

DIVERSITY AND INCLUSION

A Leader's Guide: Finding and Keeping Your Next Chief Diversity Officer

March 1, 2019

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Introduction

Diversity, inclusion & equity have become headline issues, putting pressure on organizations and leaders to respond in a meaningful way.

Investors are also expressing their displeasure with discrimination allegations. Russell Reynolds Associates' review of 2017 and 2018 incidents involving bad executive behavior showed that companies experienced an average 7 percent decline in market capitalization, or \$4 billion, in the days and weeks following the news.

The upside associated with fostering diversity, inclusion & equity has also become more tangible.

A 2018 McKinsey study found organizations with diverse boards and executive teams were up to 35 percent more likely to outperform than their less-diverse competitors.¹ Our Diversity and Inclusion Pulse survey, which includes responses from more than 1800 leaders around the world, confirms that focusing on diversity has a positive effect on performance. In organizations where diversity and inclusion (D&I) is treated as a business priority, 75 percent of respondents said their employer set them up for their highest level of performance; that figure drops to 43 percent for those working at organizations that take a reactive approach to D&I or consider it to be merely a compliance issue.

There are not new topics.

Yet as a result of current social movements, many organizations are pouring fresh energy into them. At the same time, many are appointing new leaders to oversee D&I as an organizational-level business issue. New Russell Reynolds Associates research finds 47 percent of companies included on the S&P 500 index currently have a chief diversity officer (CDO) or equivalent. Nearly two-thirds - 63 percent - of those CDOs have been appointed or promoted to their roles in the past three years.



The reality is that simply appointing a new CDO is not enough.

Our survey data, which includes insights from 97 diversity leaders, shows that many D&I initiatives are disconnected from business priorities, and that CDOs often lack the necessary resources or organizational support to make lasting changes.

In this paper, we take a data-driven approach to analyze the CDO role and what makes it successful.

We examine the career paths and competencies of today's CDOs, based on the 234 CDOs currently at S&P 500 companies. We then uncover the barriers many CDOs face within their organizations. Finally, we look at the actions leaders and organizations can take to make CDOs more successful.



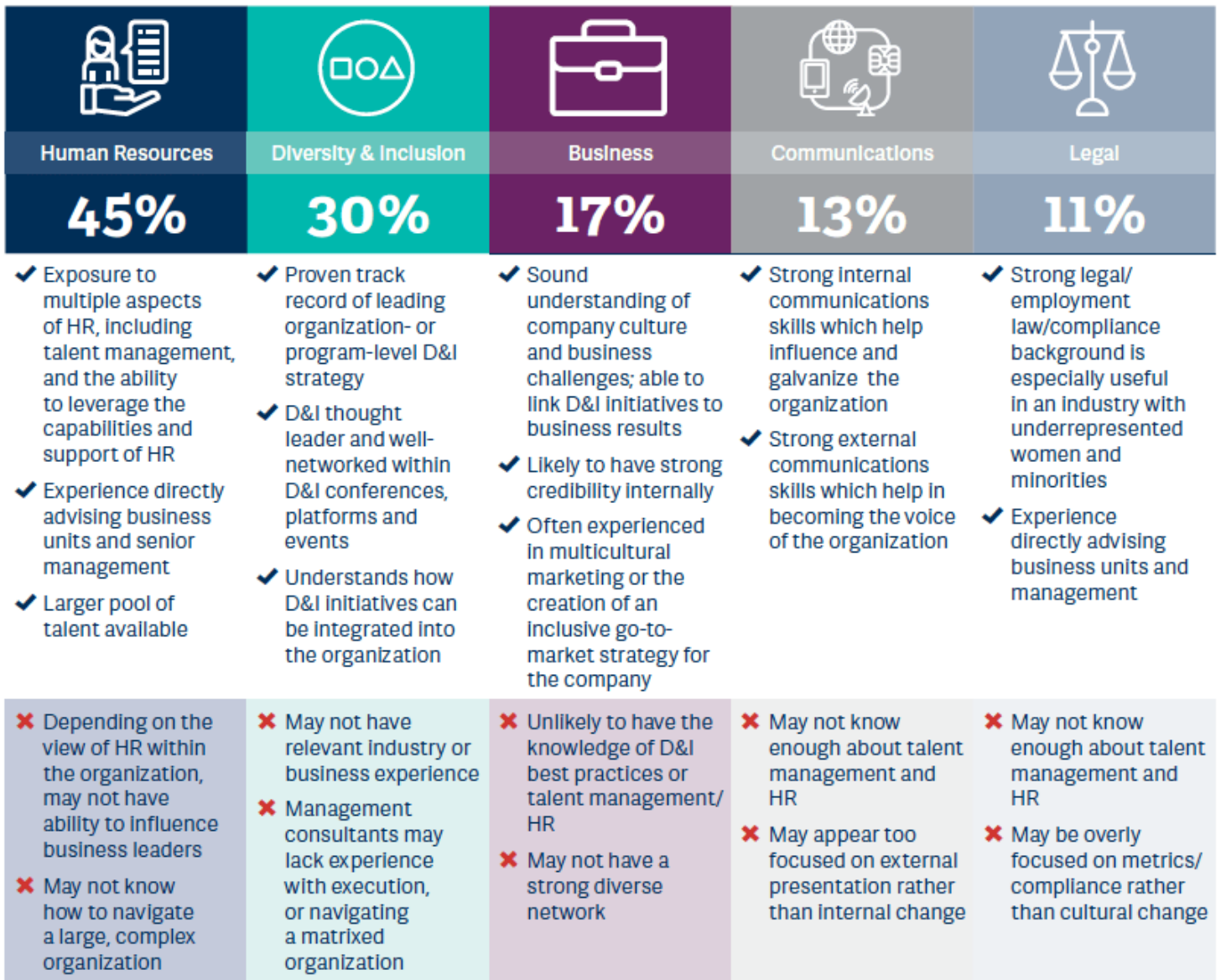
1. Vivian Hunt, Sara Prince, Sundiatu Dixon-Fyle and Lareina Yee. Delivering through diversity, McKinsey & Co. January 2018

Anatomy of a chief diversity officer

We recently analyzed S&P 500 companies to understand how prevalent the CDO role is and the career paths that commonly lead to it. Our data shows that 234 of these 500 companies have a CDO (or someone with an equivalent executive-level title) who is responsible for D&I. Of these 234 executives, approximately half have a joint title, often related to human resources or corporate social responsibility.

Our analysis reveals that CDOs come from a variety of career paths before taking their roles. In our experience, no single profile is right for all companies, but rather, the best fit will depend on an organization's goals and current stage in its D&I journey.

Chief Diversity Officer Archetypes

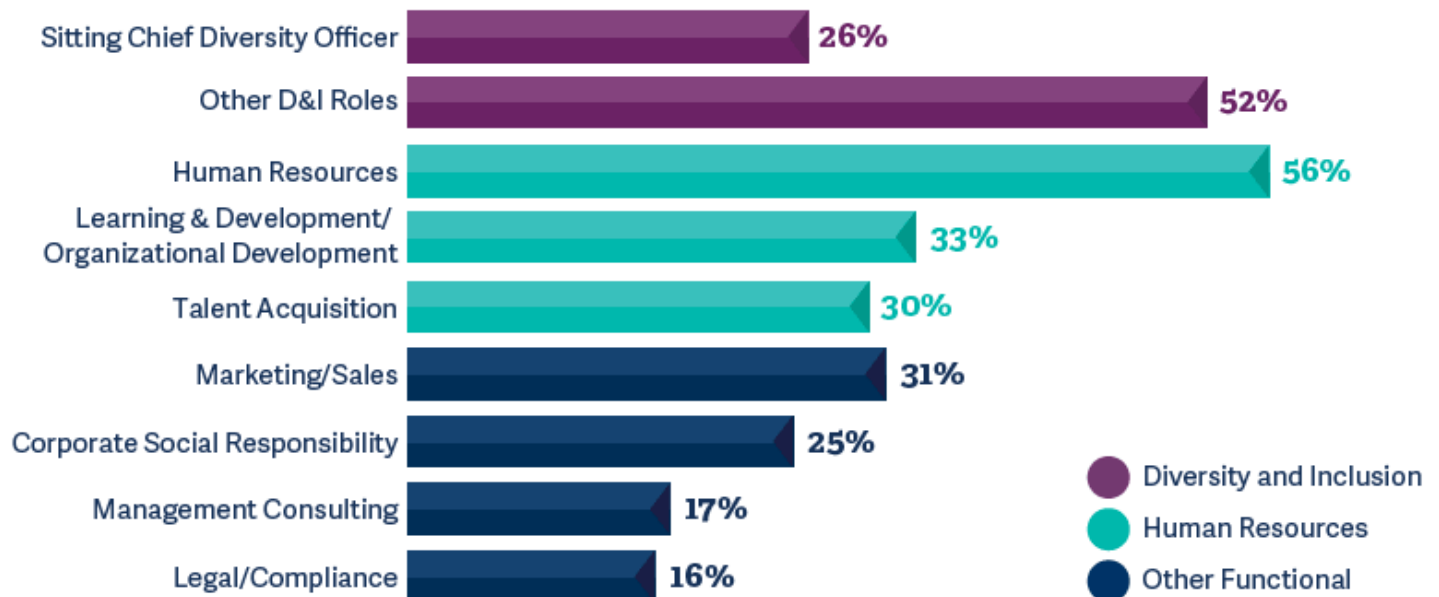


Note: Numbers do not add up to 100 because chief diversity officers may have more than one area of expertise Source: RRA analysis of 234 top diversity executives among the companies in the S&P 500 index as of December 10, 2018

