

Implementing Metrics-Based Diversity, Equity, and Inclusion Programs: Recruiting, Retention, and Leadership Advancement

WEDNESDAY, JUNE 1, 2022

1pm Eastern | 12pm Central | 11am Mountain | 10am Pacific

Today's faculty features:

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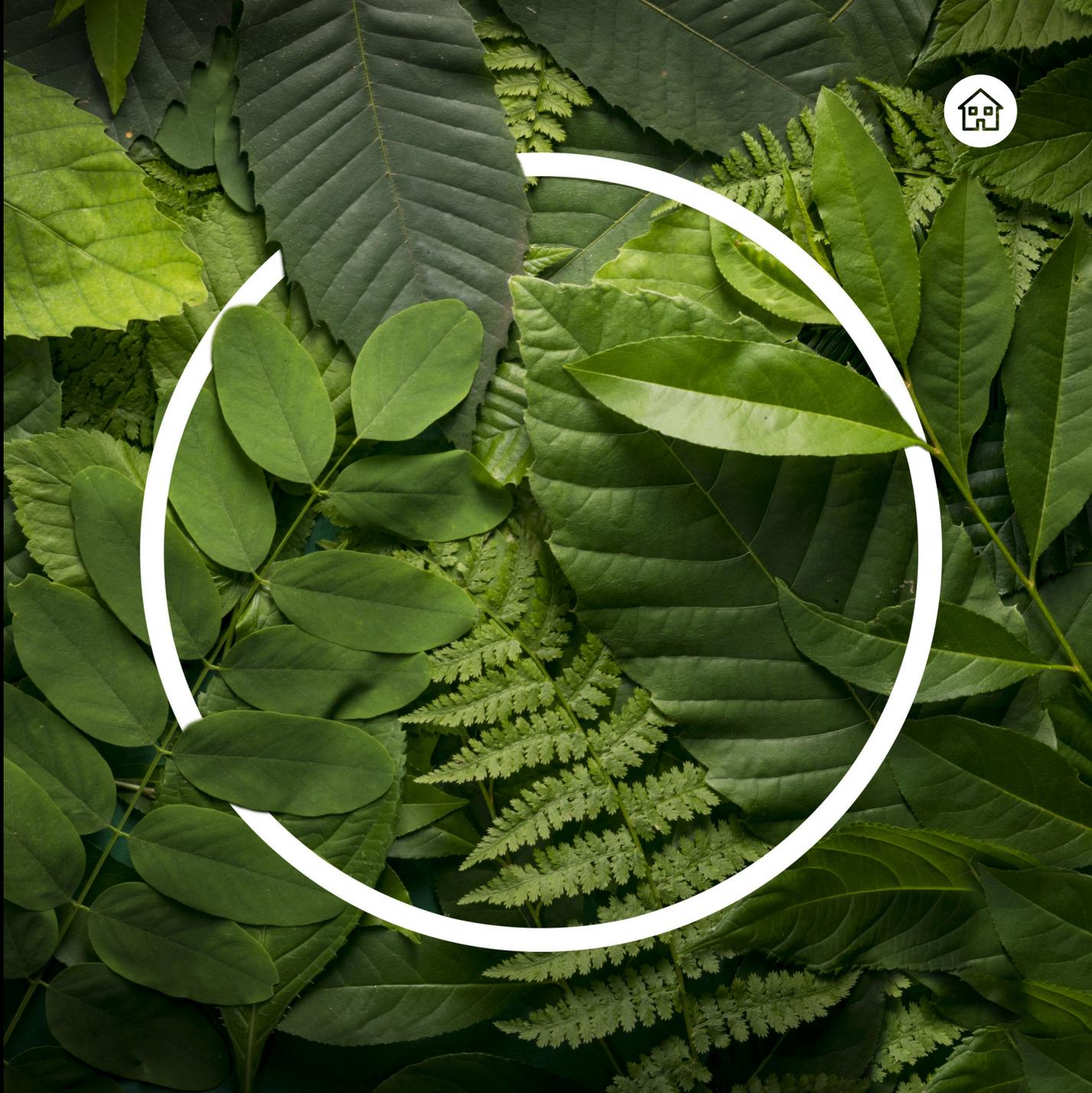
Diversity Equity & Inclusion (DEI)

One-stop-shop for all aspects of your DEI journey

Contents



	What is DEI and why is it important?	01
	Benefits to both the Business and Employee	03
	How we can support you	04
	Why Deloitte?	07
	Our DEI enablers	08
	Our experience	10



What is DEI and why is it important?

Financial services leaders are grappling with unprecedented challenges brought on by the COVID-19 outbreak—taking care of clients, employees, and intermediaries while maintaining business continuity. At the same time, many may still be addressing organisational challenges that arose well before the outbreak.

One such issue is how to create greater Diversity Equity and Inclusion (DEI) at all levels. Leading organisations recognise the need to integrate DEI as a comprehensive component of business strategy, woven into all aspects of the talent lifecycle in order to achieve success. Viewing DEI as a strategic priority is of critical importance.

Despite the increasing awareness of inclusion's importance to business success and concerted efforts around fostering it, a number of areas of concern exist within the Finance Services industry.

The Central Bank of Ireland (CBI) has published a range of reports that focus on DEI; 'A Thematic Assessment of Diversity & Inclusion in Insurance Firms', published on 29 July 2020, highlighted evidence of a lack of DEI in a sample of 11 insurance firms, including some of the largest insurers operating in Ireland.

'Behaviour and Culture of the Irish Retail Banks', published in July 2018, revealed that the five banks assessed have more work to do to ensure their organisations are sufficiently diverse and inclusive. While all have commenced initiatives to improve DEI, findings concluded that most of the sampled firms are not sufficiently prioritising DEI.

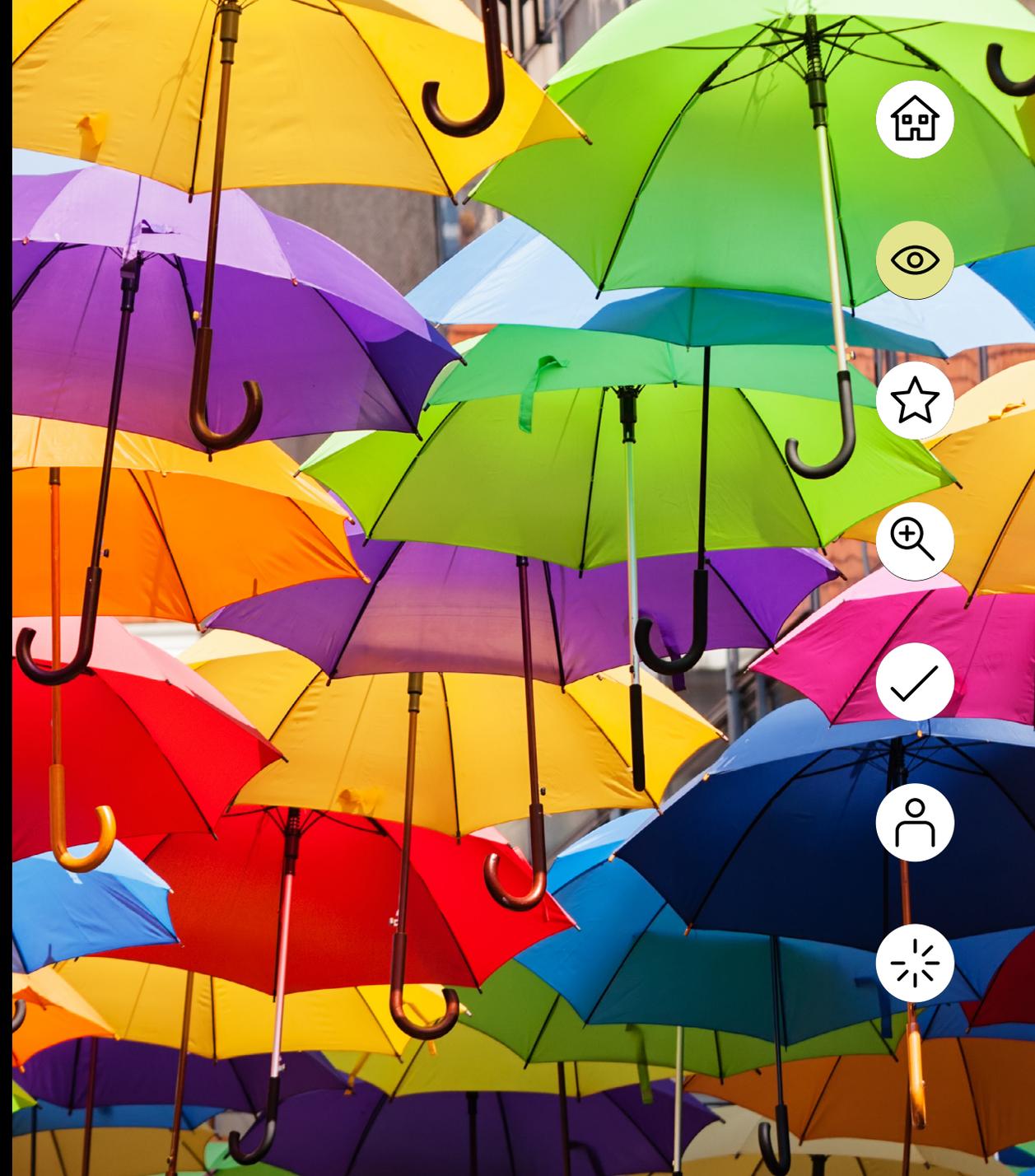
The Regulator's perspective of key risks associated with a lack of DEI included:

- Groupthink
- Resistance to change and an excessive resistance to external challenge
- Lack of internal challenge
- Ineffective decision making
- Inadequate skills mix
- Elevated behaviour and culture risks

The CBI has indicated that it is clear that much more needs to be done to enhance DEI, in all their forms, and this needs to be done with commitment, ambition and a sense of urgency.



- **Diversity** is the variety of people and ideas within an organisation
- **Equity** is about eliminating systemic barriers and privileges, and ensuring all people have fair access, opportunity, resources, and power to thrive
- **Inclusion** is about creating an environment in which all individuals feel valued and connected



Benefits to both the Business and Employee

Research has linked improvements in diversity and inclusion to better business performance, responsiveness to customer needs, and team collaboration. Diversity on its own will not necessarily deliver positive results. The key ingredient which transforms the theoretical business case for diversity into bottom line results is inclusion.

Organisations with inclusive cultures are:

- 2x as likely to meet or exceed financial targets
- 3x as likely to be high performing
- 6x as likely to be innovative and agile
- 8x more likely to achieve better business outcomes

While there is growing recognition of how critical diversity and inclusion is to business performance, the importance of equity cannot be ignored. The challenge lies in translating the recognition of the value of diversity and inclusion, into impactful actions and equitable outcomes.



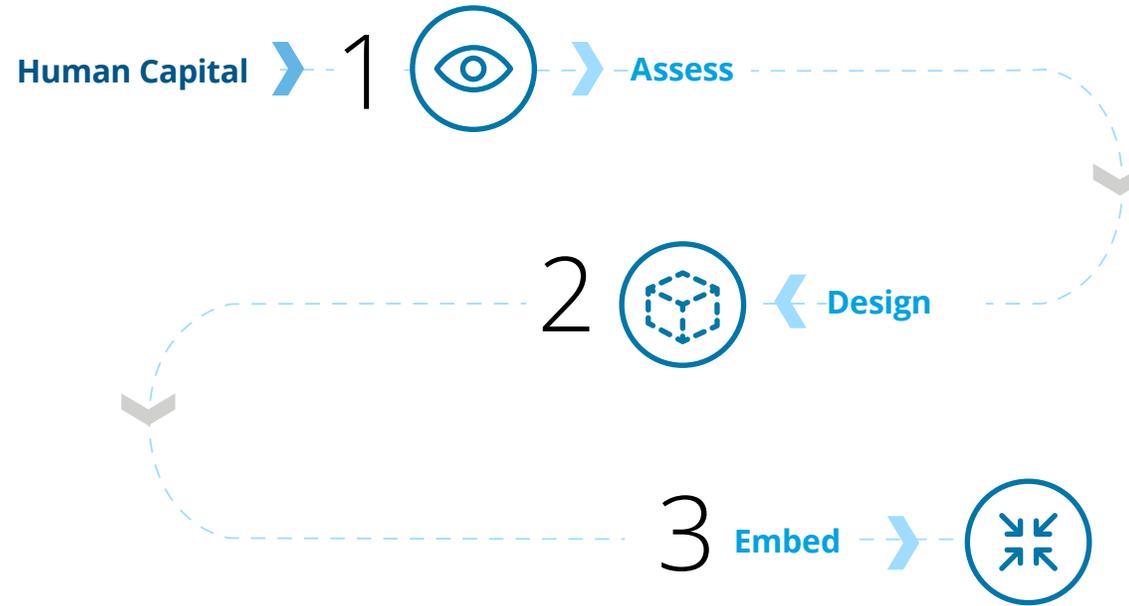
Reference: The diversity and inclusion revolution: Eight powerful truths, Deloitte Review, issue 22.



How we can support you

Through our unique offerings and range of solutions, Deloitte supports organisations on their entire DEI Journey. Our Human Capital Practice assists organisations in developing and implementing a DEI vision, strategy and implementation plan and our immigration, reward and risk practices provide additional services to advise and support organisations to ensure all aspects of DEI are taken into consideration.

Progressing from compliance-focused diversity to programmatic DEI involves shifting from a compliance mind-set to one in which DEI is valued enough that organisations will invest in DEI programmes and policies. In Human Capital we have a three step approach that can help:



Supported by Immigration, Reward and Risk

Our service is driven by Human Capital and supported by Deloitte experts in the areas of Immigration, Reward and Risk.

Immigration



Reward



Risk





Human Capital | 1. Assess

Deloitte’s experience in leading DEI projects and our significant thought leadership makes us well positioned to complete a comprehensive DEI assessment of your organisation.

Examples of activities include:

- Completing a strategic context review using our in-depth knowledge of regulatory developments in the financial services industry/insurance sector, and an understanding of the CBI’s expectations in relation to DEI.
- Gaining an understanding of your organisations DEI landscape, identifying areas of strength and areas that require development.
- Completing a DEI Maturity assessment using Deloitte’s unique DEI methodology for current state assessments.



Human Capital | 2. Design

Once the DEI current assessment is complete Deloitte can assist your organisation in the development of a bespoke DEI strategy and roadmap linked to overall business strategy.

Examples of activities include:

- Recommending governance structures and DEI accountability.
- Defining a DEI roadmap with short, medium and long term initiatives to realise the strategy.
- Defining the DEI communications strategy (internal and external).
- Identifying DEI metrics critical to understanding DEI in the organisation.
- Reviewing all DEI talent practices and identifying specific actions to integrate DEI concepts into talent acquisition, capability development and leadership development.



Human Capital | 3. Embed

Once the strategy and roadmap are defined, Deloitte can work with your organisation to successfully implement the agreed DEI implementation plan.

Examples of activities include:

- Working closely with your organisation to implement your DEI strategy.
- Building an inclusive leadership capability using Deloitte’s scientifically validated inclusive leadership assessment the ‘Six signature traits of leadership’.
- Delivering bespoke DEI Employee, Executive and/or Board training.
- Implementing the DEI communications plan to engage and increase employees understanding and commitment.
- Redefining HR/ Talent processes and polices to reflect DEI requirements.
- Developing dashboards and tools that will enable leaders to access data in real-time. Tracking against agreed DEI targets and implementing reporting capabilities on ‘make-up’ of your workforce.





Immigration

Supporting DEI through your talent pipeline:

- Reporting functions of the nationality ranges in the workforce.
- Obtaining work permissions for Non-EEA nationals recruited into Irish businesses.
- Revolutionising your global mobility programmes to attract and hire non-EEA talent to support your business Reporting on 'make-up' of employee population.



Reward

Readiness for Gender Pay Gap (GPG) mandatory reporting and building your approach to developing DEI strategies:

- Aligning with client on current data available and systems to support.
- Providing an automated process to calculate company GPG and a user friendly dash board to undertake additional analysis. Define the right objectives to close the identified the GPG gaps.
- Identifying what systems and indicators need to be in place to measure business improvement and DEI Culture.
- Defining the narrative that will accompany the GPG analysis.



Risk

Our specialist Risk and Regulatory Subject Matter Experts are experienced in advising clients on the regulatory risk gaps in order to align with regulatory expectations with respect to culture, behaviour, diversity and inclusion. Our team in Deloitte Risk Advisory can support with:

- Conducting a review of governance, board responsibilities and board effectiveness to identify an action plan which can inform reshaping the board agenda, reporting/MI and succession planning.
- Conducting an organisation wide culture review incorporating risk culture.
- Re-aligning overall strategy and risk management with DEI objectives and vision for the future.
- Developing a DEI framework and KPIs which aligns to the risk management framework and risk appetite.
- Targets and implementing reporting capabilities on 'make-up' of your workforce.



Why Deloitte?

Our team includes experienced and knowledgeable advisers from across the breadth of the Deloitte organisation to help on your DEI Journey.

1 Our integrated DEI team brings extensive experience in conducting DEI current state assessments, strategy and implementation.

2 Leading industry expertise to provide an “outside-in” view, bringing your DEI vision and strategy to life.

3 Extensive knowledge of talent/people, risk, remuneration and regulatory developments in the financial services industry and an understanding of the CBI’s expectations in relation to DEI.

4 Proven DEI methodology and global thought leadership.

5 Co-create with you; one size doesn’t fit all.

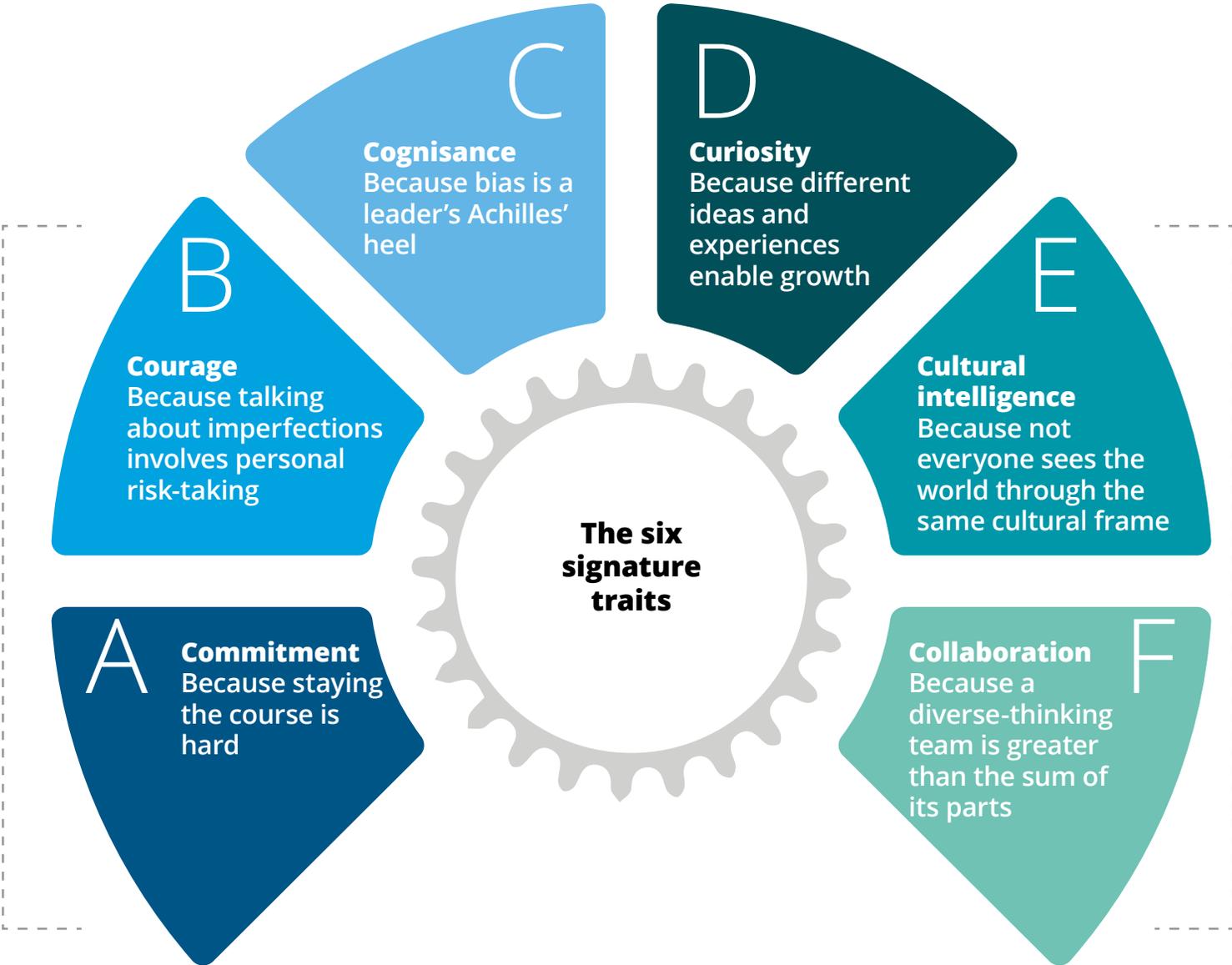
6 Lead from behind, transferring insight and skills to enable your team to be self-sustaining in the longer term.



Our DEI enablers

The six signature traits of an inclusive leader

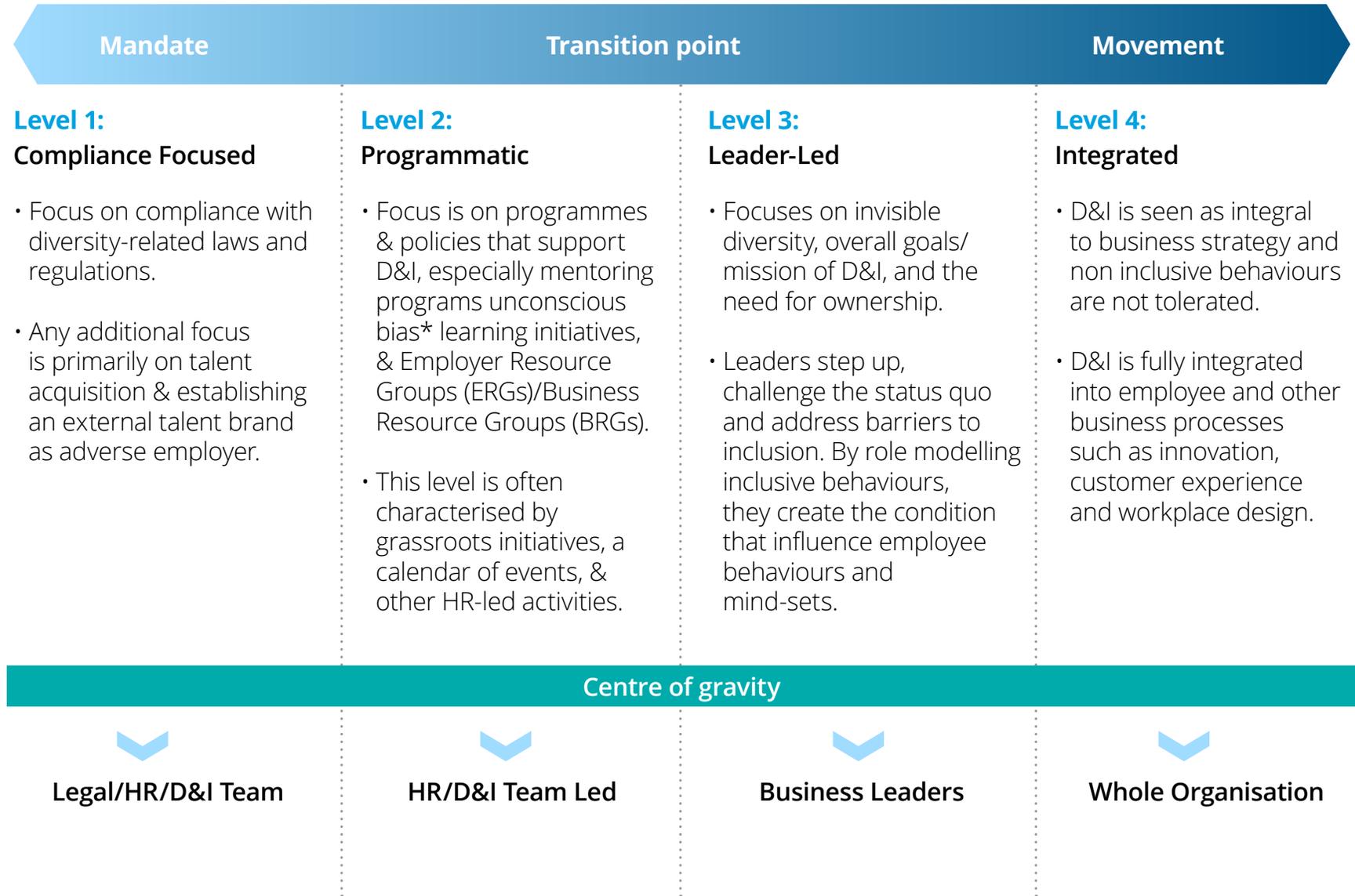
Our research presents six attributes of leaders who display the ability to embrace individual differences, and potentially leverage them for competitive advantage. Our unique tool has supported the development of inclusive leaders within our client organisations.



Diversity & inclusion maturity model

Our tool helps organisations identify our where they are across four levels of maturity (1.Compliance, 2.programmatic, 3.leader-led and 4.integrated), and what level they aspire to achieve.

* Influences such as our background, experiences and environmental conditions can all play a part in shaping our choices whether we realise it or not. Unconscious bias is when we favour or discriminate against people because of these influences without even realising it.



Our experience



1. Human Capital Case Study

Business problem

Deloitte were engaged to support an Insurance client in Ireland to develop their D&I strategy and address the concerns identified by the Central Bank of Ireland (CBI).

Deloitte solution

Deloitte worked with the client to define a vision, strategy and plan for realising the desired future state that was challenging yet achievable. After conducting both a strategic context review and current state assessment, Deloitte set out key priority areas on the 0-3+ year roadmap, identified performance metrics to track progress and developed dashboards and tools that enabled leaders to access data in real-time ensuring long term success of the programme.



2. Immigration Case Study

Business problem

Deloitte were engaged to support with the hiring of direct provision employees with RTW checks over the last few months.

Deloitte solution

We collaborated with the mobility team and records department to provide training in areas such as: compliance with regulatory requirements, right to work checks, maintenance of accurate record keeping of work documents. Additionally, we provided tailored education pieces to recruiters to facilitate matching individuals in direct provision to the appropriate role in order to best suit both parties. Defining a clear strategy ahead of the launch was essential for the successful continuation of the programme. Key stakeholders need the assurance that the correct education pieces are delivered appropriately and in a timely manner across the business to ensure confidence in the hiring process.



3. Reward Case Study

Business problem

Gender Pay Gap (GPG) reporting legislation is expected to be finalised in Ireland in 2021 and will be mandatory for all employers with 250 or more employees. Deloitte were engaged with a financial services company to calculate their GPG to help them understand their data and put in place an effective and measurable action plan to enhance their current Diversity and Inclusion strategy that aligned with their company culture and business objectives.

Deloitte solution

We analysed the company's data using our GPG reporting tool, providing key statistics and graphically displayed their gender pay and bonus gaps, identifying key root causes. Our key executive summary report included recommendations on how the company could take appropriate action to reduce their GPG and how to write the narrative around the data to inform and influence key stakeholders.



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2021 Diversity, Equity, and
Inclusion (DEI) Transparency Report

Table of Contents

Messages from Leadership	1
Reflecting on Our Progress	4
A Strategy for Meaningful Change	6
Diversity and Equity	7
Inclusion and Belonging	29
Workforce Well-being	36
External Impact	40
Moving Forward Together	44
Endnotes	46



About the cover art

Growth and renewal are two meanings ascribed to leaves throughout the world. We consider their significance both relevant and powerful at this point in our organizational history as we take action to drive more positive and purposeful impact. We aim to foster a culture where all our professionals can connect, belong, and grow. Our Diversity, Equity, and Inclusion (DEI) Transparency Report helps us understand the path we must take to forge ahead and do better.

Change isn't just coming, it's here.

A message from Joe Ucuzoglu, chief executive officer, Deloitte US, and Janet Foutty, executive chair of the board, Deloitte US

Over our 175+ years serving clients, Deloitte's purpose has been unwavering: to make an impact that matters. This purpose is deeply woven into the fabric of our organization. It guides our interactions with our people, our clients, and our communities—and it is integral to our diversity, equity, and inclusion (DEI) strategy.

We are proud of our long-standing commitment to fostering a workplace where our people can connect, belong, and grow. Over the past three decades, Deloitte has helped shape corporate America's diversity and inclusion landscape, starting in the 1990s, when we became one of the first professional services organizations to establish women's advancement and diversity initiatives.

Over the years, we deepened our understanding of the evolving societal issues and broadened our focus to further our commitment to our people and our communities. From our advocacy for LGBTQIA+ marriage equality to the launch of veteran employment initiatives to the expansion of our workforce well-being program, we have tried to anticipate, respond to, and nurture positive and necessary change. This past, unprecedented year—marked by heightened social injustice and a global health crisis—placed the deeply entrenched racial inequities in our society front and center. It became clear that we needed to significantly shift and accelerate our strategy to honor our commitment.

