Diversity &INNOVATION

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ABSTRACT

McKinsey found that companies in the top quartile of executive-board diversity had returns on equity that were 53 percent higher than those in the bottom quartile. [...]organizations with more female executives are more profitable, according to a 2016 analysis of more than 20,000 firms in 91 countries. Which is exactly what a company like Johnson &Johnson needs. "Because we are an innovation company, we need a global workforce that not only represents our customers and patients but also constantly brings in new insights," says Peter Fasolo, chief human resources officer.

FULL TEXT

Headnote

Meet five leaders who have invented new approaches to D&I.

It won't be long before U.S. minorities are not in the minority anymore. Due to projected growth among Asian, Hispanic and multi-racial groups, traditionally underrepresented populations will hit majority status by 2044, according to the Census Bureau.

Smart companies reflect that reality in the collective makeup of their employees. Their leaders understand that yesterday's workforce can't lead them into tomorrow. "We see diversity and inclusion as a business imperative," says Wanda Hope, chief diversity officer at Johnson &Johnson in New York City. >

That sentiment is shared by leaders at AT&T, where 42 percent of employees are people of color. "It makes good business sense to have an employee base that looks like our customer base," says Cynthia Marshall, senior vice president of human resources and chief diversity officer at the Dallas-based company. "To truly serve the populations we want to serve, we need diverse groups of employees, suppliers and vendors." AT&T attracts a diverse pipeline of applicants by partnering with universities to help prepare minority students for work; it also supports underrepresented employees through mentorships and employee resource groups.

The business case for attracting a wider range of employees will only get stronger as the country grows more diverse. "If you're not good at attracting and retaining women and people of color, you're competing for an increasingly smaller portion of talent," says Joe Gerstandt, a diversity consultant based in Omaha, Neb. "And that's a fundamentally flawed strategy."

Performance Driver

But diversity is not just about mirroring the country's demographics. It's also about innovation and performance. Companies that exhibit gender and ethnic diversity are, respectively, 15 percent and 35 percent more likely to outperform those that don't, according to global management consulting firm McKinsey &Co. And research indicates that organizations with more racial and gender diversity bring in more sales revenue, more customers

and higher profits.

Diversity also matters at the top: McKinsey found that companies in the top quartile of executive-board diversity had returns on equity that were 53 percent higher than those in the bottom quartile. Moreover, organizations with more female executives are more profitable, according to a 2016 analysis of more than 20,000 firms in 91 countries.

"Attracting, retaining and developing diverse professionals stirs innovation and drives growth," says Mike Dillon, chief diversity and inclusion officer for PwC in San Francisco. That statement is backed by decades of sociological and economic research, and there are myriad reasons it holds true. In part it's because people with different backgrounds and perspectives bring different information to the table. Members of diverse teams can't take for granted that their teammates think the same way they do. That leads them to question their own assumptions and anticipate alternate viewpoints. The result? More-creative ideas and solutions.

Which is exactly what a company like Johnson &Johnson needs. "Because we are an innovation company, we need a global workforce that not only represents our customers and patients but also constantly brings in new insights," says Peter Fasolo, chief human resources officer. At Johnson &Johnson, the hiring and promotion of diverse employees is factored into the determination of managers' annual bonuses.

Broadening Diversity

Communicating with members of diverse teams takes extra effort, but that effort leads to better collaboration and more favorable outcomes overall, says David Rock, director of the NeuroLeadership Institute in New York City. "They challenge their own and others' thinking."

Perhaps that explains why the concept of organizational diversity itself has become increasingly diversified-to include personality type, thinking style and other factors that influence how people see the world. Finding the right mix of individuals to work on teams, and creating the conditions in which they can excel, are key business goals for today's leaders, given that collaboration has become a paradigm of the 21st century workplace. Yet building strong teams and attracting more-diverse workers are just two pieces of the puzzle.

"The far bigger issue is how people interact with each other once they're on the job," says Howard J. Ross, founder and chief learning officer at the diversity consultancy Cook Ross in Silver Spring, Md. He cites an oft-quoted maxim: "Diversity is being invited to the party; inclusion is being asked to dance."

"Diversity is about the ingredients, the mix of people and perspectives," Gerstandt says. "Inclusion is about the container-the place that allows employees to feel they belong, to feel both accepted and different. You need a group of people who think differently-in a container that's safe to share those differences."

