

**CORPORATE
DIVERSITY
LEADERSHIP**
White Paper Series

**REPRESENTATION
BEYOND MIDDLE MANAGEMENT**

diversity **MBA**
BENCHMARKING
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DiversityMBA 9th Annual Leadership Conference & Awards Gala

'Changing The Paradigm'

September 16th - 18th, 2015

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TABLE OF CONTENTS

- I. Executive Summary
- II. About the Research
- III. Ethnic Growth & Trends
- IV. Women in Management
- V. Ethnicity/Racial of Women in Management
- VI. Men in Management
- VII. Ethnicity/Racial of Men in Management
- VIII. Board Diversity
- IX. Perception Gaps
- X. Top 10 Best Practices
- XI. About the Author

I. Executive Summary

*Diversity MBA embarks on its 9th Annual **Inclusive Leadership & Index (ILI) DMBA Benchmarking Research** Survey. In the past 8 years 800 unique companies have participated in this benchmarking with an average of 300 companies per year. More than 50 percent of the companies return with an average of 35 percent new companies participating. 80 percent of the companies are multinationals and are publically traded companies; 20 percent are regionally based companies and/or organizations.*

An outcome of participating in the Inclusive Leadership & Benchmarking Research Survey is the celebrated ranking of 50 Out Front Companies: Corporate Diversity Leadership – “Best Places for Diverse Managers & Women to Work.”

*The marketplace demands benchmarking that provides data to enhance insights on supporting inclusive diversity and talent management while fostering sustainability DMBA Benchmarking has rebranded to the **Inclusive Leadership Index (ILI)** because we have established metrics to identify best, leading and future practices that provides practical insights on Diversity & Inclusion strategic initiatives. The key areas measured include: Representation; Board Diversity; Recruitment; Retention & Workplace Inclusion; Succession Planning and Accountability.*

*In 2014, we launched our white paper focused on each of our key areas measured. This first paper focuses on Representation and how leadership shows up in all management roles. Beyond this point, **Inclusive Leadership Index (ILI)** will focus on industry specific initiatives with guest contributors to provide more market intelligence and insights for the changing landscape and demographics of the population.*

II. About the Research

Diversity MBA is one of two key organizations that measure Diversity & Inclusion comprehensively and the impact on diversity as it relates to all diverse populations in the work force. More specifically, Inclusive Leadership Index measures how people of color and women are developing and achieving management & leadership roles. Our partnership with DePaul University Marketing Department spanned over 5 years creating our research process; administration, validation of results and establishing credibility.

In 2015 and beyond our new partnership with the Chicago School of Psychology, Chicago Campus will allow DMBA the opportunity to explore and measure the depths of behaviors in the workplace.

Below shows a chart that identifies top benchmarking organizations measuring the impact of inclusion and engagement in the workforce:



➤ D&I Strategy – Inclusive Leadership & Management



➤ D&I Strategy – Compliance



➤ Women & Work Life Balance



➤ Perception of all Employees of Work Life



➤ Women in Leadership & Management



➤ Programs that Support LGBT



➤ HACR – Measures Corporate Responsibility

About the Research Representation

Within the past decade research giants, like PEW, Global Lead and Nielsen has chronicled the growth of the USA population and analyzed the U.S. census data to identify trends where population growth can and will impact consumer behavior in spending, economic changes as well as, potentially influence workforce hiring and talent retention.

