
FACTORS THAT DRIVE SUCCESSFUL DIVERSITY COUNCILS

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Recently, a young company in a young industry that prided itself on its progressive recruitment and diversity policies conducted an employment satisfaction survey that had a surprising outcome. Many employees used the survey to express their strong dissatisfaction with the lack of diversity at higher levels of management. The company's executives found themselves caught completely unaware, with no ready-made solution. They always assumed that because they were young, technical, and innovative that they were also enlightened and had no problems with race and prejudice.

At a leading financial services firm, diversity came up in an even more unexpected fashion. Reflecting a growing trend at many Wall Street powerhouses, some high-level decision makers are now from places like Russia, India, or China. When those from the same country gather in the hallway to discuss strategic issues informally, they tend to speak in their native tongues. In a classic "the shoe is on the other foot" scenario, white Americans in the same offices who cannot speak these languages are suddenly feeling angry and threatened. Their foreign-born colleagues can understand everything they say, but the Americans do not have that same advantage. For the first time in their lives, these American-born men want to persuade others that exclusionary tactics, however unintentional, are destructive and increasingly debilitating to them.

DIVERSITY: A LASTING COMMITMENT

In both these instances, management soon realized why so many others have found efforts to deal with diversity to be such a "hit or miss" proposition. They were up against no small controversy. Once they began to explore the history of discrimination and

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prejudice at work, they discovered that diversity, like all business imperatives, requires careful planning and long-term commitment—but to do what? and who should be held accountable? and what do you do first?

There’s no denying that if done right, a diversity initiative changes forever how an organization functions and how those who are a part of that organization’s community regard their place in it. There’s no question the change is worthwhile.

Indeed, the inevitability of diversity has never been more acute, as technology; the advancement of human rights; and the accelerated pace of business, globalization, competition, and labor shortages make running an organization more challenging than ever before. Ironically, these conditions give rise to an insecurity that too often stifles any attempt to make inclusion an essential part of an organization’s priorities, to the very real detriment of its ability to succeed.

In the words of Federal Reserve Chairman Alan Greenspan, “Discrimination is against the interests of business—yet business people too often practice it. To the extent that market participants discriminate, they erect barriers to the free flow of labor and capital... and the distribution of output is distorted.”

Fortunately, Chairman Greenspan’s call to action coincides with two trends that most people understand and that business leaders can cite in their quest to establish a diversity initiative. The first is the appearance of the so-called Generation Xers in the workforce. These young people (now between 25 to 35 years old) watched as many of their parents were abruptly discarded during the massive layoffs that began some 20 years ago. Downsizing may have been salubrious for our economy as a whole, but it came at a very high cost to the covenant between employees and employers.

A MORE FLEXIBLE, FLUID WORKPLACE

Consequently, this new generation of employees and the generations that will follow it expect a different relationship with employers. They recognize that the days of guaranteed employment are finished, and not surprisingly they are demanding something in return for that recognition. These demands include freedom of choice about hours, dress, and even the nature of their assignments. Employers know they run the risk of a high turnover rate in a strong economy if unhappy, highly skilled workers jump ship. If these employers make their work cultures more nimble and better able to flex with the reasonable needs of people who are committed to the same business objectives but whose approaches may differ, they can better keep their valuable resources involved and motivated.

The second trend that helps to make the case for diversity is the growing economic clout of minorities and women. Although they still lag behind white men on the “equal pay for equal work” scale and in their overall representation in higher paying jobs, they have made real gains in pay and other areas over the last quarter century. They are well educated, have a solid sense of themselves as a force in the economy, and now enjoy expendable income. If companies are going to get their share of these new dollars, what better way to start their marketing strategy than to embody internally the diversity of these new consumers?

CREATING A CORPORATE DIVERSITY COUNCIL

Corporate America has not had an easy or pleasant introduction to the concept of diversity because its first efforts were often in response to class-action lawsuits (or the threat of them). Many half-hearted or poorly planned and managed attempts have naturally added to the general mistrust and disregard. Inaction is made more tempting by the general unease that any conversation about fairness and access (or the real issues, intelligence and power) usually triggers. This article outlines how an organization can guide the creation and management of an effective diversity initiative, beginning with the formation of a diversity council sponsored by an executive steering committee.

