

# SHIFTING THE DIAL ON DIVERSITY AND INCLUSION A SIX-POINT PLAN

**Your culture and Diversity & Inclusion strategy needs to be looked at as a major change programme. This is about bottom-line performance and the long-term competitiveness of the organisation, not just box ticking and equality.**

Currently under representation of women, BAME individuals and other minority groups is 'business as usual', with gender pay gap reporting being driven by regulatory requirements rather than by the value this data adds to decision-making.

A cultural transformation around diversity and inclusion is becoming more urgent, particularly in light of Covid-19. Business environments are becoming more fast-changing, whilst evidence mounts that cognitive diversity within teams leads to better decisions and more innovation. Consumer behaviour and demand is shifting rapidly, and the Black Lives Matter movement has seen a surge in public scrutiny of diversity across businesses from marketing collateral to representation on the board. Government is paying more attention, with ethnicity pay gap reporting proposed in the UK, alongside gender pay gap reporting. Investors are also placing more weight on Environmental, Social and Governance (ESG) data, with some FTSE350 companies incorporating diversity and inclusion measurements in their oversight metrics.

**The good news is it is possible to shift the dial on Diversity & Inclusion relatively quickly.**

In their 2019 [Diversity Wins](#) report tracking correlation between diversity and financial performance, McKinsey identified a group of 'Fast Movers' - companies who have quadrupled their gender representation and increased their ethnic diversity from 1% to 18% since 2014.

So the key question for boards is why has the time, energy and resource dedicated to diversity and inclusion within many firms not yielded more results across the organisation. And why outcomes have varied so significantly between certain industries and divisions.

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ASPECT OF THIS PAPER IN MORE DETAIL.

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Diversity and Inclusion is a field with a significant evidence base on what does and does not work. [King's College London](#) research examined the impact of some of the most widespread activities, ones which are almost standard for larger organisations. **It found these activities are largely ineffective at delivering widespread change in diversity and inclusion:**

- employee-led 'minority' networks;
- training and networking specifically for under-represented groups;
- mentoring schemes, including cross and reverse mentoring;
- unconscious bias training
- ensuring one 'diverse' member on hiring committees.

**Women on Boards has worked with over 30 leading firms to advance their diversity and inclusion.** Drawing on our observations and deep knowledge of the evidence in this field, we offer 6 steps to shift the dial on diversity and inclusion.

## ONE. START AT THE TOP - REVIEW YOUR BOARD COMPOSITION AND SKILLS

Diversity in the boardroom is paramount to gain the diversity of thought that drives quality decision-making. Consider: Do your NEDs represent your stakeholders in terms of background and demographics? Is there expertise in change, culture, inclusive leadership, recruitment and D&I within your board?

Women on Boards' ['Turn on the floodlights: how to recruit for diversity on your board'](#) has practical advice on shifting your approach to board recruitment to prioritise diversity of thought.

## TWO. DEFINE AND LEAD YOUR CHANGE PROGRAMME

Yes, your D&I experts should guide you, but they can't 'sort it out' whilst everyone else carries on as normal. A clear vision of D&I's business benefits will get you initial buy-in, but your behaviour, decisions and priorities will generate the belief needed for your change programme to succeed.



Make sure your board is regularly updated on progress and metrics in your D&I strategy and executives have D&I KPIs, division by division, linked to their remuneration. After all, this is about maximising financial outperformance and nothing focuses attention more than one's own pay packet.

## THREE. INVEST IN INCLUSION - UPSKILL IN COLLABORATIVE LEADERSHIP

Inclusion is important as without it you cannot reap the benefits of a more diverse team. If you get inclusion right, employees become more engaged and share divergent view points which are well-managed to generate innovation. If you get it wrong, retention particularly of diverse talent suffers, as they do not feel valued and able to progress in line with their performance.

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Upskilling your managers in collaborative and inclusive leadership through research-based training can shift the culture. But not just the top team - inclusion needs to be experienced at all levels of the organisation. In fact, 2019 [Women in the workplace](#) research from McKinsey shows that for women, especially women of colour, the biggest barrier to leadership is the first step into management when promotions go disproportionately to men. This requires a stronger ability to align performance and progression amongst the senior managers making these hiring decisions, not just leadership teams.

