



TRANSCEND

THE FEARLESS COMPANY

BUILDING INCLUSIVE CULTURES





BUILDING INCLUSIVE CULTURES

The world has become an increasingly connected and complex place, with businesses crossing cultures, countries, and industries. The pace of this change is accelerating – technological change, economic change, environmental change, social change, political change – and this creates both new opportunities and new challenges. To meet these challenges and create both economic and social value, we need to apply the talents of our human capital. Leveraging diverse perspectives, insights, and ideas will help build better companies, better communities, and a better future.

THE BEST TEAMS HAVE DIVERSE PERSPECTIVES, STYLES, AND BACKGROUNDS

In our study of teams and what makes them high-performing and productive, it is clear that a diversity of perspectives, styles, and backgrounds makes the best teams. That diversity brings the gift of innovation, the gift of clarity, and also the gift of conflict and debate. A team with broad perspective is a team that avoids groupthink, that notices the outliers in a market and identifies emerging trends sooner. Diversity allows you to draw new ideas from unrelated fields and find ways to apply them to the problem at hand. You will also be able to take the perspectives of a variety of different customer groups, and even that of your competition, more readily.

THE CHALLENGE AND VALUE OF DIVERSITY

Bringing a diverse team together is not without challenge, however. Those who differ in gender, race, perspective, etc., from the majority represented within the leadership of a team, will find it hard to speak up and take a contrary position. A majority supporting one particular perspective will make it easy to reject contrasting points of view and make it hard for others to express their viewpoint. Even if invited, it can feel unsafe to be the naysayer in a group – relationship and reputational risk is high. Often the majority position can feel like a “club” you need to join to have influence in the group.

HOW CAN YOU BRING DIVERSE PERSPECTIVES INTO YOUR TEAMS IN A WAY THAT ADDS VALUE?

When done well, diverse perspectives are celebrated and welcomed. All types of diversity are recognized and valued for their ability to shake up “common wisdom” and allow an organization to really rethink its assumptions, and create innovation and value. In diverse groups, we think more critically about issues and opinions, and as a result, develop more creative solutions.¹



¹ <https://sloanreview.mit.edu/article/the-trouble-with-homogeneous-team>

“A TRULY INCLUSIVE CULTURE IS BUILT FROM THE CEO DOWN, NOT FROM HR UP.”

Organizations who value diversity, contrary opinions, and new perspectives have developed inclusive cultures, where each perspective is given weight and value, and considered carefully. The minority opinion is not ostracized or excluded, but rather embraced with curiosity. Conflicting opinions are an opportunity to learn, hone our solutions and ideas, and perhaps change our minds about an old belief. As Jennifer Richeson of Yale describes it, this “democratization of discomfort” requires that the majority culture accept the discomfort of change and struggle, instead of simply resting in the comfort of conformity. The rewards are engagement, creativity, and innovation.

Diversity, equity, and inclusion are lumped together in a single function in many organizations, as if having an office with this title suddenly solves the underlying problem. While investing organizational resources in building a diverse and inclusive culture is part of the solution, a truly inclusive culture is built from the CEO down, not from HR up, and becomes an expectation and part of the daily practice of every person in the organization.

A diverse workforce is a prerequisite to having an inclusive culture; but too often, this has resulted in quotas and targets that reward numbers, not the qualitative deployment of those resources. Many organizations have begun tracking not only the diversity of new hires, but how many minority candidates make it to each level in the management hierarchy – and here we see little change in spite of better hiring practices. The change must begin with hiring and seeking out candidates with new perspectives to our existing culture, but it cannot end there.

One way to think about diverse perspectives is to look at the different styles you already have in your teams and what happens when you hire everyone to be just like your- self. A company with only engineers is clearly very smart about engineering, but it might not have the customer perspective or capital markets view or the ability to sell. It is not just a matter of education or training, but also of emotional and personal tendencies that work together to create a particular perspective.

A particular perspective that can miss other aspects of the challenge entirely in an overly homogenous team. A better team includes the outgoing enthusiastic promoter, the empathetic people person who can read a room, and even the decisive driver who will decide a product is ready for the market. They balance the precise engineer who is always seeking perfection.



FIND THE PERSPECTIVES THAT ARE MISSING IN YOUR ORGANIZATION

What perspectives are missing from your organization? Which ones are missing from your senior teams that set strategy, make key decisions or are tasked with innovation? In today's world, customers are increasingly diverse – women make 85% of household purchasing decisions, 62% of millennials are managing people, 40% of Americans are non-white, and 12% of our GDP is exported to markets overseas, where cultures vary significantly from our own. Can you afford to have your teams not incorporate these perspectives in making decisions?