The first step any organizing group should take is to make sure it comprehends what a diversity council is—and isn’t. It is not a grievance committee or a soapbox for those with axes to grind or scores to settle. It cannot eliminate all the inequality caused by a free-market system.

Instead, its fundamental charge is to develop and help implement initiatives that promote a shared vision of what it means to use fairness as a pathway to leveraging diversity for the good of the business and the health of the nation’s economy. These initiatives likely include diversity education classes and the formulation and promulgation of policies and practices designed to address traditional causes for misunderstanding and bitterness, such as biased performance reviews and overlooked talent.

As we have seen from the two examples at the beginning of this article, a need that must also be served is the creation of new means for identifying and eliminating discrimination, with particular objectivity about how it might exist in subtle, unanticipated, or novel forms.

DEVELOPMENT OF THE STEERING COMMITTEE—A CEO’S BACKING IS KEY

Without the visible and ongoing support and involvement of the most powerful individuals in an organization, no diversity

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council would see any of its proposals become reality. It could never link its work to a business's long-term growth strategies. Remaining visibly involved, the chief executive officer can delegate the work of high-level policy review and problem-solving to a senior-level steering committee and charge its members with providing leadership and direction to the proposed council, especially in its earliest stages. (See **Exhibit 1.**) This steering committee would perform the following activities:

1. Clearly articulate the business case;
2. Integrate diversity and inclusion into the business strategy and operations (budgets, quarterly priorities, target markets, board agendas);
3. Align human resources policies and management practices (cross-level, line representation, and other measurement indices, such as attrition rates among well-positioned women and minorities; pay-equity; supplier diversity opportunities; and compensation considerations); and
4. Provide concrete support to diversity council members who are put in place to nurture the culture as it works to incorporate diversity and the new policies into every aspect of running the business.

Leadership

The leader of the steering committee must be chosen from the cadre of line executives. This executive should be willing and able to make time for this effort and must stick with it. Inattention or the short tenure of the head of the steering committee just as things are getting off the ground could act as a deathblow to the diversity initiative.

Structure

The steering committee's structure will depend on the size of the organization. Ideally, it should be composed of 8 to 15 members who will remain for the 12-to 18-month duration of the committee's charter. If the CEO is not chairing the group, he or she should grant the committee the authority to alter and implement policies and practices of the organization and to hold the entire management team accountable. The steering committee should meet at least once a month initially, and the overall frequency of the meetings should depend on the nature of the specific targets to be met.

IMPLEMENTING THE STRATEGY VIA THE COUNCIL

Once the corporate steering committee is in place and its most essential goals and organizing principles established, its members can turn their attention to the formation of the diversity council

Exhibit 1

Considerations for an Effective Steering Committee

Mission/Objectives	Provide executive leadership and direction to the diversity initiative, especially in its early stages. This includes: <ol style="list-style-type: none">1. Clearly articulating why inclusion is critical to business success,2. Integrating diversity into the business strategy and goals and communicating those throughout the company,3. Aligning human resources policies and management practices with those strategies, and4. Creating/supporting (as appropriate) other diversity structures (e.g., diversity council and affinity groups).
Leadership Selection	Select a line executive who has internalized the values of diversity and inclusion and has the ability to inspire others to do likewise. If this is not the chief executive, the individual selected must have the full and visible backing of the chief executive, and must be willing to make time available to lead this effort.
Philosophy	Integrate diversity into the company's strategy and values. Members hold themselves accountable for decisions consistent with the business imperatives of inclusion. They become role models for quality treatment of all staff.
Structure	Eight to 15 members will optimize effectiveness for the 12–18-month duration of the committee's charter. Most members should come from the senior management ranks, but guard against the tendency to be strictly hierarchical, inviting diverse perspectives and multilevel involvement.
Executive Support	If the chief executive is not chairing the group, he or she grants the committee authority to change and implement policies of the company and to hold the entire management team accountable for implementation.
Quality of Involvement	Meet at least once a month initially to establish priorities, assign tasks, and ensure early positive impact. Require regular attendance at meetings and active involvement in the work of the group. Frequency of meetings varies by the nature of the objectives to be met.
Funding	Allocate necessary funds to support the activities of the steering committee and the diversity council in the same way other business-related task forces are financed. Hold the council and its members responsible for achieving goals.

