

# Inclusive leadership strategy as a business imperative

August 2024



**The macro forces reshaping the global workforce and the increasingly multigenerational workplace are putting pressure on legacy recruitment, retention, and workforce development systems. On July 17, 2024, board directors and senior executives from leading corporations and institutional investors met to discuss how the changing talent landscape is challenging organizations and their boards to rethink their approach to developing the inclusive talent pathways and diversity, equity, and inclusion (DEI) strategies that drive competitiveness and business resiliency.**

Participants were joined by Monique Nelson, executive chair; Doug Freeman, president of global reflections and inclusive leadership practice; and Fred Smith, executive vice president of operations, at [UniWorld Group](#).

This *Summary of Themes*<sup>1</sup> highlights the following key insights emerging from the conversation:

[Trends and demographic shifts influencing the workforce landscape](#)

[Building an inclusive talent strategy and workplace culture](#)

[Empowering the board to advance inclusive culture](#)

*For a list of meeting participants, see appendix on page 7.*



## Trends and demographic shifts influencing the workforce landscape

Macro forces are reshaping the global workforce, disrupting the talent marketplace, and complicating international talent mobility in ways that will dramatically affect the work environment over the next few decades. Participants discussed two dominant forces:

- **Global demographic forces.** Mr. Freeman highlighted six major demographic strands that together are reshaping the talent landscape across the globe: age, religion, gender, sexual orientation, disability, and race/ethnicity/immigration. He also pointed to additional demographic shifts that are more local to a specific country or region. For example, he said, *“In the US, veterans might be viewed as a local strand, or in the European Union, the Roma or people who are nomadic in nature may impact labor and workforce outcomes.”* Mr. Smith added that *“climate is having a profound impact on the movement of people across the globe,”* further affecting the talent landscape for global companies. The intersections among these strands will require global organizations to adjust their talent strategies to meet the shifting expectations of an increasingly diverse talent pool.
- **Generational differences in the workforce.** The presence of multiple generations in the workforce is creating tensions around values and expectations. Mr. Smith noted that *“the vast majority of people who are in leadership roles are older, and they have a difficult time connecting with the new generation.”* And younger workers are often coming to the workplace with a different set of skills and experiences, challenging traditional models of development. *“A lot of the newer people in the workforce aren’t going to college because it’s not a good return on time and investment. We have a workforce that may be undereducated and underskilled seeking the right kind of culture from corporations who will provide them an opportunity to grow and change,”* Mr. Smith said. In this landscape, organizations may struggle to provide younger workers with the right environment; Ms. Nelson noted that too often leaders *“expect new workers to come into the workforce with batteries included,”* rather than investing in training and equipping them to succeed.

Against the backdrop of these major forces, one participant pointed out that almost every business asserts that people are its most valuable asset, but many organizations struggle to make talent strategy a primary business imperative. The key question is, *“How are you making sure that you have the talent strategy of tomorrow, not the talent strategy of 20 years ago?”*

## Building an inclusive talent strategy and workplace culture

Part of an effective talent strategy is, according to one participant, to *“be incredibly deliberate about making your company the most attractive company in your sector for a diverse talent pool to work for—to join, to be developed, and to make progress in their careers.”* Doing so requires paying careful attention to the entire talent lifecycle. Mr. Freeman said, *“It’s about inclusion from the very beginning, from sourcing all the way through to succession planning. And that means how you source, how you recruit, how you onboard, how you develop, and how you evaluate.”*

Participants identified several pillars of an inclusive talent strategy:

- **Using data to assess inclusive culture.** Participants emphasized the importance of taking an analytical approach to evaluating workforce diversity and the inclusiveness of workplace culture. Data on recruiting, retention, and promotion is crucial, and Mr. Freeman noted that *“those analytics will start to paint a picture to determine where there are leaks in the talent lifecycle pipeline.”* He emphasized that employee evaluations are a key area where analytics can reveal bias: *“We found that data analytics show differences in groups of particularly diverse talent in terms of their average evaluation score, in some cases being lower than the overall mean average. So how do you expect diverse talent to move forward if, as a group, their scores are somehow, almost magically, not even at the mean for the overall organization?”* Quantitative data can be supplemented by more qualitative information, such as engagement survey data broken down by demographics, insights from employee resource groups, and results from investigations and employee complaints. One participant observed that given the wealth of data, the key question is, *“How do we make sure we’re getting the right data into the right leaders’ hands so that it can help inform our decisions?”*
- **Demonstrating inclusive business value.** While participants agreed that inclusive talent strategy and broader DEI initiatives drive business performance, one participant acknowledged, *“Those of us who believe in the benefits of DEI have done a very bad job of really advancing the business case for it.”* Another participant noted that in conversations with DEI leaders, *“one thing that came up was the question, Has anyone really solved the business case for diversity? The reality is, it’s loose. We all know it makes sense, but we haven’t seen enough cases where it works.”*

Participants discussed the issues they face in linking diversity to financial performance and strategies for making a credible business case for inclusive talent:

- **Creating the link with the business and breaking out of the human resources silo.** One challenge is that DEI can be viewed exclusively as a people and talent issue, rather than one that is tied to overall business

strategy and operations. To counteract this tendency, it can be helpful if the executive driving diversity has had leadership roles across business lines rather than coming up through the human resources function. *“I don’t think the CDOs [chief diversity officers] were ever set up for success. They were brought in from a people perspective, so when they then tried to tie diversity to a business result, it made it very difficult to be able to create a credible business case,”* one participant said. Leadership from the top of the house is also crucial. *“It has to be led by the CEO, ideally with a lot of involvement from the board, in order to be clear that this is not an HR initiative because, with all due respect to HR people, if the CEO is not 100% bought in and the one banging the drum on this every single time they get a chance, then when the budgets change, it gets deprioritized,”* said one participant.

- **Using data to tie DEI to specific business outcomes.** Mr. Freeman said, *“In many cases, DEI isn’t framed with effective data analytics to support the inclusive business value,”* noting that this is especially relevant in sectors where a company’s ability to serve a diverse customer base comes from having diverse talent. *“If you don’t have a diverse workforce but are catering to a diverse consumer base, you have to evolve your data metrics and strategies to be able to accommodate all of the needs of the business.”* The key to influence is to demonstrate the link between diversity and concrete business outcomes. One participant said, *“The data that I’m bringing forward is not only related to people; it is also about how to drive BIPOC [black, indigenous, and people of color] market share, about the changes in the demographics of the total population we serve, and customer sentiment. It’s about driving sales. For example, I can show that for every 10 basis points of BIPOC market share, we add \$2.4 million in revenue.”*
- **Analyzing the intersection of DEI, power, and decision-making.** Diversity is about more than representation. One participant said, *“When I think about DEI, I actually don’t think about how many whatever people we’re hiring. That’s where I think oftentimes the business case gets a little loose because people start to measure just numbers and then it becomes a recruiting tool. I’m talking about people that are in positions of power making very specific decisions that drive business one way or another—that’s completely different.”* Organizational structure also matters; several participants pointed to examples of CDOs who report directly to the CEO and have access to the board as empowering DEI efforts. *“When you have power, you can do what you know you need to do,”* said Mr. Freeman.
- **Employing deliberate language about inclusion.** Several participants noted that the current environment has led to caution around the language their organizations use when communicating about developing inclusive efforts. A participant said,

*“We’re more aware about how we report on DEI efforts and initiatives to make sure that we’re not being viewed as doing something ‘woke.’”* Another participant encouraged companies to be clear about the implications of the words they use. For instance, while some organizations have integrated the language of belonging, one participant cautioned that such language might create unrealistic expectations: *“Workplaces are not designed for true belonging, especially for marginalized communities.”* Better to focus on concrete realities: *“It’s about going to work, getting paid, not being discriminated against, being equipped, and having some opportunities to advance.”* Another participant emphasized reframing the concept of belonging through the language of comfort and safety: *“My approach is to ask, Do you feel comfortable coming into the workplace and doing your job? Do you feel safe to do your job and be yourself?”*

