



# ***BEST PRACTICES IN EXTERNAL CORPORATE DIVERSITY***

## **OVERVIEW**

### **THE BUSINESS CASE FOR DIVERSITY**

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By 2005, the ethnic minority share of the workforce is expected to grow to 28 percent, up from 18 percent in 1980 and 22 percent in 1990. Although the African American population is now the largest minority group, the Hispanic and Asian populations are growing much faster.

By 2050, non-whites will represent close to half the entire U.S. population, according to Census Bureau projections.

The demographic make-up of the U.S. is drastically changing and diversity is fast becoming a key strategic business issue in many corporate boardrooms. Progressive corporate leaders have begun to acknowledge the importance of attracting, developing and retaining a diverse workforce. Today's leading companies include diversity initiatives as part of their overall business strategies. Corporations realize that diversity is a competitive advantage that can significantly improve the bottom line; it is not simply the right, or politically correct thing to do, anymore, it is a bottom-line business survival and growth strategy.

As the field has evolved, the arguments for doing diversity have become more savvy. Both consultants and diversity managers have come to realize that, since the primary concern of business is profitability, the case for diversity has to be grounded in the business rationale.

The business case for diversity will be different for each company and corporation, but there is a compelling generic business case for achieving and managing diversity in the workplace. Diversity can help companies: identify and capitalize on opportunities to improve products and services; attract, retain, motivate and utilize human resources effectively; improve the quality of decision-making at all organizational levels; and reap the many benefits from being perceived as a socially conscious and progressive organization.

Before companies and corporations can embark upon full-scale diversity initiatives, they must know and understand what diversity is and what they want it to be or achieve. In other words: ***what is diversity and what value does your company place on it?*** The first question is relatively easy to answer; the second is more complicated.

Diversity is who we are, how we live, how we work, and our different ideologies. It encompasses technical and functional skills and knowledge, as well as educational and experiential differences. It goes to the root of how we communicate, listen, respond to and share information with one another. Diversity impacts our openness to new opportunities and ideas, it is the foundation for trust building behaviors--it goes beyond race, gender and ethnicity.

***Diversity encompasses all differences: gender, race, age, sexual orientation, religion, culture, ethnicity, socio-economic class, physical ability, work habits, practice area, office site, and level in the organization.***

A broad definition of diversity, however, does not imply that a company is prepared to address each element of diversity equally or simultaneously. Each company and each industry has its own particular diversity issues. If a company truly wants to focus on diversity, it first must articulate, clearly and simply, what is meant by diversity and then decide what approach to take. Is it going to tolerate, value, celebrate, manage, harness or leverage diversity?

Inclusion is the way that a company configures opportunity, interaction, communication, information and decision-making to utilize the potential of diversity. Inclusion is distinctly different from diversity--while a company may be diverse, this does not mean that all members are *included* in the dominant culture. Inclusive companies embrace diversity while incorporating employee, vendor and customer differences into the overall organizational culture.

In order for inclusion to exist, diversity must be part of the organization's mission, goals and corporate policies. Individual differences must not only be recognized, but valued as well. Additionally, world-class companies strive to create and maintain successful diversity programs by undertaking the following:

#### **The Six Steps to Successfully Managing Diversity**

- Obtain Management's Support and Commitment
- Conduct Assessment and Benchmarking
- Establish a Diversity Team or Task Force
- Develop a Diversity Mission and Strategy
- Evaluate and Measure Progress
- Integrate into All Business Practices

## **OVERVIEW & HIGHLIGHTS**

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When it comes to diversity initiatives, there is no such thing as a stand-alone program. Rather, support of diversity must be reflected in every aspect of the business--in dealing with employees, customers, vendors and the community. Internal integration is key, and management should be held accountable for its role in driving diversity throughout the organization. *Best Practices in External Corporate Diversity* examines how major U.S. companies are taking their commitments to diversity beyond the boardroom, beyond the assembly lines, beyond the plant walls and integrating in into every aspect of their business. The objectives of the study are three-fold: A.) to identify trends in corporate diversity practices; B.) establish benchmarks; and C.) highlight “best practices.”

The following excerpts are just of few of the findings taken from the research:

## **MANAGING DIVERSITY**

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- **82%** of participants have official corporate policies or statements in support of diversity.

