

# 5 Steps to Diversity & Inclusion

## A practical guide

An initiative of



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## Diversity & Inclusion

### The business case

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In an increasingly competitive global market, insurance and the Lloyd's market in particular, must not become complacent. While many see diversity and inclusion as simply 'the right thing to do', **the business case is strong.** Here is a snapshot of the research that has been published on the subject:

**The Centre for Talent Innovation** found that a diverse workforce led by inclusive leaders is not only likely to be more innovative, but also better able to take these innovations successfully to market. Their 2013 report, Innovation, Diversity and Market Growth, found that **organisations that rate highly on D&I are 70% more likely to have success in new markets** and 45% more likely to improve their market share.

Research from non-profit organisation Catalyst shows Fortune 500 **companies with a higher representation of women board directors outperform their peers by 53%** in terms of return on equity, 42% in returns on sales and 66% on returns on invested capital.

**McKinsey & Company's** Diversity Matters shows companies in the top quartile for racial and ethnic diversity are 35% more likely to outperform competitors. More diverse companies are better able to win top talent and improve their customer orientation, employee satisfaction and decision-making, according to the report.

**PwC's 2015 CEO survey** finds that 85% of CEOs whose organisations have a diversity and inclusion strategy say it has improved their bottom line.

**Inclusion@Lloyd's 2016 survey** found 27.5% of Lloyd's market HRDs were aware of clients asking for D&I credentials as a supplier requirement.

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**27.5%**

Lloyd's market HRDs are aware of clients asking for supplier D&I credentials

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## Introduction

### What's inside

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**In April 2016 Inclusion@Lloyd's published its first research into the state of Diversity and Inclusion in the Lloyd's market. We asked the D&I Charter signatories all about their current practice and their future plans for D&I and what help they would value.**

One clear mandate that came back from those conversations was for Inclusion@Lloyd's to issue guidance on best practice to help translate awareness into action. This short guide has been produced in response. It focuses particularly on advice for companies who are at the start of their D&I journey, whatever their size. In five logical steps, it looks at how to get started and how to build up activity in a sustainable way with the right support to increase the chances of successful, measurable business outcomes.

This guide is published to coincide with the start of the second Dive In Festival for Diversity & Inclusion in Insurance. We hope that the combination of the week's 'deep dive' events and this simple 'how-to' guide will inspire more of you to focus on the benefits of inclusive workplace cultures that also make good business sense.

#### **Dominic Christian**

Chair of Inclusion@Lloyd's

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## Executive sponsorship and support

### Step One: Getting off on the right foot

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When embarking on a new programme of D&I activity, it's critical to have in place an executive sponsor from among the leadership team.

Many firms will have someone who is passionate about creating a level playing field for talent, usually from their own personal experience. It helps to find someone who is well respected in a front line position in the business who can influence the organisation.

This helps in a number of ways: It ensures that D&I will be discussed at the highest levels in the business as a commercial imperative (not dismissed as 'merely' an HR issue); it helps to ensure appropriate resources are assigned and can create pressure to review policies and processes to begin to bring about real change.

D&I best practice relies on workplace culture and changing attitudes and behaviours. That is much easier to do if you have the backing of someone who can be a role model for inclusive leadership.

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#### 1.0 Give them a role

Help your executive sponsor to be effective by giving them a specific role to fulfil. Make them Chair of a diversity council, or champion of a new policy that needs board-level buy in.

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#### 2.0 Get behind a purpose

Anchor your D&I purpose with your business strategy. If you can align executive focus on the big picture, they can be much more effective advocates for your work. Purpose is powerful and senior executives know how to galvanise action.

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Our research indicated that:

35%

of senior leaders are very engaged in the D&I agenda

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## Executive sponsorship and support

### Share experiences : JLT

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JLT's Diversity Forum was set up in 2015 with the backing of Deputy CEO Mark Drummond Brady. The group is made up of a variety of individuals from the business, with only two representatives from HR, Miriam Earley, Director of HR Programme, (who set up the Forum) and Russell Martin, Group HR Director. The Diversity Forum's short term focus is gender issues. "Rather than trying to address all areas of diversity and inclusion at the beginning, we felt it was important to get the Diversity Forum off to a solid start and focus on an issue where we are confident we can make an impact." said Mark.

