

THE B TEAM

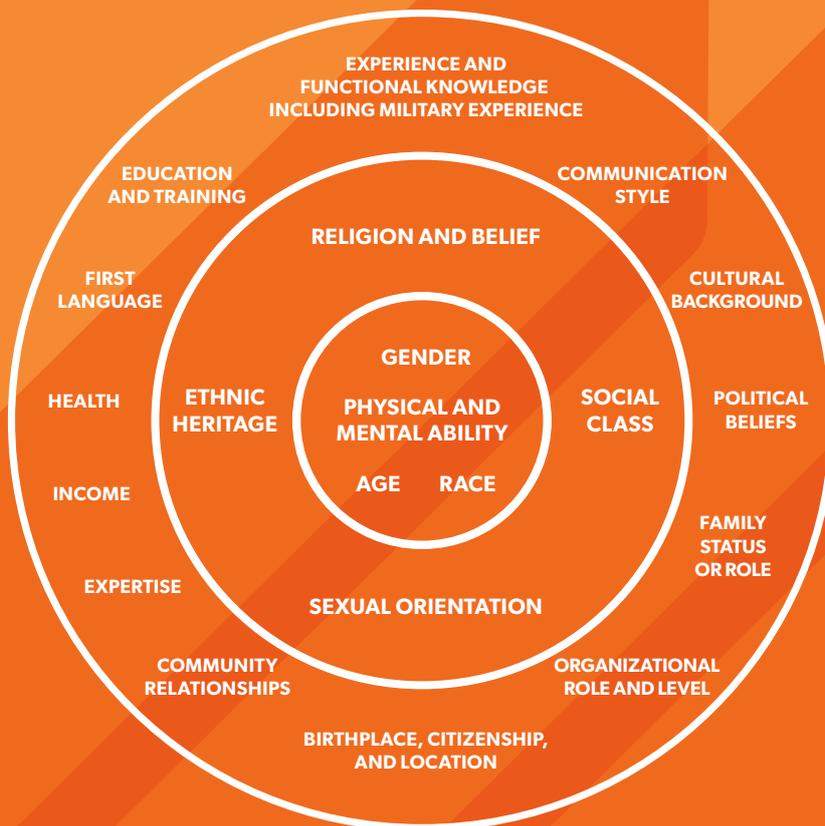
THE DIVERSITY PARADOX

**Capturing the Value of Difference by
Looking Beyond the Numbers**

JANUARY 2015

Value diversity: cultivate and celebrate diversity at all levels of business, while ensuring equality of opportunity for all employees.

Join us.



THE DIVERSITY PARADOX

Capturing the Value of Difference by Looking Beyond the Numbers

This report describes how developing a holistic strategy—one that reframes diversity, accelerates change, and scales up what works—can help organizations become more diverse and capture the value of difference.

EXECUTIVE SUMMARY

The business case for diversity is intuitive: diversity broadens the talent pool, leads to better innovation, and results in a healthier bottom line.

Why have discussions of gender-balanced boards, quotas, and minority representation resulted in more emotional grief for executives than in a broad evolution to more diverse organizations?

A number of quantitative studies confirm that diversity does in fact have a correlation with business results, including one report that points to a 53 percent higher return on equity for companies ranked in the top quartile of board diversity, compared with those in the bottom quartile.

If these are the facts, then why is progress toward more diverse organizations so slow? Why have discussions of gender-balanced boards, quotas, and minority representation resulted in more emotional grief for executives than in a broad evolution to more diverse organizations?

The paradox of diversity is that exclusively focusing on and measuring the representation of minority groups in an effort to create a diverse staff not only often fails to accomplish that end but also prevents companies from capturing the value of difference.

Diversity strategies that overemphasize representation or are otherwise narrow in their approach may cause even well-intentioned organizations to stumble into one or several common pitfalls. The most significant pitfalls include the following:

- Treating diversity as an HR or isolated function
- Defining diversity narrowly
- Failing to commit fully and authentically
- Expecting change without accountability
- Counting on minority groups to drive change
- Permitting an inhospitable environment
- Isolating minorities in their respective niche markets
- Ignoring the human elements of diversity

Companies derailed by these pitfalls often have tense communications, higher turnover, and, in extreme situations, may prematurely abandon their diversity efforts altogether.

To get back on track, leaders need to look beyond the numbers and develop a holistic diversity strategy that captures the value of difference. Such a strategy starts with reframing diversity, which requires two steps:

1 Broaden the definition of diversity

2 Cultivate the expected behavioral changes

It turns out that some diversity dimensions have a more salient effect than others on how people experience the world. Broadening the definition of diversity does not suggest that a group of able-bodied middle-aged white men is likely to be as diverse as a group from different generations, genders, ability levels, and races. Instead, a more multidimensional definition of diversity acknowledges that all people, including middle-aged white men, bring more to the table than their age, race, and gender suggest and that individuals should be treasured for their whole selves, not for the labels attached to them.

