

## 2006 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, Switzerland, and Toronto, Catalyst is consistently ranked No. 1 among U.S. nonprofits focused on women's issues by The American Institute of Philanthropy.

## 2006 CATALYST MEMBER BENCHMARKING REPORT

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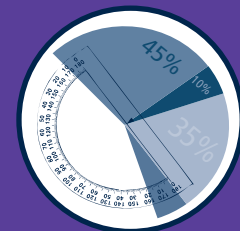
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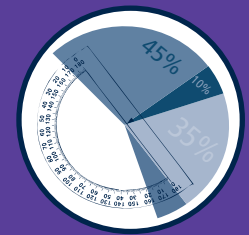
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## INTRODUCTION

This year marks the fifth anniversary of the *Catalyst Member Benchmarking Report*. We are pleased once again to present our member companies and firms with an assessment of the scope of diversity programs, policies, and initiatives being offered by our members, as well as statistics regarding women's representation at executive and managerial levels. As in previous years, this report offers organizations the opportunity to compare themselves to industry peers, Catalyst Award-winning members, and Catalyst members overall on a number of key measures. These metrics can help organizations assess where their strengths lie and where there is room for improvement in diversity and inclusion efforts.

This Benchmarking report comprises five sections: global dimensions of diversity; organizational diversity efforts and programs; diversity strategy, supplier diversity, and accountability mechanisms; scope of change-related activities; and workforce statistics. Additionally, the report showcases organizational practices that have been adopted and implemented by members to move their diversity and inclusion programs, their employees, and their organizations forward.

As partners in the Catalyst mission to advance women in the workplace, our member companies and firms are a rich source of knowledge and inspiration. In providing the data and analyses presented here, Catalyst hopes to share our own extensive knowledge, and help our member companies and firms make meaningful progress that will enhance not only their diversity and inclusion efforts, but also their business as a whole.

## PARTICIPANT PROFILE

Once again, the Benchmarking survey was administered online. In Spring 2006, Catalyst sent electronic surveys to 340 member organizations. We received completed responses from 134 organizations, for a 39 percent response rate. Organizations that agreed to be recognized publicly for their participation are listed in Appendix 5.

The findings presented here refer to several different groups of member organizations. When we speak of findings for firms, we are referring to our members who are professional services firms, including accounting, management consulting, and law firms. When we speak of findings for companies, we are referencing all other members, including educational institutions.

Companies represented 80 percent of the sample, while firms were 20 percent. Twenty-eight Catalyst Award-winning members participated (21 percent of the sample)—the highest number of Catalyst Award-winning participants since we started the Benchmarking service in 2001. Of the responding organizations, a majority (62 percent) were from *Fortune* 500/Global 500 companies, and 16 percent were top-ranking firms in terms of their revenue.<sup>1</sup> With respect to headquarters country, our member respondents were geographically diverse, with 14 percent headquartered outside of the United States.

<sup>1</sup> "Fortune 1000," *Fortune* (April 17, 2006); "Global 500," *Fortune* (July 24, 2006); "2006 Am Law 100: Two More Billion-Dollar Firms," *The American Lawyer* (May 2006); "The 2006 Accounting Today Top 100 Firms," *Practical Accountant* (March 2006); "World's Largest Management Consulting Practices," *Consultant's News* (June 2006): p. 4.



As shown in Table 1, our Benchmarking member participants were highly representative of Catalyst’s overall membership in terms of type of organization and where they were located. With respect to industry sector, members in the category of Consumer Products/Services – Hospitality, Food Service, Retail were underrepresented compared to Catalyst’s membership overall, while members of the Industrials category were slightly overrepresented. Additionally, the participants in this year’s survey were slightly larger, measured by revenue, than membership overall.



**Table 1: Respondent and Member Profile<sup>2</sup>**

	Total Catalyst Member Respondents N=134 (39 percent response rate)	Total Catalyst Membership N=340 <sup>3</sup>
<b>Type of Organization</b>		
Company	80% (107)	84% (285)
Firm	20% (27)	16% (55)
<b>Headquarters Region</b>		
Canada	8% (11)	11% (37)
Europe	6% (8)	7% (25)
United States	84% (113)	81% (276)
Other <sup>4</sup>	2% (2)	1% (2)
<b>Respondent's Geographic Region</b>		
Midwestern United States	19% (26)	19% (64)
Northeastern United States	35% (47)	32% (108)
Southern United States	12% (16)	11% (38)
Western United States	11% (15)	14% (47)
Canada	13% (17)	16% (56)
Europe	8% (11)	7% (25)
Other	10% (13)	1% (2)
<b>Industry</b>		
Accounting	6% (8)	3% (11)
Consumer Products/Services – Hospitality, Food Service, and Retail	19% (25)	25% (84)
Consumer Products/Services – Telecommunication	7% (9)	4% (12)
Energy and Utilities	4% (5)	5% (16)
Financial Services – Insurance	8% (10)	5% (17)
Financial Services – Investment Banking	13% (18)	15% (52)
Healthcare and Pharmaceuticals	4% (5)	7% (25)
Industrials	16% (22)	12% (41)
Information Technology – Computers, Office Equipment, Computer Software, and Data Services	10% (13)	11% (38)
Law Firms	10% (14)	10% (33)
Management Consulting	4% (5)	3% (11)
<b>Catalyst Award Winners</b>		
Catalyst Award-winning Participants	21% (28)	12% (41)
Non Award-winning Participants	79% (106)	88% (299)
<b>Revenue</b>		
F500/Global 500 Corporations	62% (83)	54% (185)
F501-1000 Corporations	5% (7)	6% (20)
Top Professional Services Firms	16% (21)	9% (29)

<sup>2</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, unless otherwise noted.

<sup>3</sup> Total Catalyst membership accurate as of May 22, 2006.

<sup>4</sup> These organizations responded that they have "no official headquarters country."



### About the Catalyst Award

Since 1987, Catalyst annually honors outstanding initiatives and efforts of corporations and professional firms that address the recruitment, development, and advancement of all managerial women, including women of color. In celebrating an approach's success, Catalyst provides organizations with replicable models that are good for women and the overall business.

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

Catalyst's rigorous, year-long examination of initiatives and their measurable results culminates in intensive, on-site reviews at finalist organizations. Catalyst assesses a variety of strategic approaches related to women's advancement for this Award. Discrete, specific efforts as well as broad initiatives, such as those that facilitate cultural change, are considered. Since 1987, 60 initiatives have been honored. See Appendix 6 for a list of Catalyst Award Winners.



### KEY FINDINGS

Key findings from Catalyst's 2006 Benchmarking survey and analyses are presented below. Subsequent chapters detail the findings and provide interpretations, while also highlighting a variety of diversity initiatives in several substantive areas. When organizations compare themselves to these overall findings, and think about their own business realities, strategies, and areas of focus, they can identify ways in which they can build upon and expand their diversity and inclusion efforts.

#### Dimensions of Diversity

- Most organizations reported having global operations, with offices located outside their headquarters country.
- Gender was the most commonly targeted aspect of diversity—cited by 54 percent of organizations—while programs focusing on race/ethnicity or visible minorities<sup>5</sup> were cited by 31 percent of organizations.
- Allowing employees to celebrate cultural or religious holidays was the most common diversity practice, with 56 percent of organizations citing this practice.

#### Organizational Diversity Efforts and Programs

- Sixty-nine percent of companies and 93 percent of firms reported having formal mentoring programs. Mentoring programs for women were named most often by companies, while mentoring programs for associates were named most often by firms.
- Seventy-five percent of companies and 78 percent of firms reported having at least one employee network group in place. Women's employee network groups were the most common, followed by network groups for lesbian, gay, bisexual, and transgender employees.
- Eighty percent of companies and 85 percent of firms reported having formal flexible work policies in place. Part-time work and flexible arrival/departure times were the most common arrangements offered.

<sup>5</sup> For companies and firms other than those in Canada, we use the term "race/ethnicity"; for companies and firms in Canada, we use the term "visible minorities."

## Diversity Strategy and Accountability Mechanisms

- Sixty-three percent of organizations took a more centralized and corporate-structured approach to their diversity strategy, while just 15 percent reported that their organizations took a decentralized/local approach to diversity.
- Over three-fourths of respondents (76 percent) reported that their organizations had a supplier diversity program. Almost all of these organizations (92 percent) reported that these programs were tracked by gender and race/ethnicity or visible minority status.
- Large majorities of companies (74 percent) and firms (70 percent) reported that managers/partners in their organizations were held accountable for meeting specific diversity goals and objectives.
- The vast majority of respondents (88 percent) reported that their organizations' highest executives—including CEOs/Chairmen or Managing Partners/Firm Chairs—were responsible for reviewing diversity-related metrics.

## Scope of Change-Related Activities

- Overall, respondents reported relatively balanced portfolios with respect to key drivers of change within their organizations.
- Organizations' change-related activities were skewed slightly towards internal activities—an aspect of the change process that supports, but does not drive, change.
- Communication emerged as the change driver that received the most support among responding member organizations.
- There remains significant room for expansion of metrics, accountability mechanisms, and executive support when it comes to change-related behaviors and initiatives.

## Workforce Statistics

- In companies, 72 percent of senior-most executives were white men, 18 percent were white women, 8 percent were men of color, and 2 percent were women of color.
- Within firms, white men comprised 83 percent of the management/executive committee, while white women comprised 12 percent, men of color were 5 percent, and women of color were 1 percent.
- These workforce statistics document the need for strategies that drive change; women's advancement and diversity and inclusion programs have not yet had full impact.

## KEY EXAMPLES

We include examples of organizational practices throughout the report. Catalyst organizational practices are programs, initiatives, or activities that support organizational diversity and inclusion efforts and are considered promising models for others to follow. These practices also reveal the extent to which diversity-related change is tangible, achievable, and beneficial for organizations and their employees.

## KEY QUESTIONS

As you review this Benchmarking report, and compare your organization to Catalyst members overall, keep the following questions in mind:

### In what areas does your organization excel?

- How can you capitalize on these strengths?
- What are the next steps for diversity and inclusion 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 and inclusion initiatives and programming?

### How effective are your current diversity efforts?

- Are programs meeting or exceeding their goals?
- Do you have tracking mechanisms in place to measure the effectiveness of programs and policies?
- Are you holding individual employees accountable for reaching, or failing to reach, diversity and inclusion goals?

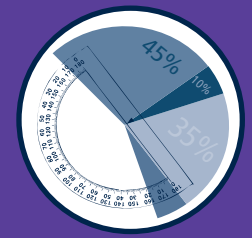
### How can you examine diversity in new, innovative ways at your organization?

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

## Catalyst Honors BLUE RIBBON Benchmarking Organizations

The following organizations have participated in the annual Catalyst Benchmarking service since its inception in 2001.

- |  |   |
|--|---|
| <input type="checkbox"/> Accenture                   | <input type="checkbox"/> Goldman, Sachs & Co.       |
| <input type="checkbox"/> Ambac Financial Group, Inc. | <input type="checkbox"/> Humana Inc.                |
| <input type="checkbox"/> Avon Products, Inc.         | <input type="checkbox"/> IBM Corporation            |
| <input type="checkbox"/> BMO Financial Group         | <input type="checkbox"/> Kellogg Company            |
| <input type="checkbox"/> BP p.l.c.                   | <input type="checkbox"/> KPMG LLP                   |
| <input type="checkbox"/> Corning Incorporated        | <input type="checkbox"/> Lehman Brothers            |
| <input type="checkbox"/> Credit Suisse               | <input type="checkbox"/> McDonald's Corporation     |
| <input type="checkbox"/> DuPont                      | <input type="checkbox"/> Merck & Co., Inc.          |
| <input type="checkbox"/> Eastman Kodak Company       | <input type="checkbox"/> PricewaterhouseCoopers LLP |
| <input type="checkbox"/> Ernst & Young LLP           | <input type="checkbox"/> Texas Instruments          |
| <input type="checkbox"/> Fluor Corporation           | <input type="checkbox"/> Vinson & Elkins            |
| <input type="checkbox"/> General Motors              | <input type="checkbox"/> Wal-Mart Stores, Inc.      |



### KEY FINDINGS

- Most organizations reported having global operations, with offices located outside their headquarters country.
- Gender was the most commonly targeted aspect of diversity—cited by 54 percent of organizations—while programs focusing on race/ethnicity or visible minorities were cited by 31 percent of organizations.
- The most common diversity practice was allowing employees to celebrate cultural or religious holidays, with 56 percent of organizations citing this practice.

For organizations to fully harness the power of many different individuals and perspectives, they must recognize diversity in all its forms, from the visible—such as gender and race/ethnicity or visible minorities<sup>6</sup>—to the invisible, such as religion, sexual orientation, and nationality. To help our members assess the populations served by their diversity and inclusion efforts worldwide, we asked them to identify the groups targeted by their diversity-related programs and practices. Analyses of responses to these questions revealed that programmatic efforts to address diversity and inclusion were widespread, designed for many different employee groups, and customized to the geographic regions in which our responding members operated.

For the first time since Catalyst started the Benchmarking service, we matched organizations' diversity-related programs and practices to the regions of the world where organizations operated. In the past, the figures we presented regarding the populations targeted by diversity programs and practices were conservative, reporting percentages based on the possibility of organizations having operations in *any* global region. This year, we asked member organizations to identify the percentage of employees in specific world regions. Thus, we were able to pair up the percentage of employees in a specific region with the programs and practices offered in that region, which provided a fuller picture of global diversity programs and practices.<sup>7</sup>

### GLOBAL OPERATIONS

Respondents overwhelmingly reported having global operations, with offices or facilities located outside of their headquarters country. Almost all organizations reported operations in the United States (96 percent), while almost three-quarters identified operations in Europe (72 percent). Two-thirds of respondents (66 percent) reported offices in Asia, while almost two-thirds reported offices in Latin America and the Caribbean (64 percent) and Canada (61 percent).

<sup>6</sup> For companies and firms other than those in Canada, we use the term "race/ethnicity" to refer to this dimension of diversity. For companies and firms in Canada, we use the common terminology "visible minorities" to refer to this dimension.

<sup>7</sup> The analyses presented in this chapter only are based upon a sample of 110 member organizations. To be included in these analyses, organizations must have reported the percentages of employees in specific world regions.



Table 2: Global Offices (N=110)	Percentage of Responding Organizations with Operations in Region
United States	96%
Europe	72%
Asia and the Pacific	66%
Latin America and the Caribbean	64%
Canada	61%
Oceania (Australia, New Zealand, Polynesia)	43%
Middle East (Western Asia)	31%
Africa	26%

### DIMENSIONS OF DIVERSITY BY GEOGRAPHIC REGION

Successful globalization efforts are exemplified by organizations that tailor their diversity and inclusion programs to reflect and accommodate local customs and cultures. As detailed above, Catalyst asked members to identify percentages of employees by region and to specify which dimensions of diversity they focused on in those regions. This region-specific information allows us to gauge the extent to which organizations are tailoring their initiatives, programs, and practices to the unique cultural contexts in which they are operating, and to meet the needs of their employees worldwide.

Regardless of worldwide region, more organizations offered programs directed toward gender than any other dimension of diversity. Almost all organizations with operations in the United States offered programs focused on gender, while a majority of companies with operations in Europe, Canada, and Oceania (Australia, New Zealand, Polynesia) offered gender-specific programs. Programs focused on race/ethnicity/visible minority status were second most common when looking across regions, being offered by 90 percent of organizations operating in the United States, 36 percent operating in Canada, and 20 percent operating in Latin America and the Caribbean.

Beyond programs focusing on gender and race/ethnicity or visible minorities, we were most likely to find, on average, programs directed toward working parents, particularly in the United States, Europe, Canada, and Oceania. Programs for part-time workers enjoyed support across the globe, as did programs for employees with disabilities and programs based on nationality. Despite concerns surrounding an aging workforce in Europe, programs directed at age/generations were slightly less common in Europe than they were in Canada and far less common than they were in the United States.

Programs targeted to sexual orientation, religion, and former employees/alumni were at least twice as likely to be offered in the United States than any other region. Likewise, the overall number of diversity programs offered in the United States was almost twice the number offered in any other region (mean=6.13). The fewest programs were offered in the Middle East (mean=1.41) and Africa (mean=1.61).

Table 3: Dimensions of Diversity, by Geographic Region									#1	#2	#3
	United States N=106	Canada N=67	Latin America/ the Caribbean N=70	Europe N=79	Asia and the Pacific N=73	Africa N=28	Middle East (Western Asia) N=34	Oceania (Australia, New Zealand, Polynesia) N=47	Average across Regions		
Gender	92%	57%	44%	58%	48%	43%	38%	55%	54%		
Race/ethnicity or visible minorities	90%	36%	20%	30%	19%	18%	12%	21%	31%		
Sexual orientation	74%	24%	14%	28%	14%	7%	6%	15%	23%		
Working parents	59%	34%	17%	35%	19%	18%	15%	23%	28%		
Disability	57%	28%	17%	35%	14%	14%	6%	15%	23%		
Part-time workers	51%	31%	16%	33%	22%	14%	15%	28%	26%		
Generational	50%	24%	13%	22%	15%	11%	12%	15%	20%		
Nationality	48%	19%	19%	27%	23%	14%	15%	21%	23%		
Religion	34%	13%	7%	17%	6%	7%	3%	6%	12%		
Employees on leave	29%	24%	11%	15%	18%	11%	15%	21%	18%		
Employee alumni	31%	16%	4%	14%	8%	4%	6%	11%	12%		

### Differences by Headquarter Region

Further examination of the emphasis organizations put on different populations of employees revealed interesting differences between organizations headquartered in a region as compared to other organizations operating in the region. For example, United States-headquartered organizations put slightly less emphasis on generational issues than did all organizations operating in the U.S. (47 percent and 50 percent, respectively; see Appendix 1).

More substantive differences were seen in Canada and Europe. Canadian-headquartered organizations put nearly twice the emphasis on working parents (67 percent vs. 34 percent), part-time workers (67 percent vs. 31 percent), and employees on leave (56 percent vs. 24 percent) in their Canadian operations as compared to all organizations who reported operations in Canada. Similarly, Canadian-headquartered organizations put slightly greater emphasis on gender programs than all organizations operating in Canada (67 percent and 57 percent, respectively; see Appendix 2). European-headquartered organizations, on the other hand, placed nearly three times as much emphasis on disability programs (100 percent vs. 35 percent) and generational programs (71 percent vs. 22 percent), and substantially more on race/ethnicity (71 percent vs. 30 percent) and nationality programs (57 percent vs. 27 percent) in their European operations than other organizations reporting operations in Europe (See Appendix 3).

