

Delivering Through Diversity

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By Shane Young

As a consulting organization we provide value for our clients by identifying their key objectives and helping them achieve those goals. We do this through holistic problem-solving and innovative solutions, utilizing all assets accessible to us. In order to maintain our highly regarded ability to deliver solutions for clients, it is critical that we understand how fulfilling our group and our client's goals relies on a diverse team.

Organizations that value and embody diversity have a significant advantage in acquiring top human capital, improving customer orientation, employee satisfaction, and decision-making. In the UConn Consulting Group (UCG), we strive to find the top diverse talent available across UConn so we can continue making the most informed, creative, and calculated recommendations to our clients. After numerous discussions regarding the most effective strategies to improve our diversity and inclusion efforts, our group has developed specific goals for the next year to tackle this complex mission.

As the first business group at UConn with a director focused on enhancing diversity, we have faced challenges in figuring out how to best appeal to students outside of the quintessential business major interested in consulting. There are systematic factors that contribute to the lack of diversity in consulting and business in general. However, we are working to reverse these trends by providing a model of a group that has successfully incorporated diversity to promote equity in the UConn Business School, while reaping the benefits that come from championing diversity and inclusion efforts. Creating diverse organizations in the business world is not only a moral imperative but has proven to be a business imperative as well.

In order to understand the importance of this conversation, we are going to explore the current state of diversity in business, the organizational and financial benefits in concentrating on diversity, and the steps we are taking within UCG to attract the diverse talent available at UConn.

Despite ubiquitous corporate commitment to diversity, there is still a lot of work to be done

Companies across all industries are touting diversity programs and publicly committing to the newfound trend in advocating for diversity. However, the commitment has yet to materialize

in most companies. Glassdoor reports that “42% admit that diversity is still a barrier to employee progression within the company”¹, indicating the modern emphasis on diversity is still not felt at all companies.

Why aren't these programs working? This could be due to several reasons including the lack of consistency among efforts, wasted spending on ineffective programs and trainings or companies failing to practice what they preach on inclusion.

All of these could help answer the question, but an axiomatic factor is the lack of diversity in leadership. When people of underrepresented communities can see someone that looks like them in leadership, it is empowering, motivating, and encouraging. Diversity in leadership also allows for representation in the execution of the most important operational and strategic decisions, where genuine promotion of diversity must exist in order to succeed.

Unfortunately, diversity has yet to reach executive leadership

Even though representation in leadership would be beneficial in developing diverse organizations, America's top companies lack diversity in leadership. In 2018, Forbes reported that 72% of senior executives of Fortune 500 companies are white men.² This lack of diversity in leadership is felt by employees as a survey conducted by the Harvard Business Review which found that 78% of employees claimed they work at organizations that lack diversity in leadership.³ In 2020, people of underrepresented communities expect more from companies that are constantly promoting their efforts in cultivating diverse organizations.

Although effectively fostering diversity in corporations is a long-term goal requiring holistic commitment, there are significant tangible benefits to capitalize on.

Increased diversity attracts more talent

As Millennials (born between 1981-1996) and Generation Z (born between 1997-2012) begin to dominate the workforce, it is critical to understand their values. Generation Z values diversity and equality more than any preceding generation. However, Generation Z does not stand alone in demanding diversity in the workplace. According to a Glassdoor survey, two thirds of

¹ “Diversity & Inclusion Research Roundup: Top Studies You Need to Know,” US | Glassdoor for Employers, September 27, 2019

² Stacy Jones, “Fortune 500: 7 in 10 Senior Executives Are White Men,” Fortune (Fortune, June 10, 2017)

³ Sylvia Ann Hewlett, Melinda Marshall, and Laura Sherbin, “How Diversity Can Drive Innovation,” Harvard Business Review, August 1, 2014

job seekers indicated that diversity was an important factor when evaluating companies and job offers.⁴ Not only does diversity attract Generation Z and Millennials, but when companies prioritize diversity in recruiting efforts, they are able to reach more people and expand their talent pool.

