

MAKERS on the Front Line:
Talent Rising



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The state of diversity — specifically, the advancement of women and people of color to the top at work — is disappointingly familiar: the same old business case arguments and the same old obstacles. And the numbers don't lie. We are not making progress. Many professionals believe that the current diversity playbook has run its course; we feel stuck, despite all our hard work.

And yet it also feels like change is in the air. The #MeToo, Time's Up and #BlackLivesMatter movements remain strong. State Street and BlackRock are vigilant about board diversity. Women in Congress have set records. An unprecedented number of CEOs have gotten into the act, too, pledging equality. Then there's California's pioneering quota for women on boards.

And with change comes opportunity.

That was the thinking when we kicked off a new research project in 2017 to find out what's working as a way for leaders to break through the logjam. To date, 115 men and women across 60 companies have shared their experiences, speaking in confidence. Most share a more hopeful view of what the future could look like.

So, what have they figured out?

First, our interviewees described a complex challenge that defies traditional business logic; they know there is no 'silver bullet.' Second, the companies making good progress started by shifting mindsets — from the CEO down. Without that, other companies found that their behavioral changes were short-lived, insufficient or worse, the cause of backlash. Third, some companies deployed an entrepreneurial approach, testing and learning and adjusting course. With experimentation to find incremental improvements, their small wins added up over time.

While only a handful of the 60 companies have made significant progress, they show us what's achievable when leaders have the aspiration, conviction and self-awareness to lead systemic, cultural change. They're committed over the long run because it makes sense for the business. They start at the top to demonstrate diversity and they engage the broader informal leadership to shift norms. They use a test, learn, and adapt approach for focused experimentation, learning from a long list of successes and failures. They didn't use one or a few of the tactics (summarized below) — they used most of them. And they paused regularly to take stock, refresh and re-energize.

These differences from the current playbook are subtle but important. The concepts are disruptive; their implementation is nuanced with few exceptions.

Yes, we are cautiously optimistic about the road ahead.

The remainder of this brief summarizes the research findings. If you are interested, the white paper, including the full list of actions taken by companies, is available upon request.

RESEARCH SUMMARY

The interviews reveal that most leaders have invested in the concept of diversity without actual progress. Many are frustrated by the brutal facts of our current reality:

Brutal Fact No.1: “It’s a really, really hard problem.” Scientists define a problem like this as complex. Complex problems defy structuring. Multiple stakeholders with competing objectives cannot agree. There is no single right answer, no recipe for action and no endpoint.

Brutal Fact No. 2: Behavioral change is not sticking. With training, most managers become aware of their limiting mindsets, and programs stop there. It takes a conscious choice to learn new skills — and deliberate practice to hardwire them.

Brutal Fact No.3: “Diversity is not one-and-done.” It takes years of sustained engagement through ups and downs to shift a complex system and establish new cultural norms.

It’s daunting for sure. So, kicking this can down the road might look pretty good, short-term. But consider the consequences of walking away from real value creation opportunities created by diversity. And if you’re not convinced, consider the real risks: lawsuits, customer displeasure, investor pressure and social media attacks on reputation.

The current diversity playbook is good, but not good enough. And what’s missing is vital to progress: the leadership aspirations, conviction and self-awareness that enables ongoing discovery and change.

We recommend a refresh, using collective insights on what drives significant progress.

1. Build conviction to change. Companies strengthen their foundation for sustained cultural change when leaders take the following actions:

- **Establish a truly compelling reason as to why diversity matters.** Of course, it must make business sense. But to bring others on board it must be worth caring about. These leaders face the emotional facts head-on — the felt experience of women and people of color in their organization.
- **Make diversity and inclusion the No. 1 or No. 2 priority for cultural change.** If diversity is third or tenth, it does not get the attention it needs. So, these leaders make trade-offs to free up time, and don’t simply add “diversity” to the list.
- **Dig deep to articulate a burning ambition.** This has more power than a burning platform (that often ignites with a lawsuit). True ambitions touch everyone in the ecosystem, need little explanation and fuel conviction.
- **Declare the mindsets that need to shift and change.** When impatient leaders jump over mindsets to behavioral change, it does not sustain.

2. Activate top leadership. Many leaders act without impact. Seven key leadership actions help companies reinforce the path forward:

- **Set improvement goals.** Some companies set specific targets for clear-cut issues like diverse slates and recruiting targets, but overall progress is best measured as improvement. They are flexible to change goals over time.
- **Use incentive compensation to reinforce accountability.** Compensation alone won't succeed, but it's needed to drive systemic change. Interviewees caution not to be formulaic. Some use up to 10 metrics to assess intention, level of effort, quality of leadership and results in recruiting, retention, promotions and inclusive behaviors.
- **Adopt radical transparency.** Good data, great analytics, regular reporting and honest discussion are assumed. But sharing everyone's numbers among the top team or beyond furthers the impact.
- **Integrate talent into the work of the top team.** Discussion of progress is on the monthly agenda. CEOs enlist peer pressure to encourage laggards to shift mindsets.
- **Deploy immersion experiences to disrupt entrenched beliefs.** Many business and HR leaders talked about converting one leader at a time, creating "aha!" moments. Volunteering may help the executive to gain the will to change.
- **Celebrate the new behaviors — and call out bad behaviors.** Several interviewees highlighted the outsized importance of the latter, which underscores that leaders are serious.
- **Draw on outside forces to keep feet to the fire.** The top team cannot achieve diversity alone. Some share progress publicly. A few make diversity an ecosystem priority, influencing the broader community.