### Diversity Practices

Organizations engage in a variety of practices to encourage and develop diversity and inclusion efforts. These practices may include training for employees, community outreach, or retention and recruitment strategies. Regardless of the specific form they take, these practices are an important part of organizations' overall diversity and inclusion strategies.

For responding member organizations, permitting the observance of religious and cultural holidays was the most prevalent practice offered. In the United States, Canada, and Europe, diversity recruiting strategies were more common than retention strategies. In most other regions, retention strategies were more common. On average, employee engagement surveys were used by over one-half of organizations across the globe. Training to eliminate gender stereotyping and bias avoidance was offered less often, as was the celebration of cultural events (except in the United States). Community outreach was far more prevalent in the United States than in other regions. The number of diversity practices offered in the United States was nearly twice the number offered in any other region (mean=7.35). The fewest practices were offered in the Middle East (mean=2.71) and Africa (mean=3.11).

Table 4: Diversity Practices, by Geographic Region									
	United States N=106	Canada N=67	Latin America/ the Caribbean N=70	Europe N=79	Asia and the Pacific N=73	Africa N=28	Middle East (Western Asia) N=34	Oceania (Australia, New Zealand, Polynesia) N=47	Average across Regions
Religious/ cultural holidays	88%	66%	51%	54%	47%	46%	47%	47%	56%
Diversity recruiting strategies	92%	58%	39%	53%	34%	39%	29%	34%	47%
Employee engagement surveys	76%	52%	44%	51%	43%	50%	41%	51%	51%
Retention strategies	83%	54%	41%	52%	38%	39%	35%	40%	48%
Diversity training	84%	57%	34%	53%	37%	36%	32%	40%	47%
Community outreach	93%	45%	37%	44%	32%	36%	21%	36%	43%
Cultural events	80%	36%	27%	28%	26%	21%	21%	28%	33%
Employee roundtables/forums	72%	43%	31%	41%	32%	25%	24%	34%	38%
Gender stereotyping and bias avoidance training	68%	39%	20%	39%	26%	18%	21%	28%	32%



## Organizational Practice

### *Embracing Global Diversity at Accenture: International Women's Day*

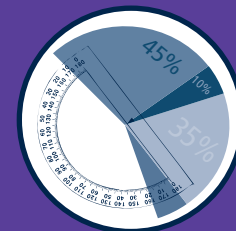
Whether in Tokyo or London, New York or São Paulo, Bangalore or Johannesburg, International Women's Day at Accenture is about celebrating the company's women employees around the globe. International Women's Day is recognized every March 8th by the United Nations as a day to celebrate the empowerment of women and promote gender equality. Accenture's annual program, held on this date, brings together both employees and clients through panel discussions, networking events, luncheons, and workshops.

The day's activities are always globally inspired but locally relevant and built around a specific theme. In 2005, the theme was "Achieving and Sharing Success," and the day's events included two webcasts timed to accommodate participation from all time zones. During the webcasts, stories were shared about all of the different celebrations in Accenture offices around the globe. In 2006, the theme "Success in Action" focused on how the contributions of women impact Accenture's bottom line. Participants were engaged by Dr. Mae Jemison, the first African-American woman in space, as well as a panel of respected businesswomen who discussed their personal journeys as leaders.

Each year, different offices build the day around a specific theme, but Accenture does give offices latitude in terms of structuring the day's events. In 2006, Toronto's International Women's Day activities featured two skill-building workshops as well as the presentation of the "Great Place to Work for Women" award. This award recognizes senior executives at Accenture for their support of women in the workplace. In São Paulo, local businesswomen shared stories about the challenges and successes in their careers. In Tokyo and Beijing, follow-up women's summits were held based on the main learnings of their International Women's Days.

To ensure that content captured during International Women's Day reaches senior leadership, and that action steps are adopted accordingly, an Ambassador is assigned to each location. The Ambassador is a recognized emerging leader who is active in mentoring and in women's initiatives. The Ambassador's function is to capture key learnings and new ideas, and report back to senior leadership. Senior-level leadership involvement in the day's events is also very visible. Over the past two years, almost every member of the Executive Leadership team actively participated in the event. In the past, the CEO and COO have also participated in global and local broadcasts.

March 8th is a very tangible example of Accenture's commitment to the women in its workforce. It is a day to connect women across the globe by sharing success stories, learning from inspiring speakers, and networking with executives and one another.



## KEY FINDINGS

- Sixty-nine percent of companies and 93 percent of firms reported having a formal mentoring program. Mentoring programs for women were named most often by companies, while mentoring programs for associates were named most often by firms.
- Seventy-five percent of companies and 78 percent of firms reported having at least one employee network group in place. Women’s employee network groups were the most common, followed by network groups for lesbian, gay, bisexual, and transgender employees.
- Eighty percent of companies and 85 percent of firms reported having formal flexible work policies in place. Part-time work and flexible arrival/departure times were the most common arrangements offered.

As Chapter 2 revealed, Catalyst members are committed to meeting the needs of diverse employees around the world. In this chapter, we provide details about specific diversity and inclusion program elements that are common across many organizations. Specifically, we examine mentoring programs, employee network groups, and flexible work policies and programs. For the first time, analyses for companies and firms are broken out to give our members more specificity around these numbers and these programs.

## MENTORING PROGRAMS: COMPANIES

Sixty-nine percent of responding member companies reported having a formal mentoring program. Mentoring programs for women were most common, followed by programs for high-potential employees. A majority of companies also had programs open to all employees.

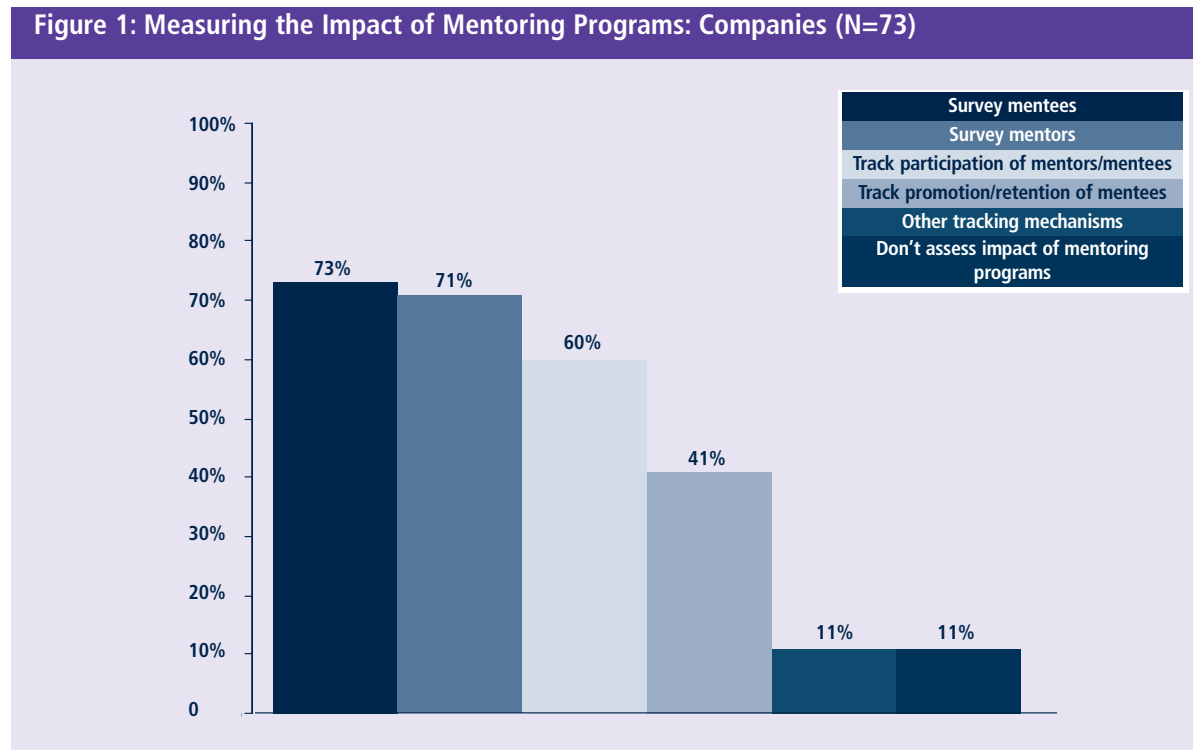
**Table 5: Mentoring Programs, by Employee Population: Companies**

N=73<sup>8</sup>

Women	74%
High-potentials	69%
All employees	53%
New employees	43%
Women of color/Visible minority women	32%
Men of color/Visible minority men	29%
Executives (on-boarding)	29%
African-American women	17%
Lesbian, gay, bisexual, and transgender employees	15%
Indigenous employees	14%
Latinas/Hispanic women	12%
Employees with disabilities	11%
Working parents	10%
Asian/Pacific Islander women	9%
Generations (e.g., Gen X; employees over 50)	7%
Employees on leave	3%

<sup>8</sup> 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. Data for African-American, Asian/Pacific Islander, Latinas/Hispanic women, and Indigenous employees are for U.S. organizations only and have a sample size of N=59.

Companies also reported that they measured the impact of their mentoring programs in a variety of ways. More than two-thirds of companies surveyed their mentors, their mentees, or both, while a majority (60 percent) tracked the participation of their mentoring program participants. Tracking the promotion or retention of mentees was less common (41 percent). Eleven percent of companies reported that they do not assess the impact of their mentoring programs in any way.



When asked whether their mentoring programs had a senior-level, organization-appointed sponsor or champion, we learned that programs at more than three-quarters of responding companies (78 percent) did have a champion. This champion tended to be in a staff role (48 percent), and was typically one reporting level from the CEO (43 percent). Additionally, 11 percent of companies reported that the CEO was the senior-level sponsor or champion.

Figure 2a: Senior-Level Mentoring Champion: Companies (N=72)

Senior-level champion or sponsor  
No senior-level champion or sponsor

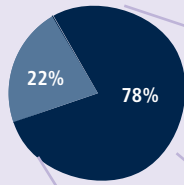
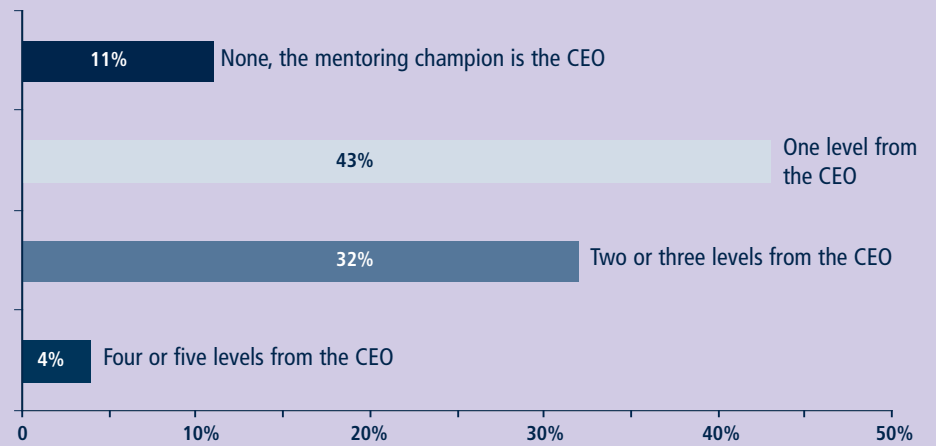


Figure 2b: Mentoring Champion's Level from CEO: Companies (N=56)\*



\* Breakdown of 78% in Figure 2a

### MENTORING PROGRAMS: FIRMS

Ninety-three percent of professional services firms reported having formal mentoring programs. Among these firms, mentoring programs for associates were most common, followed by mentoring programs for women. About one-third of responding firms offered mentoring programs for all employees and new employees.

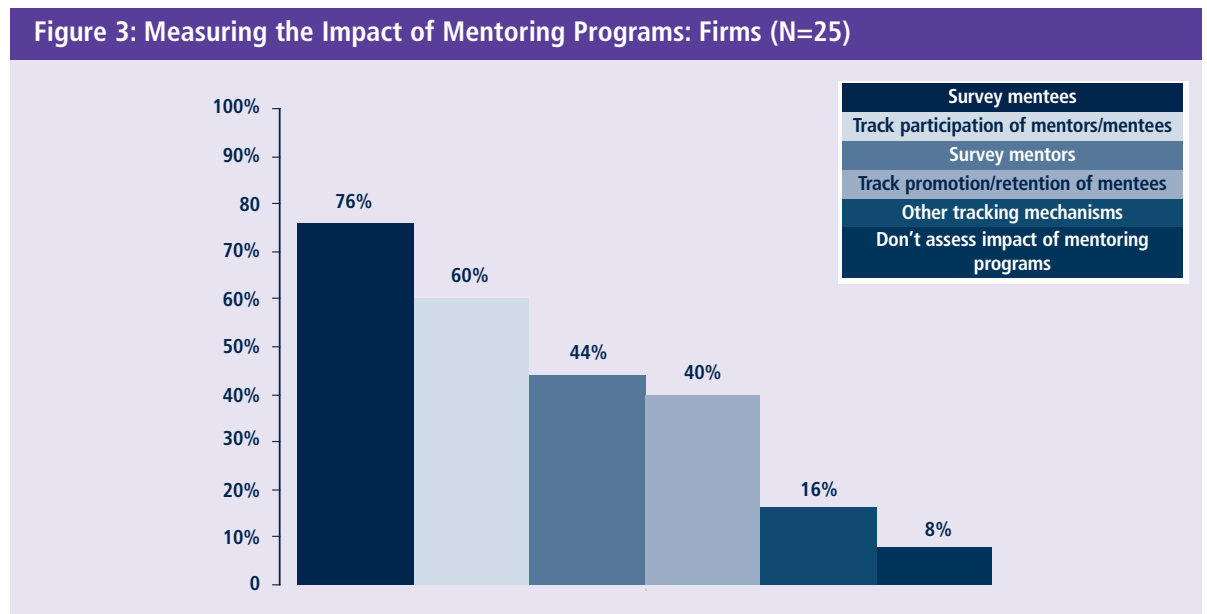
Table 6: Mentoring Programs, by Employee Population: Firms

N=25<sup>9</sup>

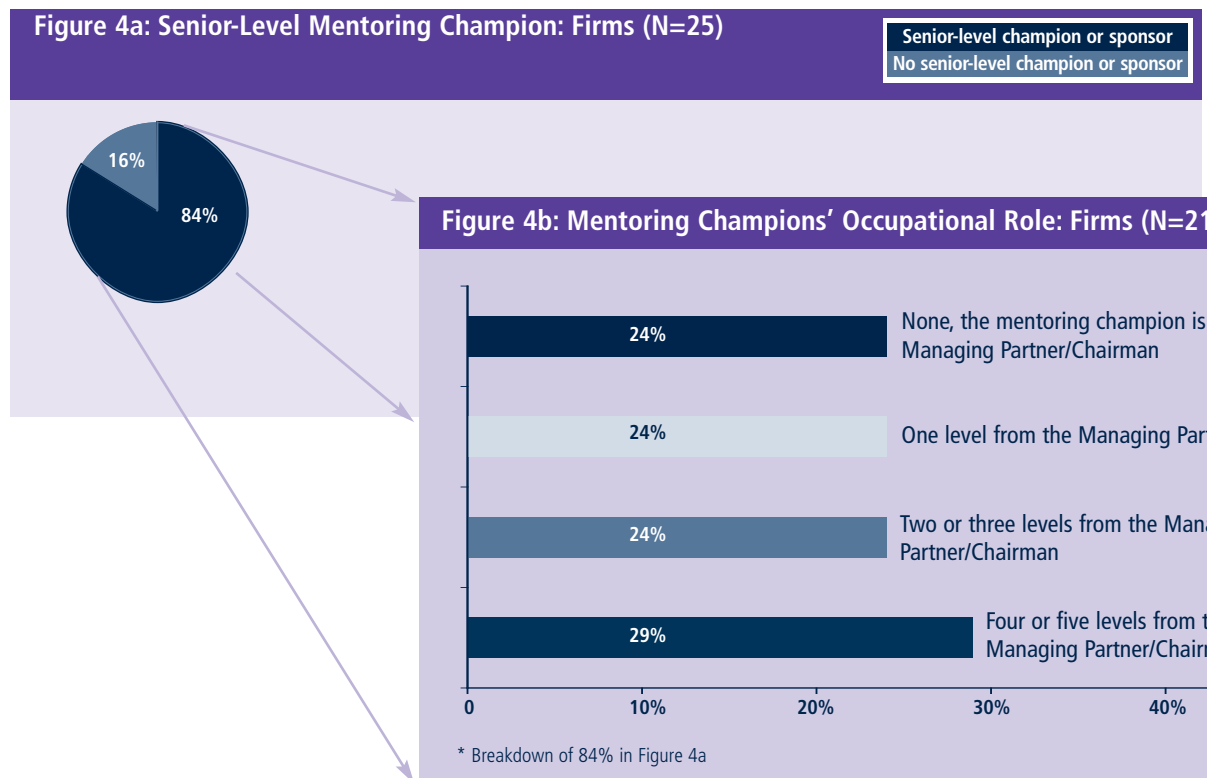
Associates	72%
Women	44%
All employees	36%
New employees	32%
Partners in professional services firms	28%
Women of color/Visible minority women	16%
Men of color/Visible minority men	16%
Working parents	16%
Executives (on-boarding)	12%
High-potentials	12%
Employees on leave	4%
Lesbian, gay, bisexual, and transgender employees	4%
African-American women	0%
Indigenous employees	0%
Employees with disabilities	0%
Latinas/Hispanic women	0%
Asian/Pacific Islander women	0%
Generations (e.g., Gen X; employees over 50)	0%

<sup>9</sup> 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. Data for African-American, Asian/Pacific Islander, Latinas/Hispanic women, and Indigenous employees are for U.S. organizations only and have a sample size of N=21.

Sixty percent of firms, as with companies, tracked the participation of their mentors and mentees. Firms also reported surveying both mentors and mentees, though it was more common for firms to survey mentees (76 percent) than mentors (44 percent). As with companies, about 40 percent of firms reported tracking the promotion and/or retention of mentees, while 8 percent of responding member firms said they did not assess the impact of their mentoring programs.

