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innovation

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growth**

Sylvia Ann Hewlett,
Melinda Marshall
& Laura Sherbin
with Tara Gonsalves

TASK FORCE FOR TALENT INNOVATION

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Innovation, Diversity and Market Growth

**By Sylvia Ann Hewlett, Melinda Marshall, and Laura Sherbin
with Tara Gonsalves**

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EXECUTIVE SUMMARY

W

HAT DOES IT TAKE TO WIN IN THE GLOBAL MARKETPLACE?

For virtually all companies regardless of sector, competitive strength and market growth depend on innovation. Gaining market share and expanding into new markets hinges on winning over new consumers or clients by identifying unmet needs and developing new products, services, and systems to fill them. Greater productivity may boost earnings, but in today's fiercely competitive global economy, it is serial innovation that drives and sustains growth.

But what drives serial innovation? CTI's ground-breaking research reveals the engine to be a diverse workforce that's managed by leaders who cherish difference, embrace disruption, and foster a speak-up culture. **Inclusive leader behaviors** effectively “unlock” the innovative potential of an **inherently diverse workforce**, enabling companies to increase their share of existing markets and lever open brand new ones. By encouraging a proliferation of perspectives, leaders who foster a speak-up culture also enable companies to realize greater efficiencies and trim costs—another way that innovation drives bottom-line value.

TWO-DIMENSIONAL (2D) DIVERSITY describes leadership that exhibits at least three kinds of both:

&

Inherent diversity (gender, race, age, religious background, socioeconomic background, sexual orientation, disability, nationality)

Acquired diversity (cultural fluency, generational savvy, gender smarts, social media skills, cross-functional knowledge, global mindset, military experience, language skills)

Leaders have long recognized that an inherently diverse workforce (inclusive of women, people of color, gay individuals) confers a competitive edge in terms of selling products or services to diverse end users—what’s known as “matching the market.” Our research shows, however, that an inherently diverse workforce can be a potent source of innovation, as **diverse individuals are better attuned to the unmet needs of consumers or clients like themselves**. Indeed, their insight is critical to identifying and addressing new market opportunities. We find that when teams have one or more members who represent the gender, ethnicity, culture, generation, or sexual orientation of the team’s target end user, the entire team is far more likely (as much as 158% more likely) to understand that target, increasing their likelihood of innovating effectively for that end user.

Market-worthy ideas aren’t innovation until they’re developed and deployed into the marketplace. To get to market, ideas require the buy-in and endorsement of decision-makers at every level. And that’s where *acquired diversity*SM plays such a vital role in transforming ideas into innovation. **Leaders who have acquired diversity**—whose background and experience has conferred on them an appreciation for difference, whether that difference is rooted in gender, age, culture, socioeconomic background, nationality, or sexual orientation—are **significantly more likely to behave inclusively than leaders who lack it**.

EMPLOYEES WHO REPORT THAT THEIR IDEAS...

Win endorsement from decision-makers
63% vs. 45%

Get developed or prototyped
48% vs. 30%

Get deployed into the marketplace
35% vs. 20%

(% respondents at companies WITH 2D diversity in leadership vs. % respondents at companies WITHOUT 2D diversity in leadership)

TEAM MEMBERS WHO REPORT THAT THEIR LEADER...

63% vs. 29%
Ensures that everyone speaks up and gets heard

74% vs. 34%
Makes it safe to risk proposing novel ideas

82% vs. 40%
Empowers team members to make decisions

64% vs. 25%
Takes advice and implements feedback

73% vs. 30%
Gives actionable feedback

64% vs. 27%
Shares credit for team success

(% respondents whose leader has at least three acquired diversity traits vs. % respondents whose leader has NO acquired diversity traits)

TEAM MEMBERS WHO REPORT THAT THEY FEEL...

Welcome and included in their team

87% vs. 51%

Free to express their views and opinions

87% vs. 46%

That their ideas are heard and recognized

74% vs. 37%

(% respondents whose leader exhibits at least three inclusive behaviors vs. % respondents whose leader exhibits NO inclusive behaviors)

Six inclusive behaviors, we find, are highly correlated with a “speak-up” culture, or an organizational environment where everyone feels free to volunteer opinions, suggest unorthodox approaches, or propose solutions that fly in the face of established practice. Leaders who exhibit at least three of these six behaviors unlock innovative capacity by unlocking the full spectrum of perspectives, opinions, and toolkits that diverse individuals bring to problem-solving. While critical at the team level, such leaders are especially transformative at the top, because they’re the ones who determine organizational culture by socializing their behaviors.

Brilliant individuals and high-performing teams cannot deliver in a culture where channels for experimentation don’t exist, failure is penalized, and the loudest voice in the room is that of the leader.

Indeed, our research shows that **when leadership lacks innate or acquired diversity**, or fails to foster a speak-up culture, **fewer ideas with market potential make it to market**. Ideas from women, people of color, LGBTQs, and Gen-Ys are less likely to win the endorsement they need to go forward because 56% of leaders don’t value ideas they don’t personally see a need for—a veritable chokehold when an organization’s leaders are predominantly Caucasian, male, and heterosexual, and come from similar educational and socioeconomic backgrounds. In short, the data strongly suggest that homogeneity stifles innovation. Fully 78% of our survey sample work for such a company.

EMPLOYEES WHO REPORT THAT...

40% vs. 25%

Groupthink is a problem on their team

62% vs. 37%

Leadership at their company does not perceive value in ideas they don’t personally see a need for

48% vs. 26%

Ideas at their firm rarely make it to market

(% respondents at companies WITHOUT 2D diversity in leadership vs. % respondents at companies WITH 2D diversity in leadership)

Companies that harness both innate diversity in their workforce and acquired diversity in leadership are measurably more innovative than companies that fail to harness these drivers. Employees at companies with 2D diversity are more likely than employees at non-diverse companies to take risks, challenge the status quo, and embrace a diverse array of inputs. They're also 75% more likely (35% vs. 20%) to see their ideas move through the pipeline and make it to the marketplace.

Most dramatically, our findings demonstrate a robust correlation between highly innovative, diverse companies and market growth. Diversity pays a handsome dividend: employees at publicly traded companies with 2D diversity are 70% more likely (46% vs. 27%) than employees at non-diverse publicly traded companies to report that their firm captured a new market in the past 12 months, and 45% more likely (48% vs. 33%) to report that their firm improved market share in that same time-frame.

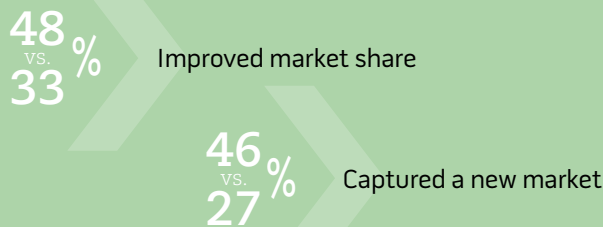
In the final analysis, our research shows, companies with multicultural workforces have the means at hand to grow and sustain innovation. The secret isn't a surfeit of creativity, although creativity helps. It isn't a lone genius, although genius never hurts. Rather, innovative capacity resides in an inherently diverse workforce where leaders prize difference, value every voice, and manage rather than suppress disruption. If innovation is the Holy Grail, then diversity should be a company's unrelenting quest.

EMPLOYEES WHO REPORT THAT THEIR TEAM...



(% respondents at companies WITH 2D diversity in leadership vs. % respondents whose leader exhibits NO inclusive behaviors)

EMPLOYEES WHO REPORT THAT IN THE LAST 12 MONTHS THEIR FIRM...



(% respondents at publicly traded companies WITH 2D diversity in leadership vs. % respondents at publicly traded companies WITHOUT 2D diversity in leadership)

THE GENIUS OF CROWDS

FOR LEADERS OF MULTINATIONAL companies, innovation is the Holy Grail. Nothing impacts the bottom line more powerfully than a product or service that levers open a whole new market. Productivity may boost earnings, but in today's fiercely competitive global economy, it is serial innovation that drives and sustains growth by increasing market share.

But what spurs innovation in these companies? How does it happen, or rather, how is made to happen on a regular basis?

There's no dearth of answers to choose from. Bookshelves groan with the weight of managerial and entrepreneurial wisdom on the subject. From Peter Drucker's iconic *Innovation and Entrepreneurship*

(1993) to Gary Shapiro's *Ninja Innovation* (2013), innovation has been the business of business books for the last 20 years. And there's every sign that trend will continue: In 2010, David Kirkpatrick's *The Facebook Effect* ranked #13 on Bloomberg.com's Top 50 Business Books; in 2011, Walter Isaacson's biography of über-innovator Steve Jobs ranked among the *Wall Street Journal's* top three CEO reads; and in 2012, Jon Gertner's *The Idea Factory* made WSJ's top ten.

Such books affirm the popular conception of innovation as the flowering of genius, with Bell Labs churning out patents thanks to its Nobel Laureates, all things "i" springing full-blown from the brain of Steve Jobs, and Facebook signing up its billionth user thanks to the vision of Mark Zuckerberg. So powerful is the correlation between Boy Genius and Brilliant Invention (think Edison and the light bulb, and you'll see how reflexively we connect the two) that even Clay Christensen, the Harvard Business School professor and founder of Innosight, locates the engine of corporate innovation in a certain type of individual. Having introduced the concept of "disruptive technology" in 1997 with *The Innovator's Dilemma*, Christensen argues (along with Jeff Dyer and Hal Gregersen) in *The Innovator's DNA* (2011) that disruptive business strategies in successful companies derive from leaders who demonstrate five entrepreneurial behaviors: associating, questioning, observing, experimenting, and networking. After studying 80 innovators and 400 non-innovative executives, Christensen and his team found that "innovative entrepreneurs" (including CEOs) spend 50 percent more time

on these “discovery activities” than do CEOs with no track record for innovation.¹ Hence to increase innovation, he concludes, leaders must cultivate these skills in themselves and seek them in new hires.

Others who’ve studied “the DNA” of successful innovators contend that breakthrough ideas arise not from the genius of select individuals but rather, the frequent and random collision of unaffiliated problem-solvers. Innovation is the result, argues Steven Johnson in *Where Good Ideas Come From* (2010), not of the “eureka moment,” but rather, the slow hunch as it finds and gains traction with materials at hand and bumps up against other people’s insights and inventions.² Comparing the evolution of great ideas in industry to great ideas in nature, Johnson discerns seven patterns, or drivers, that describe them all, including serendipity, error, and tolerance of failure. One of the most important drivers of idea evolution is what he terms “liquid networks,” or environments such as the Internet, because such networks facilitate constant collision with other fertile minds, inventions, and platforms. The story of Thomas Edison, whom folklore dubs the inventor of the light bulb, supports Johnson’s statements. The light bulb is a product of not one genius, but of an intricate network of interactions between Edison and his rivals, each of whom contributed crucial ideas to the end product. Today’s leaders utterly embrace Johnson’s logic: Yahoo! CEO Marissa Mayer revoked employees’ telecommuting privileges because she recognized that “some of the best decisions and insights come from hallway and cafeteria discussions, meeting new people, and impromptu team meetings.” Being “one Yahoo!”—and pulling out of a death spiral as a corporation—“starts with physically being together,” as she explained in her company-wide memo.³

COLLECTIVE WISDOM

Talent management professionals, on the other hand, have long suspected that what consistently drives innovation within large companies is neither a Boy Genius nor even a social network of them. Creative intelligence

resides in the collective diversity of the workforce: in the problem-solving power that different backgrounds, generations, nationalities, ethnicities, genders, and even sexual orientations bring to the table. This view gained widespread traction in 2004 with the publication of two books, *The Wisdom of Crowds*, by journalist James Surowiecki, and *The Medici Effect*, by consultant Frans Johansson.⁴

Surowiecki’s contribution was to shed new light on the implications of some old observations. Opening his treatise with the astonishing fact that a crowd of county fair-goers in 1906 more accurately guessed, in aggregate, the weight of an ox than did cattle experts, Surowiecki shows through anecdotes and case studies how diverse groups of independently-deciding people consistently make more accurate

Creative intelligence resides in the collective diversity of the workforce: in the problem-solving power that different backgrounds, generations, nationalities, ethnicities, genders, and even sexual orientations bring to the table

predictions and arrive at better decisions than individuals or even experts. Diverse groups of amateurs are smarter, he demonstrates, than the smartest person in them, and they process information faster and more reliably than panels of expert deliberators. You’re better off entrusting a diverse group with major decisions than a panel of experts. “Suggesting that the organization with the smartest people may not be the best organization is heretical,” he states, but “heretical or not, it’s the truth: the value of expertise is, in many contexts, overrated.” Ultimately, diversity contributes not just by adding different perspectives to the group but also by making it easier for individuals to say what they think. Homogeneous groups, particularly small ones, are often victims of groupthink.

Similarly drawing on historical events and a wealth of anecdotes, Johannson observes in *The Medici Effect* that the world's greatest innovations have one thing in common: diversity of input. Referencing the explosion of ideas in art, science, astronomy, and engineering that occurred in Florence during the fifteenth-century, Johannson considers how “the Medici Effect” (an allusion to the Florentine family who brought artists, engineers, astronomers, and painters together) has played out more recently. He cites the genius of architect Mick Pearce, whose self-cooling office building in Harare, Zimbabwe mimics the complex ventilation system of African termite mounds he'd studied as an amateur ecologist—one of many examples of breakthroughs that have occurred at the intersection of concepts, cultures, and fields of study. “When you step into the intersection of field, disciplines and cultures,” Johannson writes, “you can combine existing concepts into a larger number of extraordinary new ideas.”⁵

These books only served to popularize what had already been proven statistically by Scott Page, a social scientist at the University of Michigan who created a theorem in 2001 to show why “diversity trumps ability.” In effect, he mapped mathematically *why* the wisdom of crowds is preferable to the wisdom of a handful of experts—why, that is, a bunch of fair-goers could guess within a pound the exact weight of the ox on display. The reason is that

Diversity in leadership harnesses the power of difference to unleash innovative potential, increasing market share

each person, though not “ox intelligent,” brings a different set of “cognitive toolkits” to the task. These toolkits, Page explains, reflect four ways in which people differ from one another: their perspectives, as a result of their different knowledge; their interpretations, as a result of the way they categorize things; their heuristics, as a result of the different tools they use to solve problems; and their predictive models, as

a result of the causal relationships they see.⁶ Essentially, each person sees a problem through a different lens, and each makes predictions or offers solutions using different tools. In aggregate, this cognitive diversity, Page argues, has the power to transform education, government, and industry by improving both prediction (how we evaluate possibilities) and problem-solving (how we generate alternatives)⁷—provided we tolerate the disruption and conflict that diverse groups bring to the process. “We need to be acutely aware that identity-diverse groups often have more conflict, more problems with communication, and less mutual respect and trust among members,” he cautions.⁸

Page’s empirical analysis unleashed a flurry of studies and books that re-examined team dynamics, as organizational research had made clear that simply diversifying the workforce would not, in itself, guarantee better business outcomes. How should teams be constructed to maximize their toolkits? And how might they be managed to minimize their disruption?

