

**FIVE CLASSIC
(AND OVERLOOKED)
D&I MISTAKES.**

What D&I diagnostics
have taught us.

INTRODUCTION

The CEO-studded event at a Hilton ballroom brimmed with hundreds of corporate leaders and D&I practitioners celebrating the best companies for diversity and inclusion. Amid the glamour of velvet curtains, elaborate floral arrangements, and oversized screens displaying a rotation of corporate brand names, attendees buzzed with anticipation of who this year's winners would be.

By the end of the evening, a CEO of one of the award-winning companies was basking in the recognition. "When it comes to diversity and inclusion we get the business case, we get the need for unconscious bias training, we get that we must demand diverse slates of candidates," the CEO declared confidently. Yet, unexpectedly, this was followed with a sigh and a confession: "But for god's sake, after all the time and resources we have devoted to it, we have very little to show for it."

As the stories of the showcased companies were unveiled that evening, the best practices were well known and inspiring: memorable training, connected mentoring, effective sponsorship, business-aligned affinity resource groups, over-the-top D&I summits, inward-looking C-suite cultural immersions. These varied award-winning companies had intriguing and energizing design twists to the tried and true, filling participants' heads with big dreams and great expectations of what they may do in the coming year for their own companies. But will these ideas, in the end, truly make a difference in transforming their organizations into being more diverse and inclusive?

Through Korn Ferry's work with thousands of clients, we have learned that, as much as we, too, are believers in the best practices, it turns out that without the proper due diligence, they can unfortunately miss the mark, not only dashing expectations but actually setting back the cause of D&I.

It's for this reason we often recommend to clients they consider a vital step that requires some foresight and patience, even as the C-suite and the masses clamor for fast action on D&I—a D&I diagnostic.

Like a good annual physical, a deep D&I diagnostic provides a comprehensive sweep of the organization's D&I health, confirming sources of pride as well as uncovering hidden flaws that, if left unattended, could fester into intractable dilemmas. When done well, it helps organizations discover the true root causes of why they are not as diverse and inclusive as they would like to be. And from this, a more targeted set of interventions can be created with a greater chance of achieving the desired results.

The root causes we have discovered have been as varied as the type of organizations we have worked with. Yet, even across the spectrum of possibilities, we have identified five classic, yet often overlooked, mistakes that organizations make when it comes to D&I.

On the following pages we tell the story of five companies (with certain facts concealed to ensure confidentiality), illustrating each classic D&I mistake.



Five classic D&I mistakes:

1. Assuming the root cause of a D&I gap is a D&I issue.
2. Going for the easy fix.
3. Promising something impossible.
4. Going for best-in-class prematurely.
5. Focusing on representation and not on pipeline.

1. Assuming the root cause of a D&I gap is a D&I issue

Tensions run high at this fast-paced global technology consulting company. The demand for their deep level of expertise is extreme, and so are client expectations for their time. The pace of their 60-hour work week is relentless and their travel requirements crushing as they jump on intercontinental flights at a moment's notice.

They are also having difficulty retaining many of the female consultants they have, despite hiring at nearly 50/50 male/female parity among recent college graduate hires. The organization was quick to tie the intensity of their consultancy demands to their high attrition of talented women consultants. The answer, they were sure, lay in developing policies that allowed for more work-life balance.

They turned to Korn Ferry for help with this perceived issue; how could they offer their women the work-life balance they thought they required? They wanted to find the sweet spot between engaging and retaining them on the one hand, while still providing meaningful advancement opportunities for them on the other—without losing a beat in meeting their clients' needs.

At the onset, Korn Ferry asked a simple question: "How do you know that the lack of work-life balance lies at the root of your retention issue with women?"

As it turns out, they didn't. And, recognizing the leaps they were making from their assumptions, they agreed to get to the true root cause of their female retention problem.

Delving deeper into the culture of the organization through regretted loss interviews, focus groups with women still at the company at various levels, and a thorough review of internal data, all accompanied by a quantitative talent pipeline analysis, a D&I diagnostic revealed that indeed the consultancy would benefit from more effective ways for their employees to manage their work and personal life responsibilities and ambitions.

But there was much more to this than anticipated.

For one, the issue was less about "balance" and more about "flexibility." By nature of who they were as a top-notch consultancy, both the women and men they attracted were hard-charging individuals who came because of, and not despite, the intensity of the work.

