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Race at Work Charter

EXECUTIVE SPONSOR FOR RACE TOOLKIT: HOW TO MAKE THE CASE FOR ACTION AND ENGAGE YOUR PEOPLE





RACE AT WORK CHARTER EXECUTIVE SPONSOR TOOLKIT: HOW TO MAKE THE CASE FOR ACTION AND ENGAGE YOUR PEOPLE

Supporting executive sponsors to make a case to other members of staff for increased diversity and inclusion.

Introduction

The Race at Work 2018 Scorecard – McGregor-Smith review one year on report demonstrated that only 33 per cent of employees said there was an executive sponsor for equality, diversity and fairness at the top of their organisation.

Executive sponsors for race told Business in the Community (BITC) that leaders tasked with this role within organisations would benefit from support to make the business case for change, engage with key stakeholders, and identify areas for targeted action.

It is important for leaders to recognise and engage others in the business case. This toolkit gives leaders the statistics needed to make a clear business case to the organisation, as well as actions to ensure a diverse workforce and reap the ensuing business benefits.

Additionally, I am glad to share guidance on how to engage your workforce in the benefits of an inclusive culture.

The executive sponsor has a role to ensure diversity isn't just a policy but is recognised by every one of us as a critical element of business success. Moreover, that a diverse outlook on life is a better way to live.

This toolkit supports a leader to be a visible advocate for race in an organisation and share the business case for change.

Sandra Kerr, CBE, Race Equality Director, BITC

When the BITC Race Equality Leadership Team met with leaders who are part of the 33 per cent of executive sponsors identified in the Race at Work 2018 survey, we heard some clear messages about what support would be welcome. We are delighted to create toolkits for employers that have signed the Race at Work Charter and leaders who have taken on the executive sponsor role. We believe the content will support leaders who want to make a tangible impact.

Richard Iferenta, Tax Partner, KPMG

Chair, BITC Race Equality Leadership Team

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SHARE THE BUSINESS CASE FOR DIVERSITY

Executive sponsors for race should communicate to stakeholders the benefits of building a diverse and inclusive culture.

How to make the case for change in an organisation?

The business case for action can be made by looking at both the commercial and the cultural case, and presenting this with evidence on how a more inclusive culture will maximise business performance.

BUSINESS CASE

Commercial

[The McGregor-Smith Review: Race in the workplace](#), sponsored by the government in 2017, found that taking collective action across organisations in the UK to tackle disparities in the marketplace would provide an annual economic boost to the UK of £24bn annually.

Cultural

More diverse teams make better decisions, are more innovative and have less groupthink, which could cause them to reach decisions without the proper [critical evaluation](#).

MAXIMISING BUSINESS PERFORMANCE

An executive sponsor for race must communicate the need for diverse and inclusive teams to improve business performance. By sharing the following statistics, an executive sponsor is armed with the data needed to communicate the need for change.

- McKinsey & Co [examined](#) more than 1,000 companies across 12 countries and found that firms in the top quartile for ethnic diversity are 33 per cent more likely to see higher-than-average profits than companies in the lowest quartile.
- McKinsey's research found that diversity has the most obvious impact on financial performance when it is found in executive teams and roles that are directly in charge of generating revenue. In comparison the least diverse companies, in both gender and ethnic terms, are 29 per cent more likely to underperform in terms of profitability, the consultancy said.
- Boston Consulting Group [study](#) found that more diverse management teams had 19 per cent higher revenues due to innovation.
- [Harvard Business School has also released and summarised articles](#) on the effectiveness of more diverse teams.

“For me it is imperative that I foster an inclusive workplace, where each and every individual knows that they will be treated with the same level of respect, receive the same development opportunities and that their chance for career advancement and promotion is purely as a result of their performance. It is only by ensuring this that I know my employees will be able to truly fulfil their potential and in turn this will ensure that I have the best and the brightest future talent.”

