

EXECUTIVE INCLUSION

BRINGING DIVERSITY TO CANADA'S SENIOR RANKS

About the Authors

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About Spencer Stuart

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An aging populace and a rapid immigration-related increase in the nation's visible minority population are dramatically transforming the demographics of Canada's labour force. These trends underscore the business need for attracting, retaining and developing a talent pool at all levels of the organization. But to date, the diversity of Canada's population has been reflected mainly in the entry-level ranks, and has yet to penetrate the executive suite or boardroom in any meaningful way.

"We are at much the same point we were 20 years ago," said Marie Moliner, regional executive director of the Ontario region for the Department of Canadian Heritage. "Everyone wants a diverse workforce but are they truly integrating their employees and grooming them for more senior roles? It is still difficult to take a seat and feel comfortable at the executive boardroom table, much less feel that your perspective is fully valued, when you remain perceived as 'other.'"

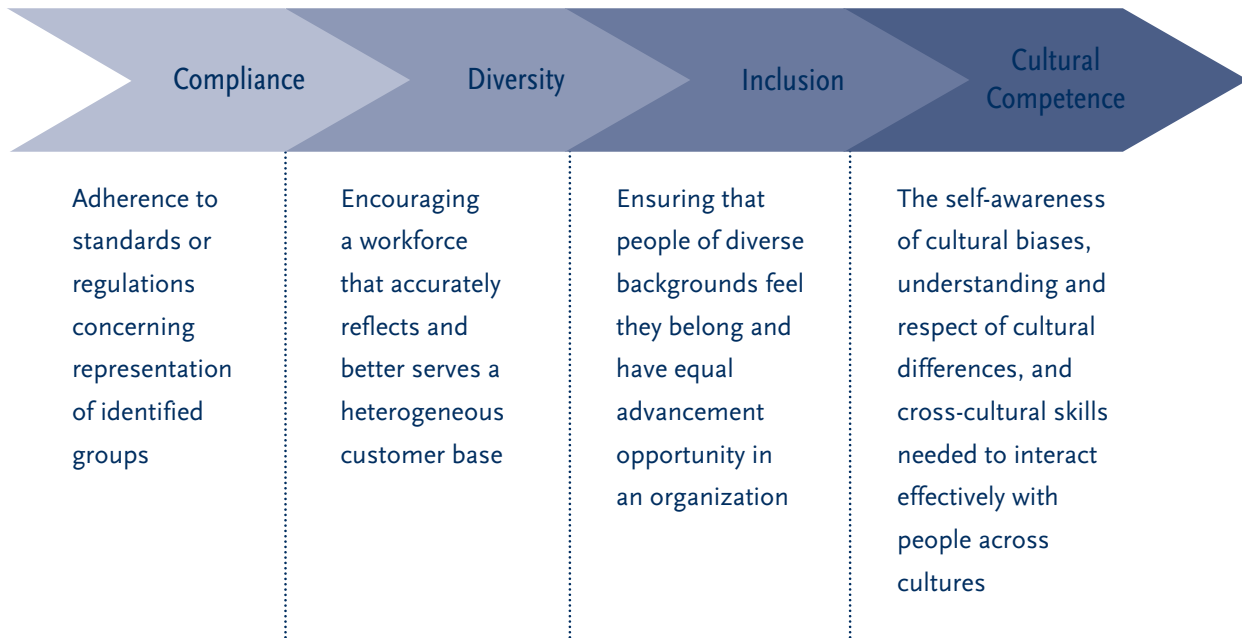
Canadian organizations are talking more openly and often about their failure to achieve effective diversity at the senior management level, and have even responded with high-profile chief diversity officer positions such as those recently created in the Ontario Public Service (OPS) and at Deloitte & Touche Canada. But the diversity journey has not gone far beyond compliance in most large organizations, even as the discussion of diversity has evolved to "inclusion" and "cultural competence."

"For the most part, we have defined diversity in a rather narrow context — women and the groups designated by the federal government to be diverse," said Sylvia Chrominska, executive vice president of human resources and public, corporate and government affairs for Bank of Nova Scotia. "We are trying to migrate from the notion of diversity to one of inclusion."

Inspired to delve deeper into the subject as a result of working with the OPS to recruit its new chief diversity officer, Spencer Stuart conducted a series of interviews with diversity experts and a variety of senior human resource executives responsible for the diversity file in corporate, public and not-for-profit organizations. The interviews sought to identify the barriers to greater diversity in the senior executive ranks, and the means by which companies can overcome them to bring true inclusion to the executive suite.

