

Leveraging Differences and Inclusion Pays Off:

Measuring the impact on profits and productivity

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One of the greatest challenges organizations face in their efforts to leverage differences and build inclusion is they are often viewed as “soft”—as contributing tangentially, at best, to the “real” operations and business results of the organization, and possibly most damnable of all, as unmeasurable (Hubbard, 2004).

Today we are seeing a greater range of metrics and measures to assess progress with respect to diversity targets and goals; however, connecting diversity and inclusion (D&I) change efforts to the bottom line continues to be a challenge for most organizations and change agents. Many organizations talk about the importance of D&I to their success but still are not able to make the direct connection to achieving organizational objectives and bottom line results (Cross, Katz, Miller & Seashore, 2004; Heitner, Kahn, & Sherman, 2013). In this article, we present nine examples of measurable, bottom-line results achieved through the implementation of total systems change efforts to create inclusive workplace practices and interactions that *leverage differences*.

Identifying Metrics that Matter

One of the many challenges raised about D&I efforts is in how to measure success. In some organizations, success is judged by increased diversity. Measures and metrics often focus on elements of talent management—such as hiring, retention/turnover, promotions, training, development, and pay equity. These measures might also include the return on investment (ROI) that diversity brings, including savings due to increased retention and reduced absenteeism. (Balter, Chow & Yin, 2014). In addition to looking at increased representation and savings with respect to talent, some organizations are also focusing their metrics on inclusion by integrating questions about the culture and the degree to which people feel included into employee engagement surveys (Balter, Chow & Yin, 2014). Other organizations have added to their stable of metrics a focus on increased representation in supplier diversity and multicultural marketing. (Brenman, 2013; Hubbard, 2004).

The good news is that there is a growing sophistication with respect to how organizations are framing and thinking about D&I efforts and their impact. As these efforts become more integrated into business processes—as they become a way of doing business—how they are measured becomes more integrated into the work of the organization as well. Leaders and change agents pay careful attention to the business measures that suffer when people are not included and interacting effectively, then monitor how those measures change as D&I efforts unfold. For instance, operations leaders at a former airline carrier began mapping the impact of D&I training to concourse ramp employees' ability to get planes out on time. This type of bottom-line measure clearly demonstrates how a culture of inclusion that leverages differences impacts productivity and performance...in short, why these metrics matter.

How strategies to build inclusive workplace practices and interactions that leverage differences impact bottom-line ROI

Data gathered from decades' worth of employee surveys, focus groups and individual interviews have reinforced that inclusion is a prerequisite for engagement, performance and collaboration (Allen, Bryant & Vardaman, 2010; Lockwood, 2005). For people to do their best work as individuals and members of well-functioning teams, they need to have a sense of belonging; to feel recognized, respected and valued for who they are; and to experience supportive energy from their leaders, colleagues and others enabling them to contribute and grow (Miller & Katz, 2002).

When inclusion is the common language of the organization, people understand one another more quickly and more accurately; they have the sense of safety needed to speak up, make problems visible, and address problems quickly rather than being afraid of being seen as the dissenting voice or the bearer of bad news. As a result, problem-solving and decision-making are accelerated and waste is eliminated (Katz & Miller, 2013). Making inclusion a way of life requires more than training or an increase in representation, but a comprehensive and targeted systems approach, tailored to the needs of the business, in which differences and inclusion are a means (not ends unto themselves) to achieving higher performance, impacting everyday interactions and decisions. A total systems change effort needs to be undertaken to create a major shift in what is valued, who is at the table, how people interact and how work gets done.

Following are nine examples of the bottom-line impact of inclusion culture change efforts. Common elements of these change strategies included:

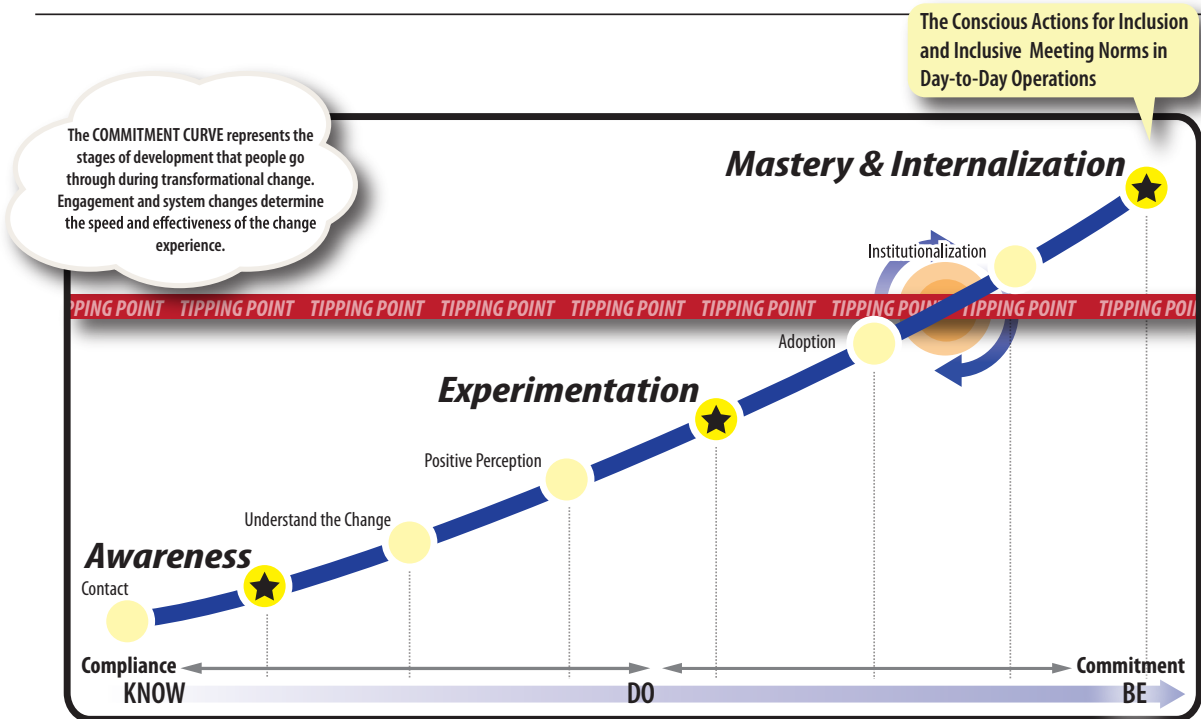
- *Selecting, educating and supporting a core group of internal change advocates focused on accelerating change through peer-to-peer interaction.*
- *Conducting organization-wide education on the practice of inclusive behaviors to develop skills to leverage differences and create a common language across the organization (see page 9 graphic “Conscious Actions for Inclusion”).*
- *Just-in-time coaching regarding inclusive mindsets and behaviors for teams.*

- *Implementing a measurement tool to hold people accountable for demonstrating inclusive behaviors (the “Commitment Curve to Mastery”, see figure 1).*
- *Revising people policies to reflect inclusive values and practices (e.g., selection, hiring, coaching, development, performance reviews, rewards/bonuses, promotions).*
- *Implementing tools to enable clear communication and eliminate waste in meetings and day-to-day interactions.*
- *Identifying core business processes and metrics where greater inclusion would improve to a significant degree.*

The nine examples are taken from inclusion-building efforts within Fortune 100 companies ranging from multinational manufacturing, to financial services, to supply-chain and customer service all over the globe. Other clients that have successfully implemented similar inclusion strategies include large non-profits, educational institutions, municipalities, and governmental organizations. The following outcomes were assessed using measures that were important to the organizations themselves—how they improved the bottom line and/or delivery of services.

Figure 1

COMMITMENT CURVE to Mastery



The **STAGES OF DEVELOPMENT** describe the behaviors that an individual, team/group, organization, and sponsor are exhibiting and how interactions are changing. There is a risk of people falling off the curve and losing commitment if engagement and systems are not sufficient.