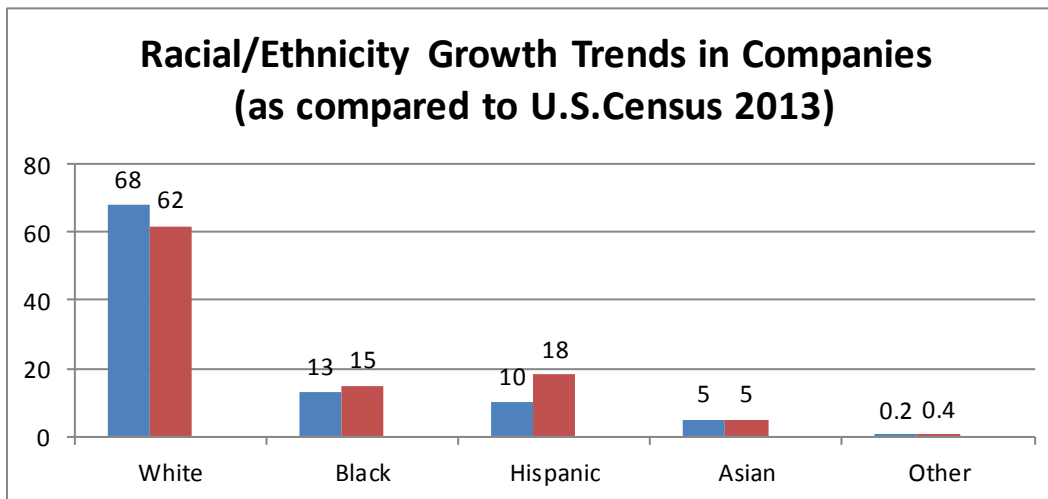
Inclusive Leadership Index (ILI) specifically references Nielsen Diverse Intelligence Series (www.nielsen.com) as it highlights consumer behavior trends that tie directly to the changes in the population. Nielsen predicts this, with the continuing growth and influence of the Hispanic, Asian and African American markets. The series also highlights demographic shifts which have significant implications for workforce hiring, aging, and integration of next generations.

Inclusive Leadership Index (ILI) expects women and people of color to be present when defining a balanced workforce. While certain industries attract more women; we expect to see a comparable number of women in leadership roles as compared to men. Representation is used as a critical Key Performance Indicator (KPI) in diversity & inclusion strategies to ensure movement towards a balanced workforce, measuring gender and ethnicity mix.

To further the dialogue, Diversity MBA is focusing this white paper on representation trends and patterns to advance women and people of color. **DMBA Inclusive Leadership Index (ILI)** examined the hiring trends with the outcomes in representation illustrated at all management levels. The critical path here is to embrace the disparities and gaps, to generate strategies that are aligned, and to include all groups for advancement.

Diversity MBA research has intentionally shown that CEO commitment is a real indicator for organizations making the necessary adjustments in their strategies to support market alignment.

III. REPRESENTATION



Findings:

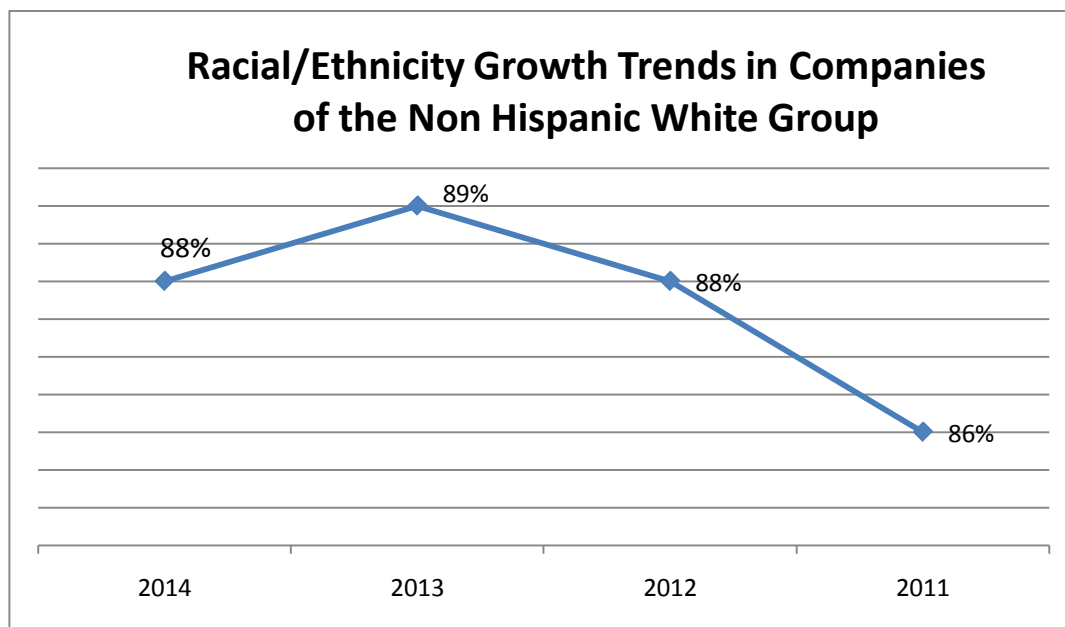
Since 2010 DMBA Inclusive Leadership Index has measured the growth of the racial/ethnic groups in companies to gain insights on the breadth of the diversity talent pipeline in management roles. Our research shows, on average, African American remains the largest racial/ethnic group. Additionally, recent trends illustrate an increase in the non Hispanic White (Caucasian) group. The concern for diversity and inclusion practitioners is the continued growth of the Non Hispanic White, (currently the largest group) in the management ranks.

