

The Diversity Councils Best Practices Study



Anheuser-Busch, Study Sponsor

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Executive Summary

Anheuser-Busch, St. Louis, Missouri contracted with The GilDeane Group Inc., Seattle, Washington to conduct, on its behalf, a brief study of diversity-council best practices. The practices of nine companies are described in this report.

This study describes two distinct approaches to diversity councils. The first may be called an Integrated Global Strategic Approach out of which effective diversity councils emerge. This approach includes a formal strategy, organizational assessment, and leadership commitment and accountability. The second, the Program Approach, utilizes an informal structure with an emphasis on activities and education.

The companies consulted for this benchmarking survey identified six different types of diversity councils that vary in membership, reporting structure, as well as vision, mission and goals. The six types of diversity councils are: executive, global, regional, supplier, external and business unit. The councils further differentiated themselves by their metrics, accountability and operating business focus.

Of the nine companies, six participated through interviews and the study's questionnaire. The information for the other three companies was found on their websites or in other public domain sources. Five companies agreed to identify their participation in the study: Coca-Cola, Eastman Kodak, Ford Motor, Texas Instruments, and Wells Fargo. The other four are Fortune 500 companies that include the pharmaceutical, oil and energy, and computer industries.

Arturo Corral, director of diversity for Anheuser-Busch, set out the scope of the study as follows:

1. Composition: How the benchmarked companies (BC's) comprise their councils, and if the BC's have unions, whether the unions are included or not, and if so, how;
2. Roles & Responsibilities: The roles and responsibilities of the leaders and members of the councils, including reporting relationships;
3. Initiatives: The kinds of activities, efforts, and functions in which the councils participate or lead;
4. Metrics: The types of metrics used to measure the councils' performance and progress.

Diane Landsinger and Barbara Deane, senior research consultants with The GilDeane Group, conducted the interviews and research and wrote this report. The GilDeane Group is a consulting and publishing firm in Seattle, Washington.

Anheuser-Busch wishes to share this study openly with all of the participating companies as well as with other interested organizations, thus there is no copyright nor limits to distribution.

Best Practices

Integrated Global Diversity Strategy

The integrated, strategic approach is characterized by a well-defined overall diversity strategy (3 to 5 year business plan), CEO and chief diversity officer (CDO) leadership, and a foundational assessment of corporate culture, which may include an audit or environmental scan. The diversity strategy is characterized by the commitment and involvement of the executive leadership team, and by an infrastructure, built sequentially, that produces a vision statement, goals, metrics and tactics. Diversity councils represent one of the tactics in implementing the diversity strategy.

Companies with a global integrated strategy strive to apply it to all international operations and services, including customers, suppliers, and subsidiaries even though the applications may vary across countries and cultures.

The integrated strategy weighs equally with all other business practices. Diversity, positioned as a business strategy, is no longer a human resource function. Metrics stand as a necessary element to validate that the diversity strategy contributes to the company's competitive advantage. When a diversity council is established as part of the integrated strategy approach, it has a greater chance of being leveraged for success. The role of the diversity council is to effect culture change by establishing processes and practices that are sustainable and profitable for the long term.

Although companies have offered diversity programs for the last 15 years, at some point, they discover that diversity is a journey, a long-term change process. Each company experiences their journey differently, thus their learning curve on diversity varies. Somewhere along this curve, the company's need for a more global and integrated approach emerges.

The following three companies provide exemplary models of this approach.

Company A. In 1997, the committee of managing directors (CMD), the governing body for Company A worldwide, established global targets for women in senior positions. The president and the country chair worked with the CEO to formalize the company's diversity commitment and identified more targeted efforts to attract and retain women and people of color. The CMD chartered a diversity and inclusion (D&I) standard in 2001 with two goals: 20 percent women in senior level jobs by 2008, and 100 percent host national representation of country chair positions.

As a result of the D & I standard of 2001, every company within Company A must assure that it:

1. "Possesses a systematic approach to diversity management addressing each of the elements of the group's diversity framework;
2. Manages diversity as a critical business activity;
3. Establishes annual diversity plans, goals and targets for improvement; measures, appraises and reports business performance;
4. Includes diversity performance in the appraisal and development plans for leaders and employees;
5. Demonstrates respect and fairness in their interactions with external stakeholders consistent with their business principles;
6. Provides equal opportunity for everyone to compete through well-understood and consistently applied employment and performance standards and management systems."