By exploring our data and having honest conversations with our people and our stakeholders, we've gained a better understanding of the work we need to do to further enhance the representation of our workforce and cultivate a more rewarding talent experience for all our professionals. We strive for an experience that is meaningful to people of all backgrounds—one that

enables them to show up authentically, grow to their full potential, and live a purposeful life. The ongoing pandemic and fight for racial justice illuminate just how important this work is, not only within Deloitte, but across all of our communities.

As we explore opportunities to make a greater impact, we reinforce our commitment to being in this for the long term—well past fluctuations in the news cycle. We are focusing on root causes, embedding diversity, equity, and inclusion into every aspect of the way we operate and inspiring inclusive prosperity within communities by examining and taking action on societal systems that perpetuate inequities.

As we enter this new phase of our journey, it is our privilege to welcome our new Diversity, Equity, and Inclusion leader, Kavitha Prabhakar. She shares our perspective that, as professionals and humans, we are all inextricably linked. When we help remove obstacles in our communities that stand in the way of people achieving their very best, we strengthen society as a whole. We recognize there is critical work to do now and in the future. To do this work, our organization must acknowledge the reality of where we stand and the progress we need to make internally and in our communities. This inaugural Diversity, Equity, and Inclusion Transparency Report is an important step in this process.

Our greatest strength as an organization is and will always be our people. Thank you for making our legacy rich and our future bright. We look forward to continuing this journey together.



Joe Ucuzoglu
Chief Executive Officer
Deloitte US



Janet Foutty
Executive Chair of the Board
Deloitte US

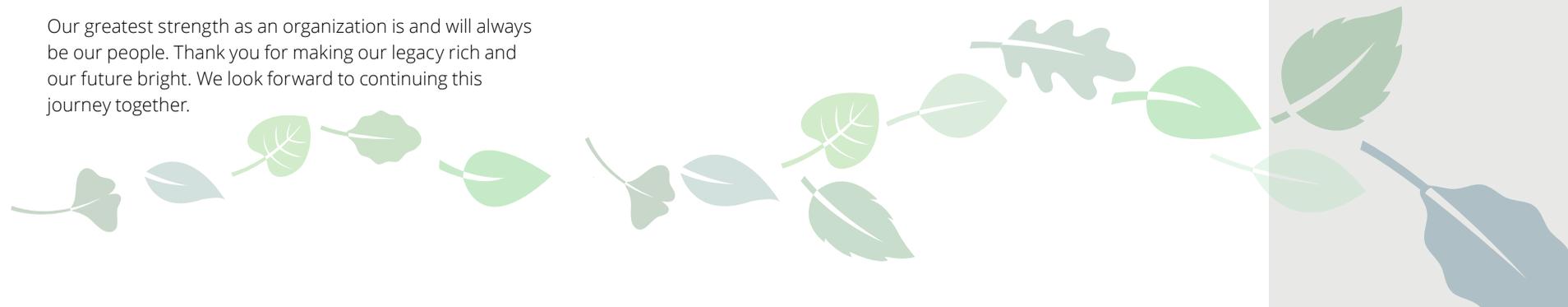
MESSAGES FROM LEADERSHIP

REFLECTING ON OUR PROGRESS

A STRATEGY FOR MEANINGFUL CHANGE

MOVING FORWARD TOGETHER

ENDNOTES



Listening. Learning. Leading.

A message from Kavitha Prabhakar, chief diversity, equity, and inclusion officer, Deloitte US

I am humbled and honored to take on the role of Deloitte's Chief Diversity, Equity, and Inclusion Officer. During my 22 years at Deloitte, I have watched the firm grow, and I am proud of how we've adapted to meet the needs of our people, our stakeholders, and our communities. It's been an inspiring and hopeful evolution, and yet there is still more work to be done.

This report takes a critical look at our current state, both from a quantitative and qualitative perspective. We share representation data for our US workforce as well as additional data views including representation across leadership, job roles, generations, and components of the talent life cycle. We also set goals for what we want the future to be. When it comes to representation, for example, we are committing to the following goals for the Deloitte US workforce:

- Increase the number of Black and Hispanic/Latinx professionals in our US workforce by 50% by 2025; this is an input to our goal of increasing the overall racial and ethnic diversity* of our US workforce to 48% by 2025
- Increase US workforce female representation to 45% by 2025
- Increase the representation of racially and ethnically diverse US Partners, Principals, and Managing Directors (PPMDs) to 25% by 2025
- Increase the number of female US PPMDs by 25% by 2025

These are just some of our diversity, equity, and inclusion aspirations. Many others are shared throughout this report, where we explore the many dimensions of our DEI current state and forward-looking approach.

Both setting and pursuing these goals requires a comprehensive understanding of our current state. Having a clear sense of what we are doing well and where we need to improve will better equip us to identify and address the needs of our people and our communities. The insights and findings in this report help indicate where we must focus to drive meaningful progress. It is our call to action—to act on opportunities for growth, assess systemic challenges at hand, and create strategies and solutions to overcome them.

As a data-driven organization, we know how important metrics can be in charting a path forward, promoting transparency, and holding each other accountable. However, data cannot, and will not, be the only basis for determining our course of action. The experiences of our people are an equally important aspect of this report and the work that lies ahead. Many of our people have shared their stories with us—some of which are included in this report—and for that I thank them. Their journeys remind us that behind each data point, there's a unique human experience. Their voices and sentiments, as well as the data and insights from this report, will guide us as we continue to grow together.

The conversations we are having about diversity, equity, and inclusion within and outside of Deloitte, between individuals and among groups, in the business community, and across society at large are incredibly complex. And we are having them with more courage and resolve than ever before. While we cannot be sure that all of these conversations and actions will have the intended impact, we will learn from them every step of the way. We are confident that this report and our continued engagement with a broad network of stakeholders, most importantly our own people, will help us change and thrive together.



A stylized, handwritten signature of Kavitha Prabhakar in black ink.

Kavitha Prabhakar
Chief Diversity, Equity, and Inclusion Officer
Deloitte US

*Diverse racial and ethnic groups include Asian, American Indian/Alaska Native, Black, Native Hawaiian/Pacific Islander, those who identify as multiracial, and professionals whose ethnicity is Hispanic/Latinx.

MESSAGES FROM LEADERSHIP

REFLECTING ON OUR PROGRESS

A STRATEGY FOR MEANINGFUL CHANGE

MOVING FORWARD TOGETHER

ENDNOTES



Going Beyond the Data

We'd like to thank our colleagues who offered the statements you'll see throughout this report. It is their authenticity—and the authenticity of all our people—that we endeavor to champion.



Reflecting on Our Progress

The evolution of our DEI journey

Deloitte has a long history of working to shape corporate America’s inclusion landscape. We are proud to have made early investments in our people and our culture. Much has changed over the years, and much work remains to be done, but our commitment to learning from and continuously evolving our diversity and inclusion approach has remained constant.

Behind our big “firsts” in the industry—naming the first woman chair in 2003, the first Hispanic CEO in 2011, and the first woman CEO in 2015 of any Big Four firm—are numerous Deloitte initiatives and community collaborations aimed at building a diverse and inclusive workforce. We expanded on the foundation of our initial diversity initiatives to address race, ethnicity, and inclusion with an intersectional* perspective. From connecting professionals across interests and identities to educating Deloitte professionals on inclusive leadership, we have aspired to build community, encourage authenticity, engender allyship, and broaden access to opportunity.

Underlying our DEI efforts is an intense focus on workforce well-being. Early on, we recognized the connection between these philosophies and have steadily enhanced our approach and resources for supporting the physical, mental, financial, and social health of our people. These efforts have proved invaluable in supporting our people through the continuing stress and uncertainty of the pandemic.

*Deloitte uses the term intersectionality, originally conceived by Kimberlé Crenshaw, and acknowledges that social identities, such as race, gender, sexuality, class, marital status, ability, and age, overlap and intersect in dynamic ways that shape each individual.¹

MESSAGES FROM LEADERSHIP

REFLECTING ON OUR PROGRESS

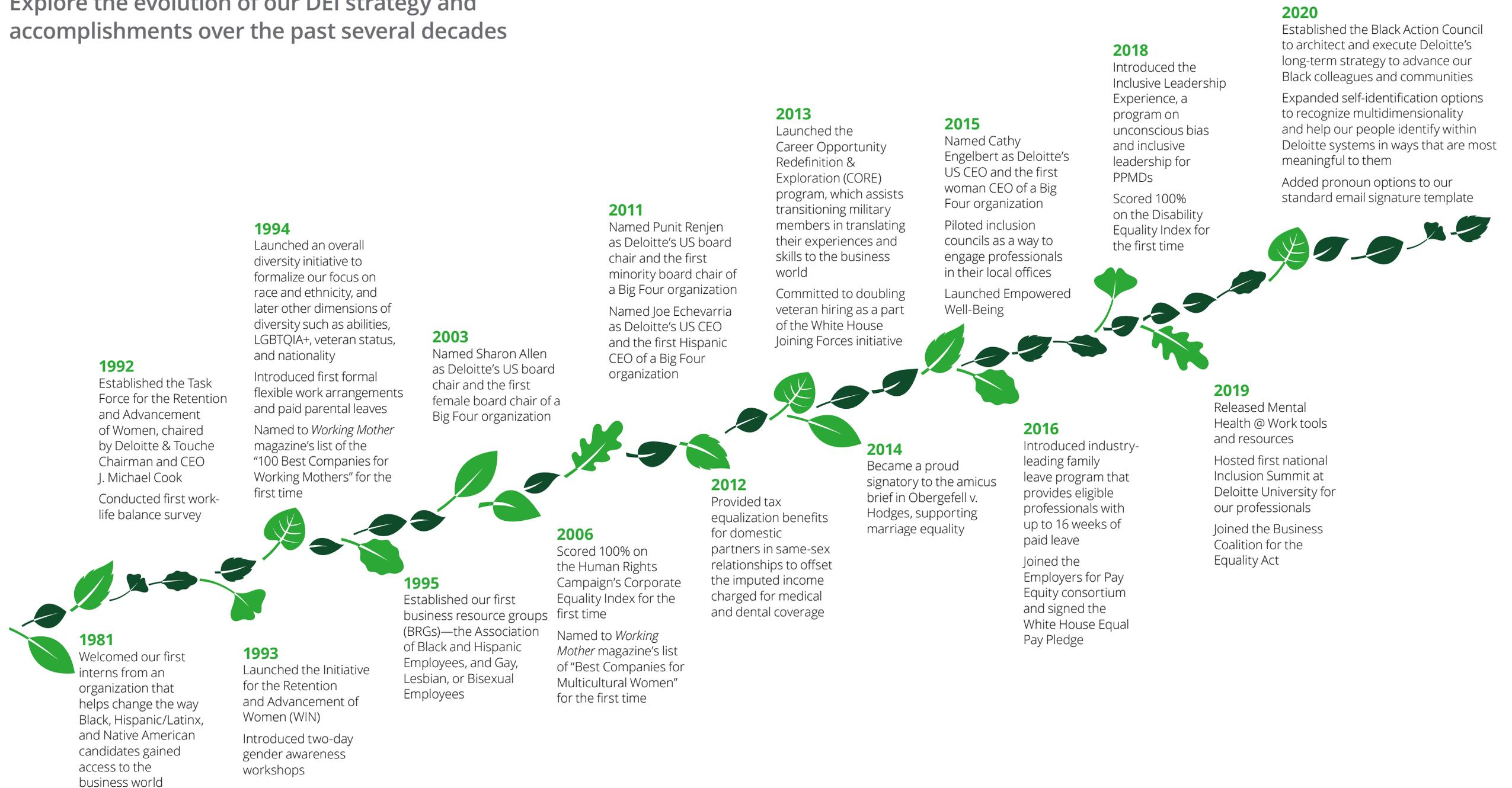
A STRATEGY FOR MEANINGFUL CHANGE

MOVING FORWARD TOGETHER

ENDNOTES



Explore the evolution of our DEI strategy and accomplishments over the past several decades



A Strategy for Meaningful Change

Our plan for making an impact that matters

As an organization powered by our people, we continue to strive toward more equitable and rewarding talent experiences for our professionals.

Over the years, we've overcome obstacles, bridged gaps, and aligned to new ways of thinking. As the momentous events of 2020 continue to shape how we live and work—and the depth and breadth of systemic inequalities are laid bare—we are again evolving our strategy.

While our mission of delivering a world-class talent experience remains the same, we are adding equity to the diversity and inclusion approach. Equity is a critical lens through which we will examine our existing systems, processes, and policies to continue to enhance opportunities to achieve success. With this focus, we aim to improve the talent experience for our professionals.

Throughout this report, you'll see this shift in strategy reflected. While we'll continue to focus on areas that have been—and continue to be—important to our people, such as well-being and inclusion, we are reorganizing our efforts across four priority areas to enact even greater change and deliver lasting impact.

Diversity and equity—Continued focus on creating a meaningful talent experience for all professionals, striving for a diverse, representative workforce, and promoting processes that provide even more opportunities for all our professionals.

Inclusion and belonging—Strengthening our inclusive culture to empower people to be their authentic selves, feel like they belong, have courageous conversations respectfully, and develop genuine relationships.

Workforce well-being—Integrate well-being into our work at the organizational, team, and individual levels.

External impact—Make an impact that matters in our communities by promoting inclusive economic prosperity, addressing gaps in education, and increasing access to employment opportunities.

Underpinning all of our priority areas is a deep awareness and commitment to increasing the accountability of our leaders. In a partnership, such as Deloitte, our leaders play a unique role in advancing progress at the firm. We will work to ensure that each of our leaders is active in building a better Deloitte across all priority areas.

“Now is the time for us to be bold, challenge orthodoxies, inspire change, and strive to be at the forefront of diversity, equity, and inclusion. As your Chief DEI Officer, I am committed to enhancing our inclusive culture, one which supports our people, amplifies how we lead with our clients, and promotes change in society by investing in our communities.”

Kavitha Prabhakar
Chief DEI Officer, Deloitte US

A note on our data:

- Metrics in this report are rounded to the nearest tenth (thus, some totals may not add to 100%)
- Workforce representation, leadership representation, and advancement data are from our current fiscal year (FY2021) and are as of November 2020
- Talent Survey results, recruitment, and retention data are as of FY2020

MESSAGES FROM LEADERSHIP

REFLECTING ON OUR PROGRESS

A STRATEGY FOR MEANINGFUL CHANGE

Diversity and Equity
Inclusion and Belonging
Workforce Well-Being
External Impact

MOVING FORWARD TOGETHER

ENDNOTES



Diversity and Equity

Continued focus on creating a meaningful talent experience for all professionals, striving for a diverse, representative workforce, and promoting processes that provide even more opportunities for all of our professionals

Defining and measuring progress

Diversity and equity guide how we approach our workforce strategy, and they also fuel and influence how we operate as a business.

How Deloitte defines diversity and equity

Diversity: The characteristics with which we are born and gain through experience, both seen and unseen, that make us different and similar.

Equity: The outcome of diversity, inclusion, and anti-oppression wherein all people have fair access, opportunity, resources, and power to thrive with consideration for and elimination of historical and systemic barriers and privileges that cause oppression.

These terms may be familiar, but these definitions are more than just context—they are a foundational component of how our people communicate and internalize these important topics.

While our strategy has evolved over the years, we have always grounded our approach in data. Being a data-driven enterprise means conducting a comprehensive analysis of our current state, gathering both quantitative and qualitative data, identifying our biggest opportunity areas, and charting a measurable path forward. With this report, we are providing greater transparency and insight into these findings, which we know is valued both within and outside Deloitte.

MESSAGES FROM LEADERSHIP

REFLECTING ON OUR PROGRESS

A STRATEGY FOR MEANINGFUL CHANGE

Diversity and Equity

Inclusion and Belonging

Workforce Well-being

External Impact

MOVING FORWARD TOGETHER

ENDNOTES

Representation: Looking at our US workforce composition

A review of our representation data for the US-based workforce, which is made up of more than 65,000 professionals, provides a starting point to identify what's working well and where we can do better. We are encouraged to see consistent growth in key areas of representation, particularly for Black, Hispanic/Latinx, and multiracial professionals. While growth for female representation is positive, there is more work to be done.

Key observations:

Since FY2018, we've seen:

- 10.0% growth for Black representation (from 6.0% to 6.6%)
- 12.1% growth for Hispanic/Latinx representation (5.8% to 6.5%)
- 24.1% growth for multiracial representation (2.9% to 3.6%)
- 2.6% growth for female representation (42.8% to 43.9%)

In the past, we collected representation data by race,² ethnicity, and gender for legal reporting requirements. As our understanding of multidimensionality grew, we wanted to give our people the ability to identify in additional ways within Deloitte systems. In fall 2020, we launched a campaign that provided new self-identification (self-ID) options, including expanded choices related to race, multirace, gender identity, and sexual orientation. These voluntary disclosures are aimed at creating a space for people who want to express various aspects of their identity and, in the process, enable leadership to tailor our DEI strategy to meet the unique needs of our professionals.

Overall Deloitte FY2021 US workforce representation³

(Total US workforce headcount: 65,316)

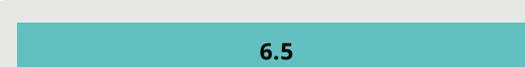
■ 2+ Races
 ■ American Indian/Alaska Native
 ■ Asian
 ■ Black
 ■ Native Hawaiian/Other Pacific Islander
 ■ White
 ■ Unavailable

Race (%)



■ Hispanic/Latinx
 ■ Male
 ■ Female

Ethnicity (%)



Gender (%)



Our approach to gender and ethnicity

Sex and gender: Historically, we've mirrored our gender reporting selections to match definitions set out by legal reporting requirements. However, we recognize that not all peoples' gender identities match their sex assigned at birth. As we continue to expand our self-identification options, we are actively looking for ways to capture gender as a spectrum and honor all gender identities. For the purposes of this report, we include sex identifiers (male/female) under the category of "gender" when referring to Deloitte data, as that is how it is currently captured in Deloitte systems.

Race and ethnicity: We disaggregated race and ethnicity to better represent professionals' identities and to acknowledge that race and ethnicity are not mutually exclusive. We continue to broaden our understanding of race and ethnicity and the gaps that the current reporting categories create, such as not providing options that resonate with professionals who identify with nationalities or ethnic groups that originate in the Middle East or North Africa. We are actively looking for ways to build a more comprehensive picture of our professionals' overlapping racial and ethnic identities.

MESSAGES FROM LEADERSHIP

REFLECTING ON OUR PROGRESS

A STRATEGY FOR MEANINGFUL CHANGE

Diversity and Equity

Inclusion and Belonging

Workforce Well-being

External Impact

MOVING FORWARD TOGETHER

ENDNOTES

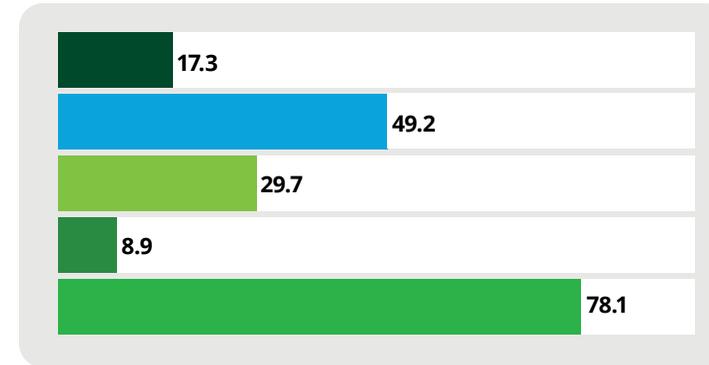


As a result of our recent self-ID campaign, we now have the ability for professionals to expand upon racial and gender identities in more meaningful ways. Multiracial professionals are also now able to share their personal information to reflect the intersection of their identities. Of those who identified as two or more races prior to the self-ID campaign, 61.4% updated their race information.

We also recently expanded options for Asian professionals to identify with specific geographies, including East Asian, South Asian, and Southeast Asian. As our professionals continue to share additional aspects of their identities, we will incorporate that information into future reports.

2+ races decomposition (%)*

■ American Indian/Alaska Native
 ■ Asian
 ■ Black
■ Native Hawaiian/Other Pacific Islander
 ■ White



*Breakout percentages for two or more races add up to more than 100% because professionals could select to identify as more than one race. 38.6% of multiracial professionals have not updated their records to reflect their identities and are not reflected in this chart.

“From a personal perspective, and as a first-generation Chinese American woman, the expanded self-ID options are meaningful to me. I see this data as an enabler for the firm to better understand challenges various Asian populations may face in the workplace, in addition to allowing us to provide targeted support as events take place in the world, such as the overt and sometimes violent acts of racism against East Asians in the United States during the spread of COVID-19. It will allow us to narrow in on specific actions within Deloitte and to expand on the work we’ve started with the East Asian Diversity Initiative.”

Alice Kwan (she/her/hers)
Principal, Deloitte Consulting LLP

MESSAGES FROM LEADERSHIP

REFLECTING ON OUR PROGRESS

A STRATEGY FOR MEANINGFUL CHANGE

Diversity and Equity

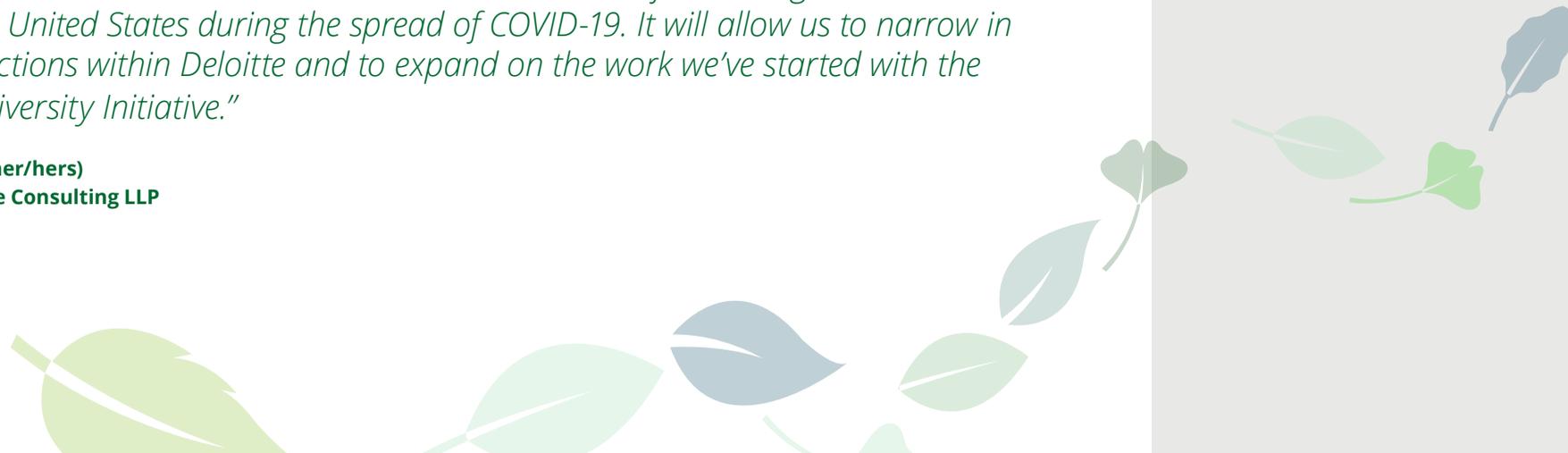
Inclusion and Belonging

Workforce Well-being

External Impact

MOVING FORWARD TOGETHER

ENDNOTES



Every role in the firm is critical to delivering success to our clients and impact to our organization and communities. One way we look at our workforce data is through the role that professionals play. For example, we group roles by those that primarily serve external clients (Client Service) and those that lead and support firm operations (Enabling Areas). Functions such as Accounting, Finance, Marketing, Office of General Counsel, Risk, and Talent fall within Enabling Areas.

Upon reviewing data by job role, we observe differences in representation across both groups. There is a

greater percentage of Asian professionals within Client Service compared with representation in the firm overall. Conversely, there is a lower percentage of Asian professionals within Enabling Areas when compared with overall Asian representation. The percentage of Black, Hispanic/Latinx, and female professionals in Enabling Areas exceeds overall firm representation for each of these cohorts. These differences affirm that we need to continue to sponsor professionals of these cohorts in all job roles and support their advancement to leadership roles regardless of career model.

A deeper dive into representation by job level on the following page reveals greater representation of Black, Hispanic/Latinx, multiracial, and female professionals at junior levels. We view this as a sign of progress as we seek to increase representation in our internal talent pipeline through organic promotion*. However, we acknowledge the critical role that recruitment plays in helping to increase overall representation. There is an opportunity to be more bold in our experienced hire recruiting strategy for these groups.

Deloitte FY2021 US workforce representation by job role**

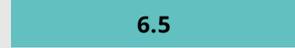
■ 2+ Races
 ■ American Indian/Alaska Native
 ■ Asian
 ■ Black
 ■ Native Hawaiian/Other Pacific Islander
 ■ White
 ■ Unavailable
 ■ Hispanic/Latinx
 ■ Male
 ■ Female

Race (%)

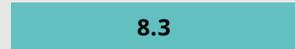
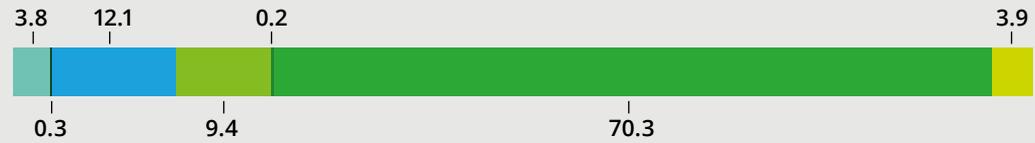
Ethnicity (%)

Gender (%)

Client service roles



Enabling areas roles



*Partner and Principal admissions and Managing Director promotions are included in overall promotions.

**Representation of race, ethnicity, and gender by job role does not include PPMs.

MESSAGES FROM LEADERSHIP

REFLECTING ON OUR PROGRESS

A STRATEGY FOR MEANINGFUL CHANGE

Diversity and Equity

Inclusion and Belonging

Workforce Well-being

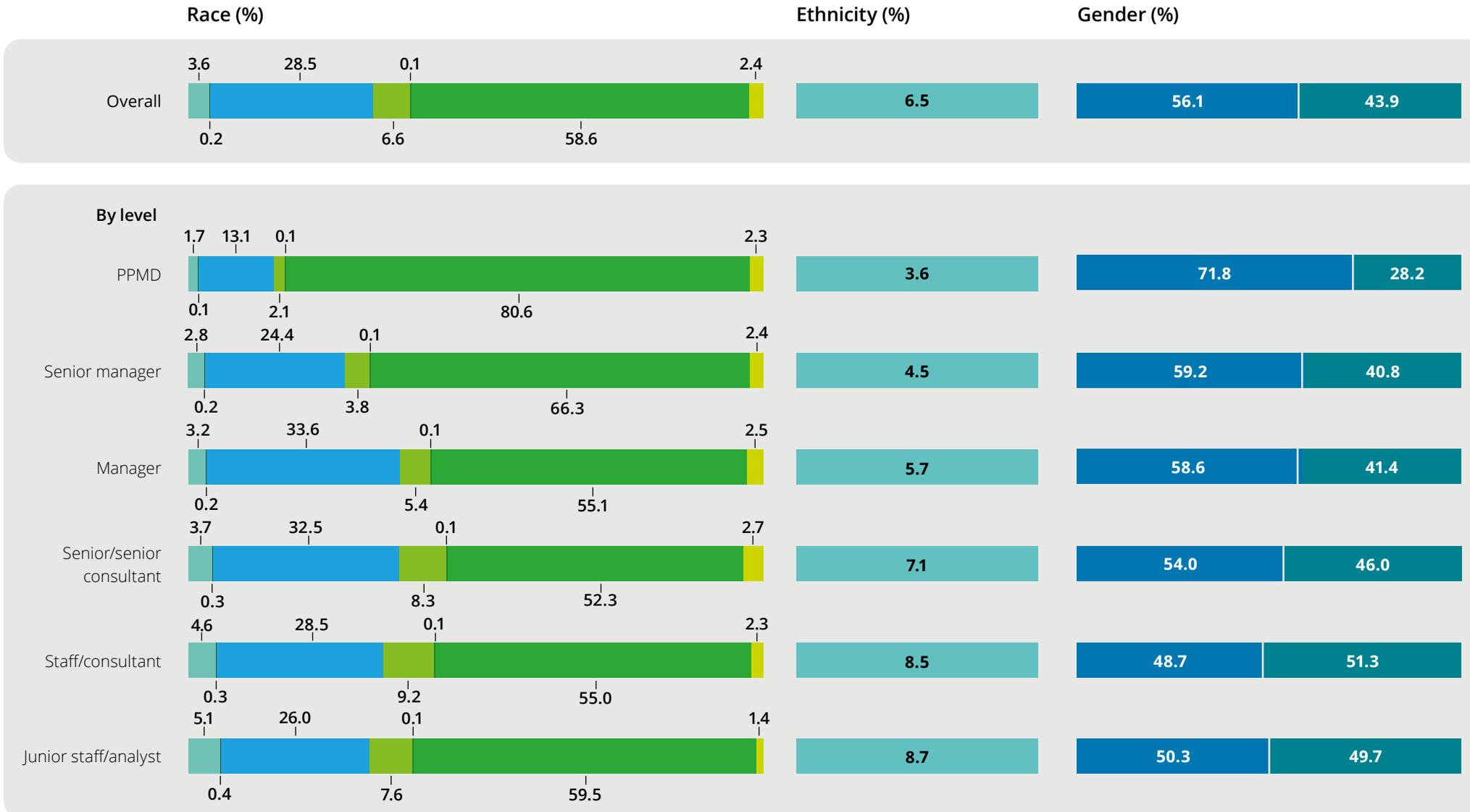
External Impact

MOVING FORWARD TOGETHER

ENDNOTES

Deloitte FY2021 US workforce representation by level

■ 2+ Races
 ■ American Indian/Alaska Native
 ■ Asian
 ■ Black
 ■ Native Hawaiian/Other Pacific Islander
 ■ White
 ■ Unavailable
 ■ Hispanic/Latinx
 ■ Male
 ■ Female



MESSAGES FROM LEADERSHIP

REFLECTING ON OUR PROGRESS

A STRATEGY FOR MEANINGFUL CHANGE

Diversity and Equity

Inclusion and Belonging

Workforce Well-being

External Impact

MOVING FORWARD TOGETHER

ENDNOTES

Representation: Examining US leadership diversity

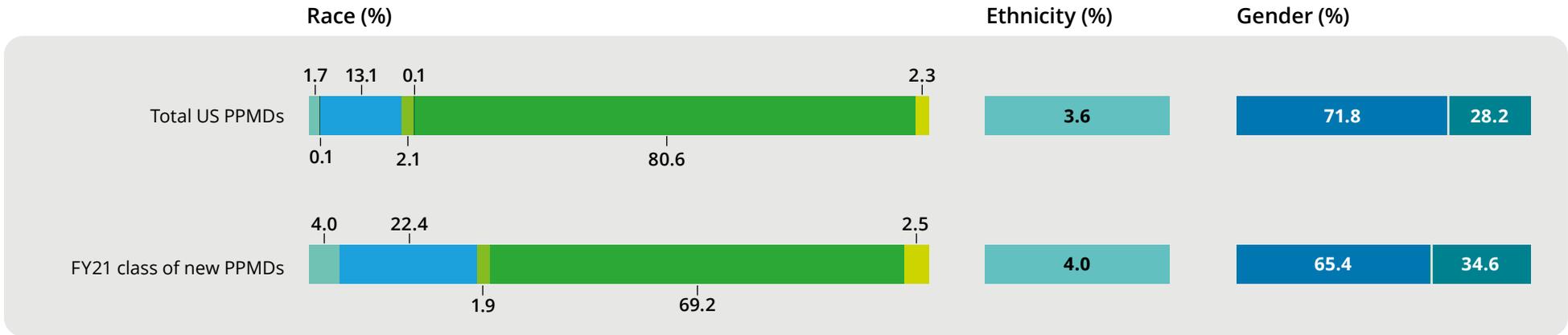
Diverse representation at our leadership levels is not only critical to making progress against our DEI goals, but also allows us to bring diversity of thought to our clients, talent markets, and our communities. We also realize how important it is to have our people see themselves in leadership, which is why we remain committed to increasing the demographic diversity of our overall PPMD group.