Quite apart from market-driven reasons to increase the inclusion of diverse perspectives in your workforce, including your senior leadership, most organizations already have diverse perspectives in many of their teams.

If you are not working to build an inclusive culture, these perspectives may be silenced in an effort to fit in with the majority culture in your organization. Those contrary ideas would help hone a team's thinking and identify any blind spots in plans early, – making final decisions better and more effective.

While it is important to have a cohesive culture across an organization, a foundation of exclusivity and homogeneity is a good breeding ground for groupthink and a blinkered approach to business and markets. Building inclusivity on top of your existing culture of innovation, or customer service or respect or other core values, can expand your ability to get the best from the diversity you already have on your teams.

HOW TO ESTABLISH RITUALS THAT WORK FOR DIVERSE AND INCLUSIVE TEAMS

Teams have their own culture or rituals, language, and practices. It can be tempting to set these up to be driven by a dominant group, whether personality-driven or perspective-driven. The team that bonds over exuberant happy hour events might make introverts cringe or sober colleagues feel uncomfortable. An executive team we know had their team retreats at a fishing cabin, where the all-male team loved the bonding experience. However, everyone agreed it was no longer a great fit when they added women to their team. Without a conscious effort to think about how team members with different perspectives might be welcomed and made comfortable, it is easy to establish rituals that no longer work in a more diverse and inclusive team.

In any team, these rituals can be examined and discussed. They must be reviewed periodically to test for effectiveness and understand where they might be creating unproductive discomfort. Particularly when your team adds new members, the cultural bias of old practices deserves a close look. Determine what aspects of the old practice make it effective and how to modify the practice to keep the objective in mind, while making new members fully a part of the modified practice. Particularly in groups that are homogenous in any way (race, gender, cognitive, etc.), the common experiences of the group tend to create rituals and practices that are biased toward that common experience.

<http://she-conomyr.com/facts-on-women>
<https://zapierr.com/blog/millennial-managers-report/>
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BIAS, HUMAN BRAINS, AND ORGANIZATIONS



Part of our neurobiology is designed to identify threats and activate the “fight or flight” system to protect us. Our brains are also designed to look for patterns and filter out extraneous information. Bias occurs when we identify a pattern and associate it with a group, and then use that pattern to generalize it to include everyone in that group. Each of us carries some bias by virtue of our neurobiology, and that bias is heavily influenced by the culture surrounding us, our upbringing, and our personal experiences.

The neurobiological basis for bias is not an intrinsically race or gender-related bias, but the context of our culture creates and reinforces these kinds of differences. Even when you recognize the fallacy of a stereotype, such as the “nerdy engineer” or the “loud salesperson,” being exposed to it creates some level of bias. In fact, even when the context is biased against your own identity group, you cannot help but absorb that bias.

HOW TO OVERCOME UNCONSCIOUS BIASES

These biases or stereotypes are mostly unconscious short-cuts that our brain uses to make quick decisions and influence our thinking and decision-making– even if at a conscious level, you strongly object to the stereotype. The more you are exposed to that stereotype, through news, entertainment, humor, and social interaction, the stronger that association and bias becomes. Overcoming this unconscious bias requires resisting our initial reactions and questioning why we feel the way we do about something

and whether our ideas serve our values and goals. It takes effort and practice to build this new habit. An inclusive culture is one where diverse opinions are actively sought, valued, and considered. In an inclusive culture, being different/thinking differently/having a different perspective is a sought-after attribute that makes one a valuable member of any team. Inclusive cultures seek to hire, retain, and manage the diversity on a team because it makes them better and improves their overall performance.