Second, the need for flexibility was not just a women's issue. Nearly as many men clamored for it as well.

But it was the third finding that was the pivotal root cause of losing so many women at the five to seven-year mark: *poor people management skills on the part of people managers.*

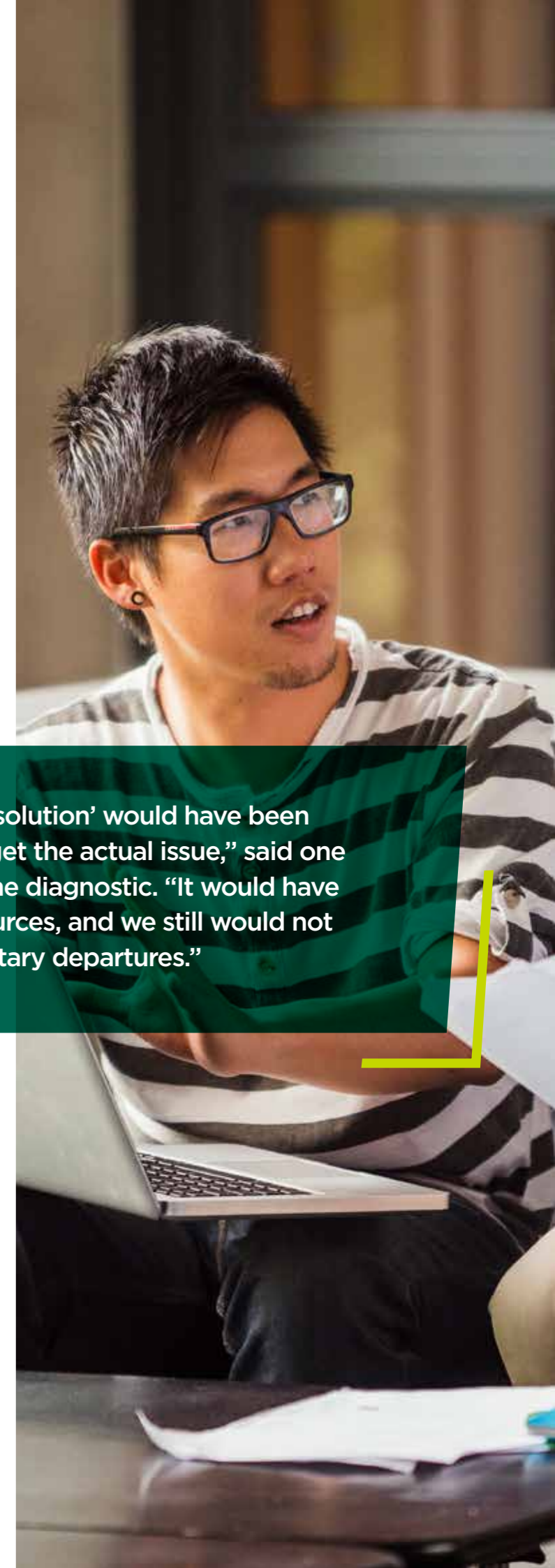
This was due to the fact that professionals who excelled technically were rewarded with promotions that required them to also manage people. Many were driven by the problem-solving of technical issues and did not relish the managerial responsibilities—and none of them were given any training or development in it. Further, talent development systems were nearly non-existent, and therefore no tools or processes were in place to enable managers to manage their people well.

While this affected both men and women, this gap disproportionately affected women because of the lack of informal systems working for them. With technology still a traditionally male-dominated field, women were either being shut out of the 'boys club' or being asked to adapt to a more male-influenced culture. This was compounded by the lack of effective people managers, who lacked the tools to coach their people into optimal performance and career growth, and who were even further disconnected from understanding gender inequity dynamics.

No wonder women were leaving at a higher rate.

Realizing the underlying issue was much deeper than providing work-life balance options for women, the firm implemented solutions targeting the root cause of the issue through management and leadership training, which were buttressed with specific D&I training on genderized unconscious biases. In addition, crucially, measurable accountabilities for effective people management were put in place. And, of course, policies that allowed for greater work-life flexibility were also enacted as an important but now understood secondary line of defense, to increase the retention of both women and men.

