

A photograph of four diverse people (two women and two men) smiling and looking at a laptop screen together in an office setting.

DEI360 Assessment

Summary & Overview Report

ACME, INC.

Please Note: This assessment was developed with input from commercial and nonprofit experts and practitioners, literature on best practices, and the collective experience of Pioneer360's leadership. The assessment was developed in 2020 and tested for seven months internally and with external partners. Feedback was incorporated into the final product. Assessment scores provide a general indication of an organization's current status. When interpreting this report, please keep in mind that these are complex concepts and that organizations typically move back and forth along a continuum of best practices.

October 19, 2021

EXECUTIVE SUMMARY & KEY RECOMMENDATIONS

This DEI assessment provides a high-level analysis of 2,633 completed surveys and 26 interviews across each of ACME's eleven divisions. We evaluated the current mechanism for DEI Best Practices and Maturity and found opportunities for immediate improvement in three primary areas summarized directly below: diversity hiring; equal access to training and development, and in addressing feelings of alienation among the firm's LGBTQIA community, which comprises at least 14 percent of the workforce. The rest of the report describes these opportunities and potential remedies in greater detail, along with five additional areas for potential improvement that may require more time and effort to ameliorate. Our summary recommendations against the three primary areas of opportunity are as follows:

1. Diversity Hiring:

Our analysis determined that several of ACME's DEI hiring initiatives and programs should be updated.

- Referrals constitute almost half of ACME's new hires. While this results in high quality recruiting, it may inhibit diversity because people tend to know and refer people more like themselves. Human Resources, in collaboration with DEI, should develop a diversity recruiting guide to serve staff who make referrals. The guide would describe common biases and emphasize the firm's interest in receiving diverse candidates.
- ACME should investigate and use recruiting sites, tools and resources where diverse candidates look for opportunities, including programmatic recruitment advertising, niche job boards and targeted job fairs.
- For recruiters especially, ACME should develop a recruitment intranet site to share techniques and best practices in diversity recruitment. It should also revamp its external career pages to engage candidates attracted by more comprehensive and targeted recruitment campaigns.
- ACME should develop a toolkit and online training to support hiring managers. This might include in-house training videos and/or Best Practices Diversity Hiring. The Recruitment Team might consider hosting diversity recruitment lunch-and-learns or similar sessions to guide hiring managers.

2. Equal Access to Training:

Among African American employees (about 11% of the workforce), it is widely felt that opportunities for learning and development – particularly coaching, mentoring, and stretch assignments that are critical to earning promotions – are either deliberately or unintentionally withheld by comparison to the rest of the workforce. This may partially explain one of the five “secondary” issues we observed (addressed below) of low representation of African Americans in the senior management and executive categories. To remedy this challenge, we suggest the following initiatives:

- Target 100 percent completion of Individual Development Plans (IDPs) among African American employees by the start of the fiscal year in January 2021. Emphasize experiential and social learning that correlates to promotion.
- Develop a dashboard with simple metrics to be reviewed by executives and the board at least monthly.
- Establish 1, 2 and 5-year targets for African American representation in the senior management and executive ranks at least equal to their percentage representation in the workforce (currently 11%). In that African Americans comprise only 5% of senior managers and executives today, this will require coordinated efforts in recruiting, learning & development, retention and leadership training. Adjust ACME supervisor and manager at-risk compensation to include measures of IDP completion and fulfillment.

3. LGBTQIA Belonging:

ACME is diverse in terms of LGBTQIA representation. More than 300 employees self-identified in the assessment and 6 were interviewed in depth. The ACME LGBTQIA community is, on average, seven years younger than the general workforce average. It has also achieved higher levels of education and reports a 17% greater propensity to consider leaving ACME for other opportunities. Attrition among members in this community represents significant risk and potential costs to ACME, including the loss of diverse perspectives and of future leaders.

Unlike inclusion, belonging is not a factor that ACME can directly control. Belonging is a perception – a feeling – and one that is universally required for employees to thrive and perform at their best. This represents the second most challenging of ACME's opportunities, but one that it can successfully and rapidly make progress against.