Diversity is not only important in the job search. Deloitte claims, “when employees do not feel they are a part of a diverse work environment that fosters inclusion, they are highly disincentivized to remain in the organization.”⁵ Businesses that fail to foster diverse and inclusive workplaces see higher turnover rates than businesses that do not, as employees do not feel normative or affective commitment, two critical factors in employee retention in organizations and companies.

Diverse teams are also better at serving clients

A diverse workforce will help your organization connect with a broader customer base, leading to higher quality customer service. This is especially true in a customer-interactive field such as consulting, where having a diverse set of backgrounds and experiences create a team more equipped to reach an expanded client-base. A workforce that has a genuine connection to the population that they are serving can more effectively understand its needs. In the field of consulting, understanding the needs of a client is crucial to performing at the highest level. A more diverse case team has a higher chance of genuinely understanding a wide variety of clients.

Globalization is another prominent factor in which having a diverse team can serve as a benefit. As the world becomes increasingly globalized, companies will no longer be able to service a small population to remain successful. Multiple studies from the Pew Research Center and the U.S. Census have shown that by 2050, there will be no race that holds the majority in the U.S.⁶ This means the populations that companies serve domestically will be racially and ethnically diverse, thus requiring a diverse team to help understand the specific needs of these clients. The ability to work with people from different cultures, backgrounds, and even those who speak different languages will prove to be successful in the future. A

⁴ “Recruiting a Diverse Workforce: Glassdoor for Employers,” US | Glassdoor for Employers, September 24, 2019,

⁵ Juliet Bourke and Bernadette Dillon, “A New Recipe to Improve Business Performance” (Deloitte, 2013)

⁶ D’Vera Cohn and Andrea Caumont, “10 Demographic Trends That Are Shaping the U.S. and the World,” Pew Research Center (Pew Research Center, March 31, 2016)

diverse team will be more prepared than one that is not in servicing clients as the business world becomes increasingly globalized.

The Boston Consulting Group also predicts that the 2020's will be characterized by unprecedented change in business.⁷ Increased competition, globalization, environmental precautions and recessionary warnings will all affect the way in which companies will conduct business. In order to adapt, companies will need to be innovative and resilient. This will necessitate a wide variation of perspective to respond to the external shock that is expected in the coming decade.

Diversity fosters more creativity and innovation

Assembling a team with diverse qualifications, backgrounds, and experiences are key to effective problem-solving. Multiple voices with varied experiences lead to innovative ideas, services, products, and stimulate out-of-the box thinking. As companies are continuing to compete globally, there is a demand for innovative thinking to drive creative solutions.

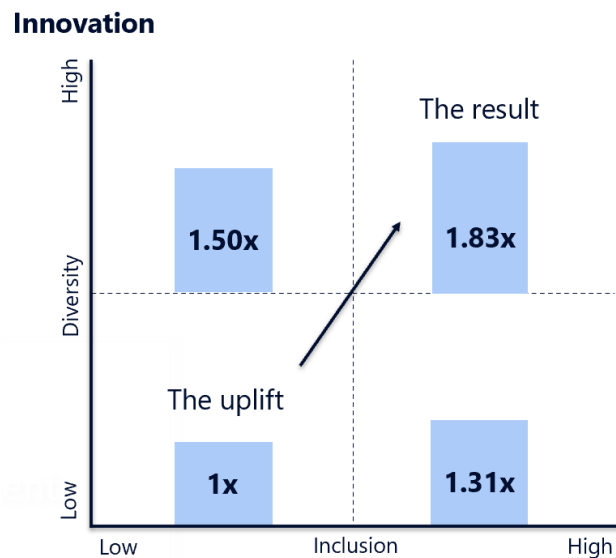


Harvard Business Review examined the enabling conditions for diversity, including fair employment practices (such as equal pay), participative leadership, top management support for diversity, and open communication practices. In their research, they found that less than 40

