Friday Plenary | The Urgency of Now: What GCs and Law Firm Leaders are Doing in D&I to Drive Change and Achieve Results

Diversity and inclusion has been a focus of the legal profession for decades and while there has been some progress, there is still so much more we must do. As law firms and corporate law departments have gained a deeper understanding about the value of diversity and inclusion, they have implemented a range of initiatives and efforts to increase accountability. The ABA Model Diversity Survey, the creation of the Mansfield Rule, and individual and collective efforts from in-house leaders such as the open letter signed by 170 general counsel in January 2019 have been significant developments. 2020 has been an unprecedented year in so many ways, including the impact on D&I. The movement for Black Lives Matter has created a unique moment that calls for meaningful change to advance racial justice and diversity and inclusion across the country and around the world. In addition to catastrophic loss of life and severe economic hardship for so many, COVID-19 has also spawned a rise in anti-Asian sentiment. We must heed the call for action and the urgency of now. In this panel, we have assembled some of the country’s top leaders from corporate law departments and law firms to talk about taking brave and bold steps to accelerate progress. By joining forces corporate law departments and law firms can show the power of partnership to drive meaningful change and results.

Speakers:
Hailyn Chen, Co-Managing Partner, Munger, Tolles & Olson
Ivan Fong, SVP, General Counsel, and Secretary, 3M
Kim Koopersmith, Chairperson, Akin Gump
Sandra Leung, EVP, General Counsel, Bristol Myers Squibb
National Asian Pacific American Bar Association

The Urgency of Now: What GCs and Law Firm Leaders are Doing in D&I to Drive Change and Achieve Results

NAPABA Plenary Session

November 6, 2020
Overview

• The Urgency of Now – Why the National Focus on Racial Justice Must Include Our Own Diversity and Inclusion Efforts
• Business Case for Diversity and Inclusion
• Diversity – An Overview of Current Demographics
The Urgency of Now – Why the National Focus on Racial Justice Must Include our Own Diversity and Inclusion Efforts
Racial Justice – First Steps

- **Firm Statement** - External statement posted on our website and shared through social media
- **Financial Donations** - $200,000 contribution, split between the NAACP Legal Defense and Educational Fund and the Equal Justice Initiative, in addition to our long term relationship with LDF and EJI.
- **Firm Match** – Increased firm match program for employees from $250 to $500. We are encouraging all employees to contribute to a wide array of organizations that are fighting racial injustice.
- **Strategic Communications** – Sessions led by key firm leaders for the Management Committee, PGLs, and then all partners. Also hosted the first ever full firm town hall on June 17, featuring key firm leaders focusing on race, equality, and diversity from personal experience and insights on where we should be going as a firm.
- **Juneteenth** – Closed US offices for a day of reflection and action. The reflection portion included a presentation from Drs. Keneshia Grant and Brandon Hogan of Howard University. The action portion included a hack-a-thon led by some of our firmwide resource groups focusing on professional development and inclusion (impact both retention and advancement). Ideas will be finalized over the next several weeks and presented to a small group of firm leaders.
- **Resources** - Offered complimentary copies of two books, How to Be an Antiracist (by Ibram X. Kendi), and White Fragility: Why It’s So Hard for White People to Talk About Racism (by Robin DiAngelo). Over 1,600 books requested. Also created a racial justice resource center, which will also be continuously updated.
- **Working Group** – Formed a work group that met daily with the Chair to follow through on these items and more. Now bringing the FW D&I Council into a greater leadership role as well.
Business Case for Diversity and Inclusion

Positive, statistically significant correlation between executive team diversity and financial performance

Companies in the top quartile for gender diversity show a 25% likelihood of financial outperformance compared to firms in the bottom quartile.

Companies in the top quartile for ethnic diversity show a 36% likelihood of financial outperformance compared to firms in the bottom quartile.

Likelihood of financial outperformance, \(^1\) %

<table>
<thead>
<tr>
<th>By gender diversity</th>
<th>By ethnic diversity</th>
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<tbody>
<tr>
<td>Why diversity matters(^2)</td>
<td>Delivering through diversity(^3)</td>
</tr>
<tr>
<td>+15%</td>
<td>+21%</td>
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Image shows percent increase in EBIT

Diversity Wins: How Inclusion Matters
McKinsey & Company (2020)
Associate Diversity
NALP and MCCA

- Representation of women associates is the highest in 27 years of collecting data
- Also an all-time high for associates of color; women of color account for more than half of associates of color
- Asian American associates represent almost 50% of associates of color
- Black/African-American associates surpassed the 2009 level for the first time since the recession
- Latinx associates are the second largest group of associates of color since 2015
- LGBTQ+ associates also increased each year since the data has been collected

Table 3. Attorney Departures among Largest Racial/Ethnic Groups in 2017
As Percentage of their Overall Law Firm Population

<table>
<thead>
<tr>
<th></th>
<th>African-American/black</th>
<th>Asian American</th>
<th>Hispanic/Latinx</th>
<th>White/Caucasian</th>
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<tbody>
<tr>
<td>All Attorneys</td>
<td>14.1%</td>
<td>12.8%</td>
<td>12.7%</td>
<td>9.4%</td>
</tr>
<tr>
<td>Men</td>
<td>13.4%</td>
<td>12.1%</td>
<td>12.2%</td>
<td>8.8%</td>
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<tr>
<td>Women</td>
<td>14.7%</td>
<td>13.4%</td>
<td>13.2%</td>
<td>10.5%</td>
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NALP 2019 Report on Diversity in U.S. Law Firms

Partner Diversity

- LGBTQ+: 2.0%
- Hispanic: 2.5%
- Black/Af. Am.: 2.0%
- Asian: 3.9%
- Partners of Color: 9.6%
- Women of Color: 3.5%
- Women: 24.2%

Equity partners:
- Women: 20.3%
- Partners of Color: 7.6%

- Historic Trends:
  - Women (1993): 12.3%
  - Partners of color (1993): 2.6%
  - Women of color partners (2006): 1.5%

- Of the 9.6% partners of color, women represent approximately 1/3

- Of the 24.2% of female partners, women of color represent 14.5%

- Of the 76% of male partners, men of color represent 8%

- Ratio of Associates to Partners
  - Asian American: 3.1
  - Black/African American: 2.4
  - Latinx: 2.1
• From 2016 to 2019, a sustained upward trend among women partner promotions

• Rate of new women partner promotions is approaching, but still not at the level of representation of women associates

• Percent of minority attorneys promoted to partner has grown modestly since 2007

• Significant gap between the percent of associates of color and partner promotions for attorneys of color
Diversity at the Leadership Level

<table>
<thead>
<tr>
<th>Women Partners (US)</th>
<th>Equity Partners (US)</th>
<th>Percent of Attorneys who Became Equity Partner (US)</th>
<th>Office Heads (US)</th>
<th>Management Committee (US members)</th>
<th>Compensation Committee (US members)</th>
<th>Percent of Women Partners Who Are LGBTQ (US)</th>
<th>Percent of Women Partners Who Are Partners of Color (US)</th>
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<tbody>
<tr>
<td>Women</td>
<td></td>
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<td>Partners of Color</td>
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<tr>
<td>WILEF Benchmarks</td>
<td>20%</td>
<td>33%</td>
<td>15%</td>
<td>20%</td>
<td>20%</td>
<td>3.5%</td>
<td>7%</td>
</tr>
</tbody>
</table>

Women in Law Empowerment Forum (WILEF)
Collaborative Efforts to Support Diversity and Inclusion

- “Diversity in the Workplace: A Statement of Principle,” Charles Morgan, then General Counsel of BellSouth Corp. (1999)
- “A Call To Action - Diversity In The Legal Profession,” Roderick Palmore, then General Counsel Sara Lee (2004)
- The Leadership Council on Legal Diversity, an organization of more than 300 corporate chief legal officers and law firm managing partners (2009)
- ABA Resolution 113, the Model Diversity Survey, and the accompanying letter from other 100 general counsel to support tracking and reporting data (2016)
- Mansfield Rule concept originated from the Women in Law Hackathon (2016)
- 170 GCs Pen Open Letter to Law Firms: Improve on Diversity or Lose Our Business, (January 2019)
- Numerous different approaches from individual CLOs to encourage diversity and inclusion in their own organizations and the law firms they use
Promising Practices - What You Can Do

Treat Diversity and Inclusion Management as you would any other business function

1. Demonstrate your visible leadership and support for diversity and inclusion
2. Engage your leadership team broadly to support diversity and inclusion, do not let it rest on the shoulders of just your women and diverse leaders
3. Importance of a full-time diversity professional
4. “What gets measured gets done”
5. Personally help ensure the success of women and diverse partners in law firms
6. Understand the impact of implicit bias, implement bias interrupters, and reflect on how to be a more inclusive leader

Make Diversity and Inclusion part of your legacy
Interrupting Racial & Gender Bias in the Legal Profession

EXECUTIVE SUMMARY
YOU CAN’T CHANGE WHAT YOU CAN’T SEE

Interrupting Racial & Gender Bias in the Legal Profession

EXECUTIVE SUMMARY

This report was prepared and written for the American Bar Association’s Commission on Women in the Profession and the Minority Corporate Counsel Association by Joan C. Williams, Marina Multhaup, Su Li, and Rachel Korn of the Center for Worklife Law at the University of California, Hastings College of the Law.
Foreword

For decades, the American Bar Association Commission on Women in the Profession (“the Commission”) and the Minority Corporate Counsel Association (“MCCA”) have worked tirelessly to combat gender and racial bias in the legal profession. Nonetheless, statistics on women’s advancement have not changed appreciably over the years. In 2016, the Commission and MCCA partnered with the Center for WorkLife Law at the University of California, Hastings College of the Law to conduct research to understand further law firm and in-house lawyers’ experiences of bias in the workplace. This new research confirms that many of the traditional diversity tools we have relied upon over the years have been ineffective, and the findings have served as the foundation in developing the next generation of diversity tools that you will find in You Can’t Change What You Can’t See: Interrupting Racial & Gender Bias in the Legal Profession.

The first part of this research report details four main patterns of gender bias, which validate theories that women lawyers long have believed and feelings they long have held. Prove-It-Again describes the need for women and people of color to work harder to prove themselves. Tightrope illustrates the narrower range of behavior expected of and deemed appropriate for women and people of color, with both groups more likely than white men being treated with disrespect. Maternal Wall describes the well-documented bias against mothers, and finally, Tug of War represents the conflict between members of disadvantaged groups that may result from bias in the environment.

The second part of the research report offers two cutting-edge toolkits, one for law firms and one for in-house departments, containing information for how to interrupt bias in hiring, assignments, performance evaluations, compensation, and sponsorship. Based upon the evidence derived from our research, these bias interrupters are small, simple, and incremental steps that tweak basic business systems and yet produce measurable change. They change the systems, not people.

Considerable time, energy, and money were invested to develop persuasive proof of why we need to take a different approach to diversity issues and to develop the toolkits that can be used to make those changes. Taken together, the survey results serve as a reminder of the importance of the connections we make between individuals. Through sharing, we are reminded that we are not alone in our experiences in the workplace, and that is an important first step in making the work environment more inclusive and welcoming.

Jean Lee, President and CEO
Minority Corporate Counsel Association

Michele Coleman Mayes, Chair, 2014–2017
ABA Commission on Women in the Profession
Acknowledgments

The ABA Commission on Women in the Profession and the Minority Corporate Counsel Association would like to thank the following individuals for generously donating their time to this important project.

Working Group Members*

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* Organizations listed were current as of 1/03/2018.
Additional Acknowledgments

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Thank you to Michelle Gallardo and Elaine Johnson James for the energy and effort they devoted to this project as Co-Chairs of the Bias Interrupters Committee.

Thank you to staff members Melissa Wood and Lynnea Karlic for their indispensable assistance on the Bias Interrupters Project.

Thank you to Microsoft Corporation and Walmart for their early support in completing this project.
Executive Summary

This report is the first of its kind to provide a comprehensive picture of how implicit gender and racial bias—documented in social science for decades—plays out in everyday interactions in legal workplaces and affects basic workplace processes such as hiring and compensation.

In April 2016, the American Bar Association's Commission on Women in the Profession, the Minority Corporate Counsel Association, and the Center for WorkLife Law at the University of California, Hastings College of the Law launched a survey seeking to understand in-house and law firm lawyers’ experiences of bias in the workplace: 2,827 respondents completed the survey, and 525 respondents included comments.

The survey asked respondents whether they had experienced the patterns of gender and racial bias that have been documented in decades of experimental social psychology studies. In addition, the survey asked whether attorneys had experienced implicit bias in basic workplace processes (hiring, assignments, business development, performance evaluations, promotions, compensation, and support). Also included was a series of questions about sexual harassment.

To examine how bias affects workplace experiences in the legal profession, we compared the reported experiences of women of color, men of color, white women, and white men. This report shares the survey findings and paints a picture of how bias affects law firm and in-house attorneys. All differences discussed in the following text are statistically significant unless otherwise noted.

Women and people of color reported Prove-It-Again (PIA) and Tightrope bias

Prove-It-Again. Women of color, white women, and men of color reported that they have to go “above and beyond” to get the same recognition and respect as their colleagues.

- Women of color reported PIA bias at a higher level than any other group, 35 percentage points higher than white men.
- White women and men of color also reported high levels of PIA bias, 25 percentage points higher than white men.
- Women of color reported that they are held to higher standards than their colleagues at a level 32 percentage points higher than white men.

Mistaken for janitors? Men of color and women of all races receive clear messages that they do not fit with people’s image of a lawyer.

- Women of color reported that they had been mistaken for administrative staff, court personnel, or janitorial staff at a level 50 percentage points higher than white men. This was the largest reported difference in the report.
- White women reported this bias at a level 44 percentage points higher than white men, and men of color reported this bias at a level 23 percentage points higher than white men.

_Tightrope._ Women of all races reported pressure to behave in feminine ways, including backlash for masculine behaviors and higher loads of non-career-enhancing “office housework.”

- White women reported doing more administrative tasks (such as taking notes) than their colleagues at a level 21 percentage points higher than white men, and women of color reported doing more of this type of office housework at a level 18 percentage points higher than white men.

**Significant bias against mothers reported—and against fathers who take parental leave**

_Maternal Wall._ Women of all races reported that they were treated worse after they had children; that is, they were passed over for promotions, given “mommy track” low-quality assignments, demoted or paid less, and/or unfairly disadvantaged for working part-time or with a flexible schedule. Women also observed a double standard between male and female parents.

- White women reported that their commitment or competence was questioned after they had kids at a level 36 percentage points higher than white men. Women of color reported this at a level 29 percentage points higher than white men.

About half of people of color (47% of men of color and 50% of women of color) and 57% of white women agreed that taking family leave would have a negative impact on their career. 42% of white men also agreed, indicating that the flexibility stigma surrounding leave affects all groups, including majority men.

**Bias is pervasive throughout lawyers’ work lives**

Most of the biggest findings of the survey had to do with bias existing in the basic business systems of attorneys’ workplaces. Women and people of color reported higher levels of bias than white men regarding equal opportunities to:

- Get hired
- Receive fair performance evaluations
- Get mentoring
- Receive high-quality assignments
- Access networking opportunities
- Get paid fairly
- Get promoted

In other words, gender and racial bias was reported in all seven basic workplace processes.
Women of color often reported the highest levels of bias of any group

In almost every workplace process, women of color reported the highest levels of bias. For example:

- Women of color reported that they had equal access to high-quality assignments at a level 28 percentage points lower than white men.
- Women of color reported that they had fair opportunities for promotion at a level 23 percentage points lower than white men.

As a trend throughout the report, we often found that women of color reported the highest levels of bias overall.

Bias in compensation

The gender pay gap in law has received significant media attention, but much less attention has been paid to bias in compensation systems. Large amounts of bias were reported by both white women and women of color, and these were some of the widest gaps in experience described in the report:

- Women of color agreed that their pay is comparable to their colleagues of similar experience and seniority at a level 31 percentage points lower than white men; white women agreed at a level 24 percentage points lower than white men.
- Similarly, when respondents were asked if they get paid LESS than their colleagues of similar experience and skill level, women of color agreed at a level 31 percentage points higher than white men, while white women agreed at a level 24 percentage points higher than white men.

The racial element of the gender pay gap is rarely discussed and demands closer attention.

In another surprising finding, in-house white women reported roughly the same level of compensation bias as their law firm counterparts. With so much attention placed on the partner pay gap, in house is thought to be a more equitable environment for women in terms of pay. These data suggest that may not be the case.

Differences between law firm and in-house lawyers’ experiences reported

Women of all races and men of color reported lower levels of bias in house than in law firms, whereas white men reported lower levels of bias in law firms than in house.

Sexual harassment

About 25% of women but only 7% of white men and 11% of men of color, reported that they had encountered unwelcome sexual harassment at work, including unwanted sexual comments, physical contact, and/or romantic advances. Sexist comments, stories, and jokes appear to be widespread in the legal profession: more than 70% of all groups reported encountering these. Finally, about one in eight white
women, and one in ten women of color, reported having lost career opportunities because they rejected sexual advances at work.

**Although implicit bias is commonplace, it can be interrupted**

Implicit bias stems from common stereotypes. Stereotype *activation* is automatic: we can’t stop our brains from making assumptions. But stereotype *application* can be controlled: we can control whether we act on those assumptions. We’ve distilled that research in our Bias Interrupter Toolkits, available at the end of this report. These Toolkits provide easily implementable, measurable tweaks to existing workplace systems to interrupt racial and gender bias in law firms and in-house departments. Many bias interrupters will help individuals with disabilities, professionals from nonprofessional families (“class migrants”), and introverted men, in addition to leveling the playing field for women and attorneys of color.
Small Steps, Big Change

Bias Interrupters
Tools for Success
Incremental steps can improve law firm and in-house diversity in ways that yield well-documented business benefits. Research shows that diverse workgroups perform better and are more committed, innovative, and loyal. Gender-diverse workgroups have higher collective intelligence, which improves the performance of both the group and of the individuals in the group, and leads to better financial performance results. Racially diverse workgroups consider a broader range of alternatives, make better decisions, and are better at solving problems. Bias, if unchecked, affects many different groups: modest or introverted men, LGBTQ people, individuals with disabilities, professionals from nonprofessional backgrounds (class migrants), women, and people of color. We’ve distilled the huge literature on bias into simple steps that help you and your firm perform better.

We know now that workplaces that view themselves as being highly meritocratic often are more biased than other organizations. Research also shows that the usual responses—one-shot diversity trainings, mentoring, and networking programs—typically don’t work.

What holds more promise is a paradigm-changing approach to diversity: bias interrupters are tweaks to basic business systems that are data-driven and can produce measurable change. Bias interrupters change systems, not people.

Printed here are two toolkits, one for law firms and one for in-house departments, with information for how to interrupt bias in the following business systems:

1. Hiring
2. Assignments
3. Performance Evaluations
4. Compensation
5. Sponsorship Best Practice Recommendation

For additional worksheets and information visit BiasInterrupters.org.

Our toolkits take a three-step approach:

1. **Use Metrics:** Businesses use metrics to assess their progress toward any strategic goal. Metrics can help you pinpoint where bias exists and assess the effectiveness of the measures you’ve taken. (Whether metrics are made public will vary from firm to firm and from metric to metric.)
2. **Implement Bias Interrupters:** Bias interrupters are small adjustments to your existing business systems. They should not require you to abandon your current systems.
3. **Repeat as Needed:** After implementing bias interrupters, return to your metrics. If they have not improved, you will need to ratchet up to stronger bias interrupters.
Small Steps, Big Change

Bias Interrupters
Tools for Law Firms
Interrupting Bias in Hiring

Tools for Law Firms

The Challenge
When comparing identical resumes, “Jamal” needed eight additional years of experience to be considered as qualified as “Greg,” mothers were 79% less likely to be hired than an otherwise-identical candidate without children, and “Jennifer” was offered $4,000 less in starting salary than “John.” Unstructured job interviews do not predict job success, and judging candidates on “culture fit” can screen out qualified diverse candidates.

The Solution: A Three-Step Approach

1. Use Metrics
Businesses use metrics to assess their progress toward any strategic goal. Metrics can help you pinpoint where bias exists and assess the effectiveness of the measures you’ve taken. (Whether metrics are made public will vary from firm to firm and from metric to metric.)

For each metric, examine:
- Do patterned differences exist between majority men, majority women, men of color, and women of color? (Include any other underrepresented group that your firm tracks, such as military veterans or LGBTQ people.)

Important metrics to analyze:
- Track the candidate pool through the entire hiring process: from initial contact, to resume review, to interviews, to hiring. Analyze where underrepresented groups are falling out of the hiring process.
- Track whether hiring qualifications are waived more often for some groups.
- Track interviewers’ reviews and/or recommendations to ensure they are not consistently rating majority candidates higher than others.

Keep metrics by (1) individual supervising attorney; (2) department; (3) country, if relevant; and (4) the firm as a whole.

2. Implement Bias Interrupters
All bias interrupters should apply both to written materials and in meetings, where relevant. Because every firm is different, not all interrupters will be relevant. Consider this a menu.

To understand the research and rationale behind the suggested bias interrupters, read the “Identifying Bias in Hiring Worksheet,” available online at biasinterrupters.org, which summarizes hundreds of studies.
A. Empower and Appoint

- Empower people involved in the hiring process to spot and interrupt bias. Use the “Identifying Bias in Hiring Worksheet” (available at BiasInterrupters.org). Read and distribute it to anyone involved in hiring.
- Appoint bias interrupters. Provide HR professionals or team members with special training to spot bias and involve them at every step of the hiring process. Training is available at BiasInterrupters.org.

B. Assemble a Diverse Pool

- Limit referral hiring (“friends of friends”). If your existing firm is not diverse, hiring from your current employees’ social networks will replicate the lack of diversity. If you use referrals, keep track of the flow of candidates from referrals. If referrals consistently provide majority candidates, consider limiting referrals or balance referral hiring with more targeted outreach to ensure a diverse candidate pool.
- Tap diverse networks. Reach out to diverse candidates where they are. Identify law job fairs, affinity networks, conferences, and training programs aimed at women and people of color and send recruiters.
- Consider candidates from multitier schools. Don’t limit your search to candidates from Ivy League and top-tier schools. This favors majority candidates from elite backgrounds and hurts people of color and professionals from non-professional backgrounds (class migrants). Studies show that top students from lower-ranked schools are often similarly successful.
- Get the word out. If diverse candidates are not applying for your jobs, get the word out that your firm is a great place to work for women and people of color. One company offers public talks by women at their company and writes blog posts, white papers, and social media articles highlighting the women who work there.
- Change the wording of your job postings. Using masculine-coded words such as “leader” and “competitive” tends to reduce the number of women who apply. Tech alternatives (see Textio and Unitive) can help you craft job postings that ensure you attract top talent without discouraging women.
- Insist on a diverse pool. If you use a search firm, tell them you expect a diverse pool, not just one or two diverse candidates. One study found the odds of hiring a woman were 79 times greater if there were at least two women in the finalist pool; the odds of hiring a person of color were 194 times greater.