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itself. (See **Exhibit 2.**) The diversity council is to absorb diversity and inclusion into the company's culture and its day-to-day operations. Many steering committees research how similar organizations founded and now operate their diversity councils. Besides conducting their own benchmarking operation, they can consider tapping into the corps of outside specialists whose experience and perspective have yielded beneficial and productive diversity councils in a variety of corporate settings.

No matter where it seeks guidance, the executive steering committee should staff its diversity council not through volunteers but a series of appointments from every level and business function of their organization. This imposed "diagonal slice" approach may seem counterintuitive, but without it the council could easily degenerate into a forum used exclusively for its members' personal gripes. It also ensures that every part of the organization is being explored for potential discrimination as well as for clues as to how best to defeat it. In addition, the steering committee should allocate the funds necessary to support the activities of the diversity council just as it would for any other crucial business-related project.

Select Respected Team Players for Council

An ideal diversity council member is widely respected for objectivity, the ability and will to get things done fast, and excellent communication skills. The steering committee needs to make only a few appointments; many select the leader and charge him or her with the formation of the rest of the council. This leader does not have to be the senior-ranking member of the council. Both the steering committee and the diversity council should guard against the tendency to be strictly hierarchical so it can invite diverse perspectives and multilevel feedback.

Once the council has achieved a certain degree of success within the organization, senior executives should laud individual members at appropriate intervals. This encourages others to serve on the council and reinforces the overarching commitment to diversity.

Equally important, members should be released from some of the less pressing responsibilities they had before being appointed. They will need adequate time and energy for the diversity council's work. Like the steering committee, they must meet on a regular basis, operate in a disciplined, formalized manner, and make measurable contributions to the council's objectives.

Unlike the executive steering committee, the diversity council is established for an indefinite period of time. A percentage of the council should rotate each year, but the mission should stay the

Exhibit 2

Considerations for an Effective Diversity Council

Philosophy/Objective	<p>Inclusion is critical to business success. The council translates the priorities of the steering committee (as applicable) into the realities of the business units:</p> <ol style="list-style-type: none">1. Supporting business leaders to solve problems associated with incorporating diversity into day-to-day management practices,2. Collaborating with recruiters and managers to develop and implement effective strategies for hiring and retaining a diverse workforce,3. Sponsoring research to ensure that products/services are developed and marketed to effectively satisfy the interests of a diverse customer base, and4. Leading the educational campaign for zero tolerance for harassment, discrimination, and exclusion.
Leadership Selection	<p>The leader does not have to be the senior ranking member of the committee, but should:</p> <ul style="list-style-type: none">• Demonstrate the capacity to focus on the whole enterprise—what is needed; how to make it happen,• Have track record of consistent high-level job performance over time and excellent leadership skills, and• Be known (across levels and diverse groups) for objectivity, fairness, and basic good judgment.
Structure	<p>The council reports to the steering committee and the CEO. The council is established for an indefinite period of time, supporting business units to internalize diversity and inclusion into the culture of the company.</p>
Exec Support/Funding	<p>The business unit head provides its council member(s) with sponsorship, resources, time, and ongoing interaction. The council sets concrete annual objectives and the business unit provides the budget to produce those deliverables. The council and its members are to be held accountable for meeting objectives as any other task force or committee would.</p>
Visibility	<p>Launch an internal campaign to announce the council's business objectives. Raise the level of organizational consciousness such that it develops and maintains an expectation of inclusion and quality treatment for all.</p>
Membership	<p>With representatives from each business unit serving on the council, its membership represents a diagonal and diverse slice of the organization. A percentage of the council should rotate each year. Members are expected to serve in the capacity of role models for inclusion.</p>
Quality of Involvement	<p>Require regular attendance at meetings and active involvement in the work of the group. Determine the frequency of meetings by the nature of the objectives to be met.</p>

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same: translating the priorities of the steering committee into working realities in each business unit and at every level. The council reports to the steering committee, and when the steering committee disbands, the council reports to the company's senior executives, just as any corporate team would do. These reports contain details of activities, progress against goals, and new observations and recommendations.