In 2007 a team at the London Business School led by Dr. Elisabeth Kelan set about determining the impact of gender diversity on knowledge-based innovative teams by studying more than 100 such teams across functions and divisions at 21 companies operating in 17 countries. They found that, in order to maximize such critical innovation drivers as boundary spanning (to facilitate knowledge transfer), psychological safety (to facilitate experimentation), and self-confidence (to perform tasks well), teams needed a women-to-men ratio of 50:50—indeed, a 60:40 ratio measurably improved self-confidence.⁹

That same year, Harvard Business professor Lynda Gratton and Andreas Voigt, co-authors of the LBS report, probed how different management styles might bridge the fault lines that emerged in diverse teams. “The most important factor in determining whether destructive fault lines emerged in a team was the style of its leader and, in particular, the extent to which the leader acted along a continuum of task

orientation and relationship orientation,” they concluded.¹⁰ Deborah Ancona, director of the MIT Leadership Center, locates the problem for teams not in fault lines within the group but in their failure to develop connections outside of it. Drawing on her work with teams at large corporations, she establishes in *X-Teams* that groups of top-performing problem-solvers only succeed when they remain connected to and aligned with stakeholders and operations outside their mandate.¹¹ In 2009 Katherine Phillips at Northwestern University looked at what happened to teams that brought in outsiders. Her results confirmed that, while socially distinct newcomers to a group were perceived as disruptive to the team’s confidence and efficacy, in fact their introduction resulted in measurable performance gains—not because they brought new ideas, but because they ruptured the status quo.¹²

Studies to date support talent professionals’ insight that workforce diversity pumps team performance, provided team leaders can: 1) manage the disruption and potential fault lines that diversity introduces, and 2) connect the group to stakeholders outside of it. Moreover, research conducted by McKinsey in 2012 affirms a strong correlation between diversity and better bottom-line performance. Among 180 companies in Europe and the U.S., those with the highest return-on-earnings during the volatile 2008-2010 period happened also to be those with the highest proportion of women and foreign nationals on executive boards—a finding consistent with those in Catalyst’s annual review of women in business.¹³

But that strong correlation demands a more thorough explanation. How do companies harness workforce diversity to drive bottom-line results? How does diversity on a team drive up the odds of innovating successfully for new markets and consumer groups? What leader competencies, traits, or behaviors unlock a diverse team’s innovative potential? And how do companies replicate productive team dynamics to drive serial innovation—to create not just the occasional market-worthy product

or service, but a culture that consistently finds ways to innovate throughout the value chain, cutting costs, boosting revenues, and capturing more market share?

New Center for Talent Innovation research lays bare the complex interplay between workforce diversity and leadership competencies that gives rise to an innovative culture. With input from 1,800 survey respondents, 40 *Fortune* 500 case studies, and dozens of decision-makers, we can show precisely how diversity bolsters the bottom line. We’ve uncovered which aspects of workforce diversity matter—and where in the evolution of an idea they matter most. Most importantly, we have come to understand in detail how diversity in leadership harnesses the power of difference to unleash innovative potential, increasing market share.

Our research not only affirms that diversity pays dividends: it quantifies them.

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What We Mean by...

IN- NO- VA- TION

IN 2009, JULIE NEWMAN, A BRISTOL-MYERS SQUIBB MEDICAL WRITER working in Melbourne, had an idea for a mobile app. Having spent time doing research online, she knew what a laborious process it could be to retrieve an article from a medical journal: you had to submit your request to the company's search-and-send service, and then wait five or six days for the hard copy to arrive—

an eternity in an age where information is delivered at the click of a mouse. After meeting with some physicians she understood exactly what the app needed to do: help them not just retrieve articles but also manage their library of academic literature,

with annotation and sharing functions as well as search and storage.

It would have remained an idea had Newman not shared it with her manager. After all, she had no IT skills, nor the resources to invest in

people who did. But early in 2010, when a memo crossed her manager's desk about a competition Bristol-Myers Squibb hosted each year to spur innovation internally, Newman found her forum. With the insight and expertise of colleagues in commercial, medical, compliance, legal, and IT, she prepared a proposal. With the help of her manager, she presented it to a member of the award committee. That April, BMS awarded her funds to undertake the work to develop the "library to go" app in-house.

Her journey, she soon discovered, had only just begun. First, she needed to write up a formal business plan. Getting her idea prototyped required that she oversee a team of software developers. Rolling it out to select test markets relied on the support of top-level champions in Melbourne and the company's corporate headquarters in New Jersey, one of whom was so excited for the new app that she significantly increased Newman's budget to continue the app's development. Newman even purchased a few iPads and preloaded them with her prototype to provide a touch and feel of her innovation, thereby gaining the support of additional key leaders.

In June of 2011, Newman realized her vision: the Library2Go app was completed and beta tested in a number of markets.

"Even in an organization as large as BMS, it's possible, I've learned, to see a need and take the idea for a solution all the way through development," muses Newman. "You've got to have the passion to go the distance, of course. But more importantly, you've got to enlist the change-makers, the people who know a good idea when they see one and have the power and voice to get you the backing you need."

THE PROCESS

Innovation at large companies begins, of course, with ideas—lots of them. But until

ideas get validated by the market, they're not innovation. And getting just one all the way to the marketplace, as Newman can attest, is quite a process.

Ideas need to be heard, evaluated, and endorsed by others to move forward. Typically the first hurdle is finding the right forum:

Until ideas get validated by the market, they're not innovation

to whom do you pitch it? Is your boss likely to understand what you're proposing, or appreciate its value, or do you need to approach someone with a different functional purview? It's also a question, in the early stages, of how you pitch it. Do you need to consult with members of your team or people with expertise outside your own in order to put together an effective proposal? Do you need to recruit a spokesperson to reach the right decision-maker?

Rita Ross, a manager at Barclays bank in London, led the crusade to make all ATMs across England and Wales "talk" so that disabled customers could use them—a move that has won Barclays enormous good will, several high-profile awards, and the loyalty of customers whose impaired eyesight had impinged on their independence when it came to using ATMs. When Ross first pitched the idea to the bank's change committee, however, they turned her down. "It was not seen as a cost-effective move for the bank to implement," she explains. When she shared the idea with the head of operations and the retail network, she realized why: she hadn't gone in with a business plan. With the help of the bank's legal department, Ross was able to quantify the value in the initiative and help make the business case. Along with a colleague in Strategy, Ross went again before the change committee. And this time, she got the green light. "Legal had put together a compelling case, having seen firsthand the complaints

about inaccessibility come across their desk,” says Ross. “We didn’t have masses of obstacles after that.”

Some companies incentivize idea submissions and formalize the vetting process with a company-wide contest, such as BMS offered, awarding prize money, internal and external recognition, entrepreneurial leadership opportunities, and even paid time off to incentivize well-developed business proposals. At Turner Entertainment Networks (part of Time Warner), new ideas find a ready forum in Springboard, an initiative*

Innovation requires not just tenacity on the part of the idea generator, but also commitment on the part of management

that provides staff an opportunity to pitch their ideas on a more regular basis. Every six to eight weeks, a panel of 10 to 12 volunteers convenes to hear three to four employees present. After each presentation, the “jury” scores the idea and, if they find merit in it, the employee is given a coach with relevant expertise to help him/her research, develop, and improve it for managerial review. In the past six years, employees have submitted 156 ideas, of which 106 went before management, sometimes after a year of development work. Ten ideas have been launched. The most dramatic success came from a TNT ratings research manager who, after reading a neuroscience article, perceived that viewers might be more “primed” to buy a sponsor’s product if that product appeared at the end of the show right before the sponsor’s ad ran. In a final scene, for example, a character could reach for a chocolate bar—just before a candy ad. After two years of development and testing, “primed”

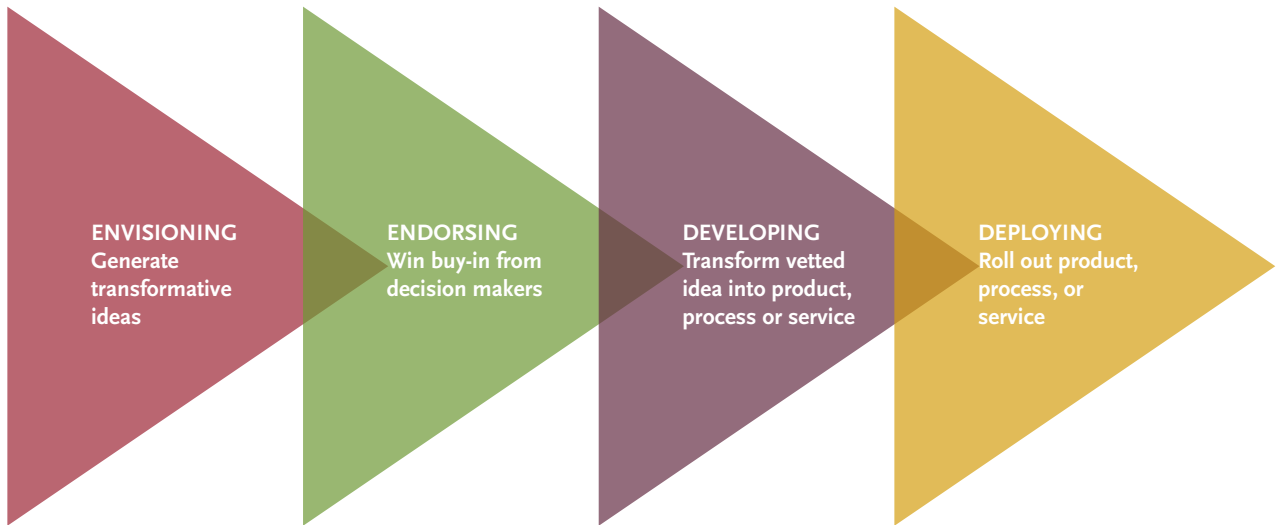
advertising was rolled out on TNT and TBS. Because it allows TEN to charge a 25- to 40-percent premium on “TV in Context” ads, the idea proved to be an incremental revenue-driver.

In short, innovation depends on not just an individual with a bright idea but a succession of forums in which a number of people help win that idea the support of leaders throughout the organization. Innovation requires not just tenacity on the part of the idea generator, but also commitment on the part of management. It requires not just teams with the skill sets to develop it, but leaders who will allocate the funding and resources. It eventually demands the coordination of multiple departments or business units—a particularly fraught stage. But unless ownership can expand to encompass the top decision-makers in the company, even a developed product or service won’t make it to market.

Companies that establish clear channels for employees to contribute ideas certainly spur idea contribution. To drive innovation, however, companies need to focus on what happens to those contributors after the light-bulb moment.

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*as described to CTI in 2010

Figure 1.1
Innovation is not a singular event... it's a process



TWO DIMENSIONS

to DIVERSITY

ON SEPTEMBER 2, 2008, JUST DAYS BEFORE Lehman Brothers went belly-up, the International Monetary Fund (IMF) posted online an interview with its chief economist, Olivier Blanchard. The headline read, “Blanchard Sees Global Economy Weathering Financial Storm.” Blanchard’s optimism was based on the likelihood of oil prices stabilizing, which would ease inflation pressure; lower interest rates, in turn, would help fight the mounting financial crisis.¹⁴

By October, Fannie Mae and Freddie Mac had collapsed, along with AIG—respectively the world’s biggest mortgage companies and insurance company. All four of the top investment banks similarly declared bankruptcy (although, with the exception of Lehman, were later rescued). The price of oil dropped to \$40 a barrel; the liquidity crisis only

intensified. In Iceland, the nation's largest banks went into receivership, destroying the country's sovereign rating—yet another development the IMF had failed to predict, having noted in its September assessment that while “vulnerabilities are high and increasing,” the scramble for liquidity coverage might “reduce bank profitability.”¹⁵

How was this possible? How was it that the IMF, an international organization charged with foreseeing if not preventing global financial disaster, seemingly had no inkling of the spectacular unraveling of global financial systems in the fall of 2008?

In 2011, the IMF's Independent Evaluation Office offered an explanation. The organization suffered, it found, from “a high degree of groupthink; intellectual capture; and a general mindset that a major financial crisis in large advanced economies was unlikely.”¹⁶ Leadership, the report explained, suffered from its own homogeneity, consisting as it did of men from developed economies with very similar educational backgrounds and résumés. These men ruled out that crises could start off in large advanced countries, and assumed that structural changes in advanced financial systems would be benign. Members from less developed economies who expressed dissenting opinions or pointed out systemic risks were dismissed, as their input challenged the mindset at the top. “Unpreparedness just didn't happen,” noted Biagio Bossone, the Chair of the Group of Lecce, an Italian-based economic and financial think tank. “It was intrinsic to the system's built-in complacency... [and] delusional egos.”¹⁷

REDEFINING DIVERSITY

The IMF failed to do its job, we can infer, because it relied on experts to predict outcomes when, as Scott Page's theorem proves, “a random collection of intelligent agents outperforms the collection consisting of only the best agents.”¹⁸ Where cognitive diversity mattered most, the IMF had it least.

Cognitive diversity, let's recall, describes the variety of approaches people of differing backgrounds with different skill sets bring to prediction and problem-solving. To maximize a group's ability to evaluate possibilities and generate alternatives, it's important to maximize its “toolkit” of approaches. The more tools at its disposal, the more likely the group will succeed at innovating a solution.

Cognitive diversity also ensures that your team won't suffer from groupthink, or the

Figure 2.1
Intel employee diversity



These are real employees at Intel, the silicon-chip maker based in Santa Clara, California. This photograph was snapped moments before they performed, and recorded, the “bong” sound that you hear whenever you fire up a computer with an Intel dual processor inside. Which is to say, the diversity you see here wasn't staged. Intel recognizes that innovation is fundamentally about problem-solving, and the best way to solve problems is to bring lots of men and women of different ages, from different backgrounds, with differing experiences and perspectives and training, to the process.

tendency to apply a very narrow set of perspectives when assessing a new situation or generating solutions to an emerging problem. Teams whose members all come from a similar educational or socioeconomic background can be blind to possibilities outside their experience. This is precisely what happened at the highest levels of the IMF in the months leading up to the 2008 global financial crisis.

Yet cognitive diversity arises, to our way of thinking, from two kinds of difference: the kind you're born with, and the kind you come by through experience. We define diversity, that is, as either inherent or acquired.

Inherent diversity describes “embodied” difference, traits you were born with and

likely to be intensely acquainted with the challenges associated with an LGBT identity, but also their unique sensibilities.

In short, you don't have to be gay, or Nigerian, to appreciate what these constituencies offer in the way of toolkits. Your acquired diversity ensures you value difference—what people unlike yourself bring to the table.