While we have only scratched the surface of these complex issues, it became clear from our discussions that cultural competency throughout the organization, necessary for the achievement of diversity within the senior ranks, will be achieved only when the issue becomes a priority for senior leadership — something that typically only happens after the business case for diversity has been persuasively made.

The Diversity Journey



Making the Business Case

“Making the case for diversity is the first step in making change,” said Deborah Gillis, vice president of North America for Catalyst. “Every organization will have a unique set of issues that seems most compelling. Some will seek to reduce attrition; others cannot execute a growth strategy without attracting and retaining diverse talent; still others are motivated by a vision of leveling the playing field so that talent can be identified, developed and advanced fairly. Scotiabank is a great example. They found that the early stages of their Catalyst award-winning initiative were compliance-based and failed to gain the traction they hoped for. Once they identified, researched, understood and communicated the business case for diversity, they saw impressive results.”

According to Hamlin Grange, co-founder and managing partner of DiversiPro, there are three main reasons why organizations could want to engage in a diversity initiative, what he calls the “ABCs of diversity.” “There’s the appeasement model (A), where you do it because otherwise you get sued, or to satisfy an enlightened CEO,” said Grange. “There’s the business case (B), where a company looks at demographics and realizes there are a lot of people of a certain type, and they’d better start selling to them and hiring people like them for good business. And there’s the organization that wants to make diversity and inclusion a core value (C). When we ask clients why they want to implement a diversity initiative, they rarely say it’s to make it a core value.”

In addition to providing insight into the changing demographics of Canada’s customer base, greater diversity fosters innovation and improves problem-solving. “Having as many perspectives as possible that aren’t limited by age, gender, race or religion creates a rich thinking ground that enables organizations to make better decisions,” said Moliner.

Another compelling business argument for diversity is that companies are stating a preference to work with diversity-committed organizations. “When our clients work with us and don’t see a diverse team in place, they tell us,” said Jane Allen, chief diversity officer for Deloitte & Touche Canada. “I recently heard from the CEO of a client that diversity is very important to him and he expected to see it in our teams. Another client said, ‘oh great, you’ve got a diverse team and some of your competitors don’t.’ Our clients are looking for diversity and are making it a requirement before they will engage us.”

In the end, the nature of Canada’s changing demographics and increasingly diverse talent pool makes the most pressing business case of all. “The only thing we have to sell is our people,” said Allen. “If we can’t attract talent because there’s a perception of bias, then we’re going to have a tough time growing as a business.”

Why Senior Leaders Must Get Involved

In the majority of public and private organizations, the diversity portfolio rests within human resources, not in the form of a top executive reporting directly to the CEO. That’s a mistake, according to diversity leaders. “You need to have leadership in this area reporting to the most senior person in the organization,” said Moliner. “It needs to be a shared mandate between operations and HR — not just HR. The fact that diversity leadership is not seen as driven directly by the CEO is a significant barrier to moving diversity forward.” Whether or not a formal chief diversity officer position is in place, diversity efforts are most successful when the CEO is a vocal champion and when senior leadership is fully accountable for folding diversity considerations into their responsibilities.

In fact, the support of senior leadership may be the biggest determining factor in whether diversity initiatives succeed or fail. “In our study of almost 18,000 managers, Catalyst found a clear relationship between perceptions of senior leadership commitment to diversity and visible minorities’ perceptions around fairness of career advancement,” said Gillis. “Leadership commitment is critical throughout the organization — and tone at the middle is just as important as tone at the top.”

Said Bank of Nova Scotia’s Chrominska, “When we first started, we thought if we made our policies and programs bias-free, people in management roles would do the right thing. What we found out was that the behaviors didn’t change to the extent they needed to if we didn’t hold people accountable. It wasn’t until we got the buy-in of the senior leadership team through the business case and we established some metrics that things started to happen.”

The Lack of Diversity in the Senior Ranks

Even Canadian organizations with senior leaders who support diversity initiatives often do not exhibit diversity in their own senior ranks. “Organizational change and transformation take time; it won’t happen overnight,” said Noelle Richardson, chief diversity officer of the Ontario Public Service. “Transformation requires change in all aspects of how an organization is run, from recruitment to retirement. We have to look at who is minding the gate. Do they have the competencies to recognize talent when it shows up in different packaging, cultural veils or styles than we are used to seeing? It requires us to understand the biases we all have and the impact of

those biases on the decisions we make on all levels, including how we manage performance and develop our talent. It requires us to be accountable for showing results. If we provide people with the tools to change and make them accountable for results, we will see sustainable change over time.”

When it comes to breaking into the C-suite, progress for visible minorities and women can be hindered by their lack of personal networks and access to critical relationships. The lack of diversity role models contributes to this, as does the nature of informal networking within organizations.