Implications:

If this group is growing in your workforce, then, the question is what is occurring in your economic sphere that is causing growth in the Non-Hispanic White population (Caucasian) within your workforce.

****Examine reflections in your talent pipeline for Management****

III. REPRESENTATION

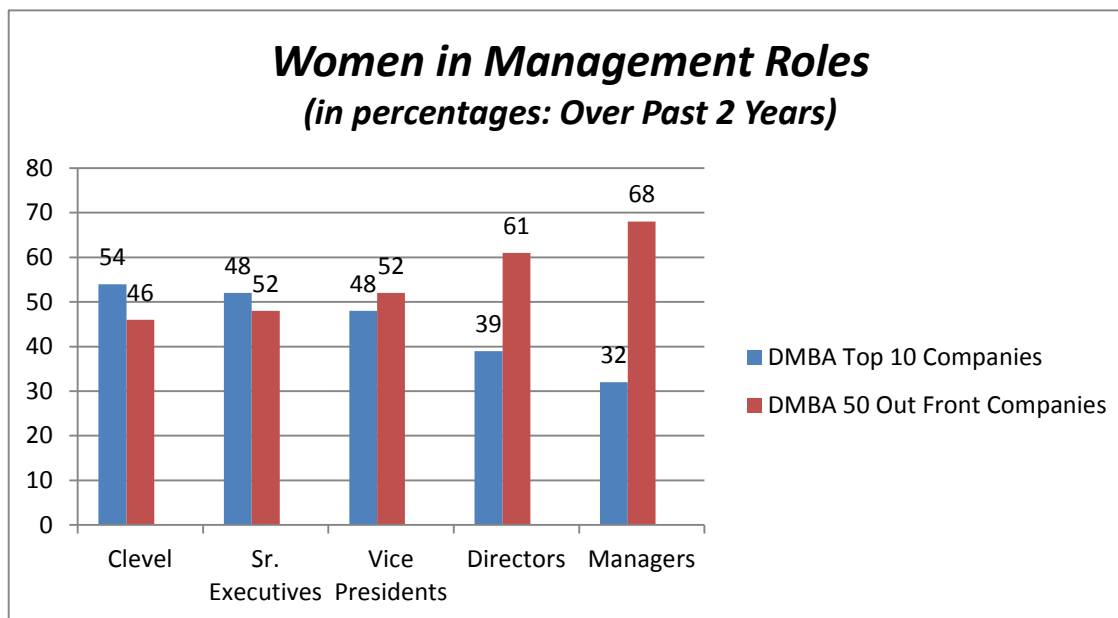


This illustration is important due to the growing trends of the changing workforce population, and the projection that people of color will be the largest group. These percentages represent the combined white male and female management population in companies.

To Watch

With the changing economic marketplace conditions resulting in increased Merger & Acquisition (M&A) and organizational transformation activity, the decline in people of color in management populations may indicate that managers of color are negatively impacted by M&A and organizational transformation activity, i.e., they are seen as the redundancy. While perceived barriers vary based on racial/ethnicity, organizational change is a key indicator of representation changes in the workforce.