"Without a D&I diagnostic, a 'solution' would have been implemented that did not target the actual issue," said one of the executive sponsors of the diagnostic. "It would have wasted time, energy, and resources, and we still would not have addressed the high voluntary departures."



2. Going for the easy fix.

Not that anyone would say they are going for the easy fix, but there are a few best practices that are so visible and compelling, and when done right, so effective, that they are often taken on as if just implementing them will be the game changer needed to achieve a company's D&I aspirations.

Some of these potential quick fixes are employee resource groups, mandated diverse slates, and training. All have been proven to be significantly powerful practices but often are implemented in ineffective or premature ways.

Let's take training for example. Not too long ago, *Harvard Business Review's* article with the inadvertently misleading headline of "Why Diversity Programs Fail" made the rounds. While it accurately captures that the billions spent on D&I training have often not yielded the desired results, there are plenty of D&I training examples, as acknowledged by the article and evidenced by many of our clients' experiences, that actually have.

The difference between those that haven't and those that have has been a quick-fix approach versus a comprehensive approach.

In our audits of D&I practices, we have seen several clients that follow this script in their quick-fix approaches: roll out stand-alone diversity training for everyone with the assumption that once the organization has been trained on the value of diversity, leaders will be fully enabled to lead more inclusively, managers will have gotten rid of their potential biases, and employees will suddenly all work more productively together.

This is the type of approach that, if the training is well designed, often will create quite a positive buzz but have limited impact.

The comprehensive approach involves targeted training surrounded by a series of reinforcing mechanisms. First, organizations must pinpoint the right training. A D&I diagnostic can help identify the capability gaps at different levels of the organization. Once identified, training can be designed to meet the required learning objectives specific to the gaps identified in the analysis.

So, for example, one client was ready to make the jump to take on in-vogue unconscious bias training—a training that indeed is very insightful and powerful. But the diagnostic revealed this was not the root cause of the developmental gap. Rather, the organization as a whole needed to be brought around to something much more basic—the understanding that differences are desirable and that differences make a difference—before engaging the more complex aspects of unconscious bias training that is premised on these two foundational understandings.

Also, training without any reinforcing mechanisms—such as managerial toolkits to help their team internalize the learnings within their day-to-day operations and accountability metrics—will fade in their impact no matter how superlative the training experience was.



3. Promising something impossible.

One asset management company suffered from a lack of diversity among both women and minorities in management and senior management. But not for lack of trying.

In an industry notorious for being slower to advance on the D&I journey, this company had a solid D&I strategy with concrete objectives, a well-established and respected chief diversity officer, and local D&I councils and employee resource groups in place.

In addition, the company had rolled out unconscious bias training at the corporate level for all people managers. And, in contrast to the technology consulting firm mentioned earlier, they had excellent people managers and supportive talent development tools and processes.

Unfortunately, even with all these efforts aimed at creating upward mobility and advancement opportunities for everyone, the diversity in management did not increase. And the frustration among this group was particularly acute.

Korn Ferry conducted a comprehensive D&I diagnostic, and the findings revealed how the client could incrementally optimize their popular programs, enhance the inclusive leadership skills of their executives and managers, and get their employee resource groups more aligned with the organization's business objectives. For certain, these interventions would directly generate even more inclusion and lead to an increase, albeit limited, in promotions for talent from under-represented groups.

It was the 'albeit limited' part that was troubling. Was it due to some deeply entrenched sexism or racism? Not at all. Was it that the unconscious biases were still not being fully called out? In part. Were there new best practices that they needed to implement? Yes. But the real reason? Long tenure, a flat organization, and offices in smaller cities meant that advancement opportunities for all employees was limited. In short, people in management positions were not leaving, and so there was very little upward movement in general, not just for under-represented groups.

In looking at their employee value proposition, we identified a major disconnect between what they had promised employees at hire time and what they could deliver. They had promised 'come here and advance.' They had in fact promised the impossible for most—and for too many, as the years passed with dashed expectations, the frustration mounted.

How to resolve? Their employee value proposition needed to change. Rather than promising 'advancement,' the promise became 'growth.' They rebranded the organization as a 'learning organization' where employees are given plenty of development opportunities that lead to professional or personal growth, which they can utilize there or take elsewhere. They proudly took on the mantle of continuing to press toward increasing the diversity of their top levels by promoting upward as much as they could and, at the same time, to be a net exporter of exceptional talent outside the organization.

