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Metrics & Business Case Tip

Designing Accountability into Diversity and Inclusion Strategies

by Peter Bye, President, MDB Group, Inc.

All too often companies succeed in adopting a business case for diversity, but fail to design accountability into their diversity and inclusion strategies. The question becomes, "How do I

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get people around here to be accountable for producing meaningful business results through diversity and inclusion?"

This is a crucial question to consider! It's frequently a matter of perspective and outlook. If diversity and inclusion are thought of and designed as a nice-to-have HR initiative then HR remains responsible. It is unlikely that such an initiative will achieve meaningful business results because it was not designed or intended to do so.

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Now, what if diversity and inclusion are thought of as a key business initiative in the same vein as reducing cost of goods sold or expanding market share? Would an initiative focused on objectives like these deliver meaningful business results? Would line managers be an integral part of achieving the intended outcomes? Would you dare NOT to design accountability of senior executives and employees at all levels into such an initiative?

So, the challenge is adopting this perspective, or implementing what I call Business-Aligned(SM) diversity and inclusion.

In this article I use an amalgam of my experience as a diversity practitioner and consultant to identify ways businesses can begin to hold their managers and teams accountable for diversity practices that achieve business results. While Gotham International is not a real company, the examples I provide are based on real people and experiences.

Gotham International — An Amalgamated Case Study

Gotham International, Ltd. is a global service provider. 20 percent of its business is with other businesses and 80 percent is direct to consumers. Most of the growth potential, and thus most of the CEO's focus, is on business customers.

Gotham created its first diversity strategy several years ago. In the interim, a lot has changed and the company's work teams are now focused on new customers and new markets. Customer needs have evolved and there are new global competitors and compliance requirements to address. Clearly, the current diversity strategy was no longer relevant and needed an update.

The company's Vice President of Global Diversity also wanted to see spanner ownership by the CEO and the entire management team. The need to update presented a golden opportunity — to design accountability into the strategy up front.

What would the new strategy look like for Gotham? What should people be held accountable for? They began by identifying the general roles that managers and individual contributors from the CEO on down have in all aspects of their respective work teams:

- Role model and leader
- Change agent
- Communicator
- Engaged, active participant

Achieving meaningful business results through diversity and inclusion means changing the way things are done on a daily basis. For most companies this means changing the organizational culture. The CEO cannot do this alone! He or she needs committed role models and change agents throughout the organization.

As Gotham's VP of Global Diversity contemplated this, the first key to success became clear — directly aligning the new diversity and inclusion strategy to the CEO's core objectives and priorities. During the last round of business strategy planning the CEO commented, "I'm willing to own a set of objectives I agree with, and sign myself up to them." Why was this quote so crucial? The CEO was stating under what conditions she was willing to be accountable for something! The quote holds two gems:

First, the CEO expressed willingness to "own" objectives she agrees with. What do most CEOs agree with? Plans and actions that help them achieve key business priorities — the results the Board expects to see. The diversity and inclusion strategy must align with the CEO's business priorities if she is to champion the strategy.

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Second, the CEO also expressed willingness to "sign myself up." Accountability is a choice, not a command. Diversity and inclusion must be so compelling that the CEO and all other employees make a voluntary choice to accept accountability. It's about commitment and accountability. But how do you gain commitment and deploy such a strategy?

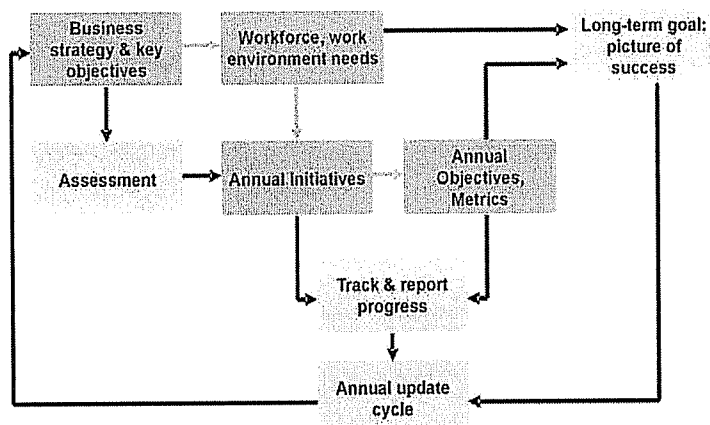
The Business-Aligned(SM) Planning Cycle

Over the years I developed an approach that has worked in several companies in different sectors of the economy. It applies equally well in corporations, government agencies, non-profits, educational institutions and other organization environments.