Chief Diversity Officer Experience

The majority of CDOs have D&I or HR experience, but a number of them have also held other roles

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N = 234

What good looks like: Chief Diversity Officer Competencies

CDOs who are successful have a common set of competencies that allow them to collaborate and influence across functions. Leading CDOs are ambidextrous leaders who can simultaneously play the following five roles:



Lessons from chief diversity officers

Our research shows that CDOs have the potential to significantly affect D&I success, particularly when they have the authority and skills to set D&I strategy.² However, too often, this potential is diminished due to poor executive fit or a lack of organizational support. Without adequate commitment from the CEO and other top leaders, nearly any D&I strategy is destined to be viewed as a “nice-to-have” option rather than a necessity.

To learn more about how the CDO role is currently structured and what friction may exist between CDOs and the organizations they serve, we surveyed 97 CDOs from our network. Our data suggests that executives charged with leading D&I efforts are not well-equipped to spearhead the necessary organizational changes. They face three major pain points:

1. Structure and Resourcing: CDOs Have Many Responsibilities, yet more than half are not resourced to fulfill them.

The CDO is an exceptionally multi-faceted role, with responsibilities ranging from organizational development to strategy-setting to legal concerns depending on the organization. We find that about half have additional roles unrelated to D&I which may hamper their ability to maximize results. Historically, organizations may have selected influential business leaders to champion internal D&I strategy on top of their existing responsibilities. Over time, however, it has become clear that D&I warrants its own resourcing, expertise and full-time leadership.

WHERE CDOs SPEND THEIR TIME

Those we surveyed focus most on organizational development, with less attention to legal/compliance topics



CDOs have a range of responsibilities, but 53% of them hold an additional role unrelated to D&I.



LEARNING & DEV./ ORGANIZATION DEV.
Embedding D&I strategy into the organization

Organizational development **68%**

Learning and development **55%**



WORKFORCE AND HR
Embedding D&I strategy into talent management

Talent management **49%**

Talent acquisition **39%**

Human resources **36%**

People analytics **24%**



D&I/CORPORATE STRATEGY
Setting and executing D&I strategy

Management consulting **43%**

Diversity and inclusion strategy **36%**



OTHER FUNCTIONAL
Focusing on external relationships and CSR

Legal/compliance **33%**

External communications **32%**

Internal communications **32%**

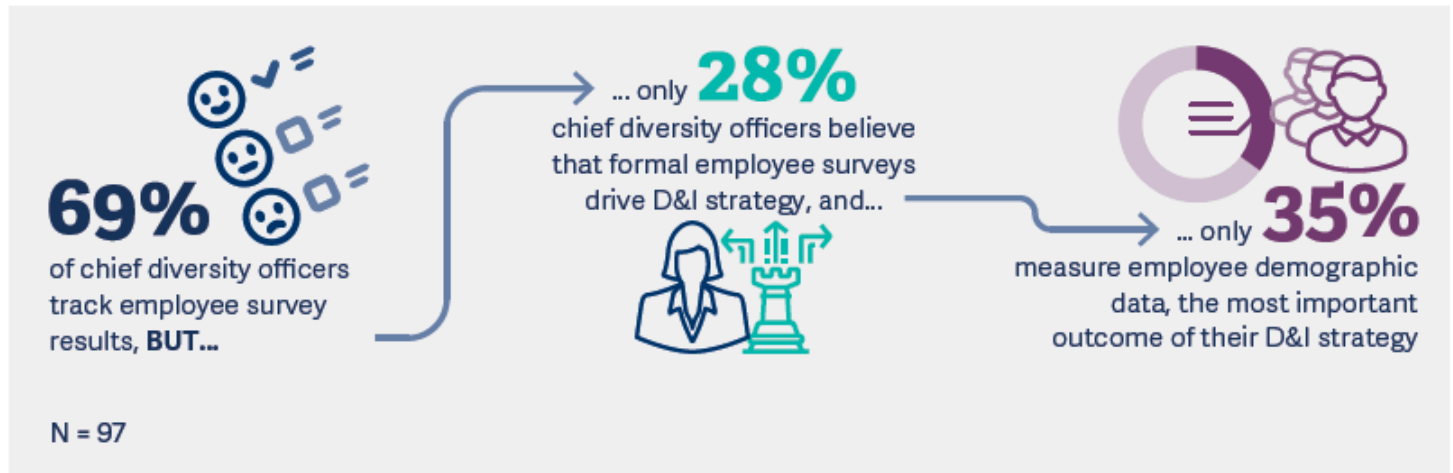
Corporate social responsibility **31%**

Source: Diversity and Inclusion Pulse, Russell Reynolds Associates (2018); CDO N = 97

2. Russell Reynolds Associates Diversity and Inclusion Pulse 2017

2. Data and analytics: Chief diversity officers seem to be missing – or underutilizing – key D&I data.

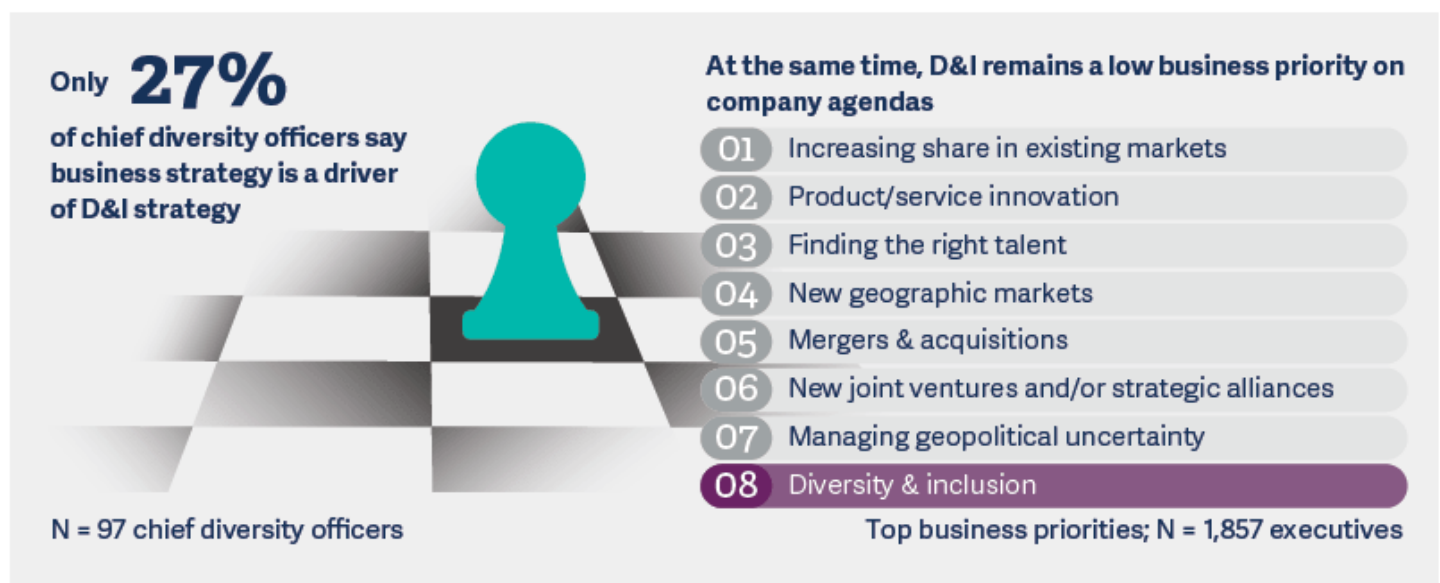
Understanding the demographics of the workforce and their dynamics at different levels of the organization is a core component of a CDO's role. However, only 35 percent of CDOs say they have employee demographic data, leaving the majority without hard numbers to support their work. In some cases, this may be due to frequent turnover in the role or the lack of a consistent corporate D&I mandate that calls for regular data collection or analysis.