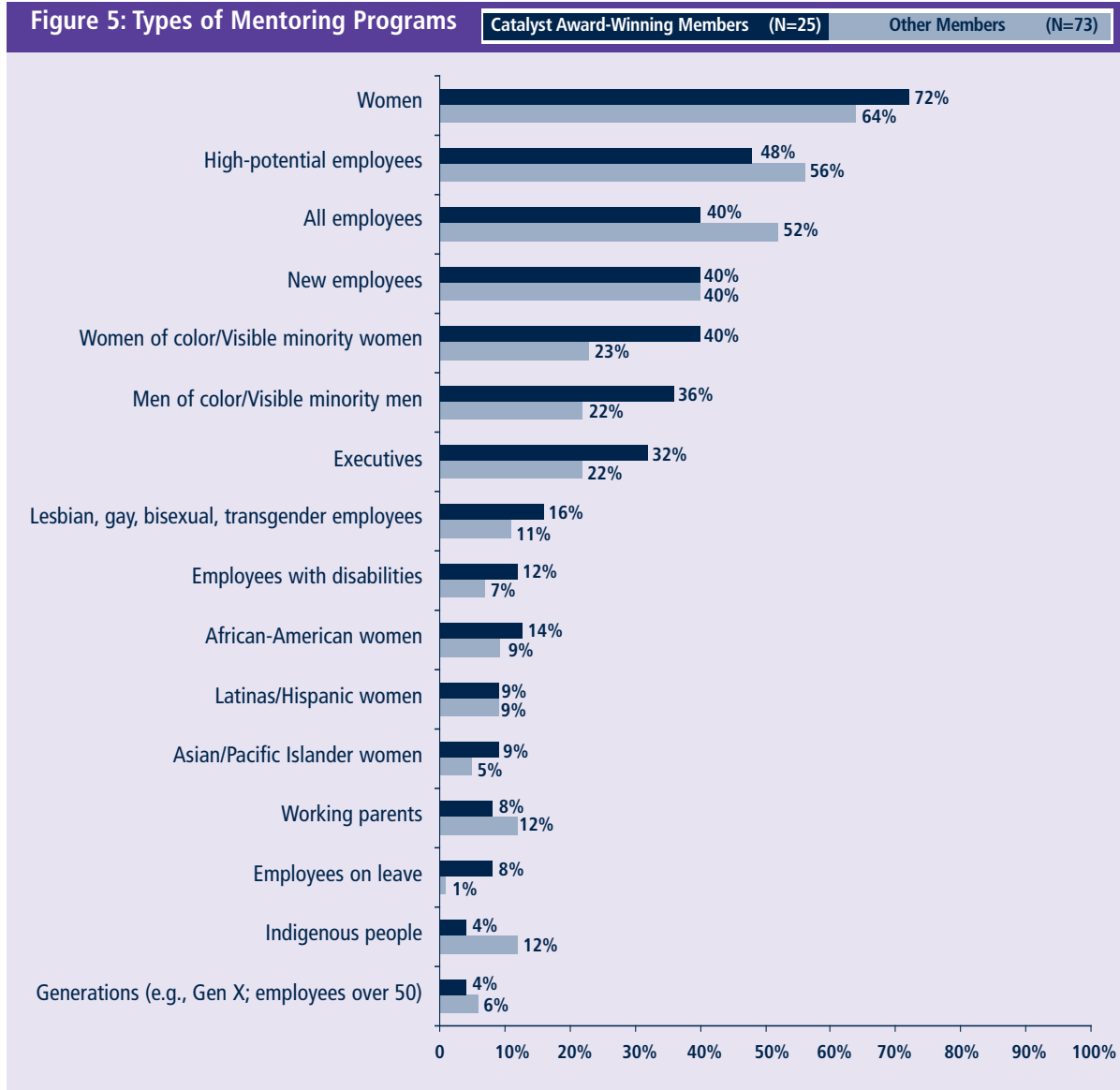


Organization-appointed, senior-level mentoring champions were slightly more common at firms (84 percent) than at companies (78 percent). In firms, this champion tended to have line responsibility, either wholly (41 percent) or in part (32 percent). This champion was as likely to be a managing partner or chairman of the firm as a member of the management committee or a partner (at 24 percent each).



## MENTORING PROGRAMS: COMPARISONS TO CATALYST AWARD-WINNING MEMBERS

Overall, there was no difference between Catalyst Award-winning members and other members in the number of employee groups served by mentoring programs. However, Catalyst Award-winning members were much more likely to offer mentoring for both women of color/visible minority women and men of color/visible minority men.<sup>10</sup> Catalyst Award-winning members were also more likely to offer mentoring to executives and to women.



<sup>10</sup> See Figure 5. 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. Therefore, all data for racial/ethnic minorities are for United States organizations only. For Catalyst Award-winners, data for African-American, Asian/Pacific Islander, Latinas/Hispanic women and Indigenous employees have a sample size of N=23. For other members, data for African-American, Asian/Pacific Islander, Latinas/Hispanic women, and Indigenous employees are for U.S. organizations only and have a sample size of N=57.

## Organizational Practice

### *Connecting Leaders and Employees through Executive Diversity Mentoring at 3M*

3M's Executive Diversity Mentoring program began in 2002. 3M's then-new CEO, Jim McNerney, wanted to improve diversity at senior levels, and thought that a mentoring program would be an important first step to doing so. The company wanted to proactively engage diverse individuals and understand their unique challenges.

In addition to the mentoring program, 3M also re-launched its diversity office and assigned a Vice President of Diversity/Community Affairs to oversee diversity efforts across the company. The diversity office also oversees the Executive Diversity Mentoring program.

All U.S.-based executives, including Executive Vice Presidents, Vice Presidents, and General Managers, must mentor one woman and one person of color. Individual businesses select those to be mentored (supervisory to director levels), and the number of mentees varies based on the size of the business. 3M's diversity office provides the criteria for the mentees, and organizes the matching process, based on executive profiles and interviews with the mentees.

The diversity office also provides initial training and ongoing support for the pairs. Each of the executive mentors has an initial one-hour orientation that discusses the background of the program, as well as the goals and the objectives. The mentees participate in an initial three and one-half hour training that allows them to share expectations and concerns. In addition, the diversity office works with them through role playing and strategy sessions so they can best utilize their time with the executive leaders. Throughout the year, there are voluntary monthly brownbag lunches where the mentees can share challenges and successes, and brainstorm with one another about career strategies.

Mentoring pairs meet for at least one hour per month, for a year. In many cases, mentees will shadow their mentors at key meetings or reviews to better understand high-level operations at 3M. This mentoring program provides an avenue for candid dialogue between executives and managers about differences and real diversity challenges.

3M tracked each class of mentees from 2002 to 2004, and found that 56 percent received a promotion after their involvement in the mentoring program. During the last two years, more than 450 women and people of color have participated in the program. 3M emphasizes that learning should be maximized by all parties, and participants from both sides continue to report unique learnings. Executive mentors report having learned more about diversity than ever before and how to have "difficult conversations." Almost all the mentees report career and developmental benefits, such as access to new lines of business and insights into strategy meetings. The mentees also have reported their surprise in the level of candor and honesty from executives. Participants report that being in the program allowed them to feel better connected to 3M's diversity efforts.

## EMPLOYEE NETWORK GROUPS: COMPANIES

Seventy-five percent of responding member companies reported having employee network groups. As with mentoring programs, network groups for women were most common, followed by network groups for lesbian, gay, bisexual, and transgender employees. A majority of companies (58 percent) opened their employee network groups to all employees.

Women	89%
Lesbian, gay, bisexual, and transgender employees	65%
All employees	58%
Women of color/Visible minority women	29%
Employees with disabilities	29%
Indigenous employees	23%
Working parents	21%
New employees	14%
Men of color/Visible minority men	10%
African-American women	13%
Latinas/Hispanic women	13%
Asian/Pacific Islander women	9%
Eldercare	9%
Religious/Faith-based	8%
Generations (e.g., Gen X; employees over 50)	5%
Employees on leave	1%

Two-thirds (66 percent) of respondents noted that their employee network groups were funded through human resources or the diversity offices of their companies. Another 19 percent said their groups were funded through the lines of business, while 5 percent of companies reported that they did not fund network groups.

Just over one-half (51 percent) of respondents tracked their employees' participation in employee network groups. Less than one-half (44 percent) surveyed network group members. Twenty-six percent of respondents said they did not measure the impact of their employee network groups at all.

More companies reported having senior-level, organization-appointed sponsors for their employee network groups (95 percent) than for their mentoring programs (78 percent). These champions tended to have both line and staff responsibilities (46 percent), and to be one reporting level from the CEO (47 percent). Only 4 percent of companies reported that the CEO was the senior-level sponsor for employee network groups.

<sup>11</sup> 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. Data for African-American, Asian/Pacific Islander, Latinas/Hispanic women, and Indigenous employees are U.S. organizations only and have a sample size of N=64.



Figure 6a: Senior-Level Employee Network Group Champion: Companies (N=78)

Senior-level champion or sponsor  
No senior-level champion or sponsor

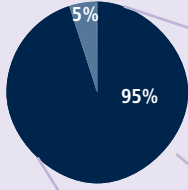
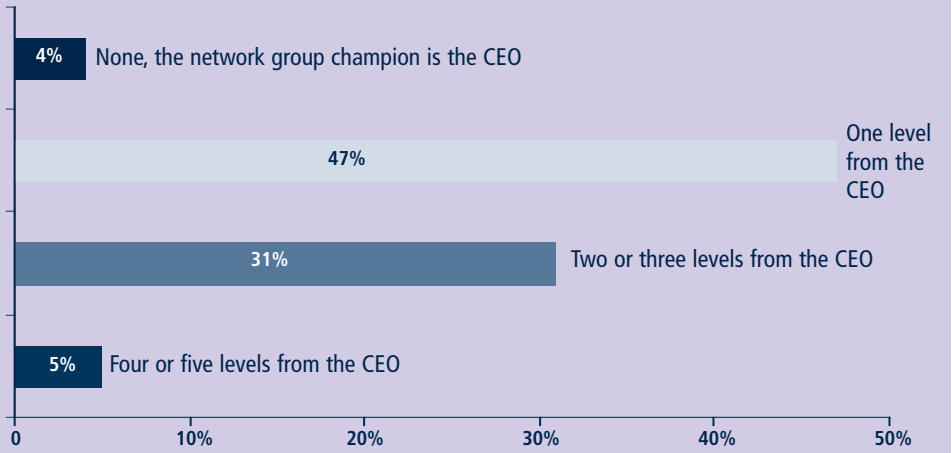


Figure 6b: Employee Network Group Champion's Level from CEO: Companies (N=74)\*



\* Breakdown of 95% in Figure 6a

## Organizational Practice

### *Meeting Local Needs: Employee Network Groups at Citigroup*

The Office of Global Workforce Diversity at Citigroup initiated the Employee Network Group (ENG) program in 2002 as part of a larger diversity strategy to be the employer, service provider, business partner, and neighbor of choice in the marketplaces in which Citigroup does business. The aim was to promote Citigroup's diversity strategy by providing an opportunity for employees to share common experiences and build awareness of diverse cultures and communities.

Citigroup has a total of 34 ENGs in the United States and the United Kingdom. Networks are geographically-based and open to all employees in the country in which they operate. All groups are employee-initiated and led by a leadership committee elected by the group's members; typically, the employees who emerge as network leaders have a zeal for both diversity and the heritage community of the network. In the United States, Citigroup currently has 29 network groups based in 14 cities, which include Women's networks, African Heritage networks, Asian Pacific Heritage networks, Hispanic networks, Working Parents networks, and Pride networks (promoting awareness and inclusion of the LGBT communities). In the United Kingdom, Citigroup currently has 5 network groups, all in London: the Parents network, Women's network, Pride network, Roots network (a multicultural group), and newly created, the disABILITY network, which provides a forum for sharing information and providing support for people with disabilities and the caregivers of people with disabilities.

Network groups at Citigroup engage in a number of different activities, including:

- Sponsoring programs focused on the professional and personal development of their members;
- Promoting Citigroup as a neighbor of choice by engaging in community service activities;
- Participating in the planning of Heritage Month celebrations and other diversity-focused awareness activities and events offered by the company for all employees; and
- Assisting with employee recruiting and the company's marketing initiatives.

Each group is assigned a Human Resources liaison and a business sponsor—typically a local senior business leader—who advises the network leaders and champions the group's activities. The Office of Global Workforce Diversity oversees network activities, provides funding, monitors expenses, and facilitates best practices through information sharing. It also meets with each network at least once a year to review the network's progress against their plans and budget, and helps resolve issues.

Citigroup takes a conscientious approach to starting networks and keeping them aligned with the overall business and diversity goals of the organization. However, Citigroup recognizes that its diversity strategy may vary in different countries, and be influenced, among other factors, by local culture. Citigroup aligns the network program with each country's diversity strategy; consequently, the network groups focus on meeting local needs. This focus on the local work environment has been instrumental to the success of the program.

## EMPLOYEE NETWORK GROUPS: FIRMS

Seventy-eight percent of firms reported having employee network groups. As with mentoring programs, network groups for women were most common, followed by network groups for lesbian, gay, bisexual, and transgender employees. The third most common types of network groups were for working parents and groups open to all employees.

Women	81%
Lesbian, gay, bisexual, and transgender employees	57%
Working parents	38%
All employees	38%
Associates	29%
Women of color/Visible minority women	24%
Employees with disabilities	14%
Indigenous employees	11%
New employees	10%
Partners in professional services firms	10%
Eldercare	5%
Religious/Faith-based	5%
Generations (e.g., Gen X; employees over 50)	5%
Men of color/Visible minority men	0%
African-American women	0%
Latinas/Hispanic women	0%
Asian/Pacific Islander women	0%
Employees on leave	0%

The funding for employee network groups within professional services firms most often (55 percent) came from human resources or diversity offices. Thirty-five percent of respondents said the funding for the groups came from the lines of business. All of the firms with employee network groups reported that the firms fund these groups.

Just under one-half (48 percent) of respondents tracked their employees' participation in employee network groups and surveyed network group members (48 percent). More than one-third (38 percent) of respondents said their firms did not measure the impact of their employee network groups at all.

Eighty-one percent of respondents from firms said that their employee network groups had a senior-level champion or sponsor. These champions tended to have line responsibilities (50 percent), and to be at the managing partner/chairman level (50 percent).<sup>13</sup>

<sup>12</sup> 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. Data for African-American, Asian/Pacific Islander, Latinas/Hispanic women, and Indigenous employees are for U.S. organizations only and have a sample size of N=19.

<sup>13</sup> Graphical representations of firms' employee network group champions' functional roles are not displayed due to insufficient sample sizes.



## Organizational Practice

### *Advancing Women in Law at Weil, Gotshal & Manges LLP*

Weil, Gotshal & Manges LLP formalized their affinity group, Women@Weil, in 2005 with the objective of being the “firm of choice” for women lawyers. Women@Weil utilizes an integrated effort to help women lawyers achieve their potential in their professional and personal lives and to advance women at the firm, learning not only from the successes and challenges women face within the firm but also from their women clients. Women@Weil is present in each of the firm’s offices around the world, and each group is open to all women lawyers, from first-year associates to senior partners. Capitalizing on a firm-wide commitment to diversity of thought and culture, Women@Weil collects locally-driven best practices from all of its offices.

Women@Weil is organized in a systematic way throughout the firm. The management of Women@Weil is comprised of a Steering Committee, which provides leadership for the team; individual office leaders, who provide region-specific leadership; and six project committees, which cover a variety of planning, mentoring, recruitment, retention, and business development efforts that Women@Weil undertakes to support the firm-wide diversity initiative.

These six project committees directly connect the program efforts to bottom line goals at the firm.

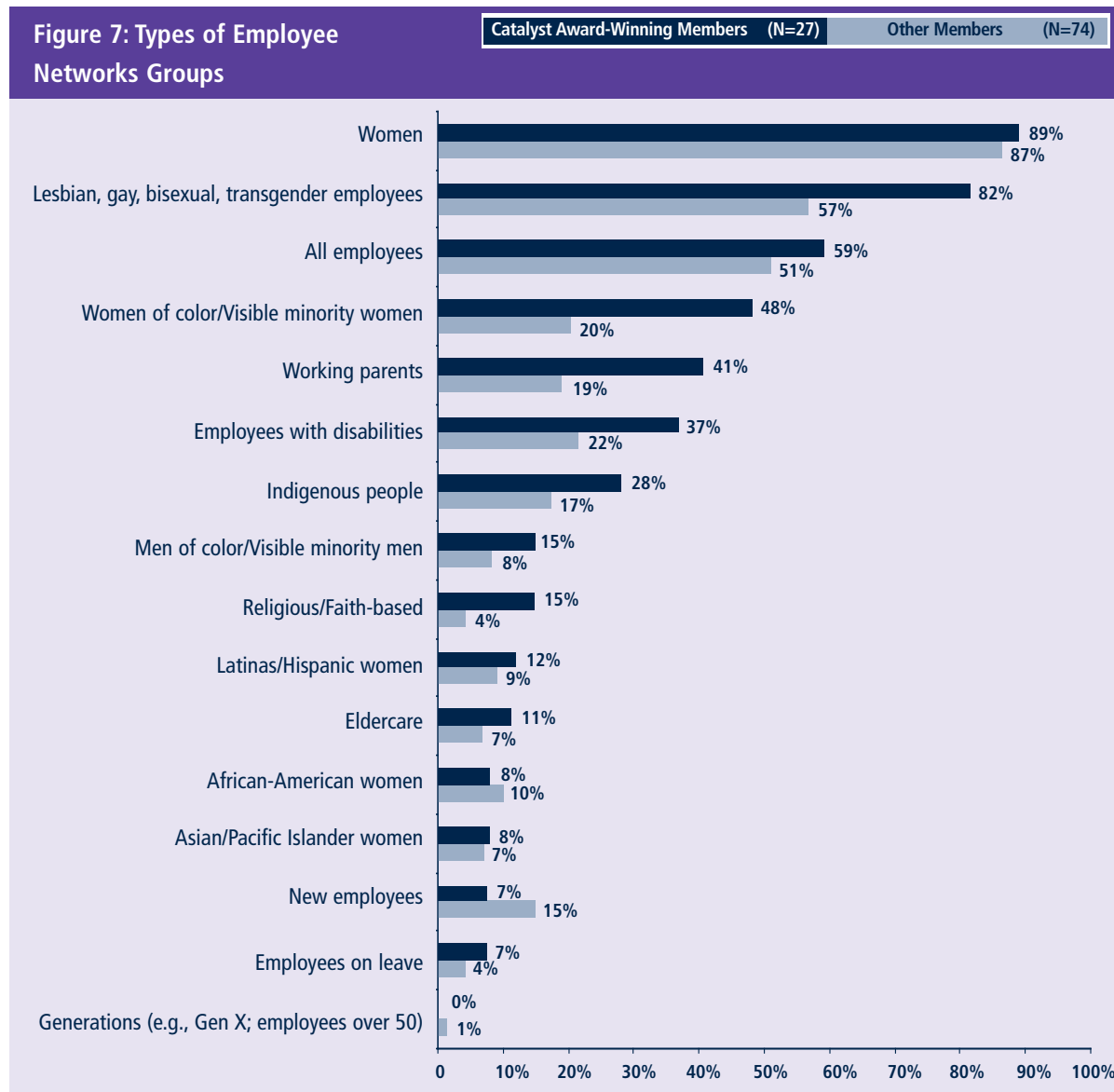
- 1) Mentoring and Networking: responsible for programs related to mentoring women lawyers throughout the firm and networking with alumni, other members of the firm, and with clients.
- 2) Recruiting and Retention: responsible for programs related to recruiting new women lawyers to the firm, retaining women lawyers at the firm, and programs with women summer associates.
- 3) Pro bono: responsible for programs related to pro bono clients.
- 4) Business Development and Outreach: responsible for relationships with external women’s organizations and with clients.
- 5) Communications: responsible for internal and external communications, such as website and newsletters.
- 6) Programs: responsible for all internal and external firm programs, such as lecture series and client events.

