Measurement: Proving the ROI of Global Diversity and Inclusion Efforts

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> *"The business has been moving toward true globalization more aggressively than at any time in our history, so the need for increased cultural awareness has driven a different and more focused view of diversity in the business."* — *Randy Pond, EVP, Operations, Processes, and Systems, Cisco Systems, Inc.*

Cold, hard data is hard to ignore. No matter where in the world, when you can credibly show a business leader that current conditions are not going to take them where they need to go, you create in that leader a partner to drive change. Measurements enable you to create accountability and establish a baseline by which success or opportunities for improvement can be quantified. They also give you the ability to potentially quantify the value to be derived from diversity and inclusion as you raise the visibility of changing demographic issues and create links between them and overall business performance.

Measurements also serve to neutralize some of the emotion associated with diversity and inclusion topics. Broaching these sensitive issues with data can diffuse some of the emotional charge, helping to create a productive environment where one can talk more freely about what may be going on in one's environment and enabling leaders to take ownership over the issues.

"Metrics and measurements are essential elements to driving change and raising visibility around the business value resulting from inclusion and diversity," explains Rich Goldberg, VP of corporate quality. "Metrics provide a common language we can understand and agree upon. Measurements give an objective perspective, allowing us to more easily spot, analyze, and then ultimately address problems. The focus is on the problem, instead of specific behaviors or people."

The global marketplace presents huge possibilities, as well as challenges for every organization. To thrive, companies must be able to quickly identify and adapt to changing market conditions, anticipate customer preferences, drive strong financial discussions, and differentiate themselves from the competition. It requires organizations be agile, connected, innovative, and capable of making good, swift decisions. Those with these characteristics will be able to press their advantage; those without will struggle.

But without measurements of what is *not* being achieved, or what marketplace opportunities are to be gained, and how well a company is making progress toward meeting its business and talent goals, diversity and inclusion work will be like vapor—you can see it, but you can't grasp it and make it meaningful.

So first, companies working in a global space need to figure out what are the propositions for how diversity and inclusion can add value. Then they need to look at how they could be measured in order to make the work of diversity and inclusion credible.

Let's then start with the diversity and inclusion value propositions supported by metrics that prove their premises:

- **Strong collaboration solves complex problems.** You may have heard of *The Medici Effect*, which explains how a diverse team has a far better chance of generating unlikely idea combinations that can be truly groundbreaking because people from different cultures and backgrounds approach any given challenge from different perspectives. A study of 28 teams found those that were heterogeneous solved complex tasks better than the homogeneous teams. They noted the diverse teams exhibited a higher level of creativity and a broader thought process.[1]
- **Diverse perspectives lead to innovation.** Being willing to embrace new ideas and jettison traditional approaches and norms allows us to imagine what may be possible. Companies that drive innovation by leveraging employee ideas and knowledge meet product revenue targets 46 percent more often and product launch dates 47 percent more often than industry peers.[2]
- **Employees who are engaged are more productive.** Studies show that when employees are engaged, productivity goes up.[3] Diverse work teams properly managed and trained produced results that were six-times higher than homogenous teams.[4] Companies with high employee engagement had a 19 percent increase in operating income and almost 28 percent growth in earnings per share.[5]
- **Companies that embrace diversity and are competent at inclusion enhance customer loyalty.** When the workforce is diverse and representative of target customers and partners there is an inherent understanding of the unique requirements of different markets. It has been found that "more than half of all international joint ventures fail within two or three years, due to a lack of cultural competency versus technical or professional expertise."[6] Communities seek out organizations they can identify with or feel supported by. For example, in 2008, when the estimated spending power of the lesbian, gay, bisexual and transgender (LGBT) community was £81 billion in the United Kingdom[7] and $712 billion in the United States[8], it was also estimated that 78 percent of the LGBT community and their friends and relatives would switch brands to companies known to be LGBT-friendly.[9]
- **Greater diversity leads to financial growth.** When individuals are valued and empowered to be their best selves, tangible results can be seen in the bottom line. In a study of 506 U.S.-based businesses, each 1 percent increase in the rate of gender diversity resulted in an approximately 3 percent increase in sales revenues, up to the rate represented in the relevant population.[10] Top-listed European

companies with gender diversity in management achieved higher than average stock performance—64 percent versus 47 percent.[11]