**Sak Gill GM/VP North England Group,
Enterprise Holdings**

**BITC Race Equality Leadership Team
member**



RECRUITING THE BEST AND BRIGHTEST TALENT

For an executive sponsor to be appropriately informed and share the need for change, they must understand the talent an organisation is missing out on if they do not recruit individuals from a variety of ethnic backgrounds.

As per the [2011 Census](#), 12.9 per cent of the UK population were black, Asian and minority ethnic (BAME). When compared to the [2001 Census](#), which showed just 8.7 per cent of the population was BAME, the exponential growth in the UK's BAME population can be seen.

In the UK the BAME population has more than doubled in the past 30 years and is [expected](#) to double again by 2051.

In 2017-2018 black and minority ethnic people make up 25 per cent [of all university graduates](#), yet among the [UK companies](#) only 8 per cent of [all executive roles](#) were held by members of that group.

What does this mean for your organisation?

Ensure it has a clear and bespoke strategy for attracting, retaining and developing BAME talent to reap the benefits of the widest possible talent pool.

ATTRACTING AND RETAINING MILLENNIALS

The future leadership of an organisation is usually top of mind for the senior leadership team. An executive sponsor for race should always be promoting inclusion and diversity as necessary for future proofing a business.

Deloitte millennial 2018 [survey](#) found that millennials and Gen Z correlate diversity with a forward-thinking mindset rather than the mechanical filling of quotas—viewing diversity as a tool for boosting both business and professional performance, especially when diversity is embedded in the senior management teams.

Respondents who perceive their organizations and senior management teams to be diverse say their employers are able to help employees be more attuned to ethics, be more creative, develop talent more effectively and nurture emotional intelligence.

As mentioned above, a Boston Consulting Group study shows that companies with more diverse management teams had 19 per cent higher revenues due to innovation.

This shows that diversity is not just a metric to strive for, it is an integral part of a successful revenue generating business. If businesses are looking to hire and sustain a millennial workforce diversity and inclusion must be a key part of the company culture.

What does this mean for your organisation?

Review local populations close to your business outlets and university data to ensure that you access the best possible leadership talent now and in the future, so that diversity is built into the talent pipeline. The [government's ethnicity fact and figures website](#) is an excellent source of UK demographic data.



Case study: KPMG

KPMG's black heritage reverse mentoring programme is an initiative to help the firm's partners gain a better understanding of the experiences and expectations of their black heritage (BH) colleagues, to develop a more inclusive working culture, leading to stronger recruitment, retention and development of BH talent.

The programme matches partners with a more junior BH mentor. They are encouraged to have confidential discussions – not just about work, but also about life experiences, the challenges they face and what it is like working and progressing at KPMG. Partner mentees are required to make public pledges outlining the actions they will take as a result of the programme.

Following a successful pilot, the BH reverse mentoring programme was expanded and is now in its second year (2020), with the latest cohort of 40 partners being paired with mentors. To date, more than 160 colleagues and partners have taken part in the programme across ten UK offices.

Case study: National Grid

Development programme for diverse leaders

- Company data showed there was a lack of progression for BAME people, particularly at leadership levels. In 2017-18, sponsored by the UK executive, National Grid introduced an intervention. Human resources, together with the One employee resource group (BAME network), piloted a specific leadership development programme, the diverse leaders programme, to provide focused development for BAME employees aspiring to leadership roles.
- A BAME senior leader role model sponsored the programme and participants focused on building personal brand and forming Smart development and career plans. The two-day programme was extended to three days, putting greater focus on the themes valued by the pilot participants.
- To date, 39 delegates have completed the programme and 28 people are enrolled for the next programme.



INCREASING THE CUSTOMER BASE

To support the business case for diversity with stakeholders, it is important to consider how a diverse workplace culture can build the customer base.

The purchasing power of the BAME population, known commonly as the black pound, is said to be [£300bn per annum](#). In the UK. Extrapolate this forward to 2045 where the BAME population is expected to have doubled ([when compared to 2015](#)) and you can see the extent of this purchasing power.