IV. REPRESENTATION



Findings:

Despite the marketplace increase in women in senior leadership roles, the gap continues to be immense and slow to close. Survey results validate the trend of women as the largest group in middle management roles. Vice President roles shows a slight increase of the 50 Out Front companies over the Top Ten Companies. Top 10 Companies, however, continue to lead the marketplace with intentional movement of women into the most senior leadership roles.

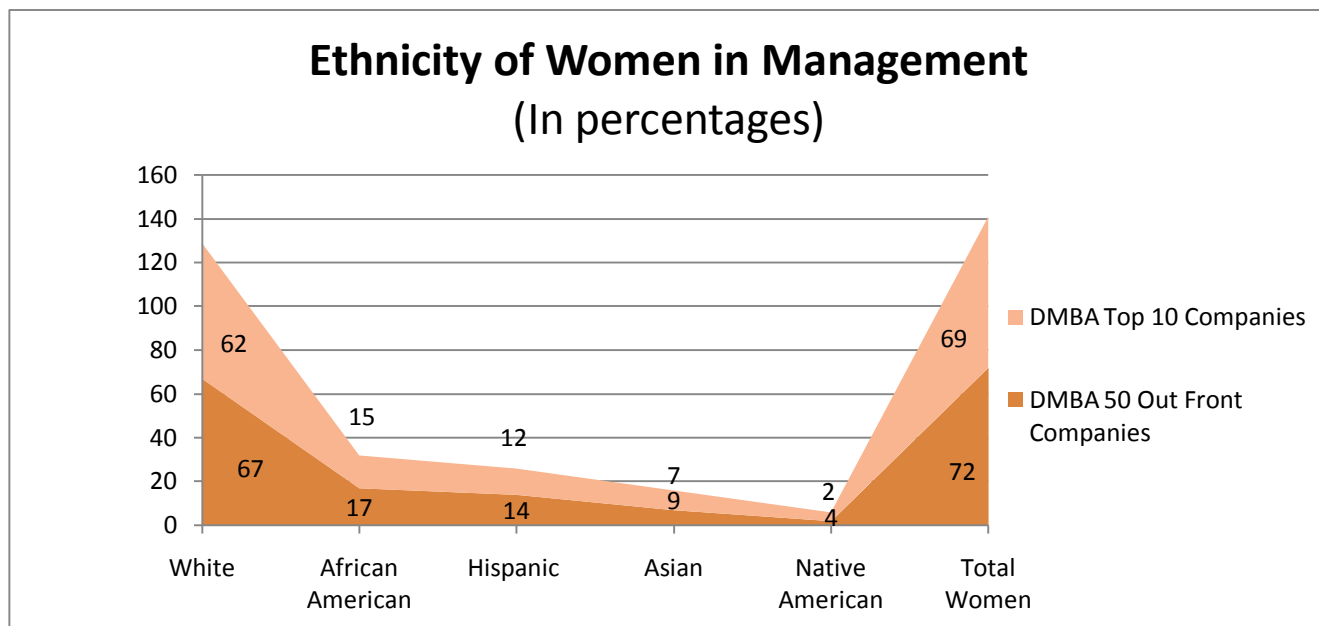
Implication:

The greatest opportunity remains with the consistent and equitable movement of women into the C-Suite and senior executive roles.

To Watch:

The rate that companies promote internal diverse talent from high potential pools; on average less than 10% of diverse internal talent is promoted to senior level roles from high potential pools.

V. REPRESENTATION



Findings:

Traditionally, White women were the first and largest group targeted for intentional advancement to diversify management roles. In the past, this strategy has been successful and should be celebrated. Overtime, this group has remained the highly favorable group for advancement. It is important to note that some industries are heavily populated with women i.e. healthcare, education, and financial services.

