategy, and performance.

Exhibit 5

Marriott: Diversity and Affirmative Action Defined

Diversity Is:

Managing diversity is a process used by Marriott to provide a work environment where individuals from diverse backgrounds can work together to achieve common goals and objectives. The OBJECTIVE of diversity is to utilize each individual in the work to his or her maximum potential. The primary motive of diversity is the attainment of a competitive advantage. Diversity does include white males.

Affirmative Action Is:

Affirmative action represents the steps Marriott takes to improve opportunities for women, racial and ethnic minorities, and others who have been deprived of job opportunities in the past. The OBJECTIVE of affirmative action is to create a diverse workforce and increase upward mobility for minorities and women through proactive outreach efforts. The primary motives for affirmative action are legal, moral, and social responsibility. Affirmative action does not include white males.

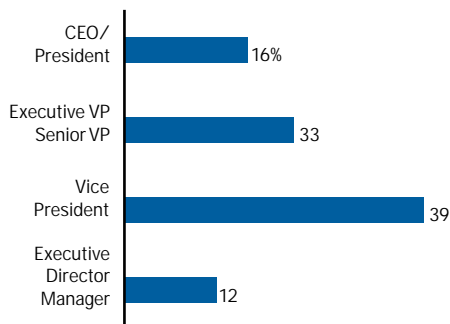
1993	1997	1998	1999	2000
Initiated Diversity Strategic Planning Process	Revised/ expanded diversity definition and performance criteria	Significant external accolades for our progress and results	Required linkage between diversity initiatives and business plans	Pitney Bowes Celebrates Diversity Around the World; Combines Business & Corporate Diversity—Global Diversity Leadership

The Diversity Leader Today

The diversity executives in this report represent nearly every industry sector. With the exception of the four council members who come from government and nonprofit, all others represent *Fortune* 500 companies with a median revenue of \$13.5 billion.*

Chart 1
Reporting Relationships

Percent of diversity executives reporting to:



Where they are positioned. Most of these leaders are located in human resources, with the majority reporting to a vice president and the second largest cluster reporting to an executive vice president (Chart 1). There are various levels and titles, from “manager” to “Chief Diversity Officer” (Exhibit 6), and they represent a wide range of responsibilities and experience. Nearly two-thirds of respondents have responsibility for the entire organization, including global operations. Europe, Asia/Pacific Rim, Latin America, and Canada are the top international regions for which they are responsible.

Exhibit 6
Diversity Positions and Titles

Chief Diversity Officer

Vice President EEO/People Diversity
Diversity and EEO
Work Force Diversity
Diversity
Cultural Diversity

Director EEO/AA and Diversity
Workforce Partnering
Multicultural Affairs
Corporate Diversity
Diversity Management
Organizational Effectiveness

**Manager/
Coordinator** Cultural Diversity
Diversity Workforce Management
Diversity and Affirmative Action
Workforce Diversity
Corporate Diversity
Workforce Development
Workforce Planning and Development

* Due to the small number of the survey population, these numbers are provided only as a reference and do not provide statistical significance for global conclusions or inferences.

Considerations for Structure and Placement of the Diversity Leader

- Access to the CEO or senior leadership team—direct or dotted line
- Access to the Board of Directors or a sub-committee of the Board (at least semi-annually)
- Shared influence as a strategic executive team member
- Accountability with other executives in:
 - Diversity performance reviews
 - Compensation
 - People development and succession planning
- Continuity—the function should be situated so as to remain constant amid organizational change. Succession planning should occur regarding the placement and choice of the diversity professional.
- Collaborative partnerships with other business leaders and business functions
- Business linkage—the diversity leader must be part of business strategy

Many of the diversity executives who participated in this project have either a direct or indirect reporting relationship with their CEO. BellSouth's Chief Diversity Officer is a member of the top management team; and Harris Bank/Bank of Montreal's Senior Vice President and Director of Diversity reports on a dotted-line basis to the CEO, participating in biweekly meetings with him and his top management team.

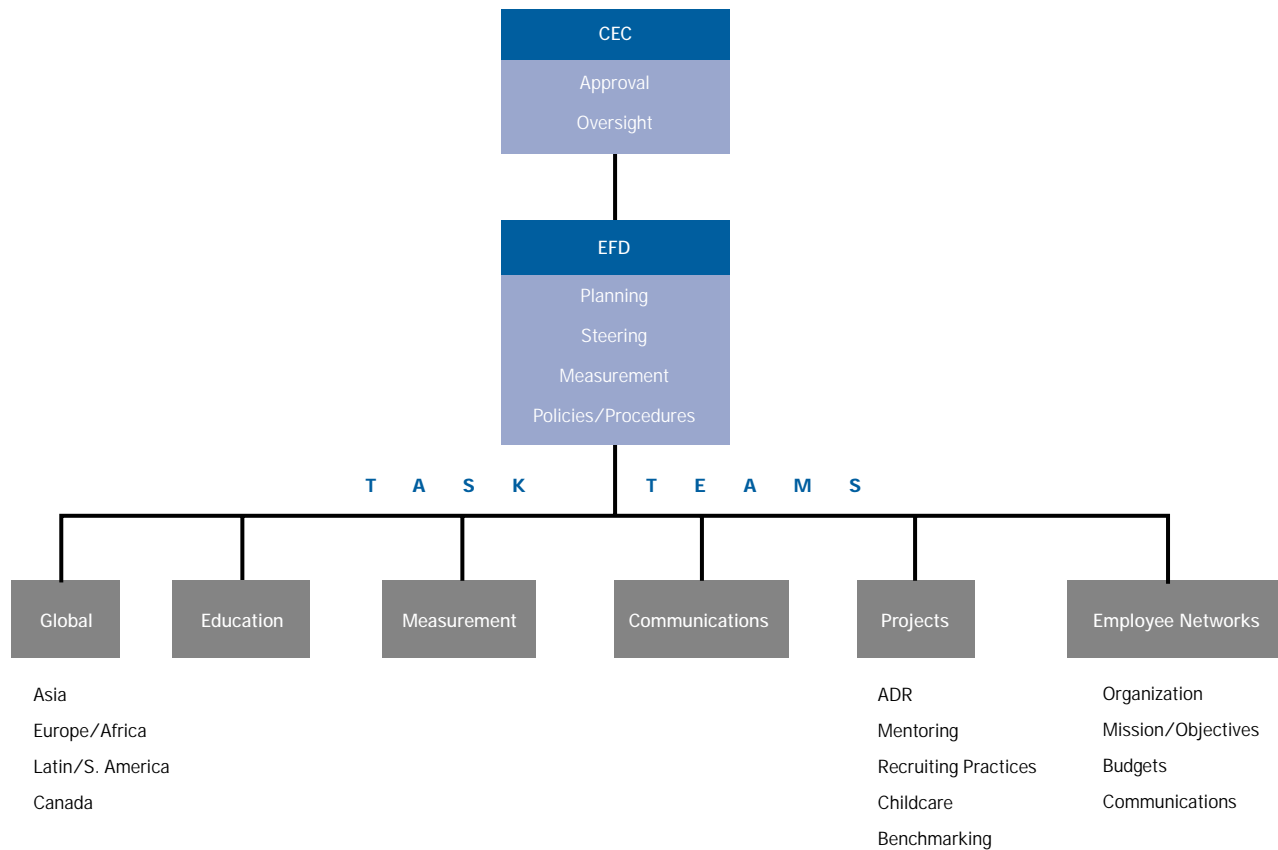
How the function is structured or governed.

Each organization seems to provide its own unique structure or form of governance. According to Diversity Council members, the critical structure provides the CEO access to diversity-specific information to influence and drive change for organizational success and inclusion. Air Products and Aetna are two companies that integrate these key components into their structures.

The governance structure of Air Products involves executives in task teams, allowing them to address key components of their diversity strategy (Exhibit 7). Hayward Bell, Director of Global Diversity at Air Products, says: “This structure reflects both the notion of accountability of the senior managers—the Executive Forum for

Diversity and the Chairman’s Executive Committee—and the change management approach of segmenting the diversity task by involving the broader organization in each element. It also reinforces the idea that this is an ongoing process.”

Exhibit 7
Air Products: Diversity Plan Governance Structure



Aetna utilizes a “Diversity Steward Model,” in which a senior executive on the top management team assumes responsibility for a designated period of time,

ensuring that diversity goals are aligned with overall business objectives by working closely with the Vice President of Diversity Capability (Exhibit 8).

Exhibit 8

Aetna Diversity Steward Model

Executive Diversity Steward Objectives	Business Diversity Steward Objectives	Head of Diversity Objectives
<ul style="list-style-type: none"> ● To steward the diversity strategy by giving it a high leadership profile, cultivating buy-in, advocating resources ● Assure and monitor implementation strategy ● Keep diversity initiatives on management group agenda ● Inform and position Chairman to act effectively ● Lead Aetna Diversity Leadership Council 	<ul style="list-style-type: none"> ● Provide operational leadership on diversity initiatives in relation to specific business ● Work closely with Head of Diversity for strategic alignment ● Assure accomplishments of specific objectives in Diversity Strategy relevant to business area ● Serve on Aetna Diversity Leadership Council 	<ul style="list-style-type: none"> ● Provide strategic planning advice to Executive Diversity Steward and Business Stewards ● Work with senior management, diversity leadership council, and employee network groups on organizational change ● Offer a Center of Diversity Expertise ● Manage structure and select corporate-wide projects

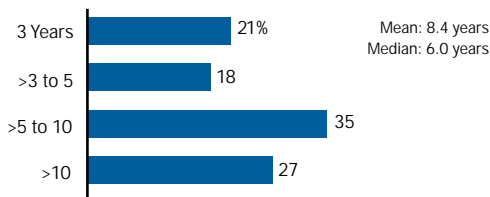
Critical Success Factors

- Steward and diversity council must be educated and motivated by diversity; not merely symbolic in role
- Diversity Leadership Council and Business Stewards must reflect diversity and represent key business areas
- Diversity goals must align with overall business objectives
- Diversity metrics should be developed to evaluate progress against goals
- Specific diversity criteria included in bonus assessment of leadership team.

How long they have been doing this. The extent of corporate and diversity experience varies (Chart 2). The median length of service in their current position is 2.5 years, with a range from 4 months to 15 years. Their corporate experience spans from 1.5 to 31 years. Among surveyed companies, the diversity function has been in existence for a median of 6 years—with a range of 1 to 15 years.

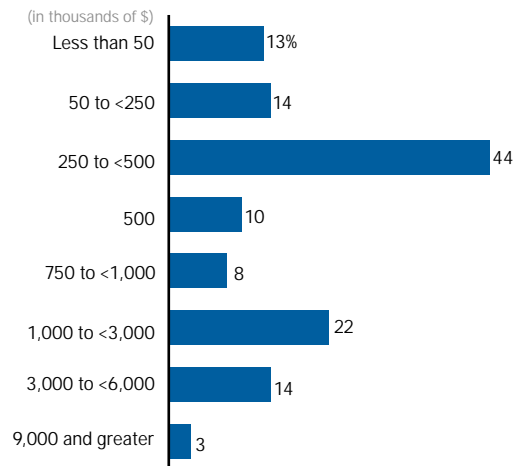
Chart 2
Years of Diversity Experience

Percent of diversity executives whose experience in years is:



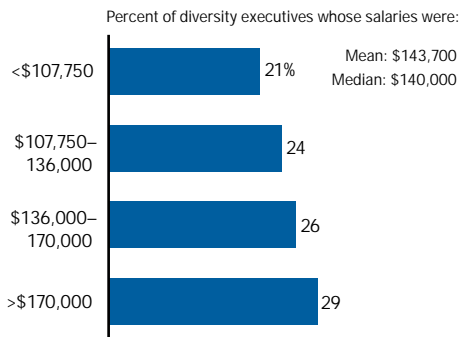
Their budgets. The median diversity budget is \$500,000-\$750,000 (Chart 3). Budgets generally range from under \$50,000 to the \$3-6 million ranges. Diversity executives are often dependent upon the support of leadership and the relationships that they build across the company to effectively fulfill their tasks. “Integration” of diversity into already existing business practices, processes, and objectives is one way of furthering the work without increasing costs. Divisions and functions will often provide financial support for diversity initiatives such as training, outreach, or marketing.

Chart 3
Diversity Budgets



What they are paid. Compensation varies significantly among diversity executives (Chart 4). Base salaries range from \$63,000 to \$236,000, with a median of \$140,000. Fifty percent of those who have served in their current capacity for more than 5 years earn over \$170,000 annually, while 62.5 percent with less than 3 to 5 years in their current capacity earn below \$107,750. The median total compensation is \$180,000. The number of respondents earning more than \$170,000 annually are clustered in corporations with revenues exceeding \$40 billion. The majority earning between \$136,000-\$170,000 are employed in companies with revenues of \$5-\$10 billion. The median annual bonus is \$48,500 (26 percent); 8 percent do not receive bonuses.

Chart 4
Total Base Salary



What they do. Most diversity executives have a great number of tasks to accomplish and a broad scope of responsibilities (Exhibit 9). It appears that formally stated responsibilities (see Appendices B, C, and D) rarely encompass the true extent of the work of these professionals. One corporate director level position description describes the role as: “...responsible for providing leadership to the continued development and results of company-wide diversity initiatives. This position is responsible for providing strategic leadership and thought leadership to the company as it pursues diversity as a business issue that is central to achieving a high-performance culture. The incumbent will achieve success through the engagement of management at all levels (line and staff) and division/department employees, including diversity council members. The primary expectations are to ensure that the company has in place the necessary strategies and tactics that will result in measurable results, commitment, integration, and improvement of the diversity process.”

Dee Wood, Director of Workforce Inclusion at Delta Technology, concludes: “We touch the depth and breadth of the entire organization and are mentors to our combined workforce—from mailroom to boardroom.”

