MOST

M Model and incentivize inclusive leadership

O Operationalize DEI throughout the business

S Share DEI data, metrics, and goals

T Transform pathways into tech for under-represented talent

Important Recommendations

1.

Increase your personal DEI expertise.

2.

Establish DEI as a business imperative.

3.

Support DEI with funding, metrics, strategies, and accountability.

4.

Redesign systems, including hiring, retention, and promotion systems, to remove bias.

5.

Apply both a DEI framework and an ethical framework to the design of products and services.

6.

Support industry-wide DEI reporting standards and share anonymized data.

7.

Set public goals.

8.

Advocate for computer science (CS) to be required in all schools.

9.

Build systems capacity to create more CS teachers at all levels, and invest in CS faculty within colleges of education.

10.

Invest in organizations that connect talent from underrepresented groups to tech careers.

Model and incentivize inclusive leadership

The tech industry unnecessarily loses talent every day. People from underrepresented groups leave the industry earlier and at faster rates than people in majority groups. Those who stay are less likely to get promoted to management and leadership positions.[33]

CEOs and leaders are ultimately responsible for company culture. To foster an inclusive culture, they first need to understand how they can be inclusive leaders. Inclusive leadership is a skill that must be developed and rewarded (e.g., as part of a company's performance review process). Tech CEOs and leaders must model inclusive leadership for their organization's senior team and managers at every level. How leaders prioritize diversity, speak about talent, and reward or sanction behavior is what establishes—and can reset—company norms. Changes at the top flow down and influence the behavior of other leaders, middle managers, and hiring managers who, in turn, translate company norms into hiring practices, interview behavior, and decisions.

Leadership in tech is predominantly made up of White men. The industry has a well-documented "bro" culture,[34] and a poor track record of building inclusive workplaces.[35] Underrepresented groups such as women, people of color, nonbinary people, and others can sometimes face high levels of hostility. According to a survey by Project Include, since the beginning of the pandemic, tech workers have reported experiencing higher levels of harassment based on gender, race, and age.[36]

Inclusive leaders don't try to "fix" people from underrepresented groups so they assimilate into a system. Instead they reform biased systems to make them work for everyone. This is complex, organizational work that includes changing the environment and culture, redirecting resources, and inspiring majority group allies.

It is essential that leaders invest time in developing their own DEI expertise so they can set norms and expectations for success. An inclusive culture won't happen without visible, persistent engagement by the CEO and the C-suite, who can model inclusive leadership. A CEO can and must partner with DEI professionals, but ultimately cannot delegate leadership on inclusion to DEI teams.

ACTION 1 →	**ACTION 2** →
Increase your personal DEI expertise.	Establish DEI as a business imperative.

HIGH LEVERAGE POINTS FOR MODELING AND INCENTIVIZING INCLUSIVE LEADERSHIP

CEOS McKinsey & Company developed what is known as an influence model to help leaders manage large-scale organizational change. The model focuses on four building blocks of change: role modeling, fostering understanding and conviction, developing talent and skills, and reinforcing with formal mechanisms.[37] Translated into action on DEI, tech CEOs must help their teams understand the problem by ensuring that everyone can talk about it using a shared language and vocabulary; encourage open discussion of bias; and support the recognition of potential and actual instances of bias. They must also use tools, procedures, processes, and structures to increase accountability for DEI results and reduce the conditions that allow unconscious bias to override good intentions.[38]

C-SUITE LEADERS C-suite leaders are similar culture carriers to CEOs and should be able and expected to demonstrate the same inclusive leadership that we're asking of CEOs. C-suite leaders have more influence and, as such, more responsibility to actively improve DEI outcomes in their specific organizations. Unlike CEOs who must stay focused on the company's big picture, C-suite leaders can take a more granular approach to hiring, progression, and attrition. C-suite leaders have a particularly critical role in the implementation of metrics and measurements, described in more detail in Recommendations 2 and 3.

WHAT IS INCLUSIVE LEADERSHIP?

Juliet Bourke and Andrea Titus of Deloitte identify six traits of inclusive leaders:[39]

VISIBLE COMMITMENT	HUMILITY	AWARENESS OF BIAS
Inclusive leaders articulate authentic commitment to diversity, challenge the status quo, hold others accountable, and make diversity and inclusion a personal priority.	Inclusive leaders are modest about capabilities, admit mistakes, and create space for others to contribute.	Inclusive leaders show awareness of personal blind spots as well as flaws in the system, and work hard to ensure a meritocracy.
CURIOSITY ABOUT OTHERS	**CULTURAL INTELLIGENCE**	**EFFECTIVE COLLABORATION**
Inclusive leaders demonstrate an open mindset and deep curiosity about others, listen without judgment, and seek with empathy to understand those around them.	Inclusive leaders are attentive to others' cultures and adapt as required.	Inclusive leaders empower others, pay attention to diversity of thinking and psychological safety, and focus on team cohesion.