Addressing this root cause allowed for greater transparency with employees about the deal they were signing up for. Now, with a clear understanding of the realistic yet inspiring career experience the organization was promising, bewilderment and feelings of marginalization when advancement was limited decreased significantly.



4. Going for best-in-class prematurely.

A world-class global not-for-profit—authentically aligned between its values, mission, and practices—showed up as quite advanced and mature in its D&I practices. A D&I diagnostic, however, revealed that this was causing an inadvertent vulnerability.

Here was an organization whose very work consists of assuring equity and inclusion in all aspects of life around the world—education, access to resources, civic engagement, and internet freedom, to name a few. Their employees are highly clued in to issues of social justice and equity.

In the spirit of applying best practices inward, the organization had embarked on an inclusion audit of their own culture, in the interest of leaving no stone unturned. They wanted to ensure they were fully living up to the D&I values they espoused.

A D&I diagnostic did confirm and affirm that they were doing many things right, while also pointing out some important gaps, as they had expected the diagnostic work would do. But what they did not expect was to see that one of their biggest vulnerabilities was that they had gone for being best-in-class prematurely.

Korn Ferry D&I Maturity Model

To best explain their vulnerability, here is the Korn Ferry D&I Maturity Model we used to measure their performance against.

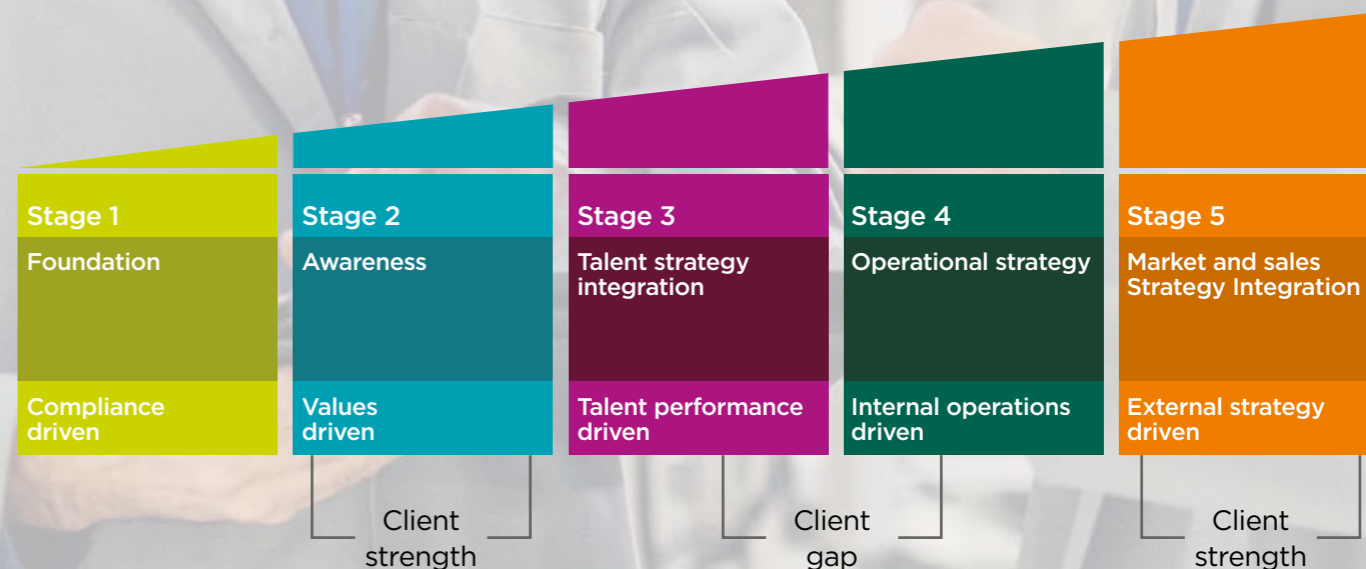
The organization showed up strong on Stages 2 and 5 of the D&I Maturity Model, meaning they approached D&I from an awareness perspective, regarding it as the right thing to do (Stage 2). At the same time, because of their mission, they had mastered the external messaging as well, seeing D&I as key to achieving its mission of a more just, fair, and peaceful society. This helped them in their ability to be a major player in setting best practices D&I criteria for other organizations and as an authority on the subject on major global forums such as Davos (Stage 5).

