

## TAKING A SYSTEMS APPROACH TO DIVERSITY



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There should be no question about the business case for diversity in our fast-changing world environment. The global interdependence for natural resources, labor, and technology is growing rapidly and we must learn to work effectively across cultures, functions and geography.

**Integration and inter-connections of diversity internal and external**

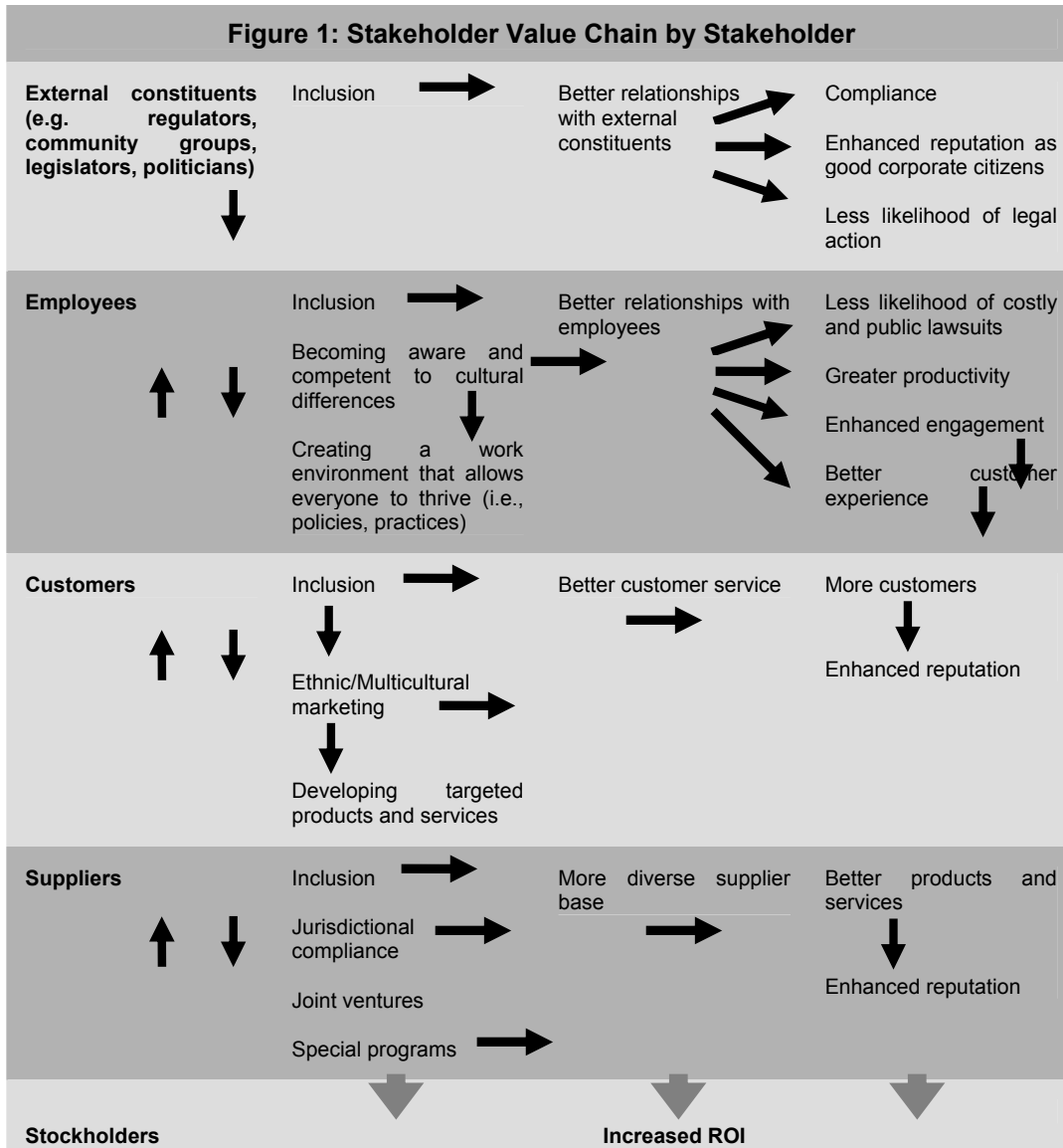
**The key to success for any business in the future will be in its ability to not only manage but leverage the diversity of its various stakeholders by understanding how they are interrelated.**

In the siloed world of business, critical connections are often overlooked which lead to sub-optimal diversity and therefore business results, as the two are very much connected.