Inclusive culture depends on a leader *actively challenging* personal and organizational biases and asking others for critiques or insights. This speaks to an essential point in inclusive leadership: it is a practice, something to cultivate and build every day, rather than a set of fixed traits.[40]

NATIONAL CENTER FOR WOMEN & INFORMATION TECHNOLOGY'S (NCWIT) APPROACH TO INCLUSIVE CULTURE

We define culture as a shared set of norms, values, processes, and practices through which employees engage in the context of their work. Culture determines the types of individual behaviors that are acceptable or desirable. Taken collectively, individual behaviors and interactions create and recreate culture every day.

Inclusive cultures are ones where all members can thrive, feel a sense of belonging, contribute their abilities and perspectives, and receive credit and recognition for these contributions. Inclusion, as we use the term, requires paying close attention to the experiences of historically marginalized populations and to systems of power, privilege, and bias.

Organizations typically consist of many subcultures that intersect and diverge in complex and continually evolving ways. It therefore makes more sense to talk about localized subcultures within an organization rather than treat the organization as a unified whole. For this reason, inclusive culture must be built at the team level.[41]

ACTION 1

Increase your personal DEI expertise.

People in the tech industry are familiar with the concept of "failing fast" and "failing forward" — using failure to learn and experiment. This is also necessary for DEI, but fear is a huge inhibitor. Like any skill, becoming an inclusive leader takes time, research, and practice. A great DEI advocate must be willing to learn and make mistakes. You don't need to be an expert at the start, but you do need to model a growth mindset for other leaders and hold yourself accountable for outcomes.

HIGH LEVERAGE POINTS

CEOS   C-SUITE LEADERS

CHANGE AGENTS

CEOS   C-SUITE LEADERS   MANAGERS   TEAM MEMBERS

IN SUMMARY

1.1. Allyship is not a state; it's an ongoing action. Make time for the personal reflection and engagement that sustains allyship.

1.2. Interact personally and on an ongoing basis with employees from underrepresented groups and Employee Resource Groups (ERGs).

1.3. Model a growth mindset.

1.4. Disrupt everyday biases that subtly but repeatedly harm people from underrepresented groups.

1.5. Give personal signals that you're an inclusive leader.

> "Accountability starts with us. Leaders build trust and develop people when they support underrepresented communities, inspire a culture of belonging from within, and ultimately increase representation at all levels. When CEOs are personally involved, that's when we see real and sustained change in the diversity, equity, and inclusion of our teams."

TIM RYAN, US CHAIR AND SENIOR PARTNER, PWC

How to do it

1.1. ALLYSHIP IS NOT A STATE; IT'S AN ONGOING ACTION. MAKE TIME FOR THE PERSONAL REFLECTION AND ENGAGEMENT THAT SUSTAINS ALLYSHIP.

A. **Audit your personal and professional network.** Is your trusted inner circle diverse? Can you intentionally expand your inner circle to hear perspectives from underrepresented groups?

B. **Read, watch, listen.** Educate yourself about underrepresented communities and their histories. (Don't lean on others to educate you.)[42] Sign up for resources like *Better Allies: 5 Ally Actions* newsletter, *Race Ahead* newsletter,[43] or others that provide alternative views and experiences.[44]