By implementing a Business-Aligned(SM) diversity and inclusion strategy these companies have increased team productivity, engaged senior executives in diversity, increased workforce diversity, generated new levels of innovation and creativity, and redefined their approach to product development, marketing and sales. My work with the VP of Global Diversity was guided by a strategic planning cycle.

The golden path in Figure 1 shows how everything in the cycle is aligned to key business strategy and objectives. Here's the process:

Figure 1. MDB Group's Business-Aligned™ Diversity and Inclusion Planning Cycle



Gotham's key business strategies were to:

- Establish a presence in three new markets (two commercial and one consumer) and build market share.
- Increase R&D and manufacturing productivity to reduce time-to-market by at least three months, consistent with the trend toward shorter product life cycles.
- Increase R&D and marketing innovation to provide new features popular with the intended new customers. Simultaneously, Gotham expected the new features would help retain current customers.
- Increase retention of key people in specific types of jobs that were in high demand and where Gotham was losing people to the competition.

Given these priorities, the next step was to understand the workforce and work environment changes needed to help achieve those key business priorities. The VP conducted an assessment to define appropriate initiatives and metrics. With the idea in mind of designing accountability into the diversity strategy, the VP interviewed the CEO and senior leadership for input about the business strategy, workforce and work environment. The resulting themes guided the rest of the work.

Somewhat to the VP's surprise, almost everyone spoke openly and at length. They were happy to see someone asking for their input! This approach garnered valuable information. It also demonstrated the VP of Global Diversity's capacity to work as a business partner.

Senior leadership's challenge, though, was rethinking diversity and inclusion. The approach made sense. They needed the right workforce and work environment to achieve their business objectives. These conversations suggested diversity and inclusion might contribute directly to their business results.

Choosing to Accept Accountability

At this point, the VP of Global Diversity had an "aha moment" about his role in "marketing" and "selling" Gotham's diversity strategy. What? Diversity and inclusion are not about "building a better mouse trap" and hoping they will use it? It takes active, targeted marketing and sales to get people across the company to accept their personal accountability for any strategy.

Faced with how to make this happen, it always helps to go back to basics. The VP consulted the dictionary and found accountability described as "an obligation or willingness to accept responsibility or account for one's actions."

Getting employees to choose to accept accountability meant appealing to their sense of either obligation or willingness. Practically speaking, this leads to the two fundamental equations of accountability:

- Obligation = wallet

- Willingness = ego

Both work, but the compensation budget for annual bonuses isn't always big enough to make a difference in everyone's compensation. Ego, on the other hand, is more practical. We certainly can appeal to everyone's ego, their sense of self and self esteem.

The VP of Global Diversity thought about putting this into action. One part of the strategy called for each business unit to increase productivity and/or innovation through diversity and inclusion. The metrics were percent increases in the relevant employee survey questions and whether the unit achieved best-in-class performance.

As we worked this process, how to design accountability into this part of the strategy became clear — appeal to ego through the leaders' and managers' zest for competition. The VP created a quarterly report that compares the progress of all the units.

The CEO would send a copy of the report to each business unit leader with a note of encouragement. Some read, "Thanks for your leadership in helping make this important change happen." Some read, "Your unit seems to be lagging a bit. This objective is important to me personally. I look forward to your renewed focus and to spaner results."

Which would you prefer to receive? Would you be motivated to get the first one? Effective up-front design of metrics and reporting helps ensure that people choose to accept accountability for achieving results.

A Potential Champion and Role Model Emerges

Now that planning was in action, the question arose, "How do I make this real?" The VP realized he needed a business unit leader who could serve as a champion and role model. The VP of Research & Development (R&D) was probably the most skeptical member of the senior leadership team.

When they met he said, "R&D must improve its productivity and ability to innovate. This is crucial to providing the ongoing rapid introduction of new products so important to the company's continued business success. Can you help me achieve this?"