Source: Company website (Diversity and Inclusion Progress Report), Catalyst website

Company B. The executive council and chairman identified the need for a vice president of global diversity as an overall position to provide leadership and guidance to the company's diversity efforts. The company's global diversity strategy is reflected in five goals:

- “Enable the enterprise to attract, develop and retain a skilled and motivated diverse global work force to achieve enterprise objectives;
- Create and maintain integrated infrastructures that promote and ensure compliance and successful global diversity and employee relations strategies;
- Create and maintain international integrated infrastructures that promote an ensure compliance and successful global diversity and employee relations strategies;
- Promote a culture that encourages personal development and growth in an inclusive environment that maximizes each individual’s contributions to the enterprise;
- Create and maintain effective relationships with diverse communities, associations, institutions and agencies to further enterprise objectives.”

Source: Company website and magazine

Company C. While the above two companies focused inwardly to devise their integrated strategy, Company C looked externally for input into its diversity strategy. The company invited a voluntary panel, a diversity advisory panel (DAP), comprised of leaders in business, government, and academia, to review their goals and achievements and report findings to a committee of the board of directors. The DAP made the following recommendations: “increase representation of employees from multicultural backgrounds, create an internal business case for diversity and set diversity expectations for senior managers, and establish diversity as a criterion to be used when staffing senior positions.” The board approved the plan and began implementing recommendations.

Next, the executive council established a Global Diversity Leadership Team of mid-level managers to implement the strategy at the business unit level, and to monitor the activities of the company's diversity office. After the external diversity panel completed its analysis and charter, a Senior Executive Diversity and Inclusion Council — consisting of a few top executives and regional operations managers — was organized. This council sets policy and tracks trends in workforce and diversity metrics for the company. The company's Winning and Inclusion Strategy, which began as an inclusion initiative in its manufacturing sector, was broadened, refined, and became the foundation for diversity learning events for executives and employees worldwide. In addition, multicultural marketing, supplier diversity, and demographic representation are all linked to the company's diversity and inclusion mission.

While the company has had diversity leaders in some capacity since the early 1990s, it formalized the position of chief diversity officer in the late 1990s. Currently, the CDO reports to the CEO and, twice a year, to the board of directors. The CEO and board agreed that the CDO and diversity organization would function autonomously from human resources. This move afforded the global diversity function increased visibility and demonstrated that diversity and inclusion are a priority for the company. The CDO, in addition to strengthening the company's worldwide diversity activities, oversees corporate philanthropy and corporate citizenship worldwide. The CDO also acts as an ambassador for the company's brand and its culture change initiatives globally through a number of public speaking events.

Source: Interview, company website and Diversity Best Practices CEO Report

Program Approach to Diversity Councils

The program approach model to diversity councils is characterized by the adoption of an informal structure, short-term planning and limited accountability. The diversity councils in this category are activity-based and may fulfill an advisory role. Employee involvement in the councils varies; members represent all levels

in the organization and job functions. Council members receive limited training and a council's metrics usually focus on activities, such as the number of training classes, or the number of people trained.

The program approach model is effective when aligned with some level of an overall strategy with measurements and accomplishments reported upward. However, if diversity councils rely only on the program approach with little to no accountability, they may become a legal risk to the company, as well as unrealistically raise employee expectations, which may negatively affect employee morale and satisfaction.

The following three companies' councils seem to represent the program approach model:

Company D. Sixteen diversity councils (finance, R&D, marketing, information technology) serve an advisory role and implement educational programs and diversity activities. Typically, they report to a vice president, but information and metrics are not reported upward to the enterprise-wide strategy. The councils focus on cultural awareness, local implementation of work life programs and increased exposure of women and minorities to senior management. Metrics address recruitment, retention, succession planning and training. Employee participation on diversity councils is a factor in performance evaluations along with the appropriate rewards and recognition.

Company E. Of its 47 diversity councils, each decides its own structure and membership according to its needs. Employee resource groups (affinity groups) are an integral part of diversity council programs. Councils advise managers on policy, program, culture and leadership best practices. Diversity outcomes are typically not measured. However, a new taskforce has been established to develop metrics for diversity councils in 2005. Diversity councils integrate the "six steps" diversity strategy that is outlined in more detail in the executive diversity council section in the following pages.

Company F. The diversity advisory council began four years ago with a membership of 18, which included all levels of employees, as well as six member-representatives from affinity groups. An executive sponsor, a senior vice-president of corporate external affairs, is chair of this council. The council's purpose is to increase diversity demographics, as an adjunct to the diversity office, and provide feedback and input to strategies. Some of the accomplishments include establishing affinity groups, instituting required diversity training, ensuring diversity representation at the senior level, and developing plans for establishing a mentoring program.

The Six Types of Diversity Councils

Benchmarked companies identified six different types of diversity councils that vary in membership, reporting structure, as well as their vision, mission and goals. The councils further differentiate themselves by their metrics, accountability and operating business focus. The six types of diversity councils are: executive, global, regional, supplier, external and business unit.