Corporate Diversity Activities

Communication	Education and Training	Employee Involvement	Career Development and Planning
<ul style="list-style-type: none"> • Speeches by CEO/ senior executives 	<ul style="list-style-type: none"> • New manager orientation 	<ul style="list-style-type: none"> • Task forces/teams 	<ul style="list-style-type: none"> • Mentoring
<ul style="list-style-type: none"> • Video by CEO 	<ul style="list-style-type: none"> • Diversity briefings for senior management 	<ul style="list-style-type: none"> • Affinity groups 	<ul style="list-style-type: none"> • Identification process for “high potential” employees
<ul style="list-style-type: none"> • Teleconferencing 	<ul style="list-style-type: none"> • Diversity integrated into executive education 	<ul style="list-style-type: none"> • Issue study groups 	<ul style="list-style-type: none"> • Succession planning
<ul style="list-style-type: none"> • Closed circuit television 	<ul style="list-style-type: none"> • Awareness training 	<ul style="list-style-type: none"> • Focus groups 	<ul style="list-style-type: none"> • Expanding job posting up to VP levels
<ul style="list-style-type: none"> • Executive forum 	<ul style="list-style-type: none"> • Diversity skills training 	<ul style="list-style-type: none"> • Diversity council 	<ul style="list-style-type: none"> • Career pathing
<ul style="list-style-type: none"> • Corporate vision statement 	<ul style="list-style-type: none"> • Sexual harassment training 	<ul style="list-style-type: none"> • Corporate advisory committee 	<ul style="list-style-type: none"> • Individual development plans
<ul style="list-style-type: none"> • Corporate mission statement 	<ul style="list-style-type: none"> • Train-the-trainer 	<ul style="list-style-type: none"> • Corporate steering committee 	<ul style="list-style-type: none"> • Executive MBA programs
<ul style="list-style-type: none"> • Diversity policy 	<ul style="list-style-type: none"> • Change-agent seminars 	<ul style="list-style-type: none"> • Business unit steering committee 	<ul style="list-style-type: none"> • Development assignments
<ul style="list-style-type: none"> • Diversity letter/ memo from CEO 	<ul style="list-style-type: none"> • Cross-race/gender training 	<ul style="list-style-type: none"> • Networking groups 	<ul style="list-style-type: none"> • Lateral
<ul style="list-style-type: none"> • Senior management behaviors 	<ul style="list-style-type: none"> • Partnering in-house trainer with external consultants 		<ul style="list-style-type: none"> • Rotational
<ul style="list-style-type: none"> • Diversity brochure 			<ul style="list-style-type: none"> • Self-development planning
<ul style="list-style-type: none"> • Employee Handbook 			<ul style="list-style-type: none"> • Networking directories
<ul style="list-style-type: none"> • Employee newspaper/ periodical articles 			<ul style="list-style-type: none"> • Development programs for nontraditional employees
<ul style="list-style-type: none"> • Special diversity newsletter/status reports 			<ul style="list-style-type: none"> • Remedial education
<ul style="list-style-type: none"> • Second language communication 			

Performance and Accountability	Culture Change	Recruitment and Retention	External Relations
<ul style="list-style-type: none"> • Link diversity performance to other corporate objectives 	<ul style="list-style-type: none"> • Conduct internal diagnostic studies 	<ul style="list-style-type: none"> • Work with minority development organizations 	<ul style="list-style-type: none"> • Adopt-a-school programs
<ul style="list-style-type: none"> • Develop diversity performance measures 	<ul style="list-style-type: none"> • Glass ceiling audit 	<ul style="list-style-type: none"> • Recruit at historically African-American and Hispanic colleges 	<ul style="list-style-type: none"> • Participation in educational events
<ul style="list-style-type: none"> • Qualitative 	<ul style="list-style-type: none"> • Equity studies 	<ul style="list-style-type: none"> • Advertise in minority publications 	<ul style="list-style-type: none"> • Participation in Urban League or other organizations
<ul style="list-style-type: none"> • Quantitative 	<ul style="list-style-type: none"> • Culture audits • Incorporate diversity items in employee attitude surveys 	<ul style="list-style-type: none"> • Hire headhunters 	<ul style="list-style-type: none"> • Fundraising for organizations such as United Negro College fund
<ul style="list-style-type: none"> • Incorporate diversity in management objectives 	<ul style="list-style-type: none"> • 360-degree feedback 	<ul style="list-style-type: none"> • Scholarships 	<ul style="list-style-type: none"> • Involvement with minority and women owned business enterprises (M/WBE) outreach activities
<ul style="list-style-type: none"> • Define and reward behaviors that reinforce diversity 	<ul style="list-style-type: none"> • Benchmark other companies 	<ul style="list-style-type: none"> • Vocational prep programs 	<ul style="list-style-type: none"> • Work with leadership organizations representing minorities
<ul style="list-style-type: none"> • Monitor and report progress 	<ul style="list-style-type: none"> • Develop corporate diversity strategy 	<ul style="list-style-type: none"> • Internships—work with organizations like INROADS 	<ul style="list-style-type: none"> • Participation in multicultural events
<ul style="list-style-type: none"> • Evaluate business units' performance 	<ul style="list-style-type: none"> • Integrate diversity into total quality strategy 	<ul style="list-style-type: none"> • Alumni association memberships 	<ul style="list-style-type: none"> • Working with minority groups who have problems with the organization
<ul style="list-style-type: none"> • Evaluate managers' performance 	<ul style="list-style-type: none"> • Establish stand-alone diversity position 	<ul style="list-style-type: none"> • Mentoring 	<ul style="list-style-type: none"> • Management training
<ul style="list-style-type: none"> • Evaluate all employees' performance 	<ul style="list-style-type: none"> • Add diversity responsibilities to EEO/AA position 	<ul style="list-style-type: none"> • Succession plans 	<ul style="list-style-type: none"> • Pipeline development
<ul style="list-style-type: none"> • Tie diversity performance to: 	<ul style="list-style-type: none"> • Emphasize line management ownership 	<ul style="list-style-type: none"> • Pipeline development 	<ul style="list-style-type: none"> • Working with minority groups who have problems with the organization
<ul style="list-style-type: none"> Business unit head's compensation 	<ul style="list-style-type: none"> • Adopt flexible management style, not "one size fits all" 	<ul style="list-style-type: none"> • CEO meetings with high potentials 	<ul style="list-style-type: none"> • Work-Life balance initiatives
<ul style="list-style-type: none"> Business unit's bonus pool 	<ul style="list-style-type: none"> • Revise policies/benefits to support diverse needs 	<ul style="list-style-type: none"> • Work-Life balance initiatives 	<ul style="list-style-type: none"> • Education/development opportunities
<ul style="list-style-type: none"> Individual incentives 			
<ul style="list-style-type: none"> Other rewards and recognition 			

Effective Diversity Leadership

“Diversity is a value stream that impacts every way you do business and interact with people. When we say strategic, it has to do with work processes open to diversity—not just a diversity process.”

Yvette Bowden, Director of Diversity and People Services, United Airlines

Key Responsibilities for Driving Change

Council members consider a key role of the diversity leader to be that of a “catalyst,” maintaining direct responsibilities while also influencing the work of many throughout the organization. DaimlerChrysler’s Monica Emerson says, “The diversity executive can be the catalyst that supports operating and line management by helping them see the relevance of diversity and how it relates to the success of the company.”

Recognizing the complexity of their roles, council members identified seven broadly defined areas under which their key tasks fall. These do not include all activities and responsibilities, but represent an attempt to establish some standards for effective diversity leadership.

Strategic direction—The alignment of diversity with business objectives and goals related to the marketplace, talent, and organizational effectiveness.

Integration into key business and human resources practices, initiatives, and objectives—Making diversity considerations a part of everything that the company does.

External Relations—Establishing partnerships and relationships with key stakeholders in communities, educational institutions, advocacy organizations, and the government.

Communication—Involves many tasks at all levels addressing business strategy, diversity issues, public relations, and commitment to diversity and corporate values.

Consulting and Executive Coaching—The diversity leader is often an advisor on diversity issues, and also assists in the professional development of executives as relates to diversity.

Relationship Building—The diversity leader is typically dependent upon organization-wide relationships to drive change and commitment to diversity issues and initiatives.

Measurement and Accountability—The diversity leader is responsible for achieving business objectives, measuring success, driving change, and knowing how to link diversity to business performance.

These broad responsibilities also comprise the fundamental components of large systems culture change that support organizational readiness for inclusion (see *Assessing and Driving Change: Organizational Readiness and Success with Metrics*, p. 72).

And Inclusion

Strategic Direction

Establishing corporate vision, philosophy, and direction

Articulating the business case for diversity

Envisioning the future (5-10 years)

Establishing strategic focus and objectives by linking diversity to organizational objectives

Creating and developing an infrastructure to implement strategy

Establishing the organization's definition of diversity

Determining the strategic needs

Utilizing a corporate Diversity Council for organization-wide commitment and leadership

Diversity initiatives and strategy must be aligned with business objectives and goals. The relationship between business and diversity is integral and reciprocal. In other words, business needs regarding the marketplace, talent, and organizational effectiveness will drive diversity initiatives and priorities; and diversity issues or the diversity perspective can also help shape business objectives and strategy. The delicate balance of this relationship can be challenged by short-term, bottom-line goals, as well as by the profits and losses that often drive business decisions. The diversity leader must be sensitive to these demands while also ensuring the long-term sustainability of the organization.

A Foundation: Envisioning the Future

Mission and/or vision statements often provide the foundation that drives long-term strategic direction for diversity initiatives as well as the whole of the business. These statements are sometimes specific to diversity, but are increasingly becoming another component of corporate strategy. Aetna's mission statement, for example, clearly links diversity to its company's brand and success (Exhibit 10). It is the role of the diversity leader to operationalize these mission/vision statements through his or her varied tasks and initiatives.

Philip Morris Companies, Inc. takes the future seriously with regard to diversity, and has even established a 20-year diversity plan based upon the “legacy” its business leaders wish to leave. Shirley Harrison, Vice President of Diversity Management, explains: “I asked our leaders, ‘What legacy would you like to leave here? If your children come to work for Philip Morris, would they believe this is a company dedicated to diversity?’ ” An assessment at the 10-year mark will help the company monitor progress and also reassess the tactics and initiatives required to achieve this legacy, while ensuring the

commitment of any new leaders in the organization. Harrison continues: “It’s time to recalibrate. Ten years ago, global business was a small percentage of what we did—now global issues are at the forefront. We also have a new cadre of leaders, and we want the new wave of ownership to go through the process and own it.” Microsoft’s Senior Director of Diversity, Claudette Whiting, says, “This is a transformation process—it takes time, evolves, and does not happen overnight. But it won’t happen without leadership involvement.”

Exhibit 10

Aetna: Mission Statement and Strategy

Mission Statement

We will deliver on Aetna’s brand promise by fostering an inclusive business climate that leverages the unique talents, perspectives, and experiences of all Aetna employees and business partners, resulting in improved productivity, competitiveness, and shareholder value.

Diversity Strategy

We will accomplish our mission by:

- Leveraging the diversity of our employees and the strength of the brand to increase the number of business opportunities and partnerships with key external markets, communities, and suppliers;
- Focusing specifically on recruitment, retention, and development of diverse talent;
- Creating a work environment that enables people to do their best work; and
- Integrating diversity case studies into the existing education curricula of all employees and leaders.

Linking Diversity to Business

Goals and Objectives

The diversity executive must establish a clear link between diversity and business goals and objectives. The Diversity Strategic Objectives at Air Products, for example, clearly identify the connection between business and diversity. In this process, the diversity executive must help leadership to identify potential derailers (e.g., discrimination suits, turnover problems, or missed market share) as well as opportunities (i.e., increased market share, reduced turnover, improved customer loyalty, or a positive corporate image related to diversity).

Aligning Diversity and Business Strategy

Diversity can be an integral component of an organization’s strategic plan, as it is at AARP (Exhibit 12). Director of Diversity Lisa Gardner says: “Diversity is central to AARP’s vision and mission. It has been proclaimed a ‘cross-cutting issue,’ and all business units are responsible for creating an inclusive culture and for incorporating diversity strategies into their business plans.”

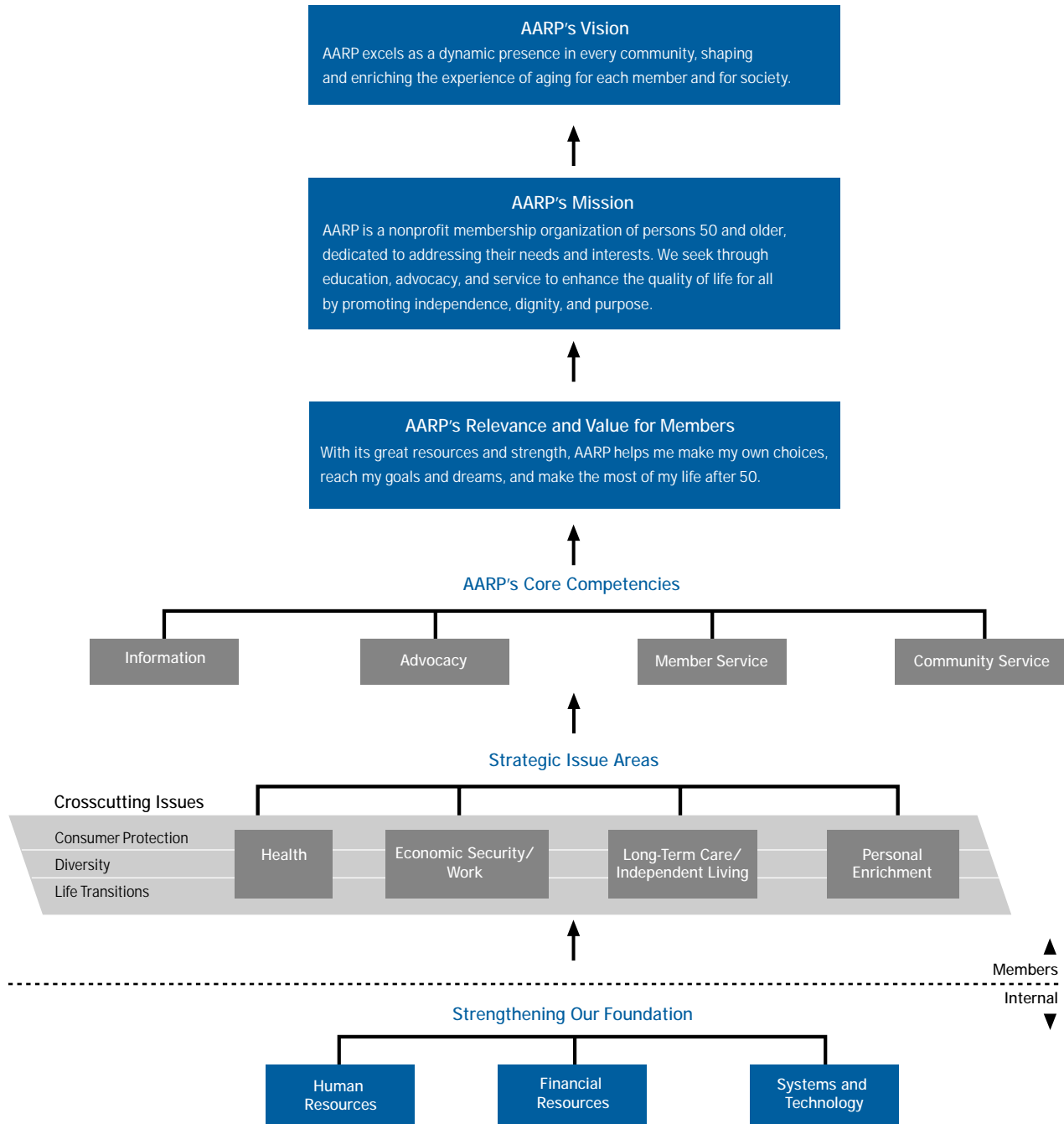
Exhibit 11

Air Products: Diversity Strategic Objectives

Business Case	5 Corporate Objectives
Drivers	EFD Strategic Objectives
Talent	To be sought after by new employees and recognized as one of the best places to work, and to be able to retain them
Relationships	To have a superior ability to form, establish, and maintain relationships with customers, suppliers, and business partners
Responsiveness	To have employees worldwide who believe they are treated fairly and can maintain their individuality while having their contributions valued
Innovation	To be superior at identifying and implementing new ideas
Productivity	To have all employees fully engaged in the operation of the company

Respect/Inclusion

AARP: Achieving Our Vision—A Strategic Plan Overview



Diversity can also be connected to the workplace, marketplace, community, and suppliers, as Pitney Bowes has done in their “Best in Class Model.” Many of the efforts of these diversity executives are geared toward integrating diversity into existing business practices in order to make diversity a way of doing business rather than another thing to do.

Exhibit 13
Pitney Bowes



Integration into Business Systems

Determine linkages between diversity and:

Business strategy

Marketing

R&D

Total Quality Management

Technology

Innovation

Productivity

Integration is best achieved when diversity is considered—perceptually and structurally—as another component of business strategy. Integration can occur as a business objective (e.g., management objectives and accountability), through the customer link (e.g., expanding market share or tapping new markets), or via internal processes that enhance business capability (e.g., innovation, high-performance workplaces).

Diversity as a Business Objective

At DaimlerChrysler, diversity initiatives are integrated into the company's workforce management strategy and are treated like other business objectives. There is ownership by the officers and the leadership of the company, goals are set, visibility and accountability are created, and regular reports on progress are made to the leadership. DaimlerChrysler's Monica Emersen says: "Diversity is no longer an HR 'program,' it is a business objective." Similarly, at Gannett Company, Inc., the largest newspaper publisher in the United States, diversity is the responsibility of the operating unit head and his or her management team. Executives are responsible for managing profitability, quality of products, *and* people resources; and results on diversity progress are reported annually to the company's senior management. Furthermore, annual executive bonuses are dependent on achieving goals in each of these areas of responsibility.