In addition, while the vast majority of CDOs measure engagement survey results, relatively few are relying on survey findings to drive D&I strategy. This may imply a lack of analytics expertise or resourcing, such as people analytics specialists.

3. Integrating D&I into the business: D&I strategy remains disconnected from business strategy

Most business leaders will voice support for D&I initiatives – but their actions do not always follow. Among all leaders surveyed, D&I came in last on a list of eight potential business priorities. At the same time, CDOs believe that business strategy is one of the weakest drivers of D&I strategy. If executing D&I strategy does not also contribute to business goals, CDOs understandably face an uphill battle in convincing business leaders to fully engage.



Implications for organizations

For organizations: How to set your next chief diversity officer up for success

Choosing executives who possess the right competencies for the role and the right experiences for the organization will go part of the way to making the CDO effective. However, the existing leadership team that is scoping and hiring for the role also has a part to play.

FOR ORGANIZATIONS: BEFORE EMBARKING ON A SEARCH FOR ITS NEXT CHIEF DIVERSITY OFFICER...



01

Align on the core D&I mandate: Whether it's workforce metrics, corporate culture, or negative press, most organizations have a pressing need that drives them to seek a CDO. Defining this need will determine the scope of the role and the best CDO profile to tap.

Get leadership buy-in for the role: Regardless of what the core issues are, the organization must have buy-in from key stakeholders on the executive leadership team.

02



03

Assess the readiness for change: Acknowledge that a healthy appetite for change, backed by top leadership, is required for the CDO to be successful.



After appointing a chief diversity officer, organizational leaders continue to play a big part in the Executive's success or failure.

The CDO can only be successful in driving a D&I mandate when executive leadership team members are aligned with that mandate and exhibit the inclusive leadership behaviors that show true commitment to D&I. It is also important for organizations to hold leaders accountable for fostering D&I initiatives in their respective spheres of influence. In the most successful cases, the CDO is galvanizing the leadership team around a shared change mandate that leads to defined outcomes.

What leaders can do to make their CDO successful:

...FOR THE CHIEF DIVERSITY OFFICER



Resource

Adequately resource the chief diversity officer based on their skills and remit. E.g. do they have a people analytics resource? Do they need a compliance / employment law resource?



Position

Ensure that the chief diversity officer has regular exposure to the highest levels of the organization and there is a structure in place to support this, for instance sitting on the D&I council, having quarterly reports to the CEO or board, etc. More importantly, ensure they feel empowered to drive change.



Educate

Arm your chief diversity officer with a deep understanding of your business and the types of challenges that you face. They will need this to build credibility and high trust relationships with business leaders.



Define/Measure

Define and align on what long term success looks like; improved metrics, better engagement survey results, stronger employer brand, etc. Ensure the chief diversity officer is genuinely empowered to affect change in those areas.

...FOR THEMSELVES AND THE ORGANIZATION



Ensure Accountability

Ensure the right measures are in place to hold the leadership team accountable to D&I goals, e.g. leadership scorecards, KPIs, etc.



Invest in Training

Coach inclusive leadership skills at all levels of the organization so people have the language and skills to meet those goals.

Checklist for finding – and keeping – your next chief diversity officer

BEFORE APPOINTMENT

- What are the key diversity and inclusion-related pain points in your organization?
- Have the CEO and the executive team bought into the need to hire for this role? Do they have an appetite for the types of changes CDOs are intended to lead?
- Will the new CDO develop a new D&I strategy or just deliver on an existing strategy?
- Which CDO profile is most appropriate for your organization at this time? How will you compensate for skills gaps? What competencies are most needed?
- To whom will the role report? How will the CDO partner with the CEO and the CHRO? Who are other key stakeholders?

AFTER APPOINTMENT

- Does the CDO have adequate resources based on his or her mandate and skills? For example, if the CDO does not have an HR background, is a people analytics resource available?
- Does the CDO have a working relationship with top leadership at the organization? Realistically, is the executive empowered to drive change?
- Does the CDO have a deep understanding of the business, which is a prerequisite to creating effective and high-trust partnerships with business leaders?
- What does long-term success look like for the CDO? Improved metrics, better engagement survey results, stronger employer brand are some potential answers.
- What measures are in place to keep the leadership team accountable to D&I goals?
- Do leaders know the vernacular and have the skills to meet the D&I goals they have been given?

METHODOLOGY

We gathered insight in two ways to take a data-driven look at the CDO role:

Diversity and Inclusion Pulse Survey: In our second annual Diversity and Inclusion Pulse Survey, we asked more than 1,800 executives around the world about their organizations' D&I strategies and practices, as well as their own experiences and perceptions related to D&I in their work environment. Within this group, we surveyed 97 CDOs who provided specific information on their roles, responsibilities and stakeholders.

S&P 500 Analysis: We analyzed the companies that comprised the S&P 500 index as of Dec, 10, 2018 to determine which ones had chief diversity officers or executives in equivalent roles. Using proprietary data as well as LinkedIn, we charted the career paths those CDOs have taken. Twenty-five percent of the CDOs are with consumer companies, 17 percent are employed by financial firms, 15 percent are with IT companies, 14 percent work for industrial companies, 11 percent are at health care firms, and the balance are at firms in other industries. Seventy-six percent of current CDOs are female; 24 percent are male.

Authors

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FORTUNE

Chief Diversity Officers Are Set Up To Fail

By ELLEN MCGIRT March 4, 2019

A new report from executive search consultancy Russell Reynolds helps shed light on the current plight of corporate diversity professionals.

While the now robust business case for diversity has persuaded executive teams to install more diversity leaders and inclusion systems, there are real reasons to believe that their work will not have the impact their bosses and boards expect.

A Leader's Guide: Finding and Keeping Your Next Diversity Officer surveyed 234 top diversity executives from the S&P 500 cohort, to better determine who they are and what they need.

Bottom line, who they are is tired, and what they need is more money, power, and respect.

Here's a quick snapshot:

They're new to the role. While some 47 percent of companies included on the S&P 500 index currently have a chief diversity officer (CDO) or equivalent, just two-thirds of those were hired or promoted into those roles in the past three years.

They don't have the power they need to make a difference. More than half of those surveyed reported that they don't have the resources they need to execute new programs and strategies

and that they are burdened with additional corporate responsibilities outside of their inclusion work.

They don't have the data they need to make a difference. Only 35 percent of the CDOs said they had the employee demographic survey information they needed to support their work.

Other leaders aren't on board. All of the leaders surveyed reported that diversity and inclusion came in last on a list of eight potential business priorities for their companies.

Click through for the rest of the analysis and recommendations, which includes the specific competencies required to be successful in the top diversity job. (Hint, you're going to need to be a strategic thinker and a *very* good communicator. Particularly if you're having trouble getting your hands on your own company's diversity numbers.)

If your organization is not yet prepared to embrace the positive impact of diversity – like McKinsey done told ya last year, organizations with diverse boards and executive teams were up to 35 percent more likely to outperform their more homogeneous peers – there's now the negative to consider, too.

Russell Reynold's analysis also found that companies who had public incidents of racist and sexist "bad executive behavior" in 2017 and 2018 saw an average 7 percent decline in market capitalization in the weeks following the news. The combined market hit was about \$4 billion.

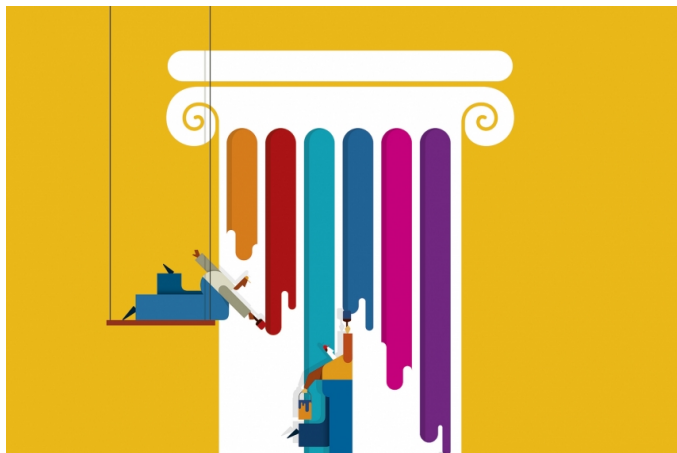
That's a pretty solid business case for having tough conversations about race and equity in the workplace before the invisible hand comes to slap you upside the head.