Companies that have an integrated strategy in place will find it easier to drive culture change throughout the organization by using a wide range of councils. However, companies that start with one or two types of diversity councils will have trouble in building or sustaining any kind of organizational change effort.

Executive Diversity Councils

Executive Diversity Council (also called senior executive leadership team, taskforce, diversity action team). The chairman or CEO and chief diversity officer usually lead this type of council. Membership is comprised of senior vice presidents representing all business functions of the enterprise. The executive diversity council is responsible for developing the overall integrated diversity strategy. All other types of councils flow from the direction and commitment of the executive diversity council.

Generally, the metrics conducted by or related to this type of diversity council are the most substantive because members possess the highest level of accountability and goals are tied directly to business goals.

Financial metrics, important to this level of diversity council, include cost and benefits associated with human resources (retention, turnover, cost of recruiting and training of new hires), growth of market share and emerging markets, return on investment for multi-cultural marketing and advertising, and improved communications and productivity.

Company C. The CEO chairs the executive council. The CEO, COO, CAO and CDO are permanent members with an additional five to seven executives who represent all parts of the business and rotate membership. The council is the governing body that makes policy, establishes, monitors and ensures aggressive action toward the achievement of diversity and inclusion goals.

Metrics include:

1. “Corporate Business Research carefully explores multicultural market opportunities to identify differences in imaging patterns across different ethnic markets, cultures and social segments... quantitative methods are used to understand their habits and practices, as well as ethnographic and anthropological methods to get a deep understanding of the different assumptions and beliefs.”
2. Diversity criteria are used in the selection of the top 20 executives. Executives report quarterly to the CEO and at least annually to the board. A monthly operational review is with the CEO and the diversity and inclusion strategy is a quarterly agenda item with the CEO.
3. Leadership accountability - an annual diversity review conducted by the CEO with all presidents
4. Supplier diversity goals – 10 percent procurement dollars with women-owned businesses and an additional 10 percent with minority owned businesses
5. Corporate funding philanthropy was directed to diverse constituencies comprising 26 percent of the budget.
6. QFA personal qualitative factors - a measurement that allows executive leaders (the top14 leaders) to capture and document their level of engagement and participation in diversity and inclusion. Ten behavioral questions provide the means to measure and dialogue on diversity and business goals. Diversity is tied to executive bonus.
7. Workforce diversity progress – measures representation, retention, and succession planning.

Source: Interview, company’s annual report-2003 and various web documents

Company G. Executive council on diversity and work-life is a 26-member committee chaired by the COO and vice president of labor relations, with participation by the director of diversity, work-life and peer review and executives from around the globe. The council receives feedback about employee needs from the health assessment, which is a diagnostic tool, and from the employee survey. The council develops an overarching strategy and focuses on five strategic areas (listed below); it then develops objectives and metrics yearly.

1. “Leading the way – with direction and guidance from senior management and unique roles for human resource and line management, all employees are responsible for driving diversity and work-life;
2. Building a diverse workforce – to reflect the available talent pool and ensure competitive advantage;
3. Creating a respectful and inclusive work environment, which forges commitment and engagement through fairness, dignity and respect;
4. Supporting work-life integration through active support of work practices and behaviors that promote flexibility;
5. Leveraging external partnerships through corporate citizenship. This connects the company with dealers, suppliers, community-based and professional organizations, schools and universities, government and regulatory agencies and the media for the benefit of the communities where we do business.”

The executives are responsible for carrying the message back to their organizations to ensure that it is implemented. Company G has a rich legacy of diversity and continues today with a yearly citizenship

report which is available on their website. Performance metrics include employee satisfaction and diversity that address different dimensions of employee satisfaction: business issues, diversity, empowerment, job and company, quality, reward and recognition, stress, supervision, survey process, training and development, workgroup and teamwork, and workload.

Source: Company website, articles, brochure and Citizenship

Company A - Leadership Team. The U.S. executive diversity council designated diversity as a strategic imperative. The leadership team developed a diversity framework that has six components:

- Leadership, commitment and accountability for change
- Standard development and governance, executive diversity council, employee networks, supplier diversity program
- Strategic plans and objectives - executive committee
- HR systems integration
- Supporting systems and resources
- Monitoring performance, communicating results and continuous learning