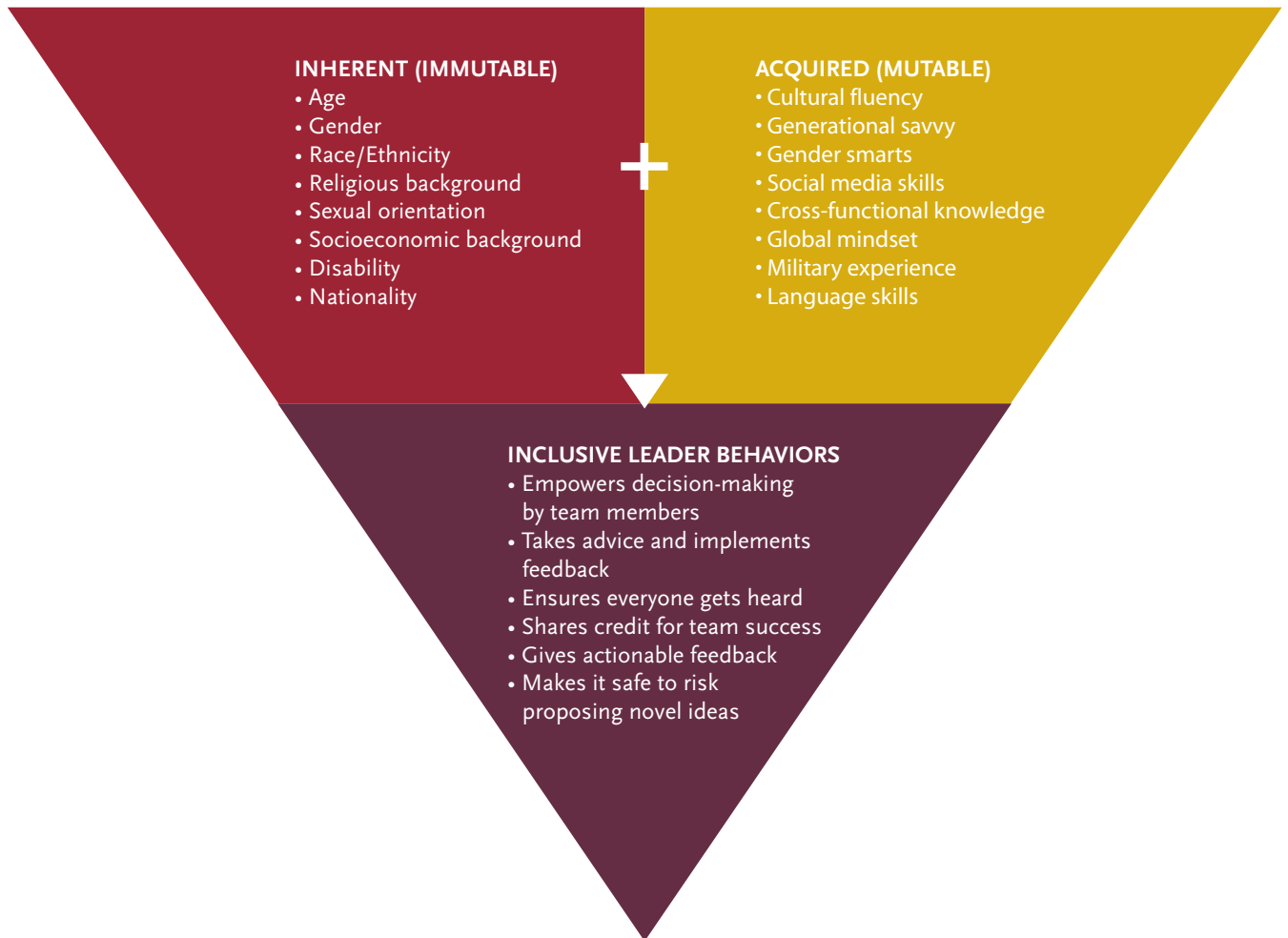
In our two-year study of innovation at large companies, we scrutinized both inherent and acquired differences, which are summarized in figure 2.2.

Your worldview is also very much shaped by your experience

have been consequently conditioned by, such as your gender, nationality, ethnicity, and sexual orientation. In addition to your religious and socioeconomic background, these are inherent aspects of your identity. They're not subject to change, which is why we also term them *immutable*. They absolutely influence the way you see the world and navigate within it.

But your worldview is also very much shaped by your experience: the jobs you've held, the places you've lived, the people you've known, the languages and cultural customs you may have adopted. If you've lived and worked as an American in Nigeria, for example, you probably developed a keen sense of the culture, the economy, and the people; you know what's important to them, and what they need and want to live better lives. You have what might be termed cultural fluency. Doubtless you've acquired other fluencies. If you grew up with a gay sibling, for example, you're

Figure 2.2
How we define diversity



INHERENT DIVERSITY

DRIVES

MARKET Understanding

STANDARD CHARTERED IS A GLOBAL bank with a significant presence in India. The head of retail banking there, Rajashree Nambiar, had a strong hunch that Indian women were not happy with the customer service they received at branch banks. From her own experience, she knew that male bank managers could be condescending and even intimidating, reluctant to perceive women as the financial hub of their families or as entrepreneurs with small-business needs.

So when Standard Chartered proposed overhauling two of its branches in New Delhi and Kolkata, Nambiar proposed making them over as all-women branches—banks staffed entirely by women, down to the security guards, offering financial services and products tailored specifically to women, with a customer experience unlike anything on offer at the bank's other branches. It was a bold idea, but by commissioning marketing studies which affirmed her hunch, Nambiar was able to sell it to senior management.

In their first two years of operation, these branches exceeded all performance metrics. Net sales were up from the prior year by an impressive 127 percent (New Delhi) and 75 percent (Kolkata). Benchmarked against the bank's 90-plus other branches, they were on average up by 48 percent. It was an impressive debut, one that spurred the transformation of other branches in India and changed the way Indian women perceive and receive financial services. Today, Standard Chartered is the go-to bank for women in Southeast Asia.

A UNIQUE PERSPECTIVE

Nambiar's success as an innovator can in part be attributed to her inherent diversity. Being female and Indian, she had empathy for and deep understanding of half the bank's end users. Her gender and nationality allowed her to perceive and solve a problem no one else in management could discern, let alone address. That "point of pain" understanding, when translated into a new kind of retail banking experience, significantly impacted the bank's share of an important and growing market.

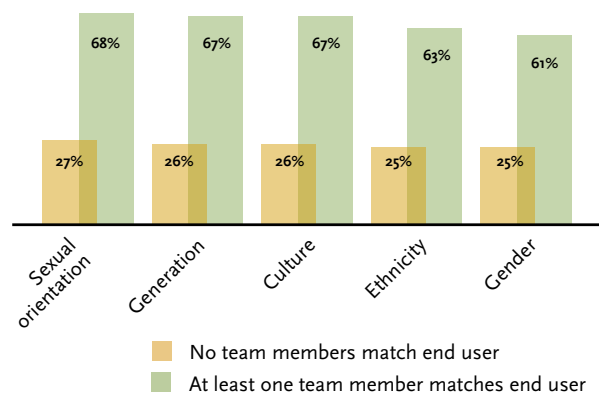
Nambiar exemplifies the power of inherent diversity in the workforce: employees who represent the company's end user are more likely to understand that end user.

Our findings show that when teams include even one team member who represents the team's target consumer, the entire team is more likely to understand that consumer (see figure 3.1).

The difference to a team's insight is significant. Let's say your target consumer is Latin American. Marketing data might help your team get a handle on this consumer by quantifying his or her purchasing power, spending habits, educational attainment levels, household size, etc. And indeed, about one in four of our survey respondents told us that, even without one single

person who matched the ethnicity of the team's end user, the team nonetheless understood their end user. But look what happens when teams have one or more members who do match their end user, either in terms of ethnicity, gender, generation, or sexual orientation. Understanding shoots way up. For instance, if your end user is Latin American and one member of your team is of, say, Argentine nationality, your team is more than twice as likely—158 percent more likely—as a team lacking similar cultural representation to understand this end user. With that understanding you're much more likely, as a team, to perceive issues unique to that end user and home in on solutions that address those issues. Solutions that solve for unmet market needs are innovations that drive revenue for the company.

Figure 3.1
Teams who understand their target consumer by consumer demographic



CASE STUDY **An Argentine Connects Bristol-Myers Squibb to Latin Americans**

Addressing unmet needs is at the core of Bristol-Myers Squibb's mission and values, guiding the work the company does for its customers, patients, employees, and shareholders. The biopharmaceutical company develops and delivers innovative medicines worldwide to help individuals combat serious disease such as cancer, hepatitis B, diabetes, and HIV, leveraging a global strategy to educate healthcare professionals—and ultimately patients—about its medicines.

As the company's geographic footprint and portfolio have evolved over the past few years, leaders continue to refine the global disease area and individual brand strategies based on the insights—and leadership—of market-based employees. The experience and perspective of teams in the market informs how the company makes healthcare professionals and patients aware of its medicines and how it educates them on their use and benefits.

For example, Laura Jotimliansky, medical director for Bristol-Myers Squibb's South America region, helped improve understanding of BMS medicines in her region by getting involved in the global planning process, ensuring that communication about the company's medicines was informed by the needs of the local healthcare delivery system.

Jotimliansky, a physician with years of experience in big cities, suburbs, and rural areas of Argentina, perceived that the global strategy for one product would be difficult to implement in her geography without specific tactics that reflected local realities. In Argentina patients outside of large cities rely exclusively on a family physician or non-government organization (NGO) doctor for healthcare information and guidance. To reach patients, Bristol-

Myers Squibb often provides information on its medicines to physicians through government, non-government, or private medical entities.

In planning meetings with the global team, Jotimliansky and her team were asked to evaluate the global strategy and consider how on-the-ground realities in Argentina would affect implementation. “Those meetings were critical because they challenged us to translate the global strategy into something that was meaningful and effective in Argentina,” she says.

Jotimliansky set about translating that strategy with her team. When the global team visited from headquarters, she took them to meet with local community physicians and NGOs, to see firsthand how healthcare needs were met outside of institutions. She helped them understand the type of education physicians wanted on Bristol-Myers Squibb products and protocols in order to understand the value the medicines could bring to their patients. She also helped them see that the only way local physicians would trust the information given to them was if it were vetted and embraced by regional scientific societies and institutions. Local doctors wanted access to the whole disease picture and not just pharmacologic solutions; they wanted access to clinical trial information and not just good outcomes; and they preferred to make decisions about Bristol-Myers Squibb products in the context of what the scientific community knew and had published.

Perhaps more importantly, by exposing her own team to the global team, she led a culture change at home, too. Repeated interactions with colleagues based in the global organization increased her team's comfort level with providing input and presenting new ways of approaching challenges. In meetings where once they might have simply nodded in assent, they

learned, with her encouragement and support, to speak up. “It is part of our culture to listen respectfully, both men and women,” Jotimliansky says. “But we found that if we raised the discussion of the challenges we faced to those at the right level, and they explained not only our issues but offered potential solutions, together we could collaborate more effectively.”

Jotimliansky’s example of global-to-market engagement has proven a win-win for Bristol-Myers Squibb in Argentina, Peru, Colombia, Venezuela, and Chile, addressing business objectives and increasing awareness of the company as a leader among biopharmaceutical companies in the region. “Physicians here see Bristol-Myers Squibb as a highly ethical company,” she says. “Beyond our medicines, we provide them with knowledge that helps them deliver the best care for their patients.” By forging partnerships with leading universities and scientific societies, and supporting webinars and seminars on disease management, she has also helped drive better health outcomes for all patients, including those in poor and remote regions. “We brought greater focus on the market conditions that impact our business, and the global organization has supported us with resources to address them,” she notes. “It’s a very rich partnership.”

Asians Unlock the Asian Market for American Express

American Express’s success with its Lunar New Year gift cards similarly underscores how deep consumer understanding drives innovation and translates into revenue for the company. The cards, which come pre-loaded in denominations ranging from \$25 to \$200, are available online and at retailers in select U.S. and Asian markets during the holiday season. The cards support the annual tradition in Asian communities of giving *lai see*, or “good-luck money” to friends and relatives during the Lunar New Year, a 15-day celebration that begins on the second new moon following the winter solstice.

With 17.3 million people living in the U.S. who identify themselves as Asians,¹⁹ the Lunar New Year represented a unique business opportunity for American Express. In 2009, American Express’s Asian Employee Network (ANA) took on the challenge of identifying ways American Express could significantly expand its prepaid card business in the U.S. and Asia. By leveraging their annual Innovation Challenge, an internal initiative to crowdsource solutions for key business opportunities from across the company, ANA was able to solicit 80 submissions from across the company. ANA narrowed the field to the top 10 ideas and reviewed them with the network’s global executive sponsor and a panel of senior business leaders.

That year’s winner, the Lunar New Year gift card, debuted two years later in markets across Asia and the U.S. in 2011, the Year of the Rabbit. With its traditional paper-cut depiction of a peaceful rabbit, the Year of the Rabbit Gift Card offered a personalized gift option that served as an exciting and special alternative to the cash usually placed in red envelopes. The tradition gives new meaning to “cash flow” in Singapore,

where printing the excess bank notes needed for *lai see* consumes 10 metric tons (11.023 tons) of ink and uses enough electricity to power an entire apartment block for six months.²⁰ “Working in collaboration with our internal Asian Network at American Express, we were excited to introduce this gift card celebrating Asian culture,” said Alpesh Chokshi, president of Global Payment Options and ANA’s global executive sponsor.

To help drive greater awareness in the Asian community, American Express partnered with AsianWeek.com to give away \$50 in Lunar gift cards to ten readers who responded most eloquently to “What does Lunar New Year mean to you?” In 2012 American Express’s third year offering the Lunar New Year gift card, they celebrated the Year of the Dragon with an intricate dragon image on a traditional flower background. Again, American Express and AsianWeek.com hosted a giveaway of \$50 gift cards, this time to five authors of a Lunar New Year haiku. The success of the Lunar New Year gift card was consistent with three other multicultural and faith-based Gift Cards created in partnership with the company’s employee networks, including the Chanukah gift card (CHAI, Jewish employee network), and the Felicidades gift card (HOLA, Hispanic Origin & Latin American network).

“Our employee networks foster a sense of community among our diverse employee base and help to educate the broader employee population, but we also listen to them as they help to solve real business challenges,” said Connie Schan, vice president of Global Diversity & Inclusion. “When empowered, employee networks can serve as an agile, cross-functional task force, delivering creative, tangible, and innovative solutions.”

The High Cost of Homogeneity

We’re not arguing that only innovators with inherent diversity can establish new customer bases for their firm. However, we can argue that companies whose teams lack inherent diversity run the risk of utterly missing the mark when it comes to satisfying their target consumers—a costly and embarrassing outcome they can ill afford in today’s fiercely competitive economy.

