To a significant degree, managing diversity and inclusion well is unchartered territory. By Juliet Bourke - Consulting, Partner.

“Management”, in this context, does not mean being legally compliant with minimum standards, rather it means generating the full value of the diversity potential, namely creating deep and responsive relationships with diverse customers; solving complex business problems efficiently and effectively; and ensuring a diverse employee population is working to its full potential. When framed in this way, there are few organisations which “manage” diversity well, and those which do are watched closely as they chart the course for others.

Marjorie Derven, Managing Partner at Hudson research, recently interviewed six of those global best practice companies to understand how they approach diversity and inclusion “management”. Representing diverse industries (automotive, chemical, hospitality, pharmaceutical, beauty and banking). In aggregate, these interviews demonstrate that best practice companies are strongly focussed on diversity in terms of it driving value for their customer value proposition, rather than one dominated by the employee value proposition. Secondly, these interviews identify the multiple initiatives they deploy to strengthen employee performance and customer connectivity.
Aim

The aim of the interviews was to identify the nature of “best” diversity and inclusion practice in global companies.

Method

Derven interviewed Diversity and Inclusion leaders, or senior leaders, in six non-US based organisations identified as “best practice” through their receipt of diversity awards, such as Diversity Inc Top 50 and Catalyst (the one exception to this criteria appears to be China Merchants Bank):

Machelle D Williams, General Manager D&I Practices, Volkswagen Group of America
Patricia Rossman, Chief Diversity Officer, BASF North America
Sunny Krom, Sodexo, Health Care & Government Services
Lara Jones, Head of US Diversity, Sanofi
Angela Guy, SVP, Diversity and Inclusion, L’Oreal USA
Lindamarie Werntz Coatman, Chief Administrative Officer, Head and HR, China Merchants Bank New York.
Findings

Derven identified six key areas of interest across her interviews, namely (i) innovative approaches to D&I (ii) the value of a global business in sourcing information about effective approaches to locally generated issues; (iii) a shift in the value of Employee Resource Groups from affinity to customer insight/diversity of thinking; (iv) the importance integrating D&I into processes and practices; (v) the value of partnerships, eg with suppliers; and (vi) using D&I as a source of innovation.

There was significant cross-over between these areas of interest and we have distilled them into two overarching insights: (i) customer centricity; (ii) leveraging a global footprint; and (iii) multiple and integrated practices and measures.

1. Customer centricity: The interviewees each had a firm line of sight on the value of their D&I efforts in terms of creating deep relationships with their customers, and being responsive to their customers’ needs. These direct outcomes arose through the insights of their diverse employee base into a specific customer segment, the connectedness between employees and customers/suppliers, the ability for diverse employees to be think tanks of innovation and the capability of employees to be culturally competent with diverse customers (ie to deliver a high level of customer service)

This focus on customer centricity as a primary objective led companies to introduce innovative practices such as L’Oreal’s “Think tanks comprised of selected employees (which) are used to obtain deep customer insights about products and multi-cultural messaging”; and Volkswagen’s use of existing Purchasing Group and Dealer Network to create connectivity with diverse suppliers, customers and potential dealers. Further, BASF has focussed on extending internal networks to facilitate functionally diverse team composition, for example one team included a “microbiologist and a marketer on a team of chemists to create different team dynamics and new questions to be asked”

As an aside, Sodexo identified their enhanced ability to have conversations with potential clients arising from their recognised status as a D&I leader

2. Leveraging a global footprint: For these global companies, an aspect of employee diversity that might be highly topical in one location, may not be top of mind in another. This differentiated focus enables local divisions to hot-house specific initiatives which can be later deployed to other business locations. In Brazil the Government has mandated a focus on employing people with a disability, whereas in Germany the Government has initiated a strong focus on women in leadership, and for BASF this means they have an opportunity to leverage local insights, about practices suitable to BASF, across their global footprint

3. Multiple practices and measures: Derven identified the importance of multiple initiatives and sources of feedback. Rather than a dominant focus on employee turnover and representation figures, interviewees spoke about evaluating the return on their investment in terms of multiple
indicators and granular information. For example BASF has a talent/D&I dashboard “which provides leaders with metrics to gauge the impact of their actions to drive diversity and inclusion”. The dashboard enables a leader to answer questions such as “Are your hiring decisions making your team more or less diverse? Where are you sourcing talent from? What are the major retention trends for you?”. L’Oreal, for example, measures what motivates customers and talent.

**Implications**

Looking to best practice leaders is a helpful approach to navigating unchartered territory. A clear message from the six global leaders interviewed for this research is that attention to customers, and a broader ecosystem in which an organisation sits, generates a new way of thinking about the value of employee diversity and how it should be leveraged, supported and measured. The implications of this focus could be profound as business leaders realise that diversity is not an HR centred program, but a way of meeting end user needs and wants.


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**Recommendations**

**Dynamic diversity**

Toward a contextual understanding of critical mass

**From diversity to inclusion**

Shift from compliance to diversity as a business strategy

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