

# DEI Playbook



A playbook for creating governance structures around Diversity, Equity and Inclusion–related initiatives

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## ENHANCING DEI EFFORTS IN ORGANIZATIONS



The cost of not having a plan for Diversity, Equity, and Inclusion (DEI) has gone up. Way up. According to a CEO survey conducted in 2021 by Fortune/Deloitte, 96% of CEOs considered DEI to be a strategic priority/goal within their role. Even more significantly, of that number, 85% (or 81.6% of all CEOs) had already agreed to undertake their DEI-related initiatives within one year. For the Chief Diversity Officer (CDO), this is an important time to turn attention and good intention into sustained progress. The biggest challenges for CDOs is the long list of ideas to consider. A quick google search of 'DEI best practices' yields an overwhelming range of results. Cutting through the static to identify the highest impact activities can be challenging and daunting. However, our experience helping organizations build more inclusive cultures over the past 40 years has allowed us to create a framework that can enable executives to prioritize activities and governance structures.

One way to sort and prioritize all the ideas about DEI is to create governance structures that can be linked in order to create a system for driving change top-down, bottom-up, and middle-out. Such a system helps to clarify the role of the executive leadership team (ELT), the DEI Council and Employee Resource Groups (ERGs) and how they each support sustainable culture change. A clear approach to governance can determine the success or failure of all the exciting ideas generated to enhance DEI efforts in organizations.

## THE FOUR PRINCIPLES +

We know that by activating our four key principles+ organizations can ensure sustained culture change. In looking back at our 40-plus years of helping organizations shape more inclusive cultures, we have identified the factors that were in place in the organizations that were most successful at creating the inclusive cultures they aspired to. These principles can be considered a framework for effective DEI governance.



### PURPOSEFUL LEADERSHIP

Leaders must connect DEI efforts to strategic business priorities and outcomes, then authentically message, lead, and role model a compelling purpose for the shift. The ELT plays the most important role in bringing this principle to life. ELT members are key sponsors at each level of governance



### PERSONAL CHANGE

Leaders must address blind spots and change personal behavior to effectively lead 100% of talent. While personal change begins with the ELT, the DEI Council and ERGs are also important role models of an inclusive culture. Being a sponsor for an ERG that an executive does not identify with can be a powerful way to bring new insight into the experience of underrepresented employees. In addition, participation in these governance structures can be a very personally fulfilling experience for many executives.



### BROAD ENGAGEMENT

Leaders must quickly engage the entire organization in a leader-led process to start to role model new ways of behaving and leading that create a sense belonging for all. An effective ERG strategy can create great momentum within an organization, and the DEI Council can also have an important role in connecting to a broad employee contingent. Broad engagement is enhanced when each of these structures is linked.



### SYSTEMIC ALIGNMENT

At every level, align institutional practices, performance drivers, and capabilities to remove inadvertent systemic preferences and biases and to support successful execution of the DEI strategy. While the ELT ultimately owns the systems and processes, the DEI Council has a unique ability to inform inclusiveness and alignment in this area. These governance structures can be early warning systems to identify weak or non-inclusive policies and practices

### REPRESENTATION

Diversity must exist, allowing people to “see” themselves in the organization, before a truly inclusive culture can be formed. The ELT, DEI Council, and ERGs can work in harmony to increase the level of diversity within an organization.

## THE EXECUTIVE LEADERSHIP TEAM

The Executive Leadership Team (ELT) is defined as the CEO and their direct reports, the team that sets the business strategy and oversees the operation of the entire business. What we have learned in working with organizations and executive teams is that, over time, organizations tend to become shadows of their leaders. In other words, the dynamics, attitudes, and priorities at the top filter through to the organization, effectively creating what people experience as culture. So senior leaders are critically important as role models, sending signals daily and hourly about what they pay attention to, what is important to them, and how they interact with each other.



### FIRST ROLE:

The first role of the ELT is to be role models of the diverse and inclusive organization they aspire to become. This normally requires two elements: one, a clear understanding and articulation of their personal understanding and the business imperative of DEI, and, two, an awareness of their own assumptions and blind spots that get in the way of effectively leading 100% of their talent.