Organizations must pay more attention to how each strategy, initiative, and/or action step is connected to another. For example, how does inclusion connect to increasing stakeholder value? Why do top-down-only diversity strategies not work? Why do training efforts often yield less than desired results? Why do some overseas outsourcing projects fail to meet the mark? Why do companies not retain their diverse talent? What is the link between the internal diversity strategy and external branding? The answer/solution to all of these questions lies in taking a systems approach to diversity.

Let's look at a few examples.

- 1. Understanding of how the inclusion strategy impacts stakeholders, and ultimately ROI** – Every organizational entity has a number of stakeholders as shown in figure 1. It is important to understand the connections among the various stakeholders, what their key interests are and how an inclusion strategy impacts them collectively to ultimately enhance ROI. It is in the understanding of the interrelationships among the various stakeholders that we find win-win solutions. Customers influence regulators and vice versa who influence suppliers and employees, etc. To the extent that our society is becoming more racially and ethnically diverse, the interests of these various constituencies will change.



2. **A more systematic approach yields sustainable results** – Many diversity initiatives are started from the top as figure 2 shows. Motivation is established and leadership commitment is sought. Vision, mission and strategies are developed and often cascaded throughout the organization from leadership through middle management and below. The problem is that the real impact often stops at middle management and employees below that level see very little tangible evidence of diversity progress. A more systemic approach of “top down and bottom up” at the same time yields greater, more sustainable results. The view of the organization is very different from the bottom up than it is from the top down. Translating top down strategies into actionable behaviors and practices at the local level are more apt to happen when viewed holistically rather than sequentially.



**3. Training efforts should be viewed systematically and maintain connectivity with other curricula** – in particular often fall short because they are event focused rather than viewed systemically. First, training efforts are typically designed as one-time events. Whether the training is for one day or one week, a single event is not likely to yield the desired result. There are a myriad of controversial subjects that can only get surface coverage. Without opportunity to fully examine beliefs and values, then continue to learn and apply the concepts, little sustained change will occur. The development of a learning organization philosophy, which for example, might establish monthly learning communities to continue the education, constitutes a holistic approach. A second problem with diversity training is that it is often stand alone and not well connected to other related corporate training curricula such as leadership development, conflict resolution, communications, etc.

- 4. Do not underestimate cross-cultural relationships** – Many multinational companies are establishing call centers in India, China other Asian destinations. Such decisions primarily focus on the financial benefits but very often overlook the complexities of establishing effective cross-cultural relationships. Some companies have determined that the cultural differences are so significant that they are rethinking their decisions and bringing some call center operations back to the United States. A more holistic assessment from the outset, including the issue of cultural adaptation may have prevented costly errors.
- 5. Retention of top diverse talent will improve when there is a greater connection between recruiting efforts and what happens once people are onboard.** – Recruiters do what they do well...attract new talent but there is too often a disconnect between the hiring function and retention efforts. Actually many organizations do not have formalized retention strategies and find themselves all too often facing the “revolving door syndrome.” According to a study conducted among HR and diversity leaders by Hewitt Associates, 68 percent of companies have measurable goals for recruiting a diverse workforce, but only 32 percent have the same type of retention goals. A systems approach that seeks to understand the key levers for retention allows appropriate processes to be put in place from the point of hiring.
- 6. Organizational branding is critical to organizational success.** – Nothing touches the customer more than how he or she perceives the corporate image. This fundamental perception not only determines whether the customer will conduct business with your company, it also provides a competitive advantage and increases employee morale and loyalty. How closely do you work with marketing to insure that your “diversity message” is embedded into your overall branding? Are the visual images inclusive? In other words, there needs to be alignment between your diversity message and the overall corporate message.

**Diversity should be a key business process integrated cross-functionally so that there is a holistic approach and execution. The Chief Diversity Officer should have responsibilities that extend beyond traditional “people issues.”**

### **Moving Towards a Holistic Model**

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In order to move towards a more holistic and systemic model, a new paradigm for corporate organizational structure and resources must be embraced. Diversity should be a key business process integrated cross-functionally so that there is a holistic approach and execution. The Chief Diversity Officer should have responsibilities that extend beyond traditional “people issues.” For example, the role should be tied to international government relations, trade relations, manufacturing (e.g., design issues, selection of locations), security, ethics, outsourcing and international marketing. Ideally the diversity function would have a US component to focus on the “traditional” diversity issues that still loom large in this country and a separate, but integrated international section to give proper attention to global issues.