MOVING YOUR DEI PRACTICES FROM STAGNANCY TO STRATEGY

INTRODUCTION

Although DEI initiatives have incredible power to improve your organization, their benefits can only be realized if a cohesive strategy is implemented. Yet the majority of employers who undertake DEI initiatives do not do so with a strategic vision.

The goal of this light paper is to help employers work toward a cohesive strategy through reference to a client organization (as a case study) that experienced many common pitfalls. This case study illustrates where many of our client organizations are in their DEI journey: they have some DEI initiatives in place, but they haven't considered the holistic elements of a successful DEI strategy.

Beyond detailing these elements, **we have included reflection questions** at the end of this light paper to help you identify areas of improvement within your organization.

It is important to note that DEI work requires the same level of expertise as any other business function. We encourage you to seek out and amplify the expertise of DEI professionals when putting together a strategy.

DIVERSITY, EQUITY, AND INCLUSION (DEI) INITIATIVES ARE THE NEW NORM.

Diversity, Equity, and Inclusion initiatives have become a commonplace expectation for many organizations - agnostic of organizational type (e.g. for profit or non-profit) or industry. In this regard, organizations are increasingly experiencing pressure - internally and externally - to show that they are making strides toward advancing DEI initiatives. The changing tide from DEI practices and policies being a trend to being a near-universal expectation is reflected in the statistics: **the overwhelming majority of US workplaces are involved in some kind of DEI initiative.**

83%
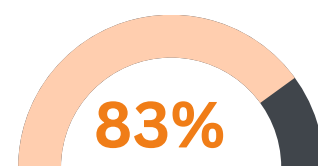
of US employers reported planning or having some kind of DEI initiative in 2021. [1]

DEI INITIATIVES ARE INCREASINGLY CRITICAL BECAUSE THEY IMPROVE EMPLOYEES' EXPERIENCES AND BOLSTER BUSINESS OUTCOMES.

The rise of DEI initiatives is not only the result of increasingly pervasive notions that investing in diversity, equity, and inclusion is the right thing to do. It is also a response to a well-researched fact that is becoming more widely acknowledged - namely, that DEI initiatives are good for your organization's bottom line. [2]

Millennial employees provide valuable data points on these changing workplace values. As the largest generation in the U.S. labor force since 2019, they are particularly invested in DEI initiatives. While in the past DEI initiatives might have been seen as a mere benefit of working for a particular company, **a majority of Millennials reported that they would leave an employer if DEI initiatives were not offered.** [3]

76% ††††††††††††††††††††††††

of millennials said they'd leave an employer if DEI initiatives were not offered. [4]

These strong convictions can be costly for companies that don't meet employees' expectations: **turnover can cost a company up to 213% of an employee's salary.**

On the flip side, **companies that prioritize DEI initiatives tend to outperform their competitors** on several fronts including financial performance, employee satisfaction and retention.

+36%
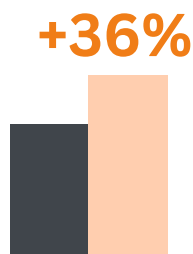
Companies with high levels of ethnic diversity on executive teams financially outperform companies with low levels of ethnic diversity on executive teams by 36%.[5]

83%
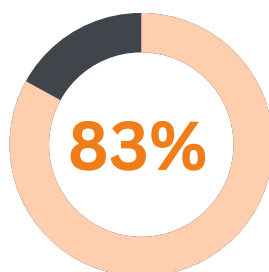
A recent survey by GoodHire found that 83% of leaders and 76% of employees believe a more diverse group of coworkers leads to a more enjoyable work environment.[6]

+25%
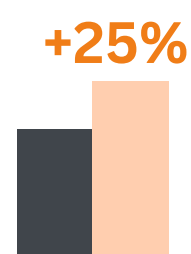
Companies with high levels of gender diversity on executive teams financially outperform companies with low levels of gender diversity on executive teams by 25%.[7]

YET MANY FEEL THAT THEY HAVEN'T EXPERIENCED THE SYSTEMIC CHANGE THEY DESIRE FROM DEI INITIATIVES.

