First Step: Diversity Councils

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Diversity councils are popular vehicles for creating organizational change and help provide focus to Diversity and Inclusion (D&I) initiatives. D&I initiatives are intended to increase the demographic diversity of employee populations and/or to leverage such diversity to improve organizational performance.¹ Diversity councils, as part of a strategic diversity management plan, are an inclusive and effective mechanism for managing these changes.

A diversity council is a group of employees, including senior leaders or executives, that acts on behalf of the company to jump-start and manage D&I progress. While diversity councils do have the power to shape and modify organizational culture, they—of course—do not immediately solve all problems related to diversity and inclusion.²
To succeed, all councils, regardless of their size, require a formula or recipe with the following prime ingredients:

- Support from senior leadership.
- The ability to link the organization’s diversity strategy with the overall business strategy, and emphasize the importance of diversity in and to the organization.\(^3\)
- Diverse representation.
- Metrics to measure progress.
- Consistent communication of goals and efforts.
- A long-term strategy.

**COMMON TERMS TO KNOW**

*Note: Different cultures use different terms, and which terms are preferable varies among cultures and communities.*

- **Advisory Board**: Unlike the members of a board of directors, an advisory board’s members have no fiduciary responsibility to the company or its stakeholders and serve in more of a mentorship capacity.\(^4\)

- **Council Charter**: A council charter outlines the diversity council’s vision, mission, objectives, leadership assignments, membership criteria and responsibilities, and operational procedures.

- **Diversity Council**: A diversity council serves as an advisory board to an organization, and is made up of employees and/or external experts who “lead, advocate for, coordinate, inform, and/or monitor the Strategic Diversity Management process.”\(^5\)

- **Executive Diversity Council**: Membership for this type of diversity council consists of leaders representing all business functions of the enterprise and is usually led by the chairman or CEO and chief diversity officer. This team is responsible for developing a company’s overall integrated diversity strategy.\(^6\)

- **Employee Resource Groups**: ERGs are voluntary, employee-led groups that can have a few members or a few thousand.\(^7\) Diversity councils and employee resource groups often collaborate when the group’s leadership works as a council to oversee ground-level network activities.

- **Local Diversity Council**: Usually led by a general manager who reports to the executive diversity council, local councils focus specifically on locally or regionally implemented programs and participate as sub-teams to ensure visibility in program implementation.\(^8\)
SUPPORT FROM THE TOP IS CRITICAL

Senior leadership support is vital for diversity council success; without it, councils are unlikely to achieve their goals. While composition of diversity councils can vary from council to council, engagement from senior-level management—ideally the CEO—is necessary if councils are to fulfill their mandate. When CEO leadership is not possible, other senior executives should lead and participate on the team. Top leadership involvement is not just good common sense—it’s essential to a council’s functioning. Because diversity councils are responsible for and accountable to top executive teams, senior leaders play a critical role in providing direction with respect to the council’s mission, strategy, and deliverables.

STRATEGIES MUST LINK TO OVERALL BUSINESS STRATEGY

Councils must clearly link the organization’s diversity strategy with the overall business strategy to emphasize the importance of diversity in and to the organization. Kaiser Permanente, a 2011 Catalyst Award winner, launched its National Diversity Agenda to make diversity and inclusion central to the organization’s competitive advantage and its ability to deliver culturally competent health care to its members. Kaiser Permanente’s initiative includes a National Diversity Council to oversee implementation of the Agenda and provide strategic direction for the Agenda through the development of national policy and initiative proposals.

It is not enough for an organization to say, “We should look more diverse because customers like that.” Rather, it’s important to ask, “How can we better reflect our diverse customer base, thus providing them with better service, care, and products?”

At Kaiser Permanente, the Agenda helps inform how culturally competent care is delivered to members through a skilled, engaged, highly diverse workforce that mirrors the member base.

