

DEI 101: Governance

Why a structured approach
to DEI governance matters



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In January 2022, we released the [first edition of our guide](#) to creating a structured, measurable, and sustainable approach to advancing DEI efforts. Several months later, we received data from our [Employees at the Center: What It Takes to Lead on DEI Now](#) study, and an interesting thing happened. While there were many areas of change since the prior study, the roughly 20% of companies that seemed to be on the cutting edge of DEI were adopting more systemic approaches. They reported collecting data and pushing accountability down into the organization while also making clear that final responsibility – the buck, if you will – rested with the CEO. In other words, they were creating systems of change, baselining key metrics, and starting to implement through a structure that looks a lot more like one used to roll out a new technology for widespread use or a new physical safety protocol – rather than just conducting one-off trainings or the like.

As companies have fallen short on their DEI commitments made in 2020 (or earlier), many are calling us more frequently to ask how to drive sustained change. Others, including organizations with very mature DEI programs, are hearing feedback that the different strategies and programs they've launched in recent years don't fit well together; ultimately, most companies lack clear data on what is working best.

We know that governance is vital for driving behavioral change at scale, and nowhere is it more important than in your DEI efforts. The good news is that you can approach this challenge strategically and systematically. Having a *top-down, bottom-up, and middle-out* governance structure enables your organization to sustain its DEI efforts through improved data collection, a system of accountability for employees at all levels, valuable education and learning opportunities, and more feedback channels and efficient communications. Without choosing the right governance model for your organization, you leave yourself and your organization's DEI efforts vulnerable to fatigue, deprioritization, and broad-based lack of investment or engagement.

For these reasons, we've updated this document as a thought-starter. Bear in mind that no effective DEI solution can be off-the-shelf; it has to be bespoke to your organization. To that end, we hope this playbook sparks useful ideas for how to solve the DEI challenges you are currently facing, or will encounter in the near future.



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What is top-down, bottom-up, middle-out governance?

When companies implement new safety initiatives, manufacturing changes, software, or undertake other large-scale activities such as redefining their values, they rarely take only a top-down approach. Instead, they approach such transformations with a 360-degree plan that activates and empowers all levels of the organization to take ownership in driving behavioral and systemic change.

Sustaining a culture of inclusion is no different; that's why a top-down, bottom-up, middle-out approach to DEI is so critical. When you effectively define and role-model the strategic importance of DEI at the top of the house, "unfreeze" the middle to create linkages between strategy and execution, elevate the voices of rising leaders, and build in clear lines of communication, you create a surround-sound experience of inclusion that overlooks no employee segment.

The governance model below is an aggregate of the top-down, bottom-up, middle-out governance structures we see in many organizations across industries. What's important is not that you have every element of this governance model—most companies do not—but that you use this as a starting point to examine what you currently have in place, what you may have overlooked, and what structures you may need to create. We can help you identify where you can capitalize on existing strengths and where your organization's largest needs are. Importantly, we encourage you to be intentional about the levers you pull and highly attuned to the needs you are addressing within each governance entity.

Next we take a look at each entity and what differentiates it.