Here, we share the representation of our latest PPMD class in comparison to overall PPMD representation. If we maintain this trajectory and continue to diversify the pipeline of candidates who are directly admitted or hired to PPMD, we will make strides toward our goal of PPMD representation that more closely reflects the overall diversity of our society.

Progress toward this goal relies on intensifying our efforts that result in the increased promotion, advancement, and retention of female professionals and professionals of racial groups whose representation in the latest PPMD class is lower than overall PPMD representation.

Deloitte FY2021 US workforce current PPMD and new PPMD representation

■ 2+ Races
 ■ American Indian/Alaska Native
 ■ Asian
 ■ Black
 ■ Native Hawaiian/Other Pacific Islander
 ■ White
 ■ Unavailable
 ■ Hispanic/Latinx
 ■ Male
 ■ Female



MESSAGES FROM LEADERSHIP

REFLECTING ON OUR PROGRESS

A STRATEGY FOR MEANINGFUL CHANGE

Diversity and Equity

- Inclusion and Belonging
- Workforce Well-being
- External Impact

MOVING FORWARD TOGETHER

ENDNOTES

Our formal leadership positions, for which the PPMD group is the pool of candidates, should also more closely reflect the overall gender, race, and ethnic makeup of our organization and society. The business world at large is becoming aware of the advantages of a diverse board: Between 2010 and 2018, the number of Fortune 500 companies with greater than 40% board overall diversity nearly tripled, from 54 to 145.⁴ As talent, client, and supplier demographics shift, we must strive to instill diversity in key leadership positions and be willing to reshape structures where necessary. Not only is representation in leadership roles important to our staff as they seek to advance, but it is also critical to the development and growth of our PPMDs. Across the various leadership groups, we see the following trends:

US Board of Directors:

- **Role:** The Board of Directors is responsible for oversight of executive leadership, as well as candidate development and succession planning for the offices of CEO and Chair.
- **Data:** Board representation consists of PPMDs who are 40% female, 5% Asian, 15% Black, and 5% multiracial. There is an opportunity to increase the representation of Asian PPMDs and PPMDs of other racial cohorts,* all of which are below current PPMD representation. Furthermore, there is no representation of Hispanic/Latinx PPMDs on the board, highlighting an opportunity to improve ethnic diversity.

US Executive Leadership Team:

- **Role:** The Executive Leadership Team is a cross-functional group of PPMDs led by our CEO to drive our strategy and operations.
- **Data:** Executive Leadership Team representation consists of PPMDs who are 38.7% female, 9.7% Asian, and 9.7% Black. There is an opportunity to increase the representation of Asian PPMDs and PPMDs of other racial cohorts, all of which are below current PPMD representation. Furthermore, Hispanic/Latinx PPMD representation (3.2%) is below overall PPMD Hispanic/Latinx representation (3.6%), highlighting an opportunity to increase ethnic diversity.

US Client Service Leadership:

- **Role:** Client Service Leadership consists of Lead Client Service Partners and the Lead Business Partners for our client accounts. These leaders have the primary responsibility for managing critical relationships with our trusted clients and the important work we deliver to them.
- **Data:** Client Service Leadership representation consists of PPMDs who are 22.9% female, 9.4% Asian, 2.5% Black, 1.5% multiracial, and 0.1% Native Hawaiian/Pacific Islander. There is an opportunity to increase representation of women and PPMDs from all racially and ethnically diverse groups. Furthermore, Hispanic/Latinx PPMD representation (2.7%) is below overall Hispanic/Latinx PPMD representation (3.6%), highlighting an opportunity to improve overall diversity.

US Local Managing Partners:

- **Role:** Local Managing Partners have geographic marketplace roles, are champions of local office culture, drive local growth agendas, and support community and office leadership within their geographies.
- **Data:** Local Managing Partners consist of PPMDs who are 26.6% female and 7.7% Black. There is an opportunity to increase the representation of women PPMDs, Asian PPMDs, and PPMDs of other racial cohorts, which are below current PPMD representation. Hispanic/Latinx PPMD representation (4.7%) is above the firm's average PPMD representation.

*Other racial cohorts include 2+ Races, American Indian/Alaska Native, and Native Hawaiian/Other Pacific Islander.

MESSAGES FROM LEADERSHIP

REFLECTING ON OUR PROGRESS

A STRATEGY FOR MEANINGFUL CHANGE

Diversity and Equity

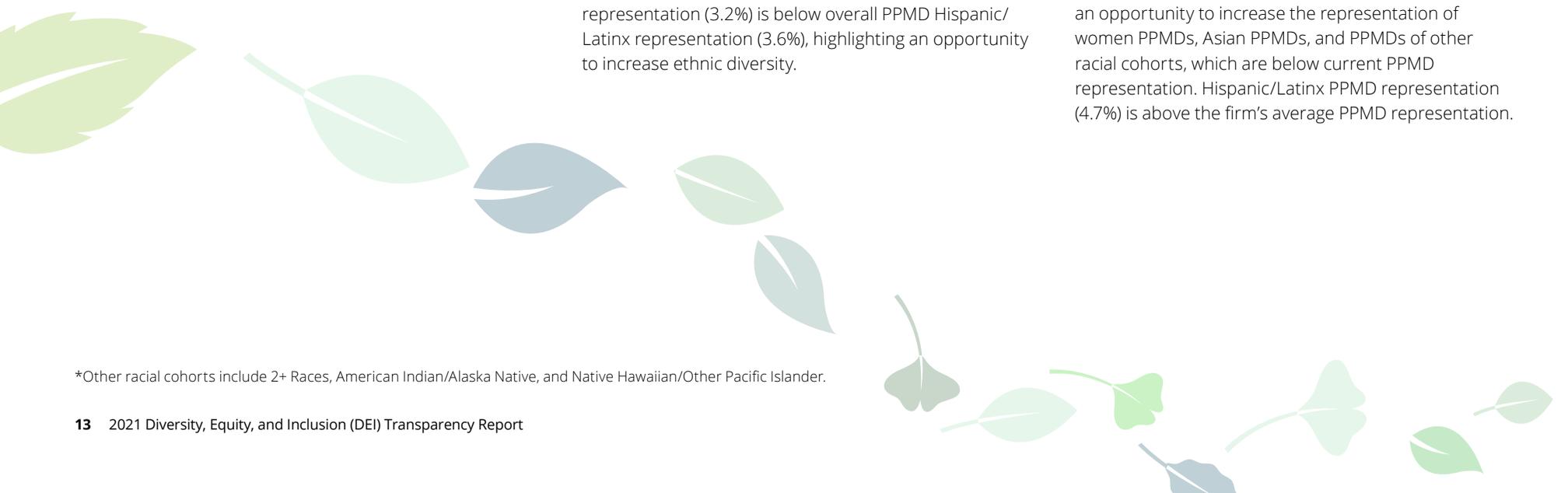
Inclusion and Belonging

Workforce Well-being

External Impact

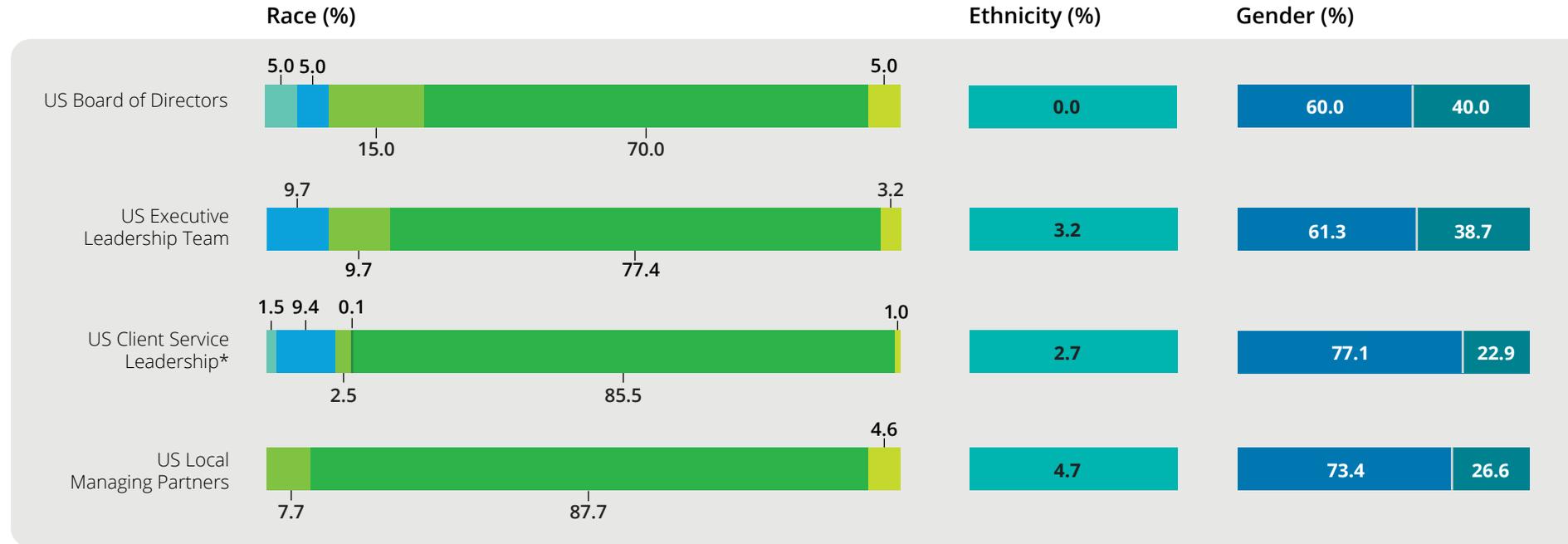
MOVING FORWARD TOGETHER

ENDNOTES



Deloitte FY2021 US leadership representation

■ 2+ Races
 ■ American Indian/Alaska Native
 ■ Asian
 ■ Black
 ■ Native Hawaiian/Other Pacific Islander
 ■ White
 ■ Unavailable
 ■ Hispanic/Latinx
 ■ Male
 ■ Female



*Client service leadership: lead client service partners (LCSPs) and lead business partners (LBPs).

“From increased creativity to stronger governance and improved problem-solving abilities, diversity equates to better business outcomes. We need to be thinking about and acting on inclusion in bold ways in our organizations. This starts with having a diverse and inclusive board, as that will lead the way for the entire company.”

Janet Foutty, Executive Chair of the Board, Deloitte US

MESSAGES FROM LEADERSHIP

REFLECTING ON OUR PROGRESS

A STRATEGY FOR MEANINGFUL CHANGE

Diversity and Equity

Inclusion and Belonging

Workforce Well-being

External Impact

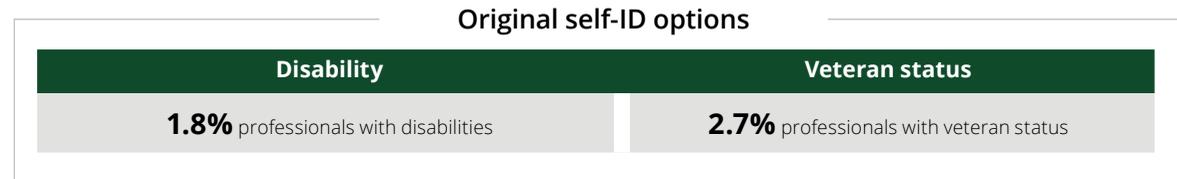
MOVING FORWARD TOGETHER

ENDNOTES

Representation: Taking a multidimensional view of our people

A first important step in better serving our people is understanding who we are serving. Our initial efforts, and content in this report, are focused on race, ethnicity, and gender. With this as a starting point, we will have a strong foundation to build on as we work to take a more multidimensional approach in supporting professionals that identify as LGBTQIA+, veterans, and people with disabilities. Through self-identification, we've gained greater insight into representation across these critical dimensions, including professionals with disabilities and veterans.

Deloitte FY2021 US workforce representation across self-identified dimensions



As of November 2020, 94% of US professionals have viewed their personal information in our talent portal. 30% of our professionals updated their personal information, including the original and expanded self-identification options. Here is what our people shared:



*As of fall 2020, all professionals have the option to select LGBTQIA+, non-binary, and transgender as identities. Each of these percentages is out of total US respondents.

While we have introduced additional choices around these identities, we hope to continue to expand our identity selections as we learn more about the needs of our people. These optional selections are available to professionals year-round so professionals can update their profiles when it feels right to them. We expect representation in each of these categories to grow as we continue to focus on our culture of inclusion and our professionals feel increasingly empowered to share and self-identify. These collective numbers don't tell the whole story of the multiple, overlapping, and intersecting identities of our people, but they are key indicators of both our progress and the work still to be done. And the more information people share with us, the greater ability we have in developing systems and solutions that align to their needs.

Using our capabilities to better understand our people

Human-centered design (HCD) is an approach that puts the professional and their experiences at the center of the problem-solving process. The goal is to elevate the human experience using principles of design. This helps us better discover, design, develop, and deliver impactful solutions that truly meet our people's "whole-self" needs.

Veterans HCD Initiative: Not all veterans are the same, yet they often have similar needs and goals as they transition from the military to the civilian workforce. We worked with many of our over 1,000 veterans, as well as caregivers and military spouses, to create a journey map that helps us understand the highs and lows of this transition and the capabilities that are needed to be successful in the market.

People with Disabilities HCD Initiative: Deloitte launched an HCD effort nationwide to better understand the experiences of people with disabilities, identify ways to improve accessibility, and create a more inclusive culture. Professionals with disabilities, advocates, and allies participated in interviews and workshops to begin brainstorming solutions with the goal of better capturing and meeting the needs of this community.

Both of these efforts have been essential in helping us understand where we're doing well, but more importantly, where there's room to improve. We look forward to using these insights to improve the talent experience for veterans and professionals with disabilities and applying our learnings to other cohorts.

MESSAGES FROM LEADERSHIP

REFLECTING ON OUR PROGRESS

A STRATEGY FOR MEANINGFUL CHANGE

Diversity and Equity

Inclusion and Belonging

Workforce Well-being

External Impact

MOVING FORWARD TOGETHER

ENDNOTES

Deloitte US generational representation

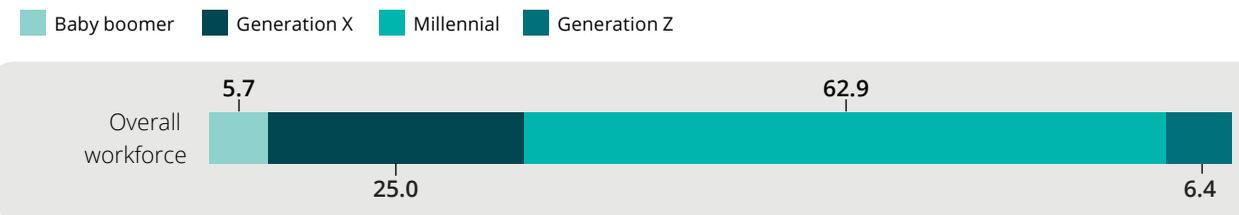
Today's Deloitte US workforce spans four generational categories⁵ across all levels, with millennials comprising the majority of the Deloitte US workforce*. Millennials and Generation Z represent 87.4% of professionals at less tenured levels (senior consultants and below). Generation X and baby boomers represent 52.7% of professionals in leadership positions (managers and above) and are represented across all levels of the organization.

Millennials, in particular, are looking for business leaders to serve as agents for positive change.⁶ Their call for greater transparency around how businesses put purpose into action was a key impetus for this report. Regardless of generation, we are agile in meeting the needs of our people.

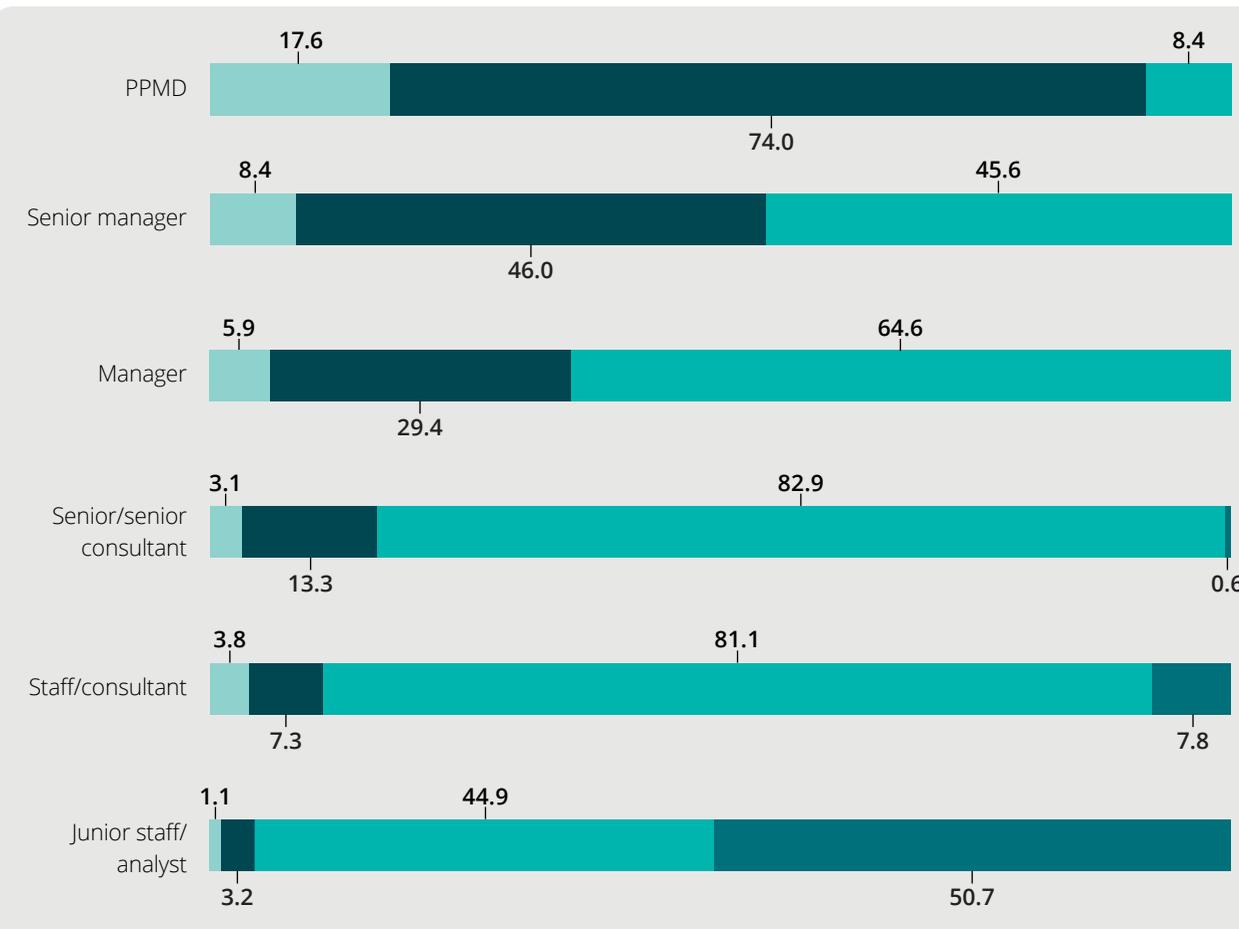


* Baby boomer: Born 1946–1964; Generation X: Born 1965–1980; millennial: Born 1981–1996; Generation Z: Born 1997–2012.

Deloitte FY2021 US workforce generational representation (%)



Deloitte FY2021 US workforce generational representation by level (%)



MESSAGES FROM LEADERSHIP

REFLECTING ON OUR PROGRESS

A STRATEGY FOR MEANINGFUL CHANGE

Diversity and Equity

Inclusion and Belonging

Workforce Well-being

External Impact

MOVING FORWARD TOGETHER

ENDNOTES

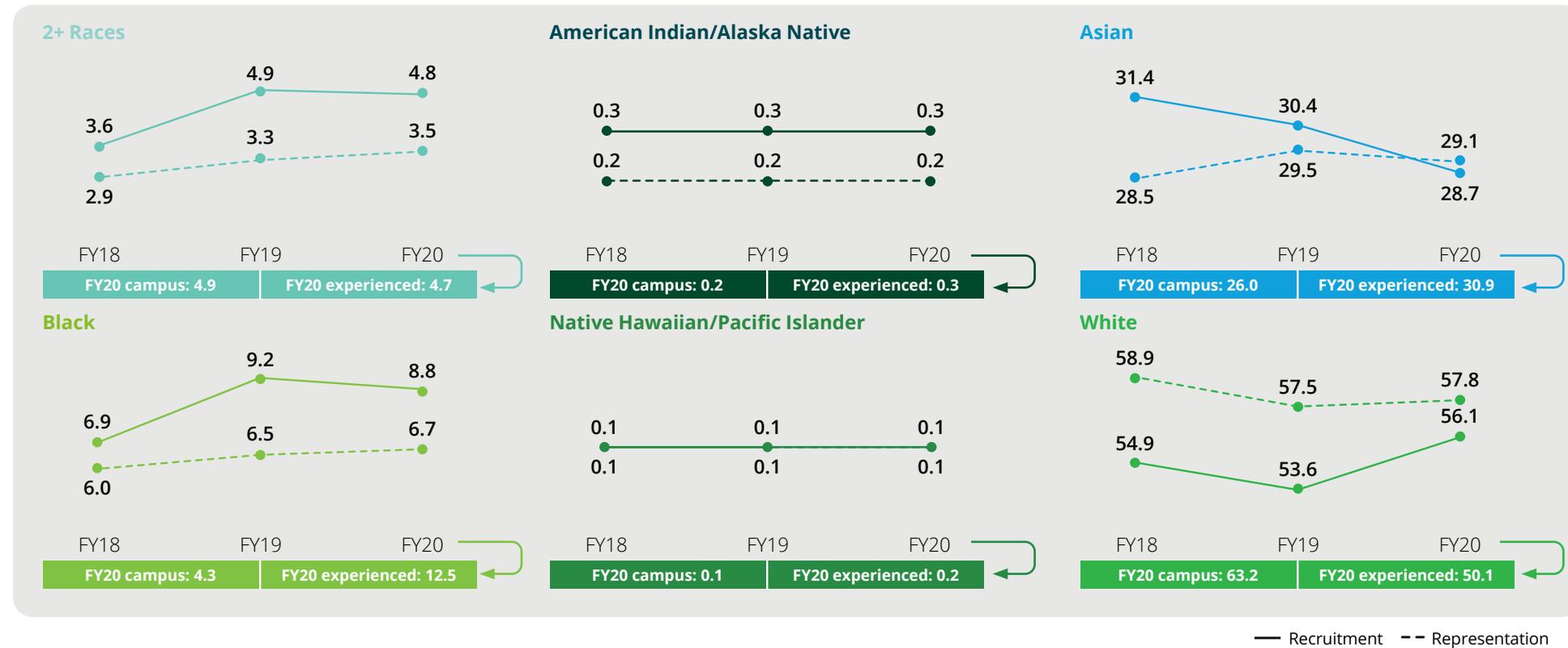
Advancing DEI values and goals across our talent strategy

Addressing representation is not about a single program or initiative. DEI is embedded in all that we do—particularly in our recruitment, development and advancement, and retention strategies. The evolution of our efforts across these phases are aimed at strengthening our inclusive culture at the project and account levels, refining processes, cultivating future talent, and sustaining our workforce.

Recruitment: Building a diverse workforce

Our recruiting efforts are focused on two pipelines: entry-level/undergraduate and graduate students (referenced as “campus hires” in the following chart) and experienced hires. Deloitte’s recruiting philosophy and associated activities anchor on our goal of identifying diverse talent and future leaders. To that end, we continue to invest heavily in innovative ways to connect with talent from a variety of backgrounds and experiences.

Deloitte FY2018–FY2020 US workforce recruitment data (%) – Race



Key observations

In examining our recruitment data for FY2020:

- 42.7% of our hires were from diverse racial groups.
- Black professionals comprised 8.8% of hiring, which is 31.3% greater than their representation in the firm.
- We hired American Indian/Alaska Native (0.3%) and multiracial (4.8%) professionals at levels above representation (0.2% and 3.5% respectively).
- We hired Native Hawaiian/Other Pacific Islander professionals at the same level as representation, contributing to unchanged representation for this cohort.

MESSAGES FROM LEADERSHIP

REFLECTING ON OUR PROGRESS

A STRATEGY FOR MEANINGFUL CHANGE

Diversity and Equity

Inclusion and Belonging

Workforce Well-being

External Impact

MOVING FORWARD TOGETHER

ENDNOTES

In examining our recruitment data for FY2020:

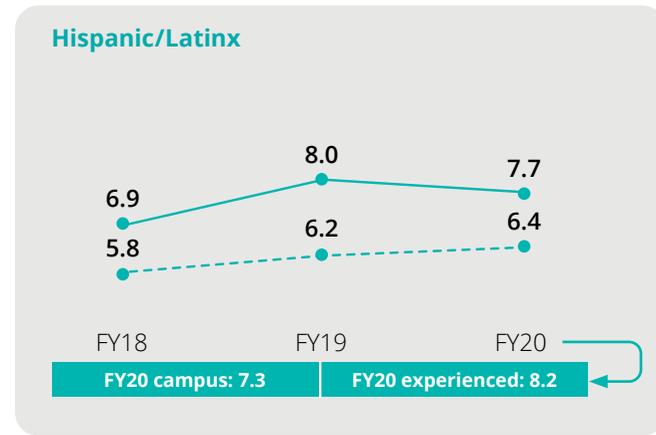
- We hired Hispanic/Latinx (7.7%) professionals at levels above representation (6.4%).

- Hiring of female candidates increased by 7.6% since FY2018.

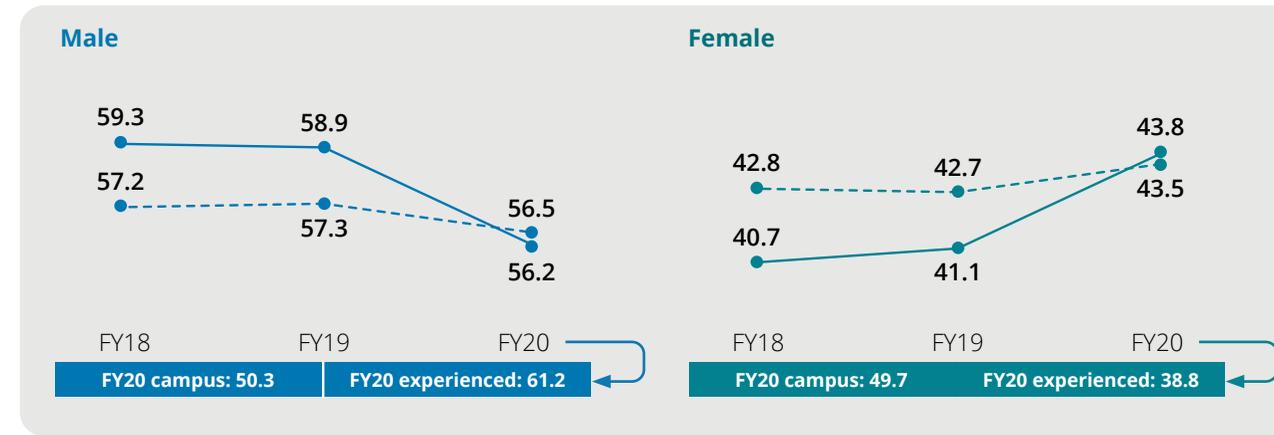
- 43.8% of our hires were female, which exceeded female representation (43.5%). However, the recruitment of experienced hire women in particular is a key priority area.