C. **Trust and rely on experts to elevate your personal learning.** Many people have been doing this work for years and can be resources to you on your own DEI journey. This includes your CDO and DEI team (if you hired them). This doesn't mean you delegate *leadership* on DEI to those around you—it just means you don't have to do this work alone.
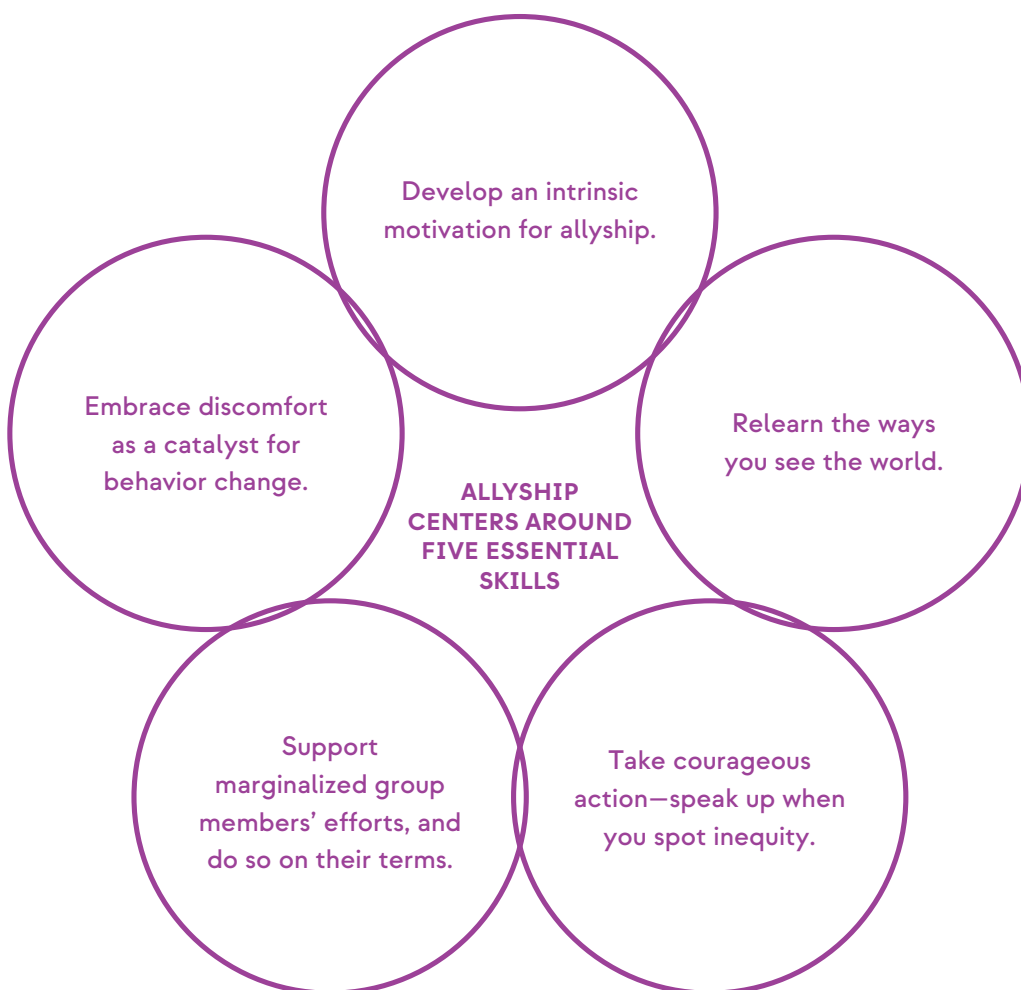
TOOL KIT ⧉

3i Framework: the individual path to impact and allyship

Better Allies: 5 Ally Actions Newsletter

NCWIT Guide: Male Allies and Advocates

Race Ahead Newsletter

Develop an intrinsic motivation for allyship.

Embrace discomfort as a catalyst for behavior change.

Relearn the ways you see the world.

ALLYSHIP CENTERS AROUND FIVE ESSENTIAL SKILLS

Support marginalized group members' efforts, and do so on their terms.

Take courageous action—speak up when you spot inequity.

Source: Paradigm.[45, 46]

1.2. INTERACT PERSONALLY AND ON AN ONGOING BASIS WITH EMPLOYEES FROM UNDERREPRESENTED GROUPS AND EMPLOYEE RESOURCE GROUPS (ERGS).

You can learn and make a huge impact by showing up for your employees to support ERGs or simply hear from employees from underrepresented groups about their lived experiences, inside and outside work. Specifically, you can:

A. **Audit the mentees and junior team members** you spend time with. How many people are you formally or informally sponsoring? How many are from underrepresented groups?

B. **Attend ERG meetings and events** as often as you can to listen and learn.

C. **Create spaces for your employees** from all demographics to meet and speak to you directly.

D. **Read the comments** in your employment engagement and/or inclusion surveys. Ask for the data to be cut by demographics **(SEE ACTION 6)**. Share survey results with your employees and ERGs.

> **TOOL KIT** ↗
>
> **NCWIT SUPERVISING-IN-A-BOX SERIES**
>
> Employee Development
>
> Supervisors as Change Agents
>
> Team/Project Management

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1.3. MODEL A GROWTH MINDSET.

A growth mindset means believing that talent and ability are not fixed or predetermined, but that we can grow and change through "hard work, good strategies, and input from others."[47] Not only do leaders need a growth mindset for their own inclusive leadership development, but they also need to apply that mindset to how they think about talent.[48] In a leader, a growth mindset looks like hiring for "potential, capacity, and a passion for learning," as opposed to specific credentials, and investing significant time developing and guiding other C-suite leaders.[49] Majority group members who have a growth mindset about prejudice—that is, who believe prejudiced attitudes can be changed with effort—are more comfortable engaging in interracial interactions.[50]

1.4. DISRUPT EVERYDAY BIASES THAT SUBTLY BUT REPEATEDLY HARM PEOPLE FROM UNDERREPRESENTED GROUPS.

A. **Ensure everyone from the C-suite to new hires learns how bias can show up** in everyday behavior in the form of microaggressions, how to identify it, and how to talk about it. Microaggressions are remarks, questions, or actions that are painful, demeaning, or insensitive because they have to do with a person's perceived membership of a group that is marginalized or subject to stereotypes.[51] They can happen casually, frequently, and without any intent to cause harm. They can even be meant as a compliment or joke—which is why they can feel confusing and disconcerting.

B. **Use inclusive language** in personal and corporate communications.

1.5. GIVE PERSONAL SIGNALS THAT YOU'RE AN INCLUSIVE LEADER.

Your team takes cues from you and your leadership. Simple acts and behaviors can signal personal respect for certain groups, normalize those behaviors with your team members, and instill trust, particularly when these signals are backed up with an understanding of why they're important. Here are some easy practices you can implement immediately.

