

2002 CATALYST MEMBER BENCHMARKING SURVEY

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INTRODUCTION

Whether your organization is just starting to develop a diversity initiative or has already won awards for excellence in the field, the *2002 Catalyst Member Benchmarking Survey* will help you gauge where you are and where you need to go. We have undertaken it in the hope that Catalyst members and Award winners will inspire you to meet the highest standards.

In 2001, Catalyst introduced the first annual *Catalyst Member Benchmarking Survey*. By focusing on one or two different issues each year, the survey provides insight into the types of approaches participants are using to move their diversity efforts forward, with a particular focus on how the status of women is affected by these efforts over time. By collecting representation data not otherwise available, the *Benchmarking Survey* provides a tool for measuring change. In so doing, it serves as an important supplement to Catalyst's landmark *Censuses of Women Board Directors* and *Women Corporate Officers and Top Earners* for the US and Canada.

The first *Catalyst Member Benchmarking Survey*, in which 106 Catalyst member companies and firms participated, established that participants approach diversity as a strategic business issue rather than one of legal compliance, and that many were making significant investments in diversity. Participants were found to offer a wide range of programs, with diversity training and work/life benefits being the most prevalent. Accountability was also important: two-thirds of respondents reported holding their managers accountable for diversity through either performance ratings or compensation. Finally, participants overwhelmingly agreed that senior leadership commitment was the critical element to drive change.

The Catalyst Benchmarking Survey is offered annually to Catalyst member organizations only. Participants are drawn from the Fortune 1000, leading professional firms, and global companies headquartered outside the U.S. All survey participants receive a customized report with their data compared to that of total respondents, their industry group, and Catalyst Award Winners. A summary of key findings is published annually, with the data reported in aggregate and for Catalyst Award Winners as a group.

In response to the 2001 findings, Catalyst member companies and firms expressed strong interest in learning more about the types of investments companies are making in diversity, how they are organizing their efforts, and how they are tracking their results. Thus, the *2002 Catalyst Member Benchmarking Survey* was designed to build on the initial findings and to explore the following two issues in greater depth:

- What **resources** are companies investing in diversity activities, and how is the diversity function organized? What resources or support do participants feel they need to move forward more effectively?
- How are companies using **measurement and accountability** systems to drive change?

The 2002 survey also continues to benchmark executive and partner representation by gender and race/ethnicity. Two other types of data were collected as well, which are shared in the customized reports to participants only: 1) recruitment results in the managerial and professional ranks by gender and race/ethnicity, and 2) voluntary attrition among executives and partners by gender and race/ethnicity.

2002 Catalyst Member Benchmarking Survey: Highlights

A total of 117 companies and firms—including 26 Catalyst Award winners—participated in the survey. Their responses suggest that diversity is treated as an important tool for strategic people management at participating companies and firms. The findings also demonstrate the overwhelming importance of leadership support for driving change. Virtually all respondents have invested in diversity—directly, through a centralized office with a substantial budget, and indirectly, through the formation of diversity councils or committees comprised of leaders and managers. In addition, not only do the vast majority of participants track diversity metrics, but they also report these metrics regularly to senior leadership. Most respondents also tie diversity objectives to performance evaluations, giving managers a high-impact way to emphasize

the importance of diversity. Finally, the consistent focus of influential leaders and managers, supported by expert staff deployed in a variety of ways, are critical levers to drive long-term change.

Catalyst began awarding companies for their initiatives to advance women in 1987. Applicants for the Catalyst Award undergo a rigorous screening process that includes site visits and must demonstrate that their approaches have proven results.

Profile of Respondents

In November 2002, Catalyst e-mailed surveys to 268 member companies and firms. We received 117 completed surveys—from 103 corporations and 14 professional services firms—for a 44 percent response rate. Sixty-two percent of respondents are Fortune 1000 companies. Slightly over twenty percent of respondents (26) have won the Catalyst Award for their efforts to advance women to leadership positions. A list of all respondents who agreed to be recognized publicly is on page 14 of this report. All data from participants are confidential, and no findings can be attributed to any specific company or firm.