Source: Company website and yearly progress report

Company H. The chief diversity officer and CEO coach, advise and partner with eight executive taskforces, which are the cornerstone of this company's human resource strategy. Each taskforce includes 15 to 20 senior managers that cut across the company's business units from one of the following demographic employee constituencies: Asians, African-American, GLBT (gay, lesbian, bisexuals/transgender), Hispanics, white men, Native Americans, people with disabilities and women. Each taskforce has two or more executive co-chairs, an executive sponsor, human resource and legal counsel and support from the global workforce diversity organization. The taskforces focus on the following areas for evaluation and improvement: communication, staffing, employee benefits, workplace flexibility, training and education, advertising and marketplace opportunities and external relations. From the beginning diversity is linked to business goals

Source: Company website, Harvard Business Review article

Company I - Executive Diversity Council. Called the Diversity Worldwide Business Strategy Team, this council of twenty-four executives are organized functionally from senior director and above to CEO. The council develops policy that actively promotes equal opportunity and is committed to affirmative action. The council reports their recommendations to the board once a year and also reports to the CEO and direct reports twice a year.

The leadership model developed in 2002 (a 3-year implementation plan) integrates domestic diversity into the leadership competencies and creates a more productive workplace. Company I has significantly enhanced new offerings and integrated diversity and inclusion case studies and principles into existing programs. It has implemented strict leadership accountability on a scorecard and tied results to managers' bonuses. Diversity is also integrated into the 360-feedback process.

The next 3-year diversity strategy, developed in 2004 to be implemented 2005 to 2007, will expand to a global focus. The strategy will develop and implement a diversity branding campaign, an international expatriate pre-assessment and cross cultural training support programs, as well as English as Second Language (ESL) enhancements. The global strategy also includes a country assessment methodology and accountability with respect to diversity and inclusion.

Source: Interview, study questionnaire and company website

Company E - Executive Diversity Council. Thirty members represent each major line of business (about one council member per 5,000 employees). Members have three-year terms (10 members rotate out each year and new members replace them.) The council reports to the CEO and executive management committee (formally, two to four times each year). The council's activities are managed by the diversity staff (diversity project manager, director of human resources, employment manager and talent management/learning & development manager.) The executive council developed a six-step framework:

1. **"CEO and executive management team take responsibility for diversity and hold themselves and others accountable.** Diversity is a part of their Vision and Values. The corporate diversity council reports to the executive management team. Upper management references our diversity in internal and external, written and verbal communications.
2. **People from diverse backgrounds are in all levels of management.** Managers are accountable for attracting diverse candidates and for developing and retaining a diverse leadership pipeline. [Company E] has a plan for increasing diversity among its upper management.
3. **We establish long-term relationships with diverse communities.** [Company E] tailors products and services to diverse communities and communicates those products and services through targeted marketing and advertising.
4. **We contribute to the communities we work, live and do business in.** [Company E] continues to foster a supplier-diversity program and diverse philanthropic and educational efforts.
5. **Diversity is present in all of our company communications.** Diversity information and examples can be seen throughout corporate-wide, regional and business line communications and marketing materials. Job candidates, customers, vendors and shareholders seek [Company E] out because of its diverse reputation. Existing team members have avenues to voice their opinions on how inclusive the company is. [Company E] earns credibility through national and community-based."
6. **We're known as a diverse company.** Job candidates, customers, vendors and shareholders seek out [Company E] because of our diverse reputation. Our team members have avenues to voice their opinions on how we can be more inclusive.

Source: Interview and company website

Country-Specific Diversity Councils (Global in Focus)

A vice president representing a country-specific business or a region of the world usually leads global councils with human resources, ethics, marketing, advertising and manufacturing participating. Affinity groups may be active members or partners on various projects. Council goals address understanding intercultural nuances, global orientation, strategic market development, communications, advertising, training, mentoring, expatriate utilization and succession planning.

The **Company G - Global Diversity Council** develops and implements programs on a worldwide basis. It includes the appointment of diversity managers in key global markets who are in the best position to understand the needs and issues within local cultures and communities. The global diversity council actively benchmarks their performance against other companies and shares best practices.

Company G – Europe. The company's president and COO of the European division is charged with driving diversity forward. The European diversity policy established a diversity organization, the European diversity council. Diversity is linked firmly to business objectives and scorecards because all senior managers (top two levels) are held accountable for engaging diversity. In the European Union, 2003 was designated as the Year of People with Disabilities. The European group sponsored a number of activities including the formation of the disability action group to promote the awareness of disability issues throughout the business. Twenty-two teams were recognized for outstanding contributions on diversity in the workplace including a unit that offers special services to customers with disabilities.

Company B has a senior vice president of international relations, a career ambassador, who is the leader of a team of 25 country executives (knowledgeable in language and culture). Country strategy teams work with business units, suppliers, partnership and joint ventures, and address regulatory and governmental issues as well as advise and aid marketing campaigns. Company B does not refer to this team as a diversity council, however it appears to play the role of a global diversity council.