Women@Weil effectively links women lawyers both within and across offices in the United States and internationally. The group emphasizes a cooperative approach and addresses the issues that women face working internationally: the challenges of working cross-culturally, and the additional obstacles being a woman can raise. It allows women to come together from all levels at the firm during retreats and events.

Weil’s senior leadership is committed to the Women@Weil initiative, and the firm’s Chairman, Stephen J. Dannhauser, speaks about Women@Weil each year at the New Associates Orientation, as well as at the biannual partners retreat. Mr. Dannhauser makes it very apparent to the entire firm that this is a business priority for him personally as well as for the firm. At the biannual partners retreat, senior women have convened, assessed the progress of women at the firm, and brainstormed strategies for future success. In addition, since each practice group at the firm tracks statistics on the recruitment, retention, and promotion rates of women lawyers at the firm, there is accountability built into the process. Through its coordination and scope of activities, Women@Weil strives to engage and advance all women lawyers at the firm.

## EMPLOYEE NETWORK GROUPS: COMPARISONS TO CATALYST AWARD-WINNING MEMBERS

Catalyst Award-winning members were more likely than other members to offer employee network groups for most employee groups. Catalyst Award-winning members were more than twice as likely as other members to offer network groups for working parents and women of color/visible minority women.<sup>14</sup> Catalyst Award-winning members were also much more likely to have an employee network for lesbian, gay, bisexual, and transgender employees.



## FLEXIBLE WORK POLICIES AND PROGRAMS: COMPANIES

Eighty percent of companies reported that they had a formal flexible work policy in place. Even without a formal policy in place, many companies reported having some sort of flexible work program. Thus, in this section, we report out on the full set of companies (N=107) that responded to the Benchmarking survey.

As the table below indicates, companies were most likely to offer part-time work or reduced work options as part of their flexible work portfolios. Flexible arrival and/or departure times were also highly common, as were domestic partner benefits for same-sex partners. Many companies also reported that they offered employees the opportunity to telecommute or work from home.

<sup>14</sup>See Figure 7. Catalyst recognizes that for regions outside of the U.S., programs and/or policies for racial subgroups may not exist, or may be reported in a different way. Data for African-American, Asian/Pacific Islander, Latinas/Hispanic women and Indigenous employees are for Catalyst Award-winners only and have a sample size of N=25. For other members, data for African-American, Asian/Pacific Islander, Latinas/Hispanic women and Indigenous employees are for United States organizations only and have a sample size of N=58.



Companies reported a variety of leave options, including adoption, maternity, dependent care, and paternity leaves. One-half of companies also reported offering their employees leaves for volunteer work or community service. About two-thirds of companies offered job share and compressed work week options, while just over one-third offered their employees time for sabbaticals.

<b>Table 9: Flexible Work Policies and Programs: Companies</b>	
<b>N=107</b>	
Reduced work schedule/Part-time work	85%
Flexible arrival/Departure time	83%
Domestic partner benefits for same-sex partners	82%
Telecommuting/Work from home	81%
Adoption leave/Assistance	79%
Maternity leave (unpaid; beyond legislated time off)	71%
Dependent care leave	70%
Compressed work week	66%
Paternity leave (unpaid)	65%
Job share	65%
Maternity leave (paid; beyond legislated time off)	59%
Volunteer leave	50%
Paternity leave (paid)	48%
Sabbaticals	36%

With respect to family care options, around three-fourths of companies offered dependent care flexible spending accounts (79 percent), referral or support programs for eldercare (75 percent), or referrals or support for off-site childcare (72 percent). Less than one-half of companies (43 percent) reported they provided back-up, travel, or emergency childcare. Just under one-fourth (24 percent) of companies provided on-site childcare at their corporate headquarters, while on-site childcare at regional offices was even less commonly offered (15 percent).

Company programs or policies for employees returning from leave were fairly rare. While almost one-third (32 percent) of companies provided networking opportunities for employees returning from leave, slightly fewer offered either skills training (29 percent) or career counseling (27 percent) for employees returning from leave. Thirty-eight percent of companies reported that they did not offer any of these programs.

#### **FLEXIBLE WORK POLICIES AND PROGRAMS: FIRMS**

Similar to companies, 85 percent of professional services firms reported that they had a formal flexible work policy in place, although many firms reported having some sort of flexible work program, even without a formal flexible work policy. Thus, for these analyses, we report out on the full set of firms (N=27) that responded to the Benchmarking survey.

All responding firms offered part-time work or reduced work options as part of their flexible work plans. Flexible arrival and/or departure times were widely in place, as was the option to telecommute or work from home. Compressed work week options were highly common, while job share options were less common.

As with companies, most firms offered domestic partner benefits for same-sex partners. Also like companies, firms reported many options for employee leaves, including adoption, paternity, maternity, and dependent care leaves.

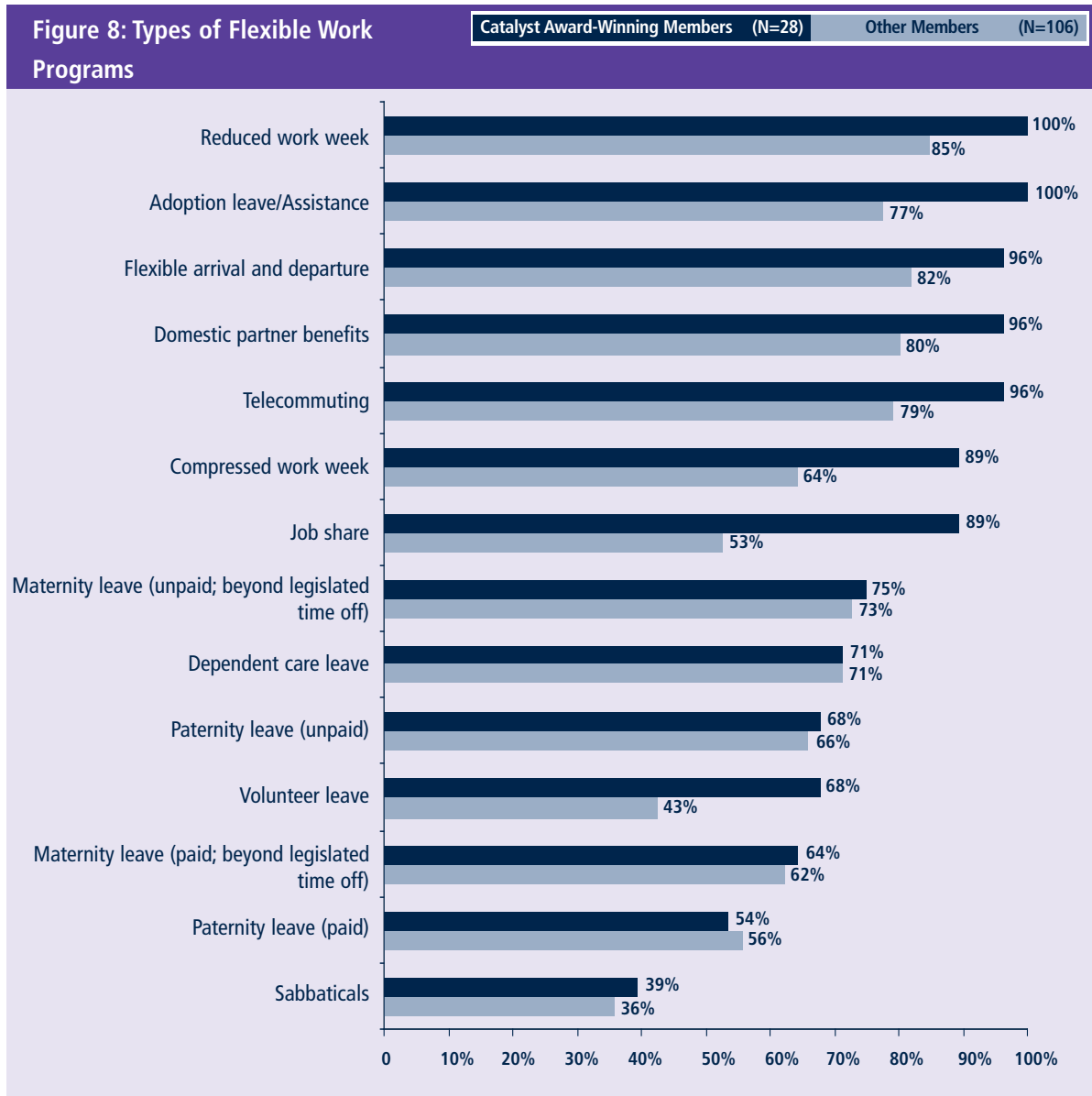
Reduced work schedule/Part-time work	100%
Flexible arrival/Departure time	93%
Adoption leave/Assistance	93%
Domestic partner benefits for same-sex partners	89%
Telecommuting/Work from home	89%
Paternity leave (paid)	85%
Compressed work week	82%
Maternity leave (unpaid; beyond legislated time off)	82%
Maternity leave (paid; beyond legislated time off)	78%
Dependent care leave	74%
Paternity leave (unpaid)	70%
Job share	44%
Volunteer leave	41%
Sabbaticals	41%

With respect to family care options, more than three-fourths of firms offered referrals or support for off-site childcare (85 percent) and dependent care flexible spending accounts (82 percent). Firms were much more likely than companies to report that they provided back-up, travel, or emergency childcare (74 percent vs. 43 percent, respectively). Referral or support programs for eldercare (70 percent) were also prevalent among firms. Alternatively, very few firms provided on-site childcare at their corporate headquarters (7 percent), while none reported having on-site childcare at regional offices.

Fewer than one-half of firms reported that they offered programs or policies for employees returning from leaves, although firms were more likely than companies to offer these programs. Forty-four percent of firms said they provided networking opportunities for employees returning from leave (vs. 32 percent for companies); 41 percent offered career counseling (vs. 27 percent for companies); and 33 percent offered skills training (vs. 29 percent for companies). Thirty-three percent of firms (vs. 38 percent for companies) reported that they did not offer any programs tailored to employees returning from leave.

### FLEXIBLE WORK POLICIES: COMPARISONS TO CATALYST AWARD-WINNING MEMBERS

Catalyst Award-winning members were more likely than other members to offer most flexible work policies or programs under study here. This finding held true on a wide variety of programs, from adoption leave to volunteer/community service leave to job share and compressed work week options. Some of the differences were smaller, and Catalyst Award-winning members were slightly less likely than this year's respondents to offer paid paternity leave. The overall trend, however, showed that Catalyst Award-winning members outpaced other members on the variety of flexible work programs offered.





## Organizational Practice

### *Enhanced Flexibility: Results-Only Work Environment at Best Buy*

Best Buy's Results-Only Work Environment (ROWE) was implemented in 2002 in response to employee survey data in which employees indicated that greater trust and flexibility would make Best Buy an employer of choice. ROWE evolved from the efforts of two Best Buy employees who worked to gather information about what employees wanted and to test out solutions that would change the work culture at Best Buy. The premise of ROWE is that employees can do "whatever they want whenever they want as long as the work gets done." ROWE is currently offered at Best Buy's corporate campus, nearly 60 percent of which has adopted it.

ROWE is seen as a complete cultural transformation that permeates the entire workplace, rather than a program put in place. Employees learn to communicate in ways that do not focus on time, but solely on results. Migration to ROWE occurs on a department by department basis, with whole teams undergoing the change at once. This migration consists of manager introductions to ROWE, departmental kick-off meetings, small group Sludge<sup>SM</sup> sessions where teams learn to identify negative language unrelated to results from work, and a CultureClinic<sup>SM</sup> where employees learn how to operate effectively within a counterculture environment. After a six-month trial period, the department reconvenes to discuss the successes and obstacles experienced, as well as productivity under ROWE. Key elements to the success of ROWE include constant monitoring of ROWE departments, continual conversations about successes and challenges, and trust from managers and senior leaders.

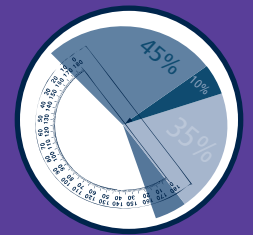
The success of ROWE is measured in several different ways:

- Regular "culture audits" to assess health and well-being of employees, stress levels, and employee perceptions about productivity;
- Measurement of productivity based on output; and
- Comparisons across ROWE and non-ROWE teams to better understand differences in turnover data.

Best Buy has seen that ROWE attracts different generations of workers, and helps the company retain these employees. ROWE teams at Best Buy report an average 3.2 percent lower voluntary turnover rates than non-ROWE teams and employees report that ROWE has changed their personal and work lives for the better. In addition, ROWE teams are also experiencing an average 35 percent increase in productivity.

Since the launch of ROWE at Best Buy, the former employees who implemented the effort, Cali Ressler and Jody Thompson, have founded CultureRx. CultureRx is a wholly owned subsidiary of Best Buy whose aim is to show other *Fortune*-ranked companies how a focus on results, rather than time or place, can increase corporate productivity, efficiency, and the bottom line.





### KEY FINDINGS

- Sixty-three percent of organizations took a more centralized and corporate-structured approach to their diversity strategy, while just 15 percent reported that their organizations took a decentralized/local approach to diversity.
- Over three-fourths of respondents (76 percent) reported that their organizations had a supplier diversity program. Almost all of these organizations (92 percent) reported that these programs were tracked by gender and race/ethnicity or visible minority status.
- Large majorities of companies (74 percent) and firms (70 percent) reported that managers/partners in their organizations were held accountable for meeting specific diversity goals and objectives.
- The vast majority of respondents (88 percent) reported that their organizations' highest-level executives—including CEOs/Chairmen or Managing Partners/Firm Chairs—were responsible for reviewing diversity-related metrics.

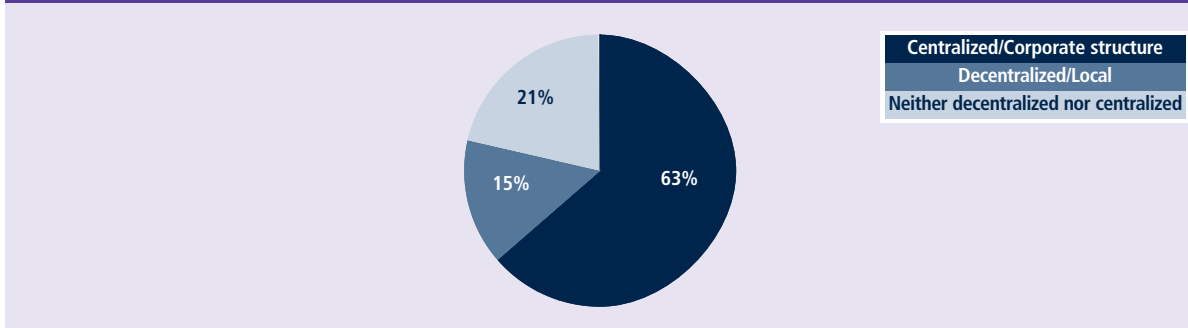
Organizations rely on a variety of mechanisms to structure their diversity initiatives and programs. In this chapter, we examine the extent to which responding organizations relied on internal and external mechanisms to advance their diversity and inclusion goals.

### DIVERSITY STRATEGY

To better understand how organizations develop and implement diversity policies and programs, Catalyst asked respondents to identify to what extent they took a corporate/centralized or a local/decentralized approach to diversity and inclusion. In organizations that use a centralized approach, a corporate-wide team generally sets policies and programs for the entire organization and provides expertise and support for lines of business or regions. Alternatively, organizations that adopt a decentralized approach might have local or regional teams that set their own policies and strategies, tailor initiatives based on their geographic areas, and may or may not receive structured corporate support.

Almost two-thirds of responding member organizations (63 percent) reported that they took a more centralized and corporate-structured approach to their diversity strategy. Less than one-fifth of respondents (15 percent) reported that their organizations took a decentralized and/or local approach to diversity and inclusion, while 21 percent of respondents reported that their organizations' diversity strategy approach was neither highly centralized nor decentralized.

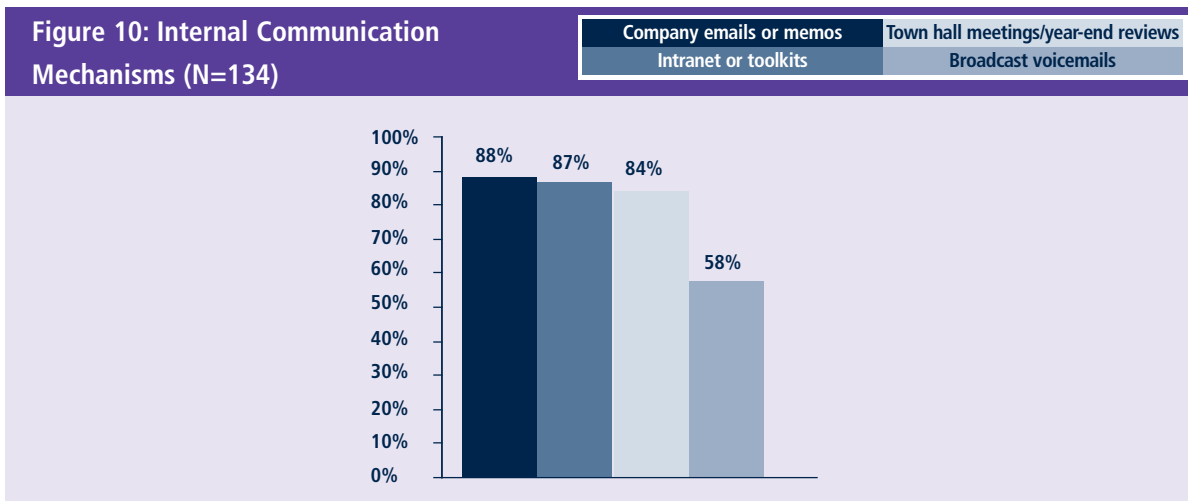
**Figure 9: Approach to Diversity Strategy (N=133)**



### Communicating Diversity Messages

Communication about diversity efforts is an essential element of organizational diversity strategy. Organizations employed a variety of both internal and external mechanisms to showcase their unique policies and programs, and to demonstrate senior-level support for diversity goals. The majority of respondents reported using internal mechanisms such as company emails or memos (88 percent), intranet or toolkits (87 percent), and company-wide town hall meetings or year-end reviews (84 percent) to communicate about diversity and inclusion. Broadcast voicemails, although cited less frequently, were employed by the majority (58 percent) of responding organizations.

