

WHY DIVERSITY, EQUITY AND INCLUSION (DEI) WILL NOT BE ENOUGH TO SAVE CORPORATIONS

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REFRAME



TABLE OF CONTENTS

LETTER OF INTRODUCTION3

ASKING THE RIGHT QUESTIONS AND RESTATING THE PROBLEM4

REFRAME PROBLEM STATEMENT5

BACKGROUND AND METHODOLOGY.....6

EXECUTIVE SUMMARY.....7

KEY FINDING #1.....8

KEY FINDING #2.....10

KEY FINDING #311

KEY FINDING #4.....12

KEY FINDING #5.....13

CONCLUSION & CALL TO ACTION15

LETTER OF INTRODUCTION

In the midst of the George Floyd incident and racial reckoning globally generation three, I was on the front lines where corporations were asking the question “what can we do to help solve a decades old problem.

A great question at the time, however there were quiet whispers in the rooms and hallways after the meetings where many professional blacks and people of color in those rooms were asking the question, what were they looking to be saved from?

From 1619 to 2020, the blood of many had been shed, sacrifices had been made and now 60 years after the vision of integrating the workplace through diversity, equity and inclusion, corporations were miffed at the idea their social contract had come to this! Now what? Corporations knew they had to future proof their business and this meant throwing out the old DEI playbook.

This does not mean dismantling the practice of diversity, equity, inclusion and belonging altogether, but rather, enhancing it with a change management approach in order to build a workplace of sustainable and scalable cultural inclusion.

Since 2015, Reframe pursued the idea of modernizing the practices of DEI and Multicultural Marketing. Both practices were founded on the idea of integrating the workplace through DEI and integrating the marketplace through multicultural marketing. Beginning today, we are sharing our findings from years of developing a change management approach that replaces DEI with inclusive employee experience (IEX) design replacing multicultural marketing with inclusive customer experience design (ICX).

The purpose of this white paper, Why DEI Will Not Be Enough To Save Corporations is to share insight and findings based on a research study conducted by Reframe in partnership with Suzy Research and the World Advertising Research Center (WARC). The ask: how can corporations move beyond the idea of diversity for diversity’s sake and instead reach a level of scalable and sustainable change that reflects the New Majority population and the Future of Work.

We hope the findings of this report inspire you to take action by pledging to Just Say No To DEI and Yes to Change Management. The time is now and our intent is to provide another proof point for why Corporations need to reframe DEI and instead implement Change Management practices for solving a decades-old problem.

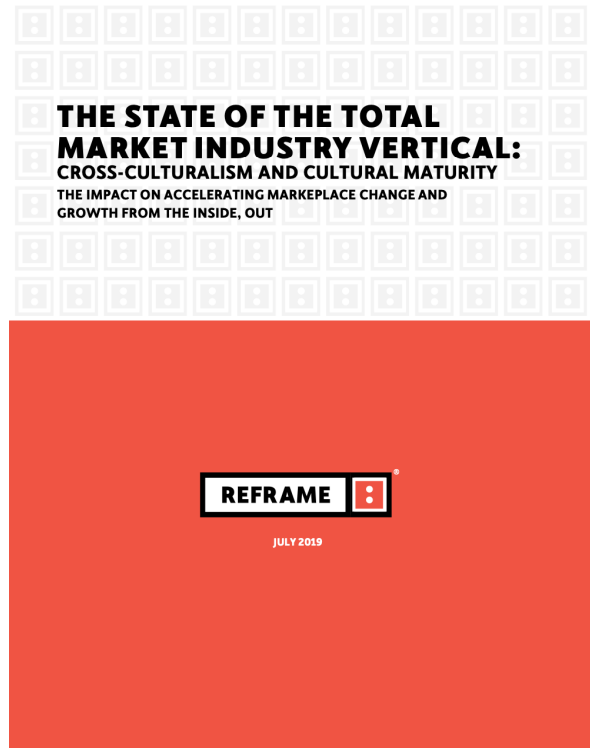
But first, let’s take a step back and share how we got here.