A. **Acknowledge injustices that have occurred to certain communities** through company-wide communications, taking time at the beginning of town halls, etc.

B. **Encourage flexible work arrangement policies,** leave, and work-life balance to normalize a balanced culture. Work-life balance is an equity issue.

C. **Consider sharing your pronouns** to signal that you understand and respect diverse gender identities. That will encourage employees to do the same and not assume anyone's gender identity. At the same time, accept that some are not comfortable sharing their pronouns.

D. **If you wish to respect Indigenous communities,** it's important to note that our offices and homes are on land that was taken from Indigenous peoples. When opening formal meetings, one way to respect Indigenous communities is to name which groups were the original inhabitants and stewards of the land you're gathering on. This acknowledges their existence, experience, history, and deep connection to that land.[52]

TOOL KIT ⧉

DISRUPTING EVERYDAY BIASES

NCWIT: Critical Listening Guide

NCWIT: Interrupting Bias in Industry Settings

PRONOUNS

Culture Amp: Why sharing gender pronouns at work matters

MyPronouns.org: Resources on personal pronouns

INDIGENOUS LAND ACKNOWLEDGMENTS

"I've started acknowledging the people who lived on this land first—and you should, too"

"Our home on native land"

FLEXIBLE WORK RESOURCES

NCWIT: 13 Tips for Conversations About Flexible Work

NCWIT: Building Inclusive Cultures for Work While at Home

Support flexible work arrangements, leave, and work-life balance

Flexible work, leave, and support for work-life balance are critical DEI issues. The pandemic exposed [53] the degree to which different groups were disproportionately impacted by varying workplace policies, and how equity issues specifically intersected with issues of work-life balance.[54] Mothers of small children faced particularly devastating effects, experiencing significantly greater declines in employment levels than men.[55]

Many companies offer leave and/or part-time options, but taking those options can incur reputational costs. Access to work-from-home benefits has increased in the professional and technical service industries, especially in the pandemic, but that hasn't necessarily improved work-life balance.

Moreover, work-life balance is an equity issue because being able to work long hours often depends on other privileges (e.g., having a partner to look after children, a housekeeper to maintain your home, etc.). Normalizing the ability to work at times that factor in the personal commitments of your employees, from caretaking responsibilities to long commutes, ensures that employees can take advantage of those benefits without stigma or repercussions. As we recreate the workplace post-pandemic, we have an unprecedented opportunity to increase inclusion.

CEOs and top leadership can:

→ **Model work-life balance** to remove stigma and establish norms around leave and flexible work.

→ **Assess flexible work policies** and whether they're accessible (Chapter 6, NCWIT: Women in Tech: The Facts).[56]

→ **Equitably factor in any leave taken** when assessing employee performance (e.g., an employee who took three months' leave shouldn't have their achievements directly compared to those working 12 months).

→ **Create a safe space** for the discussion of flexible work options.

→ **Share practices and learn** from peer organizations.[57]

→ **Understand why people choose flexible work**—for example, remote work options are important because some people live in rural areas or on reservations and may not want to or be able to leave.

→ **Operate with the understanding** that family and competing responsibilities are not "women's issues," but rather concerns and policies that are important for everyone.[58]

ACTION 2

Establish DEI as a business imperative.

A successful DEI strategy is one that's embedded in the heart of a company's business plan. DEI is too often an afterthought or a tick-the-box compliance model, rather than integrated into business strategy. DEI too often depends on individual champions, rather than being an ingrained habit for everyone in an organization. CEOs must drive an ongoing DEI conversation within tech and business organizations. Those tech and business organizations must then drive DEI outcomes across the enterprise. And all these leadership efforts must be directly inserted into the company's accountability infrastructure and business plan.

HIGH LEVERAGE POINTS

CEOS   C-SUITE LEADERS

CHANGE AGENTS

CEOS   CDOS   C-SUITE LEADERS   MANAGERS   TEAM MEMBERS   START-UPS

IN SUMMARY

2.1. Include DEI as a core company value and annual priority. Ensure each C-suite leader's business plan has DEI objectives on representation, culture, and, where applicable, product.

2.2. Elevate the role of Chief Diversity Officer (CDO) to ensure they have adequate authority, training, and resources to influence the C-suite.

2.3. Apply the same risk tolerance to DEI as to product innovation.

2.4. Devote part of one board meeting and, ideally, part of one quarterly earnings call to DEI challenges and progress.

2.5. Prioritize DEI in your company's spending strategy through intentional partner, vendor, and supplier diversity policies.

ELEVATING CDOS AND PROFESSIONALIZING DEI

While DEI takes on ever increasing importance in companies of all sizes, DEI leaders and CDOs have not historically had a professional community, curriculum, or body of knowledge to support their work. It's critical we do more to elevate and professionalize DEI.

