Leading Phase I – Excellence or Mediocrity

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The Two Phases of DEI Initiatives

Avoiding the Path to Mediocrity. It is very easy to end up pursuing mediocrity in Diversity, Equity, and Inclusion initiatives. That is because they are tough complex challenges. To avoid the pursuit of mediocrity requires leading DEI initiatives in at least two distinct phases – each with their own challenges and leadership requirements.

- **Phase I – Design and Launch**. In Phase I to avoid the path to mediocrity the C-Suite must answer two key questions and avoid one dangerous pitfall. The C-Suite must <u>correctly</u> answer the questions "Why are we doing this?" and "How are we going to do this?"" The C-Suite must also avoid the temptation to delegate too much responsibility too quickly – abdicating leadership.

- **Phase II – Persevere – "Drive it Home."** In Phase II the C-Suite must pivot to find the leverage to "drive it home" and actually achieve the desired outcomes. This involves a shift in who leads, how they lead and the discipline to focus on where the leverage is to complete the journey.

MEH... GOOD ENOUGH

-MEDIOCRATES
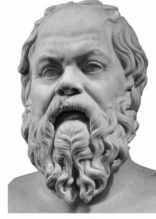
Why Two Phases?

1. **There Must be a Conscious Disciplined Leadership Pivot.** Phase I can last several years, but at some point leadership needs to pivot in several key ways. It must pivot from a strategic organization-wide focus to a more of a targeted operational focus. It must also target high leverage opportunities, from processes and units to particularly well-led areas where activity can have the greatest impact. And it must deepen achieved benefits while focusing on the more business-oriented outcomes that are harder to achieve.

   Move the Needle!

2. **The Needles Will Simply Not Move a Lot in Phase I (naturally).**
   The needles for some goals will move some, but Phase I usually does not generate the desired return on the investment – it rarely matches hopes and expectations. The leadership challenge is to understand this, celebrate progress and manage people's expectations, and build on the progress in Phase I to jumpstart Phase II.

3. **It's Tough to Generate the Business Benefits in Phase I**
   Most of the benefits in Phase I will be HR related and those will result from awareness and education work as well as initial changes in the "things", such as strategies, policies, processes, technologies, etc. Few business benefits will be achieved in Phase I and many of the HR benefits will be vulnerable and needing to be deepened and embedded.

4. **Leadership and DEI Credibility Take a Major Hit Without a Phase II Pivot**

The natural lack of progress in Phase I will be a liability – draining energy, increasing cynicism, and diminishing leadership credibility in people's minds – unless it is normalized. The confidence and motivation of those in the leadership web is also naturally diminished and is hard to get back. This can obviously transfer to a loss of credibility in general and affect operations as well as other initiatives.

This is a major reason why the two-phase approach is critical. It acknowledges and normalizes the experience of Phase I and provides a credible foundation for pivoting in Phase II. In its simplest sense "pivoting" is a matter of assessing the experience to date and deciding what to keep doing (or do more of); stop doing (or do less of); and start doing. This is a process of fast-cycle learning and response.

5. **The Points of Leverage for Leadership Naturally Change**
   This is deceptively important. There must be a pivot in terms of leadership focus as well as responsibility for leadership. This matches the changes in where the leverage for making a difference is in Phase I vs. Phase II. It's a natural change as the journey unfolds.

In Phase I much of the leadership leverage is in organization-wide activities, particularly focused on engaging people in increasing awareness, education, and competencies as well improving certain key processes and systems. The focus of leadership is on the C-Suite, the DEI leadership team, and consultants, and selected senior leaders.

In Phase II the focus shifts to focusing on identifying the highest leverage points and matching leadership strategies and tactics. Where are the greatest benefits, the strongest leaders, critical stuck points, etc. The leverage points are closer to operations and best identified through a disciplined process of assessing the Phase I experience through a fast-cycle learning and response process. That process can generate energy and new commitment as well as focus desired actions.