Breakdown of Participating Organizations		Total
Total Participants		117
Total Corporations		103
Total Firms		14
Total Catalyst Awards Winners		26 (23 Corporations and 3 Firms)
Breakdown of Corporations		
Size:	Fortune 1-200	48
	Fortune 201-400	20
	Fortune 401-1000	6
Geography:	US	81
	Canada	9
	Europe	12
	Asia	1
Breakdown of Firms		
Geography:	US	12
	Canada	2
Type of Firm:	Accounting	5
	Law	6
	Other Professional Services	3

KEY FINDINGS

Resources and Organization

- *What resources or support do participants feel they need to move forward more effectively?*
- *What resources are companies investing in diversity activities and how is the function organized?*

More collaboration with line managers/partners and increased senior leadership commitment are the most critical needs for fully implementing diversity strategies. When asked what they needed to implement their organizations' diversity strategies more fully, 22 percent of respondents ranked the following needs first: "more collaboration with line managers/partners" and "increased senior leadership commitment." This finding demonstrates the overwhelming importance of commitment by influential leaders and managers for driving change of any kind. Participants also cited the need for more resources—both financial and staff—and a stronger business case as important, but gave these items lower priority.

What do you need to more fully implement your organization's diversity strategy?	
	Ranked #1
More collaboration with line managers/partners	22%
Increased senior leadership commitment	22
More financial resources	16
A more compelling business case	13
More staff	9
More knowledge about best practices	8
More support from HR generalists	3

Catalyst Award-winning organizations are more likely to position the top diversity officer in a more senior role, which increases both the symbolic value and likely effectiveness of the role. Over 80 percent of all participants have at least one full-time person who is responsible for overseeing diversity. Diversity officers at Catalyst Award-winning corporations typically have more senior-level titles than do diversity officers at non-winning corporations. The most common titles for the most senior diversity staff position at non-Award-winning corporations are Director (in 28 percent of participants) and Vice President (in 27 percent of participants). In comparison, 45 percent of participating Catalyst Award-winning corporations designate their senior diversity officers as Vice Presidents.

At participating firms, titles for the most senior diversity officers vary greatly. The following titles are all used with essentially the same frequency: manager, director/senior director, area partner, managing

partner, and chief diversity officer. Catalyst Award-winning firms reported the highest titles: managing partner, area partner, and chief diversity officer.

In 58 percent of all participating corporations, the senior diversity staff member reports to the corporate head of Human Resources. In 30 percent of non-Award-winning firms, and all three Catalyst Award-winning firms, the most senior diversity person reports to the managing partner of the firm.

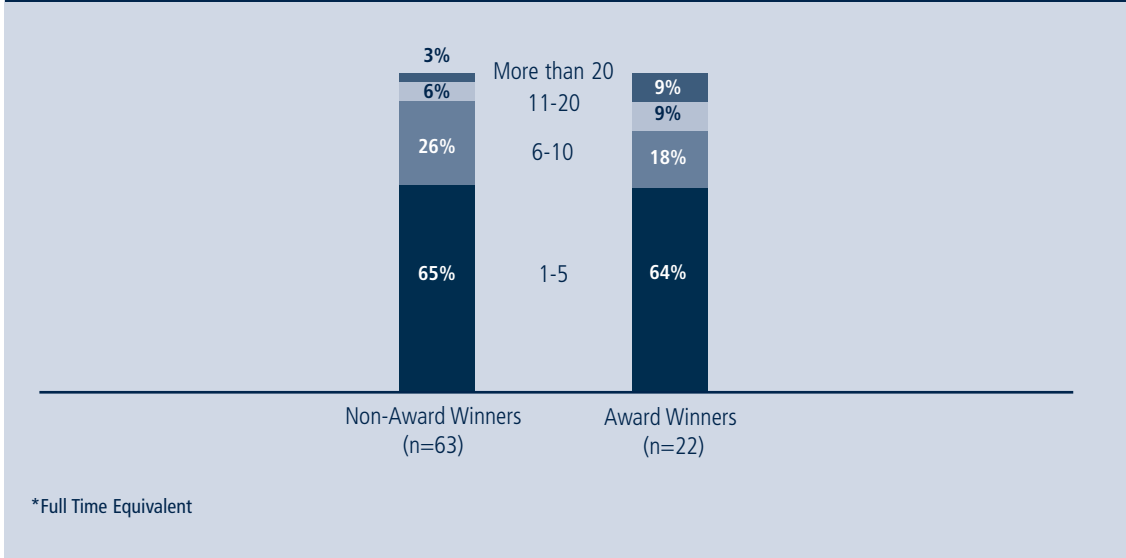
Catalyst Award-winning organizations are more likely to deploy diversity staff in multiple ways, suggesting that multiple approaches reinforce each other and increase the likelihood of change. The vast majority of all participating organizations have diversity staff at the corporate center. About two-thirds of Catalyst Award-winning organizations position diversity staff using two or more methods, e.g., centralized teams; geographic or service area teams; and teams devoted to specific aspects of diversity, such as gender, race, or work/life. In contrast, only 46 percent of non-Award-winning participants structure their diversity functions using a combination of two or more methods.