- ACME should perform a culture audit to pinpoint the root causes of LGBTQIA alienation. Knowing which biases, assumptions, and attitudes – conscious and unconscious – non- LGBTQIA employees and leaders may harbor will permit targeted interventions.
- ACME staff and leaders will almost certainly benefit from empathy and LGBTQIA awareness training. Most biases and discrimination can be diminished through perspective-taking, and through greater understanding. Workshops that pair LGBTQIA with non-LGBTQIA peers and leaders can build understanding and relationships.
- ACME should offer LGBTQIA staff and others time off to participate in LGBTQIA events as participants in and/or volunteers at events (while also encouraging participation beyond the ACME LGBTQIA community).

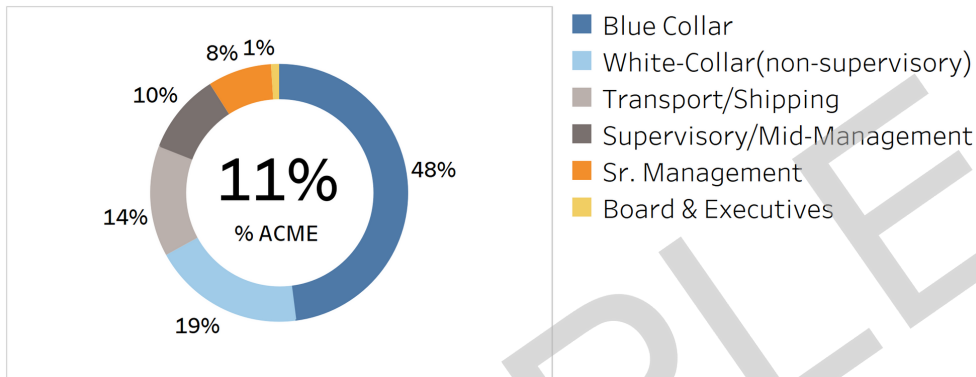
Implementation of these ten recommendations will require considerable effort, resources, and persistence. However, in our analysis, they represent the greatest potential Return on Investment (ROI) available to ACME. The resulting improvements in employee engagement, retention, and performance, we believe, will more than offset the required investments. The long-term intangible value created by becoming more diverse, equitable and inclusive is likely to dwarf even the financial gains.

DIVERSITY

African-American Respondents

As noted in the executive summary, ACME's greatest challenge and opportunity lies in diversity hiring. Though representation among African Americans at 11% is close to African American representation across the entire US workforce (13%), African American employees at ACME reside, predominantly, in lower-paid occupations and are significantly under-represented in the senior ranks (**Figure 1**).

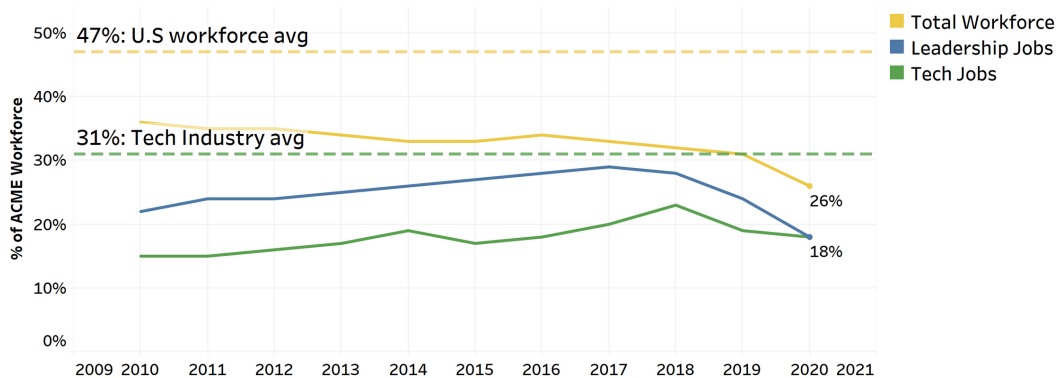
Figure 1: African American Representation Across Job Categories (Acme, Inc).



Female Respondents

Women constitute 47% of the US workforce but just 26% of the ACME workforce. As a technology manufacturer, ACME underperforms already low industry averages (31%), even though it eclipsed them significantly as early as ten years ago. Moreover, female employment is skewed toward just three categories: Office support, HR, and quality control. As of 2020, women represent only 18% of ACME's senior manager and executive corps – again, skewed significantly in just a few categories – and only 18% of its technology-related jobs (**Figure 2**).