THE CHRONICLE of Higher Education

COMMENTARY

Hiring a Diversity Officer Is Only the First Step. Here Are the Next 7.

By *Yvette M. Alex-Assensoh* | JUNE 05, 2018



Martin León Barreto for The Chronicle

In today's season of #MeToo, Dreamers, Black Lives Matter movements, and radical-right backlash, colleges are adding chief diversity officers to the list of essential employees. However, hiring a skilled diversity professional is just the first step. To be most effective, chancellors, presidents, and provosts must join with diversity officers to build campus environments where equity,

inclusion, and diversity become a part of everyday campus life. Otherwise, they are only setting up their chief diversity officers — and their institutions — for failure.

I hope the following strategies will help college leaders better position their diversity officers for success:

Go first. It's unreasonable to hold others accountable for diversity when your own staffers look just like you. So if you want more diversity on your campus, start by diversifying your own staff at the highest levels and treating its members with respect. If you do that, others are more likely to follow, and your campus will be better for it.

Manage expectations. When it comes to chief diversity officers, there are almost as many expectations as there are constituencies. Don't assume that everyone knows what the chief diversity officer's duties are. Develop a good relationship with the officer as a basis for establishing ground rules and a mutually agreed upon agenda to promote a culture of equity and inclusion. Then, make that agenda clear and accessible. It should include the scope of the officer's responsibilities and a reasonable timeline for achieving benchmarks. Communicate the diversity officer's work broadly and frequently through routine campus communications and encourage the officer to push back when the scope of duties is inappropriately constrained or expanded by others.

Develop meaningful measures of success. Just as chancellors, presidents, and provosts are assessed by standards that are linked to campus success, it is important to develop objective measures of performance for chief diversity officers. Those standards should be aligned with campus strategy and designed to provide incentives for faculty, staff, and students. After adopting the necessary structures and processes, assess the diversity officer's role in working with others to create a more diverse culture, promoting innovations in programming and policies, and providing support for underrepresented people on campus. Additional guidance is available through the National Association of Diversity Officers in Higher Education, the pre-eminent voice for best practices, standards of professions, and programming in diversity, equity, and inclusion.

Engage faculty members. Faculty members are often among the most powerful constituents on campus. They virtually own the curriculum, and, with students and staff, they produce the knowledge upon which many campus rankings are based. They share responsibility for guiding various aspects of campus policies and governing processes; therefore, any sustainable change in diversity requires the cooperation and support of the faculty.

Fix systems, not people. For decades, well-meaning college leaders have invested money in programs aimed at "fixing" and "orienting" underrepresented faculty, staff, and students. Workshops and programs on mentoring, climate, and service are just a few. While these efforts are admirable, they focus on only one aspect of the issue. After all, when underrepresented faculty and staff leave campuses, they rarely complain about a lack of training or workshops; instead, they point to unchecked discrimination, harassment, and unfairness that are often part of the day-to-day campus culture.

That is why the most effective way to enhance diversity is to "fix" the systems that undermine success for underrepresented groups. For example, fix the performance-review processes that are blind to issues of departmental climate so that managers,

department chairs, and deans are better able to develop respectful working environments for all. Replace antiquated tenure and promotion processes that discount innovative research and teaching in favor of the status quo. Dismantle personnel processes that wink at sexual harassment, racial discrimination, and ADA violations, while penalizing underrepresented students, faculty, staff, and administrators who are trying to navigate hostile campus climates. Crippling systems have to change, but the chief diversity officer's success in making that happen begins with the community's recognition of these barriers and partnerships aimed at eliminating them.

Provide adequate support. Effective results in the areas of diversity, equity, and inclusion take time and resources. Leaders must provide both for effective staffing, programming, and innovation. They should bring innovative diversity ideas to donors, who are often overlooked as a resource for endowed faculty positions, lectureships, and student spaces. And diversity offices should be in locations that signal their importance in daily campus life. In addition to money and space, access is equally valuable: Diversity officers need regular access to senior leaders for education, planning, and information sharing.

LACE up. Create environments based on trust, in which the values of love, authenticity, courage, and empathy — LACE — are in full view. Here's how:

- **Love:** Be kind in the face of spitefulness, forgiving in the midst of pain, hopeful when all seems lost, and patient with people, but not with ignorance or injustice.
- **Authenticity:** Authentic leaders have a firm grasp on their personal strengths and weaknesses. Admit your missteps and acknowledge when you are looking to others for support. In doing so, you invite others to be authentic as well, creating a more welcoming campus in the process.
- **Courage:** Acknowledge fear, but move forward anyway. When the going gets tough on the diversity front, take a stand and defend it, rather than using the chief diversity officer as a shield.
- **Empathy:** Take time to feel alongside the students, faculty, and staff that you serve. Seek to understand other perspectives, even when you disagree.

Creating more diverse, equitable, and inclusive campuses is a transformative process. Hiring a chief diversity officer is a good first step, but without the proper infrastructure and genuine support from an institution's top leadership, it's little more than a doomed public-relations stunt.

Yvette M. Alex-Assensoh is vice president for equity and inclusion and a professor of political science at the University of Oregon.

This article is part of:

Are You Just Paying Lip Service to Diversity Hiring?

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How One Law Firm Is Tackling Diversity

**Bonnie Marcus** ⓘ

ForbesWomen

'Diversity is the future; embrace it or you're obsolete', according to [Andrew Glincher](#), CEO and Managing Partner of the law firm, [Nixon Peabody](#). Yet, it's not surprising that major law firms continue to lack diversity. According to the National Association for Law Placement, which tracks legal industry statistics, over 75% of firm partners are still white male, with women at less than 20% and minorities just slightly over 5%. The New York City Bar Association recently released a [report](#) of the top New York City law firms, which validates that the progress to diversify both women and minorities has been slow.

Many large law firms struggle to change a culture which has historically favored white male attorneys at all levels. But today, along with most public companies, there is a new focus and pressure on these firms to rework the long standing traditions and create a more diverse and inclusive environment.

I recently sat down with Andrew Glincher to get a better idea of how his firm is tackling cultural change. Nixon Peabody is a top-100 global law firm that has earned a 100% ranking from the Human Rights Campaign in its Corporate Equality Index for ten consecutive years. Andrew has been leading this initiative for six years.



Andrew Glincher

Marcus: Why has Nixon Peabody decided to focus on diversity?

Glincher: The legal professional is steeped in tradition. It's focused on past and precedent. In the past past, law firms of traditionally hired lawyers and colleagues that they were comfortable with and gravitated towards people who remind them of themselves. At Nixon Peabody, we took on a brand several years ago to be future-focused. We're focused on our priorities to attract, retain, and promote diverse individuals by creating more opportunities, both for lawyers and all of our colleagues. We want them to be from all different backgrounds, races, genders, and religions.

Marcus: How does that benefit your business?

Glincher: We're not doing this because there's a moral obligation to do it. It makes us better and it makes our teams better. It makes us more able to provide the best possible value that we can for our clients. It's really a necessity. When we talk about how we want to be an innovative firm and how we innovate new products and things for our clients, if we're having the same old teams, we're not going to be very innovative. The only way you become and remain an innovative firm is to innovate. That means making yourself better. It means having a variety of perspectives.

Marcus: Changing the culture is challenging. How are you approaching it?

Glincher: I realized, a couple years back that, if we're going to really make progress here, I need to own this. The leadership needs to start at the top. This needs to be an effort that people see is real; that it's so necessary to our business; that it will make us a better business. You can't separate it from anything else. Our business is a client-driven business.

This really got the focus I wanted when we hired a Chief Diversity Officer, [Rekha Chiruvolu](#), whose time is totally devoted to diversity. We've also made it mandatory for all attorneys in the firm to take unconscious bias workshops.

Marcus: Have you changed the way you recruit new attorneys?

Glincher: Yes. We have essentially put our own spin on the NFL's Rooney Rule to have an initiative to increase our recruitment of diverse attorneys. Our goal is to recruit the best talent available from a broad range of backgrounds. This new initiative requires that at least 20% of our candidates interviewed for any open associate positions are diverse. Also, when I look to fill new leadership positions, the first candidate is somebody that's diverse if they're as qualified as anyone else. I've had a great focus on leadership positions. My COO, is a woman. She sits on the Management Committee. My Chief Marketing Officer that I hired about a year ago is LGBT. Two Office managing partners are LGBT, and eleven different office managing partners and practice group leaders are all diverse. That's a large percentage of our leadership group. They didn't get those positions because they were diverse. They got those positions because I viewed their leadership qualities as much stronger than other candidates.

