

## 2005 Catalyst Member Benchmarking Report

## ABOUT CATALYST

Catalyst is the leading research and advisory organization working with businesses and the professions to build inclusive environments and expand opportunities for women at work. As an independent, nonprofit membership organization, Catalyst conducts research on all aspects of women's career advancement and provides strategic and web-based consulting services globally. With the support and confidence of member corporations and firms, Catalyst remains connected to business and its changing needs. In addition, Catalyst honors exemplary business initiatives that promote women's leadership with the annual Catalyst Award. With offices in New York, San Jose, and Toronto, Catalyst is consistently ranked No. 1 among U.S. nonprofits focused on women's issues by The American Institute of Philanthropy.

## 2005 CATALYST MEMBER BENCHMARKING REPORT

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# CHAPTER 1: INTRODUCTION AND PARTICIPANT PROFILE

## INTRODUCTION

Catalyst member companies and firms are committed to diversity, inclusion, and the advancement of women in the workplace. To further strengthen their programs, they frequently ask Catalyst about the scope of diversity programs, policies, and procedures, as well as women's representation at executive and managerial levels. Each year, our benchmarking service provides insight into these questions, as it allows our members to compare themselves to industry competitors, Catalyst Award-winning members,<sup>1</sup> and members, overall, on a variety of diversity programs, policies, and key metrics. These data showcase specific organizational efforts, and allow members to assess gaps and identify areas where they excel.

This Benchmarking report includes five sections: dimensions of diversity; organizational diversity efforts and programs; diversity resources and the business case; succession planning, leadership development, and accountability mechanisms; and workforce statistics. In addition, throughout the report are examples of practices that highlight diversity efforts at member organizations.

Catalyst's extensive knowledge about diversity programs and policies comes from many sources: our cutting-edge research projects; multi-faceted advisory services engagements; relationships with our member organizations; and a wealth of data from our issue-specialty groups.

In sharing our knowledge about diversity and the advancement of women, as well as specific practices that highlight key efforts, Catalyst hopes to provide members with the tools they need to stimulate—and sustain—strong diversity initiatives.

## PARTICIPANT PROFILE

This year marks the first year the Catalyst Benchmarking survey data was collected online. In the spring of 2005, we sent electronic surveys to 11 member organizations to pilot test the new procedure. Based on survey feedback and suggestions from members, we modified the survey before disseminating it to 311 member organizations. We received completed responses from 130 organizations,<sup>2</sup> for a 42-percent response rate.<sup>3</sup> Participating organizations that agreed to be recognized publicly are listed in the Appendix on page 44.

In reporting the findings, we reference different groups of member organizations. "Firms" refer to our member organizations that are professional services firms, including accounting and law firms. "Company/Companies" refer to all other member organizations, including educational institutions. Eighty-four percent of participants are companies and 16 percent are firms. The majority of responding organizations (71 percent) are from Fortune 500/Global 500 companies.<sup>4</sup> Of participating firms, 57 percent are top-ranking in terms of their revenue.<sup>5</sup>

<sup>1</sup> For more information on the Catalyst Award, see page 4.

<sup>2</sup> We received 126 completed surveys; however, in several instances, both United States and Canadian subsidiaries of an organization provided their survey responses on one survey form. As both organizations are Catalyst members, and data for both organizations are represented, they are counted as two member respondents for purposes of calculating the response rate.

<sup>3</sup> Surveys were sent to all 330 Catalyst member organizations. Due to some membership attrition (making them ineligible for participation in the service), and undeliverable surveys, the final number of eligible respondents was 311.

<sup>4</sup> Fortune 500 and Global 500 lists were aggregated for purposes of this analysis. Companies appearing on both lists were counted only one time.

<sup>5</sup> Fortune 1000, "Fortune (April 18, 2005); "Global 500," Fortune (July 25, 2005); "The AmLaw 100," The American Lawyer (July 2005); "The 2004 Accounting Today Top 100 Firms," Accounting Today (March 15, 2004).

Most participating members (84 percent) report that they are global, meaning they have offices or facilities located outside of their headquarters country. In terms of location of headquarters country, our member respondents are geographically diverse, with 16 percent headquartered outside of the United States.

Catalyst Award-winning members comprise 18 percent of the sample. As shown on page three, our Benchmarking member participants are highly representative of Catalyst's overall membership in terms of organization type, industry sector, and location.<sup>6</sup>

<sup>6</sup> Revenue is the only profile category where there are larger differences between respondents and Catalyst total membership.

Respondent and Member Profile <sup>7</sup>		
	Total Catalyst Member Respondents N=130 (42 percent response rate)*	Catalyst Total Membership N=330
<b>By Type of Organization</b>		
Company	109 (84%)	277 (84%)
Professional Services Firm	21 (16%)	53 (16%)
<b>By Headquarters Country</b>		
Canada	13 (10%)	35 (11%)
Europe	8 (6%)	22 (7%)
United States	107 (82%)	271 (82%)
Other <sup>8</sup>	2 (2%)	2 (1%)
<b>By Geographic Region</b>		
Midwestern United States	16 (12%)	62 (19%)
Northeastern United States	48 (37%)	104 (32%)
Southern United States	17 (13%)	37 (11%)
Western United States	21 (16%)	50 (15%)
Canada	19 (15%)	53 (16%)
International	9 (7%)	24 (7%)
<b>By Industry</b>		
Accounting and Management Consulting	7 (5%)	17 (5%)
Consumer Discretionary	8 (6%)	60 (18%)
Education, Media, and Publishing	6 (5%)	9 (3%)
Energy and Utilities	8 (6%)	16 (5%)
Financial Services	22 (17%)	59 (18%)
Healthcare and Pharmaceuticals	10 (8%)	30 (9%)
Industrials	16 (12%)	23 (7%)
Information Technology	14 (11%)	28 (8%)
Law Firms	14 (11%)	31 (9%)
Retail	8 (6%)	25 (8%)
Technology	11 (8%)	12 (4%)
Telecommunications Services	6 (5%)	13 (4%)
<b>By Catalyst Award Winners</b>		
Catalyst Award-Winning Participants	23 (18%)	45 (14%)
Other Participants	107 (82%)	285 (86%)
<b>By Revenue</b>		
F500/Global 500 Corporations	77 (71%)	152 (46%)
F501-1000 Corporations	4 (4%)	62 (19%)
Top Professional Services Firms	12 (57%)	31 (10%)
*See footnotes 2, 3, and 4 on page 1.		

<sup>7</sup> Percentages throughout the report may not always add up to 100 because of rounding or the acceptance of multiple answers from respondents. The total number of respondents for each question is noted in the "N" value. Calculations are made based on the total "N" value for each question.

<sup>8</sup> These firms responded that they have "no official headquarters country."

### About the Catalyst Award

Since 1987, Catalyst has annually honored outstanding initiatives and efforts of companies and firms that result in women's career development and advancement. Catalyst accepts applications from private and public companies and professional services firms.

Each initiative is evaluated against the following criteria: measurable results, business rationale, senior-level leadership, accountability, communication of initiative, ability to replicate and sustain the initiative, and originality. Initiatives need not focus exclusively on women, but results must demonstrate that the initiative supports women's advancement, including that of women of color.

Catalyst's rigorous, year-long examination of initiatives and their measurable results culminates in intensive, on-site reviews at finalist organizations. The Catalyst Award provides the business community with replicable success models that are good for business and good for women. Since 1987, 57 initiatives have been honored (see Appendix B for a list of Catalyst Award Winners).



### KEY FINDINGS

The key findings from Catalyst's 2005 Benchmarking research are listed below. Each chapter outlines findings in detail and many highlight diversity initiatives at member organizations. It is important to note how your organization compares to these findings in order to assess ways in which you can enhance your efforts.

#### Dimensions of Diversity:

- Programs and policies for visible aspects of diversity, such as gender (35 percent) and race/ethnicity or visible minorities (24 percent), are most common across all member organizations.
- For all geographic regions outside of the United States, programs or policies related to gender are the most frequently cited dimensions of diversity. In the United States, programs or policies examining race/ethnicity or visible minorities<sup>9</sup> (87 percent) and gender (86 percent) are cited most frequently.
- While there is little variation in the most frequently cited dimensions of diversity overall, the top three dimensions do differ across geographic regions.

#### Organizational Diversity Efforts and Programs:

- When asked about mentoring programs offered within their organizations, 79 percent of respondents report having at least one program. Mentoring for high-potential employees (49 percent) and women (42 percent) are most frequently offered by responding organizations.
- The majority of respondents (80 percent) report having at least one type of employee network group at their organizations. Women's networks (62 percent) are the most common, followed by African-American employee networks (56 percent), and Latina(o)/Hispanic employee networks (55 percent).

<sup>9</sup> For companies and firms other than those in Canada, we use the terminology "race/ethnicity" to refer to this dimension of diversity. For corporations and firms in Canada, we use the common terminology "visible minorities" to refer to this dimension.

### Diversity Resources and the Business Case:

- Seventy-four percent of respondents cite having a senior-level position devoted to diversity at their organizations.
- Eighty-two percent report they have a specific budget for diversity programs and activities.
- Across all respondents, increasing competitiveness for attracting talent (24 percent) is the number one reason organizations cite for building a business case for diversity.

### Succession Planning, Leadership Development, and Accountability Mechanisms:

- Seventy-five percent of companies have a formal succession planning/high-potential program for diverse candidates and 57 percent of firms have a leadership development program for diverse candidates.
- Eighty-two percent of companies report that the CEO is involved in succession decisions.
- Sixty-nine percent of companies report that managers are held accountable for diversity goals and objectives and 38 percent of firms report that partners are held accountable.

### Workforce Statistics:

- In companies, 73 percent of senior-level executives are white men, 18 percent are white women, 7 percent are men of color, and 2 percent are women of color.
- Within firms, white men comprise 79 percent of the highest level (management/executive committees), while white women comprise 15 percent, men of color 4 percent, and women of color 1 percent.

### KEY EXAMPLES

Throughout the report, we provide examples of company practices. These profiles showcase diversity efforts at member companies and firms. In many instances, they also highlight cultural changes that have allowed organizations to move forward in their diversity efforts. By providing these examples, we illustrate ways in which member companies are building comprehensive diversity strategies for effective, sustainable change.

## KEY QUESTIONS

As you review this Benchmarking report, keep in mind the following questions as you compare your organization to that of Catalyst's members overall:

### In what areas does your organization excel?

- How can you capitalize on this strength?
- What are the next steps, in terms of diversity, at your organization?

### In what areas does your organization lag?

- Are there organizational barriers that block diversity efforts?
- Is there senior leadership support for diversity?

### How effective are your current diversity efforts?

- Are programs achieving their goals?
- Do you have ways in which you track effectiveness of programs or policies?

### What might be new, innovative ways of examining diversity at your organization?

- What lessons can be learned from the following data and featured practices?
- How can diversity be fully leveraged at your organization?

## CHAPTER 2: DIMENSIONS OF DIVERSITY

### KEY FINDINGS

- Programs and policies for visible aspects of diversity, such as gender (35 percent) and race/ethnicity or visible minorities (24 percent), are most common across all member organizations.
- For all geographic regions outside of the United States, programs or policies related to gender are the most frequently cited dimensions of diversity. In the United States, programs or policies examining race/ethnicity or visible minorities<sup>10</sup> (87 percent) and gender (86 percent) are cited most frequently.
- While there is little variation in the most frequently cited dimensions of diversity overall, the top three dimensions do differ across geographic regions.

To fully utilize and appreciate workforce talent, organizations must recognize all aspects of diversity, both visible (e.g., gender and race/ethnicity or visible minorities) and invisible (e.g., sexual orientation and nationality). An understanding of diversity on multiple levels makes the creation of truly inclusive work environments possible. By definition, diversity includes groups that are not homogeneous, and therefore present a broad range of perspectives, opinions, and ideas. In the workplace, this spectrum of differences provides organizations with a competitive advantage.

In Catalyst's 2005 Benchmarking survey, we ask participants whether programs for different dimensions of diversity exist in their organization. The results indicate that diversity efforts are widespread, targeting many populations of employees. Additionally, efforts are dispersed across the globe.

Programs and policies for visible aspects of diversity, such as gender (35 percent) and race/ethnicity or visible minorities (24 percent), are most common across all member organizations. But a growing number of programs focus on invisible aspects of diversity as well (e.g., religion, 19 percent; sexual orientation, 17 percent). Acknowledging and embracing all of these elements of diversity is an integral step in creating an open and inclusive culture.

Dimensions of Diversity	Total (All Respondents) N=126
<b>Gender</b>	<b>35%</b>
<b>Race/ethnicity or visible minorities</b>	<b>24%</b>
<b>Religion</b>	<b>19%</b>
Sexual orientation	17%
Working fathers	16%
Nationality	15%
Disabilities	14%
Age	13%
Part-time workers	12%
Working mothers	9%
Employee alumni	5%

<sup>10</sup> For companies and firms other than those in Canada, we use the terminology "race/ethnicity" to refer to this dimension of diversity. For corporations and firms in Canada, we use the common terminology "visible minorities" to refer to this dimension.

## TOP DIMENSIONS OF DIVERSITY, BY GEOGRAPHIC REGION

Eighty-four percent of members report global operations, meaning they have offices or facilities outside of their headquarters country. The remaining members (16 percent) report U.S. and/or Canadian operations only. The globalization of business requires that diversity initiatives be sensitive to and aligned with the surrounding culture. To gain insight on how cultural context impacts the work environment, we ask members that report global operations which dimensions of diversity they address in particular geographic regions. Reading down the columns in the table below allows us to compare the relative ranking of diversity dimensions across regions.