<https://doi.org/10.1057/palcommsr2017r86>

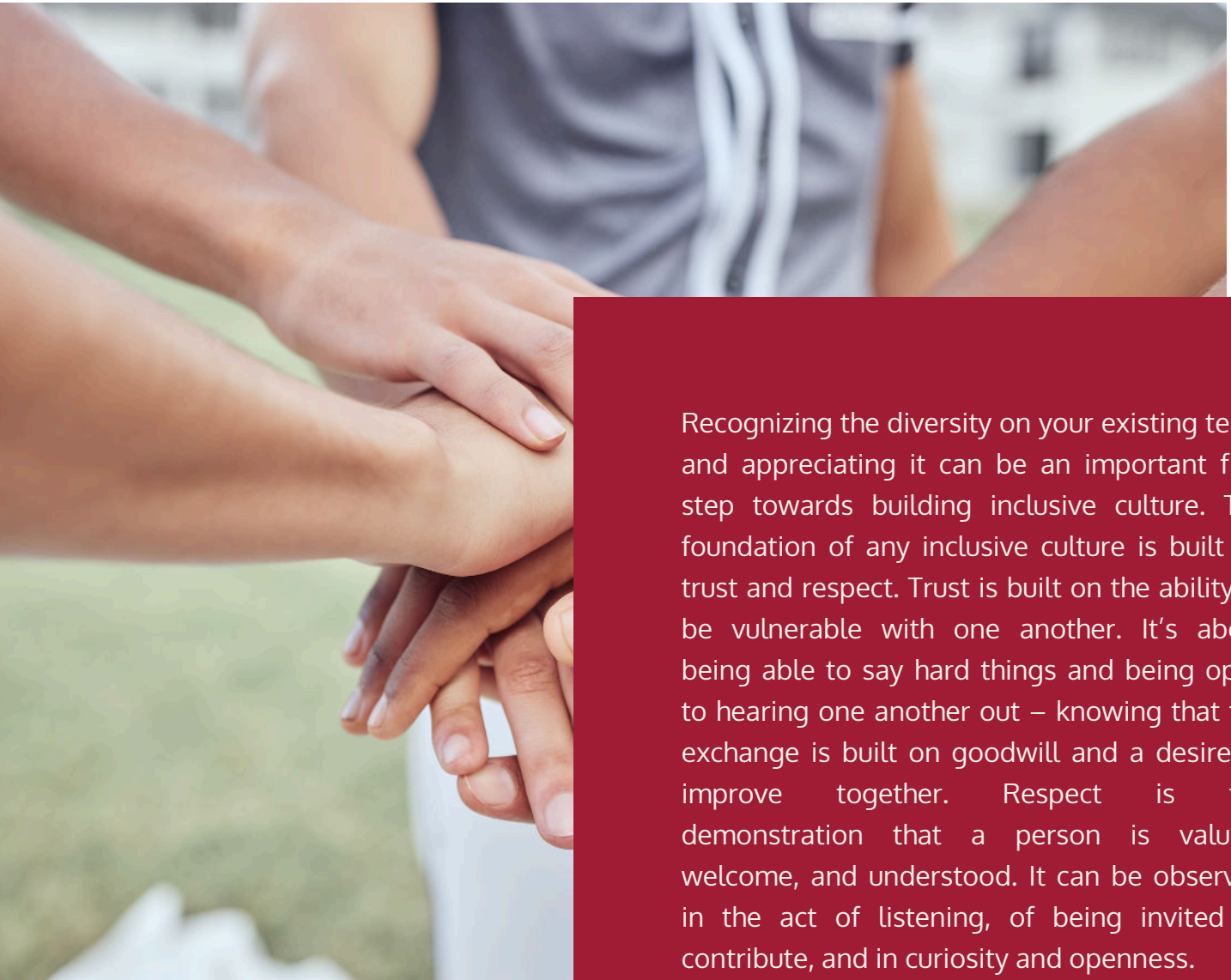
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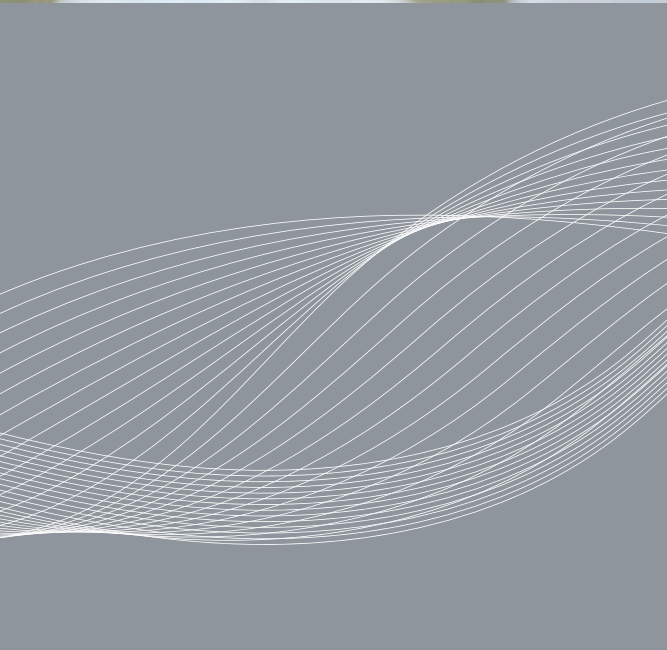