DIVERSE REPRESENTATION ON COUNCILS WORKS BEST

Many diversity councils are designed to address gaps in representation or inclusion for specific demographic groups, including women, racially/ethnically diverse individuals, and people with disabilities. Other councils address diversity and inclusion more broadly and consider every member to represent some aspect of diversity. In the latter case, dimensions of diversity may include organizational role or level, educational background, communication or management style, geographic location, and demographic group. Tapping a cross-section of thought leaders who represent the full breadth of functional expertise can help an organization clarify the meaning of D&I and its importance to the organization’s overall culture and business strategy.

A diversity council’s members should mirror the diversity within the organization. Councils should be composed of individuals of different genders, generations, departments, and/or other dimensions of diversity. Leaders of employee resource groups may also be part of the council. Councils may include individuals with diversity
expertise who do not work for the organization; these outsiders can provide expertise or offer a customer’s perspective in council discussions.\textsuperscript{17}

**USE METRICS TO MEASURE PROGRESS**

Once launched, councils have the opportunity and responsibility to measure progress and change through HR metrics. Over an extended period of time, these comparisons will indicate change in representation, attrition, engagement, and other statistics, and provide a better picture of where the company is in its diversity journey at a particular point in time. Local councils have the ability to track metrics around recruitment and retention, employee satisfaction, mentoring programs, training, career development, communications, and staff diversity.\textsuperscript{18}

Regardless of a company’s size or physical location, diversity councils are most effective when the company’s need for a council is determined by its employees. Employee surveys and informal conversations can supplement HR metrics, business climate assessments, and focus group data that may be helpful in determining how best to address inclusion issues.\textsuperscript{19}

**PROVIDE CONSISTENT COMMUNICATION**

Once data is collected and accurately analyzed, employees should be notified about the results and/or plan of action based on the findings. Employees may be reluctant to express their opinions and voice concerns via focus groups and employee surveys if they don’t think their participation matters or contributes to the future strategy.

When change or inclusion initiatives are communicated regularly and transparently, employees are more likely to lend their support to the efforts. This demonstration of procedural fairness leads to positive experiences among the staff and benefits the organization’s bottom line.\textsuperscript{20} Thus, diversity councils should be mindful of the need to communicate not just upward, to executives, but across their organizations as well. Although open and honest communication should be endorsed and practiced everywhere, traditions and cultural differences must be considered when implementing and measuring progress. Likewise, communication about gender-specific initiatives should be inclusive of both women and men, because the “use of labels such as ‘women’s initiative’ to reference gender inclusion change efforts can unwittingly convey that men are not stakeholders in the change.”\textsuperscript{21}

**SUSTAINABILITY COMES FROM A LONG-TERM STRATEGIC APPROACH**

While often initiated to raise awareness of diversity issues or improve an organization’s inclusiveness, councils may also be created in reaction to a specific issue, such as concern about turnover among underrepresented groups, or a lawsuit. Once the need is acknowledged and the initiative is proposed, the real work begins. A successful diversity council initiative cannot be accomplished as part of an executive’s annual goals. Success is not measured by the launch, but by the continuous evolution of membership, demographics, and strategies.

In 2003, Sodexo established the Diversity Leadership Council (DLC), chaired by the CEO. The council consists of seven internal C-suite executives charged with providing leadership and guidance regarding maintaining progress on Sodexo’s diversity and
inclusion strategy. In 2008, Sodexo replaced the individual diversity councils, established in 2003 in each market, with the Cross Market Diversity Council (CMDC), which reports to the DLC on a quarterly basis to ensure that regions act in alignment with corporate plans. Members of the CMDC chair six regional CMDC councils and serve as “eyes, ears, and hands” to further the company’s diversity strategy.22

Diversity councils can easily be adapted to different regions and cultures because they are designed around the diversity and inclusion needs of a particular geography or office. Depending on the organization’s structure and overarching D&I strategy, local councils may be an important communication and implementation tool for assisting the executive diversity council in its work. For organizations that are highly dispersed and have multiple locations, such councils can ensure the success of a company’s diversity strategy by customizing it appropriately to fit local realities.

