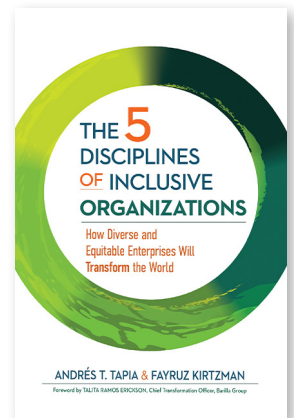


# The 5 Disciplines of Inclusive Organizations

How Diverse and Equitable Enterprises Will Transform the World

by **Andrés Tapia and Fayruz Kirtzman**



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## THE SUMMARY IN BRIEF

Organizational diversity, equity, inclusion are not simply an end in themselves, they are a means to achieving comprehensive sustainability for customers, communities, all while still satisfying shareholders focused on profitability. For too long, companies' ledger sheets have not accounted for their hidden cost of the environment, society, and people's well-being, all of which have combined to create structural inequities in our societies and organizations.

This acceptance of responsibility for the full cost of providing goods and services is a paradigm shift, and requires a different type of organization. One that embraces a broader set of responsibilities for its actions, evaluates its people as valuable assets, and believes in the richness that diversity brings to their culture, their innovation, and their business results. One that we call an inclusive organization. In *The 5 Disciplines of Inclusive Organizations: How Diverse and Equitable Enterprises Will Transform the World*, co-authors Andrés Tapia and Fayruz Kirtzman leverage their decades of direct work and data to show how to make your organization a systematic, process-oriented engineer of change for the full range of stakeholders.

## IN THIS SUMMARY, YOU WILL LEARN:

- How organizations can progress from Basic to Leading Edge.
- Each of the five disciplines of inclusive organizations.
- Structural and behavioral indicators for each discipline.
- Maturity measures that exemplify the achievement of each discipline.

## Introduction

Get ready for a connect-the dots journey to becoming an inclusive organization, discipline by discipline. In each of the following sections, you will learn how organizations can progress from Basic to Leading Edge both from a structural and behavioral perspective.

## Discipline 1: Manage the Risk

### Maturity Measure: The extent to which an organization effectively manages DE&I-related risk.

Much is at stake when the DE&I-related risk is not managed in an organization. US Soccer paid dearly in the form of millions in litigation fees, lost sponsors, lost fans, and a bruised reputation when the women's team sued over their vast gender-related wage gap, and won. That organization joined a long list of the most iconic corporations in the Fortune 500 that failed at managing DE&I-related risk. In 2021 alone, there were at least 1,607 workplace class action suits in the United States, totaling a record \$3.62 billion in damages. This is a far cry from having it under control. Why does this keep happening?

The thousands of global, national, and local laws protecting the most vulnerable employees from these acts show how much societies have progressed. At the same time, they have increased the risk for companies, since they are now rightfully accountable for what happens within their walls—to their employees and because of their employees. And so they keep being sued.

But avoiding litigation is just the starting point. Inclusive organizations know that managing the risk is key to staying competitive as an employer and as a provider of goods and services. Beyond litigation avoidance, there are other risks to consider, such as losing existing customers, not gaining new customers and stifling growth, high attrition among highly skilled employees, or not attracting that highly skilled workforce in the first place.

To manage the risk, inclusive organizations must focus on both the structures in place (policies, systems, and safeguards) and the behavior being exhibited (mindsets, skill sets, and relationships) as they evolve on a scale from Basic to Progressing to Advanced, and finally, to Leading Edge.

### BASIC

From a structural perspective, an organization that is at a Basic level of Manage the Risk is usually focused on

compliance and litigation avoidance by having solid anti-discrimination policies in place. The responsibility for inclusion may even tie with the legal team, with a mandate to “not get in trouble.”

Leaders at the Basic level of managing DE&I-related behavioral risks get caught off guard when major incidents occur. The organization may have basic compliance training in place and therefore leaders and managers—and in fact all employees—may be focused only on what this training is telling them. Often it will be, “Oh, now I cannot say or do this anymore,” accompanied with an eye roll. Clearly, this is not going to set an organization up for success around DE&I risk management or even to avoid illegal discriminatory practices.

### PROGRESSING

As an organization moves to the Progressing stage, either the CEO or the board—or both—have started to pay more attention to DE&I. They may have faced some outside pressure from investors or the media and are now aware that they must “do something,” although more often than not they are not sure what that is. They may conduct adverse impact analyses to root out discriminatory practices that appear fair but are actually biased against one or more groups in actual practice.

Behaviorally, an organization moving into the Progressing stage will have a greater focus on creating a respectful workplace for all employees. This is the stage of “good intentions” and of greater awareness of what might be disrespectful or even discriminatory behavior. People managers are more aware of what the rules and policies around equitable and inclusive people management means and are applying policies and rules with more consistency.