Deloitte FY2018–FY2020 US workforce recruitment data (%)

Ethnicity (%)



Gender (%)



— Recruitment - - Representation

MESSAGES FROM LEADERSHIP

REFLECTING ON OUR PROGRESS

A STRATEGY FOR MEANINGFUL CHANGE

Diversity and Equity

Inclusion and Belonging

Workforce Well-being

External Impact

MOVING FORWARD TOGETHER

ENDNOTES

The following steps place an emphasis on systemic changes in line with our efforts to focus greater on equity.

Key steps we are taking to advance DEI campus/entry-level and experienced hire recruitment:

- **Strategic collaborations:** We invest annually in approximately 30 strategic sourcing relationships and alliances that assist in identifying top talent. These relationships and alliances span both our student and experienced hire recruiting efforts and include, but are not limited to Ascend, National Association of Black Accountants, Catalyst, Association of Latino Professionals For America, Out & Equal, Historically Black Colleges and Universities (HBCUs), Hispanic-Serving Institutions (HSIs), Management Leadership for Tomorrow (MLT), The Posse Foundation, AfroTech, Grace Hopper Celebration, and Lesbians Who Tech.
- **Artificial intelligence and robotics:** We are piloting artificial intelligence and robotics solutions to help reduce possible bias in early recruitment stages (e.g., application screening process) and increase the diverse slate of candidates we consider for open positions.
- **Recruiting teams:** We are diversifying and training our sourcing and recruiting teams to reach more diverse candidates. We aim for increased overall diversity not only in the candidates we recruit, but also in the composition of our sourcing and recruiting teams.
- **Nontraditional recruiting:** We are committed to augmenting the overall diversity of our professional talent pool by hiring and upskilling candidates from nontraditional recruitment channels. Deloitte continues to invest in hire-to-train and train-to-hire programs such as Encore, military recruiting, Autism@Work, and Pathfinder.
- **Unconscious bias training:** We engage our recruiters and hiring managers in training sessions aimed at helping them identify and mitigate unconscious biases that may arise in the recruiting process.
- **Immigration support:** We continue to leverage opportunities to attract, retain, and develop our foreign national workforce.

“We are continuously challenging our processes in order to achieve different outcomes—it’s the only way we can do better. For example, we recently expanded our list of HBCUs and HSIs for recruiting. What’s incredible is that the newly added schools were chosen by our people. These are schools with which our professionals already have strong ties. This helps us be more impactful on campus and provides candidates with support and mentorship as they make their way through the process.”

Kelly Batts (he/him/his)
Managing Director, Deloitte Consulting LLP

“We recognize that as humans, we have unconscious bias—so we need to be deliberate and intentional in minimizing opportunities for unconscious bias across the entire talent life cycle, including in our recruiting practices. We are skilling our professionals with strategies and tools to mitigate any potential bias so we can enable objective, inclusive hiring decisions.”

Kim Renaud (she/her/hers)
National Diversity, Equity, and Inclusion Recruiting Leader, Deloitte Services LP

MESSAGES FROM LEADERSHIP

REFLECTING ON OUR PROGRESS

A STRATEGY FOR MEANINGFUL CHANGE

Diversity and Equity

Inclusion and Belonging

Workforce Well-being

External Impact

MOVING FORWARD TOGETHER

ENDNOTES



Development and advancement: Empowering our people with opportunities to grow and prosper

Development and advancement are important pieces of the talent life cycle. Advancement is a key driver of our overall representation, and development is how we prepare our professionals to advance and be successful at each career milestone.

Development is about providing professionals with access to opportunities for meaningful experiences that make their desired career trajectories possible. Because we all have different strengths, we know that there isn't a one-size-fits-all solution when it comes to development. We strive to cultivate an environment where our people can work on the areas that are most personally rewarding to them that position them for career success.

Along with formal technical and leadership training, project and role-based learning is a part of our comprehensive approach to development. Project and role-based learning are key components of the Deloitte experience and are often factors in the career trajectory for many of our people. Through a

wide variety of assignments, our professionals can gain valuable experience, learn from others, acquire industry knowledge, build skills, and establish their networks. These important experiences can help drive professionals' performance and compensation.

Promotions and admissions can both provide insight into the employee experience and serve as a helpful metric in determining progress toward our DEI goals. In looking at our advancement data, we see positive trends in the correlation between overall representation percentages and advancement percentages for female, Asian, and Hispanic/Latinx professionals.

Key observations

In examining our advancement data:

- The percentage of female professionals advancing (47.2%) was higher than current female representation across the firm (43.9%). This number is bolstered by the gains of promoting women at the more junior level, and we see this progress plateau at the manager level

and above. The advancement of women at mid and senior levels is a key priority area.

- Hispanic/Latinx and Asian professionals' advancement was equivalent to their current overall representation. However, the advancement of Asian and Hispanic/Latinx professionals at the mid and senior levels are a key priority area.
- For multirace professionals at the manager, senior manager, and PPMD levels, advancement occurred at a percentage higher than their representation across the firm—a sign of progress in diversifying our leadership pipeline.
- However, the overall advancement percentage for Black professionals (4.2%) is below overall Black representation across the Deloitte US workforce (6.6%) and we see that Black representation in promotions* decreases as professionals advance. The advancement of Black professionals is a key priority area.

What development and advancement mean at Deloitte

Development: It's about much more than providing our people with the opportunity to grow the capability and technical skills they need to do their immediate jobs. It's about providing growth opportunities and guidance on the intangibles, such as teamwork, personal branding, strategic communications, networking, and the many other competencies that help people build successful careers and evolve into leaders.

Advancement: It's about much more than just getting to the next level. It's about considering all the pieces of the career puzzle, such as experiences, time at level, growth opportunities—both horizontal and vertical—and level of satisfaction.

* Partner and Principal admissions and Managing Director promotions are included in overall promotions.

MESSAGES FROM LEADERSHIP

REFLECTING ON OUR PROGRESS

A STRATEGY FOR MEANINGFUL CHANGE

Diversity and Equity

Inclusion and Belonging

Workforce Well-being

External Impact

MOVING FORWARD TOGETHER

ENDNOTES

Deloitte FY2021 US workforce promotions*

■ 2+ Races
 ■ American Indian/Alaska Native
 ■ Asian
 ■ Black
 ■ Native Hawaiian/Other Pacific Islander
 ■ White
 ■ Unavailable
 ■ Hispanic/Latinx
 ■ Male
 ■ Female



*This data represents promotions to next level (e.g., senior manager data represents promotions from manager to senior manager).

**Partner and Principal admissions and Managing Director promotions are included in overall promotions.

MESSAGES FROM LEADERSHIP

REFLECTING ON OUR PROGRESS

A STRATEGY FOR MEANINGFUL CHANGE

Diversity and Equity

Inclusion and Belonging

Workforce Well-being

External Impact

MOVING FORWARD TOGETHER

ENDNOTES

Key steps we are taking to narrow advancement gaps:

- **Deployment:** We are working to establish greater insight and employee engagement in our staffing processes and to promote the benefits of diverse teams both within the firm and with our clients. We recognize that first project assignments play an important role in building networks and navigating our firm. To that end, we will redesign our onboarding interventions to focus on systemic changes with the experiences of professionals from diverse racial and ethnic groups in mind. We will also help professionals evaluate and assess their professional network strength across their client service projects and extracurricular activities and provide active support as needed.
- **Coaching connections:** Coaches serve as ambassadors and experienced advisers to professionals as they navigate their careers. In creating coaching assignments, we emphasize the importance of finding the right match, factoring in a professional's performance, network, and level of engagement when considering potential pairings. Our leaders are reexamining the process of coach pairings to help optimize coach effectiveness and enhance the support that professionals receive as they grow and develop in the firm.
- **Mentorship and sponsorship:** Individual performance is a key consideration for advancement, but we recognize that having someone in the room saying your name and advocating on your behalf

can also be important. We're putting this philosophy into practice through our signature programs for senior managers, such as Springboard, Propel, and Winning New Business, all of which are primarily geared toward effective sponsorship for female professionals and professionals from diverse ethnic and racial groups. We have also launched a new multiyear collaboration agreement with the Wharton School of the University of Pennsylvania to produce original research that provides a deeper understanding of effective sponsorship for Black and Hispanic/Latinx professionals.

- **Unconscious bias and performance management:** Understanding the potential for the presence of unconscious bias in the context of performance management can better support the development of our professionals. We developed unconscious bias education sessions for year-end performance reviewers to promote awareness of the risk that potential biases may appear and to provide all professionals with meaningful, actionable feedback. We piloted these sessions, received positive feedback, and are in the process of implementing these and other efforts across the firm.
- **Quality of feedback:** We have been promoting a culture of direct, real-time feedback that is actionable and clear to support the professional growth of each professional.

"At Deloitte, our professionals are empowered to own their careers and seek out opportunities most meaningful to them. A strong network can be key in gaining access to stretch assignments, leadership visibility, and experience needed for advancement. When deployment is driven by networks, it is incredibly beneficial to some, but not everyone.

As we move toward more centralized processes and rely less on networks, we'll realize even greater opportunity for growth for all our people."

Tamala Smith (she/her/hers)
Senior Manager, Learning and Development,
Deloitte Services LP

MESSAGES FROM LEADERSHIP

REFLECTING ON OUR PROGRESS

A STRATEGY FOR MEANINGFUL CHANGE

Diversity and Equity

Inclusion and Belonging

Workforce Well-being

External Impact

MOVING FORWARD TOGETHER

ENDNOTES



Pay equity

Performance is a key driver in our compensation strategy. We are proud of our long-standing commitment to fair and equitable pay. As part of our commitment, we perform ongoing compensation reviews and address findings when identified. In June 2016, Deloitte signed the White House Equal Pay Pledge, and in spring of 2019, we signed onto Employers for Pay Equity, which calls for equitable compensation and accountability—both of which we have incorporated throughout our own approach.

Key steps we are taking to drive equitable pay:

- We engage annually in extensive external benchmarking of salaries in the markets where we compete. This enables us to better control for equity in our experienced hiring practices by providing rigor around managing salary ranges and considering an individual's experiences as appropriate.
- We establish salary bands to help us attain consistency and equity in our campus and entry-level hiring practices. While these numbers may vary based on certain variables (e.g., location, type of degree), this discipline establishes strong levels of parity from the onset for this group of thousands of professionals each year.
- As of October 2017, we stopped asking candidates for compensation history on job applications. We also adjusted how we engage in the dialogue around compensation with candidates.
- We use a system of checks and balances to reinforce our commitment to fair and equitable pay, with multiple leadership reviews embedded in our annual compensation processes.
- Finally, given our size, scale, and complexities, we regularly evaluate our businesses and channels to identify and address potential disparities that may naturally arise from the large number of people we hire each year, our business model based on new and emerging services, hot skills, geographies, etc.

Retention: Understanding how to better sustain our workforce

Our people are our greatest strength, which is why we monitor retention closely and from a variety of perspectives. Retention is a complex issue. People choose to stay or leave for a variety of reasons, including professionals leaving to pursue higher education, taking roles in industry, and finding opportunities that better align with their personal needs and professional goals. While people moving on is a natural part of workforce management and is expected in the professional services industry, disproportionate attrition can also be a key indicator of where we need to focus.

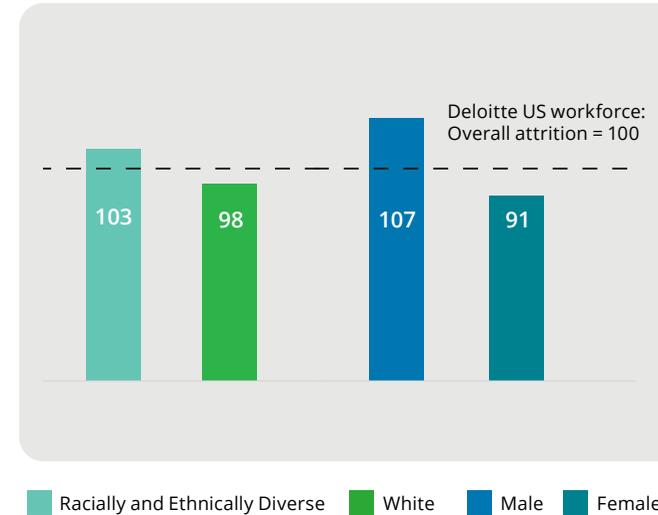
Key observations

In examining our FY2020 attrition data, we observe the following:

- **Racially and Ethnically Diverse professionals:** The attrition of racially and ethnically diverse professionals is above the Deloitte US average, with 103 professionals of diverse racial or ethnic groups leaving for every 100 US professionals that leave the firm.

- **White professionals:** The attrition of white professionals is below the Deloitte US average, with 98 white professionals leaving for every 100 US professionals that leave the firm.
- **Male professionals:** The attrition of male professionals is above the Deloitte US average, with 107 male professionals leaving for every 100 US professionals that leave the firm.
- **Female professionals:** The attrition of female professionals is below average. For every 100 US professionals who left the firm, 91 female professionals left. We are proud of the progress we have made in reducing the rate of female attrition. While we still have work to do in building overall representation for female professionals, particularly in the areas of experienced hire recruitment, we seek to apply lessons learned from female retention to our efforts for retaining all professionals.

Deloitte FY2020 US workforce: Proportional attrition



“We recognize that retention data is the culmination of factors that span across our four priority areas. We are focused on identifying and addressing systemic issues that perpetuate retention challenges, while we also speak with our professionals to better understand the human experience behind our data points. Our people have intersectional identities and unique personas, which our data doesn’t yet fully illustrate. For example, we need to understand how a Black professional with a disability or a Latina LGBTQIA+ professional experiences the firm. I am eager to listen and learn from our people and their lived experiences.”

Amy Smith
National Diversity and Equity Leader, Deloitte US

MESSAGES FROM LEADERSHIP

REFLECTING ON OUR PROGRESS

A STRATEGY FOR MEANINGFUL CHANGE

Diversity and Equity

Inclusion and Belonging

Workforce Well-being

External Impact

MOVING FORWARD TOGETHER

ENDNOTES

A closer and more intersectional analysis of our retention data indicates that we are losing more of our professionals that identify as Black, Native Hawaiian/Other Pacific Islander, and Hispanic/Latinx. As such, we have identified the retention of these cohorts as a top priority. Disproportionate trends are important to investigate and address as we work to increase the racial and ethnic diversity of our overall representation. Addressing retention inconsistencies is critical to achieving our goals and maintaining an inclusive culture—one where people have similar talent experiences across all dimensions and phases of the talent life cycle.

Steps we are taking to increase retention:

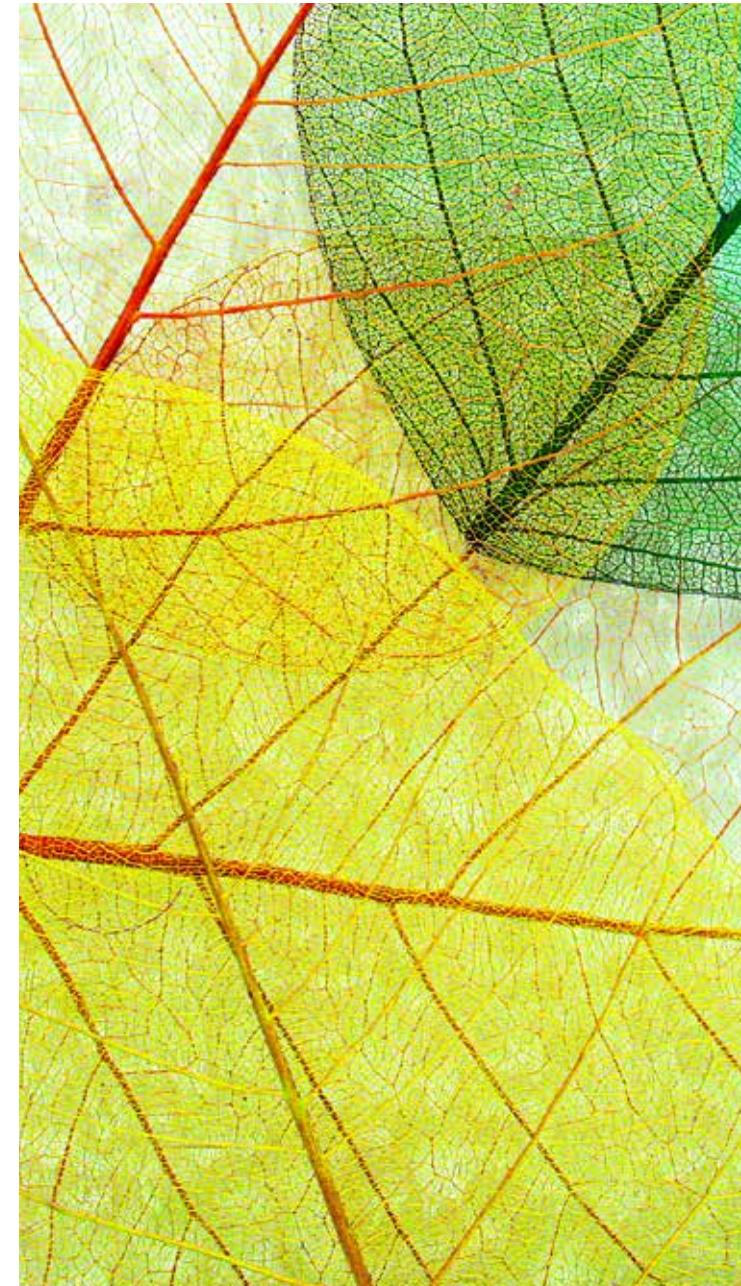
- **Leaver profiles:** We are further analyzing our retention data by cohorts of professionals, with a focus on Black and Hispanic/Latinx professionals, to identify why people stay and why people leave. Using analytics, we are working to identify profiles of professionals that are at risk of leaving the firm and

are working to provide tailored interventions to better anticipate trends and address inconsistencies in the talent experience.

- **Career trajectory interventions:** We will proactively monitor and identify flat or downward trajectories of professionals from diverse racial and ethnic groups and evaluate whether interventions can be proposed to help them achieve their goals.
- **Leadership investment and accountability:** Investment from our leaders in our people is also an important piece to the retention equation. We are looking forward to developing new mechanisms to ensure that our leaders are personally accountable for and emotionally invested in the success of our professionals by actively practicing sponsorship and allyship and advancing the careers of all of our people.

“I consider myself learning to be a better ally. I have always strived to be fair, just, kind, open-minded—but I’ve learned that allyship is more than that. It’s more proactive. It’s about challenging the status quo and being willing to discuss difficult topics and differing perspectives. It’s about removing barriers that can undermine the fairness of our meritocracy.”

Jason Downing, Partner, Deloitte LLP



MESSAGES FROM LEADERSHIP

REFLECTING ON OUR PROGRESS

A STRATEGY FOR MEANINGFUL CHANGE

Diversity and Equity

Inclusion and Belonging

Workforce Well-being

External Impact

MOVING FORWARD TOGETHER

ENDNOTES

Racial equity

2020 brought much-needed focus on the racial inequities that have compounded over the past 400+ years in America for Black people. While we have always focused on providing an inclusive experience to those of all races, we are placing a renewed emphasis on improving the experiences of our Black professionals, with the understanding that this improves the experiences of all professionals.

As an organization, we have worked hard on many of the observable challenges related to diversity and equity—such as acquisition and promotion rates. Deloitte recognizes that, for our organization to be anti-racist, we must address not only the challenges we can see, but also the ones that may lie below the surface. We must dig deep to determine the root causes, understand the

societal dynamics at play, and address factors that risk perpetuating racial inequities. The work of supporting anti-racism in our organization will not happen overnight, but we are committed to this journey and are invested in building a better, more equitable Deloitte for our people and our communities.

To further accelerate our progress, we launched the Black Action Council in June 2020. Co-Led by David Harrison (PPMD) and Kavitha Prabhakar (Chief DEI Officer), the Council's mission is to architect and execute Deloitte's long-term strategy to support the advancement of Black professionals. The Black Action Council is mobilizing around six priority areas: Black Experience, Equity & Representation, Allyship, Business Impact, Social Impact, and Accountability.

At the same time, we issued a [statement](#) discussing our reflections to date on Deloitte's role in addressing systemic racism. Our two fundamental realizations: First, we need to do more as an organization, and second, we must act intentionally and purposefully to do our part to dismantle systemic inequalities in society. Moving forward, we will better promote substantial and sustainable change, particularly as it relates to supporting the Black community.

What does it mean to be an anti-racist organization?

Promoting a culture of anti-racism means acknowledging and actively trying to eliminate any racism within the workplace and beyond. It includes critically evaluating where inequalities, inconsistencies, and microaggressions may exist and developing actionable and transparent strategies to create a more equitable work environment.

“Our people are deeply troubled by what they’re seeing in society and they recognize that Deloitte is not immune to these issues. The launch of the Black Action Council is game-changing as professionals seek immediate action to deep, systemic societal issues. While we have executed a short-term strategy to effect more immediate change at our firm, it’s important to remember this is a marathon, and we’re at the front end of the race.”

David Harrison (he/him/his)
Partner, Black Action Council Co-Chair,
Deloitte & Touche LLP

MESSAGES FROM LEADERSHIP

REFLECTING ON OUR PROGRESS

A STRATEGY FOR MEANINGFUL CHANGE

Diversity and Equity

Inclusion and Belonging

Workforce Well-being

External Impact

MOVING FORWARD TOGETHER

ENDNOTES





In addition to the actions we have outlined earlier to achieve more equitable talent practices, we are doing the following to address racial inequities:

- **Education and understanding:** We are engaging with premier thought leaders in the social justice space to help educate our leaders and professionals on race, racial identity, allyship, and anti-racism through moderated discussions.
- **Black professional experience:** We are driving connectivity by reinvigorating business resource groups, in particular the Black Employee Network (BEN), which engages Black professionals across the country. We are also conducting human-centered design (HCD) analyses to better understand the day-to-day experiences of our Black professionals.
- **Internal leadership representation:** We outlined a commitment to increase Black representation in client leadership roles. By putting focus on this process and adding more leaders from diverse racial and ethnic groups, we will be able to increase representation at the highest levels of the firm.
- **Business advancement:** We are analyzing how we direct business spend and investments to prioritize, support, and enable more Black-owned and Black-led businesses by leveraging the unique capabilities, relationships, and assets of the firm.
- **Community investment:** We are taking on pro bono projects, volunteering in our local communities, and donating more than \$10 million to organizations focused on social justice, employment, wealth equality, and equal educational opportunities.
- **Pro bono impact:** In addition to the \$4 million in pro bono services we delivered in response to the global pandemic, we have invested 9,000 pro bono hours across 20 projects in FY21 to continue to support COVID-19 response and recovery efforts, prioritizing communities disproportionately affected by the pandemic, which tend to be communities of color.⁷
- **Management Leadership for Tomorrow (MLT) Black Equity at Work:** MLT has recently launched Black Equity at Work, a certification that promotes racial equity with standardized criteria, robust planning, and measurable benchmarks. Deloitte is part of the initial cohort of 50 organizations that aim to make meaningful change within their companies and communities by driving systems-level change.

MESSAGES FROM LEADERSHIP

REFLECTING ON OUR PROGRESS

A STRATEGY FOR MEANINGFUL CHANGE

Diversity and Equity

Inclusion and Belonging

Workforce Well-being

External Impact

MOVING FORWARD TOGETHER

ENDNOTES

Summary of our Diversity and Equity goals

A thorough evaluation of our data indicates that we need to continue to increase racial, ethnic, and gender diversity and do so in a thoughtful way. Through conversations with leadership, a review of the data presented in this report, extensive analyses, and demographic research available through the Institute of Education Sciences (IES),⁸ we have developed specific goals* that will help guide our organization on this journey. By aligning around these goals, our professionals, leaders, and stakeholders can help us achieve and exceed them.

We commit to the following goals for the Deloitte US workforce:

- Increase the number of Black and Hispanic/Latinx professionals in our US workforce by 50% by 2025; this is an input to our goal of increasing the overall racial and ethnic diversity of our US workforce to 48% by 2025
- Increase US workforce female representation to 45% by 2025
- Increase the representation of racially and ethnically diverse US Partners, Principals, and Managing Directors (PPMDs) to 25% by 2025
- Increase the number of female US PPMDs by 25% by 2025

* Goals are not quotas. The policy of each Deloitte US firm is to seek and employ people with skill and integrity and to provide them with the means to develop professionally, without regard to race, color, religion, creed, citizenship, national origin, age, sex, gender, pregnancy, gender identity or expression, sexual orientation, marital status, disability (including neurodiversity), genetic information, veteran status, or any other legally protected basis, in accordance with applicable federal, state, or local law.



Inclusion and Belonging

Strengthening our inclusive culture to empower people to be their authentic selves, feel like they belong, have courageous conversations respectfully, and develop genuine relationships

What makes us different makes us stronger

Fostering a culture where everyone belongs and can thrive requires a commitment not only to diversity and equity, but also to inclusion.

Inclusion is an inherent part of our purpose, our approach to serving clients and to our continuous efforts to build the culture we want. We've embedded inclusion throughout every milestone of the career journey at Deloitte, so that from the moment our people walk in the door through each development opportunity, they deepen their knowledge and understanding of our inclusive culture and their role in advancing it.

Insights from our talent survey

Each year, we conduct a talent survey to gather direct feedback on the Deloitte talent experience. We ask professionals to which degree they agree with a number of statements across our inclusion priority areas. For the FY2020 talent survey, 62% of US professionals responded. We have added three questions on allyship to this year's talent survey, and we look forward to using this data to further develop our understanding of the talent experience for our professionals.

We consider any question rated 80% or above to be favorable. We are proud that many inclusion-related responses exceed that benchmark and, in fact, are

many of the highest rated categories. However, there is still more effort required to help our professionals across all races, ethnicities, genders, and sexual orientations feel fully included.

How Deloitte defines inclusion

The actions taken to understand, embrace, and leverage the unique strengths and facets of identity for all individuals so that all feel welcomed, valued, and supported.

In practice, this means leading by example. From our research, Deloitte has identified the six signature traits that characterize an inclusive mindset and inclusive behavior: Commitment, Courage, Cognizance, Curiosity, Cultural intelligence, and Collaboration. Through guiding resources and live sessions, we educate our professionals on how to put the Six Cs into practice on a day-to-day basis and harness their power to strengthen our inclusive culture where each person is treated with respect and fairness.

MESSAGES FROM LEADERSHIP

REFLECTING ON OUR PROGRESS

A STRATEGY FOR MEANINGFUL CHANGE

Diversity and Equity

Inclusion and Belonging

Workforce Well-being

External Impact

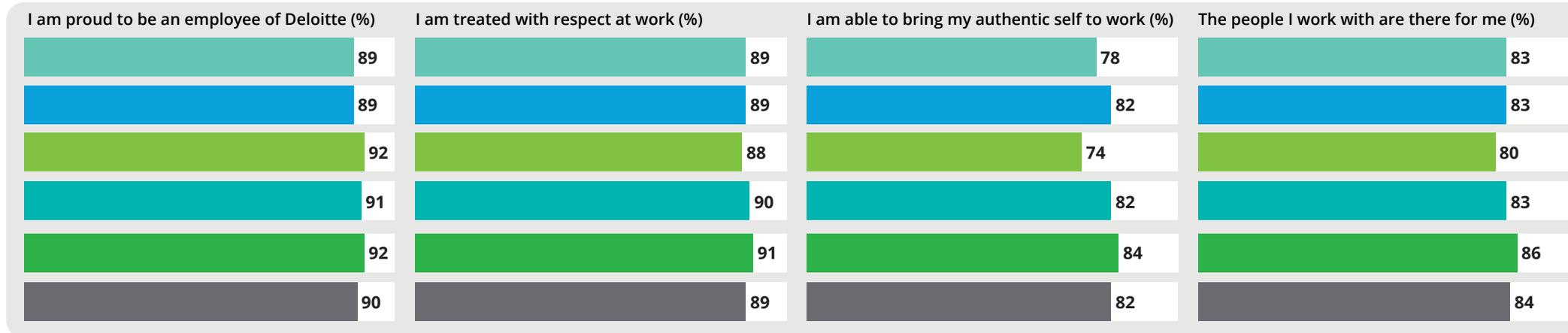
MOVING FORWARD TOGETHER

ENDNOTES

FY2020 talent survey results - race and ethnicity

Our data indicates that regardless of race or ethnicity, our professionals feel proud to be an employee of Deloitte and say they are treated with respect at work. However, there is some response variation by race for other questions. In comparison to their peers, Black professionals are less likely to feel like they can be authentic at work (eight-percentage-point difference).