A global leadership program, although not connected to a diversity council, offers a 27-day course that takes managers on career succession tracks to Europe, Asia and South America. They learn about suppliers, customers and competitors, and are sensitized to the history, politics, culture and traditions of a specific region.

Company F- International Advisory Council (IAC) is comprised of 13 members who are external leaders around the world in government, business and non-profit organizations. They provide advice on cultural issues in the region, such as representation in manufacturing partnerships and provide strategic insight for the chairman and senior management.

Metrics measure representation, building capabilities, training programs and a strategy for creating an inclusive work environment.

Company C - Global Diversity Leadership Team. The chief diversity officer and 35-40 mid-level managers (their demographics include all groups globally, business units, and corporate staff groups) participate in the design of the global diversity strategy. Members become champions and ensure that all business units implement the winning and inclusion strategy.

Regional Diversity Councils(By location, or multiple business units)

A general manager or vice president that reports upward to the executive diversity council leads this type of diversity council. Membership varies from 10 to 30 members and includes all levels of organization, union representation, job group, job shift, gender, race, abilities, training, age, etc. Employee network groups (Affinity Groups) may join or participate as a sub-team or full partners on various projects. Sub-teams commonly exist at the regional level to ensure visibility and implementation. Metrics address recruitment and retention, employee satisfaction, mentoring programs, training, career development, communications and diversity.

Union participation in regional councils is desirable and provides an additional voice and perspective on diversity issues in the workplace. Union members representing different work shifts may offer feedback on needs and barriers regarding implementation and communication of diversity. If a council formally interviews its potential members, a diverse interview committee is desirable, and a union representative would lend credibility to the interview process. One caution, however, is to emphasize the definition, purpose and role of membership on the diversity council. Special attention should be given to the Fair Labor Standard Act (FLSA) so that union members understand their role and do not misconstrue the council as a bargaining unit for discussions on wages or benefits. On the other hand, some companies have diversity partnerships with unions directly.

At **Company G**, the union plays an active role in diversity. National and local joint equality and diversity committees operate as a result of the 2003 national negotiations. A National Joint Equality and Diversity Committee consists of eight members, four identified by the union and four representatives identified by the company. The objective of this committee is to promote an environment that focuses on inclusiveness. A one-day diversity-awareness training program focuses on building a work environment of respect and embracing individual differences, characteristics and abilities.

At **Company B**, union leaders and company executives jointly work together to further processes that promote technical excellence in the workforce. Together they are developing a roadmap for the future within the context of the company's strategic vision.

Employees are critical to the company's success. As such, the engineering organization, has been working for the past several years on an integrated people plan. Elements of the plan include utilization, internal communication, organizational alignment, training, knowledge retention and transfer, virtual teaming, coaching and mentoring, compensation, workforce development, diversity, leadership development, skill teams, process improvement, ethics and technical excellence.

Company B - Engineering, Manufacturing & Quality Diversity Council is a 29-person diversity council with membership that includes ethnicity, gender, sexual orientation, age, organizational level and job responsibilities.

Training of the council members included the Intercultural Development Inventory (IDI), a half-day learning session focusing on Milton Bennett's Developmental Model of Intercultural Sensitivity (DMIS), and an exploration of how cultural value differences can create (mis)perceptions, offer resources, and present challenges in the work environment.

Additional training included Effective Management of Cultural Diversity, a program from Kochman Mavrelis & Associates' (KMA) that promotes learning about culture-specific populations and how to effectively value and work with people from a range of populations. Participants leave these sessions understanding the power of cultural differences to enhance both organizational effectiveness and personal relationships.

Company B - Midwest Diversity Council is a regional council that supports more than 12,000 people at this site. The council includes a vice president, a general manager, and members from business units (manufacturing, finance, engineering, HR, affinity groups, union representation, coaches, diversity of age, gender, thinking styles, etc.).

The council develops site-specific practices and processes such as employee development programs, recruiting plans, diversity training, and ethnic-culture awareness. Diversity teams have aligned with other teams, such as employee involvement. Seventeen coaches associated with the work of the council have handled more than 13,000 employee issues. Metrics during this period show the employee satisfaction index improved five percent and the diversity index increased by eight percent.

Company E - Alaska Diversity Council has eight members from throughout the State of Alaska. Employees at all levels representing diverse identities can participate. A senior vice president who reports to the president of the region chairs this council. The council focuses on diversity awareness, team-member resource group support (affinity groups), and provides a forum for the sharing of best practices.

