The New DE&I Playbook—5 Key Actions to Create Sustained, Systemic Culture Change

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Over the last year and a half, we've witnessed chronic racial injustice incidents, a global health pandemic and the subsequent economic fallout, which has acutely impacted people of color and women in the workforce far out of proportion to the overall population. During this period, Black, LatinX, Asians, Pacific Islanders and Indigenous people have experienced disproportionately higher rates of infections, hospitalizations and deaths, and women globally have lost more than 64 million jobs in 2020 alone.

"This loss of jobs due to the Covid-19 crisis cost women around the world at least $800 billion in earnings, a figure that is more than the combined GDP of 98 countries."
— Oxfam International

On the professional front, we'll be feeling the impact of 2020 for a long time. In fact, the gender pay gap has increased so much that, according to the World Economic Forum, it's now expected to take 135 years to close it. In short, we have been set back collective decades of work.

How have corporations responded? Plenty have publicly staked their position by donating to racial justice organizations and creating new DE&I leadership roles within their organizations. But even as people around the globe are seizing this moment to highlight systemic inequity and racial discrimination—and advocate for change—Fortune 500 CEOs in the United States remain a homogeneous group made up of mostly white males over the age of 50, and as you look further down the pipeline of these companies, diversity dwindles.

At the time of this writing, there are just two black female CEOs in the Fortune 500—an all-time high -- and diversity is no better in boardrooms.

While white men make up **35%** **of the U.S. population, Fortune 500 CEOs skew heavily white (92.6%) and male.**

Leader readiness to engage in meaningful DE&I work has intensified: 96% say that it's a strategic priority for them. Employees, too, are becoming quite outspoken in their expectations for equity and diversity at all levels, and they're demanding action from employers. As a result, many companies are focused on supporting employee activism and sending a broad message out into the world that they back DE&I efforts.

This is nice. But are they doing the genuine internal work?

Industry research has shown that even with billions of dollars spent on diversity training and programs, DE&I initiatives have been largely ineffective, and a vast gap exists between the rhetoric of diversity and inclusion and real results. While CEOs lament that DE&I is their top talent management priority, the DE&I playbook that has been used for decades is not working. It's time to create a more effective approach.

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DE&I efforts must be addressed holistically and strategically for companies to be successful. Organizations need scalable ways to transform their workplaces and drive real change to be more diverse, equitable and inclusive. In our work with clients, we know that there are five powerful actions organizations can take to begin to drive meaningful change from the inside.

1   Utilize an evidence-based approach

DE&I has been around for decades. Most companies have executed various best practices yet have not seen significant outcomes from these investments. As we advise C-suites, the main DE&I issue is their frustration at the lack of visible diversity on executive teams, in succession plans and in the leadership pipeline.

To get different results, you need a different approach. We believe the single most important thing a company can do right now to get to the root cause of failed DE&I initiatives is to conduct an honest, "outside in" assessment of the current state around DE&I using a holistic, evidence-based approach.

- **Listen to employee perspectives.** Employees, managers and leaders personally familiar with the effects of inequity have stories to tell from their own lived experiences. They have anecdotes and opinions to offer. While the reality is that there are divergent experiences within any group of people, the stories individuals share begin to form an organizational narrative. This type of qualitative data should not be discounted.

- **Capture both qualitative and quantitative data.** There are various kinds of data that provide profound insight into the DE&I wellness of a company. For instance, an analysis of the talent pipeline can reveal where pools of talent exist within the organization. You can also look at lagging indicators of the employee lifecycle over time: trends in hiring, promotions and terminations by level, function and performance analytics. An analysis of organizational culture, employee engagement and/or exit survey data can help you better understand leading indicators like engagement and retention.

- **Evaluate the organization's talent systems, processes, and HR policies** to ensure fairness and equity. Diversity, equity and inclusion must be embedded into every talent process, enabling HR and people leaders to make unbiased and equitable decisions around who to hire, promote and develop.

Be sure to look beyond representation. By bringing all these data points together and repeatedly asking why, it's possible to generate far more accurate hypotheses as to what is causing the lack of representation. You can begin to stitch together a "current state analysis"—a clear narrative that outlines what problems you need to solve in your organization. With that clear understanding and alignment, borne from an irrefutable evidence-based approach, you then have a clearly articulated north star for your DE&I efforts.

By digging deep into this internal analytics work, your senior leaders can identify the opportunities for change within their unique organizations. They can then rationalize and prioritize a few strategic actions that will drive intended outcomes, rather than leaning into a laundry list of actions that cannot be sustained.

2   Dig for deep insight into employee eXperience

Perhaps we can all agree that bias and discrimination still exist in the workplace. Yet, certain questions embedded in standard engagement surveys around diversity and inclusion are often too broad and thus seem to indicate that there's no problem. Listening sessions with colleagues may tell a very different story. To get at the real differences that matter in employee eXperiences, understanding gaps in perception among demographic groups, and between employees and leaders, is critical.

A DeX (Diversity eXperience) survey is one way to reconcile this anomaly and gain deeper insights at scale. In our DeX survey work, where we ask salient questions, we see gaps in how employees experience workplaces. Some report feeling unsafe both physically and psychologically. But when managers exhibit certain behaviors, such as creating an open environment where everyone can share their ideas and be heard, employees feel included and are more optimistic about their career opportunities. Bottom line: employees must believe their leaders are empathetic and experience inclusive behaviors in their day-to-day actions to feel valued. Achieving that level of inclusion remains elusive, even for organizations with deep commitments to DE&I.

