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Diversity

Having diverse work force makes good business sense

Premium content from Denver Business Journal - by Frederick Davis and Chris Sansone

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Diversity is good for people — and it's especially good for business.

People of various backgrounds bring different perspectives, creating new opportunities for expanding business and keeping customers.

It's projected the "underbanked" African-American, Asian-American and Latino communities will have more than \$3 trillion in buying power by 2014, according to the American Banker newspaper.

The Selig Center for Economic Growth reports that in 2009, the African-American (\$910 billion) and the Hispanic (\$978 billion) markets together were larger than the entire economies of all but 14 countries. That's significant buying power wielded by a large pool of potential customers. The Selig Center is in the Terry College of Business at the University of Georgia.

Old ways won't do. As consumer demographics continue to change, advertising, products, services, technologies and media must be tailored to each segment. Whether an entrepreneur or an established business, yours must promote original thinking and look to new ways of getting a bigger share of your customer base.

The American Journal of Sociology published a landmark study on diversity training programs in May 2009. The study spanned 31 years and surveyed 833 midsized-to-large U.S. workplaces.

It showed that outdated mandatory diversity training programs, with an eye on avoiding liability in discrimination lawsuits, actually backfire. Employees often avoid them because they feel the programs are being forced upon them.

Under mandatory trainings, the numbers of black female managers dropped 10 percent and those of black men in top positions fell by 12 percent, according to an American Sociological Review study that was reported in The Washington Post. Similar effects were seen for Latinos and Asians. There was a 7.5 percent drop in the number of women in management overall.

White males felt excluded.

Voluntary training programs fared better. Surprisingly, the most successful approach to increasing engagement across all groups was cross-functional teamwork (CFTs). A CFT is a working group with members from different levels and areas of a company, formed to accomplish a goal or complete a project.

Because of pressure to get even more done with less resources, teams are fast becoming a key part of high-performance workplaces. CFTs gather talent from different areas of a company, such as marketing, engineering, sales and human resources. Working with clear directions, they make decisions at a lower level than is customary.

For example, a Pacific Northwest business unit of a global coffee retailer created a CFT of members from marketing, human resources leadership, district management and retail store development. The diversity in this group brought forth different perspectives — and the payoff was more sales to members of ethnic minorities. The regional vice president jumped in, got engaged and led the team to success.

At a major federally funded scientific institution in Colorado noted for its rigid hierarchy, 20 junior-level scientists and midlevel administrators formed four CFTs made up of women and minority scientists. They adopted projects chartered by one of several executive-level sponsors. They reached out beyond stiff job boundaries to collaborate with upper management and senior scientists. At the end of six months, the teams produced five outcomes:

- New insight into team development and leadership processes.
- Broader professional networks developed across the institution.
- Applied new classroom-learned skills to their jobs.
- Employees learned how to learn from and with each other.
- Exceeded upper management's expectations.

Not surprisingly, CFTs increase diversity by creating situations in which the best talent naturally rises to the top. Instead of differences acting as liabilities, they become assets for strengthening performance. Without rigid structures, inequality dissipates, and collaboration and innovation grow across old, outmoded divisions.

CFTs yield a potent workforce. Previously undernoticed and undervalued workers engage and perform at a level not thought possible.

People naturally and readily share and accept assignments. There's greater flexibility and higher performance in meaningful jobs. Networking expands and employees communicate more clearly and productively.

This was the case with an IT department of a global medical equipment manufacturer. Its chief information officer's mission was to integrate more frequent and open communication throughout its offices in Boulder, United Kingdom, Spain and Germany. It used a learning-based approach, with teams formed across different levels and geographic locations.

The company came up with several new solutions that upper management never thought of. The result was more people involved by choice and with enthusiasm. Stepping up together reduced crisis-driven heroics and costly downtime. Upper management recognized and acknowledged new talent on the team.

The business case is irrefutable. Inclusion becomes a bold measure that employees and customers speak about with a sense of pride and ownership. Great work in this area means your company is becoming more adaptable to societal changes that are affecting business both now and in the future.

Here are guidelines to create successful CFTs:

- Recruit the right team members with a diverse mix of talent and backgrounds from many levels of the company.
- Recruit high-level stakeholders and upper management to sponsor the team.
- Have a clearly stated purpose (team charter).
- Have a realistic budget.
- Set clear deliverables and firm deadlines.
- Gauge success with measures that make sense.
- Set norms and agreements for how you'll lead, make decisions and communicate.
- Make conflict safe to have and constructive for the team.