Leveraging Employee Resource Groups (ERGs) for an Inclusive Employee Experience
Employee Resource Groups (ERGs) have evolved beyond their original purpose of providing a safe space and community for underrepresented groups - they are now embedded in core business outcomes. ERGs have come a long way from being supportive social networks, to think tanks that can actually guide business strategy in concrete ways.

Today, 90% of fortune 500 companies have ERGs and about 8.5% of employees in US-based companies belong to ERGs (this number drops to 4.3% in organizations headquartered outside the US). Despite forecasts that ERGs would decrease in popularity as the American workforce became more diverse, engagement with ERGs continues to grow, especially among millennial employees.

Typical outcomes of ERGs include:
- Ensuring employees have an opportunity to be heard, valued and engaged.
- Gaining a better understanding of who their customers are.
- Getting insight on business performance.
- Providing employees the opportunity to problem-solve, innovate, and develop, regardless of seniority or status.

Companies typically allocate, on average, 1.4 full-time employees to manage an ERG. There isn't really a normal amount of budget that companies spend on ERGs - it can be anywhere from $150 to $37,000 per 100 members. The average annual budget is $7,203 per 100 members, with multiple sources of funding including D&I offices and HR.

While there is so much to be said around the nature and structure of an ERG, it is also true that there is plenty of variability in the way ERGs operate, measure success, how long they’ve been in existence, etc. So many companies are at different stages in their ERG journey, so it’s difficult to approach this with a “one-size fits all” mentality. The takeaway here is that there isn’t necessarily a right “formula” for structuring ERGs - it really takes a deeper understanding of one’s own capabilities, objectives, and vision, as well as some trial and error, to get it right. In this e-book, we’ll explore the many different aspects companies should consider when starting or developing their ERG programs for long-term success in creating an inclusive employee experience.

Cheers,
The Five to Nine Team
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THE CURRENT STATE OF EMPLOYEE RESOURCE GROUPS
OVERVIEW

ERGs are typically composed of employees from underrepresented groups, allies of those groups, or people who share a common purpose or interest. Some of the types of ERGs found in an organization include:

**Diversity & Inclusion Groups.** These groups offer a sense of belonging and inclusion within an organization for those of underrepresented backgrounds, and can be a huge factor in a person’s decision to remain within the organization.

**Volunteering Programs.** Employees who gather around common causes can form community in an impactful way. Volunteering initiatives typically require raising awareness for the initiative and quantifying impact, either through dollars donated or hours contributed.

**Interest Groups.** These groups serve to socialize people around a common affinity or passion, such as book and wine clubs.

**Professional Development.** The emphasis of these groups is knowledge and skill sharing across the organization. These resource groups typically consist of learning and development, as well as leadership and networking aspects to empower people with access to career-building resources.

In Union Square Venture's first network-wide diversity & inclusion survey, 28% of executives say they have started or have implemented ERGs, while 45% of companies have already designated owners for Diversity & Inclusion initiatives. We partnered with USV to analyze their data and found that the companies in the study largely do have diversity & inclusion at top of mind, however there are opportunities for development for putting inclusion into practice with ERGs.
ERG OBJECTIVES

ERGs have largely focused on six areas: networking, talent development, diversity and inclusion strategy, recruiting, employee retention, and employee engagement.

ERG STRUCTURE

Executive Sponsors are essential in leading ERGs to success, as they can provide the guidance and support necessary in ensuring ERGs spread awareness and impact. Executive sponsors can:

- Collaborate with ERGs to establish goals, objectives, operating procedures, and metrics that move the team closer to the vision.
- Coach and motivate the team, as well as guide the team through obstacles.
- Leverage their clout and influence to help achieve outstanding results, using their unique ability to organize and grow an internal ERG that provides strategic insight for corporate decisions, as well as the social networks to gather and channel that knowledge.
PARTICIPATION IN ERGS

Millennials’ interest in ERGs is higher than other age groups. A majority of millennials say they would be more likely to apply to an organization with ERGs, indicating a huge opportunity for recruitment efforts for young talent. Over 75% of people in this age group also reported experiencing a positive impact on their engagement with ERG programs.

Furthermore, a Deloitte survey found that younger generations value inclusive cultures more than older counterparts, with 53% of millennial respondents saying they would leave an employer for a more inclusive workplace. 30% of millennials have said that they have already left a job for a more inclusive culture at another company.
GETTING STARTED WITH ERGS
This section will provide a general framework for getting started on your ERG journey. Whether you’ve already begun or just in the ideation process, this can serve as a tool to evaluate your ERG strategy as you move through the victories and challenges.