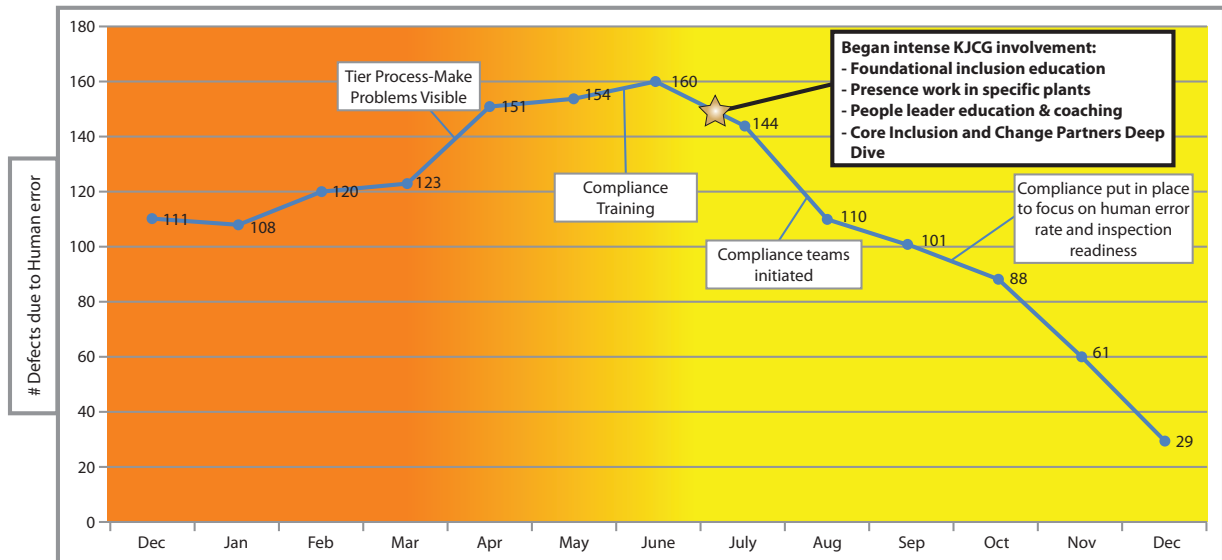
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The Commitment Curve model is based on concepts from "Building Commitment to Organizational Change" by Daryl Conner, Conner Partners, © 2007-2011. Used with permission.

Example 1: Decreased defects – increased quality

Manufacturing Plant, North America

Quality defects due to human error had been climbing for over a year when a quality improvement strategy was initiated. At about the same time, a multi-phased inclusion effort was initiated which included foundational inclusion education for people leaders, building a cohort of internal change agents, providing just-in-time coaching for leaders and team members in inclusive mindsets and behaviors, and forming compliance teams. Figure 2 illustrates the impact of these targeted actions to reduce human error. The number of human errors decreased from a monthly high of 160 in mid-June to 29 in December. The compliance teams’ performance, which was integral to the reduction of human errors in the process, was specifically enabled by the integration of inclusive mindsets and behaviors into day-to-day interactions.

Figure 2



Example 2: Changeover decreased; volume increased

Manufacturing Plant, Central America

In the one-year period following implementation of the inclusion change effort focusing on enhancing day-to-day interactions and collaboration among line managers and work teams, company managers reported a noticeable increase in employee morale and job satisfaction. When an aggressive plan was announced to decrease manufacturing downtime while changing from one process or product to another, individuals at all levels felt safe to lean into discomfort and share solutions to address the new schedule without detrimental effects on performance. They were also able to address root cause problems that had previously led to inefficient changeover with more than 16 hours of downtime. The inclusive way the scheduling change was implemented resulted in the following improvements:

- 48% unplanned volume increase
- Customer service level of 100%

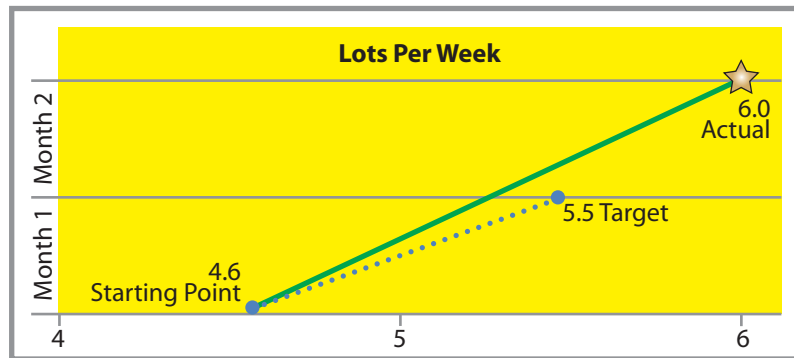
- *Time allotted to changeovers decreased from 3.55 hours to 2.8 hours, on average*
- *Schedule adherence and run-time accuracy remained at 100%*
- *Production plan was fulfilled with minimal or no overtime.*

Example 3: Production targets reached and exceeded

Manufacturing Plant, Europe

To meet new organizational targets, the plant needed to raise its production from an average of 4.6 lots per week to a new target of 5.5 lots—and do it within two months (figure 3). Instead of repeating past practices of simply announcing the goal and which changes to make, the plant leader met with and solicited ideas from shop floor team members about how to increase production. The result was that the plant not only met the new target, it exceeded it.