Articulating the business imperative of DEI and aligning the ELT on a common understanding is critical in communicating the “why” of any DEI strategy to the organization. However, ELT members also need to embark on a journey of understanding their own personal “why.” When they can clearly articulate not only the business case for DEI but also why it matters to them personally, they become powerful role models both for employees who take a “social justice” approach to DEI and those who are more skeptical. DEI needs to be treated like any other strategic priority, with clear objectives and metrics to measure progress. The ELT’s role in setting this strategy and articulating the business case is critical. This supports the pillar of purposeful leadership.

### SECOND ROLE:

The second role of the ELT is to honestly assess their own assumptions and blind spots. Most leaders are not aware of the ways in which they contribute to a lack of inclusiveness in their organizations, and part of being a role model is being willing to re-examine one’s own habits and to adopt new ways of being. This level of openness and vulnerability, strategically and intentionally communicated to the organization, sends a powerful message that reinforces and supports personal change throughout the company.

For example, one CEO we worked with was dismayed to learn through focus group feedback that there were people in his organization who did not feel comfortable being themselves at work. That small insight led him to champion an inclusive culture, ensuring that he and all of his senior leaders were equipped with the understanding and tools to create a culture where everyone could feel they belong. He then went a step further to cascade what he learned to all people managers in his organization.

## THE DEI COUNCIL

The DEI Council is a critical component in supporting personal change, broad engagement, and systemic alignment that drive sustained culture change. However, DEI Councils can take many forms, and there is no one-size-fits-all approach on this topic. In effect, the structure of the Council needs to fit the strategy and sophistication of the organization. Nevertheless, for a DEI Council to be effective, there are several factors that must be in place:

- Clear and visible support from the CEO and ELT
- Clearly defined accountability for specific objectives, outcomes, and actions
- A direct link to the business strategy and the ability to measure progress
- An executive sponsor from the ELT to

ensure upward and downward communication

- Appropriate funding—this shouldn't be a volunteer job especially for those who are already allies to the cause
- Having some skeptics as part of the DEI council, which is a good thing
- Investment in foundational and ongoing education of this group—they are expected to be ambassadors, and need to genuinely lead inclusively

Depending on the size, complexity, and sophistication on DEI, organizations have several options available in designing their DEI Council. The [DBP, 2019](#) survey outlined three main types of Councils. Here we will consider which one best suits which type of organization.



## THE DEI COUNCIL (cont'd)

### 1. THE EXECUTIVE DIVERSITY COUNCIL

This kind of Council is typically led by a CEO and is made up of the most senior leaders of an organization. As such, the role of this kind of Council is to develop a DEI strategy, set objectives and goals to drive best practices, and monitor progress. This type of Council can be particularly effective for an organization that is at the beginning of its DEI journey. Following are some of the pros and cons to consider with this type of Council.

**Pros:** Senior leadership buy-in and close connection to business strategy are two of the most important benefits of this kind of Council. This Council treats DEI like any other strategic priority, setting clear goals and objectives and marshaling the motivation to track results. When the DEI Council is in effect the ELT, it elevates DEI to the level of a core business strategy, which sends an important signal to the entire organization that, while pursuing a DEI strategy may be the right thing to do, it's also the smart thing to do for the business.

**Cons:** Senior leaders are among the busiest in the organization and have many priorities. Once the DEI strategy is moving along, it can be easy for this group to get distracted by other strategic priorities. There needs to be great focus and motivation to maintain DEI's position as a significant strategic priority. Another issue with this kind of Council is that because of its very makeup, it often lacks diversity and representation, and so care needs to be taken to ensure these leaders understand the experiences and needs of underrepresented employees.

Overall, this kind of DEI Council can be very effective at setting direction and creating forward movement, but it often needs to transition to a different kind of Council in order to maintain momentum and stay connected to the broader organization.

