



DON'T JUST THROW
MONEY AT DEI:
ACCELERATE
YOUR PROGRESS



Following the murder of George Floyd in 2020, catalyzing mass support for the Movement for Black Lives Matter, organizations around the world invested in Diversity, Equity, and Inclusion (DEI) at record rates. For 12-18 months, we saw momentum behind goodwill efforts to address systemic inequities in organizational culture. Yet as time has elapsed, more and more organizations are dropping their efforts. Did companies really care about DEI or were they just throwing money at the problem?

AN ALTERNATIVE VIEW

Initial activities in addressing DEI are easier to reach for: changing logos, putting out a statement, articulating diversity as a value. Longer-term activities focused on shifting equity and inclusion are much more difficult.

As organizations move from talking about change to enacting it, leaders who are not brought along in the journey can feel resistant. Right at the precipice of making real progress, organizational tensions cause sponsors to pull the plug and stop programs. By following this pattern, organizations endure almost all of the conflict of culture change without realizing the gains. Until we can move through fear to see the business value and employee joy that can be unlocked, we are stuck reacting to the news cycle.

What do companies with successful DEI agendas have in common? We compiled four areas that enable the execution of long-term strategies. Their wins are hard fought and took time, but by following their blueprint, we hope leaders can overcome their psychic bruises and recommit to creating a more equitable world.

> EXPECT ROI ON DEI INITIATIVES TO TAKE TIME

DEI is a journey. Like any other multi-year investment, the ROI takes time to realize. Effectively shifting mindsets away from short-term interventions helps to position DEI as structural and cultural change. To weather the bumps in making difficult decisions, it must be expected and accepted that choices made will not make every stakeholder happy.

The organizations which have the most success in this area make having a growth mindset a priority. The concept of a growth mindset has been written about and parroted frequently but seldom understood. It is about a continual process, not a destination that can be reached.

The opportunities and important issues around DEI will continue to evolve, and therefore the considerations we must adapt to will need to adjust accordingly. A growth mindset gears us up for the ever-lasting journey ahead and builds the resilience needed to turn setbacks into learning.

What You Can Do

Cultivate a growth mindset around DEI in your organization and in your own actions as a leader:

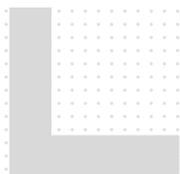
- Create rituals to celebrate missteps or setbacks as learning opportunities instead of failures.
- Role model courage and admit where you as a leader have not always shown up in inclusive ways.
- Encourage peer learning to keep actions pragmatic and relatable.

> REFINE YOUR PURPOSE AND COMMUNICATE EFFECTIVELY

Successful organizations are crystal clear on why they choose to focus on DEI given their business strategy and create links to individual leadership motivations. They place an emphasis on communicating the 'why' and helping the organization make shared meaning of change. This unites motivations and helps to strive for collective goals even when signs of change aren't seen on an individual level at first.

Broadly speaking, we can segment motivation into extrinsic and intrinsic. Extrinsic motivation – the carrot and stick – relies on rewards and punishments to shape behaviors. Intrinsic motivation – the internal fuel – relies on a sense of curiosity. Research has shown that while extrinsic motivation offers some initial boost of performance, eventually engagement and productivity fall. In the long run, intrinsic motivation outperforms extrinsic motivation in leading to sustainable change.

A similar pattern can be found in organizations investing in DEI. Those extrinsically motivated by the events of 2020 treated DEI initiatives like a booster shot – a one-and-done series of investments. Once the public pressure started to subside, the



motivation to continue the work waned. Meanwhile, companies that are intrinsically motivated have tied DEI to their purpose and sense of growth and find genuine meaning and sustained momentum.

What You Can Do

Build intrinsic motivation around DEI change:

- Map out where you may face resistance and place bets on where you may need to push when negative criticism flares up.
- Recognize there is value in extrinsic motivation – while targets, rewards, and incentives are not enough alone to sustain DEI change, they are an integral part of a broader system of motivation.
- Create measurement criteria that encompass the full ROI of DEI initiatives – on business performance and human factors.

> YOU'VE HIRED A HEAD OF DEI; NOW UNLEASH THEIR POTENTIAL

Many organizations have hired a Head of DEI or equivalent role. However, these leaders have seldom been given the access and resources needed to fulfill their remit. They rarely report directly to the CEO, and when they do, they may still find themselves outside of talent discussions run by HR.

From a capability standpoint, Head of DEI is one of the most difficult positions in the organization. They are tasked with changing the culture but are advised to avoid upsetting the dominant groups in the company. They likely have passion and a mission orientation but are enveloped in organizational politics and bureaucratic inertia. Many DEI leaders were given a remit to shift their organization's culture without being given the requisite individual leadership development needed to manifest this change.

Finding the balance between these leadership tensions without the support of a team, access to structural conversations in the business, or ability to influence top executives puts these leaders in a nearly impossible bind.

What You Can Do

Think carefully about the conditions needed to ensure your DEI leaders can create sustainable change:

- Pull DEI leadership out of HR and show your organization that DEI change is everyone's responsibility, with your DEI function catalyzing and directing that change rather than being solely accountable.
- Ensure that the Head of DEI has a seat at the decision table by including them in executive leadership meetings. Support and resource their talent planning and recruitment efforts.
- Highlight critical stakeholders throughout the business to act as nodes of influence and leverage their sponsorship to create change momentum.

> FOCUS ON MEASUREMENT OF TALENT

Often organizations will make public commitments to their Board and investors to diversify their executive leadership - yet their talent pipeline does not reflect these aspirations. Creating adequate representation within your pipeline is one of the key structural changes needed to change the company's composition.

When we sit with organizations to understand how they source their pipeline, we find that they rely on heuristics – quick mental shortcuts – to shortlist and develop their talent. They usually hold a mental picture of what a future leader or executive 'should' look like, or they base talent development on past experiences, conflating what worked in the past with what will work in the future.

These strategies are rife for bias and error and do not get the most out of your talent pipeline. They also negatively impact underrepresented groups who may not fit the conventional mold or have the same traditional career experiences.

What You Can Do

Challenge your organization to leverage more measures to ensure a more diverse pipeline:

- Map reliable predictors of potential to explicit competency models and ensure job-relatedness.
- Deploy the use of 'profiles of success' that align stakeholders on tangible leadership competencies that will be needed in the future.
- Reduce over-reliance on personal judgment by using less biased measures of talent and potential.

IN A NUTSHELL

Excitement around DEI initiatives has fallen since the summer of 2020. To reinvigorate their efforts, organizations need to frame this as a long-term change, reconnect with their intrinsic motivation, empower their Head of D&I, and use measurement to make talent decisions. By approaching this work proactively, companies stand to leverage positive momentum and drive long-lasting change.

The graphic features the words "LEARN MORE" in a bold, sans-serif font. Each letter is filled with a different color from a rainbow spectrum, creating a vibrant, multi-colored effect. The text is positioned to the right of a thin, dark L-shaped line that starts from the top left and extends towards the text.

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