In addition to reframing diversity, companies should leverage the following four key leadership enablers:

1 Demonstrate commitment and accountability

2 Develop a rich qualitative fact base

3 Embed diversity throughout the organization

4 Catalyze and reward experiments

Finally, leaders need to scale what works, including both the more obvious diversity practices and less obvious ones as well.

By developing a holistic diversity strategy, organizations can capture the value of difference in a way that acknowledges the strengths of each individual, is authentic, and is widely accepted from the corner office to the cubicles. The likely by-product of this endeavor will be a growth in the number of employees from traditionally diverse backgrounds—growth that should be seen as a lagging indicator rather than a leading indicator of diversity. Furthermore, approaching diversity holistically is more likely to deliver on the promise of the business case and to result in fundamental improvements to the business that accelerate overall performance.

DIVERSITY: MANY WANT IT, BUT FEW HAVE IT

**More talent. Broader perspectives. Better innovation.
A healthier bottom line.**

The business case for diversity is intuitive: employees from different backgrounds approach their work in novel ways, resulting in both tangible and intangible advantages for diverse companies.¹

Do these assumptions survive the scrutiny of measurement? A number of studies suggest so.

A report by the Center for Talent Innovation found that when teams had one or more members who represented the target customers, the team was as much as 158 percent more likely to understand customers' needs, which increased the probability of effective innovation.²

Another study by Cedric Herring at the University of Illinois examined more than 500 American companies and demonstrated that both gender and racial diversity were associated with increases in sales revenue and the number of customers.³

These effects and others appear to have a measurable impact on overall business results. Research of 180 publicly traded companies in France, Germany, the U.K., and the U.S. from 2008 through 2010 found that companies ranking in the top quartile of board diversity had returns on equity that were 53 percent higher, on average, than the returns for those in the bottom quartile.⁴ The same study also suggested that earnings before interest and taxes were 14 percent higher for companies in the top quartile, compared with those in the bottom quartile.

These three studies are merely a sample of the available data supporting the business case for diversity, with a [compilation of proof points](#) available on The B Team's website.

Despite the evidence, diversity—and the associated business case—often seems beyond reach. The

degree of homogeneity in the tech industry and the composition of a typical board of directors suggest that there is still work to be done to enable organizations to harness diversity from top to bottom.

No doubt, there are societal barriers—such as gaps in science and technology education in some countries or the complete economic disenfranchisement of women in other countries—standing in the way of diversity.

Still, given the strength of the business case and the opportunity to gain a competitive advantage, why aren't companies and organizations more diverse?

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It appears that the more obvious hypotheses on how to tackle diversity—for example, by focusing on recruiting more minorities or by scoring high in diversity ratings through announcements, awards, and programs—often have paradoxical outcomes that prevent companies from becoming more diverse and from achieving the associated business case. Even the most well-intentioned organizations are often derailed by one or more of eight common pitfalls. (See Exhibit 1.)

Organizations trapped by these pitfalls may find themselves with more tension, distrust, and turnover than before, turning their good intentions on diversity

into a curse rather than a blessing. In extreme situations, these missteps can lead organizations to abandon their diversity agendas altogether.⁵

EXHIBIT 1 | The Common Pitfalls Derailing Diversity Agendas

Treating Diversity as an HR or Isolated Function.⁶ An HR leader or a chief diversity officer executing a series of off-the-shelf diversity programs is unlikely to be enough to deliver the change desired. Diversity efforts must be contextual and rooted in a company's systems and culture, which necessitates a cross-functional approach.

Defining Diversity Narrowly.⁷ Defining diversity as the percentage of women or racial minorities spells a common demise of diversity efforts. A simplistic definition of diversity leaves majority and minority groups feeling pitted against one another, as they wonder whether the next promotion will be based on merit or identity.

Failing to Commit Fully and Authentically. Senior leadership's commitment must be authentic. Commitments that appear disingenuous or come across as "the flavor of the month" create distrust and hamper diversity efforts.

Expecting Change Without Accountability. Ownership of diversity efforts is the linchpin for success. An *American Sociological Review* article examined more than 700 companies and found accountability structures to be the gateway to achieving the promise of diversity.⁸

Counting on Minority Groups to Drive the Change. The absence of a minority group in an organization often reflects a power imbalance deeply rooted in societal or cultural issues. Looking exclusively to minorities to steward a company's diversity journey ignores the relative power of majority groups. If majority groups have not bought in to supporting the change, then diversity efforts are likely to fail.

Permitting an Inhospitable Environment. Another responsibility commonly placed on minority groups is to "fit in." At worst, workplaces that demand assimilation see high turnover, as minorities quickly leave for roles in more pleasant cultures. At best, such environments eliminate the opportunity to access different perspectives because minorities hide their identities in order to blend in.⁹

Isolating Minorities in Their Respective Niche Markets. A popular tendency is to assign minorities to manage their respective niche-markets: women selling to women, African Americans developing products for African Americans, and so forth. Isolating staff in niche market roles prevents the cross-pollination of skills that could be applicable to transforming other parts of the business. In addition, this tendency can also leave minorities feeling exploited—that their only value is their ability to interface with people like them and that there are no paths to other parts of the organization.¹⁰

Ignoring the Human Element of Diversity. Inviting difference—at its most fundamental level—is asking people to be vulnerable to an alternative view. If companies ignore this human element and approach diversity as a checklist, they will not be able to overcome the emotional, irrational, and tribal reactions to valuing diversity.