Despite the fact that DEI initiatives are so widespread - and that the benefits of such initiatives are well-documented - **employees at various levels feel that they are not experiencing it's advantages.**

61%
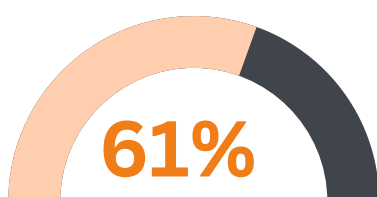
of US workers feel negatively about the impact of their employer's 'inclusion' efforts.[8]

25%
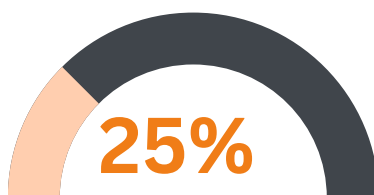
of US white-collar workers believe their company's commitment to DEI isn't authentic.[10]

56%
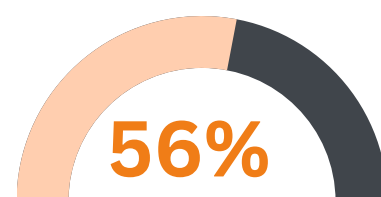
of US workers feel negatively about their company leadership's accountability regarding diversity and inclusion.[9]

> It feels like we're making some progress in developing a DEI culture but there's a lot of lack of alignment in what that means. What are the concrete goals, statements and processes that we can align around internally? There's a lot of good intent there, but it can do more harm than good if it's not clear.
>
> *- Executive, Financial Development Non-Profit*

> I see the desire from senior leadership but they never put anything into play with competing priorities. It's really because we are growing so fast. We haven't done things like recruit at HBCUs, for example. We haven't had leaders to weigh in there.
>
> *- Mid-Level Manager, Online Retailer*

> It's not clear to me what we are trying to do and where we are trying to go. There are metrics, but beyond that, it's a struggle for me to find our broader strategy. We are more reactionary than I'm comfortable with.
>
> *- Senior Leader, Multinational Insurance Company*

THESE EXPERIENCES DO NOT POINT TO THE INEFFICACY OF DEI INITIATIVES AS A WHOLE. RATHER, THEY INDICATE A LACK OF STRATEGIC THINKING ABOUT DEI.

The apparent paradox experienced by organizations who undertake DEI initiatives, but do not see their impact, is often a signal that these initiatives are not meaningfully aligned to their overall business strategy. In fact, from what we have observed, **most DEI initiatives fall short because they are often misidentified as a comprehensive strategy.**

SO, WHAT SETS A DEI STRATEGY APART?

A DEI Strategy is not the same as ad hoc DEI initiatives, nor is it composed of arbitrary quotas or goals that are disjointed from broader business objectives and needs.

Rather, a DEI strategy is a roadmap that details how people in organizations behave, make decisions, allocate resources, and address systemic issues to accomplish key DEI objectives and goals that ultimately lead to a more diverse, equitable, and inclusive workplace.

A DEI STRATEGY IS MOST SUCCESSFUL WHEN...

1 It includes accountability measures.

It is very difficult to get people to change their behavior if there is nothing to hold them to their commitments. For some organizations, accountability can include tying a percentage of senior leadership's compensation to meeting DEI goals, for example. Accountability mechanisms should also include safe and effective reporting structures in case of misconduct.

2 It is relevant to an organization's overall mission, vision, and business objectives.

DEI initiatives are not separate from an organization's goal or an individual's role. Each department or function needs to examine its processes and assess how diversity, equity, and inclusion relate. Similarly, DEI goals should tie into the organization's overall mission. For example, a food brand can consider how many of its products are suitable for specific religious diets or put its philanthropic efforts towards minimizing food deserts.

3 It is based on justified, well-researched goals.

Measurable goals are essential to a DEI strategy, but the goals need to be achievable and sensible to win others over. Make sure that they are appropriate to your organization's context and that you communicate the reasoning behind each goal to each member of your organization.

4 It is guided by expertise.

Although it's important to listen to the experiences and ideas of all your employees, it's equally essential to have experienced DEI professionals constructing and carrying out your strategy. As with any other business function, people with expertise are key to doing it successfully.

A CASE STUDY: MOVING FROM AD HOC DEI INITIATIVES TO A FULL-FLEDGED STRATEGY

To demonstrate the potential pitfalls that prevent DEI strategies from moving forward, we'll refer to a client organization of ours that had a good start on DEI initiatives but did not have a cohesive strategy.

Industry: Legal
Size: 2,300 people

Existing DEI Initiatives:
- Company-wide DEI team
- Employee Resource Groups and DEI Councils
- Diverse recruiting strategy
- Heritage month celebrations
- DEI panels, programs, and events

WHAT WERE THEIR OPPORTUNITIES FOR IMPROVEMENT?

