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## How to Avoid Diversity Activity Mode (DAM)



### What is Diversity Activity Mode?

Does your organization view diversity as a “nice thing to do,” but not an essential ingredient of achieving its business goals? Does your company focus on recruitment and representation as the sole aspect of addressing diversity? Are there great things happening regarding diversity in different departments, but silos preventing an exchange of best practices? Is your organization’s diversity effort not producing the positive results you would like to see? Do your executives view diversity as everyone’s responsibility and elect not to assign dedicated resources or bring subject-matter expertise to support your diversity efforts?

If you have answered “yes” to any of these questions, your company may be suffering from Diversity Activity Mode (DAM). By conducting diversity-related activities which are only tactical in nature, and are not connected to the business strategy, your company will experience a DAM. These DAMs create the illusion that the organization is moving forward on the road to inclusion and higher performance when, in reality,

it is actually standing still. This lack of movement, which is often evident to diversity thought-leaders and practitioners within the company, creates a blockage to the development and implementation of an effective diversity strategy.

### Five Common Types of DAMs

Below are five common types of DAMs experienced by many organizations:

#### 1. Calendar-driven Events

The US Congress recognizes several heritage months as one way to celebrate the country’s diversity:

- Black History Month (February)
- Women's History Month (March)
- Asian/Pacific American Heritage Month (May)
- Gay and Lesbian Pride Month (June)
- Hispanic Heritage Month (September 15 - October 15)
- American Indian Heritage Month (November)

Many organizations hold these and other holiday-based celebrations. The events typically involve ethnic foods, folk-dance, stories, and music. Impressive guest speakers deliver powerful messages to educate and inspire individuals. However, these messages are short-lived when they land in companies which lack an active commitment from leadership.

When a company-wide strategy does not exist, or the infrastructure to support it is not in place, a celebratory month of no real change passes until the next speaker arrives. The calendar-driven diversity events can add value by impacting individuals. If not connected to a company-wide strategy, however, they often leave employees vacant of answers to questions regarding follow-through, accountability and metrics for measuring progress and real change.

## **2. The Revolving Door Effect**

We call the second type of DAM the Revolving Door Effect. It occurs when a strategy focuses only on recruitment to increase the demographics of its workforce or senior managers. While it is essential to recruit for diversity at all levels of a company, especially at the Executive levels, it is equally important to support the retention, development, promotion, and success of candidates from diverse backgrounds once they enter your company. Without this additional support, individuals from diverse backgrounds may enter and then quickly exit the organization.

We recently consulted with a client who was experiencing the Revolving Door Effect. There were

sophisticated recruitment systems in place to increase the representation of African Americans and Latinos within the organization, yet the company did not see a return on its investment. High turnover and low representation at higher levels of the organization continued to occur within these groups.

In order to identify the causes, our consultant team conducted an infrastructure and systems assessment focused on identifying the company's strengths and weaknesses in the areas of recruitment, development, retention and promotion of African Americans and Latinos at the senior management levels. We also conducted an evaluation of the current culture among senior management in order to understand the individual, team and organizational readiness for increased diversity. Our findings guided the creation of a company-wide diversity strategy that included the following components:

- a diversity mentoring program,
- diversity education for senior managers,
- development of employee network groups, and
- a greater commitment from Executives and senior managers to the diversity efforts.

The initiatives were implemented in a phased approach, and they were linked to the business goals and priorities, allowing the organization to see increased return on investment and a direct impact on the bottom line.

### 3. A Narrow Definition of Diversity

When organizations define diversity as race and gender only, they unknowingly create several challenges.

The first challenge is the exclusion of individuals who are experiencing discrimination in the workplace for reasons other than race and gender, such as age, sexual orientation, gender expression, and religious differences. This causes resistance, and sometimes resentment, toward the company's diversity effort from those individuals who feel excluded by both the company and its diversity effort.

The second challenge resulting from the use of a narrow definition of diversity is the exclusion of groups who are not viewed as experiencing discrimination in the workplace, such as white males. This fosters a perception that the diversity effort is for *those people* and adds to the "us" vs. "them" mentality which often exists regarding diversity in general. It is important to avoid this exclusion by providing opportunities for white men and other groups to be involved in the role of allies or champions in moving the company's diversity effort forward.

Finally, using a narrow definition of diversity prevents the company from understanding and addressing the impact of important organizational differences such as sales vs. service departments, headquarters vs. field locations, gen Xers and Millennials vs. Boomers and Traditionalists, managers who were promoted from within vs. managers who were hired from the outside. These differences often have an

equal, and sometimes greater, impact on whether people feel valued and respected for the contributions they bring the company.

### 4. Adopting Off-the-shelf Best Practices

While it is important to study best practices around diversity, and to learn from other successful organizations, diversity and inclusion initiatives should not be adopted as "off-the-shelf" products or interventions. They must be customized to meet the needs and goals of your diversity strategy and company culture. Without this customized approach, the company experiences hindered ability to maximize the impact of best practices.

