Embracing Diversity and Inclusion

January 20, 2017
Diversity has a Positive Impact

- Foster innovation & creativity with diverse ideas & approaches
- Strengthen customer orientation
- Ability to attract & retain top talent
- Increase employee satisfaction
- Enhance image
The Competitive Advantage of Diversity and Inclusion in Leadership

“Companies that embrace diversity & inclusion in all aspects of their business statistically outperform their peers.”

Deloitte

- Improved financial performance compared to national industry median
  - Top quartile by gender: +15% EBIT
  - Top quartile by ethnicity/race: +35% EBIT

Diversity Matters – McKinsey & Company

"Diversity yields superior outcomes over homogeneity because progress and innovation depends less on lone thinkers with high intelligence than on diverse groups working together and capitalizing on their individuality."

C Herring, University of Chicago
Correlation between percentage of women corporate officers and a company’s financial performance can be found across most industries.

Average difference between companies with the highest percentage of women board directors vs. lowest percentage:
- Return on equity – 53%
- Return on sales – 42%
- Return on invested capital – 66%

Fortune 500 companies with the highest representation of women board directors attained significantly higher financial performance.

Catalyst, sponsored by Chubb Corporation
Employment growth in many regions

More adults 65+

Out-migration in some regions off-set with natural increase & international migration

More people of color

People of color keep us young!
### Disparities

#### Minnesota Compass Key Measures: Racial Gaps

**Education and Employment**

<table>
<thead>
<tr>
<th>Measure</th>
<th>White population</th>
<th>Population of color</th>
</tr>
</thead>
<tbody>
<tr>
<td>3rd grade reading proficiency</td>
<td>![Chart Image]</td>
<td>![Chart Image]</td>
</tr>
<tr>
<td>8th grade math proficiency</td>
<td>![Chart Image]</td>
<td>![Chart Image]</td>
</tr>
<tr>
<td>High school graduation rate</td>
<td>![Chart Image]</td>
<td>![Chart Image]</td>
</tr>
<tr>
<td>Bachelor’s degree or higher</td>
<td>![Chart Image]</td>
<td>![Chart Image]</td>
</tr>
<tr>
<td>Proportion of adults working</td>
<td>![Chart Image]</td>
<td>![Chart Image]</td>
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</tbody>
</table>

**Housing**

<table>
<thead>
<tr>
<th>Measure</th>
<th>![Chart Image]</th>
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</thead>
<tbody>
<tr>
<td>Cost-burdened</td>
<td>![Chart Image]</td>
</tr>
<tr>
<td>Homeownership</td>
<td>![Chart Image]</td>
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<tr>
<td>Homeless adults</td>
<td>![Chart Image]</td>
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</table>

### High school graduation rates

<table>
<thead>
<tr>
<th></th>
<th>Rate in MN, 2015</th>
<th>National rank, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minnesota (all)</td>
<td>82%</td>
<td>33rd</td>
</tr>
<tr>
<td>Non-Hispanic white</td>
<td>87%</td>
<td>30th</td>
</tr>
<tr>
<td>Persons of color</td>
<td>68%</td>
<td>–</td>
</tr>
<tr>
<td>Hispanic</td>
<td>66%</td>
<td>49th</td>
</tr>
<tr>
<td>Asian</td>
<td>83%</td>
<td>46th</td>
</tr>
<tr>
<td>Black</td>
<td>62%</td>
<td>47th</td>
</tr>
<tr>
<td>American Indian</td>
<td>52%</td>
<td>45th</td>
</tr>
</tbody>
</table>

### Employment rates

<table>
<thead>
<tr>
<th></th>
<th>Rate in MN, 2014</th>
<th>National rank, 2010-2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minnesota (all)</td>
<td>77%</td>
<td>3rd</td>
</tr>
<tr>
<td>Non-Hispanic white</td>
<td>79%</td>
<td>4th</td>
</tr>
<tr>
<td>Persons of color</td>
<td>66%</td>
<td>11th</td>
</tr>
<tr>
<td>Hispanic</td>
<td>72%</td>
<td>6th</td>
</tr>
<tr>
<td>Asian</td>
<td>69%</td>
<td>11th</td>
</tr>
<tr>
<td>Black</td>
<td>61%</td>
<td>24th</td>
</tr>
<tr>
<td>American Indian</td>
<td>54%</td>
<td>38th</td>
</tr>
</tbody>
</table>

(1=best)
What happens if.....

The Itasca Project for the 7-County Metro

Compared to a “do nothing scenario

- 122,000 more adults join the paid workforce by 2040
- Personal income from these workers adds $5 billion+ to the regional economy
- These workers pay for the social security of seniors who have come before them
- An additional $500 million in state and local tax dollars
Organizations Respond

- Robust transformation process
- Commitment from top leadership TEAM
- Integrate change management approach & strong communications
- Define a clear value proposition for a diverse & inclusive culture
- Explicitly address unconscious bias
- Differentiate initiatives by diversity group
- Clear outcomes, metrics & reporting

Resources

MNDOT
Hennepin County
City of Minneapolis
Wilder Research
St. Thomas: Forum on Workplace Inclusion

Minority workers poised to fill jobs left open by boomers  
*Star Tribune*  1-9-16
Employees reflect the diversity of their customer base

Diversity is a core competency for leaders - measured annually

Clear metrics – visible & celebrated

Training 96-98% of all employees & supervisors

Resource groups for problem-solving in recruitment, retention, career development, customer service, community outreach (e.g. African American, Asian, Hispanic, Women)

Leadership Council – integrate diversity into all business practices. Address training, recognition
Spectrum...

Consciously think & act with bias

Un-conscious

Well-intentioned, somewhat oblivious

Growing awareness, typically reacts in a supportive way

Consciously Inclusive Leader
Unconscious Exclusion ➜ Conscious Inclusion

....an incomplete list of possibilities

- Get out of your comfort zone
- Social inclusion - welcoming
- Read....go to movies that build understanding
- Inquire, listen, learn, respect
- Observe bias? Speak up.
- Cultivate understanding

- Learn about and share best practices
- Create performance metrics for your community or organization
- Small business networking, procurement & assistance
- Mentoring, internships
Do you have experiences you’d like to share about inclusion or subtle exclusion?

What do you feel needs to be done in.....

▪ Our profession?
▪ Your community?
▪ Your organization?
▪ You?
Thank You!

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