Next Practices in
Organizational Design and
Leadership Development
for D&I

Data from multiple i4cp research studies on topics ranging from **Organizational Agility** to **Developing a Global Mindset** show that high-performance organizations know how to leverage diversity and inclusion (D&I) to drive business performance improvements.

Additional i4cp research conducted on behalf of its **Chief Diversity Officer Board** further validates this and reveals specific organizational design and leadership development practices that aid in this endeavor.

HIGH-PERFORMANCE ORGANIZATIONS ARE

2.5X MORE EFFECTIVE AT LEVERAGING DIVERSITY FOR BUSINESS OUTCOMES

46%

18%

THEY ARE ALSO 2X MORE LIKELY TO PRIORITIZE LEADERS' ABILITY TO WORK WITH DIVERSE STAKEHOLDERS

BOTH **INTERNALLY**

45%

26%

AND **EXTERNALLY**

42%

24%

■ High-performance organizations   ■ Low-performance organizations
Organizations indicating high/very high extent with 1,000 or more employees. **Source: i4cp**

Ongoing partnerships with learning and leadership development functions are required to produce leaders who are collaborative, inclusive, and who understand diverse customer and market needs. Also required are close ties with business units to stay abreast of goals that D&I can support with market and talent insights.

Leaders from these high-performance organizations are **1.5-2X** more effective on **all 10 of the D&I-related leadership qualities** queried on in this study **(pg. 4)**.

STUDY FINDINGS

Mirror D&I efforts to key internal and external business challenges

D&I should regularly collaborate with customer-facing functions

D&I should share reporting lines with learning and leadership development

Four practices are essential to incorporating D&I into leadership development:

1. **Weave D&I content throughout the leadership development curriculum**
2. **Tap internal resources for content development, vetting, and delivery**
3. **Incorporate ERGs into the development experience**
4. **Track the impact of D&I-related training on leadership behaviors**

i4cp
INSTITUTE FOR CORPORATE PRODUCTIVITY

Mirror D&I efforts to key internal and external business challenges

High-performance organizations (HPOs) seek to align with the demographics of their key markets and customer segments. This enables them to leverage competitive insights and work more effectively with partners and customers in global or niche markets. They also recognize the need for leaders who are more adept at collaborating with and influencing an increasingly diverse workforce, as well as encouraging diverse perspective in order to develop more innovative and relevant solutions geared to a globalized business environment.

## TOP 5 EXTERNAL CHALLENGES FOR HIGH-PERFORMANCE ORGANIZATIONS:

1. Diverse customer demographics
2. Competitive environment that requires greater innovation
3. Entering new markets
4. Competitive global economy
5. Diverse partners/suppliers

HPOs start D&I-related leadership training earlier, have broader definitions of who is considered a leader, and provide more experiential opportunities as leaders progress. Early development focuses on fair and equitable treatment, utilizing cost effective experiential opportunities such as simulations or games and ERG participation. Later development is more strategy focused and draws on more resource intensive experiences such as coaching and mentoring.

TOP 5 INTERNAL CHALLENGES FOR HIGH-PERFORMANCE ORGANIZATIONS:

1. Increasingly diverse employee base
2. Cross-cultural/regional work teams
3. Need to increase creativity and innovation
4. Need to increase organizational agility
5. (TIE) Need to open channels for sharing information (&) Employee demand for diversity among leadership

HPOs ARE MORE LIKELY TO INCLUDE **ANY EMPLOYEE WITH LEADERSHIP RESPONSIBILITIES** IN TRAINING TO DEVELOP SKILLS WORKING WITH DIVERSE STAKEHOLDERS

- 45%
- 27%
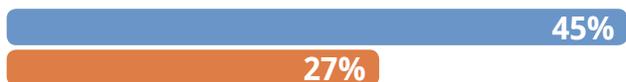
HPOs ARE ALSO MORE LIKELY TO DEVELOP AT **EVERY LEADERSHIP LEVEL** AND **7%** INCLUDE **NON-EMPLOYEE CONTRACTORS** WITH LEADERSHIP RESPONSIBILITIES