Women on Boards delivers the [Getting to the C-Suite programme](#) – cutting-edge leadership development with a focus on inclusive and collaborative styles.

## FOUR. UNDERSTAND YOUR DATA

Every organisation will differ in its specific diversity and inclusion challenges. You can't make improvements if you don't first understand the issues, and how they vary in each region and division.

You have three rich sources of data to analyse:

- a) Your hire, promotion, salary, bonus and diversity data will give your benchmark to set diversity targets. If you don't have this data, you may need an internal 'census' to begin;
- b) Qualitative data from your staff will illustrate how inclusive your culture is. Gathering this through Minority networks and/or employing an external expert is most effective, to enable your staff to express their feelings and any negative experiences with confidence. It is vital for you to offer genuine reassurance that feedback will lead to effective action.
- c) Track the diversity of your customers and stakeholders to ensure your staff team represents and understands their perspective. You should also look to see if customer satisfaction varies by group and capture any D&I related feedback or customer sentiment.



## FIVE. SUPPORT AMBITION



Ambition and talent are equally distributed across diverse groups, but the information and opportunity needed to progress is not. Under-represented groups do not need training to become more like a majority group, but do benefit from understanding the strategies for career progression which research shows are effective. Integrating non-executive board roles early on in a career can develop the strategic skills needed to move into senior leadership - at little cost to your company.

Women on Boards offers workshops tailored by career stage to support employees to build their own careers authentically. We work with both men and women under our corporate brand name NexGen Directors. We do not believe in 'fixing the minority'. Instead we ensure that your employees are fully aware of how best to advocate for themselves and the need to actively manage their careers via short, medium and long-term goals. [Find out more about Corporate Partnership.](#)

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## SIX. REMOVE BLOCKS TO DIVERSITY IN YOUR TALENT PIPELINE

Your data will show which career stage under-representation of certain groups beds in. This differs by industry – for some it is entry-level whilst others find gaps arise mid-career.

Policies such as flexible working, paternity support and returner support can be effective in closing mid-career gaps. For industries (such STEM) that experience entry-level gaps due to under-representation in education, we suggest partnering with organisations to offer funding, work experience or inspiration and visibility to under-represented groups. Sometimes there are no quick fixes.

### WILL IT WORK?

**BUILDING BELIEF.** Most cultural change projects fail due to a lack of belief in the senior leadership team, and/or as they do not communicate their visions sufficiently well to inspire this belief in the staff team.

While there are no shortcuts to leading your own change programme (see step 2), Women on Boards' engaging and inspiring speakers can deliver our 'Making the change' talk as effective launch to your change programme. Tailored to your company's situation and adapted for deliver to your board, senior executives or a wider staff team, we combine a practical and frank approach with passion and enthusiasm for the benefits diversity and inclusion will bring to you.

**ENSURING OUTCOMES.** As you have no doubt realised, whilst we have summarised effective action into six areas, each belies a significant degree of complexity and challenge. The majority of organisations can benefit from external consultancy support to ensure their effort and resources directed to D&I are employed most effectively.



Women on Boards works with a range of Diversity & Inclusion consultants who specialise in different types of organisation. Each brings their own approach but are all highly practical and outcomes focused. Do get in touch if you would like a tailored recommendation.

### FIVE DIVERSITY & INCLUSION QUESTIONS FOR NEDS TO ASK:

- ONE** How is our D&I performance helping or hindering our strategic priorities?
- TWO** Are we as a board getting regular updates on our Diversity & Inclusion strategy and progress against metrics? Are they the right ones to support our vision?
- THREE** What is our gender pay gap and ethnicity pay gap overall? How do they vary across divisions/departments? Let's lead this agenda, not be limited by government reporting requirements.
- FOUR** At which stage of our talent pipeline does our diversity drop-off? Is this the same for gender, race and other under-represented groups? How effective are we in tackling it?
- FIVE** Look around the table. Do we bring insight into our staff and customers backgrounds and perspectives? Do we have the expertise we need to support D&I?

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