C. Resume Review

- Distribute the “Identifying Bias in Hiring Worksheet” (available at BiasInterrupters.org). Before resumes are reviewed, have reviewers read the worksheet so they are aware of the common forms of bias that can affect the hiring process.
- Commit to what’s important—and require accountability. Commit in writing to what qualifications are important, both in entry-level and lateral hiring. When qualifications are waived for a specific candidate, require an explanation of why they are no longer important—and keep track to see for whom requirements are waived.
• Ensure resumes are graded on the same scale. Establish clear grading rubrics and ensure that everyone grades on the same scale. Consider having each resume reviewed by two different people and average the score.

• Remove extracurricular activities from resumes. Including extracurricular activities on resumes can artificially disadvantage class migrants. A recent study showed that law firms were less likely to hire a candidate whose interests included “country music” and “pick-up soccer” rather than “classical music” and “sailing”—even though the work and educational experience was exactly the same. Because most people aren’t as aware of class-based bias, communicate why you are removing extracurricular activities from resumes.

• Avoid inferring family obligations. Mothers are 79% less likely to be hired than identical candidates without children. Train people not to make inferences about whether someone is committed to the job due to parental status and don’t count “gaps in a resume” as an automatic negative.

• Try using “blind auditions.” If women and candidates of color are dropping out of the pool at the resume review stage, consider removing demographic information from resumes before review. This allows candidates to be evaluated based solely on their qualifications.

D. Interviews
• Use structured interviews. Ask the same list of questions to every person who is interviewed. Ask questions that are directly relevant to the job for which the candidate is applying.

• Ask performance-based questions. Performance-based questions, or behavioral interview questions ("Tell me about a time you had too many things to do and had to prioritize."), are a strong predictor of how successful a candidate will be at the job.

• Try behavioral interviewing. Ask questions that reveal how candidates have dealt with prior work experiences. Research shows that structured behavioral interviews more accurately predict the future performance of a candidate than unstructured interviews. Instead of asking “How do you deal with problems with your manager?” say “Describe for me a conflict you had at work with your manager.” When evaluating answers, a good model to follow is STAR: the candidate should describe the Situation faced, the Task handled, the Action taken to deal with the situation, and the Result.

• Do work-sample screening. If applicable, ask candidates to provide a sample of the types of tasks they will perform on the job (e.g., ask candidates to write a legal memo for a fictitious client).

• Develop a consistent rating scale and discount outliers. Candidates’ answers (or work samples) should be rated on a consistent scale, with ratings for each factor backed up by evidence. Average the scores granted on each relevant criterion and discount outliers.

• If “culture fit” is a criterion for hiring, provide a specific work-relevant definition. Culture fit can be important, but when it’s misused, it can disadvantage people of color, class migrants, and women. Heuristics such as the “airport test” (Who would I like to get stuck with in an airport?) can be highly exclusionary and not work-relevant. Questions about sports and hobbies may feel
exclusionary to women and to class migrants who did not grow up, for example, playing golf or listening to classical music. Google’s work-relevant definition of “culture fit” is a helpful starting point.\textsuperscript{24}

- **“Gaps in a resume” should not mean automatic disqualification.** Give candidates an opportunity to explain gaps by asking about them directly during the interview stage. Women fare better in interviews when they are able to provide information up front rather than having to avoid the issue.\textsuperscript{25}

- **Provide candidates and interviewers with a handout detailing expectations.** Develop an “Interview Protocol Sheet” that explains to everyone what’s expected from candidates in an interview or use ours, available at Bias Interrupters.org. Distribute it to candidates and interviewers for review.

- **When hiring, don’t ask candidates about prior salary.** Asking about prior salary when setting compensation for a new hire can perpetuate the gender pay gap.\textsuperscript{26} (A growing legislative movement prohibits employers from asking prospective employees about their prior salaries.\textsuperscript{27})

3. **Repeat as Needed**

- Return to your key metrics. Did the bias interrupters produce change?
- If you don’t see change, you may need to implement stronger bias interrupters, or you may be targeting the wrong place in the hiring process.
- Use an iterative process until your metrics improve.
Interrupting Bias in Assignments

Tools for Law Firms

The Challenge

Every workplace has high-profile assignments that are career enhancing (“glamour work”) and low-profile assignments that are beneficial to the organization but not the individual’s career. Research shows that women do more “office housework” than men. This includes literal housework (ordering lunch), administrative work (scheduling a time to meet), and emotion work (“she’s upset; comfort her”). Misallocation of the glamour work and the office housework is a key reason leadership across the legal profession is still male dominated. Professionals of color (both men and women) also report less access to desirable assignments than do white men.

- Glamour work. More than 80% of white male lawyers but only 53% of women lawyers of color, 59% of white women lawyers, and 63% of male lawyers of color reported the same access to desirable assignments as their colleagues.
- Office housework. Almost 50% of white women lawyers and 43% of women lawyers of color reported that at work they more often play administrative roles such as taking notes for a meeting compared to their colleagues. Only 26% of white male lawyers and 20% of male lawyers of color reported this.

In law firms, when lawyers become “overburdened” with office housework, it reduces the amount of billable time that they can report, which can hurt their compensation and their career.

Diversity at the top can only occur when diverse employees at all levels of the organization have access to assignments that let them take risks and develop new skills. If the glamour work and the office housework aren’t distributed evenly, you won’t be tapping into the full potential of your workforce. Most law firms that use an informal “hey, you!” assignment system end up distributing assignments based on factors other than experience and talent.

If women and people of color keep getting stuck with the same low-profile assignments, they will be more likely to be dissatisfied and to search for opportunities elsewhere. The attrition rates for women and especially women of color in law firms are already extremely high, and research suggests that the cost to the firm of attrition per associate is up to $400,000. Law firms cannot afford to fail to address the inequality in assignments.
The Solution: A Three-Step Approach

Fair allocation of the glamour work and the office housework are two separate problems. Some law firms will want to solve the office housework problem before tackling the glamour work; others will want to address both problems simultaneously. (A “Road Map for Implementation” is available at BiasInterrupters.org.)

1. Use Metrics

A. Identify and Track

The first step is to find out if and where you have a problem.

- What is the office housework and glamour work in your organization?
- Who is doing what and for how long?
- Are there demographic patterns that indicate gender and/or racial bias is at play?

To do this:

1. Distribute the “Office Housework Survey” (available at BiasInterrupters.org) to your employees to find out who is doing the office housework and how much of their time it takes up.
2. Convene relevant managers (and anyone else who distributes assignments) to identify the glamour work and the lower-profile work in the law firm. Use the “Assignment Typology Worksheet” to create a typology for assignments and the “Protocol” for more details (both available at BiasInterrupters.org).
3. Input the information from the typology meeting into the “Manager Assignment Worksheet” and distribute this to managers (available online at BiasInterrupters.org). Have managers fill out the worksheets and submit them, identifying to whom they assign the glamour work and the lower-profile work.

B. Analyze Metrics

Analyze survey results and worksheets for demographic patterns, dividing employees into (1) majority men, majority women, men of color, and women of color, (2) parents who have just returned from parental leave, (3) professionals working part-time or flexible schedules, and (4) any other underrepresented group that your organization tracks (veterans, LGBTQ people, individuals with disabilities, etc.).

- Who is doing the office housework?
- Who is doing the glamour work?
- Who is doing the low-profile work?
- Create and analyze metrics by individual supervising attorney.

2. Implement Bias Interrupters

A. Office Housework Interrupters

- Don’t ask for volunteers. Women are more likely to volunteer because they are under subtle but powerful pressures to do so.36
• Hold everyone equally accountable. “I give it to women because they do it well and the men don’t” is a common sentiment. This dynamic reflects an environment in which men suffer few consequences for doing a poor job on office housework, but women who do a poor job are seen as “prima donnas” or “not team players.” Hold men and women equally accountable for carrying out all assignments properly.

• Use admins. If possible, assign office housework tasks to admins (e.g., planning birthday parties, scheduling meetings, ordering lunch).

• Establish a rotation. A rotation is helpful for many administrative tasks (e.g., taking notes, scheduling meetings). Rotating housework tasks such as ordering lunch and planning parties is an option if admins are unavailable.

• Shadowing. Another option for administrative tasks is to assign a more junior person to shadow someone more senior—and take notes.

B. Glamour Work Interrupters

• Avoid mixed messages. If your law firm values mentoring and committee work (such as serving on the Diversity Initiative), make sure these things are valued when the time comes for promotions and raises. Sometimes law firms say they highly value this kind of work—but they don’t. Mixed messages of this kind will negatively affect women and people of color.

• Conduct a roll-out meeting. Gather relevant managing and supervising attorneys to introduce the bias interrupters initiative and set expectations. “Key Talking Points for the Roll-Out Meeting” are available at BiasInterrupters.org.

• Provide a bounceback. Identify individual supervising attorneys whose glamour work allocation is lopsided. Hold a meeting with that supervisor and bring the problem to his or her attention. Help the supervisor think through why he or she only assigns glamour work to certain people or certain types of people. Work with the supervisor to figure out (1) if the available pool for glamour work assignments is diverse but is not being tapped fully or (2) if only a few people have the requisite skills for glamour work assignments. Read the “Responses to Common Pushback” and “Identifying Bias in Assignments” worksheets (available at BiasInterrupters.org) before the bounceback meetings to prepare. You may have to address low-profile work explicitly at the same time as you address high-profile assignments; this will vary by law firm.

If a diverse pool has the requisite skills . . .

• Implement a rotation. Have the supervisor set up a rotation to ensure fair access to plum assignments.

• Formalize the pool. Write down the list of people with the requisite skills and make it visible to the supervisor. Sometimes just being reminded of the pool can help.

• Institute accountability. Have the supervisor track his or her allocation of glamour work going forward to measure progress. Research shows that accountability matters.37
If the pool is not diverse . . .

- Revisit the assumption that only one (or very few) employees can handle this assignment. Is that true, or is the supervisor just more comfortable working with those few people?

- Analyze how the pool was assembled. Does the supervisor allocate the glamour work by relying on self-promotion or volunteers? If so, that will often disadvantage women and people of color. Shift to more objective measures to create the pool based on skills and qualifications.

If the above suggestions aren’t relevant or don’t solve your problem, then it’s time to expand the pool:

- Development plan. Identify what skills or competencies an employee needs to be eligible for the high-profile assignments work and develop a plan to help the employee develop the requisite skills.

- Succession planning. Remember that having “bench strength” is important so your department won’t be left scrambling if someone unexpectedly leaves the company.

- Leverage existing HR policies. If your organization uses a competency-based system or has a Talent Development Committee or equivalent, use that resource to help develop competencies so career-enhancing assignments can be allocated more fairly.

- Shadowing. Have a more junior person shadow a more experienced person during the high-profile assignment.

- Mentoring. Establish a mentoring program to help a broader range of junior people gain access to valued skills.

If you can’t expand your pool, reframe the assignment so that more people could participate in it. Could you break up the assignment into discrete pieces so more people get the experiences they need?

If nothing else works, consider a formal assignment system. Appoint an assignments czar to oversee the distribution of assignments in your organization. See examples of what other law firms have done at BiasInterrupters.org.

3. Repeat as Needed

- Return to your metrics. Did the bias interrupters produce change?

- If you still don’t have a fair allocation of high- and low-profile work, you may need to implement stronger bias interrupters or consider moving to a formal assignment system.

- Use an iterative process until your metrics improve.
Interrupting Bias in Performance Evaluations

Tools for Law Firms

The Challenge

In one study, law firm partners were asked to evaluate a memo by a third-year associate. Half the partners were told the associate was black; the other half were told the identical memo was written by a white associate. The partners found 41% more errors in the memo they believed was written by a black associate as compared with a white associate. Overall rankings also differed by race. Partners graded the white author as having “potential” and being “generally good,” whereas they graded the black author as “average at best.”

The Solution: A Three-Step Approach

1. Use Metrics

Businesses use metrics to assess their progress toward any strategic goal. Metrics can help you pinpoint where bias exists and assess the effectiveness of the measures you’ve taken. (Whether metrics are made public will vary from firm to firm and from metric to metric.)

For each metric, examine:

• Do patterned differences exist between majority men, majority women, men of color, and women of color? Include any other underrepresented group that your firm tracks, such as military veterans, LGBTQ people, or individuals with disabilities.

• Do patterned differences exist for parents after they return from leave or for lawyers who reduce their hours?

• Do patterned differences exist between full-time and part-time employees?

Important metrics to analyze:

• Do your performance evaluations show consistent disparities by demographic group?

• Do women’s ratings fall after they have children? Do employees’ ratings fall after they take parental leave or adopt flexible work arrangements?

• Do the same performance ratings result in different promotion or compensation rates for different groups?

Keep metrics by (1) supervising attorney; (2) department; (3) country, if relevant; and (4) the law firm as a whole.
2. Implement Bias Interrupters

All bias interrupters should apply both to written evaluations and in meetings, where relevant. Because every firm is different, not all interrupters will be relevant. Consider this a menu.

To understand the research and rationale behind the suggested bias interrupters, read the “Identifying Bias in Performance Evaluations Worksheet,” available online at BiasInterrupters.org.

A. Empower and Appoint

- Empower people involved in the evaluation process to spot and interrupt bias. Use the “Identifying Bias in Performance Evaluations Worksheet,” available online at BiasInterrupters.org. Read and distribute.

- Appoint bias interrupters. Provide HR professionals or team members with special training to spot bias and involve them at every step of the performance evaluation process. Training is available at BiasInterrupters.org.

B. Tweak the Evaluation Form

- Begin with clear and specific performance criteria directly related to job requirements. Try “He is able to write an effective summary judgment motion under strict deadlines” instead of “He writes well.”

- Require evidence from the evaluation period that justifies the rating. Try “In March, she argued X motion in front of Y judge on Z case, answered his questions effectively, and was successful in getting the optimal judgment” instead of “She’s quick on her feet.”

- Consider performance and potential separately for each candidate. Performance and potential should be appraised separately. Majority men tend to be judged on potential; others are judged on performance.

Separate personality issues from skill sets for each candidate. Personal style should be appraised separately from skills because a narrower range of behavior often is accepted from women and people of color. For example, women may be labeled “difficult” for doing things that are accepted in majority men.

C. Tweak the Evaluation Process

- Level the playing field. Ensure that all candidates know how to promote themselves effectively and send the message that they are expected to do so. Distribute the “Writing an Effective Self-Evaluation Worksheet,” available online at BiasInterrupters.org.

- Offer alternatives to self-promotion. Encourage or require supervisors to set up more formal systems for sharing successes, such as a monthly e-mail that lists employees’ accomplishments.

- Provide a bounceback. Supervisors whose performance evaluations show persistent bias should receive a bounceback (i.e., someone should talk through the evidence with them).

- Have bias interrupters play an active role in calibration meetings. In many law firms and legal departments, the Executive Committee or another body meets
What’s a bounceback?

An example: in one organization, when a supervisor’s ratings of an underrepresented group deviate dramatically from the mean, the evaluations are returned to the supervisor with the message: either you have an undiagnosed performance problem that requires a Performance Improvement Plan (PIP), or you need to take another look at your evaluations as a group. The organization found that a few people were put on PIPs, but over time, supervisors’ ratings of underrepresented groups converged with those of majority men. A subsequent survey found that employees of all demographic groups rated their performance evaluations as equally fair (whereas bias was reported in hiring—and every other business system).

to produce a target distribution of ratings or to cross-calibrate rankings. Have participants read the “Identifying Bias in Performance Evaluations Worksheet” on bias before they meet (available at BiasInterrupters.org). Have a trained bias interrupter in the room.

• Don’t eliminate your performance appraisal system. Eliminating formal performance evaluation systems and replacing them with feedback on the fly creates conditions for bias to flourish.

3. Repeat as Needed

• Return to your key metrics. Did the bias interrupters produce change?
• If you don’t see change, you may need to implement stronger bias interrupters, or you may be targeting the wrong place in the performance evaluation process.
• Use an iterative process until your metrics improve.
Interrupting Bias in Partner Compensation

Tools for Law Firms

The Challenge

The gender pay gap in law firms has been extensively documented for decades. A 2016 report by Major, Lindsey, and Africa found a 44% pay gap between male and female law firm partners. The report also found a 50% difference in origination credit, which many use to explain the pay gap: men earn more money because they bring in more business. Studies show the picture is much more complicated.

- One study found that even when women partners originated similar levels of business as men, they still earned less.
- Another study found that 32% of white women income partners and 36% of women partners of color reported that they had been intimidated, threatened, or bullied out of origination credit.
- The same study found that more than 80% of women partners reported being denied their fair share of origination credit in the previous three years.
- Doesn’t everyone think their compensation is unfair? Not to the same degree: a recent survey of lawyers found that male lawyers were about 20% more likely than white women lawyers and 30% more likely than women lawyers of color to say that their pay was comparable to their colleagues of similar experience.

The Solution: A Three-Step Approach

1. Use Metrics

Businesses use metrics to assess their progress toward any strategic goal. Metrics can help you pinpoint where bias exists and assess the effectiveness of the measures you’ve taken. (Whether metrics are made public will vary from firm to firm and from metric to metric.)

For each metric, examine:

- Do patterned differences exist between majority men, majority women, men of color, and women partners of color? (Include any other underrepresented group that your firm tracks, such as military veterans or LGBTQ people.)
- Are partners disadvantaged for taking parental leave? Are parents or others with caregiving responsibilities excluded from future opportunities?
- Do part-time lawyers receive less than proportionate pay for proportionate work? Are they excluded from future opportunities?
Important metrics to analyze:

- **Compare compensation with a variety of lenses and look for patterns.** Lenses include relationship enhancement, hours and working time revenues, and so forth. Do separate analyses for equity and income partners.

- **Succession.** Analyze who inherits compensation credit and client relationships and how and when the credit moves.

- **Origination and other important forms of credit.** Analyze who gets origination and other important forms of credit, how often it is split, and who does (and does not) split it. If your firm does not provide credit for relationship enhancement, analyze how that rule affects different demographic groups—and consider changing it.

- **Comp adjustments.** Analyze how quickly compensation falls, and by what percentage during a lean period and how quickly compensation rises during times of growth. (When partners lose key clients, majority men often are given more of a runway to recover than other groups.)

- **De-equitization.** Analyze who gets de-equitized.

- **Pitch credit.** Analyze who has opportunities to go on pitches, who plays a speaking role, and who receives origination and other forms of credit from pitches.

- **Lateral partners.** Analyze whether laterals are paid more in relation to their metrics. This is a major factor in defeating diversity efforts at some firms.

Keep metrics by (1) individual supervising lawyer; (2) department; (3) country, if relevant; and (4) the firm as a whole.

2. **Implement Bias Interrupters**

To understand the research and rationale behind the suggested bias interrupters, read the “Identifying Bias in Partner Compensation Worksheet,” available online at BiasInterrupters.org.

**A. Find Out What Drives Compensation—and Be Transparent about What You Find**

- **Commission an analysis.** Although firms may say they value a broad range of factors, many experts agree that origination and billable hours account for almost all variance in compensation. Hire a law firm compensation consultant or statistician to find out what factors determine compensation at your firm.

- **Be transparent about what drives compensation.** This is a vital first step to empowering women and people of color to refuse work that does not enhance their compensation and focus on work that positions them to receive higher compensation. Studies show that reducing ambiguity reduces gender bias in negotiations—and law firm compensation often involves negotiation among partners. If only those “in the know” understand what’s really valued, that will benefit a small in group that typically reflects the demography of your existing equity partnership.

- **Value everything that’s valuable.** Give credit for nonbillable work that is vital to sustaining the long-term health of the firm—including relationship enhancement credit, credit for lawyers who actually do the client’s work, and talent manage-
ment. If the firm says it values mentoring and greater diversity but does not in fact do so, this will disadvantage women and lawyers of color.

B. Establish Clear, Public Rules

- **Establish clear rules governing granting and splitting origination and other valuable forms of credit.** Research suggests that men are more likely to split origination credit with men than with women and that women may get less origination credit than men even when they do a similar amount of work to bring in the client. Set clear, public rules addressing how origination credit should be split by publishing and publicizing a memo that details how partners should split credit under common scenarios.

- **Establish a formal system of succession planning.** If your firm allows origination credit to be inherited, institute a formal succession planning process. Otherwise, in-group favoritism means that your current pattern of origination credit will be replicated over and over again, with negative consequences for diversity.

- **Pitch credit.** Women attorneys and attorneys of color often report being used as “eye candy”—brought to pitches but then not given a fair share of credit or work that results. Establish rules to ensure this does not occur. The best practice is that if someone does the work for the pitch, he or she should be recognized with credit that accurately reflects his or her role in doing and winning the work.

- **Parental leave.** Counting billables and other metrics as “zero” for the months women (or men) are on parental leave is a violation of the Family and Medical Leave Act, where applicable, and is unfair even where it is not illegal. Instead, annualize based on the average of the months the attorney was at work, allowing for a ramp-up and ramp-down period.

- **Part-time partners.** Compensation for part-time partners should be proportional. Specifics on how to enact proportional compensation depends on which compensation system a law firm uses. See the “Best Practices for Part-Time Partner Compensation” paper for details, available at BiasInterrupters.org.

C. Establish Procedures to Ensure the Perception and Reality of Fairness

- **Institute a low-risk way partners can receive help in disputes over credit.** Set up a way to settle disputes over origination and other forms of credit that lawyers can use without raising eyebrows.

- **Provide templates for partner comp memos—and prohibit pushback.** Some firms provide opportunities for partners and associates to make their case to the compensation committee by writing a compensation memo. If your firm does this, distribute the worksheet (online at BiasInterrupters.org) on how to write an effective compensation memo and set rules and norms to ensure that women and minorities are not penalized for self-promotion. If not, give partners the opportunity to provide evidence about their work: research shows that women’s successes tend to be discounted and their mistakes remembered longer than men’s.

- **Institute quality control over how compensation is communicated to partners.** Design a structured system for communicating with partners to explain what factors went into determining their compensation.
• When hiring, don’t ask candidates about prior salary. Asking about prior salary when setting compensation for a new hire can perpetuate the gender pay gap.47 (A growing legislative movement prohibits employers from asking prospective employees about their prior salaries.48)

• Have a bias interrupter at meetings where compensation is set. This is a person who has been trained to spot the kinds of bias that commonly arise.

• Training. Make sure that your compensation committee, and anyone else involved in setting compensation, knows how implicit bias commonly plays out in law firm partner compensation and how to interrupt that bias. Read and distribute the “Identifying Bias in Partner Compensation Worksheet” (available at BiasInterrupters.org).

3. Repeat as Needed

• Return to your key metrics. Did the bias interrupters produce change?
• If you don’t see change, you may need to implement stronger bias interrupters, or you may be targeting the wrong place in the compensation process.
• Use an iterative process until your metrics improve.
Small Steps, Big Change

Bias Interrupters
Tools for In-House Departments
Interrupting Bias in Hiring

Tools for In-House Departments

The Challenge:
When comparing identical resumes, “Jamal” needed eight additional years of experience to be considered as qualified as “Greg,” mothers were 79% less likely to be hired than an otherwise-identical candidate without children, and “Jennifer” was offered $4,000 less in starting salary than “John.” Unstructured job interviews do not predict job success, and judging candidates on “culture fit” can screen out qualified diverse candidates.

The Solution: A Three-Step Approach
1. Use Metrics
Businesses use metrics to assess their progress toward any strategic goal. Metrics can help you pinpoint where bias exists and assess the effectiveness of the measures you’ve taken.