Across all respondents—in all geographic regions—programs or policies related to gender are the most frequently emphasized. In the United States, programs or policies focusing on race/ethnicity or visible minorities (87 percent) are given equal emphasis with gender.<sup>11</sup> In Canada and the Middle East/Africa, race/ethnicity or visible minorities is the second highest dimension emphasized. Programs for working mothers also rank high across geographic regions. In Asia/Pacific Islands (11 percent) and Mexico/Latin America (8 percent), these programs rank second highest, and in Canada (26 percent) and Europe (17 percent), they rank third highest.

Notable differences across geographic regions also are shown in the table below. The United States is the only region where sexual orientation is among the top-ranked dimensions targeted, where 67 percent of respondents indicate they offer programs for this employee population.

Dimensions of Diversity, by Geographical Region (N=106)						
	U.S.	Canada	Europe	Middle East/Africa	Asia/Pacific Islands	Mexico/Latin America
Gender	86%	43%	35%	19%	29%	23%
Race/ethnicity or visible minorities	87%	33%	14%	10%	7%	5%
Sexual orientation	67%	20%	12%	5%	7%	4%
Working mothers	59%	26%	17%	7%	11%	8%
Disabilities	46%	22%	18%	5%	8%	8%
Part-time workers	43%	21%	16%	7%	9%	5%
Working fathers	41%	21%	12%	4%	7%	5%
Nationality	40%	16%	14%	8%	10%	6%
Age	38%	13%	14%	7%	8%	7%
Religion	26%	11%	11%	6%	7%	4%
Employee alumni	25%	7%	1%	-	-	-

<sup>11</sup> No substantiated difference between 86 percent of U.S. initiatives focusing on gender and 87 percent focusing on race/ethnicity.

## CULTURAL CONTEXT

Majorities of Catalyst members report being global, with offices or facilities located outside of their headquarters country. In both 2003 and 2005, 84 percent of respondents report having a global scope. The pervasive internationalization of business requires that members tailor their diversity programs to the specific regions where they operate. Variations in the ranking patterns of the top diversity dimensions noted above likely reflect the unique cultural context in each of the geographic regions considered. As cultural context impacts the work environment, recognizing these differences is an integral step in achieving program effectiveness.

### Company Practice: Addressing Race in BP America, Inc.

BP America recognized a gap between the representation of people of color in management and executive positions within the company. In response, the company introduced numerous initiatives, including Race Summits and Women of Color Workshops, to address inclusiveness by encouraging dialogue between cross-sections of employees.

The main objective of the Race Summits was to open up new lines of communication and stimulate employee discussion about race. The initiative took in approximately 750 “thought leaders” at four Race Summits held over two days in Chicago, Houston, and Los Angeles in 2003 and 2004. The Summit participants, from all levels in the company and across gender and racial lines, focused on dialogue and learning from each other. Participants reported very high levels of satisfaction around the two-day learning experience and took the messages and dialogue to team members back in the office. By the end of 2003, an independent survey estimated between 8,000 and 13,000 employees in BP had engaged in a conversation about race as a result of the Summit activity.

The Women of Color Workshops began following two women of color focus groups held in 2003 at BP’s large U.S. facilities. In those sessions, the women identified the need to create opportunities for women of color to meet and network across racial and ethnic groups. As a result, Women of Color Afternoon Teas and Workshops were developed to focus on the women’s ability to empower themselves, to explore and reframe their experiences, network, and support one another. These workshops have inspired more intimate collaboration among BP’s women of color, and plans include the broadening of the workshops in the future for dialogue on ally behavior between women of color and white women.

### Company Practice: Global Diversity Tool (Rockwell Automation)

In 2000, Rockwell Automation introduced GlobeSmart, a web tool designed to equip staff with knowledge on how to conduct business internationally. The company expects that by using this tool, it will increase its business capability globally.

GlobeSmart allows staff with international assignments to:

- gain awareness of cultural differences they might encounter;
- bridge cultural gaps which may impact business effectiveness;
- use the documented experiences of relocated staff to navigate through cultural variations; and
- enhance teamwork across national lines and increase business relationships.

GlobeSmart currently provides culturally related information for more than 83 countries. One of the features of this tool is called *Peer Notes*. This feature gives employees access to experiences which have been documented by other staff members on international assignments. The objective is to use documented experiences to prepare those embarking on international assignments with as much insight as possible on others' experiences traveling to different countries or cultures. Although GlobeSmart was initially used by U.S. employees traveling abroad, the focus has changed to reflect the needs of staff interacting with cultures around the world.

The availability and features of GlobeSmart are communicated via the company's intranet and an internal communication tool called the *Rain Page*. GlobeSmart is also part of leadership and training programs for employees at all levels.

# CHAPTER 3: ORGANIZATIONAL DIVERSITY EFFORTS AND PROGRAMS

## KEY FINDINGS

- When asked about mentoring programs offered within their organizations, 79 percent of respondents report having at least one program. Mentoring for high-potential employees (49 percent) and women (42 percent) are most frequently offered by responding organizations.
- The majority of respondents (80 percent) report having at least one type of employee network group at their organizations. Women’s networks (62 percent) are the most common, followed by African-American employee networks (56 percent), and Latina(o)/Hispanic employee networks (55 percent).

The scope of diversity dimensions emphasized by member organizations and reported in Chapter 2 illustrates the level of commitment Catalyst members have to meeting the needs of diverse groups, including women, people of color, and gay, lesbian, bisexual, and transgender employees. This chapter reports on specific programs and efforts that are tailored to meet those needs. Mentoring programs, employee network groups, and flexibility programs and/or policies are profiled.

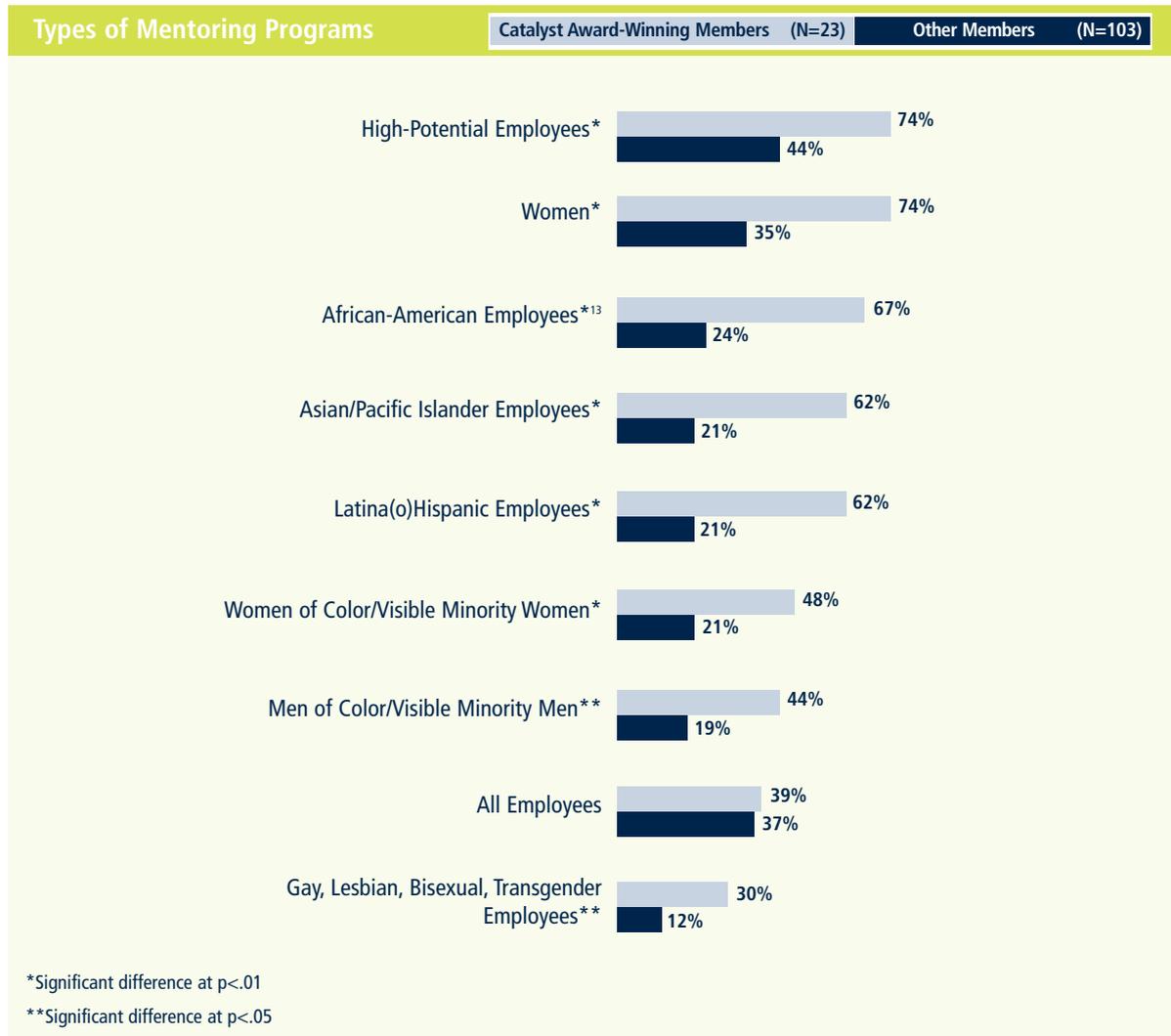
## MENTORING PROGRAMS

When asked about mentoring programs, 79 percent of respondents report having at least one program in their organizations. Mentoring programs for high-potential employees (49 percent) and women (42 percent) are the most frequently offered programs. Having a mentoring program for all employees (37 percent) also is common. Besides the programs listed below, a number of organizations also have mentoring programs for new employees, people with disabilities, and executives, as well as by department/business unit.

Mentoring Programs, by Employee Population (N=126)	Percent of Total Respondents
<b>High-Potentials</b>	<b>49%</b>
<b>Women</b>	<b>42%</b>
<b>All Employees</b>	<b>37%</b>
African-American Employees <sup>12</sup>	32%
Asian/Pacific Islander Employees	29%
Latina(o)/Hispanic Employees	29%
Women of Color/Visible Minority Women	26%
Men of Color/Visible Minority Men	24%
Gay, Lesbian, Bisexual, and Transgender Employees	15%

<sup>12</sup> These data for racial/ethnic minority groups (African-American, Asian/Pacific Islander, and Latina(o)/Hispanic employees) are for United States organizations only, and have a sample size of N=112. Catalyst recognizes that for regions outside of the United States, programs and/or policies for racial subgroups may not exist, or may be reported in a different way.

Catalyst Award-winning members are significantly more likely than other members to offer mentoring programs for different groups within their organizations. Seventy-four percent of Catalyst Award-winning members offer mentoring programs for high-potential employees and women, whereas only 44 percent and 35 percent, respectively, of other members target these groups. Similarly, Catalyst Award-winning members are nearly three times more likely than other members to offer programs for racial/ethnic groups or visible minorities and programs related to sexual orientation.



<sup>13</sup> These data for racial/ethnic minority groups (African-American, Asian/Pacific Islander, and Latina(o)/Hispanic employees) are for U.S. organizations only, and have a sample size of N=21 for Catalyst Award-winning members and N=91 for other members.

## Company Practice: Empowerment Through Networking and Career Development (Pitney Bowes)

Pitney Bowes *Speed Networking* program is an informal networking program which aims to break down silos across business units and help participants create and build relationships. Through this program, the company believes it proactively facilitates effective, impactful mentoring relationships.

The program was piloted in 2004 as an initiative to help engage, retain, and advance women at the mid and senior levels. It has since been expanded to include interns and people in the engineering function. Pitney Bowes describes the program as similar to “Speed Dating,” as the events are held as fun, fast-paced interactive exercises. During the sessions, participants engage in many roundtable discussions, moving from one table to the next, with the objective of meeting and talking with as many new people as possible. Roundtable discussions are held about a wide variety of topics, including the importance of internal and external networking, managing a flexible work schedule, influencing and communicating with authority, and how to manage a major project at Pitney Bowes.

Participation ranges from about 50 to 80 attendees per session, and usually represents individuals from many different business units and levels. Through this program, employees gain access to senior executives and peers from departments outside of their functional areas. In doing this, they make new business contacts and share experiences, advice, and expertise. Some employees have reported that they have maintained formal relationships with table leaders and others they have met through this experience.

### Company Practice: A Firm-Wide Culture of Mentoring (Bingham McCutchen LLP)

Among other diversity efforts in place at the firm, Bingham McCutchen LLP values its mentoring programs as crucial support mechanisms for career development and advancement. For the firm, creating a strong culture of mentoring promotes a satisfied, diverse workforce, improves retention, assists recruiting, and fosters consistently excellent client service.

The firm has two noteworthy mentoring programs which form the basis of its mentoring initiatives:

- Mentoring Teams of 12 to 15 members are established firm-wide and consist of partners, counsel, and associates at varying levels. These teams provide opportunities for both formal and informal mentoring opportunities and encourage a natural way to build relationships.
- The team-based mentoring program is supplemented by an individual mentoring program for all incoming associates, as well as summer associates. Bingham McCutchen pairs each new associate with a partner and associate mentor. This additional mentoring program is meant to provide more support to new recruits at the firm. In addition to these formal systems, the firm encourages all new recruits to form mentoring relationships with any attorneys with whom they work or otherwise establish a connection, and provides training to enhance these relationships.

Bingham McCutchen tracks and ensures progress of its mentoring programs in a number of ways:

- Through feedback—the success of the mentoring programs are monitored through periodic surveys, as well as through formal feedback from partners and associates who participate in the programs.
- Through periodic training—both groups and individuals receive training to enhance their effectiveness as attorneys and mentors/mentees in taking charge of their careers and utilizing these programs to achieve success at the firm. These training sessions are done in conjunction with other diversity initiatives.
- Through incentives—to encourage participation at all levels and demonstrate management commitment to the programs, various incentives are given, including financial rewards, the “Mentor’s Award” which is given to outstanding mentors, and up to 50 credited hours for, among other things, mentoring activities.

