



EXECUTIVE SUMMARY

# BEST PRACTICES FOR DIVERSITY & INCLUSION

How does your company stack up?

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**THE IMPACT SEAT**  
**RESEARCH INSIGHTS**

Science-driven, up-to-date, and useful knowledge and tools on diversity and inclusion.

[www.impactseat.com](http://www.impactseat.com)

**From 149 best diversity and inclusion practices of U.S. companies, we build a strategic model of engagement that encompasses strategic, social leadership, and talent management objectives.**

Managing for diversity and inclusion (D&I) is about getting a meaningfully varied group of people “in the room” and then providing the structure, leadership, and behavior know-how to help everyone deliver their best, in concert, and sustainably.

Our findings indicate that a strategic approach to D&I practice is emerging for U.S. companies – but holistic, value-building management systems that deliver performance while also contributing social benefits are rare.

Most firms are making some efforts towards D&I, largely centered on legal compliance. However, leaders in the field have moved beyond that 80s mode to see that diversity, well managed, can create vibrant teams, engaged employees, and satisfied customers.

In this Impact Seat Report, we analyze the best diversity and inclusion practices of leading U.S. companies. Then we deliver a framework for inclusive innovation that is a comprehensive roadmap for all companies encompassing strategic, social leadership and talent management objectives.

Please contact us to discuss how our DIVERSITY AND INCLUSION BEST PRACTICES FRAMEWORK can be used to develop an audit of your company with recommendations to move forward.



## OUR TAKEAWAYS

**1. Ownership of D&I Is Fluid** Responsibility for diversity and inclusion is in flux with talent management, diversity and inclusion offices, human resources and C-suite actors all playing roles in different ways at different firms, with varying levels of ownership and success.

**2. Framing Matters** The way companies view D&I – as a compliance-driven, socially driven or business-driven demand (or some of each) – impacts the reach and structure of diversity efforts within the organization.

**3. D&I Is Still a Numbers Game** While the language of “inclusive innovation,” i.e., realizing the benefits of diversity for innovation, is making its way into the business lexicon, most diversity efforts are still focused on “counting noses.” Success is measured by how many members of under-represented groups, by category, are hired, retained, and promoted.

**4. ERGs Need to Change** One of the most common diversity practices – Employee Resource Groups or ERGs – is coming under scrutiny as siloed networking without clear value-building.

**5. D&I Is Undervalued** Many diversity and inclusion best practices still rely on employee volunteerism in the off hours rather than integration of D&I as leadership practices engaged in the rhythm of the business.

**6. Individuals or Groups?** Companies are wrestling with whether a strategic diversity approach identifies and engages select groups of people by identity characteristics (women, LGBT, veteran, etc.) or should look at diversity as a characteristic of a group, not of an individual.

**7. Diversity of Perspectives Is Needed** The diversity that delivers innovation relies on diversity of perspectives that come from a much wider range than the standard demographic diversity statistics measured.

**8. Who Leads?** Companies historically have concentrated their diversity and inclusion attention in Human Resources, with many adding an executive or small office for D&I somewhere near the C-suite. Talent Management areas that articulate how D&I impacts employee engagement and succession pathways are also becoming increasingly attentive. Individual managers of teams are also getting in the game as a means to achieve better performance, especially in customer-facing units.

## RESEARCH AND FINDINGS

Our research identified 149 current diversity and inclusion best practices of leading U.S. firms. We define *practices* as behavioral routines – the kinds of operational activities that embed and routinize thinking and action across individuals in the rhythm of the business.

The data show that across all companies there are common practices and innovative practices, and that companies vary in the degree to which D&I practices are embedded in the company DNA. Company approaches reflect both longstanding corporate social responsibility principles as well as a new emerging outlook that aligns diversity and inclusion with talent management and strategic performance.

As a second step of analysis, within the context of The Impact Seat knowledge platform we built a management framework to show a comprehensive, strategic roadmap for implementation of diversity and inclusion efforts at any firm. Diversity and inclusion practices can reach every employee, stakeholder, and business function through three major categories made up of nineteen practice areas.

Few companies have a holistic strategy of diversity and inclusion, despite having best practices in individual areas.

**Strategic.** These practices are targeted to create value for the organization overall. They target strategic direction, the value of inclusion, and the positioning of the company regarding stakeholders.

**Talent Management.** Whether through Human Resources, Talent Management, or operational units, these practices target goals to identify, hire, support, and promote demographically diverse individuals.

**Social Leadership.** Through these practices, companies are reaching out to communities – partnering with government and non-profits, providing best thinking freely and widely, and making a community impact through philanthropy and volunteerism.

Not all practices will be right for every company, but thinking through a comprehensive approach that can be implemented over time will move your firm toward engagement that will yield real value. See our full Research Insight Report for more information.