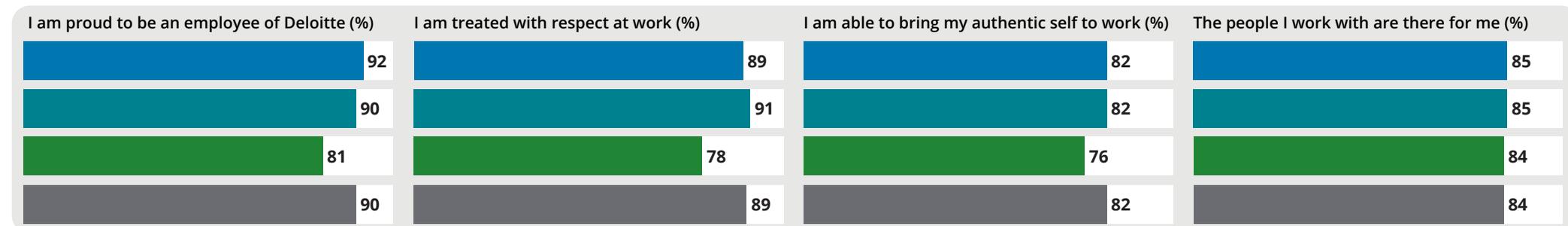
■ 2+ Races ■ Asian ■ Black ■ Hispanic/Latinx ■ White ■ Overall



FY2020 talent survey results - gender

From a gender perspective, there is no material difference between survey results for male and female professionals, although there are material variations for non-binary professionals. Non-binary professionals are less likely to be proud to be an employee of Deloitte (nine-percentage-point difference). Additionally, they are less likely to feel respected and bring their authentic selves to work (11- and six-percentage-point differences, respectively).

■ Male ■ Female ■ Non-binary ■ Overall



Data disclaimer: To maintain the confidentiality of talent survey results, responses are not associated with an individual or their talent information. Demographic data is collected during the survey process and is used to produce these insights. The number of respondents who identify with some of these dimensions (e.g., non-binary, LGBTQIA+) is small therefore, one person's experience, positive or negative, will have a greater impact on overall results. Five-percentage-point difference or greater is considered a material difference.

MESSAGES FROM LEADERSHIP

REFLECTING ON OUR PROGRESS

A STRATEGY FOR MEANINGFUL CHANGE

Diversity and Equity
Inclusion and Belonging
 Workforce Well-being
 External Impact

MOVING FORWARD TOGETHER

ENDNOTES



From a women's movement to a gender movement

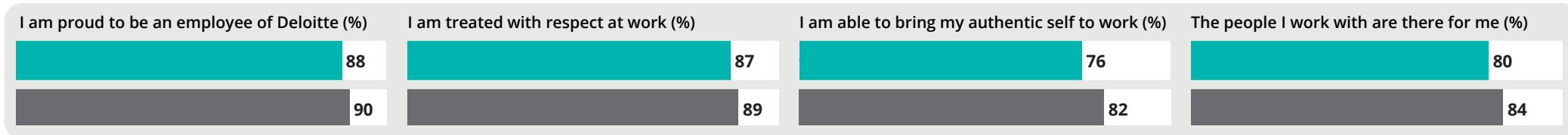
Our DEI journey began more than two decades ago to retain women in our workforce and increase women's representation at leadership levels. Today, our commitment to gender equity is stronger than ever. We continue to focus on advancing women to leadership positions through development opportunities, exposure to senior leaders, and equitable processes. And we're tackling obstacles that many workers face, but impact women disproportionately, such as caregiving.

We are also expanding our approach to gender equity to encompass non-binary and transgender professionals. We added pronoun options to our standard email signature template to normalize the practice for everyone. Our executive leadership team participated in a session on transgender-inclusive practices and behaviors hosted by the Human Rights Campaign. And we refreshed playbooks for individuals who are transitioning—and for the leaders and professionals working with them—which include guidance on coming out, logistical considerations, support resources, and privacy and confidentiality policies.

FY2020 talent survey results - LGBTQIA+

Survey results show that LGBTQIA+ professionals' feelings on authenticity and support differ from those of their peers. LGBTQIA+ professionals are less likely to feel comfortable being authentic at work (by six-percentage-points).

■ LGBTQIA+ ■ Overall



Data disclaimer: To maintain the confidentiality of talent survey results, responses are not associated with an individual or their talent information. Demographic data is collected during the survey process and is used to produce these insights. The number of respondents who identify with some of these dimensions (e.g., non-binary, LGBTQIA+) is small therefore, one person's experience, positive or negative, will have a greater impact on overall results. Five-percentage-point difference or greater is considered a material difference.

“As someone who identifies as LGBTQIA+, safety and acceptance can be a challenge. Deloitte is a ‘safe place’ for me. Our policies and initiatives mean that our LGBTQIA+ colleagues can feel safe to be out at work. Knowing that Deloitte signed the UN Standards of Conduct for Business (which tackles discrimination against LGBTQIA+ people) acknowledges the fact that LGBTQIA+ folks are marginalized, and that they need equity and protection.”

**Sophia David (she/her/hers),
Assistant Manager, Deloitte Consulting India Private Limited**

MESSAGES FROM LEADERSHIP

REFLECTING ON OUR PROGRESS

A STRATEGY FOR MEANINGFUL CHANGE

- Diversity and Equity
- Inclusion and Belonging**
- Workforce Well-being
- External Impact

MOVING FORWARD TOGETHER

ENDNOTES

Strengthening our inclusive culture

Leadership and education: Putting the power of inclusion in the hands of our people, starting at the top

We continue to transform and strengthen our culture of inclusion by empowering our people with actionable guidance on how they can personalize, identify, model, and advance inclusive behaviors. Our efforts start, but don't end, at the top.

Inclusive leadership: Nearly all our firm leadership (96%) has completed or enrolled in our Inclusive Leadership Experience, an immersive development opportunity for PPMDs that explores how they can personally advance our inclusive culture. Inclusion is also a part of our performance management program for leadership. Our leaders are annually evaluated on their leadership contributions, with inclusion being a central component. Because we value accountability, we also provide professionals with an opportunity to provide feedback specifically on inclusive behaviors through new questions added to our annual survey used to collect upward feedback.

Continuing education: In addition, we provide our people with a variety of opportunities to enhance their inclusive leadership skills through trainings and self-guided learnings focused on topics such as authenticity, unconscious bias, collaboration, courage, and more. As part of our commitment to mitigate racial injustice, we will provide anti-racism education on a firmwide basis across all levels.

Through these and additional efforts, we aim to develop a culture where active allyship is not just optional, but is an expectation. With increased accountability and educational opportunities, we will work toward this goal by equipping our workforce to take action in support of their fellow professionals.

"Taking your organization's pulse isn't solely an exercise of gathering data through management systems and outreach to develop a 'snapshot' of the current state. It also involves assessing your culture, which often surfaces as the summation of seemingly small actions that reinforce traditions, values, beliefs, and accepted standards of behavior."

Lara Abrash, CEO of Deloitte's Audit and Assurance Business

"I am acutely aware of the privilege in my life and background. As someone who tries to be a strong ally every day, it's imperative that I set the tone for authenticity and emotional safety. While I'm still continually learning, I offer allyship to my teams by being open and intentionally reaching out to check on personal well-being. In our current environment, it's okay to not be okay, and I want to both model that and offer my humility, ear, and advocacy."

**Rob Walker (he/him/his),
Senior Manager, Deloitte Consulting LLP**

Our goals for talent experience:

- Address inconsistencies in the talent experience so that Black, Hispanic/Latinx, non-binary, and LGBTQIA+ professionals feel they can be their authentic selves in the workplace at a rate consistent with the overall workforce population
- Develop an understanding of fundamental anti-racism concepts and cultivate allyship by providing anti-racism education across all levels

MESSAGES FROM LEADERSHIP

REFLECTING ON OUR PROGRESS

A STRATEGY FOR MEANINGFUL CHANGE

Diversity and Equity

Inclusion and Belonging

Workforce Well-being

External Impact

MOVING FORWARD TOGETHER

ENDNOTES

Community-building: Creating spaces for our people to share their authentic selves

One of the primary goals of our inclusion strategy is to provide a variety of ways for our people to meaningfully connect, share their unique experiences, and find their place at Deloitte.

- **Inclusion councils:** Our inclusion councils are a popular way for people from different businesses, functions, backgrounds, identities, and experiences to engage in events related to inclusion, well-being, development, and community impact. Events are created around common passions and interests and they take many forms—courageous conversations, participation in local Pride celebrations, mental health awareness, anti-racism book clubs, and tutoring in schools. Although in-person events are on hold, our inclusion councils have continued to provide meaningful ways for our people to connect and learn from one another through interactive virtual events.
- **Business resource groups (BRGs):** Inclusion councils work hand in hand with local business resource group (BRG) chapters, which include formal chapters like the Black Employee Network, GLOBE & Allies (LGBTQIA+), Asian BRG, Hispanic Employee Network (HNET), Armed Forces BRG, Ability First, Deloitte Parents Network, Women's Network (WIN), International BRG, and additional informal chapters. We plan to work more closely with our BRGs to help us better understand the experiences of our professionals. We're also working to enhance the connection between BRGs and inclusion councils so that our people feel empowered to collaborate and connect, share their stories, and practice allyship.

Inclusion councils reach far and wide

60+ Inclusion councils accessible to
100% of our people through
700+ events engaging
40K Deloitte professionals

"For the past four years, I have been part of the Hispanic Employee Network BRG (HNET) Chicago chapter leadership team. My involvement has helped me grow as a leader. Most importantly, I've built an incredible network of colleagues and mentors, which wouldn't have been easy without this BRG."

Monica Narvaez (she/her/hers)
Senior Consultant, Deloitte Tax LLP

Intentional connection: Cultivating new opportunities for our people to thrive

With our inclusion councils and business resource groups serving as a strong foundation, we have expanded the ways in which our people can build relationships and relate to each other across businesses, identities, and geographies.

- **Inclusion mobile app:** Our new Inclusion mobile app, launched in October 2020, provides professionals with a one-stop source for discovering events, joining virtual communities, exploring resources, and connecting with colleagues. It has proven invaluable during this time of remote work, enabling us to introduce new virtual communities that help our people connect wherever they are. These communities are reflective of our business resource groups and include a new community for caregivers.
- **Inclusion Summit:** In fall 2019, we hosted our first-ever Inclusion Summit at Deloitte University for our professionals. This much-anticipated gathering brought together 800+ Deloitte professionals and leaders to engage in courageous conversations, learn from one another, and connect with colleagues for a transformative event at Deloitte University. The feedback was overwhelmingly positive, and it continues to inspire our everyday inclusion efforts. Once it's safe to resume in-person gatherings, we plan to host the summit annually.

"We learned about inclusion, networked with each other, and shared our life experiences. The support from the firm and our leaders during the Inclusion Summit was so affirming and empowering—it really felt like if we each took just one lesson from the weekend back to our home offices, we would be able to change the world almost instantly."

Sergio Rodriguez (he/him/his)
Manager, Deloitte Tax LLP

MESSAGES FROM LEADERSHIP

REFLECTING ON OUR PROGRESS

A STRATEGY FOR MEANINGFUL CHANGE

Diversity and Equity

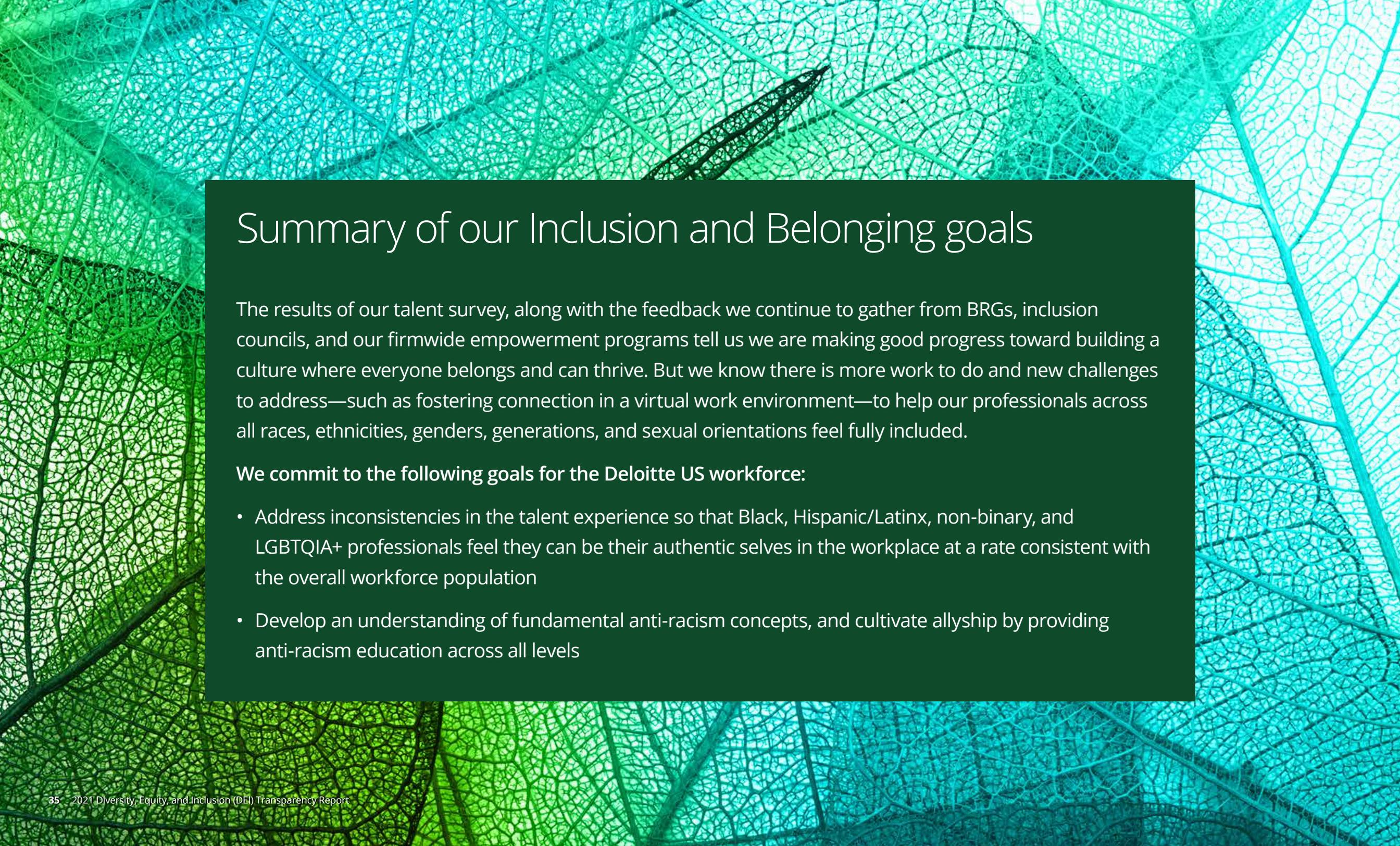
Inclusion and Belonging

Workforce Well-being

External Impact

MOVING FORWARD TOGETHER

ENDNOTES

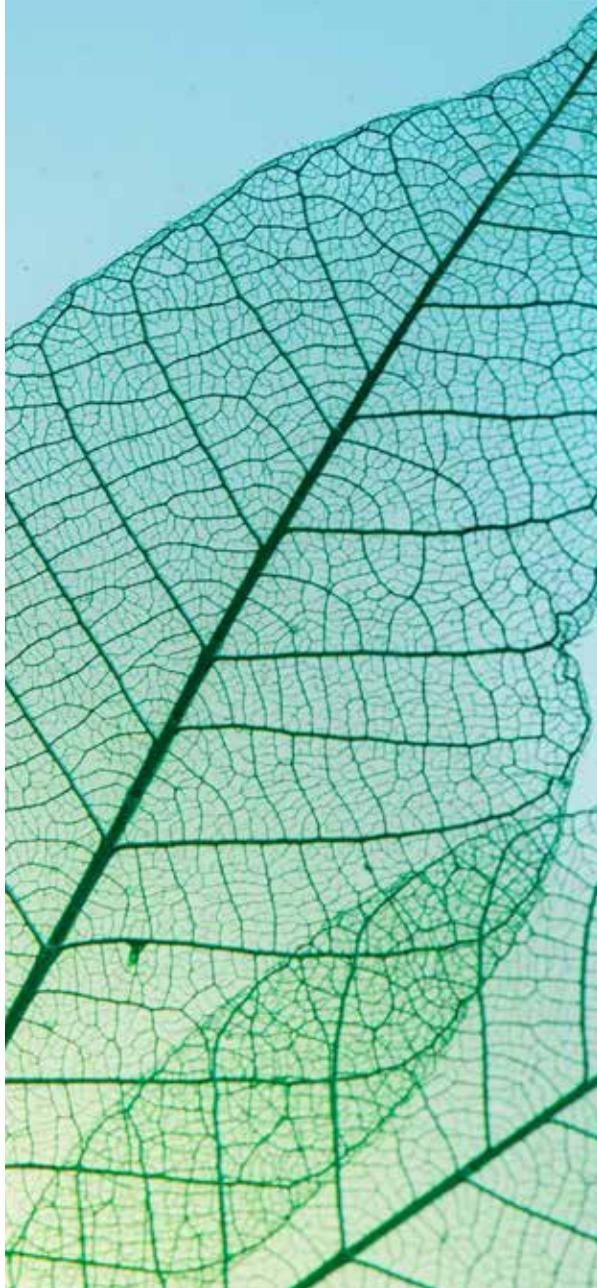


Summary of our Inclusion and Belonging goals

The results of our talent survey, along with the feedback we continue to gather from BRGs, inclusion councils, and our firmwide empowerment programs tell us we are making good progress toward building a culture where everyone belongs and can thrive. But we know there is more work to do and new challenges to address—such as fostering connection in a virtual work environment—to help our professionals across all races, ethnicities, genders, generations, and sexual orientations feel fully included.

We commit to the following goals for the Deloitte US workforce:

- Address inconsistencies in the talent experience so that Black, Hispanic/Latinx, non-binary, and LGBTQIA+ professionals feel they can be their authentic selves in the workplace at a rate consistent with the overall workforce population
- Develop an understanding of fundamental anti-racism concepts, and cultivate allyship by providing anti-racism education across all levels



Workforce Well-being

Integrating well-being into our work at the organizational, team, and individual levels

Making well-being accessible to our professionals

Prioritizing well-being and cultivating an environment in which all people can thrive has been a key part of our talent strategy for years. We have long believed that the well-being of our people is the well-being of Deloitte. Our holistic approach gives professionals the support and flexibility to make daily choices that enable them to be energized, confident, and aware. It recognizes that well-being extends beyond physical health to include mental, financial, and social elements. And it helps our people personalize their experiences in the ways that matter most to them in body, mind, and purpose.

Everyone at Deloitte plays an important role in creating a culture of well-being by modeling positive behaviors, embedding well-being norms into the design of work, sharing stories and resources, and supporting their colleagues and teams to do the same. Because we believe that well-being and inclusion are interdependent, we strive to cultivate a culture where people feel comfortable sharing their unique needs and authentic selves.

“Creating a culture that prioritizes well-being and supports people in bringing their whole selves to work every day starts by understanding that humanity and the traits that make us uniquely human—empathy, compassion, creativity—are vital in the workplace and the future of work.”

Jen Fisher, Chief Well-being Officer, Deloitte US

MESSAGES FROM LEADERSHIP

REFLECTING ON OUR PROGRESS

A STRATEGY FOR MEANINGFUL CHANGE

Diversity and Equity

Inclusion and Belonging

Workforce Well-being

External Impact

MOVING FORWARD TOGETHER

ENDNOTES

Supporting the well-being of our people

Mental health: Focusing on our people's internal worlds and unique needs

At a time when nearly two in three US adults (67%) say the current amount of uncertainty causes them stress—and three in five (60%) find the number of issues our country currently faces overwhelming—we are proud to support our people with an expansive set of mental health resources to help them manage the impact on their minds and bodies. Some of the well-being programs and resources that empower our people include:

- **Mental Health @ Work:** Mental Health @ Work provides our people with the information, tools, and resources to support their mental and emotional well-being needs. It extends beyond awareness to literacy, helping to normalize conversations around mental health, and reinforcing a culture where mental and physical health are seen as interconnected.

We offer training to help identify, understand, and respond to signs of mental health conditions, and we encourage those who are impacted to seek the help they need. We will expand tailored mental health programs and resources that help address the issues different populations face.

- **Healing Circles:** Supportive communities and open dialogue are key to processing racial trauma. Our new Healing Circles program, piloted for Black professionals, provides an intimate space for critical discussions surrounding mental health and well-being related to racial injustice. They are designed to provide participants with opportunities to share their experiences, raise concerns and ideas, exchange stories, or just simply listen. Building on the pilot program, additional Healing Circles cohorts will start this year.

5,000+ employees participated in well-being training in FY2020

1,800+ employees have participated in mental health-related programs (Mental Health First Aid training and Intro to Mental Health) in FY2020

“As someone who struggled with anxiety and depression, I am grateful to work for an organization that is striving to reduce the stigma around mental health. The first time I shared my mental health journey as part of a panel, leaders and professionals in the audience openly shared their experiences as well. Having this opportunity for professionals to collectively open up made me realize the serious impact that Deloitte was making in the mental health space.”

Bryan Nesbitt (he/him/his)
Manager, Deloitte Services LP

Our goal for workforce well-being:

Expand and evolve our mental health programs and resources that help address the needs of our various populations.

MESSAGES FROM LEADERSHIP

REFLECTING ON OUR PROGRESS

A STRATEGY FOR MEANINGFUL CHANGE

Diversity and Equity

Inclusion and Belonging

Workforce Well-being

External Impact

MOVING FORWARD TOGETHER

ENDNOTES



Aspirational well-being: Empowering our people to personalize well-being and reach their goals

Well-being can take many different forms in our organization. And we support our people in finding the right mix of practices to achieve their personal and professional goals. We also encourage our people to showcase and share the various methods they use to advance their well-being through programs such as:

- **Well-being Wizards Champion Network:** Well-being Wizards are a network of champions who want to share their passions for well-being with their colleagues and teams. We know that well-being is not a one-size-fits-all endeavor, so we empower our Wizards to define and share their personal approaches to well-being. Our Wizards help drive culture change where it matters most: through the day-to-day interactions at the team level where they engage people in well-being activities, share resources, and advocate for well-being in our organization.
- **Vitals digital dashboard:** Vitals is a digital tool, developed by Deloitte, that aggregates a professional's time, schedule, and other employee data with self-reported energy levels to drive meaningful well-being conversations. By providing leaders with valuable real-time insights about the well-being of their teams, Vitals helps identify and support professionals who are at risk of burnout with support and resources.

700+
Well-being Wizards in
more than 60 offices

40,000+
Vitals energy-level
updates in FY2020

695
requests for well-being
conversations with coaches
through the Vitals
dashboard in FY2020

MESSAGES FROM LEADERSHIP

REFLECTING ON OUR PROGRESS

A STRATEGY FOR MEANINGFUL CHANGE

Diversity and Equity

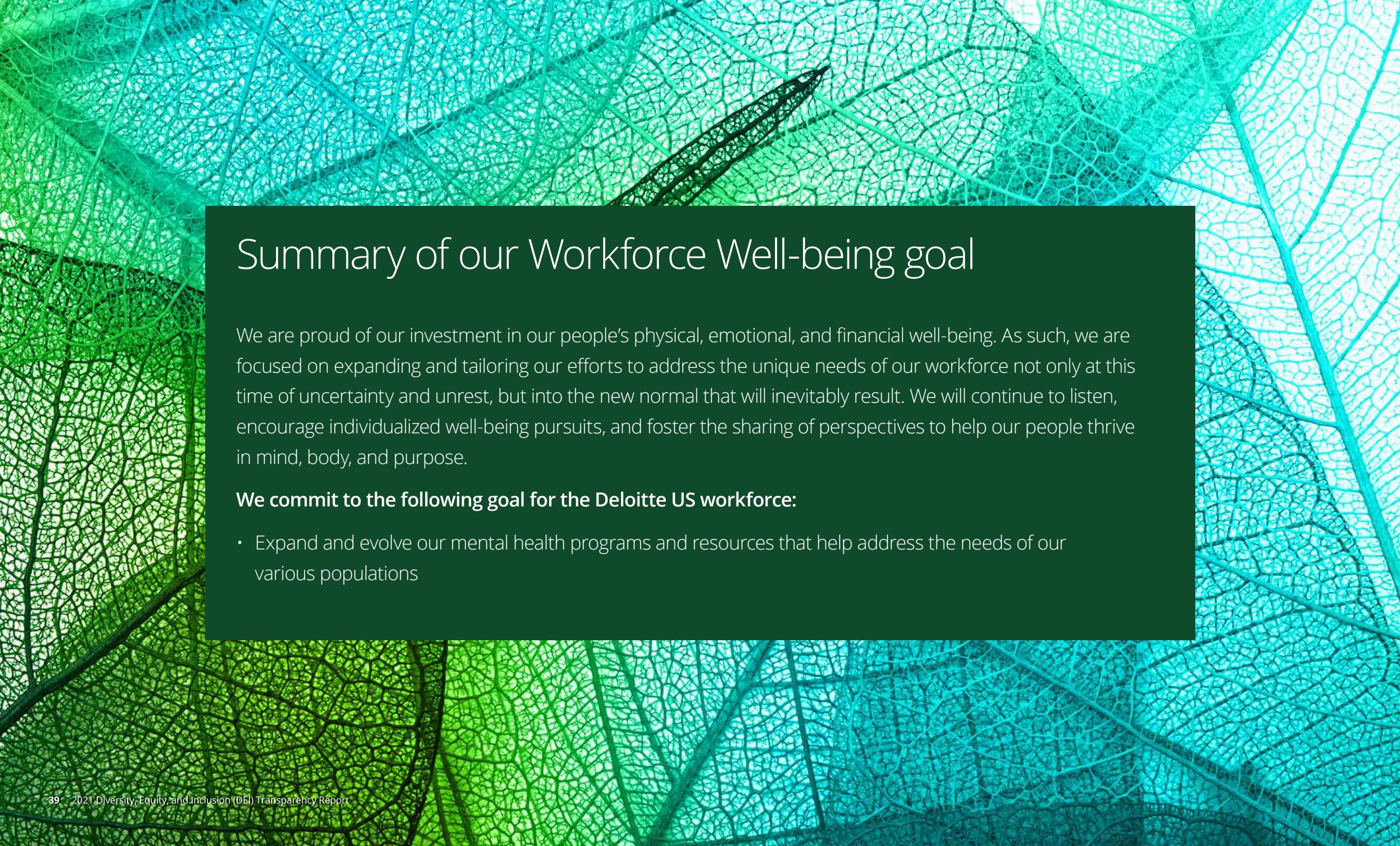
Inclusion and Belonging

Workforce Well-being

External Impact

MOVING FORWARD TOGETHER

ENDNOTES



Summary of our Workforce Well-being goal

We are proud of our investment in our people's physical, emotional, and financial well-being. As such, we are focused on expanding and tailoring our efforts to address the unique needs of our workforce not only at this time of uncertainty and unrest, but into the new normal that will inevitably result. We will continue to listen, encourage individualized well-being pursuits, and foster the sharing of perspectives to help our people thrive in mind, body, and purpose.

We commit to the following goal for the Deloitte US workforce:

- Expand and evolve our mental health programs and resources that help address the needs of our various populations

External Impact

Making an impact that matters in our communities by promoting inclusive economic prosperity, addressing gaps in education, and increasing access to employment opportunities

Collaborating to make an impact that matters

Throughout this report, we discussed our responsibility to positively impact the communities in which we live and work. Our aim is to support a prosperous future for our communities, one where the economic system is more equitable, sustainable, and inclusive. As a company and as individuals, we are active in the community, collaborating with our clients and working closely with organizations to support this collective commitment of inclusive prosperity. In this section, we share select goals and initiatives related to our diversity, equity, and inclusion community work, which are a subset of our broader corporate citizenship and external engagement strategy.

Business impact: Creating long-term, sustainable change in underrepresented business communities

As we work to address disparities in the communities we serve, Deloitte is increasingly focused on leveraging our internal capabilities to catalyze the growth of diverse businesses. In 2019, our US firm spent more than \$700 million (19% of addressable spend) on diverse suppliers.* Our long-term strategy includes further diversifying and

increasing our spend, investments, teaming, and access to Deloitte assets and offerings with diverse businesses. Our goal is to increase the amount of addressable spend on diverse suppliers to \$1B by 2025.

• **Supplier diversity:** To start, our immediate focus is on identifying opportunities to increase our current level of spend with Black-owned and Black-led businesses, which is currently less than 1% of Deloitte's addressable spend. While continuing to team with our current suppliers, Deloitte has also started to identify and build new relationships to increase our spend with Black-owned and Black-led businesses to at least \$200M by 2025. We also recognize there are additional opportunities to help enable and sustain growth for these businesses and are prioritizing several actions, including:

– **Supplier diversity education:** Offering supplier diversity education through the creation of educational and growth accelerator programs targeted to Black-owned suppliers, with curriculum focused on enabling their success (e.g., funding, procurement, strategy).

– **Partner consortium:** Exploring consortium partnerships with external organizations to jointly support and invest resources in Black-owned businesses.

– **Marketing and awareness:** Executing a marketing and awareness campaign to increase internal awareness of Black-owned businesses to better diversify Deloitte's spend.

Additionally, we are exploring ways to team with Black-owned and Black-led banks. Discussions with a select group of banks are underway with opportunities in areas such as lending, deposits, partner capital financing, and community educational programs.