## EMPLOYEE NETWORK GROUPS

The prevalence and scope of network groups in member organizations complements that of mentoring programs. The majority of respondents (80 percent) report having at least one type of employee network group at their organizations. Women’s networks are the most common (62 percent), followed by African-American employee networks (56 percent), and Latina(o)/Hispanic employee networks (55 percent).

Almost one-half of our sample (49 percent) report having a network for gay, lesbian, bisexual, and transgender employees. This percentage has increased from 2001 (41 percent), the last time the Catalyst Benchmarking service asked about employee network groups.<sup>14</sup>

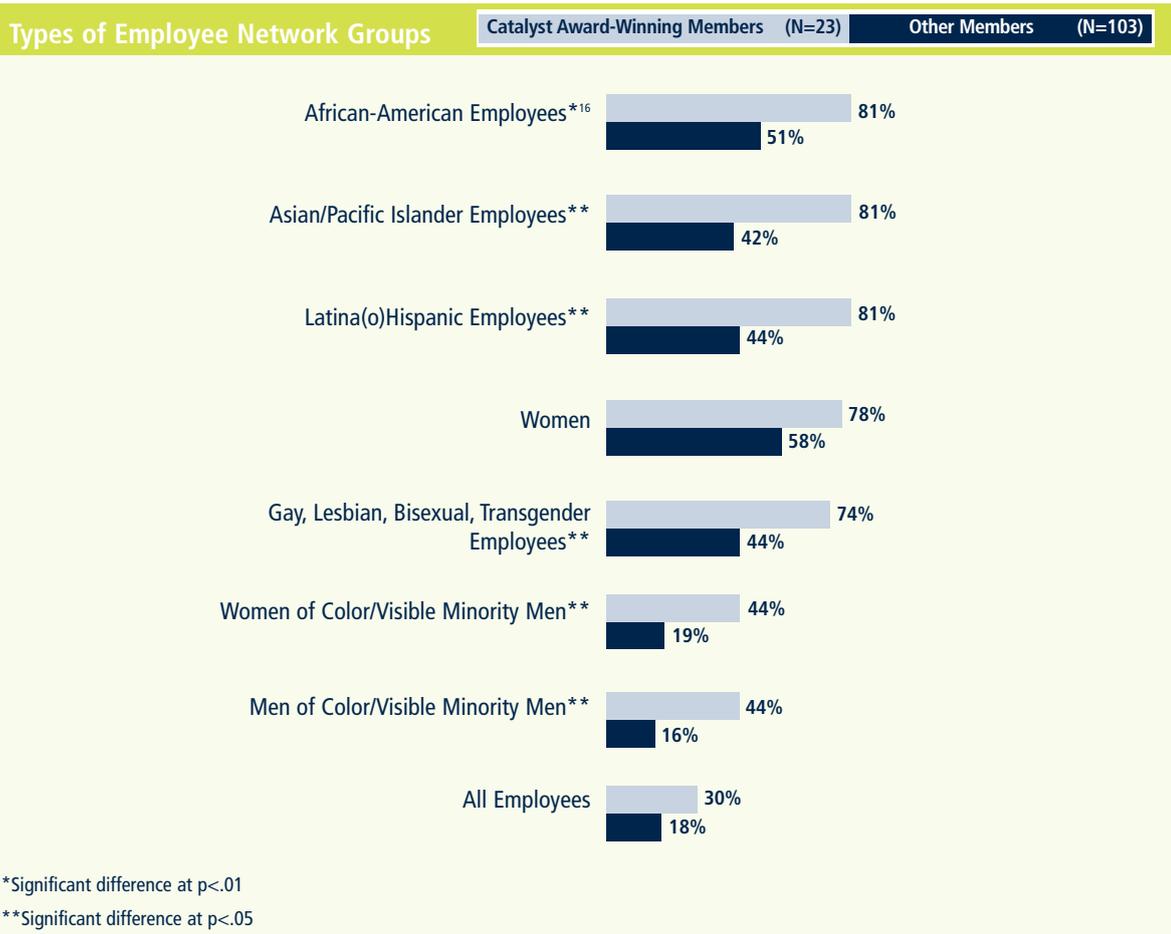
Employee Network Groups (N=126)	Percent of Total Respondents
<b>Women</b>	<b>62%</b>
<b>African-American Employees<sup>15</sup></b>	<b>56%</b>
<b>Latina(o)/Hispanic Employees</b>	<b>55%</b>
Asian/Pacific Islander Employees	49%
Gay, Lesbian, Bisexual, and Transgender Employees	49%
Women of Color/Visible Minority Women	24%
Men of Color/Visible Minority Men	21%
All Employees	20%

Significantly more Catalyst Award-winning members than other members offer different employee network groups at their organizations. While more than three-fourths (81 percent) of Catalyst Award-winning members report having networking groups for African-American employees, only 51 percent of other members report groups for this employee segment. In addition, almost three-fourths (74 percent) of Catalyst Award-winning members cite having an employee network group for gay, lesbian, bisexual, and transgender employees, while 44 percent of other organizations do.

The variety and amount of employee network groups that respondents report showcases that member organizations are moving beyond diversity as merely an issue of legal compliance towards an all-encompassing approach to diversity and inclusion. Catalyst members, and particularly Catalyst Award-winning members, are making strides in providing for the unique needs of their diverse employee populations.

<sup>14</sup> Catalyst (2002). *2001 Catalyst Member Benchmarking Report*.

<sup>15</sup> These data for racial/ethnic minority groups (African-American, Asian/Pacific Islander, and Latina(o)/Hispanic employees) are for U.S. organizations only, and have a sample size of N=112. Catalyst recognizes that for regions outside of the United States, programs and/or policies for racial subgroups may not exist, or may be reported in a different way.



### Company Practice: Professional Women’s Networks (Ernst & Young)

One of the ways Ernst & Young LLP demonstrates its commitment to women’s development, advancement, and retention is by encouraging the establishment of professional relationships and personal connections between and among women of different levels and across business units and practice areas.

E&Y’s Professional Women’s Networks (PWN) are action-oriented groups that give women at all levels regular opportunities to meet, build relationships, gain exposure, and discuss current issues. Recent PWN events have addressed topics that vary from achieving workplace flexibility to executive presence, and from “what it takes to make partner” to women’s health.

Through more than 50 PWNs involving women across more than 85 offices, the firm expects to:

- Address retention through affiliation: Women are more likely to stay with the firm if they feel connected to the firm and can talk with other women when dealing with personal or career issues.
- Provide role models: Women are more likely to commit to the firm if they have other women as role models for their careers. Through established networking groups, there is the opportunity to interact with people at different levels.
- Allow women to develop and demonstrate leadership skills: Through leading committees and taking ownership of development programs and networking events, women have the opportunity to develop new skills and demonstrate these skills to their colleagues and leadership.

<sup>16</sup> These data for racial/ethnic minority groups (African-American, Asian/Pacific Islander, and Latina(o)/Hispanic employees) are for U.S. organizations only, and have a sample size of N=21 for Catalyst Award-winning members and N=91 for other members.

### **Company Practice: A Focus on Education—Lambda Network for Lesbian, Gay, Bisexual, and Transgender (LGBT) Employees (Eastman Kodak)**

Kodak builds a safe and inclusive environment where all employees are encouraged to bring their “whole self” to work. Kodak has several means to accomplish this. Inclusive language in EOE policy, diversity training, a zero-tolerance policy, and equitable benefits all contribute to creating a winning and inclusive culture. Another way is through its eight employee resource groups (ERGs): women, African-Americans, Hispanics, Asians, Native Americans, Veterans, people who are differently abled, and LGBT. These ERGs emphasize the value that diverse perspectives contribute to the common goals of the organization, as well as provide forums for networking and mentoring. In addition, they enable women and other diverse employees to achieve their full potential at Kodak. The Lambda Network at Kodak offers support and education to foster an environment that values individuals regardless of sexual orientation or gender expression.

The Lambda Network engages employees, including leadership, to develop dialogue and continue education around LGBT issues. The Education Strategy team coordinates a number of educational programs, including an Annual Education Event which is attended by approximately 500 employees from shop floor (such as manufacturing and skilled trades) to the senior leadership team. The company’s “Can We Talk” workshops address a wide range of current issues through exercises held in a very interactive and highly confidential environment. These workshops allow LGBT self-identified staff to openly discuss workplace issues they face while leaders and other participants listen in, like a “fly on the wall.” The audiences then switch, allowing the leaders to discuss tough questions about their fears and questions about LGBT issues they may not feel comfortable discussing at work. Both groups are asked to “lean into their discomfort” to enable learning and growth. The group then comes together to answer questions, debunk misconceptions, clarify business relevance, and talk about next steps to being allies for each other. Kodak’s senior leaders recently participated in this workshop.

The Lambda Network tries to ensure that all employees within the company have access to relevant information, training, and support. It often has been challenging to deliver information to shop floor employees. These employees may have limited access to communications, such as email, and may work shift work that makes it hard to be involved. Some may also have a fear of sharing a non-visible aspect of their identity. To reach these employees, Lambda partnered with Kodak’s other seven ERGs to establish the “Shop Floor Outreach” program. All network groups, including the Lambda Network, work together to hold training and informational sessions in ways that respect confidentiality and disseminate information to all employees. It is through education that individuals learn how to value diversity, create a winning and inclusive workplace, and to leverage it as a competitive advantage.

## FLEXIBLE WORK POLICIES AND PROGRAMS

Catalyst defines “work/life flexibility” as encompassing more than just policies and programs. It is an integrated way of thinking and doing work that allows individuals to contribute to their fullest potential while not sacrificing personal needs.

The need for work/life flexibility is an issue for the entire workplace, not just for women. Reasons that both women and men may want to utilize flexibility options vary, and may include pursuing personal interests, eldercare needs, childcare needs, and/or health reasons. Forward-thinking organizations already know that flexibility is not just a women’s issue, and the strong commitment of Catalyst members to flexibility programs supports this conclusion.

### Informal and Formal Flexibility Programs<sup>17</sup>

Understanding and respecting individuals’ work/life priorities is very important, as it impacts personal and work outcomes, including satisfaction, motivation, productivity, and performance. Catalyst member organizations report a strong investment in work/life, as they cite having many types of workplace flexibility programs.

Informal flexibility, such as having a flexible arrival/departure time, is the most commonly reported program (88 percent). A more formal program, such as having a reduced work schedule/working part time, is also commonly reported (87 percent). A large majority of respondents (82 percent) also report that telecommuting or working from home is an option in their organizations.

Many organizations also cite maternity and paternity leaves as flexible work options. More than three-fourths of the respondents (82 percent) report their companies provide paid maternity leave, and almost one-half (46 percent) report also having paid paternity leave.

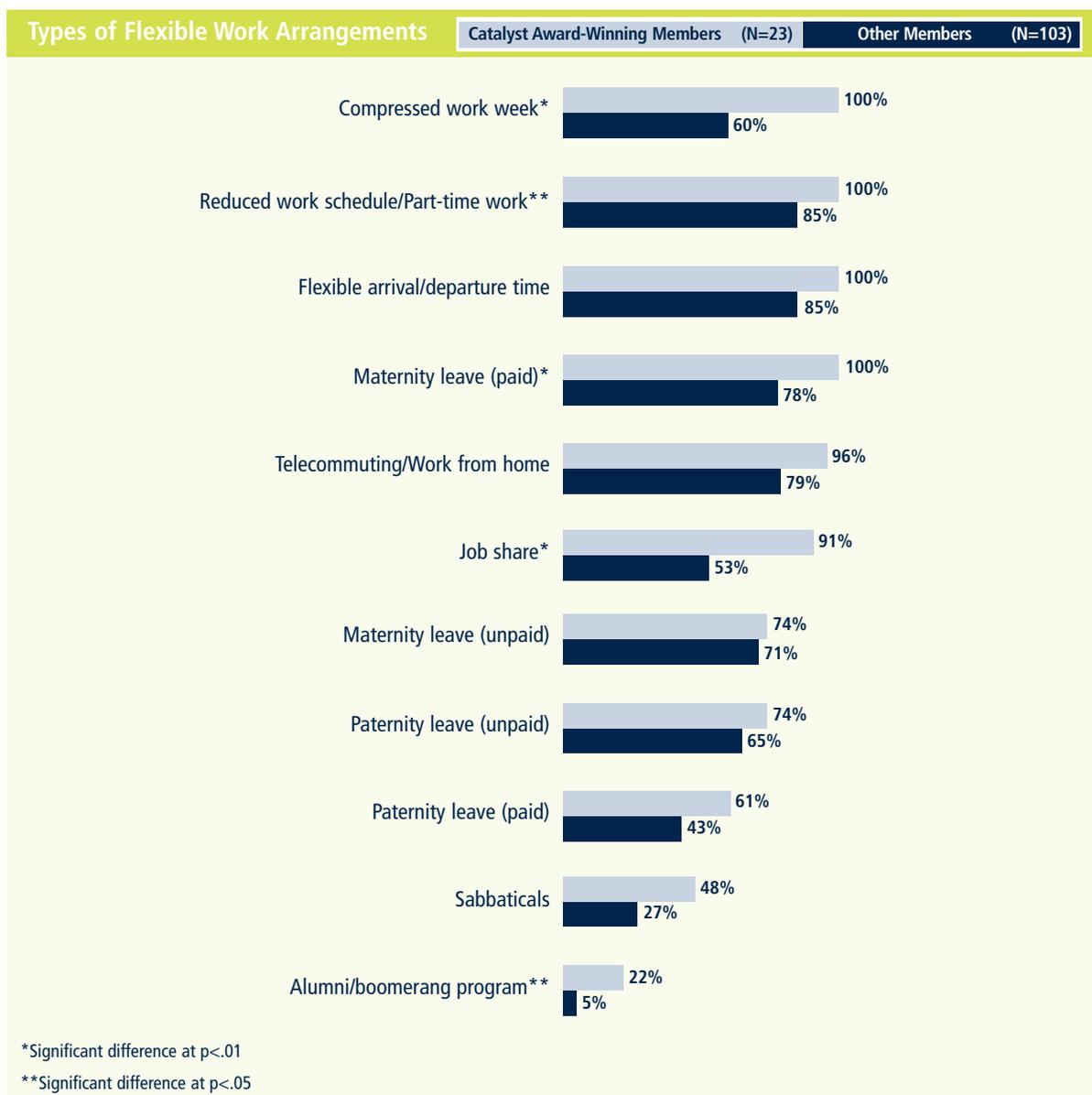
In a recent Equal Opportunities Commission (EOC) study, 94 percent of new fathers cite taking some leave (paid or unpaid) from work during their baby’s first eight weeks.<sup>18</sup> The fact that so many Catalyst members have paid paternity and maternity leave policies in place testifies to their commitment to reduce stress and the financial constraints involved with unpaid leave and also allow for more family bonding time for new parents.