### ADVANCED

In the Advanced stage, what was once a simple compliance exercise starts being considered through a broader risk management lens. The organization really starts to consider the reputational risk of doing either the right or wrong thing. This is where leadership becomes more forward looking and considers how it wants to be known in the market as well as among its own employees.

Behavior shifts from the Golden Rule of treating others the way you want to be treated to the Platinum Rule of treating others the way they want to be treated. In an organization at the Advanced level, employees feel empowered to speak up with their ideas as well as their concerns, without fear of negative consequences if these ideas are opposed to the

# As an aspirational goal, Leading Edge is the stage companies must strive toward.

ones suggested by the leader. There is psychological safety, and the culture is one of trust and encouragement.

## LEADING EDGE

Very few organizations have achieved Leading Edge maturity in any discipline. As an aspirational goal, Leading Edge is the stage companies must strive toward. It is attained when DE&I is fully integrated in the larger risk management discussion. At this level, the risks of not expanding into new, underrepresented markets, developing products for marginalized groups, and not having diverse perspectives at the table must be actively monitored, assessed, and mitigated by leadership, HR, and the DE&I function.

## Discipline 2: Explode the Awareness

**Maturity Measure: The extent to which an organization's leaders and employees are aware of and committed to the value of DE&I.**

Spiritual leaders, psychologists, philosophers, addiction counselors, and leadership experts all concur on where all transformation work must begin: self-awareness. This brings us to the second discipline of inclusive organizations: the ability and commitment to Explode the Awareness. Until organizations acknowledge that there are inequities within their culture, meaningful change will not happen.

Awareness begins with two key questions: What? and Why?

1. *What* is not working well within the organization? Is it representation in leadership, people feeling like they don't belong, or higher turnover for underrepresented talent?
2. *Why* is this happening? Is the cause unconscious bias, outright discrimination, or stereotyping?

These questions are not easy to ask, and few commit to sticking around to hear the answers. Self-awareness begins with the realization that there is inequity in the environment and that inequitable results for different groups are evidence that the organization is not living up to its values.

Unfortunately, leaders often have a limited understanding of the intersection of various issues inside and outside the organization that cause the inequities that harm the bottom line. Inclusive organizations exercising the Explode the Awareness discipline begin to invite voices from the outside to help educate them on why these inequities exist. They take actions to raise the awareness of the sociological realities that are contributing to the inequities both outside and inside the organization.

This explosion of awareness will, in a good way, shake the foundations of the organization as those in power realize—through their collective unconscious biases—that they have been perpetrating the inequitable processes that course through our broader societies.

## BASIC

At the basic level, an organization will create initiatives to raise awareness of what DE&I is. It may publish and communicate its unique definition of diversity, equity, and inclusion and focus on celebrating diversity.

Most organizations start out not knowing what they don't know. Usually, an entity, such as human resources initiates the awareness building and begins to bring that awareness to the rest of the organization.

## PROGRESSING

As organizations progress from Basic to Progressing, they will be bolder about their commitment to DE&I. There may be a diversity statement on its website and have a DE&I council established that sets the overarching DE&I strategy. Affinity Groups for genders, ethnic, or racial groups may develop into employee resource groups (ERGs) that offer support for the recruiting and retention of members and act as beacons to continually surface issues that arise.

At this stage we see more action and teeth behind that desire to do the right thing. For example, unconscious bias training will be focused on skill building. Leaders are enlisted to play their part as the business benefit of a diverse, inclusive, and equitable workplace has crystallized for them. Employees, too, start taking an interest in hearing their

leaders talk about the subject more.

## ADVANCED

In the Advanced stage, organizations speak of diversity in its broadest form, encompassing the full range of human differences and similarities. ERGs broaden from the initial focus on gender, race, and ethnicity to other shared identities and causes, such as ERGs for parents, caregivers, health and wellness, immigrants, and many others.

The focus shifts from a DE&I passion to do the right thing to DE&I competency as a business imperative. It is seen as a critical skill so leaders become willing to learn how to move from bystander to upstander, embracing the concept of allyship.

## LEADING EDGE

In a truly Leading Edge organization, the integration of DE&I as a core value of the organization is complete. Executive leadership and the board all recognize the importance of DE&I to their business and make it a priority in all business decisions. DE&I is woven into the fabric of the organization. DE&I goals, metrics, accountability, and progress are a standard part of the organization's annual report, not as an afterthought, but rather a strategic pillar.