**Figure 10: Internal Communication Mechanisms (N=134)**



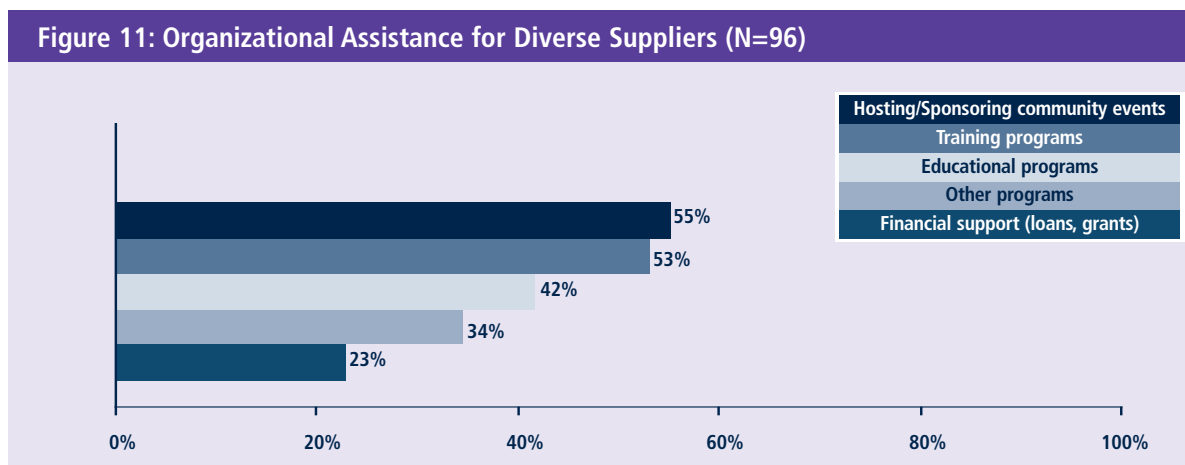
The majority of respondents also reported using external mechanisms such as presentations, conferences, or forums (81 percent), public websites or toolkits (72 percent), or annual diversity reports or brochures (71 percent) to communicate about their organizations' diversity strategy. Less than 10 percent of respondents said their organizations did not use any internal or external mechanisms to communicate about diversity efforts.

### SUPPLIER DIVERSITY

Supplier diversity programs are an important way for organizations to demonstrate their commitment to achieving diversity goals. These programs support the establishment of sustained relationships between large organizations and smaller vendors, such as women-owned and minority-owned businesses. This year, Catalyst found that a significant number of organizations recognized the important role of supplier diversity programs in relation to their overall diversity strategies. Just over three-fourths of respondents (76 percent) reported that their organizations had supplier diversity programs. The majority of these organizations (92 percent) reported that their supplier diversity programs tracked vendors by gender and race/ethnicity or visible minority status. Additionally, several organizations reported that they tracked supplier diversity based on other criteria, such as veteran status.



Support for supplier diversity programs is not evidenced through tracking mechanisms only. Organizations can show their commitment through other means, such as offering different types of programs and financial support to diverse suppliers. More than one-half of respondents reported that their organizations hosted or sponsored community events (55 percent) and held training programs (53 percent) to assist diverse suppliers. Forty-two percent of respondents assisted diverse suppliers through educational programs, while 23 percent of respondents reported offering diverse suppliers financial support in the form of loans or grants. Thirty-four percent of respondents also provided other programs, such as mentoring programs, to diverse suppliers.

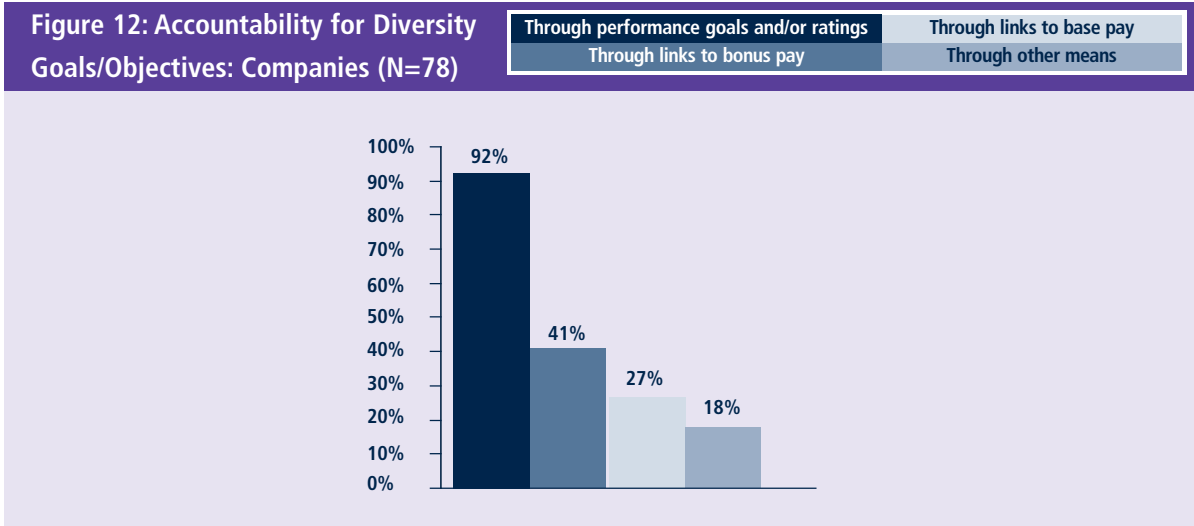


#### MANAGER/PARTNER ACCOUNTABILITY

Increasingly, organizations are realizing that the sustainability of their diversity strategies depends not only on the introduction of programs and policies, but also on holding managers or partners accountable for the implementation and results of these initiatives. There are various accountability mechanisms that companies and firms employ to showcase and reward the progress of successful efforts, as well as track those that fail to meet critical diversity goals. Connecting particular goals with repercussions—either rewards for progress, or penalties for a lack of progress—is one of the ways in which organizations reinforce the importance of diversity efforts. Catalyst experience shows that at least 20 to 30 percent of variable compensation must be tied to any single criterion in order to make a difference in behavior. Organizations should keep this in mind when determining the rewards or penalties tied to meeting diversity goals.

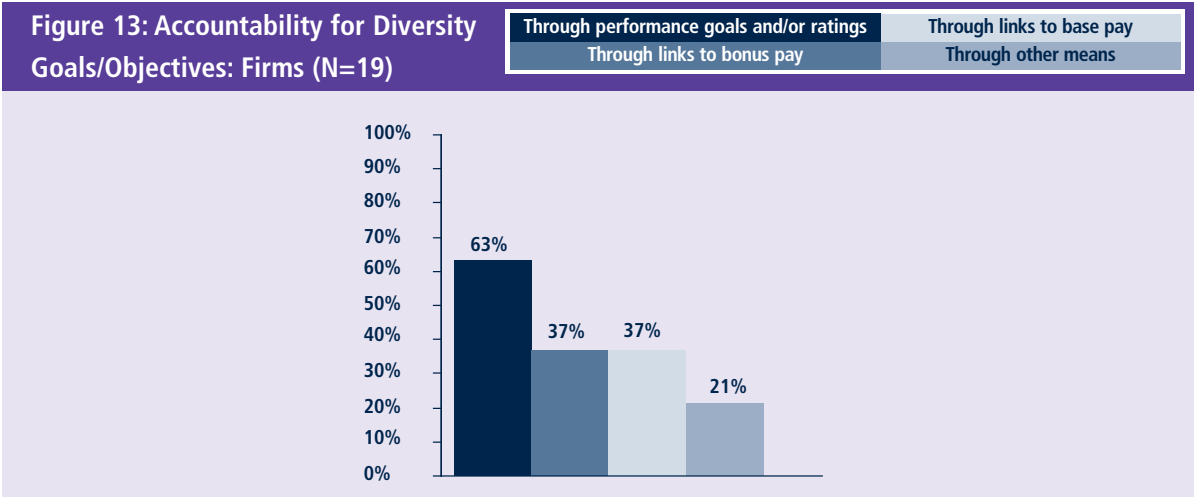
#### Companies

In companies, nearly three-quarters (74 percent) of respondents reported that managers in their organizations were held accountable for meeting specific diversity goals and objectives. Nearly all of these respondents (92 percent) reported that managers were held accountable for diversity objectives through performance goals or ratings. Fewer than one-half of respondents (41 percent) reported that accountability was linked to bonus pay, while just over one-quarter of respondents (27 percent) reported a link between manager accountability and base pay. Eighteen percent of respondents reported that their organizations used other means to enforce manager accountability for diversity goals and objectives.



**Firms**

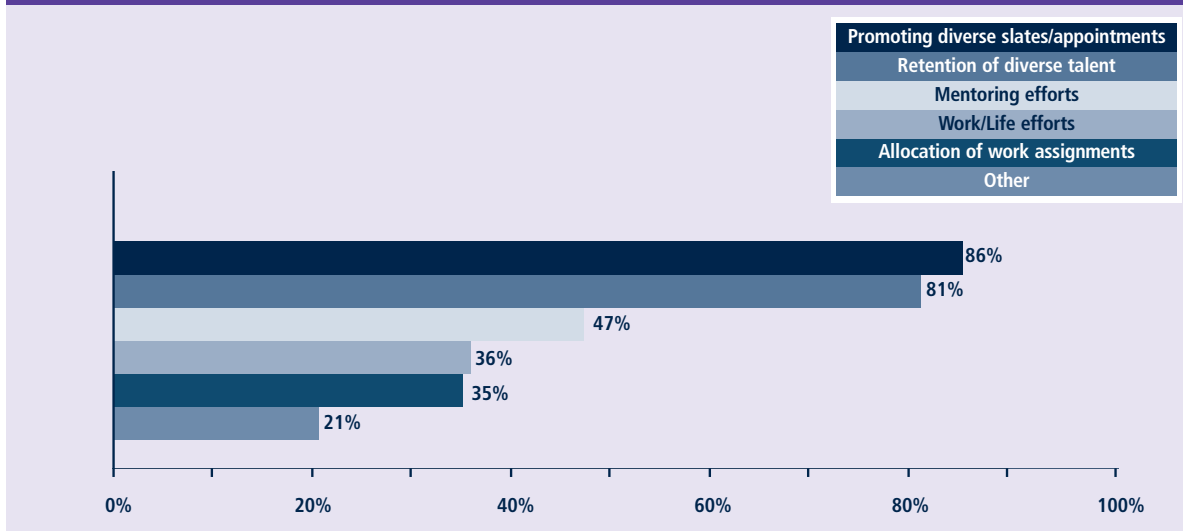
Seventy percent of respondents from firms reported that partners in their firms were held accountable for meeting specific diversity goals and objectives. Of these respondents, the majority (63 percent) reported that partners were held accountable for diversity objectives through performance goals and/or ratings. More than one-third of respondents (37 percent) reported that accountability was linked to base pay; more than one-third (37 percent) also reported links to bonus pay. Twenty-one percent of respondents reported that their organizations used other means to enforce partner accountability for diversity goals and objectives.



**Accountable Aspects of Diversity**

Catalyst asked all respondents to the 2006 Benchmarking survey to indicate which aspects of diversity efforts managers or partners were held accountable for in their organizations. The majority of respondents reported that managers or partners were held accountable for the promotion of diverse slates and/or appointments and the retention of diverse talent (86 percent and 81 percent, respectively). Fewer than one-half of respondents (47 percent) reported that managers or partners were held accountable for mentoring efforts, and just over one-third of respondents reported that managers or partners were held accountable for work/life efforts and the allocation of work assignments (36 percent and 35 percent, respectively). Another 21 percent reported that managers or partners were held accountable on other aspects of diversity, such as recruitment or interview slates.

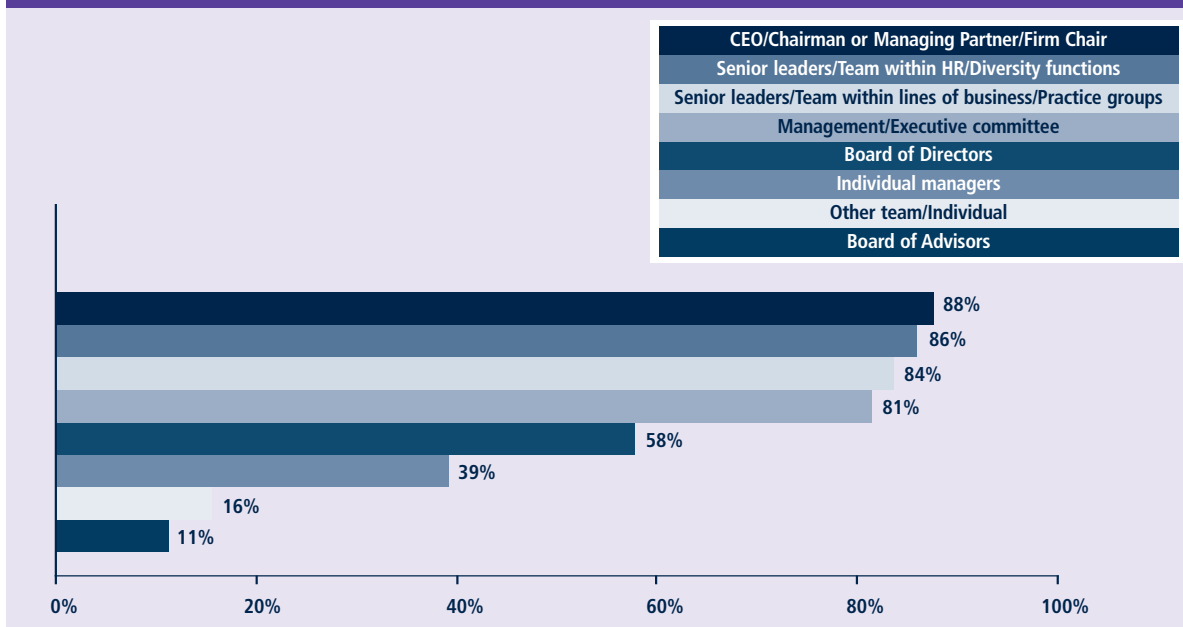
Figure 14: Aspects of Diversity Accountability (N=97)



### Reviewing Diversity Metrics

To determine how organizations monitor the successes and failures of their diversity strategies, Catalyst asked respondents to identify all leaders in their companies or firms who were responsible for reviewing diversity progress and metrics. The vast majority of respondents (more than 85 percent) reported that their organizations' highest-level executives—including the CEO/Chairman or Managing Partner/Firm Chair; senior leaders with human resources or diversity functions; senior leaders within lines of business; and the management/executive committee—were responsible for reviewing diversity-related metrics. Although Boards of Directors were less likely to review metrics than other high-level executives, a majority of respondents (58 percent) reported that their organizations' Boards of Directors took responsibility for reviewing diversity metrics.

Figure 15: Responsibility for Reviewing Metrics (N=97)



## Organizational Practice

### *Valuing Diversity Champions: HSBC – North America’s Diversity Ambassador Award Program*

Diversity is part of HSBC – North America’s corporate brand and values, which include ensuring that every employee is respectful, fair, progressive, perceptive, and responsive. The Diversity Ambassador Award program is one way to reward and recognize employees who are living the values, and bringing their own personal passion for diversity to their jobs.

HSBC – North America’s Diversity Ambassador Award program was developed at the beginning of 2006 by the HSBC – North America Diversity Advisory Council. This council is made up of 27 executive-level leaders across the United States and Canada. The Diversity Ambassador concept reinforces the learnings from HSBC – North America’s diversity awareness training. This online and classroom training is mandatory for all employees, and thus provides a common context for the concept of diversity.

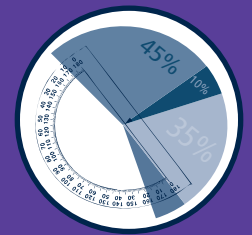
The company recently recognized eight exemplary employees as Diversity Ambassadors for their personal passion for diversity and positive role modeling within the company. The eight Award recipients are at all levels of the organization, from analysts and customer service representatives to program managers and SVPs, and they span business units, branches, and corporate offices. HSBC describes these employees as “true models of diversity and inclusion.”

The eight Diversity Ambassadors were recognized for a variety of diversity efforts, including spending personal time researching buying power of racial/ethnic minority groups; increasing visibility and membership for Heritage Committees; significantly aiding recruitment efforts of people of color within the company; introducing diversity groups and expanding local diversity efforts within branch locations; rolling out a local diversity council and events in a business unit and community; and focusing on the visibility of the LGBT employee population.

As part of the recognition, the Diversity Ambassador Award is presented to the recipients by the most senior executive at their location. After the announcements are made, Diversity Ambassadors are publicly recognized at corporate locations, townhall meetings, and/or group presentations. In addition, the award is accompanied by a letter of recognition from the CEO and Executive Vice President of Administration, praising employees for “living the diversity vision” at the company.

Through this program, individuals have reported an increase in diversity conversations and activity. In addition, employees from across the organization have the chance to recognize colleagues for being positive role models and diversity champions. Fifty-one percent of HSBC’s most recent Diversity Ambassador nominations came from peers, 22 percent came from managers, and 27 percent came from direct reports. This program has positively affected HSBC’s culture by emphasizing collegiality and team building, and highlighting respect for diversity.