<sup>17</sup> Informal flexibility, such as flexible arrival/departure time, or changing work schedules ad-hoc, occurs only sometimes and is not tied to any written policy or program. Formal flexibility, such as a compressed work week or part-time work, occurs regularly and is often part of a work contract or written policy.

<sup>18</sup> Equal Opportunities Commission (2005). “Dads and their babies: Leave arrangements in the first year.” EOC Working Paper Series, 1-132.

Flexible Work Policies and Programs (N=126)	Percent of Total Respondents
<b>Flexible arrival/departure time</b>	<b>88%</b>
<b>Reduced work schedule/Part-time work</b>	<b>87%</b>
<b>Maternity leave (paid)</b>	<b>82%</b>
<b>Telecommuting/Work from home</b>	<b>82%</b>
Maternity leave (unpaid)	71%
Compressed work week	68%
Paternity leave (unpaid)	67%
Job share	60%
Paternity leave (paid)	46%
Sabbaticals	31%
Alumni/boomerang program	8%

Significantly more Catalyst Award-winning members offer flexible work policies and programs than other members. All Catalyst Award-winning members offer compressed work weeks, flexible arrival/departure times, reduced work schedules, and paid maternity leaves. Almost all Catalyst Award-winning members (91 percent) offer job shares, while 53 percent of other members do so.

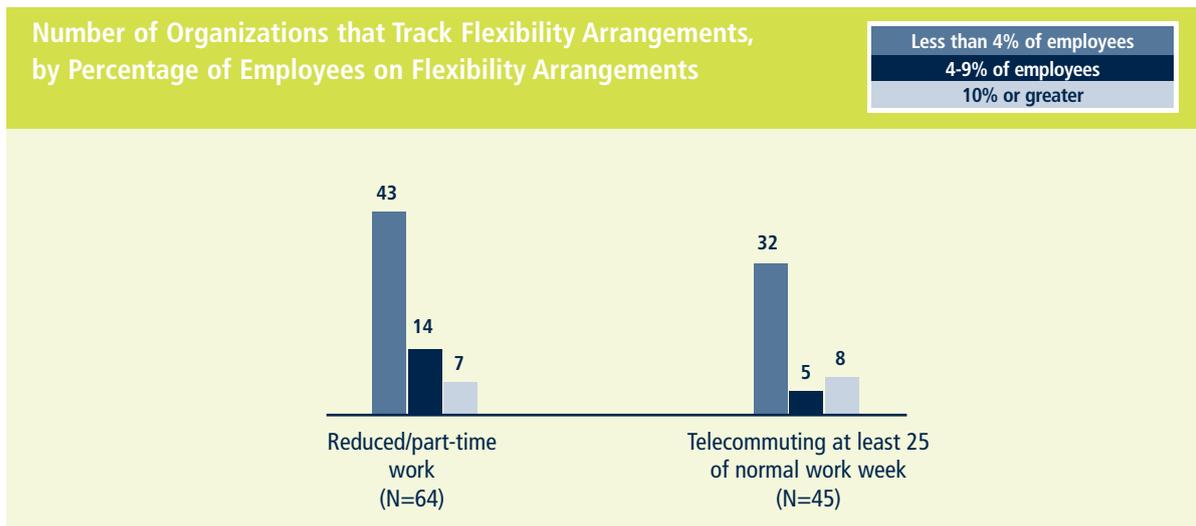


## Utilization of Flexibility Programs

In addition to examining whether a program or policy exists within an organization, we asked respondents to report the number of individuals utilizing reduced work schedules/part-time work and telecommuting. Out of 126 respondents, one-half (64 organizations) report tracking their reduced/part-time workers; just over one-third (45 organizations) report tracking the number of employees who telecommute at least 25 percent of a normal work week.

Of the 64 organizations that track employees' reduced hours/part-time work, the majority report less than four percent of their employees work these schedules.<sup>19</sup> Of the 45 organizations that track employees' telecommuting at least 25 percent of a normal work week, most organizations report less than four percent of their employees select these arrangements.

It is notable that the number of organizations that track employees on flexibility arrangements—and the number of employees working these arrangements—is low. As discussed previously in this report, majorities of organizations report having reduced schedules or telecommuting options available. However, only one-half of those organizations actually track usage of these programs, and the majority report that less than 10 percent of employees participate in the programs. There is a huge disconnect between the policies organizations offer, the number of organizations that track this usage, and the actual number of employees who take advantage of flexibility options.



In a recent Catalyst study of women and men executives, almost all respondents (91 percent of women and 94 percent of men) agree they can be flexible with their work schedules when they have a family or personal matter to attend to. However, only 15 percent of women and 20 percent of men agree they can use a flexible work arrangement without jeopardizing their career advancement. Only 14 percent of women and men agree that they can use a parental leave or sabbatical without jeopardizing their career advancement.<sup>20</sup> The fact that both women and men feel unable to utilize many of the flexibility options that their organizations offer begins to explain the disparity between program offerings and utilization rates. Organizations need to address the underlying cultural implications these findings suggest.

<sup>19</sup> These data categories were not question items, but instead were calculated from quartiles of the number of employees on flexible arrangements and total number of employees at the organization.

<sup>20</sup> Catalyst (2004). *Women and Men in U.S. Corporate Leadership: Same Workplace, Different Realities?*

### Company Practice: The Life Balance Program (Lehman Brothers)

Recent changes to the Life Balance program at Lehman Brothers have contributed to a cultural change at the firm. There had always been opportunities to request informal flexible work arrangements, yet there was no real flexibility policy or format in which the firm made decisions about which roles and positions were eligible, nor was there an established application process. What drove Lehman Brothers to formalize its flexible work arrangements in 2004 was a desire to attain consistency and structure around flexibility at the firm, and to market flexibility as an important aspect of how Lehman Brothers was going to grow its culture.

The firm took action and delineated five sanctioned flexible work arrangements, created a sophisticated online application system, and hired a full-time person to act as an Ombudsman for employees who want to explore or request a flexible work arrangement. Having an Ombudsman allows the firm to manage flexible work arrangements with consistency, track the arrangements, and provide mentoring to both managers and employees as they embark on the flexible work paradigm.

Beyond flexibility, other new policies were created in 2004, driven by a desire to enhance the firm's commitment to supporting and respecting employees' need to balance the complex and sometimes competing demands of their careers and personal lives. One of the policies that has had the most impact is its new sabbatical policy because it has been taken up by both men and women; a key achievement for the firm based on its belief that nothing drives cultural change more than when a "Life Balance" policy is taken advantage of by both sexes. Creating this policy sent a message to employees that sometimes employees choose non-linear careers, and that breaks in one's career don't necessarily signal a lack of commitment to the firm.

The firm measures the impact of the new policies and programs in several ways.

- A centralized database captures the gender and location of those who apply for the arrangements. This year, 40 percent of new applicants for flexible work arrangements are men, and the firm reiterates that flexibility should be approached as a gender-neutral strategy.
- In Europe, the firm recently established 90-day flexible taskforces in all divisions and asked them to critically analyze how prevalent the flex culture is in their office, and make suggestions on how the firm could deepen the acceptance of flexible work arrangements. The taskforces reported to the regional CEO their findings on current practices, and made actionable recommendations.

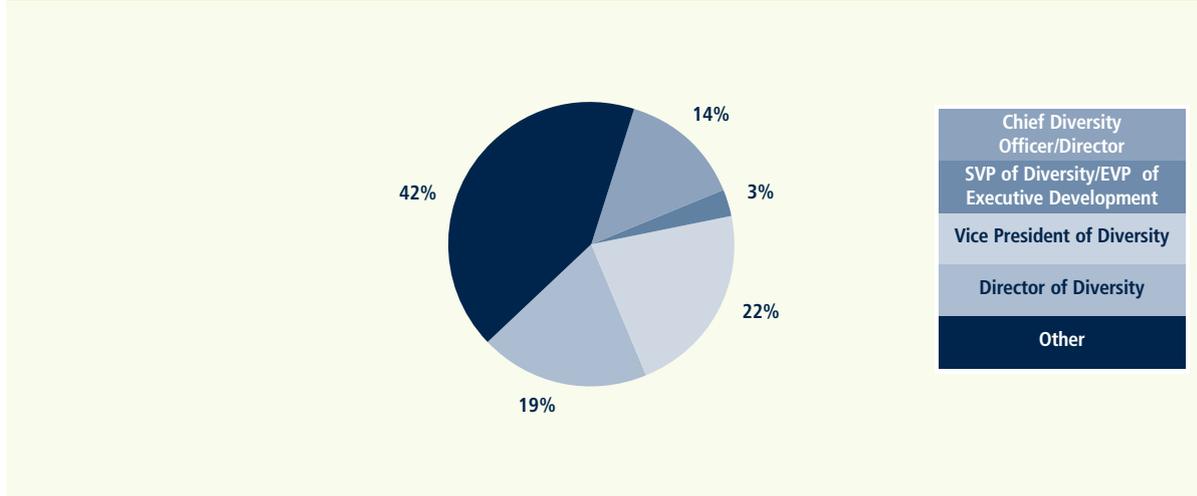
## KEY FINDINGS

- Seventy-four percent of respondents cite having a senior-level position devoted to diversity at their organizations.
- Eighty-two percent report they have a specific budget for diversity programs and activities.
- Across all respondents, increasing competitiveness for attracting talent (24 percent) is the number one reason organizations cite for building a business case for diversity.

## DIVERSITY STAFF

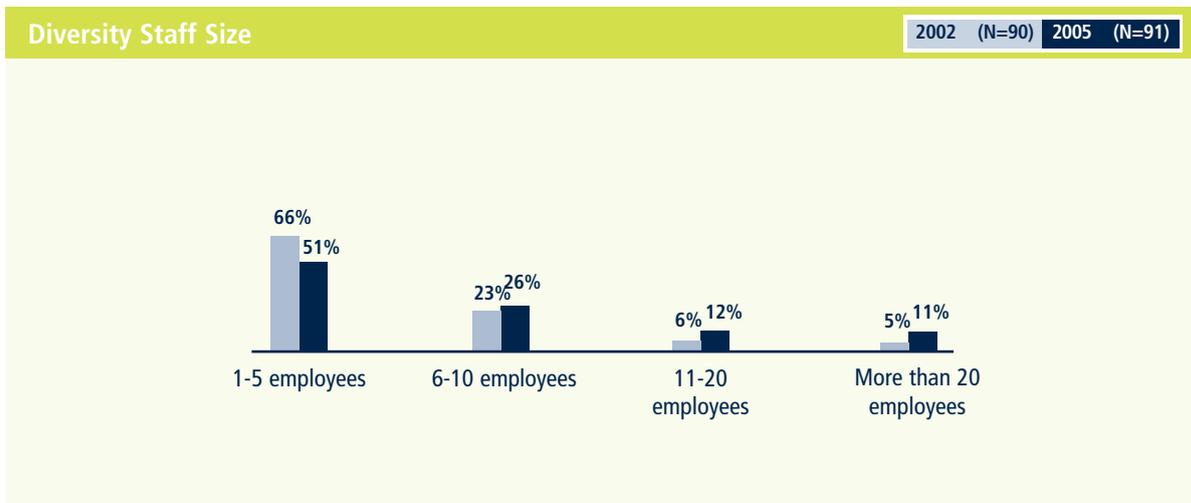
Catalyst member organizations' commitment to diversity is reflected in the many resources they allocate to fostering and promoting inclusive work environments. One measure of this commitment is having staff dedicated to diversity initiatives. Seventy-four percent of respondents cite having a senior-level position devoted to diversity at their organizations. Of these respondents, 19 percent report having a Director of Diversity, 22 percent a Vice President of Diversity, and 14 percent a Chief Diversity Officer/Director. An additional 42 percent report individuals with other titles related to diversity, including Senior Director of Diversity or Diversity Manager.

Title of Senior-Level Diversity Position (N=92)



Senior-level diversity personnel often are accountable to other senior-level managers. Diversity professionals in companies report most frequently to the corporate head of HR (58 percent) and 18 percent report directly to the CEO. In firms, 63 percent of individuals in diversity positions report to their managing partner/firm chair and 25 percent report to the diversity committee chair or human resources director.

Diversity staff size has grown over time. In Catalyst's 2002 Member Benchmarking report, only 5 percent of the total survey respondents cited having more than 20 employees led by a senior diversity staff member.<sup>21</sup> In contrast, this year, 11 percent of respondents cite having more than 20 employees in their diversity staff. Additionally, the number of organizations in the smallest staff size category (one to five employees) has declined over time, while representation in all other larger staff size categories has increased.



## DIVERSITY BUDGETS

Besides committing resources to fund staff dedicated to diversity initiatives, member companies earmark financial resources to a variety of programs and initiatives. Eighty-two percent of participants report that they have a specific budget for diversity programs and activities. These budgets range broadly from \$10,000 to \$216 million. The median diversity budget of respondents is \$1.2 million.