⁷ Miki Tsusaka et al., "The Business Imperative of Diversity: Winning the '20s," <https://www.bcg.com>, June 20, 2019

percent of companies employed these enabling conditions for diversity. Firms that possess these enabling conditions had higher diversity scores, and increased innovation performance.⁸

The perception of innovation within organizations is reliant on the prioritization of both diversity and inclusion. Deloitte studied how employees perceive their organization's diversity and inclusion efforts and how employees felt about the level of innovation in their organization. The picture below demonstrates that although a greater focus on diversity, or a greater focus on inclusion affect how employees perceive the level of innovation in their company, a combined focus on both bringing in diverse talent and fostering an inclusive organization delivers the highest level of inclusion.



When teams feel that both diversity and inclusion are a priority, they are 83% more likely to feel their team can provide more innovative solutions.⁹

⁸ Rocio Lorenzo and Martin Reeves, "How and Where Diversity Drives Financial Performance," Harvard Business Review, July 31, 2018

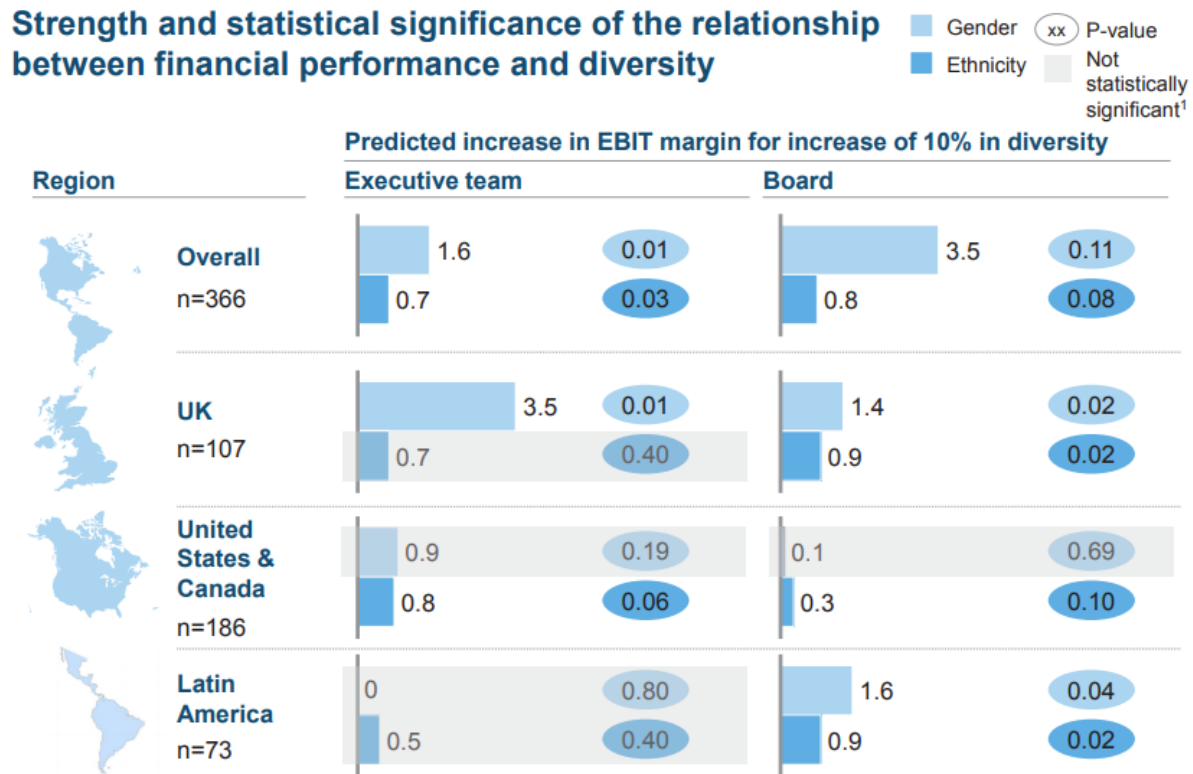
⁹ Juliet Bourke and Bernadette Dillon, "A New Recipe to Improve Business Performance" (Deloitte, 2013)

Diversity in leadership yields increased profitability

Although many believe that diversity should be implemented from the bottom-up, there is proven financial incentive for companies that prioritize diversity in their senior-executive team.