For in-house departments, some metrics may be possible to track; others may require HR or can only be tracked company-wide. Depending on the structure and size of your in-house department, identify what’s feasible.

Whether metrics are made public will vary from company to company and from metric to metric.

For each metric, examine:
• Do patterned differences exist between majority men, majority women, men of color, and women of color? (Include any other underrepresented group that your department/company tracks, such as veterans, LGBTQ people, etc.)

Important metrics to analyze:
• The goal is to track the candidate pool through the entire hiring process—from initial contact, to resume review, to interviews, to hiring—and then to analyze where underrepresented groups are falling out of the hiring process. How much you can track will depend on how your company’s systems are set up, as will the extent to which you will need help from HR.
• Track whether hiring qualifications are waived more often for some groups. You may be able to do this only for those parts of the hiring process that are done at a departmental level, such as final-round interviews.
• Track interviewers’ reviews and recommendations to look for demographic patterns. Again, your department’s ability to do this will depend on what is handled at a departmental level, or your HR department may be willing to do this tracking.
Keep in-house metrics by (1) individual supervisor; (2) department, if your in-house department is large enough to have its own departments; and (3) country, if relevant.

2. Implement Bias Interrupters

All bias interrupters should apply both to written materials and in meetings, where relevant.

Because in-house departments are all different and vary in size and structure, not all interrupters will be relevant. Depending on how much of the hiring process is done by the in-house department versus HR, some of the interrupters may be more feasible than others. Consider this a menu.

To understand the research and rationale behind the suggested bias interrupters, read the “Identifying Bias in Hiring Worksheet,” available online at BiasInterrupters.org, which summarizes hundreds of studies.

A. Empower and Appoint

• Empower people involved in the hiring process to spot and interrupt bias. Use the “Identifying Bias in Hiring Worksheet,” available online at BiasInterrupters.org, and distribute this to anyone involved in hiring.

• Appoint bias interrupters. Provide HR professionals or team members with special training to spot bias and involve them at every step of the hiring process. Training is available at BiasInterrupters.org.

B. Tips to Help You Assemble a Diverse Pool

• If your department hires by referral, keep track of the candidate flow from referrals. Hiring from current employees’ social networks may well replicate lack of diversity if your department is not diverse. If your analysis finds that referrals consistently provide majority candidates, consider limiting referrals or balance referral hiring with more targeted outreach to ensure a diverse candidate pool.

• Recruit where diverse candidates are. If your department handles recruiting, make sure to reach out to diverse candidates where they are. Identify law job fairs, affinity networks, conferences, and training programs aimed at women and people of color and send recruiters. If your department does not do recruiting, consider asking the people in charge to do more targeted recruitment.

• If recruitment happens mostly at law schools, consider candidates from multiter schools. Don’t limit your search to candidates from Ivy League and top-tier schools. This practice favors majority candidates from elite backgrounds and hurts people of color and professionals from nonprofessional backgrounds (class migrants). If another department handles recruiting, let them know that your department would like to consider candidates from a broader range of law schools.

• If your department writes its own job postings, make sure you are not using language that has been shown to decrease the number of women applicants (words such as competitive or ambitious). If HR is in charge of the job postings, suggest that they review job posts in the same way. Tech companies such as Textio and Unitive can help.
• **Insist on a diverse pool.** If HR creates a pool for your department, tell them that you expect the pool to be diverse. One study found the odds of hiring a woman were 79 times greater if there were at least two women in the finalist pool; the odds of hiring a person of color were 194 times greater.53 If HR does not present a diverse pool, try to figure out where the lack of diversity is coming from. Is HR weeding out the diverse candidates, or are the jobs not attracting diverse candidates?

**C. Interrupting Bias While Reviewing Resumes**

If your in-house department conducts the initial resume screening, use the following bias interrupters. If HR does the initial screening, encourage them to implement the following tips to ensure that your department receives the most qualified candidates.

• Distribute the “Identifying Bias in Hiring Worksheet” before resumes are reviewed (available at BiasInterrupters.org) so reviewers are aware of the common forms of bias that can affect the hiring process.

• If candidates’ resumes are reviewed by your department, commit to what qualifications are important—and require accountability. When qualifications are waived for a specific candidate, require an explanation of why the qualification at issue is no longer important—and keep track to see for whom requirements are waived.54 If HR reviews the resumes, give HR a clear list of the qualifications your department is seeking.

• Establish clear grading rubrics and ensure that all resumes are graded on the same scale. If possible, have each resume reviewed by two different people and average the scores. If HR reviews resumes, encourage them to review resumes based on the rubric that you provide to them.

• Remove extracurricular activities from resumes. Including extracurricular activities on resumes can favor elite majority candidates.55 Remove extracurriculars from resumes before you review them or ask HR to do this.

• Watch out for Maternal Wall bias. Mothers are 79% less likely to be hired than an identical candidate without children.56 Train people who review resumes not to make inferences about whether someone is committed to the job due to parental status. Instruct them not to count “gaps in a resume” as an automatic negative. If HR reviews resumes, ask them to do the same.

• Try using “blind auditions.” If women and candidates of color are dropping out of the pool at the resume review stage, consider removing demographic information from resumes before review—or ask HR to do it.

**D. Controlling Bias in the Interview Process**

• Ask the same questions to every person you interview. Come up with a set list of questions you will ask each candidate and ask them in the same order to each person. Ask questions that are directly relevant to the job for which the candidate is applying.57

• Ask performance-based, work-relevant questions. Performance-based questions, or behavioral interview questions (“Tell me about a time you had too many things to do and had to prioritize.”), are a strong predictor of how successful a
candidate will be on the job. Ask questions that are directly relevant to situations that arise in your department.

- **Require a work sample.** If applicable, ask candidates to demonstrate the skills they will need on the job (e.g., ask candidates to write an advisory letter to the sales team about a new product.)

- **Standardize the interview evaluation process.** Develop a consistent rating scale for candidates’ answers and work samples. Each rating should be backed up with evidence. Average the scores granted on each relevant criterion and discount outliers.

- **Try behavioral interviewing.** Ask questions that reveal how candidates have dealt with prior work experiences. Research shows that structured behavioral interviews can more accurately predict the future performance of a candidate than unstructured interviews. Instead of asking “How do you deal with problems with your manager?” say “Describe for me a conflict you had at work with your manager.” When evaluating answers, a good model to follow is STAR: the candidate should describe the Situation faced, the Task handled, the Action taken to deal with the situation, and the Result.

- **If you use culture fit, do so carefully.** Using culture fit as a hiring criterion can thwart diversity efforts. Culture fit (“Would I like to get stuck in an airport with this candidate?”) can be a powerful force for reproducing the current makeup of the organization when it’s misused. Questions about sports and hobbies may feel exclusionary to women and to class migrants who did not grow up playing golf or listening to classical music. If culture fit is a criterion for hiring, provide a specific work-relevant definition. Google’s work-relevant definition of culture fit is a helpful starting point.

- **Ask directly about “gaps in a resume.”** Women fare better in interviews when they are able to provide information up front rather than having to avoid the issue. Instruct your interviewing team to give, in a neutral and nonjudgmental fashion, candidates the opportunity to explain gaps in their resumes.

- **Be transparent to applicants about what you’re seeking.** Provide candidates and interviewers with a handout that explains to everyone what’s expected from candidates in an interview. Distribute it to candidates and interviewers for review so everyone is on the same page about what your in-house department is seeking. An example “Interview Protocol Sheet” is available at BiasInterrupters.org.

- **Don’t ask candidates about prior salary.** Asking about prior salary when setting compensation for a new hire can perpetuate the gender pay gap. (A growing legislative movement prohibits employers from asking prospective employees about their prior salaries.)

3. **Repeat as Needed**

- **Return to your key metrics.** Did the bias interrupters produce change?
- **If you don’t see change,** you may need to implement stronger bias interrupters, or you may be targeting the wrong place in the hiring process.
- **Use an iterative process** until your metrics improve.
Interrupting Bias in Assignments

Tools for In-House Departments

The Challenge

Diversity at the top can only occur when diverse employees at all levels of the organization have access to assignments that let them take risks and develop new skills. A level playing field requires that both the glamour work (career-enhancing assignments) and the office housework (the less high-profile and back-office work) are distributed fairly. If your department uses an informal “hey, you!” assignment system to distribute assignments, you may end up inadvertently distributing assignments in an inequitable fashion.

If women and people of color keep getting stuck with the same low-profile assignments, they will be more likely to be dissatisfied and to search for opportunities elsewhere.69

The Solution: A Three-Step Approach

Fair allocation of the glamour work and the office housework are two separate problems. Some in-house departments will want to solve the office housework problem before tackling the glamour work; others will want to address both problems simultaneously. This will depend on the size of your in-house department and how work is currently assigned.

1. Use Metrics

A. Identify and Track

For each metric, examine:

• What is the office housework and glamour work in your department?
• Who is doing what and for how long?
• Are there demographic patterns that indicate gender and/or racial bias at play?

Important metrics to analyze:

1. Distribute an office housework survey to members of your department to find out who is doing the office housework and how much of their time it requires. Create your own survey or use ours, available at BiasInterrupters.org.
2. Convene relevant managers (and anyone else who distributes assignments) to identify what is the glamour work and what is the lower-profile work in the department. Worksheets and protocols to help you are available online at BiasInterrupters.org.
3. Once you have identified what the glamour work is in your department, ask managers to report which employees have been doing the glamour work. Worksheets are also available at BiasInterrupters.org.

B. Analyze Metrics
Analyze office housework survey results and glamour worksheets for demographic patterns, dividing employees into (1) majority men, majority women, men of color, and women of color, (2) parents who have just returned from parental leave, (3) professionals working part-time or flexible schedules, and (4) any other underrepresented group that your organization tracks (e.g., veterans, LGBTQ people, individuals with disabilities). (This will also depend on the size of your in-house department. If there are only one or two people in a category, the metric won’t be scientifically viable.)

- Who is doing the office housework?
- Who is doing the glamour work?
- Who is doing the low-profile work?
- Create and analyze metrics by individual supervisor.

2. Implement Bias Interrupters
Because every in-house department is different and varies so much in size and structure, not all interrupters will be relevant. Depending on how much of the hiring process is done by the in-house department versus HR, some of the interrupters may be more feasible than others. Consider this a menu.

A. Office Housework Interrupters
- Don’t ask for volunteers. Women are more likely to volunteer because they are under subtle but powerful pressures to do so.
- Hold everyone equally accountable. “I give it to women because they do it well—men don’t.” This dynamic reflects an environment in which men suffer few consequences for doing a poor job on less glamorous assignments and women who do the same are faulted as “not being team players.”
- Use admins. Assign office housework tasks (e.g., planning birthday parties, scheduling meetings, ordering lunch) to admins if your department has enough admin support to do so.
- Establish a rotation. A rotation is helpful for many administrative tasks (e.g., taking notes, scheduling meetings). Rotating housework tasks (e.g., ordering lunch and planning parties) is also an option if admins are unavailable, making it a good option for in-house departments.
- Shadowing. Another option in larger departments is to assign a more junior person to shadow someone more senior—and to do administrative tasks such as taking notes.

B. Glamour Work Interrupters
- Value what’s valuable. If your department values such things as mentoring and committee work (such as serving on the Diversity Initiative), make sure these things are valued when the time comes for promotions and raises. Sometimes
companies say they highly value this kind of work—but they don’t. Mixed messages of this kind will negatively affect women and people of color. If your department doesn’t have complete control over promotions and raises, work with relevant departments to ensure that communicated values are being rewarded appropriately. When members of your in-house department take on diversity work, make sure they have suitable staff support.

- **Announce your goals of equitable assignments.** Gather your team (or the members of your team who distribute assignments) to introduce the bias interrupters initiative and set expectations. Key talking points for the roll-out meeting are available online at BiasInterrupters.org.

- **Provide a bounceback.** If your metrics reveal that some members of your department distribute assignments inequitably, hold a bounceback meeting. Help the person in question think through why he or she assigns glamour work to certain people or certain types of people. Work with the person to figure out whether (1) the available pool for glamour work assignments is diverse but is not being tapped fully or whether (2) only a few people have the requisite skills for glamour work assignments. Use the “Responses to Common Pushback” and “Identifying Bias in Assignments” worksheets (available at www.BiasInterrupters.org) to prepare for bounceback meetings.

If a diverse pool has the requisite skills . . .

- **Implement a rotation.** Set up a system where plum assignments are rotated between qualified employees.

- **Formalize the pool.** Write down the list of people with the requisite skills and make it visible to whomever distributes assignments. Suggest or require anyone handing out plum assignments to review the list of qualified legal professionals before making a decision. Sometimes just being reminded of the pool can help.

- **Institute accountability.** Require people handing out assignments to keep track of who gets plum assignments. Research shows that accountability matters.71

If the pool is not diverse . . .

- **Revisit your assumptions.** Can only one (or very few) employees handle this type of assignment, or is it just that you feel more comfortable working with those few people?

- **Revisit how the pool was assembled.** When access to career-enhancing assignments depends on “go-getters” who ask for them, women, people of color, and class migrants may be disadvantaged because self-promotion is less acceptable to them or less accepted when they do it.

If these suggestions aren’t relevant or don’t solve your problem, then it’s time to **expand the pool.** Small in-house departments may have to find creative ways to do this.

- **Development plan.** For the attorneys or other legal professionals who aren’t yet able to handle the plum assignments, what skills would they need to be eligible? Identify those skills and institute a development plan.
• **Succession planning.** Remember that having “bench strength” is important so that your department won’t be left scrambling if someone unexpectedly leaves the company.

• **Leverage existing HR policies.** If your company has a Talent Development Committee or professional development resources, use this resource to help your legal professionals develop the skills they need to handle plum assignments.

• **Shadowing.** Have a more junior person shadow a more experienced person during a high-profile assignment.

• **Mentoring.** Establish a mentoring program to help a broader range of junior people gain access to valued skills.

**If you can’t expand your pool, reframe the assignment.** Can you break up the assignment into discrete pieces so more people can participate and get the experiences they need?

**If nothing else works,** consider a formal assignment system.

3. **Repeat as Needed**

• **Return to your metrics.** Did the bias interrupters produce change?

• **If you still don’t have a fair allocation of high- and low-profile work,** you may need to implement stronger bias interrupters or consider moving to a formal assignment system.

• **Use an iterative process** until your metrics improve.
Interrupting Bias in Performance Evaluations

Tools for In-House Departments

The Challenge

Bias in performance evaluations has been well documented for decades. In one study, law firm partners were asked to evaluate a memo by a third-year associate. Half the partners were told the associate was black; the other half were told the identical memo was written by a white associate. The partners found 41% more errors in the memo they believed was written by a black associate as compared with a white associate. Overall rankings also differed by race. Partners graded the white author as having “potential” and being “generally good,” whereas they graded the black author as “average at best.”

The problem isn’t limited to law firms. One informal study in tech revealed that 66% of women’s performance reviews but only 1% of men’s reviews contained negative personality criticism. Bias in the evaluation process stretches across industries.

The Solution: A Three-Step Approach

1. Use Metrics

For in-house departments, some metrics may be possible to track; others may require HR or can only be tracked company-wide. Depending on the structure and size of your department, identify which metrics you are able to track.

For each metric, examine:

- Do patterned differences exist between majority men, majority women, men of color, and women of color? Include any other underrepresented group that your company tracks, such as veterans, LGBTQ people, or individuals with disabilities.
- Do patterned differences exist for parents after they return from leave or for employees who reduce their hours?
- Do patterned differences exist between full-time and part-time lawyers and other legal professionals?

Important metrics to analyze:

- Do your performance evaluations show consistent disparities by demographic group?
- Do women’s ratings fall after they have children? Do ratings fall after professionals take parental leave or adopt flexible work arrangements?
• Do the same performance ratings result in different promotion or compensation rates for different groups?

Keep in-house metrics by (1) individual supervisor; (2) department, if your in-house department is large enough to have its own departments; and (3) country, if relevant.

2. Implement Bias Interrupters

All bias interrupters should apply both to written materials and in meetings, where relevant.

Because in-house departments vary so much in size and structure, not all interrupters will be relevant to every company. Also, some interrupters will not be feasible, depending on how much of the hiring process is done by the in-house department versus HR. Consider this as a menu.

To understand the research and rationale behind the suggested bias interrupters, read the “Identifying Bias in Performance Evaluations Worksheet,” available online at BiasInterrupters.org, which summarizes hundreds of studies.

A. Empower and Appoint

• Empower people involved in the evaluation process to spot and interrupt bias. Use the “Identifying Bias in Performance Evaluations Worksheet,” available at BiasInterrupters.org, and distribute it to those involved in the evaluation process.

• Appoint bias interrupters. Provide HR professionals or team members with special training to spot bias and involve them at every step of the performance evaluation process. Training is available at BiasInterrupters.org.

B. Tips for Tweaking the Evaluation Form

Many in-house departments do not have control over their performance evaluation forms, so some of these suggestions will not be feasible.

• Begin with clear and specific performance criteria directly related to job requirements. Try “He is able to write clear memos to leadership that accurately portray the legal situations at hand” instead of “He writes well.”

• Instruct reviewers to provide evidence to justify their rating and hold them accountable. Global ratings, with no specifics to back them up, are a recipe for bias and do not provide constructive advice to the employee being reviewed.

• Ensure that the evidence is from the evaluation period. The evaluation form should make it clear that a mistake an employee made two years ago isn’t acceptable evidence for a poor rating today.

• Separate discussions of potential and performance. There is a tendency for majority men to be judged on potential and others to be judged on performance.

• Separate personality issues from skill sets. A narrower range of behavior often is accepted from women and people of color than from majority men.
C. Tips for Tweaking the Evaluation Process

- Help everyone effectively advocate for themselves. Distribute the “Writing an Effective Self-Evaluation,” available online at BiasInterrupters.org.

- If the evaluation process requires self-promotion, offer alternatives. Set up more formal systems for sharing successes within your in-house department, such as a monthly e-mail that lists employees’ accomplishments.

- Provide a bounceback. If possible, ask HR for an analysis (or do your own) to ensure that individual supervisors’ reviews do not show bias toward or against any particular group. If they do, hold a meeting with that supervisor to help the person in question think through why certain types of people are getting lower performance evaluations. Work with the supervisor to figure out whether (1) the individuals in question are having performance problems and should be put on Performance Improvement Plans or whether (2) the supervisor should reexamine how employees are being evaluated.

- Have bias interrupters play an active role. If your in-house department holds calibration meetings, make sure there is a bias interrupter in the room to spot and correct any instances of bias. If a bias interrupter can’t be in the room, have participants read the “Identifying Bias in Performance Evaluations Worksheet” before they meet, available online at BiasInterrupters.org.

- Don’t eliminate your performance appraisal system. To the extent that you have a say in the HR operations in your company, encourage your company not to eliminate formal performance appraisal systems. Informal, on the fly performance evaluation systems are becoming more popular, but they have a tendency to reproduce patterns of bias.

3. Repeat as Needed

- Return to your key metrics. Did the bias interrupters produce change?

- If you don’t see change, you may need to implement stronger bias interrupters, or you may be targeting the wrong place in the performance evaluation process.

- Use an iterative process until your metrics improve.
Interrupting Bias in Compensation

Tools for In-House Departments

The Challenge
The in-house gender pay gap has not been well studied, but a 2017 report from the Association of Corporate Counsel described a “dramatic” gender pay disparity based on a survey taken by 1,800 in-house counsel. The report found that there is a higher proportion of men in six of seven salary bands above $199,000—yet only 8% of male respondents believed that a pay gap existed.75

Interrupting bias in compensation for in-house departments can be tricky because decisions and policies around compensation typically are made at the company level, but there are steps your department can take to begin to address the problem.

The Solution
The following recommendations can be implemented at the departmental level to reduce bias in compensation.

- Communicate your organization’s compensation strategy. If only those “in the know” understand what’s really valued, that will only benefit a small in group.
- When hiring, don’t ask candidates about prior salary. Asking about prior salary when setting compensation for a new hire can perpetuate the gender pay gap.76 (A growing legislative movement prohibits employers from asking prospective employees about their prior salaries.77)
- Read and distribute the “Identifying Bias in Compensation Worksheet” to anyone involved in compensation decisions in your department (available online at BiasInterrupters.org).
- Obtain surveys and benchmarking data at regular intervals. Assess whether compensation in your in-house department is competitive with the relevant market. SHRM and similar organizations provide guidance to help you choose reputable compensation surveys and benchmarking data. Typically these data are behind a pay wall.
- Encourage HR to implement pay equity audits under the direction of the legal department or outside lawyers to maximize the chance that the data collected is not discoverable under attorney–client privilege.
- When pay disparity is discovered, work with HR or the equivalent department to address the disparity within a reasonable period of time.
- Institute a low-risk way people can get help in disputes over compensation. Set up a way to settle disputes over compensation that lawyers and legal professionals can use without raising eyebrows.
Best Practice: Sponsorship

Based on Ricardo Anzaldua’s MetLife Sponsorship Program

These Best Practice recommendations are based on conversations with Ricardo Anzaldua, GC of MetLife, who implemented a similar program in his department.

Identify top talent. Create a system that controls for unconscious bias to identify top talent (including nondiverse talent) to defeat arguments that the program is designed to unfairly advantage or disadvantage particular groups. To identify top talent early, MetLife used existing talent-identifying tools and introduced survey techniques to control for unconscious bias. Make sure that your system:

- Draws input from many different sources (not just managers; also include clients, peers, subordinates, etc.)
- Seeks assessments of both performance and potential from varying perspectives

Pair each top-talent candidate with a trained senior-level sponsor who is held accountable.

- Tie effective sponsorship with manager performance evaluations, compensation, and ability to be promoted.
- To ensure that sponsorship does not come to be regarded as a risk of being considered a poor performer with little reward, either (1) enlist all officer-level managers to be sponsors or (2) create upside rewards available only to effective sponsors. (Note: enlisting all managers to be sponsors is simpler and helps get buy-in to the program.)
- Create and inculcate leadership competencies for managers that they can also use to advance.
- All top talent should be paired with sponsors, but pair diverse top-talent candidates with senior management.
- Make sure each protégé has a mentor (preferably not the sponsor).

Develop goals and milestones for protégés.

- Each sponsor-protégé pair creates a mutually agreed-upon career goal that can be accomplished in three to five years.
- Each sponsor creates a development plan that includes milestones along the way (opportunities and experiences needed to accomplish the career goal). Milestones may include presentations, managing/leading a team, communication training, leading a significant project (e.g., transaction, litigation, regulatory examination), and executive presence coaching.
Create action learning teams (ALTs).

- Create small teams of protégés and sponsors (pair sponsors with different groups of protégés).
- Give ALTs senior-management-level problems and task them with formulating, in three to six months, written proposals to solve the issues, including how to involve non-legal resources.
- Bring in SMEs to facilitate the more technical aspects of specific problems.
- At various points in the process, ALTs should brief senior management on the status of their work.