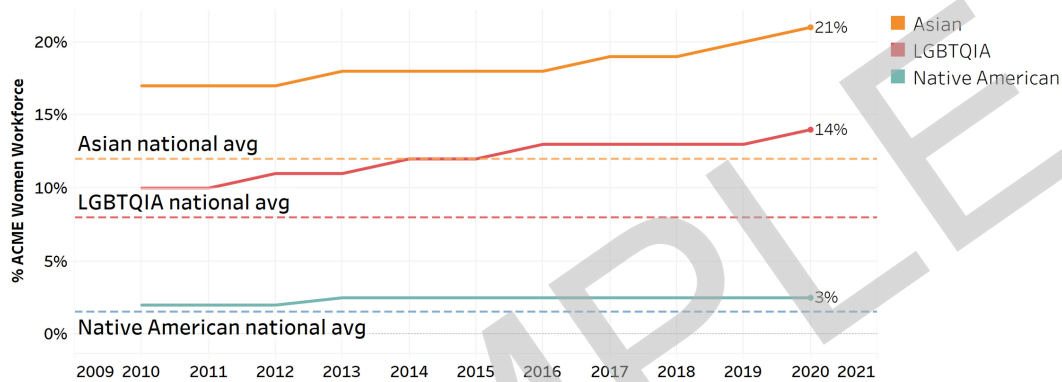
Figure 2: Percentage female representation (ACME, Inc.)



LGBTQIA, Asian and Native American Respondents

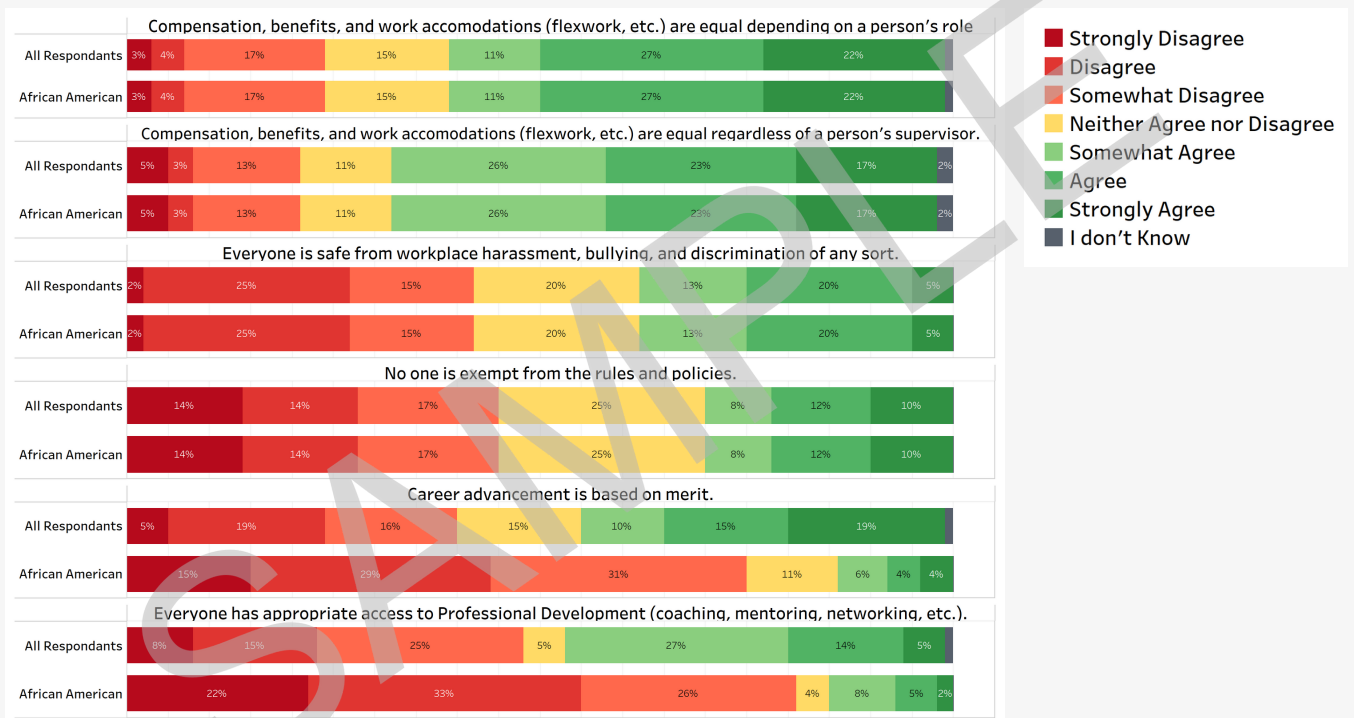
As above, ACME's LGBTQIA community is well-represented by national standards and exceptionally high for the industry. ACME's Asian-American and native workforce is also above national averages and, in the case of Asian Americans, equally well-represented in the senior ranks (**Figure 3**). Location may assist in these regards as the Seattle area benefits from above national average Asian, Native and LGBTQIA populations, but even assessed locally, ACME is close to regional average representation. Again, apart from Asian-Americans, representation at senior levels falls significantly short.