ASKING THE RIGHT QUESTIONS AND RESTATING THE PROBLEM

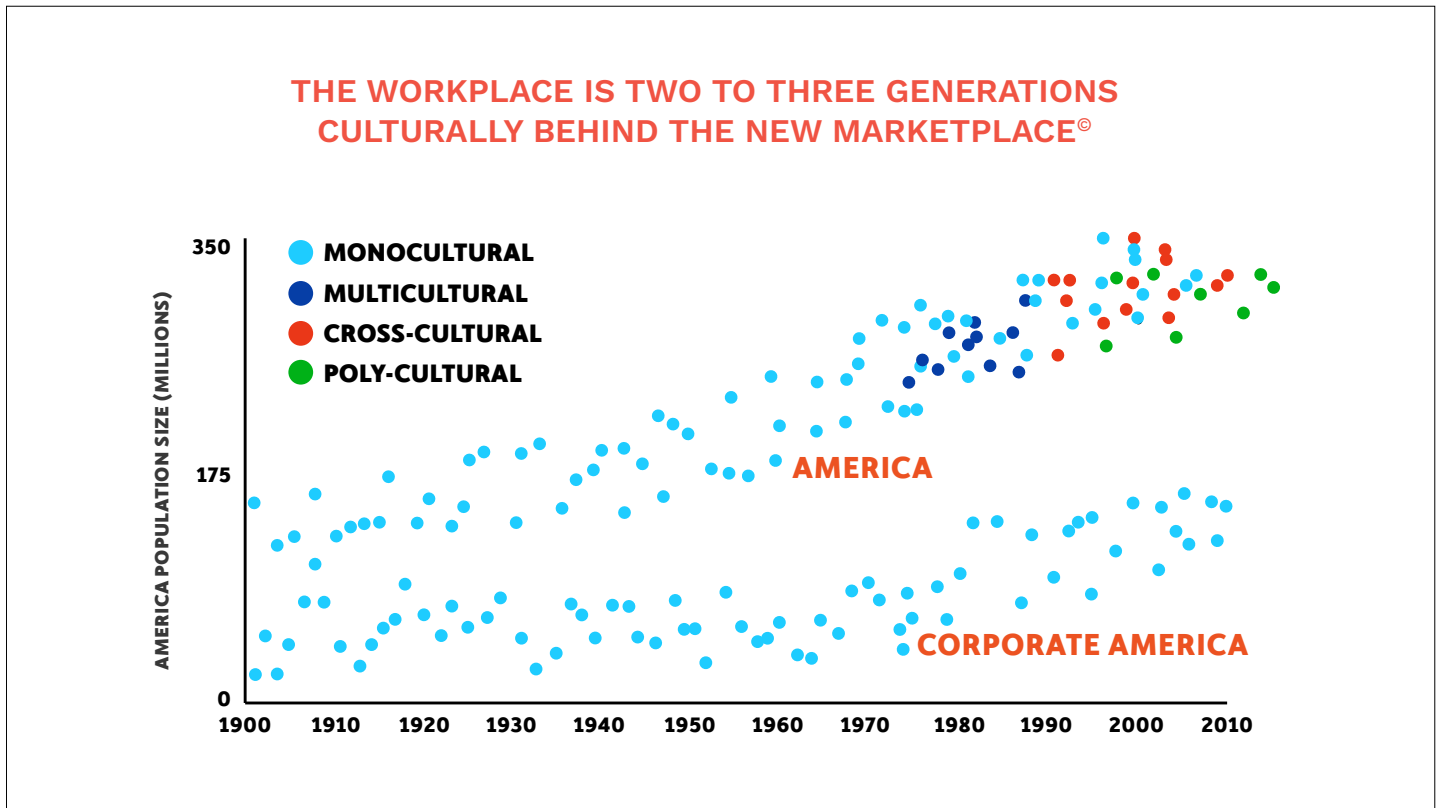
Verizon Wireless will forever be cherished in the Reframe Customer Hall of Fame because they were our charter client for both the Reframe Inclusive Customer Experience™ and Reframe Inclusive Employee Experience™ service offerings. While working with them in 2015, we were asked by the Chief Talent Officer (CTO) and Chief Diversity Officer (CDO) if our change approach to building inclusive customer experiences could work for building inclusive employee experiences. This one question prompted us to test an emerging, and now patent-pending, change management approach that modernizes the practice of multicultural marketing (inclusive customer experience design) and diversity, equity & inclusion (inclusive employee experience design). Verizon led us to ask the right questions.