At BP, each business unit develops its own diversity objectives. One business unit set aside a fund for its employees to tap into for innovation and creativity, while in another unit, each employee has an individual development plan. BP's Senior Manager of Diversity and Inclusion for North America, Mike Underhill, says: "Diversity is now included in the performance management structure and also into all parts of the business structure."

The Customer Link

Federated Department Stores, Inc. has integrated diversity into its business systems through marketing and merchandising task forces that identify local demographics, ensuring that each store reflects customers and their needs. For example, credit applications may be provided in Spanish, or store signage may be written in Vietnamese, or there may be a Santa who speaks sign language for deaf children at Christmas. These initiatives draw in customers and provide access to and for them. At AARP, Asian and Hispanic employees have volunteered to translate membership materials and have made recommendations to ensure the cultural relevance of messages. They also created an Employee Language Proficiency Database, ranging from American Sign Language to Zulu. All employees have quick access to the database of 29 languages, and can call on their co-workers to provide a prompt response to customers in their preferred language. Employees also serve as translators when AARP hosts international guests.

Enhancing Business Capability

An important component of the diversity executive's work is organizational effectiveness: ensuring the business and people processes that improve capability by improving innovation, productivity, and problem solving, or by linking diversity to key concepts such as "high-performing workplaces" or "intellectual capital."

AT&T has realized business advantages and saved time and money by encouraging managers to build diverse teams. To ensure success, they provide training that helps managers and employees work together effectively. For example, a five-year process was reduced to two years due to the input of diverse perspectives and effective team collaboration. At the Hartford Financial Services Group, Inc., one business unit leader, drawing upon concepts of effective diversity leadership and teamwork, utilized diverse teams to provide new ideas for the business. The result was eight new processes and revenue of \$31 million over their goal. Research has also proven diverse teams to be more innovative and better problem solvers—with a little investment over time. Companies are now discovering this for themselves.

Concepts such as “high-performance workplaces” or “intellectual capital,” and “knowledge management” or “branding,” provide tremendous opportunities to build upon initiatives already supported by the organization. The Procter & Gamble Company, for example, has linked diversity to high-performing work systems. Al Collins, Procter & Gamble’s Manager of Global

Diversity and the HR Center of Enterprise, says: “Diversity fits right in—this is a business link. Understand the link, help others understand.” General Motors Corporation has created a strong branding link between diversity and the organization’s “Go Fast” Strategy.

Exhibit 14

General Motors: “The Pace of the New Economy: Go Fast Strategies for Diversity”

An enterprise-wide imperative at GM is “Big AND Fast.” In many ways, GM has identified ways to move quickly in the new economy, without assuming that being large is a disadvantage. This imperative was also implicit in the evolution of GM’s diversity strategy over the last year—to identify ways to quickly inform, challenge, and educate GM people about diversity in the context of the new economy—quick access to information, when they want it, in the form that is most useful to them.

The overall context for this change was brand identification—to create a diversity brand within GM that had images and messages associated with it. Within the brand, there was a dual focus—the informational/data component, and the emotional intelligence component:

GM developed an interactive Web site with access to information and contact information for other GM employees and activities, an e-card to provide a contact point and off-line availability of data, and voice mail based 30-second “diversity learning moments.” For the emotional intelligence component, GM licensed a version of a leading diversity consultant’s video, which is now shown at every GMU class and in a wide variety of other contexts within GM.

Integration into Human Resources Initiatives, Policies, and Practices

Recruiting

Upward mobility/
advancement

Development

Training

Compensation and benefits

Succession planning

Labor relations

“One of the key strategic initiatives for the diversity executive is to build diversity into all human systems—such as advancement planning, compensation, pay equity, recruitment, retention, and education,” says Shirley Harrison of Philip Morris. Examples of integrating diversity into human resources initiatives include: creating diverse candidate slates for all job openings; ensuring compensation and pay equity; and building a diverse pipeline of high-potential, upwardly mobile talent. What might appear to be special programs to some really just reflects a move toward expanded and more inclusive initiatives to ensure the involvement of *all* employee populations.

Recruitment

The goal of recruitment is to cast the net both wider and deeper, to identify and attract a more diverse slate of candidates for the pipeline of talent. Diversity has expanded opportunities for recruitment and includes initiatives such as:

- Identifying and targeting a precollege program
- Providing financial support to organizations that help increase a diverse candidate slate
- Providing internships or co-ops
- Scholarships
- Building relationships with historically African-American or Hispanic colleges and universities
- Career fairs at targeted schools

Retention, Development, and Advancement

Getting people “in the door” is sometimes less challenging than keeping them in the organization. Terms such as the “glass ceiling,” “concrete ceiling,” or “sticky floor” are often used where minorities and women are not well represented in top management ranks and the pipeline fails to deliver the talent. Consequently, a significant number of initiatives are being implemented to aid in the retention, development, and advancement of minority talent.

Aetna’s Emerging Leaders Program is an innovative example of the development of employees with high potential from the corporate population. Gwen Houston has this to say about their initiative: “To ensure our company’s future, we need to identify and develop a strong pool of leaders throughout the company who have the critical capabilities to bring about business success. We call this ‘building bench strength.’ ” The goal of this program is to ensure that Aetna continually attracts, develops, and retains talent, while building a wide range of diversity—of thought, background, experience, and perspective—into Aetna’s leadership talent base.

Aetna’s Emerging Leaders Program:

- Identifies highly talented employees early in their careers and accelerates their development so that there is a steady flow of diverse candidates for future senior leadership positions across the company.
- Provides a series of diverse and challenging assignments that are tailored to individual development needs and the business needs of the organization.
- Provides both strategic and operational experiences in all facets of Aetna, in which participants must continually demonstrate exemplary performance in each assignment.

With women representing nearly half of the workforce worldwide, companies like IBM, BP, and Unilever Bestfoods have conducted global women’s forums and summits, and found them very influential in raising awareness of women’s issues, identifying high-potential female employees, and providing ways to improve opportunities for women. For example, as a result of a global women’s forum at Unilever Bestfoods, recommendations were made for better access to successful career paths. As a consequence, female representation in senior ranks was increased from 15 to 21 percent.

Marriott International created “Seven Strategies for Success in Women’s Leadership” based upon what they know to be key retention factors for women. Marriott’s Vice President of Diversity and Workplace Effectiveness, Donna Klein, says that the first step is to “Get down to business...treat women’s leadership as a business imperative.” She concludes, “Great leaders are like any other asset at a company: their innate value must be leveraged by investing in them. That’s true for women leaders, too—both for moving them into positions of leadership and, most importantly, for making sure they succeed once they get there.” Recent studies confirm that the critical retention factors for women and people of color are more about opportunity, environment, development, and good working relationships than they are about money.

Other examples of corporate development initiatives include:

- Identifying high-potential minority and female talent
- High-potential programs for all functional and business groups
- Mentoring
- Regular top management review of those with high potential
- Individual development plans
- Employee involvement
- Meetings with the CEO
- Databases of jobs, mentors, and developmental opportunities
- Career planning
- Multi-source feedback (e.g., 360-degree feedback)
- Succession planning

Networking and Affinity Groups

Companies often utilize networking and affinity groups both as a developmental source and to help the company ensure a work environment that effectively addresses and recognizes the needs of a diverse workforce. Deborah Dagit, Executive Director of Diversity and Work Environment at Merck & Company Inc., notes: “There is a lot to learn about the issues, knowledge, skills, and abilities of these groups to be successful—networking and affinity groups are a powerful way to partner and better understand groups and individuals within the cultural context of the company.” Networking and affinity groups are also seen as opportunities to leverage diversity for business success. At BellSouth, for example, employee networking groups

are an “essential component of diversity strategy,” says Deborah Jones, Director–Office of Diversity. At Texas Instruments Inc., a Diversity Network was created with representatives from each of the company’s 20-plus employee diversity initiatives (Exhibit 15). Terry Howard, Diversity Director at Texas Instruments, says: “Our goal is to accelerate diversity at Texas Instruments through synergistic programs, and to encourage personal development while facilitating retention and recruitment. Our Diversity Network helps us keep commitment and keep us informed.” An employee network at Shell Oil worked in partnership with one of its business units to address the unusually high attrition of Asian-Pacific professional staff. They analyzed potential root causes and formulated recommendations to improve retention.

Exhibit 15

Texas Instruments: Diversity Network

The Texas Instruments Diversity Network (TIDN) is an organization made up of representatives from each of the company’s employee diversity initiatives. TIDN was founded to accelerate diversity at TI through synergistic programs, to encourage personal development, and to facilitate retention and recruitment.

Mission: To be a change agent in the fulfillment of the TI Worldwide Diversity statement.

Objectives:

Provide a forum for the various initiatives to share ideas and solicit support

Share resources and minimize duplication between the diversity initiatives

Create synergy between the diversity initiatives in order to accelerate the effectiveness of each individual initiative

Promote TI's commitment to diversity

Publicize activities, successes, metrics, issues, and concerns

Mentor new initiatives

Work with the TI Diversity Office and with management to develop the TI diversity strategy

Training and Education

Benchmark companies have begun integrating diversity into their standard training and education programs.

Chevron's Corporate Diversity Manager, Janet Winters-Smith says, "We are strongly focused on enhancing leadership capability for diversity. We have done this by building diversity modules into all of our core leadership development experiences." Chevron also sponsored an internal, worldwide diversity conference titled, "Discover the Power: Standing Together to Make a Difference." The purpose of the conference was to promote an inclusive environment where all employees can fully participate and contribute to the company's success. Specific objectives included:

- Communicating and leveraging successful strategies and lessons learned across Chevron and other leading-edge companies, including the role of diversity networks in achieving business objectives;
- Identifying and prioritizing potential actions and critical success factors that foster a culture of recognition, reinforcement, and mutual accountability for diversity; and
- Translating diversity into focused Personal Diversity Action Plans to help achieve Chevron's diversity vision and competitive advantage through global organizational capability.

At DuPont, diversity is a core curriculum. Programs—from awareness to skill building to "reinforcement"—are offered for the general employee population, managers and supervisors, human resources managers and professionals, and senior management (Exhibit 16). This training curriculum is seen as an integral part of the overall diversity initiative that ensures integration into the educational process.

Deloitte & Touche launched a diversity education program titled, "Diverse Perspectives, Common Goals." With a rollout to 28,000 partners and employees, the training is meant to reinforce the diversity vision and support the firm's mission, vision, global shared beliefs, and business objectives. Gannett created an award-winning video—utilizing its own employee diversity committee—that depicts the company's diversity philosophy. The video is used as part of new employee orientations, recruiting forums, and training and development programs. The video emphasizes that diversity is a core value of the company, and that teamwork is essential to the success of the company and individual employees.

Exhibit 16

DuPont: Diversity Core Curriculum

	Level	Offering
General Population of Employees	Awareness Building (Intact work teams)	Introduction to Workforce Diversity
	Awareness and Skill Building (Intact work teams)	CREW (Creating a Respectful Workplace) One-day "Workplace of Difference" Sexual Orientation in the Workplace Managing Smart (Balancing Work/Life)
	Reinforcement (Ongoing)	Involvement in business-sponsored cultural study teams, networks, mentoring events, etc.
	Required Training For All Employees	"A Matter of Respect" (Prevention of Sexual Harassment and Sex Discrimination)
Managers/ Supervisors	Awareness Building (preferably with diverse business/staff teams)	Five-day "Multicultural Awareness Workshop" (MAW)
	Skill Building	One-day "The Multicultural Managers Workshop"
	Reinforcement (Ongoing)	Involvement in business-sponsored cultural study teams, networks, mentoring events, etc.
Human Resource Managers	Awareness Building (preferably with diverse business/staff teams)	Five-day "Multicultural Workshop"
Human Resource Professionals	Skill Building	The Multicultural Manager Workshop
	Skill Building	Certification for Organizational Change and Multicultural Diversity Consultants
Senior Management Group	Awareness Building (preferably with diverse business/staff teams)	Five-day "Multicultural Workshop"
	Reinforcement (Ongoing)	Involvement in business-sponsored cultural study teams, networks, mentoring, events, etc.

Parity, Equity, and Representation

Some companies have taken aggressive measures to ensure equity across racial and gender groups by assessing compensation, pay, benefits, and access to fast-track opportunities. The rationale for parity, equity, and representation has several purposes:

- the connection between the workplace and marketplace can only be bridged when the company reflects its markets and communities;
- to be effective, diversity must be visible in the decision-making ranks of the organization;
- people are more productive when they know that they are treated fairly and equitably;
- there are Federal laws pertaining to EEO/AA and employment fair practices laws; and
- many believe the right thing to do by people is the right thing for business.

These leaders believe that if their initiatives are successful, then success will be manifest in visible diverse representation across the company. When it comes to recruiting, retaining, and developing talent, women and people of color want to see success stories—they want to know they can succeed in their company. Judy Phillips of Harris Bank/Bank of Montreal adds, “In today’s work environment, even young white males will look at top management and, if they don’t see diversity, will think, ‘This is not the place for me.’ ”

External Relations

Philanthropy

Procurement

Vendor/supplier relations

Public relations

Environment

The diversity executive is often a critical link between the corporation and communities, educational institutions, advocacy organizations, and the government. An important task, according to council members, is to identify key stakeholders in all of these areas and to establish partnerships and relationships. These are not only goodwill initiatives, but are also considered important business opportunities.

Commitments, Goals, and Objectives

The importance of these external relationships is emphasized by Marriott's formally stated, and proactive, mission and vision for supplier diversity and external relations (Exhibit 17). Specific objectives at Marriott include increasing purchases and procurement from "diverse" suppliers and vendors; improving relationships with minority and women's constituencies; and supporting the marketplace through diverse supplier procedures, policies, and outreach activities.

Exhibit 17

Marriott: Supplier Diversity and External Relations

Mission:

Marriott International's diversity initiatives are designed to develop and sustain positive working relationships with major national organizations that represent minorities. The organization also creates mutually beneficial opportunities for minority and women-owned businesses and the company. Diverse suppliers will add value to our customer-driven, technology-focused "Marketplace by Marriott" procurement organization.

Vision:

Marriott International will attract, mentor, use, and retain a pool of diverse qualified and customer-focused vendors. The program will also place an emphasis on developing relationships with diverse organizations, businesses, and communities where we do business.

Maintaining and Expanding Relationships through New Venues in Technology

Pitney Bowes has capitalized on technology, establishing a Web port on the Internet to build relationships with companies owned by minorities and women. The Internet portal is an attempt to provide information to leverage, maintain, and expand relationships with current clients, customers, vendors, and suppliers. The Internet is becoming yet another tool utilized by companies to help establish and maintain the relationship building that Pitney Bowes' Executive Director of Global Diversity, Henry Hernandez, believes is "the key to success" in this new millennium.

Communication

Developing a communication strategy for key stakeholders (sensitive to audience)—internal and external plan

Processing ongoing communication about strategic direction, progress, and results

Creating mechanisms for dialogue—feedback loops to reassess and change direction

Building an internal diversity image advertising campaign

Developing strategies for external recognition (e.g., *Fortune's Best, Working Mother, Catalyst Awards, EVE Awards, etc.*)

Communication serves the diversity leader as a strategy for conveying the issues and the business case; driving change and apprising progress; improving relationships and teamwork; informing constituents; and modeling a process.

Communication takes place on many levels:

- Internally and externally
 - As a representative of management
 - As a representative of employees
 - As a representative of the corporation
 - Sometimes as a representative of a racial, ethnic, or gender group
- Formally and informally
- As a facilitator for improving communication across differences
- As a bearer of news, be it good or unpleasant

Issues Management

Diversity executives can be faced with very difficult issues related to the workplace, individuals, groups, or the communities in which they work. These issues might involve lawsuits, racism, sexual harassment, negative media coverage, culture clashes, hostile work environments, to name a few.