6. **The Locus of Leadership and Ownership for DEI Must Change**
   Phase II, with its focus on healthy accountability and fast-cycle learning, naturally shifts the ownership of the DEI change process. The natural shift is to the units conducting the accountability checks and determining the adaptive shifts in strategies and tactics. Those can be large or small units as desired. But the ownership and authorship of the experience can move naturally from the more

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top-down broad approach of Phase I (an appropriate approach) to a more localized approach, which provides the required reach and sustainability.

Note. The shift in leadership focus does not mean that the executive level is less important. It must continue to "model the way", remove systemic barriers, and assign resources. With the leadership pivot it must also oversee the performance of the broader leadership web – from its empowerment to its accountability.

7. **The Good News – Consistent Change Strategy in Phase I and Phase II**
The good news is that Phase II does not require a whole new set of leadership roles and strategies. The importance of some of the roles and their core strategies will change and that needs to be done in a disciplined fashion, but the leadership pivot does not require a dramatic shift in roles or strategies. It does require a careful revision as well as a close look at who will be executing the roles and strategies.

Leading Phase I – Excellence or Mediocrity
Two Critical Questions & One Dangerous Pitfall

It is very easy to end up pursuing mediocrity in DEI initiatives. That is because they are tough complex challenges.

To avoid the pursuit of mediocrity requires answering two critical questions in Phase I and avoiding the dangerous pitfall in that phase. It also requires a leadership pivot in Phase II, which is covered in another section.

Critical Question #1 - Why engage in a DEI initiative?
The foundation for genuine sustainable engagement.

Critical Question #2 - How do we lead the required changes?
Roles and strategies for successfully achieving the desired outcomes.

Critical Question #1 - Why engage in a DEI initiative?
The foundation for genuine sustainable engagement.

That sounds like a simple question to answer. It's not. The wrong answers for this question can make or break a DEI initiative. Getting the right answer requires disciplined thought by executive leadership.
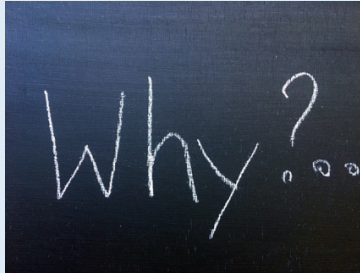
Is it a "Have to" or a ROI Decision? Some business decisions are "have to" decisions. It feels like there is really no choice. For others it's a question of return on investment (ROI). What's worth the effort, risk, focus, resource allocation, lost opportunity cost, etc."

"Have to" Decisions
Far too many decisions about DEI initiatives appear to be "have to" or "should" decisions and that type of decision usually leads to major disappointment. That disappointment is the result of several factors that can combine to easily undermine the initiative – a decision without an authentic commitment, a focus on guilt and shame vs. responsibility and power, a focus on programs vs. organization design and change, and a lack of healthy accountability and perseverance.

A "have to" decision also leads naturally to the abdication of authority and responsibility by senior executives and frequently to the assignment of responsibility without authority or preparation. "Have to" decisions simply don't have the inherent value that commands sufficient C-Suite engagement and attention.

Return on Investment (ROI) Decisions
Successful DEI initiatives will only result from robust ROI decisions. The key is to develop a realistic and honest set of moral and business cases and a vision of how they might look and how they might benefit the organization. That requires disciplined leadership and a well thought out process.

A ROI that justifies a commitment to a DEI initiative rests on 3-4 cases – a moral case, an internal business case, the national case, and possibly an external business case. The

combination of these cases establishes the value for why to conduct a DEI initiative. It also supports "holding the course" over time.

Making the Case(s) for a ROI Decision

One of the surprising aspects of a ROI decision is the number of cases that can be combined to illustrate the potential ROI. Almost all organizations will have a moral case, an internal business case, and a national case. Many organizations will also have an external business case focused on potential advantages in its environment.