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Key responsibilities include suggesting and developing new initiatives that will improve diversity and inclusion and advising on how to integrate them into the business. The group decided that the key purpose of the Forum is to 'increase the diversity and inclusivity of the workforce so that it is more reflective of the demographic make-up of our client base and society in general.' The Forum has developed a three-pillar strategy that includes networking, sponsorship of activities that support D&I in the industry and activities that enhance the careers of staff. [\[To read the full case study, please see 'Holding up the Mirror' Research report\].](#)

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## Frameworks for action

### Step two: Bring D&I into sharp focus

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To get people interested and involved, D&I needs to be seen and heard around the company. A good starting point is to **draft a D&I policy and put it online on the intranet or website** (if it's written for an external audience, it can also be a positive recruiting tool) and why not include it in the staff handbook, and use as part of the induction process?

Many companies start simply with an Equal Opportunities Policy and build from there. D&I policies can be developed on top of the baseline of the legal requirements for parental leave and adoption, religious observances, flexible working and gender reassignment. Setting out the desired culture, values and behaviours is a practical next step.

To make D&I strategies meaningful, they are often linked to business and performance reviews, to embed them into the business as a performance measure and benchmark for values and behavioural competencies for example.

The business case for establishing a D&I policy is growing daily. Clients are increasingly asking for D&I credentials as part of the bidding process. The trend is most advanced in government-led organisations and in the private sector. But this is changing rapidly.

Setting up a D&I council (or forum) can help ensure that representatives from around the business either help draft the D&I policy, or help roll it out, bringing different skills and ideas to the table. As mentioned in Step 1. If you are going this route, key to success is to have an executive sponsor as Chair. Take time to agree and articulate the mission of the group up front as this will help prioritise activity and identify what successful outcomes might be.

Reach out to organisers of similar groups to ask for insights and advice. Sharing resources in a small way can lead to all sorts of useful collaborations and time saving knowledge transfer.

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**“Clients are increasingly asking for D&I credentials as part of the bidding process.”**

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## The 5 steps

### Step five

Measure your D&I progress and use the data you collect to manage positive outcomes for the business to facilitate meaningful evaluation and reporting over time.

### Step four

Encourage development of internal Employee Resource Groups (ERGs) or membership of external groups in smaller companies to help build an inclusive workplace culture from the ground up.