3. Diversify the top. The presence of women and people of color at the highest levels is an accelerator. Even with all the top team seats taken, leaders diversified through four key actions:

- **Aim to fill at least 33 percent of the top seats with diverse talent.** Research underscores the need for critical mass. A few leaders start with an intention to diversity the highest value roles; others aspire to diversify every team in the organization.
- **Give diverse talent the first shot at open seats.** A variation is to extend the benefit of the doubt to diverse candidates. Most white male candidates receive both as a matter of course.
- **Restructure leadership roles.** One example is to split big roles into two, designating co-heads or CEO/ COO. This structure protects the company and increases leadership attention, creating opportunity to advance a woman or person of color.
- **Redesign the top team and operating committee.** Some CEOs expanded their executive and operating committees, reaching beyond their direct reports to include many new voices.

4. Mobilize an army of leaders. Interviewees noted that many more leaders, well beyond the top team, are needed to scale the cultural change. We highlight four key actions:

- **Spotlight role models throughout the organization.** These are informal leaders without title who exhibit the desired mindsets and behaviors. A few interviewees mentioned finding them through network mapping software and follow-up interviews.

- **Reenergize and redesign ERGs.** Many companies chose to do so in line with diversity aspirations, taking on business, talent and cultural change challenges.
- **Invest in in-person trainings to teach new skills.** In particular, it takes practice to shift mindsets and behaviors, manage difficult conversations productively and encourage candor. A few companies teach a “whole self” philosophy, cultivating greater trust.
- **Integrate responsibility for diversity and inclusion into business units and functions.** Leading HR/diversity teams provide the data for every manager, including upward feedback, and put talent management on all management meeting and operating review agendas.

5. Reimagine talent management. To strip out bias, companies are redesigning their recruiting and performance management processes. Some created talent committees, added process steps, changed policies or intervened. We highlight five actions in particular:

- **Mandate 50 percent diverse slates.** While many companies have implemented the Rooney Rule to ensure diverse slates, one diverse candidate has negligible odds of being selected. When half the candidates are diverse, the odds improve significantly. Several companies also broaden the evaluation criteria, recognizing that a narrow list reinforces homogeneity.
- **Shepherd diverse talent through critical points, acting as a “guardian angel.”** Guardian angels advocate for stretch assignments, provide executive coaching and tee up promotion opportunities to narrow the gap between diverse talent and others. A few companies invest in ongoing formal sponsorship programs for diverse talent.
- **De-bias performance management.** Some leaders undertake a “clean sheet” design to strip out bias everywhere. Short of that, one company trains evaluators and another calls out unintended bias during the reviews. Another company reviewed women separately from men for a few cycles, using the same criteria for promotion readiness.
- **Challenge bias in pending promotion decisions.** Leaders intervene on critical talent decisions, holding slates open, advocating for unconventional candidates and vetoing recommendations to make their point.
- **Review every critical job and prepare a succession plan that includes diverse talent.** Some senior leaders also intervene during this process to give high potentials stretch opportunities they may not naturally receive.

6. Make the workplace “sticky.” Retention is vital. But many women and people of color feel like outsiders every day, unwelcomed and harshly judged. Even if inclusion is the company’s core value, a thousand daily interactions can make or break a person’s decision to stay or go. We highlight six themes that companies are pursuing:

- **Staff teams with more than one woman or person of color wherever possible.** A few interviewees pointed to a need to build community by not isolating diverse employees.
- **Focus on benefits that remove work-life friction.** Expand flexibility to shift work’s time and place. One company replaced parental leave with family leave that enables every employee time off to cope with a significant family issue.
- **Bend or break rules to address temporary employee challenges.** Large companies require policies and practices to be standard, but some pioneers make case-by-case exceptions. One company deploys a team process that surfaces individual needs. Another released all new parents from travel during baby’s first year of life.

- **Destigmatize nontraditional paths and careers.** One company created a deputy role to fill in for new mothers taking extended leaves. Another created a new job with technical skills training — for women.
- **Equip talent to steer their own development.** Many interviewees talk about enabling diverse talent to feel greater agency through immersive leadership development experiences. Others encourage diverse talent to tell their stories in one-on-one conversations, in mentoring circles and onstage.
- **Make it safe to have difficult conversations without judgment.** Some companies have redesigned communications and brought in expert facilitators to confront tough issues through genuine, two-way discussion.

7. Shore up resilience. Diversity advances unravel when champions retire, diverse talent leaves or the business is disrupted. The pioneering companies recognize the need to strengthen team grit for the transformations underway, through the following actions:

- **Stay focused on the goal with openness and vulnerability.** Leaders plan for diversity to remain a cultural priority through peaks and valleys; they recognize that progress is not linear.
- **Take on each issue with a Test, Learn, Adapt approach.** Some actions will have a miraculous effect, while others will fail unpredictably. Accordingly, leaders regard each as a prototype with a learning objective, letting go of blame or judgment.
- **Formalize the guiding principle of “pay it forward.”** Some leaders cascade the sponsorship program several levels down, often sidestepping formal hierarchy to empower grassroots communities. One general manager set up a millennial leadership board to solve an important issue during the program’s 18-month cycle.
- **Seize opportunities to refresh the supporting HR and Diversity functions.** Several interviewees confided that as HR leaders approach retirement, we’re at a turning point. Some merged diversity and talent management; others made diversity a CEO/COO report.
- **Change the diversity leaders when a refresh is needed.** Diversity leaders combine empathy and business savvy with an action orientation, and that leads to burn-out. To refresh, some companies recruited their Chief Diversity Officer from the line and others assigned career HR executives, aiming for the following: tolerance for ambiguity and uncertainty; fact-based, independent, and flexible thinking; openness to change.

What next? We are designing a way for companies to experiment with this refreshed playbook. Consider it our Moonshot Challenge. Its goals are to learn faster and discover “new” practices together, inspiring organization transformation so that all talent can rise. To learn more, please reach out to any of us!

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