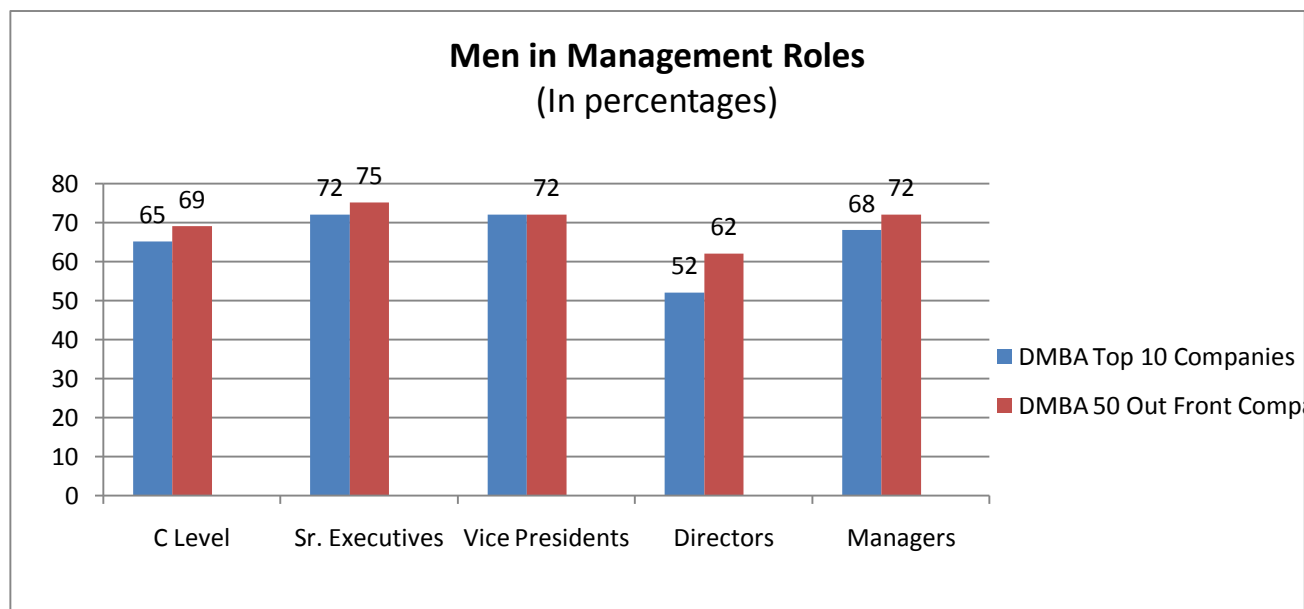
Implication:

*DMBA **Inclusive Leadership Index (ILI)** verifies that the trend across industries show White women are the largest group in management ranks (69%). Results also validate the trend that African American women continue to be the largest overall ethnic/racial group in management, with Hispanic women rapidly growing.*

To Watch:

Methods by which organizations develop and implement intentional strategies to advance women of color that are now ready for the next level of opportunity. This also includes how organizations' leverage succession planning of those in the pipeline

VI. REPRESENTATION



Findings:

It is no surprise that the movement with Fortune 500 companies to diversify senior leadership roles is pacing slowly for men of color. Even with the targeted effort to promote women, it still must be a business imperative for organizations to ensure men of color are advancing as well. The business case is clear when the marketplace in 2050 will represent the majority of people of color, both as a consumer and workforce participant. The above chart illustrates the percentage of white males in management roles, for example, 69% of white males for the 50 Out Front companies are at the C-Level; and DMBA Top 10 companies are at 65% white males in the C-Level. Be clear, that engagement of White males in developing diversity and talent strategies is a best practice.