To assess how budgeting for diversity is broken down, we asked participants to calculate the percent of the diversity budget allocated to several major areas.<sup>22</sup> Almost one-half (48 percent) of respondents report allocating the greatest percentage of their overall diversity budget to diversity training programs and general administrative costs (47 percent). Allocating diversity funds for outreach and/or recruiting (45 percent) is also a top choice.

Examining the allocations more closely, we see there is a substantial range in how organizations distribute diversity funds. Thirty-nine percent of respondents report that more than 25 percent of their diversity budget is allocated to general administrative costs and one-fourth of respondents report that diversity marketing accounts for more than 25 percent of their budget. Work/life programs and supplier diversity receive the lowest levels of budget allocation. Nearly one-half (47 percent) of the responding organizations allocate less than 10 percent of their diversity budget to work/life programs and 61 percent allocate less than 10 percent to supplier diversity programs. Budget allocations are likely to vary considerably depending on the type of business, but it is noteworthy that across all respondents, large percentages of money being spent is on infrastructure.

<sup>21</sup> Catalyst (2003). *2002 Catalyst Member Benchmarking Report*.

<sup>22</sup> Diversity budget numbers may be difficult to capture, as money often comes from different departmental/division budgets, or could fall broadly into an HR budget.

## Diversity Budget Allocations

Less than 10% of diversity budget  
10-25%  
More than 25%



### THE BUSINESS CASE FOR DIVERSITY AND INCLUSION

Examining and building a business case for diversity and inclusion is a powerful exercise for organizations. By doing this, organizations review their top business priorities and build a strategy to meet business needs, produce change, and yield results. An effective diversity business case should permeate all facets of the business.

Catalyst research shows the importance of a solid business case. In our 2004 study of financial performance,<sup>23</sup> we explored the connection between gender diversity and financial performance. Our findings showed that companies with the highest representation of women on their top management teams performed better financially than companies with the lowest women's representation. This study allowed us to make a connection between gender and financial performance and established a convincing business case for gender diversity.

However, a financial business case is just one of many reasons that organizations may focus on diversity. In this Benchmarking survey, we wanted to gauge which of the current top reasons organizations use for focusing on diversity and inclusion efforts.

The results show that increasing competitiveness for attracting talent is the top-cited diversity business case rationale (24 percent). Other top reasons include improving financial performance (19 percent) and increasing understanding of and/or access to specific markets, clients, or consumer segments (14 percent).

<sup>23</sup> Catalyst (2004). *The Bottom Line: Connecting Corporate Performance and Gender Diversity*.

## Top Diversity Business Case Rationales (N=126)

Number One Reason

Top Three Reasons



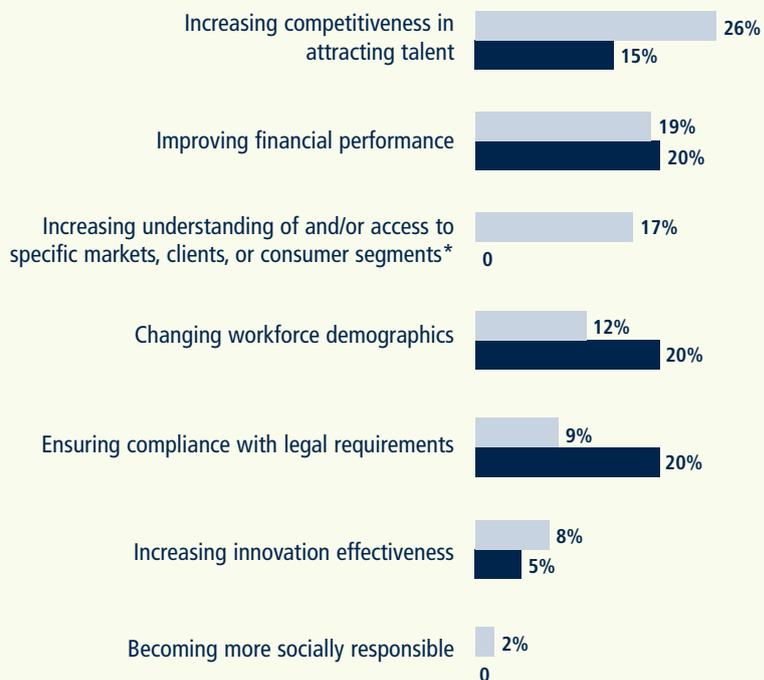
Many factors can influence an organization's focus on diversity and inclusion efforts. Internal or external factors, such as stakeholder support for diversity, senior-level commitment, resources, marketplace environment, and/or governmental/legal reasons, may increase or decrease the momentum and amount of resources placed on diversity efforts. To begin to understand the impact these factors have on formulating an effective business case for diversity, we examine whether the rationale used by organizations varies by geographic location of operations or facilities.

Global companies and/or firms report different reasons for focusing on diversity and inclusion than those operating in the United States and/or Canada only. The top reasons given by global companies/firms are the same as for the sample overall, but the focus of organizations operating only in the United States and/or Canada is on improving financial performance (20 percent), ensuring compliance with legal requirements (20 percent), and changing workforce demographics (20 percent).

## Top Diversity Business Case Rationales, by Region

Global (N=106)

United States and/or Canada only (N=20)



\*Significant difference at  $p < .05$

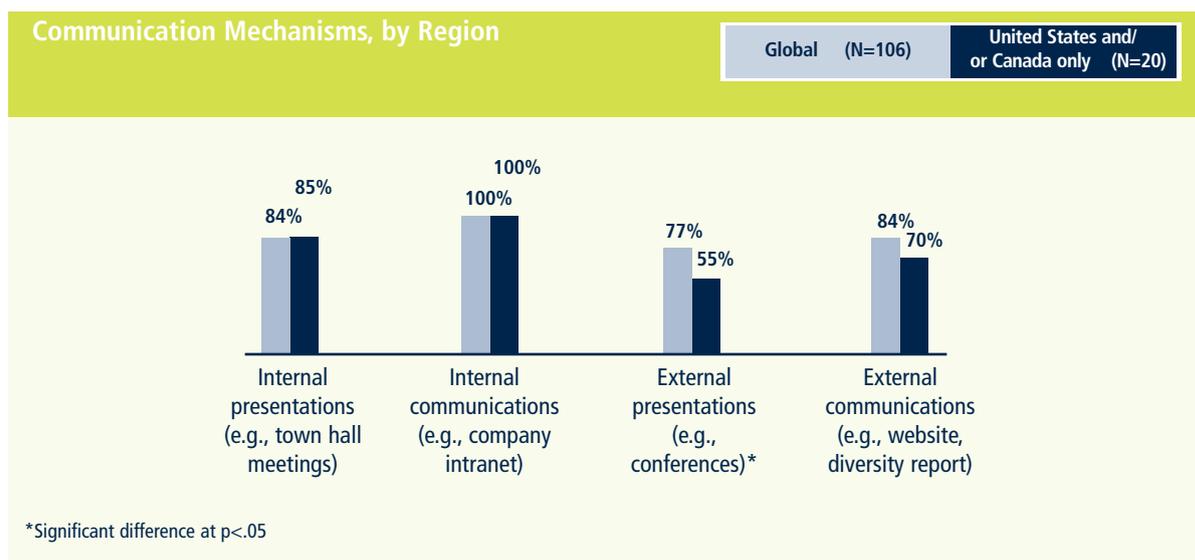
Geographic variations in the rationale used to create an argument for diversity support a global business case. Clearly, there are different contexts and situations when functioning globally that impact diversity decisions. What motivates buy-in and commitment to diversity is likely to differ from culture to culture, so the need for global organizations to design and implement culturally-specific diversity strategies is critical. Additionally, as the workforce population continues to expand, it is speculated that the most growth will occur in countries with non-Caucasian majorities, causing an even greater need to tailor global human resources and diversity strategies.<sup>24</sup>

<sup>24</sup> Gardenswartz, L., Rowe, A., Digh, P., and Bennett, M.F. (2003). *The Global Diversity Desk Reference: Managing an International Workforce*. San Francisco, California: Pfeiffer.

### Communicating Diversity Messages

Communication of diversity efforts is essential, as it provides visibility and demonstrates senior-level support. As shown previously, our member respondents are clear: There are many business reasons to focus on diversity. They are also clear that a variety of communication methods are needed to showcase support and disseminate messages to wide audiences within their organizations.

To examine whether communication mechanisms vary by geographic region, we again compare global organizations and those functioning within the United States and/or Canada only. Significantly more global organizations utilize external presentations as a method for communicating about diversity than those operating only in the United States and/or Canada (77 percent and 55 percent, respectively). However, majorities of both populations place a high priority on communicating diversity messages through internal and external channels.



## CHAPTER 5: SUCCESSION PLANNING, LEADERSHIP DEVELOPMENT, AND ACCOUNTABILITY MECHANISMS

### KEY FINDINGS

- Seventy-five percent of companies have a formal succession planning/high-potential program for diverse candidates and 57 percent of firms have a leadership development program for diverse candidates.
- Eighty-two percent of companies report that the CEO is involved in succession decisions.
- Sixty-nine percent of companies report that managers are held accountable for diversity goals and objectives and 38 percent of firms report that partners are held accountable.

### SUCCESSION PLANNING AND/OR LEADERSHIP DEVELOPMENT PROGRAMS

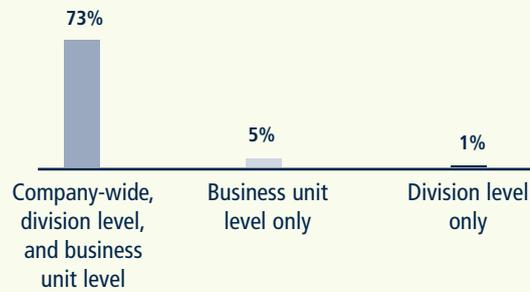
Effective career management policies that foster an equitable environment and clarify the role of leaders in employee development are critical to advancing women and diverse employee groups. Leaders should encourage and prioritize employee development, with the ultimate goal of ensuring that they think concretely about how to build the employee pipeline.

Formal succession planning and/or leadership development programs are essential for organizations, as they allow them to be rigorous about successful management and planning for employee development. To assess the frequency, types, and scope of these programs within our member organizations, we asked company respondents about their succession planning/high-potential programs for individuals in underrepresented groups and we asked firms about their leadership development programs for such individuals.

Seventy-five percent of companies report having a formal succession/high-potential planning program with a diversity component. These succession/high-potential programs are ones that explicitly identify and/or develop white women, women and men of color, and/or other underrepresented groups for leadership responsibilities.

The scope of succession planning programs is broad, targeting employees at all levels in organizations. Majorities of respondent companies (73 percent) report succession planning programs at multiple levels—company-wide, at the division level, and at the business unit level. Five percent of companies have a program at the business unit level only and one percent have a program only at the division level.

### Scope of Succession Planning Programs in Companies (N=78)



In contrast to companies, fewer firms have formal programs focused on development of diverse leadership talent. Only 57 percent of firms report having a leadership development program with a diversity component. The majority of firms (75 percent) report that the scope of the leadership development program is within a practice area/group. Sixty-seven percent report that the program is firm-wide and 25 percent report that it is at the committee level.

### Leadership Development Programs in Firms (N=12)



In firms with these leadership development programs, 100 percent of partners are targeted. In addition, 42 percent of developmental programs are offered to associates and 33 percent to counsel.

### Key Stakeholders

Having a senior-level individual involved in succession decisions is critical, as they are often key decision-makers in the organization. Catalyst members agree this is important, as 82 percent of respondents report that the CEO is involved in succession/leadership development decisions at their organizations.

### Performance and Development

Organizations report not only having formal advancement programs for diverse candidates, but also formal mechanisms for the development of all employee groups and/or associates. The majority of organizations (79 percent) conduct two formal checkpoints or discussions regarding performance goals and development per year. For some organizations, these issues remain a priority year-round. Nine percent of companies and firms report having ongoing discussions about goals and 18 percent report having ongoing discussions about development.

## Company Practice: Developing Women Leaders Across the Firm (Deloitte U.S. Firms\*)

As more and better educated women enter the workforce and more women rise to decision-making roles within Deloitte's clients, the ability to retain and advance talented women is critical to its business. The firm recognizes that a key retention and advancement strategy is continuing to provide developmental opportunities for women as they rise into the mid-career levels and above. To this end, Deloitte has several initiatives and programs focused on leadership development, including:

### Leading Edge

- Each year, managing partners select the top-performing women partners, principals, and directors to participate in Leading Edge, a week-long leadership development program held in conjunction with Simmons Graduate School of Management. The program provides participants with a framework for understanding leadership, affords assessment of their own leadership potential, and strengthens their leadership, negotiating, and networking skills. Leading Edge provides excellent cross-organizational networking opportunities and direct exposure to firm leaders. More than 200 women have been through this program since its inception in 1999.

### Ellen Gabriel Fellows Program

- High-performing senior managers from across the firm self-nominate for this six-month developmental program. The primary components of the program include: (1) assignment on a strategic firm project that gives each fellow visibility to senior leadership as well as cross-organizational understanding of the firm and its strategy; (2) a week-long leadership development program delivered in conjunction with Columbia University's Business School focusing on authenticity and effectiveness; (3) a highly interactive examination of the forces that will shape the world and impact the organization, during a three-day visit to the Institute for the Future; and (4) a fellows network that encourages alumni to stay connected and support each other's career development. Seventy women and men have been fellows since the program's inception in 2001.