## Empowering the board to advance inclusive culture

Board leadership is critical, but board time and attention is limited and boards often lack standardized oversight and reporting practices for talent metrics. Participants explored strategies for enhancing board engagement on DEI and inclusive talent strategy:

- **Cultivating diversity from the top.** Participants agreed that board diversity is a critical measurement of an organization’s commitment to inclusion and that diverse boards are better equipped to drive inclusive talent strategy. Several participants recounted examples where the results of diversifying representation at the board level unlocked progress. *“The number one data point is what the board looks like and how intentionally diverse is your board, because those are the ones that are helping to make those decisions and steering the CEO to make decisions that impact marginalized communities,”* one participant said.
- **Empowering the board with meaningful data.** DEI leaders recognize the need to deliver the kind of information that can enable boards to effectively oversee inclusive talent strategy. One participant said, *“The goal is to assess whether boards are overwhelmed with data, how they engage with human capital strategies, and to set clear expectations that go beyond diversity metrics, ultimately ensuring that strategies receive meaningful support from the board.”* Another agreed: *“We try to distill information so that we can meet boards where they’re at, but also set clear expectations beyond the diversity metrics.”*
- **Educating the board.** Ms. Nelson emphasized the importance of educating boards about the impact of DEI on both talent strategy and overall strategy. Given profound demographic shifts, she said, *“There are very few organizations that won’t have to understand the critical change that’s going to happen to their workforce as well as their consumer base. I think it’s going to be more and more imperative for boards to be educated about those implications—and those conversations are critical to setting the strategic vision for any organization moving forward.”*

## About Tapestry Networks

Tapestry Networks brings world-class leaders together to tackle complex challenges and promote positive change through the power of connected thinking.

## About UniWorld Group Inc.

UniWorld Group Inc. is the longest-standing multicultural advertising and marketing agency in the U.S., with a global presence across North America and Africa. As a strategic partner of WPP, we have brought industry-leading expertise in creating powerful cultural moments through exceptional storytelling and insights-driven strategy for over 50 years. As a minority-owned, women-led agency passionate about purpose, culture, and identity, we remain committed to founder Byron Lewis' groundbreaking legacy of elevating diverse voices and perspectives for iconic brands. For more information, visit [uwginc.com](http://uwginc.com), and follow us on LinkedIn and Instagram.



## Appendix: Participants

The following members participated in all or part of the meeting:



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Eric Baldwin  
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Counsel  
Mattel



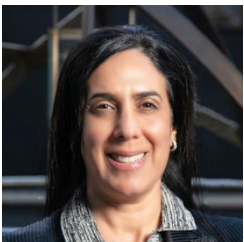
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Board Advisor  
EQapp and Illuminus



Kathryn Collins  
Senior Vice President  
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Resources Officer  
Energy



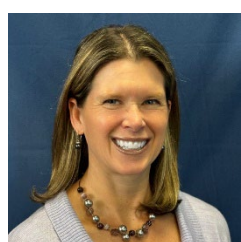
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BlackRock Investment  
Stewardship



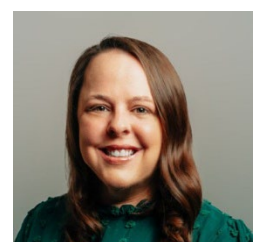
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The following members participated in all or part of the meeting:



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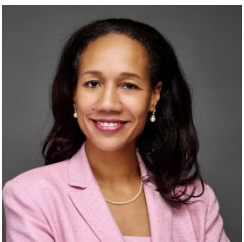
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## Endnotes

<sup>1</sup> *Summary of Themes* reflects the use of a modified version of the Chatham House Rule whereby comments are not attributed to individuals or organizations. Quotations in italics are drawn from conversations with participants in connection with the meeting.