HOW TO BUILD AN INCLUSIVE CULTURE IN YOUR ORGANIZATION



Recognizing the diversity on your existing team and appreciating it can be an important first step towards building inclusive culture. The foundation of any inclusive culture is built on trust and respect. Trust is built on the ability to be vulnerable with one another. It's about being able to say hard things and being open to hearing one another out – knowing that the exchange is built on goodwill and a desire to improve together. Respect is the demonstration that a person is valued, welcome, and understood. It can be observed in the act of listening, of being invited to contribute, and in curiosity and openness.

Trust and respect are essential to organizations that are moving from a focus on diversity, to a culture of inclusion. There will be times when misunderstandings and missteps will occur. That is expected when tackling hard things, but these foundational principles will ensure issues (both big and small) are resolved and do not derail progress.



THE CASE FOR CULTURE: SHIFTING BEHAVIORS AND MINDSETS

Too often, organizations build a diversity initiative with a short training that is required for all employees and a commitment to recruit more diverse candidates. Maybe they will hire a person to oversee this effort, or even have an executive position devoted to it. The challenge for all organizations is to transition from “diversity theater” to a real shift in behaviors and mindsets around diversity, and move toward inclusiveness. We think of diversity and inclusion initiatives as falling into three levels of impact and depth: compliance, marketing and culture.

COMPLIANCE

This level of diversity and inclusion work is designed to follow the rules and show that an organization is making some effort in this area. It is often characterized by mandatory diversity or bias training, sometimes annual and usually online, and some policies around hiring and firing. Perhaps there are measures for recruitment efforts or a diversity office in the HR group to handle complaints. At this level, very little real change takes place. People participating in the diversity or bias training will likely find it tedious and without real meaning, as nothing else has changed. It can lead to cynicism about the organization’s commitment and resentment from those who are required to participate.

An organization will have documentation to defend its approach to diversity, but the experience of employees and leaders will not be inclusive, and diverse perspectives will remain absent from most discussions. The NFL “Rooney Rule” is a good example of the compliance level of impact. The rule required “ethnic minority” candidates be viewed for any open NFL head coaching vacancies. While noble in intent (the diversification of NFL head coaching ranks) the final result saw a decrease in minority NFL head coaches from a high of eight in 2018 down to four in 2019.

MARKETING

Beyond compliance, some organizations have embraced diversity and inclusion work as a way to show job candidates and customers how inclusive they are, and how they have gone beyond compliance. These companies issue reports on their diversity of the workforce and their inclusion efforts to recruit and promote diverse people. At this level, companies may have employee resource groups to support women, racial minorities, and even religious subgroups. There might be special mentoring programs, or talent identification programs targeted to specific minority groups.

The goal of this level of engagement is to demonstrate an inclusive attitude and to recruit and retain more diverse candidates. In speaking with these companies, we know that these efforts go beyond compliance, but lack true impact in creating an inclusive environment. Leadership and culture are often saying the words, but not behaving in ways that demonstrate an embrace of diverse thinking throughout the organization.

CULTURE

The most effective (and challenging!) approach to inclusiveness is the culture route. The road less traveled, this requires a look not only at how we support minority group candidates, but also how we shift the majority culture at the same time.

Instead of initiatives focused solely on the minority employees, this takes a broader approach to include all employees in a new understanding of the value of diversity. This approach actively seeks and promotes diversity to build a new level of inclusiveness. Behavior shifts are designed, encouraged, and baked into the organization – from the top down. New rituals that demonstrate an inclusive approach are carried out at all layers of management. Every meeting is designed to encourage equal airtime to hear from each person. New hero stories about the value of inclusive work are propagated throughout the organization. New environments and artifacts are created to provide visual cues for the new habits being developed.

– “Culture change is not for everyone, but visionary leaders know it’s the path to engagement, innovation and value-creation.”

It may sound like a daunting task, but the payoff is massive. For Qantas, the Australian airline, the turnaround in financial results between its record loss in 2013 and a record profit in 2017 was driven, according to CEO Alan Joyce, by their “very diverse environment and very inclusive culture” which generated “better strategy, better risk management, better debates [and] better outcomes. It is not for everyone, but the most innovative and visionary leaders will take this path to engagement, innovation, and value-creation.