CDOs must have adequate authority and evidence-based knowledge to drive deeply complex change management across all aspects of business. While DEI is everyone's job, without one central, empowered, resourced expert, change is unlikely to happen. An increasing number of universities offer evidence-based education and certification on DEI.[59]

CISCO'S SOCIAL JUSTICE BELIEFS — VALUES IN ACTION

In the summer of 2020, the national and global reckoning with racial injustice helped accelerate Cisco's long journey to dismantle injustice and inequity. The company established a set of Social Justice Beliefs and launched 12 subsequent actions [60] with a five-year commitment to invest in social justice work focused on the Black and African American communities.

The first step was to identify Cisco's Social Justice Beliefs, which inspires how Cisco acts as a business, including their commitment to social justice, and supports the company's core purpose, which is to *power an inclusive future for all.* Cisco engaged employees across the company to identify five beliefs: Technology for Good, Commitment to Justice, Addressing Insecurity of Being, Culture of Coalescence, and Curiosity, Proximity & Empathy.[61] These beliefs are a constant. They provide a way to decide when and how the company takes action to respond to injustice across the full spectrum of diversity, now and into the future to drive generational change.

To ensure that Cisco has a big enough infrastructure to execute on its actions, the company created the Inclusive Future Action Office, which houses social justice strategic initiatives. This office currently supports the global enterprise-wide teams that are working on the 12 actions dedicated to Black and African American communities, helping to identify core objectives, define KPIs, and measure progress and outcomes. For example, the Action Office is helping the Action #8[62] team execute on Cisco's commitment to partner with Historically Black Colleges and Universities (HBCUs). In partnership with the Student Freedom Initiative[63] and Computex Technology Solutions,[64] Cisco made a $150 million commitment toward spurring the recovery, resiliency, and legacy of HBCUs in perpetuity.

To ensure success, the Action Office sets up clear time milestones for progress. The office also focuses on developing actions with recurring global impact that can be replicated based on best practices. Each social justice action has an executive leadership team sponsor who is held accountable for progress in their performance. Over time, the company hopes to scale the office's capabilities to take on any social justice issue or purpose-driven initiative Cisco wants to champion, from ideation to execution to measuring impact.

How to do it

2.1. INCLUDE DEI AS A CORE COMPANY VALUE AND ANNUAL PRIORITY. ENSURE EACH C-SUITE LEADER'S BUSINESS PLAN HAS DEI OBJECTIVES ON REPRESENTATION, CULTURE, AND, WHERE APPLICABLE, PRODUCT.

If DEI is to be a business imperative, it must be harnessed to the company's core business strategy. Look at the processes in place to deliver other business priorities, such as financial targets or product launches. The same rigor (and often the same or similar processes) should be applied to DEI. If you wish to embed DEI as a business imperative, you should:

A. **List DEI in company statements,** along with other business imperatives, when setting out annual priorities and/or company values.

B. **Require all leaders** to create their own DEI priority objectives and key results/KPIs (SEE ACTION 3.3).

C. **Hold leaders accountable** for making progress toward any DEI objectives and key results in the same way they're held accountable for other results.

D. **Invest in the DEI data infrastructure** that can track and measure leadership accountability.

E. **Ensure that any strategies included** in a company's Diversity Annual Report are reflected/actioned in the company business plan and are adequately resourced (SEE ACTION 3.1).

F. **Increase cross-functional efforts** across the company to deliver DEI priorities.

2.2. ELEVATE THE ROLE OF CHIEF DIVERSITY OFFICER (CDO) TO ENSURE THEY HAVE ADEQUATE AUTHORITY, TRAINING, AND RESOURCES TO INFLUENCE THE C-SUITE.

This report calls for powerful systemic change, and CDOs need authority to implement those changes, with the full support of the CEO. For more advice on what a CDO role entails, see *Harvard Business Review* September 2020.[65] Ensure CDOs have:

A. **The attention of the CEO,** either because they're a direct report or meet regularly.

B. **Direct access to the C-suite.** If they don't sit on the C-suite, they should meet with that full team at least monthly, and meet C-suite leaders individually at least quarterly.

C. **The option to convene a quarterly DEI offsite** for the CDO and the C-suite to measure progress, or a quarterly business review of DEI objectives and key results (OKRs)/key performance indicators (KPIs).

D. **A DEI team that can coach** and develop DEI competencies for all leaders and managers.

E. **Partnerships with tech and product leaders** to embed product inclusion principles.

F. **Adequate budgets and head count** to support the above.

2.3. APPLY THE SAME RISK TOLERANCE TO DEI AS TO PRODUCT INNOVATION.

Fear of legal risk often weakens a company's resolve to take bold DEI measures. There is very real legal risk in the DEI space that companies must be aware of. However, the cautious approach of many companies is also guided by the *perception* of risk, fear of reputational harm, and internal DEI philosophy, rather than by regulatory scrutiny or *actual* legal risk. While there are clear pitfalls to avoid, namely outward discrimination against any protected class,[66] there is latitude to make progress on DEI within legal boundaries.

