

# How to Convert Diversity Aspirations into a Competitive Advantage

It is widely acknowledged that diversity is good business. As evidenced by a recent study from McKinsey & Company (see sidebar), companies with more diverse leadership teams – in terms of gender, race, ethnicity, and age – outperform their competition.

It is no longer a question of whether diversity makes sense for executive leadership teams and boards – it does. The question on the mind of most companies now is how to ensure that their diversity recruitment efforts are successful. While most companies have good intentions when it comes to diverse leadership hiring, they often fall short of their aspirations. Diversity of race, gender, ethnicity, thought, and experience are all important contributors to innovation and success.

In my experience working with C-level executives and boards, the root cause of this is that most companies tend to be reactive when filling senior-level leadership roles, typically waiting to initiate a diversity search until after an active opening exists.

Time is the enemy of diversity. The longer a position is open, the more costly it becomes, and the less likely companies are to patiently wait for a strong diverse slate. Because there are fewer diverse candidates in the marketplace, they are more difficult to identify, and the competition to retain and attract them is intense. If there is pressure to fill an open position because someone left unexpectedly, was promoted, or was terminated, diversity can become less of a priority than filling the position as quickly as possible.

Many companies find themselves in this position because they don't have a proactive, anticipatory, and ongoing external succession program that emphasizes diversity of all kinds. Such a program ensures that a company is better prepared for unexpected departures and has a pipeline of outstanding diverse candidates when the inevitable need does occur.

Why limit this to diversity talent? Another benefit of this pipeline of leadership talent is that it is often a catalyst for upgrading any mediocre talent (diverse or otherwise) that may exist in the organization. When a company meets an outstanding candidate, they can be opportunistic about finding a place in the organization for them.

"Progress isn't just slow – it's stalled," said Sheryl Sandberg and Rachel Thomas in [a recent article in \*The Wall Street Journal\*](#). Discussing what can be done to close the gender and diversity gap, they said, "Companies need to take bold steps to make the race fair."



## THE IMPORTANCE OF DIVERSITY

- Companies in the top 25% for racial and ethnic diversity are 35% more likely to have financial returns above national industry medians
- Companies in the top 25% for gender diversity are 15% more likely to have financial returns above national industry medians
- Companies in the bottom 25% for gender, ethnicity, and race are less likely to achieve above-average financial returns
- For every 10% increase in racial and ethnic diversity on the senior-executive team, EBIT rises 0.8% for companies in the U.S.

Source: McKinsey & Company, "Why Diversity Matters," January 2015; Vivian Hunt, Dennis Layton, Sarah Prince

To help companies convert their diversity aspirations into a competitive advantage, Howard Fischer Associates has developed the Leadership Pipeline Program.

### **The Leadership Pipeline Program**

The Leadership Pipeline Program is driven by our belief that the most successful solution for attracting outstanding diverse leaders is to be proactive and anticipatory. The program enables our clients to meet and build relationships with well-qualified, diverse candidates well before an actual opening exists.

While a traditional executive search is typically a four-to-six-month engagement, we recommend the Leadership Pipeline Program for positions that may not need to be filled for seven to 24 months.

The key to the program's effectiveness, and what makes it unique, is the rigorous and disciplined process for follow-up tracking and engagement with the most interested and qualified candidates.

The McKinsey & Company study referenced in the sidebar, which looked at more than 400 companies employing over 20 million people, demonstrates that the demand for outstanding diverse business leaders far exceeds the supply. The Leadership Pipeline Program enables companies to proactively fulfill their diversity aspirations and effectively compete in this challenging environment.

#### **FOR MORE INFORMATION**

About Howard Fischer Associates and the Leadership Pipeline Program, contact us.

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**Howard Fischer**  
**FOUNDER AND CEO**

Howard consults with CEOs, boards of directors, and senior executives nationwide to help them identify, evaluate, and attract senior executives and board members. He was the founding president of the National Association of Corporate Directors (NACD) - Philadelphia Chapter, and he has written numerous articles on executive and outside director search.

#### **HOWARD FISCHER ASSOCIATES**

A leading executive and board search firm, with offices in Philadelphia, Boston, Silicon Valley, and Chicago. Our success stems from our belief that exceptional leadership is the most powerful competitive advantage a company can have in the global marketplace. We are focused on the long-term success of a candidate throughout the search process and after the hire. We are also interested in helping clients build great teams to achieve their goals, not just execute single-hire transactions.

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