When it comes to tough issues, proactive actions are critical. Once negative publicity begins, it can take years to recover from a damaging event—an incident that results in a lawsuit could cost millions; there could be lost revenue, a decrease in stock prices, and the loss of formerly loyal customers to the competition. Although this *is* a business case—it is not the one a diversity executive should be arguing.

To deal with some of the complexities posed by organizational differences, Lockheed Martin Enterprise Information Systems has established employee discussion groups that allow dialogue on a number of diversity-related issues. These discussion groups involve both employees and management, and help to identify and resolve issues in a forthright manner. One diversity executive said, “Knowledge is power.” The power that lies in knowing what the issues are, identifying where they are, and creating solutions to problems allows an organization to do the right thing for its people and the business.

The Public Relations Role

The diversity executive is often visible to the public via conferences, community involvement, special events, and publications. Several council member companies have been identified as “Best Companies to Work For” in various media surveys, and others have been nominated for the prestigious EVE award presented by the Department of Labor. The diversity position can be very visible internally and externally to the organization. Being considered a “benchmark” company with a commitment to diversity can have positive implications on investors, potential employees, vendors, suppliers, and even aid worker retention. Avon’s Director of Diversity, Lolita Chandler, cautions: “Be sure your internal image is keeping up with the external image. Employees know what really works and what doesn’t...”

Technology as a Tool for Communicating

The Internet and intranet are increasingly becoming important tools to communicate strategies, to educate, and to build a diversity knowledge base for employees. For example, AT&T’s diversity organization recently established an intranet that provides business-oriented tools for use by employees and serves as an overall resource for diversity-related topics. Federated Department Stores has also established an intranet for employees, enabling them to share ideas across stores and regions. This tool is very effective for real-time access and quick sharing of successes and new ideas.

Consulting/Executive Coaching

Establishing leadership standards, expectations, and behaviors

Conducting assessments and 360-degree feedback of self and others

Guiding discovery and leading by open and nonjudgmental inquiry

Establishing trusting relationships

Confronting people honestly

Coaching to resolve a problem (e.g., an executive accused of harassment)

Bringing people up to speed when they don't "get it"

The diversity executive is often called upon as a business advisor or personal coach to the CEO and other business leaders, and must be versed on all issues of diversity as they pertain to the business, the employees, and the customers that they serve. Aetna's Gwen Houston explains that, as business advisors, "We provide new and broader perspectives for them and help them think in new ways. We are ambassadors for the diversity community and advisors to our business leaders—we serve as human barometers or indicators of change as it relates to diversity and the impact of that change on our business." As a personal coach, the diversity leader may help to educate the executive on specific topics such as the retention of women, or racism, or may even be called upon to address the unacceptable behavior of an executive. The consulting/executive coaching role requires a high degree of integrity, trust, and credibility.

Relationship Building

Internal Individuals

CEO and direct reports
Diversity Councils/Committees
The Board of Directors
Employee networking/affinity groups

Internal Functions

Human Resources
(i.e., training, benefits,
compensation, recruitment,
EEO/AA, employee relations)
Marketing
Public Relations
Legal
Community relations
Government relations

External Individuals and Organizations

Vendor relations
Community leaders
Civil rights organizations
Professional organizations
(Catalyst, Conference Board)

Most diversity executives also have little or no staff. Instead, they must build relationships to establish business partners, allies, sponsors, and champions to influence, gain support, and ultimately complete the work that needs to be done.

Building relationships “is particularly important in our field because we touch so many subjects and cross so many areas of the business—internally and externally,” says IBM’s Ted Childs.

Measurements and Accountability

Business-Oriented Metrics

Establishing meaningful business metrics that are both qualitative and quantitative—with regard to how diversity may link to the bottom line and how environmental and other issues may be affecting employee satisfaction and productivity

Recording, monitoring, and communicating progress

Process/System-Driven Metrics

Holding people accountable with both positive and negative consequences—establishing accountability systems linked to compensation

Integrating diversity into formal reward and recognition processes

Program-Driven

Training programs offered

Initiatives in place

Government-Driven

EEO

AA

The diversity executive tracks employee trends from EEO1 data, turnover statistics, employee satisfaction surveys, and exit interviews. They are also knowledgeable concerning their organization's target customer base and satisfaction levels among diverse customer groups; and they track profits and losses, the market, and stocks. The diversity leader has a responsibility to clearly articulate and connect diversity to business performance wherever and whenever possible.

These executives are also responsible for determining and assessing the achievement of objectives for which managers and employees are held accountable with regard to diversity.

In diversity work, the old adage holds true: "What gets measured gets done." Strong metrics and accountability can help drive the process, keep diversity on top management's radar, and provide a measure of progress. Many of these diversity executives have helped their organizations establish strong accountability metrics for management and employees to improve organizational profiles, the quality of the work environment, and the impact of diversity on the business.

Metrics are central to any business leader's work. Consequently, a significant amount of time was dedicated to identifying the critical metrics and how to assess and drive change in organizations. These are addressed in a more complete fashion in the chapter entitled: Addressing and Driving Change: Organizational Readiness and Success With Metrics.

“A successful diversity director
is someone who utilizes a full
range of behavioral and
knowledge-based competencies.”

Monica E. Emerson, Director–Diversity, Development and Process
Management, DaimlerChrysler Corporation

Competencies of the Diversity Executive

Effectively delivering on the requirements of the successful diversity executive demands solid leadership competencies, personal drive, and commitment. Council members identified seven competencies as “essential” for fulfilling the diversity executive role:

- Business acumen
- Strong and visionary leadership
- Large system change skills
- Results orientation
- Building and maintaining credibility in the organization
- The ability to influence
- Commitment to diversity and inclusion

The essential competencies may look rather generic at first glance, and could in fact apply to any successful business leader. Pitney Bowes’ Henry Hernandez notes, “In terms of competencies, what this comes down to at the end of the day is that a true leader will exhibit the types of competencies implicitly that the diversity professional must exhibit overtly.”

The diversity components of business acumen, leadership, or large system change bring to light critical human factors that come into play in all business initiatives and activities. The subtle nuance of inclusion or exclusion can have direct consequences for the bottom line by influencing productivity, turnover, and innovation. The cultural implications for motivation, teamwork, and marketing are things that can make or break a business. There are numerous examples of failed marketing campaigns where the simple inclusion of even one individual who spoke the language and knew the culture of the target group or country could have prevented costly and embarrassing mistakes.

Business Acumen

Understand critical success factors of the business

Know the particular business that you're in

Understand the culture and history of the organization

Know how work gets done formally and informally

Recognize the Pareto Principle—know the 20% you need to effect 80% change

Uncover the “real” power in the organization and use it effectively

Utilize data, have the ability to interpret current financials

Know competitive forces in the marketplace

Collaborate within and outside the organization

Have an overall knowledge of the HR practices and systems and how they support the business objective

Be the catalyst for making the connection between social and political pressure points within the organization

Be aware of the external pressure points (i.e., society, environment, regulatory, government)

There are two key considerations concerning business acumen:

- **the diversity executive must understand elements of every component of the business; and**
- **must help business leaders in every function understand the implications of diversity for the business.**

Deborah Dagit of Merck & Company Inc. explains, “You have to know about profits and losses, trends in the industry, what influences the stock market; you have to be conversant in the language of your business and understand the systems and the policies.” AT&T’s Corporate Diversity Director, Peter Bye, adds, “Business acumen is about the business case for diversity—you must be able to link diversity to fundamental business drivers and communicate it in a way that line managers understand.”

Understanding the Business

BellSouth's newly appointed Chief Diversity Officer, Ron Frieson, says: "In order to implement an effective diversity strategy, you must understand the company's operational infrastructure. It is here that practical application makes the difference between success and failure in the organization." The diversity executive must know business objectives as well as the basic language, culture, and history of the company. He or she must be aware of individual, group, organizational, internal, and external dynamics related to diversity; and must also know about the markets and processes.

Helping Business Leaders

Understand the Diversity Linkages

Shirley Harrison of Philip Morris, who works closely with the top management team, says, "My tactic has always been to go to the source, the decision makers, and solicit their input and feedback on what they see as key reasons for diversity—the 'why?' " She adds, "You must design the information and dialogue to fit the culture of the organization. At Philip Morris we want to be a 'leader.' My question then is: 'You also want to be a leader in diversity, right?' " Avon's Lolita Chandler says that "Diversity touches everything in the organization." Hence, by understanding the priorities of business leaders, knowing what is on their minds and the language of their business, the diversity leader can begin the tasks that lead toward large systems change. Chandler notes,

"While an overall strategic approach to this may work, it is important to be able to ask people questions that help them in their particular environment. For example, finance is totally different than marketing, and sales is different than production. Each will have unique needs." Without the "definitive connection, diversity will not be recognized or endorsed," says Dee Wood, Director of Workforce Inclusion at Delta Technology.

It is also important to know the difference between a diversity issue and a non-diversity issue. For example, a racist event can often be brushed off as something else—it is important to be able to identify such an event and call it what it is. But the diversity discussion is not always around race and gender, says DaimlerChrysler's Monica Emerson. "We are finding that some of the issues brought to our attention are not about diversity, but rather are issues pertaining to individual competencies and skills or organizational development. By understanding the real nature of the issue and the services available for addressing a broad range of issues in the organization, we are able to provide a more appropriate and complete solution." Henry Hernandez of Pitney Bowes concludes, "We are providing information to help people work more intelligently."

Strong and Visionary Leadership Skills

Know what is really important

Be charismatic

Demonstrate credibility

Have/create a proven track record of competence

Demonstrate concern for the individual and the team

Know how to operationalize a vision

E engender respect from internal and external audiences

Know where appropriate resources are and how to utilize them

Communicate effectively across all levels of the organization

Be able to influence at all levels/functions throughout the organization

Articulate and assist others in understanding where the organization wants to go

Yvette Bowden best sums up the importance of strong and visionary leadership skills when she says: “This work is never over. In other jobs there are finite projects. We are always moving toward the next step, always improving, and always starting the same conversations with others in the organization.” This ongoing process requires a commitment and vision that sees beyond quarterly earnings and business objectives to ensure the long-term profitability and sustainability of the organization.

Both personal and formally stated vision and values statements drive the individual and the organization when there is a setback—perhaps a lawsuit or changes in management. Vision is about the ability to see the potential of the business, and diversity can help its achievement. Vision is anticipating potential and is directly linked to the fact that diversity is often seen as a large system change initiative. “There is no question that diversity is a long-term change management proposition,” says Freddie Mac’s Vice President of Employment Practices, Keith Earley. “This can, and probably will, take years.” Personal vision is driven by individual commitment to the purpose of this work.

Large System Change Skills

Know methods for assessing an organization, and make changes based on that assessment

Understand the dynamics and theory of change

Know how to get buy-in to support the change in the organization

Possess and demonstrate high energy and focus

Clearly communicate expectations and benefits of diversity and initiatives

Understand trends for the business and be able to interpret them

Understand and be able to define work initiatives/issues/terminology such as e-business, face time

Understand how to harness technology as a resource and a tool

Culture change “is about creating a place where everyone is able to fully participate,” says BP’s Mike Underhill. “It is about a culture that welcomes ideas from wherever they may come, and...proactively goes out and seeks a variety of people and then is able to apply those ideas to business situations. Ultimately this is about competitive advantage, sustainable growth, market share, innovation, and creativity.”

To realize the kind of workplace where everyone can fully participate requires the diversity executive to be skilled at methods of organization change and assessment, while also having a strong understanding of the dynamics and theory of change. This requires influence and communication ability. Again, vision and values statements are important to this change process. For example, AT&T’s “Common Bond” of five company values assists culture change through respect for individuals, dedication to helping customers, and the highest standards of integrity, innovation, and teamwork. Peter Bye explains: “What is core for our work environment is respect for individuals—it is built into our company’s Common Bond statement.” Bye continues by saying that any large system change initiative involves “getting people aligned with definitions, communicating clearly about what we are trying to achieve, reinforcing corporate values and beliefs, and shifting workplace behaviors to support those corporate values and beliefs.”

Air Products has established a change plan (Exhibit 18) that covers leadership, image, programs, measures, and communication. Hayward Bell says, “You’re not only managing to attain the strategic results of diversity, but at the same time you must manage the process of

change with the same rigor.” An annual review at Air Products helps managers assess how they are doing and where they need to focus their efforts. Bell considers this a “powerful communication vehicle” for progress.

Exhibit 18

Air Products: Elements of Change

Elements of a Change Plan

Leadership: Provides vision, identifies and manages changes to achieve the vision, and empowers people to turn vision into reality.

The Logic: Explains clear reason for the change. Rooted in needs of the business. Clearly justifies the effort needed to make the change.

Image: Vivid picture of desired future. Detailed enough to compare to present practice. It makes clear the values, aspirations, core strengths, and competencies of the organization.

Gap Analysis: Detailed contrast of desired future with current reality. Identifies gap between current and desired performance.

Change Levers: Broad thematic change processes that aggregate and focus on many of the specific changes that need to be made.

Strategies/Programs: Methods for implementing the levers or accomplishing the changes. Need to be consistent with capabilities, resources, and the phases of change process.

Governance: A methodology and structure that is specifically designed for managing the change process. Ideally, it is independent of the method of managing day-to-day operations.

Measures and Milestones: Quantitative/qualitative measures for monitoring progress and evaluating the effectiveness of the change.

Stakeholder/Support System Plan: Describes what is needed from others to ensure that the change can happen and to help identify what it will take to ensure that appropriate support will be obtained.

Communication Plan: An explicit plan for keeping those who should know informed of what is being done and what is being achieved.

Results Orientation

Define goals, know how to attain those goals, seek the right results

Link diversity to business needs and/or strategies

Communicate results in terms of impact

Link to the bottom line

Get buy-in (share success)

Maintain a balanced perspective on unique needs in the organization (dimensions of diversity)—not everyone is the same, hence needs will be different for different groups

Don't settle for the status quo

Work collaboratively with multidimensional teams

Although much of the work is long-term, and success may often seem incremental, it is important that the diversity executive identify tactics that can be achieved, demonstrated, and measured. This assists in helping the executive to keep the vision and momentum, while also providing deliverables to business leaders who are accustomed to, and expect, results.

Specific actions that help mobilize individuals and the organization toward the larger culture change initiative can have a relatively quick impact on certain business practices, processes, and behaviors. Marriott has established a set of Diversity Action Steps. Steps include things like executive commitment, executive education, communication, and general education. For each step, there are a series of actions that will enable the organization to achieve its objectives (Exhibit 19).

Exhibit 19

Marriott: Action Steps

Step	Action
Executive Commitment	Gain commitment from all levels of management Embrace the Diversity Strategy and Commitment Plan Link diversity with Strategic Business Plans
Executive Education	Understand roles and what it takes to achieve a diverse workforce Understand diversity as a business issue Understand diversity as a Total Quality issue
Organizational Focus	Implement Organizational Development interventions to facilitate change
Communications	Develop comprehensive plan to help create the desired culture and behaviors
General Education	Spread diversity information throughout the organization
Targeted Training	Implement awareness, skills, and related training to assist work force in adopting principles of desired culture
Research and Assessment	Determine the drivers of organizational behaviors and react accordingly Utilize surveys to evaluate the effectiveness of the diversity effort and individual managers
Feedback	Analyze data and implement changes in policies, practices, and procedures Continue to make improvements based upon feedback

Building and Maintaining Credibility in the Organization Internally and Externally

Act with integrity

Build confidence at all levels

Be perceived as fair

Value and maintain confidentiality

Deliver

Be willing to take an unpopular stand

Don't collude through silence

Building and maintaining credibility is achieved through a variety of methods. There are two key perspectives: the business standpoint and personal/interpersonal perspective. As a businessperson, it is necessary to have the aforementioned business acumen. From a personal level, concepts such as trust, integrity, fairness, confidentiality, and delivering on promises are critical.