Marcus: When you look at the industry reports, it appears that the biggest challenge in this area for large law firms has been retaining diverse talent.

Glincher: You're right Bonnie. Our obligation is to develop our talent and give them the tools that they need to succeed. And we've been more focused on that. For example, if we see that for whatever reason somebody isn't busy, we ask why right away. We don't wait until they're not busy for months. If they're not busy and we see that over a one month period, I'll have folks intervene. I'll say, 'What's going on? I thought Sally was doing well.

Why isn't she getting new work? Can you ask?' And people say, 'Oh I didn't realize she wasn't busy'.

Part of our job is to attract and retain. But it's really, giving people the foundation and tools they need to succeed; to recognize that not everybody is the same; that it isn't a one-size-fits-all when you're doing training. Some people are stronger in one area over another. And we're paying much closer attention to how we can invest in our people. I think you need to. It's a talent game. But we not only want to attract the best talent, we want to help them achieve everything that they want to achieve in their careers. We're not a place that looks for people to come and then to spit them out several years. We don't hire as many people as other large firms. And we do that intentionally. Because while we know not everyone will want a future with us, we want to give those who do want a future with us the opportunity to have one.

Marcus: What does success look like?

Glincher: I'm particularly proud of our Los Angeles office, which has had the most recent growth in the last few years. That's where we've had the biggest opportunity to make a difference. 51% of our entire LA workforce are people of color. 41% are women. 34% of the lawyers are people of color. 18% of partners are women. 5% of the attorneys identify as LGBT. So we've had great success and I think in part because that's where we've had a lot of recruitment and growth in the last few years.

But our firm measures success based on our client satisfaction with our services and on the engagement level of our colleagues. And our success depends on the efforts and commitment of our team. That's why incorporating diversity and inclusion is so critical to our firm's overall success. But it's ultimately, the end of the day, if we don't have clients we don't have anything. And we need to figure out the best way to service our clients and to provide them with the greatest value possible in a very very competitive marketplace.

So while it's nice to receive diversity awards, I'll know we will have made the progress we need to make when we're no longer giving out awards for doing the right thing. It's good that we're tracking this. It's good that we're being accountable to ourselves and that we're

measuring it. But our ultimate success will be when we have a fully diversified workforce that we don't need to keep measuring.

***Do you want to know more about how your company can diversify?
Download your free copy of [Lost Leaders in the Pipeline](#).***

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Bonnie Marcus

I'm an executive coach, author, and international speaker with a passion for helping professional women gain the visibility and credibility they need to have a fulfillin... **Read More**



No Law Firm Niche is Hotter Right Now Than Diversity

BY MICAH BUCHDAHL ON MARCH 14, 2019 ·

25 SHARES

It was the Sunday *New York Times*, for goodness sake, calling out the legal profession for not being very good at diversity. For those of us that have worked on these issues for decades, it certainly did not seem like “news,” but when the spotlight shines on us lawyers for the entire world to see, it quickly becomes a firestorm.

The article, “[Elite Law Firm’s All-White Partner Class Stirs Debate on Diversity](#),” says “A LinkedIn post announcing the latest class of partners at Paul, Weiss prompted a social media firestorm over its overwhelmingly white, male profile.” In the weeks since, nary a day goes by where the subject matter of diversity in the legal profession does not cross my desk.

It’s the Optics

Now is this really about Paul, Weiss? Not really. It is a powerhouse white-shoe law firm, planted firmly in the center of the business and corporate world in New York City. The firm just happened to make the unfortunate marketing misstep of publishing a photo that makes someone look, I guess, color blind. Look at the image in the *Times*, or even worse—LinkedIn, Facebook, and Twitter and the zillion other places it was duplicated—and it is easy to see how it became the poster child. But make no mistake, this is not about Paul, Weiss or any one firm.

Just looking at the legal profession “dailies” over the few weeks that followed would make you believe that the subject matter is something new. In *The American Lawyer*, Meghan Tribe’s article, “[Partnership Classes Are Shrinking, Hampering Advancement and Diversity](#),” discusses how law firms “already struggling with

diversity among their new partner ranks," will find the task of promoting diverse attorneys to partnership even tougher.

In the wake of the Paul, Weiss news coverage came an "open letter" from 160 general counsel to law firms with a warning to the "largely male and largely white" new partner classes to improve on diversity or lose business. The letter states that companies will prioritize spending with firms that commit to diversity and inclusion.

There was the response to the "open letter" on Law.com from Don Prophete, a partner at Constangy, Brooks, Smith & Prophete. In "[A Black Partner Responds to GCs on Law Firm Diversity](#)," he points out that these letters and discussions have come up repeatedly over the last 20 years or so. He states that the end result has been stagnant progress, if not a decrease in diversity.

A Law360 article, "[Facebook, Uber Among Cos. Sowing Diversity In Legal Ranks](#)," discusses the growing calls for law firms and corporate legal departments (too!) to diversify, or else.

In "[An Open Letter to General Counsels](#)," National Association of Minority and Women Owned Law firms (NAMWOLF) CEO Joel Stern reminds general counsel that solving the diversity issue is quite simple—use the law firms in that organization. I've attended the NAMWOLF annual meeting and business meeting for the past two years. It is a collection of solid, boutique law firms that have the valued niche of being 50% or more women or minority-owned. The in-house corporate departments that attend are a who's who of Corporate America, many that have been instructed to utilize diverse firms when doling out business.

Diversity and Inclusion as a Marketing Tool is Nothing New

In my March/April 2017 marketing column in the ABA's *Law Practice* magazine, "[Diversity and Inclusion Is a Marketing Tool \(and Necessity\) in 2017](#)," I discuss just how valuable diversity in a law firm's attorney pool can be to the bottom line. The focus of the column is two-fold. First, diversity is a significant marketing tool; second, you can no longer fool people with a few internal committees, sponsorship of "diversity-focused" events and—my favorite—putting photos of any diverse person in the building all over the website and marketing materials. It has to be real.

I've worked with law firms on diversity initiatives for more than two decades. It is often a sensitive subject that requires a change in culture and philosophy for some. The law firm "niche" of diversity often means membership and sponsorship with NAMWOLF, the Minority Corporate Counsel Association (MCCA), the National Bar Association (NBA), and a number of other respected associations dedicated to greater diversity in the legal profession. Many corporate and government requests for proposals (RFPs) require the assignment of diverse attorneys for consideration. Many BigLaw firms also rely on these same organizations to provide RFP "partners" to meet the hiring criteria.

A Huge Niche for a Diverse Law Firm

At both boutique and BigLaw firms I've worked with, involvement and exposure with the NAMWOLFs of the world is often a core component to my business development strategy. Those organizations are often conduits between the in-house world and the law firm one. MCCA also is committed to the cause but is more akin to finding qualified counsel within the ranks of BigLaw—also an important association geared to increasing the numbers in the Paul, Weiss' of the world.

Many law firms have found their "sweet spot" in being able to safely, proudly, and easily tout the diversity of their attorney ranks—highly successful and qualified practitioners...that are not cut from the same cloth. They are not assigned to matters for optics, but for opportunity.

ABA Efforts

Goal III, to "eliminate bias and enhance diversity," has long been a mantra at the American Bar Association. Does that mean the association always does a good job when it comes to the issue of diversity in lawyer ranks? Uh, no. But an interesting discussion at a recent ABA meeting said a whole lot.

I've chaired the ABA's Standing Committee on Continuing Legal Education (SCOCLE) for the last four years (and served on SCOCLE for the last seven). A few years back, the major initiative of Paulette Brown's presidential year was the Diversity and Inclusion 360 Commission (360), of which a major component involved legal education programming. The CLE initiative demanded diverse faculty for every single CLE program in the ABA—we're talking hundreds each year, many steeped in the ways of, let's call it, non-diverse expertise. There was a lot of hand-wringing and pushback to this new policy. Making sure it became reality was one of my proudest accomplishments on SCOCLE. But it was one of our members pointing out at the recent ABA Midyear Meeting in Las Vegas that after just two years, there was no longer any "noise"—the CLE diversity policy had not only taken hold but was already effectively a non-issue. Somehow demanding change in faculty representation of programs wasn't so hard after all. It takes pushing back a little on the pushback, and standing up for the right thing; perhaps it is not as hard as some people seem to think.

In the meantime, strong niche law firms providing the diversity that all those signatories of that "open letter" are seeking are out there and are open for business.

About the Author

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BUSINESS

Target's chief diversity officer not afraid to stand out in crowd, push tough conversations

Caroline Wanga, the company's chief diversity officer, said her message is clear: Be yourself.