While our focus to increase the diversity of our spend and investments will begin with the Black business community, we are committed to pursuing similar initiatives with organizations that are led or owned by other underrepresented communities.

Our goals for external impact:

- Increase the amount of addressable spend on diverse suppliers to \$1B by 2025
- Increase our spend with Black-owned and Black-led businesses to at least \$200M by 2025

* A **diverse supplier** is a business that is at least 51% owned and operated by an individual or group that is part of a traditionally underrepresented or underserved group. Common classifications are small-business enterprises (SBEs), minority-owned enterprises (MBEs), and woman-owned enterprises (WBEs).

MESSAGES FROM LEADERSHIP

REFLECTING ON OUR PROGRESS

A STRATEGY FOR MEANINGFUL CHANGE

Diversity and Equity

Inclusion and Belonging

Workforce Well-being

External Impact

MOVING FORWARD TOGETHER

ENDNOTES

Coalitions and collaborations: Working together to advance a shared vision of prosperity

Creating sustainable change and driving social and economic prosperity requires coordination across many levels of government and business. For Deloitte, this means working with clients and industry leaders to drive workforce initiatives and creating multiple opportunities to engage, support, and invest in diverse talent. We do this through training, credentialing, and providing education opportunities focused on the skills needed for success in the workplace of the future. One of our signature programs for creating new paths for employment includes OneTen.

- **OneTen** is a corporate-led coalition effort started by Ken Frazier, CEO of Merck. It aims to advance economic and racial justice by accelerating and supporting efforts to hire one million Black Americans into jobs that provide pathways to opportunity over the next decade. As a founding member of OneTen, Deloitte will support internal and external efforts to achieve lasting impact for Black talent, share knowledge and best practices, and help to generate research, case studies, and thought leadership to influence wider adoption of employment and business practices that support economic and racial justice.

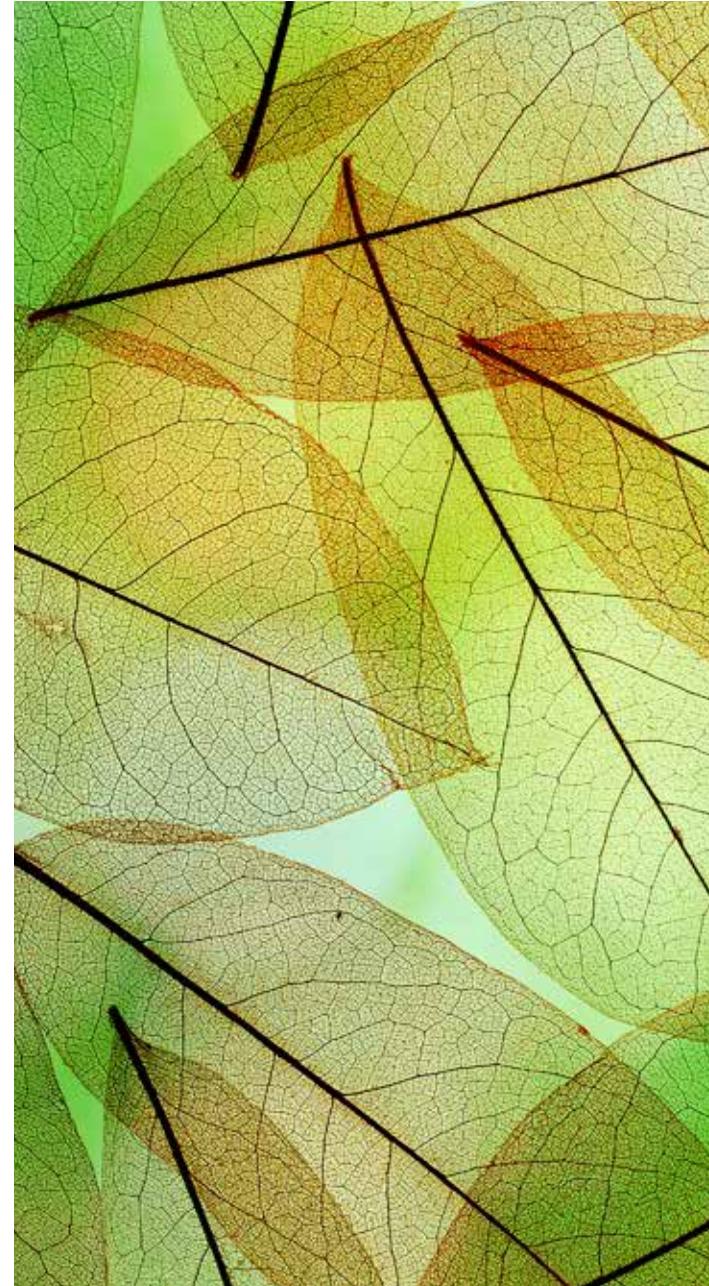
Public policy: Driving decisions at the highest levels

Deloitte participates in policy discussions on some of today's most important societal and economic challenges, seeking outcomes that support our business, our people, our communities, and the public interest. Through engagement with a diverse set of policymakers and the broader policy community, Deloitte contributes its expertise to drive solutions that promote growth, innovation, and opportunity. The firm's policy priorities include issues that impact diversity, equity, and inclusion, and we look for opportunities to advance our DEI goals and drive institutional and systemic change through a variety of policy initiatives.

- **Amicus brief in support of LGBTQIA+ workers:** Deloitte was proud to have stood up and supported LGBTQIA+ workers when the landmark Supreme Court decision was made in June 2020, which stated that Title VII protects gay and transgender individuals from workplace discrimination. The previous year, Deloitte signed an amicus brief along with 200+ organizations in support of LGBTQIA+ workers in these cases. The brief, led by the Human Rights Campaign (HRC), Lambda Legal, Out & Equal, Out Leadership, and Freedom for All Americans, had "more corporate signers than any previous business brief in an LGBTQ nondiscrimination case," according to HRC.¹⁰ Deloitte is also proud to be a member of the Business Coalition for the Equality Act.

Our goals for external impact:

- Collaborate with clients and industry leaders to drive workforce initiatives
- Drive institutional and systemic change through policy initiatives



MESSAGES FROM LEADERSHIP

REFLECTING ON OUR PROGRESS

A STRATEGY FOR MEANINGFUL CHANGE

Diversity and Equity
Inclusion and Belonging
Workforce Well-being

External Impact

MOVING FORWARD TOGETHER

ENDNOTES

Corporate citizenship: Inspiring our people to make an impact that matters

At Deloitte, we believe in an inclusive and diverse workforce to support a more productive, equitable, and prosperous society. By bringing together our network of people, clients, and nonprofits, we leverage the power of Deloitte and our communities to address opportunity gaps and achieve lasting social impact. As part of our global network's WorldClass ambition to impact 50 million futures, the US firm is committed to help 10 million individuals develop job skills, improve educational outcomes, and access work opportunities in the changing economy by 2030.

We work to help change lives and build stronger systems in the following ways:

- **Supporting nonprofits:** We work with nonprofit and community organizations at the national and local level to help increase their impact in the education and workforce development sectors.
- **Our pro bono engagements:** Totalling 935,000 hours over the past 12 years, we have deployed full-time teams that leverage our service capabilities to help address organizations' most pressing issues.
- **Our volunteer efforts:** Deloitte professionals have volunteered more than 350,000 hours annually, leveraging their skills, experience, and time to help nonprofits in a variety of ways, from virtually mentoring high school students to serving on nonprofit boards.

Career Opportunity Redefinition and Exploration (CORE) Leadership Program

Created in 2013, the CORE Leadership Program aims to help transitioning veterans and service members leverage their leadership experience and strengths to find a civilian career that aligns with their passions.

Working with Black-led nonprofits to help create pathways to opportunity

Deloitte professionals are working with Braven to support the Braven Accelerator as leadership coaches, providing promising college students with professional development skills and mentorship to succeed. The connections made through the initiative not only help first-generation college students navigate their college experiences, but also prepare them to move into their postgraduate careers with the support of Deloitte professionals.

"In 2014, when my military service ended, I was lost, without a clear sense of mission. Then, I was invited to attend the CORE Leadership Program, which helped me recognize and center on my personal mission and values. Now, as a facilitator and coach, I am immensely grateful and humbled to support the transformational process veterans and transitioning service members go through during the CORE Program."

Andrea Tice (she/her/hers)
Audit and Assurance Growth Manager, Deloitte & Touche LLP

Our goal for external impact:

Reach 10 million individuals through education and workforce initiatives through WorldClass by 2030.

MESSAGES FROM LEADERSHIP

REFLECTING ON OUR PROGRESS

A STRATEGY FOR MEANINGFUL CHANGE

Diversity and Equity
Inclusion and Belonging
Workforce Well-being

External Impact

MOVING FORWARD TOGETHER

ENDNOTES



Summary of our External Impact goals

As we build on our track record of making an impact that matters, we will continue to collaborate with our people, clients, and community organizations to support the collective commitment of inclusive prosperity. We are setting bigger and broader goals for our existing workforce, education, and policy initiatives. And we are expanding our efforts to diversify our supplier network and support banks and businesses that are led or owned by underrepresented communities.

We commit to the following goals for the Deloitte US workforce:

- Increase the amount of addressable spend on diverse suppliers to \$1B by 2025
- Increase our spend with Black-owned and Black-led businesses to at least \$200M by 2025
- Collaborate with clients and industry leaders to drive workforce initiatives
- Drive institutional and systemic change through policy initiatives
- Reach 10 million individuals through education and workforce initiatives through *WorldClass* by 2030

Moving Forward Together

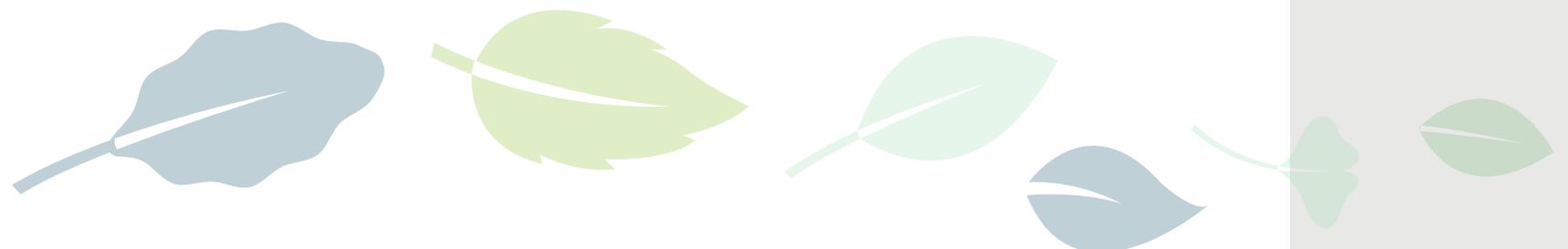
As we begin this new year, a year that is certain to bring more change, Deloitte remains steadfast in our commitment of fulfilling our organization’s purpose and creating a lasting impact that matters for our people, our clients, and our community.

This report is an important first step on our path forward. We pledge to act on its insights, use the data to inform our decisions, be transparent about our goals, progress toward them, and hold ourselves accountable to our values. Specifically, we commit to the following goals for the Deloitte US workforce:

“We cannot be the business we aspire to be unless we set a new bar for diversity, equity, and inclusion. That means recognizing that progress doesn’t happen through happenstance or simply through good values. It takes intentionality—by each of one of us, every day.”

Dan Helfrich
CEO of Deloitte’s Consulting Business

Priority area	Goal
Diversity and Equity	<ul style="list-style-type: none"> • Increase the number of Black and Hispanic/Latinx professionals in our US workforce by 50% by 2025; this is an input to our goal of increasing the overall racial and ethnic diversity of our US workforce to 48% by 2025 • Increase US workforce female representation to 45% by 2025 • Increase the representation of racially and ethnically diverse US Partners, Principals, and Managing Directors (PPMDs) to 25% by 2025 • Increase the number of female US PPMDs by 25% by 2025
Inclusion and Belonging	<ul style="list-style-type: none"> • Address inconsistencies in the talent experience so that Black, Hispanic/Latinx, non-binary, and LGBTQIA+ professionals feel they can be their authentic selves in the workplace at a rate consistent with the overall workforce population • Develop an understanding of fundamental anti-racism concepts, and cultivate allyship by providing anti-racism education across all levels
Workforce Well-being	<ul style="list-style-type: none"> • Expand and evolve our mental health programs and resources that help address the needs of our various populations
External Impact	<ul style="list-style-type: none"> • Increase the amount of addressable spend on diverse suppliers to \$1B by 2025 • Increase our spend with Black-owned and Black-led businesses to at least \$200M by 2025 • Collaborate with clients and industry leaders to drive workforce initiatives • Drive institutional and systemic change through policy initiatives • Reach 10 million individuals through education and workforce initiatives through WorldClass by 2030



MESSAGES FROM LEADERSHIP

REFLECTING ON OUR PROGRESS

A STRATEGY FOR MEANINGFUL CHANGE

MOVING FORWARD TOGETHER

ENDNOTES

Join us on the journey

For **our clients, suppliers, and stakeholders** reading this report, we encourage you to ask us questions, share insights, and discuss new ideas. We'll be better positioned to advance these important goals at both an organizational and a societal level if we work together.

For **those of you considering joining our Deloitte team** now or in the future, we welcome your exploration of our culture and our commitment to DEI. Ask yourself—and us—if Deloitte is a place where you can connect, belong, and grow.

And for **our people**, we urge you to hold us to increased transparency and meaningful change. Know that these goals are not exhaustive of the work ahead. Continue to engage and challenge us on how we lead this movement and deliver on the talent experience you deserve.

Most importantly, continue to bring your full and authentic selves to work—and encourage your colleagues to do the same.

Every one of our steps—and even our missteps—has taught us valuable lessons about the value of diversity, equity, and inclusion to Deloitte. It is at the very core of our purpose as an organization and our success as a business. Broadening our array of perspectives, experiences, and capabilities will make us more innovative, better able to serve clients, and more responsive to our communities.

Meaningful change will take effort and dedication from us all. It will not happen overnight, but we are committed to both immediate and long-term action toward a more diverse, equitable, and inclusive workplace for everyone at Deloitte.

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MESSAGES FROM LEADERSHIP

REFLECTING ON OUR PROGRESS

A STRATEGY FOR MEANINGFUL CHANGE

MOVING FORWARD TOGETHER

ENDNOTES



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The six signature traits of inclusive leadership

Thriving in a diverse new world



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Contents

Introduction: A new leadership capability		1
A diverse new world: Markets, customers, ideas, and talent		4
The six signature traits of an inclusive leader		7
What can organizations do?		19
Appendix: Research methodology		21
Endnotes		23
Contacts		25
Acknowledgements		26

Introduction: A new leadership capability

WHAT will it take to be a great leader in the future? In five years, ten years, even fifteen years?

Say those numbers slightly differently—2020, 2025, or 2030—and your imagination takes you somewhere else entirely. To the realm of science fiction in which books and films paint vivid pictures of a future that looks vastly different from that which we know today. There is the devastated world and its dystopian societies, the artificial world with synthetic humans, and myriads of other worlds scattered throughout foreign galaxies.

In these books and films, there's always a quest, and there's always a hero. Smart and strong, they carry the weight of the world on their shoulders. They have a sidekick, if lucky, but rarely are the leader and the sidekick equals, and they almost never operate as a team. The decisions these leaders make—the actions they take—culminate in the restoration of humanity.

What's curious is that this iconic image of the heroic leader remains constant despite the vastly changed environment. It seems we can easily imagine different future contexts, but when it comes to thinking about leadership differently, we are on a repeating loop. It makes for great entertainment, but it is not the stuff of reality. Yes, the context will change—it is changing already—and this will demand adaptation by those playing a leading role.

So what is this different context? In a volatile and complex world, predicting the future with precision is a risky business. We can be sure, however, about four global mega-trends that are reshaping the environment and influencing business priorities:¹

First, *diversity of markets*: Demand is shifting to emerging markets. With their growing middle class, these new markets represent the single biggest growth opportunity in the portfolio of many companies around the world.

Second, *diversity of customers*: Customer demographics and attitudes are changing. Empowered through technology and with greater choice, an increasingly diverse customer base expects better personalization of products and services.

Third, *diversity of ideas*: Digital technology, hyper-connectivity, and deregulation are disrupting business value chains and the nature of consumption and competition. Few would argue against the need for rapid innovation.

Fourth, *diversity of talent*: Shifts in age profiles, education, and migration flows, along with expectations of equality of opportunity and work/life balance, are all impacting employee populations.

Diversity of markets, customers, ideas, and talent: These simultaneous shifts are the new context. For leaders who have perfected their craft in a more homogenous environment, rapid adjustment is in order. Of course,

Figure 1. The six signature traits of an inclusive leader



Graphic: Deloitte University Press | DUPress.com

the core aspects of leadership, such as setting direction and influencing others, are timeless, but we see a new capability that is vital to the way leadership is executed. We call this *inclusive leadership*, and our research has identified six traits that characterize an inclusive mindset and inclusive behavior.

This report is intended to help leaders think about how traditional notions of leadership must change.² We are not suggesting a wholesale replacement of previous leadership theory. Elements of inclusive leadership are echoed in transformational, servant, and authentic leadership, for example, and these concepts are carried forward. However, we have amplified and built on these known attributes to define a powerful new capability uniquely adapted to a diverse environment. Understanding and being adept at inclusive leadership will help leaders thrive in their increasingly diverse environment.

This report is structured in three parts. First, we briefly describe the four shifts

elevating the importance of inclusive leadership—the “Why care?” aspect of the discussion. In the second part, we have identified the six signature traits of an inclusive leader (figure 1). In doing so, we have mined our experiences with more than 1,000 global leaders, deep-diving into the views of 15 leaders and subject matter experts, and surveying over 1,500 employees on their perceptions of inclusion. We have also built on existing thought leadership and applied research and drawn on work with our inclusive leadership assessment tool—on which our six-part framework is based—which has proved both reliable and valid in pilot testing.³ Sensing that inclusive leadership is a new capability, we have been examining this space since 2011, rather than relying solely on pre-existing leadership assessments and databases, with their historic biases. We conclude with some suggested strategies to help organizations cultivate inclusive capabilities across their leadership population.

A diverse new world: Markets, customers, ideas, and talent

FOUR global mega-trends are creating a business context that is far less homogeneous and much more diverse than has historically been the case. These interrelated shifts are influencing business priorities, and reshaping the capabilities required of leaders to succeed in the future.

Diversity of markets

The growth in emerging market economies may have slowed—and big challenges abound—but the long-term potential remains significant.⁴

By 2025, the world's middle-class population is expected to reach 3.2 billion, up from 1.8 billion in 2009, with the majority of this growth coming from Asia, Africa, and Latin America.⁵ As income levels rise, so does consumer demand. This growing population now represents the single biggest growth opportunity in the portfolio of many companies around the world.⁶

Reaching these consumers profitably, however, is anything but straightforward.⁷ Markets are characterized by significant cultural, political, and economic differences. Tension exists between local adaptation and international scale. Home-grown players can provide stiff competition and strong local talent is scarce. Indeed, in a 2015 survey of 362 executives, just 10 percent believed that they have the full suite of capabilities needed to win offshore.⁸

So what does this mean for those with global ambitions? While there is no single formula for success, research shows that having people with a more global mindset and capability is critical.⁹ John Lewis, Jr., global chief diversity officer of The Coca-Cola Company, agrees: “Right now, our fastest-growing markets around the world are sub-Saharan Africa, India, and China. How we win in these markets is as much a matter of how we embed ourselves in these cultures [as any other factor]. The question I put to our business leaders is: Even if we get all the tactics and logistics right, can we win if we don't get the people part right?”¹⁰

Diversity of customers

Customers have always been able to vote with their feet. Today, this power is even greater. Empowered through their digital devices and with more choice, customers expect greater personalization and a voice in shaping the products and services they consume.¹¹ Facing millions of individual expectations and experiences across an increasingly diverse customer base, the challenge for companies is to deliver individualized insights and a personal touch with the efficiencies of scale.

To remain competitive in this environment, organizations have realized, customer centrality is paramount. Customer promises are being written into vision statements, operating

models are being redesigned to ensure that customers are at the heart of the business, and the role of the “chief customer officer” has been created and elevated to the executive team.

But more than just changing systems and structures, organizations are increasingly focusing on cultivating more customer-centric mindsets and capabilities. The new buzzwords of “empathy” and “connectedness”—concepts that underpin popular methods such as design thinking—are taking hold as organizations strive to better understand customers’ worlds and future needs. And while development programs of the past may have focused on traditional customer-facing roles, a leader-led approach is increasingly being adopted.

Telstra has embarked on a journey to orient the entire organization around the customer, including the way leaders are developed. “Leaders are central to the connected strategy,” says Rob Brown, director of customer advocacy.¹² “They are the linchpin that sets the pace and culture of our organization. If leaders don’t understand how we need to think differently, if they don’t get that we need to connect with customers’ needs to understand what they want and how best to simplify things for them, then it’s hard, if not impossible, for the teams to get it.”

Diversity of ideas

Organizations must “innovate or die,” extols Bill Gates.¹³ A bold statement, but we need not look far to see its validity. Seemingly overnight, digital disruption has reshaped whole industries and iconic brands and brought forth new players.

For most leaders, it’s an imperative that’s well understood. In a 2014 survey of 1,500 executives, three-quarters said that innovation was among their company’s top three priorities.¹⁴ Despite this, 83 percent perceived their companies’ innovation capabilities to be average (70 percent) or weak (13 percent).¹⁵

So what sets apart breakthrough innovators from the rest? The survey found that,

compared with others, “breakthrough” innovators “cast a wide net for ideas.”¹⁶ In the race for new ideas, diversity of thinking is gaining prominence as a strategy to protect against groupthink and generate breakthrough insights. However, while many agree intellectually that collective intelligence enhances group performance, few understand how to consistently achieve it with any degree of specificity.¹⁷

In this context, a leader’s understanding of how diversity of thinking works will be critical to success. As François Hudon, an executive at Bank of Montreal, states: “For leaders, it’s making sure you have little risk of being blindsided by something that a diverse team would have known about and would have identified as an opportunity or a risk. I think it brings far greater confidence to the decision making when you know you are being supported by people who have far more diverse points of view.”

Diversity of talent

Diversity of talent is at risk of being overshadowed by other shifts. This is because demographic change has a slow-burn effect on workplace profiles. And, of course, diversity of talent is not a new topic. Anti-discrimination laws and the “war for talent” have seen organizations pay attention to historically marginalized groups for some time. Leaders underplay this shift at their peril.

Changes in population age profiles, education, and migration flows, along with expectations of equality of opportunity and work/life balance, are all deeply impacting employee populations. More than ever, future success will depend on a leader’s ability to optimize a diverse talent pool.

By way of example, the world’s population is aging rapidly. In 2050, those aged 65 and over are predicted to reach 22 percent of the global population, up from 10 percent today,¹⁸ with implications for workforce participation. Against that backdrop, the expansion of higher education is creating a group of highly mobile,

educated workers.¹⁹ By 2030, China will have more graduates than the entire US workforce, and India will produce four times as many graduates as the United States by 2020.²⁰ The Millennials, too, are coming of age. This generation will comprise 50 percent of the global workforce by 2020.²¹ With high expectations and different attitudes toward work, they will be integral in shaping organizational cultures into the future.

To date, however, data suggest that many companies have struggled to include diverse

employees. For example, while their number in the workforce is increasing, women hold just 12 percent of corporate board seats worldwide.²² In the future, demographic shifts will put greater pressure on leaders to be inclusive of diversity. According to one leader interviewed, “Fundamentally, inclusion is a principle that anybody who is good enough to be employed within the team is capable of becoming a leader and developing to the best of their potential. And that is anybody.”



The six signature traits of an inclusive leader

If inclusive leadership reflects a new way of leading teams, then we need to look beyond traditional leadership assessment tools and frameworks. Since 2011, we have researched this new leadership capability, with our initial exploration leading us to be much more certain about “inclusion” itself—what it means, how it is experienced by others, and how to measure it. More specifically, our research revealed that when people feel that they are treated fairly, that their uniqueness is appreciated and they have a sense of belonging, and that they have a voice in decision making, then they will feel included.²³ (See the appendix for a full description of our research methodology.)

2. Personalizing individuals—that is, understanding and valuing the uniqueness of diverse others while also accepting them as members of the group
3. Leveraging the thinking of diverse groups for smarter ideation and decision making that reduces the risk of being blindsided

To achieve these aims, highly inclusive leaders demonstrate six signature traits—in terms of what they think about and what they do—that are reinforcing and interrelated. Collectively, these six traits represent a powerful capability highly adapted to diversity. Embodiment of these traits enables leaders to

Table 1. Elements of inclusion

Fairness and respect	Value and belonging	Confidence and inspiration
Foundational element that is underpinned by ideas about equality of treatment and opportunities	Individuals feeling that their uniqueness is known and appreciated, while also feeling a sense of social connectedness and group membership	Creating the conditions for high team performance through individuals having the confidence to speak up and the motivation to do their best work

Putting this into the context of leaders, inclusive leadership is about:

1. Treating people and groups fairly—that is, based on their unique characteristics, rather than on stereotypes

operate more effectively within diverse markets, better connect with diverse customers, access a more diverse spectrum of ideas, and enable diverse individuals in the workforce to reach their full potential.

Table 2. The six signature traits of an inclusive leader

	1	2	3	4	5	6
Six traits	Commitment	Courage	Cognizance of bias	Curiosity	Cultural intelligence	Collaboration
15 elements	Personal values	Humility	Self-regulation	Openess	Drive	Empowerment
	Belief in the business case	Bravery	Fair play	Perspective-taking	Knowledge	Teaming
				Coping with ambiguity	Adaptability	Voice

These six traits and fifteen elements are not a meaningless or aspirational laundry list. As our interviews and formal 180-degree assessment of leaders and peers/followers revealed, they are very tangible and developable.

Trait 1: Commitment

Highly inclusive leaders are committed to diversity and inclusion because these objectives align with their personal values and because they believe in the business case.

Being inclusive of diversity is a big challenge. It takes time and energy, two of a leader’s most precious commodities. So what motivates a leader to expend these resources in the pursuit of diversity?

Clearly, an understanding of the commercial imperative is critical, as discussed in the previous section. “It is hard to argue with the diversity argument in a business context,” says Jennifer Reid, head of retail, business, and treasury payments operations at Bank of Montreal. “When you look at the changes in the business environment, it would be very difficult for any business leader to say they don’t need to pay attention.”

Intriguingly, however, many of the leaders interviewed in our research cited the extrinsic reward of enhanced performance as a secondary motivator. Their primary motivation for pursuing diversity and inclusion was

alignment with their own personal values and a deep-seated sense of fairness. “To me, it’s all about fairness and equality of opportunity,” says Belinda Hutchinson, chancellor of the University of Sydney. “It’s about giving people the opportunity to achieve what they should be able to achieve. It doesn’t just relate to gender. It relates to race, religion, sexual preference—whatever else it may be.”

This insight is consistent with research by the US-based think tank Catalyst, which identified “a strong sense of fair play” as the most significant predictor that men would champion gender initiatives in the workplace.²⁴ Interestingly, Catalyst also observed that individuals’ “commitment to fairness ideals was rooted in very personal experiences.”²⁵ This finding has particular resonance for one leader we interviewed: “At school . . . it was very much an in-group and out-group dynamic that I experienced. And I have always had sensitivity to any form of exclusion that comes from a person.”

This combination of intellect (that is, belief in the business case) and emotion (that is, a sense of fair play and caring for people as individuals, not “resources”) is consistent with the “head and heart” strategy emphasized by change expert John Kotter. According to Kotter, while engaging the minds of individuals through rational arguments is important,

“people change what they do less because they are given analysis that shifts their thinking than because they are shown a truth that influences their feelings.”²⁶ The Coca-Cola Company’s Lewis, Jr., agrees: “The business case is compelling. But for this to work, you need to connect to the minds and the hearts.”

We suspect it is this blend that enables leaders to speak about diversity and inclusion in a compelling way. As one leader observes, inclusive leaders have an “authenticity about the agenda and a consistency about it as well. It is in their communications. People look at them and say they are ‘fair dinkum.’” For Dr. Rohini Anand, senior vice president and global chief diversity officer at Sodexo, this contrasts with those who are not committed: “It is not necessarily people saying overt things . . . [but] they are just mouthing words without internalizing it. Therefore it is shallow and not sustainable.”

More than just talking, when leaders prioritize time, energy, and resources to address inclusion, it signals that a verbal commitment is a true priority. As Mike Henry, president of operations for Minerals for Australia at BHP Billiton explains, prioritization includes treating diversity and inclusion as a business imperative: “Like any other organizational priority, or something that is strategically significant to the organization, it needs to be part of the business plan, management conversations, and targets, and you need to have an objective way of assessing whether you are achieving what you want to achieve.” At a personal level, inclusive leaders also believe that creating an inclusive culture starts with them, and they possess a strong sense of personal responsibility for change. “You can’t just come out as a leader and say, ‘This is important; set the targets, and everyone go out and achieve the targets,’” says Henry. “You may achieve the targets, but not the culture you need. The leader needs to invest in people, building shared aspiration and building an aligned understanding of the business case. They need to work with the team on the ‘how.’”