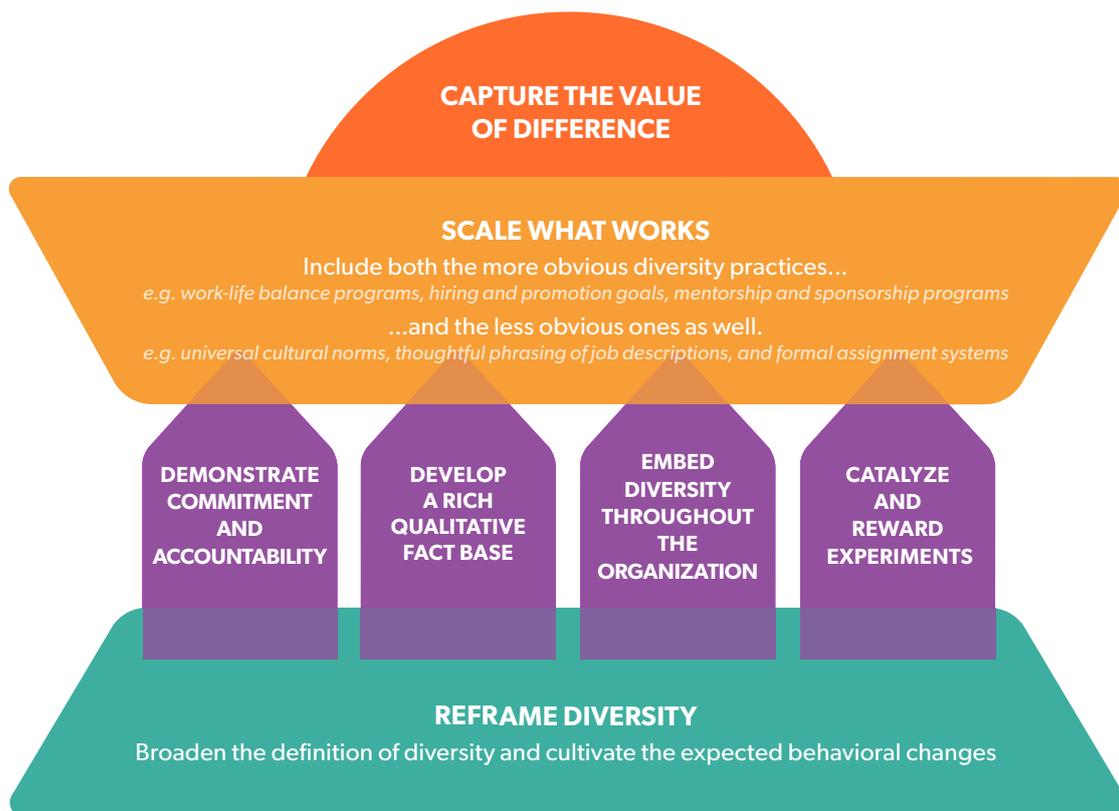
CAPTURING THE VALUE OF DIFFERENCE

To avoid the major pitfalls, companies must develop a holistic diversity strategy.

In this new paradigm, leaders should view the number of women or minorities as the lagging indicator of diversity and, instead, focus the bulk of their efforts on reframing diversity, accelerating

change with four key enablers, and scaling up what works. Done correctly, the more traditional metrics of diversity will be the by-products of a nuanced and sustained strategy. (See Exhibit 2.)