### Step three

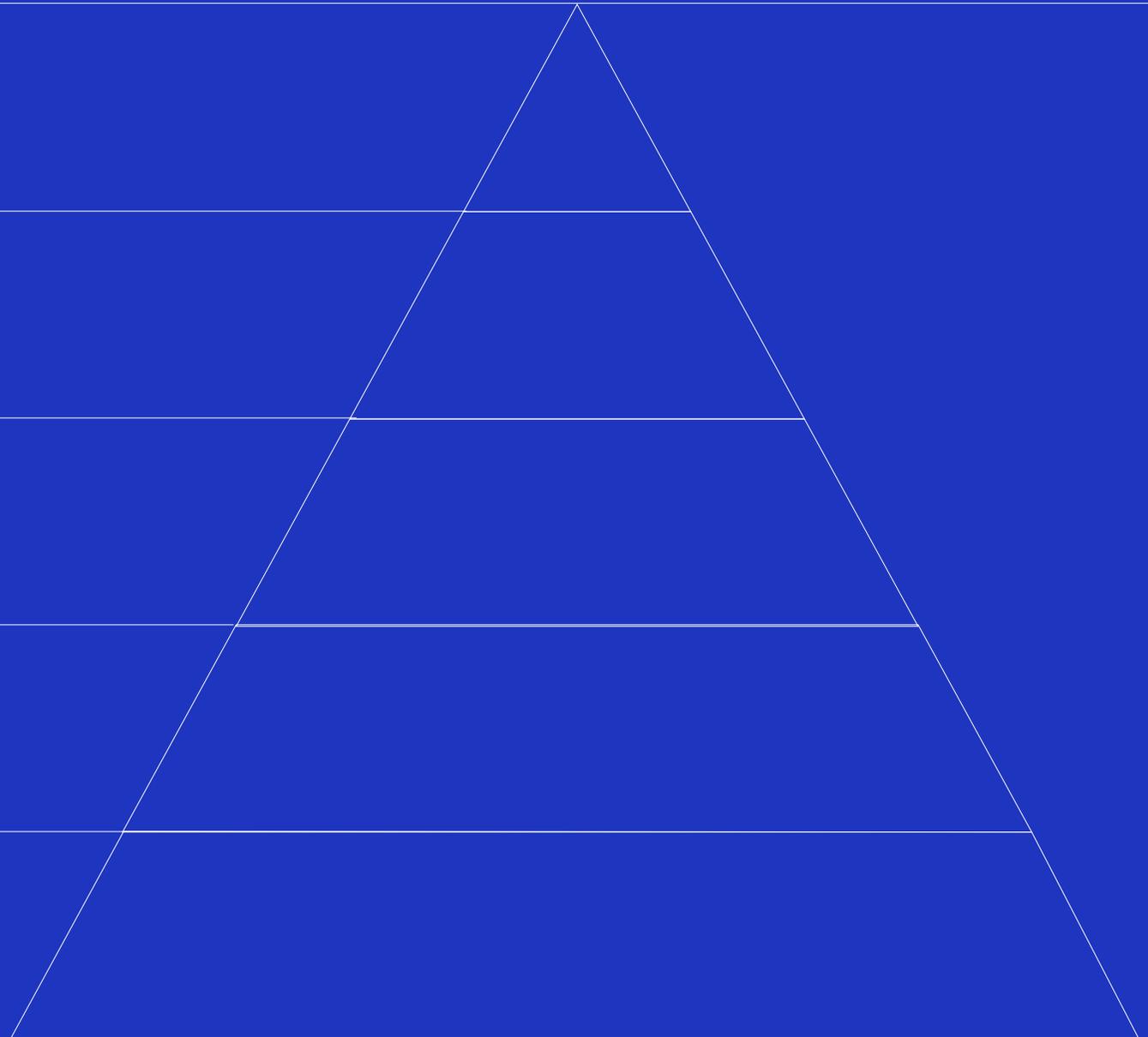
Ensure that there is training and development available to support your D&I goals. Core subjects to focus on are inclusive recruitment and selection, inclusive leadership and unconscious bias.

### Step two

To get people interested and involved, D&I needs to be visible around the company and designed to be eye-catching. A good starting point is to draft a D&I policy and put it online on the intranet or website.

### Step one

When embarking on a new programme of D&I activity it's critical to find an executive sponsor from among the leadership team.



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## Awareness & learning

### Step three: Getting everybody to buy into D&I

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Experienced D&I practitioners often talk about **'a-ha' moments** when individuals they are working with have a breakthrough about why this subject is relevant to them and their organisation. The challenge for anyone who has ever grappled with organisational learning and change management is how to bring whole groups of people to the same point of understanding simultaneously as the precursor to changing attitudes and behaviour.

This is particularly true of D&I which many time poor managers struggle to view as a priority, or simply don't understand how it links to them, their objectives and their business.

A good way to create a positive 'intervention' is through D&I awareness training in areas such as inclusive recruitment and selection, inclusive leadership and unconscious bias. These core D&I subjects convey the message that each of us has inbuilt biases that we are not even aware of that impact how we conduct meetings, interviews and performance reviews for example.

Post training, it is important to incorporate D&I practice into the everyday way we do business. Short videos are a useful tool for a quick follow-up refresher. The Dive In Festival web site features pithy learning videos from the events which cover subjects including unconscious bias training. They can be viewed [here](#) with only an email login.

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**Unconscious bias training is the cornerstone of D&I education**

55%

of Lloyd's market companies conduct D&I training

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57%

are set to increase D&I training provision in 2016

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## Employee Resource Groups

### Step four: Finding champions and role models

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The presence of and visible support for Employee Resource Groups (ERGs) helps **create an inclusive workplace culture from the ground up.** Although size of organisation can be a barrier to developing ERGs in house for smaller organisations, (82.5% of respondents in our research said they don't have ERGs at the moment) **57.5%** reported that people do belong to external D&I groups like Link (LGBT) and Women in Insurance.