3 Drive a mindset shift from the very top down

To set direction, create alignment and solidify commitment to DE&I, it is critical to start at the top. Visible ownership of DE&I by the executive team is the first step to making a real commitment. For diversity and inclusion efforts to become an intrinsic part of the culture of a company, it must be leader-led at all levels of the organization.

At many organizations today, DE&I is viewed as an HR or learning and development initiative. It's therefore hard to hold leadership accountable to preferred behaviors and culture-setting. Our advice to any company with an authentic desire to improve its DE&I efforts is to start with the leadership team, whose job is to articulate, with clarity, a future direction that makes sense for their business.

This means enlisting the executive team in a process of self-awareness and a deeper understanding of both their individual and their collective perspective and experience. Often, leaders think they are more culturally agile and inclusive than they are. True inclusion requires:

- Envisioning and enacting new ways of leading

- Creating active, intentional efforts with the coaching, developmental journeys, tools and resources to improve one's ability to identify and mitigate unconscious bias

- Valuing differences

- Acting as advocates and change agents

- Bringing out the best in each other to promote the full contribution and a sense of belonging of every employee, customer, partner and stakeholder

Unequivocally, DE&I is a leadership issue that requires great fortitude. When leaders role-model inclusive behaviors every day, they cast a huge shadow that shapes the culture. It is simply a game changer.

When we build organizations that effectively define and bring to life the behaviors of inclusion, we build a company that is successful and has a reputation for being a good corporate steward—and the conversation shifts to living out these values.

4 Create a deliberate connection between DE&I and organizational culture, values and strategy

For DE&I to be sustainable, it must be ingrained in the company's core culture, starting with its values. In the development of value statements, it's essential to be intentional about the link to DE&I behaviors. This might sound obvious, but in our assessments, we often find that DE&I is missing from corporate value statements, or that while a company might consider inclusion to be a value, it's relegated to being reinforced only in employee and PR materials. It's common for DE&I statements to exist as separate entities from the organization's values and vision — a standalone program that's only supported by some.

In our work with clients, we hear executives clamor for ways to influence DE&I outside of check-the-box activities. But in our assessments, we often see cultures of conformity where fitting in is necessary for success and advancement. The rhetoric of DE&I circles—fostering a more inclusive culture where people can be their authentic selves — must be actualized. While many organizations are hosting a lot of courageous conversations to help foster an inclusive culture, what's missing are the clearly defined behaviors that are expected by everyone in the organization.

For example, one of our client's leadership teams was intentional in defining company values, but they also went further and defined the associated behaviors expected by leaders to create bold innovation. Specific behaviors include:

- Seeking different perspectives

- Challenging the status quo

- Building a culture where everyone has a voice and is heard

These behaviors are also being embedded into their performance management process because they are at the heart of the type of culture the CEO wants to boldly innovate. By measuring performance on these behaviors, the CEO is making DE&I a core component of the organization's culture – one with rewards and consequences.

5 Embed DE&I into everything through conscious change management

DE&I must be embedded into everything. It must be at every touchpoint of the employee eXperience, intrinsic in the culture, and a part of how you go to market and how you do business. The DE&I strategy must be communicated and shared with all stakeholders, from the boardroom and C-suite to all leaders and employees within the organization so everyone understands, owns and drives it.

Organizations that want to succeed must be change-ready. The human element of the change equation with DE&I—helping people feel emotionally safe, understood, connected and empowered—is complicated and warrants the development of a comprehensive change management strategy. This component is often missing in DE&I efforts, causing DE&I departments to lament that changes are not going well because people are "resistant."

Our research has shown that successful change management strategies are designed with individual reactions and outcomes in mind. Kincentric's change management model organizes these as follows:

1. **Understanding:** Do you understand the changes?

2. **Emotion:** Are you emotionally ready for the changes?

3. **Ability:** Do you have the ability to support the changes?

4. **Intent:** Do you intend to embrace the changes in the future?

We often see organizations fail time and time again simply because people do not understand the change, and that cultural and organizational barriers to change are never fully dismantled.

The hard, rewarding work of DE&I

DE&I is at a crisis point. This is a complex problem, and unfortunately, there is no off-the-shelf quick remedy. Changes won't happen overnight. And while it may seem easier to simply replicate DE&I best practices, companies must invest in the hard work and take the right organizational actions to make real progress on DE&I.

We believe now is the time to shift our collective thinking about DE&I and create a sustainable, strategic approach, focused on behavior change, woven deeply through every company's culture and modeled from the top. Unlocking the power of people and teams requires a shift in mindsets, behaviors and practices toward more equitable, diverse and inclusive teams and organizations to achieve business success.

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Contact us to talk about how we can help.

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About Kincentric

Kincentric, a Spencer Stuart company, helps organizations unlock the power of people and teams to ignite change and drive better business results. With decades of experience and specialist expertise in areas such as culture; employee engagement; leadership assessment and development; HR and talent advisory; and diversity, equity and inclusion, we use data-driven insights to architect solutions that add value, enhance agility and increase organizational effectiveness. For more information, visit **kincentric.com**.

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