

Transforming Commitment into Action: The Business Rationale for Diversity and Inclusion Management in the United Way System

di-ver-si-ty (dī-vûr'sī-tē, dī-) *n.*: the quality of being different or unique at the individual or group level. This includes work style, parental status, sexual orientation, gender, gender identity, skin color, language, age, mental and physical abilities—and more. Even people who appear the same on the outside are different!

in-clu-sion (īn-klōō'zhən) *n.*: a strategy to leverage diversity. Leveraging diversity requires an environment where people feel heard and supported to do their personal best. Diversity always exists in social systems. Inclusion, on the other hand, must be created.

Introduction

When a group of religious and community leaders came together in 1887 to create an organization where people of all backgrounds could work collectively to help people in need, they knew the importance of bringing the entire community together. More than 100 years later, the organization they founded is still influenced by their example and relies on the power of inclusion to achieve its mission. The very essence of who we are is embedded in our mission statement: *To improve lives by mobilizing the caring power of communities.*

The importance of managing diversity and inclusion continues to be core to the United Way system as a value, a principle and a practice. However, today's challenges demand that we increase our capability to attract and manage the talent we require. As the expectations, needs and composition of our stakeholders (investors, staff, volunteers and community partners) change, so must United Way.

To achieve lasting change and better outcomes for people and communities, United Way has to harness and leverage diversity and actively practice inclusion as mission-critical strategies in new and robust ways. In addition to being the "right thing to do" from a business perspective, it is the smart and necessary thing to do.

The Business Benefits of Diversity and Inclusion Capability

The business rationale for increasing our strategic diversity and inclusion management capability is derived from our challenges, opportunities and operating environment. By engaging the power of collaborative partnerships in richly diverse environments, United Way can strengthen local communities and bring transformative solutions and sustained change to complex community issues.

Fully engaging the range of assets available through our communities, partners and investors provides many strategic and operational benefits for United Way both as individual organizations and as a system. Being inclusive and diverse individually and, as a system, allows us to:

- Actively live and achieve our mission and values;
- Attract, develop and retain more diverse talent;
- Grow and broaden our base of support from volunteers, donors and other stakeholders;
- Model, facilitate and lead the collaborative efforts needed to make changes in community conditions;
- Innovate and develop better solutions leading to better performance and results; and
- Enhance our reputation and brand in the philanthropic community and global marketplace.

The outcome of these benefits can position the United Way as the results-oriented partner of choice for addressing community challenges at the local, national and global levels.

Actively Living And Achieving Our Mission And Values: Our Standards Of Excellence

The Standards of Excellence is a blueprint for achieving the United Way mission. Diversity and Inclusion management is a core organizational strategy that, with more than fifteen separate references, is integrated throughout the Standards. Standard 4.7 says, "United Way recognizes that in order to effectively engage communities to achieve community impact goals, staff, volunteers, donors/investors and community partners should include the communities United Way serves." This Standard provides a platform and a benchmark for creating the culture, business practices and accountabilities that demonstrate inclusiveness as a lived value within the United Way system.

Attracting, Developing And Retaining More Diverse Talent: Our Talent Management Strategy

Competition for talent continues to be one of the most widely reported business challenges among all organizations. Dramatic demographic changes require a new talent management strategy - one that attracts, retains, develops and effectively manages a diverse talent pool. By including the perspectives of the changing demographic mix we can gain greater insight into the communities we serve, create more focused programs to serve those communities, and better represent the needs of all groups within the communities. To attract and retain diverse talent, we must create a culture that models inclusiveness and the diversity of our communities. The opportunity to achieve our mission and vision depends on our ability to leverage the talent we attract and retain.

Among the companies in the *Diversity Inc.*, Top 50 Companies for Diversity list, the more inclusive the company, the higher its rate of employee retention in all groups. The retention rates for *Diversity Inc.* Top 10 Companies for Recruitment and Retention are extremely high - between 91% and 94% - for everyone: whites, blacks, Asian Americans, Latinos and women. This shows that these companies are connecting with all of their employees and therefore their customers, investors and suppliers as well.

Growing And Broadening Our Base Of Support From Volunteers And Donors: Our Investor Segmentation Strategy.

Changing patterns of charitable giving, new donor profiles and new social and economic market forces require a new approach to resource development and investor relations. Young people, communities of faith, labor groups and others are actively involved in making a difference within their communities. Ethnic groups including African Americans, Latinos and Asians represent a growing segment of society and have a strong legacy of philanthropy and community volunteerism. Engaging emerging markets helps us broaden our reach.