By Kavita Kumar (<http://www.startribune.com/kavita-kumar/258266031/>) Star Tribune |

JUNE 23, 2018 — 3:23PM

When she became Target's chief diversity officer four years ago, Caroline Wanga tested the waters by coming to work in dreadlocks, something she had always been told was a no-no in corporate America.

To her surprise, no one seemed to care.

Next she threw out her "work closet" full of blazers and cardigans and started dressing the way she prefers.

These days, she keeps employees at Target's headquarters guessing and smiling at her get-ups. One day, her outfit might include a giant red cape and baggy red pants, spurring jokes that she's been sent from Wakanda, the fictional high-tech African nation from "Black Panther."

The next, she might wear head-to-toe sequins. Some days her hair is orange, some days it's red.

One recent day, she described her apparel: "Sister, I'm at work in a black tutu with gold things on it!" she exclaimed in her say-it-like-it-is, not-going-to-dance-around-it way that has made her a prominent voice in corporate diversity as she prods Target to be a more multicultural and inclusive workplace and retailer. "I think it sends the message that you can be yourself because Caroline is crazy and is herself," she said. "It's important for me to model what I'm asking people to do because there is real fear in bringing your authenticity to work, whatever that means for you."

In her role, Wanga has brought that same direct approach to helping Target establish eight companywide diversity goals, from increasing its assortment of multicultural dolls, beauty products and foods to improving hiring and retention of a diverse workforce. To encourage accountability, those goals have been tied into the compensation of the company's top 300 leaders.

Training, from the top

She's challenged Target employees to think about what conscious or unconscious biases they may bring to the table in new training sessions that began last year and are similar to the ones recently held by Starbucks, which found itself in the hot seat after two black men were arrested for sitting in one of its coffee shops without ordering anything.

About 7,000 of Target's corporate employees have gone through the three-hour workshops, including CEO Brian Cornell and his senior leadership team. In the coming months, Target will roll out chunks of the training to stores and distribution centers.

While its training was not sparked by a particular incident, Wanga said that as a national retailer that interacts with 30 million customers a week, Target needs to make sure it's treating customers equitably.



ELIZABETH FLORES — STAR TRIBUNE

Caroline Wanga, Target's chief diversity and inclusion officer held a question and answer session with guest speaker Earvin "Magic"

“I don’t want you to say nobody serviced me because I’m a white woman in the ethnic hair-care aisle because they didn’t think I needed it,” she said. “Or you don’t come talk to me when I am in the junior section because you don’t think I can fit that size so you don’t offer me any service.”



ELIZABETH FLORES • LIZ.FLORES@STARTRIBUNE.COM

Target executive Caroline Wanga led a question-and-answer session with guest speaker Magic Johnson earlier this year at the Forum on

Target hasn’t always hit the mark. It faced a firestorm of complaints in 2010 after the company gave money to a pro-business group that supported a gubernatorial candidate who opposed same-sex marriage. The CEO at the time ended up apologizing and Wanga’s predecessor spent a lot of her time repairing Target’s external reputation as a result.

In 2016, Target received a different kind of backlash when it publicly announced transgender people visiting their stores can use the bathroom of their choice.

Diversity and inclusion offices have been a part of corporate America for 15 to 20 years. Wanga said progress has been made, but not enough. One of the reasons is that some companies put everything diversity-related under an umbrella diversity office.

Instead, Wanga said diversity goals need to be embedded throughout the organization. Every portion of the business has to step up to the plate — marketing has to own multicultural marketing and merchandising owns multicultural merchandising. Target’s diversity office, which has only about 10 employees, is there to provide everyone else with tools, support and expertise.

“I talk a lot about my job is to work myself out of a job,” she said.

Making diversity a priority

Part of why Target has been making strides in this space, Wanga said, is because Cornell has been a good partner and has made diversity a priority.

When Cornell became CEO in 2014, the top leadership team included only one person of color. Today, it has four on its 11-person team. The company’s board of directors has also become more diverse; a third are women and half come from racially or ethnically diverse backgrounds. Target has also pledged to achieve pay equity and recently audited the entire organization to confirm it has reached that goal.

“We’ve made some great strides and we’re really proud of it, but we know we can do more,” said Cornell.

Earlier this year, Cornell also became chairman of the Retail Industry Leaders Association and has made one of his objectives a push for more female CEOs.

Target has been exceeding its diversity-hiring goals this year — more than 40 percent of new corporate hires in Minnesota have been racially or ethnically diverse. The bigger challenge, Wanga said, is retaining those employees once they arrive. Many people blame Minnesota’s winters and its more modest racial diversity compared to some other parts of the country. Wanga said that’s a cop-out.

“I think we hide behind things like the weather and demographics but at the end of the day, none of that is a surprise when they show up on the first day,” she said. “There’s something else, and it’s the job.”

When people leave, she said it’s more likely they didn’t find something about the job satisfying or didn’t get promotions on the pace they expected.

Business case for diversity

When Wanga speaks in public, she often shares her personal story with a mixture of deadpan humor and colorful asides. She’s from Kenya, but “not the marathon running kind,” she often quips. “My track coaches were very disappointed.”

The daughter of parents with doctoral degrees, her family moved to Minnesota when she was a girl. She earned a track scholarship to go to Hamline, but dropped out her first semester when she became pregnant.

She later finished college, landing an internship at Target's distribution center in Tyler, Texas. She had no interest in supply chain, but it paid well and led to a full-time job.

She moved up the ranks and, with the push of mentors, eventually landed in human resources, where Target's office of diversity and inclusion is housed.

Integrating diversity and inclusion into an organization is not just a feel-good exercise, she said. It's what gives companies a competitive advantage.

"It's not United Colors of Benetton, I want to teach the world to sing, let's hold hands," she told NFL players at Target's headquarters the week of the Super Bowl. "It's a business imperative."

For example, while Target has been expanding its assortment of multicultural beauty products for more than a decade, Christina Hennington, a senior executive in that space, still saw a gap in the offerings. So she recently brought on eight new mostly online-only brands aimed at women of color. The efforts have been paying off with growth of those products outpacing the rest of the category.

As Target opens more small-format stores in urban markets, it's serving an even more diverse group of customers.

"So getting the assortment right and being credible in those stores is even more important," said Hennington.

Target is making strides to be more inclusive in other ways, too. You can see it in the plus sizes it now offers with its limited-time design partnerships.

And Cat & Jack, the kids clothing brand, has some sensory-friendly items aimed at children with autism with features such as having no inside labels. But that initiative didn't come from Wanga's office, it originated from an employee who has a child with autism. "There's so much happening that I don't know about and that's exactly how it should be," she said.

Kavita Kumar covers the fast-changing retail landscape. She reports about Target, Best Buy, Mall of America, and other national and local retailers as well shopping trends.

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DIVERSITY 411

SEPTEMBER 11, 2019

10 Trendsetting Chief Diversity Officers to Follow

➤ Diversity Leaders



By Herman Garner

Chief Diversity Officer: An Increasingly Important Role

Diversity is not a new concept to focus on, or even improve. But it is uniquely a 21st century issue for the American workforce. Never before have U.S. workers been so diverse demographically, and their

ability to push for equal representation at the highest levels of business and government continues to become more of a focal point.

Diversity in the workplace can mean different things to different people: minority representation, employees with certain abilities and disabilities, workers of all ages, staff with varying education levels and experience. But besides embracing the idea in order to include candidates from all walks of life, corporate leaders have also acknowledged the business benefits of diversity.

Studies have found that greater workplace diversity can boost innovation, improve creativity and problem solving, and even reduce turnover. Additional research revealed that workers in more diverse organizations are 45% more likely to report a growing market share for their company, and 70% saw their business expand into a new market.

Responsibilities of the Chief Diversity Officer

Chief diversity officers have responsibility for guiding efforts to conceptualize, define, assess, nurture, and cultivate diversity as an organizational and talent recruiting resource. Although duties may include affirmative action/equal employment opportunity, or the needs of minorities, women, and other defined groups, chief diversity officers define their mission as providing guidance and coordinating leadership for diversity issues organization-wide.