Ability to Influence

Negotiate

Persuade

Have in-depth understanding of business organization and culture

Be politically savvy

Navigate organization turf

Be able to manage a crisis

The ability to influence is dependent upon credibility, business acumen, vision, and the other competencies that have been identified. It involves political savvy and sensitivity—knowing when to influence and when not to influence. Influence is built through alliances, and formal training in negotiation skills is always helpful. Personal commitment and passion can be contagious!

Commitment to Diversity and Inclusion: The Unique Requirements of the Diversity Executive

Align personal values with work requirements, and vice-versa

Value alignment (nature of work)

Conduct self-exploration for self-awareness (understanding own issues)

Know issues and impact of marginalization

Commit to continuous learning about diversity/inclusion

Model and practice

Have empathy for a broad range of perspectives

Be courageous

The essential competency of commitment to diversity and inclusion is the first indicator that sets the diversity executive apart from the typical business leader. There is the assumption for all involved that this is not only the right thing to do, but the right thing for business. Because of this, there is typically a strong personal commitment to the work. Northwestern Mutual Life Insurance Company's Director of Work Force Diversity, John Dowell, says, "If it [diversity] is not in your blood, I don't know how successful you will be."

When it comes to competence, these diversity executives use terms atypical of business leader jargon—words like: "passion," "compassion," "empathy," "sensitivity," "caring," "self-awareness," "inclusive," and "intuitive." There are "some lines of being a good business person that seem less emotionally involved," says Yvette Bowden of United Airlines. "But as a diversity executive, to be successful you have to hold the value of diversity and inclusion." Laura Brody, Director of Diversity and Development at Unilever Bestfoods, concurs: "One of the things that makes the head of diversity unique is that your personal values need to be aligned with this kind of work." People will know if you are "passionate or not," says Dee Wood of Delta Technology. "It's the difference between 'live' and 'Memorex.' "

Getting in Touch with Yourself and “Walking the Talk”

Lois Rubin, Manager of Diversity at Unilever Bestfoods, explains, “You have to go through your own issues and come to terms with them before you can truly help an organization understand what is going on.”

Council members reiterate:

“I have to carry myself in such a way that I carry trust.”

“I have to build a base of integrity and be fair, honest.”

“Model the behaviors...”

“Unless you are grounded pretty well in certain areas, you are going to have a hard time helping a group if you are not there yourself.”

“Don’t collude.”

As professionals, diversity executives are compelled to remove barriers and biases from systems. It is one of their key goals to ensure that marginalized groups are no longer excluded from full contribution because of arbitrary and subjective assessments.

Claudette Whiting, of Microsoft, adds: “The diversity leader must have a sense of integrity, and be a person who is not afraid to tell the truth. He or she must be willing to push back on management—and that is not easy. There is a lot of denial about what is happening, and we must sift it out and call it what it is. If we are not making our numbers, it’s because we are not trying. If someone is being discriminated against, we have a responsibility—an obligation—to address the problem. We must be the advocates for the right thing.” Diversity executives as professionals must be careful not to become part of the problem. The diversity executive that is in touch with his or her biases, who can step back and look at the situation objectively, will be a better supporter and catalyst in the organization. Consequently, they will also make better business leaders. John Sequeira, Diversity Manager of the Americas Region at Shell Oil, adds, “The work can be draining—we are constantly pushing people systems and change. We have to be sure we take care of ourselves, too.”

“Diversity is a journey:
a lifetime journey of learning
and, in many cases, unlearning.
It is a journey laden with
potential opportunities,
pitfalls, and personal and
organizational challenges.”

Terry Howard III, Diversity Director, Texas Instruments

Professional Development

for the Diversity Leader

There is no specific degree one can acquire to become a corporate diversity executive. However, the individuals holding these jobs tend to be well educated. All those surveyed have an undergraduate degree, and most have expanded their educational attainment to include graduate or professional school credentials. Their majors and professional experience span a wide range of expertise and tenure.

Many of the diversity executives in this study built their careers through human resources and EEO/AA. Others have former careers in finance, law, sales, even the CIA and FBI. What each individual seems to share in common is the personal commitment and (often described) “passion” for the work. Several individuals acknowledged involvement in a diversity task force or committee which provided opportunities that led to their current positions.

“The more skills, knowledge, and ability—the more you get invited to the table, participate in strategic planning, and influence the strategic direction of the company from a growth and competitive standpoint. The key is getting invited to the table.”

Joyce Ingram, Director—Human Resources, Consumer and Organization Diversity at The Quaker Oats Company

Job descriptions and requirements may provide some guidelines as to the experience and credentials required for a particular position. For example, a corporate executive director of diversity requirement description identifies the following:

- The executive director of diversity will have an undergraduate degree; and a M.A./M.S./M.B.A. in organizational development, organizational behavior, psychology, or human resources is preferred. He or she will have 10+ years of management and leadership experience, and possess a broad understanding of human resources functions.
- The executive director of diversity will have corporate and business unit level experience in developing strategic initiatives, managing projects, and implementing change management initiatives. He or she will have at least 5+ years developing and implementing diversity strategies, and will also have excellent knowledge of legal requirements and civil rights acts.
- The executive director of diversity will be culturally sensitive, and will have strong influencing ability combined with an analytical and pragmatic approach to business issues. He or she will possess a high degree of intelligence, self-confidence, and charisma in order to function effectively as a consultant and counselor to the organization.

What is not always made clear in a job description or requirement is the subtle (or sometimes not so subtle) nuance of diversity as it relates to the individual and his or her awareness regarding biases and prejudices. For example, a diversity leader in an organization may have personal issues or biases toward homosexuality. That individual, to be effective and successful, will need to be aware of and know how to manage those biases to support the greater work, corporate values, and culture change toward inclusion. To this point, it is also impossible for any individual to be fully knowledgeable and versed on the host of topics that fall under the umbrella of diversity such as: work-life; racism, sexism, civil rights acts and the law, women's issues, and so on. Both relationship building and teamwork with diverse individuals are important to ensure that as many perspectives as possible are heard, acknowledged, and considered.

Following are some ideas for personal and professional development toward a job or career in diversity:

Formal Education

To effectively develop competence in this area requires a broad, multifaceted education. Valuable formal degrees include an M.B.A. for a solid business background, and psychology, sociology, anthropology, and human resources degrees to provide a strong foundation in human behavior. Law degrees can also offer a valuable perspective in regard to labor laws and the sensitive issues that often face the diversity leader. Continuing education courses and a cross-disciplinary approach can be of tremendous value.

Conferences and Associations

Local communities have created consortiums, and professionals have created their own groups, to benchmark, share, and exchange ideas to help move the field of diversity forward. Ann Lazarus, Director of Diversity and Vendor Development at Federated Department Stores, and Stephanie Springs, Vice President of People and Cultural Diversity at Sears, Roebuck and Co., went to their industry membership organization, The National Retail Federation, and set up an industry-specific network, which now comprises many leading retail firms. The Conference Board provides annual conferences and workshops, along with a strong council program for senior executives. Numerous other organizations offer diversity conferences and workshops.

Personal Development and Life Experience

Life experience cannot be underestimated in its importance to this work. Council members say that therapy, counseling, or self-exploration opportunities can be extremely valuable. Being in touch with personal biases and "baggage" will help the individual learn to be more objective and effective in his or her work.

Professional and Career Development

A broad range of experience, and even a history with the company, can be valuable. Many of these leaders find that a cross-functional developmental history in organizations proves very useful—most have identified their human resources experience as invaluable. Those with line experience feel that they have a better knowledge and grasp of business issues, which enhances their ability to be more effective business partners.

Key Things the Diversity Leader Needs to Know

History/Civil Rights

Inherent in this work is a knowledge of the history of social and civil rights movements. Immigration patterns—old and new—have affected the way we think and the way the world is changing. Know the facts.

The Laws

There are laws that govern institutions to a certain extent. There are compliance issues that challenge current business realities and require a careful partnership with the legal department to ensure that issues are addressed honestly yet within the law. For example, an honest dialogue about turnover of women and minorities relative to that of white males may indicate that there are issues of inequity,

“Get to know people who are different”

“Guard confidentiality”

“Develop relationships where you can talk candidly”

“Don’t make assumptions”

“Process your own feelings”

“Have a sense of humor”

“Know yourself—be aware of how you are perceived—know your baggage and biases”

“Model—practice what you preach”

“Keep emotion out of it—keep it focused on business—don’t make it personal—‘this is what the company needs’ ”

“Put substance on the concepts”

“Focus on outcomes”

“Look for teachable moments”

“Make sure your goals are in sync with the company”

“You need access to resources—money, investment in programs and training”

“Manage the expectations of others—what is realistic”

“Know HR systems and processes”

“Break down demographic groups when measuring”

“Training is not the ‘end all’ ”

“Communication is important”

“Have a solid foundation in all organizational development (OD) skills and competencies”

discrimination, and perhaps even racism. Dialogue with government leaders takes place both formally and informally. A number of Council members were involved in President Clinton’s White House Initiative for One America. Education on EEO/AA and other initiatives such as the ADA are offered by the EEOC and various law firms.

Benchmark Practices

Corporations, such as American Express Financial Advisors, and industry associations, such as the Securities Industry Association, have provided benchmarking practices and research-based information relevant to diversity. Companies also benchmark with each other through personal or industry-based networks. BellSouth sent members of its diversity council to other companies in order to learn about their initiatives and work.

“One size does not fit all”

“Never think you’ve ‘got it’ ”

“Set aside your own personal differences to include others”

“Be empathic”

“Know how to say you are sorry”

“Manage your own expectations about others and what you can accomplish”

“Don’t blame—this is all of us working together”

“Understand that white males have their own diversity issues”

Current Events and Political Movements

Administrations change, laws change, and social movements can impact the work.

Issue-Specific Information

There are subject areas of expertise and research on women’s issues, race relations, gays and lesbians, older workers, people with disabilities, Native Americans, and other marginalized groups.

Yourself

Self-exploration through counseling, psychoanalysis, or other kinds of self-reflective work promotes objectivity and aids effectiveness.

Your Organization (Implicitly and Explicitly)

As diversity executives educate themselves, they are also educating the organization. As they experience the issues and challenges of everyday business and people dealings, there is real, on-the-job training and learning. Know the history, culture, norms, strengths, weaknesses, key leadership, and formal and informal power structures.

The Resources

There are often tremendous resources out there that we don’t know or think about (Exhibit 20). It’s not always called “diversity.” Affinity groups or networking groups within companies provide a tremendous opportunity to learn about the issues and concerns of different groups. Even functions such as finance or accounting might provide unexpected insights on a wide range of issues.

Externally, the Department of Labor and other organizations can be very valuable.

- Internal—finance, accounting, marketing, R&D, communications, sales
- External—Department of Labor, universities, nonprofits

Exhibit 20

Diversity Resources

Organizations

The Conference Board—www.conference-board.org
Annual Conferences
Research
Diversity Councils
Information Services (for member companies only)

The Department of Labor—www.dol.gov

EEOC
Glass Ceiling Commission
Bureau of Labor Statistics
Bureau of National Affairs
Monthly Labor Review
Employment and Earnings

"Look for incremental successes"

"Even if you fall flat on your face,
keep moving forward"

"Develop a community for support"

"Include people as much as possible"

"Form teams to accomplish your work"

"If you have 'grown up' in the company,
understand how to generate revenue,
this gives you respect from others"

"Approach 'grass roots' along with 'top down' "

Who Your "Champions," Mentors, Sponsors, and Supporters Are

Top management leaders tend to be the best in that they have power and influence. But some of the best advocates and support may be in the least expected places.

How to Learn by Teaching and Doing

Be a facilitator in training sessions. Practice what you preach, get out to communities, and become involved in experiences you typically would not be involved in.

Your Professional Associations

There are numerous professional organizations—such as The Conference Board—that provide networking opportunities. Some are specific to industry, some have racial or ethnic affiliations.

Global Perspectives

Another critical consideration in our global economy is to get out of the U.S. box. Yvette Bowden of United Airlines notes, "I've also made it my business to meet with counterparts outside the United States—it's important to get outside and benchmark." Increasingly, diversity executives are finding themselves responsible for this work worldwide, and understanding differences in the context of nationalism and culture expands one's own horizons while providing more effective initiatives. (It also helps when it comes to getting buy-in or trying to influence!)

The more the diversity leader knows about business, about himself or herself, about human behavior, and about diversity-specific issues related to race, gender, culture, sexual orientation, group dynamics, etc., the more effective he or she can be. Dee Wood of Delta Technology concludes: "Utilize every talent, learning experience, commitment, knowledge base, and passion that you possess; and *never* stop learning."

"The greatest learnings are the personal ones"

"Read Read Read—newspapers, books,
articles, diversity publications"

"Understand human nature"

"Diversity is about raising the bar"

"Be able to provide multiple perspectives"

"Diversity is about everyone"

Monitoring the Move from Exclusion to Inclusion

**“Diversity is more important to
Texas Instruments than you think,
harder than you think, and we
must move faster than you think.”**

Tom Engibous, CEO, Texas Instruments

Organizational

The diversity leader's work is never done. Whether launching a new initiative or leading a successful, integrated, mature initiative, the diversity leader will always be concerned with organizational readiness. One of the greatest challenges for the diversity leader and for companies is "developing the human talent to manage and drive growth, and doing it fast enough to keep up with today's business climate," says Marriott's Donna Klein. Companies experience turnover, changes in management, mergers and acquisitions, economic downturns, fierce competition, and other challenges. For this reason, it is important that diversity strategies be aligned with business, that metrics are in place to drive the process and assess progress, and that the diversity leader be a critical link or catalyst both within and outside the organization.

Even where diversity has become a way of doing business, there will be pockets—functions, individuals, teams—where they don't "get it." And, likewise, where a formal diversity initiative has not been introduced to a company, one is likely to find pockets of readiness, innovation, and commitment to diversity due to conscious efforts of individuals or just good business and people practices. Experience would indicate, however, that effective business practices regarding diversity require a committed strategy.

Assessing Organizational Readiness

The Diversity Councils have created an "Organizational Readiness Matrix" to provide a bird's eye view of what an organization looks like on a continuum from exclusion to inclusion (Exhibit 21). The matrix can be used as a tool for discussion and provides a quick assessment of where an organization (or pockets of the organization) might stand with regard to inclusion and diversity.

There are four stages across the continuum from exclusion to inclusion:

- Exclusion (Intolerance)
- Symbolic Pioneers (Tolerance)
- Critical Mass (Acceptance)
- Inclusion (Fully Integrated)

By understanding the characteristics of each stage as it relates to things like "emotion," "business performance," or "executive commitment," the diversity leader can better assess the organizational needs, what issues need to be addressed, and what initiatives may need to be implemented to help move the organization as a whole toward inclusion. For example, from an emotional perspective, employees in a company based on exclusion might actually experience hate or disdain for individuals who do not reflect the norm or majority. Such reactions are quite common—even in companies that are based upon inclusion—when a visible commitment is made to gay and lesbian employees. Other indicators of exclusion might be subtle or not so subtle instances of racism, sexism, or marginalization of particular groups. These issues don't occur only around race, gender, or sexual orientation—there may be a bias toward Ph.D.s or functional biases (positive or negative) among sales and engineers.

Readiness

Formal metrics also support assessment relative to the matrix. Employee attitude surveys can provide more concrete data on the environment, specific management issues can be identified through 360-degree feedback, and market share data can demonstrate the reach of the organization into multicultural markets. EEO1 data can provide specifics on how well diversity is distributed throughout the organization.