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## Discipline 3: Maximize the Talent Systems

**Maturity Measure: The extent to which an organization has integrated DE&I into the talent management life cycle.**

Various companies who are considered the best of the best when it comes to DE&I have intriguing and energizing design twists to the tried and true, filling leaders' heads with big dreams and great expectations of what they might do for their own companies. But do these efforts, in the end, truly make a difference in transforming organizations into being more diverse, equitable, and inclusive? The answer for companies, unfortunately, has been no.

The authors' diagnostic and root cause research consistently surfaced performance ratings that are inequitable for people of color as well as for women. No surprise, then, that promotions and turnover were also inequitable.

To bring transformational change in the most vexing DE&I issue of equitable advancement, organizations have to look at their structures and determine whether they have

the systems in place to allow all employees to develop and advance. They must turn to the very machinery that manages how people are hired, onboarded, evaluated, coached, developed, promoted, and identified for bigger and better things. They must Maximize the Talent Systems.

Inclusive design principles can be applied within organizations to create talent systems that are inclusive of all human differences using these four core principles:

1. *Define equality.* Begin with an explicit, self-reflective exploration and declaration of what kind of equality the organization stands for and how it manifests itself in talent management.
2. *Unearth inequities.* Discover the “faults in the default.” Examine the data and explore the experiences of different talent groups.
3. *Learn from diversity.* Be curious about people's vast differences and consider the needs, wants, and aspirations of even the most excluded user.
4. *Solve for one, benefit all.* When we make something work for the exception, we will end up with a better design for all. Specifically address the needs of the overlooked users—those whose experiences, mindsets, and visibility are in the minority.

## BASIC

Organizations at the Basic level see a focus on DE&I as a stand-alone initiative. There is no integration of DE&I in HR and talent processes. HR professionals are not enabled or encouraged to apply an inclusive lens when looking at the design of talent management processes.

The HR and DE&I departments of an organization begin to address the most obvious—yet still quite common—gaps. For example, they catch, address, and course correct problematic manager behaviors, which might include giving feedback with stereotypical tropes, such as commenting on the “emotional” nature of a female direct report or opining that members of certain racial or ethnic groups are “undisciplined.”

## PROGRESSING

As organizations progress on their journey, the realization settles in that more of their talent processes will need to be reviewed for inclusion. Many embark on a full inclusive talent management audit, and the findings are often overwhelming. They know that their talent processes need revamping to become more inclusive, but they often

# Oscar-night-worthy high-end product rollouts get all the attention. Yet it's logistics that almost always saves the day.

have neither the funding, the resources, nor the executive support to accomplish this.

## ADVANCED

At the Advanced stage, DE&I initiatives become better resourced and true change starts to happen. Inclusion becomes a lens through which all talent management processes are viewed. Feedback loops are built into everyone's performance management to facilitate continuous improvement. DE&I metrics are put into place that measure the success of talent processes.

HR, DE&I, and senior leaders work hard to enable their middle managers to make equitable talent decisions and to lead their teams more inclusively, specifically with regard to development, advancement, and promotions. They become more cross-culturally insightful about unique organizational barriers their talent may face and then take action to remove those barriers.

## LEADING EDGE

An organization that moves to this aspirational stage will be a place where HR and DE&I are fully integrated and work in true partnership with the full support of the CEO and the leadership team. The DE&I strategy is no longer separate from the talent strategy. Any recruiting strategy or succession management program is inclusive by design. Robust talent analytics are applied to inform these strategies, which include not just who gets promoted to what levels but also how long it takes the various groups to get there.

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## Discipline 4: Master the Logistics

### **Maturity Measure: The extent to which DE&I is integrated with all business operations.**

Inclusive organizations Master the Logistics. They are not just diverse, equitable, and inclusive as an end in itself. They are exceptionally effective at leveraging the DE&I of the organization to get collectively smarter about how to improve processes to improve their bottom lines.

Poor logistics can prevent the most break-through, neces-

sary products, such as COVID-19 vaccines, from reaching the people who need them on time and in good condition. Poor logistics can lead to errors in assembly lines and distribution systems, as seen in the global supply chain meltdowns in the wake of the pandemic. They can lead to dangerous conditions for workers and result in tragedy.

Logistics are not the most alluring part of running a business. So much of the cachet is in slick branding and social media campaigns. Oscar-night-worthy high-end product rollouts get all the attention. Yet it's logistics that almost always saves the day.

## BASIC

Organizations that operate at the Basic stage of Master the Logistics do not recognize DE&I as a driver of business results and will therefore not be set up to seek diversity or leverage the diversity they currently have. DE&I is seen as a topic "handled" by legal or human resources teams and there are no dedicated DE&I resources allocated to logistically critical business functions such as finance, procurement, or quality assurance.