Bake sponsorship and ALTs into existing talent development systems, performance evaluations systems, and HR processes.
Endnotes

For complete citations, see the bibliography at BiasInterrupters.org/toolkits/orgtools/

1. For example, Dahlin et al., 2005; Ely & Thomas, 2001; Jehn et al., 1999.

2. Richard et al., 2004; Wooley et al., 2011; Lewis, 2016.

3. Phillips et al., 2006; Antonio et al., 2004; Richard et al., 2003.


7. Dana, Dawes, & Petersen, 2013.


9. Ibid.


24. Bock, 2015: This is how Google defines it: “Googleyness: . . . enjoying fun, a certain dose of intellectual humility . . . a strong measure of conscientiousness . . . comfort with ambiguity . . . and evidence that you’d take come courageous or interesting paths in your life.”
31. Ibid.
32. Ibid.
38. Reeves, 2014.
40. Triedman, 2015.
41. Williams & Richardson, 2010.
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50. Dana, Dawes, & Petersen, 2013.
52. Rivera, 2015.
64. Rivera, 2015.
65. Bock, 2015: This is how Google defines it: “Gooleyness: . . . enjoying fun, a certain dose of intellectual humility . . . a strong measure of conscientiousness . . . comfort with ambiguity . . . and evidence that you’d take some courageous or interesting paths in your life.”
72. For an overview of the literature on bias in performance evaluations, see the “Identifying & Interrupting Bias in Performance Evaluations Worksheet” available on BiasInterrupters.org.
73. Reeves, 2014.


About the ABA Commission on Women in the Profession

As a national voice for women lawyers, the ABA Commission on Women in the Profession forges a new and better profession that ensures that women have equal opportunities for professional growth and advancement commensurate with their male counterparts. It was created in 1987 to assess the status of women in the legal profession and to identify barriers to their advancement. Hillary Rodham Clinton, the first chair of the commission, issued a groundbreaking report in 1988 showing that women lawyers were not advancing at a satisfactory rate.

Now entering its fourth decade, the commission not only reports the challenges that women lawyers face, it also brings about positive change in the legal workplace through such efforts as its Grit Project, Women of Color Research Initiative, Bias Interrupters Project, and the Margaret Brent Women Lawyers of Achievement Awards. Drawing upon the expertise and diverse backgrounds of its 12 members, who are appointed by the ABA president, the commission develops programs, policies, and publications to advance and assist women lawyers in public and private practice, the judiciary, and academia.

For more information, visit www.americanbar.org/women.

About the Minority Corporate Counsel Association (MCCA)

The preeminent voice on diversity and inclusion issues in the legal profession, MCCA is committed to advancing the hiring, retention and promotion of diverse lawyers in law departments and law firms by providing research, best practices, professional development and training, and pipeline initiatives.

MCCA’s groundbreaking research and innovative training and professional development programs highlight best practices and identify the most significant diversity and inclusion challenges facing the legal community. MCCA takes an inclusive approach to the definition of “diversity” including race and ethnicity, gender, sexual orientation, disability status and generational differences.

Since MCCA’s founding 20 years ago, it has been recognized and honored by the Association of Corporate Counsel, the National LGBT Bar Association, the National Minority Business Council, Inc. and the U.S. Equal Employment Opportunity Commission, among others. MCCA’s vision, “To make the next generation of legal leaders as diverse as the world we live in,” is what drives the organization and our passionate and committed partners.

For more information, visit www.mcca.com.
The six signature traits of inclusive leadership
Thriving in a diverse new world
Deloitte’s Human Capital professionals leverage research, analytics, and industry insights to help design and execute the HR, talent, leadership, organization, and change programs that enable business performance through people performance. Visit the Human Capital area of www.deloitte.com to learn more.
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WHAT will it take to be a great leader in the future? In five years, ten years, even fifteen years?

Say those numbers slightly differently—2020, 2025, or 2030—and your imagination takes you somewhere else entirely. To the realm of science fiction in which books and films paint vivid pictures of a future that looks vastly different from that which we know today. There is the devastated world and its dystopian societies, the artificial world with synthetic humans, and myriads of other worlds scattered throughout foreign galaxies.

In these books and films, there’s always a quest, and there’s always a hero. Smart and strong, they carry the weight of the world on their shoulders. They have a sidekick, if lucky, but rarely are the leader and the sidekick equals, and they almost never operate as a team. The decisions these leaders make—the actions they take—culminate in the restoration of humanity.

What’s curious is that this iconic image of the heroic leader remains constant despite the vastly changed environment. It seems we can easily imagine different future contexts, but when it comes to thinking about leadership differently, we are on a repeating loop. It makes for great entertainment, but it is not the stuff of reality. Yes, the context will change—it is changing already—and this will demand adaptation by those playing a leading role.

So what is this different context? In a volatile and complex world, predicting the future with precision is a risky business. We can be sure, however, about four global mega-trends that are reshaping the environment and influencing business priorities:

First, diversity of markets: Demand is shifting to emerging markets. With their growing middle class, these new markets represent the single biggest growth opportunity in the portfolio of many companies around the world.

Second, diversity of customers: Customer demographics and attitudes are changing. Empowered through technology and with greater choice, an increasingly diverse customer base expects better personalization of products and services.

Third, diversity of ideas: Digital technology, hyper-connectivity, and deregulation are disrupting business value chains and the nature of consumption and competition. Few would argue against the need for rapid innovation.

Fourth, diversity of talent: Shifts in age profiles, education, and migration flows, along with expectations of equality of opportunity and work/life balance, are all impacting employee populations.

Diversity of markets, customers, ideas, and talent: These simultaneous shifts are the new context. For leaders who have perfected their craft in a more homogenous environment, rapid adjustment is in order. Of course,
The six signature traits of inclusive leadership

Figure 1. The six signature traits of an inclusive leader

**Cognizance**
Because bias is a leader’s Achilles’ heel

**Curiosity**
Because different ideas and experiences enable growth

**Courage**
Because talking about imperfections involves personal risk-taking

**Cultural intelligence**
Because not everyone sees the world through the same cultural frame

**Commitment**
Because staying the course is hard

**Collaboration**
Because a diverse-thinking team is greater than the sum of its parts
the core aspects of leadership, such as setting direction and influencing others, are timeless, but we see a new capability that is vital to the way leadership is executed. We call this inclusive leadership, and our research has identified six traits that characterize an inclusive mindset and inclusive behavior.

This report is intended to help leaders think about how traditional notions of leadership must change. We are not suggesting a wholesale replacement of previous leadership theory. Elements of inclusive leadership are echoed in transformational, servant, and authentic leadership, for example, and these concepts are carried forward. However, we have amplified and built on these known attributes to define a powerful new capability uniquely adapted to a diverse environment. Understanding and being adept at inclusive leadership will help leaders thrive in their increasingly diverse environment.

This report is structured in three parts. First, we briefly describe the four shifts elevating the importance of inclusive leadership—the “Why care?” aspect of the discussion. In the second part, we have identified the six signature traits of an inclusive leader (figure 1). In doing so, we have mined our experiences with more than 1,000 global leaders, deep-diving into the views of 15 leaders and subject matter experts, and surveying over 1,500 employees on their perceptions of inclusion. We have also built on existing thought leadership and applied research and drawn on work with our inclusive leadership assessment tool—on which our six-part framework is based—which has proved both reliable and valid in pilot testing. Sensing that inclusive leadership is a new capability, we have been examining this space since 2011, rather than relying solely on pre-existing leadership assessments and databases, with their historic biases. We conclude with some suggested strategies to help organizations cultivate inclusive capabilities across their leadership population.
FOUR global mega-trends are creating a business context that is far less homogenous and much more diverse than has historically been the case. These interrelated shifts are influencing business priorities, and reshaping the capabilities required of leaders to succeed in the future.

Diversity of markets

The growth in emerging market economies may have slowed—and big challenges abound—but the long-term potential remains significant.\(^4\)

By 2025, the world’s middle-class population is expected to reach 3.2 billion, up from 1.8 billion in 2009, with the majority of this growth coming from Asia, Africa, and Latin America.\(^5\) As income levels rise, so does consumer demand. This growing population now represents the single biggest growth opportunity in the portfolio of many companies around the world.\(^6\)

Reaching these consumers profitably, however, is anything but straightforward.\(^7\) Markets are characterized by significant cultural, political, and economic differences. Tension exists between local adaptation and international scale. Home-grown players can provide stiff competition and strong local talent is scarce. Indeed, in a 2015 survey of 362 executives, just 10 percent believed that they have the full suite of capabilities needed to win offshore.\(^8\)

So what does this mean for those with global ambitions? While there is no single formula for success, research shows that having people with a more global mindset and capability is critical.\(^9\) John Lewis, Jr., global chief diversity officer of The Coca-Cola Company, agrees: “Right now, our fastest-growing markets around the world are sub-Saharan Africa, India, and China. How we win in these markets is as much a matter of how we embed ourselves in these cultures [as any other factor]. The question I put to our business leaders is: Even if we get all the tactics and logistics right, can we win if we don’t get the people part right?”\(^10\)

Diversity of customers

Customers have always been able to vote with their feet. Today, this power is even greater. Empowered through their digital devices and with more choice, customers expect greater personalization and a voice in shaping the products and services they consume.\(^11\) Facing millions of individual expectations and experiences across an increasingly diverse customer base, the challenge for companies is to deliver individualized insights and a personal touch with the efficiencies of scale.

To remain competitive in this environment, organizations have realized, customer centricity is paramount. Customer promises are being written into vision statements, operating
models are being redesigned to ensure that customers are at the heart of the business, and the role of the “chief customer officer” has been created and elevated to the executive team.

But more than just changing systems and structures, organizations are increasingly focusing on cultivating more customer-centric mindsets and capabilities. The new buzzwords of “empathy” and “connectedness”—concepts that underpin popular methods such as design thinking—are taking hold as organizations strive to better understand customers’ worlds and future needs. And while development programs of the past may have focused on traditional customer-facing roles, a leader-led approach is increasingly being adopted.

Telstra has embarked on a journey to orient the entire organization around the customer, including the way leaders are developed. “Leaders are central to the connected strategy,” says Rob Brown, director of customer advocacy. “They are the linchpin that sets the pace and culture of our organization. If leaders don’t understand how we need to think differently, if they don’t get that we need to connect with customers’ needs to understand what they want and how best to simplify things for them, then it’s hard, if not impossible, for the teams to get it.”

Diversity of ideas

Organizations must “innovate or die,” extols Bill Gates. A bold statement, but we need not look far to see its validity. Seemingly overnight, digital disruption has reshaped whole industries and iconic brands and brought forth new players.

For most leaders, it’s an imperative that’s well understood. In a 2014 survey of 1,500 executives, three-quarters said that innovation was among their company’s top three priorities. Despite this, 83 percent perceived their companies’ innovation capabilities to be average (70 percent) or weak (13 percent).

So what sets apart breakthrough innovators from the rest? The survey found that, compared with others, “breakthrough” innovators “cast a wide net for ideas.” In the race for new ideas, diversity of thinking is gaining prominence as a strategy to protect against groupthink and generate breakthrough insights. However, while many agree intellectually that collective intelligence enhances group performance, few understand how to consistently achieve it with any degree of specificity.

In this context, a leader’s understanding of how diversity of thinking works will be critical to success. As François Hudon, an executive at Bank of Montreal, states: “For leaders, it’s making sure you have little risk of being blindsided by something that a diverse team would have known about and would have identified as an opportunity or a risk. I think it brings far greater confidence to the decision making when you know you are being supported by people who have far more diverse points of view.”

Diversity of talent

Diversity of talent is at risk of being overshadowed by other shifts. This is because demographic change has a slow-burn effect on workplace profiles. And, of course, diversity of talent is not a new topic. Anti-discrimination laws and the “war for talent” have seen organizations pay attention to historically marginalized groups for some time. Leaders underplay this shift at their peril.

Changes in population age profiles, education, and migration flows, along with expectations of equality of opportunity and work/life balance, are all deeply impacting employee populations. More than ever, future success will depend on a leader’s ability to optimize a diverse talent pool.

By way of example, the world’s population is aging rapidly. In 2050, those aged 65 and over are predicted to reach 22 percent of the global population, up from 10 percent today, with implications for workforce participation. Against that backdrop, the expansion of higher education is creating a group of highly mobile,
educated workers. By 2030, China will have more graduates than the entire US workforce, and India will produce four times as many graduates as the United States by 2020. The Millennials, too, are coming of age. This generation will comprise 50 percent of the global workforce by 2020. With high expectations and different attitudes toward work, they will be integral in shaping organizational cultures into the future.

To date, however, data suggest that many companies have struggled to include diverse employees. For example, while their number in the workforce is increasing, women hold just 12 percent of corporate board seats worldwide. In the future, demographic shifts will put greater pressure on leaders to be inclusive of diversity. According to one leader interviewed, “Fundamentally, inclusion is a principle that anybody who is good enough to be employed within the team is capable of becoming a leader and developing to the best of their potential. And that is anybody.”
The six signature traits of an inclusive leader

If inclusive leadership reflects a new way of leading teams, then we need to look beyond traditional leadership assessment tools and frameworks. Since 2011, we have researched this new leadership capability, with our initial exploration leading us to be much more certain about “inclusion” itself—what it means, how it is experienced by others, and how to measure it. More specifically, our research revealed that when people feel that they are treated fairly, that their uniqueness is appreciated and they have a sense of belonging, and that they have a voice in decision making, then they will feel included. (See the appendix for a full description of our research methodology.)

Putting this into the context of leaders, inclusive leadership is about:

1. Treating people and groups fairly—that is, based on their unique characteristics, rather than on stereotypes

2. Personalizing individuals—that is, understanding and valuing the uniqueness of diverse others while also accepting them as members of the group

3. Leveraging the thinking of diverse groups for smarter ideation and decision making that reduces the risk of being blindsided

To achieve these aims, highly inclusive leaders demonstrate six signature traits—in terms of what they think about and what they do—that are reinforcing and interrelated. Collectively, these six traits represent a powerful capability highly adapted to diversity. Embodiment of these traits enables leaders to operate more effectively within diverse markets, better connect with diverse customers, access a more diverse spectrum of ideas, and enable diverse individuals in the workforce to reach their full potential.

Table 1. Elements of inclusion

<table>
<thead>
<tr>
<th>Fairness and respect</th>
<th>Value and belonging</th>
<th>Confidence and inspiration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foundational element that is underpinned by ideas about equality of treatment and opportunities</td>
<td>Individuals feeling that their uniqueness is known and appreciated, while also feeling a sense of social connectedness and group membership</td>
<td>Creating the conditions for high team performance through individuals having the confidence to speak up and the motivation to do their best work</td>
</tr>
</tbody>
</table>

Putting this into the context of leaders, inclusive leadership is about:
These six traits and fifteen elements are not a meaningless or aspirational laundry list. As our interviews and formal 180-degree assessment of leaders and peers/followers revealed, they are very tangible and developable.

**Trait 1: Commitment**

*Highly inclusive leaders are committed to diversity and inclusion because these objectives align with their personal values and because they believe in the business case.*

Being inclusive of diversity is a big challenge. It takes time and energy, two of a leader’s most precious commodities. So what motivates a leader to expend these resources in the pursuit of diversity?

Clearly, an understanding of the commercial imperative is critical, as discussed in the previous section. “It is hard to argue with the diversity argument in a business context,” says Jennifer Reid, head of retail, business, and treasury payments operations at Bank of Montreal. “When you look at the changes in the business environment, it would be very difficult for any business leader to say they don’t need to pay attention.”

Intriguingly, however, many of the leaders interviewed in our research cited the extrinsic reward of enhanced performance as a secondary motivator. Their primary motivation for pursuing diversity and inclusion was alignment with their own personal values and a deep-seated sense of fairness. “To me, it’s all about fairness and equality of opportunity,” says Belinda Hutchinson, chancellor of the University of Sydney. “It’s about giving people the opportunity to achieve what they should be able to achieve. It doesn’t just relate to gender. It relates to race, religion, sexual preference—whatever else it may be.”

This insight is consistent with research by the US-based think tank Catalyst, which identified “a strong sense of fair play” as the most significant predictor that men would champion gender initiatives in the workplace. Interestingly, Catalyst also observed that individuals’ “commitment to fairness ideals was rooted in very personal experiences.” This finding has particular resonance for one leader we interviewed: “At school . . . it was very much an in-group and out-group dynamic that I experienced. And I have always had sensitivity to any form of exclusion that comes from a person.”

This combination of intellect (that is, belief in the business case) and emotion (that is, a sense of fair play and caring for people as individuals, not “resources”) is consistent with the “head and heart” strategy emphasized by change expert John Kotter. According to Kotter, while engaging the minds of individuals through rational arguments is important,
“people change what they do less because they are given analysis that shifts their thinking than because they are shown a truth that influences their feelings.”

The Coca-Cola Company’s Lewis, Jr., agrees: “The business case is compelling. But for this to work, you need to connect to the minds and the hearts.”

We suspect it is this blend that enables leaders to speak about diversity and inclusion in a compelling way. As one leader observes, inclusive leaders have an “authenticity about the agenda and a consistency about it as well. It is in their communications. People look at them and say they are ‘fair dinkum.’” For Dr. Rohini Anand, senior vice president and global chief diversity officer at Sodexo, this contrasts with those who are not committed: “It is not necessarily people saying overt things . . . [but] they are just mouthing words without internalizing it. Therefore it is shallow and not sustainable.”

More than just talking, when leaders prioritize time, energy, and resources to address inclusion, it signals that a verbal commitment is a true priority. As Mike Henry, president of operations for Minerals for Australia at BHP Billiton explains, prioritization includes treating diversity and inclusion as a business imperative: “Like any other organizational priority, or something that is strategically significant to the organization, it needs to be part of the business plan, management conversations, and targets, and you need to have an objective way of assessing whether you are achieving what you want to achieve.” At a personal level, inclusive leaders also believe that creating an inclusive culture starts with them, and they possess a strong sense of personal responsibility for change. “You can’t just come out as a leader and say, ‘This is important; set the targets, and everyone go out and achieve the targets,’” says Henry. “You may achieve the targets, but not the culture you need. The leader needs to invest in people, building shared aspiration and building an aligned understanding of the business case. They need to work with the team on the ’how’.”

CATALYST AND INCLUSIVE LEADERSHIP

Founded in 1962, Catalyst is a leading nonprofit organization that seeks to expand opportunities for women and business. A 2014 study by Catalyst identified four leadership behaviors that predicted feelings of uniqueness and belongingness—key elements of inclusion—across employees in Australia, China, Germany, Mexico, and the United States. These were:

- **Empowerment:** Enabling direct reports to develop and excel
- **Humility:** Admitting mistakes; learning from criticism and different points of view; acknowledging and seeking contributions of others to overcome one’s limitations
- **Courage:** Putting personal interests aside to achieve what needs to be done; acting on convictions and principles even when it requires personal risk-taking
- **Accountability:** Demonstrating confidence in direct reports by holding them responsible for performance they can control

The current research has identified similar leadership behaviors (that is, personal risk-taking, humility, and empowerment) as important to inclusive leadership. However, our framework expands on these ideas in the broader context of diversity of markets, ideas, customers, and talent. Most importantly, it identifies the 15 specific elements inclusive leaders think about and do.
The six signature traits of inclusive leadership

Table 3. Elements of commitment

<table>
<thead>
<tr>
<th>Element</th>
<th>What inclusive leaders think about</th>
<th>What inclusive leaders do</th>
</tr>
</thead>
</table>
| Personal values       | • Alignment of personal values to inclusion | • Treat all team members with fairness and respect
|                       |                                     | • Understand the uniqueness of each team member
|                       |                                     | • Take action to ensure each team member feels connected to the group/organization
|                       |                                     | • Proactively adapt their work practices to meet the needs of others |
| Business case belief  | • Commercial value of diversity and inclusion with respect to talent, innovation, customers, and new market growth | • Treat diversity and inclusion as a business priority
|                       |                                     | • Take personal responsibility for diversity and inclusion outcomes
|                       |                                     | • Clearly and authentically articulate the value of diversity and inclusion
|                       |                                     | • Allocate resources toward improving diversity and inclusion within the workplace |

Trait 2: Courage

**Highly inclusive leaders speak up and challenge the status quo, and they are humble about their strengths and weaknesses.**

“The early adopters of this work have been . . . perceived as mavericks in their environment,” says The Coca-Cola Company’s Lewis, Jr. “Frankly, they need to be a bit courageous, because they buck the trend. For leaders, they need to make a decision as to whether they dig in and entrench as they are, or recognize the world as it will become, and be part of the change.” The courage to speak up—to challenge others and the status quo—is a central behavior of an inclusive leader, and it occurs at three levels: with others, with the system, and with themselves.

Challenging others is perhaps the most expected focus for leaders. For one leader interviewed, courage includes gently challenging followers to see their behaviors and the impact they have on others. “I talk [to my team] about how I came across in that meeting,” this leader says. “But I also give them really regular feedback: ‘Did you know you did that in that meeting, how others may perceive that?’ It’s really important to make the feedback regular . . . on-the-ground coaching is critical.”

Courage also comes into play in a willingness to challenge entrenched organizational attitudes and practices that promote homogeneity. In the 1980s, for example, McKinsey changed its recruiting practices to promote divergent thinking and meet a demand for consultants. Instead of continuing to recruit from a narrow pool of MBAs from the top business schools, McKinsey’s Advanced Professional Degree (APD) program sought out talent from industry and a broader base of universities. Where courage came in was the preparedness to challenge the status quo and then to address the initial bias toward MBAs as partner-elects. Courageous partners talked with their peers and sought personal promises of commitment to support APD talent; they briefed the evaluation committee on the need to assess performance objectively; and they intervened when necessary to improve APD recruits’ chances of fitting in. Today, 20 to 30 percent of McKinsey’s North American associates are classed as APDs, as opposed to 10 percent in the early 1990s.”
diversity of background, industry experience, and discipline knowledge of APDs are seen as highly valuable.29

There’s a vulnerability to being an inclusive leader, because confronting others and the status quo immediately invites the spotlight to turn on the speaker. Being an agent for change can also be met with cynicism and challenges from others. According to University of Sydney chancellor Belinda Hutchinson, “You need to take risks and recognize that you’re going to have some failures along the way, and you will need to get up, shake yourself off, and get on with it. It’s about patience and persistence. You may try this, or that, and it may not work, but if you keep driving towards the end goal, then you will get there. So it is about courage and commitment to stay the course.”

Inclusive leaders have the courage to speak out about themselves and to reveal, in a very personal way, their own limitations. Instead of shying away from the challenge of imperfection, highly inclusive leaders adopt an attitude of humility. In 2014, the US-based think tank Catalyst identified “humility” as one of the four leadership behaviors that predicated whether employees felt included (see sidebar above, “Catalyst and inclusive leadership”).30 Yet, as Catalyst rightly pointed out, humility is the one attribute that is “most antithetical to common notions of leadership.” It is difficult for leaders in the public spotlight to admit they don’t have all the answers. Courage and humility therefore go hand in hand.

Humility, according to Catalyst, also encompasses learning from criticism and different points of view, as well as seeking contributions from others to overcome one’s limitations.31 According to Sodexo’s Anand, “Those [leaders] who lack the self-awareness and humility to learn and admit they don’t know everything—these would be leaders who miss an opportunity to learn, and who will be blindsided if they are not careful.”