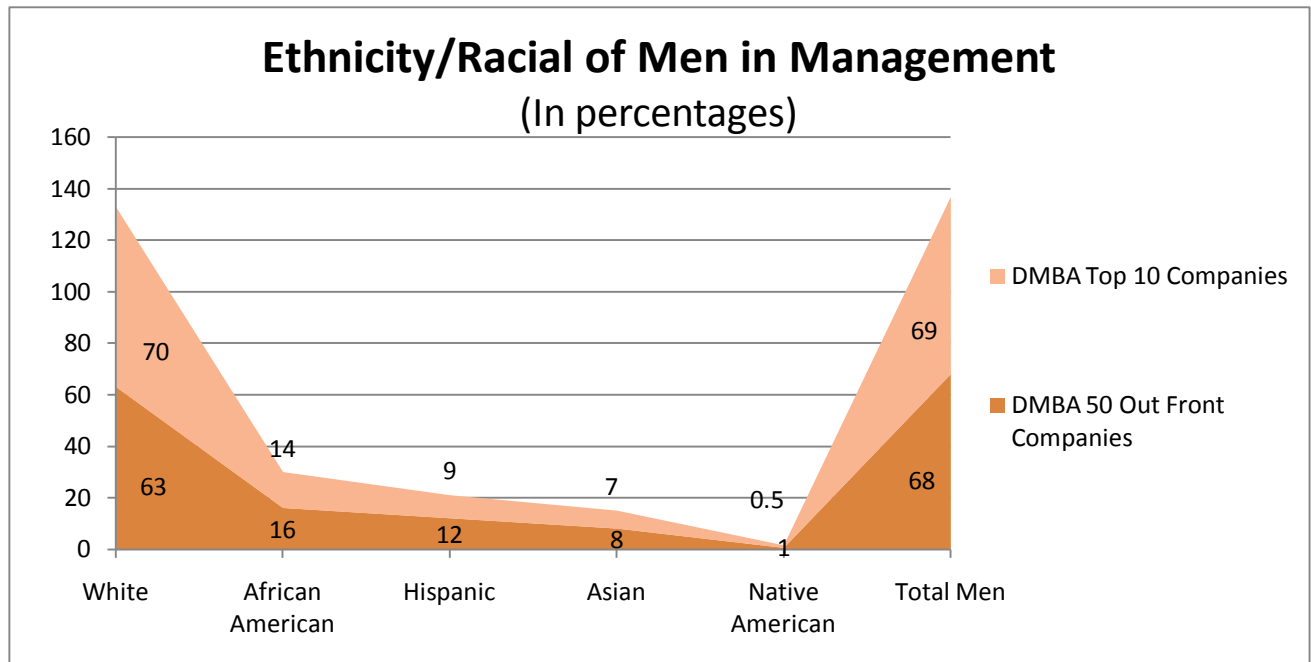
Implications:

*Certain industries are predominantly men thus we expect some challenges with representation. DMBA **Inclusive Leadership Index (ILI)** results indicate that the trend for white males continue to be the largest group in management roles at all levels. There is plenty of opportunity for men of color in the middle management roles for companies to develop their internal pipelines.*

To Watch:

Practices that are used by companies to deploy and engage men of color in new opportunities, as well as leverage their existing internal diverse candidate pool. Watch the reduction of White men in senior leadership roles and the increase of U.S. born men of color vs non US born men of color.

VII. REPRESENTATION



Findings:

The marketplace is experiencing an increase in men of color. African American men are leading the market; however, Asian American men are gaining momentum and securing senior leadership roles at a faster rate than Hispanic men. Recent trends illustrate the increase in line supervisory and management roles of White males. Some of this increase maybe due to the M&A and transformation activity among the multinational companies as previously mentioned.