EXHIBIT 2 | Crafting an Integrated Diversity Strategy



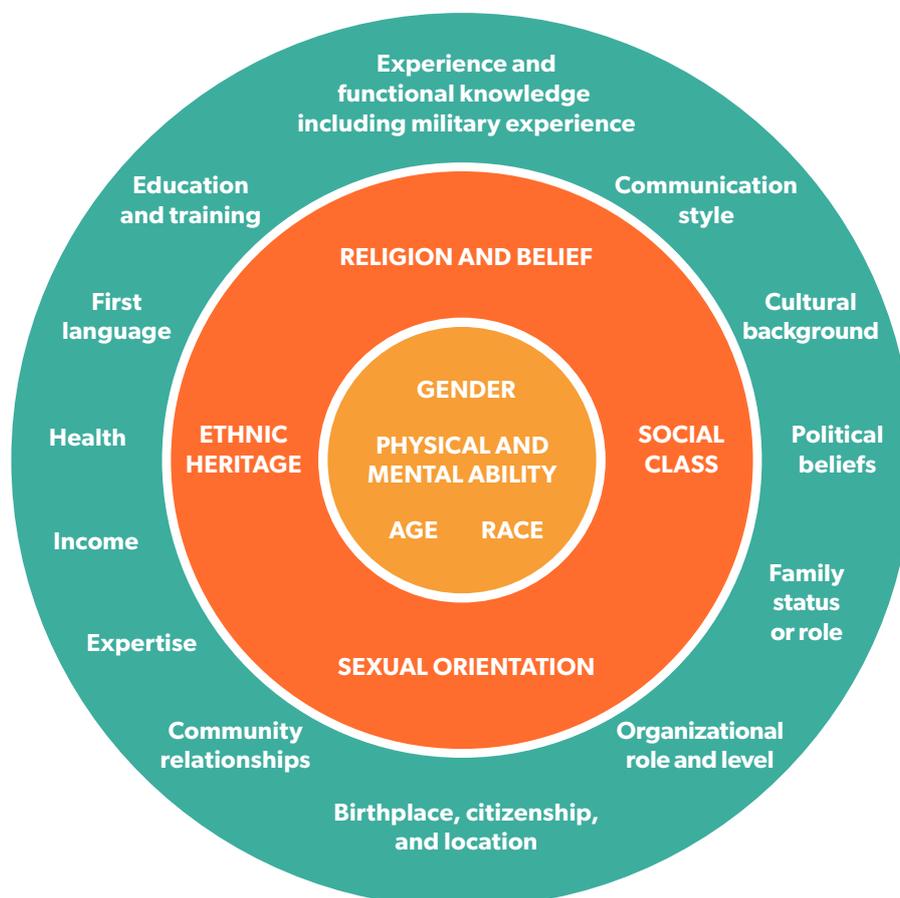
REFRAME DIVERSITY

Currently, diversity is often discussed in stark numeric terms, such as the percentage of women or minorities in a company. This definition not only fails to capture the dynamic and complex nature of diversity but also has a tendency to drive resentment and backlash among majority groups. Therefore, to lay the foundation for diversity, companies must broaden their definition and cultivate the expected behavioral changes.

Broaden the Definition of Diversity

The diversity wheel is a framework that broadens the definition of diversity while highlighting that some diversity dimensions have more salient effects than others.¹¹ (See Exhibit 3.)

EXHIBIT 3 | The Diversity Wheel



Typically **more visible** core diversity dimensions

Typically **less visible** core diversity dimensions

Secondary diversity dimensions

Graphic adapted from Marilyn Loden's *Implementing Diversity*

The wheel distinguishes between two types of diversity dimensions:

- **Core Diversity Dimensions.** The dimensions in the two middle rings are called core diversity dimensions and are generally outside of an individual's control. Core dimensions have a profound and often subconscious effect on people's lives and experiences, suggesting that companies can diversify the perspectives of their staff in part by selecting employees on the basis of these dimensions.

The core dimensions at the very center of the circle—gender, ability, age, and race—have an even more complex effect on individuals: in addition to being inherent traits, they also tend to be more visible, creating a higher likelihood of externally imposed expectations and stereotypes. Organizations committed to diversity must recognize the opportunity for bias that these dimensions create and should develop robust cultures and business functions to minimize the possibility that an individual is treated differently as a result of a more visible core dimension.

- **Secondary Diversity Dimensions.** The dimensions in the outer ring are called secondary diversity dimensions. These dimensions, such as experience and expertise, are also essential elements of social identity. In contrast with core dimensions, secondary dimensions vary in influence from person to person, change over the course of an individual's life, and are often a result of choice.

Cultivate the Expected Behavioral Changes

The variety of perspectives resulting from a diverse workforce should in turn lead to more internal conflict. Robust, healthy conflict is an essential part of the foundation for capturing the value of difference, but only if employees universally exhibit a few key behaviors:

- **Cooperation.** Sharing knowledge to build personal and organizational success
- **Individual Accountability.** Monitoring one's own behavior and that of others to foster a positive work climate for all

- **Inclusion.** Ensuring every member of the team and organization is a welcomed and contributing member
- **Respect.** Treating others with dignity and consideration

Failing to cultivate these behaviors can result in a different type of conflict—one that creates caustic tensions, higher turnover, and an increased likelihood of individuals suppressing their identities in order to fit in. The need for these four behaviors explains why half-hearted diversity efforts and an overemphasis on recruiting minorities fails: in the absence of the key behaviors, a superficially diverse company may inadvertently produce an inhospitable work environment and counteract the value of having different perspectives in the first place.

A FEW NUANCES WORTHY OF DISCUSSION

The above two points beg an important question: Is it possible that a group of inclusive and thoughtful middle-aged white men could be as diverse as a group of people of different genders and various ethnicities?

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Yes, it is possible—but fairly improbable. Core dimensions, especially the more visible ones, have a deeply rooted, subconscious effect on how people experience the world and, therefore, on how they approach their work. The cumulative effect of these dimensions primes individuals to approach business problems and opportunities from fundamentally different perspectives.