**Trait 3: Cognizance of bias**

*Highly inclusive leaders are mindful of personal and organizational blind spots, and self-regulate to help ensure “fair play.”*

“The leaders that are inclusive do a couple of things,” says Sodexo’s Anand. “At the individual level, they are very self-aware, and they act on that self-awareness. And they acknowledge that their organizations, despite best intentions, have unconscious bias, and they put in place policies, processes, and structures in order to mitigate the unconscious bias that exists.”

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**Table 4. Elements of courage**

<table>
<thead>
<tr>
<th>Signature trait: Courage</th>
<th>What inclusive leaders think about</th>
<th>What inclusive leaders do</th>
</tr>
</thead>
</table>
| **Humility**             | • Awareness of personal strengths and weaknesses | • Acknowledge personal limitations and weaknesses  
                             |                                     | • Seek the contributions of others to overcome personal limitations  
                             |                                     | • Admit mistakes when made |
| **Bravery**              | • Being an agent for change and the positive impact diversity and inclusion can have | • Approach diversity and inclusion wholeheartedly  
                             |                                     | • Challenge entrenched organizational attitudes and practices that promote homogeneity  
                             |                                     | • Hold others to account for noninclusive behaviors |
Biases are a leader’s Achilles’ heel, potentially resulting in decisions that are unfair and irrational. Inclusive leaders are deeply aware that biases can narrow their field of vision and prevent them from making objective decisions. In particular, inclusive leaders are highly sensitized to two fundamental phenomena: personal biases, such as homophily and implicit stereotypes and attitudes; and process biases, such as confirmation bias and group-think. Importantly, they are cognizant of the situations and factors, such as time pressures and fatigue, causing them to be most vulnerable to biases’ pull. Inclusive leaders also exert considerable effort to learn about their own biases, self-regulate, and develop corrective strategies. They understand that their natural state, without these interventions, tends to lean toward self-cloning and self-interest, and that success in a diverse world requires a different approach.

BHP Billiton’s Henry is aware that recruitment is a vulnerable moment for him. “I am very clear about the type of person I gravitate to when hiring. Consciously, I put all sorts of checks and balances in place with respect to the thinkers I gravitate to. There have been times when I have overridden my opinion with others’ advice, and it has worked out spectacularly.”

In the context of diverse talent, inclusive leaders think about three features of fairness with the aim of creating an environment of “fair play”:

1. **Outcome:** Are outcomes such as pay and performance ratings, as well as development and promotion opportunities, allocated on the basis of capability and effort, or does their distribution reflect bias?

2. **Process:** Are the processes applied in deciding these outcomes (a) transparent, (b) applied consistently, (c) based on accurate information, (d) free from bias, and (e) inclusive of the views of individuals affected by the decisions, or are they tinged with bias, thus leading to undeserved success for some and failure for others?

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**EXAMPLES OF SUBTLE BIASES THAT CAN NEGATIVELY IMPACT THE WAY WE SEE OTHERS AND THE DECISIONS WE MAKE**

**Implicit stereotypes**
- Occurs when people judge others according to unconscious stereotypes

**Similarity-attraction bias**
- The tendency to more easily and deeply connect with people who “look and feel” like ourselves

**In-group favoritism**
- A tendency to favor members of in-groups and neglect members of out-groups

**Attribution error**
- Occurs when the wrong reason is used to explain someone’s behavior; coupled with in-group favoritism, this results in a positive attribution for in-group members and a negative attribution for out-group members

**Confirmation bias**
- Seeking or interpreting information that is partial to existing beliefs

**Groupthink**
- When the desire for group harmony overrides rational decision making
3. **Communication**: Are the reasons for decisions made, and processes applied, explained to those affected, and are people treated respectfully in the process?

Importantly, as Bank of Montreal’s Reid demonstrates, inclusive leaders are aware that “fairness” does not necessarily equate to “same.” She says, “I grew up with a learning disability and, at certain times, I required different levels of support. My mum would say that fairness didn’t always mean the exact same, but the opportunity to be your best, and this would mean that you need different things at different times.”

In thinking about process, inclusive leaders seek to pinpoint processes that create subtle advantages for some and subtle disadvantages for others, perpetuating homogeneity and undermining inclusion. This understanding led Alan Joyce, CEO of Qantas, to put strategies in place to mitigate the impact of bias in performance conversations. “In the past, people’s opinions and biases were often at the forefront of our talent discussions. We embarked on a strategy to take out bias—using external assessments, global benchmarking, and leadership and “potential” data. Now we have a more objective and collective view of talent. This enables us to confidently discuss career planning, mobility, and the benefit of getting different critical experiences across diverse business segments.”

**Trait 4: Curiosity**

Highly inclusive leaders have an open mindset, a desire to understand how others view and experience the world, and a tolerance for ambiguity.

What’s the one attribute CEOs need to succeed in the future? “I would place my bet on curiosity,” responded Michael Dell, chairman and chief executive officer of Dell Inc., in a 2015 interview. “Because with curiosity comes learning and new ideas, and in businesses that are changing very rapidly, if you’re not curious, you’re not learning, and you’re going to have a real problem.”

Inclusive leaders accept their limitations and hunger for the views of others to complete the picture. This thirst for continual learning helps drive attributes associated with curiosity—open-mindedness, inquiry, and empathy. Such behaviors do not come easily. Time and effort are required to engage with diverse others, as is the skill of synthesizing a broader range of perspectives. But the result is loyalty from others who feel valued, along with access

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**Table 5. Elements of cognizance of bias**

<table>
<thead>
<tr>
<th>Element</th>
<th>What inclusive leaders think about</th>
<th>What inclusive leaders do</th>
</tr>
</thead>
</table>
| Self-regulation | • Acceptance of bias and concern for its impact  
• Moments when they are most vulnerable to bias | • Learn about their personal biases, including through feedback  
• Follow processes to ensure personal biases do not influence decisions about others  
• Identify and address organizational processes that are inconsistent with merit |
| Fair play | • Awareness of the three features of fairness: outcomes, processes, and communication | • Make fair and merit-based decisions about talent (for example, with respect to promotions, rewards, and task allocations)  
• Employ transparent, consistent, and informed decision-making processes about talent  
• Provide those affected with clear explanations of the processes applied and reasons for decisions made |
to a richer set of information that enables better decision making.

The openness to different ideas and experiences is a defining characteristic of inclusive leaders, who give weight to the insights of diverse others. As Bank of Montreal’s Hudon describes: “I tend to specifically ask the opinion of someone who will bring a different view from my own. As we discuss an issue, I will often go to people who are likely processing things differently, and purposely ask for their opinion, knowing it will come from a different place than my own.”

For inclusive leaders, asking curious questions and actively listening are core skills that are key to deepening their understanding of perspectives from diverse individuals. Since the 1970s, Oscar-winning producer Brian Grazer has conducted “curiosity conversations” with over 450 diverse strangers—talks that have inspired many of the films and shows he has produced, including *Apollo 13* and *A Beautiful Mind.* “I seek out their perspective and experience and stories, and by doing that, I multiply my own experience a thousand-fold,” he says. For Grazer, curiosity is a “superhero power.”

Lieutenant General Angus Campbell, Chief of Army, Australia, says about his own efforts: “I try to listen. And I try to understand why someone’s opinion is different from mine. And I think in those two efforts . . . you are both recognizing the individual and respecting them, and you’re giving pause to analyze, compare, complement, and question your own beliefs. In trying to understand the difference of opinion, you are giving the project or the initiative you are dealing with space to become better.” Maaike Steinebach, chief executive of CBA’s Hong Kong branch, agrees that listening deeply is critical to her success. “I really make an effort to try to learn something new from the people I talk to. As an extrovert it’s very easy to talk, but if you’re quiet, you can hear more about others and what is going on, and it can be a much more valuable experience.”

For inclusive leaders, openness also involves withholding fast judgment, which can stifle the flow of ideas. As Hayden Majajas, diversity and inclusion director, Asia-Pacific at BP, explains,

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**Table 6. Elements of curiosity**

<table>
<thead>
<tr>
<th>Signature trait: Curiosity</th>
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<tbody>
<tr>
<td><strong>Element</strong></td>
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<tr>
<td>-------------</td>
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</tbody>
</table>
| Openness    | • Their own limitations and the value of new and different ideas and experiences | • Demonstrate a desire for continued learning  
• Actively seek the perspectives of diverse others in ideation and decision making  
• Withhold fast judgment when engaging with diverse others |
| Perspective taking | • Enhancing one’s own understanding of new or different perspectives | • Listen attentively when another person is voicing a point of view  
• Engage in respectful and curious questioning to better understand others’ viewpoints  
• Demonstrate the ability to see things from others’ viewpoints |
| Coping with uncertainty | • Acceptance that some ambiguity and uncertainty is inevitable | • Cope effectively with change  
• Demonstrate and encourage divergent thinking  
• Seek opportunities to connect with a diverse range of people |
making judgments can also limit personal growth and connections: “I think that religion is a good example at the moment. For example, if we are talking about religion in the workplace, it is one thing to be curious, but another to be able to suspend your own beliefs. Asking a question knowing that you could not change your beliefs under any circumstances—not in terms of taking on someone else’s religion, but in terms of what you think is right and wrong—is pointless. But temporarily suspending your beliefs enables you to learn more and to engage, and often that is the key to overcoming barriers.”

In a virtuous circle, curiosity encourages connections with diverse others, which in turn promotes empathy and perspective-taking. Both have been shown to have a multitude of benefits, including fostering a more constructive exchange of ideas (diversity of ideas), facilitating greater customer insight (diversity of customers), and decreasing one’s susceptibility to bias (diversity of talent).

Trait 5: Culturally intelligent

Highly inclusive leaders are confident and effective in cross-cultural interactions.

For inclusive leaders, the ability to function effectively in different cultural settings is about more than just having a mental map of different cultural frameworks (for example, Hofstede’s cultural dimensions theory). While an understanding of cultural similarities and differences is important, inclusive leaders also recognize how their own culture impacts their personal worldview, as well as how cultural stereotypes—including the misuse of cultural models—can influence their expectations of others.

At a deeper level, inclusive leaders’ thirst for learning means that they are also motivated to deepen their cultural understanding and to learn from the experience of working in an unfamiliar environment. This curiosity leads them to value cultural differences, defying ethnocentric tendencies that cause people to judge other cultures as inferior to their own, and enabling them to build stronger connections with people from different backgrounds. As Geert Peeters, CFO of CLP Group, comments: “There is no one culture that is smarter than another. In recognizing intelligence in each culture, your culture’s intelligence may not necessarily be used today for today’s problems, but it will be used tomorrow for tomorrow’s problems. There is no point in judging. We just need to bank all of these cultural differences to have a collective intelligence and to be able to use it.”

Inclusive leaders are tolerant of ambiguity, which enables them to manage the stress imposed by new or different cultural environments as well as situations where familiar environmental or behavioral cues are lacking. As BP’s Majajas describes, inclusive leaders are also adept at changing their verbal and nonverbal behaviors according to cultural demands. “It is about when and how you would adapt your forms of expression and communication with other people. And that includes everything—when you use gestures, when you slow down, when you enunciate or pronounce your words better, when you choose your language. This is about being more specific and more deliberate.”

Finally, inclusive leaders understand that the ability to adapt does not mean “going native,” which can cause leaders to lose sight of what they want to achieve by overcompensating for new cultural demands. As Majajas puts it, “It’s about being flexible but authentic. I think a more inclusive leader is someone who knows when to adapt and doesn’t necessarily need to change who they are fundamentally.”

Many of the capabilities discussed above are encapsulated in the model known as “cultural intelligence” (CQ), which comprises four elements:

1. Motivational: The leader’s energy and interest toward learning about, and engaging in, cross-cultural interactions
2. Cognitive: The leader’s knowledge of relevant cultural norms, practices, and conventions

3. Metacognitive: The leader’s level of conscious cultural awareness during interactions

4. Behavioral: The use of appropriate verbal and nonverbal actions in cross-cultural interactions

Research has demonstrated the positive relationship between CQ and a range of important business outcomes, including expatriate job performance, intercultural negotiation effectiveness, and team process effectiveness in multicultural teams.12

Trait 6: Collaborative

Highly inclusive leaders empower individuals as well as create and leverage the thinking of diverse groups.

“The new IQ is based more on group intelligence,” says Bruce Stewart, acting director, strategic initiatives, US Office of Personnel Management. “The old IQ is about how smart you are; the new IQ is about how smart you make your team. If you take it to heart, it will change the way you lead. Instead of the leader leading from top of the pyramid, they lead from the middle of the circle.”

At its core, collaboration is about individuals working together, building on each other’s ideas to produce something new or solve something complex. But while collaboration among similar people is comfortable and easy, the challenge and opportunity thrown

<table>
<thead>
<tr>
<th>Table 7. Elements of cultural intelligence</th>
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<tbody>
<tr>
<td><strong>Signature trait: Cultural intelligence</strong></td>
</tr>
<tr>
<td>Element</td>
</tr>
<tr>
<td>Drive</td>
</tr>
<tr>
<td>Knowledge</td>
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<td>Adaptability</td>
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up by the foundational shifts is collaboration with diverse others: employees, customers, or other stakeholders.

Inclusive leaders understand that, for collaboration to be successful, individuals must first be willing to share their diverse perspectives. For Bank of Montreal’s Reid, this willingness is cultivated by creating an environment where individuals feel valued personally and are empowered to contribute. “It’s about people having the freedom to work from their own perspective . . . [feeling] that their perspective is valued, and that they feel that in a very genuine way. And that empowers them to provide alternative points of view.”

Rather than controlling the flow of ideas, inclusive leaders encourage autonomy, empowering their teams to connect with others in the pursuit of diverse perspectives. “The end state for a good performing team is an autonomous team,” says Deven Billimoria, CEO of Smartgroup Corporation. “I recently visited a company that has a Net Promoter Score through the roof and a best employer status that is almost unparalleled. I talked to some of the people that are on the phones, and one thing that resonated with me is the sense of autonomy. They have the autonomy to do what they want. Their managers trust them, the company trusts them, and I thought that we could do that better.”

For inclusive leaders, diversity of thinking is a critical ingredient for effective collaboration. Far from being guided by hunches and feelings, or leaving success to chance, inclusive leaders adopt a disciplined approach to diversity of thinking, paying close attention to team composition and the decision-making processes employed. In this way, they understand the demographic factors that cause individuals and groups to think differently, both directly (for example, educational background and mental frameworks) and indirectly (for example, gender and race), and purposely align individuals to teams based on that knowledge.

### Table 8. Elements of collaboration

<table>
<thead>
<tr>
<th>Signature trait: Collaboration</th>
<th>Element</th>
<th>What inclusive leaders think about</th>
<th>What inclusive leaders do</th>
</tr>
</thead>
</table>
| Empowerment                  | • Ensuring that others feel able and comfortable to contribute independently | • Give team members the freedom to handle difficult situations  
|                              |         | • Empower team members to make decisions about issues that impact their work  
|                              |         | • Hold team members accountable for performance they can control |
| Teaming                      | • Being disciplined about diversity of thinking in terms of team composition and processes | • Assemble teams that are diverse in thinking  
|                              |         | • Work hard to ensure that team members respect each other and that there are no out-groups within the team  
|                              |         | • Anticipate and take appropriate action to address team conflict when it occurs |
| Voice                        | • Adapting styles and processes to ensure that every team member has a voice | • Create a safe environment where people feel comfortable to speak up  
|                              |         | • Explicitly include all team members in discussions  
|                              |         | • Ask follow-up questions |
Inclusive leaders are also deeply aware that—even when a diverse-thinking team has been assembled—process biases can pull a group toward sameness and the status quo. For example, like-minded team members are drawn toward each other when testing ideas; confirmation bias causes individuals to reference only those perspectives that conform to pre-existing views; and in-group favoritism causes some team members to cluster. These leaders therefore work to mitigate the effects of process biases. They are attuned to the propensity for fault lines to fracture the team into subgroups, which can weaken relationships and create conflict. They proactively employ strategies that foster a sense of “one team,” creating a superordinate group identity and shared goals, and working to ensure people understand and value the bank of knowledge and capabilities across the group.

Further, inclusive leaders understand that people are most collaborative when they feel safe to contribute without fear of embarrassment or punishment. They understand that power dynamics, dominating styles, and low tolerance of differences can stop team members from speaking up. They focus on building trust across the group, establishing a set of guiding principles, for example, that encourage people to contribute without fear. “I think that it is important to assume good intent,” says Rachel Argaman, CEO of TFE Hotels. “If we are talking around the table, I might suggest something, and more than half of my team might say, ‘No, we shouldn’t do that, we should do this!’ I think that’s normal and healthy. It’s certainly normal and healthy for our team.” Finally, inclusive leaders appreciate the importance of understanding team members’ thinking styles (for example, introvert versus extrovert), and they adapt their communication and approach as necessary to elicit valuable perspectives.

In addition to formal processes, inclusive leaders also consider whether the broader organizational culture and infrastructure, including workplace design and technology, promote social connections across the organization. As the US Office of Personnel Management’s Stewart explains, “If leaders want to be inclusive, they [also] need to think about idea spaces. They need to make sure there are places where different ideas and individuals can mix. Folks who generate more ideas in inclusive ways—they are the smarter companies.”
What can organizations do?

The six signature traits of an inclusive leader have important implications for how organizations select and develop leaders. Below, we provide some possible actions to help organizations develop inclusive leadership capabilities and build a culture of inclusion.

**Strategic alignment**

- Highlight inclusive leadership as a core pillar within the organization’s diversity and inclusion strategy.

- Articulate a compelling narrative as to why inclusive leadership is critical to business success. For example, how may inclusive leadership drive innovation and prevent the organization from being blindsided, support greater customer connectivity, optimize talent, and/or enable leaders to operate more effectively in a global marketplace?

- Make symbolic workplace changes to signify the importance of inclusive leadership. For example, incorporate inclusion into an organization’s values to guide behaviors, and appoint senior leaders who embody inclusive leadership.

**Recruitment**

- Ensure that job advertisements emphasize inclusive leadership capabilities (for example, collaborative, curious) and the organization’s commitment to diversity and inclusion.

- Incorporate inclusion into behavioral interview questions. For example, an interviewer could ask, “Describe a situation where others you were working with disagreed with your ideas. How did you respond?”

**Capability and competency management**

- Integrate inclusive leadership capabilities into the organization’s leadership competency model.

**Performance management**

- Link KPIs to inclusive behaviors and diversity and inclusion outcomes. For example, establish a metric around employee perceptions of leadership commitment to diversity and inclusion and their inclusive behaviors.

- Ensure that those appointed to senior-level positions embody inclusive
leadership or demonstrate a genuine commitment to developing the capability for inclusive leadership.

- Hold leaders to account for noninclusive behaviors.

**Rewards and recognition**

- Reward leaders who role-model inclusive behaviors.

- Showcase highly inclusive leaders across the organization as well as the benefits derived from their inclusive behavior.

**Leadership development**

- Formally assess inclusive leadership capabilities across senior leaders and people managers. Identify individual and organizational developmental gaps and create development plans.

- Encourage leaders to seek informal feedback from others on their capability for inclusive leadership.

- Integrate development of the six signature traits of inclusive leadership into leadership development programs.

**System integration**

- Integrate inclusive leadership into the organization’s global mobility strategy in order to help assess participant readiness and to develop current and future leaders.

- Consider how inclusive leadership—as well as the broader principles of diversity and inclusion—fit within the organization’s innovation strategy and processes. For example, in undertaking ideation or problem-solving activities, ensure that leaders assemble teams that are diverse in their thinking and that individual and group biases are mitigated in group discussions.

Diversity—of markets, customers, ideas, and talent—is an inescapable part of today’s business environment. When leaders have clarity about what it means to be highly inclusive—through the six signature traits and fifteen elements—they are positioned for success.
Appendix: Research methodology

How was the model of inclusive leadership identified?

The six-factor inclusive leadership model described in this report was developed through a comprehensive review of the literature and refined on the basis of interviews.

Interviews

Seventeen interviewees were identified across Australia, Canada, Hong Kong, New Zealand, Singapore, and the United States on the basis of one or more of the following criteria: 1) the individual's visible commitment to the creation of an inclusive workplace, 2) the individual's demonstration of inclusive behaviors, and 3) subject-matter expertise. Interviewees were identified by either Deloitte professionals or diversity and inclusion leaders within their organizations.

Interviews were semi-structured and covered a range of topics relating to diversity, inclusion, and leadership style. Three researchers reviewed the transcripts and developed a coding scheme to capture key themes. Any disagreements between researchers with respect to coding were discussed and resolved.

Scale construction

A 180-degree measure of inclusive leadership was constructed using Hinkin, Tracey, and Enz's (1997) seven-step scale development process.46

- **Step 1**: We generated a pool of potential items to assess inclusive leadership. Items were generated deductively, beginning with a theoretical view of the six signature traits and the results of our senior leader interviews. Care was taken to construct items properly; for example, we avoided double-barreled items and ensured that each item was worded simply and directly. Two versions of the survey were created: one for leaders to be completed as a self-assessment, and the second to be completed by their followers/peers.

- **Step 2**: We assessed the content-adequacy of the items with a panel of experts. In particular, this stage focused on ensuring that the items developed for each of the six signature traits captured the full definition of each trait. Following from this, we administered a draft version of the items to non-experts to check whether the items under each trait appeared to be face valid.

- **Step 3**: We administered a refined version of the survey to a sample of 32 senior leaders (“targets”) and their followers/peers (“raters”) from multiple organizations. Respondents were asked to provide their ratings on a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). A total of 120 items were included in

Thriving in a diverse new world
The six signature traits of inclusive leadership

the survey. T-tests were conducted to check for differences between self and other ratings. No significant differences were found.

• **Step 4:** The data were subjected to exploratory factor analysis using principal components analysis (PCA). Results indicated that the items all loaded well (>0.50) on a single factor, which we labeled as inclusive leadership. More detailed examination of the data revealed fifteen elements across six factors. At this stage, the total item pool was reduced by half on the basis of factor loadings and expert discussion. Duplicative items were also removed.

• **Step 5:** The internal consistency of the items was assessed using a scale reliability assessment. An internal consistency score was calculated both for the total score (all 60 items) and the 15 sub-elements. Internal consistency was excellent for both the total scale and the elements (α values ranged from 0.82 to 0.93).

• **Step 6:** We re-engaged with our panel of experts to ensure that the refined version of the tool still aligned to the theoretical definition of inclusive leadership. We also ran a series of standard regressions to check convergent validity.
Endnotes


2. This report has been adapted from the original publication *Fast forward: Leading in a brave new world of diversity*, Deloitte, 2015, commissioned by Chartered Accountants Australia and New Zealand. It has been adapted and republished with permission.

3. See the appendix for a description of the research methodology.


7. Ibid.


10. Unless otherwise stated, all quotes from individuals in this report were obtained through interviews conducted for this research, as described in the appendix.


15. Ibid., p. 9.

16. Ibid., p. 11.


25. Ibid.


28. Ibid., p. 62.

29. Ibid., p. 63.


31. Ibid., p. 7.


37. Ibid.


43. Bourke, Which Two Heads are Better than One?

44. Ibid.

45. Ibid.

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Beyond diversity: How firms are cultivating a sense of belonging

Is diversity enough? 