Best practices are designed to work effectively within a particular organizational context. Knowledge of the history, politics, culture, strategy, leadership commitment, and demographics within a specific company is essential to understanding why the practice was so effective. When we select from the best practices shelf, we do not get the critical contextual information that ensures the successful implementation of the practice.

### 5. The Phase Two Glue

We have seen organizations successfully embark on the first phase of a diversity effort, such as conducting diversity education for everyone in the organization, implementing mentoring programs or creating affinity groups, only to feel stuck in a "what next?" situation.

In an effort to demonstrate a level of urgency and commitment to

diversity, these organizations move to immediate action and use a *Ready! Fire! Aim!* approach. They miss the target of leveraging diversity and inclusion for higher performance and create a DAM known as the Phase Two Glue.

When the company's values and business goals are not incorporated as a core part of the diversity effort, a few predictable obstacles arise: 1) the diversity effort will be viewed as a one-off initiative and not as a core part of achieving business success; 2) diversity will be interpreted as an externally motivated effort instead of an internally driven business imperative; 3) Senior Executives will lack the direction, systems and resources necessary to develop and implement an effective diversity strategy which links directly to the bottom-line and to the company's values; 4) metrics will not be identified to measure the progress and return on investment of the diversity effort. Therefore, Senior Executives who do choose to implement a diversity strategy within their business unit will not be able to show the impact, or measure the progress, of their initiatives.

### Three Key Drivers to Avoid DAMs

So, how do companies create a plan for moving diversity forward in a way that avoids these five DAMs? What are the critical components of a 21<sup>st</sup> Century Diversity Strategy which can guide your company in entering emerging markets while preparing for the diverse workforce of tomorrow? How do organizations effectively learn from the lessons of others in order to avoid re-inventing the wheel? How do diversity leaders ensure that they are creating a strategy that works within their unique business environment?

After 20 years of providing diversity-based organizational development consulting to clients such as America Online, Dupont, Honda, Hyundai, Kodak, Lexus, LG, Nokia, Toyota, and Verizon, we have identified three key drivers to fuel a 21<sup>st</sup> Century Diversity Strategy. The success of these drivers is supported by research on best practices for moving diversity forward within corporations.

The three key drivers align with 13 critical components (cc's). Together, they support companies in creating a

How to Avoid "Diversity Activity Mode"			
13 Critical Components to Creating a 21 <sup>st</sup> Century Diversity Strategy			
Key Drivers	Strategic Leadership	The Business Case	Organization Effectiveness
Critical Components	<ol style="list-style-type: none"> <li>1. CEO Commitment</li> <li>2. Chief Diversity Officer</li> <li>3. Diverse Board of Directors</li> <li>4. Diversity at all levels: Executive/ Sr. level representation</li> </ol>	<ol style="list-style-type: none"> <li>5. Innovation</li> <li>6. Supplier Diversity</li> <li>7. Multicultural Marketing</li> <li>8. Community Relations &amp; Philanthropy</li> </ol>	<ol style="list-style-type: none"> <li>9. Organization Development &amp; Talent Management</li> <li>10. Diversity Education</li> <li>11. Tailoring Best Practices</li> <li>12. Metrics &amp; Systems of Accountability</li> <li>13. Communication of your Diversity Brand</li> </ol>

tailored 21<sup>st</sup> Century Diversity Strategy while avoiding the five types of Diversity Activity Modes described earlier.

### **Driver 1: Strategic Leadership**

Strategic leadership requires diversity leaders to answer the following types of questions: How do we effectively create and sustain large-scale change in our organization? How do we define diversity? How do we create a diversity and inclusion strategy that is *right* for us given our history, what we know about our leaders, the politics within our organization, as well as our national and global business goals and objectives?

Strategic leadership is implemented by champions for diversity at all levels of the company. Active involvement from the Chief Executive Officer or President (cc1), the Chief Diversity Officer (cc2), and a diverse Board of Directors (cc3), creates the opportunity to develop a level of accountability and integration across business units that ensure diversity is integrated in the daily business operations, resulting in a clearly demonstrated return on investment.

A company's CEO, CDO and Board have the responsibility to emphasize management participation and to implement accountability systems that avoid purely calendar-driven diversity efforts. They ensure that a relevant definition of diversity is used in their company, addressing issues of race and gender while simultaneously being inclusive of issues challenging other groups. They actively prevent the Revolving Door Effect by allocating resources to diversity recruitment and

outreach efforts while implementing programs to support their success, such as succession planning and mentoring programs. A 2004 Diversity Best Practices survey shows that 90% of CEOs, whose companies are doing well on diversity, put these types of actions into practice.