Consider Eurostar, the consumer-electronics firm based in Dubai. One of its innovations is ePadFemme, a tablet that comes programmed with applications meant to appeal to women, specifically Middle-Eastern women. The pink tablet features a home screen that links users to Arabic recipes, yoga postures, grocery lists, size conversion charts, and pregnancy tips. Priced at a bargain \$190, ePad-Femme seemed poised for success when it launched in October 2011. But by February 2013 a total of 7,000 units had been sold. (To put that number into context, consider that in first-quarter 2013 alone, over 19.5 million iPads had been sold.) The innovation flopped, in effect, because the team that came up with ePadFemme clearly did not understand the women whose needs it purportedly fulfilled. Women in Saudi Arabia and the United Arab Emirates saw little value in the device because, as a Saudi blogger wrote, they “spend a lot of time online,” and were “extremely tech savvy.” There was little cachet to be had from a product that treated them like imbeciles.²¹

Eurostar can hardly be singled out for derision. Mattel, the world’s largest toy manufacturer, blundered for similar reasons. In 2001, hoping to capture a piece of the world’s 1.6 billion Muslim consumer group (280 million of them children), Mattel introduced Leila, or “Muslim Barbie” as she was informally dubbed. Even though

she was designed to be only 10 or 12 years old, too young for a boyfriend and without Barbie's curves, her backstory was that she was an Ottoman-era slave girl—certainly not the role model modern parents wanted for their daughters. Leila totally bombed. Barbie, Mattel's signature doll, was actually banned by Iran in 2002 and Saudi Arabia in 2003. With Mattel out of the market, NewBoy Design, a company based in Damascus, saw its opportunity and introduced Fulla, a type of doll like Barbie but with important cultural differences. Named for a local jasmine flower, Fulla—or “Barbie with a Prayer Rug”—covers up her body with an abbaya. Her wardrobe includes modest clothes and headscarves, and her tiny pink felt prayer rug is also sold in larger sizes that can be used by her owners. She costs about \$16, half the price of Mattel's doll—no small consideration in countries where the average monthly salary ranges from \$100 to \$200. Her image is plastered on everything from bags to bicycles, from gum to luggage. Satellite channels feature Fulla commercials, complete with a Fulla song that embodies her values—respect for parents, modesty, and piety. “This isn't just about putting the hijab on a Barbie doll. You have to create a character that parents and children will want to relate to,” says Fawaz Abindin, manager of the Fulla brand.²²

When a company incorrectly presumes it understands its target audience, it risks more than just a product flop. Best Buy, the U.S. big-box franchise, bought The Musicland Group, Inc., in 2000 for \$685 million in cash. Leaders at Best Buy prided themselves on this acquisition as Musicland was worth \$1.7 billion and generated \$100 million in cash. They envisioned creating a blockbuster out of Musicland by applying Best Buy's business model (higher volume sales on a limited selection of goods) and high-visibility brand. But these strategists, none of whom were under the age of 40, failed to see the writing on the wall with

regard to CDs. The Internet, coupled with the advent of multiple digital sharing platforms and the MP3 format, spelled doom for Musicland's chief product. CDs were literally going out of style, a fact that every teenager or twenty-something consumer might have explained, had they been asked (Best Buy's staff, ironically enough, represents this demographic). But leaders at Best Buy didn't know what they didn't know about the next generation of music consumers. Musicland went the way of the CD, and Best Buy never recovered its initial investment.²³

These are just three cautionary tales. Headlines abound with news of misfired product launches, marketing campaign disasters, and strategic blunders as companies continue to be over-reliant on marketing data or under-reliant on the diversity in their midst. These errors cost companies millions, not just in never-realized sales and sunk development costs, but also in reputational damage. (Eurostar is not likely to persuade anyone of its cutting-edge insights anytime soon.)

Innate diversity doesn't guarantee a market hit, to be sure. It does, however, provide critical insights into markets companies cannot afford to overlook or misunderstand. As we'll see in the next section, to unlock this insight, companies need acquired diversity, particularly in leadership.

Inclusive LEADERS



UNLOCK
INNOVATIVE
POTENTIAL

AT CISCO, THE SILICON VALLEY SWITCHES-AND-ROUTERS GIANT, revolutionary technology describes the very mandate of the firm. So it should come as no surprise that Cisco is poised to introduce a game-changing product this year targeted at emerging markets.

But this product is, in fact, a major surprise in that it signals an entirely new business model for Cisco. According to the “007 Team” that came up with it, it’s going to revolutionize the industry. In a multinational corporation with some 60,000 employees, this is a remarkable application of entrepreneurial energy.

What enabled this breakthrough idea to make it all the way to market? Certainly the 007 team consists of remarkable—and innately diverse—talent from the U.S., the UK, the UAE, Switzerland, and Singapore: three women, one of them African-American; and eight men, with backgrounds in engineering, sales, services, and operations. But even more critically, the team functions within the competitive framework of Cisco’s Executive Action Learning Forum (E-ALF), a leadership development program which tasks rising leaders in the firm with challenges that focus on major market opportunities for Cisco. The challenges derive from Cisco’s Center for Collaborative Leadership advisory board, whose members serve as executive sponsors for the E-ALF teams. Led by Cassandra Frangos, senior director of Talent Strategy and Planning, each E-ALF cohort consists of 60 top performers chosen specifically for their diversity of function, age, gender, and geography. Participants go through a rigorous self-assessment to identify personal strengths as well as areas for improvement; they also receive instruction on business strategy and operations from Cisco’s top executives and MIT faculty. The bulk of the practical experience consists of 10 weeks during which employees are separated into two sets of three teams that compete against each other to arrive at solutions to three billion-dollar-plus business opportunities for Cisco. At the end of the 16-week program, teams present their solutions to a governance board that decides which ideas are worth funding. Teams whose plans prove viable may wind up leading the initiative.

Sponsored by market leaders, incentivized by competition, coached by inclusive leaders, and judged by a board of executives as diverse as the team members themselves, E-ALF teams consistently hit home runs for Cisco, including Smart Grid, which is transforming the way power is delivered

in the U.S. E-ALF is also a training crucible for leaders, who learn to manage teams to maximize innovative results.

So what are they doing, these E-ALF leaders, to consistently get their teams from “storming” to “performing” in a matter of weeks? What do they do to get a bunch of very different people to cohere across time zones and functional silos to produce a solution that will capture a whole new market for the firm?

In short, what kind of leader unlocks the innovative potential of an inherently diverse team?

HOW UNLOCKING HAPPENS

We conducted focus groups across industry sectors to find out, including intact E-ALF teams at Cisco. In addition, we interviewed members of teams tasked with innovation, asking that they identify for us those behaviors in their leaders that, to their way of thinking, had resulted in positive outcomes for the team. We heard everything from the tactical (“keeps us on track,” “tolerates noise and push-back,” “keeps team focused on end user”) to the strategic (“wins us support and buy-in from key leaders,” “forges social connections among team members,” “shares credit for our success”). In total, we documented 21 things innovative team leaders did to get top performance from their teams. Which of these, we wondered, had the greatest impact on the team’s innovative output?

Since effective problem solving depends not on the number of experts you have on hand but rather, on the variety of toolkits at your disposal,²⁴ we posited that innovation depends on leaders who can maximize the contribution of each member, the better to pull each of the available toolkits into play. We theorized that when each member feels welcome to express his/her views, and free to volunteer his/her opinions, and heard

and recognized for their contributions by the other members, then all toolkits would come into play, thereby maximizing the team's innovative potential.

So, in our survey, we shared our list of 21 effective behaviors and asked respondents to indicate which ones their own team leader exhibited. We also gauged if respondents felt they could contribute in a team setting. When we correlated the results, six leader behaviors emerged as having the highest impact on team members' inclination to contribute, or speak up. Figure 4.1 identifies the six leadership behaviors.

Figure 4.1
Creating a speak-up culture



Leader behaviors that foster a speak-up culture are the behaviors that consistently unlock innovation.

And that makes sense, because only when leaders succeed in making all team members feel included enough to contribute their toolkits—to voice their ideas and opinions every time the group starts

brainstorming and vetting solutions—do leaders harness each member's problem-solving power and unlock the full innovative potential of the team.

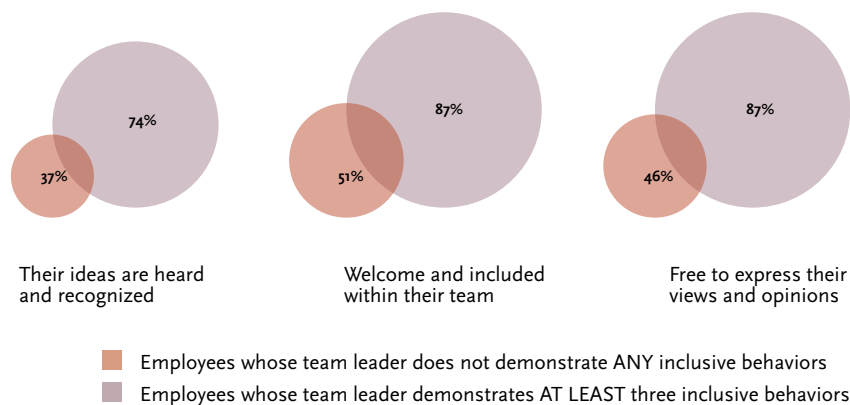
The proof is on the ground, and not just because E-ALF leaders consistently succeed in unlocking billion-dollar outcomes. While our case studies show that inclusive leaders are much more likely to unlock innovation than non-inclusive leaders, our survey results actually quantify the difference.

We analyzed the degree to which respondents feel they could contribute in a team setting—a key indicator of a team's innovative potential. To do that, we compared the responses of survey takers who report that their leader demonstrates at least three inclusive behaviors with those who report that their leader demonstrates no inclusive behaviors. How does inclusivity in the team leader affect the likelihood of respondents' agreeing to "My ideas are heard and recognized"? Or the likelihood of respondents saying "I feel welcome and included within the team"? Or the likelihood of respondents saying, "I feel free to express my views and opinions"? Whose impact, in terms of fostering the contribution of each team member, is greater—the inclusive leader or the non-inclusive leader—and by how much?

Among respondents whose team leaders demonstrate inclusive behaviors, we found a large majority (87 percent) "feel welcome and included" and "free to express my views and opinions," two robust indicators of an innovative culture.

Among respondents whose team leaders do not exhibit inclusive behaviors, only half "feel welcome and included," and somewhat less than half feel free to express their views and opinions. Only 37 percent feel that their "ideas are heard and recognized," one of the most important indicators of the speak-up culture that drives innovation.

Figure 4.2
Contributing innovative potential: Team members who feel...



When we compared the aggregate impact of inclusive leadership on the likelihood that team members will feel able to contribute their ideas, the difference was striking. We found that employees in teams with inclusive leaders are 3.5 times more likely (67 percent vs. 15 percent) to agree with all three statements indicative of an innovative climate (“My ideas are heard and recognized;” “I feel welcome and included within my team;” “I feel free to express my views and opinions”) than employees working for non-inclusive leaders (leaders who exhibit no inclusive behaviors).

We theorize, then, that inclusive leaders dramatically improve the likelihood of innovation by dramatically improving the likelihood that each member will speak up and be heard.

INCLUSIVE BEHAVIORS DERIVE FROM ACQUIRED DIVERSITY

What makes leaders inclusive?

Inherent diversity can play a role. A person of color, for example, knows firsthand what it’s like to be marginalized on the basis of ethnicity in a white-majority culture. As a result of that experience—as a result of her heightened sensitivity to being the outsider—she might manage her team more inclusively.

Yet, while possibly sufficient, inherent diversity isn’t actually necessary to confer that sensitivity. Acquired diversity, our research reveals, strongly correlates to inclusive behaviors among leaders.

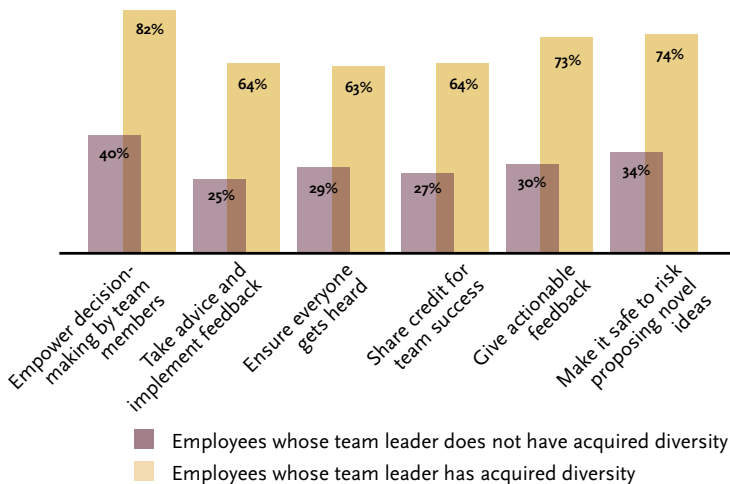
Consider Laureano González, an E-ALF participant and managing director of Cisco’s European telecom business. Straight, Caucasian, and male, González doesn’t embody difference. But having lived and worked abroad for most of his career, he does understand and value what individuals unlike himself can bring to a project or task. Fluent in multiple languages, at ease in a variety of cultures, González has acquired an appreciation for contributors whose analytical process, communication style, and approach to problems differs from his own, sometimes radically. And while he has functional expertise in telecommunications, he doesn’t perceive that expertise as necessarily conferring an advantage in addressing the truly thorny problem his E-ALF team was tasked with solving.

It is precisely this regard for others’ toolkits that makes González an inclusive leader. Indeed, our research finds that leaders with acquired diversity are more likely to exhibit the inclusive behaviors so vital to eliciting everybody’s contribution.

Again, our survey results allow us to quantify the impact. We analyzed the degree to which a leader exhibits the six behaviors we identified as inclusive (i.e., ensuring everyone gets heard, making it safe to risk proposing novel ideas, etc.) by comparing the responses of two groups: those who reported that their leaders had acquired diversity (manifesting at least three of our eight traits), and those who reported that their leaders did not.

How did acquired diversity in leaders correlate to inclusivity? You can see the difference:

Figure 4.3
Employees with team leaders who...



Having acquired diversity is most highly correlated with leaders' likelihood to take team members' input and implement it. Respondents whose leaders have acquired diversity are 156 percent more likely than respondents whose leaders lack it to say their leader did this. The effect is impressive on two other behaviors as well. Respondents whose leaders have acquired diversity are 117 percent more likely than respondents whose leaders lack it to say their leaders ensure everyone get heard, and 137 percent more likely to say they share credit for the team's success.

How one leader at Bloomberg LP harnessed disparate media platforms to make the news, not just break it

"This debate is different, and distinctive," Charlie Rose insisted, introducing a live audience at Dartmouth College to the eight Republicans on stage vying for the 2012 presidential nomination.

At a glance, viewers of the October 11th Debate would have been hard-pressed to fathom how: the contest looked and sounded just like the seven others that had preceded it in 2011. Red, white, and blue bunting festooned the stage. Triumphant music heralded each candidate. A solemn-faced moderator radiated gravitas.

Yet the Debate that Rose moderated that evening was, in fact, different and distinctive—not just for the unique Charlie Rose "kitchen table" format used during the evening, but for the event sponsor behind the scenes. The 2011 Presidential Debate marked Bloomberg LP's debut as an election newsmaker, not just a news reporter. Literally overnight, the world's largest supplier of financial data joined the major television networks as a producer and purveyor of breaking political news. And by simultaneously airing, streaming, and publishing content on television, radio, print media, websites, mobile, Twitter, blogs, and Bloomberg terminals, the \$5-billion data provider achieved a whole new level of audience—and impact. As Susan Kish, the leader who orchestrated the event put it, the Debate "put Bloomberg on the map."

An Idea In Search of Leadership

The idea of hosting a debate had actually been floated four years earlier by Al Hunt, who was then Washington bureau chief. Bloomberg's television strategy was in flux and its presence in the nation's capital too

small to have much impact on the national news stage. By 2011 though, the company had evolved and grown. Hunt, now executive editor of Bloomberg News, negotiated a partnership with *The Washington Post* and WBIN, a local television station in New Hampshire. Together, they picked a place, Dartmouth College, and set a date for a Tuesday night in October. The participants were as yet unknown. However, having covered every political convention since 1976, Hunt had an instinct for identifying potential front-runners early on. He zeroed in on Mitt Romney, knowing that if one leading candidate committed to attend, others would soon follow. By April, Romney was locked in.

It became clear, with Romney on board, that the Debate warranted more than just television coverage. How could the same fundamental content be leveraged and customized across Bloomberg's other platforms? Equally important, how would it be paid for? Each of the departments was limited to an annual budget that had been approved in the prior year.

Enter Susan Kish, Bloomberg LP's head of cross-platform initiatives. Kish was a veteran facilitator of cross-silo innovation—and seasoned arbitrator of cross-ego disputes—having acquired and honed her skills as the CEO of First Tuesday Zurich, a highly regarded think-tank which she founded in 1999. In that role she had developed thought-leader networks in areas as wide-ranging as sustainable energy, mobile/telecom, and financial services. Through techniques such as scenario planning and war-game simulations, she had promoted collaborative learning to generate strategic dialogue. “Diversity of perspective and experience was unbelievably important,” Kish recalls of her years there.