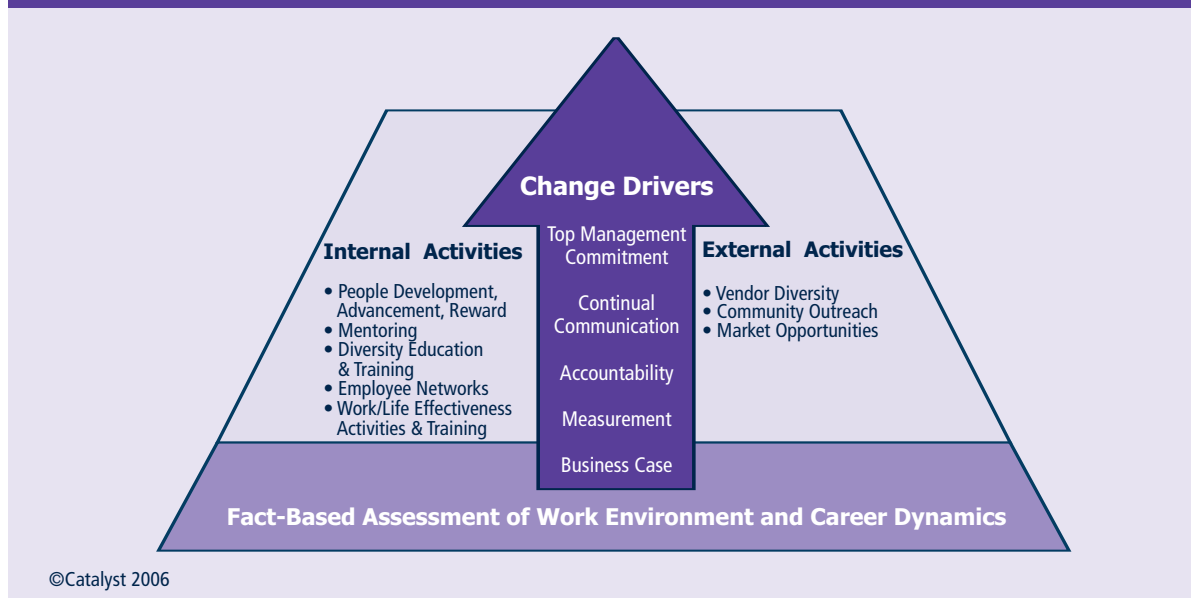
## KEY FINDINGS

- Overall, respondents reported relatively balanced portfolios with respect to key drivers of change within their organizations.
- Organizations' change-related activities were skewed slightly towards internal activities—an aspect of the change process that supports, but does not drive, change.
- Communication emerged as the change driver that received the most support among responding member organizations.
- There remains significant room for expansion of metrics, accountability mechanisms, and executive support when it comes to change-related behaviors and initiatives.

Over the years, Catalyst has collected information on and studied hundreds of diversity and inclusion initiatives. In doing so, we have had the unique, firsthand opportunity to watch successful organizational change happen, over and over again. Based on insights derived from these experiences, Catalyst has developed and formalized a model that captures the way in which organizational change may occur. This framework focuses on drivers of organizational change, as well as activities that support these change drivers.

## THE CHANGE PROCESS

Figure 16: Change Driver Model



Through our research, advisory services, and the Catalyst Award process, we know that an effective strategic change process:

- is grounded in a fact-based understanding of environmental factors;
- entails clearly articulated goals and vision; and
- is driven by the five change levers indicated in the arrow.



As is sometimes the case, organizations may already practice certain elements in the diagram. However, as the framework indicates, it is not sufficient for organizations to implement isolated programs or policies, or to gather unconnected, discrete pieces of data. Systemic cultural change results from an integrated initiative that leverages the change management drivers of leadership commitment, communication, accountability, and measurement, grounded by a strong business case.

#### **Change Driver: The Business Case**

One of the emphases of the *2005 Catalyst Member Benchmarking Report* was the business case—the specific ways in which diversity and inclusion matter to the bottom line of individual organizations. A clearly developed business case and alignment with the business strategy propels the organization toward action, and is essential to the longevity of an initiative. Because the business case was a focus of the 2005 report, questions about the business case were not asked as part of the 2006 survey.

#### **Change Driver: Measurement**

Baseline and ongoing metrics are key to allowing an organization to measure progress against a plan and to provide the feedback necessary for any expansion or modification of that plan. Measurement tools ensure that practitioners can understand, improve, and shape their change initiatives. Moreover, measurement focuses people's attention and efforts by helping to communicate performance objectives, identify gaps in strategy or implementation, and report on an initiative's value.

#### **Change Driver: Accountability**

Holding people accountable is a critical component of any change management strategy. Organizations reinforce the importance of diversity efforts when they reward managers, executives, and/or business units for their successes. Likewise, a lack of progress must be recognized and penalties should be articulated. By tying positive and negative consequences to diversity efforts and to designated individuals, organizations demonstrate that diversity is an integral part of its future success.

#### **Change Driver: Continual Communication**

Communicating widely and often about diversity and inclusion keeps employees informed and aware. By reporting out frequently on an initiative's business case, goals, and progress, organizational leaders ensure that their message is consistent and that all employees are well-versed in the value of the initiative to the organization. Likewise, by generating and welcoming feedback through bottom-up mechanisms, such as employee surveys, leaders can assess awareness of and commitment to the initiative.

#### **Change Driver: Top Management Commitment**

As with any business initiative, an effective diversity strategy tied to business goals is driven by an organization's leadership. When diversity and inclusion initiatives are championed by top executives, and when sufficient resources are allocated, the entire organization recognizes that diversity management makes good business sense. Generating buy-in among leaders at every level helps ensure that diversity and inclusion is understood as a core value and a legitimate business objective.

### Supporting Activities: Internal Programming

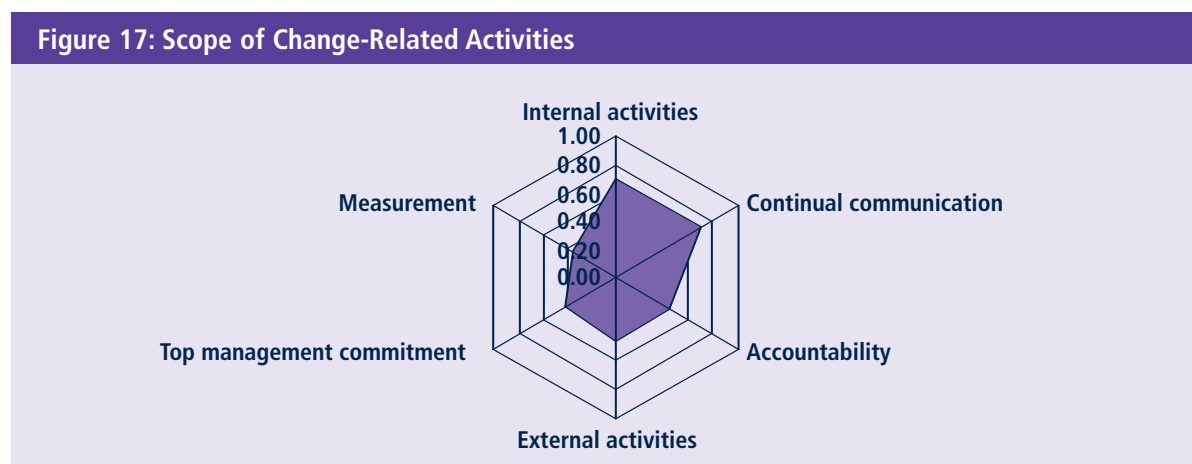
Organizations engage in a multitude of activities internally to develop employees and to further diversity and inclusion initiatives. These programs—such as mentoring programs, diversity and work-life effectiveness training, and employee networks—are the day-to-day face of an initiative and the means by which the initiative is enacted. As important as these activities are, they alone cannot drive organizational change; the change drivers are essential to any change initiative.

### Supporting Activities: External Programming

Organizations demonstrate their commitment to diversity and build on internal change initiatives when they engage in external diversity-related activities. Whether it be through community outreach or supplier diversity programs, organizations reveal the depth of their commitment to inclusion and social responsibility when they support and educate people outside the organization.

### QUANTIFYING THE CHANGE PROCESS

For the first time in this year's Benchmarking report, Catalyst analyzes the scope of organizations' change-related activities, including data on certain change drivers<sup>15</sup> and the supporting internal and external activities associated with those change drivers.<sup>16</sup> Based on the survey data, we show which of the change drivers and supporting activities, as measured in this year's survey, are best supported by the processes, policies, and programming of our responding member organizations. While these measures do not assess or comment on the effectiveness of organizations' activities or programs, they do provide insight on the breadth of change-related activities within our responding member organizations. As Figure 17 reveals, the diversity and inclusion efforts of our members are varied and extensive.



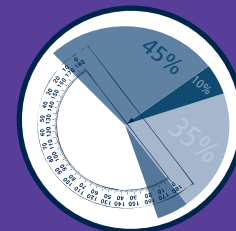
Overall, responding member organizations were relatively balanced in their approach to diversity strategy. This balance is evident in the largely concentrated, centered pattern displayed in the chart, and indicates that responding member organizations generally had programs in place to tap each change driver or supporting activity. Internal activities emerged as the most prominent vector among responding member companies, indicating that, relative to the change drivers and external activities measured here, internal programming received greater attention than other change-creating dimensions.

<sup>15</sup> We did not include a business case rating this year because we focused on this topic in the 2005 Catalyst Member Benchmarking Report.

<sup>16</sup> For a description of the construction of these measures, see Appendix 4.

Continual communication was the next most prominent vector, almost matching internal activities in terms of vector strength. This finding indicates that responding member organizations were communicating in multiple ways about diversity and inclusion. Organizations also reported offering a variety of external activities, such as supplier diversity and outreach programs.

The change drivers receiving the least attention from responding member organizations were measurement, top management commitment, and accountability, respectively. These areas in particular warrant additional attention from organizations seeking to make change. Without measuring strategic progress against diversity goals, and holding managers and executives accountable for that progress, organizations will find it difficult to manage and develop the change process. Moreover, without significant executive-level commitment to diversity initiatives, organizations cannot expect that employees will see how business results and competitiveness are tied to organizational inclusion efforts.



### KEY FINDINGS

- In companies, 72 percent of senior-most executives were white men, 18 percent were white women, 8 percent were men of color, and 2 percent were women of color.
- Within firms, white men comprised 83 percent of the highest level, the management/executive committee, while white women comprised 12 percent, men of color 5 percent, and women of color 1 percent.
- These workforce statistics document the need for strategies that drive change; women's advancement and diversity and inclusion programs have not yet had full impact.

Catalyst believes that by counting numbers, gaps that exist within organizations can be identified. By tracking workforce statistics, organizations can better understand the types of change efforts that are needed. Each year, our Benchmarking survey provides a basis for identifying gaps by presenting data on current workforce representation, recruitment, and attrition, across managerial levels.<sup>17</sup>

### OVERALL REPRESENTATION AT SENIOR LEVELS

When we examined the workforce statistics for organizations responding to our 2006 Benchmarking survey, we found that among companies, the numbers for the senior-most women were strikingly similar to the numbers reported by companies responding in 2005. In 2006 for responding member companies, 72 percent of senior-most executives were white men, 18 percent were white women, 8 percent were men of color, and 2 percent were women of color. The only difference between companies reporting in 2006 and those reporting in 2005 was a one-point difference for white men (73 percent in 2005 vs. 72 percent in 2006) and men of color (7 percent in 2005 vs. 8 percent in 2006); the figures for white women and women of color were identical in both years.

For firms, white women's representation at the highest level, the management/executive committee, was three percentage points lower this year than that reported by firms last year (15 percent in 2005 vs. 12 percent in 2006).<sup>18</sup> Aside from white women, white men represented 83 percent of firms' management/executive committees (vs. 79 percent in 2005), while men of color represented 5 percent (vs. 4 percent in 2005), and women of color 1 percent (identical to 2005).

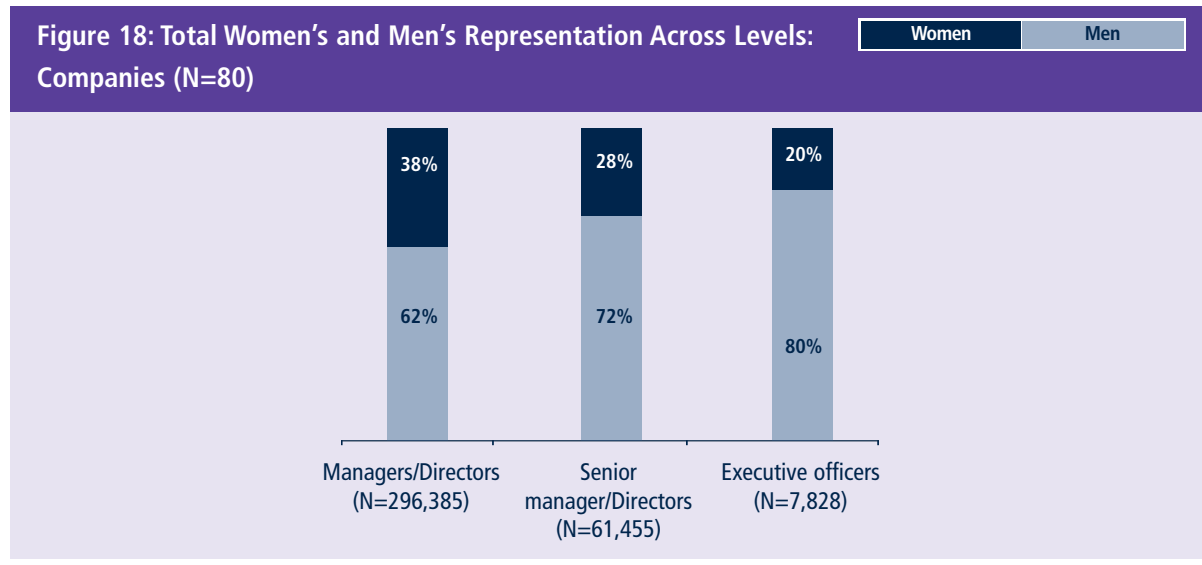
### Representation within Companies

We asked respondents to report statistics for specific employee levels, allowing us to provide a more accurate assessment of workforce statistics across companies. In examining managerial levels, not surprisingly, we found that the numbers of women decreased as we moved up the organizational ladder; women had greatest representation in the managerial/director ranks, followed by senior managerial/director positions, and then executive officer positions.

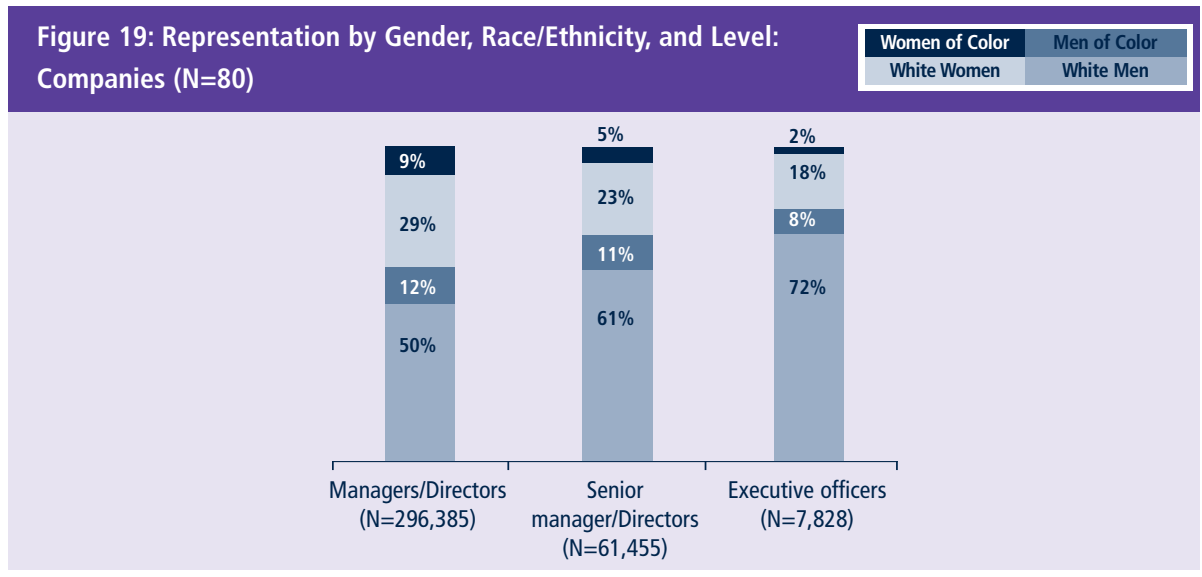
<sup>17</sup> The same subset of Catalyst members does not respond to the Catalyst Benchmarking survey each year. Thus, the data is cross-sectional in nature, and comparisons of workforce statistics over time (i.e., across years) must be made with caution because the resulting statistics represent two separate samples that are not directly comparable.

<sup>18</sup> Catalyst, *2005 Catalyst Member Benchmarking Report* (2005).