Characteristics of the Four Stages:

Exclusion

An organization at the exclusion (or intolerance) stage provides subtle, visible, and even blatant examples of its particular state. Minorities and women may be marginalized or may experience a hostile work environment, racist attitudes, or harassment. Women and minorities will not be on the top management team. The marginalization and even discrimination of any group that does not reflect the majority may be ignored or downplayed by top and middle management. Where complaints or charges arise, these companies may prefer to settle cases of harassment and discrimination outside of court, with little or no change in their management and business practices.

Symbolic Pioneers

These organizations are aware of diversity and tolerate it. They may create a diversity position because other companies are doing it and it is a good public relations move. The executive commitment is still reactive rather than proactive toward the issues and is primarily compliance driven. But the symbolic pioneers are savvy enough to create some minority leadership positions to meet AA requirements and appease the community and socio/political groups. They may try to be included on one of the “Best Lists” or be recognized for promoting

women and minorities. But the director of diversity is likely relegated to a minimal role without top management support and influence, while focusing most tasks on EEO/AA and a few training programs.

Symbolic pioneers may still experience high turnover and have difficulty retaining top minority talent. Development may be marginal for minority groups, and the work environment may not completely uphold formally stated policies. For example, management behaviors may not be fully supportive of work-life initiatives—even though the policies exist. Goals for development may be in place, but without measurement of accountability or real consequences and rewards for achieving goals. Symbolic pioneers might look good on paper, yet they lack the full commitment of the organization.

Critical Mass

The work of symbolic pioneers—the focus on numbers, AA, and the reactive response to outside and competitive pressures—can lead to the development of a critical mass of women and minorities in the organization. Executive commitment at this stage is often based on the premise that diversity is the “right thing to do.” So more efforts may be made to increase representation where gaps have existed in the past. A critical mass begins to have more visibility, influence, and consequent recognition in the organization and often comes out of strong middle management representation.

Success stories may arise in the critical mass organization where diversity has made a difference in the bottom line. For example, an African-American affinity group may have helped with a successful new marketing campaign, resulting in increased revenue and expanded market share with the African-American market. Consequently, these companies may begin

to see some business value in the diversity of their people. At this stage, there are stronger diversity connections to customers and markets.

There will be more employee involvement as affinity or networking groups emerge and are sanctioned by the organization. A conscious diversification of teams

also emerges. This organization might be driven by the market demands more than anything. Global competition and increased challenges in the recruitment and retention of diverse talent will also contribute to moving the critical mass organization toward inclusion.

Exhibit 21

Stages of Diversity and Organizational Readiness

T r a n s i t i o n				
Characteristics	Exclusion (Intolerance)	Symbolic Pioneers (Tolerance)	Critical Mass (Acceptance)	Inclusion (Fully integrated)
Emotion	Disdain/Ignorance	Indifference	Acceptance	Respect/Value
Business Performance	Suboptimal (Clueless)	Suboptimal (Awareness)	Increasing optimization (Pockets of Excellence)	Optimal
Executive Commitment	The least we can get away with	Reactive/ Legal Compliance	“Right thing to do” Ownership	Business imperative
Leadership Positions	Majority white male “Old boy’s network”	Tokenism “Pioneers”	Strong middle management, representation limited at top	Board/Executive Committee representation
Diversity Focus	Minimal compliance	Compliance focus on numbers	Positive actions begin business integration	Optimizing global potential
Market Focus	None	None	Emerging employee ownership of business solutions/results	Integrated into all aspects of business/teams
Customer Focus	None	None	Conscious diversification of teams	Broad cultural global involvement
Employee Involvement	None	Informal Networks	Formal councils/ affinity groups	Passionate involvement in business by all

Inclusion

In an inclusive organization, diversity is fully integrated as an objective and a value. The organization becomes inclusive when the mission includes diversity and there is a clear scorecard (or other metrics) at a similar priority level as other business objectives. Diversity is integrated into teams and is a way of doing business. Furthermore, the company has developed skills in employees so that they have the knowledge and competence to sell and interact effectively across racial, gender, and ethnic differences. The inclusive organization will be much more globally integrated, and will have diverse representation in top management ranks representing race, culture, gender, and ability.

The fully inclusive and integrated organization is an ideal. Some companies are certainly trying more to make this a reality, and some are much closer to environments that support inclusion. For example, Avon might be considered a model company, with a female, Asian CEO who is also a working mother.

The matrix provides a valuable tool from a broad perspective, but can and should also be utilized with the recognition that these characteristics can be attributed to individuals, groups, and systems within the greater organization. Companies are complex entities that may have fully inclusive divisions while still having exclusionary and intolerant ones.

The Bottom Line on Readiness

Ecolab Inc.'s Director of the Human Resources Institutional Group, Becky Couture, says, "The real measure, no matter how you look at it, is representation and retention." Procter & Gamble's Al Collins adds, "When managing inclusion, we have to get visible diversity right first." A company that has at least established critical mass and inclusion will have better success at bringing the parts that are lagging to a more fully integrated and inclusive organization, where respect and value drive a business imperative for diversity.

Karon Moore, Vice President of the Valuing People Department at Hartford Financial Services Group, provides a reminder that "pockets of opportunity" exist in most companies. She notes from experience at Hartford, "When we started collecting data internally, we found pockets of readiness—they knew they were ready, they knew the issues, they collected data and started working it." These pockets are opportunities to build on the organizational strengths that already exist.

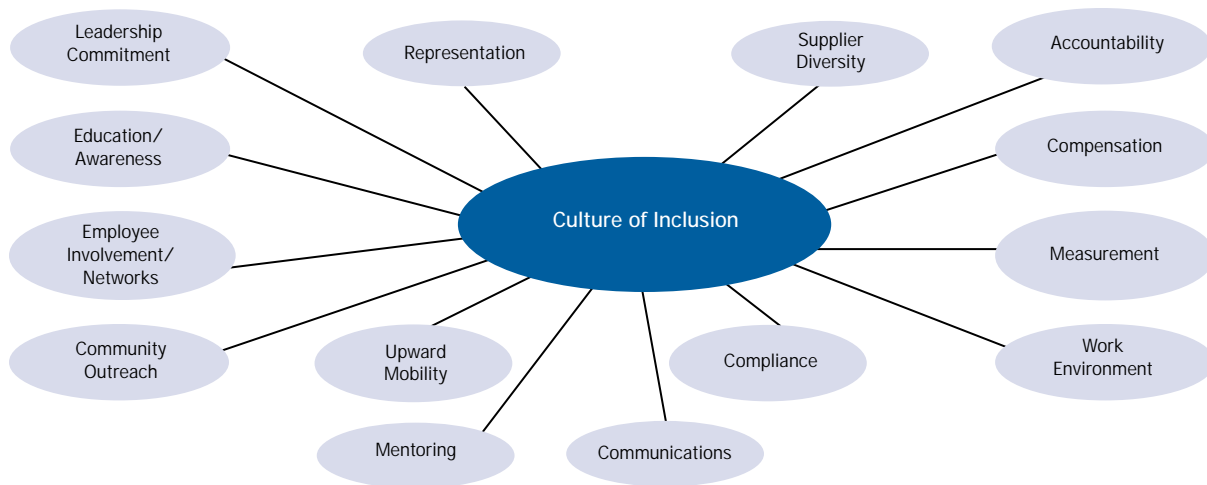
Driving Organizations Toward Inclusion

The tasks of the diversity executive are what help drive the organization toward inclusion. Shell Oil's John Sequeira explains: "Organizations today are not stagnant, and diversity professionals must be prepared to adapt to changes (e.g., mergers, acquisitions, and reorganizations), while staying focused on the overarching goal of creating and maintaining an environment of inclusion."

DuPont's Tools for Success demonstrate the many important considerations that not only move organizations toward integration, but ultimately enable the engagement and success of employees, while increasing the competitive advantage of the company. Claudette Whiting, formerly DuPont's Director of Diversity and Work/Life and now the Senior Director of Diversity at Microsoft, explains, "Over time we [DuPont] have come to realize, as many companies have, that we can achieve our corporate vision only through the full support and commitment of an increasingly diverse workforce. This is what is happening—everywhere."

Exhibit 22

DuPont Tools for Success



Organizational Readiness and Success with Metrics

“We have a saying at Shell: ‘What you measure gets done.’ While some of the changes we are pursuing are quantifiable, such as workforce representation, others involve a fundamental culture change in behaviors.”

Steven L. Miller, Chairman, President, and Chief Executive Officer, Shell Oil Company

Assessing and Driving Change

Diversity Council members identified the four key areas of a comprehensive approach to effective diversity metrics:

Balanced workforce (Creating)—visible diversity throughout the organization ensuring equity and parity.

Leadership commitment and accountability (Managing)—serves to heighten diversity initiatives as business objectives, and ensures more leadership commitment (and action) to the effective management and development of a diverse workforce.

Work environment (Valuing)—work environment has been identified as a critical retention factor for women and people of color. The work environment provides an important barometer for the value of inclusion and diversity.

Stakeholder and bottom-line impact (Leveraging)—perhaps the most challenging metrics, these look at diversity in the context of profitability, investments with vendors and suppliers, and customer satisfaction.

These areas address both business and human resources issues, help move diversity initiatives forward successfully, assess effectiveness and progress, and drive management commitment and accountability for overall business success.

Balanced Workforce

An inclusive work environment that allows the maximum employee contribution provides a balanced workforce. Among balanced workforce measures are the following.

Representation—typically includes race, gender, and age in all jobs, all levels, project teams, and global leadership.

Development—taking a fully inclusive approach to promotions, developmental assignments, succession planning, and mentoring (among others).

Retention—if all things are equal, turnover data would indicate no differences between the turnover rates of women, people of color, and white males.

Representation

Many corporations have been relatively successful at recruiting diverse talent, but they find it increasingly difficult to ensure that a diverse workforce is balanced in representation throughout the organization at all levels. EEO1 data and Affirmative Action metrics are typically utilized for understanding representation. Yet, federal (and sometimes state) standards provide only a minimum baseline and do not always provide data relative to each unique company. New immigrant populations, increasing biracial populations, the growing global workforce, the disabled, age-related issues, and more “out” gays and lesbians provide some subtle challenges to inclusion and measurement of representation. While the focus of representation is typically on underrepresented groups—women, African Americans, Native Americans, Hispanics, Asians, and the disabled—some diversity executives have also had to pose the question, “Where are your white men?”

Development

Representation is also an important metric in employee development initiatives. Marriott’s president personally requires that each candidate slate for executive positions be diverse. Donna Klein explains the benefits of this approach: “This process has helped our executives become more focused, and as a result they have also begun more mentoring and career development.” By conducting a diversity assessment and identifying key issues, Marriott’s representation goals became more robust, increased mentoring opportunities, and placed more emphasis on the role of the immediate supervisor as coach and mentor.

Tracking Key Assignments

Through development, companies are expanding their understanding and access to the pool of “high-potential” women and people of color for their pipeline. Consequently, they closely monitor the progress of these individuals by watching the following:

- Development and visibility
- Hiring and promotion
- Diversity in succession plans
- Involvement in mentoring
- Diverse slate for management positions

Companies implement these initiatives to avoid losing people. The time, money, and effort invested are lost when individuals leave.

Retention

As identified earlier, retention is a critical component of the diversity executive's work. Gannett tracks monthly turnover rates and retention efforts at each operating unit (e.g., newspapers and television stations). Progress reports are made annually in their Diversity Self-Rating Report to corporate senior management. The report tracks turnover rates of women and people of color, and is reviewed closely by publishers and station managers.

The following are some typical ways to measure retention and factors related to retention:

Direct data:

- Pure turnover data
- Turnover relative to other populations
- Adverse impact
- Turnover relative to new hires/recruits
- Exit interviews

Indirect data:

- Employee attitude surveys
- Focus groups
- 360-degree feedback
- Affinity groups

Retention Factors

There is an adage that says "people don't leave companies, they leave managers." Data provided by recent research have caused companies to look more closely at organizational factors directly related to intent to stay such as:

- role models at the top of the organization;
- positive relationships with direct supervisors and managers;
- challenging work;
- opportunity for advancement;
- recognition and value for contribution to the business;
- formal and informal mentors;
- flexibility;
- education and training; and
- compensation and rewards.

Leadership Commitment and Accountability

Companies are increasingly holding their business leaders accountable for their behavior and results through their performance management processes. Prudential, for example, assesses diversity performance in three areas:

- Profile representation—Objectives identified for each business group and corporate center function.
- Environment—An environmental index utilizing survey items in its Opinion Tracking Survey, which is conducted twice a year.
- Diversity leadership—Encompassing the inclusion of business group specific diversity initiatives (e.g., ethnic marketing) and resources targeted for diversity-related staffing and education.

Similarly, at Gannett, operating unit heads are held accountable for employment profiles and the quality of the workplace, as well as diversity's impact on business. Henry Hernandez of Pitney Bowes explains, "The real key is to have a process that is very specific and measurable—standards to compare against to evaluate and assess. The other side of this is to have compensation and bonuses that reward those who are successful." Microsoft's Claudette Whiting concludes: "There must be 'consequence management.' If someone misses an objective with regard to diversity, they should be held accountable—just as they are with financials.

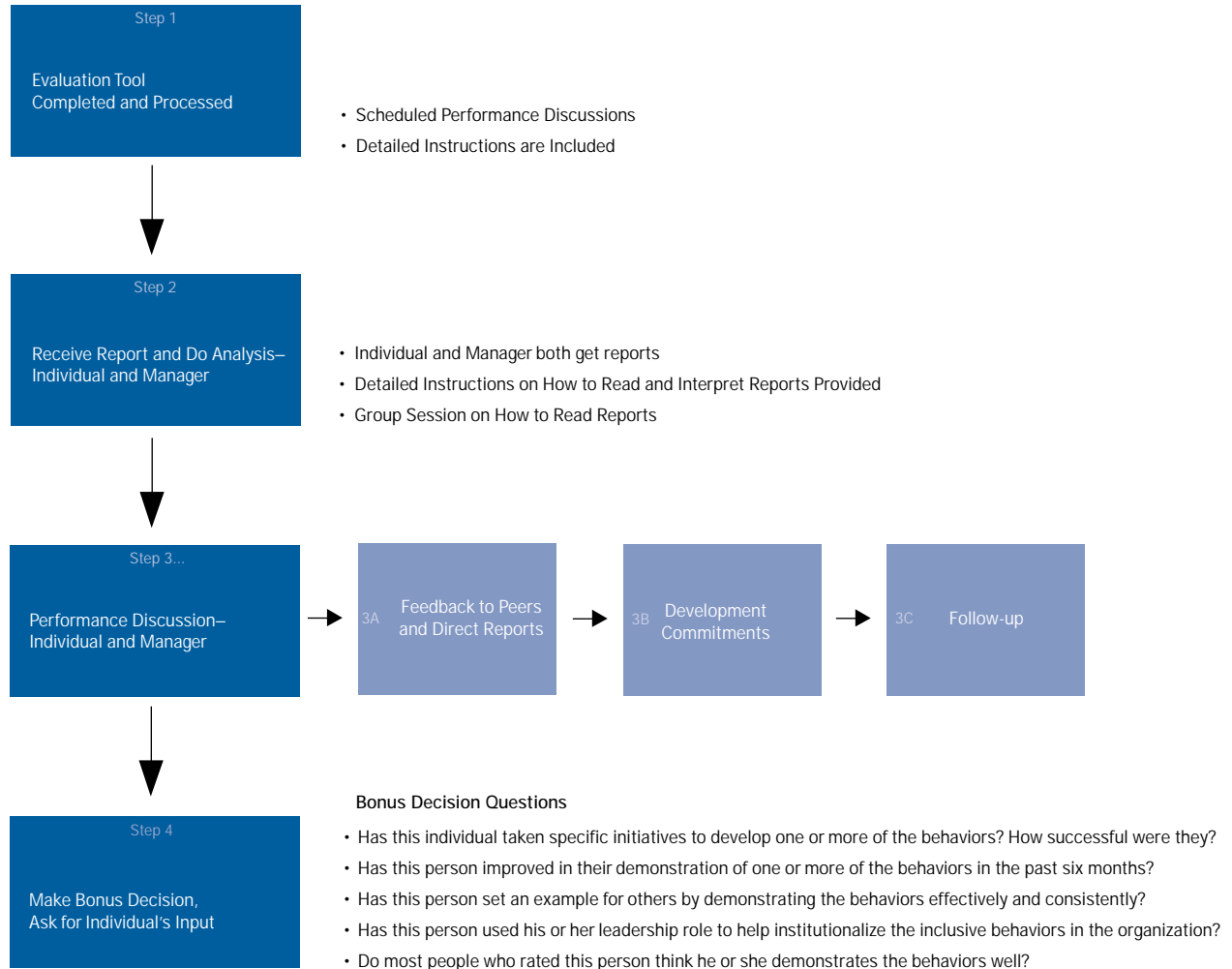
Texas Instruments has established measurements and accountability based upon best practices as identified by the American Productivity and Quality Center. These types of diversity results must be linked to management compensation and other reward and recognition systems in the same way that other business metrics are. Council members explain that it is important for leaders to be "walking the talk" of diversity, which can be demonstrated through:

- Involvement
- Ongoing communications including diversity
- Succession planning
- Integrating diversity into the total business operations planning processes

At Freddie Mac, diversity executives look at leadership, and focus on how to ensure that managers are effectively evaluated with regard to diversity strategies. Keith Earley says: "We have defined behaviors that we evaluate, and then we use those evaluations to determine how and what progress we are making. This also helps us identify how leadership is compensated for bonus purposes, based upon their commitment to diversity." Utilizing a 360-degree feedback process, The Hartford Financial Services Group bases bonus decisions on five inclusive behaviors (Exhibit 23). Some companies are linking as much as 25 percent of management bonuses to diversity.