Each organization will have its own set of supporting cases, but they do have some common characteristics and benefits.

> *"When confronted with a challenge, the committed heart will search*
> *for a solution. The undecided heart searches*
> *for an escape."*
> **Andy Andrews**

The Moral Case
Countering racism through DEI initiatives is simply the right thing to do – the moral thing to do. It is anti-racist because it is focused on action, not just awareness.

1. Racism is America's original sin, along with the treatment/abuse of America's Indigenous People. It has been built into America over 500 years. We either act to counter racism or we are a part of enabling it. There is no middle ground.

2. Leading a successful DEI initiative is a chance to model American greatness. America's greatness is not based on never having done anything wrong, but rather on its founding principles and values - and on America's relentless pursuit of those principles and values – often a process of 3 steps forward and 2 steps backward (at best). It calls on people's best – individually and collectively.

3. A culture's existence depends on the health of its institutions. America's corporate, civic, and governmental organizations make up a large part of America's institutions, so how the leaders of those organizations build them makes a very big difference in the health of America. America is an experiment, and its continuation is never guaranteed.

The Business Case – Internal

There are a surprising number of sustainable high impact benefits that can be achieved through designing and leading DEI initiatives with strategic intent." They are naturally available, but do not develop naturally. They require intentional conscious leadership. For example:

1. Well designed and led DEI initiatives can have a major impact on recruitment and retention – not just of POC, but of the best-and-brightest of White employees.

2. DEI initiatives can also have a major impact on the presence and performance of people – based on how much of a person is present in the work setting vs. how much of themselves people "leave in the parking lot" because of a lack of safety or commitment.

3. Critical qualities such as creativity and collaboration rely on safety and trust (particularly in cross boundary settings) and that can be significantly enhanced through DEI's ability to decrease the threat of "others."

4. The development of teams, particularly diverse teams, that are required for successful DEI initiatives prepares the ground for other teams pursuing operational outcomes.

5. Successfully pursuing meaningful DEI outcomes can build a surprisingly strong sense of esprit de corps in the organization – a major cultural impact.

6. High standards can be set with healthy accountability added – and those standards or norms can easily translate to other endeavors.

7. Leadership credibility can be dramatically enhanced by leading initiatives that are worthwhile and leading them successfully – particularly when led with the intention to "model the way."

8. New leadership can be developed at multiple levels in the organization through guided participation in leading portions of the DEI initiative.

The key to gaining these benefits is initially defining them as goals and then pursuing them with conscious intent. Some will naturally occur, but a great deal rests on the intention and discipline of leadership. The setting and pursuit of both qualitative and quantitative measures is surprisingly important – partly to help define the goals and potential benefits and partly to track progress over time.

The Business Case – External

The nature and strength of the external business case will vary widely by industry or domain of activity. There may be market and competitive benefits that are possible, improved standing with regulators or financial sources, partnership opportunities, general standing in the community(s), etc. Some organizations will have a strong external business case and others will not.

> *There's a difference between interest and commitment. When you're interested in doing something, you do it only when circumstances permit. When you're committed to something, you accept no excuses, only results."*
> **Art Turock**

The National Case

The national case is, not surprisingly, closely allied with the moral case. However, there are some other critical natural benefits in the national case.

1. The estimates vary, but a good estimate is that, if we can close the racial wealth gap (currently average White households have 8X the wealth of average Black households), we would increase GDP by 4-6% by 2028 (McKinsey).

2. Countering racism is a way to model American Greatness for Americans as well as to reclaim our position as the model nation for others globally (soft power). America's greatness is not in never having made mistakes, but in a relentless pursuit of realizing the founding principles and values.

3. As we succeed in countering racism our focus and resources can be freed for other priorities – for example rural economic development, water management and other climate change related challenges, infrastructure, dealing with external threats, etc.