How does your organization structure its diversity function?				
	Central Corporate Diversity Team	Decentralized Teams within Business Units	Separate Corporate Teams on Specific Aspects of Diversity	A Combination of Two or More Approaches
Non-Award Winners (n=92)	84%	45%	25%	46%
Catalyst Award Winners (n=25)	92	60	36	64

Participating firms are even less likely to deploy staff in multiple ways compared to all respondents; only 1 in 11 non-Award-winning firms uses a combination of two or more of the above approaches.

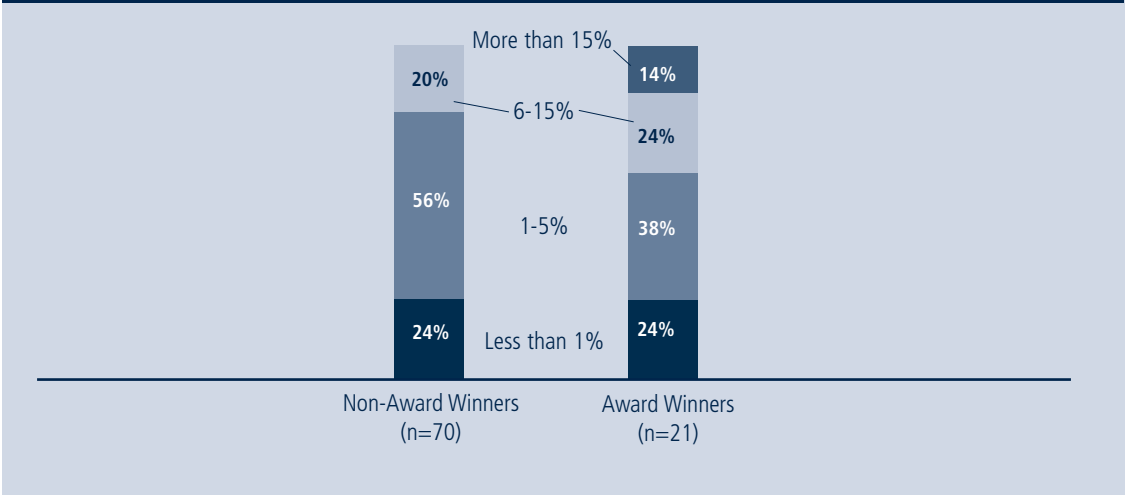
Most diversity staffs are small. The average size of the diversity staff among participating organizations is five people (on a full-time equivalent basis), in addition to the senior diversity officer. Although Catalyst Award winners are somewhat more likely to have diversity teams of more than ten people, they are as likely as non-winners to have a staff of five or fewer diversity professionals, suggesting that it is the effectiveness of the staff and how it is leveraged—rather than its size—that drives results.

How Many Employees* in the Diversity Function Are on the Team Led by the Most Senior Diversity Staff Member?



Diversity budgets for all participants are most likely to represent one to five percent of the total Human Resources budget; Catalyst Award winners tend to invest more. Over half of non-Award-winning organizations have diversity budgets that range between one and five percent of their total HR budgets. In comparison, Catalyst Award winners are more likely to invest a higher proportion of their HR budgets in diversity.

What Proportion of Your Total HR Budget Does the Diversity Budget Represent?