Exhibit 23

The Hartford Financial Services Group, Inc: Executive Accountability Evaluation and Feedback Process



At Chevron, every member of the Management Committee is required to have a Personal Diversity Action Plan. In fact, these action plans have been cascaded down to approximately 1,000 managers in the company. Chevron has provided “Guidelines for Effective Diversity Action Plans.” Performance within employee action plans is a component in determining individual compensation and bonus.

Work environment metrics are closely tied to management accountability, reflecting on employee satisfaction, inclusion, and development. At Harris Bank/Bank of Montreal, for example, business leaders are held accountable for how they create sustainability in the work environment.

Exhibit 24

Chevron: Guidelines for Effective Diversity Action Plans (excerpts)

For All Employees:	For All Supervisors (same as employees, with additional focus on):	For All Senior Management (same as supervisors and employees, with additional focus on):
<ul style="list-style-type: none"> • Have specific measurable goals within certain time frames • Be focused on clear expectation of intent and purpose • Be recognizable to others (visible) • Be value-added to employee, business and supportive of Chevron Way • Be aligned with Corporate diversity goals • Contain a feedback element 	<ul style="list-style-type: none"> • Making diversity a priority for your work group • Communicating your action plan and results with others • Supporting employee action plans by providing adequate resources, setting completion dates, and providing feedback • Creating an environment for employee growth by providing opportunities • Accountability: through PMP and 360-degree feedback 	<ul style="list-style-type: none"> • Sponsoring, supporting, and encouraging diversity training • Making efforts to ensure that your management team reflects diversity • Working proactively to make sure that diverse candidates are represented on your selection slates • Creating a comfortable environment for diversity management by asking all to participate in group events • Active and visible support of diversity events • Ensuring that HR processes are looked at through the lens of diversity • Accountability: through PMP, 360-degree feedback, MIP, monitoring the percentage of direct-report plans completed

Work Environment

Measuring the work environment is nothing new. But how it is being measured and what is being considered is changing. Companies are seeking to understand the work environment more from the view of different ethnic, racial, and gender groups. Some companies are expanding demographic data to include items such as sexual orientation. Assumptions have been made about what “employee satisfaction” means, and companies are recognizing that satisfaction (from a diversity perspective) does not mean the same thing for everyone. There are nuances affecting satisfaction at work that vary by different groups.

Inclusive metrics may challenge the comfort level for the legal department, and companies may be wary of looking too closely at the unique differences among groups. But failure to address and monitor the work environment effectively will lead to an unfocused and unsuccessful change effort. To that end, the diversity executive will typically influence the content of, and regularly monitor:

- Employee opinion surveys
- Exit interview processes
- Network diversity councils and/or focus group feedback
- Complaint activity (litigation, grievances, and the like)
- Other formal and informal work environment assessments (i.e., equity analysis or individual employee interviews)

Worldwide Surveys

Deloitte & Touche instituted a worldwide Web-based survey for all partners and employees. The survey measures general feelings about the firm, its Global People Commitment, and its commitment to shared beliefs (Exhibit 25). Among Deloitte & Touche’s objectives is to identify the “critical few” interventions which will have the greatest impact within the workplace. They focus on behaviors, not just opinions. Betty Maple explains, “Through the measurement and modeling of employee commitment, we will be able to create an environment and culture where employees feel motivated and committed to provide excellent service and value to clients.” IBM also recently conducted its first worldwide work-life survey.

Exhibit 25

Deloitte & Touche

The firm’s global shared beliefs are:

- Outstanding value to clients
- Commitment to each other
- Integrity
- Strength from cultural diversity

The firm’s global people commitments are:

- Attract and retain the best people
- Communicate openly and effectively
- Empower and trust
- Develop our people
- Recognize success
- Respect and support work-life balance

Assessing the environment is tied to bigger business operations and objectives, and is also linked to retention measures and the performance management process. There is a growing understanding and linkage between the environment and organizational success. Consequently, we see diversity being integrated into standard business measures such as the balanced scorecard.

Stakeholder and Bottom-Line Impact

Ideally, managers can begin linking their diversity efforts to increased profitability, innovation, and creativity. This still remains among the most challenging metrics, since there is rarely a direct correlation between a diversity initiative and improved profitability.

The diversity executive is responsible to a broad constituency of stakeholders—the CEO, management, employees, the Board of Directors, investors, customers, vendors, and suppliers. The responsibility for metrics is challenging, as is the provision of metrics that satisfy all involved. With this responsibility comes a great challenge to provide metrics that are sometimes tangible, sometimes not. Council members identified four key areas that are used to measure stakeholder and bottom-line impact:

- Tie to corporate scorecard
- Customer satisfaction and loyalty
- External stakeholder impact
- Tie to measurable outcomes

Council members agree that metrics are a “package deal,” requiring multiple measures and data points for providing a holistic look at the organization.

Tie to Corporate Scorecard

The “balanced scorecard” concept is taking hold. Companies have recognized that organizational performance is clearly related to how well people are managed. Emilio Egea, Vice President of Human Resources at Prudential, says, “In order to effectively leverage diversity for business, we assess diversity leadership objectives, organizational leadership, and personal leadership.” Some examples of the diversity component of a scorecard might include:

- Retention/Turnover
- People profile (representation) of the organization
- Diverse candidate slates for exempt positions
- Succession planning
- Climate surveys
- Capability building
- Management behaviors
- Adverse impact
- Litigation
- Market share—gains/losses

External Accountability

Companies are not the only ones keeping a scorecard of their performance. Stakeholders and potential stakeholders are taking a closer look at organizational people practices. For example, the NAACP established an Economic Reciprocity Initiative (ERI) in 1996 that reviews the performance of companies within certain industries in the areas of employment, community reinvestment, advertising/marketing, vendor development, and philanthropy (charitable giving) within the African-American market. Companies are ordered by rank, and these rankings are often reported by the media. Such rankings potentially affect investment, shareholder value, customer loyalty, market share, and even recruitment and retention efforts.

Customer Satisfaction and Loyalty

Companies are looking for ways to better understand customer satisfaction and are doing so with diversity in mind. Some approaches to measure this include:

- Customer relevance in niche/market
- Involvement in communities
(e.g., minority, gay, people with disabilities)
- Industry surveys
- Diverse customer feedback
- Focus groups with customers

External Stakeholder Impact

Marriott has identified several key ways to measure its effectiveness with external stakeholders: increases in purchases and procurement, dollars spent on minority and women-owned businesses, and increases in utilization of suppliers. These kinds of measures are tangible and provide a benchmark of progress over time. Some measures identified by council members are:

- Supplier diversity
- Dollars spent with minority and women-owned business enterprises (MWBE)
- Inclusive corporate philanthropy
- Advertising to reach diverse markets
- Ethnic market growth and other segments

Measures Should Tie to Outcomes

It is “very important to measure the impact of what you do,” says PNC Financial Services Group’s Vice President and Manager of Employee Programs and Diversity, Kathleen D’Appolonia. “These measures become an opportunity to communicate—to reinforce your efforts and to market your work to influence others.”

Council members and their companies have made significant progress over the past few years regarding the level and sophistication of their metrics (Exhibit 26). Among the specific outcomes they identified are:

Creating Diversity

- Greater visible representation of women and minorities at all levels of the organization
- Lower ratio of rejections to job offers
- Increasing numbers of women and minorities in the developmental pipeline

Valuing Diversity

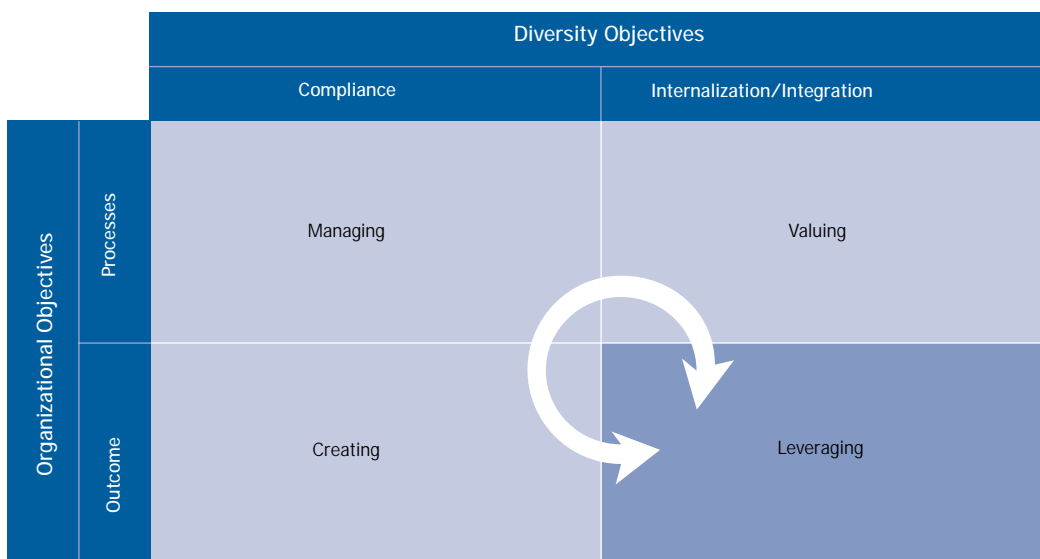
- Reduced turnover rates
- Improved employee satisfaction
- Policies and practices that support zero tolerance or work-life flexibility

Managing Diversity

- Increased involvement of top leadership in diversity initiatives
- More mentoring
- Improved ratings on 360-degree feedback
- Utilization of flexible work arrangements
- Management behaviors that visibly support diversity

Exhibit 26

Strategic Diversity Measurement Model



Source: The Conference Board, *Corporate Practices in Diversity Measurement*, Report Number 1164-96-RR

Leveraging Diversity

- Increased market share due to specific market-driven strategies
- Improved customer satisfaction
- Utilization of employee networking or affinity groups for tapping into markets, improving recruitment, or developing employees
- Positive public relations

Tactical and systemic measures will drive long-term success. Tactical measures might identify specifics, such as training evaluations, number of people trained, or even reduced turnover rates. Systemic measures will be tied to processes, such as increasing diverse candidate slates for all job postings, or 360-degree feedback for all evaluation processes to improve objectivity.

The Soft Stuff

Some of the biggest challenges for the diversity leader are the intangibles. There are a number of concrete measures available to the diversity executive, but it is often the “soft stuff” that intuitively makes a difference on business performance and individual success, even though it does not always provide the quantitative measures business leaders are accustomed to. Harris Bank/Bank of Montreal’s Judy Phillips says: “If an employee is gay, we may not measure that, but it does not mean that it’s not important. The same with age.”

These subtle and rarely measured factors have the potential to cause a huge impact for companies. If homophobia exists, or ageism limits access, then the organization is not only financially at risk, but also may not be able to fully utilize the talents of all their people. Redia Anderson of Deloitte & Touche LLP concludes: “The so-called ‘soft issues’ will have a hard impact if a company or firm does not proactively and aggressively engage its employees and its marketplace, and push for an all-around inclusive environment. Employees and customers always have choices.”

Metrics and accountability are key tools to drive the change needed for organizational readiness and to align companies with new business realities and opportunities.

A Look Ahead

“We can set objectives and measure results all we want, but if leadership isn’t actively engaged in the process and modeling appropriate behavior, we won’t get far. I believe our diversity objectives have to be treated just like everything else we do in the traditional business cycle, such as assessing sales results and return on equity.”

Art Ryan, Chairman and Chief Executive Officer, The Prudential Insurance Company of America

One of the key competencies to be effective, according to diversity council members, is “strong and visionary leadership.” The diversity leader is always keeping his or her eye on the ultimate goal: the fully integrated, inclusive organization where diversity contributes to business performance because it is a way of doing business. Unilever Bestfoods, recognizing that this work is a process of large systems change that takes time, posed the question, “What will it look like when we get there?” This question resulted in a document (Exhibit 27) that, like the Organizational Readiness Matrix, provides a goal and objectives against which to benchmark where the company is versus where it needs to be.

These diversity executives are building foundations for organizational alignment with the demographic realities of multicultural markets, diverse talent, and organizational effectiveness through inclusion. There is growing evidence that their efforts and initiatives are indeed helping to expand market share, improve recruitment and retention, and increase visible diversity at all levels of the organization.

Exhibit 27

Unilever Bestfoods: Inclusion—What Will Our Culture Be Like When We Get There?

(excerpts)

- Sensitivity to the impact of diversity on the business environment, and acceptance of the responsibility for maintaining an environment in which everyone can achieve the desired work results...
- Management acceptance and full support of employees' differences, including culture and styles. Differences are effectively and creatively utilized, not simply tolerated.
- Open and frequent communication related to diversity through various channels, resulting in mutual trust and confidence.
- Management listening and responding to employee concerns, and quickly addressing those concerns through internal channels.
- Recruitment, development, and retention of a diverse workforce throughout all organization levels and functions, representing the best talent worldwide...
- Management and leadership development inclusive of women, people of color, and difference....
- A fully utilized, high performance, diverse workforce driving business results. Employees are supported, recognized, rewarded, and held accountable for behavior that creates this environment.

There are continuing challenges. The truth is that companies are faced with issues of discrimination, hostile work environments, sexual harassment, racism, sexism, ageism, homophobia, and marginalization. The “glass ceiling” is being called the “concrete ceiling” and others refer to the “sticky floor.” Others talk about the “lavender ceiling,” where “out” gays and lesbians encounter artificial barriers to their upward mobility. These terms all illustrate that there is not yet parity in the distribution of populations throughout organizations. There have been failed marketing attempts, dissolved mergers and acquisitions due to incompatible corporate cultures, and the loss of valuable talent to competition. As one council member stated, “There is a lot of ugly stuff that happens in this work.” Another says, “There is a lot of denial in terms of what is happening.”