### ForwardTrack and FASTrack

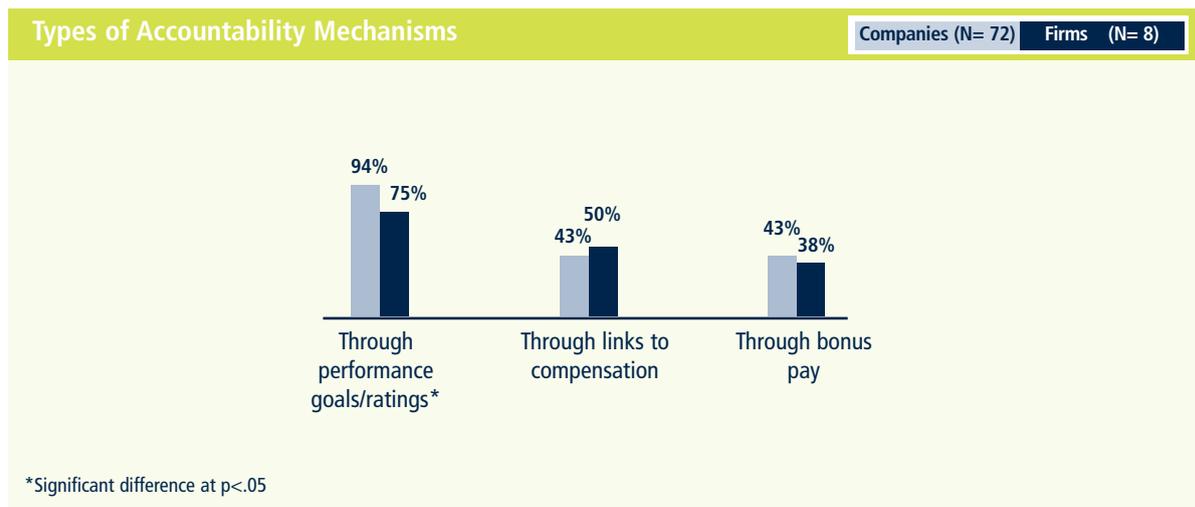
- Programs ForwardTrack and related FASTrack are designed to develop and support high-potential women senior managers to help prepare them for promotion to director or admission into the partnership. Each program has a variety of components, including 360 feedback and personal coaching that allow participants to focus on personal, professional, and business development skills.

\*The term "Deloitte U.S. Firms" is a collective reference to Deloitte & Touche USA LLP and its subsidiaries.

## ACCOUNTABILITY MECHANISMS

It is not enough to only have programs and policies in place to achieve diverse and inclusive workplaces. Holding managers/leaders accountable for these programs and policies is necessary to ensure the success of such initiatives. Accountability mechanisms are concrete ways that organizations can reward the progress of initiatives, as well as sustain them.

More than two-thirds (69 percent) of companies report that managers/leaders are held accountable for meeting specific diversity goals and objectives, whereas just over one-third (38 percent) of firms report that partners are held accountable for diversity goals. Companies and firms vary somewhat in terms of how they hold individuals accountable. Although majorities of both companies and firms track progress with performance goals/ratings (94 percent and 75 percent, respectively), companies are significantly more likely to do so.



## Tracking Progress

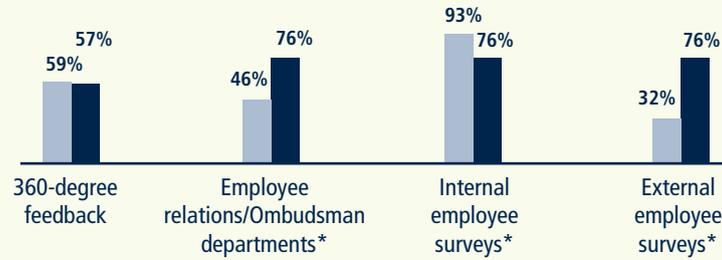
Companies and firms report using a variety of methods to track employee satisfaction, including 360-degree feedback, employee relations/Ombudsman departments, and employee surveys both conducted internally and externally, through outside agencies. Tracking satisfaction is essential, particularly as it relates to diverse candidates. Organizations need to have formal systems in place so all individuals will feel comfortable voicing concerns or issues, and so there is equity within and across all employee groups.

In reviewing differences in tracking mechanisms between companies and firms, again there are some differences. Nearly all companies use internal employee surveys (93 percent) to track satisfaction, but only one-third (32 percent) rely on external employee surveys. In contrast, firms are most likely to use employee relations/Ombudsman departments, internal employee surveys, or external employee surveys as predominant ways they monitor progress (76 percent each). More than one-half of both companies and firms use 360-degree feedback to track employee satisfaction (59 percent and 57 percent, respectively).

## Tracking Employee Satisfaction (N=126)

Companies

Firms

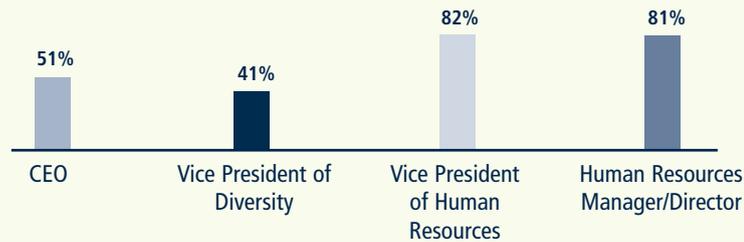


\*Significant differences at  $p < .05$

It is important not only to track these statistics, but also disseminate the information to key leaders within the organization. We asked companies and firms to report who reviews the employee satisfaction data they collect.

Across companies and firms, senior-level individuals are reviewing these data. In companies, the Vice President (82 percent) or Manager/Director of Human Resources (81 percent) are most likely to review accountability and satisfaction statistics, followed by the CEO (51 percent). In firms, the Managing Partner/Firm Chair (71 percent) is most likely to review the tracking information, followed by the Human Resources Director (62 percent) and Head of Attorney/Professional Development (57 percent).

## Reviews Progress: Companies (N=105)



## Reviews Progress: Firms (N=21)



### Monitoring Key Assignments

Catalyst research has shown that informal networks are critical in organizations and women struggle to participate fully in these groups. In our 2004 study of women and men executives in Fortune 500 companies, women cited exclusion from informal networks (46 percent) as a top barrier to their advancement. Only 18 percent of men cited this as a barrier to their advancement, showing that exclusion from informal networks is not an issue for this population.<sup>25</sup> Being part of the right network in an organization increases the chance that one will be tapped for key assignments, making these groups pivotal to career development and advancement.

To understand what organizations are doing to level the playing field, we asked respondents if their organizations had monitoring systems in place regarding allocation of key assignments. Majorities of companies (53 percent) and firms (71 percent) report having systems in place to monitor distribution of assignments.

<sup>25</sup> Catalyst (2004). *Women and Men in U.S. Corporate Leadership: Same Workplace, Different Realities?*

We also asked about particular types of assignments the systems are designed to track. Overall, firms are more likely than companies to monitor key assignments or roles. Ninety-three percent of firms monitor major client assignments and 87 percent track opportunities for staff to participate on taskforces/committees. In contrast, about one-half of companies (51 percent) monitor major client assignments and 67 percent track opportunities for staff to participate on taskforces/committees.

Types of Monitored Assignments	Firms (N=15)	Companies (N=55)
Major client assignments	93%	51%
Opportunities to participate on taskforces/committees	87%	67%
New client/business development opportunities	67%	44%
Cross-functional/cross-practice area team assignments	67%	71%
Client pitches	67%	N/A
Client service teams	67%	N/A
Internal referrals	60%	N/A
Assignments in line leadership roles	N/A	84%
Assignments in key business units/divisions	N/A	82%
International assignments	53%	69%

"N/A" indicates that these items were not asked of company or firm respondents.

### KEY FINDINGS

- In companies, 73 percent of senior-level executives are white men, 18 percent are white women, 7 percent are men of color, and 2 percent are women of color.
- Within firms, white men comprise 79 percent of the highest level (management/executive committees), while white women comprise 15 percent, men of color 4 percent, and women of color 1 percent.

Catalyst believes that by counting numbers, gaps that exist within organizations can be identified. By tracking workforce statistics, organizations can begin to understand which types of change efforts are needed. Each year, our Benchmarking survey provides a basis for identifying gaps by presenting current workforce representation, recruitment, and attrition, across managerial levels.

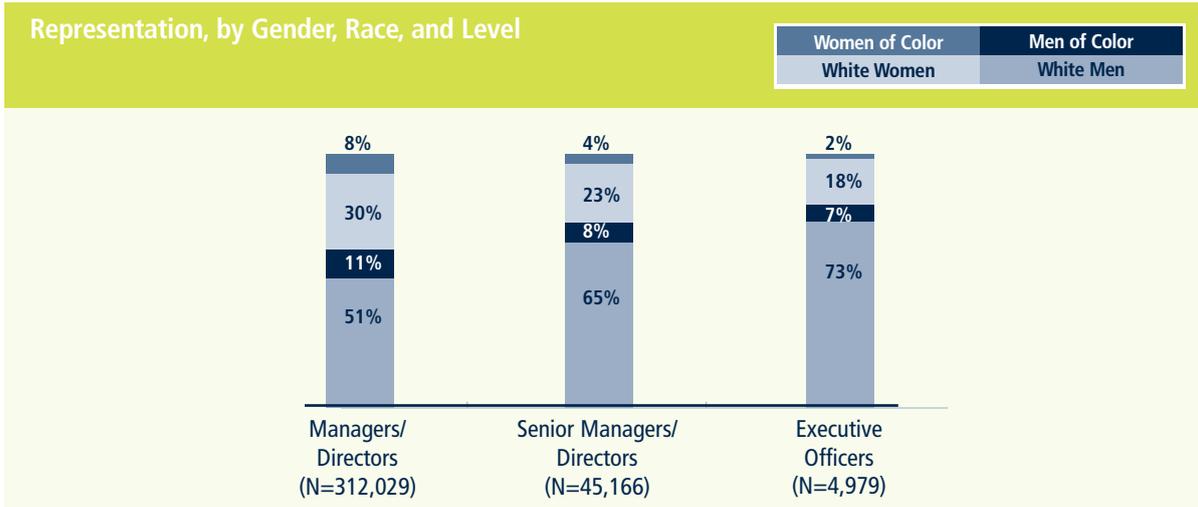
### OVERALL PRESENTATION AT SENIOR LEVELS

There has been little change in the senior-most ranks of organizations since we examined the numbers in our 2003 Benchmarking report. In that report, we noted that white men comprised 75 percent of the senior-most decision-makers in member organizations (both companies and firms).<sup>26</sup> In this year's survey, for the first time, we look at leadership within companies and firms separately and find that white men still predominate senior positions. In companies, 73 percent of senior-most executives are white men, 18 percent are white women, 7 percent are men of color, and 2 percent are women of color. Within firms, white men comprise 79 percent of the highest level (management/executive committees), while white women comprise 15 percent, men of color 4 percent, and women of color 1 percent.

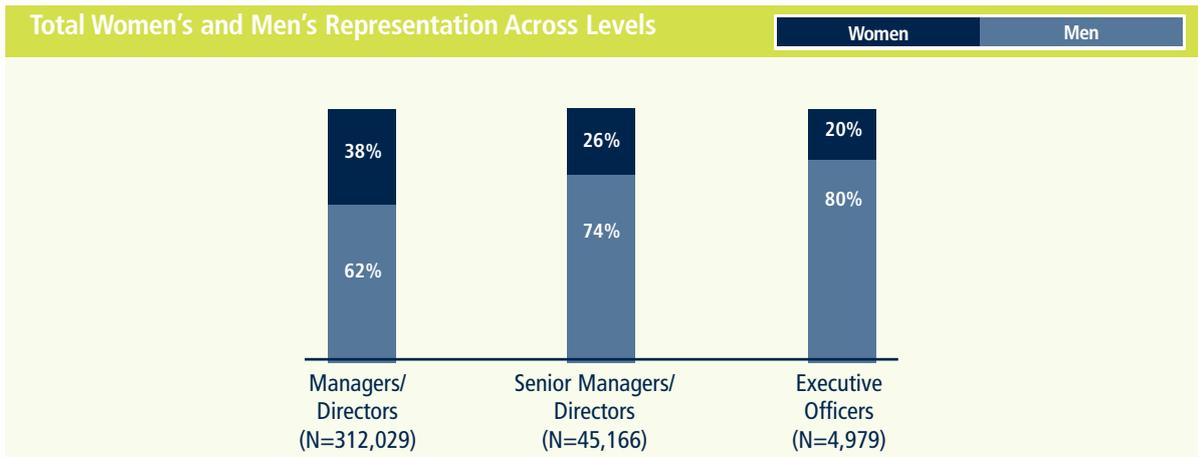
### Representation within Companies

Also for the first time in this year's survey, we ask respondents to report statistics for specific employee levels, allowing us to provide a more accurate examination of statistics across companies. In examining other managerial levels, we see that women comprise greater numbers of managers/directors and senior managers/directors than at the highest executive levels.

<sup>26</sup> Catalyst (2004). *2003 Catalyst Member Benchmarking Report*.



Aggregating the representation statistics across gender only, we clearly see that women’s representation in companies is slightly higher at the lower levels, where women comprise 38 percent of managers/directors. Men, however, still comprise much greater percentages of managers/directors (62 percent). At the senior manager/director level, women’s representation decreases to 26 percent, while men still make up almost three-fourths (74 percent) of senior managers/directors. Finally, at the senior-most level, men predominate executive officer positions (80 percent), and women comprise only 20 percent of this group.