The council developed and implemented a diversity survey to identify and communicate needs. It publishes a bi-monthly newsletter, sponsors an open house, invites guest speakers to speak about diversity and is regularly featured in the company's news video. The council works closely with four resource groups (African-American, Native Peoples, Disabilities, and Asian). One exemplary program includes a Native resource group, which started a summer internship program that targets native applicants. Another, the African American resource group, partnered with an elementary school to encourage students to write an essay on black history for Martin Luther King Day and how the civil rights movements impacts their lives.

Source: Interview, study questionnaire and company website

Business Unit Diversity Councils- (diversity action councils, networks, committees)

A senior manager or vice-president may sponsor a business unit diversity council. Council membership is diverse and can be drawn from unions, job groups, job shift, location, affinity groups, age, gender, abilities, and thinking styles. Councils at the business unit level vary greatly on how formally or informally they are organized. Recruitment, reporting structure and term of office also vary widely. Councils can be strictly advisory or a critical and integral part of the business operation. Metrics apply locally to business units and may report upward to regional and executive levels. Metrics measure such activities as program development, multicultural fairs, newsletters, mentoring programs, and training.

Company G has 120 Diversity Councils. A business leader and human resource professional chair the diversity council with salaried employees representing members at all levels. Members may be drawn from unions and employee resource groups. The diversity office has a yearly offsite meeting to brief the diversity councils on the five diversity focus points developed by the executive diversity council. Then the diversity councils align with the executive focus and implement a local strategy based on local requirements and needs. The diversity office invites diversity councils to meet once a month to share best practices.

Source: Interview and company website

Company I's human resource diversity council integrates diversity into the company's policies, practices and procedures. A new diversity scorecard generates reports and enhances access to diversity metrics for broader initiatives. The HR diversity council works closely with the diversity worldwide business strategy team to implement company-wide strategic initiatives.

Company I distinguishes itself with a disability advisory council, a cross-functional team whose objective is to reduce barriers to employment and productivity for people with disabilities. A new disability accommodation intranet site features a 5-step disability accommodation process map, defining roles of stakeholders involved in the human resource process, tips for interacting with people with various disabilities, specific internal contact persons, and a myriad of other resources. A new program starting in 2005 will utilize interns with disabilities through the American Association for the Advancement of Science Entry Point Partnership. A public website for persons with disabilities will begin in 2005. Internally, close captioning is available for all meetings.

Source: Interview and study questionnaire

Company H sponsors 72 business unit diversity councils based on a structure similar to the eight executive taskforces mentioned earlier in the Executive Diversity Councils section. The objectives include heightening employee awareness, increasing management sensitivity, and making the most out of a diverse workforce.

Source: Harvard Business Review, Sept. 2004

Supplier Diversity Councils (Business, women and minority organizations)

Membership in this type of council includes a partnership of employees, vendors/suppliers, government, etc. Councils of this type can be internal or external to the company, and may vary greatly in structure from a formalized council to a supplier diversity initiative. The National Minority Supplier Development Council (NMSDC) and its regional affiliate councils, the Small Business Administration (SBA) and the Women Business Enterprise National Council are just a few organizations that partner with supplier diversity efforts inside of organizations.

Company G: The supplier development office works with individuals, organizations and communities to develop opportunities for businesses owned by minorities and women. This company is one of only twelve corporations in the United States that spends more than \$1 billion on goods and services from minority and women-owned business enterprises. To assist in documenting and tracking minority and women suppliers, Company G developed the M-Tier Supplier Diversity Reporting System, an internet-based reporting system that measures spending. It is available to suppliers in the company's value chain free-of-charge, and provides a single reporting location with an extensive searchable database.

Additional mechanisms for communicating with suppliers include: an international supplier advisory council, roundtable meetings, supplier sustainability forums and top supplier meetings.

Company G provides training that focuses on the dimensions of diversity and the ways it can influence a vendor's marketing, selling and service approaches. To help vendors better serve a changing customer base,

Company G conducted eleven marketing seminars reaching over 500 U.S. employees.

External Diversity Councils

External Diversity Councils (advisory boards, M/WBE networks). Members of these councils may be recruited from business, government, academia, or the diversity field so that they can offer a broader perspective and accountability for diversity. Councils may be proactive and voluntary and sponsored by a company or community partnership. Some external councils, however, are Court appointed as part of a settlement agreement, and their role focuses more on compliance issues.

Company C - Diversity Advisory Panel (DAP). This company invited a voluntary panel, comprised of leaders in business, government, and academia to review its goals and achievements and report findings to a committee of the board of directors. The DAP made the following recommendations: to increase representation of employees from multicultural backgrounds, to create an internal business case for diversity, to clarify diversity expectations for senior managers, and to establish diversity as a criterion when staffing senior positions. The board approved the plan and began implementing recommendations.