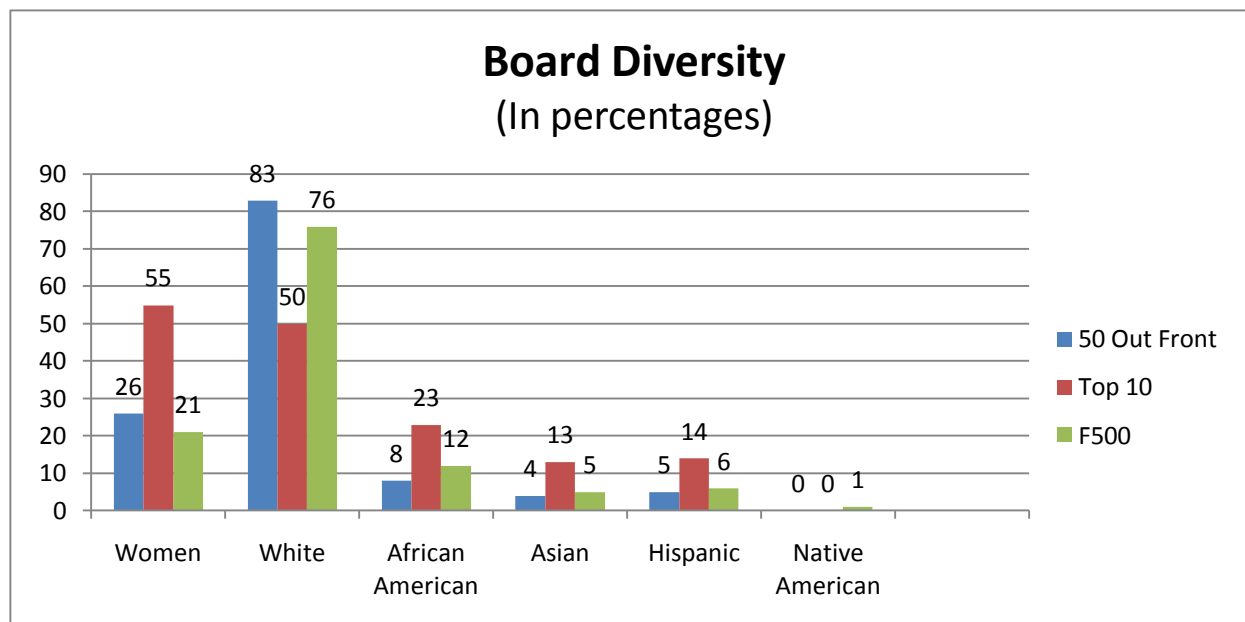
Implications:

Our research indicates cause for concern for future management sustainability given the pipeline has traditionally been men of color in the middle management ranks; which allowed companies immediate access to internal talent. However, as companies heavily engage in mergers and acquisitions and transformation, they should be prudent to ensure intentional movement of men of color to the next level opportunities. White men are becoming the largest group in the supervisory levels, then White women; and people of color are declining in these roles.

To Watch:

Methods and practices used to advance men of color into the senior level roles as well as the pipeline of people of color on the front end.

VIII. REPRESENTATION



Findings:

Based on **DMBA Inclusive Leadership Index (ILI)** results, 81% of companies surveyed engage their board of directors in their diversity strategy. Many of the 50 Out Front companies are deliberately establishing goals to drive diversity within their boards. Catalyst research reports continues to measure women and people of color on Fortune 500 boards; and are hopeful for increases in representation in the future. Overall, DMBA Inclusive Leadership Index results are trending with a 10% increase of overall board diversity year over year. White women continue to be the largest represented group to occupy board roles.

Implication:

As women and people of color secure CEO roles watch the growth of board diversity. However, some concerns exist for advancing women as the predominant group to occupy board seats and represent diversity.

IX. Perception Gaps

The reality is that companies have advanced a large under represented group into opportunities and leadership positions that were not common before. Without equitable advancement of all groups; White women has benefited more than any other group and perceived to be the favorable group that has gained access. Generally when women are advanced in companies it is celebrated as great success and achievement of diversifying the management ranks as it should be. However, White women have been targeted as the primary source for diversity development, growth and change for more than four decades. As a result a perception of significant improvement in diversity representation has been created.

This gap in perception causes organizations to believe that organizations are diverse and has advanced an underrepresented group.

In addition, gaps between White women in the C-Suite and on corporate boards, is still significantly, lower than their White male counterpart.

Consider the Factors:

- *Advancement of one underrepresented group over a long period of time;*
- *Skews and distorts the perception that advancement is equitable among people of color because the numbers are consolidated with women;*
- *Companies are attempting to practice intentional strategies by advancing people of color in double digit numbers, but the gains are slow;*
- *High potential designation for diverse candidates does not translate to advancement and preparation for the C Suite, despite those intentional inclusive strategies.*

Companies that have made the commitment to aggressively advance men and women of color are leveraging all resources available; inclusive of existing internal pipeline and external talent.

Unfortunately, the double digit growth over the span of the past 8 years is limited to middle management.

X. 10 Best Practice Tips For Representation

Align diversity strategy with business strategy. To ensure diversity strategies are effective and impactful; they must be aligned with the overall strategy of the company. For example; treated as a business pillar with its own required outcomes and ROI.