Giving diversity a new, broader meaning will take time. In some instances, it may be helpful for companies to

begin with gender and gradually broaden the definition of diversity over a longer period. Starting with gender would give organizations valuable practice in capturing the value of difference while creating opportunities to engage the nuances of other dimensions in the process. For example, gender intersects closely with age and parenthood in some countries and regions, and with religion in others.

An additional option to ease the transition is to substitute the word “difference”—or even one of the four key behaviors—in place of the word “diversity.” If the mere mention of diversity automatically triggers a negative response and resistance in an organization, then using another term may be the fastest path to a productive conversation.

LEADERSHIP ENABLERS TO ACCELERATE DIVERSITY

When the foundation is in place, four leadership enablers serve as the main pillars for accelerating successful diversity strategies.

Demonstrate Commitment and Accountability

In 2009, Unilever launched its “Winning with People” agenda, which articulated the need to build an agile, diverse organization as a critical priority. The company established a global diversity board that included the CEO and a group of cross-functional senior leaders. The diversity board created and stewarded Unilever’s roadmap for embedding the value of difference and inclusion in the organization, starting with gender balance. Over time, successful efforts were standardized into a repeatable and scalable model—one that provided a strong framework yet enough flexibility for different regions and functions to adapt these diversity strategies to local situations.

As demonstrated by Unilever, commitment and accountability are critical to capturing the value of difference. Senior commitment sets an important tone and echoes through the organization, influencing its actions and priorities. Accountability ensures ownership of the journey and that progress is being tracked.

Structures such as Unilever’s global diversity board have become an increasingly common way to institutionalize accountability. These boards, some-

times referred to as executive diversity councils or diversity task forces, bring together five to ten leaders, often on a rotating basis, who report directly to the CEO. Although HR may be included, it is critical that these boards be comprised primarily of other senior leaders, particularly those with operational responsibilities. A board has three functions:

- Educating the organization and its employees
- Ensuring accountability for diversity efforts
- Overseeing the creation of local voluntary accountability structures, when appropriate

Although HR may be included, it is critical that these boards be comprised primarily of other senior leaders, particularly those with operational responsibilities.

Accountability as it is described here does not necessarily imply using goals, targets, quotas, or other metrics to measure success. Instead, it indicates that a cross-functional group of leaders should share the responsibility for an organization’s ability to capture the value of difference.

Develop a Rich Qualitative Fact Base

In the journey to capture the value of difference, qualitative explorations are typically more helpful than quantitative metrics. Building a qualitative fact base helps identify opportunities, probes at root causes, and inspires more productive and less defensive conversations.

Quantitative metrics, such as the percentages of women and minorities, can be useful with senior audiences who are already convinced of the case for change. However, with broader audiences, focusing exclusively on “the numbers” often leads to negative spotlighting, miscommunication, tension, and defensiveness between majority and minority groups.

Here are a few exercises to help build and refine a qualitative fact base:

- **One-on-One Interviews.** Interview individuals across the organization as well as former employees who left recently enough to have fresh memories, but who also have been gone long enough to give a candid appraisal of the company.¹²
- **Surveys.** Turn the interview feedback and other traditional employee-engagement efforts into surveys that are administered across the organization. Analyze the results by demographics, tenure, region, business unit, and function to create a rich picture of root causes and to build momentum for their resolution.
- **Focus Groups.** Select a few major topic areas and groups within the organization and dig deeper into opportunities to cultivate diversity and root causes behind specific sentiments.

Present the results from these exercises in a raw yet thoughtful form to senior leaders, giving them structured opportunities to react. In addition to resulting in priorities and next steps, these sessions will facilitate momentum and buy-in from the most senior individuals in an organization.

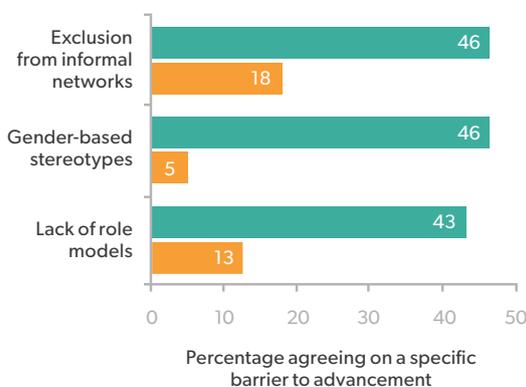
The Kering Group used these methods to develop the priorities for its women’s empowerment agenda. While it is possible that Kering could have accurately predicted its priorities without survey feedback or borrowed the priorities of a peer organization, merely the process of collecting and reviewing the qualitative data allowed the company to create broad-based support for women’s empowerment.

Although results from the vast majority of such exercises are internal to companies, a Catalyst survey of almost a thousand senior Fortune 1000 executives provides an opportunity to understand the nuances that can emerge from a rich fact base. The survey demonstrates that men and women have relatively similar aspirations to become CEO. And yet, the top three barriers to advancement faced by senior women and men are different, and these barriers are typically more pronounced for women than for men. (See Exhibit 4.)¹³ Organizations collecting similar data tailored to their context will be armed with the knowledge to plug leaks in their diversity strategies.