1. **Set up your ERG for success.**

   Before you start your ERG, it’s important to have a conversation with stakeholder employees to understand what is most important to them. Some key considerations include:
   - What’s the focus of the ERG? Community, customers, communications, etc.
   - How can the ERG support employees’ challenges?
   - How can employees become involved in the ERG?
   - What’s the mission and vision behind the ERG?

2. **Find executive support.**

   Having visible, C-suite or Director level commitment to the ERG is essential for an ERG to thrive. It’s important to choose sponsors that are committed to the vision and mission of the ERG in order to drive support. It’s also key to establish metrics and goals that can keep the executive sponsor accountable for their leadership in the ERG, perhaps by possibly linking their performance to ERG success metrics.

3. **Establish funding and budgets.**

   Most ERGs receive funding from Human Resources, Diversity & Inclusion, professional development, and specific business units that can benefit from a mutual working relationship with the ERG. Financial support is key in building out how much of an impact an ERG can have.

4. **Align ERG objectives with business goals.**

   An ERG’s growth in participation and impact is often tied to a successful integration of business goals into the group’s operations. There are many angles by which ERGs can align themselves better with strategic imperatives, including business development, customer loyalty, branding, recruiting, inclusion, and many more. ERG goals should also be in line with the group’s mission and value proposition. Examples of ERG value proposition statements could include “creating a more inclusive organization” and “empowering members’ career advancement.”

5. **Identify key initiatives to further ERG goals.**

   Now it’s time to start putting pen to paper and really think about what sorts of initiatives can be put into place to execute upon the mission. It’s important to recognize the context of the organization in which the ERG is operating in, as this may change the focus of the initiatives. If the value proposition of the ERG is around improving inclusion in the organization, some of the key initiatives of the group might include working with recruiting to implement diversity recruiting strategies or hosting forums with other ERGs where members can propose solutions to current concerns. Executive sponsors and senior leaders can be extremely helpful here in identifying ways to make ERG goals actionable.

With an action plan in place, it’s important to implement a system for accountability. Metrics should be developed to track progress for the ERG, and should specifically evaluate the impact and participation for an ERG. Some metrics could include member growth, number of initiatives, and sentiment/satisfaction (through feedback surveys). It can also be very helpful to account for how well key stakeholders and the organization are supporting the ERGs’ goals, in order to better allocate resources and make the adjustments necessary to fuel ERG success.

7. Make your ERG visible.

Develop a strong communication strategy to convey your ERG’s mission and ways to get involved. Messaging should include information on successes, challenges, goals, alignment with business objectives, proposed initiatives/events, key members/initiative owners, and communication guidelines. In order to gain traction, especially amongst senior leadership, ensure that messaging includes the tying of business objectives with ERG goals.

8. Incentivize participation.

Whether it’s through involvement in an ERG being tied to performance metrics, or efforts to boost recognition, it’s important to value the work being done by members who are devoting their extra 10% to these initiatives.

9. Iterate, iterate, iterate.

Your ERG isn’t static. It’s constantly evolving, and so should the way you evaluate its success, operate, and innovate. Be sure to constantly revisit your metrics, goals, and operational efficacy to determine next steps.
BEST PRACTICES IN CULTIVATING SUCCESSFUL ERGS
Start with executive sponsorship. Have senior executives lead and participate in the planning of the ERG in order to more effectively recruit members and ensure longevity into new generations.

Define the value proposition and performance metrics. From the get go, it’s important to structure ERGs for success with internal goals such as increasing diverse leadership and external goals like promoting the company in diverse markets.

Build trust. Creating positive dynamics within ERG leaders leads to effective collaboration, both within the ERG and across organizations.

Become thought leaders. Listen to members of ERGs in order to fuel business intelligence, innovation, and growth.

Promote cross-collaboration. Ensure that all of the ERGs collaborate across the organization and do not stay within silos. One way of doing this is by setting up an inclusion council that oversees all the ERGs and allows them a forum to connect and share best practices.

Encourage D&I champions. Recognize that ERGs and senior leaders are not the only ones responsible for promoting D&I—advocates have to be spread throughout the organization in order to integrate initiatives.

Take pride in your work. You should speak openly about your involvement in an ERG, as it encourages others to more actively talk about their work and thereby promote its success.
Make mentorship a priority. Sponsors and mentors are vital to ensuring that ERG members’ voices are heard and impactful influence is achieved.

Talk to introverts. Participation in ERGs is usually high with employees who are extroverted and looking to make new friends, but can lose its appeal to more introverted employees. Engage them to leverage their participation, and figure out ways in which they can help while still acknowledging their communication preferences.

Educate on differences. Commit to educating members whose affinities may be different in order to ensure employees are comfortable and can perform at higher levels.