1 Defining impact and success

The client organization showed an extraordinary level of commitment to DEI initiatives. Senior leaders were highly engaged and acting out of a personal sense of responsibility to lead DEI efforts. Employee Resource Groups were highly active. However, both the executives and ERG leaders noted that **the impact of these efforts was unclear, which contributed to a sense of burnout.**

90%
of senior leaders we spoke to felt a personal sense of responsibility to lead DEI efforts.

2 Developing accountability structures

Without any accountability structures in place to hold employees to the same standard, DEI-related work became arbitrary in the face of what was considered "real work" and was completed **only by those who deemed it necessary.**

80%
of senior leaders spoke about a lack of accountability systems for DEI efforts.

3 Varying levels of time commitment

Employees had different expectations about how much time they could and should commit to DEI initiatives. This speaks to a lack of shared understanding and contributes to an unsustainable dynamic where a few employees carry the work's weight.
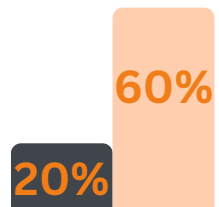
60%
20%
after surveying how many employees in each department had completed DEI-related activities, the gap was as wide as 20% vs 60% between departments.

CONCLUSION

Like many employers, the case study organization had a DEI team, affinity-based resource groups, and DEI programming that also encompassed heritage month celebrations. Additionally, they had a recruiting strategy that was intended to diversify their workforce.

While these initiatives show an initial investment in DEI, there was no cohesive strategy. We helped them improve their approach to DEI on three fronts: defining impact and success, developing accountability structures, and clarifying roles and time commitment around DEI. Together, these three things set the organization off on the right track toward a cohesive strategy.

Although these three aspects are important for taking DEI work out of stagnancy and moving it toward a strategy, there are many more aspects to a successful DEI strategy. To further aid you in developing a strategic vision for DEI, we have included **reflection questions** below that can help you identify areas of improvement within your organization. They provide a useful first step toward thinking through your organization's next steps.

IS YOUR ORGANIZATION STRUGGLING TO MOVE DEI FORWARD?

Ask yourself these questions to discover which DEI strategy hang-ups you might be running into.

1

Do you have highly motivated DEI champions in your organization?

Generally, highly motivated DEI champions are those who constantly push DEI efforts forward. If your organization has an individual or a group that seems to always be at the forefront of DEI initiatives, reflect on what their goals are and whether their time commitment is being honored.

2

Is your senior leadership team proactive about working on DEI initiatives?

Are there executives in your organization who are highly motivated about DEI initiatives? How do they contribute to DEI efforts? Are they held accountable for DEI outcomes in any way?

3

Is DEI as a whole being integrated into business decisions in various departments?

In your organization, is DEI treated as a stand-alone issue or is it treated like a perspective that's integrated in decision-making across various departments? This includes seeing DEI work as something beyond People Management and HR - how is it considered respectively in each business function?

4

Is there a structure for ongoing DEI learning?

Doing DEI work well requires understanding nuanced issues that many of us are not privy to. As such, it requires constant learning. Are there any options for employees to keep deepening their understanding of DEI work and how it relates to your organization's mission?

5

How do you take feedback from employees to understand their experiences at work?

Are there any formal, explicit, and confidential structures in place to understand how your employees are experiencing the work environment? Are there any mechanisms in place to respond to this feedback effectively? This important data should inform DEI strategies.

6

Is your DEI strategy developed and led by experts?

Employing experts to solve specific issues is standard to any business function - yet DEI initiatives are often led by volunteers. Consider where experts are playing a role in your DEI initiatives.

REACH OUT TO THE NORFUS FIRM **TO LEARN HOW DEI EXPERTS CAN HELP YOU DEVELOP A DEI STRATEGY UNIQUE TO YOUR ORGANIZATIONAL NEEDS.**

ABOUT THE NORFUS FIRM

The Norfus Firm, PLLC is a boutique consulting firm that offers strategic Human Resources (HR) services, Diversity, Equity & Inclusion (DEI) solutions, and Executive Search assistance.

The firm comprises an alliance of consultants that help round out Natalie E. Norfus' 18 years of experience, bringing additional perspectives and solutions in the areas of mindfulness and well-being practices, social justice, and anti-racism. We pride ourselves on representing various industries, different backgrounds and a global outlook.

Our consultants believe it is critical to deeply understand the people and business priorities of our clients. As such, we consider it essential to become part of our client's businesses for the duration of the projects. We do not provide "off the shelf" solutions. Rather, we are always driven by data, which helps our clients solve HR & DEI challenges in ways that are sustainable and responsive to their unique and layered business needs.

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