Britain's ethnic minorities are younger than the rest of the country, they are more urban ([more than one three Londoners are from ethnic minorities](#)) and they are keener to buy and use new technology, therefore increasing this purchasing power even further.

Accenture millennial [research](#) found that retailers' inclusion and diversity practices – with regards to age, gender, ethnicity and disability etc. – are playing a role in millennial shoppers' purchasing decisions. The findings suggest that if a retailer is not authentically committed to prioritizing inclusion and diversity, millennials are likely to take their money to a competitor who is inclusive:

- 54 percent of younger millennials surveyed believe that retailers have a responsibility and duty toward addressing wider social and political issues with regards to diversity.
- 51 percent of younger millennials are more likely to shop at a retailer that demonstrates awareness of such issues.
- Millennials are more likely to choose one brand over another if that brand demonstrates inclusion and diversity in terms of its promotions and offers (cited by 70 percent of younger millennial respondents and 69 percent of older millennials)

What does this mean for your organisation?

The BAME population is a significant segment of the customer or consumer base. Many studies show that identity economics is paramount for a consumer when purchasing a product or service.

ENGAGING YOUR PEOPLE

Once an executive sponsor is aware of the myriad of reasons that their business can benefit from diversity and inclusion, the next step is to engage the business.

Forbes Insights surveyed 321 executives with direct responsibility or oversight for their companies' diversity and inclusion programs for their [Fostering Innovation Through a Diverse Workforce report](#). The majority of those surveyed and interviewed said:

Diversity is a key driver of innovation and is a critical component of being successful on a global scale. Senior executives are recognizing that a diverse set of experiences, perspectives, and backgrounds is crucial to innovation and the development of new ideas. When asked about the relationship between diversity and innovation, a majority of respondents agreed that diversity is crucial to encouraging different perspectives and ideas that foster innovation.

We know from our many years of engagement with employers that the most successful engagement programmes include some or all of the following elements:

- Undertake regular employee consultations and surveys. These are useful to:
 - gauge general awareness of diversity and inclusion issues
 - help organisations understand the lived experiences of different minority groups, including the positive enablers, barriers and challenges.
 - Assess levels of employee satisfaction and engagement across segments of the employee

population to identify areas requiring focus and attention.

- Establish an action advisory body with a direct representative or line to senior management, to provide direct, unfiltered insight and advice to senior management. The body should include external input and representatives from all employee networks.
- Set up a reverse- or two-way mentoring scheme. This scheme should be between people in senior management positions and people from different minority backgrounds, and is a powerful way to share understanding of the issues and challenges associated with building diversity and inclusion.
- Engage line managers directly with a structured plan of engagement.

Case study: Nationwide Building Society

Over the past year (2018) Nationwide has reinvigorated its diversity and inclusion strategy, generating momentum and energy across the society. This began with identifying the needs and experiences of BAME colleagues across the employee lifecycle, using both qualitative and quantitative data. This was explored with the organisation's most senior leaders through a series of workshops where Nationwide was transparent about areas of success and need for improvement.

As a result, nine individual department plans have been established. These are tailored to the needs of each department and are aligned with the overall diversity and inclusion strategy.

Examples of new initiatives include:

- A sponsorship programme designed to match BAME talent with the leadership that can advocate for their progression.
- Improving transparency on data. For example, a dashboard for senior leadership teams to access diversity and inclusion data for use in guiding where to focus effort.
- Busting the myth that Swindon, Nationwide's hometown, is not ethnically diverse by promoting the See Me Too campaign.
- Collaborating with the black young professionals network to ensure the organisation attracts BAME talent.
- Creating a more inclusive environment – collaborating with BITC to roll out Let's talk about race sessions across the organisation.

Diversity and inclusion has been embedded into levers of change, such as recruitment processes. These actions as well as a bolder diversity measures are anticipated to have a big impact on improving levels of inclusion for BAME colleagues over the next few years.

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