The most common diversity budget range across all participating organizations was \$100,000 to \$500,000 (reported by 27 percent of total participants); the next most common range was \$500,000 to \$1,000,000 (reported by 19 percent of all participants).

Internal diversity steering committees or councils are widely used; Catalyst Award winners, in particular, use them extensively. External advisory councils are less prevalent. Internal councils and committees can leverage the organization’s diversity staff as well as broaden the participation and ownership of leaders and managers. Eighty-three percent of all non-Award-winning participants and 88 percent of Catalyst Award winners have internal steering committees or councils in addition to their diversity staff. Non-Award-winning organizations have a median of three such councils, while Catalyst Award winners have a median of nine. The Award winners’ extensive use of councils—coupled with their deployment of staff in multiple ways—are key methods for building broad-based ownership, which is a critical lever to drive culture change.

Twenty percent of Catalyst Award winners also have an external advisory council, as do 16 percent of non-Award-winning corporations and firms.

Measurement & Accountability Systems

■ *How are companies using measurement and accountability systems to drive change?*

Most respondents track diversity metrics for gender and race/ethnicity. The basic diversity metrics are: (1) representation by level, (2) recruitment, (3) attrition, and (4) promotion. The vast majority of respondents track all four of these metrics for both gender and race/ethnicity. In addition, over half of respondents track employee survey results and participation in leadership training programs by gender and race/ethnicity.

Does your organization track any of the following types of data for specific populations?			
	Gender	Race/Ethnicity	Nationality
Representation by Level	97%	94%	12%
Recruitment	94	94	12
Attrition	90	88	11
Promotion	89	88	10
Employee Survey Results	59	54	6
Participation in Leadership Training Programs	60	56	11

Diversity metrics are regularly reported to senior leaders, including the CEO or Managing Partner. Not only do the vast majority of respondents track diversity metrics, they also report their findings to senior leadership. Representation by level is the most commonly reported metric. Over one-half of respondents report on representation to the Board of Directors or Firm Management Committee. Representation data are even more likely to be reviewed by the CEO/Managing Partner and Business Unit

Head/Line-of-Business Partner. Recruitment, attrition, and promotion data are also widely reviewed, with roughly two-thirds of respondents reporting on these numbers to both the CEO/Managing Partner and to the Business Head/Line-of-Business Partner. Over one-third of respondents also report these data to the Board of Directors/Firm Management Committee.

Who reviews progress on these metrics?				
	Board of Directors/ Firm Management Committee	CEO or Direct Reports/Managing Partner	Business Heads/ Area or LOB Partner	Other Managers/ Partners
Representation by Level	55%	86%	75%	54%
Recruitment	39	72	72	53
Attrition	35	66	63	49
Promotion	38	66	65	48
Employee Survey Results	27	50	49	41
Participation in Leadership Training Programs	15	43	43	36

Roughly one-half of respondents report diversity metrics to the Board of Directors/Management Committee once a year. However, internal reviews are more frequent, with over one-half of respondents reporting on a quarterly basis to the CEO/Managing Partner or to the Business Head/Line-of-Business Partner.

How often are diversity data reviewed by each of the following audiences?				
	Board of Directors/ Firm Management Committee	CEO or Direct Reports/Managing Partner	Business Heads/ Area or LOB Partner	Other Managers/ Partners
Annually	53%	40%	29%	21%
Quarterly	9	55	56	32
Monthly	1	11	16	17

Linking compensation to diversity performance is not a widespread practice. In 58 percent of all participating organizations, there is no direct link between diversity performance and compensation. Where a link does exist, it is most commonly to variable compensation. Twenty-five percent of participants tie executive or partner variable compensation to diversity. Another 14 percent of participating corporations do so for their managers' variable compensation; no participating firms do. Catalyst Award winners' responses regarding diversity performance and compensation closely mirrored those of all respondents.