Invest in resources. To help ensure that ERGs are prepared to partner effectively for achieving business goals, resources must be allocated to grow the skill sets, competencies, and networks of these groups.

Know your baseline. It’s important to measure progress towards your goals, but it’s also important to understand your metrics at baseline level. It wouldn’t make sense to develop goals that aren’t achievable or way out of line with current resources. Constantly revisit the plan to maintain a path forward that makes sense.

Think about your succession plan. It’s never too early to start thinking about who to pass the baton down to when your time at the ERG dwindles. It’s important here to cultivate members who are actively involved and leading initiatives so that your pipeline of candidates is stronger, and/or identify high potential candidates who may not be as involved in the ERG. You should start planning this transition 1-2 years in advance.

Offer opportunities for skill development. Not only are ERG members pitching in to make the group work in the context of the organization, but the group can also work for them in helping them reach the skills they need to advance. Team up with the Training & Development team to allow members to either develop their skills in-house or with more third-party resources.

Celebrate the wins. ERG success stories can do a whole lot to not only highlight the positive contribution of the ERG, but also share in a win-win amongst the individuals and organization. Stories can showcase an ERG members’ professional advancement or a debrief of how an event went. Be sure to not lose track of these traditions - they can be instrumental in keeping up your ERG’s culture.
High-performing organizations are 2 times more likely use data to support D&I efforts. It’s no secret that concrete data helps fuel business decisions much more reliably and faster than not. Your ERGs shouldn’t get caught up in “nice to have” status. We recommend using a mix of the following metrics to show how your ERGs are “need to have” for your stakeholders:

**Participation.** What percent of employees of a constituency are actually part of the corresponding ERG (e.g. how many LGBTQ employees participate in the LGBTQ ERG)? It’s also important to measure overall participation across the organization or office, not just from the designated constituency, as there are many allies who can be reached by an ERG.

**Active engagement.** Participation does not necessarily equal engagement. An active member in the ERG goes beyond simply being a member by status and into showing up to events often, helping to plan initiatives, reporting on business objectives, and more. Active members are the cornerstone of an ERG’s momentum. Engagement should not only be measured, but also recognized in order to propel the ERG forward and beyond multiple cohorts of employees. If engagement percentages are too low, a passive ERG network exists and could stall progress.

**Programming.** How many relevant events are held for ERG members? Having more quality programming for ERG members is an indicator of ERG health, as this presents more opportunities to connect to the resources being offered by the ERG.

**Attendance.** A relatively easy measure to track, attendance at ERG-sponsored events can help gauge the effectiveness of event communications, value proposition, and operational initiatives.

**Sentiment.** Largely captured through surveys, feedback is essential to the process of ERG advancement. Have one or just a few metrics in mind that you’d like to consistently measure. This could be an Employee Net Promoter Score (eNPS) or a “how likely do you agree” statement, as long as there is a standardized metric to anchor to when analyzing growth. ERGs should not only survey ERG members, but also leaders, sponsors, support personnel, external partners, and non-members for further sentiment analysis.

**Business impact.** This metric can take a variety of different forms, but should relate to the effect your ERG has on a number of potential outcomes, including employee engagement, retention, recruiting, and diversity & inclusion. Some key questions are: how do engagement scores differ between members and non-members? How has ERG activity contributed to lowering cost-per-hire of diverse candidates? What are the promotion rates of members versus non-members? What was the increase in sales of the product the ERG was collaborating on? These types of questions can really strengthen the business case for an ERGs operations to key stakeholders.

**Support.** Does your ERG’s budget stand in line with peers in your industry? How many ERG members are being actively engaged by senior leadership/executive sponsors? These are questions that can help ERG leaders better allocate resources and develop the right partnerships to garner support.
TRENDS IN ERG MANAGEMENT
From Employee Resource Groups to Business Resource Groups, the primary trend in ERGs today is to generate value not only for members, but also for the organization as a whole. Along with this, there have been several trends that have shaped up how ERGs operate, including:

**Globalization.** ERGs have started to expand their presence outside of the US, although they remain more common domestically. ERGs have begun to spread to organizations outside the U.S., although they remain more common domestically and in the overseas offices of U.S.-owned businesses. Women’s groups have taken the lead, with multicultural, LGBTQ and disability groups also having representation.

**Sharing Resources.** Nowadays more ERGs have started to pool resources together to collaborate on bigger projects and events that can reach a higher number of members and multiply impact. HR and D&I offices have also started to encourage this information sharing in order to reach synergies around recruiting, retention, professional development, and more.

**Partnering with External Organizations.** A lot of ERGs have started to partner with external organizations such as associations and nonprofits in order to complement the organization’s corporate social responsibility initiatives.