### 2. THE ADVISORY/REGIONAL DIVERSITY COUNCIL

This type of Council pulls together leaders from various geographical and/or divisional areas of the company, and therefore can be made up of members who reflect the demographics of the company. Because of its regional/divisional focus, this kind of Council is well suited to organizations that operate in multiple regions that may have different DEI considerations and needs. Their role is to implement the diversity strategy developed by the Executive Council or ELT. Being distributed throughout a more complex organization also provides a feedback mechanism for senior leaders with regard to sentiment on inclusion across the organization.

**Pros:** Because of their connections to the business, members are able to advise senior leaders on DEI needs and progress in real time. Members are also typically at a senior enough level to signal to the organization the importance of the DEI strategy. More importantly, because these leaders often oversee large numbers of employees and are therefore highly visible, they can be highly effective role models of an inclusive culture, accelerating the speed of culture change within the organization. Often more diverse, this kind of Council can also maintain strong formal and informal connections with employees.

**Cons:** Communication needs to be kept very tight in order to avoid over-customization and disconnection from the larger DEI strategy. Some common metrics can help mitigate this risk. And finally, similar to the Executive Council, the greater diversity on this type of Council still may not mirror the diversity of the employee base. Members need to ensure they do not fall into the trap of assuming they are well connected to the experiences of all employees simply because they reflect some aspects of diversity.

## THE DEI COUNCIL (cont'd)

In addition, that misguided sense of connection to the larger organization can lead this kind of Council into premature action, before they have fully understood the concerns, roadblocks, and issues facing their employees. They therefore risk putting great effort into the wrong activities while missing an opportunity to truly empathize with employees and have the courage to challenge when it gets uncomfortable.

At one of our client companies, this kind of Council has been instrumental in ensuring that the inclusion training conducted throughout the organization is relevant and practical. Inclusion training for all employees was one of the company's strategic pillars. The Council was used to pilot the training, and word traveled fast about the value of the program. Coming from all areas of the business, the Council members had the broad perspective needed to ensure that the instructional design and rollout were flawless.

### 3. THE JUNIOR TO MID-TIER EMPLOYEE COUNCIL

This kind of Council is typically drawn from many different backgrounds and levels and operates as a kind of internal think tank. They are a valuable "voice of the employee" and can be tasked with specific activities including providing input into new policies, conducting formal and informal surveys, and generally keeping a finger on the pulse of the organization.

**Pros:** For companies that have established clear norms around inclusive behaviors, these Council members can be powerful reinforcement mechanisms of those behaviors, given their high level of interaction with employees throughout the organization.

They are also a valuable source of accurate and early information on employee sentiment for senior leaders. Furthermore, if members are selected from volunteers (as opposed to by appointment), there is a level of passion and commitment that can't be bought or trained.

**Cons:** The greatest risk with a Junior to Mid-Tier Employee Council is that it can get disconnected from the senior leaders or from the business strategy and, paradoxically, it can become seen as the "owner" of the DEI strategy and inclusive culture. Without clear and visible senior leader support, this kind of Council can get sidelined into a "feel good" initiative that robs the Council of its ability to have real business impact. Another risk is that this kind of Council can initiate multiple well-intentioned but powerless initiatives that can create DEI fatigue in the organization, resulting in a lot of activity with little impact in the areas that truly matter. With this kind of Council in particular, a sponsor from the ELT is extremely important.

Whichever type of Council is best suited for an organization, the critical success factors are to ensure that it is aligned with business strategy, supported by the ELT, and has clear accountability for specific activities and outcomes. It must also be a support to the ELT, not a replacement for their role in the DEI strategy.



## EMPLOYEE RESOURCE GROUPS

Another key aspect of governance, particularly as it relates to creating broad engagement, is the Employee Resource Group (ERG) or Affinity Group. Organizations of all sizes now have ERGs. In fact, 90% of Fortune 500 companies have them ([TopMBA, 2021](#)). Many have evolved as grassroots networks to create safe spaces and communities for underrepresented employees. However, as organizations evolve,

there is an opportunity to be more strategic in the structure and governance of these important groups. While the community building role of ERGs is vital, there is also the potential to create upward momentum to complement purposeful and engaged senior leadership, and they can even be an incubator for inclusive leadership by encouraging allyship. Let's take each of these functions in turn.