That ability to elicit and include diverse points of view and empower decision-

making across arenas brought her to the attention of Bloomberg's CEO Dan Doctoroff. He asked Kish to create a new cross-platform role, capitalizing on her inclusive skill sets, tasking her with coordinating and integrating a portfolio across all media platforms of Bloomberg. “I was given the mandate of breaking down silos—specifics to be defined,” she recalls.

Kish was invited to join the Debate team by a Bloomberg TV producer who had experience in televising national debates. “I've just been asked to give a quote of how much this would cost,” he mentioned to her over lunch in Washington. “If we do it, we'll have to get many parts of Bloomberg to work together. We have not done that much here. You have ‘cross-platform’ in your title. Do you think you could help?”

Ensuring Everyone Gets Heard

Kish recognized an early step was to get alignment behind a name for the integrated coverage, and started working with the marketing department to develop some ideas. She gathered the heads of each of the news platforms. “That's when we realized, it's not about the debate. It's about the election,” says Kish. The outcome was to use “The Economy Election” as the tag line for all ensuing coverage, which would kick off with the Debate. Furthermore, to leverage Bloomberg's financial expertise and differentiate its Debate, the event was billed as “the first economic debate of the Republican primary season.”²⁵

With that clarification, other departments enthusiastically piled in. The digital teams proposed a dedicated section on the website. “The View,” the opinion page at Bloomberg, had independently been discussing the possibility of live blogging; the debate offered the perfect opportunity to launch. The social media team identified all the internal Twitter connections to Bloomberg's target audience of business

and political decision-makers, made sure they would all tweet on the same hashtag, consolidated a consistent set of guidelines, and coordinated the timing. The Bloomberg News team in Washington, together with Bloomberg TV, struggled to find ways to differentiate the format of the debate. They decided to ditch the usual speaking podiums and invited Charlie Rose to moderate. Because Rose was accustomed to conducting interviews while sitting at a table with his guests, the “kitchen table” became another differentiator.

Challenges became opportunities for innovation

The most important decisions, however, concerned the content and flow of the debate. What should the opening questions be? How deep should the “drill-down” questions go? Was the goal to produce a “gotcha” moment or ensure that the entire event was newsworthy? Hunt led the Bloomberg team along with partners at *The Washington Post* through six working sessions to finalize the program. Challenges became opportunities for innovation: When Bloomberg’s Washington office observed that each of the candidates’ assertions would need to be fact-checked in real time, ten teams were assembled using staff from News and Bloomberg Government, their recently launched analysis service. Each team specialized in a specific topic: defense, deficit, healthcare, employment, etc. They became a brand onto themselves, with real-time “Reality Checks” leveraging the speed and subject-matter expertise of Bloomberg analysts and reporters, published across the platforms.

Kish increasingly recognized that a critical component to the Debate was going to be working with the press. Kevin Sheekey, head of government relations and communications, saw they would need a PR firm with specific experience in working

on debates. With that publicist on board, the press team got to work with a clear campaign to gain coverage. “It was not a given that the press would review us well,” Kish says. “What could we do to forge a positive relationship with other media?” Two weeks prior to Bloomberg’s event, Google had co-hosted a debate with typical Google panache: a media room furnished with beanbag couches and lots of giveaways for journalists. That wasn’t something Bloomberg could pull off, Sheekey realized. The Bloomberg team focused on providing the media with what they needed to do their job well—enough bandwidth to accommodate 150 people streaming simultaneously, and accurate, virtually instantaneous transcripts. As it turned out, Kish says, “The transcripts turned out to be one of the most effective things for us in terms of working with the press.”

As the date of the debate neared, “Al’s project” spanned eight different media platforms primed to publish content on television, websites, Twitter, radio, mobile, print, and the Bloomberg terminals. The content encompassed articles, blogs, audio snippets, photos, short- and long-form videos, and a series of on-campus events. The logistics and exposure of the debate meant that this was one of the most complex productions to date for Bloomberg TV. Andrew Morse, head of North America TV, led the team who produced the broadcast, managed the logistic challenges of working remotely from Hanover NH, and designed and built two sets—one on stage for the actual debate and one on the field outside for the pre- and post- shows. That included last-minute negotiations with the candidates’ campaign managers on the size and shape of Charlie Rose’s table, and the resultant midnight sessions with the stage carpenters.

“This became ‘the house that Jack built,’” Kish notes. “We had to be open to identify

and leverage a wide range of experience and expertise. Each platform tells a story a different way, and each platform needed to work seamlessly with the others. When someone said, ‘What if we changed this and did it that way?’ we tried hard to say, ‘Does that make sense? And if so, how can we make that happen?’”

Empowering the Team to Make Decisions

From her experience managing large, complex industry events for First Tuesday Zurich, Kish knew that a traditional hub-and-spoke model of leadership couldn’t keep up with a rapidly evolving project. Instead, she empowered her point people at each platform to make decisions. This cross-functional, decentralized leadership initially caused confusion. “I can’t tell you how many times people asked, ‘Who’s in charge?’” Kish recalls. “The answer was, ‘Well, it’s complicated. Al’s in charge. Kevin’s in charge. Susan’s in charge.’ What allowed it to work was that there were clear point-people who led individual platforms, and there was a small core group that did whatever it took to make the Debate happen.”

The hurdle the top trio encountered most frequently was what Kish calls “the tragedy of the commons.” This familiar situation occurs when everyone is interested in the task or project at hand but not interested enough to take it on themselves. To keep the Debate from becoming one of those tragedies, Kish reached out early to win the buy-in of high-level champions. Sure enough, once the head of a functional platform felt the project was important enough to make a priority in his/her budget and/or headcount, the Debate gained traction. To gain internal support, she crafted a clear statement of purpose that emphasized the business results of aligning different functions. “It was a critical step,” Kish says.

Still, working across the company demanded extraordinary communication. Kish used two mechanisms: biweekly meetings at a defined time (“to build an organic rhythm that gets into people’s thinking”), and regular check-ins with CEO Doctoroff (“to push it forward”).

To gain internal support, she crafted a clear statement of purpose that emphasized the business results of aligning different functions

Participants could join in person, by video, by phone, or keep up-to-date on an internal wiki. Both gatherings were as open as possible. Even if the size got too unwieldy, Kish says, the benefits of hearing directly from the other teams far outweighed the disadvantages.

“Diversity proved an incredibly important part of our success,” Kish adds. “When the eight different platforms all get together and ask, ‘What about doing this?’ and ‘Did you think about that?’ then it starts to be productive. You really draw on the wisdom of the crowd.”

Seizing the National Stage

On October 11th, the whole of Kish’s cross-platform initiative emerged as clearly much more than the sum of its parts. The Twitter results especially were fantastic. For the first time, Bloomberg trended on Twitter. In late 2010, Bloomberg counted only 60,000 Twitter followers; by summer 2013, there were 3.2 million. “There was a sense of symbiosis of how [each media platform] could build on each other,” Kish remarks. “It was extraordinarily gratifying to watch.”

Just as satisfying was how problems were resolved. By empowering others to make decisions, Kish avoided outright

emergencies. “Everyone had responsibility but was cautioned to make decisions while thinking about their effect on the entire team,” she explains. By the time news of a glitch in the rendering of the live video stream was relayed to Kish, the person in communications who noticed the stutter had already spoken to the social media person overseeing Twitter feeds who had liaised with the IT person handling the stream. “They all knew each other and could figure out the components,” Kish recalls. “It was a self-healing system. The circle connected.”

The event was also a commercial success, one that continues to have a knock-on effect. While Kish can’t divulge specific numbers, she says that the size of the audience and the level of sponsorship “showed that we had the power to convene, to make news, and to leverage all the different publication platforms in an integrated way.”

Perhaps most significantly, however, the event shifted the organization’s perception of its own capabilities. At the debrief after the Debate, each platform team presented metrics and spoke about what worked and what could have been improved. But the common theme coursing through the discussion was a new sense of community and trust. “We had seen the vision of the promised land,” Kish says, “and realized that we could only get there if everyone did their part.”

How one leader at Deutsche Bank reinvented retail banking by listening to the wisdom of the crowd

CASE STUDY

If it weren’t for the sign over the double doors, you might think it was a high-end department store. Situated on the Friedrichstrasse, in the heart of Berlin’s most fashionable shopping district, Deutsche Bank’s “Q110” branch beckons consumers with a sleek retail storefront. Inside the glass doors, 13,500 square feet of blonde wood flooring sports displays of the latest Italian business fashion, a rotating exhibition (from modern energy supply to mobility of the future), and “trend” items such as Berlin Humboldt University wear, designer products or natural cosmetics. Clusters of cushy lounge seating, bookshelves stocked with current best-sellers, and an espresso bar offer weary urban shoppers a welcome respite from the bustle outside. So does the café, with offerings to satisfy a business lunch meeting or a late-afternoon sweet-tooth craving. If it’s a respite from your kids you crave, Q110 can also oblige: Over in the children’s corner, licensed caregivers are on hand to entertain toddlers or engage young minds in building, say, a solar flashlight. The entire space is suffused with light, space, and color. There are no barriers, queue corrals, or counters.

And yet this is not a department store: it is Deutsche Bank der Zukunft, which may no longer be, as its sign proclaims, the bank of the future, but rather very much the bank of the present. The uniformed woman who greets you at the door, helps you pick out a gift from the Q110 trend shop, and answers your questions about the fold-up models of houses on display in the Gallery of Wishes is also poised to help you open an account, sit down with you to discuss refinancing your mortgage, or help you select the right financial products with the help of a

cutting-edge tablet computer. Should you need more private counsel, her staff can show you into a conference room (with psychedelic seating or black leather, depending on your décor preferences) off the showroom floor; if you'd prefer to explore the bank's offerings at your own pace, simply use one of the state-of-the-art digital touch screens.

This new retail paradigm is enjoying unprecedented success. Since opening its doors in 2005, Q110 has seen on average 5,000 visitors per week, an incredible volume in the banking industry, and ranked consistently higher on consulting quality. As it was considered a laboratory for Deutsche Bank rather than a profit center, Q110 is not assessed for its return on investment except according to an internal analysis of customer numbers, accounts, activities, and satisfaction versus benchmarks. But an indisputable indicator of its success is the degree to which its innovative architecture, department-store offerings, and customer service model have been replicated worldwide, not just by Deutsche Bank's other branches but also by its competitors worldwide.

Capital One 360, for example, courts new customers in eight U.S. cities with architecturally compelling "cafés" sporting free wi-fi, an espresso bar, tasty snacks, and comfortable seating—places where the barista can tell you how to save money and manage your finances. Australia's BankWest likewise features non-financial retail products, warm, inviting retail spaces and flexible meeting areas to host seminars for the community. With "retail store" branch prototypes in Ontario, Halifax, and Toronto, Royal Bank of Canada provides customers with a hybrid of best-in-class retail shopping and financial services. In short, Q110 hasn't just overhauled Deutsche Bank's customer engagement model: it has reinvented branch banking, both in terms of

the physical space and the bankers who staff it.

Acquiring Different Perspectives

Q110 began with a spark of customer insight: Strolling on Freßgasse in Deutsche Bank's home of Frankfurt in 2001, Thomas Klee, then-head of Direct Banking and Customer Service at the firm, observed that the business district had undergone a dramatic change: bank branches had shuttered their doors while luxury retail outlets enticed customers with striking architecture, welcoming interiors, cafés, sitting areas, and child care. The transformation certainly made sense: in the late '90s, high labor costs and the Internet had prompted German banks to persuade customers to do their banking online. Customers didn't need much persuading: online banking liberated them from 4:30 pm closing times and tedious teller lines.

Klee had to concede the logic of it all. Yet years of customer service experience told him, however, that in the wake of 9/11 and the dot.com meltdown, these shoppers craved what the Internet could not provide: sound advice from a trusted advisor and high-touch interactions as they sought to ensure their financial security. Service was what differentiated Deutsche Bank; retail banking was the core and volume of the firm. So the real question, as Klee explained to his boss, was how to innovate the branch environment so that it would lure in non-customers as well as customers. "We need to find new ways to integrate technology," Klee stressed. His boss, Rainer Neske, agreed that the problem warranted further scrutiny, and gave Klee one percent of the IT budget to pursue a solution.

Making it Safe to Propose Novel Ideas

While Klee felt certain that technology might upgrade the customer experience, he gave his staff, drawn from across IT, Marketing and Sales, license to put all ideas

on the table. They looked at technical innovations to be used; they had trend researchers and university studies explore the wishes of German customers; they studied retail approaches and consulted a retail architect who had never built a bank. As marketing manager Michael Tirpitz says, “We came from a technology perspective first, but then realized that there were so many emotional aspects: customer wishes were dynamic, not static. We had to redefine the customer experience and transport it into the branch.” The more the team studied retail, the more certain they became that banking should feel more like high-end shopping. Their final concept pitch to Neske reflected their new mindset: instead of a PowerPoint presentation, Klee used Neske’s big screen to share a computer animation of the branch, with scribbled architect drawings of Q110’s concept and cartoon drawings of the trend shop and “gallery of wishes.” The experimental branch would be a trend laboratory at a new site and with new architecture. It would sell select consumer products, offer food and kids’ care. Its opening hours would match the surrounding stores, it would employ the newest technology, and there would be new events and themes regularly.

That novel approach prompted Neske, in turn, to test the concept with members of his senior management team. With their backing, he green-lighted a team of four marketing specialists and three IT staff to detail the concept enough to recruit the branch team who might help launch it. For each of the concept’s elements—the trend shop, kids’ care, lounge etc.—the team developed and tested several ideas. Eighteen months and many focus groups later, Q110 emerged—the 45th combination of different elements.

Harnessing Point-of-Pain Insight

This new bank, Klee perceived, would require a new kind of banker: someone enthusiastic about interacting with customers on the floor around a variety of products, rather than a teller accustomed to waiting behind counters. This also facilitated a need to develop a completely new personnel management, sales model, and event concept. By creating teams more representative of the bank’s customers, and drawing on the customers themselves for ideas, Q110 staff generated a flow of ideas that led to its most successful collaborations. Partnerships with—among many others—the Fraunhofer research institute, Porsche Design, and Airbus, made the branch an experimental testing ground not only for Deutsche Bank, but also for its partners. Muji, for example, decided to open its own store in Berlin after the successful Q110 trial and The Phone House has implemented the concept tested there into its entire German retail network.

Deutsche Bank has since focused on the challenge of diffusing Q110’s learnings and success into its vast branch network. The original branch staff and its successors have rotated across the country in new assignments to function as “new bank” cultural ambassadors. Q110’s architectural design elements have transformed most branches. Most of its new products and software have also been transferred. Nor has Deutsche Bank’s cultural transformation slowed: it is now moving for a substantial re-launch to incorporate even more futuristic ideas and generate a seamless communication experience. While Klee and Tirpitz remain mum on details, Q110 has proven that a vision infused by both lateral and vertical diversity can not only recapture market share but also invent a new kind of marketplace.