In 2017, Molson Coors commissioned a research study in partnership with Reframe called The State of the Total Market Industry in which we used the Reframe Cultural Maturity Assessment™—our proprietary tool to evaluate F500 brands' level of Cultural Maturity—for the first time. Through hundreds of one-on-one interviews, we asked questions that began to provide the answers for why the practice of DEI and Multicultural Marketing required modernization.

Our major takeaway from our work with both Verizon and Molson Coors is that corporations needed to restate the problem that they were trying to solve.



REFRAME PROBLEM STATEMENT



SOURCE: REFRAME INTERNAL

Until the publishing of the Reframe State of the Total Market Industry report in 2017, corporations had been solving the wrong problem and using the practice of Diversity, Equity & Inclusion (DEI) solely for the purpose of integrating corporations. But our findings found that corporations should instead be using the practice of Change Management to accelerate change that reflects the new workplace and marketplace. Why? When the practice of DEI was introduced in the 1960s, the original intent was to help corporations go from a segregated workplace to an integrated workplace. That's it! What's changed? The People!

For the first time in human history, what was once considered the minority population is now the New Majority. This shift means that both workplace and marketplace practices developed during the Industrial and Civil Rights Era have to be modernized.

Reframe solved for both workplace and marketplace problems using an innovative change approach and this white paper will make the business case for why DEI will not be enough to save corporations.

BACKGROUND AND METHODOLOGY

In the Fall of 2020, Reframe's co-founder and CEO were asked to participate as a contributor to a World Advertising Research Federation (WARC) publication entitled the WARC Guide to Brand Activism in the Black Lives Matter Era. Published in October 2020, WARC sourced stories from black leaders within the marketing and communications industry about the civil and cultural events surrounding the George Floyd murder.

As part of the agreement in writing the article for WARC, Reframe partnered with Suzy Research to conduct a "mini" Reframe Cultural Maturity Assessment™. Today the Reframe Cultural Maturity Assessment is a patent-pending tool that seeks to understand the level of cultural maturity of an organization. For the purpose of this report, Reframe used a sample of questions from the Reframe Cultural Maturity Assessment™ and looked to understand how the practice of Diversity, Equity & Inclusion (DEI) was being used globally by F1000 (F1K) corporations and its effectiveness therein.

In 2021, the results of the "mini" Reframe Cultural Maturity Assessment were shared with the Reframe team and we can now share the results. 15 questions were asked from a representative sample size across job functions like Corporate Communications, Diversity & Inclusion, Finance, Legal, Marketing (Brand), Operations, Research & Development, Revenue, Sales, Growth, Talent Management, Technology, and Others. 1,001 participants, 18 - 73 years of age with an even split of 50% women and 50% men - racially and ethnically mixed sample.

In addition to the partnership with Suzy Research and WARC, through Reframe Services, additional data was collected to inform the findings, implications, and key findings that may help corporations accelerate the change required to solve a decades-old problem.



KEY FINDINGS

1. Money spent annually on DEI programming does not equate to impact within the Executive Suite (C-Suite) for Black Americans, Asian Americans and Native Americans.
2. Black, Hispanic, Asian and Native American employees believe their company is not supportive of Diversity, Equity & Inclusion initiatives.
3. Black and Hispanic Employees are familiar with their Company's DEI Strategy, whereas Asian and Native Americans are not as familiar with their Company's DEI Strategy.
4. Black, Hispanic and Asian Employees do not believe their Company is racially and ethnically diverse.
5. Hispanic, Asian and Native American Employees are somewhat aware of their Company's minority-owned supplier procurement agenda and somewhat familiar with their Company's minority-owned supplier procurement strategy.

EXECUTIVE SUMMARY

The findings from the Reframe, WARC and Suzy Research reinforced what is already known in corporate circles: Chief Executive Officers (CEOs) and Chief Talent Officers (CTOs) usually look to Chief Diversity Officers (CDOs) to help mitigate external communications about how corporations are failing BIPOC employees. Usually, the CDO is neither funded nor staffed to drive change across the enterprise.