Communicate purpose and process. Let employees know the intended purpose of diversifying the employee base and the management levels. Ensure they are clear on the business impact of having a diverse workforce and the benefits to them as well.

Establish accountability to drive behavior. As difficult as this may appear to be; the leading practices companies have multi dimensional reward and compensation systems in place. Most commonly called diversity performance factor; this method allows everyone to be rewarded for engaging a diverse workforce; particularly hiring managers. Consider rewarding progress not just outcomes. Measure the real difference.

Leverage high potential diverse candidate pools. Leading practice companies promote 40-50% of their diverse internal talent pool to next level opportunities. Advancing internal employees has a direct impact on retention and sustainability. Connect advancement to performance and performance to growth.

Align recruiting strategies with diversity strategy. Consider establishing a rating or performance scale that both HR professionals and diversity professionals can identify progress of diversity recruiting. Establish metrics that both business units can be accountable to that make sense for their area of responsibility. Consider regional and/or business unit focus.

Ensure systems are aligned with strategies for recruitment. Often times recruiting methods and practices do not align with increasing a diverse employee base. Representation is beyond a diverse candidate slate; it must also be inclusive of culture and value systems. Ensure the on-boarding process leverages peer to peer engagement immediately.

Engage Employee Resource Groups to support recruitment. ERGs have become one of the most consistent and highly motivated ways to engage in problem solving for the business. Some of the most innovative ideas have come from these groups and will continue to do so. Establish a focus group that is representative of each ERG to work on how to increase representation at the management levels. Leverage their differences and link to their community experiences.

10 Best Practice Tips for Representation

Employ boutique diverse firms for external hiring. Take a different lens and shift your diverse hiring needs to boutique firms that can identify minority executive talent that can actually be hired. Ensure the searches are not impossible but highly credible; as these firms have the track record and insights to provide the best candidate slate.

Develop intentional strategy to promote women and people of color. Redefine how your executive team views the short list of diverse candidates. Consider formal executive sponsorship program to ensure access, exposure and assignment is provided during the development process. Is the pipeline for people of color ready for immediate advancement?

Understand existing barriers within culture to advancing people of color. Consider specifically accessing your culture for bias in advancing women and people of color. Engage both leadership and middle management levels to gauge the gap that exist between reality and actual perceptions. Mandatory diversity training is necessary, and should be inclusive of bias in the workplace so awareness in behaviors is heightened.

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XI. About the Author



www.diversitymbamagazine.com

Pam McElvane, CEO, P & L Group, Ltd./Founder DMBA Inclusive Leadership Index

*Pam's business experience in the diversity space spans more than 20 years. As publisher of Diversity MBA Magazine, Diversity Business Review Journal (DBR); and **Inclusive Leadership Index (ILI)** and the White Paper Series, she has become one of the leading experts and resources on how companies recruit, develop, retain, and advance women and diverse talent.*

Pam has spent the past 18 years as an entrepreneur building a business that recognized and develops women and diverse talent on a national scale. Diversity MBA is a national recognized brand that ranks Fortune 500 companies for the Best Places to Work; recognized Top 100 executive leaders through events and customized platforms. Diversity MBA provides services to more than 100 companies and Universities on a national scale. Pam has her MBA in Finance and International Marketing, and MA in Public Policy, from University of California, at Berkeley. She has several executive certifications and a host of awards recognizing her contributions to leadership. She serves on 5 national community boards, and is a loving wife and supportive mother of 3 young men.

Acknowledgements:

"Deep and much gratitude to my colleagues who have supported me in achieving this level of thought leadership to share with my business and professional community. Special thank you to my special colleagues providing their expertise and insights; Dr. Deborah Ashton, Vice President and Chief Diversity Officer, Novant Health; and to Dr. Mary Donohue, Founder DMS, and Dr. Ronald Copeland, Senior Vice President & Chief Diversity Officer, Kaiser Permanente..

My greatest impact is being a resource to women of color at both the executive and emerging leader levels. I am most inspired by the young men and women whose lives I have been blessed to touch. DMBA business partners allow DMBA to spread our wings and soar." ~Pam

Notes

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