Figure 3: Percentage female representation (ACME, Inc.)



In general, ACME provides a fair and equitable work environment, especially concerning compensation, benefits and tangible rewards (Table 1). However, as noted in the executive summary, the majority of African American employees who completed the assessment do not agree that access to learning and career advancement opportunities are distributed fairly at ACME, Inc. (**Table 1**). There also exists significant room for improvement in reducing workplace harassment and in applying ACME’s rules evenly across the firm.

Table 1: Percentage Responses to Equity Questions (All Respondents vs African American Respondents)

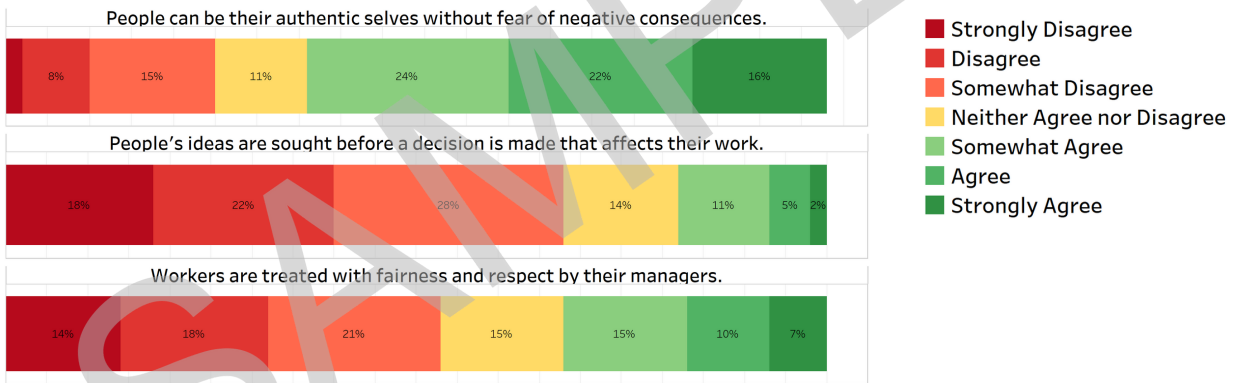


INCLUSION & BELONGING

Despite ACME’s challenges around equal access to learning and career advancement opportunities among African American employees, almost three-quarters of the overall workforce, including more than two-thirds of African American employees, feel respected and included at work. To a somewhat lesser but still significant degree, they tend to feel like they belong, meaning, in ACME’s case, they can bring their personal and professional uniqueness to the job openly without fear of rejection or sanction. In these respects, ACME’s DEI maturity exceeds that of most firms in the manufacturing technology industry.

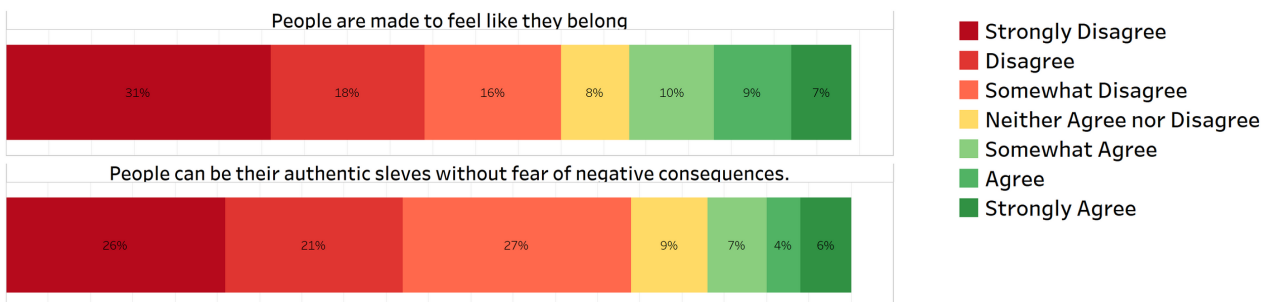
There is some room for improvement in various aspects of inclusion and belonging. Women respondents, for example, feel able to bring their “whole selves” to the job but report feeling less respected in some circumstances than their male peers. This may be because ACME supports women’s needs exceptionally well in its benefits package but has not yet achieved equal representation of women in the senior ranks. Of particular note, female respondents to the assessment report significant disagreement that they are respected by their managers and consulted when important decisions affecting their work are made (**Figure 4**). Leading organizations take signals like this as warning signs that there could be additional harmful issues impeding a true culture of inclusion and belonging. In other words, most ACME employees believe they can be authentic at work; they report being consulted on various issues and decisions, but they may not always feel listened to.