But the challenge of accelerating change to reflect the new workplace is no longer a problem for only a subsegment of the employee population. Corporations and employees are at a crossroad because, as Generation Z enters the workforce, they are ushering in an era where BIPOC workers will now represent the majority demographic in the labor force.

This human shift requires corporations to move beyond integrating their workplace population and to changing its Structure, Strategy, Segments, Systems and Solutions for solving a decades-old problem.

The question corporate CEOs must now answer is this: Will you continue to use a dated approach to solving a decades-old problem, or choose a new approach?

The call to action for CXX and employees? Just Say No to DEI and Yes To Change! The practice of Change Management is what we are advocating for as a scalable and sustainable solution for enterprise organizations.

Our ambition through this Report is to

1. Amplify the Problem
2. Share the Findings
3. Help C-Suite Executives Reframe the practice of DEI and solve a decades-old problem.

KEY FINDING #1

Money spent annually on DEI programming does not have an equal impact within the Executive Suite (C-Suite) for Black Americans, Asian Americans, and Native Americans.

On the surface, the practice of Diversity, Equity & Inclusion (DEI) is solving the decades-old problem. Per *Business Insider* (September 1, 2021), since the George Floyd events, top companies have spent more than \$50Bn on DEI initiatives like hiring DEI leaders, corporate education, learning & development programs and heritage programming. Per *Fortune* (December 7, 2021), more than \$8B is now being spent annually to support DEI efforts by Fortune 500 companies. Nevertheless, there is a perception amongst corporate employees that money spent annually on DEI efforts does not have an equal impact on Black Americans, Asian Americans and Native Americans within the C-Suite.

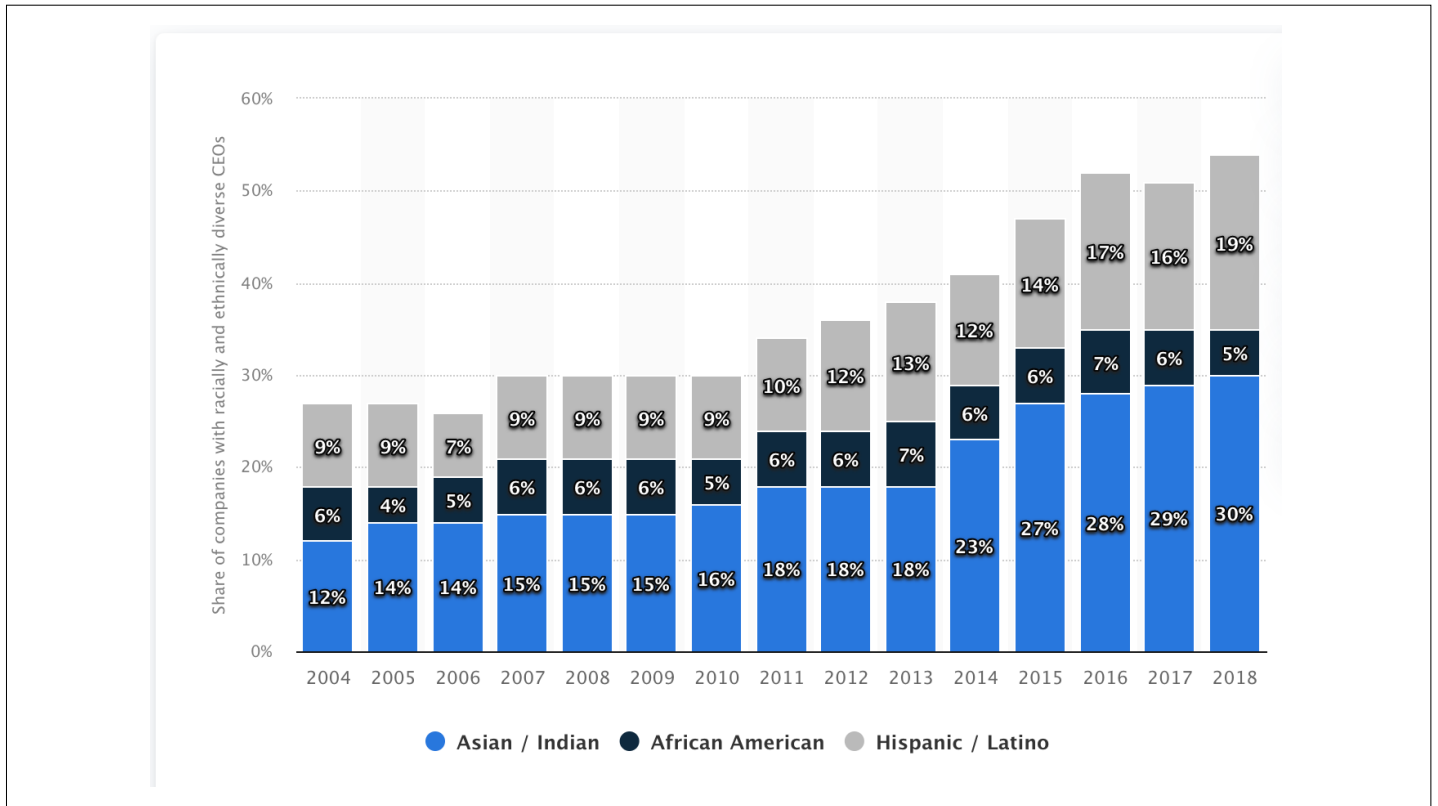
What do we mean by that? When asked the question, on a scale of 1 - 5, with 5 being the highest (Extremely diverse), how racially and ethnically diverse is your C-Suite (i.e. CEO, CFO, CMO CRO, CHRO)? The top two boxes for respondents at the Company was at 70%, whereas Black Americans (89), Asian Americans (63) and Native Americans (71) under-indexed and Hispanic (104) respondents over-indexed the Company.