As Figure 18 reveals, women comprised 38 percent of managers/directors, while men comprised 62 percent. At the senior manager/director level, women’s representation dropped to 28 percent, with men holding almost three-fourths (72 percent) of these positions. Finally, at the most-senior level, men predominated, holding 80 percent of executive officer positions compared to 20 percent for women. Interestingly, the representation of women among respondents to this year’s Benchmarking survey was slightly higher than that in the *Fortune* 500 overall, where women comprised just 16.4 percent of corporate officers in 2005.<sup>19</sup>



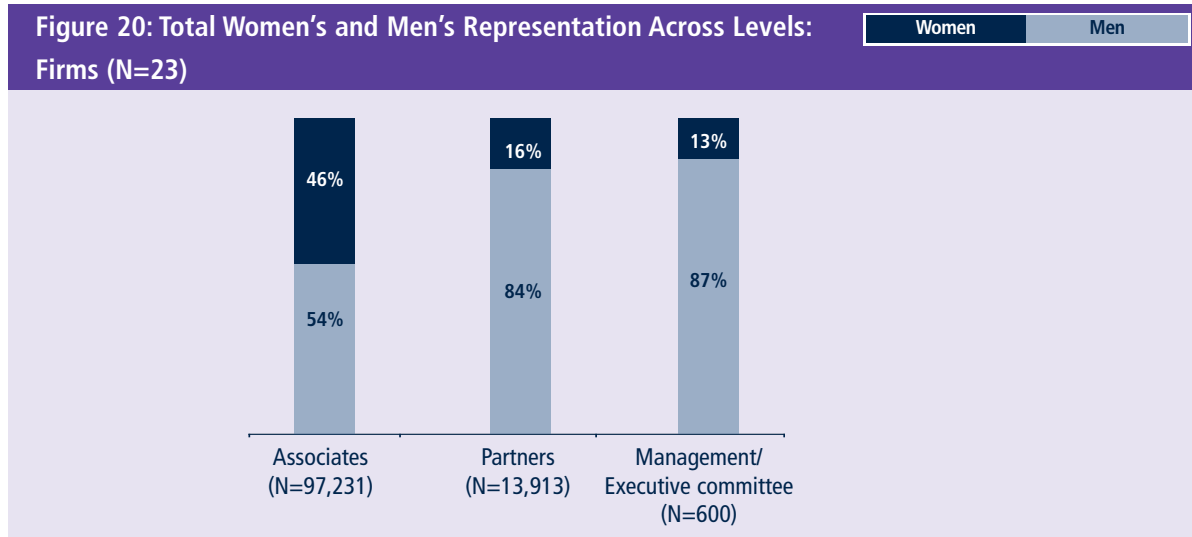
When we examined the workforce statistics for companies by level, gender, and race/ethnicity, we found that white men dominated every level, representing 50 percent of managers, 61 percent of senior managers/directors, and 72 percent of executive officers. White women made up 29 percent of managers/directors, while men of color made up 12 percent and women of color 9 percent. There was little drop-off for men of color when we looked at the senior manager/director level, with men of color at 11 percent. At the senior manager/director level, white women dropped to 23 percent of senior managers/directors, and women of color dropped to 5 percent. The numbers continued to decline at the most-senior level, with white women at 18 percent, men of color at 8 percent, and women of color at 2 percent of executive officers.



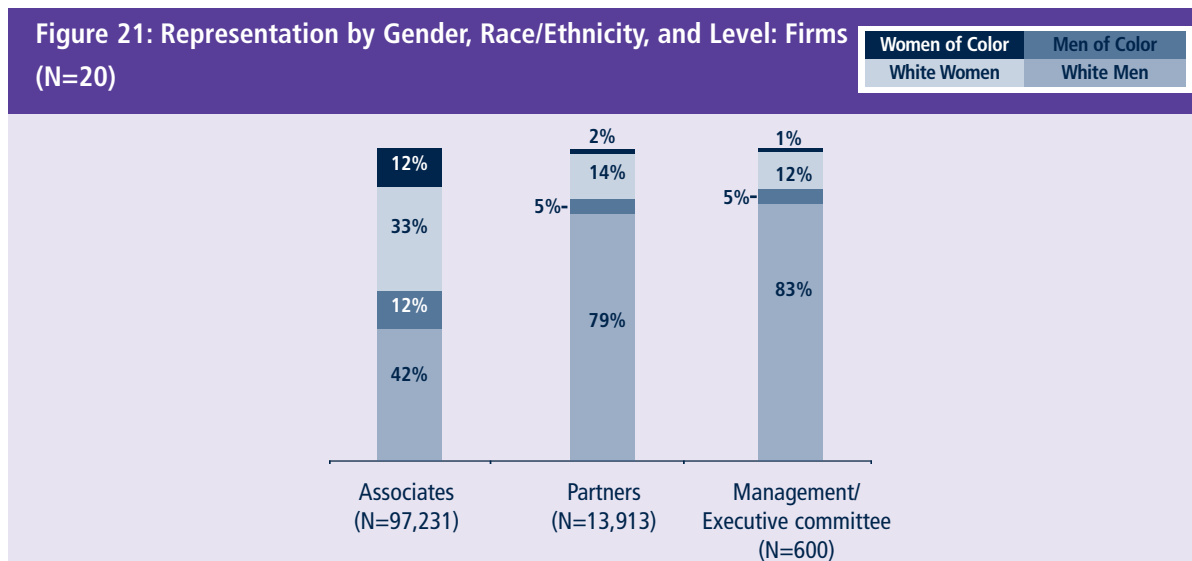
<sup>19</sup> Catalyst, *2005 Catalyst Census of Women Corporate Officers and Top Earners of the Fortune 500* (2006). This report used a different definition of executive officer than the *2006 Catalyst Member Benchmarking Report*, which may account for some difference in the corporate officer percentages.

## Representation within Firms

As we did with companies, we asked respondents from firms to report statistics for specific employee levels. In firms, we found similar patterns for women as we did with companies—that is, women concentrated at the lowest level—although the figures for firms were far more stark. As the following chart indicates, women represented almost half (46 percent) of associates in professional services firms responding to this year’s survey. However, women’s presence as partners or members of the management/executive committees shrunk to 16 percent and 13 percent, respectively. These figures are similar to those of member firms responding in 2005, when women comprised 15 percent of partners and 16 percent of management/executive committee members.<sup>20</sup>



The representation statistics by gender, level, and race/ethnicity revealed that white men held more senior positions than women at all leadership levels within responding member firms. White men represented 83 percent of management/executive committee members, while white women represented 12 percent, men of color were 5 percent, and women of color were 1 percent. The numbers for partners did not differ greatly from those for management/executive committees: white men represented 79 percent of partners at responding member firms, while white women represented just 14 percent, men of color were 5 percent, and women of color were 2 percent.



<sup>20</sup> In the 2005 Catalyst Member Benchmarking Report, Catalyst did not collect data on associates in firms.

Combined, women and people of color outnumbered white men at the associate level at responding firms, representing 57 percent of the overall associate pool. White women were 33 percent of associates, while men and women of color each comprised 12 percent.

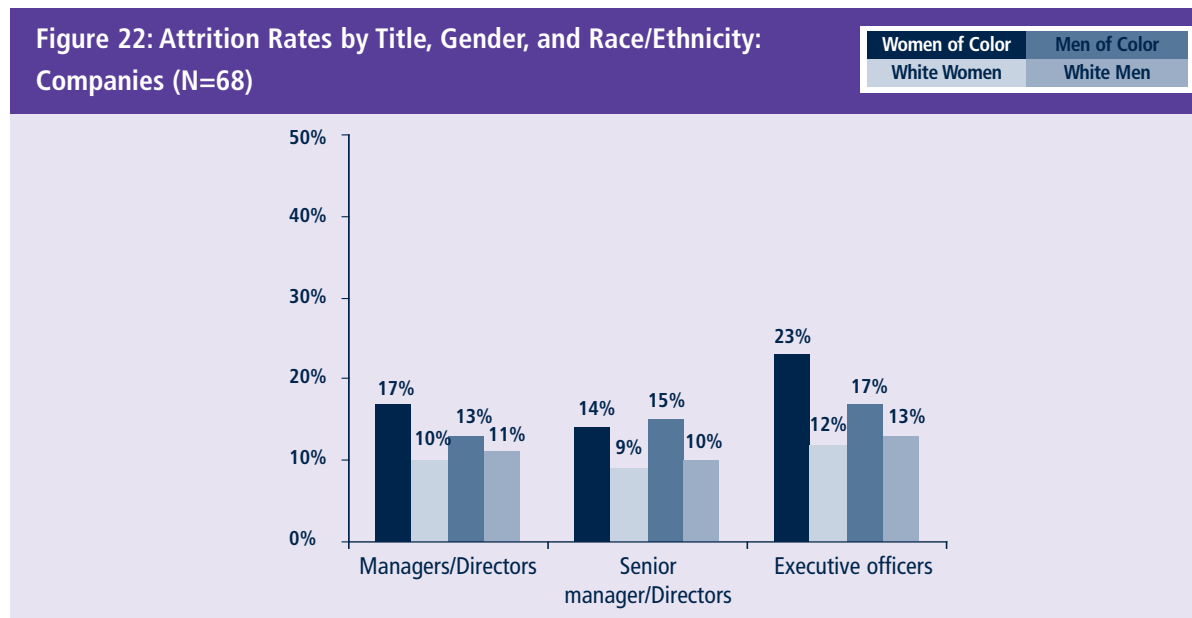
### ATTRITION AT SENIOR LEVELS

Attrition rates track organizations' success at retaining employees from key demographic groups. These rates indicate whether or not members of certain groups are leaving companies or firms at disproportionate rates, relative to other groups.<sup>21</sup>

#### Attrition in Companies

Unlike 2005, when attrition rates for responding member companies revealed little variation among demographic groups (ranging from a low of 8 percent to a high of 11 percent across all managerial levels and groups), the attrition statistics for responding member companies this year revealed significant variation. In 2006, attrition ranged from a low of 9 percent for white women senior managers/directors to a high of 23 percent for women of color executive officers.

In the 2006 attrition data, race/ethnicity or visible minority status proved to be very salient. Companies had relatively low attrition at every managerial level for white men and white women. White women had the lowest attrition rates at each managerial level, followed closely by white men. Attrition rates for people of color were higher. The highest attrition rate was for women of color at the executive officer level (23%), followed by women of color at the manager/director level (17%) and men of color at the executive officer level (17%). The lowest rate of attrition for women of color came at the senior manager/director level (14%), while the lowest rate for men of color was at the manager/director level (13%).

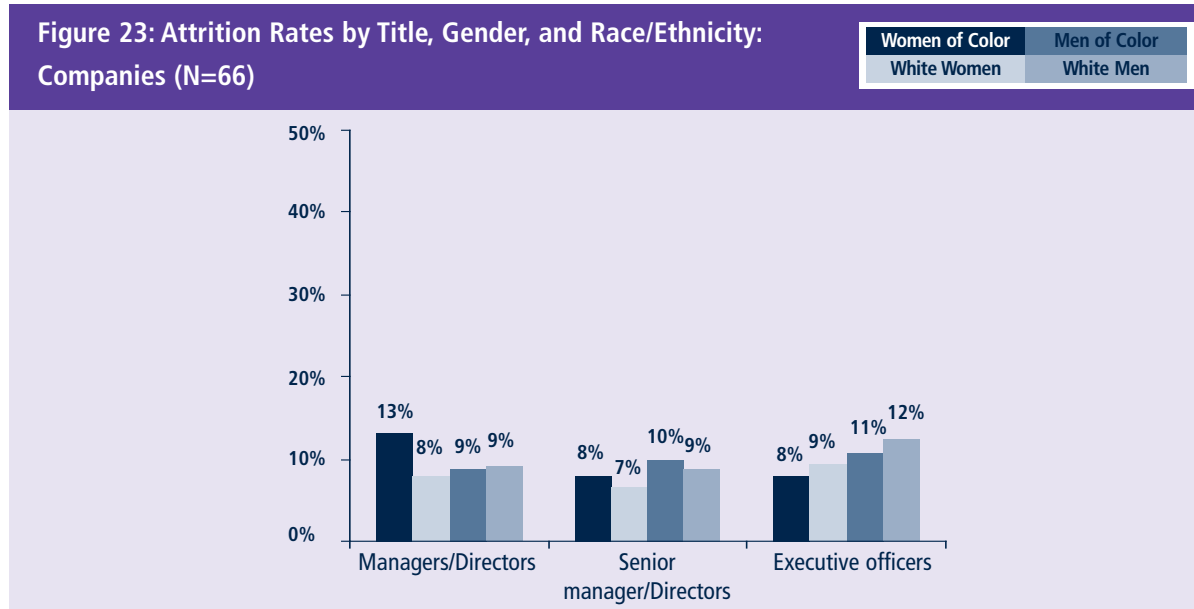


Because attrition rates for 2006 looked quite different from 2005, we delved deeper into the data to understand what may have driven the higher figures, particularly for women of color at the executive officer level. We learned through these additional analyses that two companies had significantly higher attrition rates than others, driving up the attrition rates overall. When we removed these outliers from the analyses, we found attrition rates that were more similar to those presented in 2005, as shown in Figure 23.

<sup>21</sup> Attrition statistics were calculated by dividing the total number of attrited employees, stratified by gender and race/ethnicity, by the total representation of employees, stratified by gender and race/ethnicity. As with the workforce statistics, comparisons of attrition statistics over time (i.e., across years) must be made with caution because the resulting statistics are drawn from two separate samples that are not directly comparable.



With the outlying companies removed from the analyses, we found that attrition rates varied six percentage points overall, from a low of 7 percent to a high of 13 percent, across all managerial levels and groups. At the executive officer level, the attrition rate for women of color (8 percent) was lower than that of all other groups, though only slightly so; at 12 percent, white men had the highest attrition rate at the executive officer level. There was little difference in attrition rates among senior managers/directors, ranging from 7 percent for white women to 10 percent for men of color. The greatest variation in attrition rates emerged at the manager/director level, where women of color had a 13 percent attrition rate, white men and men of color had a 9 percent rate, and white women had an 8 percent rate. Again, however, these differences were relatively small.



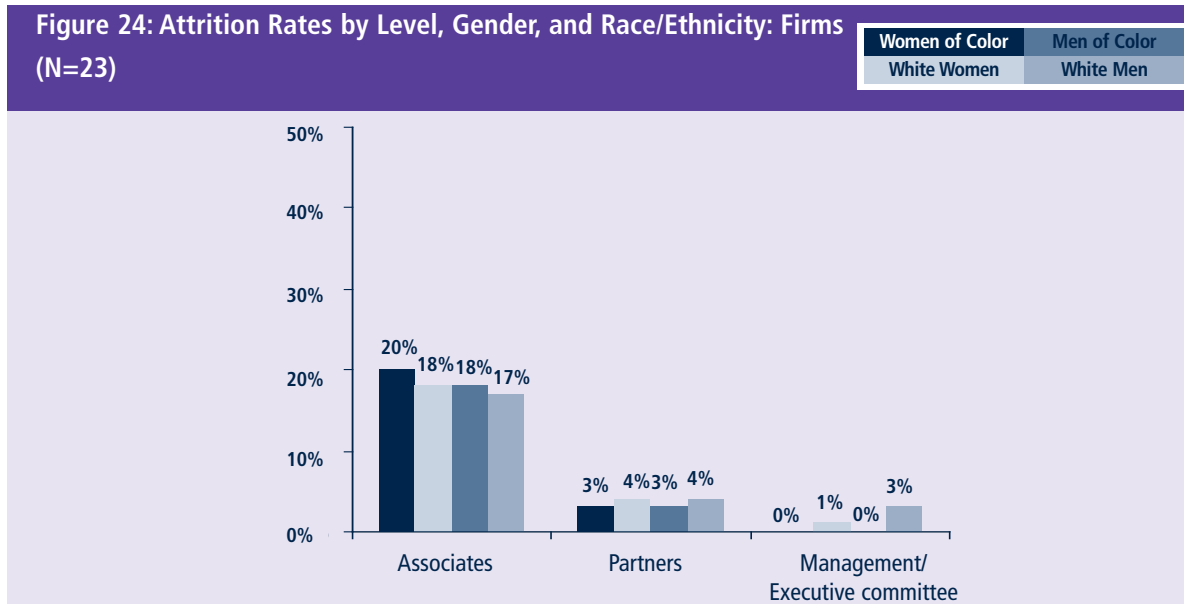
### Attrition within Firms

Attrition rates at firms were characterized not so much by differences based on race/ethnicity/visible minority status or gender as by differences based on level. For the first time, Catalyst collected attrition rates for associates and management/executive committee members, as well as for partners.<sup>22</sup> These statistics revealed significantly higher rates of attrition for associates than for partners or management/executive committee members at responding member firms. While there was little or no attrition for any gender or race/ethnicity group at the partner or management/executive committee levels (ranging from 0 to 4 percent), attrition rates at the associate level were 17 percent for white men, 18 percent for white women and men of color, and 20 percent for women of color.

<sup>22</sup> In the 2005 Catalyst Member Benchmarking Report, attrition data was collected for partners only.



Figure 24: Attrition Rates by Level, Gender, and Race/Ethnicity: Firms (N=23)



### WORKFORCE STATISTICS OVERVIEW

The 2006 workforce statistics indicated, as in 2005, that white men were disproportionately represented at the highest levels of responding member companies and firms. As we moved up the organizational chart, white men gained a greater share of positions in both companies and firms. In firms, the critical juncture emerged at the move from associate to partner, where white men almost doubled their representation, while men of color and white women saw their numbers cut by half, and women of color were made nearly invisible, at 2 percent of the partner pool.

The implications for building an atmosphere and culture of inclusion when little to no diversity exists at organizations' highest levels are serious and far-reaching. Until we see full inclusion and representation at the highest levels of organizations, we cannot say that strategies have been effective or driven with sustained commitment. Without the substantive and significant presence of diverse individuals at the top levels of companies and firms, we cannot expect that organizations will realize the full potential of their workforce or their business.

## Organizational Practice

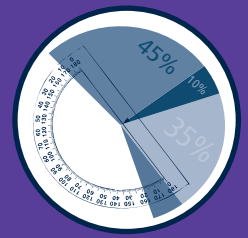
### *General Motors: Recruiting, Advancing, and Retaining Women of Color through the Multicultural Women's Affinity Group*

General Motors (GM) understands that, to recruit and retain top talent, it must ensure that the environment and dynamics within the organization are inclusive of all employees. The company recognizes that the perspectives and experiences of women and women of color are critical to the business, and has therefore committed to focusing more on these employee populations.

Affinity groups play a major role in the company's efforts to recruit, advance, and retain a diverse workforce. At General Motors, the Affinity Group for Women (AGW) is an umbrella body for many of its women's efforts. The AGW has approximately 1,600 members and several working groups branching from it. The Multicultural Women's Group (MCW), which began in 2004, is a subgroup of the AGW and plays a major role in informing the company on issues concerning women of color. Other working groups focus on outreach, recruitment, and career growth. From a recruitment perspective, the AGW participates in campus recruiting efforts as well as informing talent acquisition members on relevant recruitment issues for women and people of color. The AGW itself has attracted potential employees to the organization because it demonstrates that GM appreciates and values diversity within the company. Beyond that, potential employees recognize the group as an invaluable support system in an industry that has not traditionally attracted women.

The success of the affinity groups at GM can be attributed to the links that exist among the various working groups. Members from any affinity group can access workshops and activities developed by another group. This encourages collaboration and best practices sharing. Another success factor is the leadership and advocates at senior levels within the organization. For example, several senior leaders serve as Leadership Liaisons for the affinity groups. For women of color and members of the MCW, this linking of working groups provides access to networking, mentoring, and other developmental opportunities all over the organization. One example of such an activity is the Multicultural Women's Conference, which brought together women from management and executive levels. The purpose of the Conference was to inform and train managers on issues facing women of color. Workshops were held on topics such as leadership skills and building bridges, and prominent external speakers shared successes and challenges as senior executives, including the Chairman and CEO of GM who was the keynote speaker at the opening of the Conference. Participants reported that the Conference strengthened relationships between white women and women of color, and women of color were pleased to see GM's commitment to diversity.