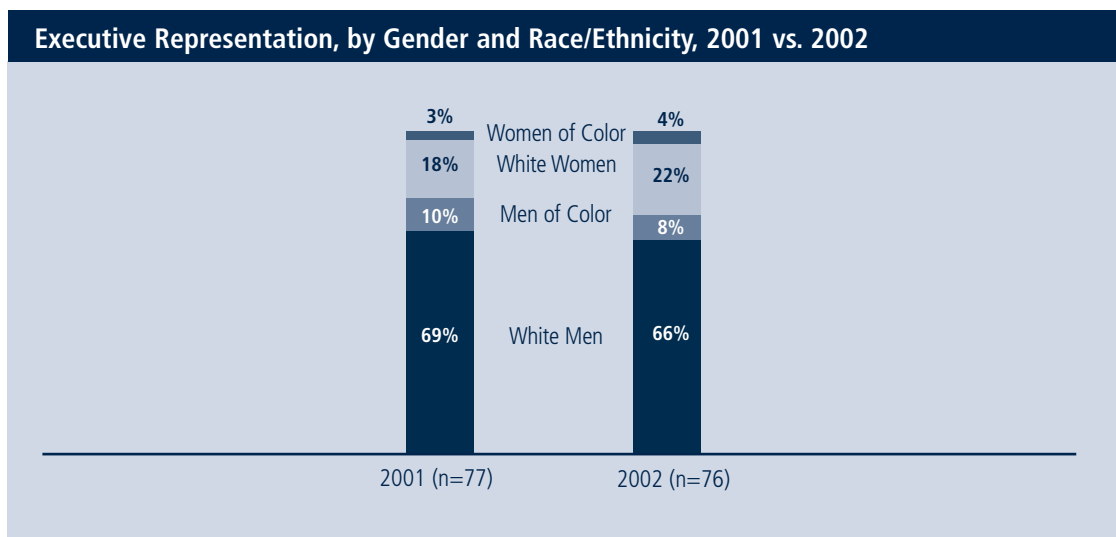
The majority of respondents create accountability for diversity through leadership competencies and performance goals. Sixty-four percent of all non-Award-winning corporations and over 80 percent of Catalyst Award-winning corporations include skills related to managing diversity in their leadership competencies. Twenty-seven percent of non-Award-winning firms now include skills related to managing diversity in their leadership competencies, and 27 percent report that they are developing such competencies. Two out of the three Award-winning firms include diversity management skills in their leadership competencies. In addition, 52 percent of all respondents include specific objectives regarding the recruitment, retention, and advancement of a diverse workforce in their managers' annual performance goals.

BENCHMARKING DATA ON KEY METRICS

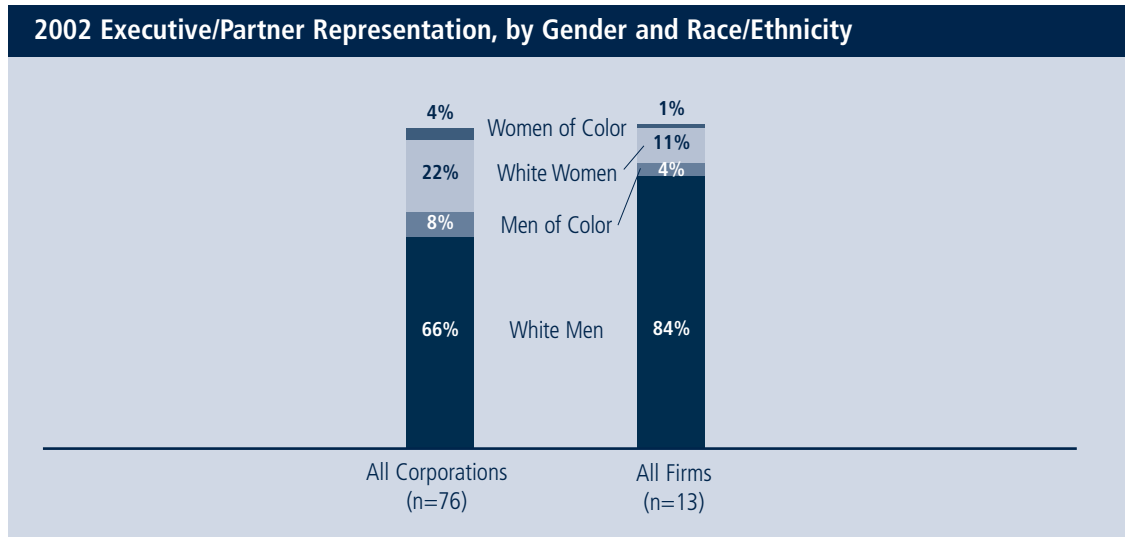
In the 2002 Member Benchmarking Survey, Catalyst also collected workforce statistics on several key metrics: recruitment results, executive/partner representation, and executive/partner voluntary attrition—all by gender and race/ethnicity. Note that not all respondents provided these data.

