



# DIVERSITY & INCLUSION

drive success for today's leaders

Effective organizations and leaders are those that recognize diversity and inclusion as essential to business operations.

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BY MAHAN TAVAKOLI

**T**oo often diversity and inclusion aren't recognized as vital assets to the performance of an organization. Instead, they are relegated to the HR department and often viewed as merely token programs—not key parts of long-term vitality and success, particularly in the area of leadership development and growth.

Today's workplace, however, has departed from the traditional hierarchical model and transitioned into flatter and less-structured paradigms. Accordingly, the means and methods of leadership development also are changing. As organizations evolve, diversity and inclusion are becoming more integral to cultivating strong leaders and strong organizations.

### More than buzzwords

Leadership, diversity, and inclusion: each is a word now common to business vernacular, yet the meaning behind the terms has evolved. Where leadership once denoted the role held by managers and executives, in an agile workplace a leader is anyone who marshals resources toward a common objective. In flatter organizations, leadership resides at all levels as team members work with increased autonomy to achieve the company's goals. Within this framework, leadership stems not just from education or experience, but innate, natural abilities.

Originally, diversity generally referred to race, gender, or sexual orientation. But today its meaning has expanded: Diversity, as an organizational asset, also encompasses economic, educational, and generational differences, along with any other disparity in background.

Diversity's counterpart, inclusion, is a term that communicates that all individuals are valuable to the organization, not just those who are "different." Inclusion confers importance to the opinions, talents, and skills of all team members.

### Overlooked assets

Diversity and inclusion are among the most overlooked organizational assets. Although HR departments have metrics to measure and evaluate both, the larger organization often doesn't recognize their impact to the overall performance of the company.

Global product launch teams commonly include members from the countries affected, but there is benefit to having a cross-section of the population represented in all initiatives: They will be better implemented, more effective, and more rapidly adopted.

When diversity and inclusion are minimized (or altogether absent), "group think" takes the reins in plotting strategy, which yields less robust decisions that have costly ramifications. Even more problematic, when no dissenting viewpoint is presented due to a lack of diversity and inclusion, no one is even aware that group think is occurring. Diversity and inclusion have tremendous value to the performance of any entity, as evidenced by robust decisions, expedient implementation, and rapid adoption.

### Out with the old

The new definition of leadership gives rise to a new model of leadership development. If a leader is simply any person who marshals resources to meet an objective, then the development of leaders—at every level—will diverge from the traditional models that only suit a hierarchical career progression.

Consider the limitations of conventional methods of leadership development.

**Ambiguity in mentoring.** In some companies, mentoring is an official program designed to groom an individual for advancement. However, a significant degree of ambiguity exists in such relationships, making success difficult to gauge. Furthermore, since career progressions aren't linear, determining who is best suited to mentor a particular mentee poses additional challenges.

**Lack of stretch assignments.** While advantageous as a development tool, stretch assignments are difficult for smaller companies to provide and, as such, aren't well-suited to developing leaders in a marketplace ripe with many smaller and start-up companies that comprise nearly 50 percent of today's employment.

**Emotional costs.** Formalized models of leadership development can't account for the emotional dynamics that exist in any personnel issue. Family-owned businesses, for example, can have difficulty surrendering leadership to an unrelated person.

**Territorial posture.** Regardless of the size of the company, official corporate development programs can inadvertently breed an unhealthy sense of ownership and control over employees. An investment made by a com-



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pany perhaps unintentionally, but implicitly, becomes a debt owed by the employee to the company, and can sometimes be used as a means to control that person. In an era where the majority of people work for more than one company over the course of their careers, this is especially problematic.

### **Inability to account for external resources.**

In the digital age, vast amounts of information (books, classes, articles) and large networks of people are quite literally at our fingertips 24/7. Leadership development needn't be limited to merely the forms prescribed by the company. These resources provide constant, varied, and effective means for developing leadership, even if untracked by company metrics.

**Opportunities limited to a small portion of the workforce.** Traditional programs often are accessible to a select few participants—those who have been flagged for having exceptional talent and leadership potential. Flatter organizational structures demand that leadership take place at every level, by every person. Failing to develop all people within the company severely limits the potential of the individuals and the entire organization.

### **In with the new**

A new workforce paradigm necessitates a different model for developing leaders. Just as the reporting structures are more fluid and dynamic, so too will leadership development strategies be more amorphous and harder to define and measure, but no less effective.

Diversity and inclusion are potent tools in cultivating leadership, especially in flatter organizations, because of their profound effect on risk taking. A less hierarchical system demands that all members self-govern, self-lead, and mutually submit to the leadership of their peers.

When that peer group isn't homogenous and, therefore, less susceptible to group think, a variety of ideas are promoted and explored and greater risks are taken. A Forbes

Insights study surveying 321 companies with more than \$500 million in revenue found that 85 percent agreed or strongly agreed that diversity is key to driving workplace innovation.

A culture of inclusion fosters a willingness to take risks, push boundaries, and attain new collective heights, simply because all people and all ideas are deemed valuable.

## Case Study

Shipping company UPS, headquartered in Atlanta, Georgia, does business across the globe every day with employees in 220 countries. To reflect its customer base, UPS has cultivated a deep commitment to diversity and inclusion, as evidenced in the following initiatives.