As a follow-up to Conference activities, a senior male executive invited all multicultural women to attend a global purchasing and supply chain international sourcing committee meeting that is usually only open to key executives around the globe. For many of the women who were invited, this was a unique developmental opportunity to expand their capabilities and insight into the global decision-making process. It also provided them with visibility and opportunities to network with senior executives. These kinds of efforts at GM have provided women of color with more opportunities for career development and advancement, which in turn have aided the company's recruitment, advancement, and retention of diverse employees.



The *2006 Catalyst Member Benchmarking Report* presents two very different stories. On one hand, member companies and firms are working hard to develop and implement programs, practices, and procedures that are globally-focused. These programs address many dimensions of diversity and reflect the many cultures represented in the workforces, customer bases, and communities where our member organizations operate. Catalyst members also have introduced and made some use of change drivers and supporting activities in their organizational efforts. In particular, members are communicating about diversity regularly with their employees and are offering a wide variety of internally- and externally-directed programs.

Also on a positive note, Catalyst collected an impressive range of organizational practices, and provided a sampling here. We have seen, through the reporting of these practices, as well as through the provision of statistics on Catalyst Award-winning organizations, that significant diversity and inclusion-related change is not out of reach; it is doable, measurable, and sustainable.

On the other hand, the news is not quite as good. While we have evidence that member organizations are offering substantial internal programming, we have less evidence that the effectiveness of programs is being measured sufficiently; that adequate accountability mechanisms are in place for achieving diversity goals and initiatives; or that top leadership has demonstrated sufficient commitment to diversity and inclusion efforts. The result: a well-intentioned “laundry list” of programs that may lack the key ingredients needed to create change that will help drive business in the global marketplace.

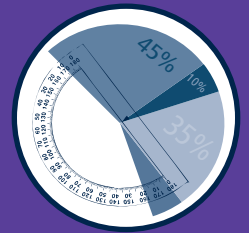
Given these factors, we cannot say that member organizations are being fully strategic and focused on driving and implementing change. In fact, we have evidence that women and people of color continue to be underrepresented in managerial and executive level positions in both companies and firms. These areas are ones that must be addressed more fully if substantial organizational change is to be achieved.

At Catalyst, we know that a well-designed strategy, not more and more programs, makes all the difference. The strategy must be:

- business-based—founded on organizational goals and structure, as well as on an assessment of strengths, issues, and opportunities;
- focused on the three or four priority areas that define the programs the organization develops;
- integrated into business strategy and human resources policies with effective planning and implementation; and
- driven by key change elements: senior leadership support, effective communication, a solid business case, accountability, and metrics.

It is the *combination* of programming and strategy that is key to effective diversity and inclusion efforts. We recognize that this change does not happen overnight, and that organizations’ diversity efforts are continuously evolving. We hope that by providing the information contained in this report, organizations can continue to build on, expand, and refine diversity and inclusion efforts worldwide.





The 2006 Benchmarking report is the result of the extraordinary teamwork and dedication of Catalyst staff across the organization. Catalyst President Ilene H. Lang provided her leadership in developing the report and its findings. Vice President of Research Nancy M. Carter, Ph.D., oversaw this project and provided much insight and guidance.

Heather Foust-Cummings, Ph.D., directed the research, conducted data analysis, and authored the report. Julie Nugent managed the project and oversaw the organizational practices component. Staci Kman conducted data analysis and authored Chapter 4 of the report. Lois Joy, Ph.D., assisted with data analysis, and Nazia Kazi assisted with data analysis and company report creation. 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, Katie Keil, and David Megathlin coordinated and participated in the organizational practices process, including conducting interviews and writing examples. Whitney Davidson, Staci Kman, David Megathlin, Sharon Peters, Kesha Thomas, Emily Troiano, Emily Wakeling, and Cheryl Yanek assisted with data verification. Mathieu Belanger, Ph.D., provided technical support, and Penelope Lang and Sharon Peters provided administrative support. We are grateful to the additional Catalyst issue experts and team members who reviewed and contributed to the overall report: Michael Chamberlain, Jan Combopiano, Katherine Giscombe, Ph.D., Eleanor Tabi Haller-Jorden, Marcee Harris, Kara Helander, Aimee Horowitz, Meryle Mahrer Kaplan, Susan Nierenberg, Anabel Perez, Jeanine Prime, Ph.D., and Deborah M. Soon. Thank you to Ed Belove for designing and supporting the new company report technology, and to Adam Cohen, Pallavi Kansal, and Marisol Sanchez for developing report templates.

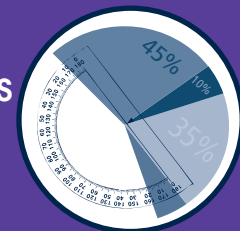
Additional thanks go to report fact-checkers Emily Troiano, Cheryl Yanek, and David Megathlin, who ensured the accuracy of the data and final report.

This report was produced and edited under the leadership of Deborah M. Soon, Vice President of Marketing and Public Affairs. Joy Ohm edited the report and Kristine Ferrell designed the report.

**Special thanks to this year's Benchmarking study sponsors: Campbell Soup Company, Lehman Brothers, McDonald's Corporation, and PricewaterhouseCoopers LLP.**

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 1: Dimensions of Diversity and Diversity Practices of U.S.-Headquartered Organizations by Regional Location

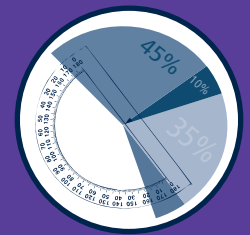


Dimensions of Diversity, by Geographic Region								#1	#2	#3	
	United States N=93	Canada N=53	Latin America/ the Caribbean N=60	Europe N=67	Asia and the Pacific N=62	Africa N=21	Middle East (Western Asia) N=26	Oceania (Australia, New Zealand, Polynesia) N=37			
Gender	91%	53%	42%	54%	44%	43%	35%	51%			
Race/ethnicity or visible minorities	91%	34%	18%	25%	16%	19%	12%	16%			
Sexual orientation	75%	25%	17%	27%	16%	10%	8%	16%			
Working parents	59%	30%	17%	34%	19%	24%	19%	24%			
Disability	58%	28%	15%	30%	15%	14%	8%	14%			
Part-time workers	51%	23%	13%	31%	21%	19%	12%	24%			
Generational	47%	21%	13%	16%	13%	14%	12%	14%			
Nationality	47%	19%	13%	21%	18%	10%	8%	14%			
Religion	34%	15%	7%	16%	7%	10%	4%	8%			
Employees on leave	30%	17%	12%	15%	18%	14%	15%	19%			
Employee alumni	32%	11%	5%	13%	8%	5%	8%	11%			

Diversity Practices, by Geographic Region								#1	#2	#3	
	United States N=93	Canada N=53	Latin America/ the Caribbean N=60	Europe N=67	Asia and the Pacific N=62	Africa N=21	Middle East (Western Asia) N=26	Oceania (Australia, New Zealand, Polynesia) N=37			
Religious/cultural holidays	89%	60%	48%	52%	45%	43%	42%	43%			
Diversity recruiting strategies	91%	49%	35%	49%	34%	38%	23%	24%			
Employee engagement surveys	74%	49%	37%	45%	36%	43%	31%	41%			
Retention strategies	83%	47%	37%	46%	39%	43%	31%	35%			
Diversity training	84%	51%	33%	49%	34%	33%	31%	32%			
Community outreach	94%	36%	32%	37%	26%	29%	15%	27%			
Cultural events	80%	32%	25%	27%	23%	19%	19%	22%			
Employee roundtables/forums	71%	38%	33%	39%	32%	33%	23%	35%			
Gender stereotyping and bias avoidance training	68%	34%	17%	34%	23%	14%	19%	22%			



# APPENDIX 2: Dimensions of Diversity and Diversity Practices of Canadian-Headquartered Organizations by Regional Location



Diversity Programs, by Geographic Region <sup>23</sup>		#1	#2	#3				
	Canada N=9	United States N=5	Latin America/ the Caribbean N=3	Europe N=4	Asia and the Pacific N=3	Africa N=1	Middle East (Western Asia) N=1	Oceania (Australia, New Zealand, Polynesia) N=3
Gender	67%	80%						
Race/ethnicity or visible minorities <sup>24</sup>	33%	60%						
Sexual orientation	22%	40%						
Working parents	67%	80%						
Disability	33%	60%						
Part-time workers	67%	60%						
Generational	33%	60%						
Nationality	11%	20%						
Religion	11%	20%						
Employees on leave	56%	40%						
Employee alumni	33%	40%						

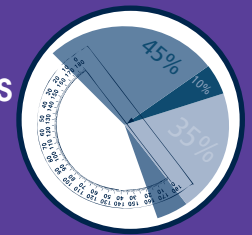
Diversity Practices, by Geographic Region <sup>25</sup>		#1	#2	#3				
	Canada N=9	United States N=5	Latin America/ the Caribbean N=3	Europe N=4	Asia N=3	Africa N=1	Middle East (Western Asia) N=1	Oceania (Australia, New Zealand, Polynesia) N=3
Religious/cultural holidays	89%	80%						
Diversity recruiting strategies	89%	80%						
Employee engagement surveys	56%	80%						
Retention strategies	67%	80%						
Diversity training	67%	60%						
Community outreach	67%	80%						
Cultural events	56%	60%						
Employee roundtables/forums	56%	60%						
Gender stereotyping and bias avoidance training	67%	60%						

<sup>23</sup> Data is not reported for programs in some geographic regions due to insufficient sample sizes.

<sup>24</sup> For companies and firms other than those in Canada, we use the term "race/ethnicity"; for companies and firms in Canada, we use the term "visible minorities."

<sup>25</sup> Data is not reported for programs in some geographic regions due to insufficient sample sizes.

# APPENDIX 3: Dimensions of Diversity and Diversity Practices of European-Headquartered Organizations by Regional Location



Diversity Programs, by Geographic Region <sup>26</sup>								
	Europe	United States	Canada	Latin America/ the Caribbean	Asia and the Pacific	Africa	Middle East (Western Asia)	Oceania (Australia, New Zealand, Polynesia)
	N=7	N=7	N=4	N=6	N=7	N=6	N=6	N=6
Gender	100%	100%		67%	86%	50%	50%	83%
Race/ethnicity or visible minorities <sup>27</sup>	71%	100%		33%	43%	17%	17%	50%
Sexual orientation	57%	86%		100%	100%	100%	100%	17%
Working parents	57%	43%		17%	14%	100%	100%	17%
Disability	100%	43%		33%	14%	17%	100%	33%
Part-time workers	43%	43%		17%	14%	100%	100%	33%
Generational	71%	71%		100%	29%	100%	100%	17%
Nationality	57%	71%		50%	57%	33%	33%	67%
Religion	29%	43%		17%	100%	100%	100%	100%
Employees on leave	14%	100%		100%	14%	100%	100%	17%
Employee alumni	29%	14%		100%	14%	100%	100%	17%

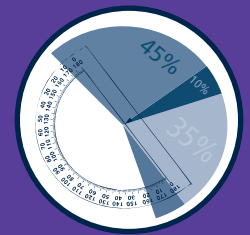
Diversity Practices, by Geographic Region <sup>28</sup>								
	Europe	United States	Canada	Latin America/ the Caribbean	Asia and the Pacific	Africa	Middle East (Western Asia)	Oceania (Australia, New Zealand, Polynesia)
	N=7	N=7	N=4	N=6	N=7	N=6	N=6	N=6
Religious/cultural holidays	57%	71%		67%	57%	67%	50%	67%
Diversity recruiting strategies	86%	100%		67%	29%	50%	50%	67%
Employee engagement surveys	100%	86%		100%	86%	83%	67%	100%
Retention strategies	86%	86%		67%	29%	33%	50%	67%
Diversity training	86%	100%		33%	57%	50%	33%	83%
Community outreach	100%	100%		83%	71%	67%	33%	83%
Cultural events	43%	100%		50%	57%	33%	17%	67%
Employee roundtables/forums	57%	86%		17%	29%	100%	17%	33%
Gender stereotyping and bias avoidance training	86%	86%		50%	57%	33%	33%	67%

<sup>26</sup> Data is not reported for programs in some geographic regions due to insufficient sample sizes.

<sup>27</sup> For companies and firms other than those in Canada, we use the term "race/ethnicity"; for companies and firms in Canada, we use the term "visible minorities."

<sup>28</sup> Data is not reported for programs in some geographic regions due to insufficient sample sizes.





### CREATING THE CHART FOR CHANGE-RELATED ACTIVITIES

#### Overview

Figure 17, which reveals the scope of change-related activities is based on analyses of a number of questions asked in the *2006 Catalyst Member Benchmarking Survey*. Questions were categorized to create six scales, or “vectors,” that represent either a change driver or the internal or external activities that support the change drivers.<sup>29</sup> Thus, each vector that radiates out from the chart’s bull’s-eye represents a scale composed of several survey questions that measured mechanisms for change.

#### Generating a Score for Each Vector

The scores for each vector appear as the shaded area on the chart. These scores were created through a two-step process. First, we added together the points awarded for each measure on each of the scales. Second, we divided each respective sum by the number of points possible for each of the scales. This process produced one score for each vector that ranged in value from zero to one.

#### Coding Notes

Not Applicable (N/A) Data: If respondents answered ‘No’ to certain filter questions, the respondents were not asked subsequent questions about those particular programs, and were coded in the dataset as N/A. For the vector creation, organizations’ N/A values were recoded to a value of zero. This was done for primarily two reasons:

- 1) To maximize the number of cases present for each vector and minimize “missing” data; and
- 2) To “reward” organizations that had programs, policies, or activities present—both for having a program (1 point), and for the level or degree of the program (0-3 points).

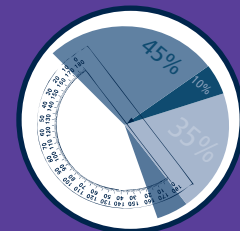
Based on this recoding, organizations that said they had no program present were awarded no points for having a program, tracking that program’s participants, etc., while organizations with a program were awarded points (or not) for the presence (or absence) of varying activities relating to and supporting that program.

#### Reliability Analyses

Reliability analyses were conducted for each of the vectors constructed. The alpha scores for each of the vectors were robust, indicating strong internal consistency for each scale.



## APPENDIX 5: PUBLIC BENCHMARKING PARTICIPANTS LIST



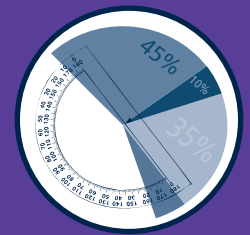
### MEMBER RESPONDENTS<sup>30</sup>

3M	Ernst & Young LLP	Pearson, Plc
Accenture	Ernst & Young LLP Canada	PepsiCo, Inc.
Agilent Technologies	Fannie Mae	PHH Mortgage
Alcoa	Fluor Corporation	Pitney Bowes, Inc.
Allstate Insurance Company	Ford Motor Company of Canada, Limited	PricewaterhouseCoopers LLP Canada
Ambac Financial Group, Inc.	General Electric	Procter & Gamble
Aon Corporation	General Mills	RBC Financial Group
Arnold & Porter LLP	General Motors	Reed Smith LLP
AstraZeneca Pharmaceuticals	Goldman, Sachs & Co.	Rockwell Collins
Avon Products, Inc.	Grant Thornton LLP	Rohm and Haas Company
Babson College	Harley-Davidson Motor Company	Rolls-Royce North America, Inc.
BANTA	Hewitt Associates	Safeway Inc.
BDO Seidman LLP	Hewlett-Packard Company	SBLI USA Mutual Life Insurance Company, Inc.
Bell Canada	Hitachi Global Storage Technologies, Inc.	Scotiabank
BellSouth Corporation	Holland & Knight LLP	Sidley Austin LLP
Best Buy Inc.	HSBC - North America	Skadden, Arps, Slate, Meagher & Flom LLP
Bingham McCutchen LLP	Humana Inc.	Starbucks Coffee Company
BMO Financial Group	IBM Corporation	State Farm Mutual Insurance Companies
Booz Allen Hamilton	IBM Canada	Sun Microsystems
Borden Ladner Gervais LLP	Inco Limited	Symantec Corporation
BP p.l.c.	International Paper	Texas Instruments
Campbell Soup Company	JPMorgan Chase	The PNC Financial Services Group, Inc.
Carlson Companies	Kellogg Company	Thompson & Knight LLP
The Chubb Corporation	Kimberly-Clark Corporation	TOTAL
CINTAS Corporation	KPMG LLP	Tyson Foods, Inc.
Citigroup Inc.	KPMG LLP Canada	UBS
ConAgra Foods, Inc.	Lear Corporation	Unilever
Consolidated Edison Company of New York, Inc.	Lehman Brothers	United Technologies Corporation
Corning Incorporated	Manpower Inc.	UPS
Credit Suisse	Marsh & McLennan Companies	Verizon Communications
DaimlerChrysler Corporation	Mattel Inc.	Vinson & Elkins, LLP
Dell	McDonald's Corporation	Wal-Mart Stores, Inc.
Deloitte & Touche USA LLP	Merck & Co., Inc.	Weil, Gotshal & Manges LLP
Deutsche Bank	Microsoft Corporation	Wilson Sonsini Goodrich & Rosati
Dickstein Shapiro Morinsky & Oshinsky LLP	Morrison & Foerster LLP	Wyeth
DuPont	Mutual of Omaha Insurance Company	Xerox Corporation
Eastman Kodak Company	Nokia Corporation	Young & Rubicam Brands
eBay Inc.	Nortel	Yum! Brands, Inc.
EDS	NOVA Chemicals	
EDS Canada	Novo Nordisk A/S	
Enbridge Inc.		

<sup>30</sup>This is a partial list, and includes only those members who agreed to be listed in this report.



## APPENDIX 6: CATALYST AWARD WINNERS



### 2006

BP p.l.c.  
The Chubb Corporation  
Safeway Inc.

### 2005

Georgia-Pacific Corporation  
Sidley Austin 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.

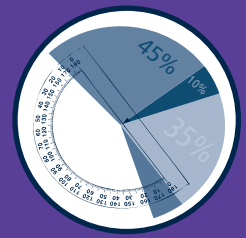
### 1988

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.,  
IBM Corporation, Pfizer Inc., Pratt  
& Whitney, The Travelers  
Companies, United Technologies)  
The Equitable Financial Companies  
IBM Corporation  
Mobil Corporation

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