“Unfortunately, networking often takes place in locations where diverse employees don’t feel comfortable,” said Gillis. “We’ve seen this with women at golf outings and sporting events — and the same challenge exists for visible minorities. Organizations that are sensitive to inclusion provide a variety of formal and targeted networking opportunities that allow more people to feel comfortable at events.”

Without many visible minorities and women in the senior-most ranks, diverse employees often also have fewer role models, mentors and coaches. “Leaders in the most senior positions tend to coach and mentor people who are like them and not people who aren’t like them,” said Allen. “The people who get good coaching and mentoring get chosen for the leadership positions, and they are less likely to be visible minorities and women. So there may be an unconscious bias in the processes businesses use for recruitment and promotion, and we need to do something about that.”

To help visible minorities and women in this regard, organizations can provide visible minorities with access to a diverse pool of mentors and encourage diverse mentoring relationships. “Relationships are so important to getting on the radar screen and having someone say, ‘this is an individual who is ready for this role,’” said Gillis. “In Canada, a great champion for a woman or visible minority might in many cases actually be an ‘influential other’ since the key decision makers are often older white males.”

Effective mentoring can help the entire organization become more culturally competent. “We’ve started a reciprocal mentorship program in the OPS where the mentees are asked to expand the horizons of the deputy ministers as well as learn from them,” said Richardson. “We try to make it a valuable experience for both parties.”

Making a Plan

Though a majority of Canadian organizations consider diversity to be a priority, more than 40 percent of them do not have a strategic plan for diversity in place. Establishing a focused short-term plan and broader long-term goals can help organizations make continuous improvement in embedding diversity as a core attribute. For instance, Deloitte & Touche has devised a four-year diversity plan. “We have a plan for 2009 that’s very specific, and then a plan for ’10, ’11 and ’12 that’s less specific, but contains some pretty ambitious goals,” said Allen.

To help bring diversity into the senior executive ranks, organizations can also establish a more conscious approach to recruiting. “Every upper middle management slate, say vice president and above, should be diverse,” said Susan Black, senior vice president of human resources and chief strategist for ING Bank. “You don’t have to pick the diverse candidate, but the slate should be diverse. If a board director is looking at the three or four candidates for CEO succession, they should ask, ‘Is it a diverse slate? If not, why not?’”

Moliner recommends an even more direct approach. “At a senior management table of 10 people, bring in five people right away who are diverse in that they bring perspectives that have never been represented there before. This must be led from the top and you must focus on this to get this done.”

As Spencer Stuart’s Diversity Practice has discovered, companies also need to ensure that their interviewing and assessment methods are free of any conscious or unconscious biases, and that succession and development plans weave diversity considerations into hiring and promotion decisions at the entry-level, middle and senior executive ranks.

A Psychological Shift

Making real progress in diversity may also require a fundamental change in how organizations think about diversity. At a basic level, it may mean acknowledging that diversity transcends visible cues. While the Employment Equity Act relates to four diversity groups — Aboriginal people, members of visible minorities, persons with disabilities and women — other groups contribute to our diverse society, including those classified by religious affiliation and sexual orientation. At a higher level, it might mean throwing out these classifications entirely.

“We need to reframe discussions around diversity so that people understand that the skills that help manage diverse workforces are general management and general people skills,” said Black. “We’re teaching skills to manage across differences and to leverage similarities to build stronger teams. The message that this is not about special interest groups and marginalized people, but about how to manage more inclusively, has gotten lost in the discussion.”

According to Richardson, “As Canada becomes a society of disparate groups, organizations can no longer operate as though they are in a homogeneous environment. We’ve all grown up with paradigms that have served us well, but many of those paradigms are no longer relevant in today’s demographic environment.”

Richardson feels that it’s necessary to eliminate the “arms-length perspective” that is often present among CEOs, CFOs and CDOs who are trying to promote diversity and create cultures of inclusion within their organizations. When she speaks to an audience about diversity, Richardson asks people to raise their hand if they consider themselves to be members of a diverse group, and typically sees just a smattering of hands go up — at which point she notes that diversity is an entity that we are all a part of and none of us is apart from.

“I think we all need to count ourselves in to the entity of diversity,” said Richardson. “It’s an important psychological shift that needs to take place in order to achieve the goals of inclusion ... in order to truly live inclusively.”

For Canadian organizations, living those principles of inclusion will lead to a workforce that exhibits true cultural competence, the destination in the diversity journey. Boards, senior leaders and, one could argue, all managers with influence over others in the organization, hold the key to making the difference.

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