### **The Top Five Reasons Why Companies Value Diversity**

1. Enhances Customer Relations and Brand Loyalty
2. Enhances Image as an "Employer of Choice"
3. Enhances Image as a “Good Corporate Citizen”
4. Increases Employee Relations and Productivity
5. Enhances Relations with Key Community Leaders and External Audiences

### **The Top Three Goals / Objectives of Diversity Programs**

1. Build Interactive Workforce
2. Integrate Diversity Throughout Company
3. Recruit Women & Minorities

### **Top Three Responsibilities of Diversity Teams**

1. Consult/Advise with Senior Management
2. Conduct Diversity Training
3. Develop Overall Strategic Plan

**Why Companies Actively Recruit Women and Minorities**

1. Generates Depth and Diversity of Business Solutions
2. Expands Overall Pool of Potential Recruitment Candidates
3. It's the "Right Thing To Do"
4. Directly Relates to the Corporate Mission
5. Direct Benefits in Acquiring Government Contracts
6. "Want to be Reflective of Customer Base"

**Top Five Ways to Recruit Women and Minorities**

1. National Events & Organizations
2. Employee Affinity Groups
3. Publications
4. Employee Referral Programs
5. The Internet

**Top Three Challenges in Recruiting Women & Minorities**

1. Total Number of Available Candidates
2. Current Under-Representation
3. Inadequate Jobs Skills

**Top Three Direct Benefits due to Recruiting Women & Minorities**

1. Overall Recruitment Becomes Easier
2. Diversifies and Innovates Business Solutions
3. Enhances Corporate Image

## **CORPORATE COMMUNITY INVOLVEMENT**

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- **86%** of companies reported having diversity-related contributions programs, **57%** of which--or half of all participants--consider these initiatives to be successful.
- **76%** of companies have diversity-related community relations programs in-place, **62%** of which--or half of all participants--consider these initiatives to be successful.

### **Benefits of Diversity-Related Community Involvement Initiatives**

1. Enhances Image as "Good Corporate Citizen"
2. Enhances Image as "Employer of Choice"
3. Creates "Goodwill Bank" Among Women & Minority Groups
4. Helps Build Brand Awareness and Loyalty
5. Increases Employee Morale, Satisfaction and Productivity

AT&T, Levi Strauss and Philip Morris were the three most admired companies by peers with regard to community relations and diversity.

## **SUPPLIER DIVERSITY**

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- **95%** of participants indicated that their companies *have* women and minority supplier diversity programs.

### **Goals / Objectives of Supplier Diversity Programs**

1. Increase Usage Internally
2. Help Grow Women & Minority Suppliers
3. Fully Integrated Corporate Practice
4. Create a "Level Playing Field"

### **Leading Benefits of Supplier Diversity Programs**

1. Enhances Image of a "Good Corporate Citizen"
2. Enhances Business Solutions / Competitive Edge
3. Heightens Brand Awareness & Recognition
4. Increases Penetration, Sales & Market Share
5. Enhances Women & Minority Recruitment & Retention
6. Produces Higher Quality Products & Services
7. Eases Acquisition of Government Contracts

### **Challenges to Leveraging Supplier Diversity**

1. Lack of Qualified Suppliers
2. Poorly Trained Procurement Officers
3. Internal Resistance
4. Corporate Supplier Reduction Initiatives
5. Discontinued Business Function
6. Pre-negotiated Long-term Contracts

## **MARKETING & CUSTOMER RELATIONS**

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### **Top Five Benefits of Integrated Marketing**

1. Greater Penetration of Diverse Market Segments
2. Increases Sales & Market Share of Women & Minority Markets
3. Enhances Brand Awareness & Loyalty Among Diverse Consumer Groups
4. Enhances Image of a "Good Corporate Citizen"
5. Greater Success in Recruiting & Retaining Women & Minorities

Coca-Cola, Anheuser-Busch, McDonald's, Proctor & Gamble, Texaco and The GAP were identified by their peers as the leaders in integrated marketing.

### **Essential Elements of Integrated Customer Relations**

1. Custom-Tailored / Specifically Targeted
2. One-on-One Personal Interaction
3. Overall Corporate Appeal

The American Express Company, Home Depot and Disney were identified by their peers as the leaders at integrated customer relations.

## **COST**

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The CD is great for making multiple copies of the report to distribute to community relations, human resources and public affairs staff throughout your entire company, especially in local/regional offices.

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