The legal risk a company is willing to absorb is ultimately a business decision. However, decisions about DEI risk tolerance are frequently delegated to the legal team. If CEOs and the C-suite want to take bold action around DEI, they should consider the full spectrum of legal risk for decisions focused on DEI work, and consider developing the same risk tolerance for DEI as they have for business and product risk in appropriate situations. Weighing the spectrum of risk in DEI, in turn, requires great familiarity with its legal parameters.

CEOs, C-suite leaders, and general counsels should consider their risk tolerance in the following areas:

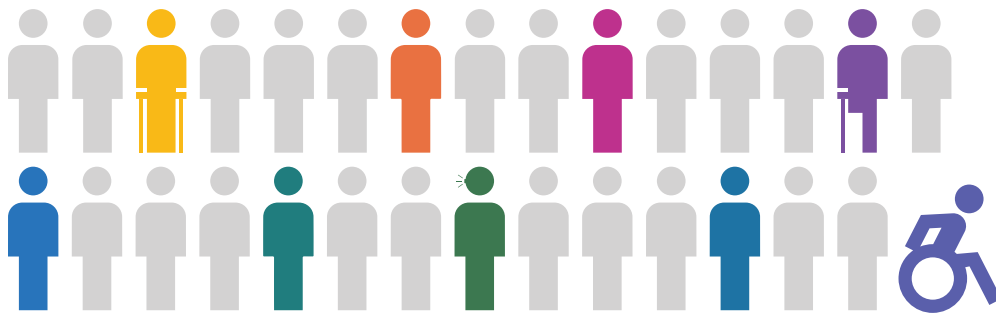A. **Collecting, using, and/or sharing demographic data** during the recruiting and hiring process.

B. **Collecting and using demographic data during the interview process.** For example, implementing a lawful diverse candidate slate initiative or variation of the Rooney Rule or Mansfield Rule, which law firms have used to ensure that at least 30% of candidates considered for leadership positions are women, from underrepresented racial and ethnic groups, LGBTQ+, or people with disabilities.[67, 68]

C. **Setting legal internal and public hiring** and/or aspirational representation goals (not quotas).

THE MANSFIELD RULE ENSURES THAT AT LEAST

30% of candidates considered for leadership positions are from underrepresented groups.

All the above must be documented. To help mitigate legal risk, a company should be able to provide documentation of the decisions made throughout the hiring process.

Color-Blind vs. Race-Conscious Hiring

There's a growing awareness that "color-blind" recruitment policies haven't led to a more diverse workforce. Yet "race-conscious" hiring remains complex terrain.[69] While companies may have more latitude to set DEI goals than they think, the ACT Report calls for a clarification in the current law to provide businesses with greater certainty. This is particularly important as businesses increase practical efforts to improve racial equity.

As these efforts increase, practitioners may run into an inherent tension: on the one hand, employers have an obligation to act without regard to race and gender. On the other hand, employers recognize the need to mitigate long-standing systemic barriers that disadvantage women and underrepresented groups. The U.S. Supreme Court recognized this tension as far back as 1979.[70] Civil rights legislation was intended to expand opportunity to those denied it due to racial discrimination,[71] yet those same laws currently prohibit most employers from voluntary efforts to be more race-conscious in promoting racial equity.

It is hard to promote racial equity without being race-conscious.[72] The Supreme Court's ruling in *United Steelworkers v. Weber* authorized private employers to make voluntary efforts to support women and underrepresented groups in the workplace under limited circumstances. The legal risk for employers who wish to implement a race-conscious (or gender-conscious) approach remains uncertain because the Supreme Court's relevant decisions date back decades, and have not recently been tested in the area of employment law.

SETTING REPRESENTATION GOALS

An organization can make a case for a more diverse and representative workforce to reflect either the available talent pool or, in some cases, regional and national demographics. In these cases, the race or gender identity of an applicant can be considered, provided *it is not a determinant for a hiring decision*. If the following factors in recruitment and hiring are clearly delineated, they can help protect companies from legal risk and class action. These factors include:

→ Clear communication and adherence to Equal Employment Opportunity (EEO) and related policies.

→ Clarity on DEI aspirational goals and policies within the company.

→ Clear job descriptions with expected qualifications and experience.

→ Training for recruiting and HR staff on risk mitigation and legal compliance.

→ Ensuring only individuals who meet the requisite, codified qualifications are interviewed and considered for the role.

→ Avoiding final hiring decisions based on the demographic of the individual.

Numerical targets for inclusive hiring can be set, provided these never amount to fixed quotas for hiring specific demographics. To meet those goals, organizations can legally hire above the market available talent pool (MATP)*—a data point often used to cap representation goals—as long as they're consistent with the law and take the following approaches:

→ Stretch goals for increasing workforce diversity must be rooted in reason and data.

→ Use data to assess shortfalls for underrepresented groups in certain roles or on certain teams.