Figure 4: Contrast between openness and respect among female employees (ACME, Inc.)



As described in the executive summary and represented in **Figure 5** below, the great majority of ACME’s more than 300-strong LGBTQIA community do not believe they can bring their authentic selves to work, and do not feel as though they belong. This represents a priority concern and opportunity for ACME.

Figure 5: Indicators of LGBTQIA exclusion (ACME, Inc.)

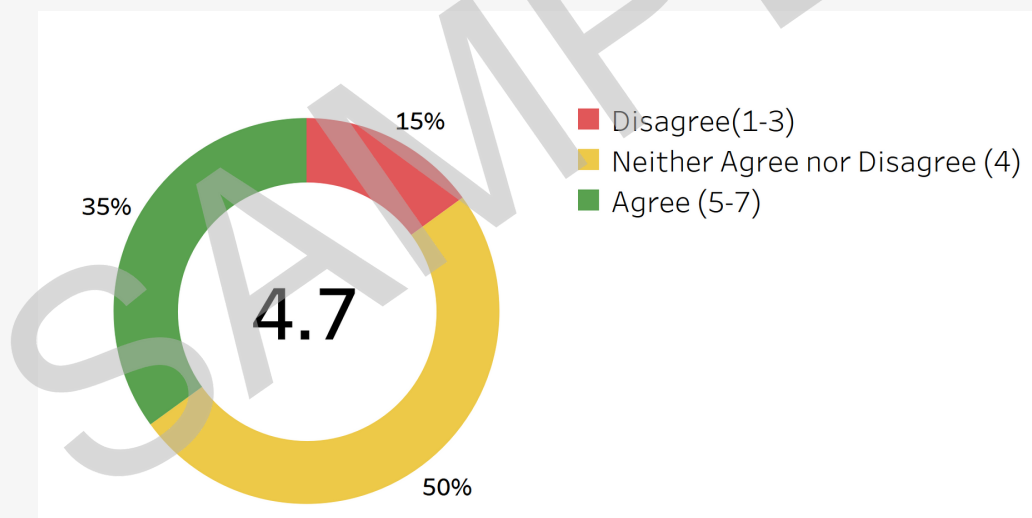


EMPLOYER NET PROMOTER (DEI)

The net promoter metric has been used extensively in business as an overall indicator of customer satisfaction and engagement. In the DEI 360 we ask respondents to rate the following statement, from strongly disagree to strongly agree: “I would recommend my organization to my friends as a diverse, equitable, and inclusive workplace.” The mean numerical result offers a simple gauge and benchmark to firms hoping to comprehensively improve DEI and their employees’ perceptions of how well the firm is doing in this respect.

Like the Net Promoter Score for customers, leading firms strive for scores between 6 and 7 (Agree to Strongly Agree). The vast majority of US firms face significant work to achieve this goal. ACME scores an NPS of 4.7. This is marginally higher than the average score we’ve observed among DEI 360 assessments but substantially higher than scores observed in the manufacturing technology industry. ACME’s relatively strong NPS reflects the clear commitment of ACME leaders to making the firm a truly diverse, fair and inclusive organization.

Figure 6: ACME’s Net Promote Score (DEI)

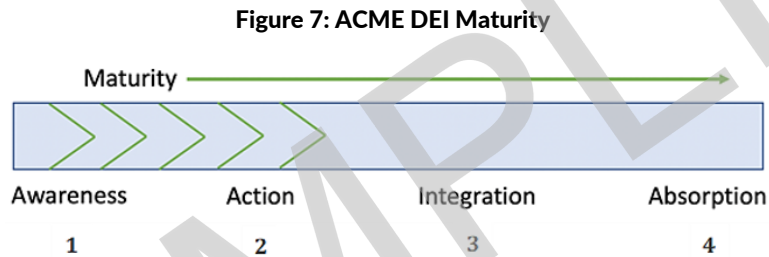


DEI MATURITY

The DEI NPS offers a good gauge of general progress toward DEI maturity. While it will take significant effort to land in the 6 to 7 range on the NPS, ACME can take great satisfaction in the progress it has already made in putting ACME in the top quartile of manufacturing technology industry firms in its DEI NPS score.