## COMMUNITY BUILDING

ERGs can provide a safe space and sense of community and belonging for members of underrepresented communities. This is important because for those who are the "only"—the only woman, the only African-American—day-to-day life can be full of energy-draining requirements to hide aspects of themselves or behave in ways that are deemed "acceptable." The ERGs can provide a safe haven and a valuable pressure

valve for those feelings, while creating a powerful sense of belonging.

However, the ERGs can also expand what community means to a company by making connections within their demographic outside of the company. This kind of external community building can have a significant business impact by connecting the organization to new suppliers, customers, and philanthropy opportunities.



ERGs have been valuable resources for identifying places to source candidates for one of our client company's diversity recruitment initiatives. This kind of community connection can significantly accelerate the progress of these programs. In fact, the ERGs are viewed by senior leaders as one of the most important elements in their DEI strategy over the past year.

## UPWARD MOMENTUM AND GRASSROOTS COMMUNITIES

The communities that grow out of strong ERGs also create strong upward pressure on an organization to value DEI. ERGs can be an important source of education for the organization, and leadership opportunities within the ERGs can highlight high-potential talent that might otherwise have gone unnoticed. Informal

mentor relationships tend to naturally arise, as junior and senior employees interact in a forum outside of the normal hierarchy. Formal mentorship programs can also be developed to more intentionally identify and develop future leaders.



# INCUBATOR FOR INCLUSIVE LEADERSHIP

In addition to creating opportunities for underrepresented populations to step into leadership positions, ERGs offer a unique opportunity to encourage allyship from other ERG members and the dominant majority. Attending events sponsored by an ERG, or even joining one as an ally, can provide a window into other people's experiences and create the conditions for greater empathy and understanding. Empathy and the ability to take others' perspectives are at the heart of inclusive leadership, and so opportunities to increase leaders' competency in these areas can have a significant impact on cultural inclusivity.

What is critically important is that the ERGs be connected to the broader business objectives and other governance structures. This can be done in three ways: first, through an "ERG Council," or "network of networks," which includes representatives from each ERG and potentially some at-large members who don't yet have a formal ERG. The Council of ERGs can help foster collaboration and resource sharing, identify growing trends, share tactics to scale good ideas, and head off concerns that resources and attention from management might be "zero-sum" by encouraging cross-ERG partnership. Depending on the structures established within an organization, the DEI Council may play this role.

Secondly, the ERGs, through their Council, must also be supported by an executive sponsor who advocates for the ERG. When an executive sponsor does not self-identify as part of the group (e.g. a non-parent as executive sponsor of the Working Parents ERG), it provides opportunities for mutual learning. The executive sponsor is also able to connect the dots with the broader business objectives and ensure that the ERGs are clear on the business value they bring to the organization. And finally, the ERGs must be aligned with the

goals and priorities of the organization as much as possible. That said, to be of greatest value to the organization, groups led by employees, for employees should respond to employees' needs first, and they need to be welcoming of allies. In some organizations, allies are fully participating members of ERGs, while others welcome allies for some events while reserving other gatherings for members who share the group's identifying characteristics. ERGs should also be inclusive, intersectional, and welcoming to people from different teams, regions and offices, levels of seniority, gender, race and ethnicity, ability, sexual identity, and other communities.

In setting up the DEI Council and ERGs, one more important consideration is recognizing the valuable work that goes into these activities. As we've seen, participants in these governance structures gain critical access to senior leaders, benefit from mentoring opportunities, and gain high-profile leadership experience. However, it is also a risk of these structures that the onus for educating the organization falls on the shoulders of the underrepresented employees. To mitigate this concern, a few organizations are finding ways to compensate their DEI leaders, either with cash bonuses or with time allocations for this valuable work. While not a widespread practice, it is worth considering the value these activities bring to an organization and how to recognize their impact in meaningful ways.