→ Actively develop pipelines of underrepresented groups and establish hiring outreach practices that attract more people from underrepresented groups.

In summary, as long as you have data and a plan to back it up, you can be aspirational in your goal setting, which can include efforts to hire above MATP. For a starting point, please see the ACLU's brief, *Inclusion Targets: What's Legal?*[73] and the American Bar Association's review of *Race Conscious Hiring Under Title VII.*[74]

* Market available talent pool (MATP) is the pool of workers who could realistically be hired for a given role based on the requisite skills, education, experience, and, in some cases, geography required for that role. MATP is significant because it's a key benchmark used to determine whether a company is taking excessive legal risk in hiring policies to redress historic imbalance in the workforce.

Where Next for Affirmative Action?

Affirmative action carries with it many negative connotations but, used properly, it provides a targeted and granular approach to tackling systemic inequity. Affirmative Action Plans (AAPs) define when and how an employer can proactively recruit, hire, and promote underrepresented groups. AAPs are required for all federal contractors and subcontractors. However, to date, those AAPs haven't effectively made the intended systemic changes.

One avenue to consider is whether tech companies can make an industry-wide case of a "manifest imbalance" in gender and racial diversity in tech (or other sectors). Currently, companies can only do this individually to redress historic discrimination in their own hiring, which includes an admission that they've engaged in discriminatory practices. Because of this, Voluntary Affirmative Action Plans (VAAPs) are hardly ever used by employers to improve workforce diversity.[75] If, on the other hand, companies could collectively and compliantly work toward progress based on industry challenges, they might be more inclined to do so. Greater clarity around the law, in tandem with sustained pressure for robust race-conscious hiring strategies to reverse decades-old systemic inequity, has the ability to deliver systemic change. Employers must also keep other issues in mind when using AAPs and reviewing their recruiting processes to create a diverse workforce.[76]

THE POSITIVE ROLE OF AFFIRMATIVE ACTION*

Some people believe that affirmative action means taking something from one group and giving it to another. In fact, it is exactly the opposite—the goals of affirmative action programs are rooted in making sure that this is not happening (and does not become necessary).

Embracing affirmative action means identifying and changing systemic issues for the better; it should not mean instilling racial, religious, or gender-based quotas at your company. These quick fixes merely serve as a Band-Aid to cover a deep wound, and they often do more harm than good—to companies, to employees, and to society as a whole.
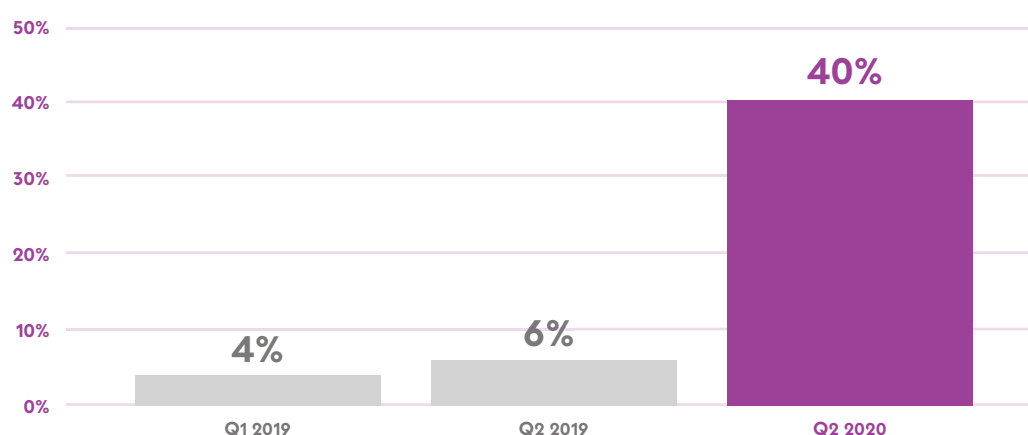
Ongoing misconceptions about affirmative action make meaningful progress more challenging, but those challenges should not be insurmountable. Affirmative action—the right conception of affirmative action—is the most powerful tool organizations have to address the systemic issues our society continues to face. At this moment in history, we must embrace it, elevate it, talk about it, understand it, and celebrate it.

* Excerpt from "How to Strengthen Your Affirmative Action Policies," by Matt Nusbaum, Director, BCGI. *HR Daily Advisor*, July 2020.[77]

2.4. DEVOTE PART OF ONE BOARD MEETING AND, IDEALLY, PART OF ONE QUARTERLY EARNINGS CALL TO DEI CHALLENGES AND PROGRESS.

In line with "what gets measured gets done," reporting on DEI should be elevated to ensure the highest levels of accountability (i.e., not only to the executive team, but also to the board and shareholders). Following 2020's racial reckoning, research shows that 40% of S&P 500 companies discussed DEI policies during Q2 earnings calls in 2020, up from 4% in Q1 and 6% during Q2 2019.[78]

PERCENTAGE OF S&P 500 COMPANIES DISCUSSING DEI POLICIES ON EARNINGS CALLS

It is becoming more common for companies to report DEI efforts to their boards. Regular DEI reporting should be a routine feature of corporate practice, as it drives a longer-term focus on DEI strategies and outcomes.