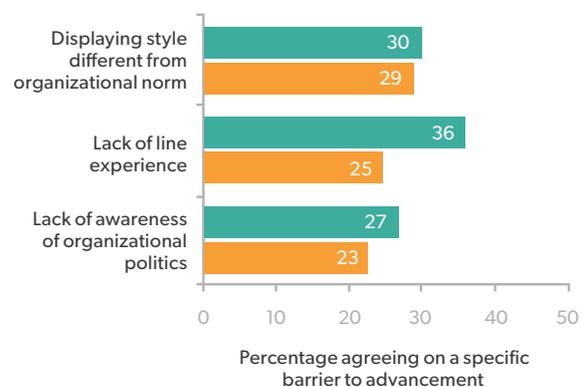
Gathering qualitative metrics should not be a one-time effort. Conducting interviews, surveys, or focus groups periodically over the long run is necessary to create a rich and evolving fact base that will begin to predict the organization’s ability to capture the value of difference.

EXHIBIT 4 | Catalyst Data on Barriers Facing Female and Male Executives

Top three perceived barriers to advancement for women



Top three perceived barriers to advancement for men



WOMEN MEN

Source: Catalyst

Embed Diversity Throughout the Organization

As highlighted in the eight diversity pitfalls, isolating diversity efforts in HR or counting on traditional minority groups to drive the change spells a common demise of well-intentioned strategies. Isolation makes diversity strategies less effective in their design and also more divisive in their psychological effects. Overcoming isolation is a critical requirement for success.

Therefore, diversity—and arguably more important, a company’s behavioral expectations for cooperation, individual accountability, inclusion, and respect—must be embedded throughout the organization so that everyone can benefit.

An excellent example is Credit Suisse’s agile working philosophy and office setup. The same practice that enables a mother to have flexible work hours to care for her children also makes it easier for a father to do the same and for workers with elder-care responsibilities or other external obligations to integrate their work and life in more meaningful—and productive—ways.

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By reexamining old procedures and by using the experiences of the more visible outliers in the

organization to craft new ways of working, companies can begin to level the internal playing field for women and minorities, while simultaneously benefiting men and other majorities.

When developing and implementing a training curriculum, mentorship program, affinity group, or other diversity initiative, it helps to pause and ask: Would the proposed change help majority groups, too? Should we invite everyone to join? If so, make the program broadly available. Doing so will help employees reframe how they think about diversity, avoid the possibility of backlash, and give them a forum to practice the art of inviting and treasuring difference.

Embedding diversity throughout an organization is an essential ingredient for developing a holistic strategy. Falling short will prevent leaders from developing effective interventions and from securing broad-based buy-in, thereby jeopardizing the success of otherwise-sound efforts.

Catalyze and Reward Experiments

Some elements of a company’s diversity practices and programs will be transferrable across the organization. Other elements will need to be tailored to the context of a specific region or business unit.

To discover what works best, leaders should empower employees to experiment. This has several benefits:

- **Boosts Buy-In.** Allowing employees at various locations and levels to adapt practices and programs, rather than simply implement what they receive, boosts buy-in throughout the organization.
- **Improves Context-Specificity.** Encouraging employees to experiment with practices and programs results in ones that are often more appropriate for their specific realities.
- **Uncovers Gems.** Experimentation in the trenches often unearths an idea or approach that can be scaled up and implemented more broadly.

Of course, effective experimentation requires an appropriate framework. Here are a few points to keep in mind:

- The first three enablers to accelerate diversity should already be in place by this point.
- Initially, the effectiveness of diversity efforts should be measured qualitatively.
- Although all voices should be welcomed, elevating those of employees who are respected—no matter their level or function—will increase the chance that an experiment will succeed.

The Boston Consulting Group's (BCG) Predictability, Teaming, and Open Communication (PTO) program is an example of how grassroots experimentation can improve work-life balance.

PTO not only improved work-life balance but also resulted in better planning and prioritization skills and higher quality work.

In the consulting business, where clients come first, implementing a typical work-life-balance program or mandate was not likely to be effective without a shift in basic workplace beliefs and practices. So Leslie Perlow, a professor at Harvard Business School, and Deborah Lovich, then a partner in BCG's Boston office, developed and experimented with a new concept: having consultants protect one evening per week. By creating an opportunity for consultants to completely turn off, this experiment not only delivered more predictability but also taught consultants how to step away from work.

PTO not only improved work-life balance but also resulted in better planning and prioritization skills and higher quality work. The initiative spread through the company and, through further experimentation, began to encompass other areas of work-life balance.

Although PTO is not explicitly branded as a diversity initiative, it is an excellent example of how companies

can accommodate the unique needs of individuals in a team-based, fast-paced environment, achieving both work-life balance and business benefits as a result.

SCALE WHAT WORKS

As success stories develop, they can be celebrated and scaled more broadly across the organization.