In the United States, there is a positive linear relationship between racial and ethnic diversity in company leadership and enhanced financial performance. McKinsey found that for every 10 percent increase in racial and ethnic diversity on the senior-executive team, earnings before interest and taxes (EBIT) rise 0.8 percent.¹⁰

Strength and statistical significance of the relationship between financial performance and diversity



¹ P-values of 0.1 and under were considered statistically significant (90%).

SOURCE: McKinsey Diversity Database

However, the trend of racial and ethnic diversity correlated to EBIT is not limited to the United States. Gender and racial diversity on both executive teams and company boards is positively correlated to increases in EBIT on a global scale as well.

¹⁰ Vivian Hunt, Sara Prince, and Sundiatu Dixon-Fyle, "Delivering through Diversity" (McKinsey & Company, 2018)

Many corporations began diversity efforts with recruiting programs that focused on attracting diverse talent in junior roles. Additionally, many Fortune 500 companies are connected to racial and gender diverse organizations that help ensure the recruitment of young talent from underrepresented groups. However, this data shows that diversity in leadership is just as beneficial, if not more.

Columbia University professor Katherine W. Phillips found that diversity in leadership leads to better decisions. Diversity, she explains, “often comes with more cognitive processing and more exchange of information and more perceptions of conflict,”¹¹ in turn fostering more creative solutions and bringing innovation to the helm of leadership.

Corporations are responding to this data as several companies recently made decisions to prioritize diverse leadership at the highest level. Goldman Sachs, for example announced that any company they take public must have at least one diverse board member, claiming this will help companies drive premium returns for their shareholders while promoting equality in corporate America.¹² The authenticity can certainly be questioned as to whether this is reputation-conscious decision or a genuine promotion of diversity. Many critics argued that this announcement was vague, limited in scope, and is not indicative of a company’s genuine commitment to diversity. Despite garnering attention in the headlines, the announcement lacked specific details about racial and gender diversity. Critics also questioned the potential impact of this new policy considering that every company in the S&P 500 has a woman on its board of directors, illustrating that companies going public already understand the necessity of incorporating some level of diversity in leadership. Even though it is unclear whether or not this announcement was a genuine promotion of diversity, it cannot be denied that this formalization is a positive step in the right direction.

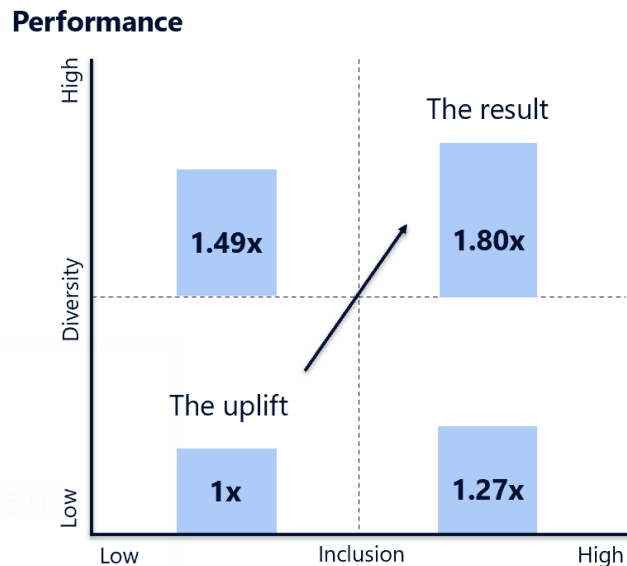
Diversity alone is not the only key factor