Like comparable roles in other administrative areas, such as the “chief financial officer” or “chief technology officer,” the work of the chief diversity officer does not fit into a traditional administrative box. Like diversity, the role of the chief diversity officer spans the boundaries of the organization as officers and their units collaborate with areas like human resources, talent recruitment, marketing

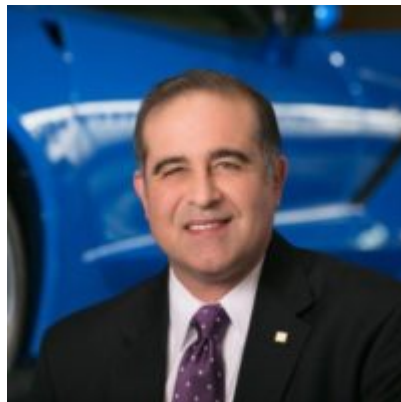
and communication, and branding in an effort to enhance diversity throughout the organization.

Because of the boundary spanning nature of the chief diversity officer role, the types of possible relationships is nearly endless. Consequently, these officers must be flexible, innovative, and committed to adding value in areas outside of their core area of expertise and experience.

Diversity initiatives are far more likely to succeed with executive buy-in, and what better way to gain executive buy-in than having a C-suite position dedicated to the cause? You may not have a Chief Diversity Officer, but if someone's not appointed to drive diversity initiatives, monitor and report on the numbers, and think about diversity as a strategic business decision, then you could be missing out on some great opportunities.

Here is a list of ten (plus a few more we couldn't keep off) trendsetting Chief Diversity Officers you should follow based on the companies and the industries they represent and their impact in the workplace.

Click images for more information. Click captions to watch videos.



Ken Barrett: Chief Diversity and Inclusion Officer at General Motors

DIVERSITY411.COM

At the forefront of everything diversity





Tujuanna Williams: Vice President, Chief Diversity & Inclusion Officer at Fannie Mae



Ronald Copeland M.D.: SVP, Chief Diversity Officer at Kaiser Foundation Health Plan



Paul J. Richardson: SVP, Chief Diversity Officer, The Walt Disney Company



Redia Anderson: Chief Inclusion and Diversity Officer at British Petroleum (BP)



Lisa Garcia Quiroz: Senior VP, Chief Diversity Officer, Time Warner Inc.



Grace Figueredo: Chief Diversity and Inclusion Officer at Aetna Health Insurance



Donna Alligood Johnson: Chief Diversity Officer at MasterCard Worldwide



Cynthia Bowman: Chief Diversity and Inclusion Officer at Bank of America



Anthony Carter: Chief Diversity and Inclusion Officer at Johnson & Johnson



Andrew R. Davis: Global Chief Diversity & Inclusion Officer at The Coca-Cola Company



Ben-Saba Hasan: SVP Chief Culture, Diversity & Inclusion Officer at Walmart



David L. Casey: Vice President, Workforce Strategies and Chief Diversity Officer at CVS Health



[Lisa M. Coleman, Ph.D.: Chief Diversity Officer and Special Assistant to the President at Harvard University](#)

The rise of diversity and inclusion jobs

by [Julia Carpenter](#) [@juliaccarpenter](#)

August 21, 2018: 11:09 AM ET

Earlier this year, Uber hired its first ever [chief diversity officer](#), following a string of sexual harassment claims and other PR crises for the brand. Last month, after a year plagued by controversy, the NFL [posted a job opening](#) for a head of diversity and inclusion.

Diversity officers are popping up at many other high-profile companies, too. The titles may vary — "director of diversity and inclusion," "chief equality officer" or "head of diversity, inclusion and belonging" — but more organizations are realizing this is something that [matters to their employees](#). It even [merits an entire position](#) (or sometimes, even its own department).

According to [data from Indeed](#), demand for the roles has increased significantly in just the last few years. Between 2017 and 2018, Indeed postings for diversity and inclusion positions had increased by nearly 20%.

But what does a diversity officer do?

A three-prong approach

Diversity and inclusion roles require expertise in three important areas: employee recruitment, retention and engagement. Diversity and inclusion go hand-in-hand, which is exactly why you see them in so many of these job titles. In diversifying a company workforce, leaders then also have to make sure employees from underrepresented groups feel welcome.

"All these efforts have to be connected," says Mary Pharris, director of business development and partnerships at Fairycodboss, a job review site for women. "Because then you get a disconnect with what you're doing in the recruitment process, which ultimately affects how you retain employees."

Focusing on diversity and inclusion isn't just a good PR move, something to implement in the wake of a crisis. Instead, says Pharris, it's [a proven investment](#) in company success.

"There's been study after study that shows diversity is good for the bottom line," she says. "So by investing in this, companies are doing the right thing. It not only makes your employees happy at the end of the day, but if your employees are happy they're more likely to stay."

Working yourself out of a job

Ciara Trinidad, program manager for inclusion and diversity at Netflix ([NFLX](#)), has learned to keep her eyes on it all.

"This is not just siloed to recruiting and HR," she says. "It's the way in sales we talked and targeted the people who would eventually become our customers, the way we treated the people who served us catered lunch ... the goal of this job is to eventually work myself out of a job."

That meant focusing on recruiting, but also on training and developing the talent already at the company — especially those in positions of influence.

"The solvers of this problem are our people managers," she says. "They're the ones who set the pace for employees' personal development. If you don't invest in them in all the ways you can, it's not going to work."

Netflix strives for diversity not just in its employees, but in its programming as well. Her usual day could involve meeting with talent partners, production managers and employee resource groups, talking about what they want in the workplace and what could be better for people like them.

She admits the "working herself out of a job" thing might not be happening any time soon.

In the past, many companies relied on employees from underrepresented groups to spark change from the ground level. Trinidad says her job now is focused on listening to those employees, raising their concerns to the highest levels and implementing policies to help.

"They don't need to be distracted thinking about how to survive this workplace, how to make it even better for people like themselves," she says. "They just need to be focused on their job, [and] I need to be focused on building infrastructure so they feel like they can be themselves."

CNNMoney (New York)

First published August 21, 2018: 11:07 AM ET

Q&A^(/americanlawyer/q-and-a/)

'We Have to Act Courageously': A Conversation With Law Firm Chief Diversity Executives

Five chief diversity officers share their thoughts on diversity in the legal profession and comment on such issues as diversity pro lawsuit and the effect a recession is likely to have on diversity in law firms.

By **Dylan Jackson** (<https://www.law.com/americanlawyer/author/profile/Dylan-Jackson/>) | August 07, 2019 at 06:16 PM

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KatyaRusha/Shutterstock.com

Law firms are increasingly putting chief diversity officers in their C-Suites, as the din of clients calling for their outside counsel to improve diversity among their ranks has grown.

The American Lawyer spoke to five law firm diversity executives—**Fenimore Fisher** (<https://www.law.com/americanlawyer/2019/06/12/dla-piper-hires-experienced-diversity-and-inclusion-executive-fenimore-fisher/>) of DLA Piper, **Yusuf Zakir** (<https://www.law.com/americanlawyer/2019/07/12/lathan-watkins-diversity-executive-jumps-to-holland-knight/>) of Holland & Knight, **Lloyd Freeman** (<https://www.law.com/njljournal/2018/12/05/archer-greiner-names-chief-diversity-officer/>) of Archer, **Paulette Brown** (<https://www.law.com/texaslawyer/2018/07/16/former-aba-president-takes->

[on-new-diversity-role-at-locke-lord/](https://www.law.com/americanlawyer/2019/07/15/seyfarth-shaw-hires-first-diversity-chief-carew-from-shook-hardy/)) of Locke Lord and [Kori Carew](https://www.law.com/americanlawyer/2019/07/15/seyfarth-shaw-hires-first-diversity-chief-carew-from-shook-hardy/) (<https://www.law.com/americanlawyer/2019/07/15/seyfarth-shaw-hires-first-diversity-chief-carew-from-shook-hardy/>) of Seyfarth Shaw—asking them about the current events and diversity-related trends they are seeing.

Their answers have been edited for length and clarity.

What makes a good chief diversity officer?

Brown: I will tell you that one of the reasons why I did not give up my partner status and my clients is because I believe you can be more effective when you contribute to the bottom line ... I think that a chief diversity inclusion officer can be most effective when they have the ear of the head of the firm.



Paulette Brown

Carew: One thing that is essential is to have courage. There are a lot of things we haven't done in the profession that we could have tried. There are ways in which we could have pushed harder. But we have a fear of failure, and we have a risk aversion that makes us want to prove with certainty that anything we do will work before we do it. It takes courage for a chief diversity officer to be able to put those things on the table in a way that is clear, direct and unapologetic and push for change and accountability.

Fisher: I think that in this role you have to be someone who applies a focus on tenacity, courage and strategic insight—aligning your strategy for diversity, equity and inclusion with the organization's operational or business model. In order for you to be viewed with a sense of authenticity, you have to be viewed as somebody who is an advocate, even if it's challenging at times. Lastly, you have to apply a sense of innovation to this work.