With an inclusive culture, you have all the benefits of both the compliance and marketing levels of diversity and inclusion work. Plus, it is a permanent and self-perpetuating shift in how the organization operates and who feels a part of its success.

HOW WE APPROACH CULTURE CHANGE



At Transcend, many of our leaders have spent years living and working overseas in international companies, and with governments and organizations around the world. Through this lens, we see clearly the underlying human needs across cultures, and the value to be gained from deeply taking the perspective of others. Using this experience, we see diversity and inclusion as a challenge of both self- and other-awareness that is sorely lacking in many self-promotion, dog-eat-dog approaches to work

AN ORGANIZATION MUST HAVE A COMPELLING BUSINESS CASE FOR INCLUSIVE CULTURE

An organization has to start with a vision for inclusive culture, and how it will drive future success. We must establish a compelling business case for an organization to embrace building an inclusive culture. Is the market demanding it? Is there a need to innovate or penetrate new markets? Is it baked into our noble purpose or core values? Is there a sense that more inclusive competitors are winning in the marketplace? Do you need to attract, retain and promote more talent and embracing inclusion is part of that solution? Is there internal conflict and mistrust driven by a lack of true inclusivity? Without a clear and compelling “why,” the hard work of culture change will fail.

Once a compelling “why” is established and communicated, we start our inclusive culture work by developing a shared sense of the diversity in our presence already. We look at the differences in education, personality, style, and upbringing and recognize the value in having different perspectives in any discussion. From this foundation we build understanding of the perspectives of people with different physical characteristics and how our brains work to create bias as a shortcut for more nuanced analysis, and how we can overcome that through awareness and stronger critical thinking.

Leaders must build stronger emotional intelligence to become more aware of their own emotions and bias, and of the impact they have on others. Through trust and psychological safety exercises, we facilitate a new set of rules for interaction to demonstrate trust and respect for all people and perspectives.

At the organizational level, we examine how inclusivity integrates into existing core values and translate that into behaviors, and from there into the human systems of the organization (including hiring, promotion, rewards, as well as communication, meetings and decision-making.)

We are the cultural anthropologists for your organization, identifying what makes it unique and compelling for your people, your customers, and your stakeholders. We then design and help implement the shifts, both large and small, that will make inclusiveness part of your cultural DNA going forward.

HOW TO MEASURE CULTURE CHANGE



Culture is a challenging thing to measure, but not impossible. We use a periodic organizational health survey to capture the successes and pressure points being created in the organization going through a culture shift. This allows us to identify where support is needed. Using this kind of executive dashboard, you can capture the ups and downs of the process and decide where to apply resources to help, and how to identify groups who are struggling with the change.

The ultimate measure is found in the success of the organization in achieving goals identified in your big “why.” Are you improving in your ability to recruit and retain talent? Are you better able to innovate ahead of the market? Are your revenues and profits growing? Are you better able to point to your noble purpose and measure progress toward it? These measures may take time to become obvious, but the seeds of improvement will show up in organizational health early in the process.

FIRST STEPS TO BUILD AN INCLUSIVE CULTURE

How to begin the process of building an inclusive culture? The first steps are in identifying your core reason for building an inclusive culture. When you look at your strategic plan, and what holds you back or propels you forward, what role does diversity and inclusion play? How will that change in the future?

One customer noticed that while his company was full of smart engineers and scientists, decision making was slow, relationship building with customers was difficult, and the core culture had become one driven by analysis. Diverse opinions and styles were often stifled by the dominant culture and found it hard to be heard, much less shift decisions or actions. To drive more innovation and growth, they needed to build an inclusive culture that welcomed dissent, embraced productive conflict, and actively looked for different perspectives. Their "why" was to drive growth, and the first step was building a common understanding of how resistance to diverse perspectives was holding the organization back. With this new focus they have experienced year over year growth of 20%, way ahead of their industry's standard. The reason for this success, according to them? Their focus on building a culture that answered their why!

What is your why? How would an inclusive culture make a difference in your organization?

We can help assess your readiness for an inclusive culture and help articulate your compelling reasons.

Do you already have a robust DEI initiative at your organization, but still feel there is more you can do? We can help you with that, too.

Reach out to discover how we can partner with you to change your organization's cultural DNA and create a truly inclusive culture: hello@transcendculture.co