The More Obvious Diversity Practices

In some cases, the link between a specific practice and the broader diversity strategy will be clear. For example, some of Kering's prominent diversity efforts include a streamlined process for off- and on-ramping women who take maternity leave and a global campaign to raise awareness of the gender stereotypes.

Some typical diversity practices found in companies today include:

- Aligning performance systems
- Developing key performance indicators
- Establishing diversity boards, councils, or task forces
- Allowing flexible work locations
- Instituting work-life-balance programs
- Setting hiring and promotion goals
- Launching networking and affinity programs
- Creating parental-leave programs
- Requiring diverse slates of candidates for all positions
- Providing training in key skills or diversity competencies
- Establishing mentorship or sponsorship programs

One practice worthy of explicit clarification is setting hiring and promotion goals. "Goals" appears to be the least divisive term, compared with "targets,"

“quotas,” or “affirmative action.” Some companies, including Unilever, do use the term “targets” to help leaders focus their minds on fair representation. However, such targets are determined using thoughtful modeling to ensure that the numbers align with the cultural and organizational context and do not alienate majority groups.

By contrast, the terms “quotas” and “affirmative action” often come with more emotional baggage for majority and minority groups alike and should be used only after careful consideration.

The Less Obvious Diversity Practices

Not all interventions will or should have such obvious links to diversity.¹⁴ For example, CARE International is striving toward a global culture of openness in which CARE employees are encouraged to be direct and clear in their communications and to avoid overly subtle communications that water down the message they are trying to convey. “Openness” is not immediately obvious as a diversity strategy, and yet by cultivating and training employees on this skill, CARE is in essence empowering everyone in the organization to contribute.

A few other examples include deliberately crafting job titles and descriptions to minimize the effect of gender stereotypes and formalizing assignment systems to prevent bias from influencing who works on various types of projects.¹⁵ By not drawing attention to themselves as diversity initiatives, these types of interventions easily garner broad-based buy-in and therefore can be more effective than mainstream diversity practices.

CAPTURE THE VALUE OF DIFFERENCE

With this new holistic strategy in place, what does success look like?

Success is highly contextual. There is no perfect cocktail of core and secondary dimensions that

makes a company adequately diverse. Geographical region, industry context, and culture will also impose complex tradeoffs. For example, in some countries where there are still significant gaps in education between men and women, choosing to improve gender balance may require hiring female expatriates instead of hiring from the local communities.

With this disclaimer in mind, here are two guidelines for thinking about success:

- **The qualitative metrics are the leading indicators of success.** Leaders, especially those tasked with being accountable for diversity, can use their newly developed fact base to periodically monitor progress, check for leaks, and help catalyze the appropriate remedies.
- **The percentage of women or other minorities are the lagging indicators of success.** Having a critical mass of women and other minorities allows those groups to better own their full identities.¹⁶ That said, the right way to reach that critical mass is not to take shortcuts, such as making “diversity” a convenient euphemism for “lowering standards” or “making special accommodations” for minority groups. The better path is to treat diversity as a leadership journey to understand the root causes—some simple, some complex, and some deeply emotional—that are preventing diversity and to address them with a holistic approach.

Success is highly contextual. There is no perfect cocktail of core and secondary dimensions that makes a company adequately diverse.

By continually monitoring where talent is less diverse and by actively addressing the gap, organizations can embark on an ongoing journey to tap into the power of difference.

CONCLUSION

The business case for diversity is intuitive, and the numbers back it up.

Still, diversity is elusive. Even well-intentioned companies may find themselves thwarted by common pitfalls, such as isolating diversity in HR or ignoring the human and emotional element of diversity.

Partial or failed attempts at diversity can leave companies in an uncomfortable paradox, where they have achieved nominal diversity through recruiting but have not laid the cultural foundation to accommodate the new level of conflict in the organization. This type of half-baked diversity can leave companies with higher tensions and turnover than when they started their journey.

Companies that invite employees to be different together and coach them to thrive when surrounded and challenged by different views can fundamentally change the workplace—for the benefit of all.

But there is a better way. To capture the value of difference, leaders need to look beyond the numbers and develop a more holistic diversity strategy.

To begin, leaders must reframe diversity by broadening the definition and cultivating the behavioral changes expected from their employees. Then, they

must accelerate diversity by demonstrating their commitment and accountability, developing a rich fact base, embedding diversity and inclusion in the organization, and encouraging and rewarding experimentation. Finally, leaders must scale what works, likely including some initiatives that are deliberately not branded as diversity efforts.

Ultimately, cultivating diversity is the collective responsibility of leadership. Companies that invite employees to be different together and coach them to thrive when surrounded and challenged by different views can fundamentally change the workplace—for the benefit of all.