Figure 3



- *4.6 lots per week: Previous production levels*
- *5.5 lots per week: New performance target*
- *6.0 lots per week: Actual performance level achieved within specified two months .*

Example 4: Reduced process time

Manufacturing Plant, Central America

Prior to the inclusion-building change effort, suggestions from shop floor employees for process improvements were discouraged and new team members were expected to defer to seniority. After implementing inclusive practices, a new team member felt empowered enough to present an idea for automating a time-consuming process of manually labeling packages.

The automated process reduced batch process time from 1 hour to 5 minutes—a 92% reduction—while also reducing the margin of error associated with manual input. Many other innovative ideas began to flourish as shop floor team members felt a sense of safety to engage and individuals could bring “fresh eyes” and their voice to solving problems.

- *92% reduction in process time (from 1 hour to 5 minutes per batch)*
- *Process errors: significantly reduced*

Example 5: More efficient meetings–time saved

Manufacturing Organization, North America

In response to team members’ complaints about ineffective meetings, a 17-member safety team began using a new “Standard Work Agenda” with enhanced norms of interaction. The Standard Work Agenda, distributed in advance of any meeting, clarifies not only the agenda, but also the purpose of the meeting, the ground rules, and the people invited. By stating ground rules, people come into the meeting on the same page regarding how they will interact and how they will achieve the purpose of the meeting. By listing attendees, each person can assess whether a person with critical information is missing or if their own presence at the meeting is necessary to reach the intended outcomes. By having an agenda in advance, people come to the meeting knowing what the discussion is and how best to contribute. The result is having the right people doing the right work at the right time. Incorporating this inclusive meeting norm reduced the team’s monthly meeting time by 30 minutes, while increasing members’ ratings of meeting effectiveness.

- 8.5 working hours per month saved for one team

Example 6: Decreased errors, increased quality

Packaging Production Facility, North America

The Quality Assurance Group conducts approximately 1,000 shop floor inspections annually. In the year before the area began to focus on inclusion, there were 2,100 quality observations/errors identified during these inspections (figure 4). After engaging the shop floor operators to use inclusive

Figure 4

SHOP FLOOR INSPECTION QUALITY ERRORS			
Year 1	Year 2	Year 3	Year 4
SHOP FLOOR OBSERVATIONS			
2100	1100	1000	550
SHOP FLOOR TURNOVER			
35.8%	15.4%	n/a	n/a

→ Inclusive education begins

mindsets and behaviors to make problems visible and take ownership for preventing errors, the area went from 2,100 quality errors to 550 in a three-year period. The three shift teams joined to own the quality issues together, rather than blaming each other or assuming that management was accountable. This drastic reduction in observations improved productivity, increased efficiency and empowered operators to be accountable for quality. Moreover, as a result of the increased involvement, people were more engaged and turnover decreased.

Example 7: Reduced costs and increased profitability

Insurance Company, North America

To turn around an underperforming claim office, a leader implemented inclusive mindsets and behaviors throughout the office, re-engineered the center’s processes using a diverse team and piloted a customer care team (figure 5). The leader also chartered a Diversity and Inclusion Committee that modeled inclusive behaviors and

Figure 5

CLAIM OFFICE PERFORMANCE OVER 2-YEAR PERIOD	
YEAR ONE	YEAR TWO
Turnover- 35.8%	Turnover – 15.4%
Customer Satisfaction – 86%	Customer Satisfaction – 89.6%
Claims Closed – 3,285	Claims Closed – 4,785 (46% increase) Loss Severity reduced 16%
Accident Settlements – 634	Accident Settlements – 1,026 (62% increase)
Loss Adjustment Expense - \$192/claim	Loss Adjustment Expense - \$170/claim Saved \$300K in legal expense

collaboration, initiated processes for increasing team member engagement and provided a feedback loop to leadership. Business results significantly increased in the year following the implementation of these actions.

Example 8: Created a new model using inclusion for increased profitability and innovation

Insurance Company, North America

A claim center leader needed to develop and implement a new operating model for claim recovery (figure 6).