Image: REUTERS/Toru Hanai

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02 Apr 2019

Knowledge @Wharton

In January, senior executives at Citigroup shared personal stories with the entire global organization, livestreamed in 96 countries. One told how, earlier in her career, she had routinely avoided revealing that she never went to college. She said that any time a group conversation turned to 'what school did you go to,' she dodged answering or changed the subject.

"You would not believe how much of a [positive] impact that [story] had on the people in the audience," said Sam Lalanne, a senior vice president of Global Diversity and Talent Management at Citi. He noted
that anecdotes — especially from high-level people — about the struggle to fit in, or to be their authentic selves at work, can be a powerful tool to nurture a sense of belonging among an entire workforce.

Another story Lalanne re-told came from a senior executive who was of Southeast Asian descent. In an earlier job, that individual felt that he stuck out like a sore thumb among his white colleagues. His decision was to “own it,” said Lalanne: he grew a very large beard, rendering him even more noticeable. “That was reaffirmation for him that he belongs.”

Increasingly, companies are adopting the stance that diversity and inclusion isn’t enough: there must also be a sense of belonging for all employees. Lalanne referred to belonging as “the evolution of the journey.” But what is it exactly, and how can companies achieve it? At the recent “Fostering Belonging at Work” event at Wharton, which was part of the Leading Diversity lecture series, he and other panelists from prominent firms discussed their ongoing efforts.

Moderating the panel was Wharton management professor Stephanie Creary, an identity and diversity researcher. “What is this ‘belonging’ thing all about? Do we really need a new word?” she asked the speakers.

Rebekah Bastian, a vice president of culture and community at Zillow Group, said that the superior business outcomes often associated with having diverse teams can’t be achieved without a sense of belonging. It’s not enough to simply include people at the table, she said, but to “amplify everyone’s voices, clear barriers … and appreciate each other for our unique backgrounds.” Both she and Lalanne said that a sense of belonging means that people can bring their full selves to work, and not feel like they’re a different person there than at home.

To Lalanne’s point about storytelling, Bastian said Zillow uses the technique as well. “We do a lot of internal story sharing of different employees and what their experiences have been … and about different cultures, traditions and backgrounds.”
Lalanne noted that whereas diversity often gets linked to numbers and percentages, belonging “is about how you feel” when you’re at work. “Do you feel valued? Do you feel like you should be there? Do you feel that your insights, commentary and perspectives matter?”

It’s not enough to simply include people at the table, Bastian said, but to “amplify everyone’s voices, clear barriers … and appreciate each other for our unique backgrounds.”

Eric Solomon, a chief marketing officer in residence at Blackbird Global and a former executive at Google, said that in order to achieve a sense of belonging, it’s important to lay the groundwork by creating an atmosphere of compassion and acceptance. “I really focus hard — almost every time I’ve led a team — on starting off with the idea that you can teach people how to be compassionate to each other, and that you can talk about psychological safety.”

Creary remarked that Solomon, as a white male marketing executive, didn’t fit the conventional image of today’s business diversity champion. She noted that “oftentimes the face of diversity initiatives is someone who looks like me — female, [and from an] underrepresented minority group in the U.S.,” and asked Solomon how he became involved in diversity efforts.

Solomon said that while working for nearly a decade in Big Tech — companies which he said “aren’t known for warmth and compassion, necessarily” — he found himself trying to apply his softer skills. He also became determined to act if he perceived unfairness — for example, when it came to his team members’ salaries. “I made sure I was speaking up to say, listen, a woman at the same level is getting paid less than a man…. I had a big hand in going to Laszlo Bock, our head of HR [at Google] at the time, and saying, ‘This is not acceptable; I’m not going to take it.’”

The importance of tone
One of Solomon’s previous positions was chief marketing officer for Bonobos, a digitally native men’s clothing brand now owned by Walmart. He was asked by Creary if Bonobos had effective ways of helping its executives — in particular white male executives — feel connected with efforts toward diversity, inclusion and belonging.

Solomon said it helped to have a founder like Andy Dunn, now a senior vice president of digital consumer brands at Walmart. “Andy Dunn has been quoted as saying the world would be a better place if women ran it…. So when the core DNA of the organization has that tied into it, it makes it a lot easier for people to be on the same page.”

Solomon added that the organization had worked hard to establish core values including compassion, empathy, self-awareness, judgment and intellectual integrity. “There was already this idea that there’s going to be caring at the heart and soul of what we were doing, so I don’t think it was a challenge at all to get people on board.”

“I really focus hard — almost every time I’ve led a team — on starting off with the idea that you can teach people how to be compassionate to each other, and that you can talk about psychological safety.”
— Eric Solomon

Citigroup’s Lalanne also commented on the importance of “tone at the top” toward fostering a sense of belonging. “Our CEO, Mike Corbat, has really pushed us on our diversity, inclusion and belonging agendas. And it really comes from, what does he preach, what comes out of his mouth, how does he execute against the things that we see around us.”

Lalanne went on to say that in 2017, Citi made a major shift in its diversity and inclusion strategy. Until then, all messaging had come from the chief diversity officer, “not from the CEO, not from the executive management team. Really, it was two separate organizations.” Then Citi redesigned its affinity groups (internal employee advocacy networks focused on groups including African-Americans, LGBTQ people or veterans). Under the new arrangement, each affinity group had two leaders: one who identified as part of the group, and one from the CEO’s executive management team.

The change, said Lalanne, was a way to link diversity and inclusion efforts with the organization’s top leadership. The executive management team individuals also serve as “allies” for the affinity groups.

Being an ally

The panelists agreed that allyship can go a long way toward building a sense of belonging. An ally is someone who isn’t a member of a particular underrepresented group but serves as a supporter and advocate. Creary spoke about how allyship is increasingly championed these days and asked the panel how they are fostering it in their organizations.
Zillow has eight affinity networks, according to Bastian, and all of them have a need for sponsorship and allyship at high levels of the company. But she also emphasized having people across these networks become allies for each other. “You have some elements of privilege with your identity and you have some elements of oppression.… So everyone can be an ally for someone else.”

Some of the specific ally activities she mentioned were participating in Slack channel conversations for various networks; coming to affinity events, and providing mentorship or sponsorship. She also noted that her team invites the individual affinity networks to set their own parameters for how they would like allies to be involved.

“Our CEO Mike Corbat has really pushed us on our diversity, inclusion and belonging agendas. And it really comes from, what does he preach, what comes out of his mouth.”
— Sam Lalanne

“One of my team’s big goals for this year is to create more pathways for allyship,” said Bastian. She added, “I won’t stand up here and say we have that all figured out, but it’s something that we really try to focus on.”

Lalanne noted that his team at Citigroup has actually generated a “toolkit” — a step-by-step guide — for being an ally. There were a few chuckles from the audience and Lalanne commented, “It kind of sounds backward, but it’s not.” He explained that a guide can be useful to the many employees who are open to the idea of allyship but simply don’t know how to take action.

How belonging translates outside the U.S.

The panelists talked about the challenges of improving belonging at companies with workforces that extend outside the U.S. Solomon mentioned that when leading teams in organizations that are heavily Silicon Valley-based, he perceived that people working on those teams in other countries tended to feel “disconnected … [they were] not feeling included a lot of the time because of the nature of [Silicon Valley] organizations.”

Lalanne, as a diversity executive for a large multinational corporation, said he also faced roadblocks. He referenced among other things the General Data Protection Regulation (GDPR), the EU’s sweeping data privacy law which took effect in May of last year. “It has the right intentions, but it’s severely limiting of what we can do from a diversity perspective.” He explained that diversity professionals want “more and more data” — not less — in order to better understand the needs of, and opportunities for, various demographic groups.

Asking non-U.S. employees to even volunteer information — to self-identify on surveys — can be an issue, Lalanne said. For example, in some countries Citigroup cannot ask employees about sexual orientation and gender identity because it’s illegal for people to identify themselves as part of certain groups. He said that progress is being made, however: In the past year, the company has gone from
asking those questions in only eight countries to 39 countries, including “some challenging ones such as Singapore and India.”

International limitations notwithstanding, the panelists agreed that successful belonging efforts need to include as many employees as possible. “In order to have progress, you can’t just preach to the converted,” Lalanne noted. “You have to bring in everyone. Everyone has a role to play.” On a similar note, Bastian stated, “A lot of the barriers that we need to address are directly tied to underrepresented populations and their experiences, but the solution is tied to everybody.”

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Diversity Confirmed To Boost Innovation And Financial Results

Stuart R. Levine Contributor
Thought Leaders Contributor Group Leadership Strategy
I cover leadership practices that drive sustainable business results.

“Diverse and inclusive cultures are providing companies with a competitive edge over their peers.” This quote summarizes conclusions from The Wall Street Journal’s first corporate ranking that examined diversity and inclusion among S&P 500 companies. The Journal’s researchers’ work joins an ever-growing list of studies by economists, demographers, and research firms confirming that socially diverse groups are more innovative and productive than homogeneous groups.

Employee diversity takes multiple forms. There are the commonly considered inborn traits of age, gender, ethnicity, race and sexual orientation. Other types of diversity, however, which one acquires through experience, are also important. They can involve areas of study, industry background, career path, veteran status and foreign work experience whereby one learns to appreciate
cultural differences. Managers and teams having a mix of inherent and acquired forms of diversity appear to be most productive of all.

Smart leaders know that their companies benefit from attracting, developing and retaining a diverse workforce. In addition, they understand that creating and maintaining a welcoming and inclusive culture makes talented people want to join and stay. Yet, leaders are aware that they are not doing enough. Only 16% of corporate directors that were recently surveyed by PwC believed their companies scored “excellent” for recruiting a diverse workforce. Even fewer, 15% felt their companies were excellent in developing diverse executive talent, and 83% believed that companies should be doing more to promote gender and racial diversity. Diversity and inclusion clearly represent a business opportunity in the minds of these directors.

What are some of the ways that diversity and inclusion drive results? “Diversity jolts us into cognitive action in ways that homogeneity simply does not”, wrote Columbia Business School Professor, Katherine Phillips as she described hers and other research for Scientific American in “How Diversity Makes Us Smarter”. Diverse teams become better prepared for decision-making and accomplishing the task at hand. A sense of complacency and sameness in thinking is more likely in homogeneous teams than in diverse teams. Differences among team members force each person to anticipate that there will be alternative and unexpected viewpoints to consider and evaluate. Reaching consensus will take more effort. People must work harder to communicate their own thinking, and they need to broaden their own views to consider unexpected perspectives of others. This takes more work and preparation, but it's significantly valuable.
When members of diverse teams see things in a variety of ways, they are poised to recognize new and different market opportunities, and they can better appreciate unmet market needs. Expanded market awareness produces results. HBR reported that diverse companies enjoyed better overall financial performance. EBIT margins for companies with diverse management teams were nearly 10% higher than for companies with below-average management diversity. Diverse teams are more capable of addressing market segments with demographics similar to some of the team members. A 2013 Harvard Business Review affirms that when at least one team member shares a client’s ethnicity, the team is more than twice as likely to understand that client’s needs than teams where no member shares that trait.

There is ample evidence that gender diversity drives results. Women are well situated to know and understand market opportunities. Women control 51% of U.S. wealth (40% globally), and women either directly make or influence up to 80% of all purchases. No wonder that Bloomberg reports that companies with gender-balanced teams have a higher return on equity. Credit Suisse Research Institute found that companies with one or more women board members had higher average ROI and better average growth than companies with male only boards. With such benefits from gender diversity, one wonders why 77% of S&P500 company boards are more than two-thirds male, and only 2% have more than 50% women members.

Diverse teams are better positioned to unlock innovation that drives market growth. Diversity further enables nonlinear novel thinking and adaptability that innovation requires. Moreover, those companies with the highest levels of digital investment exhibited the strongest link between diversity and innovation revenue. Diverse management teams were more innovative than less diverse teams, confirmed BCG after surveying 1700 companies of varying sizes and differing country locations. BCG used as the indicator of innovation the portion of revenue from products and services launched within the last 3 years. Companies with above-average diversity produced a greater proportion of revenue from innovation (45% of total) than from companies with below average diversity (26%). This 19% innovation-related advantage translated into overall better financial performance.
A diverse workforce and welcoming, inclusive cultures are front of mind for most boards, as the PwC data show. This strategic imperative requires commitment from the top. The CEO and C-Suite, especially the Chief Human Resource Officer, are charged with developing a comprehensive strategy to support and engage a diverse workforce. You cannot recruit a diverse workforce without having a healthy culture that attracts talent. People sense and learn through formal and informal channels what the company’s culture is like.

The workplace environment that supports a diverse workforce exemplifies best practices for an engaged healthy culture. Each employee knows that their voice will be heard, and that they are a valued part of the team. Everyone knows they are safe in expressing differing viewpoints and perspectives regardless of age, background or experience level. In fact, people are encouraged to do so, because when all voices are given airtime and everyone’s ideas are considered, it drives both the insights needed for innovation and the creativity to assess new markets and examine existing markets in new ways. Leadership rewards agility, risk taking, and an action orientation. Budgets, communications, business systems, technology, and metrics support and track the status of and progress towards a diverse inclusive culture. Team members have decision-making authority and leaders share credit for success. Management focuses feedback on what is actionable, working well, and going right. Fair employment practices are in place and include equal pay for equal work and a strong non-discrimination policy.

The results, data, and studies are in, and they show that organizations that prioritize diversity and inclusion as a strategic priority do better than less diverse peers. Both board and senior leadership attention to a diverse workforce and an inclusive culture becomes a fiduciary duty to the organizations and the stakeholders that they serve.

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Diversity still matters

May 19, 2020 | Article

Inclusion and diversity are at risk in the crisis—but are critical for business recovery, resilience, and reimagination.

By Kevin Dolan, Vivian Hunt, Sara Prince, and Sandra Sancier-Sultan

COVID-19 is confronting companies around the world with a daunting degree of disruption. In the immediate term, some face devastating losses of revenue, dislocations to operations and supply chains, and challenges to liquidity and solvency. Others are coping with enormous unexpected spikes in demand. In the medium term, we can expect material and lasting shifts in customer markets, regulatory environments, and workforce deployments. Leaders and managers will need a great deal of resolve and resilience as they seek to navigate an economically and socially viable path toward a “next normal.”

The lessons from previous crises tell us there is a very real risk that inclusion and diversity (I&D) may now recede as a strategic priority for organizations.[1] This may be quite unintentional: companies will focus on their most pressing basic needs—such as urgent measures to adapt to new ways of working; consolidate workforce capacity; and maintain productivity, a sense of connection, and the physical and mental health of their employees.

Yet we would argue that companies pulling back on I&D now may be placing themselves at a disadvantage: they could not only face a backlash from customers and talent now but also, down the line, fail to better position themselves for growth and renewal. Some of the qualities that characterize diverse and inclusive companies—notably innovation and resilience—will be much in need as companies recover from the crisis.[2] Indeed, it could help companies to unlock the power of I&D as an enabler of business performance and organizational health and contribute to the wider effort to revive economies and safeguard social cohesion. In this article, we explore what companies can do to ensure that I&D remains a core part of their agendas during the downturn, and beyond.
The benefits of I&D are clear now—and that doesn’t change in a crisis

Our research has repeatedly shown that gender and ethnic diversity, inclusion, and performance go hand in hand. Our latest report, *Diversity wins: How inclusion matters*, reinforces the business case.[3] Over the past five years, the likelihood that diverse companies will out-earn their industry peers has grown. So have the penalties for companies lacking diversity. Another forthcoming McKinsey report, about Latin America, highlights the strong correlation between gender diversity and positive behavior directly related to better organizational health—which, in turn, is associated with better business performance. Similarly, our previous research found that women tend to demonstrate, more often than men, five of the nine types of leadership behavior that improve organizational performance, including talent development. Women also more frequently apply three of the four types of behavior—intellectual stimulation, inspiration, and participative decision making—that most effectively address the global challenges of the future.

Diversity winners that deploy a systematic approach to inclusion and diversity and don’t fear bold action to foster inclusion and belonging are most likely to reap the rewards. Now is the time to be even bolder.

The bulk of this research on the business case for diversity was carried out during the past five years, when economic conditions have been mostly favorable. Yet the evidence from past crises shows that diversity can also play an important role in recovery. For example, several reports have shown that in the 2008–09 global financial crisis, banks with a higher share of women on their boards were more stable than their peers. This research also suggests that banks run by women might be less vulnerable in a crisis.[4] And we are seeing, right now, that cities and countries with women leaders are thought to be facing the COVID-19 pandemic more successfully than those without them.[5] It may be, some researchers conclude, that female leadership has a trust advantage giving women the edge in certain crisis situations.[6]

The challenge: Why I&D may lose momentum during the COVID-19 crisis
Progress on I&D could slow down during and after the crisis unless companies consciously focus on advancing diversity and fostering inclusion. The importance of such continuity is quite intuitive, but it was not the norm during the 2008–09 financial crisis: although gender-diversity programs were not officially deprioritized, they did not benefit from additional effort or interest, and programs targeting all employees became a higher priority among some of the companies in our sample. Early signs, this time around, are not encouraging. One pulse survey of I&D leaders, for example, found that 27 percent of them report that their organizations have put all or most I&D initiatives on hold because of the pandemic.

**Representation at risk.** As the crisis makes jobs vulnerable, *diverse talent may be most at risk.* To be sure, we may see an uptick in the number of jobs and, possibly, in pay for some gendered occupations—such as healthcare providers on the front line of public service. But these effects are likely to be offset by job losses in the private sector, where low-skill, low-paying jobs in retailing, leisure, and hospitality may be hard hit.

Furthermore, the crisis will probably intensify existing workplace-automation trends that are already expected to take a greater toll on women and minorities. While previous research from the McKinsey Global Institute has shown that automation has a more or less equal net impact on the jobs of women and men, it will vary greatly across sectors and regions. Pervasive barriers to the development of skills and access to technology must be overcome if women and minorities are to get new job opportunities, especially in the tech sector. Avenues for economic advancement will continue to be a challenge for them. And because they typically work in medium- and lower-paid occupations, and demand for such roles is expected to shrink, they are likely to bear the brunt of the transition.

We can see this playing out already in the crisis. McKinsey research has found that 39 percent of all jobs held by black Americans—compared with 34 percent by white ones—are now threatened by reductions in hours or pay, temporary furloughs, or permanent layoffs. That is seven million jobs.

**As the COVID-19 crisis makes jobs vulnerable, diverse talent may be most at risk.**

**Eroding inclusion.** A second key risk is that *remote-working conditions may erode inclusion.* Sending staff home to work, in a bid to stem the spread of COVID-19, risks reinforcing existing exclusive behavior and biases and undermining inclusive workplace cultures. McKinsey research analyzing the lessons of remote working in China—an early mover because it was at the vanguard of efforts to contain the spread of COVID-19—found that teams or whole business
units working remotely can quickly become confused and lose clarity. Isolation leads to uncertainty about whom to talk with on specific issues and how and when to approach colleagues, leading to hold-ups and delays. In such a climate, there is a risk of amplifying noninclusive dynamics.

Remote-working norms, particularly videoconferencing, could make it difficult for some personnel, such as LGBTQ+ employees, to avoid publicly sharing aspects of their home lives they might not be comfortable revealing to all of their colleagues. Working from home also may put women and minorities at a disadvantage, given challenges such as broadband access, the availability (or lack) of home-office space, and childcare and home-schooling duties.\[^{10}\]

The chance: Leveraging I&D in the crisis

These challenges, if unaddressed, could undermine corporate responses to the COVID-19 crisis. Leaders and organizations will need enhanced problem-solving skills and vision to address dislocations in businesses, industries, and regulatory environments. Strategic agility—the ability to spot and seize game changers—is likely to be a mission-critical trait. It is also likely to be stronger in organizations that can draw on the full spectrum of diverse talent available to them.

Our research and the research of others suggest that when companies invest in diversity and inclusion, they are in a better position to create more adaptive, effective teams and more likely to recognize diversity as a competitive advantage.\[^{11}\] Meanwhile, other companies might struggle. Their responses to I&D during the COVID-19 crisis could mirror the broader stances toward I&D described in our report Diversity wins, where three broad categories of approaches emerged.

- **Diversity winners and fast movers.** One-third of the companies in our data set have made significant I&D gains over the past five years and are increasingly pulling ahead of their industry peers in financial performance. Our experience with companies in this group suggests that many of them will view their existing strengths in I&D as a way to bounce back more quickly from the crisis while they actively seek to boost representation and inclusion.

- **Moderate movers and resting on laurels.** A middle group of companies have made only modest I&D gains in the past five years. It’s easy to imagine their continuing to tread water during the crisis, perhaps seeking to protect their gains but doing little new to build
on or increase them.

- **Laggards.** Companies in this broadest group have progressed little, remained static, or regressed in their gender and ethnic representation in the past five years. With no momentum, most could well de-prioritize I&D efforts during the COVID-19 crisis.

The crisis, in other words, will interact with existing I&D trends. Further separation between diversity leaders and laggards is possible, and companies in the muddy middle could make huge progress (exhibit). Such organizations, by raising their I&D sights, should be able to upgrade their “license to operate” and realize the goals of recovery, resilience, and reimagining.
Progress in UK and US executive-gender and -ethnicity diversity since 2014 shows stark differences among cohorts.

Representation of diversity, 2014 and 2019, by cohort, %

<table>
<thead>
<tr>
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<th>2014</th>
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<th>Share of companies per cohort, %</th>
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<tr>
<td><strong>Female</strong></td>
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<td>Diversity leaders</td>
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<td>40</td>
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<td>Fast movers</td>
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<td>27</td>
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<td>Laggards</td>
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<td><strong>Ethnic minority</strong></td>
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<tr>
<td>Laggards</td>
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<td>28</td>
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1 We would expect this distribution of companies and diversity progress across the cohorts to vary in the rest of the world, depending on macro factors as well as industry-specific and company-specific factors.
2 Total cohort analysis, n = 38; US and UK.
3 Total cohort analysis, n = 24; US and UK. Absolutes representation, not relative to fair share. Figures may not sum to 100%, because of rounding.

For business executives the world over, this may prove to be a defining moment in their careers. They must not only protect the health of their employees and customers but also navigate far-reaching disruption to their operations, plan for recovery, and prepare to reimagine their business models for the next normal. When leaders and companies reaffirm their commitment to I&D, they can seize the moment as they stretch for gains in five key domains where, our research suggests, I&D frequently makes a significant difference to an organization’s performance.
• Opportunity 1: Winning the war for talent. Organizations can ensure that they hold onto their top talent by monitoring the demographic profile of their changing workforce and ensuring that diverse talent isn't lost. The shift to remote working could offer advantages here. Remote working may have some downsides, as we've mentioned earlier, but its benefits, particularly increased flexibility, may play a more significant role in the long term of retaining women, who often shoulder a disproportionate share of family duties.[12] The wholesale shift to remote working is also opening up access to a whole new array of talent that may not have been available to companies previously: working parents, dual-career couples, and single parents are all better suited to a flexible workplace and remote working.