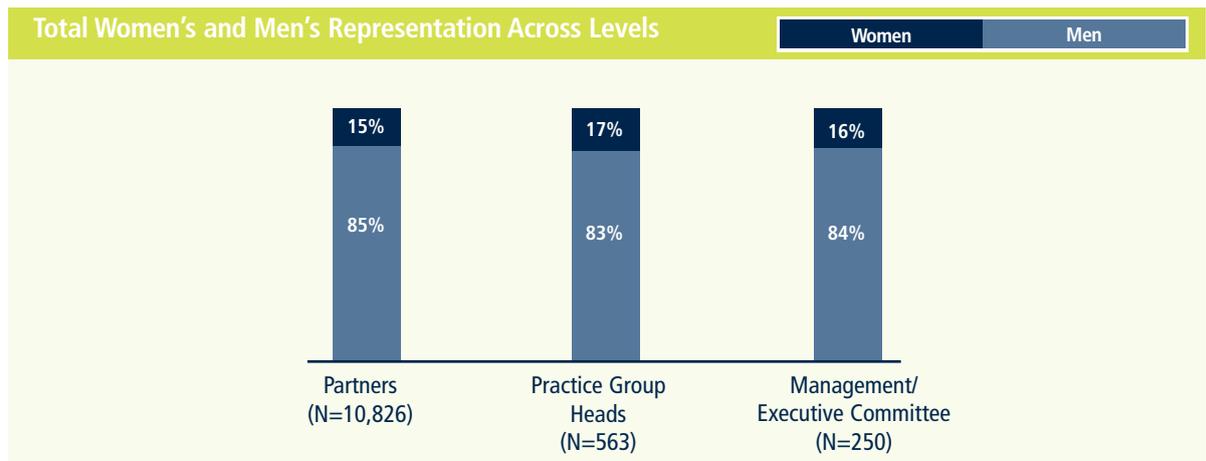
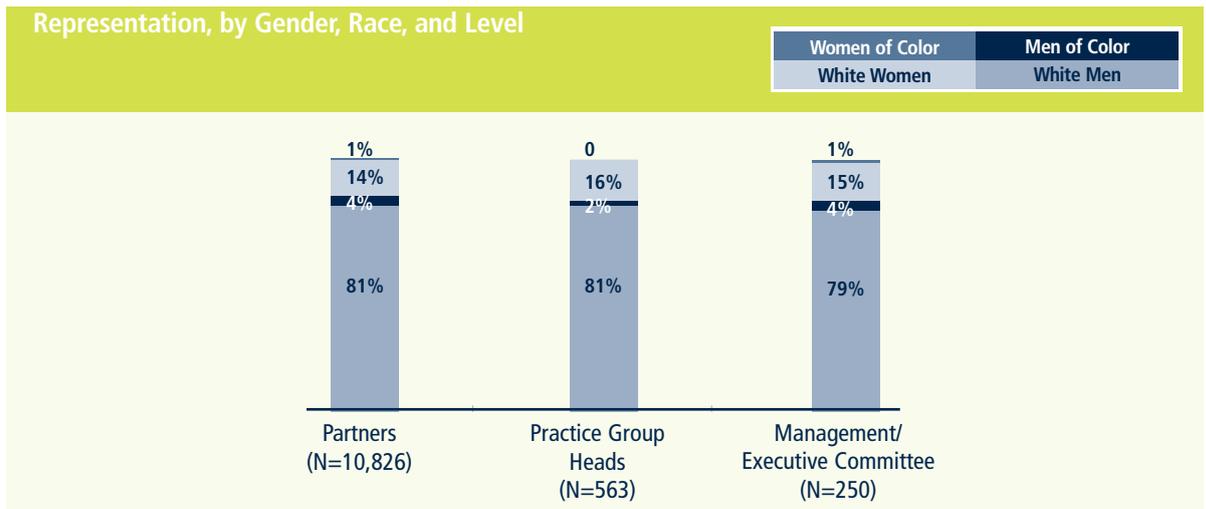
**Representation within Firms**

Catalyst’s decision this year to separate the workforce data of firm members from those of company members is driven by our recognition that the workforce population at professional services firms may differ substantially from that of companies. Additionally, the segmentation offers the opportunity to highlight some of the unusual challenges that firms face, particularly in their representation of people of color.

White men hold more senior positions than women at all leadership levels within firms. White men comprise 79 percent of the highest level (management/executive committees), while white women comprise 15 percent, men of color 4 percent, and women of color 1 percent.

When examining partner numbers, white women’s representation declines slightly to 14 percent. The rate for women of color and men of color remains the same as at the senior-most level, at 1 percent and 4 percent, respectively.

We also examine the number of individuals serving as practice group heads (or equivalent positions), allowing us to see who serves in key leadership capacities at firms. Again, white men predominate this group (81 percent). There are no women of color and only 2 percent men of color serve in these leadership roles within their firms.



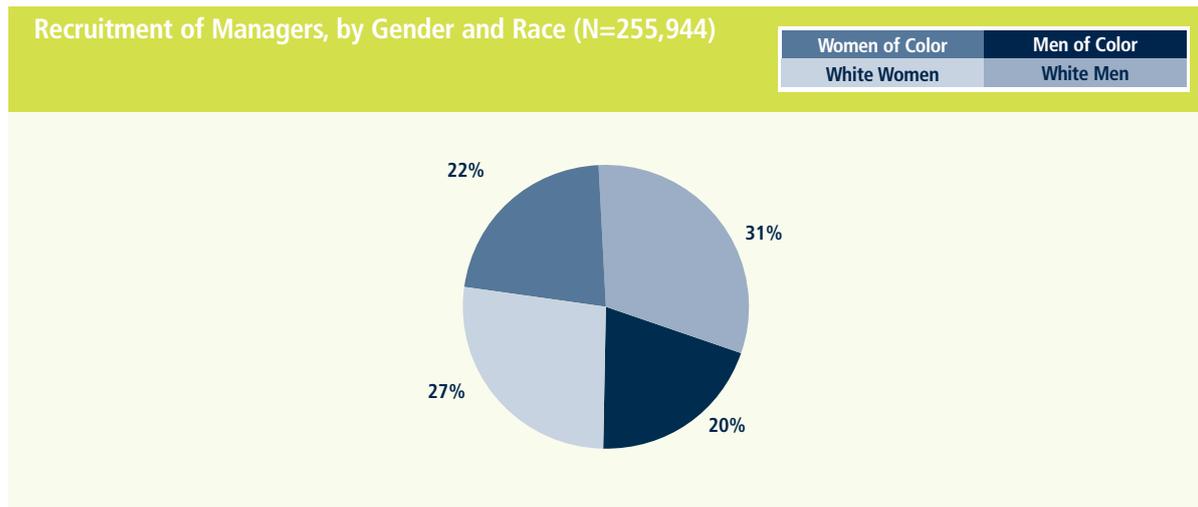
Aggregating the representation statistics of firms across gender only, we see that women are even more underrepresented at the top in professional services firms than in companies. Men comprise an even greater percentage of partners (85 percent) than women (15 percent). At the practice group level and management/executive committee level, men’s representation decreases slightly (83 percent and 84 percent, respectively), where women comprise 17 percent and 16 percent of the top talent.

**OVERALL RECRUITMENT AT MEMBER ORGANIZATIONS**

In addition to exploring patterns of representation, examining the hiring patterns of organizations can be instructive; these patterns show disconnects or places where diverse talent is not well-represented. This is especially true at the senior-most managerial ranks. Diversity at these levels makes a profound statement about an organization’s commitment to having an inclusive work environment.

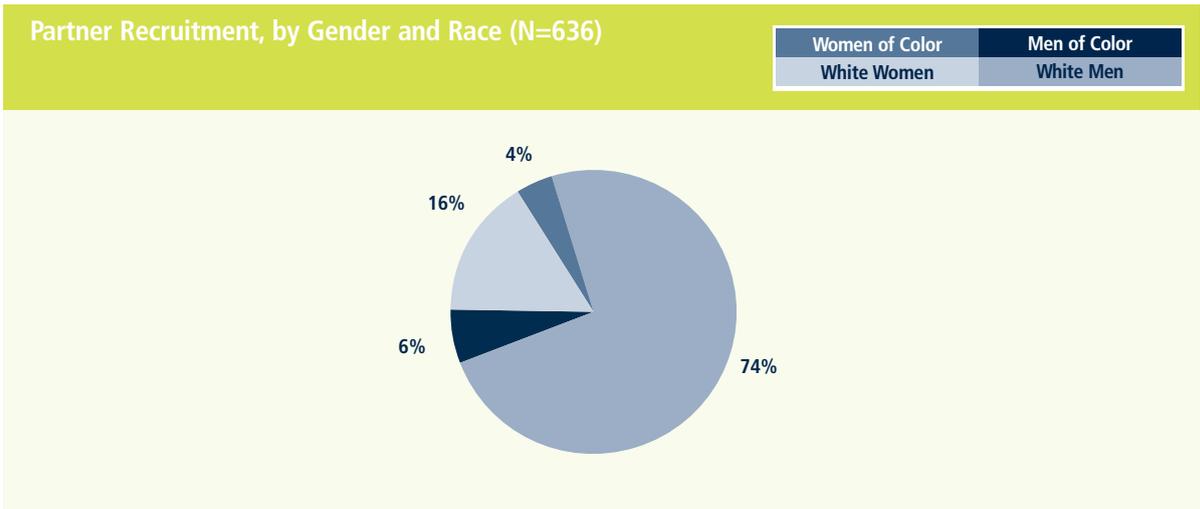
**Recruitment in Companies**

An examination of the managerial recruitment pattern of companies reveals that white women are being recruited into managerial ranks at lower rates than white men, with 31 percent white men and 27 percent white women recruited into managers/directors, senior managers/directors, and executive officers positions. People of color are being recruited at even lower proportions, with 22 percent women of color recruits and only 20 percent men of color recruits.

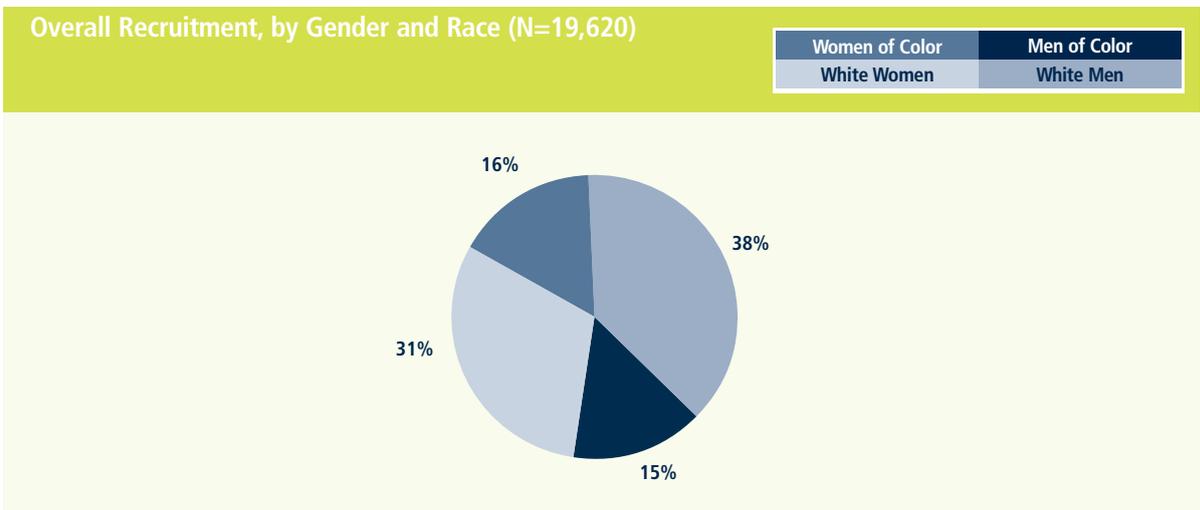


**Recruitment in Firms**

Partner recruitment numbers paint a clearer picture of the predominance of white men. White men comprise almost three-fourths (74 percent) of partner recruits. People of color make up only 10 percent of recruits at this level.



While white men comprise the largest number of recruits across managerial/leadership levels within firms (38 percent), they do not predominate total recruitment numbers. White women and people of color are recruited at an equal rate (31 percent) suggesting that there is an opportunity for change in the representation patterns at firms.



**ATTRITION IN MANAGERIAL RANKS**

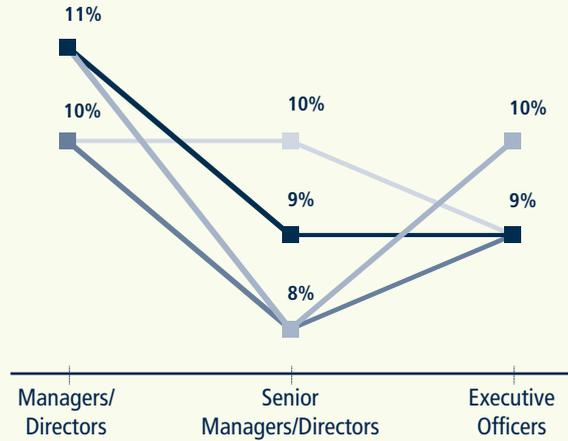
Attrition (including voluntary and involuntary rates) tracks how successfully an organization is retaining employees from key demographic groups. These rates can provide insights as to where certain groups may be leaving at a disproportionately higher rate than others.

**Attrition in Companies**

In contrast to the substantial variation in recruitment across gender and race/ethnicity in companies, the pattern for attrition is similar across groups. The highest attrition rate is among men of color and white men (11 percent) at the managers/directors level. For white women, the rate of attrition is also highest at the managers/directors and senior managers/directors level (10 percent for both).

Attrition, by Gender and Race (N=36,819)

Women of Color	Men of Color
White Women	White Men



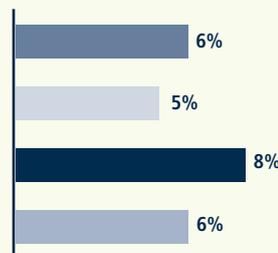
Moving up in a managerial level, we begin to see a slight divergence in attrition rates. The rates for white men and women of color drop to 8 percent at the senior managers/directors levels, while the rate for men of color drops to 9 percent. The rate for white women remains the same at 10 percent as at the lower managerial level. At the senior-most level, executive officers, the attrition rate for white men increases to 10 percent, whereas the rate for white women drops to 9 percent. Rates for people of color converge at 9 percent. Overall, the rate of attrition across groups at these three managerial levels averages about 10 percent.

Partner Attrition in Firms

For firms, we have data on attrition for only one managerial level: partner. Patterns for partner attrition in firms are similar across race and gender, as for managerial levels in companies. The highest attrition is 8 percent for men of color, compared to 6 percent for white men. Attrition of women of color (6 percent) is also slightly higher than attrition of white women (5 percent).