Companies that already have a strong U.S. diversity focus are likely to have metrics in place to support all or some of the above-mentioned propositions. However, one should not automatically assume that the same metrics should be measured on a global scale. Regional and cultural aspects, such as those detailed in Part I of this book, illustrate why diversity measurements need to be customized. Following are some global diversity dimensions that should be measured and analyzed through a regional lens in order to determine the best interventions:

Gender: With women representing 50 percent or more of the general population in countries across the globe, but far fewer within corporations, measuring gender is a universal diversity issue that needs to be measured and tracked. But the gender story shows up in different stages of evolution in different parts of the world, so the most powerful metrics in one part of the globe may be not very relevant in others.

Leadership: Companies should assess the make-up of their leadership teams in each country in which they operate. The following questions should be asked regarding representation: Who is represented in leadership? Is the leadership team dominated by a particular nationality? Is it too heavily expat American? Is local talent being developed?

Race and Ethnicity: Race plays out differently depending on the country and region. In some cases, race is at the heart of marginalized group dynamics, while in others the issue of race is either not relevant at all or cultural choices are made to minimize their importance. For example, in France it's not just a practice not to measure race; it's actually illegal to collect such information.

Sexual Orientation: With homosexuality illegal in some countries, tracking lesbian, gay, bisexual and transgender employees as well as creating inclusive environments for them, is challenging in various parts of the world.

With these propositions and areas of measurement laid out, consider the following three guidelines for shaping your organization's global measurement strategy:

Principle #1: Assessment shouldn't be based on U.S. standards
Principle #2: Not all numbers are created equal
Principle #3: Make it personal

Principle #1: Assessment Shouldn't be Based on U.S. Standards

One of the biggest challenges of rolling out a metrics program globally is ensuring that what is measured is truly relevant to local leaders and the unique challenges and opportunities they are facing in their business. The success of many programs in the United States around diversity and inclusion can actually cloud judgment about how to measure the right things outside the United States.

Where this tends to pop up as an easy trap to fall into is when diversity practitioners seek to implement standardization. While standardization as a business concept has its well-understood cost management and operational ease rationales, in the case of global diversity measurement, practitioners would do well to not base the global standard on U.S. standards. There must be room for completely localizing what is being measured by country or region.

For example, while the global measurements most organizations track around gender and age can be universal, those typically around race and ethnicity tend to be very localized to the United States. The tracking of Inclusion Index Results (a Cisco metric, see sidebar), trends, and comparisons against industry benchmarks or competitors can help uncover some local issues; however, there is an opportunity for greater customization to ensure the metrics better capture local pain points.

In China, for instance, leadership teams may be primarily made up of executives who have been educated in Western schools and come from Hong Kong or are expats from North America or Europe. If the metrics are focused only on gender, the opportunity to measure passport of origin is missed. This makes it impossible to understand and track where leaders are really coming from, to identify and then address any potential issues. Other regions or countries may find they are dealing with issues that are focused around age, class, or schooling.

The key is to understand the specific challenges for each location so you can refine the metrics you measure. Ultimately, this comes down to creating a dialogue and building relationships with the leaders to identify their pain points and figure out how diversity and inclusion can truly help.

Principle #2: Not All Numbers Are Created Equal

Another key issue to work through is that not all numbers are created equal. A number without reference or context is just a number. No matter where in the world the diversity and inclusion work is taking place, the real trick is to get at the measurements that are going to provide meaningful insights and uncover issues and opportunities that leaders can get behind. The power in the numbers is when they can be put against a backdrop to make them relevant and tell a more complete story.