4. As we counter racism fear and mistrust can be significantly decreased and that has a dramatic effect on our social culture.

A Note on Burnout

For a number of reasons burnout is currently a common challenge for organizations. After the Covid pandemic a large proportion of the population is burned out or close to it. That is particularly true for industries such as healthcare where the pressure has increased at the same time that people are leaving.

If leaders do not design and implement DEI with clear intent and discipline it will almost certainly add to the burnout of people. So, it is critical to ensure that any DEI initiative does not add to the burnout pressure.

In fact, a core strategy is to design and implement DEI as a way to actually add energy for people. That does not happen naturally, so it's a matter of leadership intent and discipline.

This is why the ROI approach is so important – the ROI not just for the organization, but also for individuals, groups, and teams. "If we are successful with our DEI initiative, how might that improve my experience and/or that of my group or team?"

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3 Keys for a Good ROI Picture

1. Pull from each case (moral, business, and national) to get the most compelling ROI.

2. Be particularly disciplined in identifying the business-oriented outcomes to be achieved – beyond HR outcomes. This can be challenging, but it's worth the effort. Some of these outcomes may become evident with experience as the journey progresses.

3. Wherever possible ensure that each desired outcome can be measured – quantitative and/or qualitative measures. Some outcomes are easier to measure than others

Critical Question #2 - How do we lead the required changes?
Key strategies and a web of leaders

Leading DEI initiatives is a tough complex challenge. Changes will be on individual, group/team, and organizational levels. Those changes will also challenge people, intellectually, emotionally, and socially.

Executive leadership must maintain the ultimate lead, but it must be complemented by an extended web of aligned leaders that can reach well into the organization to provide reach, flexibility, and credibility.

Fortunately, there are some critical success factors (CSFs) that can provide a great deal of guidance in aligning that leadership.

12 Critical Success Factors (CSFs) for
Leading the Required Change in Phase I

These are C-Suite strategies, but others will join the C-Suite in executing them appropriately at lower levels in the organization. These CSFs will require different levels of "hands-on" actions by the C-Suite in different organizations and at different times. The key is to ensure that they are executed effectively and that those exercising them have the authority and credibility to do so.

When the responsibility is delegated, it must be delegated with clear direction and obvious support. **Note.** Those to whom the CSFs are delegated must clearly be seen as agents of the C-Suite and backed by the C-Suite.

1. **Answer the "Why?" Question.** This involves the combination of moral, business, and national cases (the ROI) – why are we doing this – the benefits. It focuses on outcomes and illustrates what is worth the investment required. It is essential in the beginning and provides motivation throughout the journey.

2. **Answer the "Where?" Question.** Create a clear and compelling "vision of the desired state" that is worth pursuing (speaking to the head and the heart). It is essential in the beginning - Phase I - to gain "buy-in" and it is also essential on the path - Phase II - to maintain a sense of direction and purpose.

3. **Make a Powerful Leadership Commitment**
Be very clear about how leadership will lead the initiative – what people can expect to see and experience – and what they will not see and experience from leadership. The commitment needs to clearly match the challenge – communicating that leadership understands what is required and is committed to bringing the leadership to match Making a disciplined powerful commitment has the added benefit of helping executive leadership avoid the pitfall of delegating too much leadership too soon.

[CHALLENGE ACCEPTED]

4. **Put Clear and Compelling Plans in Place**
These are plans that can provide direction, leadership credibility, and a basis for accountability (goals, timing, responsibility, etc.). Plans will naturally evolve with experience as the reality of the journey unfolds. However, starting with excellent plans makes a big difference, DEI can be embedded is strategic, annual, capital, and project plans. They can be enterprise or community-wide or specific to specific units. The process of planning can be as valuable as the plans themselves.