## RECOMMENDATIONS

With growing evidence that inclusive management practices contribute to performance results across a variety of metrics (innovation, financial performance, talent access and engagement, and customer preference) companies are moving diversity and inclusion practices from a “nice to have” to a “need to have.” We see leading companies using a diversity and inclusion approach to engage a wider group of stakeholders – from employees to government and customers. How does your company stack up? Are you looking from the strategic level at the many ways D&I can be embedded in work day to day?

Understanding your diversity strategy, committing to inclusive behaviors, and looking for opportunities to shift the way groups see, experience, and interact with each other will deliver rewards for companies and the executives, managers, and employees who work for them.

**So what are next steps?** Here are five steps you can take today:

1. Take an inventory of your company’s diversity and inclusion practices measured against the framework of strategic, talent management, and social leadership categories we provide in this report. How does your organization stack up? What does the company’s pattern of action tell you about its goals and its commitments?
2. Consider how you can get involved in promoting inclusive innovation at work. What elements of the strategy seem most important for your company? What influence do you have to put things in motion? Who can you work with?
3. Explore the behavioral aspects of diversity and inclusion work – for example, responses to unconscious bias – and make a commitment to change the way you help to institutionalize norms that exclude.
4. For those in a position to influence diversity and inclusion policy, consider how strategic your approach has been to date. If you are hiring for diversity, is the company welcoming and retaining that talent? Does the company’s pattern of diversity show acceptable movement year-to-year? Are you looking beyond standard demographic diversity characteristics such as sex and ethnicity and to other “diversity of perspective” characteristics like economic status? Is your D&I training program up-to-date and reaching all employees?
5. Contact The Impact Seat to discuss next steps your company can take to keep the conversation and impetus going.

There's a growing volume of research about the value of diverse, inclusively managed workforces to company financial performance (McKinsey 2015<sup>ii</sup>, Catalyst 2007<sup>iii</sup>), customer service, innovation and employee engagement (Deloitte 2013<sup>iv</sup>) and overall competitive standing (Bersin by Deloitte 2015<sup>v</sup>). Many business leaders also recognize that vibrant, diverse teams that develop camaraderie and creativity provide a route to social and economic value generation for customers, suppliers, employees, and communities.

## THE DIVERSITY AND INCLUSION BEST PRACTICES DATA

In June 2017, a coalition of more than 150 leading U.S. business leaders from Staples, PwC, Accenture, Adobe, Autodesk, Cisco, Delta, Lilly, Mattel, IBM, and others<sup>vi</sup> announced their joint pledge to lead thinking and action on diversity and inclusion within their companies and across the economy at the firm level. According to Tim Rice, CEO of PwC, a leader of the effort, *“CEOs are pledging to take action to cultivate a workplace where diverse perspectives and experiences are welcomed and respected, where employees feel encouraged to discuss diversity and inclusion, and where best known—and unsuccessful—actions can be shared across organizations via a unified hub, [CEOAction.com](http://CEOAction.com), in an effort to advance diversity and inclusion in the workplace.”*<sup>vii</sup> Our full Research Insight Report reviews and analyzes the range of best practices for diversity and inclusion that the initial group of 176 companies put forward in the first 60 days of their coalition. We examine the types and reach of the practices, build a comprehensive management framework, and provide examples and worksheets for you to consider what steps your company can take as you build and expand your diversity and inclusion effort.

### Some of the CEO Action Companies



[See More](#)

# THE IMPACT SEAT

The Impact Seat is a knowledge platform bringing science-based ideas of diversity and inclusion to business practice and society. Our products and services inform your strategic and leadership priorities to build inclusive innovation into the rhythm of your business. For more information, please view [impactseat.com](http://impactseat.com) and contact us at: [info@impactseat.com](mailto:info@impactseat.com).

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<sup>i</sup> All quotes in this section are taken from <https://www.ceoaction.com/actions/>

<sup>ii</sup> <http://www.mckinsey.com/business-functions/organization/our-insights/why-diversity-matters>

<sup>iii</sup> <http://www.catalyst.org/media/companies-more-women-board-directors-experience-higher-financial-performance-according-latest>

<sup>iv</sup> <https://www2.deloitte.com/content/dam/Deloitte/au/Documents/human-capital/deloitte-au-hc-diversity-inclusion-soup-0513.pdf>

<sup>v</sup> <http://www.berstein.com/News/PressArticles.aspx?id=19377>

<sup>vi</sup> Best practices listed on <https://www.ceoaction.com/actions/> as of August 1, 2017.

<sup>vii</sup> <https://www.ceoaction.com/media/press-releases/2017/more-than-150-ceos-make-unprecedented-commitment-to-advance-diversity-and-inclusion-in-the-workplace/>