

Diverse
OPINIONS
mean

Better
IDEAS



Diversity can be an active tool organizations can use to generate innovative products and services. But to truly benefit from this resource, a company must believe in and support inclusion.

By Charlie Garland and Evan Smith

For years, organizations have publicized their pursuit of diversity strategies as the right thing to do, as something that is in line with organizational values. As business challenges have increased, however, many organizations are taking a closer look at diversity and inclusion programs to validate their value for a firm's most important objectives.

Innovation — or creating new, tangible business value — continues to be among organizations' top business challenges. Due to lighter spending, more consumer discretion and economic uncertainties, skeptics are assessing if and how diversity contributes to that strategy.

To measure correlations between diversity and innovation requires leaders to first define what these terms mean: What is diversity, and what is innovation in our organization? How do we describe work in these areas? How do we measure results?

Move Beyond Measurement to Inclusion

By and large, executives acknowledge that diversity and innovation present unique opportunities that go beyond an organization's walls to impact external as well as internal stakeholders. But there are many dimensions of diversity beyond the usual suspects of race, age and gender. All of these, however, may not be the best ones to track and measure.

“There are many others that I have found to be more appropriate to innovation, including thinking styles, life experiences, domain expertise, introversion versus extrover-

On the Web

To spur innovation, companies first have to create diverse teams and drive them to action. Frans Johansson, author of *The Medici Effect*, explains how at talentmgmt.com/materials/view/14/.

sion, and so on,” said Cindy Tripp, former global head of design thinking at Procter & Gamble. “But these are much more difficult to measure and track, so that may be why they aren’t as popular as [other] diversity metrics.”

People with different life experiences and ways of thinking look at problems with unique points of view. They are more likely to see details of a situation differently than others looking at it from a more conventional perspective.

Robert Childs, chief learning officer at American Express, agreed. “Our diversity program emphasizes the importance of inclusion. An inclusive culture is one that’s sustainable.”

Childs said American Express values the employee mindset, and he is a big fan of Stanford professor Carol Dweck’s research on growth mindset. “With this sort of mindset, our people know that it’s OK to contribute their thoughts ... and it’s OK to invite others to contribute theirs.”

People with different life experiences and ways of thinking are more likely to look at problems with unique points of view and see details differently than others with a more conventional perspective. Cultivating an acceptance of difference, an inclusive workplace, can enable innovation.

Tripp said diversity can help improve the quality of ideas, produce novel connections and reveal patterns. But many shy away from diverse thinking and overtly challenging others’ ideas because it can lead to conflicts. However, that tension, if it’s healthy, is desirable. Tripp said to promote

balance she asks individuals to consider, “what if the other’s perspective is right?” This compels individuals to increase empathy with team members who think differently.

Health care providers often use a parallel process where people are challenged to work together optimally despite not having absolute role clarity across the team. By posing questions about their assumptions to individuals, Etty Burk, chief learning and talent officer at Continuum Health Partners, said the organization’s multi-hospital partnership has helped remove confusion and barriers regarding roles and responsibilities. “This revealed implicit assumptions and made them explicit, so that everyone could discuss and collaborate to clarify expectations.”

This approach helps to bring out fresh thinking; otherwise people may not see or consider how diversity can add value. Kept hidden, it might cause conflict, but fostering a “culture of inquiry ... it’s what we do all day long,” Burk said.

Managing the Voices

Insights on critical thinking and how to promote inquiry help to reframe diversity as a desirable and potentially valuable way to drive better outcomes. Many organizations pursue a proactive approach to get things rolling.

Lisa Buckingham, chief human resources officer at Lincoln Financial Group, said she is convinced that critical thinking drives diversity of thinking and acts as the ignition for innovation. One of the primary features of critical thinking is actively addressing and challenging underlying assumptions.