• Opportunity 2: Improving the quality of decision making. In the face of major dislocations, enhanced problem-solving skills and vision will be needed to reappraise business models, competitive dynamics, and the external environment. Our research has demonstrated that organizations investing in diversity and inclusion are strongly positioned in this regard, in part because diversity brings multiple perspectives to bear on problems, thereby boosting the odds of more creative solutions. Diverse companies are also more likely to have employees who feel they can be themselves at work and are empowered to participate and contribute. In addition, research shows that diverse teams focus more intently on facts and process them more carefully. What's more, “they may also encourage greater scrutiny of each member's actions, keeping their joint cognitive resources sharp and vigilant.”[13]

When companies invest in diversity and inclusion, they are in a better position to create more adaptive, effective teams and more likely to recognize diversity as a competitive advantage.

• Opportunity 3: Increasing customer insight and innovation. Research also indicates that diverse teams are more innovative—stronger at anticipating shifts in consumer needs and consumption patterns that make new products and services possible, potentially generating a competitive edge. For example, one study found that over a two-year period, companies with more women were more likely to introduce radical new innovations into the market.[14] A separate study found that businesses run by culturally diverse leadership teams were more likely to develop new products than those with homogenous leadership.[15] Similarly, our forthcoming research on Latin America has found that employees in companies committed to diversity are about 150 percent more likely to report that they can propose new ideas and try new ways of doing things.
• **Opportunity 4: Driving employee motivation and satisfaction.** McKinsey research on Latin America showed that companies perceived as committed to diversity are about 75 percent more likely to report a pro-teamwork leadership culture.\[^{16}\] Instead of letting remote working erode inclusion during this crisis, companies can reaffirm their commitment to I&D by capitalizing on its advantages in flexibility and access to talent. They can also use society-wide feelings of solidarity, which are growing in the crisis, to build agile, inclusive work cultures going forward. Proponents of I&D should show the leaders and managers of their companies the business benefits of I&D and the critical importance of inclusive leadership to ensure that all employees feel valued and motivated at a time of increased vulnerability. One tangible way to achieve this goal may be to consider offering hazard pay to help compensate for socioeconomic inequities associated with, for example, the fact that minorities are disproportionately represented in essential work categories, which involve lower pay and more exposure to infection for them and their families.\[^{17}\]

Diverse teams are more innovative—stronger at anticipating shifts in consumer needs and consumption patterns that make new products and services possible, potentially generating a competitive edge.

• **Opportunity 5: Improving a company’s global image and license to operate.** Companies that maintain, or even increase, their focus on I&D during the downturn are likely to avoid the risk of being penalized in its aftermath—for example, by losing customers, struggling to attract talent, and losing government support and partnerships. Companies that seek to emphasize solidarity and purpose and reach beyond the organization to support the broader economy and society stand to gain. Diverse organizational environments can have a positive impact on individual and collective behavior, boosting collaboration and creativity. Companies can take steps to seed these benefits more widely. For organizations, this can take the form of cushioning the impact of the crisis on society by donating money to hard-hit areas or leading upskilling and reskilling efforts, such as instruction in coding for poor communities. There are already many examples of small and employee-driven initiatives to support neighborhoods, towns, and cities, of companies encouraging employees to give back to them in nonfinancial ways (such as volunteering), and of larger corporations coming together to find innovative ways to minimize the pandemic’s impact on public health and to limit disruptions to economies and supply chains.\[^{18}\]
If there is one thing this crisis is demonstrating, it's that the interdependencies among business, government, and society can no longer be ignored. To survive and thrive, business needs healthy consumers, functional societies, and a diverse and inclusive workforce. This crisis helps us to understand diversity in a broader context. Rather than restricting our discussions about I&D to a narrow focus on representation in organizations, we can talk about how to welcome, include, consider, and engage people from all backgrounds in all walks of life. Organizations that do so are likely to be rewarded in the longer term.

Seizing the moment to forge a new commitment to equality

The experience of diversity winners we have studied has shown that if companies deploy a systematic approach to I&D and don't fear bold action to foster inclusion and belonging, they are most likely to reap the rewards. We believe that now is the time to be even bolder.

After the 2008–09 crisis, when we asked companies what they believed to be the key organizational dimensions needed to emerge successfully from a crisis, most emphasized the importance of the leadership team and the ability to define a clear direction for the company going forward—both dimensions in which diversity plays a vital role. Now is the time for leaders to reaffirm their commitment to I&D and to reap its benefits not just because it is likely to give them a better chance at recovery but also because it is the right thing to do.

As we saw during World War II—when many married women with children joined the labor force for the first time—big crises can bring about big change. At this watershed moment, there is an opportunity to forge a new commitment to equality and fairness that will ensure more prosperity for all.

3. As a result of data limitations, the performance analysis for Diversity wins was limited to gender and ethnic diversity. Given the importance of considering I&D more broadly, McKinsey has conducted separate research to explore challenges and opportunities regarding LGBTQ+ inclusion.
8. Carol Morrison, “Don’t let the shift to remote work sabotage your inclusion initiatives,” i4cp, March 31, 2020, i4cp.com.
10. Lindsey Jacobson, “As coronavirus forces millions to work remotely, the US economy may have reached a ‘tipping point’ in favor of working from home,” CNBC, March 23, 2020, cnbc.com.

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Talk to us
Diversity wins: How inclusion matters
May 19, 2020 | Report

The business case for inclusion and diversity (I&D) is stronger than ever. Taking a closer look at diversity winners reveals what can drive real progress.

By Sundiatu Dixon-Fyle, Kevin Dolan, Vivian Hunt, and Sara Prince

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Full Report (PDF-11MB)

Diversity wins is the third report in a McKinsey series investigating the business case for diversity, following Why diversity matters (2015) and Delivering through diversity (2018). Our latest report shows not only that the business case remains robust but also that the relationship between diversity on executive teams and the likelihood of financial outperformance has strengthened over time. These findings emerge from our largest data set so far, encompassing 15 countries and more than 1,000 large companies. By incorporating a “social listening” analysis of employee sentiment in online reviews, the report also provides new insights into how inclusion matters. It shows that companies should pay much greater attention to inclusion, even when they are relatively diverse.

By following the trajectories of hundreds of companies in our data set since 2014, we find that the overall slow growth in diversity often observed in fact masks a growing polarization among these organizations. While most have made little progress, are stalled or even slipping backward, some are making impressive gains in diversity, particularly in executive teams. We show that these diversity winners are adopting systematic, business-led approaches to
inclusion and diversity (I&D). And, with a special focus on inclusion, we highlight the areas where companies should take far bolder action to create a long-lasting inclusive culture and to promote inclusive behavior.

(Our research predates the outbreak of the global pandemic, but we believe these findings remain highly relevant. See the sidebar, “In the COVID-19 crisis, inclusion and diversity matter more than ever,” for more on why I&D must remain a priority even as the context shifts, or read “Diversity still matters” for an even deeper dive. You can also explore a related interactive for another lens on the issues.)

A stronger business case for diversity, but slow progress overall

Our latest analysis reaffirms the strong business case for both gender diversity and ethnic and cultural diversity in corporate leadership—and shows that this business case continues to strengthen. The most diverse companies are now more likely than ever to outperform less diverse peers on profitability.

Our 2019 analysis finds that companies in the top quartile for gender diversity on executive teams were 25 percent more likely to have above-average profitability than companies in the fourth quartile—up from 21 percent in 2017 and 15 percent in 2014 (Exhibit 1).
The business case for diversity in executive teams remains strong.

Likelihood of financial outperformance,¹ %

<table>
<thead>
<tr>
<th>By gender diversity</th>
<th>By ethnic diversity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Why diversity matters²</td>
<td>Why diversity matters³</td>
</tr>
<tr>
<td>Delivering through diversity⁴</td>
<td>Delivering through diversity⁶</td>
</tr>
<tr>
<td>Diversity wins⁴</td>
<td>Diversity wins⁷</td>
</tr>
</tbody>
</table>

- +15% 47 54 2014
- +21% 45 55 2017
- +25% 44 66 2019

- +35% 43 58 2014
- +33% 44 59 2017
- +36% 43 59 2019

¹Likelihood of financial outperformance vs the national industry median; p-value <0.05, except 2014 data where p-value <0.1. ²n = 333; Latin America, UK, and US; earnings before interest and taxes (EBIT) margin 2010–13. ³n = 991; Australia, Brazil, France, Germany, India, Japan, Mexico, Nigeria, Singapore, South Africa, UK, and US; EBIT margin 2011–15. ⁴n = 1,036; 2017 companies for which gender data available in 2018, plus Denmark, Norway, and Sweden; EBIT margin 2014–18. ⁵n = 364; Latin America, UK, and US; EBIT margin 2010–13. ⁶n = 989; Brazil, Mexico, Singapore, South Africa, UK, and US; EBIT margin 2011–15. ⁷n = 532; Brazil, Mexico, Nigeria, Singapore, South Africa, UK, and US, where ethnicity data available in 2019; EBIT margin 2014–18.

Source: Diversity Wins data set

McKinsey & Company

Moreover, we found that the greater the representation, the higher the likelihood of outperformance. Companies with more than 30 percent women executives were more likely to outperform companies where this percentage ranged from 10 to 30, and in turn these companies were more likely to outperform those with even fewer women executives, or none at all. A substantial differential likelihood of outperformance—48 percent—separates the most from the least gender-diverse companies.

In the case of ethnic and cultural diversity, our business-case findings are equally compelling: in 2019, top-quartile companies outperformed those in the fourth one by 36 percent in profitability, slightly up from 33 percent in 2017 and 35 percent in 2014. As we have previously found, the likelihood of outperformance continues to be higher for diversity in ethnicity than for gender.
Yet progress, overall, has been slow. In the companies in our original 2014 data set, based in the United States and the United Kingdom, female representation on executive teams rose from 15 percent in 2014 to 20 percent in 2019. Across our global data set, for which our data starts in 2017, gender diversity moved up just one percentage point—to 15 percent, from 14—in 2019. More than a third of the companies in our data set still have no women at all on their executive teams. This lack of material progress is evident across all industries and in most countries. Similarly, the representation of ethnic-minorities on UK and US executive teams stood at only 13 percent in 2019, up from just 7 percent in 2014. For our global data set, this proportion was 14 percent in 2019, up from 12 percent in 2017 (Exhibit 2).
Gender and ethnic diversity in leadership teams progressed slowly in our 2014 data set and even more slowly in our global 2017 data set.

**Representation in US and UK, %**

**Leadership teams from 2014 data set**

<table>
<thead>
<tr>
<th>Gender</th>
<th>2014</th>
<th>2017</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board</td>
<td>15</td>
<td>19</td>
<td>20</td>
</tr>
<tr>
<td>Executive team</td>
<td>21</td>
<td>24</td>
<td>28</td>
</tr>
</tbody>
</table>

**Ethnic minorities**

<table>
<thead>
<tr>
<th>2014</th>
<th>2017</th>
<th>2019</th>
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<tbody>
<tr>
<td>Board</td>
<td>13</td>
<td>14</td>
</tr>
<tr>
<td>Executive team</td>
<td>7</td>
<td>12</td>
</tr>
</tbody>
</table>

**Average annual change, percentage points**

<table>
<thead>
<tr>
<th>Gender</th>
<th>2014</th>
<th>2017</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>1.3</td>
<td>0.8</td>
<td>1.1</td>
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</table>

**Leadership teams from 2017 data set**

<table>
<thead>
<tr>
<th>Gender</th>
<th>2017</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board</td>
<td>24</td>
<td>15</td>
</tr>
<tr>
<td>Executive team</td>
<td>14</td>
<td>24</td>
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**Ethnic minorities**

<table>
<thead>
<tr>
<th>2017</th>
<th>2019</th>
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<tbody>
<tr>
<td>Board</td>
<td>14</td>
</tr>
<tr>
<td>Executive team</td>
<td>12</td>
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</table>

**Average annual change, percentage points**

<table>
<thead>
<tr>
<th>Gender</th>
<th>2017</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.0</td>
<td>0.5</td>
<td>1.0</td>
</tr>
</tbody>
</table>


Source: McKinsey Diversity Matters data set

**McKinsey & Company**

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**The widening gap between winners and laggards**

While overall progress on gender and cultural representation has been slow, this is not consistent across all organizations. Our research clearly shows that there is a widening gap between I&D leaders and companies that have yet to embrace diversity. A third of the
companies we analyzed have achieved real gains in top-team diversity over the five-year period. But most have made little or no progress, and some have even gone backward.

This growing polarization between high and low performers is reflected in an increased likelihood of a performance penalty. In 2019, fourth-quartile companies for gender diversity on executive teams were 19 percent more likely than companies in the other three quartiles to underperform on profitability—up from 15 percent in 2017 and 9 percent in 2015. At companies in the fourth quartile for both gender and ethnic diversity, the penalty was even steeper in 2019: they were 27 percent more likely to underperform on profitability than all other companies in our data set.

We sought to understand how companies in our original 2014 data set have been progressing, and in doing so we identified five cohorts. These were based on their starting points and speed of progress on executive team gender representation and, separately, ethnic-minority representation (Exhibit 3). In the first two cohorts, Diversity Leaders and Fast Movers, diverse representation improved strongly over the past five years: for example, gender Fast Movers have almost quadrupled the representation of women on executive teams, to 27 percent, in 2019; for ethnicity, companies in the equivalent cohort have increased their level of diversity from just 1 percent in 2014 to 18 percent in 2019.
We found five cohorts based on the progress of companies on executive diversity from 2014 to 2019.

% of total number of companies

2014–19 improvement

Gender

<table>
<thead>
<tr>
<th>2014 representation, % women</th>
<th>&lt;10</th>
<th>10–20</th>
<th>20–30</th>
<th>&gt;30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>≥10 pp</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moderate</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt;5 pp</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decline, flat or slow</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fast Movers</td>
<td>28</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moderate Movers</td>
<td>10</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Laggards</td>
<td>28</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diversity Leaders</td>
<td>29</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resting on Laurels</td>
<td>22</td>
<td>16</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Ethnicity

<table>
<thead>
<tr>
<th>2014 representation, % ethnic diversity relative to fair share</th>
<th>&lt;10</th>
<th>10–20</th>
<th>20–30</th>
<th>&gt;30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fast Movers</td>
<td>24</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moderate Movers</td>
<td>12</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Laggards</td>
<td>28</td>
<td></td>
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</tr>
<tr>
<td>Diversity Leaders</td>
<td>22</td>
<td>16</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resting on Laurels</td>
<td>22</td>
<td>16</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

¹Change in representation on executive teams in UK and US, by cohort.
²n = 366; UK and US.
³n = 241; UK and US.
⁴Percentage point.
Source: McKinsey Diversity Matters data set

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At the other end of the spectrum, the already poor diversity performance of the Laggards has declined further. In 2019, an average of 8 percent of executive team members at these companies were female—and they had no ethnic-minority representation at all. The two other cohorts are Moderate Movers, which have on average experienced a slower improvement in diversity, and Resting on Laurels, which started with higher levels of diversity than Laggards did, but have similarly become less diverse since 2014.

We also found that the average likelihood of financial outperformance in these cohorts is consistent with our findings in the quartile analysis above. For example, in 2019, companies in the Resting on Laurels cohort on average had the highest likelihood of outperformance on
profitability, at almost 62 percent—likely reflecting their historically high levels of diversity on executive teams. Laggards, on the other hand, are more likely to underperform their national industry median in profitability, at 40 percent.

How inclusion matters

By analyzing surveys and company research, we explored how different approaches to I&D could have shaped the trajectories of the companies in our data set. Our work suggested two critical factors: a systematic business-led approach to I&D, and bold action on inclusion. On the former we have previously advocated for an I&D approach based on a robust business case tailored to the needs of individual companies, evidenced-based targets, and core-business leadership accountability.

To further understand how inclusion matters—and which aspects of it employees regard as significant—we conducted our first analysis of inclusion-related indicators. We conducted this outside-in using “social listening,” focusing on sentiment in employee reviews of their employers posted on US-based online platforms.

While this approach is indicative, rather than conclusive, it could provide a more candid read on inclusion than internal employee-satisfaction surveys do—and makes it possible to analyze data across dozens of companies rapidly and simultaneously. We focused on three industries with the highest levels of executive-team diversity in our data set: financial services, technology, and healthcare. In these sectors, comments directly pertaining to I&D accounted for around one-third of total comments made, suggesting that this topic is high on employees’ minds.

We analyzed comments relating to five indicators. The first two—diverse representation and leadership accountability for I&D—are evidence of a systematic approach to I&D. The other three—equality, openness, and belonging—are core components of inclusion. For several of these indicators, our findings suggest “pain points” in the experience of employees:

- While overall sentiment on diversity was 52 percent positive and 31 percent negative, sentiment on inclusion was markedly worse, at only 29 percent positive and 61 percent negative. This encapsulates the challenge that even the more diverse companies still face in tackling inclusion (Exhibit 4). Hiring diverse talent isn't enough—it's the workplace experience that shapes whether people remain and thrive.
• Opinions about leadership and accountability in I&D accounted for the highest number of mentions and were strongly negative. On average, across industries, 51 percent of the total mentions related to leadership, and 56 percent of those were negative. This finding underscores the increasingly recognized need for companies to improve their I&D engagement with core-business managers.

• For the three indicators of inclusion—equality, openness, and belonging—we found particularly high levels of negative sentiment about equality and fairness of opportunity. Negative sentiment about equality ranged from 63 to 80 percent across the industries analyzed. The work environment’s openness, which encompasses bias and discrimination, was also a significant concern—negative sentiment across industries ranged from 38 to 56 percent. Belonging elicited overall positive sentiment, but from a relatively small number of mentions.
Overall sentiment on diversity was more positive than negative, but sentiment on inclusion was markedly worse.

Sentiment on diversity and inclusion, %

<table>
<thead>
<tr>
<th></th>
<th>Diversity</th>
<th>Leadership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive</td>
<td>52</td>
<td>35</td>
</tr>
<tr>
<td>Neutral</td>
<td>17</td>
<td>9</td>
</tr>
<tr>
<td>Negative</td>
<td>31</td>
<td>56</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Inclusion¹</th>
<th>Equality</th>
<th>Openness</th>
<th>Belonging</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive</td>
<td>29</td>
<td>10</td>
<td>12</td>
<td>57</td>
</tr>
<tr>
<td>Neutral</td>
<td>61</td>
<td>8</td>
<td>44</td>
<td>32</td>
</tr>
<tr>
<td>Negative</td>
<td>74</td>
<td>74</td>
<td>710</td>
<td>110</td>
</tr>
</tbody>
</table>

Total number of mentions: Diversity 1,153; Leadership 3,216; Inclusion¹ 2,077; Equality 1,257; Openness 710; Belonging 110

Weighted average of equality, openness, and belonging.
Source: Glassdoor and Indeed user-generated reviews

McKinsey & Company

These findings highlight the importance not just of inclusion overall but also of specific aspects of inclusion. Even relatively diverse companies face significant challenges in creating work environments characterized by inclusive leadership and accountability among managers, equality and fairness of opportunity, and openness and freedom from bias and discrimination.

Winning through inclusion and diversity: Taking bold action

We took a close look at our data set’s more diverse companies, which as we have seen are more likely to outperform financially. The common thread for these diversity leaders is a systematic approach and bold steps to strengthen inclusion. Drawing on best practices from
these companies, this report highlights five areas of action (Exhibit 5):

- **Ensure the representation of diverse talent.** This is still an essential driver of inclusion. Companies should focus on advancing diverse talent into executive, management, technical, and board roles. They should ensure that a robust I&D business case designed for individual companies is well accepted and think seriously about which forms of multivariate diversity to prioritize (for example, going beyond gender and ethnicity). They also need to set the right data-driven targets for the representation of diverse talent.

- **Strengthen leadership accountability and capabilities for I&D.** Companies should place their core-business leaders and managers at the heart of the I&D effort—beyond the HR function or employee resource-group leaders. In addition, they should not only strengthen the inclusive-leadership capabilities of their managers and executives but also more emphatically hold all leaders to account for progress on I&D.

- **Enable equality of opportunity through fairness and transparency.** To advance toward a true meritocracy, it is critical that companies ensure a level playing field in advancement and opportunity. They should deploy analytics tools to show that promotions, pay processes, and the criteria behind them, are transparent and fair; debias these processes; and strive to meet diversity targets in their long-term workforce plans.

- **Promote openness and tackle microaggressions.** Companies should uphold a zero-tolerance policy for discriminatory behavior, such as bullying and harassment, and actively help managers and staff to identify and address microaggressions. They should also establish norms for open, welcoming behavior and ask leaders and employees to assess each other on how they are living up to that standard.

- **Foster belonging through unequivocal support for multivariate diversity.** Companies should build a culture where all employees feel they can bring their whole selves to work. Managers should communicate and visibly embrace their commitment to multivariate forms of diversity, building a connection to a wide range of people and supporting employee resource groups to foster a sense of community and belonging. Companies should explicitly assess belonging in internal surveys.
Companies need a systematic, business-led approach to inclusion and diversity, as well as bolder action on inclusion.

1. Systematic, business-led approach to inclusion and diversity (I&D)
   - Increase diverse representation, particularly in leadership and critical roles

2. Bold steps to strengthen inclusion
   - Strengthen leadership and accountability for delivering on I&D goals
   - Enable equality of opportunity through fairness and transparency
   - Promote openness, tackling bias and discrimination
   - Foster belonging through support for multivariate diversity

For deeper insights, download Diversity wins: How inclusion matters, the full report on which this article is based (PDF—10.6MB).

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3M’s Vision, Code of Conduct, and Diversity and Inclusion Strategies

Diversity and inclusion principles are reflected and engrained in 3M’s Vision, Strategies and Code of Conduct. Our Vision is to advance every company, enhance every home, and improve every life. Embracing the diversity among us and fostering inclusion is essential to living up to that vision. 3M’s diversity should mirror the diverse world in which we do business. A diverse workforce enriches our company’s culture and helps us fulfill our potential as a company and as individuals. Our Vision also reflects the broad reach of 3M’s diverse technologies, products and innovation, and the inclusion of diverse team members as part of 3M’s culture of science and collaboration helps advance these building blocks of our collective Vision.

Mike Roman, 3M’s Chief Executive Officer, launched an initiative to activate and align 3M’s culture to maximize execution of 3M’s Vision and Strategy. One of the core elements of the initiative is “Powered by Inclusion.” Mr. Roman stated “D&I is one of our core business strategies because we know that championing a diverse and inclusive global team helps us better serve our customers and build an even stronger 3M. Advancing inclusive leadership advances us all.”

Powered by Inclusion means that we will inspire innovation and creativity by valuing all voices and ideas. To achieve these goals, we identified the following inclusive behaviors: cultivate connected community; seek and celebrate diversity; welcome everyone as they are; operate with transparency; value experience, not tenure; and foster learning and development for all.

Diversity and inclusion are thus integral to who we are as a company and as a Legal Affairs department. Teams that have diverse members, who are comfortable being themselves at work, and are fully included in team strategy and decision-making, are able to make decisions more effectively, and solve problems more creatively to bring 3M’s Vision to life. Advancing these Strategies requires that we advance and celebrate our diversity every day.
Since joining the Legal Affairs Diversity & Inclusion Committee in August 2019, I have witnessed first-hand our D&I Committee’s passion to promote inclusion and diversity within Legal Affairs, within 3M, and within our community. This Annual Report provides a glimpse at our sponsorship and creative activities in 2019.