The DEI Assessment offers a more granular look at DEI maturity through analysis of responses to the ten questions in the assessment designed to gauge a firm’s knowledge, attitudes, and leadership commitment toward DEI. The ten questions map to the four phases of DEI maturity. Phase one is simple awareness and compliance. Phase two occurs when organizations realize the business benefits of DEI and begin taking action beyond HR and compliance. In phase three, leaders integrate DEI into business processes, measure progress, and hold each other accountable for results. Finally, in phase four, DEI is just “the way we do business here” – it is embedded in the culture and essentially taken for granted.

Per **figure 7** below, ACME has reached a Phase Two level of DEI maturity. It has moved responsibility beyond HR and the focus beyond compliance. Its leaders believe in the business and competitive advantages of DEI and ACME is taking action to realize them



The results of the DEI Maturity Audit portion of the assessment in Figure 8, demonstrate substantial progress beyond compliance and HR, and a strong belief that executives are committed to DEI (i.e., they believe in its business benefits), but less enthusiasm around the firm’s commitment to tracking DEI metrics. Respondents have the least faith in leaders holding themselves tangibly and financially accountable for DEI progress.

Figure 8: Responses to DEI Maturity Audit Nine Questions



SECONDARY RECOMMENDATIONS

The ten key recommendations in the executive summary on pages two and three offer, in our opinion, ACME's highest reward/return opportunities in DEI based on our analysis. They represent the greatest impact for the lowest investment of time, money, and other resources.

Our analysis reveals several other opportunities that ACME might also consider now and in future years as it moves up the DEI maturity scale toward a culture in which DEI is fully integrated and considered in every action and decision made by the firm.

- ACME's Board should immediately place executive leadership of DEI on its agenda. The DEI Maturity Audit reveals a lack of accountability among ACME's executives in upholding DEI behaviors and actions, or at the very least, a widespread perception among the ACME workforce that executives are sometimes dismissive of DEI (Figure 8). This should be investigated and addressed by the board. Without visible CEO, Board and executive support, ACME's DEI initiatives will ultimately fail. Executives must frequently communicate their support for DEI and demonstrate support through their actions and behaviors (e.g., in hiring and promotions).
- ACME should devise three to four overarching metrics and measures by which to gauge enterprise progress in DEI. For example, the Net Promoter Score for DEI might be tracked quarterly across each of ACME's twelve divisions and twenty-four business units. ACME would then use these metrics in objective evaluations of executives, managers, and supervisors.
Executive compensation should be revised to include recognition of progress in DEI initiatives based on quarterly results. Executives whose divisions improve by a minimal (pre-determined) amount across the measures might receive rewards and bonuses attached to DEI.
- Within the next six to eighteen months, ACME should design a separate incentive, reward and recognition program for supervisors, managers and employees aimed at recognizing behaviors and actions associated with better diversity, equity, and inclusion. This might include a simple manager and peer-to-peer online recognition platform where points can be awarded and exchanged for a variety of merchandise, gift cards or experiences in an online catalogue. Those awarding points, whether managers and supervisors or peers, should be required to describe, in reasonable detail, the behaviors or actions recognized. This system would not only reinforce ACME's commitment to DEI, but it would also provide invaluable insight into DEI actions and behaviors across the firm, and inform performance reviews.
- In the coming months, ACME should develop long-term goals for the make-up of its executive team and board. Currently 39 executives lead ACME's 10,143 employees. ACME's board consists of 8 external members and the ACME CEO who also chairs the board. Of the 50 most senior leaders across ACME, 42 are men. Just 8 members of this senior team are non-white. It is unclear how many identify as LGBTQIA. As ACME takes more immediate action to address its opportunities for women, African Americans and the LGBTQIA community, it should set 3-5 year goals to achieve equitable representation of these and other ACME social groups among the senior leadership. These goals might be achieved over a longer horizon both to allow shorter-term diversity recruiting, L&D and inclusion efforts to yield results, and to ensure that promotions to executive positions and appointments to the board remain merit based.

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