Catalyst collects representation data on the executive and partnership ranks because these data are not available elsewhere and are necessary for organizations to gauge their progress in light of the progress others are making. While the participants in this voluntary survey will vary from year to year, the samples in both 2001 and 2002 are representative of the Fortune 500 as a whole, with approximately 15 percent of the Fortune 500 and 25 percent of the Fortune 200 participating in both years. In addition, 42 percent of the non-U.S.-headquarters organizations that participated did so in both years.

The change in representation data from 2001 to 2002 is not significant; however, significant change over a single year was not expected. Publishing these data each year will serve to update the benchmark, and trends will emerge over time.



Compared to the executive ranks of participating corporations, the partnership ranks in participating firms are notably less diverse. As outlined in the profile of the respondents, there are a number of different types of firms that participated in the survey (law, accounting, etc.). Catalyst found that representation data did vary by firm type, but these data are withheld to maintain the confidentiality of participating firms.



Recruitment and attrition data are difficult to interpret across industries. These data will be reported in the customized reports to respondents, but are not included in this report.

CONCLUSION

The findings from the *2002 Catalyst Member Benchmarking Survey* are encouraging; they reveal that the vast majority of participating organizations have invested in diversity as an important tool for strategic people management. Most respondents track diversity metrics and report these metrics to senior leadership. The majority of participating companies and firms also tie diversity objectives to performance evaluations, giving managers a high-impact way to emphasize the importance of diversity. Finally, the findings suggest that leveraging leadership support at every level—and in as many ways as possible—is the most critical success factor for diversity efforts. It is Catalyst's hope that our member organizations and Catalyst Award winners will inspire you to meet the highest standards.

APPENDIX: BENCHMARKING PARTICIPANTS

3M	Epstein Becker & Green, Pc	Mitsubishi Motors Manufacturing of America
Abbott Laboratories	Ernst & Young LLP*	Morgan Stanley
Accenture*	Ernst & Young Canada LLP	Motorola, Inc.*
Allstate Corporation*	Fannie Mae*	Mutual of Omaha Companies
Ambac Financial Group, Inc.	Fasken Martineau DuMoulin LLP	Nestle USA
American Express Corporation*	Federated Department Stores	New York Life
ARAMARK	Fluor Corporation	Nokia Corporation
Arnold & Porter	Gannett Co., Inc.*	Norfolk Southern Corporation
AstraZeneca Pharmaceuticals LP	General Electric Company	Nortel Networks
AT&T Wireless Services	General Motors Corporation	Northrop Grumman
Avon Products, Inc.*	The Gillette Company	Pfizer Inc
Banc of America Securities LLC	GlaxoSmithKline Inc.	PricewaterhouseCoopers LLP
Basell North America, Inc.	Goldman, Sachs & Co.	QUALCOMM INCORPORATED
Baxter International, Inc.*	Guidant Corporation	R.R. Donnelley & Sons Co.
Bayer Corporation*	Health Net, Inc.	RBC Financial Group
Bell Canada	Holland & Knight LLP	RSM McGladrey, Inc.
BellSouth Corporation	Humana Inc.	Sara Lee Corporation*
BMO Financial Group*	IBM Canada Ltd.	SBC Communications
Bombardier Inc.	IBM Corporation*	Schering-Plough Corporation
BP p.l.c.	ING Groep N.V.	Scotiabank
Burger King Corporation	Intel Corporation	Sempra Energy
Campbell Soup Company	International Paper	Shell Oil Company
The Charles Schwab & Co., Inc.*	Intuit Inc.	Starwood Hotels & Resorts Worldwide
Citigroup	J.P. Morgan Chase & Co.*	Sun Life Financial Services
Coca-Cola Company	John Hancock Financial Services, Inc.*	Sunoco, Inc.
Colgate-Palmolive Company	Kellogg Company	TD Financial Group*
Consolidated Edison, Inc.*	KPMG LLP	Texas Instruments*
ConocoPhillips	Kraft Foods, Inc.	TIAA-CREF
Convergys Corporation	The Kroger Co.	Union Pacific Corporation
Corning Incorporated*	Lehman Brothers	UNISYS Corporation
Credit Suisse First Boston	Manitoba Telecom Services Inc.	United Parcel Service, Inc.
California State "AAA"	Marakon Associates	United Technologies Corporation
Debevoise & Plimpton	McDonald's Corporation*	Vinson & Elkins
Deloitte & Touche LLP*	The McGraw-Hill Companies, Inc.	Wal-Mart
Deutsche Bank	Merck & Co., Inc.	WellPoint Health Networks, Inc.*
Dow Chemical Company*	Merrill Lynch & Co., Inc.	Wyeth
DuPont*	Metropolitan Life Insurance Company	
Eastman Kodak Company*	Microsoft Corporation	
EDS		