Acquired Diversity Unlocks Innovation

To recap our findings: leaders with acquired diversity behave in ways that unlock a broad spectrum of perspectives and toolkits. Having learned to value difference, these leaders exhibit inclusive behaviors that help establish the “speak-up culture” so critical to unleashing the intellectual contributions of each employee and unlocking the innovative potential of the team. We posit that the process works as follows:

Figure 4.4
How unlocking works



THE DOUBLE Play

OUR FINDINGS MAKE CLEAR THAT INNOVATION DRAWS ON diversity in two ways. Employees with inherent diversity best understand markets and end-users that companies today are most keen to reach: the burgeoning Hispanic market in the U.S.; the growing number of Muslims in Europe; the disproportionately young populations of the Middle East; newly empowered consumers in sub-Saharan Africa and Asia; and women the world over. Our data likewise show that leaders with acquired diversity are best equipped to unlock the insights of these employees.

We've seen how companies like Standard Chartered, American Express, and Bristol-Myers Squibb have capitalized on inherent diversity in their employees. We've seen how companies like Bloomberg LP and Deutsche Bank have leveraged the acquired diversity of their leaders to extract innovation from functionally diverse teams. These firms have realized significant revenues from their diversity.

Now let's look at how two companies that have harnessed both kinds of diversity have benefited from their interplay.

CASE STUDY **How leaders at Turner Broadcasting harnessed inherent diversity to drive minority viewership***

Tune into TBS, the Time Warner cable television network, and you'll know immediately why it's America's "very funny" channel: programming highlights have featured comedians like Conan O'Brien, George Lopez, and Jerry Seinfeld.

But what's also immediately apparent is the multicultural cast of the Wednesday night line-up, with original sitcoms such as "Meet the Browns," "For Better or Worse," and "House of Payne" from the African-American playwright-actor Tyler Perry. Dubbed "home of minority-driven comedy,"²⁶ TBS is today the unsurpassed leader in attracting a media-savvy African-American viewership largely ignored by the rest of the industry. Its strategic overhaul of programming—from a patchwork of "The Andy Griffith Show" reruns and Atlanta Braves broadcasts into one of cable's top destinations for comedy—has levered TBS from 20th place in the fiercely crowded \$86-billion cable galaxy to the number-one network for African-Americans ages 18 to 49. A magnet for advertisers and viewers alike, Wednesday evenings on TBS have not only diversified the face of television comedy, but have bolstered TBS's viewership to put it head-to-head with the traditional Big Four broadcasters.

How this formerly humble home of reruns transformed itself into a cable titan in part by capturing the African-American market seems at first glance to be the simple tale of a fortuitous partnership: the multi-million dollar deal that marketing whiz Steve Koonin forged with Tyler Perry in 2007 to build the Wednesday night programming block. Air the right shows and presumably the right audience will follow.

But it wasn't that simple. The diversification of TBS's offerings wasn't purchased so much as built

through a daunting, ground-up culture shift and strategic marketing effort that Koonin engineered to create an expansive platform for diverse talent, minority viewers, and outside-the-box thinking. At TBS and its sister networks, Koonin and his team cultivated in-house diversity to drive on-air transformation. Here's how they did it.

The Speak-Up Culture

From the time that Koonin arrived at Turner Broadcasting System in 2000 from a 14-year marketing career at Coca-Cola, he sought to create a corporate culture where people were encouraged to think differently and share ideas company-wide. "When you're trying to program to people's tastes years in advance, you first have to surround yourself with diversity of thought," says Koonin, president of Turner Entertainment Networks (TEN), a division of Turner. What that means, he explains, is "hiring to build an organization that has contrarian views but cooperative workstyles." As head of TEN, Koonin oversees the TBS, TNT, Turner Classic Movies, and truTV networks, a portfolio of cable franchises that is responsible for more than half of Turner's \$7.4 billion in revenues.²⁷

Drawing on his extensive marketing background, Koonin made network branding his first priority. He recast TNT as a drama network in 2001, and rebranded TBS as a comedy channel in 2004. These efforts built on cable's historic emphasis to "narrowcast," a strategy geared to win the loyalty of niche subscribers. (Cable channels that carry ads get only half of their revenues from advertising.)²⁸ But in the course of branding the networks, Koonin ran up hard against a "siloes" internal culture. In 2006 he repositioned the TEN stable into a portfolio of brands with a shared mission. Then, rather than turn to an outside consultant to formulate the mission, Koonin tasked his 600 employees to articulate their core beliefs. The staff spent three weeks interviewing each other, then adopted a three-pronged shared commitment: to

**This case study reflects TBS's programming strategy in 2010, when it included a major partnership with Tyler Perry. TBS's agreement with Perry was part of a network evolution that began in 2004 when TBS shifted its focus to comedy. The network's goals at the time included building a stronger brand, serving as an alternative to broadcast, providing more premium content, and building capabilities in originals. TBS launched its "very funny" brand in 2004 with reruns of "Sex in the City." TBS's partnership with Perry followed in 2007 and was an*

important step in expanding the reach of the network. More recently, TBS programming has continued to evolve, with original scripted and unscripted series including "The Big Bang Theory," Conan O'Brien in "Late Night," and the NCAA men's basketball tournament. TBS continues to target diverse audiences, with a focus on psychographics. This strategy reflects a shift by advertisers, many of whom prefer to target multicultural viewers with ads in programming that attracts broader audiences.

creativity, to diversity, and to their audiences. Dubbing themselves a “community of individuals,” TEN employees began looking for ways to fulfill their commitment.

Springboard, one of their first initiatives, exemplifies Koonin’s emphasis on nurturing a culture where all ideas are heard. An employee-driven idea hatchery, Springboard provides staff at all levels with a forum that makes it safe to risk sharing a break-out idea (see page 12 of this report for details). Tellingly, Springboard arose from a 2005 argument between Koonin and top strategist Jennifer Dorian, who pitched him on an idea that he promptly shot down. When she protested that he didn’t necessarily understand all demographics, he admitted he needed to re-think his role as idea-vetter. “When you encourage creativity, people do come up with a lot of ideas,” he muses. “But it becomes a manager’s dilemma: If I green-light ideas that I know won’t work for our business, then I’m wasting company resources, yet if I stifle ideas, people won’t bring any.”

Wooing Minorities to Win Minorities

Having built an organization where diversity of thought could drive great ideas, Koonin next looked for diverse talent that could drive growth by creating content for underserved audiences.

He didn’t have to look far. In 2006, Tyler Perry was an underutilized powerhouse, an Atlanta-based media producer still largely ignored by the Hollywood elite. A devout, once-homeless playwright, Perry began his career penning and starring in faith-based, vaudevillian plays that he staged in cities across the urban South and Midwest beginning in 2000. Five of the plays were turned into wildly successful indie movies, with an average gross of nearly \$50 million apiece and a total ROI of an estimated 120 percent for Perry’s distributor, Lionsgate Entertainment.²⁹

After a TEN programming executive put Perry’s numbers on Koonin’s radar, Koonin began taking Perry out to lunch. Curiously, no other television executives were. Perry and his fan base—representing overall \$1.5 trillion in buying power—were simply not on the industry’s radar.³⁰ One NAACP report, noting a “serious shortage of minority faces in prime time,” lamented that “the trend seems to be going in the wrong direction.”³¹ Cable networks had, of course, periodically aired movies and dramas that appealed to black households, since these viewers have historically generated 20 percent of cable revenue, have a younger median age than other viewers, and are four times as likely as all households to subscribe to premium services.³² Still, no network, cable or broadcast, had much to offer black audiences in 2006—certainly not in the realm of minority-driven comedy.

So when Perry announced his first foray into television that year with a self-financed new comedy sitcom called “House of Payne,” Koonin and his team were eager to strike a deal. Yet Perry had doubts. The very lack of diversity on TBS’s airwaves that inspired Koonin to seek out Perry gave him pause. Why should Perry take his established brand and loyal audiences to a network known for old and not-very-diverse comedy reruns?

To win him over, Koonin and his team created the Emerging Markets team, later known as the Emerging Markets and Dayparts team, as a multicultural SWAT team within the TEN marketing department. Created just prior to the network’s first deal with Perry, the team focuses on developing innovative marketing opportunities for TBS, TNT, and TCM—from the Wednesday night block to TBS’s new youth-centric late-night line-up led by Conan O’Brien. (“Dayparts” refers to efforts to woo different audiences for varying parts of

the day.) The six-member team currently includes three African-American women and two men (one Caucasian, one Puerto Rican). “We truly reflect the audience we are going after,” says team leader Monica Neal, herself a woman of color. As with the Springboard initiative, the EMDP team is charged with bringing their whole selves to work and communicating it. “This is where the rubber hits the road,” says Jeff Gregor, executive vice president and chief marketing officer of TBS, TNT, and TCM. “I tell my staff, ‘Whether you’re a 50-year-old white male or an African-American who lives in an urban center, make sure that every day you bring to work what you see, what you hear, what you know—and *share* that.’”

After an enormously successful 10-episode test run of “House of Payne” in 2006, TBS bought 100 episodes sight unseen for \$200 million—a huge risk to take in television. Koonin noted at the time that the exclusive deal was a gamble. But, he added, “These shows are a lighthouse. They are destinations for new viewers.”³³

Koonin’s bet on “House of Payne” and Perry proved stupendously correct. The first national episode of “House of Payne” in 2007 attracted 5.8 million viewers, the largest sitcom audience in cable history at the time. In 2009, Perry’s show “Meet the Browns” joined the TBS Wednesday night roster and quickly became television’s best-rated scripted series among African-Americans ages 18 to 49. In 2010 rapper-producer Ice Cube chose TBS as the home of his first television show, “Are We There Yet?” “I always wanted to be on that channel,” Ice Cube told reporters. “All these other stations, you can’t find anybody who will give diverse programming a chance.”³⁴ The comedy became cable’s top sitcom of the year.

Since then, Wednesday nights on TBS have become a cornerstone of Turner’s overall

push to compete with traditional networks. Perry’s original fare has helped deepen a commitment to original scripts at TNT and TBS; the budgets for original programming have quadrupled at the two networks since 2004.³⁵ The success of Wednesday evenings, meanwhile, led TBS to “brand” other nights of the week for different audiences—a strategy that attracts blue-chip advertisers eager to court the network’s discrete viewerships. In 2008 Koonin startled the television world by announcing his fall show line-up to advertisers the same May week that broadcast networks traditionally do so. The message: we are not your poor relation any longer. Bolstered by the network’s rising profile, Koonin convinced Conan O’Brien to jump to TBS in 2010, and then charged ad rates on a par with broadcast late-night shows.

By 2011 Koonin’s 10-year strategic vision had brought in new ad money, new audiences, and new recognition. “We have gotten literally thousands of emails and calls from people saying, ‘Thank you, I now have something on TV that looks like me,’” says Koonin. “That’s an innovation that the ‘very funny’ channel can be seriously proud of.”

How inclusive leadership at EY unlocked diverse talent to drive client satisfaction

When Sharon,³⁶ an Ernst & Young LLP Tax partner, took over an account in 2009 and reviewed the client's feedback, she knew her team had their work cut out for them.

The client had expressed some dissatisfaction via service-quality assessments and face-to-face meetings with EY's local leadership team. "The higher turnover rate on this team undermines the level of service we expect from EY," one client contact told the previous account leader before he transitioned out, despite liking him individually. "We're getting neither the consistency of service nor the depth of expertise we deserve. Frankly, we've lost confidence in this team's ability to deliver."

It didn't need to be spelled out. If the team couldn't turn things around, the client was going to take its business elsewhere. "Everyone wants to see an account flourish, but we had to prove we could do the work we already had," she recalls.

Sharon—who emphasizes that every step of the journey was not a lone mission, but a true collaboration with EY's leadership, her fellow Ernst & Young LLP partners and her team members—didn't set out to innovate an approach to further improve client service that EY might adopt for all of its teams. Her first step was to assure the client that EY was committed to consistently delivering quality service. "I was incredibly focused on client satisfaction," she says.

And yet, the steps her team took have come to embody EY's expectations for "high-performance teaming." In just a few months, Sharon and her fellow leaders diversified the team and restructured it so that it could meet its service obligations. Within a year, they had not only put a stop

to the turnover on the team but also dramatically improved operational efficiency. Within two years, the team added several professionals based in India, enabling EY to respond to competitive pressure to reduce fees without, in their case, diminishing margins. Over a period of two years, the deeper and more diverse talent bench, coupled with 100 percent retention of its senior members, increased the account's operational efficiency. The team met deadlines and budgets and, by demonstrating the capacity and continuity of experienced professionals to take on additional projects, earned the client's trust to expand EY's footprint of services provided. "I don't know what you're doing with your team," one senior client executive commented to Sharon, "but keep it up."

It's no mystery that greater employee engagement translates into greater employee retention. Nor is it surprising that less turnover translates into greater client satisfaction. But EY has recently quantified how an engaged workforce pays off for the business, identifying the leadership behaviors that unlock improved business performance. It compared the results from its employee Global People Survey with the financial, operational, and brand measures of its business units worldwide. Business units that were "best-in-class" for engagement (benchmarked against regional norms) had retention rates that were 11 points higher and had revenue-per-person that was 60 percent higher than those below their norm. And those in the top quartile for engagement had brand favorability ratings that were 17 points higher than the least engaged.

The survey items that best predicted financial performance included ones where teams felt that their team members reflected a diversity of backgrounds and experiences, were encouraged to come up with new and better ways to do their work,

and felt they were held accountable for developing others. “What we’ve found is that diverse teams, regardless of whether that diversity is inherent or acquired, drive exceptional client service. This leads to a higher quality work product and thus higher financial performance,” says Karyn Twaronite, an Ernst & Young LLP partner and Americas Inclusiveness officer, “but only if they are headed by an inclusive leader who encourages people to share their views and challenge how best to get things done.”

Building Bench Strength

How Sharon and her fellow leaders moved the team from high turnover to high performance holds lessons for professionals in any customer-facing industry. Here are the key steps they implemented.

Assess team composition and dynamic.

Sharon and her fellow partners took a hard look at the team. Why and where didn’t it gel? What explained the higher attrition rate? How could the account leaders restore passion as well as performance?

The first thing that struck Sharon was the team’s relative youth. “I knew what was going on with the turnover,” she says. “Over the years, as people self-selected out of EY or off the account, we’d lost the more experienced ones. As a result, the reporting structure had broken down: it wasn’t clear who was doing what, or who was reporting to whom. And so the younger people who stayed on the account handled it as they saw fit: the assertive, confident, unstructured types had taken over, and those who worked best in a more structured environment, weren’t being leveraged or reaching their full potential.”

Pulling from EY’s vast talent pool, Sharon and her fellow leaders were able to replace the expertise the team had lost, infusing it with not only greater generational diversity

but, in the process, also more women and ethnic minority talent.

Impose transparency on working relationships. To the surprise of more junior employees who’d been accustomed to “having a hand in everything,” Sharon assigned new reporting relationships, reaffirming roles and responsibilities as well as declaring teams and subteams, and clarifying what needed to be accomplished. Sharon publicly appointed her lieutenants, those with whom she’d communicate directly and those whom she might copy on an email, “so that the entire group would know my approach and be clear on how information would be shared.” Then team leadership imposed a regular in-person meeting schedule, with weekly gatherings of the entire team in their team room. This had the effect, too, of lending transparency to office communication. Finally, leadership rearranged the workspace seating, which over time had devolved into groups segregated along generational, gender, and ethnic lines. To foster apprenticeship, as well as to bridge divisions, more experienced members were seated next to those with less, with the arrangement changing every few months to rotate learning opportunities. “That broke up the cliques of the Old Guard,” Sharon notes, “and relieved some of the bias and tension that had built up.”