→ **Consider the best way** to get the board information they need to exercise oversight.

→ **Ensure the legal team reviews** all board communications for legal risk and mitigation purposes.

→ **Ensure that reports** to the board are either privileged or aligned to external reporting on the same topics.

Boards, in collaboration with company leadership, must take a deliberate approach to DEI. According to the National Association of Corporate Directors, there are four initial steps to take:[79]

→ **Demonstrate purpose and values:** Boards should work with management to revisit and reaffirm a company's values, examine an organization's culture and history, and reflect internally on what learning they must do as individuals.

→ **Elevate the experts:** The board should engage deeply with the company's CDO and DEI team, approaching DEI like any other business function.

→ **Allocate corporate resources:** Ensure resources are spent in a way that advances DEI.

→ **Clarify expectations of the CEO:** Work with the CEO to define their role on DEI issues, and measure and compensate them for performance on DEI goals.

2.5. PRIORITIZE DEI IN YOUR COMPANY'S SPENDING STRATEGY THROUGH INTENTIONAL PARTNER, VENDOR, AND SUPPLIER DIVERSITY POLICIES.

How you spend your resources is a powerful manifestation of your company's values. Supplier diversity, or inclusive procurement, is a proactive business program or strategy that ensures a diverse supplier base for an organization's procurement of goods and services. It generally focuses on creating a diverse and inclusive supply chain, and requires a mechanism to record and report diverse supplier spend. Supplier diversity widens a company's pool of potential suppliers while also benefiting the broader community by generating business for marginalized communities.[80]

Diverse suppliers are generally small businesses, and broadly defined as at least 51% owned and operated by someone from an underrepresented/underserved group, although definitions can vary.

Here are some common first steps to this approach (taken from Intel's Supplier Diversity Quick Start Guide):[81]

A. Establish scope of program
→ Define *diverse supplier* and include those owned by women, underrepresented racial/ethnic groups, LGBTQ+ individuals, veterans, the disabled, and veteran-disabled individuals.[82]
→ Supplement/support supplier diversity goals with a program that rewards/develops diverse suppliers (i.e., Google offers specific benefits to vendors who meet their requirements).[83]
→ Consider investing a percentage of cash holdings into financial institutions that serve underrepresented communities (see this commitment from Netflix).[84]

B. Establish a process to measure spend with diverse suppliers. Start by auditing the company's existing supplier base to create a baseline of diverse supplier spend.

C. Create a policy statement with measurable goals. Goals could include:
→ Percentage goals for procurement of diverse suppliers (e.g., 10% for minority-owned businesses, 6% for women-owned businesses, etc.).
→ Annual dollar target to spend on diverse suppliers.

D. Integrate inclusive sourcing processes into standard operating procedures to maximize impact and inclusion. For example, include diverse suppliers in all new RFPs.

Your supplier diversity program can and should extend to all entities your organization does business with, including content creators and advertisers.

CASE STUDY: INCLUSIVE PROCUREMENT PROGRAM AT SALESFORCE

In 2020, Salesforce doubled down on its efforts to advance equity by forming the Racial Equality and Justice Task Force[85] to drive systemic change in the workplace and community across four core pillars: people, purchasing, philanthropy, and policy. For purchasing, Salesforce's goal is to commit $100 million to Black-owned businesses and $100 million to underrepresented minority-founded companies by 2023.

To help deliver on the strategy, the Task Force launched the first cohort of its Black-Owned Business Mentor/Sponsor Program in July 2021, supporting 25 Black-owned businesses with mentorship, sponsorship, education, and other corporate network opportunities to strengthen and grow their businesses.

The program pairs each participant with a senior Salesforce mentor to provide ongoing coaching and support in identifying and meeting their business goals. In addition, participants are matched with a Salesforce executive sponsor at the VP+ level who provides higher-level strategic guidance. These pairings are thoughtfully considered, taking into account the executive's expertise and the participant's unique needs. Every quarter, the program also offers 90-minute educational sessions with professors from top universities, who cover subjects like how to access capital and when to make strategic pivots. Participants also meet in group sessions to learn from other corporate supplier diversity leaders, discuss challenges, and share best practices.

The goal of the program is to build a strong pipeline of Black-owned businesses and suppliers. While this program won't directly affect Salesforce's internal supplier diversity goals, it is a critical part of its strategy to help close the racial wealth gap and advance equality.

Salesforce has also implemented several other initiatives to support its diverse procurement program, including introducing an accelerated payment option for small businesses and offering suppliers the option to shorten payment terms to net 15. Salesforce plans to expand the mentorship program with a second cohort of 25 Black-owned businesses next year.

The ACT Report
Action to Catalyze Tech: A Paradigm Shift for DEI

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