Getting There

Make no mistake: Achieving a truly diverse and inclusive workplace is a lot of work. Among the hardest things to combat are the biases people embrace on an unconscious level-deep prejudices or stereotypes imparted by upbringing, culture and mass media that influence our perceptions about others.

Making employees aware of unconscious bias, which research has shown everyone has, is not sufficient; HR and business leaders must develop practices to mitigate it. "Education is only the beginning of the conversation," Ross

says. "It's like joining the gym-you still have to exercise."

Fortunately, there are many new ways that companies can get that workout. Tech tools and companies are sprouting up all over the place to help leaders hire, manage and retain a vital and diverse workforce. And an emerging crop of innovators, including those highlighted here, are thinking about diversity and inclusion in new and exciting ways that seem to represent a win-win for employees and company leaders. "It's beyond the right thing to do," Marshall says. 03

Sidebar
'Attracting, retaining and developing diverse professionals stirs innovation and drives growth.'
Mike Dillon
Chief diversity and inclusion officer for PwC
Capturing Team Spirit
Abeer Dubey,
Director, People Analytics, Google
Collaboration is key to success in today's work environment, and yet most managers and HR professionals focus all their attention on the performance of individuals. Dubey led an effort to change that at Google. "We don't experience work as individuals; we experience it in teams," he says. In 2012, he helped launch Project Aristotle to pinpoint what distinguishes the teams that do well from the ones that struggle. His team analyzed more than 180 teams of tech and sales employees and conducted over 200 interviews.
Stronger Together
Dubey and his fellow Googlers, as they call themselves, learned that the individuals who make up a team matter far less than the ways they interact with, and view, their collaborators and the overall project. People do their best work when they feel they have strong goals, can rely on each other and believe their work makes a difference. "On a strong team at Google, the how matters more than the who," Dubey says.
Safety First
Findings from Project Aristotle also emphasized the concept of psychological safety, or the sense that people can take risks and be vulnerable with each other. "Psychological safety allows teams to harness the power of diversity," Dubey says. "That's because employees who have different points of view feel safe bringing their ideas to the table."
Taking Action
As a result of Project Aristotle, Googlers now assess all teams' psychological safety and have discussions about it. The company's teams have been improving their scores on measures designed to assess such safety.
Hiring Blind
Kedar Iyer
Co-founder and CEO, GapJumpers
In the 1970s, many directors of U.S. orchestras-which were almost entirely made up of men-began asking auditioning musicians to play behind a screen and on a carpet, so judges couldn't see them or hear whether they were wearing heels. As a result, women were 25 percent to 46 percent more likely to be hired.
It's a story that inspired Iyer. His company, GapJumpers, tackles implicit bias-the prejudice we don't realize we have-through an online blind-audition process. Applicants are given a jobrelated assignment-for example, Web developers are asked to create a webpage-and then hiring managers assess the completed task without seeing any personal identifiers, including name, gender, work experience or educational background.
Knowing from Experience
Iyer graduated from college 12 years ago looking for a computer science job. He had plenty of experience-but not a degree in that field. "I had to fight my way through the placement office to show companies I could actually program," he says. "It took a lot of convincing to get my first break in computer science."

Blinders On, Diversity Up

GapJumpers has conducted 1,600 auditions so far, and its clients have seen a 60 percent jump in applicants from traditionally underrepresented groups who make it through to interviews compared to resume-based screening. "Companies end up making offers to people they otherwise wouldn't even have considered," Iyer says. The process also reduces the time it takes a company to fill a position by almost 40 percent, according to Iyer.

Case in Point

At U.K. media company BBC, less than 10 percent of applicants for design and engineering jobs were from minority groups. That figure shot up to almost 40 percent after the company used GapJumpers. Moreover, applicants were more likely to have the skills the BBC required, Iyer says: By widening the pool, the BBC was "able to get more qualified applicants into the pipeline."

Bolstering Women in Tech

Alaina Percival

CEO and board chair, Women Who Code

Women in the male-dominated tech industry often feel isolated. The San Francisco-based nonprofit Women Who Code (WWC) offers them a professional community.

"By the 10- to 15-year mark, women in the tech industry start dropping out," says Percival, who describes this attrition as "death by a thousand cuts." One cut: getting asked to take notes during meetings. Another: being encouraged to take positions in other fields. For example, women who are skilled at talking with people are advised to become recruiters. "Their male counterparts would never hear that," Percival says. "They would be viewed as leaders [in the tech arena] because they bring in additional skills."