5. **Establish the Organization or Community Architecture**
Develop the organization design required to execute the strategies and achieve the vision. There will be individual and group change required, but there will also be systemic changes – from roles and relationships to policies, systems, and processes. It is critical to look at all the elements that go into the architecture of an organization to take advantage of the leverage that a large number of the elements will offer. "Every organization or community is perfectly designed to get the outcomes it gets."" Design matters.

6. **Build the "Web of Leaders"**
    Develop the extended and aligned leadership web required to execute the strategies. This starts with the C-Suite and senior DEI leaders and extends well into the organization. This includes clear roles and healthy relationships – individually and in groups and teams. Leadership leverage stops where the leadership web stops. Maintaining the health of the web is particularly important in Phase II.

7. **Prepare People for the Journey**
    Lay out the journey and what to expect - and prepare people for it. DEI initiatives present tough intellectual, emotional, and social challenges and people must be prepared. They need to know not only what to expect, but how to make a difference and how to take care of themselves and each other on the path. If they are part of the extended leadership web they also need to know how to play their role.

8. **Build the Competencies Required**
    This CSF is often overlooked – and that has consequences with a challenge like DEI. Focus on building the competencies required for success in the envisioned desired state – individual, group/team and systemic. Some of these competencies will be DEI specific and some will be basic business and leadership competencies.

    Developing individual awareness and competencies is essential. Group/team development is also essential if all the benefits are to be achieved. Integration and sustainability rely on developing systemic organizational or community competencies. Many of these competencies take time to develop, so this leadership challenge extends well into Phase II.

9. **Connect People Through Communications**
    Ensure effective communications out (particularly in the beginning) and effective feedback loops (particularly as people implement the strategies and the reality of the journey unfolds). The feedback system becomes increasingly important in Phase II. The basic principles are to be thoughtful and disciplined about communication - be consistent; be honest; and increase feedback capability and activity as the journey unfolds.

10. **Connect People Through Relationships**.
    Developing and managing relationships is at the heart of DEI initiatives. The relationships might be person to person, group to group, within groups, and particularly across differences. DEI initiatives can dramatically expand the possible relationships in the organization, as well as their quality. But DEI can also stress relationships in the process, so relationships cannot be taken for granted. They must be carefully developed, supported, repaired, etc.

11. **Establish <u>Healthy</u> Accountability.** Institute a healthy process of accountability – the formal performance system and frequent/informal accountability "check-ins" for fast-cycle learning and response. We always "learn the way" in cases of major change, so accountability processes that support fast-cycle learning are critical, particularly in designing and executing Phase II. Accountability relies on having the right metrics to track and the systems to provide them in a timely accurate fashion. The best informal approach (fast cycle learning and response) is based on three questions:
    - What do we have to celebrate – goal achievements, progress, worthy efforts that have been disappointing (keeps risk in play)?
    - What have we learned (about DEI, change, leadership, ourselves, the organization, or community, etc.)?
    - What do we want to keep doing, start doing, or stop doing (calibrating next "right actions").

12. **Align the Organization or Community** (Systems, Processes, Policies, etc.).
    Change naturally throws things out of alignment to some degree, so alignment is a critical task. Changes produce lots of natural "ripple effects" and changes that are not aligned have little chance of being sustainable. For example, changes in recruitment, development and career paths need to be aligned as do practices in performance management and reward systems. Alignment is a bigger challenge than it initially appears to be.

"There is nothing more difficult to take in hand, more perilous to conduct, or more uncertain in its success, than to take the lead in the introduction of a new order of things."
Nicolo Machiavelli

It Takes an Extended Aligned Web of Leaders

The key is obviously to create a web of aligned and prepared leaders that extends into the organization. The initial questions for the C-Suite include:

1. Who do we bring into the web and when?
2. How much responsibility do we delegate to them?
3. How do we ensure that they are aligned?
4. How do we prepare them for this unusual assignment?
5. How do we support them and hold them accountable in a healthy way?
6. What is our role in the web once we have the others in place ("modeling the way", barrier removal, resource allocation, etc.)?