**Cultivating leadership.** Because ERGs are moving closer to alignment with business objectives, companies are attracting top-level talent to their ERGs. By supporting career development and leadership through ERG involvement, resource groups can become more business relevant. One potential opportunity for organizations is to turn ERGs into destinations for leaders to season their diversity and inclusion practice and skill-set.

**Addressing multiculturalism.** ERGs and inclusion efforts are moving towards addressing the many identities that encompass an individual, rather than focusing on one dimension. Currently, ERGs are addressing multiple identities through ERG participation and cross-collaboration. Some companies are forming ERGs that already address multiple facets, like “multiracial gay men” or “Gen X women with children”.

**Embracing the unexpected.** Some companies are creating more low-profile and unexpected groups that allow for more identities to be embraced, such as non-drinkers, introverts, etc.
With so many benefits and positive outcomes come important challenges to the ERG model that organizations of any size should be considering when structuring or scaling their ERG program.

**There’s a sensitive nature to ERGs.** There’s a sensitive nature to ERGs. It’s often difficult to start the conversation around building resource groups. Approach the conversation with a business context in mind.

**Does the workplace culture work for ERGs?** Is the organizational culture one that encourages the full contributions of all kinds of talent, specifically the kind of talent that participates and leads ERGs?

**Participation criteria.** ERGs that limit their membership and participation to individuals representing a single, specific dimension of diversity are simply preaching to the choir, and largely fail to be inclusive. In fact, limiting membership can be counterproductive, as it can alienate key sponsors and partners from your ERG. The best way to approach this is to outline that anyone can join your ERG, as long as they support the mission put forth by the ERG (i.e. men who support women’s advancement can support women’s ERGs).

**Intersectionality.** Many individuals find that their identity cannot be defined within the ERG approach and are calling for intersectionality as a better way to understand inclusion. The key question here is how can ERGs work in tandem with other initiatives to create networks that represent constituents, while also acknowledging complex identities. One practice is to implement an overarching ERG that captures all of inclusion as a whole.

**Inconsistent support from leadership.** The level of support towards ERGs varies significantly from company to company, and for organizations where this is lower, it could hurt your ERGs success. If members don’t believe they are getting the adequate level of support from sponsors, they may lose trust and become less actively engaged. Make sure you network around for leaders that have a vested interest in helping the ERG succeed, and have the mechanisms in place to detect when support is falling lower than it should.

**It can be difficult to create a safe space.** Employee Resource Groups provide underrepresented employees with a safe space, but it can be difficult to create a space that feels welcoming to everyone. Between layers of identities and an increasingly polarized national conversation, the dynamic isn’t so black and white. Ensure operations tie back to business objectives, and more complex conversations have the right channel for them (regardless of within ERG or not).

**Losing momentum.** It’s so easy to find a common trait or interest and say “let’s start a group!” but actually getting into place takes a lot of moving parts. Many ERGs lose momentum as they kick off, but ensuring consistent support from sponsors and tight communications around goals and vision can elevate the enthusiasm of ERG members in order to truly get things established.
SUMMING IT UP

As Employee Resource Groups become more embedded within the needs of the organization, their presence will continue to expand. There’s no doubt that ERGs have come a long way since their inception in Corporate America 30 years ago, having transitioned from simply a way to foster diversity & inclusion to a driving force for business outcomes. The gradual name change from Affinity Groups to Employee Resource Groups or Business Resource Groups represents that change.

Due to their close proximity to business goals, the business case for ERGs has never been more important. This requires ERG leaders to be able to carefully assess impact and drive engagement through active members and initiatives. It’s also important that organizers quantify the dollar value of ERG initiatives as closely as possible, whether it’s in retention increases, sales spikes, or efficiency gains.

It can be quite a daunting task to set up and manage an ERG. Between potential low-levels of participation, little tools to help manage events and initiatives, and difficulty measuring impact, it can be a rough road ahead. However, with the right executive support, team, dedication, and focus, ERG leaders can unlock a significant amount of value - beyond dollars. It’s important that leaders can tell a story of initiatives taken by the ERG and their results on the business’ bottom line, people’s sentiment, or other valuable metric in order to drive support and expansion.

Employee Resource Groups are at a crossroads, and must continue to prove business impact in order to remain relevant in a hyper-competitive, demanding business landscape. At the risk of being just social groups and losing funding and support, ERGs must unlock the value of their initiatives by quantifying and showing impact. ERGs should also be listening to their members, and constantly evolving to reflect a growingly complex world.


Kelly, Sean W. & Smith, Christie. *What if the road to inclusion were really an intersection?* Deloitte: 2014.


Ramirez, Julie Cook. *Are ERGs Enough for a Robust D&I Culture?* HR Executive: 2018.