ON A SCALE OF 1 - 5, WITH 5 BEING THE HIGHEST (EXTREMELY DIVERSE), HOW RACIALLY AND ETHNICALLY DIVERSE IS YOUR C-SUITE (I.E. CEO, CFO, CMO CRO, CHRO)?

DESCRIPTION	COMPANY	BLACK	HISPANIC	ASIAN	NATIVE
5 - Extremely Diverse	36%	42%	35%	22%	25%
4 - Very Diverse	34%	20%	38%	22%	25%
3 - Somewhat Diverse	33%	22%	15%	41%	25%
2 - Not Diverse	6%	9%	8%	10%	25%
1 - Not Diverse At All	2%	7%	4%	5%	0%

SOURCE: REFRAME, WARC & SUZY RESEARCH - REFRAME "MINI" CULTURAL MATURITY ASSESSMENT

According to Statista, Chief Executive Officers (CEOs) at Fortune 500 and S&P Companies from 2004 - 2018, Asian/Indians make up 30% of CEOs whereas by comparison, only 5% of CEOs are Black or African American during the same time period.



SOURCE: STATISTA, 11 JAN 2022

The number of executive positions (C-Suite) in the United States is expected to grow about 4% over the next decade, according to the Bureau of Labor Statistics. The number of C-Suite positions are predicted to total 2.9M positions in 2029, up from 2.8M C-Suite positions in 2019, a 115,000 gain of jobs. Since 2004, the number of African-American CEOs has declined by -1% point. Whereas the number Hispanic/Latino CEOs increased by +13% percentage points and Asian-Indian increased +18% points from 2004 to 2018. The question is what percentage of the gains will impact availability and hiring of African-American and Hispanic/Latino CEOs.

KEY FINDING #2

Black, Hispanic, Asian and Native American employees believe their Company is not supportive of Diversity, Equity & Inclusion initiatives.

When asked at the Company level, “How supportive was the Company of DEI?” the top two boxes for the company were 81%. However, Black (77), Hispanic (90), Asian (74) and Native Americans (93) all under-indexed.