Far from leveraging the diversity of the team to make things more efficient, leaders in organizations at this stage may actually suboptimize their team interactions and dynamics by having an "I treat everyone the same" attitude. They don't believe in different treatment for people who are different.

## PROGRESSING

As organizations progress, they begin to integrate DE&I into select business functions where a link is not initially seen. For example, as leaders become more cognizant of the link between diversity, equity, and inclusion on the one hand and innovation on the other, a business function such as research and development will be tasked with integrating DE&I into its operations.

There is no longer a need to convince leaders that DE&I is necessary. They get that. Where they struggle is in knowing how to do it. It's an inflection point of DE&I maturity reached after the initial steep climb.

## ADVANCED

In the Advanced stage, DE&I becomes integrated into more business functions. That is because more mature organizations are able to make the link between being inclusive and better business outcomes on a whole, even for functions where a direct link to DE&I may not be obvious.

The discipline is applied behaviorally in day-to-day decision making. There is a conscious effort to create diverse teams in every area of the organization which enables it to run most effectively and efficiently. The organization makes skill building through various forms of learning experiences part of the yearly cycle of development for leaders, managers, and employees.

## LEADING EDGE

Leading Edge organizations master their logistics with full integration of DE&I into everything they do. It is embedded within the operational ecosystems, with dedicated resources standing ready to assist leaders within their own functions. Leaders are evaluated based on how they integrate DE&I into their business processes and decisions. Those efforts may include building mechanisms to encourage respectful dissent and to invite and explore different opinions.

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## Discipline 5: See the Marketplace

**Maturity Measure: the extent to which DE&I is integrated with markets, customers, and communities.**

When organizations See the Marketplace, it must go beyond seeing just the segment that is most like us and that we feel comfortable with. Seeing the marketplace is about making efforts to see and include groups that have been historically overlooked, such as women or the Black marketplace. That's when we can reap the benefits of DE&I to our top lines.

## BASIC

Organizations at this stage do not take a strategic and culturally competent approach to serving new and diverse markets. While they may be interested in expanding into different regions of the world, or even to different demographics in existing regions, they very much approach these expansions like it is doing more of the same. Very often branching into new markets at this stage involves taking what is currently being done in the core market and simplistically replicating it for the new market.

Leaders and employees at this stage usually have not been very exposed to cultural differences. They may understand that the market is broadening and that there is a benefit to exploring those different markets; however, they do not yet have the cultural competency to approach diverse markets and customers in an authentic way.

## PROGRESSING

As organizations progress, the need for more cultural competency in their core outward-facing functions, such as marketing and sales, becomes clearer. But even at this stage, it's about more than using a few images of different-looking people in ads. Rather, it's about understanding the cultural context in which people operate. There is an increased understanding that in order to grow a presence in different markets one must actually listen to and seek to understand the culture.

Business leaders start to explore how to utilize inclusive competencies to deliver better outcomes for their customers. They may expand outreach into the communities in which they operate. Advertising becomes more adept because of the recognized need to perform relevant market research to understand the culture and then pull together a diverse team that includes members of the target community, for input and collaboration. The emerging ads have authentic story lines and messaging that makes consumers feel seen and heard.

## ADVANCED

Organizations that are advanced seek to expand their relationships with their diverse markets, customers, and communities, to upgrade these from merely transactional. Their go-to-market strategies are intentionally inclusive; in fact, inclusion becomes part of the organization's brand. All advertising is done with an inclusion lens, meaning even ad campaigns for a "local market" shows the diversity in the local geography. DE&I metrics are applied to measure success.

Leaders and managers actively influence change by embedding inclusive and cross-cultural competencies across markets and initiatives and build it into the very function of brand building. They use the very platform of their brand to ask underrepresented talent or groups to share their differentiated lived experience in order to create the most appropriate marketing messages. By tying the brand to the value of diversity, these leaders build trust among new market segments.

## LEADING EDGE

Leading Edge organizations have DE&I expertise distributed throughout all outward-facing functions—marketing, sales,

and customer service— as well as through the functions that only tangentially touch the marketplace, such as legal. DE&I metrics are embedded into all lines of management in all markets, and business outcomes are regularly evaluated to ensure sustainability and to course correct when needed.

The work of DE&I practitioners requires a cold-eyed look at the facts and all the bad things that happen while maintaining hope that can transcend the wrongs caused by greed, indifference, and pride to achieve the greater good. We map out the very brutal realities we face as a species, and yet we choose to lead with the hard-edged optimism that we can change course. Through implementation of the five disciplines of inclusive organizations, we can lead organizations to dream big, leveraging the power of their scale, influence, brand, and people to further diversity, equity, and inclusion to transform the world.



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