As they spoke, three core needs surfaced:

- Some members of the R&D leadership team had difficulty relating to members of the highly diverse R&D team.
- Parts of the organization were experiencing conflict manifested as ineffective working relationships.
- Product development teams seemed to discard novel ideas and focused on the "tried and true."

The VP of Global Diversity observed, "The first two needs you mentioned are about managing effective relationships in diverse teams. The third one relates to how a diverse team discusses ideas and makes decisions."

These are excellent examples of how the right diversity and inclusion initiatives will address critical business issues. He provided more background and explained that R&D's excellent work achieving a diverse workforce had expanded the pool of knowledge, skills, life experience, perspectives and expertise. Productivity and innovation are about making effective use of this capacity.

He emphasized the importance of building team effectiveness, and using interpersonal skills and decision making to drive inclusion. By building on everyone's ideas through creative problem solving the team could generate more effective business results.

The VP of R&D said, "I hear you. How do we do it?" The VP of Global Diversity explained, "We develop individual intercultural competence to effectively understand and communicate with people of different backgrounds. We have validated instruments available to measure individual and group fundamental worldview orientation to cultural differences, or how they react to and work with people who are different."

The VP of Global Diversity suggested they address the first two needs. First, they decided to measure the intercultural sensitivity of each member of the R&D leadership team. Then, by providing developmental coaching and feedback tailored to their needs, they could build competence at reacting to, understanding and working with team members of differing cultural backgrounds.

Second, for the team members experiencing conflict, they decided to do something similar except the feedback would be to the group rather than to individuals. They agreed to focus on building the team's ability to work effectively as a team. This approach was more cost effective than providing individual feedback and the group would still benefit from the experience and learning.

Third, they identified that the product development team needs were a bit different. "My sense is that these folks are comfortable with difference although they need some tools to improve their decision making," explained the VP of Global Diversity.

For this group they assembled a tool kit that each team leader could use to conduct a meeting. The team would watch a video about how other teams have worked well together and achieved great results. The team leader would also explain what diversity and inclusion means here at Gotham. The group would then initiate action planning to come up with specific ways they would change their team discussions and decision-making processes to better include everyone's perspectives.

The VP of R&D admitted, "I'm still a bit skeptical although I've got to admit this sounds promising. You're focusing on my business needs and you're sensitive to expense. I'd like to give this a real try. Come to my next staff meeting. I'll introduce the subject and what we need to accomplish. I'll also summarize our conversation today and ask you to give more details. We'll get my team engaged in deploying this throughout R&D. I expect, though, to see some meaningful results within a year. OK?"

The VP of Global Diversity was absolutely delighted. Here was a budding champion. This process and the resulting success stories could become the core of his company-wide communications plan. Other members of the senior leadership team would be calling asking to be next.

In Conclusion

The VP of Global Diversity reflected on all that had been accomplished. Past diversity efforts had raised awareness very well although they had no clear benefit to business results. Surveys showed little lasting impact for employees. Taking this into account, he took an entirely different approach — starting from business objectives and working back to identify the appropriate areas of focus for a new diversity strategy. Initial results seemed promising.

Leaders were beginning to think of diversity, inclusion and corporate culture in entirely new ways. They seemed to "get" the link to business. Leaders were engaged. So were middle managers. This seemed sustainable, given ongoing communications and a commitment to stay aligned with evolving business needs.

Can this work in your organization? In my experience the answer is a resounding YES. Shifting your own and your leadership team's perspective about diversity and inclusion to think of it as a core business initiative may be challenging. The potential benefit to your business and to everyone in the company is enormous.

Endnotes

1. Business-AlignedSM is a Service Mark of MDB Group, Inc.
2. This is a case study of a hypothetical global corporation based upon an amalgam of the author's professional experience.
3. Merriam-Webster's Collegiate Dictionary, Eleventh Edition, 2004.

Peter Bye is the President of *MDB Group, Inc.*, a consulting firm that specializes in improving their clients' business results and reputation. MDB Group's clients include companies ranging in size from small to Fortune 500 and not-for-profit organizations. MDB Group assists its clients by applying leading-edge thinking and expertise about how diversity and inclusion can drive leadership style and achieve meaningful business results.

<http://www.mdbgroupinc.com/>

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