Communicating One’s Own Value

Unlike tried-and-true positions and functions in a company, diversity does not always receive the same recognition, importance, or validity. Hence, the responsibility often falls on the diversity executive to communicate his or her own value to the organization. On the one hand, this may be no different than any other business executive in relation to their work—but it would be much more rare that the value of a CFO or CIO would be questioned. The diversity executive often finds that not everyone sees the inherent value of the work.

Council members recommend:

“Be a person who is not afraid to tell the truth.”

“You can’t be afraid to take and defend an unpopular position.”

“You have to go beyond your comfort zone and push people beyond theirs.”

“We have to make people *aware* of differences and issues rather than avoiding differences and issues.”

As much as the diversity executive is a business leader, he or she is, as one council member stated, the “conscience” of the organization. There is often a delicate balance between looking at an organization honestly and protecting the organization.

Diversity executives face their own challenges and biases in this work. Diversity council members indicate the importance of being in touch with “your own stuff.” They acknowledge the self-work that must take place to be aware of and manage their own biases.

The diversity leader’s work is never done. Council members say they would often times like to “work themselves out of a job.” But given the increasing challenges of change, technology, a global economy, and an increasingly multicultural workforce, their work is far from finished. Diversity is here to stay. It may be that diversity leaders are like computer technicians—dedicated individuals who stay on top of the latest changes, issues, and best practices, ensuring that their business leaders have the tools and their organizations the resources to stay competitive well into the 21st Century.

The questions that organizations should pose to themselves are:

- Are we optimizing capability and competitiveness by drawing upon all the constituencies available in our workforce?
- Can market demands be effectively met if our organization is not diverse throughout?
- What are the implications of inclusion and exclusion?
- Do we have fair and equitable employment practices?
- Are we creating *sustainability* in the organization’s long-term success?

AARP’s Chief Executive Officer, Bill Novelli, concludes: “Our challenge—and our opportunity—is to fully utilize the skills, knowledge, and insights of *all* our employees.”

The diversity leader is a catalyst, but can be only as effective as top management and leadership is committed to ensuring that diversity is a business imperative, and willing to make the organizational changes necessary for optimal organizational effectiveness.

Appendix A:

A Day in the Life of a Diversity Executive

It's 6:45 a.m., I'm on a conference call with my boss, getting a budget cleared for two conventions that are being funded under the auspices of diversity. Then another call comes in from legal saying that they have a potential discrimination lawsuit on their hands in the operations area and they need me to talk to Employee Relations tomorrow...I agree.

At the office, I find myself with the head of Advertising. I'm trying to influence the ad exec on how important it is to show diversity in the television commercials. At the next meeting, one of my staffers is asking how to deal with the Asian Pacific American celebration and wants \$25,000 (that's my entire speaker budget for the year).

My next back-to-back meeting involves a "big player" in the largest revenue-generating area of the company. I've got to help him weave a message of diversity into his speech at a national convention in D.C.—how am I supposed to do that when he has absolutely no clue about diversity? This big player complains that the altering of his speech makes no sense to him. (Do we mention that his boss had identified him as a potential successor but had also warned us that the guy is clueless on diversity?)

Interrupting my meeting is the head of benefits—"just a brief question," he says... "What is this thing about domestic partner benefits?"
Where do I start?

A Look at Rewarding and Often Challenging Work

My phone rings as the big player leaves my office—it's a family member wanting to know if I can make it home for my aunt's birthday—I can't, I'm triple-booked that day!

I'm already running five minutes late as I run down the hall to attend the community relations meeting. The purpose of this meeting is to decide which non-profits will get granted funds. I know the Boy Scouts are on the agenda. Now I've got to explain to them why I worked out a policy with public relations that doesn't fund the scouts directly. The stuff is really going to hit the fan when our conservative customers hear about it!

I rush through lunch—a Power Bar—as I run back down the hallway just in time to find that my performance appraisal has been postponed for the third time. I'm eager to show her how much I've actually accomplished.

The little break lets me prepare for the upcoming back-to-back meetings: one with a consultant who wants to offer me Web-based diversity training. I've invited them in because the stuff they have is awesome (although I already know I can't afford it *and* the technology in my company is too archaic to support the bandwidth necessary—what the heck is “bandwidth?”).

From one consultant to another, I meet with my Affirmative Action Planning consultant that I've outsourced (outsourcing has its perks!). But the planner is telling me he is having some problems getting the data. He adds, “Have you noticed your southwest region has *zero* people of color in managerial positions?” Time to call recruiting!

Another call (I've already got ten messages waiting and I can't imagine how many e-mails!). It's London—they want to complain about the employee survey, which had five questions on diversity (but no one in their UK operations knows what the word means). They scored the lowest in this category, but they don't think they have a problem...and the managers are livid because it may impact their bonus check.

Yikes! It's 6:30 p.m. and I have a 7 p.m. gala event for the Hispanic Chamber of Commerce.

On my way to the gala I leave a message for one of my staffers who wants to work from home on Mondays. I tell her “yes,” with the caveat that she uses the new flexibility guidelines that she and I worked on for the Employee Relations Department.

I barely hang up the phone when it rings—it's the law department—they say the discrimination case has been dropped—the person alleging the situation actually had several performance problems and had also been found stealing. Hmmm...

I make it just in time to the gala, shake a few hands, grab a drink, and eat a totally unhealthy dinner (my first meal of the day, in fact). But, hey, what's a few extra calories, I've already gained 30 pounds since starting this job!

As the speeches begin, I have my first moment of the day to relax. I wonder...what is it that drives me to push myself so hard in this work. I smile, knowing I'm doing something worthwhile.

Position Description

Job Title: Vice President, Diversity

FLSA Status: Exempt

Summary

The Vice President, Diversity will be responsible for developing and facilitating comprehensive short-, mid-, and long-term strategies for implementing cultural change in all aspects of how the company leverages diversity for competitive advantage. Through established and sustained partnerships with all business units, this position will strive to enhance the diversity of our workforce, and advocate actions that will help the company achieve the advantages a diverse workforce can provide.

Essential Duties and Responsibilities

Working with the Senior Leadership and Human Resources Leadership teams:

- Develop and implement a comprehensive diversity strategy, as well as related programs/initiatives across the Corporation
- Provide cultural direction to business units on tactical programs and systems related to attracting, retaining, and promoting a diverse workforce
- Grow and sustain relationships between internal and external diversity-related organizations, external media, funding agencies, and government agencies that support our diversity strategy

Vice President
Diversity

- Lead the company-wide Diversity Council
- Develop internal networks and effective means of communicating diversity initiatives throughout the organization
- Serve as the EEO/Affirmative Action Officer for the company, including oversight of required governmental reporting and effectiveness of diversity and affirmative action programs.
- Oversee company-wide diversity training
- Develop a means to measure and provide reporting on the progress of our diversity initiatives

Position Requirements

Reports to: Senior Vice President, Human Resources

Education or Equivalent: Bachelor's degree required

Experience or Equivalent: 7-10 years experience in progressive business environments, including experience relating to development and implementation of diversity strategy and related initiatives within a large corporation.

Knowledge/Skills Requirements: Strategic thinking and organizational leadership capabilities, particularly with regard to diversity issues. Strong influencing skills and capability to collaborate with other strategic leaders. Strong interpersonal, teamwork, advocacy, planning, problem solving, analytical, and presentation skills. Knowledge of federal, state, and local EEO laws and regulations. Strong project management skills and the ability to act independently and responsibly in a fast-moving environment. The successful candidate will be able to influence others to take action through the power of persuasion and by gaining consensus. Ability to prepare, justify, and administer a budget.

Position Description

Job Title: Director, Diversity and Development
Status: Exempt
Reports to: Corporate Vice President, Human Resources

Basic Function

Responsible for developing and implementing a corporate Diversity and Development Program and supporting CPC's divisions and businesses in their Affirmative Action programs and recruiting and development programs.

Position Responsibilities

Works directly with the Diversity Advisory council as advisor and facilitator, promoting and responsible for corporate-wide initiatives to improve and leverage strengths of diversity and multiculturalism.

Champions organization change efforts that result in improved career planning and development for women and minorities throughout the company.

Through operating divisions, is responsible for recruiting and selection programs to ensure an ongoing pipeline of high-potential women and minorities across all functions and businesses.

Director

Diversity and
Development

Conducts education and training programs that support diversity/cross-cultural development, including U.S. Affirmative Action Planning & Compliance, Workforce and Family initiatives, Equal Employment Opportunity, and Sexual Harassment.

Serves as liaison to Corporate and Operating Division task forces and project teams that have direct impact on Valuing Diversity initiatives and WorldTeam development.

Represents CPC's diversity commitment to external organizations, both public and private, and also to industry and trade groups.

Works with Corporate Director, Organization and Management Development, and Operating Divisions to integrate diversity into organization development efforts to build CPC WorldTeam, including performance management, cross-cultural training and development, Senior Management Development Program, etc.

Qualifications

Minimum 15 years organization/management development/HR generalist experience. Advanced degree preferred.

Proven ability and demonstrated skills in training design and delivery, group facilitation, organization consulting, change management, and project management.

Prior experience in employee relations, staffing, college relations, and EEO/Affirmative Action compliance.

Team player, quick learner with outstanding communication and personal leadership skills.

Position Description

Manager of Diversity Strategies

An excellent opportunity exists for a Manager of Diversity Strategies, a member of our Corporate team. The Manager of Diversity Strategies will be responsible for creating diversity and inclusion initiatives within our many lines of business to ensure achievement of strategic goals and objectives. Collaborate with line of business HR Management and senior executives to provide effective consultation in the areas of diversity and inclusion. Additional responsibilities include creating external and internal diversity initiatives and diversity communication and marketing tools. Develop measurement tools to track and present progress.

The position reports to the Vice President of Employee Programs and Diversity.

It requires excellent consultation, project management, organizational and analytical skills. The successful candidate will have a Bachelors Degree with 5-7 years relevant work experience.

We are a fast-paced, high performer in the financial services industry, offering talented individuals a workplace that is built on our core values of diversity, respect, teamwork, quality of life, customer focus, integrity, and performance.

Manager
Diversity
Strategies

Methodology

There are **three components** to the methodology of information gathering for this report:

- 1 A mailed questionnaire to The Conference Board's Diversity Councils;
- 2 Facilitated Discussions with the Diversity Councils; and
- 3 Telephone interviews with individual council members.

The Questionnaire

The survey data for this study were obtained via a mailed questionnaire sent to members of The Conference Board's "Council on Workforce Diversity" and "Diversity II Council." The 71 respondents were mid-to-senior level managers representing a cross section of diversified financial institutions, manufacturing, communications, nonprofit, government, and utilities and energy companies.

The data herein is an analysis of those survey responses and the 2000 compensation of mid-to-senior level Diversity managers, providing comparisons across a number of variables to include the scope of responsibility, company revenue, reporting structure, length of employment, and educational attainment. With a response rate of 55 percent, the small sample precluded detailed analysis of the relationships among these and other factors. Broad results are presented as descriptive, and users should interpret the results cautiously.

Facilitated Discussions

Over a period of about a year, after discussions and agreement to move forward with the project, a facilitator was retained to guide the discussions that would result in the primary contents of this report. The two councils worked independently with the same process. Then, in a combined one-and-a-half day meeting, the two councils worked together to finalize the content of the report.

The session methodology included: relationship building, creating shared context for the work (small group and large group discussion and alignment), and deepening and integrating standards content (more small group and large group processes and feedback).

Telephone Interviews

Subsequent telephone interviews were conducted to gain deeper insight and to acquire specific corporate examples related to the key task, competency, and measurement components that had been identified during the facilitated discussions.

Industries Represented by Council Members

Financial Services

Communications/ Broadcasting/ Publishing

Manufacturing Technology

Manufacturing Consumer

Manufacturing Industrial

Energy

Healthcare

Transportation and Warehousing

Wholesale and Retail Trade

Utilities

Government

Nonprofit

About The Conference Board's Council Program

The Conference Board's Council Program provides an opportunity for senior executives to share experience and knowledge in a confidential setting. It also allows them to build relationships with colleagues from different companies, industries, and countries.

Each Council, made up of Associates of The Conference Board, charts its own course: selecting members, setting meeting agendas, and serving the needs and interests of the group. Council members are nominated and elected by peers, based on the reputation of their company and their individual achievements.

Because they are small, select groups of typically no more than 40 members each, there is a high level of trust among participants, and instant access to colleagues for suggestions and answers to business questions.

About The Conference Board's Diversity Councils

In 1993, The Conference Board added The Council on Work Force Diversity to its roster of senior business executive councils. In 1999, the Diversity Council II was formed. Council members are the lead executives within their organizations, with responsibility for developing and implementing diversity programs and strategy.

The mission identified by these two groups is to:

- Provide a peer network of diversity executives for the confidential and candid exchange of information on current issues and trends
- Provide a national leadership role in the area of work force diversity

Council on Work Force Diversity

Norma J. Anderson
Vice President, Diversity Resources
and Public Affairs
Ceridian Corporation

Redia Anderson
National Partner, Diversity Inclusion
Deloitte & Touche LLP

Jose A. Berrios
Vice President, Staffing and Diversity
Gannett Company, Inc.

Michele Adams Bolden
Director of Diversity
FleetBoston Financial

Yvette Bowden
Director, Diversity and People Services
United Airlines Corporation

Lolita Chandler
Director of Diversity
Avon Products, Inc.

J.T. Childs, Jr.
Vice President, Global Workforce
Diversity
IBM Corporation

Alton L. Collins
Manager of Global Diversity and
HR Center of Enterprise
Proctor & Gamble Company

Deborah Dagit
Executive Director of Diversity and
Work Environment
Merck & Company Inc.
(Formerly with Silicon Graphics Inc.)

John Dowell
Director, Work Force Diversity
Northwestern Mutual Life
Insurance Co.

Emily J. Duncan
Director, Global Diversity
Hewlett-Packard Company

Emilio Egea
Vice President, Human Resources
The Prudential Financial Inc.

Susana Escalante
Director of Diversity
Storag-Tech

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Global Human Resources
Texaco Inc.

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Human Resources
American Express Financial Services

Shirley Harrison
Vice President, Diversity Management
Human Resources
Philip Morris Companies Inc.

Henry Hernandez
Executive Director, Global Diversity
Pitney Bowes Inc.

Susan L. Hofman
Vice President, Global Diversity
Honeywell

Gwen Houston
Vice President of Diversity Leadership
Aetna Inc.

Joyce Ingram
Director—Human Resources,
Consumer and Organization Diversity
The Quaker Oats Company

Susan L. Johnson
Director, Human Resources,
Corporate Staff
Pitney Bowes Inc.

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Work Force Diversity
Bayer Corporation

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Workplace Effectiveness
Marriott International, Inc.

Ronald Knox
Vice President, Diversity
Kaiser Foundation Health Plan, Inc.

Jane Roiter
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Work/Life Initiatives
The Gillette Company

Lois Rubin
Manager of Diversity
Unilever Bestfoods

Brenda Schofield
Director, Equal Opportunity Affairs
Corporate Employee Resources
Pfizer Inc.

May E. Snowden
Executive Director
Diversity Integration Center
U S WEST

Barbara Stern
Vice President, Diversity
Harvard Pilgrim Health Care

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GE Corporation

Lorna Utley
Director, Diversity Initiatives
and Philanthropy
General Motors Corporation

Eric N. Watson
Executive Director, Diversity
and Workforce Capability
Williams Companies

Claudette Whiting
Senior Director of Diversity
Microsoft
(Formerly with DuPont)

Janet Winters-Smith
Corporate Diversity Manager
Human Resources
Chevron Corporation

Daisy Wood
Director, Workforce Inclusion
Delta Technology

Diversity II Council

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Human Resources
Duke Energy

David G. Wilkins
Director, Global Diversity
The Dow Chemical Company

Related Publications

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Report 1130-95-RR, 1995

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