DiversityInc
MEETING IN A BOX

# Diversity Metrics

▸▸ For D&I Staff, HR Staff, Legal Staff, Communications Staff, Diversity-Council Members, Resource-Group Leaders

# Diversity Metrics

►► For D&I Staff, HR Staff, Legal Staff, Communications Staff, Diversity-Council Members, Resource-Group Leaders

This month, we are giving you how-tos and best practices on creating diversity-and-inclusion dashboards and scorecards. We'll show you the most effective ways to communicate diversity goals and data to your senior leadership; the metrics that produce the most relevancy; and the most successful methods of holding executives and staff accountable for reaching diversity goals. For more on Diversity Metrics, please see our recent Web Seminar featuring Sodexo (No. 1 in The 2013 DiversityInc Top 50 Companies for Diversity) and BASF (No. 31).

## I. Effective Metrics for Senior Leadership

The best metrics, like the best communications, are clear and simple. Chad Johnson, Director, EEO/AA & Diversity Analytics and Systems at Sodexo, tells us that it's important to get buy-in from legal up front so there are no concerns, and then to put the information in a dashboard/scorecard to present to senior leadership.

The goals have to be linked directly to business goals or they won't resonate with senior leadership. It's also important to be concise and to only select relevant goals. Don't give your leadership "the kitchen sink" in an effort to show them how much you do. You will only confuse and bore them.

"If you need to spend hours training your leadership in how to understand your dashboard, it's too confusing. You need three to five key points that are easily understandable," says Johnson.

Patricia Rossman, Chief Diversity Officer at BASF, agrees. "We started out spending too much time building the perfect mousetrap. We had too many bells and whistles, too many places to hide and argue over whether that decimal place is in the right place," she says. The goal should not be to set up the perfect tool but to create meaningful dialogue based on data that help top leaders and their direct reports make the best decisions, especially around hiring and promotions.

### ??? Guided Questions for Staff

» **If you showed your diversity metrics to a business leader with no knowledge of diversity and inclusion, would your message—and the story of what you were trying to convey—be readily apparent?**
Wanting to impress with a plethora of data is understandable but won't serve your purpose of creating business value for diversity-and-inclusion initiatives.

» **Are the metrics in your dashboard/scorecard tied to stated business goals?**
If your metrics reflect what your diversity initiatives are doing—and that isn't related to the organization's business goals—they won't resonate with your senior executives.

» **Are the metrics showing progress year-over-year and are you using external benchmarking to understand the competitive value of that progress?**
At BASF, the comparisons to the chemical industry and to companies in the DiversityInc Top 50 is essential to understanding the data presented to senior leaders and to assessing progress, Rossman says.

# Diversity Metrics

►► For D&I Staff, HR Staff, Legal Staff, Communications Staff, Diversity-Council Members, Resource-Group Leaders

## II. Best Metrics

With the need for clear, business-related metrics in mind, which are the most effective methods of demonstrating progress? A review of 14 years of DiversityInc Top 50 data and interviews with leading companies demonstrate the rationale in the metrics used in the new DiversityInc Top 50 report card.

The first area shows pipeline—the ability to recruit successfully both internally and externally and to develop a sustainable group of diverse people to lead the company (and diverse includes everyone). Examples of metrics used here would be comparing new-hire demographics to the existing workforce, or assessing involuntary versus voluntary turnover by race, ethnicity and gender.

The second area shows equitable talent development—are people being promoted fairly across the organization regardless of race, ethnicity, national origin, gender, sexual orientation or disability? Examples of metrics used here would be promotions within management versus overall management demographics and the use of diversity initiatives proven successful for promotion, such as mentoring (plus assessing the percentage of managers in mentoring).

The third area shows CEO/upper-management commitment. This includes factors such as representation at the top three levels, accountability measures such as diversity goals linked to compensation, and corporate sustainability/transparency measures, such as philanthropy.

The fourth area shows supplier-diversity factors, such as percentage of Tier I (direct contractor) procurement spent with minority- and women-owned suppliers, as well as suppliers owned by LGBT (lesbian, gay, bisexual and transgender) people, people with disabilities and veterans with disabilities. It also assesses means of helping suppliers grow.

### ⁇⁇ Guided Questions for Staff

» **How well do the metrics you collect match up to the questions on the DiversityInc Top 50 survey?**
The survey questions are improved each year to reflect cutting-edge, business-related metrics at top companies. If you aren't collecting data on these questions, why not?

» **Are your human-capital demographics reflective of the challenges in your organization?**
Don't try to sugarcoat your data to make your department or others look good by hiding information. For example, at BASF, Rossman says the company increasingly looks at retention based on years of service to determine if there are issues holding on to top talent at specific times in their careers.

» **Do you report your EEO-1 numbers publicly?**
While many companies are open about this data, many others are not. Consider the tech industry, where the majority of industry leaders don't want anyone to know what their demographics are. If your company isn't transparent about its data, what's really going on? The DiversityInc Top 50 survey now gives extra points to companies that submit their EEO-1 numbers.

# Diversity Metrics

▸▸ For D&I Staff, HR Staff, Legal Staff, Communications Staff, Diversity-Council Members, Resource-Group Leaders

## III. Accountability

Once you have valid and understandable goals in place, how can you hold senior and mid-level executives accountable for reaching these goals? The best practice is to link compensation, especially for senior executives, to these goals. In many companies, that is directly tied to bonuses. At Sodexo, for example, more than 15 percent of discretionary bonuses of senior executives are linked to diversity goals, and in some cases it is 25 percent. Other companies link diversity goals directly to performance evaluation, including for resource-group leaders and lower- and mid-level managers.

### ??? Guided Questions for Staff

» **Is diversity linked to compensation at your company? If so, is everyone eligible getting the maximum?**
Evaluate if it's just a check box for executives with no real teeth or whether the compensation (and the goals) are taken seriously. If your management isn't yet linking compensation to diversity goals, read these articles to learn the best ways of implementing that strategy.

» **How often are your senior executives seeing your metrics?**
At most DiversityInc Top 50 companies, reviews are quarterly, but at many organizations, vital numbers are updated and distributed on a monthly basis. It's essential to show progress (and challenges) over time.

» **Are your senior executives aware of how business units and leaders are performing with diversity goals?**
The companies with the strongest results are transparent, including assessments of which areas of the company are making the most progress.

**NEXT MONTH** Women's History Month for all employees; Mentoring and Sponsorship for diversity departments, resource groups, HR staff, diversity councils