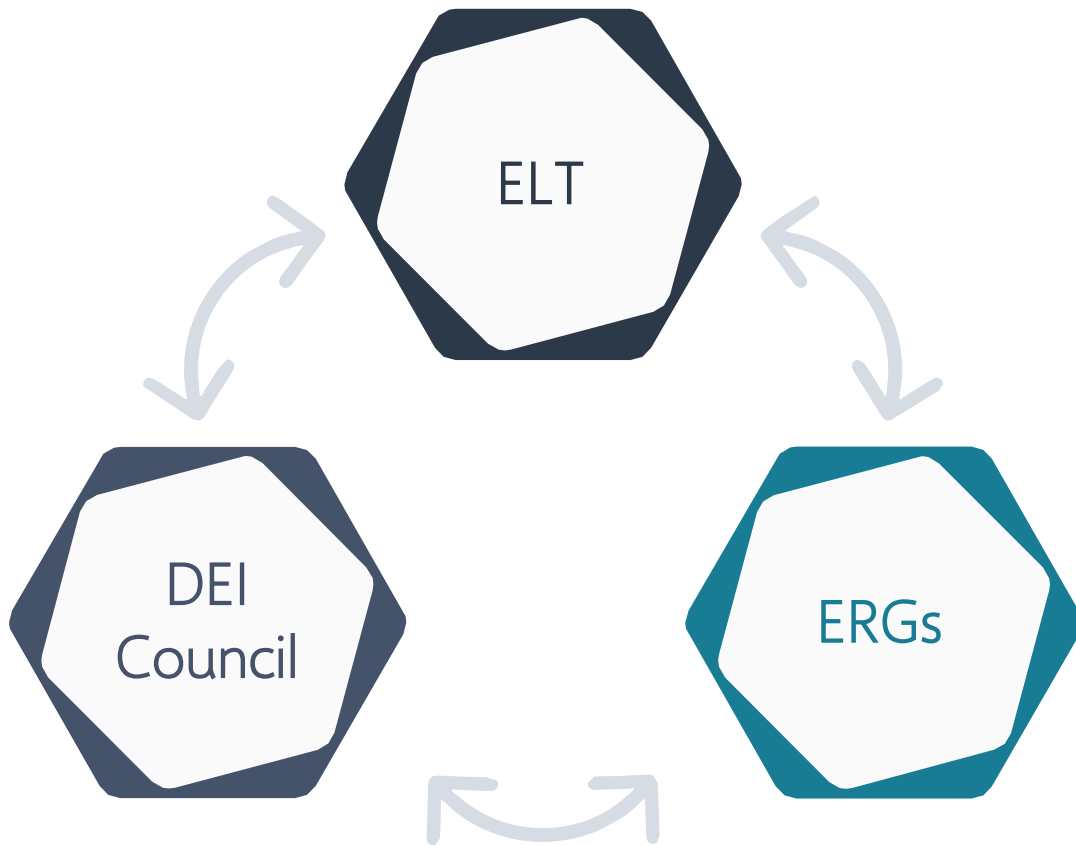


## CONCLUSION

These three elements of a DEI Strategy—the ELT, DEI Council and ERGs—all need to work in harmony to create a truly inclusive culture and achieve an organization’s diversity goals. Clear linkages among the three levels of governance allow for cross-functional learning and faster dissemination of information. A member of the ELT needs to sponsor the DEI Council, and a senior executive also needs to sponsor the ERG’s Council. This ensures buy-in to the DEI strategy and ensures it is aligned with business objectives. These linkages also accelerate learning across the organization and

create a greater sense of community and belonging among employees.

The most effective governance structures create downward, upward, and sideways pressure in order to create a “surround-sound” experience of inclusion for all employees. Linking the governance structures together creates alignment and accelerates learning. And, finally, ensuring that the DEI strategy is led by purposeful leaders who are willing to learn and confront their own blind spots creates the kind of role modelling that truly shapes a culture.



References: Fortune/Deloitte Survey; <https://www2.deloitte.com/us/en/pages/chief-executive-officer/articles/ceo-survey.html>

# CONTACTS

## Acknowledgment

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