ON A SCALE OF 1 - 5 WITH 5 BEING THE HIGHEST (EXTREMELY SUPPORTIVE), HOW SUPPORTIVE IS YOUR COMPANY OF DIVERSITY, EQUITY & INCLUSION

DESCRIPTION	COMPANY	BLACK	HISPANIC	ASIAN	NATIVE
5 - Extremely Supportive	41%	31%	35%	22%	25%
4 - Very Supportive	40%	33%	38%	38%	50%
3 - Somewhat Supportive	18%	22%	19%	38%	25%
2 - Not Supportive	2%	7%	4%	2%	0%
1 - Not Supportive At All	1%	7%	4%	0%	0%

SOURCE: REFRAME, WARC & SUZY RESEARCH - REFRAME “MINI” CULTURAL MATURITY ASSESSMENT

Corporate spending for DEI initiatives are forecast to increase exponentially in the coming years. With more than 60 years of investments in DEI, it begs the question, are corporations spending enough and are they using the right approach given DEI efforts are usually focused on Black, Hispanic, Asian and Native Americans. What we do know is that Generation Z is the first generation where minorities are the majority population. If corporations are not getting DEI right, should corporations re-evaluate how much they should be spending and what is the best practice for changing the Company given the workplace at some point be majority BIPOC.

KEY FINDING #3

Black and Hispanic Employees are familiar with their Company’s DEI Strategy, whereas Asian and Native American are not familiar with their Company’s DEI Strategy.

Black and Hispanic employees are familiar with their Company’s DEI strategy. This is likely because Black Americans and Hispanics are engaged in their Company’s Employee Resource Groups (ERG). For many companies, Black ERGs are usually the first to form, mainly due to how and when ERG formed in the 1970s. What usually follows is the Hispanic/Latin ERG.

IF APPLICABLE, ON A SCALE OF 1 - 5, WITH 5 BEING THE HIGHEST, HOW FAMILIAR ARE YOU WITH YOUR COMPANY’S DIVERSITY, EQUITY AND INCLUSION (DEI) STRATEGY?

DESCRIPTION	COMPANY	BLACK	HISPANIC	ASIAN	NATIVE
5 - Extremely Familiar	37%	29%	42%	24%	25%
4 - Very Familiar	33%	40%	29%	40%	25%
3 - Somewhat Familiar	18%	14%	21%	21%	25%
2 - Not Familiar	4%	4%	4%	9%	0%
1 - Not Familiar At All	1%	13%	4%	6%	0%

SOURCE: REFRAME, WARC & SUZY RESEARCH - REFRAME “MINI” CULTURAL MATURITY ASSESSMENT

Asian-American and Native American employees are less familiar with their company DEI strategy. Based on past Reframe engagements, Asian Americans struggle with identifying as a group based on racial/ethnic identity. Until the recent Stop Asian Hate advocacy, Asian Americans were less vocal on civil rights issues within the workplace.

KEY FINDING #4

Black, Hispanic and Asian Employees do not believe their Company is racially and ethnically diverse.

There appears to be a belief that companies are not racially and ethnically diverse. Four generations of corporate DEI initiatives later, why is there still a disbelief? What continues to happen with every generation of talent, when companies miss their diversity numbers, they immediately turn to talent acquisition initiatives versus retention & reward initiatives for retaining employees. This has proven to be ineffective and less impactful, leading to low morale and retention.

For Black, Hispanic, and Asian employees, they somewhat believe their company is diverse. A tactic companies are now beginning to use is the publishing of their diversity scorecards. However, year after year, company diversity numbers show what employees already believe: that companies are not diverse and there is little to no improvement in YoY diversity numbers.

ON A SCALE OF 1 - 5, WITH 5 BEING THE HIGHEST (EXTREMELY DIVERSE), HOW RACIALLY AND ETHNICALLY DIVERSE IS YOUR COMPANY?

DESCRIPTION	COMPANY	BLACK	HISPANIC	ASIAN	NATIVE
5 - Extremely Diverse	38%	31%	35%	25%	75%
4 - Very Diverse	36%	40%	35%	33%	0%
3 - Somewhat Diverse	23%	22%	19%	28%	25%
2 - Not Diverse	3%	7%	8%	8%	0%
1 - Not Diverse At All	1%	0%	3%	6%	0%

SOURCE: REFRAME, WARC & SUZY RESEARCH - REFRAME "MINI" CULTURAL MATURITY ASSESSMENT

KEY FINDING #5

Hispanic, Asian and Native American Employees are somewhat aware of their Company’s minority-owned supplier procurement agenda and somewhat familiar with their Company’s minority-owned supplier procurement strategy.