You need a way to be able to quickly cross-reference data and run different queries that can shed light on what is going on in the organization. This requires figuring out what kinds of answers you are looking for to a variety of questions. For example, how do you measure progress around diversity in a country with a fairly homogenous ethnic population? When looking at hiring ratios, how do you tie those numbers to employee success and career paths? If studying attrition levels of women, what are the numbers being compared against? Should your sales organization compare its demographics against benchmarks from competitors or your major customers?

The answers to these questions can change the lens by which you view the data and ultimately the direction of the path taken. For example, if you hire twice as many women

as men, but the women never make it past their entry position while the men progress, are you focusing on the right thing if you are concentrating on hiring strategies? If you compare the number of women that left a department to the number of men that left at the same time, are you going to get the information you need, or should you be comparing the attrition to the number of females that remained. (One female leaving out of ten could be more significant than one female leaving out of 1,000.) Or what if you looked at the level or grade of the person who left? (The implications could be different for a senior VP versus an individual contributor)

It's easy to see how what gets measured and tracked really matters. Because there are seemingly infinite possibilities for the statistics that can be collected, organizations need to home in on the ones that matter most. To do so, companies need to figure out what is really important to each leader in the organization and incorporate that into the process.

Principle 3: Make It Personal

It can be tough for leaders to identify interpersonal or social barricades that are hindering their diversity and inclusion progress. It's often up to us, as practitioners, to help make diversity and inclusion issues relevant for them. We need to help leaders identify with diversity and inclusion challenges, so they can understand and spot conditions in their organization that may be creating sub-optimal situations.

As one leader at Cisco put it, "if you have a production line running at 20 percent capacity, you would shut it down and do root cause analysis to figure out what's going on. So why, when your people—your number one asset—are only giving 20 percent output, are you not trying to figure out what's going on?"

Different issues will resonate with each leader. A leader may draw on their own experience (when they battled dyslexia or hit a roadblock, for example) to feel compassion for others who are feeling frustrated or isolated. Another may be able to relate the struggles of a family member to potential issues in the workplace. Some leaders become engaged when they see comparisons with other companies they admire or customers with whom they are working. While still others respond to a competitive impulse—they don't want to be left behind.

"I have been deeply inspired by a close family member who had a profound hearing disability, yet who persevered and impacted the world around her in significant ways" said Marilyn Carter, senior operations manager, Cisco Systems. "It heightened my awareness to how those with diverse experiences often find creative ways to solve problems and think outside the box. I knew that I wanted to do everything I could to create an environment that brings out the best in every team member—and also one that leverages the power of their perspective to accelerate business results."

As soon as facts and figures are relevant to leaders, it can accelerate the desire for action, working with an organization's diversity and inclusion team to identify dialogues, programs, and processes they can engage in to create a more inclusive and diverse culture. Cisco offers a "Café of Solutions" that leaders can use to support their plans,

from training to employee resource groups, or from mentoring and advocacy programs to innovation programs. However, many leaders can become so impassioned by the issues that they bring their own ideas to the table. Diversity and inclusion isn't a checklist item or something on their to-do list, rather it becomes a business driver and strategic priority fueled by personal connection and meaning.

Conclusion

With numbers we get the attention of leaders, managers, and employees; with conversations we get the relevance and courage to lead change. Combined, metrics get diversity and inclusion integrated into the business. The goal should be to embed diversity metrics into everything diversity and inclusion practitioners do and make it a part of everyone's responsibility. Diversity practitioners need to help leaders motivate leaders, and peers encourage peers to influence each other and own the initiatives.

To further this goal, organizations should augment the facts with experiential learning and emotional experiences that can drive home what it feels like to be inclusive or what a woman or a person with a disability might experience. As a diversity practitioner, you should identify commonalities in action plans across services, so you can leverage learnings and resources and help set priorities across the organization. Doing so will ensure that you are getting the best leverage out of your strategy. Yet, you should also make sure you have the flexibility to ensure your diversity and inclusion metrics and programs are truly relevant across the globe.