To become a trusted partner of choice, we must establish, grow and maintain relationships. Bringing all groups to the table provides an unparalleled growth opportunity, particularly if we think creatively to access market segments in new and culturally relevant ways. Our segmentation strategy will assure that we expand our partnerships to create change that results in measurable impact on a scale that would otherwise not be possible.

Firms with more women on their boards perform better than those that don't.

Companies with more women on their boards perform better than those with very few women, according to a study released by Catalyst, a New York-based consulting firm. During the four-year span of the study, Fortune 500 companies with the highest percentage of women on their boards consistently performed better. When compared with companies with the fewest women on their boards, companies with the highest number of women on their boards saw:

- *53% higher equity returns*
- *42% higher return on sales*
- *66% higher return on invested capital*

Modeling, Facilitating And Leading The Collaborative Efforts Needed To Change Community Conditions: Building A Culturally Competent Organization

Cultural competence is the ability to respond appropriately to differences in cultural assumptions, beliefs and behaviors. It is an essential capability for an effective community impact leader. Mobilizing the caring power of communities requires that cultural competence be systemically integrated into every level of United Way regionally, nationally and globally. Our diversity and inclusion management strategy will guide us in building cultural competency. This strategy will enable us to recognize and identify trends, understand new and different perspectives and respect cultural practices, thus making us a leader and model for others. Cultural competency will bring innovation and strength to the philanthropic landscape and the community outcomes we provide.

Innovating And Developing Better Solutions And Results: Our Community Impact Mission

Our community impact work requires a strategic approach that leverages our power to convene partners from nonprofit, business and government sectors to develop community-supported solutions. Our strategies, networks, coalitions, volunteers, staff and partnerships must inform culturally sensitive and relevant solutions that reflect the diverse interests and needs of community members. The changes in the American demographic picture require new approaches, additional partners and fresh perspectives to create comprehensive solutions that transform communities.

An example of the type of solutions that come from creatively thinking about different segments of the population can be found by looking at IBM, a global leader in workforce diversity. By making its

products more accessible for persons with disabilities, IBM was able to more effectively partner with federal agencies, leading to an estimated increase of more than \$1 billion in revenue over a five to ten years period.

Enhancing Our Reputation And Brand In The Philanthropic Community And Global Marketplace: Our Value, Reputation And Commitment To Excellence

Acting as a diversity and inclusion leader can differentiate United Way from other nonprofit organizations, thus increasing United Way visibility and favorability in selected segments. This enhances our reputation and creates value for our brand. Using targeted, diverse marketing tools and materials plays a large role not only in broadening our reach, but in positioning United Way as an inclusive leader and trusted partner of choice.

For example, 70% of gay, lesbian, bisexual and transsexual (GLBT) consumers are extremely or very likely to consider brands that are known to provide equal workplace benefits for their employees, including GLBT workers. Cultivating a reputation for being inclusive will create greater value for our brand, attributing to growth, attracting diverse talent and contributing to the achievement of our mission.

Impact of Diversity Initiatives on the Bottom Line

A survey conducted by the Society of Human Resource Management (SHRM) and Fortune magazine reported findings on the impact of diversity initiatives on the bottom line:

<i>Initiative</i>	<i>Percentage Responding</i>
<i>Improves corporate culture</i>	79%
<i>Improves recruitment of new employees</i>	77%
<i>Improves client relations</i>	52%
<i>Higher retention of employees</i>	41%
<i>Decreased complaints and litigation</i>	41%
<i>Enables the organization to move into emerging markets</i>	37%
<i>Positively affects profitability indirectly</i>	32%
<i>Increases productivity</i>	28%
<i>Maximizes brand identity</i>	23%
<i>Has not impacted bottom line</i>	7%
<i>Increased complaints and litigation</i>	1%

SOURCE: "Impact of Diversity Initiatives on the Bottom Line" survey report (Alexandria, VA: SHRM/Fortune, 2001), p. 11. Percentages will not equal 100 percent because multiple responses were allowed.

Conclusion

Diversity and inclusion management can help us plan strategically so that we will more effectively achieve our mission by making the right choices, ensuring appropriate responses in rapidly changing environments and increasing engagement and ownership.

It takes inspirational leadership and a commitment to the inclusion of diverse perspectives in planning, strategy, operations and service delivery in order to optimize the partnerships we have with our stakeholders. This commitment should model the strategy of diversity and inclusion management, inspire public trust, exhibit excellence in governance and model best practices that produce lasting change.

We've learned that by achieving these goals at all levels in our own organizations, we can successfully do the same within our communities. Strategic diversity and inclusion management gives us a competitive advantage and differentiates us from other organizations. It is the right, smart and necessary thing to do to compete, lead, achieve, and innovate in our rapidly changing world.

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