*Catalyst Award Winners

ACKNOWLEDGMENTS

The *2002 Catalyst Member Benchmarking Survey* is the result of outstanding teamwork among our staff. We are grateful to Sheila Wellington for her insight and guidance and to Jo Maitland Weiss for leading this effort. We thank Elaine Yu, Anne Weisberg, Jennifer Allyn, and Denise Weber for constructing and analyzing the survey. Svetlana Peers and Jane Newkirk coordinated all of the member information and communications. Susan Black, Marcia Brumit Kropf, Nancy Guida, Kara Helander, and Johanna Ramos-Boyer reviewed the survey and report. Andrea Juncos and Nancy Guida served as editors, and Regina Chung designed the report. Finally, we are grateful to all the Catalyst members who took the time to participate in this research and to American Express Company and DuPont who made it possible.

Catalyst Can Help

Catalyst, a nonprofit **membership** organization, offers a variety of services and resources for companies and firms:

Each year, the **Catalyst Member Benchmarking Service**—a complementary benefit available to members only—provides the information companies and firms need to assess their progress on diversity.

Catalyst's **Advisory Services**, a strategic consulting practice available to members only, supports Catalyst's mission by helping companies and firms develop effective strategies to capitalize on the talents of all employees. Our services include diversity strategy development, turnover studies, and workshops on women's networks, mentoring, and flexibility.

Companies retain Catalyst's **Corporate Board Placement** to conduct searches specifically for women board directors.

Catalyst Research—supported by an active **Speakers' Bureau** and a variety of publications—provides the knowledge and insight employers need on all aspects of women's advancement.

Catalyst **Publications**, including the new *Making Change* series, written by the experts at Catalyst, extend the organization's knowledge to a wide range of audiences.

To find out more about Catalyst's membership, services, and publications, visit us at www.catalystwomen.org.

NEW FROM CATALYST

Catalyst SpectrumSM

Catalyst SpectrumSM, a new web-based offering from Catalyst Advisory Services, gives companies the information and tools they need to create customized strategies that leverage diversity and build inclusive cultures. Continually updated and enhanced, Catalyst SpectrumSM provides a step-by-step process for developing an effective diversity strategy, along with a host of best practices and access to an ever-expanding knowledge base on global diversity issues. Catalyst SpectrumSM is available for licensing to Catalyst members only. To schedule a demonstration or for more information, contact Emma Sabin, Director, Advisory Services, at esabin@catalystwomen.org.

Making Change Series

Catalyst's *Making Change* series is designed to help HR professionals tackle common workplace issues with new perspectives. These new publications are practical quick-reads written for business leaders responsible for creating work environments that tap all available talent. Purchase the following available titles at www.catalystwomen.org. Members receive one-third off.

- *Advancing Women in Law Firms*
- *Assessing Your Work Environment*
- *Becoming a Diversity Champion*
- *Building a Flexible Workplace*
- *Creating a Business Case for Diversity*
- *Developing a Diversity Recruitment Strategy*
- *Developing Women Global Leaders*
- *Moving Women of Color Up the Ladder*
- *Tackling Resistance to Diversity Efforts*
- *Using Metrics to Drive Change*

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Is your company a member of Catalyst?

For more information on membership call Svetlana Peers at (212) 514-7600, ext 306.