It's a delicate balance that will take constant refinement. Making sure you are having the conversations that will help you understand and uncover local issues and pain points is the only way you can provide the data that illustrates the issues, allowing you then to provide incentives and track progress.

CASE STUDY: Cisco: A Foundation in Measurement—Creating the Strategic Review Framework

Because of the power of data, at the crux of Cisco's diversity and inclusion strategy is a philosophy around maximizing the value of metrics and a discipline around measuring results. The company has spent years pioneering an approach to effectively collect, analyze, and leverage data that can be used to build a stronger diversity and inclusion culture. This approach was formalized in Cisco's Inclusion and Diversity Strategic Review, which provides a framework for meaningful conversations with leaders around diversity and inclusion issues that lead to actionable plans and long-term change.

The team started working across the organization to demonstrate how statistics around diversity and inclusion would help the business better understand the workplace and drive positive changes. In turn, the team could show how these changes would help mitigate risks and ultimately support long-term business objectives.

In the early stages, the team manually created spreadsheets and pivot tables from raw data to try to spot trends and extract value. This data included Cisco's annual Inclusion Index, which is derived from the information in the company's annual survey. The survey asked employees to grade the following statements:

- My team has a climate in which diverse perspectives are valued.
- At Cisco, employees can voice their opinions without fear of retribution.
- At Cisco, people are rewarded according to their job performance and accomplishments.
- At Cisco, employees are treated with respect, regardless of their job or level.
- I know how to address disrespectful and/or intolerant behavior.
- I can succeed at Cisco without sacrificing aspects of my personality or culture.
- My manager ensures fair treatment for everyone on my team.
- Senior leadership emphasizes the value of a diverse workforce.

Using the Strategic Review model, a diversity and inclusion expert in each business unit presents the findings to their own business leaders in a way that is relevant and impactful for them. To do this consistently and cost-effectively, it became important to operationalize this process with database automation and standardized queries, tables, and charts. As Cisco solidified the data reporting system, the team was able to quickly and easily extract the information it needed in a clean, automated fashion. As a result, they began to focus less on trying to just get the data and more on actually using it to stimulate change.

The team reached a new level of metrics maturity when they developed forward-looking demographic projections that allowed them to model different speeds of company growth or stasis. This allowed them to uncover potential issues that weren't necessarily apparent. While a leader or staffing department might assume hiring or retention practices are fine, and that non-ideal numbers would fix themselves with company growth alone, Cisco's projection model could conclude just the opposite.

One of Cisco's regional business leaders was able to significantly improve their region's diversity and inclusion metrics to become the leading region in Europe. The rise is directly attributable to the issues brought to light by the Strategic Reviews, which facilitated conversations and commitments around changes and improvements that evolved the culture to be more inclusive. Over a three-year period, region leaders instituted training around diversity and inclusion issues, new hiring practices and policies, and succession planning, among other things. Employees noted a marked difference in the work environment over this time and saw acceleration in the progression of women in the workplace.

"I was determined to drive change and build more gender balance within the French organization," said Laurent Blanchard, VP France. "The Strategic Reviews we carried out helped me understand where we needed to focus and the issues we really needed to concentrate on, as well as monitor progress as numbers and engagement started to improve."

Using a suite of automated tools to look both back and forward in time, Cisco's diversity and inclusion team now has the numbers needed to create the interest and value in a discussion that can get at the root of any problems and determine a way to change course. Developing a mature diversity and inclusion metrics review, including key and subtle knowledge of populations and their trends, allows the team to truly engage the minds of its leaders (with the numbers) and their hearts (through the discussion).

Marsha Gewirtzman, former Senior Director, Marketing Cisco Services, Diversity & Inclusion, contributed to this case study.

Endnotes

1   Henley Management College, UK; Ford Germany
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