Buckingham said Lincoln’s incorporation of “active inquiry” is paying off in a big way. Some of the company’s high-performing teams, for example, actively pursue trust and candor through personal-professional check-ins. One individual within the group is assigned the role of “Yoda,” who serves to “call people out,” making their thoughts and feelings explicit. By opening up dialogue, individuals share their feelings and build team cohesion. Buckingham said setting expectations that people will share these inner feelings is key.

Group dynamics can play an important role in making diversity a valuable asset. P&G’s Tripp likes to keep the size of working groups somewhere between three to five people. She said the small groups ensure that individuals can be heard and create a safe environment in which to express diverse ideas. From that setting facilitators can guide a process to deliver new ideas and inspire a gradual culture shift toward a more innovative organization.

Enable Innovation, Celebrate Results

Deliberately including employees with broad lifestyle and cultural experiences in R&D, brainstorming sessions or internal focus groups is another way to leverage diversity as a tool for innovation; these individuals often reflect different

customer groups for an organization's products or services. Without them, Telvin Jeffries, Radio Shack's chief human resources officer, said, "it's possible to make bad assumptions ... around demographics, income, discretionary spending" and other factors.

It's one thing to take advantage of diverse internal resources, but it's another to do so formally or continually. "Recruiting diversity is easy, but retaining diversity is very different," Jeffries said. When retention of diverse talent is not strong, he said it is often because organizations "fail at being truly inclusive."

To be inclusive, organizations have to consciously regard diversity as a global strategy they seek to expand. "We uniquely value and respect each individual," Continuum's Burk said. "This leads to an inclusive culture. We celebrate and respect who you are ... and we capitalize on those differences."

Lincoln Financial Chief Diversity Officer Allison Green

and market offerings and have inspired other groups seeking to replicate these successes.

Innovation and Diversity Go Hand-in-Hand

Other financial institutions are seeing similar value by including the diverse, external perspectives of customers and other stakeholders early in the innovation process.

Jyoti Chopra, global head of diversity and inclusion at Bank of New York (BNY) Mellon, said the bank does so to decrease risk. "It drives different experiences and thought patterns, which lead to new practices and new models."

Chopra's colleague, Virun Rampersad, global head of innovation, said diversity and innovation are two sides of the same coin. When building a team, he said "the more diverse, qualified team members, the better answers you get."

BNY Mellon's innovation strategy spans five key phases: the awareness of innovation's importance; the belief that

Diversity and innovation present unique opportunities to move beyond the walls of the organization and embrace external and internal stakeholders.



said her recommendation is to "think big, run towards change — but make sure you include what stakeholders want, and make sure your communication is clear. Dare to be different; celebrate it."

Gathering ideas from diverse internal resources is one thing, but putting those ideas into action is what innovation is all about. Jeffries said in his experience, action-based experiential learning winds up generating better and quicker outcomes because it supports leadership development, adaptation and cognitive agility. These attributes are important not only to team performance but to employee retention.

Nurturing inclusivity can help companies reach outside the box to embrace ideas and feedback from customers, who can also contribute to diversity. In some cases this has resulted in "employee networks leaving the building and walking around in the marketplace, talking with and listening to merchants," Childs said.

For instance, American Express's Black Employee Network conducted a Walk the Streets of Harlem campaign, and its LGBT network created a program to expand merchant business and connect with customers. Both action-oriented programs have created new insights on customer segments

and an individual can be innovative; the engagement of a diverse employee base; executing prioritized ideas; and learning through iterative experimentation. Rampersad said the diversity of technical and leadership expertise is important not only to the company's success, but to its long-term survival and sustainability.

American Express's Childs said he views these types of action-driven programs — what the company calls its "Launch Pad" — as "true leadership development opportunities." Childs said the company plans many more of them in the future because they let people see their ideas come to life, they help to cement core values and affect customers.

Strategies related to diversity, inclusion and innovation will expand at BNY Mellon. "We have three important drivers for inclusion: Our company — who we are across cultures and geographies; our clients — who demand more innovative solutions; and our talent — how we attract them to a place where they can flourish," Chopra said. «

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