Responsibilities and Objectives

A primary responsibility of the newly formed council is the development and launch of an internal campaign that demonstrates the benefits of connecting business with diversity and inclusion. This raises the level of organizational consciousness such that it develops an expectation of inclusion and quality treatment for everyone. This new consciousness in turn serves as the backbone for a new corporate mission statement that prominently features diversity and the culture's zero-tolerance standard for diversity-based exclusion.

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Deliver on Expectations; Share Information

Of course, the new diversity council should take care to make sure it can deliver on the expectations it sets. Disciplined planning should include the creation of a strategy to achieve tangible results fairly quickly. These results establish both momentum and credibility and will most likely be stepping stones to the larger and more sweeping imperative of making diversity an integral part of an organization's culture. Without them, however, the council risks having the good will it inspires at the outset replaced by a creeping cynicism that will undermine everything else it sets out to do.

The diversity council can begin to build and maintain good will right off the bat by making openness and the sharing of relevant information top priorities. As to what constitutes relevant information, consider rates of improvement (or lost ground) on long-term goals like reduction in attrition, the shrinking gap in pay equity, greater representation of women and minorities in nontraditional roles, and levels and improved ratings in employee survey results.

To reinforce the case for diversity, the council can supply both an accurate historical context for current events and an under-

standing of the perceptions of those who have traditionally felt undervalued. As well, the council should give precedence to a better appreciation for marketplace realities and their relationship to diversity. If diversity education leads to insight that a genuine embrace of diversity makes possible greater sales, those activities are more easily grasped as a viable part of an organization's competitive arsenal. Ultimately anyone who encounters a well-run council, whether as a full-fledged member or fellow employee, will be given a unique opportunity to become a better employee and citizen, one whose understanding of a civil society and democracy itself will be strengthened and enriched.

DIVERSITY AWARENESS LEADS TO HIGHER STANDARDS OVERALL

How do you do all that has been described above? Let's return to the example of the young company that found so many of its employees dismayed about a lack of diversity in its top ranks. The CEO first announced his intention to remedy the situation. The diversity council he appointed to examine the survey responses determined that a powerful statement of commitment to diversity had to be incorporated into the company's overall mission.

The council launched an active recruitment campaign, casting its net for new hires among a more diverse pool of candidate sources. It scheduled diversity training as a chief means of educating its managers and staff about the many unexpected manifestations of discrimination and about proven solutions for dealing with the inevitable conflict that happens among people who are different.

Eventually those managers and employees who had originally thought nothing was wrong accepted the new information and the new requirements. They did so because they were placed in a larger framework of the benefits to a harmonious workplace, their company's competitive edge, and, for some, the values of a democratic and just society. This well-respected council found nonconfrontational methods of sharing the facts. Facing the issues and putting them in the right context proved to be an indispensable act of courage.

Turning now to the case of the Wall Street firm, a diversity task force sought expert guidance to set up a series of diversity education discussions where information was presented to employees in a straightforward, no-nonsense way. No blame was assigned, and no apologies were expected from either those raising the complaint or those whose exclusionary behavior was hurting morale. At all times communication about the issues was clear and consistent.

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Management helped to make the case that, to stay profitable, the firm needs every employee to know that he or she is respected, is fairly treated, and has an equal access to information appropriate to that level and function. By demonstrating the impact of speaking a language that was unfamiliar to many of the firm's employees, the discussion leaders encouraged a frank and informative dialogue about the nuances of teamwork, the susceptibility everyone has to exclude others without meaning to do so, and the resulting potential for tension and hostility.

This discussion was instrumental to resolving the concern without setting off a new undercurrent of resentment and unproductive behavior. The task force evolved into a diversity council to serve as a watchful eye and an active agent against these more subtle forms of exclusion.

No matter how discrimination is expressed, it eats away at the motivation and enthusiasm that each and every worker is entitled to feel on the job. Discrimination hobbles profitability. To quote Federal Reserve Chairman Alan Greenspan again, "By removing the noneconomic distortions that arise as a result of discrimination, we can generate higher returns to both human and physical capital." The benefits will spill over into every employee's work-day experience and end up right on the bottom line. ♦