D&I should regularly collaborate with customer-facing functions

To effectively identify opportunities to leverage diversity, D&I must have strong ties with business units to stay abreast of their challenges, opportunities, and goals. Regular collaboration between customer-facing functions and D&I provides opportunity to overcome challenges related to diverse customer demographics, the competitive environment, and entering new markets. This interaction should be a two-way street that helps to build relationships with diverse stakeholders both internally and externally.

COLLABORATION BETWEEN D&I AND CUSTOMER-FACING FUNCTIONS HAS STRONG TIES TO BOTH **MARKET PERFORMANCE** AND **ABILITY TO LEVERAGE DIVERSITY**

Customer support/services
- 49%   81%
- 31%

Marketing
- 38%   60%
- 15%

Field services/operations
- 38%   60%
- 23%

Sales
- 32%   55%
- 15%

Product/services development
- 31%   52%
- 27%

- Highly effective at leveraging diversity
- High-performance organizations
- Low-performance organizations

Organizations that effectively leverage diversity are **3-4X** more likely to consult with these groups to gain customer insights

Organizations indicating high/very high extent with 1,000 or more employees. **Source: i4cp**

D&I should share reporting lines with learning and leadership development

Partnering with learning and leadership development improves the effectiveness of D&I at producing leaders who can leverage diversity to impact market performance. Likewise, having those functions share reporting lines—**typically reporting to the head of HR**—also has a positive impact, while independent reporting has a negative relationship.

In short, organizations that want leaders who are effective at leveraging diversity for business results maintain close ties between these functions. It keeps relevant D&I-related content flowing into the leadership development curriculum, produces more effective coaching and mentoring assignments, and allows for varied opportunities to tie developmental experiences and other experiential learning to business goals.

1/2
OF D&I FUNCTIONS REGULARLY PARTNER WITH LEARNING AND LEADERSHIP DEVELOPMENT

AND

1/2
OF ORGANIZATIONS HAVE BOTH FUNCTIONS REPORT TO THE **HEAD OF HR**

Four practices are essential to incorporating D&I into leadership development

How D&I-related content is included in leadership development has a big impact on its effectiveness. HPOs combine interwoven content with specific, scaled up experiential opportunities as leaders progress. They are more likely to view internally developed materials as effective, though this is usually blended with external content that has been shaped by internal diversity stakeholders to make it relevant to the organization's specific business challenges. Employee resource groups (ERGs) are often tapped to create, vet, and present content, as well as to support programs such as cross-cultural/generation mentoring, developing leaders as teachers, or facilitating contact with external groups. Most of all, HPOs measure the impact of training to ensure it's having the desired outcome on leadership behaviors.

HPOs ARE ALSO MORE EFFECTIVE AT PROVIDING **EXPERIENTIAL OPPORTUNITIES** SUCH AS **COACHING OR MENTORING**, **PARTICIPATION IN ERGs**, AND **EXPERIENTIAL/ACTION LEARNING**
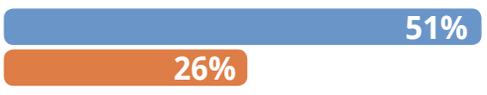
- 33%
- 23%
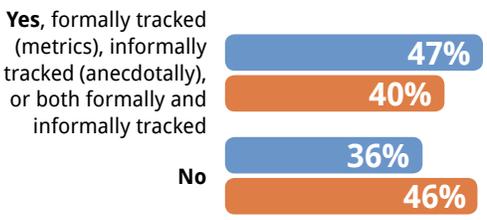
HIGH-PERFORMANCE ORGANIZATIONS:

60% WEAVE D&I CONTENT INTO THE LEADERSHIP DEVELOPMENT CURRICULUM

30% HAVE A SPECIFIC CURRICULUM DEDICATED TO D&I

ARE
2X MORE LIKELY TO VIEW **INTERNALLY DEVELOPED MATERIALS** AS EFFECTIVE

- 51%
- 26%

AND ARE
MORE LIKELY TO **MEASURE IMPACT** OF D&I-RELATED TRAINING ON LEADERS

Yes, formally tracked (metrics), informally tracked (anecdotally), or both formally and informally tracked
- 47%
- 40%

No
- 36%
- 46%

■ High-performance organizations
■ Low-performance organizations

Organizations indicating high/very high extent with 1,000 or more employees.
Source: i4cp

Recommendations

1. Draw on internal resources for content creation, vetting, and presentation

HPOs rate internal content as more effective, predominately because internal resources come with familiar context and are immediate applicable to the everyday work environment. Too often D&I training is event based, and even impactful content fades if it's not easily ingrained into how work gets done on a daily basis. Ideally, internal content will build networks to expertise and perspectives that reside outside of the D&I function, and will include diverse stakeholders from regional offices.

2. Don't wait for an invitation—work with customer-facing functions now!

Beyond quarterly or monthly meetings between D&I and customer-facing department heads, make sure that lines of communication are a two-way open channel. D&I functions should actively push ideas to capitalize on diverse markets or customer segments. Make ERGs aware of goals they can impact and encourage them to build outreach opportunities into their annual business plans.

3. Incorporate ERG participation into leadership development plans

While coaching/mentoring is a popular and effective way to engage leaders, it's often too resource intensive to use at lower leadership levels. Participation in ERGs is an inexpensive yet highly effective way for leaders to gain insight into diversity issues that will also foster collaboration and network development.

4. Make D&I a foundational element in strategy planning and implementation

Easily accessed insights from diverse stakeholders are too often tapped after the fact. By training leaders to consider D&I early in the development stage of an initiative, market missteps can be avoided and additional opportunities for market capitalization can be identified. This should be an essential consideration for any segmented outreach.

## LEADERS IN HIGH-PERFORMANCE ORGANIZATIONS ARE 1.5-2X MORE EFFECTIVE AT THE FOLLOWING

Establishing productive relationships with people from other cultures, countries, races, and backgrounds
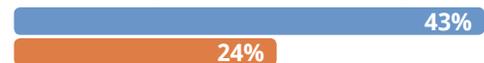- 48%
- 24%

Being role models and advocates for inclusivity within their teams or spheres of control
- 47%
- 24%

Advocating for changes that will make the organization more inclusive
- 43%
- 24%
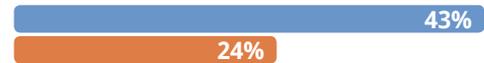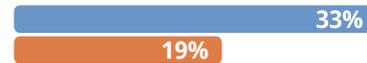
Increasing the variety of ideas and perspectives in the workplace by proactively seeking, recruiting, and developing people from varied backgrounds
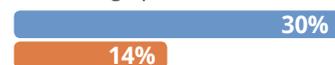- 43%
- 24%

Identifying opportunities to leverage diverse stakeholders for business impact
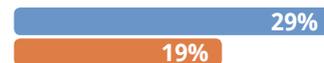- 32%
- 24%

Leveraging diverse employee resources and groups for measurable business impact
- 33%
- 19%

Communicating clearly across cultural, regional, and demographic boundaries
- 30%
- 14%

Identifying and addressing their own conscious and unconscious biases
- 29%
- 19%

Knowledge of diverse stakeholders primary language
- 29%
- 14%

Identifying and addressing conscious and unconscious biases in others
- 26%
- 10%

● High-performance organizations
● Low-performance organizations

Organizations indicating high/very high extent with 1,000 or more employees.
Source: i4cp

i4cp

Peers. Research. Tools. Data.

i4cp discovers the people practices that drive high performance.

Learn more at **i4cp.com/solutions**