Another layer of strategic leadership occurs when there is diverse representation among senior management (cc4). A 1998 survey by the American Management Association found that a mixture of gender, ethnic backgrounds and ages in senior management teams "consistently correlates to superior corporate performance." Tying diversity to the bottom line is the foundation for creating a business case, which is the second key driver to avoiding Diversity Activity Mode.

### **Driver 2: The Business Case**

The Business Case driver involves articulating and measuring the benefits of diversity to the company's core business goals and strategic objectives. Companies that have a best-in-class diversity plan articulate a clear link between achieving diversity goals and achieving their business goals.

Making a clear business case is achieved through linking diversity with innovation and business process improvement (cc5), building a diverse supplier base (cc6), tapping into emerging markets through a multicultural marketing strategy (cc7), and developing strategic ties between diversity, community relations and philanthropy (cc 8).

Hewlett-Packard provides an example of the benefit of linking diversity practices with business innovation (cc5) at its highly-diverse Quantum Lab. The Quantum Lab consists of 30+ researchers from 13 different countries and 4 different continents. As a result, it is one of the highest patent-generating labs in the country.

Establishing business partnerships with Women and Minority Business Enterprises (W/MBEs) allows companies to find the best products at the best prices while investing in the economic success of diverse communities. Reverend Jesse Jackson, Sr. was recently quoted saying to the automotive industry, “This has got to be about more than just the ride,” meaning that tapping into emerging markets (cc7) also requires doing business with and supporting the development of businesses within the diverse communities (cc6) where their customers live.

Changing demographics within the United States and a global economy are two well-known reasons for companies to develop multicultural marketing plans (cc7) and to implement strategies for building effective relationships with diverse communities (cc8). Magic Johnson, through Magic Johnson Enterprises, provides an example of how companies can tap into urban (emerging) markets while doing business with diverse suppliers. Companies such as Starbucks, 24-hour Fitness, Sodexo, and TGI Friday’s are partnering with Magic Johnson Enterprises to reach a more diverse customer base and are seeing a significant positive impact on their business bottom line.

### **Driver 3: Organization Effectiveness**

On the journey to inclusion, *strategic leadership* sits in the driver’s seat; *the business case* is the engine and wheels; and *organization effectiveness* represents the cab interior of the car.

As industrial/ organizational psychologists, we have seen too many diversity strategies which are void of a focus on the interior of the car, the organizational culture. These strategies do not emphasize the level of inclusion, employee engagement, and satisfaction of *all* individuals within the company.

*Organization effectiveness* focuses on creating a workplace where employees at all levels embrace diversity by practicing inclusion. Tim Allen, President and CEO of Nextel, provides an example of our third key driver by stating that “As part of our efforts to be first, be different and be better, Nextel works hard to create a working environment where all employees, customers, suppliers and community partners feel valued and respected. It is important to create an inclusive workplace, where everyone can fully participate and be recognized for their contributions, because our people are the company’s most valuable asset.”

*Organization effectiveness* as part of a 21<sup>st</sup> Century Diversity Strategy involves aligning your diversity initiatives with those of Organization Development, Employee Relations and Human Resources departments (cc9). Specific areas where this alignment can occur include succession planning and talent management, such as recruitment, retention, promotion, and development.



These key organization initiatives work together, along with diversity mentoring programs and affinity groups, to avoid the Revolving Door Effect.

Organizational Development and Diversity can further partner by tailoring diversity best-practices (cc11) so they align with the unique culture and goals of your company. This prevents the DAM created by importing off-the-shelf best-practices. Organizational Development practitioners can also lend their expertise in strategic change management to avoid the Phase Two Glue.

Another critical component within the third key driver of Organization Effectiveness involves strategic diversity training and education (cc10). The goal is to equip executives, managers and employees at all levels with the knowledge, skills, awareness and motivation necessary to support a higher-performing and inclusive culture that leverages diversity. Identifying metrics to assess the effectiveness of diversity training and other diversity initiatives (cc11) requires a significant amount of effort. However, the results are highly valuable since they provide insight into the impact of such efforts on the business and its bottom line.

The final critical component behind Organizational Effectiveness involves developing a branding campaign and communications strategy (cc13) regarding the key drivers of Strategic Leadership, the Business Case, and Organization Effectiveness. We suggest companies approach their diversity initiative in the same way they may launch new products or capital

development campaigns. They should brand their diversity effort so it is clearly tailored to meet their organization and business needs. This is the same type of tailoring necessary when applying best practices (cc11) from other companies.

The 5 types of DAMs presented in this ThoughtPaper will continue to lead many companies to believe they are traveling many miles, when in fact they are running in place on a treadmill. These companies will be left wondering why their diversity effort is not having the desired impact on their company culture and bottom line. Through *strategic leadership*, building the right *business case*, and leading with *organization effectiveness* as core drivers of a 21<sup>st</sup> Century Diversity Strategy, companies can get off the treadmill, avoid the DAMs, and gain mileage on the road to actualizing diversity and inclusion as a competitive national and global advantage.

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