It is not enough for Company sponsored DEI initiatives to only focus on internal impact. Corporations have a social contract to make a positive external impact on their communities. For DEI to drive exponential impact, employees should be aware of their company’s minority-owned supplier procurement agenda and strategy. What this does is accelerate change through economic development by intentionally using minority-owned suppliers to deliver the company’s products and services.

Similar to the formation of employee resource groups in the 1970s and 1980s, Black employees chartered the path in advocating for companies to intentionally spend their procurement dollars on certified minority-owned businesses. This is likely the reason Black Americans over-index in awareness (116) of their company’s minority-owned supplier procurement agenda and familiarity (102) with their company’s minority-owned supplier procurement strategy.

IF APPLICABLE, ON A SCALE OF 1 - 5, WITH 5 BEING THE HIGHEST, HOW AWARE ARE YOU OF YOUR COMPANY’S MINORITY-OWNED SUPPLIER PROCUREMENT AGENDA?

DESCRIPTION	COMPANY	BLACK	HISPANIC	ASIAN	NATIVE
5 - Extremely Aware	31%	24%	12%	12%	50%
4 - Very Aware	30%	47%	42%	22%	0%
3 - Somewhat Aware	17%	7%	19%	19%	0%
2 - Not Aware	10%	2%	8%	28%	25%
1 - Not Aware At All	7%	20%	19%	19%	25%

SOURCE: REFRAME, WARC & SUZY RESEARCH - REFRAME “MINI” CULTURAL MATURITY ASSESSMENT

IF APPLICABLE, ON A SCALE OF 1 - 5, WITH 5 BEING THE HIGHEST, HOW FAMILIAR ARE YOU WITH YOUR COMPANY’S MINORITY OWNED SUPPLIER PROCUREMENT STRATEGY?

DESCRIPTION	COMPANY	BLACK	HISPANIC	ASIAN	NATIVE
5 - Extremely Familiar	32%	31%	12%	6%	33%
4 - Very Familiar	29%	31%	43%	2%	0%
3 - Somewhat Familiar	16%	16%	20%	14%	0%
2 - Not Familiar	11%	2%	5%	20%	33%
1 - Not Familiar At All	5%	20%	20%	33%	33%

SOURCE: REFRAME, WARC & SUZY RESEARCH - REFRAME “MINI” CULTURAL MATURITY ASSESSMENT

Not such the case when it comes to Hispanic (89,90), Asian (56,13) and Native American (82,54) employees. Based on the numbers from the report, they are more likely to be somewhat aware of the minority-owned supplier procurement agenda and strategy. This signals an opportunity for companies to invest in awareness-building opportunities with employees who are most likely to be impacted the most.

CONCLUSION & CALL TO ACTION

The findings from the Reframe, WARC and Suzy Research using the “mini” Reframe Cultural Maturity Assessment™ validated what many in corporations globally already know the practice of DEI is not effective for changing corporations. The macro human shift requires change to be driven across the enterprise organization. Corporations globally have to re-imagine their Structure, Strategy, Segments, Systems and Solutions. The practice of Diversity, Equity and Inclusion (DEI) will not be enough to save corporations from the massive generational shift.

Our Call To Action For CXX and Employees: Just Say No To DEI and Yes to Change! Change management is the right approach to solving a decades-old problem.

If you are in agreement → Sign our petition at <https://getreframe.com/reframe-dei/> and show the C-Suite what we want for the next generation of talent!

ABOUT THE AUTHOR

Jeffrey L. Bowman is the co-founder and CEO of Reframe. He pioneered a change management and inclusive experience design approach with software in response to C-suite executives using dated practices for building inclusive experiences that reflect the New America. Bowman is also a two-time award-winning Wiley published author.

He is a former senior partner and managing director at Ogilvy & Mather in New York City, one of the world's largest advertising and communications agencies. It was there that Bowman pioneered the industry's first cross-cultural practice that modernized the marketing and communications industry. His work has been featured in The New York Times, The Economist, Fast Company, NBC (Today Show), and he speaks frequently at industry and trade events across the United States, Europe, and South America.



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