Inclusive mindsets and behaviors were integrated into their day-to-day interactions. As a result, collaboration and innovative problem solving increased and the center became a profitable model adopted throughout carrier’s offices in the U.S.

Figure 6

CLAIM CENTER PILOT PERFORMANCE OVER 4-YEAR PERIOD	
METRIC	RESULTS
Profitability	17% return on investment
Innovation	8 new innovative processes
Claim Recoveries	32% average increase per employee 49% improvement in ratio of recovery paid 16.5% decrease in recovery cycle time

Example 9: Increased Right First Time and overall process improvements

Manufacturing Plant, Europe

Since implementing an effort focused on improving workplace interactions using inclusive mindsets and behaviors, the plant saw significant improvements in morale, productivity and plant safety. In addition to significant improvements in quality and customer service, the plant also received the “Best Factory” award in the People Development category, given by a European university School of Management.

Measurable Plant Accomplishments:

- *Over 600 small but impactful improvements submitted and delivered by individuals last year*
- *Over 90% “Right First Time” on work orders*
- *98.5% satisfaction with customer service*
- *Zero maintenance calibration misses in over 1,000 working days*
- *Zero major accidents for over two years*
- *100% completion of corrective actions*
- *Deviations reduced by 70%*

The Plant manager was quoted as saying, “The culture is absolutely alive and kicking. I see inclusion working in all our activities and in our results every day. We are a more connected and collaborative organization.” In addition to the tangible results above, he also identified improvements that he deemed equally important. These included:

- *Fantastic discretionary effort*
- *Rapid knowledge transfer*
- *People speaking up and giving authentic feedback, helping to make the plant more high performing every day*

Conclusion

In many ways, the last example sums up the power and impact that creating a culture of inclusion that leverages differences can have on an organization’s ability to achieve results. Most leaders today want an organization that is “alive and kicking” and “connected and collaborative.” Whether the measures that matter are significantly increasing production, quality, innovation or reducing errors or costs, these examples demonstrate that inclusion does make a difference in performance.

People ARE an organization’s most important asset—an asset whose value will grow immeasurably if unleashed by an inclusive culture that enables all the people of the organization to participate, collaborate, communicate and do their best work.

Conscious Actions for Inclusion

4 Keys that Change *EVERYTHING*

1. **Lean into Discomfort**
Be willing to challenge self and others. Speak up—bring your voice and street corner.
2. **Listen as an Ally**
Listen, listen, listen and engage. Be a partner. Challenge as an Ally.
3. **State Your Intent and Intensity**
Clarify intent: State Notions, Stakes, Boulders, and Tombstones. Say what you mean and how much you mean it.
4. **Share Street Corners**
Accept others' thoughts and experiences as true for them. Hear others' differences as additive.

Practiced together, these 12 Conscious Actions create a **Joining Mindset**, which builds partnership, collaboration, and teamwork.

Inclusion Is...

A sense of belonging;

Feeling respected, valued, and seen for who we are as individuals;

There is a level of supportive energy and commitment from leaders, colleagues, and others so that we—individually and collectively—can do our best work.

Sustaining Behaviors

5. Greet people authentically—say “hello.”
6. Create a sense of safety for yourself and your team members.
7. Work for the common good and shared success.
8. Ensure right people, right work, right time: Ask who else needs to be involved to understand the whole situation.
9. Link to others' ideas, thoughts, and feelings—give energy back.
10. Speak up when people are being made “small” or excluded.
11. Address misunderstandings and resolve disagreements—work “pinches.”
12. Build *TRUST*: Do what you say you will do and honor confidentiality.

CHANGE THE INTERACTION CHANGE THE EXPERIENCE CHANGE THE RESULT



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When inclusion makes space for the uniquely different perspectives and skill sets present in the workforce and enables an environment that encourages and facilitates free-flowing interaction and collaboration between and among people from all backgrounds, divisions, disciplines and hierarchical levels of the organization, that organization can deliver faster and cheaper and more innovatively than before.

Implementing a change process that values inclusive mindsets and behaviors is one of the most effective paths for increasing productivity and innovation in today's organizations. The results speak for themselves. In the dollars-and-cents numbers of return-on- investment, and in the energy and commitment that shows on the faces of people as they work together, inclusive practices produce results that can no longer be called “soft.” The only real words to describe them are “good business.”

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