Business resource groups—evolved from leadership development initiatives launched in 2006, 2010, and 2012—are designed to expand employees' professional networks and develop new skills. The current BRG initiative includes African American; Asian American; Hispanic/Latino; individuals with disabilities; lesbian, gay, bisexual, transgender, and allies (LGBTQA); Millennial; veterans; and women's leadership development programs.

Community internship programs for senior managers expose UPS executives to social and economic challenges for three-week intervals. Witnessing poverty, homelessness, and drug dependency first-hand—something foreign to most corporate executives—equips the managers to make better decisions and learn how to partner better. It also encourages them to engage more deeply in their own communities.

UPS is a corporate supporter of the Black Executive Exchange Program, which links businesses and government agencies to universities with predominantly black populations. Fifty UPS executives volunteer annually as visiting professors to role-model and teach students.

In addition, an annual survey of employees, which includes questions on diversity and inclusion, serves to benchmark not just the statistical representation of diverse backgrounds, but also the perception and opinions of those who may not feel included or involved. Establishing the level of engagement of employees is relevant to the bottom line: The 2008 Towers Perrin Global Workforce Study found that companies with highly engaged employees have recorded a 19 percent increase in operating income.

## The upside

Many of today's leaders already are reaping the rewards of diversity and inclusion. They've made strategic decisions to deploy those assets to benefit themselves as leaders and the company at large.

Being able to recognize their own limitations—having only one set of personal experiences to draw on, for example—they surround themselves with people from a variety of different backgrounds. Akin to having advisers to the president in the White House, a

strong leader knows the boundaries of his own knowledge and skills, and seeks to have deficiencies compensated for in the staff mix and personal relationships.

Taking it a step further, by encouraging dissenting opinions, today's best executives are able to glean robust, well-tested ideas and make better decisions with which to lead the organization. Google's Eric Schmidt (executive chairman) and Jonathan Rosenberg (former senior vice president of products) attribute much of Google's success to their hiring practices: assembling a team of passionate, "smart creatives" to tackle large, difficult problems instead of looking for a particular grade-point average or specific background.

In an ideal world, hiring practices across the entire company would strive to build a team comprised of people from varied educational, social, and geographic histories. A study conducted by Cedric Herring, sociology professor at the University of Illinois at Chicago, linked racial diversity and gender diversity to profitability, noting, "For every percentage increase in the rate of racial or gender diversity up to the rate represented in the relevant population, there was an increase in sales revenues of approximately 9 and 3 percent, respectively."

This type of environment fosters amplified creativity, especially when innovation is rewarded instead of results. By separating the condition of success from the willingness to risk, all parties are engaged in thinking in fresh and exciting ways without being encumbered by fear of failure. Likewise, creating a culture in which no negative judgment is placed on ideas or perspectives creates a framework for innovation and potentially great reward.

## The challenge

Today's workforce spans many generations, from teens through septuagenarians and beyond. The generational differences pose a significant challenge in the area of diversity and inclusion. The younger generation is likely to underestimate the significance of diversity issues; they are instead prone to think differences needn't be of any concern at all and, therefore, they tend to disregard initiatives

## Next Steps

To move toward a more inclusive and diverse workforce, initiate the following steps.

**Start a dialogue.** Whether it's with employees or colleagues, begin the conversation. There's no need to wait for an official program or an edict from the higher ups in the organization. In fact, starting the conversation among peers ensures engagement and buy-in that often is difficult to muster when mandated from upper management. Define the terms—as being pertinent to more than gender or race—so that all parties see the relevance in the workplace.

**Gauge receptivity.** Don't move forward with official programs until team members recognize the importance and value of a culture of diversity and inclusion. Establish an environment where open dialogue can occur, and continue that dialogue until the group is responsive and engaged because the value of diversity and inclusion is apparent to them.

**Foster awareness.** Hone in on the knowledge elements of diversity and inclusion. Highlight for team members the many categories of differences in the workplace and the value of having many perspectives, which often create more robust decisions, faster adoption rates, and more effective implementations.

**Implement training.** When having a diverse and inclusive workforce represents a common value, seek some coaching or guidance to cultivate a new culture. Determine a course of action to engage those individuals or groups that currently feel excluded. Learn to recognize differences and how to benefit from them.

**Reinforce it.** Make it a part of ongoing efforts. Maintain a high level of competency in collaborating with individuals from all varieties of backgrounds, not just those with whom much common ground exists. Cultivating a diverse and inclusive workplace is more than a one-and-done initiative. It is a pervasive, ongoing, and intentional mindset.

designed to promote an inclusive workforce. On the other end of the spectrum, the older generation typically limits the dialogue around diversity and inclusion to refer merely to racial issues when it pertains equally to gender, sexual orientation, socioeconomic status, and much more.

Continued dialogue to educate, train, and make both ends of the spectrum aware of the importance of a diverse and inclusive workplace is paramount to the success of individual leaders, as well as the corporate entity at large.

Leadership no longer can be defined as the responsibility of those holding the lon-

gest tenure or the most senior titles. Instead, leadership resides at every level of every organization.

This becomes especially evident as more companies adopt flatter, more autonomous organizational structures. Here the relationship between strong leaders and their ability to lead—using diversity and inclusion initiatives to foster engagement and improve decision making—is essential to success.

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