CATALYST AND INCLUSIVE LEADERSHIP

Founded in 1962, Catalyst is a leading nonprofit organization that seeks to expand opportunities for women and business. A 2014 study by Catalyst identified four leadership behaviors that predicted feelings of uniqueness and belongingness—key elements of inclusion—across employees in Australia, China, Germany, Mexico, and the United States. These were:

- **Empowerment: Enabling direct reports to develop and excel**
- **Humility: Admitting mistakes; learning from criticism and different points of view; acknowledging and seeking contributions of others to overcome one’s limitations**
- **Courage: Putting personal interests aside to achieve what needs to be done; acting on convictions and principles even when it requires personal risk-taking**
- **Accountability: Demonstrating confidence in direct reports by holding them responsible for performance they can control**

The current research has identified similar leadership behaviors (that is, personal risk-taking, humility, and empowerment) as important to inclusive leadership. However, our framework expands on these ideas in the broader context of diversity of markets, ideas, customers, and talent. Most importantly, it identifies the 15 specific elements inclusive leaders think about and do.

Table 3. Elements of commitment

Signature trait: Commitment		
Element	What inclusive leaders think about	What inclusive leaders do
Personal values	<ul style="list-style-type: none"> Alignment of personal values to inclusion 	<ul style="list-style-type: none"> Treat all team members with fairness and respect Understand the uniqueness of each team member Take action to ensure each team member feels connected to the group/organization Proactively adapt their work practices to meet the needs of others
Business case belief	<ul style="list-style-type: none"> Commercial value of diversity and inclusion with respect to talent, innovation, customers, and new market growth 	<ul style="list-style-type: none"> Treat diversity and inclusion as a business priority Take personal responsibility for diversity and inclusion outcomes Clearly and authentically articulate the value of diversity and inclusion Allocate resources toward improving diversity and inclusion within the workplace

Trait 2: Courage

Highly inclusive leaders speak up and challenge the status quo, and they are humble about their strengths and weaknesses.

“The early adopters of this work have been . . . perceived as mavericks in their environment,” says The Coca-Cola Company’s Lewis, Jr. “Frankly, they need to be a bit courageous, because they buck the trend. For leaders, they need to make a decision as to whether they dig in and entrench as they are, or recognize the world as it will become, and be part of the change.” The courage to speak up—to challenge others and the status quo—is a central behavior of an inclusive leader, and it occurs at three levels: with others, with the system, and with themselves.

Challenging others is perhaps the most expected focus for leaders. For one leader interviewed, courage includes gently challenging followers to see their behaviors and the impact they have on others. “I talk [to my team] about how I came across in that meeting,” this leader says. “But I also give them really regular feedback: ‘Did you know you did that in that meeting, how others may perceive

that?’ It’s really important to make the feedback regular . . . on-the-ground coaching is critical.”

Courage also comes into play in a willingness to challenge entrenched organizational attitudes and practices that promote homogeneity. In the 1980s, for example, McKinsey changed its recruiting practices to promote divergent thinking and meet a demand for consultants. Instead of continuing to recruit from a narrow pool of MBAs from the top business schools, McKinsey’s Advanced Professional Degree (APD) program sought out talent from industry and a broader base of universities.²⁷ Where courage came in was the preparedness to challenge the status quo and then to address the initial bias toward MBAs as partner-elects. Courageous partners talked with their peers and sought personal promises of commitment to support APD talent; they briefed the evaluation committee on the need to assess performance objectively; and they intervened when necessary to improve APD recruits’ chances of fitting in. Today, 20 to 30 percent of McKinsey’s North American associates are classed as APDs, as opposed to 10 percent in the early 1990s;²⁸ the

diversity of background, industry experience, and discipline knowledge of APDs are seen as highly valuable.²⁹

There’s a vulnerability to being an inclusive leader, because confronting others and the status quo immediately invites the spotlight to turn on the speaker. Being an agent for change can also be met with cynicism and challenges from others. According to University of Sydney chancellor Belinda Hutchinson, “You need to take risks and recognize that you’re going to have some failures along the way, and you will need to get up, shake yourself off, and get on with it. It’s about patience and persistence. You may try this, or that, and it may not work, but if you keep driving towards the end goal, then you will get there. So it is about courage and commitment to stay the course.”

Inclusive leaders have the courage to speak out about themselves and to reveal, in a very personal way, their own limitations. Instead of shying away from the challenge of imperfection, highly inclusive leaders adopt an attitude of humility. In 2014, the US-based think tank Catalyst identified “humility” as one of the four leadership behaviors that predated whether employees felt included (see sidebar above, “Catalyst and inclusive leadership”).³⁰ Yet, as Catalyst rightly pointed out, humility is the one

attribute that is “most antithetical to common notions of leadership.” It is difficult for leaders in the public spotlight to admit they don’t have all the answers. Courage and humility therefore go hand in hand.

Humility, according to Catalyst, also encompasses learning from criticism and different points of view, as well as seeking contributions from others to overcome one’s limitations.³¹ According to Sodexo’s Anand, “Those [leaders] who lack the self-awareness and humility to learn and admit they don’t know everything—these would be leaders who miss an opportunity to learn, and who will be blindsided if they are not careful.”

Trait 3: Cognizance of bias

Highly inclusive leaders are mindful of personal and organizational blind spots, and self-regulate to help ensure “fair play.”

“The leaders that are inclusive do a couple of things,” says Sodexo’s Anand. “At the individual level, they are very self-aware, and they act on that self-awareness. And they acknowledge that their organizations, despite best intentions, have unconscious bias, and they put in place policies, processes, and structures in order to mitigate the unconscious bias that exists.”

Table 4. Elements of courage

Signature trait: Courage		
Element	What inclusive leaders think about	What inclusive leaders do
Humility	<ul style="list-style-type: none"> Awareness of personal strengths and weaknesses 	<ul style="list-style-type: none"> Acknowledge personal limitations and weaknesses Seek the contributions of others to overcome personal limitations Admit mistakes when made
Bravery	<ul style="list-style-type: none"> Being an agent for change and the positive impact diversity and inclusion can have 	<ul style="list-style-type: none"> Approach diversity and inclusion wholeheartedly Challenge entrenched organizational attitudes and practices that promote homogeneity Hold others to account for noninclusive behaviors

EXAMPLES OF SUBTLE BIASES THAT CAN NEGATIVELY IMPACT THE WAY WE SEE OTHERS AND THE DECISIONS WE MAKE

Implicit stereotypes

Occurs when people judge others according to unconscious stereotypes

Similarity-attraction bias

The tendency to more easily and deeply connect with people who “look and feel” like ourselves

In-group favoritism

A tendency to favor members of in-groups and neglect members of out-groups

Attribution error

Occurs when the wrong reason is used to explain someone’s behavior; coupled with in-group favoritism, this results in a positive attribution for in-group members and a negative attribution for out-group members

Confirmation bias

Seeking or interpreting information that is partial to existing beliefs

Groupthink

When the desire for group harmony overrides rational decision making

Biases are a leader’s Achilles’ heel, potentially resulting in decisions that are unfair and irrational. Inclusive leaders are deeply aware that biases can narrow their field of vision and prevent them from making objective decisions. In particular, inclusive leaders are highly sensitized to two fundamental phenomena: personal biases, such as homophily and implicit stereotypes and attitudes; and process biases, such as confirmation bias and groupthink.³² Importantly, they are cognizant of the situations and factors, such as time pressures and fatigue, causing them to be most vulnerable to biases’ pull. Inclusive leaders also exert considerable effort to learn about their own biases, self-regulate, and develop corrective strategies. They understand that their natural state, without these interventions, tends to lean toward self-cloning and self-interest, and that success in a diverse world requires a different approach.

BHP Billiton’s Henry is aware that recruitment is a vulnerable moment for him. “I am very clear about the type of person I gravitate to when hiring. Consciously, I put all sorts of checks and balances in place with respect to the thinkers I gravitate to. There have been times when I have overridden my opinion with others’ advice, and it has worked out spectacularly.”

In the context of diverse talent, inclusive leaders think about three features of fairness with the aim of creating an environment of “fair play”:³³

1. **Outcome:** Are outcomes such as pay and performance ratings, as well as development and promotion opportunities, allocated on the basis of capability and effort, or does their distribution reflect bias?
2. **Process:** Are the processes applied in deciding these outcomes (a) transparent, (b) applied consistently, (c) based on accurate information, (d) free from bias, and (e) inclusive of the views of individuals affected by the decisions, or are they tinged with bias, thus leading to undeserved success for some and failure for others?

Table 5. Elements of cognizance of bias

Signature trait: Cognizance of bias		
Element	What inclusive leaders think about	What inclusive leaders do
Self-regulation	<ul style="list-style-type: none"> • Acceptance of bias and concern for its impact • Moments when they are most vulnerable to bias 	<ul style="list-style-type: none"> • Learn about their personal biases, including through feedback • Follow processes to ensure personal biases do not influence decisions about others • Identify and address organizational processes that are inconsistent with merit
Fair play	<ul style="list-style-type: none"> • Awareness of the three features of fairness: outcomes, processes, and communication 	<ul style="list-style-type: none"> • Make fair and merit-based decisions about talent (for example, with respect to promotions, rewards, and task allocations) • Employ transparent, consistent, and informed decision-making processes about talent • Provide those affected with clear explanations of the processes applied and reasons for decisions made

3. **Communication:** Are the reasons for decisions made, and processes applied, explained to those affected, and are people treated respectfully in the process?

Importantly, as Bank of Montreal’s Reid demonstrates, inclusive leaders are aware that “fairness” does not necessarily equate to “same.” She says, “I grew up with a learning disability and, at certain times, I required different levels of support. My mum would say that fairness didn’t always mean the exact same, but the opportunity to be your best, and this would mean that you need different things at different times.”

In thinking about process, inclusive leaders seek to pinpoint processes that create subtle advantages for some and subtle disadvantages for others, perpetuating homogeneity and undermining inclusion. This understanding led Alan Joyce, CEO of Qantas, to put strategies in place to mitigate the impact of bias in performance conversations. “In the past, people’s opinions and biases were often at the forefront of our talent discussions. We embarked on a strategy to take out bias—using external assessments, global benchmarking, and leadership and “potential” data. Now we have a more objective and collective view of talent. This enables us to confidently discuss

career planning, mobility, and the benefit of getting different critical experiences across diverse business segments.”³⁴

Trait 4: Curiosity

Highly inclusive leaders have an open mindset, a desire to understand how others view and experience the world, and a tolerance for ambiguity.

What’s the one attribute CEOs need to succeed in the future? “I would place my bet on curiosity,” responded Michael Dell, chairman and chief executive officer of Dell Inc., in a 2015 interview. “Because with curiosity comes learning and new ideas, and in businesses that are changing very rapidly, if you’re not curious, you’re not learning, and you’re going to have a real problem.”³⁵

Inclusive leaders accept their limitations and hunger for the views of others to complete the picture. This thirst for continual learning helps drive attributes associated with curiosity—open-mindedness, inquiry, and empathy. Such behaviors do not come easily. Time and effort are required to engage with diverse others, as is the skill of synthesizing a broader range of perspectives. But the result is loyalty from others who feel valued, along with access

to a richer set of information that enables better decision making.

The openness to different ideas and experiences is a defining characteristic of inclusive leaders, who give weight to the insights of diverse others. As Bank of Montreal’s Hudon describes: “I tend to specifically ask the opinion of someone who will bring a different view from my own. As we discuss an issue, I will often go to people who are likely processing things differently, and purposely ask for their opinion, knowing it will come from a different place than my own.”

For inclusive leaders, asking curious questions and actively listening are core skills that are key to deepening their understanding of perspectives from diverse individuals. Since the 1970s, Oscar-winning producer Brian Grazer has conducted “curiosity conversations” with over 450 diverse strangers—talks that have inspired many of the films and shows he has produced, including *Apollo 13* and *A Beautiful Mind*.³⁶ “I seek out their perspective and experience and stories, and by doing that, I multiply my own experience a thousand-fold,”

he says. For Grazer, curiosity is a “superhero power.”³⁷

Lieutenant General Angus Campbell, Chief of Army, Australia, says about his own efforts: “I try to listen. And I try to understand why someone’s opinion is different from mine. And I think in those two efforts . . . you are both recognizing the individual and respecting them, and you’re giving pause to analyze, compare, complement, and question your own beliefs. In trying to understand the difference of opinion, you are giving the project or the initiative you are dealing with space to become better.” Maaïke Steinebach, chief executive of CBA’s Hong Kong branch, agrees that listening deeply is critical to her success. “I really make an effort to try to learn something new from the people I talk to. As an extrovert it’s very easy to talk, but if you’re quiet, you can hear more about others and what is going on, and it can be a much more valuable experience.”

For inclusive leaders, openness also involves withholding fast judgment, which can stifle the flow of ideas. As Hayden Majajjas, diversity and inclusion director, Asia-Pacific at BP, explains,

Table 6. Elements of curiosity

Signature trait: Curiosity		
Element	What inclusive leaders think about	What inclusive leaders do
Openess	<ul style="list-style-type: none"> Their own limitations and the value of new and different ideas and experiences 	<ul style="list-style-type: none"> Demonstrate a desire for continued learning Actively seek the perspectives of diverse others in ideation and decision making Withhold fast judgment when engaging with diverse others
Perspective taking	<ul style="list-style-type: none"> Enhancing one’s own understanding of new or different perspectives 	<ul style="list-style-type: none"> Listen attentively when another person is voicing a point of view Engage in respectful and curious questioning to better understand others’ viewpoints Demonstrate the ability to see things from others’ viewpoints
Coping with uncertainty	<ul style="list-style-type: none"> Acceptance that some ambiguity and uncertainty is inevitable 	<ul style="list-style-type: none"> Cope effectively with change Demonstrate and encourage divergent thinking Seek opportunities to connect with a diverse range of people

making judgments can also limit personal growth and connections: “I think that religion is a good example at the moment. For example, if we are talking about religion in the workplace, it is one thing to be curious, but another to be able to suspend your own beliefs. Asking a question knowing that you could not change your beliefs under any circumstances—not in terms of taking on someone else’s religion, but in terms of what you think is right and wrong—is pointless. But temporarily suspending your beliefs enables you to learn more and to engage, and often that is the key to overcoming barriers.”

In a virtuous circle, curiosity encourages connections with diverse others, which in turn promotes empathy and perspective-taking. Both have been shown to have a multitude of benefits, including fostering a more constructive exchange of ideas (diversity of ideas),³⁸ facilitating greater customer insight (diversity of customers), and decreasing one’s susceptibility to bias (diversity of talent).³⁹

Trait 5: Culturally intelligent

Highly inclusive leaders are confident and effective in cross-cultural interactions.

For inclusive leaders, the ability to function effectively in different cultural settings is about more than just having a mental map of different cultural frameworks (for example, Hofstede’s cultural dimensions theory). While an understanding of cultural similarities and differences is important, inclusive leaders also recognize how their own culture impacts their personal worldview, as well as how cultural stereotypes—including the misuse of cultural models—can influence their expectations of others.

At a deeper level, inclusive leaders’ thirst for learning means that they are also motivated to deepen their cultural understanding and to learn from the experience of working in an unfamiliar environment. This curiosity leads them to value cultural differences, defying ethnocentric tendencies that cause people to judge

other cultures as inferior to their own, and enabling them to build stronger connections with people from different backgrounds. As Geert Peeters, CFO of CLP Group, comments: “There is no one culture that is smarter than another. In recognizing intelligence in each culture, your culture’s intelligence may not necessarily be used today for today’s problems, but it will be used tomorrow for tomorrow’s problems. There is no point in judging. We just need to bank all of these cultural differences to have a collective intelligence and to be able to use it.”

Inclusive leaders are tolerant of ambiguity, which enables them to manage the stress imposed by new or different cultural environments as well as situations where familiar environmental or behavioral cues are lacking. As BP’s Majajas describes, inclusive leaders are also adept at changing their verbal and nonverbal behaviors according to cultural demands. “It is about when and how you would adapt your forms of expression and communication with other people. And that includes everything—when you use gestures, when you slow down, when you enunciate or pronounce your words better, when you choose your language. This is about being more specific and more deliberate.”

Finally, inclusive leaders understand that the ability to adapt does not mean “going native,” which can cause leaders to lose sight of what they want to achieve by overcompensating for new cultural demands.⁴⁰ As Majajas puts it, “It’s about being flexible but authentic. I think a more inclusive leader is someone who knows when to adapt and doesn’t necessarily need to change who they are fundamentally.”

Many of the capabilities discussed above are encapsulated in the model known as “cultural intelligence” (CQ), which comprises four elements:⁴¹

1. Motivational: The leader’s energy and interest toward learning about, and engaging in, cross-cultural interactions

Table 7. Elements of cultural intelligence

Signature trait: Cultural intelligence		
Element	What inclusive leaders think about	What inclusive leaders do
Drive	<ul style="list-style-type: none"> The personal and organizational benefits of learning about, and experiencing, different cultures 	<ul style="list-style-type: none"> Take an active interest in learning about other cultures Seek out opportunities to experience culturally diverse environments Are confident leading cross-cultural teams
Knowledge	<ul style="list-style-type: none"> The differences and similarities between cultures Relevant country-specific knowledge to operate effectively within specific geographies (for example, business and economic knowledge, norms, practices, and conventions) 	<ul style="list-style-type: none"> Seek information on the local context; for example, politics and ways of working
Adaptability	<ul style="list-style-type: none"> Acceptance that different cultural situations may require behavioral adaptation 	<ul style="list-style-type: none"> Work well with individuals from different cultural backgrounds Change style appropriately when a cross-cultural encounter requires it Use appropriate verbal (for example, speed, tone, use of pause/silence) and nonverbal (for example, gestures, facial expressions, body language, physical contact) behavior in cross-cultural encounters

2. Cognitive: The leader’s knowledge of relevant cultural norms, practices, and conventions
3. Metacognitive: The leader’s level of conscious cultural awareness during interactions
4. Behavioral: The use of appropriate verbal and nonverbal actions in cross-cultural interactions

Research has demonstrated the positive relationship between CQ and a range of important business outcomes, including expatriate job performance, intercultural negotiation effectiveness, and team process effectiveness in multicultural teams.⁴²

Trait 6: Collaborative

Highly inclusive leaders empower individuals as well as create and leverage the thinking of diverse groups.

“The new IQ is based more on group intelligence,” says Bruce Stewart, acting director, strategic initiatives, US Office of Personnel Management. “The old IQ is about how smart you are; the new IQ is about how smart you make your team. If you take it to heart, it will change the way you lead. Instead of the leader leading from top of the pyramid, they lead from the middle of the circle.”

At its core, collaboration is about individuals working together, building on each other’s ideas to produce something new or solve something complex. But while collaboration among similar people is comfortable and easy, the challenge and opportunity thrown

up by the foundational shifts is collaboration with diverse others: employees, customers, or other stakeholders.

Inclusive leaders understand that, for collaboration to be successful, individuals must first be willing to share their diverse perspectives. For Bank of Montreal’s Reid, this willingness is cultivated by creating an environment where individuals feel valued personally and are empowered to contribute. “It’s about people having the freedom to work from their own perspective . . . [feeling] that their perspective is valued, and that they feel that in a very genuine way. And that empowers them to provide alternative points of view.”

Rather than controlling the flow of ideas, inclusive leaders encourage autonomy, empowering their teams to connect with others in the pursuit of diverse perspectives. “The end state for a good performing team is an autonomous team,” says Deven Billimoria, CEO of Smartgroup Corporation. “I recently visited a company that has a Net Promoter Score

through the roof and a best employer status that is almost unparalleled. I talked to some of the people that are on the phones, and one thing that resonated with me is the sense of autonomy. They have the autonomy to do what they want. Their managers trust them, the company trusts them, and I thought that we could do that better.”

For inclusive leaders, diversity of thinking is a critical ingredient for effective collaboration. Far from being guided by hunches and feelings, or leaving success to chance, inclusive leaders adopt a disciplined approach to diversity of thinking, paying close attention to team composition and the decision-making processes employed.⁴³ In this way, they understand the demographic factors that cause individuals and groups to think differently, both directly (for example, educational background and mental frameworks) and indirectly (for example, gender and race), and purposely align individuals to teams based on that knowledge.⁴⁴

Table 8. Elements of collaboration

Signature trait: Collaboration		
Element	What inclusive leaders think about	What inclusive leaders do
Empowerment	<ul style="list-style-type: none"> Ensuring that others feel able and comfortable to contribute independently 	<ul style="list-style-type: none"> Give team members the freedom to handle difficult situations Empower team members to make decisions about issues that impact their work Hold team members accountable for performance they can control
Teaming	<ul style="list-style-type: none"> Being disciplined about diversity of thinking in terms of team composition and processes 	<ul style="list-style-type: none"> Assemble teams that are diverse in thinking Work hard to ensure that team members respect each other and that there are no out-groups within the team Anticipate and take appropriate action to address team conflict when it occurs
Voice	<ul style="list-style-type: none"> Adapting styles and processes to ensure that every team member has a voice 	<ul style="list-style-type: none"> Create a safe environment where people feel comfortable to speak up Explicitly include all team members in discussions Ask follow-up questions

Inclusive leaders are also deeply aware that—even when a diverse-thinking team has been assembled—process biases can pull a group toward sameness and the status quo. For example, like-minded team members are drawn toward each other when testing ideas; confirmation bias causes individuals to reference only those perspectives that conform to pre-existing views; and in-group favoritism causes some team members to cluster. These leaders therefore work to mitigate the effects of process biases.⁴⁵ They are attuned to the propensity for fault lines to fracture the team into subgroups, which can weaken relationships and create conflict. They proactively employ strategies that foster a sense of “one team,” creating a superordinate group identity and shared goals, and working to ensure people understand and value the bank of knowledge and capabilities across the group.

Further, inclusive leaders understand that people are most collaborative when they feel safe to contribute without fear of embarrassment or punishment. They understand that power dynamics, dominating styles, and low tolerance of differences can stop team members from speaking up. They focus on building trust across the group, establishing a set of

guiding principles, for example, that encourage people to contribute without fear. “I think that it is important to assume good intent,” says Rachel Argaman, CEO of TFE Hotels. “If we are talking around the table, I might suggest something, and more than half of my team might say, ‘No, we shouldn’t do that, we should do this!’ I think that’s normal and healthy. It’s certainly normal and healthy for our team.” Finally, inclusive leaders appreciate the importance of understanding team members’ thinking styles (for example, introvert versus extrovert), and they adapt their communication and approach as necessary to elicit valuable perspectives.

In addition to formal processes, inclusive leaders also consider whether the broader organizational culture and infrastructure, including workplace design and technology, promote social connections across the organization. As the US Office of Personnel Management’s Stewart explains, “If leaders want to be inclusive, they [also] need to think about idea spaces. They need to make sure there are places where different ideas and individuals can mix. Folks who generate more ideas in inclusive ways—they are the smarter companies.”

What can organizations do?

THE six signature traits of an inclusive leader have important implications for how organizations select and develop leaders. Below, we provide some possible actions to help organizations develop inclusive leadership capabilities and build a culture of inclusion.

Strategic alignment

- Highlight inclusive leadership as a core pillar within the organization's diversity and inclusion strategy.
- Articulate a compelling narrative as to why inclusive leadership is critical to business success. For example, how may inclusive leadership drive innovation and prevent the organization from being blindsided, support greater customer connectivity, optimize talent, and/or enable leaders to operate more effectively in a global marketplace?
- Make symbolic workplace changes to signify the importance of inclusive leadership. For example, incorporate inclusion into an organization's values to guide behaviors, and appoint senior leaders who embody inclusive leadership.

Recruitment

- Ensure that job advertisements emphasize inclusive leadership capabilities (for example, collaborative, curious) and the organization's commitment to diversity and inclusion.
- Incorporate inclusion into behavioral interview questions. For example, an interviewer could ask, "Describe a situation where others you were working with disagreed with your ideas. How did you respond?"

Capability and competency management

- Integrate inclusive leadership capabilities into the organization's leadership competency model.

Performance management

- Link KPIs to inclusive behaviors and diversity and inclusion outcomes. For example, establish a metric around employee perceptions of leadership commitment to diversity and inclusion and their inclusive behaviors.
- Ensure that those appointed to senior-level positions embody inclusive

leadership or demonstrate a genuine commitment to developing the capability for inclusive leadership.

- Hold leaders to account for noninclusive behaviors.

Rewards and recognition

- Reward leaders who role-model inclusive behaviors.
- Showcase highly inclusive leaders across the organization as well as the benefits derived from their inclusive behavior.

Leadership development

- Formally assess inclusive leadership capabilities across senior leaders and people managers. Identify individual and organizational developmental gaps and create development plans.
- Encourage leaders to seek informal feedback from others on their capability for inclusive leadership.

- Integrate development of the six signature traits of inclusive leadership into leadership development programs.

System integration

- Integrate inclusive leadership into the organization's global mobility strategy in order to help assess participant readiness and to develop current and future leaders.
- Consider how inclusive leadership—as well as the broader principles of diversity and inclusion—fit within the organization's innovation strategy and processes. For example, in undertaking ideation or problem-solving activities, ensure that leaders assemble teams that are diverse in their thinking and that individual and group biases are mitigated in group discussions.

Diversity—of markets, customers, ideas, and talent—is an inescapable part of today's business environment. When leaders have clarity about what it means to be highly inclusive—through the six signature traits and fifteen elements—they are positioned for success.

Appendix: Research methodology

How was the model of inclusive leadership identified?

The six-factor inclusive leadership model described in this report was developed through a comprehensive review of the literature and refined on the basis of interviews.

Interviews

Seventeen interviewees were identified across Australia, Canada, Hong Kong, New Zealand, Singapore, and the United States on the basis of one or more of the following criteria: 1) the individual's visible commitment to the creation of an inclusive workplace, 2) the individual's demonstration of inclusive behaviors, and 3) subject-matter expertise. Interviewees were identified by either Deloitte professionals or diversity and inclusion leaders within their organizations.

Interviews were semi-structured and covered a range of topics relating to diversity, inclusion, and leadership style. Three researchers reviewed the transcripts and developed a coding scheme to capture key themes. Any disagreements between researchers with respect to coding were discussed and resolved.

Scale construction

A 180-degree measure of inclusive leadership was constructed using Hinkin, Tracey, and Enz's (1997) seven-step scale development process.⁴⁶

- **Step 1:** We generated a pool of potential items to assess inclusive leadership. Items were generated deductively, beginning with a theoretical view of the six signature traits and the results of our senior leader interviews. Care was taken to construct items properly; for example, we avoided double-barreled items and ensured that each item was worded simply and directly. Two versions of the survey were created: one for leaders to be completed as a self-assessment, and the second to be completed by their followers/peers.
- **Step 2:** We assessed the content-adequacy of the items with a panel of experts. In particular, this stage focused on ensuring that the items developed for each of the six signature traits captured the full definition of each trait. Following from this, we administered a draft version of the items to non-experts to check whether the items under each trait appeared to be face valid.
- **Step 3:** We administered a refined version of the survey to a sample of 32 senior leaders ("targets") and their followers/peers ("raters") from multiple organizations. Respondents were asked to provide their ratings on a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). A total of 120 items were included in

the survey. T-tests were conducted to check for differences between self and other ratings. No significant differences were found.

- **Step 4:** The data were subjected to exploratory factor analysis using principal components analysis (PCA). Results indicated that the items all loaded well ($>.50$) on a single factor, which we labeled as inclusive leadership. More detailed examination of the data revealed fifteen elements across six factors. At this stage, the total item pool was reduced by half on the basis of factor loadings and expert discussion. Duplicative items were also removed.
- **Step 5:** The internal consistency of the items was assessed using a scale reliability assessment. An internal consistency score was calculated both for the total score (all 60 items) and the 15 sub-elements. Internal consistency was excellent for both the total scale and the elements (α values ranged from .82 to .93).
- **Step 6:** We re-engaged with our panel of experts to ensure that the refined version of the tool still aligned to the theoretical definition of inclusive leadership. We also ran a series of standard regressions to check convergent validity.