ERGs (internal or industry-wide) are an established means of building peer group support. Rather than the task falling perhaps to the HR team, people who experience similar issues can offer much more authentic and knowledgeable support to others.

Examples include working families, LGBT groups, young professionals, people with physical and mental impairments, multicultural and faith groups. Their role in building diverse and inclusive workplaces is multi-faceted: as well as making people feel valued and providing a sounding board for their needs, they can also help their organisations by acting as internal consultants.

Organisations committed to attracting and retaining a diverse work force, or who want to revise policies around issues such as parental leave to be more progressive employers, or even when developing new products and services should always consult with their in-house 'experts' first.

If you are setting up an ERG for the first time, things to consider include: How will it be funded and otherwise supported by functions such as internal communications? Is there a clear mandate and route for contributing knowledge and ideas back to the business? Who from your leadership team could be the executive sponsor?

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**Our research showed:**

**57.5%**

HRDs reported that staff belong to external D&I groups

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**“Their role in building diverse and inclusive workplaces is multi-faceted: as well as making people feel valued and providing a sounding board for their needs, they can also help their organisations by acting as internal consultants.”**

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## Employee Resource Groups

### Share experiences : Aon UK

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Head of Diversity & Inclusion, Katherine Conway defines employee resource groups (ERGs) as “groups that look out for the needs of colleagues right across the business. They’re support networks” she says “but they also shape policy and make sure we’re in line with best practice.”

Aon’s D&I policy has been supported by ERGs for around seven years and currently there are six groups including Disability and Mental Health, Multicultural and Pride Alliance. “They help us drive the right culture, ensuring that we’re behaving inclusively and promoting the right people.”

ERGs are voluntary, and their only cost is in the events which are put on. It can be minimal, like a lunchtime session to talk about a specific topic, or a large event. For example The Stonewall Workplace Equality Index launch was hosted in-house by Aon’s LGBT group and did a lot to raise awareness of the issue.

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“ERGs also shape policy and make sure we’re in line with best practice.”

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“They help us drive the right culture, ensuring that we’re behaving inclusively and promoting the right people.”

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## Measurement & evaluation

### Step five: Build a clear picture of D&I in the business

It's not easy to report on what isn't measured and **robust data is invaluable in demonstrating the business case for D&I**. This is why the last of our 5 steps is focused on measurement and evaluation. We need to establish a starting point in order to be able to demonstrate progress in D&I both at a company and a sector level.

Diversity scorecards can be helpful:

- In providing a clear picture of the organisation
- For goal and objective setting relating to diversity strategy
- Assessing and measuring progress against those goals
- Prioritising key areas of focus and initiatives
- Communicating progress to wider stakeholders

The Lloyd's approach is to focus on the following 4 aspects of D&I to develop insights that can be applied back to the business:

**Measuring** how diversity is created through the recruiting process, in job applications, offers and refusals, by looking at the representation of diversity in the business

**Managing** diversity through promotions, career planning, succession planning and performance reviews

**Valuing** diversity through leadership behaviours, employee satisfaction, work/life balance and company values and culture

**Leveraging** diversity in external relationships and reputationally with potential clients, expanding into new markets, with suppliers, local communities, and through market innovation and creative thinking