Yet the diagnostic also revealed notable gaps related to the integration of D&I into their talent strategy (Stage 3) and their operational strategy (Stage 4). Without maturity in these stages, they would continue to perpetuate the lack of women and minorities in leadership.

This visible gap threatened to undo their credibility as exceptional champions of D&I. Not only was the gap apparent, but they did not have the right processes in place to have much hope of changing that reality in the near future.

Realizing they have these gaps is allowing the not-for-profit to pull back a bit on their forceful and confident media-attractive declarations on the power and value of D&I and what it should look like in other organizations and societies, and instead put more prioritized energy into ensuring they are living up to these high standards themselves.

This means tending to the more operational and detailed work of embedding D&I concepts right into the day-to-day realities of talent management, development, and advancement. This requires them to tune in more to the particular dissatisfactions of under-represented groups surfaced by the D&I survey and focus groups, as well as to systematically strip out unconscious biases from their very own talent management tools and processes.



5. Focusing on representation and not on pipeline.

The number one D&I issue that corporate boards jump on is the scarcity of diversity at the highest levels of leadership. The first thing many candidates from under-represented groups look at is the diversity of the board and the C-suite. The main chatter among members of the employee resource groups is around seeing very few, if any, people who look like them at the top.

Diverse representation in leadership, therefore, becomes the rallying cry. CEOs declare that no hires will be made until a diverse slate of candidates has been sourced and vetted, and CDOs rally to have bonuses tied to achieving greater diversity in senior positions.

At face value, these are understandable reactions, since inertia does not change without a jolt to the system, and as we all know what doesn't get measured doesn't get done.

But there is a downside that comes with obsessing about representation, which is that focusing on representation alone is not that effective in the short run—nor is it sustainable.

One technology company we worked with was caught up in this swirl. The mandate to have diverse slates before any hires were made was done without preparing the talent acquisition function nor the hiring managers. Predictably, exceptions were being asked for and granted so often that the jolt became a joke.

The attempt to tie representation to bonuses had also faced such stiff resistance that neither the CEO nor the CHRO were ready for it. Especially when it was coming from some of their top revenue producers. There are ways that best-in-class companies have successfully implemented diverse slate requirements and pay incentives for greater D&I, and ultimately it has a lot to do with applying classic change management rigor to properly prepare the environment. It also requires understanding the operational nuances it takes to implement these approaches.

As we did the in-depth talent flow funnel analysis for this client and others, we learned there is an approach that can be even more effective in increasing diversity, and that is to shift the primary focus from diversity in the top positions to building up diversity in the internal talent pipeline.

There are multiple reasons for this, in that locking in specific goals around representation at the top creates a great amount of resistance from legal counsel and can also trigger severe backlash from members of the majority group. While resistance is to be expected and the argument is not to back down from ambitious D&I goals, organizations would be better served to not “batter the ram” against the place of greatest resistance and instead find where the resistance will be weaker.

Focusing on the pipeline offers multiple benefits:

- Legal can become much more comfortable with ambitious goals around diversity in high potential and succession pools, since it isn't about placing people of specific backgrounds in jobs. Rather, diversifying talent pools is about leveling the playing field so that there is more diversity among those competing for the next level up.
- When turnover is low or there is very little growth happening in an area of the business, focusing on diverse representation can be exceptionally frustrating since there are so few opportunities to move the needle. But business units can do quite a bit toward diversifying their talent pipelines even during years of few job openings.
- Setting a goal of, say, increasing women and minorities in the pipeline by 40% is achievable in a shorter period of time, and therefore can be engaging and inspiring. With this, it can become easier to tie in some sort of incentive pay.
- Finally, this is a much more sustainable approach. It's easy to lose those celebrated diverse hires at the top of the house due to the normal churn of business transitions and then be left with starting over again. It's quite another to have a diverse pool of talent in the pipeline that can keep offering top talent and replenishing it as it inevitably moves on.

Conclusion

So here they are, the five classic, yet often overlooked, D&I mistakes we have seen many organizations make. But each of them, as demonstrated by the companies featured, can be addressed successfully with the help of a comprehensive check-up on the totality of the organization's D&I health.

Bottom line: Look before you leap. Don't count your chickens before they're hatched. Take a breath. This common sense wisdom will serve your organization's desire for greater diversity and inclusion well for a long time to come.



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