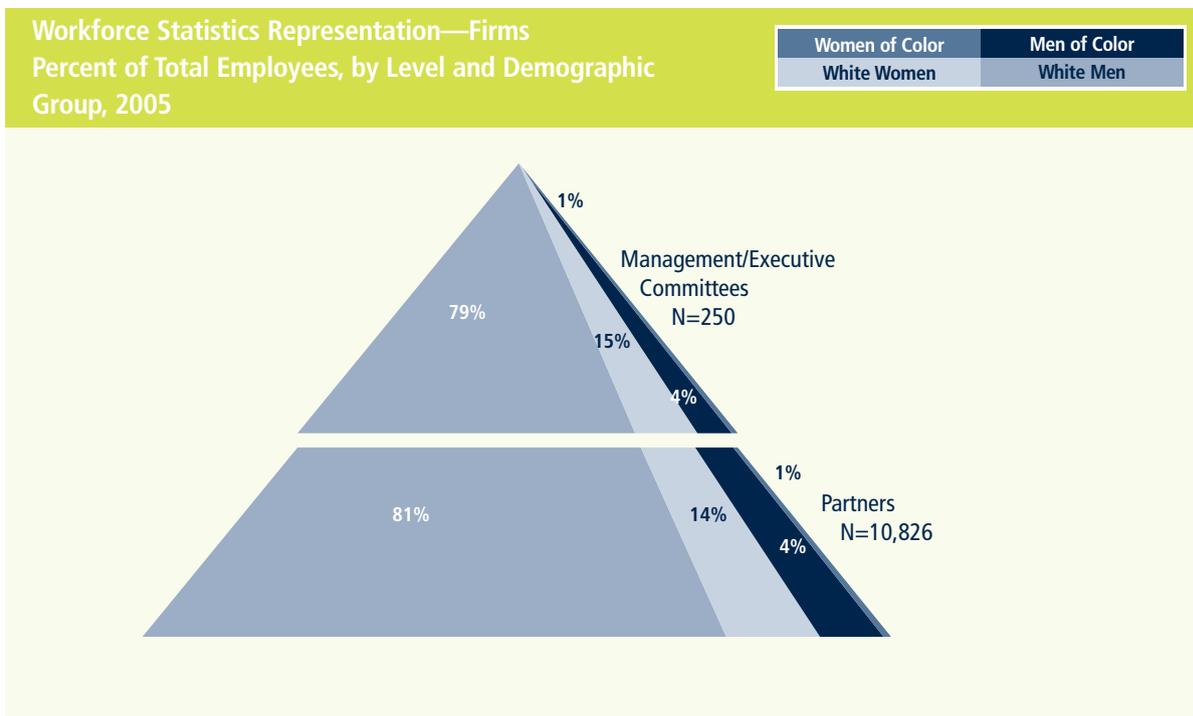
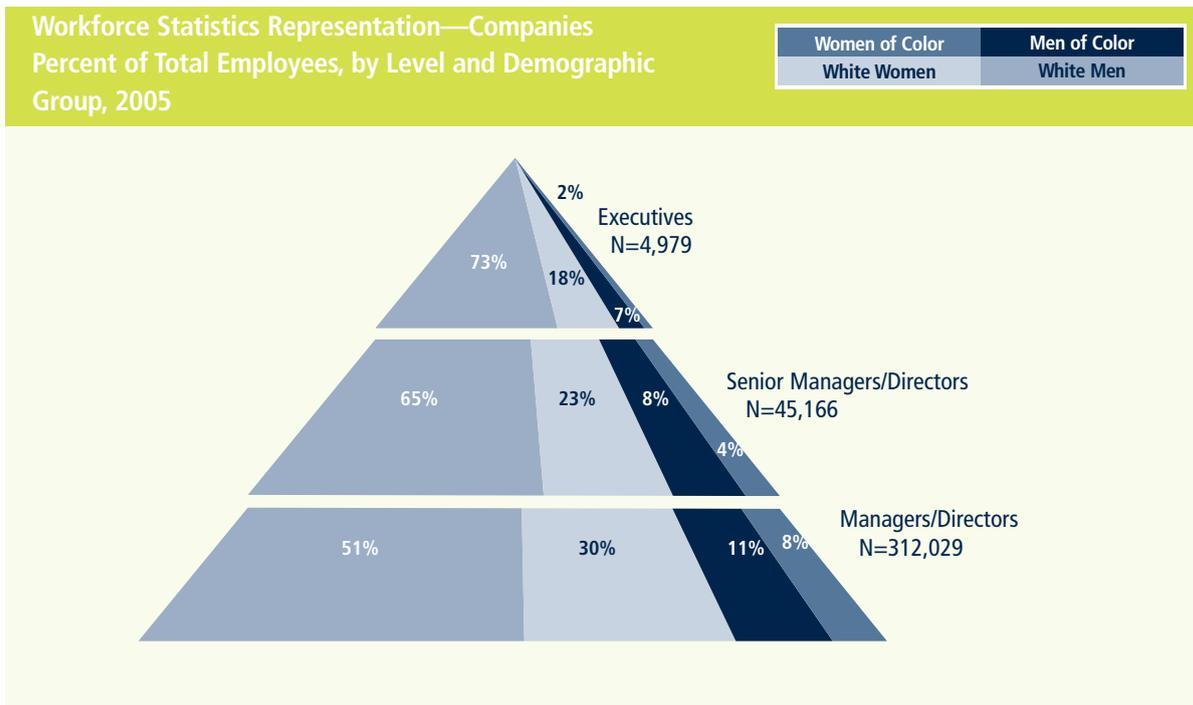
Partner Attrition, by Gender and Race (N=690)

Women of Color	Men of Color
White Women	White Men



## WORKFORCE STATISTICS OVERVIEW

The following pyramid provides visual confirmation of the available pipeline in companies and firms. In companies and in firms, white men predominate. In companies, white men are the only group whose representation increases by level, while representation of all other groups sharply declines as they ascend the corporate pyramid. In firms, the pattern is somewhat different. Simply put, white men predominate management/leadership positions. White women are nearly four times as prevalent as men of color (15 percent on average versus 4 percent) and women of color are virtually non-existent (1 percent) in these leadership roles. The challenge for diversity is profound. While many diversity programs and policies are in place, companies and firms need to examine the makeup of their current leaders and assess where additional change is needed in order to ensure more equal representation of women and people of color across managerial ranks.



## CHAPTER 7: CONCLUSION AND DISCUSSION

In terms of programs and policies related to diversity, this year's Catalyst Benchmarking report paints a picture of organizational efforts. Catalyst members are engaged in a variety of activities and report commitment at very senior levels. In addition, Catalyst Award-winning members continue to lead the way in regard to many diversity efforts.

When examining the workforce statistics and accountability mechanisms, however, we see little change from our last report. While members report having diversity activities overall, there is little numerical evidence showing how these policies or programs are benefiting diverse groups.

In terms of representation, women still comprise very low levels of senior executives or firm leadership within organizations. Additionally, the representation of people of color is very low. Organizations need to consistently track—and examine—human resources data in order to assess gaps. This will help target change efforts and hopefully sustain them over time.

The company examples we provided throughout the report, as well as the numerous Catalyst Award-winning statistics, are intended to provoke organizational diversity efforts. True change does not happen all at once. It is the culmination of solid efforts, strong accountability mechanisms, and senior leadership support that begins to impact diversity and inclusion efforts.

Whether you consider your organization a diversity leader, or one that is just embarking on this front, we hope this Benchmarking report will provide you with the knowledge to enact meaningful change within your own organization.

## ACKNOWLEDGMENTS

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Julie Nugent directed the research, devised the methodology, conducted data analysis, and authored the report. Emily Wakeling directed the team of Catalyst relationship managers who worked to solicit member participation, acted as a resource to member participants, and helped create company reports. Theresa Campbell-Carbon coordinated and participated in the company practices process, including conducting interviews and writing company practices examples, as well as assisted with fact-checking and company report creation. Victoria Bovaird and Laura Sabattini participated in the company report process by interviewing company contacts and writing company practices examples. Kenitra Boone assisted with fact-checking, company report creation, and data verification. Meesha Rosa provided technical support and overall feedback. Marcee Harris assisted with data analysis and provided report feedback. Reina Shibata assisted with company report creation. We are grateful to the additional Catalyst issue experts and team members who reviewed and contributed to the overall report: Paulette Gerkovich, Jan Combopiano, Katherine Giscombe, Jeanine Prime, Kara Helander, Debbie Soon, Bill Edison, Susan Black, Sarah Singer, Michael Chamberlain, and Bo Young Lee. Thank you to Ed Belove for designing and supporting the new survey technology.

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This report was produced and edited under the leadership of Debbie Soon, Vice President of Marketing and Public Affairs. Kara Patterson edited the report and Kristine Ferrell designed the report.

Special thanks to the Benchmarking study sponsors: Allstate Insurance Company, Campbell Soup Company, Lehman Brothers, and Pfizer, Inc.

Finally, this project would not be possible without the generous participation and involvement of Catalyst's membership. We thank you for your continued feedback and support, and look forward to many more collaborations in the future.

## APPENDIX A: PUBLIC BENCHMARKING PARTICIPANTS LIST

### MEMBER RESPONDENTS<sup>27</sup>

3M	Cisco Systems, Inc.	Georgia-Pacific Corporation
Accenture	Corning Incorporated	Goldman, Sachs & Co.
Adobe Systems	Credit Suisse First Boston	Hearst Magazines
Alcoa	DaimlerChrysler Corporation	Hewitt Associates
Allstate Insurance Company	Debevoise & Plimpton LLP	Hewlett-Packard Company
Ambac Financial Group, Inc.	Dell	Hewlett-Packard Canada
ARAMARK	Deloitte & Touche USA LLP	Holland & Knight
Astrazeneca Pharmaceuticals	Diageo	Humana Inc.
Avanade	Duke Energy	IBM Corporation
Avon	DuPont	IBM Canada
Babson College	Eastman Kodak Company	Inco Ltd
Bank of America	EDS	ING
Bell Canada	EDS Canada	Intel Corporation
BMO Financial Group	Ernst & Young	Intuit
Borden Ladner Gervais LLP	Ernst & Young LLP, Canada	JPMorgan Chase
BP	Fannie Mae	Kellogg Company
Campbell Soup Company	Fluor Corporation	KeyBank
Cardinal Health, Inc	Ford Motor Company of Canada,	KPMG LLP
Cendant Corporation	Limited	Lehman Brothers
ChevronTexaco	GANNETT CO., INC.	Manitoba Telecom Services Inc.
Chubb Insurance Company of Canada	Genentech	Manpower Inc.
Cingular Wireless	General Motors	Marsh & McLennan
	Georgia Power Company	McCarter & English, LLP

<sup>27</sup>This is a partial list and includes only those who agreed to be listed publicly in this report.

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### MEMBER RESPONDENTS *continued*

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Merck & Co., Inc.	Rockwell Automation	Verizon Communications
Merrill Lynch & Co., Inc.	Safeco Insurance	Vinson & Elkins, LLP
MetLife	Safeway Inc.	Wal-Mart Stores, Inc.
Microsoft Corporation	SAP America, Inc.	Waste Management
Morrison & Foerster LLP	Shell Oil	Weil, Gotshal & Manges LLP
Motorola	Skadden, Arps, Slate, Meagher &	Wells Fargo & Company
Mutual of Omaha Insurance	Flom LLP	Wilson Sonsini Goodrich & Rosati
Company	Starbucks Coffee Company	Wyeth
NIKE, Inc.	Symantec Corporation	Xerox Corporation
Nokia Corporation	TD Bank Financial Group	Young & Rubicam Brands
Northrop Grumman	Texas Instruments	
PacifiCare Health Systems	The Gillette Company	
Pearson, Plc	The Goodyear Tire & Rubber Co	
Pillsbury Winthrop LLP	The Hershey Company	
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Canada	TOTAL	
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**2005**

Georgia-Pacific Corporation  
Sidley Austin Brown & Wood LLP

**2004**

General Electric Company  
Harley-Davidson, Inc.  
Shell Oil Company U.S.

**2003**

Accenture  
Ernst & Young LLP  
WellPoint Health Networks, Inc.

**2002**

Bayer Corporation  
Fannie Mae  
Marriott, International Inc.

**2001**

American Express Company  
General Mills, Inc.  
J.P. Morgan Chase & Co.

**2000**

The Charles Schwab Corporation  
IBM Corporation  
The Northern Trust Company

**1999**

Baxter Healthcare Corporation  
Corning Incorporated  
TD Bank Financial Group

**1998**

The Procter & Gamble Company  
Sara Lee Corporation

**1997**

The Allstate Corporation  
Avon Mexico

**1996**

Hoechst Celanese Corporation  
Knight-Ridder, Inc.  
Texas Instruments

**1995**

Deloitte & Touche LLP  
The Dow Chemical Company  
J.C. Penney Company, Inc.

**1994**

Bank of Montreal  
McDonald's Corporation  
Pitney Bowes Inc.

**1993**

Con Edison  
Morrison & Foerster  
Motorola

**1992**

American Airlines  
Continental Insurance  
Hewlett-Packard Company

**1991**

Arthur Andersen & Co.  
SC Johnson Wax  
Tenneco Inc.

**1990**

Eastman Kodak Company  
John Hancock Financial Services  
US Sprint Communications  
Company

**1989**

Fannie Mae  
IBM Corporation  
US West, Inc.

**1988**

Avon Products, Inc.  
Corning Glass Works  
E.I. du Pont de Nemours  
& Company  
Gannett Co., Inc.

**1987**

Connecticut Consortium for Child  
Care (1987 corporate members:  
Aetna Life & Casualty Co., Allstate  
Insurance Company, Combustion  
Engineering, Connecticut Bank and  
Trust, Connecticut National Bank,  
Hartford Insurance Group P.L.I.C.,  
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