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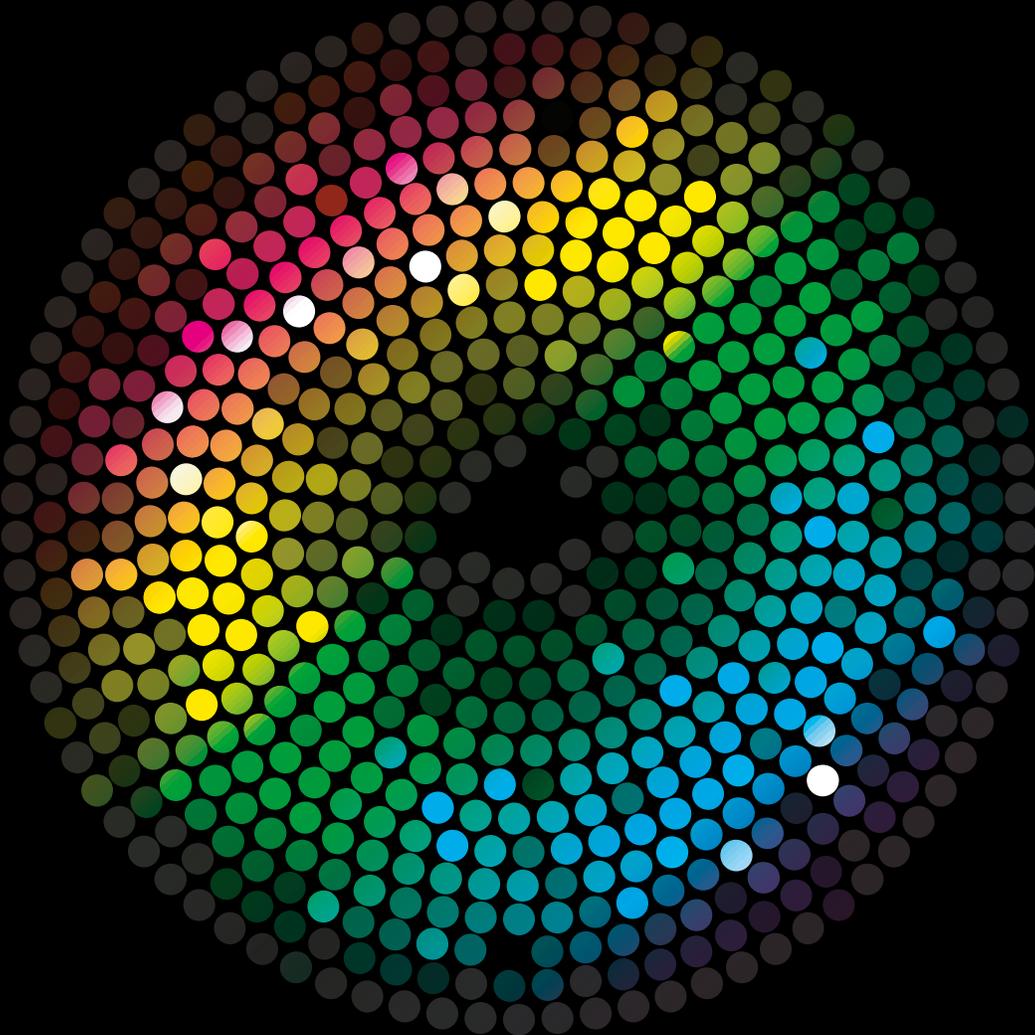
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outcome



Introduction

As organizations around the globe contemplate the future of work, inequities highlighted by events of the past few years have created a reckoning for their diversity efforts. New challenges are often being layered on top of old problems, including the persistent barriers within some corporate cultures that can undermine opportunities for underrepresented groups, and businesses and their policies have been put under a microscope.

Increasingly, consumers and employees¹ are pressuring organizations not only to take a public stance on inequality and racism,² but also to back up those promises with action and results. For decades, diversity and inclusion initiatives have dominated the corporate response to inequity. And while many businesses have made progress in becoming more diverse and inclusive, their efforts have yet to fundamentally change economic and social outcomes for millions of people.

For example, the results of the Minority Corporate Counsel Association's 2020 Fortune 1000 General Counsel survey³ portray a story of progress, but one with plenty of missed opportunities. Based on recent vacancies:



Women filled 33% of Fortune 1000 general counsel openings.



Underrepresented racial and ethnic groups filled 14% of openings.

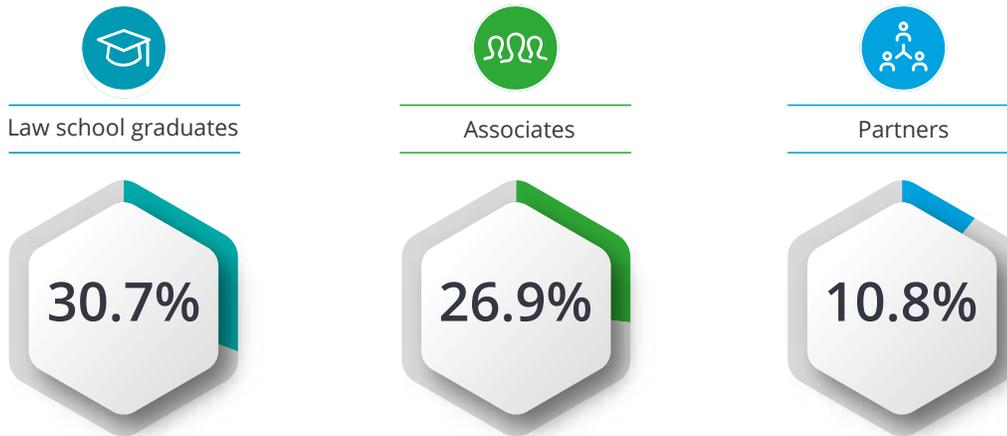
Examine your status quo

Even with broad diversity, equity, and inclusion (DEI) programs in place (and with the formation of entities focused on addressing DEI issues within the legal profession) many firms and corporations are still working to find a way to plug leaks in the legal talent funnel.

According to Law360 data from August 2021,⁴ attorneys who identify as Hispanic/Latino, African American/Black, Asian American, Native American or Alaska Native, Native Hawaiian/Pacific Islander, and two or more races make up 18.1% of all attorneys and 9.7% of equity partners in the US law firms they surveyed. While those numbers are up since Law360 began tracking this data (in 2014, the numbers were 14.1% and 7.1%, respectively), the increases are “incremental” at best. Meanwhile, students in these same identity groups have occupied more than 20% of law school seats for more than two decades.⁵ In fact, Harvard Law School reports that “students of color” make up 56% of its class of 2024.⁶ And while the “all lawyers” population in the Law360 report seems to be approaching 20%, the single digit number in the equity partner ranks may be demonstrative of the leaking talent pipeline.

Indeed, the discrepancy between the total number of students who identify as Hispanic/Latino, African American/Black, Asian American, Native American or Alaska Native, Native Hawaiian/Pacific Islander, and two or more races, compared with the number who continue on in the profession, whether in a firm or as part of an in-house legal team, may come down to a systemic failure to create a variety of pathways to success. “As general counsel and leaders of our respective legal functions, we need to look at the entire experience,” says Deloitte LLP general counsel Ben Campbell. “If people are graduating from law school but not coming into the corporate world, we’re failing to create a culture and talent experience to attract, retain, and advance them. The profession needs to look at creating environments that are productive and welcoming to people of different backgrounds. If we’re not talking about retention as much as we’re talking to them about recruitment, everyone is destined to fail.”

Diversity representation shrinks on path to firm leadership



Source: Law360 Pulse Magazine⁷

Evolve the conversation to include equity

One way to start is to broaden your expectations of DEI efforts, starting with a shift to equity. But understand: Equity isn't a program or an initiative. Equity is an *outcome*, and it's achieved when all people have fair access, opportunity, resources, influences, and power—everything they need to succeed and thrive.

And as discussed in [The equity imperative](#),⁸ equitable outcomes should fall under the purview of every C-suite leader, which may be

a departure for some businesses. In the past, DEI efforts have often been left to human resources leaders or DEI-related teams to figure out. However, real change requires every leader in an organization to implement and promote DEI programs, leaning on the expertise of DEI officers, as well as to exercise their influence across their entire business ecosystem (from relationships to products, services to spend, and governance to external interactions) to achieve equity.

In a recent survey by Deloitte, C-suite leaders were asked, "Specific to your role, where do you have influence over DEI efforts?" If the goal is to have shared responsibility for DEI efforts across the C-suite, these results show that there is room for improvement and that leaders may need to be better empowered to leverage their influence to drive stronger equity outcomes.

Influence varies by role, but most see their influence in externally facing efforts

Area of influence	Total	CEO	CFO	CIO	CMO	CHRO	COO	CLO
Content development	21%	24%	28%	33%	19%	12%	23%	22%
The entire organization's talent model	21%	22%	26%	26%	19%	19%	24%	27%
Your function's talent model	22%	29%	29%	29%	20%	16%	26%	22%
Community engagement	23%	26%	29%	23%	20%	33%	24%	18%
Brand imagery and messaging	28%	25%	33%	28%	30%	24%	21%	22%
The organization's purpose	28%	26%	38%	30%	26%	32%	27%	27%
Product and service design	29%	34%	26%	33%	30%	22%	27%	22%
Business partner selection	36%	32%	44%	35%	39%	25%	27%	29%
AI solutions	36%	40%	35%	41%	39%	19%	29%	27%
Data and research	39%	35%	45%	51%	39%	35%	33%	32%
Technology platforms	39%	40%	45%	46%	40%	35%	33%	24%
Total respondents	1,099	129	86	80	556	85	84	79

Executive survey: Q29. Specific to your role, where do you have influence over diversity, equity, and inclusion (DE&I) efforts?
N = 1,099

Source: Deloitte Global Marketing Trends Executive Survey⁹

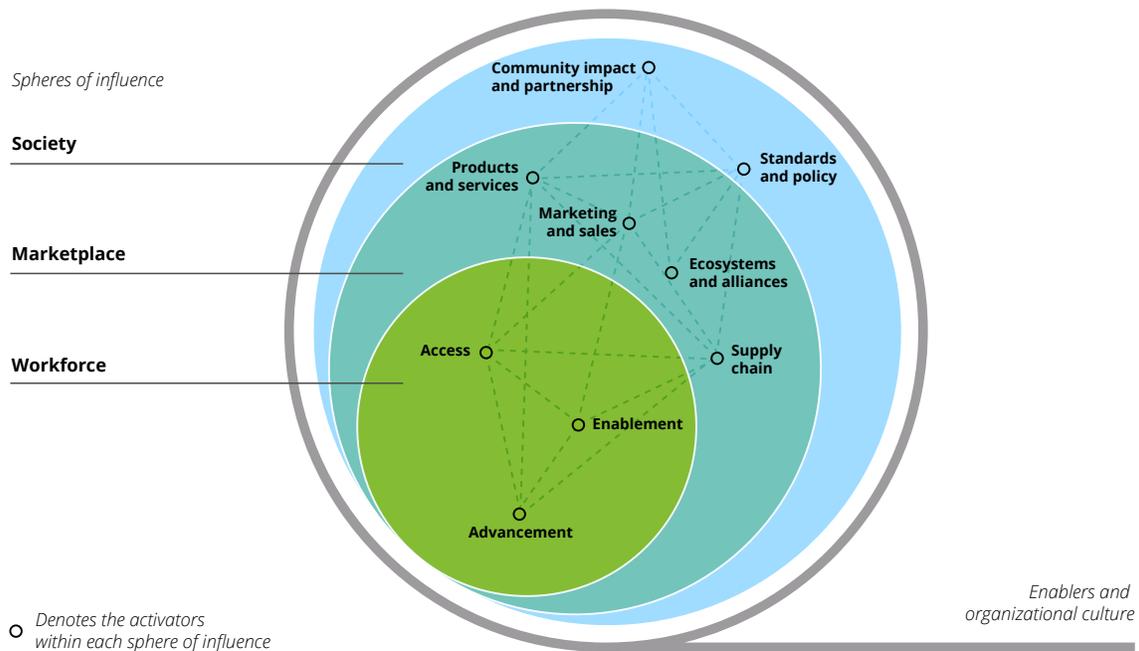
Unfortunately, the full extent of that influence appears to be rarely used. In a recent Fortune/Deloitte [survey](#)¹⁰ of 125 CEOs, 91% of chief executives said they're investing in their talent life cycle within the workforce sphere to drive DEI initiatives. But only 22% said they're investing in DEI within their product or service portfolios, and fewer than half are prioritizing equity within supplier relationships. Equity needs to be more than just talent.

For C-suite leaders, like the CLO, achieving equity may not be about doing more; it's about evaluating whether your existing responsibilities and ongoing work as CLO are adequately promoting equity, as well as creating new equitable outcomes and opportunities within your organization.

Forge a new way forward

With that in mind, Deloitte designed the [Equity Activation Model](#)¹¹ to help businesses address how they can achieve equity both within and outside of their own organizations, structured around three primary spheres of influence: workforce, marketplace, and society (figure 1).

Figure 1. The Equity Activation Model



Each sphere includes “activators” (key areas of activity and everyday choices) through which leaders can exert their influence to activate equity.

For a CLO, there are several examples of responsibilities that can help drive equity:



Workforce: Enabling the organization to make positive change and helping leaders understand the risks associated with not taking action around DEI initiatives; understanding the corporate governance framework and expectations for DEI; crafting equitable employee policies that protect the most vulnerable employees; ensuring fair and thorough investigations into employee harassment and discrimination cases; complying with new and existing diversity regulations; holding legal department leaders accountable for the design and implementation of inclusive talent strategies for the legal function; and understanding how DEI intersects with immigration law

“Like any leader, the CLO has an opportunity to drive impact at the organizational level and the individual level. Both are powerful and necessary for lasting change. Often, the CLO may focus on the organizational level, as that is where their fiduciary duty may lead them: championing supplier diversity efforts, partnering with HR and/or DEI on pay equity reviews, and building a diverse board of directors. However, their individual influence is just as powerful when they demonstrate equity in their promotions, their recognition efforts, mentoring and sponsorship, and modeling the way as an inclusive leader. Every leader has this opportunity, but CLOs have a uniquely broad audience within their companies and beyond,” says Valerie Jackson, chief diversity officer at Zuora, lawyer, and former practicing attorney.



Marketplace: Considering the diversity of law firms and legal services providers when deciding to outsource legal matters; partnering with law firms and service providers to advance DEI strategies; enabling business leaders to consider and design customer experiences that support a diverse customer base; and actively working to shape and cultivate a strong and inclusive brand



Society: Leading on issues of ESG, including DEI, and clearly communicating with the board and other stakeholders the value of taking a position with respect to equity and issues of racial justice; promoting transparency, effort, and accountability to address potential racial inequity that could inform proxy voting policies, shareholder proposals, and investor engagement priorities; engaging with the community by providing pro bono services; financially supporting community organizations; setting and influencing rules and standards; advocating for and driving political and social change; and preparing diversity data (for the organization broadly and the legal function specifically) for external publication as a commitment to the organization's DEI goals

Darwin Conner, US chief diversity, equity, and inclusion officer at Eversheds Sutherland and a former law firm equity partner, believes that lawyers need to be aware of the systemic inequality that can later impact the careers of some lawyers within their firms. He says, "For lawyers who may be first-generation attorneys, or don't have familial or community exposure to the professional networks that others may have, somewhere around the fifth or sixth year of practice they realize that they do not have and may never develop the types of relationships that will generate multimillion-dollar books of business. And the perception that, without that, a lawyer cannot be successful in certain law firm environments leads many to pursue opportunities where the skills they have built in law firm practice are valued, even if they are otherwise satisfied with the 'technical' aspects of their practice." Conner suggests that leaders must think broadly about these types of potential inequalities and work toward initiatives that seek to resolve them.

Challenge old patterns to drive better results¹²

Within your spheres of influence, take a hard look at your outcomes and your organizational culture as context for those outcomes. In this case, culture is synonymous with organizational behaviors, which are informed by organizational values, built on underlying beliefs and assumptions. Can you identify any assumptions (or orthodoxies) inhibiting equity within your organization?

Here's one common example: ***"Diversity means lowering the bar."***

The assumption here is that there are not enough "qualified" candidates to build representative, diverse cohorts and teams, which relies on two underlying beliefs:

1. There is a correct definition of "qualifications," or what is required to be successful in your organization; and

2. Organizations should only consider narrowly defined and/or limited sources or pools of potential talent, filtering out potentially highly qualified candidates who don't neatly fit into those definitions.

Think about your most pressing business priorities and the decisions and actions that you make regularly. Are they being informed by assumptions such as this, that may contribute to systemic inequity? If your organization lacks diversity in its leadership, or even within associates' ranks, examine your hiring, promotion, and retention processes to see where they are prone to pitfalls that reinforce inequitable results:

- **Pitfall: You have different standards for different people.**

Are you holding some cohorts to different standards than their White or male colleagues, even unconsciously? Are you asking some employees and candidates to prove themselves over and above other candidates who may advance on mere potential?

A study by Nextions, *Written in Black & White*,¹³ is a good illustration of the invisible barriers that may exist for Black legal candidates. In this study, researchers drafted a research memo from a hypothetical third-year litigation associate, “Thomas Meyer,” that focused on the issue of trade secrets in internet startups. They deliberately inserted 22 errors, which varied from spelling to analysis. The memo was then distributed to 60 law partners, who believed they were assisting in a study on writing competencies in young attorneys. However, half the memos said Thomas was Black, while the other half said he was White. The result? Using the same memo, the White Thomas Meyer (“has potential”) received a 4.1/5.0 rating, while the Black Thomas Meyer (“can’t believe he went to NYU”) averaged a 3.2/5.0 rating.

- **Pitfall: Your net is too small.** Are you focusing on vague, informal criteria such as “cultural fit” and “likeability,” which tend to reinforce the status quo? And if you’re recruiting in the same ways and same places, using the same tools, how will you be able to tap into new pools of talent?

“The talent is out there, but we can’t continue to look in the same places; we need to open up our perspectives,” Campbell says. “The other thing that was eye-opening for me is that pouring water into the hiring bucket is important to this, but the bucket often has a hole in it, and the talent is leaving at the same or a faster rate than you’re

pouring it in. You’re never going to make any progress that way, so you need to look at the totality of the talent life cycle.”

[Challenging orthodoxies](#)¹⁵ is a multistep process: acknowledge they exist, address them directly, dismantle the systems or processes they sustain when those systems or processes result in inequitable outcomes, and build systems and processes with the intention and objective of achieving equitable outcomes.

What might that look like?

Consider taking a **baseline action**, such as broadening your selection requirements (e.g., knowledge, skills, and abilities) and reexamine and articulate what it takes to be successful in certain roles. One opportunity Conner is exploring is the integration of technology into the hiring process: “I am trying to understand the role of companies that provide a product that leverages algorithms developed by assessing firm needs and distilling the skills most relevant to a given role. The goal is to reduce inconsistencies in the evaluation of talent and promote equity, which should lead to greater diversity.”

In addition, acknowledge the diversity of your recruiting pipeline and proactively invest in skill, curriculum, and career path development across a wider array of methods that provide a racially, ethnically, and gender-diverse talent pool. Where possible, hold major talent sources accountable for providing a diverse slate of candidates. And within your organization, establish a formal program to connect successful, networked lawyers with more junior colleagues from other cohorts.

COVID-19–related shifts in workplaces may provide opportunities for examining orthodoxies that previously went unaddressed, says Jackson. One orthodoxy: **“We all speak the same language.”** The assumption is that everyone derives the same understanding from meetings and materials. However, cultural differences and newly virtual and highly dispersed work environments can create understanding gaps that feel like playing a game of telephone. Investing in cultural awareness education and strengthening psychological safety on teams so that employees feel comfortable asking questions can increase the likelihood that team members are on the same page when executing and bonding. Execution and bonding are equally important, for the latter impacts the former. Increasing psychological safety improves both and can also increase comfort levels for reporting issues and supporting compliance efforts, reduce absenteeism, and decrease instances of fraud and theft.

Another example: **“Everyone has the same opportunity to advance.”** The assumption here is that everyone in the organization who wants to progress can. However, when examining your promotion data, you may learn that employees based in or near headquarters advance more quickly than employees based in other geographies, for example. As companies navigate the Great Reshuffle¹⁴ and the new future of work, are CLOs (and their companies) setting themselves up for success if their promotion decisions are based on a limiting belief like proximity bias? In multinational businesses, the legal function is often one of the more geographically dispersed departments. Rooting out unconscious biases like proximity bias is crucial for improving equitable outcomes.

Attributed to **Valerie Jackson**, chief diversity officer at Zuora, lawyer, and former practicing attorney.

According to Ashley Smith, Risk & Financial Advisory managing director at Deloitte Transactions and Business Analytics LLP, recent Deloitte research indicates that legal functions need talent with skills in project management, data analytics, and legal technology. “Only about one-third of survey respondents felt they have the right people doing the right work, and a majority (71%) felt that their organization did not have the right learning and development training to support business needs.”¹⁶

One solution, says Smith, is to reevaluate the entire hiring process, closely examine roles and responsibilities, redefine the skills that are critical to success for the legal function, and then hire differently. Another, she goes on to say, is to build the training and development framework internally to better equip existing talent to navigate the evolving demands on the legal function successfully. “Both options provide an opportunity to examine equity outcomes and build in better processes for enabling success for diverse talent.”¹⁷

A bolder **courageous action** is to create sources of talent rather than recruiting from traditional ones. Invest in curriculum changes at universities and law schools to develop the skills and traits that your organization is seeking. In order to nurture the talent already within your organization, provide support to your sponsors to help them better grasp the unique challenges faced by underrepresented groups and the subtle ways bias impedes success in various settings. And further, *hold those sponsors accountable for the successful preparation and advancement of their mentees.*

Another orthodoxy example: **“Taking bold action around DEI is too risky for our business.”**

The underlying assumption is that it is riskier to take a stand and act than it is to stay silent. However, dismantling this thinking requires recognizing that legal risk is manageable and needs to be balanced against all other risks. “It can become an impediment to think too much about legal risk and ignore all the other risks associated with this topic; there are legal risks in everything we do,” Campbell says. “Choosing not to act is a choice, and there are risks associated with inaction, which may be worse.”

DEI presents an opportunity for the CLO, as a member of the senior leadership team, to enable the organization to acknowledge its current state and drive for improvement because the CLO is well-positioned to understand and communicate risk.

For example, Campbell cites the risk of falling behind in the ability to recruit, hire, and retain the best talent. “If we are passive, there is the risk that we will lose out in the talent market because the people we’re competing for will look at us and say, ‘This organization is out of step, and I don’t want to be associated with it.’ And diverse talent will look at us and say, ‘That’s not a place I want to go.’ And we’ll lose people internally who will start to think that the firm is not taking the steps they feel are important.”

DEI is not just important to some; it is increasingly an important consideration for many. Campbell’s comments allude to the evolving and changing expectations of the workforce related to DEI; workers are more critically examining the DEI initiatives of employers and making employment decisions based on those [initiatives](#).¹⁸ DEI is also a topic of increasing importance to boards, investors, and consumers and is increasingly finding a place in ESG initiatives and [reporting](#).¹⁹

The potential action to move toward equity is to be realistic and transparent. “By collecting and publishing [diversity] data, we know our own data because we’ve taken the steps of collecting it ourselves,” Campbell says. “Plus, then it’s part of the overall firm’s efforts to address the societal inequities in which we all operate.”

Ultimately, both baseline and courageous actions can be applied to help dismantle the effects of societal inequities and promote more equitable outcomes within your organization.

Define measurable goals, in five parts

Just as business leaders focus on financial and operational outcomes (rather than just inputs), CLOs must also focus on the outcomes of their efforts to drive equity. This means identifying tangible goals, or measurable objectives, to make your intentions real. But it's important to clarify that a tangible goal is not the same as a quota.

"The distinction is important," Campbell says. "We're not talking about quotas or targets, but if you come up with some objectives—where you want to go, such as being more consistent with society's demographics—that allows you to go back and discuss progress, it's using measurement to see how you're doing and looking to where you can improve."

Make your objectives [measurable](#),²⁰ with five considerations:



Clearly communicate what your tangible goals do and do not mean. For example, let's say your goal is building an equitable, diverse legal function. Defining that as a measurable goal means being specific. Jackson adds, "Create goals and objectives that are directly linked to your organizational values and are designed to measure what matters *for your organization*. This strengthens the notion that DEI work is connected with the company's ethos, unique profile, aspirations, and business success. For example: Measuring the diversity of your workforce is important, and disaggregating the data to see how the various groups exist at all levels and in all areas (and how they progress, or don't) is even more important because it drives toward understanding the specific talent experiences of all of your employees. Additionally, having a goal around diversity in leadership is just as important as having a broader workforce goal. Leadership teams that are diverse in background, professional experience, and tenure, as well as geography and cultural fluency, help deliver better business results and higher profits over time."



Goals should incorporate other measures, not just diversity. We've established that solely focusing on diversity misses the opportunity to make more significant change in the makeup of legal functions. To achieve equity, CLOs need to ensure their goals also include and assess inclusion, which is imperative for retention and higher engagement. For example, [Deloitte Australia research](#)²¹ shows that inclusive leaders can increase individual feelings of inclusion (respect, value, and belonging) by up to 70%, which can translate into a 17% increase in team performance and a 29% bump in collaboration. Jackson suggests a few sources of data to get a better picture of inclusion: "Consider employee engagement scores, exit interview themes, turnover rates, hiring and termination rates, compensation analysis, and promotion velocity across the same roles and geographies to develop a more robust understanding of outcomes. Perhaps most importantly, be open to the stories your data tells you. Formulate your hypotheses based on both quantitative and qualitative data, and invest in the tools that will deliver that data with integrity."

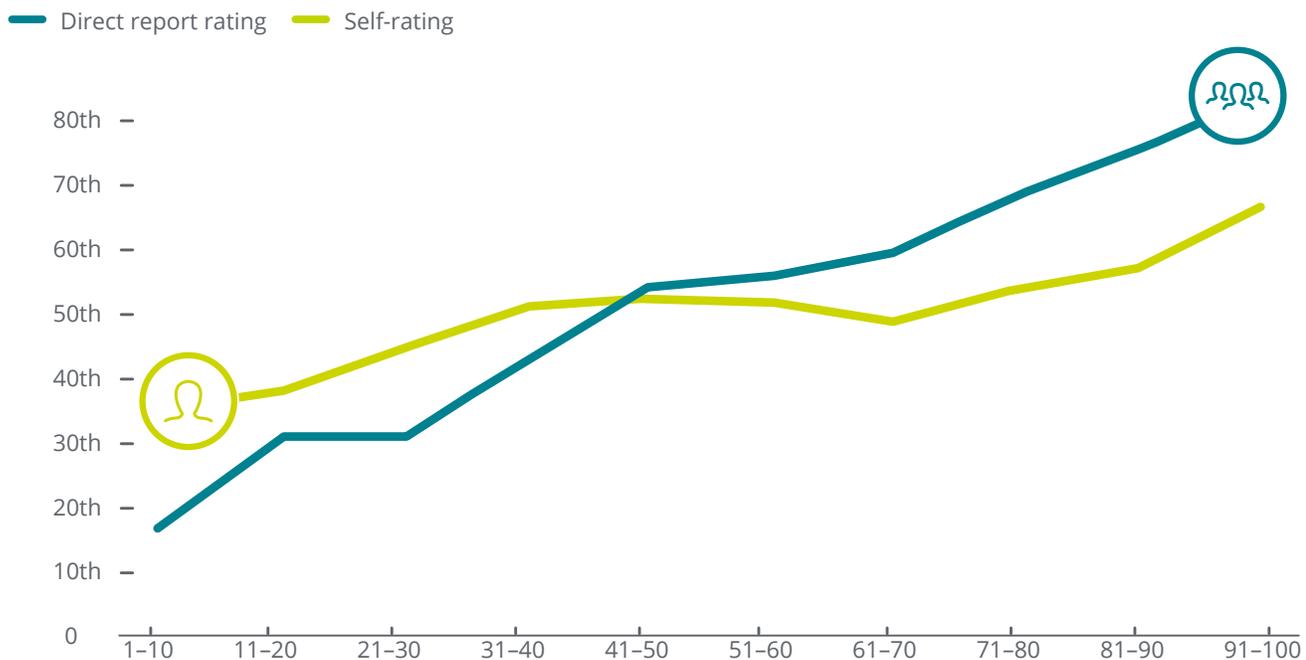


Make goals a business priority by attaching accountability metrics for leaders. This could look something like the implementation of a certification system for hiring and promotion. One example of a certification system in the legal field "measures whether [an organization has] affirmatively considered at least 30% women, attorneys of color, LGBTQ+, and lawyers with disabilities for leadership and governance roles [such as] equity partner promotions, formal client pitch opportunities, and senior lateral positions."²⁴ CLOs could use such a certification system to hold legal function leaders accountable for equitable outcomes on internal opportunities and may also ask that the external legal service providers they hire use a similar certification process. Another option for prioritizing accountability metrics could be to link equitable outcomes in hiring, promotions, and sourcing to the [performance evaluations](#) of legal department leaders.²⁵

A study²² published by *Harvard Business Review* shows that leaders are often not good judges of their own inclusiveness. When the study compared leaders' self-ratings with ratings of them by bosses, peers, and subordinates, they found that self-ratings of inclusiveness are often misaligned with ratings by others on inclusiveness.

How leaders rate their inclusiveness versus how employees see them

The worst leaders have a rosy view of themselves, while the best underrate their skills.



Source: Harvard Business Review²³



4 Include recognition and reward. Acknowledgment of high achievers can provide a carrot for leaders to deliver results, but consider tying compensation to equity outcomes as a financial carrot. By linking a percentage of executive pay to their DEI goals, you're telling leaders that these DEI issues are part of their job.



5 Be transparent in your progress. As diversity becomes more of a prerequisite for future generations,²⁶ it's imperative to show both your employees and potential candidates that you're taking action to create equitable outcomes and making changes if your progress doesn't align with your goals. It is important to note, however, that if goals are numeric, they could be perceived as quotas and efforts to achieve the numbers must be acknowledged, even when the full numeric goal isn't attained; in other words, it is important to focus on progress toward equitable outcomes, not simply numbers.

Place equity at the center of things

Every CLO has the opportunity to embrace an equity-obsessed mindset. What that requires is thinking beyond a checklist of actions to take and finish, and placing equity at the center of every decision within your spheres of influence.

It will be an adjustment for some. Thinking of equity as a desired outcome takes constant, sustained commitment from leaders and team members, especially when it is uncomfortable or unpopular.

Change is hard. However, your efforts can pay dividends. When you address issues with the most marginalized groups within your workforce, it often benefits other groups, and all members of the team may benefit. And if leaders can be *proactive* about equity, making it inherent within *all* of the organization's actions, from policy development through implementation to measurement, can go a long way to building new systems that may result in equitable outcomes.

Additional resources:

[2021 Diversity, Equity, and Inclusion \(DEI\) Transparency Report Executive Summary](#)

[The equity imperative](#)

[Support your Black workforce, now](#)

[The myths that undermine racial equality at work](#)

[Fostering an inclusive culture at work](#)

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