Build trust. One of the more senior members, a new ethnic minority team member, pointed out to Sharon one day that for him and other Muslims in the office, this was a day of major religious significance, on par with Christmas for Christians, and that they should be home with their families. Aghast at her ignorance of the day’s significance to the staff, but even more troubled that her lieutenant hadn’t felt comfortable asking for the day off, Sharon insisted he go home. “No one’s holidays are more important than anyone else’s. We want to honor the holidays and

traditions that are important to each of us, not just the majority,” she announced at that week’s team meeting. “We’re going to be respectful of that, going forward.” Then she pointed to a big group calendar she’d posted. “If you need time off for a holiday or for other reasons, just mark it in. We’ll find a way to make it happen as long as we are all committed to client service and to each other individually and as a team.”

Sharon also looked for opportunities to fuel greater fellowship. Over the winter holidays, she invited the team to her home for a white-elephant gift exchange; they also started “international nights” by hosting a potluck that required each team member to bring a dish representative of his/her culture. “It was literally a cultural melting pot,” she explains. “It helped us learn about each other and appreciate each other’s background in a way we couldn’t do at the office—but which definitely impacted what we did on the job.” To bridge the generational divide, team leadership also brought in a speaker to identify some of the “myths” Boomers held about Millennials, and vice versa, and followed up with a conversation about the team’s composition and where potential gaps existed. “Just acknowledging the problem was an important first step,” she says. “These issues don’t go away, but establishing an open, ongoing dialogue does a lot to address them.”

Empower team members to take risks.

One of Sharon’s senior managers, a Bangladeshi-American, innovated a talent solution that realized efficiencies for the client and preserved profits for EY. Through his network, he created a team in India that complemented the U.S. effort, eventually outsourcing some 5,000 hours. “The conventional wisdom had always been that we just couldn’t send any of this work overseas, because it simply wouldn’t work for this account,” Sharon explains. “But this senior manager, who was from that region

of the world, took it upon himself to figure out how to make it work.” Indeed, offering a highly efficient and dedicated team around the world ultimately allowed Sharon’s team to fend off another firm competing for the business. “We were able to stand our ground without reducing our profit on the service,” Sharon says. “It was a solution I wouldn’t have come up with, and couldn’t have made work on my own—a testament, truly, to the importance of having and leveraging diversity on our teams.”

Scaling Inclusive Leadership

Inclusive behaviors come naturally to some leaders, but at a global organization like EY, where the median age of managers is 27, inclusivity is a competency that’s assiduously taught and continually reinforced in all of its offices in more than 150 countries worldwide. “Culture change requires substantial ongoing investment,” observes Twaronite. “We’ve got to make sure any manager anywhere can lead a diverse team effectively.”

Intensive training on this topic starts early in an EY professional’s career (typically five years in, or when someone reaches the manager rank) and begins with an exploration of unconscious bias as part of a one- to two-day immersion called *Leadership Matters*. Every person promoted to manager spends time with Dr. Mahzarin Banaji, the Harvard psychologist whose seminal work on unconscious bias has transformed the way in which diversity and inclusion professionals approach leadership training. Participants do a self-assessment to determine where they might harbor bias. Armed with that awareness, they work with a coach to formulate a strategy to become consciously more inclusive. Ultimately, by surfacing and addressing their biases, they hone not only their cross-cultural competencies but also their ability to bridge gender, service-line, and performance differences.

Twaronite recalls her own “aha moment” as a seasoned leader in the program: she was favoring the high performers on her team, to the detriment of the lower-rated ones. Those who’d received a five-star performance rating “could call me at home on the weekends, and I’d make time,” whereas those who’d received a three-star rating “were more likely to talk to me before or at the end of a meeting,” she recalls. “I realized that I’d labeled these people, and by reinforcing those labels I wasn’t fully leveraging the diversity of my team.” So with the encouragement of her coach, Twaronite committed to spend more time with the professionals rated a “three” and “four.” And while meeting that goal proved time-consuming and occasionally frustrating, some of the threes, she found, became fours, and some of the fours became fives. “Some didn’t change, of course,” she says. “The fives remained fives! But overall, productivity went up on the team.”

Inclusive leaders consistently demonstrate five behaviors, Twaronite and her fellow diversity and inclusiveness colleagues have learned. Team members from São Paulo to Detroit with whom they’ve conducted “listening tours” affirm that what makes them feel most included are when their leaders:

- Ask for their opinion even when they disagree
- Give actionable and consistent development feedback
- Invest in their success as either mentors or sponsors
- Ensure that the team taps into their unique skills and views
- Empower and respect them to develop and chart their own careers.

“Leading inclusively requires listening actively,” she says. “Our leaders truly care what *all* of our people have to say—not just the loudest or most senior person the room.”

To reinforce and reward these behaviors, EY solicits staff nominations for Inclusive Leader Awards on a regular basis. Anybody at any level anywhere is encouraged to recognize someone they report to in their own words. Over the course of a year, hundreds of nominations pour in online, says Twaronite, helping EY identify who its most inclusive leaders are and why. Last year the firm recognized some 19 winners. But of the 350 whom Twaronite notified about their nomination, nearly every single person wrote back to express how much it meant to them to have won the approbation of their staff—“much more so than getting recognized by their boss,” she says. “Letting them know that we heard from their own teams that they’re making an impact drives the kind of culture change we’re seeking.”

Finally, EY solicits and shares client feedback, as invariably its major buyers witness the relationship between effectively led diverse teams and superior business results. One client, aware of the absence of diversity on his own bench, noted that the EY team, led by an African-American partner, provided vitally complementary creativity and innovation. Another, after working for months with an EY team with two openly gay members, gained the inspiration and courage to announce to her staff that she is gay.

“I’m not saying we’re perfect,” Twaronite comments. “This is a significant, long-term investment and proposition. But we know these tactics are working. And we proudly continue to make progress.”

THE DIVERSITY DIVIDEND

CASE STUDIES OF INNOVATIVE COMPANIES

demonstrate our thesis at work: acquired diversity in leadership drives inclusive behaviors; inclusive behaviors foster a speak-up culture; and a speak-up culture harnesses the insight of innately diverse members, thereby unlocking the innovative potential of the team.

Our survey results surface an incredibly robust correlation between innovation and diversity in senior leadership. We found that, measured against benchmarks of innovative cultures, employees at companies with two-dimensional (2D) diversity³⁷ are nearly *twice* as likely as employees working at companies without it to manifest those markers of an innovative culture. We found, too, that ideas from employees at companies with 2D diversity are much more likely to get endorsed, developed, and deployed than ideas at companies without it. Most dramatically, employees at companies with 2D diversity report that their company enjoys measurably greater market outcomes than employees at companies lacking it (that is, with *less than three* kinds of inherent and acquired diversity). We infer from these findings that diversity doesn't just spur innovation; diversity pays a significant and quantifiable dividend.

WHERE INNOVATION THRIVES

Let's examine first the correlation between diversity at a company and the presence of an innovative culture. Looking at the distribution of college-educated, white-collar employees individuals in the United States, we found that 22 percent of them work for companies with two-dimensional diversity; 78 percent work for companies without it.

Respondents working for companies with 2D diversity are 95 percent more likely than respondents working for companies without 2D diversity to say, "We're not afraid to fail." They are 90 percent more likely to say, "We take risks." They are 72 percent more likely to say, "Nobody's afraid to challenge the status quo." And they are 68 percent more likely to say, "We embrace the input of members whose background or expertise differs from our own."

Results proved to be just as polarized when we correlated inclusive leader behaviors with 2D diversity. You can see that, again, respondents who work for companies with 2D diversity are far more likely to say their leader exhibits these key behaviors: share credit for the team's success (79 percent more likely); take feedback from the team and course-correct based on it (74 percent more likely); and make sure everyone gets heard (65 percent more likely). Respondents at companies with 2D diversity are not only more likely to say their team

leader is "collaborative and catalytic," (83 percent vs. 64 percent), but also that the leader of their company is cast from this mold (69 percent vs. 40 percent).

They are far more likely, as well, to ascribe to their company leader certain traits associated with innovative cultures. For example, 62 percent of these respondents credit their leader with creative and/or visionary thinking—whereas at companies lacking 2D diversity, only 21 percent describe their company leader in these terms. Interestingly, these respondents are almost just as likely (61 percent) to say senior leadership at their company champions workforce diversity: compare that to 20 percent of respondents at companies lacking 2D diversity. Forty percent say their leadership is representative of the company's end user, whereas at companies lacking 2D diversity, only 11 percent say this is true. Fifty-four percent agree leadership is attuned to the needs of the company's end user, compared to 23 percent of respondents at less diverse companies. And which leaders prove to have an appetite for "outside-the-box" thinking? Those at companies with 2D diversity. Respondents at 2D companies are 133 percent more likely to describe their leadership as having that appetite than respondents at companies lacking diversity.

Who owns up to a culture that thwarts contrarian thinking and stifles novel ideas with market

Figure 6.1
Which of the following attributes describe your team?

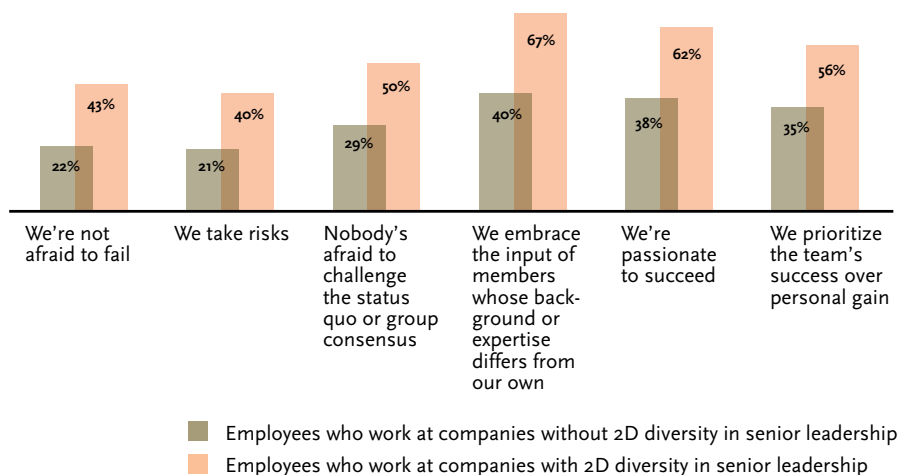


Figure 6.2

Which of the following attributes does your company's leadership exhibit?

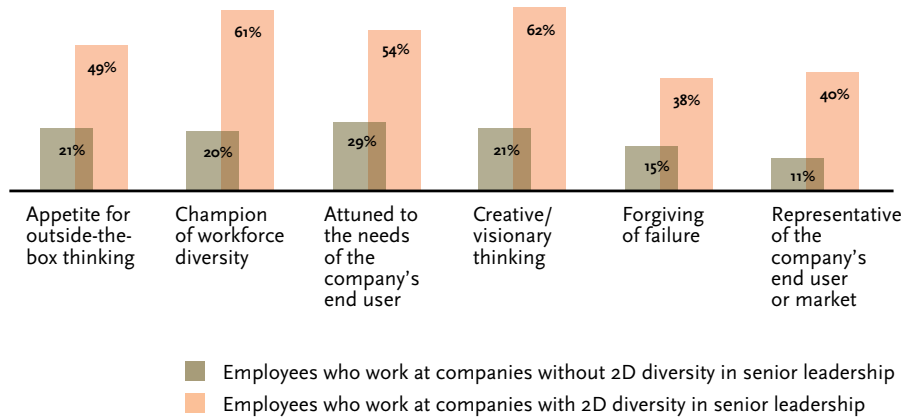


Figure 6.3

Which of the following behaviors does your team leader exhibit?

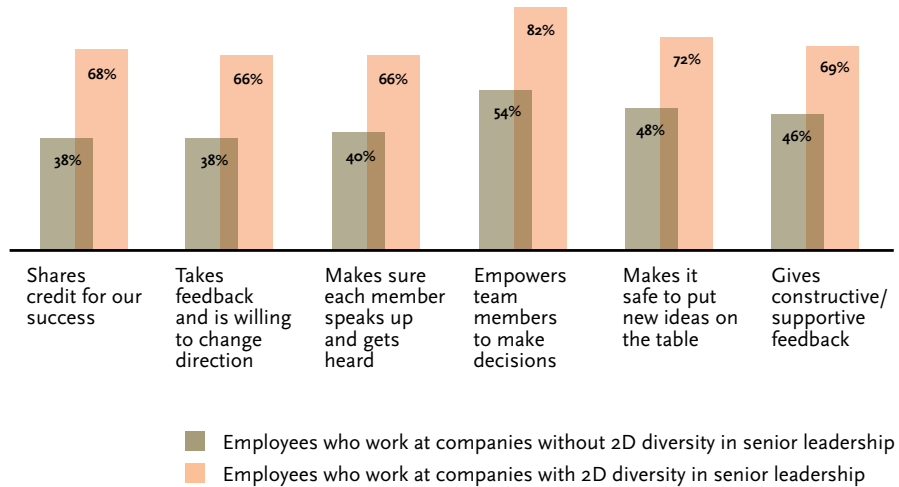


Figure 6.4

Which behaviors at your company get rewarded either formally or informally?

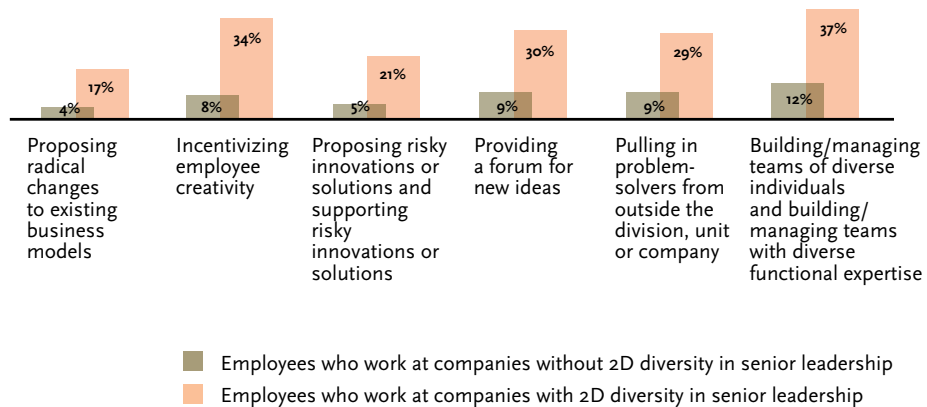
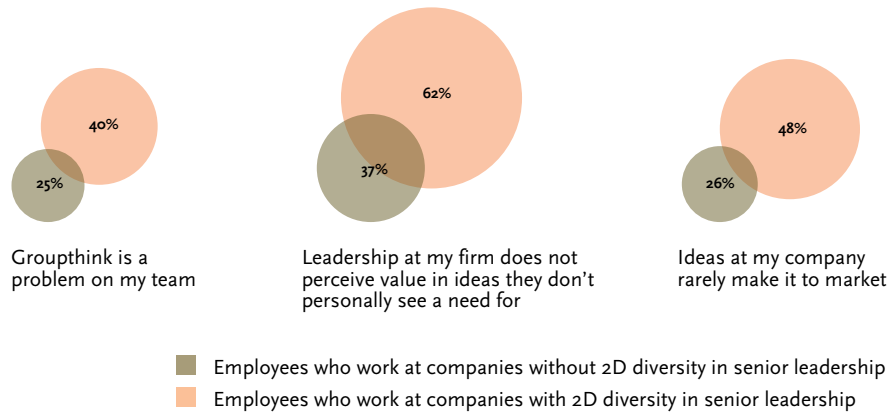


Figure 6.5
Which of the following are true?



potential? Forty percent of respondents at companies lacking 2D diversity, in fact, say that groupthink is a problem in their team, compared to only 25 percent of respondents at diverse companies. That's a 60 percent difference. A significant majority (62 percent) of these same respondents concur that leadership at their firm "does not perceive value in ideas that they personally don't see a need for," compared to 37 percent of respondents at diverse companies. That's a 68 percent difference. Forty-eight percent admit that "ideas at my company rarely make it to market," a statement that only 26 percent of respondents at diverse companies agree with. That's a stunning 85 percent difference.