Company F - taskforce. A seven-member team provides independent oversight and compliance pursuant to the Settlement agreement in District Court for a 4-year period. At the request of the company, the period was expanded to 6 years. The yearly task force report provides a comprehensive assessment of progress against initiatives and is available on the company's website. The task force focuses on nine human resource systems and processes to build an infrastructure that is sustainable, reportable and measurable. The nine items include performance management, staffing, compensation, diversity education, EEO, problem resolution, career development, succession planning and mentoring.

Diversity Leadership Academy (DLA). A vice-president and director of diversity strategies for **Company F** is on loan to DLA as its president. The American Institute for Managing Diversity in Atlanta, Georgia, founded the DLA as a community leadership think tank for diversity. Company F funded the program with an initial grant of \$1.5 million. The DLA offers five key programs: Community Leadership Fellows Program, Corporate Executive Series, Associations/Affiliates Program, Eleraffe University Youth Leadership Program, Diversity Forums. Although the DLA is not referred to as an external diversity council, in fact, it serves that purpose.

Company F. The **External International Advisory Council** is made up of 13 leaders worldwide in government, business and non-profit organizations. They advise on cultural issues in the region, such as diverse representation in manufacturing partnerships, and provide strategic insight for the chairman and senior management. Metrics address representation, building capabilities, training programs, and outcomes of the strategy to build an inclusive work environment

Training for Diversity Councils

Diversity council members bring different levels of sophistication and knowledge about diversity to the table. The diversity office usually provides training and orientation to develop council members so that they gain a common language and understanding. The council members can receive training by way of yearly summits, guest speakers, classroom training, and community workshops. Council members must learn how to interpret employee survey information data as well as other measurement data so that they can develop realistic goals and objectives that appropriately address employee issues.

Diversity councils rarely succeed without being trained and developed to perform their role. Some experts say that it takes at least one year to build an effective foundation for a council to undertake projects and carry out their responsibilities successfully. Although all of the training examples below are not directly targeted to diversity councils members, prospective members will be better prepared if they have this kind educational foundation. Some companies require that potential members complete these kinds of learning activities prior to serving on the council.

Company G diversity training includes:

- Four-hour diversity awareness training class – HR facilitator led
- Annual summit recognizes internal leaders and supporters of diversity and work-life; shares best practices, and provides information to employees and management.
- Diversity council handbook with guidelines developed internally

Company B diversity training includes:

- Annual summit on diversity and compliance - 3.5 days (includes supplier diversity, diversity councils, affinity groups, human resources)
- Diversity change agent program - 2.5 day class offered at its leadership center, as part of the executive program
- Four-hour diversity awareness class available for employees and managers
- Company B developed a handbook on diversity councils that includes the following items: “planning for a diversity council, doing the work of a diversity council, checking to ensure success and acting in the roles and responsibilities, which can be customized and implemented enterprise-wide.”
- Additional Diversity-training topics: intercultural, sexual harassment, gender, communications styles, sexual orientation, E-learning courses on the web: EEO, diversity, affirmative action, sexual harassment, Globesmart and assessment tools
- Four-hour class – Intercultural Development Inventory and Developmental model of Intercultural Sensitivity
- 40-hour class – Effective Management on Cultural Diversity

Company C training programs include:

- Winning and inclusion strategy - One day to top 100 people with intention for them to cascade information to organization
- Globesmart assessment - intercultural profile of skills
- EEO for U.S. market and course is offered globally for supervisors
- Legal department offers sexual harassment and related topics
- Supervisor training in U.S. – Positive Employee Relations
- Tools for Behavior - 2-day class
- Work life learning opportunities: topics include elder care, parenting, etc.

Company I training programs include:

- **Micro-inequities-** The three-hour class is scheduled to reach 35,000 employees, the audience size varies from 100 to 1,000. The course focuses on non-verbal communication, becoming conscious of micro-messages, observing impact, inclusion and teamwork. Course is based on research conducted on such behaviors by MIT in conjunction with J.P. Morgan Chase.
- **Integrated Tips and Tools for Managers** - The blended learning initiative takes place over six-month period. All new managers will attend training. Twenty-seven programs are scheduled in 2005 globally, about 50 managers in each program.
- **You and Your Success** - This course is 3-day class over a 3-month period. Class size is 25. The course is based upon internalized oppression, self-esteem, decision-making and developing your career path. A peer-mentoring program is part of program outcomes; primary objective is to clarify personal and professional goals and establish plan for achievement. Both You and Your Success, and the Micro-inequities programs are measured longitudinally to determine impact of program on employee retention, engagement and commitment.