The next generation of diversity councils will focus not just on the who, but also on the where. Councils should be designed around a life cycle rather than an end-game strategy.

PRACTICES

**The Chubb Corporation—Reach Up, Reach Out, and Reach Down**
2006 Catalyst Award-winning initiative
This initiative is facilitated by a rigorous talent management system, including high-potential identification programs; an array of learning and development offerings; and powerful Employee Resource Groups, including the Minority Development Council, Women’s Development Council, Gay and Lesbian Network, and Asian-American Business Network. These groups identify external business opportunities, serve as mentoring/networking groups, act as a leadership development training ground, and regularly communicate with senior leadership and Chubb’s Board of Directors.23

**Commonwealth Bank of Australia—Opening the Door for Gender Diversity**
2012 Catalyst Award-winning initiative
To ensure that company leaders are held accountable for diversity progress, the CEO serves as Chair of CBA’s Diversity Council, which comprises the Executive Committee. Senior leaders are measured on diversity-related goals and performance indicators that are tied to bonus compensation.24

**HSBC – North America—Valuing Diversity Champions: Diversity Ambassador Awards Program**
Diversity Ambassadors are recognized for a variety of diversity efforts, including establishing a local diversity council, rolling out events in a business unit and community, and focusing on the visibility of the LGBT employee population.25

**Kaiser Permanente—Achieving Our Mission and Growing the Business Through the National Diversity Agenda**
2011 Catalyst Award-winning initiative
The company established a National Diversity Council (NDC) to oversee implementation of its National Diversity Agenda and advise senior leadership on policy issues. The NDC also provides strategic direction for the Agenda through the development of national policy and initiative proposals. The National Diversity Department is responsible for day-to-day operations to support Agenda implementation. It develops metrics, resources, and tools; conducts trainings; and collects data to track progress on Agenda objectives.²⁶

**KPMG—Great Place to Build a Career**

2009 Catalyst Award-winning initiative

In 2003, KPMG created the Women's Advisory Board (WAB), composed of women and men partners, to develop firm-wide initiatives to improve the retention and advancement of women. Modeled after the WAB, the Diversity Advisory Board (DAB) launched five national Diversity Networks (the African-American Network, the Asian Pacific Islander Network, the Disabilities Network, the Hispanic/Latino Network, and pride@kpmg, the LGBT network) to provide forums for partners and employees to connect with peers, meet mentors, learn valuable skills, and share career experiences and insights. Reporting directly to the Chairman’s office, the WAB and DAB provide a unified framework for diversity initiatives.²⁷

**Sodexo—Making Every Day Count: Driving Business Success Through the Employee Experience**

2012 Catalyst Award-winning initiative

This is a systemic strategy to provide the tools, resources, and support necessary to ensure the success of all employees, including women. The initiative focuses on Sodexo’s more than 15,000 salaried employees working at 6,000 client sites and offices throughout the United States. Additionally, CEO George Chavel chairs the Diversity Leadership Council and reports on the company’s diversity progress to an external diversity and inclusion Board of Advisors.²⁸

**Telstra Corporation Limited—Next Generation Gender Diversity: Accelerating Change for Women Leaders**

2010 Catalyst Award-winning initiative

Since 2005, Telstra’s gender diversity strategy has evolved from siloed efforts into a company-wide initiative that supports women and other priority groups, including Indigenous peoples and LGBT employees. To achieve its goals, Telstra formed a diversity council, followed by seven diversity task forces, including one on gender, to strategically implement organization-wide D&I processes and programs.²⁹

**Toronto Dominion Bank Group—Creating Leaders and Unlocking Human Potential: LGBT Inclusion at TD**

Through its Diversity Office and Diversity Leadership Council, comprised of senior business leaders across TD who drive enterprise-wide diversity initiatives and work with businesses to embed diversity and inclusion in everyday practices and programs, TD sets strategies and communicates
frequently about the importance of diversity and inclusion for all employees.30

Additional Information

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Sources

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4 Mary Crane, “How to Set up an Advisory Board” Forbes (May 3, 2007).
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