And yet, creating an inclusive and diverse workplace remains all our responsibilities. As you read through this Annual Report, you can see how working together with other Legal Affairs groups and committees, we have helped increase the overall wellbeing of Legal Affairs members and have made a positive impact on our communities. I invite you to support our inclusion and diversity initiatives, big and small, to move the needle, to create a work place where every employee feels a sense of belonging thereby bringing his, hers, or their true self to our organization with diverse and unique perspectives to solving problems and creating solutions for our stakeholders, employees, customers, and communities.

I look forward to participating in the Legal Affairs Diversity & Inclusion Committee in 2020 as we launch programing to increase our inclusion index and our diversity initiatives.

Yen Florczak
3M Chief Intellectual Property Counsel,
D&I Committee Sponsor

3M Legal Affairs Diversity and Inclusion Mission Statement

Our Mission Statement articulates our shared commitment to building and developing a diverse and inclusive workforce across 3M Legal Affairs. It expresses our commitment to promoting and maintaining a diverse and inclusive legal department, our belief that diversity and inclusion helps us achieve the mission of 3M Legal Affairs, the role of the D&I Committee in advancing our commitment to diversity and inclusion, and the principles we follow to advance our mission.
3M Legal Affairs Diversity and Inclusion Committee

Mission Statement

3M Legal Affairs is committed to promoting and maintaining diversity and inclusion in our office, through the leadership of its Diversity and Inclusion Committee.

A diverse and inclusive legal department advances creativity and innovation, which helps us achieve the mission of Legal Affairs.

We achieve this mission by recruiting and including individuals with diverse experience, backgrounds and ideas, and engaging in outreach with organizations that promote diversity in the legal profession.

Diversity and inclusion in 3M Legal Affairs goes beyond just policies; it is who we are, how we operate and how we see our future.

In 2019, we continued to advance our mission through the many and varied activities of the Legal Affairs Diversity & Inclusion Committee. As detailed in the following pages of this 2019 Annual Report, our initiatives and activities were driven by the engagement and efforts of our four subcommittees.

Our Maturity Model/Metrics Subcommittee continued to measure our progress in becoming a more diverse and inclusive legal department, building on the first Maturity Model Assessment we conducted in 2014. A maturity model assessment was conducted in February 2019 to measure our progress. Additionally, results from the February assessment were used to conduct a survey of 3M Legal Affairs in April 2019. The survey sought feedback on existing diversity and inclusion efforts as well as specific actions that we could take to build a more inclusive work environment.

Our Events, Education & Communication Subcommittee hosted a number of presentations and events, bringing some of the best external thinking about issues of diversity and inclusion to 3M Legal Affairs. The D&I Committee Book Club continues to generate interest and engagement from across Legal Affairs.

Our International Subcommittee continued the task of leading diversity and inclusion efforts on a global scale. After completing an inclusion assessment in 2018, the International Subcommittee initiated a mentor program to support integration and collaboration. The mentor program focused on improving job satisfaction and retention, knowledge experience and sharing, relationship building and networking, and development of empathy and inclusion characteristics. The mentor program had 46 participants in seven regions around the world.
Our External Outreach Subcommittee increased 3M’s support, membership and participation in local and national diverse bar associations committed to increasing diversity and inclusion in the legal profession. We are particularly proud of our support of events focused on the advancement of women in the legal profession.

As we reflect on 2019, we hope you enjoy reading about our activities as much as we enjoyed leading and participating in them. As our Mission Statement indicates, we are proud of the diverse and inclusive legal department we have at 3M, and we remain committed to promoting and maintaining diversity and inclusiveness throughout 3M Legal Affairs. Together, our efforts advance our collective creativity and innovation, which makes Legal Affairs a stronger contributor to 3M’s vision and mission, and an outstanding place to work for all of us.

“For the same reason that being included is one of the best feelings, the feeling of being excluded is one of the worst. My vision for Legal Affairs is that we are a place where everyone is respected and valued for who they are and what they do; feels genuinely welcomed and included; and has a sense of belonging and can bring their whole selves to work. It’s therefore incumbent on each of us to do everything we can to promote such a culture for all in Legal Affairs.”

Ivan Fong
Senior Vice President, General Counsel & Secretary, 3M Company
3M Legal Affairs Diversity and Inclusion Committee Members

Pictured, from left to right: Shelley Cordes, Charles Horwitz, Shelby Bruce, Eric Rucker, Ann Marie Przepasniak, Lisa Fulton, Renee Dotson, Carlos M. Téllez, Laura Hammargren, Alan Campana, Ivan Fong, Isabel Gomes, Yen Florczak, Kevin Rhodes, and Tami Zappa.
Maturity Model and Metrics Subcommittee

Subcommittee Members:
Ann Anaya (H.R.), Ann Benjamin (Chair), Charles Horwitz, Karna Peters, Carlos M. Téllez, Jeff Sepesi, and Tami Zappa

Mission Statement of Subcommittee: To promote the mission of the Legal Affairs D&I Committee by measuring the progress of 3M Legal Affairs in advancing diversity and inclusion and by inspiring metric driven development initiatives.

The primary task of the Maturity Model and Metrics Subcommittee is to measure the progress of 3M Legal Affairs in advancing diversity and inclusion within the department. We accomplish this task by conducting a Maturity Model Assessment about every eighteen months, at which members of the Legal Affairs team are asked for their observations and suggestions with the goal of making recommendations around how to advance diversity and inclusion within Legal Affairs. We started the Maturity Model Assessments in 2014.
On February 11, 2019, the Subcommittee hosted the fourth Maturity Model Assessment for Legal Affairs. The session was led by Eric Rucker and Ivan Fong, with presentations from Ann Anaya, Ann Benjamin, and Peg Lundquist.

The Diversity and Inclusion Maturity Model is a tool that provides 3M with guidance to advance, enhance, and improve our diversity and inclusion capabilities in all talent and business processes and practices through assessment and action planning. There are five key diversity and inclusion categories which have been defined by the Corporate Diversity and Inclusion team based on benchmark information; these are the key areas which an organization needs to advance in to move the needle on diversity and inclusion. The key phases through which an organization moves in their diversity and inclusion capabilities are a) Pre-Awareness, b) Awareness, c) Align, d) Integrate, and e) Sustain. These phases represent a continuum through which an organization can move forward or backwards as it improves or worsens its capabilities.

During Pre-Awareness, the organization may be in a more reactive state where there is very little knowledge and understanding of diversity and inclusion. As an organization moves toward Sustain, the organization is more proactive, there are diversity and inclusion programs and actions that sustain and advance the organization, and leaders in the Sustain phase can be seen representing the organization as external keynote speakers on diversity and inclusion.

The Assessment results for 2014-2019 in each of the categories surveyed, i.e., Leadership Commitment, Talent Acquisition, Learning and Development, Succession and Retention, Community Outreach, and Overall Rating, are summarized below. Our goal is to progressively move 3M from the Pre-Aware state towards the Sustain phase, so the more participation we have (higher bar graph) in the latter stages, (i.e., Align, Integrate and Sustain), the better we are moving towards that goal.
Leadership Commitment 2014-2019 comparison

Talent Acquisition
Learning and Development

Succession and Retention
The data suggest that our progress towards Sustain may have plateaued as the 2019 Assessment results do not appear to be an improvement over those of the 2017 Assessment. Results from the 2019 Assessment were also used to conduct a Waggl Pulse (“Pulse”) survey in April 2019. The Pulse survey included input from more than 180 members of the Legal Affairs team and provided feedback on existing diversity and inclusion efforts as well as specific actions that can be taken to build a more inclusive environment in Legal Affairs. These action ideas, summarized below, included suggestions for increasing communication among all levels of Legal Affairs teams as well as suggestions for creating opportunities for productive and inclusive communication from the bottom to the top of the Legal Affairs department as a whole.
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What is one specific action we can take to build a more inclusive environment in legal affairs?

146 Answers - 1,721 Votes

TOP ANSWERS

#1 (1) Seek input and then value the response of lower pay level employees, not just the attorneys. Maureen Harms is doing a great job of leveraging the experience and knowledge of the operations team. (2) Check in with administrative assistants and paralegals regularly, just a “how was your weekend” of some other non-work related conversation from the manager can make people feel valued.

#2 Involve those who will be doing the work in decision making relating to new initiatives rather than just announcing them as mandatory activities.

#3 When a person or team makes a bold bet on a new process or system to move the group forward, focus more on the positive aspects that result from that and applaud the team for the progress made, instead of looking for every minor fault or possible further improvement that could be implemented if we had unlimited resources, which we do not.

#4 Break down the silos. The litigation and IP teams could communicate more with the attorneys and paralegals that directly support businesses. Understanding litigation and IP issues the division is facing can be helpful in providing everyday legal support to the clients. Business attorneys and paralegals could discuss issues they are facing more actively as a larger group vs. attorneys talking to attorneys and paralegals talking to paralegals. I feel there are a lot of missed opportunities to learn from each other as an organization.

#5 I believe management should continue to share and communicate the company direction, maintain lines of communication, such as this - waggl, and be transparent as possible.
In response to the 2019 Maturity Model Assessment and the Pulse survey, the Diversity & Inclusion Committee committed to a number of activities, including:

• sharing the results and collaborating with the Legal Affairs Supervisor Engagement Resources (“LASER”) program to implement recommendations related to supervisor training and engagement. For example, supervisors will now schedule regular 1:1 meetings with their reports to provide a mechanism for the sharing of ideas and to facilitate discussions about professional development;

• sharing the results and collaborating with the Legal Affairs Workplace Inclusion, Satisfaction & Energy (“WISE”) Committee. The WISE initiative brings together information, resources, and events intended to promote workplace inclusivity, satisfaction, and energy. For example, information about creating and promoting an inclusive work environment is available to Legal Affairs members through postings on 3M Go, the 3M company intranet;

• reporting to all of Legal Affairs on an ongoing basis what changes, initiatives, training, programs, and policies have been implemented as a result of their feedback; and

• conducting additional surveys in the future.

As 2019 drew to a close, the Subcommittee began planning for the timing, format, and contents of the next Assessment. We look forward to an engaging Assessment and to using the Assessment results to further advance diversity and inclusion within the department.
Events, Education and Communication Subcommittee

Subcommittee Members:
Sandra Nowak (chair), Shelby Bruce, and Shelley Cordes

Mission Statement of Subcommittee: To promote the mission of the Legal Affairs D&I Committee by planning events that bring education and awareness about diversity and inclusion to Legal Affairs and the 3M Community.

In 2019, the Events & Education Committee hosted several educational opportunities and events for Legal Affairs. Here’s a summary of the events that we hosted or co-hosted this year:

February
TED Talk by Janet Stovall
In February, all Legal Affairs employees in St. Paul and Austin were invited to watch and discuss this TED Talk titled “How to Get Serious About Diversity and Inclusion in the Workplace” by Janet Stovall, Executive Communications Manager at UPS. In the talk, Stovall reminds viewers that diversity and inclusion are not the same and that companies must cultivate inclusion.

March
TED Talk by Chip Conley
In March, our Subcommittee hosted a viewing of a TED Talk titled “What Baby Boomers Can Learn from Millennials at Work – And Vice Versa” by Chip Conley. Conley, an entrepreneur and executive at Airbnb, notes that for the first time ever, we have five generations in the workplace at the same time. He shows how age diversity makes companies stronger and calls for companies to cultivate mentorship relationships between their younger and older employees to allow wisdom to flow in both directions.

April
TED Talk by Melinda Epler
In this TED Talk, titled “3 Ways to Be a Better Ally in the Workplace,” Melinda Epler shares three actionable ways to support people who are underrepresented in the workplace. Epler notes that there is “[n]o magic wand for correcting diversity and inclusion. Change happens one person at a time, one act at a time, one word at a time.”
May
TED Talk by Rocio Lorenzo
Legal Affairs members in St. Paul and Austin were invited to bring their lunch and watch and discuss this TED Talk with their fellow employees. In her TED Talk titled “How Diversity Makes Teams More Innovative,” Rocio Lorenzo tells listeners about a study that her organization conducted with the Technical University of Munich. In the study, Lorenzo’s team surveyed 171 companies asking them questions about their innovation revenue (the share of revenues they made from new products and services in the last three years) and how diverse their organizations were. The data in their sample showed that diverse companies were more innovative.

June
Pride Month Event
Our Subcommittee hosted the 3M Pride Employee Resource Network (“Pride”) to celebrate Pride Month. Pride provided a high-level overview of their organization as well as upcoming 3M St. Paul campus Pride events. Pride also setup a well-attended table with information on how to become an Ally.
July

Summer Intern Poster Session
Our Subcommittee hosted a poster session for the Legal Affairs Summer Interns, Ana Peña, Charles (Jamison) Whiting, Dylan Nguyen, Nicholas Rivera, and Robert Lee. This event provided an opportunity for Legal Affairs personnel to learn more about our Summer Interns and for our Summer Interns to interact with Legal Affairs employees, including Executive Vice President and General Counsel Ivan Fong.

September

TED Talk by Brene Brown
In September, our Subcommittee hosted our last lunchtime TED Talk of the year. This TED Talk was titled “The Power of Vulnerability.” During the talk, Brene Brown, a social scientist, talked about expanding one’s perception and encouraged viewers to fully embrace vulnerability to let ourselves truly be seen.

November

Legal Affairs Book Club
We discussed the book “Burn Baby Burn” by Meg Medina, which was a St. Paul Read Brave 2019 Featured Book. Award-winning author Meg Medina transports readers to New York City in the summer of 1977, when the city experienced widespread arson, a massive blackout, and the terror instilled by serial killer Son of Sam, who shot young women. Those living in poverty were uniquely affected by these events, and how they handled this summer often dictated the course of the rest of their lives. When interviewed about this book, Meg Medina stated, “Young people then and now sometimes have to grow up against a backdrop of unspeakable events. Their fight for hope, respect, and happiness always amazes me.”

December

Holidays Around the World
Our Subcommittee hosted the second annual Holidays Around the World event in which 3M Legal Affairs employees in St. Paul shared holiday food from their respective traditions and cultures. Attendees were able to try dishes from other cultures and learn about their colleagues’ holiday traditions. The event featured delicious food, coffee, and engaging conversations.
International Subcommittee

Subcommittee Members:
Stacy Huang, Tiffany Koch, Aleksandra (Ola) Gora, Roberta Paoloni, Rita Duarte, Gian Paolo Zuccotti (Co-Chair), and Katja Bergen (Chair)

Mission Statement of Subcommittee: To support the mission of the 3M Legal Affairs D&I Committee throughout International Operations by celebrating our unique and diverse legal team and creating opportunities for our international Legal Affairs colleagues to connect with each other, learn from each other, and share with our communities globally.

In 2019 the International Subcommittee created a mentoring program to address areas of opportunity for improvement that had been identified in a 2018 inclusion survey. To set a baseline for measuring progress, in 2018 the Subcommittee decided to carry out an assessment of the status of how people in Legal Affairs outside of the United States felt about inclusion issues. The survey revealed that International Legal Affairs overall rates itself as more inclusive than 3M as a whole. However, the Subcommittee discovered there was still work to be done. Survey respondents indicated that leader inclusiveness presented the greatest opportunity for improvement. The Subcommittee sought to increase the number of positive responses to leader inclusiveness questions such as: (1) my supervisor clearly communicates ideas, plans and priorities to me; (2) sufficient effort is made to get the opinions and thinking of people who work here; (3) when I take reasonable risks to solve a problem, I am confident I will be supported by my supervisor regardless of the outcome; and (4) when I do a good job, my accomplishments are recognized.

The mentoring program involved 46 Legal Affairs participants (23 pairs) from seven regions internationally. The Subcommittee identified the following program objectives for both the mentor and mentee: improve job satisfaction and retention; increase knowledge and experience sharing; create networking opportunities and relationship building; and develop empathy and feelings of inclusion. Additional benefits for the mentees would include creating an advocate for the mentee; helping manage self-learning to maximize potential; supporting and accelerating development; and increasing understanding of the company as a whole.

Participants were trained in May and started meeting in June. In November, the Subcommittee collected feedback from the participants. The feedback is summarized in the charts below. Overall, participants in the Mentor Program indicated that they believed the program had improved the participants’ feelings about inclusion.
External Outreach Subcommittee

Subcommittee Members:
Christina Huang (Chair), Lisa Fulton, Ann Gallagher, Isabel Gomes, and Robert Moshrefzadeh

Mission Statement of Subcommittee: To actively engage in the local and national legal community to identify and seek organizations that contribute to the development and inclusion of diverse legal talent.

A key mantra of inclusion is that the more we can access a diverse spectrum of ideas, the more innovative and far-reaching our work becomes. To broaden 3M’s internal ideas and to advance the efforts of others, the External Outreach Subcommittee connects our internal teams with external groups to elevate diversity of thought.

In 2019, the Subcommittee’s goal was to increase 3M’s influence in the Twin Cities’ diversity and inclusion communities. The Subcommittee achieved that goal by building stronger connections with particular organizations and by supporting Ivan Fong, 3M’s General Counsel, and Ann Anaya, 3M’s Chief Diversity Officer, in speaking at key meetings for important Twin Cities’ organizations. Below we have featured just a few of the connections our members made with external organizations in 2019 — we look forward to building on these relationships and fostering new ones in the coming year.

During the last week of February 2019, Lisa Fulton and Shauna MacDougall attended the National Association of Women Lawyers (NAWL) 2019 Mid-Year meeting in La Jolla, California. In addition to building connections with inside and outside counsel from across the nation and getting the chance to attend practice-focused affinity group sessions, Lisa and Shauna attended interesting sessions on strategies for law firms and in-house legal departments to promote and build diversity in their organizations and the profession, how to become a trusted advisor, and the Equal Rights Amendment.
Eric Rucker and others attended the Annual Gala of the Minnesota Hispanic Bar Association in March 2019. The Gala raised money to support scholarships for rising law students. The keynote speaker was Horacio Gutierrez, General Counsel and Vice President of Business and Legal Affairs of Spotify. In his previous role at Microsoft Mr. Gutierrez was a founder of the Hispanic National Bar Association/Microsoft Intellectual Property Law Institute that selects 25 Latino law students to participate in a week-long IP law immersion program.

On May 6, 2019, Ivan Fong was the keynote speaker at the Twin Cities Diversity in Practice (TCDIP) 2019 Annual Meeting. Ivan spoke about 3M’s inclusion efforts as part of a larger effort to improve attorney well-being. Kevin Rhodes, Eric Rucker and other 3Mers attended in support of Ivan and his message. TCDIP is a nonprofit association comprised of the leading Twin Cities legal employers with the vision to create a vibrant and inclusive legal community and mission to strengthen the efforts of member organizations to attract, recruit, advance, and retain attorneys of color.

On July 18, 2019, Robert Moshrefzadeh and Renee Dotson attended TCDIP’s summer gathering and connected with professionals and students working on diversity issues throughout the Twin Cities legal community. Robert participated in TCDIP’s 2019 outreach committee.
In August, **3M** sponsored the 2019 Lavender Law Annual Conference & Career Fair in Philadelphia. Lavender Law is the largest LGBTQ+ legal conference in the country with approximately 1,700 annual attendees from 170 different organizations. The conference is a two-day continuing legal education event with networking and business development programs.

On August 9, 2019, **Yen Florczak** attended a program sponsored by the MNAPABA titled “Breaking the Bamboo Ceiling: An Evening Dedicated to Empowering Asian Women in the Workplace.” The event featured a structured networking event and breakout sessions.

**Christina Huang** attended the kick-off event for the Minnesota chapter of ChlPs on August 13, 2019. The mission of ChlPs is to advance and connect women in technology, law and policy. The group seeks to accelerate innovation through diversity of thought, participation and engagement.
On September 19, 2019, several 3Mers, including Emily Faber-Densley and Laura Hammargren, attended the annual women’s networking event for the Twin Cities’ firm of Larkin Hoffman at the new Allianz field. The event was in partnership with Like A Girl, a Twin Cities-based organization to provide soccer opportunities to girls and women to also develop leadership and inclusion skills.

On September 24, 2019, Ivan Fong and six other 3M Legal Affairs colleagues attended the Minnesota Asian Pacific American Bar Association (MNAPABA) Gala at Radisson Blu hotel in Minneapolis. 3M was a gold-level sponsor of the event. Ann Kim, Owner and Chef of Young Joni, Pizzeria Lola and Hello Pizza was the keynote speaker.

On October 23, 2019, Ann Anaya, 3M’s Chief Diversity Officer (pictured top middle), spoke on a distinguished panel of speakers addressing the topic of A Seat at the Table: Women Attorneys Achieving Success and Building Community. Other panel speakers included The Honorable Anne McKeig, Associate Justice on the Minnesota Supreme Court, and Karen Wilson Thissen, General Counsel for Ameriprise. The panel discussed how giving back is central to any success, and how women can advance their own success and enhance the success of others at the same time. Renee Dotson and other 3Mers attended to support Ann’s wonderful leadership.

On November 9, 2019, Nikki Odom, Eric Rucker and Pam Stewart attended the 2019 Scholarship Gala for the Minnesota Association of Black Lawyers (MABL). The theme of the gala was “Keep Moving Forward,” and the gala took place in Minneapolis. Anna Richo, Cargill Senior Vice President, General Counsel, Chief Compliance Officer & Corporate Secretary gave an inspiring keynote speech about the value of diversity and the urgency for the legal profession to make meaningful progress towards increasing diversity.
A Message from Eric Rucker

Looking Back at 2019 and Forward to 2020

The Legal Affairs Diversity & Inclusion Committee had a productive and highly successful 2019. As our Annual Report shows, we continued to build upon a strong foundation and benefited from the new leadership of our Executive Sponsor Yen Florczak. Our committee membership includes volunteers from multiple functions and offices across Legal Affairs, including international participation, coming together as a team with a collective passion for improving our shared commitment to making Legal Affairs a more diverse and inclusive place.

In 2019, we continued to advance the goals and ideals set forth in our Mission Statement with a particular emphasis on inclusion. We firmly believe that a diverse and inclusive legal department advances our creativity and innovation, which in turn helps us achieve the collective strategies of Legal Affairs. We are fortunate to have such strong commitment to these ideals from the leadership of Legal Affairs. Ivan’s vision, passion, and participation on the D&I Committee sets the right tone from the top and instills a sense of shared ownership and accountability in advancing our mission, not only within the D&I Committee, but across our entire Legal Affairs organization.

Our Mission Statement also reflects the approach we have adopted and continued in our ongoing efforts to achieve our goals and objectives. It speaks of looking inward: to our internal efforts to recruit and include individuals with diverse backgrounds, experiences and ideas to enrich the skills, capabilities, creativity, and culture of Legal Affairs. It also speaks of looking outward: to our external efforts to engage with organizations that promote diversity in the legal profession.

In 2019, these twin goals of advancing both our internal and external objectives were on full display through the efforts of our four subcommittees. The hard work and accomplishments of our subcommittees, as summarized in the pages of this Annual Report, reflect both the strong leadership from the subcommittee chairs and the active participation by our members. Collectively, we achieved results far beyond what we could have accomplished as individuals.

Now it is on to 2020, which will have unprecedented challenges. The D&I Committee will play a critical role in supporting diversity and inclusion efforts. Once again, our efforts will be driven through our subcommittees. If you are interested in joining the D&I Committee, we would love to have you as a member, so please let us know!

Eric Rucker,
Chair, 3M Legal Affairs D&I Committee
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