THE BROADER ECOSYSTEM

Society was barely addressed in this discussion. Nevertheless, organizations can and should put a stake in the ground. As an example, Kering takes a 360-degree view of women's empowerment. In addition to its holistic internal diversity efforts, Kering has crafted opportunities for its employees to support the Kering Foundation in its efforts to combat violence against women in society. Higher standards for suppliers and customers as well as demands for government policy are additional ways in which the business community can ensure that all people have the opportunity to participate meaningfully across the workforce.

More will come on this topic down the road. The B Team believes that although companies should "start at home," ultimately, they should have a positive systemic impact on all people and the planet. Kering's 360-degree view should become a more common model for businesses to play an active role in society.

GETTING STARTED

There are several steps you can take today to begin to capture the value of difference:

- **Frame the conversation about diversity honestly, openly, and positively in your organization and peer groups.**
- **Mine for conflict in your teams.** During heated debate, reinforce to your teams the importance of their unique perspectives and of healthy conflict. Assign someone on the team to call on individuals who participate less to ensure their perspectives are heard.¹⁷
- **Participate in a variety of affinity groups and their events.** Majority groups need to be a part of the solution, and minority groups need to support other minority groups in their efforts. Affinity groups

are one outlet where leaders can start to break down barriers and learn about the unique challenges faced by employees in the organization.

- **If necessary or desired, stop calling it “diversity.”** As painful as this may feel in recruiting presentations, the word “diversity” can often carry too much baggage to be effective. “Difference” or another more positively framed description may provide better initial framing. (See Exhibit 5.)
- **If in doubt, lean on gender to ease the transition.** The best way to do this includes accounting for the secondary dimensions that intersect with gender, since the variations of these dimensions are most likely making it harder for women to thrive in the first place.
- **Begin to craft an integrated strategy for capturing the value of difference that goes beyond the numbers.**

EXHIBIT 5 | A New Way to Think About Diversity

WHAT DIVERSITY ISN'T

- The number of women or other minorities
- A destination
- A problem
- An issue
- A department
- An HR function
- A quota
- A checklist
- Risk management
- A threat to the majority
- A compliance topic
- Caustic tension or friction

WHAT DIVERSITY IS—OR SHOULD BE

- Inviting people to be different together
- A set of behaviors – cooperation, individual accountability, inclusion, and respect
- An opportunity
- A journey
- A paradigm
- A muscle requiring exercise
- A culture
- A mindset that benefits everyone
- Strains of brilliance
- A competitive advantage
- Productive conflict
- A challenge to our mental models

FOR FURTHER READING

The following resources significantly influenced this study and are highly recommended to all leaders and individuals interested in cultivating diversity and inclusion in their organizations.

BOOKS

Lotte Bailyn, *Breaking the Mold: Redesigning Work for Productive and Satisfying Lives*, (ILR Press, 2006)

Martin N. Davidson, *The End of Diversity As We Know It: Why Diversity Efforts Fail and How Leveraging Difference Can Succeed*, (Berrett-Koehler Publishers, 2011)

Patrick Lencioni, *The Five Dysfunctions of a Team: A Leadership Fable*, (Jossey-Bass, 2002)

Marilyn Loden, *Implementing Diversity*, (McGraw-Hill, 1995)

Leslie Perlow, *Sleeping with Your Smartphone: How to Break the 24/7 Habit and Change the Way You Work*, (Harvard Business Review Press, 2011)

ARTICLES

Susanne Dyrchs and Rainer Strack, "Shattering the Glass Ceiling," *BCG Perspectives*, August 14, 2012

Sylvia Ann Hewlett, "How Diversity Can Drive Innovation," *Harvard Business Review*, December 2013

Claire Cain Miller, "Women on the Board: Quotas Have Limited Success," *New York Times*, June 19, 2014

David A. Thomas and Robin Ely, "Making Differences Matter: A New Paradigm for Managing Diversity," *Harvard Business Review*, September 1996

Joan C. Williams, "Hacking Tech's Diversity Problem," *Harvard Business Review*, October 2014

NOTES

- 1 "Making Differences Matter: A New Paradigm for Managing Diversity," *Harvard Business Review*, September 1996.
- 2 *Innovation, Diversity, and Market Growth*, Center for Talent Innovation, 2013.
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THE B TEAM

The B Team is a not-for-profit initiative formed by a global group of business leaders to catalyze a better way of doing business, for the wellbeing of people and the planet.

Founded in the belief that the private sector can, and must, redefine both its responsibilities and its own terms of success; The B Team is developing a 'Plan B' - for concerted, positive action that will ensure business becomes a driving force for social, environmental and economic benefit.

Plan A - where business has been motivated by profit alone - is no longer an option.

The B Team is focused on driving action to meet a set of global business Challenges that underpin Plan B – by starting 'at home' in their own companies, taking collective action to scale solutions and using their voice where they can make a difference.

Leaders include Sir Richard Branson, Arianna Huffington, Dr. Mo Ibrahim, Guilherme Leal, Strive Masiyiwa, Blake Mycoskie, François-Henri Pinault, Paul Polman, Ratan Tata, Zhang Yue, Professor Muhammad Yunus, Jochen Zeitz.

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