

TOOLKIT

# Defining and Shifting the DEI Business Case





If you have followed or studied Simon Sinek's philosophies, then you probably understand the need to **start with why** before embarking on any major initiative, especially in business. Knowing why an organization should invest resources and focus on a particular business priority, is not only the key to success but also the right path to getting leadership buy-in.

The same is true when introducing a diversity, equity and inclusion (DEI) initiative. Although there are some controversies around why the business case is still necessary today, the fact does remain that establishing your organization's why when it comes to inclusion is a positive step toward getting decision-makers on board to provide what you will need to make an impact.

Many of us understand that diversity is not just good for business; it's the right thing to do. Yet, the case for establishing a truly diverse workforce, at all organizational levels, grows more compelling each year. The social argument is enough, but the financial impact - as proven by multiple studies - makes this an easy priority to support.

In McKinsey & Company's 2015 report, *Why Diversity Matters*, "companies in the top quartile for gender or racial and ethnic diversity were more likely to have financial returns above their national industry median." The data indicates that when companies commit themselves to diversity, they can attract top talent, increase employee satisfaction, improve decision making, and become more customer-oriented.

## What is the DEI Business Case?

Traditionally, the business case for diversity refers to the concept that diversity, and the thoughts and perspectives obtained from that diversity, ultimately increases an organization's financial performance. Focusing on financial performance has been the easiest way to capture the interest and support of executives to support these initiatives.

# Shifting the Focus to Transformative Cultures

Recently, the necessity for the business case has evolved beyond the focus on financial performance, to leaders recognizing the basic importance of valuing and including diverse populations throughout their organizations as a matter of humanity and social equity. In addition, the global reckoning of social justice and equality for all, has created a shift in the marketplace. The best employees want to work for organizations that uplift their communities. Clients want to ensure they're doing business with socially conscious entities. And consumers want their money to be spent with businesses that have their best interest in mind.

Most leaders already understand people are their company's greatest asset and they are the best source of innovation and business solutions. If that is the case, why wouldn't they automatically want to:

1. Ensure people with diverse backgrounds are seen and heard, and
2. Create systems and spaces that uplift underrepresented talent?

While the impact of truly diversifying a workforce has been proven and documented, it is important to understand that merely increasing diversity is only one part of the equation.

**"Increasing the numbers of traditionally underrepresented people in your workforce does not automatically produce benefits,"**

— Arthur Ashe

HBR Magazine, November–December 2020

# How to Develop the Business Case

When developing a business case for DEI, focus on the increase in financial performance, but also align the importance of diversity to your organization's vision, mission and values. Questions to consider should include:

- » How does diversity and inclusion inform and elevate our vision and mission?
- » How will a more diverse and inclusive organization impact our culture, our employee's sense of belonging, and our connection to our community?
- » How will a more diverse and inclusive culture affect how we do business and serve our stakeholders?
- » How can we ensure everyone within our organization has access to every opportunity to succeed, being sure that opportunities are not taken away from anyone, nor are they unavailable to those who want them?
- » How will a more diverse and inclusive workforce improve innovation, creativity, product/service development and marketability?

In addition to answering the questions above, there are also numerous resources and research available to bolster your case from a financial perspective and beyond. See the chart below for a list of these resources.

Yes, developing your organization's business case is an important step, but it is only the first step of many in creating a diverse and inclusive culture which leads to innovation, better communication, and more inclusive products and services. Simply put, committing to and implementing an inclusive culture that eliminates the winner/loser mindset and increases opportunities for all is just good—for society, humanity and business.

## BUSINESS CASE FOR DEI RESOURCES

- <sup>1</sup> McKinsey & Company's 2015 report, Why Diversity Matters. <https://www.mckinsey.com/business-functions/organization/our-insights/why-diversity-matters#>
- <sup>2</sup> Boston Consulting Group's, How Diverse Leadership Teams Boost Innovation <https://www.bcg.com/en-us/publications/2018/how-diverse-leadership-teams-boost-innovation>
- <sup>3</sup> McKinsey & Company's 2020 report, Diversity Wins: How Diversity Matters <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters>
- <sup>4</sup> Hays 2019/2020 report, Asia Diversity & Inclusion <https://www.hays.com.sg/direport>
- <sup>5</sup> Pew Research Centre's report, Women and Leadership <https://www.pewresearch.org/social-trends/2015/01/14/women-and-leadership/>
- <sup>6</sup> HBR's, How Diversity Can Drive Innovation <https://hbr.org/2013/12/how-diversity-can-drive-innovation>