What is "diverse" to you? Is there a specific metric or number in mind?

Fisher: I think there's a lot of generalization concerning parity with the general population, as opposed to a review and assessment of the readily available talent pool and future pipeline. What you always want to focus on is whether your hiring rates and ultimate placement rates

Fenimore Fisher

are comparable to the rate in which people are applying for positions. I think you also want to focus on looking at the rates of whether women and diverse individuals that are being hired are being retained at comparable rates.

Zakir: There is no specific number or metric that we have in mind. We do aim to be reflective of society as a whole. We are a better institution and we can better serve our clients when we more accurately reflect the world around us. At the end of the day, lawyers solve problems, and those problems come in all different shapes and sizes; They're experienced by people of all different backgrounds. So, what better way to provide the best counsel than to be able to see those problems from different angles.

Brown: I think that the end goal for me is to have a place where diverse people will want to come to work and where they will feel welcome and where diversity and inclusion is fully a part of the fabric and culture of the firm. Everybody looking from the outside into our firm will know that.

Did Michelle Fang's call to action

(<https://www.law.com/americanlawyer/2019/01/27/170-gcs-pen-open-letter-to-law-firms-improve-on-diversity-or-lose-our-business/>) for diversity, signed by more than 200 general counsel, leave an impression on you? Did it change the way you approached diversity?

Freeman: It did. I've always had the mindset that the best way for us to make considerable leaps in diversifying the profession is going to be driven by our clients. If you have clients that tell you, 'diversity is important to us as a company, and if you don't fall in line and share in that belief then we can't do business with you,' that's powerful. It's going to get people who were not already attuned to having diversity be the focus behind some decisions to now listening to mandates from the client.

Lloyd Freeman

Zakir: Often, law firms tend to analyze and think about a proposal in a vacuum and stall on execution until absolutely every detail is pinned down. But we need to be more unafraid in generating and testing ideas and continue to evolve those ideas based on their success and failure. Law firms are generally not prone to operate in this way: We are risk-averse institutions filled with risk-averse lawyers. But if there's anything to take away from Michelle's letter, it is that the patience for change is short so we have to act courageously.

In light of the "diversity prop" lawsuit

(<https://www.law.com/americanlawyer/2019/03/06/ex-associate-alleges-southeasts-robison-bradshaw-used-her-as-diversity-prop/>) filed by a black woman attorney in North Carolina, how can you ensure that your firm's efforts in diversity are sincere?

Freeman: Well, in order to be sincere about diversity, you have to do more than throw money at this issue. Writing a check does not solve the problem of a lack of diversity in the legal profession. You need to expend human capital. You need people who are going to give their time to develop diverse talent.

Carew: We all understand that part of what we do in diversity and inclusion is to test a vision and work toward that vision. So there may be some things that we say that are

Kori Carew

aspirational. There may be some things that we are working on and maybe we're 20% of the way, 30% of the way, 50% of the way there. Just because we haven't achieved 100% doesn't mean we're not sincere. But you have to consistently show concerted effort, consistent effort and well-meaning effort.

If and when the economy drops back into recession as many economists are predicting, do you worry that diversity gains will be hit hard?

Zakir: What's different today from 10 years ago is that we're Yusuf Zakir at the point where we've built structures and infrastructure. No matter the financial climate, I would envision that we're going to make progress on this. I think our progress comes in part by steadying our trajectories on this path toward diversity and inclusion, which I would say probably wasn't as steadfast 10 years ago.

Carew: The short answer is yes. I am always concerned that diversity will be put at second, third or fourth place, or even removed from the agenda. And all of that is dependent on where an organization is on adapting diversity and inclusion as a core value ... If an organization is at a place where they understand that diversity is about excellence, about being competitive, and about client service, the economy doesn't change that.

Brown: Since 2008, when we were hit by the previous recession, people of color have never recovered.

Dylan Jackson

[\(https://www.law.com/americanlawyer/author/profile/Dylan-Jackson/\)](https://www.law.com/americanlawyer/author/profile/Dylan-Jackson/)

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Why diversity matters

January 2015 | Article

By [Vivian Hunt](#), [Dennis Layton](#), and [Sara Prince](#)

New research makes it increasingly clear that companies with more diverse workforces perform better financially.



Delivering through diversity - New in 2018

Our [latest research](#) analyzes more data from more companies than ever before. Three years on, does the link between company financial performance and ethnic, cultural, and gender diversity stand up to greater scrutiny? Learn the answer and how leading companies are creating inclusion strategies that work.

We know intuitively that diversity matters. It's also increasingly clear that it makes sense in purely business terms. Our latest research finds that companies in the top quartile for gender or racial and ethnic diversity are more likely to have financial returns above their national industry medians. Companies in the bottom quartile in these dimensions are statistically less likely to achieve above-average returns. And diversity is probably a competitive differentiator that shifts market share toward more diverse companies over time.

While correlation does not equal causation (greater gender and ethnic diversity in corporate leadership doesn't automatically translate into more profit), the correlation does indicate that when companies commit themselves to diverse leadership, they are more successful. More diverse companies, we believe, are better able to win top talent and improve their customer orientation, employee satisfaction, and decision making, and all that leads to a virtuous cycle of increasing returns. This in turn suggests that other kinds of diversity—for example, in age, sexual orientation, and experience (such as a global mind-set and cultural fluency)—are also likely to bring some level of competitive advantage for companies that can attract and retain such diverse talent.

McKinsey has been examining diversity in the workplace for several years. Our latest report, *Diversity Matters*, examined proprietary data sets for 366 public companies across a range of industries in Canada, Latin America, the United Kingdom, and the United States. In this research, we looked at metrics such as financial results and the composition of top management and boards.^[1] The findings were clear:

- Companies in the top quartile for racial and ethnic diversity are 35 percent more likely to have financial returns above their respective national industry medians.
- Companies in the top quartile for gender diversity are 15 percent more likely to have financial returns above their respective national industry medians.
- Companies in the bottom quartile both for gender and for ethnicity and race are statistically less likely to achieve above-average financial returns than the average companies in the data set (that is, bottom-quartile companies are lagging rather than merely not leading).
- In the United States, there is a linear relationship between racial and ethnic diversity and better financial performance: for every 10 percent increase in racial and ethnic diversity on the senior-executive team, earnings before interest and taxes (EBIT) rise 0.8 percent.
- Racial and ethnic diversity has a stronger impact on financial performance in the United States than gender diversity, perhaps because earlier efforts to increase women's representation in the top levels of business have already yielded positive results.

- In the United Kingdom, greater gender diversity on the senior-executive team corresponded to the highest performance uplift in our data set: for every 10 percent increase in gender diversity, EBIT rose by 3.5 percent.
- While certain industries perform better on gender diversity and other industries on ethnic and racial diversity, no industry or company is in the top quartile on both dimensions.
- The unequal performance of companies in the same industry and the same country implies that diversity is a competitive differentiator shifting market share toward more diverse companies.

We're not suggesting that achieving greater diversity is easy. Women—accounting for an average of just 16 percent of the members of executive teams in the United States, 12 percent in the United Kingdom, and 6 percent in Brazil—remain underrepresented at the top of corporations globally. The United Kingdom does comparatively better in racial diversity, albeit at a low level: some 78 percent of UK companies have senior-leadership teams that fail to reflect the demographic composition of the country's labor force and population, compared with 91 percent for Brazil and 97 percent for the United States.

These numbers underline the work that remains to be done, even as the case for greater diversity becomes more compelling. We live in a deeply connected and global world. It should come as no surprise that more diverse companies and institutions are achieving better performance. Most organizations, including McKinsey, must do more to take full advantage of the opportunity that diverse leadership teams represent. That's particularly true for their talent pipelines: attracting, developing, mentoring, sponsoring, and retaining the next generations of global leaders at all levels of organizations. Given the higher returns that diversity is expected to bring, we believe it is better to invest now, since winners will pull further ahead and laggards will fall further behind.

This article is adapted from the report [Diversity Matters](#) (PDF–1,732KB), which was re-released in February 2015.

1. The Women Matter research McKinsey published in 2007 identified a positive relationship between corporate performance and gender diversity. We have since expanded the focus of this research to examine diversity more broadly, from gender to race and ethnicity to sexual orientation. Our latest research examined metrics such as total revenues, earnings before interest and taxes, and returns on

equity for the years 2010 to 2013. In addition to capturing gender information, the data set included information on ethnicity, race, or both from publicly available sources. For a detailed explanation of how we conducted our research, please see our full report, [Diversity Matters](#) (PDF–946KB).

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