Community Building

Each year, WWC hosts 1,500 free networking events in 60 cities and 20 countries for over 80,000 members. At a typical gathering, a member will give a technical talk on, say, a mobile language or data science. "Then we sit down and just code," Percival says. WWC also has a global leadership program: "[Women] become leaders in the tech industry in their cities." Among WWC members, 80 percent report that the group has had a positive impact on their careers.

Forming Partnerships

In addition to hosting a job board, WWC works directly with tech companies, helping them hire, retain and promote more women. It shares best practices with organizations, such as being transparent about the criteria for promotions and how long the process takes. "It's socially less acceptable for women to promote their professional successes, so we're creating a culture that helps counteract that societal barrier," Percival says.

Success Stories

After WWC supported eight women at a cloud services company, half received promotions. Then there was the woman in the leadership program in Atlanta who had a hard time speaking at her first WWC event. "She had difficulty even saying her name in front of 20 nice people," Percival says. After less than a year with WWC, she lectured at a tech conference with a standing-room-only crowd.

A Brainy Approach

David Rock

Director, NeuroLeadership Institute

For almost two decades, neuroscientists at the global research organization NeuroLeadership Institute have found "the signal in the incredibly noisy research about the brain," Rock says. The institute currently partners with about 40 large organizations, mostly in technology or financial services, to develop leadership and promote diversity and inclusion.

One key recommendation: Don't ignore thinking style as a factor in building diverse teams. "Cognitive diversity matters," Rock says. "Diverse perspectives make teams smarter." Include some people focused on the big picture and others driven by process.

Awareness Isn't Enough

Leaders often try to mitigate unconscious bias by raising awareness of it. "That doesn't do very much," Rock says. "It's called unconscious bias because it's unconscious. It's unconscious both before and after you learn about it." The solution: "Individuals can't catch themselves being biased, but teams of people can." If leaders identify their organization's biases before hiring begins, teams of employees can spot those partialities more effectively than any individual can.

Making the Case

Companies get a lot more buy-in for diversity and inclusion when they emphasize the business case for it. One company Rock worked with, Intel, realized "it needed a much more diverse and inclusive workforce"-not just for diversity's sake but also to innovate more quickly. To that end, it achieved gender pay parity.

When Inclusivity Efforts Backfire

To promote inclusion, company leaders often try to raise the profiles of minority employees. Ironically, that can make those workers feel singled out-or even excluded. And that leads the majority group to feel sensitive about approaching them. "A strange, unintended consequence is that both groups feel less comfortable with each other," Rock says. He advises instead creating "a very small set of very actionable habits" to promote inclusion. At a health care organization, for example, employees are asked to smile and greet anyone who comes within 10 feet of them. Rock also recommends focusing on the common goals that unite workers.

Data-Driven Diversity

Kieran Snyder

Co-founder and CEO, Textio

In August 2014, Snyder wrote an article for Fortune magazine about gender bias in performance reviews for tech jobs, noting that 88 percent of women's reviews had critical feedback versus 59 percent of men's. The piece generated so much interest that HR leaders at a number of companies wanted to hire her.

But she had other plans: In October of that year, she co-founded Textio, a Seattle-based company that offers client organizations a predictive engine that provides feedback on how likely a job description is to draw diverse candidates.

Data Deluge

Textio searches more than 40 million job listings, many from its own customers, and considers the outcomes: how many people applied, how long the job stayed open, the demographic groups the description did or didn't attract. "Textio finds patterns in all that data," Snyder says.

Color Coding

The engine highlights words that typically perform well in green and words that don't in orange. Good performance is defined in terms of how quickly roles are filled and the proportion of qualified applicants. Purple indicates language that appeals to women (for instance, "passion for learning"); blue shows wording that speaks more to men (like "rock star").

Some companies won't post a job description until they get a gender-neutral Textio score. Textio's research indicates that a description with such a rating will result in a hire two weeks faster than one at either gender extreme. Since using the engine, tech giant Mozilla reports filling positions 17 percent more quickly.

Use Your Words

Textio finds that less-inclusive language often appears in the form of business clichés-terms like "synergy," "key performance indicators" or "stakeholders." "Every demographic group dislikes corporate jargon, but people of color are even less likely to apply to jobs that have it," Snyder says. "American corporate culture has been heavily white-dominated for decades, so this language is a cultural signifier." If a hiring manager uses "stakeholders," Textio might suggest "partners" as an alternative.

We see diversity and inclusion as a business imperative.'

Wanda Hope

Chief diversity officer at Johnson &Johnson

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