The most dramatic cultural differences we uncovered described organizational behaviors known to incentivize innovation. Respondents at companies with 2D diversity are more than four times as likely as respondents at companies lacking it to say their company rewards or supports employee creativity; risky innovative proposals; and radical changes to the business model. They are more than three times as likely to say their company provides a forum for new ideas; pulls in problem-solvers from outside; and builds or manages diverse teams.

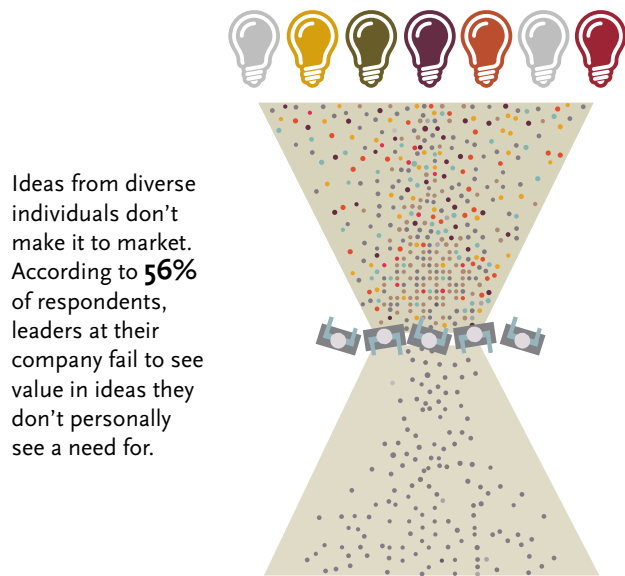
Now: does a more innovative culture actually produce more innovation? In fact, our survey shows they are highly correlated: at companies with 2D diversity, many more

employees have an idea that makes it all the way to the marketplace. And the reason for that is not just because 2D companies can boast an innovative culture. At companies with more homogenous leadership, significantly more employees have a market-worthy idea that, they tell us, simply "dies on the vine." Our survey data suggests why.

THE CHOKEHOLD

In most firms, senior management is considerably more white and male than the workforce under it. Fifty-three percent of employees (and 47 percent of them work for multinational companies) work in companies where the *leadership* is "almost entirely white" or "almost entirely male," whereas only 27 percent of employees work for companies whose *workforce* is almost entirely white or male. This lack of inherent diversity bodes ill for innovation because, as we've seen, leaders who don't embody their end user or who lack the acquired diversity to understand individuals unlike themselves may not readily grasp which new products or services will best meet target consumers' needs. More than half of our respondents (56 percent) say leaders at their firm fail to see value in ideas that they personally don't see a need for. That lack of understanding translates into quite a chokehold: at companies without 2D diversity, only 45 percent of employees who have ideas get the endorsement they need to keep those ideas in play, as compared to 63 percent at companies with 2D diversity.

Figure 6.6
The chokehold



Moreover, our data shows that the chokehold disproportionately suppresses innovation from women and minorities—the very people likeliest to identify opportunities in underleveraged markets and provide the understanding vital to solving for those markets' unmet needs. Either their ideas never get evaluated by key decision-makers, or they are rejected or put on hold. At companies with non-diverse leadership, straight white men are: 28 percent more likely to win endorsement for their ideas than women; 34 percent more likely to win endorsement than people of color; and 24 percent more likely to win endorsement than LGBTs.

The suppressive effect of the chokehold is significant. At companies lacking 2D diversity, a mere 20 percent of employees who have an idea make it out of the pipeline into the marketplace. Compare this to employees at a 2D company: 35 percent of them have an idea that makes it all the way to market. That's a 75 percent difference in employees whose innovation gets realized.

So it's not even that companies with homogenous leadership lose out on the contributions of diverse employees. They lose out on employee innovative potential, period.

A CAUTIONARY TALE

When fourth-quarter financials showed Beam Global, the bourbon purveyor, to have boosted net sales in 2011 to \$2.3 billion, CEO Matt Shattock congratulated his executive team for having the infinite wisdom to acquire Skinnygirl®, the line of pre-mixed cocktails that reality-TV star Bethenny Frankel had launched in 2009. In its first year as a Beam product, Skinnygirl® posted a staggering 486 percent in net sales growth.³⁸ “We see Skinnygirl® cocktails as an excellent platform for long-term value creation,” Shattock told investors.³⁹ Indeed, in 2012 the brand helped push Beam Global to a record \$2.5 billion in net sales.

But back in 2009, when Frankel approached Shattock and his senior circle with her idea for a low-cal bottled margarita, they refused to back her. In fact, all the major liquor companies, helmed by men, pooh-poohed her product. Frankel forged ahead without them; within a year she'd sold about 100,000 cases, or 2 million bottles, of her margarita. By February 2011, it was Shattock and his men who approached Frankel on bended knee. The marriage cost Beam an estimated \$39 million, plus another \$25 million in 2012 when Frankel blasted through first-year sales targets, for a total price tag of \$64 million.

Beam Global exemplifies what happens to ideas when leadership is not diverse. Such companies lose out on two fronts. Either senior management fails to stoke the firm's innovative fires by fanning every spark, or they inadvertently snuff out would-be market winners because they fail to see value in what they don't understand. Either senior management lacks the acquired diversity to be inclusive, and so fails to foster the speak-up culture that unlocks innovation, or they lack the inherent diversity to perceive blockbuster opportunities or respond to them effectively. Either way, they lose out on the diversity dividend—and wind up paying exorbitantly for the innovation they acquire.

THE BOTTOM LINE

BY A NUMBER OF SIGNIFICANT MEASURES, COMPANIES with two-dimensional diversity are more innovative. More employees have an idea that gets heard and green-lighted for development and deployed into the marketplace than at less diverse companies.

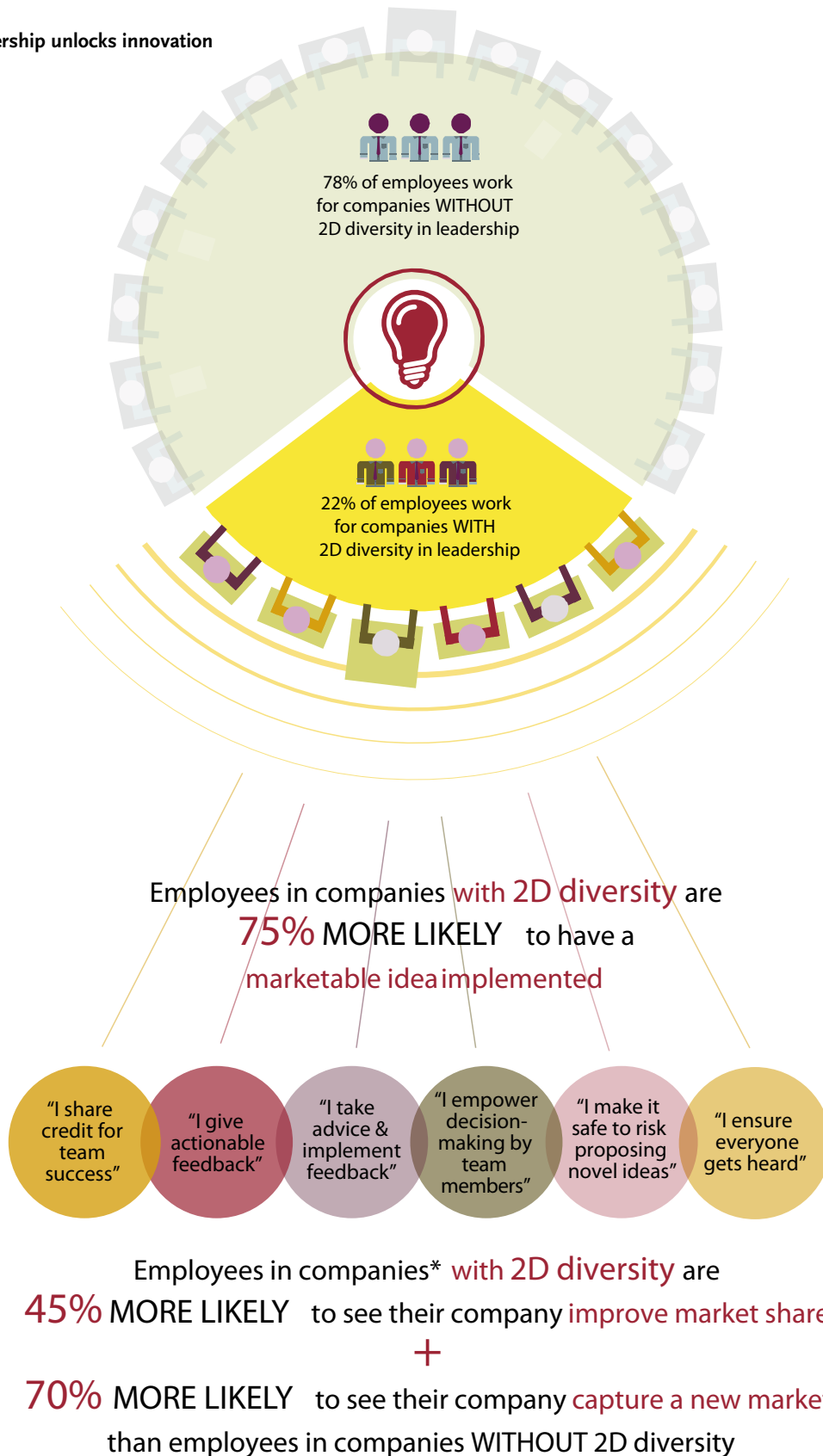
But the real question is: does all this innovation drive value? Do diverse companies with inclusive leaders actually enjoy better market outcomes? Does unlocking innovative potential at these firms translate into greater market share for the firm, or dominance in brand new markets?

Certainly our case studies suggest the double-play pays off, and handsomely. With our survey results, however, we found we could actually quantify the dividend.

Our findings confirmed our hunch: two-dimensional (2D) diversity highly correlated with market outcomes. Employees who work for publicly traded companies *with* 2D diversity are *45 percent more likely* than employees who work for publicly traded companies *without* 2D diversity to report that their company improved market share over the past 12 months, and *70 percent more likely* to report that their company captured a new market over the past 12 months.

That's a remarkable testament to the impact of diversity—not just on innovation, but on the bottom line.

Figure 7.1
Diversity in leadership unlocks innovation



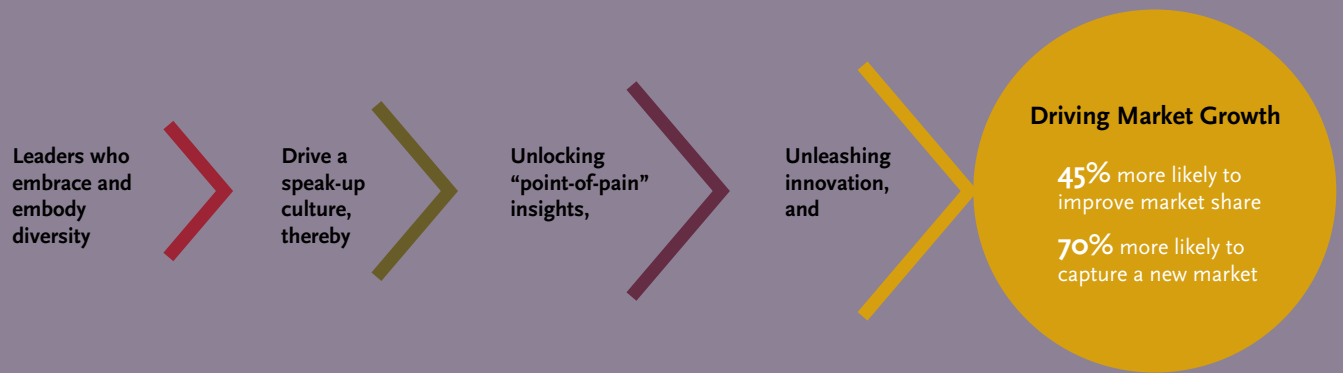
*Refers to employees who work in publicly traded companies

A NEW BUSINESS CASE FOR DIVERSITY

WHEN EXECUTIVES EMBRACE DIFFERENCE, LEADERS AT ALL levels are more likely to be effective at eliciting and endorsing the ideas of all contributors. There's a trickle-down effect, we find. At companies where executives have two-dimensional diversity, team leaders are 74 percent more likely than team leaders at companies lacking that diversity to foster the speak-up culture that unlocks innovation. (Fifty-nine percent of respondents at companies with diverse leadership say they have managers who lead inclusively, versus 34 percent of respondents at companies without diverse leadership.)

For this reason, we infer that it is ultimately diversity in senior leadership, not just representational diversity in the workforce, which accounts for the superior performance of diverse firms in terms of their innovative output.

Taken together, these findings constitute a whole new business case for diversity—and a compelling justification for diversifying leadership, particularly at the top. Absent inherent and acquired diversity at the top, companies aren't likely to have leaders throughout who can unlock the toolkits or elicit the contributions of those employees likeliest to understand and meet the needs of the world's emerging markets. A wealth of great ideas translates into a wealth of market share only if leadership prizes diversity as much as it does innovation. For companies that truly harness the power of the double play, diversity measurably impacts the bottom line.



METHODOLOGY

The research consists of a survey, as well as 40 case studies, Insights in-Depth® sessions (a proprietary web-based tool used to conduct highly-facilitated online focus groups) involving more than 100 people from our Task Force organizations, and, more than 60 one-on-one interviews.

Research Protocol

We developed our hypotheses through a review of academic and popular-press literature and exploratory interviews with key industry leaders. We then tested them in online and onsite focus groups. Based on our analysis of those findings, in addition to intensive collaboration with team leaders in talent, R&D, production/distribution, and sales/marketing across industry sectors, we developed a 61-question survey protocol exploring innovation as both a process and outcome for individuals, teams, and companies.

Survey

The national survey was conducted online in December 2012 among 1,800 respondents, (1,008 men and 792 women) in the U.S., aged 21–62, holding a bachelor’s degree or more, and working in a white-collar occupation for a company of more than 50 employees.⁴⁰ Seven hundred seventy-five respondents work at multinational corporations. Data were weighted to be representative of the U.S. population of university/college graduates on key demographics (age, sex, race/ethnicity, and region). The base used for statistical testing was the effective base.

The survey was conducted by Knowledge Networks under the auspices of the Center for Talent Innovation, a non-profit research organization. Knowledge Networks was responsible for the data collection, while the Center for Talent Innovation conducted the analysis.

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