**Our research indicated that:**

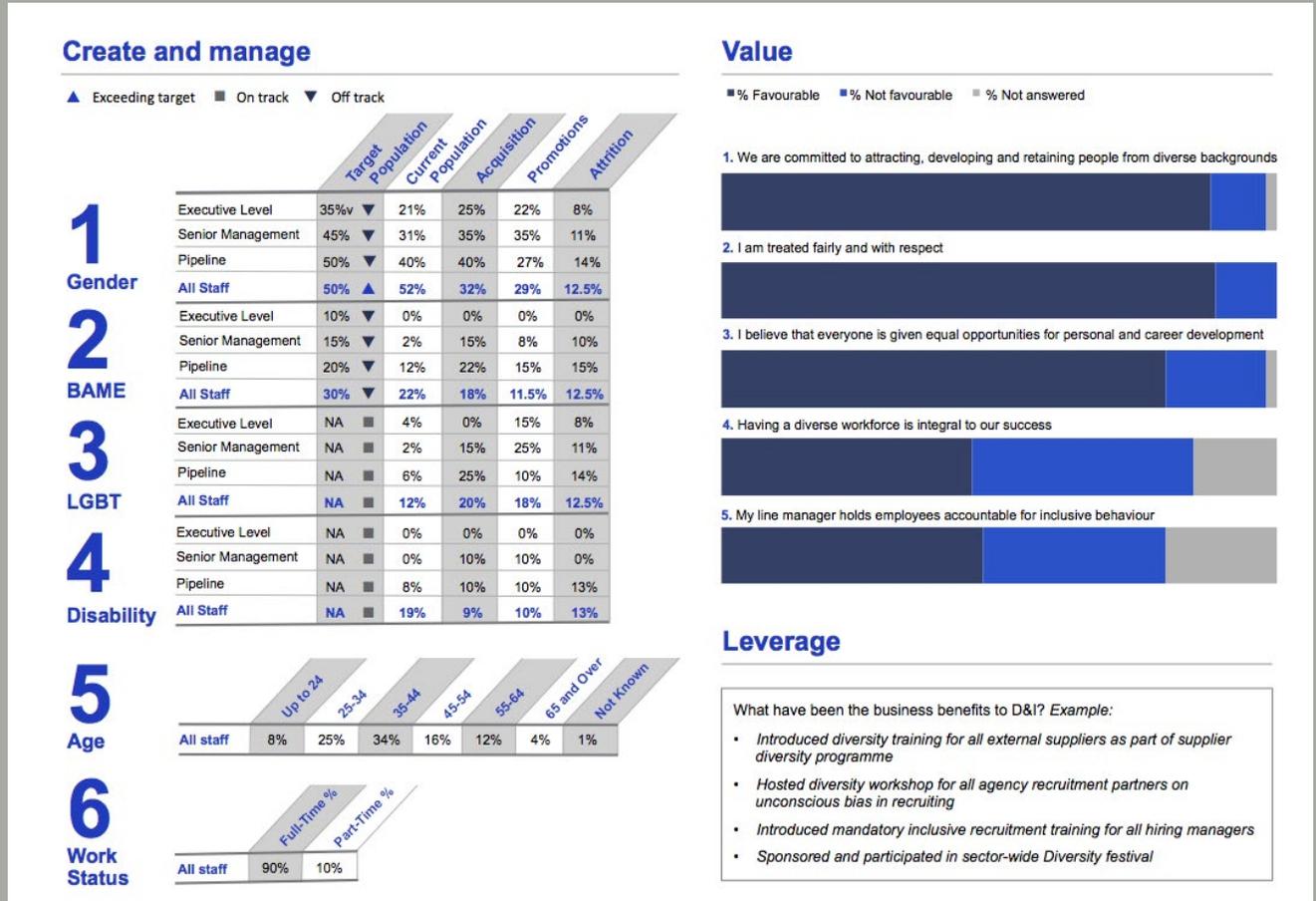
# 60%

of Inclusion@Lloyd's Charter signatories capture D&I data on their workforce

# The Lloyd's D&I Scorecard

Lloyd's has created a D&I scorecard to help market companies get a clear picture of D&I in the business. The editable scorecard and guidance for completing it can be downloaded from [www.lloyds.com/inclusion](http://www.lloyds.com/inclusion)

The version which appears here contains data which is for illustrative purposes only.



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## About Inclusion@Lloyd's

**Inclusion@Lloyd's (I@L) is the steering group for diversity and inclusion (D&I) strategy, governance and best practice in the Lloyd's market. Its mission is to ensure Lloyd's is a diverse and inclusive market, capable of attracting and retaining the best talent in support of the Lloyd's Vision 2025 goals.**

**It comprises representatives from 15 organisations including the Corporation of Lloyd's, the Lloyd's Market Association, the International Underwriting Association of London (IUA) and London & International Insurance Brokers' Association (LIIBA).**

**As well as the information contained in this booklet, please visit [www.diveinfestival.com](http://www.diveinfestival.com) to view learning videos and other useful resources from the Dive In Festival. To download the app for iPhone, please visit the App Store or Google Play for Android and search for 'Dive In Festival'.**

An initiative of



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