Metrics and Annual Reports

Diversity historically has been considered a soft skill and part of the human resources domain. Traditional or foundational metrics include numbers related to workforce representation, dollars spent with women and minority businesses, and the documentation of diversity activities and training.

As diversity has been redefined as a strategic business advantage, measurements have become more sophisticated with quantitative and qualitative measurements tied to business goals. Metrics today measure revenue growth, improved productivity, leadership accountability and a financial return on investment. Diversity is now being measured with the same kind of scrutiny that business operations have always used.

The Sarbanes-Oxley Act (SOA) of 2002 represents a best practice that has been adopted by leading companies. The SOA standard is the corporate world's template for effective accounting and governance practices. This trend of openness and integrity extends to measurements for diversity. Independent board members, customers, suppliers, employees, stakeholders all contribute to this reform and a climate of simply doing good business. Just as the Sarbanes-Oxley Act has changed the business landscape with a higher level of openness and integrity, diversity measurements today reflect the changing needs for enhanced relationships, greater credibility and financial return on investment.

Although we found that companies were reluctant to share exact measurements or scorecards due to proprietary and competitive reasons, they did identify the areas of their metrics concentration that we identified earlier in this report. In the process of our research, we discovered frequently used measurement models. We've listed a few of these models below:

White paper: "Measurement and ROI," Diversity Best Practices

<http://www.diversitybestpractices.com>

Diversity Management Contribution Model, Diversity ROI Analysis Model, Hubbard & Hubbard Organization development services, learning resources, computer, and web-based resources.

<http://www.hubbardnhubbardinc.com>

Value Propositions, Macro Innovation

"Value Propositions" allow organizations to achieve a condition in which all members of an enterprise are engaged in problem/opportunity detection and resolution.

http://www.macroinnovation.com/value_proposition.htm

Diversity Earnings Per Share (dEPS Index) - Sp@rtacus Group

Metric measures diversity earnings per share and the links to validate profitability, performance, increased growth and reduced costs. http://www.guru.com/upload/portfolio/420601/Spartacus%20Group%20White%20Paper%20July%202004_7.0slc.doc

The Diversity/Inclusion Assessment Tool, ProMosaic™ II

ProMosaic™ II, The Diversity/Inclusion Assessment Tool, is a premier product designed to help organizations assess the effectiveness of their diversity and inclusion initiatives.

<http://www.promosaic.org><http://www.promosaic.org>

M-Tier measures Supplier Diversity Reporting System - MBE/WBE/government category purchases information.

For more information: mtier@ford.com

Summary

This study reflects two distinct approaches to diversity councils: the Integrated Global Strategic Approach and the Program Approach.

The Integrated Global Strategic Approach refers to an infrastructure out of which effective diversity councils emerge. The Program Approach utilizes an informal structure with an emphasis on conducting activities and education.

The companies participating in this benchmarking study identified six different types of diversity councils that vary in membership, reporting structure, as well as vision, mission and goals. The six types of diversity councils are: executive, global, regional, supplier, external and business unit. The councils further differentiated themselves by their metrics, accountability and operating business focus.

Although this study of diversity councils was limited in time and scope, the researchers believe the overall structure and details identified in this report provide a valuable framework for companies interested in developing effective diversity councils.

Anheuser-Busch would like to thank the companies who participated in this study for their generosity and openness in sharing information, as well as those companies whose public information contributed to the value of the framework described.

Anheuser-Busch wishes to share this study openly with all of the participating companies as well as with other interested organizations, thus there is no copyright nor limits to its distribution.



Bibliography

Diversity Council Companion, 182 pages, \$90.00

The Diversity Council Companion is a user-friendly workbook and reference manual built for both individual diversity council members and the council as a whole.

www.learncom.com www.learncom.com 1-800-853-1068

Diversity Councils that Work, 91 pages, \$39.95

A step-by-step guide that provides structure to the process of establishing or reinventing a Diversity Council.

DiversityInc Bookstore
www.Diversityinc.com

Leading and Advising Diversity Taskforces, Cultural Diversity at Work, Vol. 7, No. 2, November 1994, 20 pages, hardcopy \$17.95

This theme issue of Cultural Diversity at Work journal presents 7 articles that address diversity councils: the role and the challenges they face, benefits and pitfalls, a case study, how to focus the efforts of a diversity taskforce, and a Q&A on the membership of gay and lesbian taskforces.

Diversity Store
www.diversitycentral.com/diversity_store/browse_key.php



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The Gildeane Group, Inc., is an awarding-winning, Hispanic-owned consulting, training and publishing firm established in 1988 in Seattle. A pioneer in the diversity industry, it published the first workforce diversity journal in the United States, and ultimately gained a world-wide readership.

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