When employees see that their organization is highly committed to diversity, and feel a high level of inclusion, they are 80% more likely to agree that they work in a high performing organization as opposed to organizations that have a low commitment to diversity and inclusion. In the same Deloitte study referenced earlier, they found that employees who

¹¹ Wingard, Jason. “Diverse Boards Propel Successful Companies -- Three Strategies To Expand Pipelines.” Forbes. Forbes Magazine, February 21, 2019.

¹² “Goldman Sachs’ Commitment to Board Diversity,” Goldman Sachs, February 4, 2020

believe their organization is highly committed to diversity and inclusion also believe that they work in a high performing organization.



Diversity is only the first step in maximizing the potential of an organization. The second piece, creating a highly inclusion work environment, allows a team to harness the power of that diversity. As the study above indicates, diversity alone leads to a 49% increase in performance, but in conjunction with high inclusion results in an 80% increase in performance in an organization.¹³

UCG’s effort in delivering through diversity

In the UConn Consulting Group, we value this proven research and recognize the criticality of diversity as a pillar of success in servicing our clients to the greatest potential. Due to the advocacy and support in the promotion of diversity from many UCG leaders, both past and present, our group has increasingly prioritized initiatives to help recruit UConn’s best and brightest students with various backgrounds and identities. Although we are proud of what we have achieved thus far, there is still more work to be accomplished. Here are a few of the initiatives we have championed in the past few years to prioritize diversity in our group:

¹³ Juliet Bourke and Bernadette Dillon, “A New Recipe to Improve Business Performance” (Deloitte, 2013)

- Developed an applicant training program with classes taught by us, to ensure marginalized communities with less exposure to consulting before applying are not at a disadvantage to their peers
- Increased exposure to members of the group through unlimited case interview practice and coffee chats for applicants
- Created a Director of Diversity position so the group has an assigned executive board member overseeing and carrying out diversity initiatives
- Created a tailored mentoring program, so new members can feel connected to both a more tenured member and an accomplished alumnus that they share interests with
- Developed relationships with groups on campus that are focused on diversity, such as the National Society of Black Engineers, Association of Latino Professionals For America, Women in Business, and Women & Minorities in Economics to increase the diversity of our applicants

This is only the beginning. As a smaller group that is still only five years old, we recognize our ability to continue to deliver through diversity in new and exciting ways. There are many populations at UConn that we want to tap into in order to maximize our innovation, performance and skillset. UConn has an extraordinary number of organizations that represent the difference that exists on campus, including cultural centers, diverse academic organizations, and major-specific clubs. In the near future, we hope to continue to cohesively work with these groups to accomplish the following goals:

- Legitimize official affiliations with diverse academic organizations to develop recruiting pipelines for each semester
- Implement a Junior Consulting Program, providing freshman and sophomore students in our affiliate organizations a mentor within UCG to allow them to experience the group, with the intention they will have the confidence and knowledge to be successful applicants in the following semester
- Work with the Chief Diversity Officer of the Business School and other schools at UConn to improve our diversity and inclusions efforts
- Develop an article series and post the articles on our website within a specific page on Diversity & Inclusion in UCG

These goals have been set with the intention of seeing the following outcomes by Spring 2021:

- At least 45% women undergraduate members
- 20% students from the Black, Hispanic or Native American community
- Representation from at least 6 different schools at UConn

The potential value that can come from creating diverse organizations and supporting people within an organization is remarkable. In the business case, organizations benefit financially through the increased innovation, creativity, customer reach and profitability that is a byproduct of diversity. As a consulting group serving diverse companies with diverse consumer bases, we understand the importance of having diverse teams working on our projects and will continue to do everything possible to harness the potential impact of being a diverse organization.