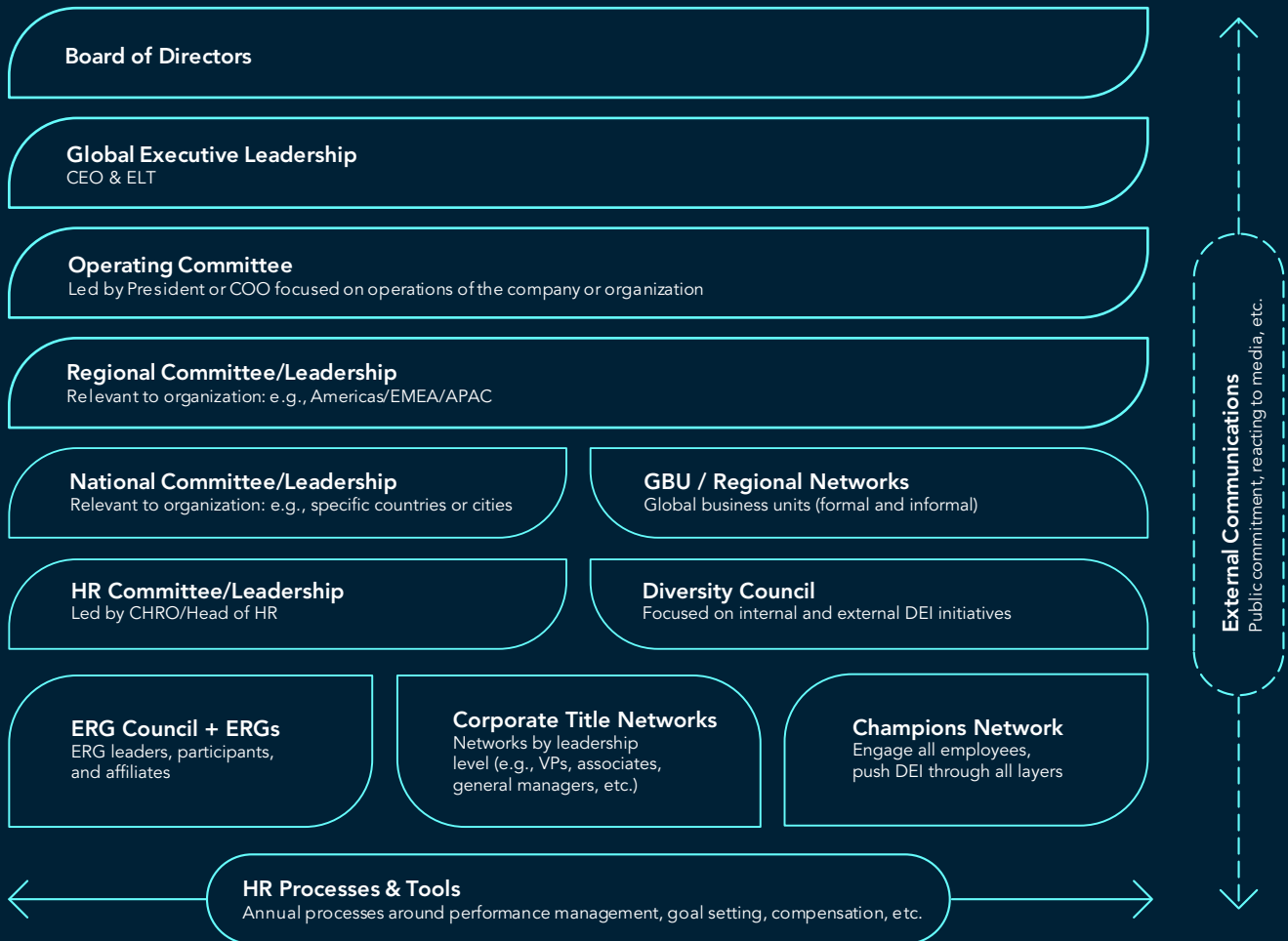


Governance Model

Considerations

- This is an example of the many ways a company or organization might gather information, communicate the needed change and steps to get there, and drive that change. However, it is important to remember that this model is a collection of the channels used by many, and no organization has them all. Instead, this should be used to discuss what your organization has, could have, and/or should have.
- For maximum results, clear objectives and metrics should be attached to each entity.
- Structure enables a “top-down, bottom-up, and middle-out” approach to engage the organization such that no employee segment is overlooked.
- Reporting and communications channels sync up and align.
- A rigorous, standardized selection process should be implemented to select the right internal candidates for leadership roles of DEI groups.
- In order to maximize effective use of this model, leverage best practices from your organization’s most recent successful major organizational shift.
- Governance structure should be established in advance of launching any initiatives.

Governance Model



Top-down: Defining and articulating the strategic importance of DEI through executive support

Executive support is essential to guarantee DEI is not just a topic-of-the-month, but remains a strategic priority. In the best scenarios, this includes sponsorship from the executive team and oversight from the Board of Directors. We consider the responsibilities of each part of an organization's upper echelon below.



The Board of Directors: The importance of the Board of Directors in advancing DEI dates back to the late 1970s, to [Catalyst's](#) early work driving the conversation around women in corporate leadership. [More recent](#) research shows that the board plays a pivotal role in guiding a company to define and achieve its DEI aspirations. Not only does the board choose and evaluate CEOs based on their ability to both define and execute a strategic vision, but it also holds executive teams accountable for making DEI a strategic priority. By requiring regular updates on progress from leadership, usually via an annual dashboard that shows measurable outcomes, the board can effectively communicate the importance of its commitment to DEI both internally—to all organizational levels—and publicly.

Moreover, our survey shows that boards at more sophisticated DEI companies are 31% more likely to help communicate, engage, and influence employees with regard to the business's DEI plans. When the board is at the center of these DEI communications, it reinforces the importance of working from the top-down and bottom-up. The board can also provide an outside-in perspective, as many board members see DEI executed across multiple organizations and speak frequently on this topic to different audiences.



The CEO: At the center of this governance structure is the CEO. Our research shows that at the most advanced DEI companies, despite the sharing of accountability among many leaders, the CEO has a pivotal role in the success or failure of any DEI strategy. In practice, the CEO is responsible for leading the development and implementation of the DEI strategy, meeting its goals at the global level, and demonstrating a personal commitment to change. Given all the internal and external stakeholders affected by this work, it is critical that the CEO connect DEI efforts to strategic business priorities, demonstrate the importance of the transformation, and role-model what it looks like to bring an inclusive culture to life.



The Executive Team: The executive team sets the business strategy and ensures effective execution. For DEI to truly be a strategic initiative, it must be set and overseen by the executive team (led, of course, by the CEO and answering to the board). Just as importantly, the executive leadership team must be fully committed to role-modeling efforts that create a more diverse and inclusive organization, including demonstrating the inclusive leadership qualities their organization has prioritized as a company. If an inclusive shadow isn't cast from the top of the house, it is unreasonable to assume that people below the leadership level will commit to change as well.

Middle-out: Elevating the roles of leadership to bridge the gap between DEI strategy and execution



Ensuring all leaders have clarity on **the definition of DEI and its linkages to business strategies is pivotal in “thawing the middle”**.

Closely following the focus on the executive team, it is crucial to engage and support senior-and-mid-level leaders through the organizational changes DEI efforts require. Such an approach helps mitigate a long-studied barrier to progress: the so-called “frozen middle.” Equipping middle managers with the tools and support they need to role-model inclusive behaviors, including helping them become more comfortable discussing tricky DEI topics, can enable these leaders to become champions rather than inhibitors of change. Moreover, ensuring all leaders have clarity on the definition of DEI and its linkages to business strategies is pivotal in “thawing the middle,” since a commonly cited reason for middle managers’ lack of action is not understanding *why* they should change. The level of support needed may vary leader by leader, but in particular consider how you support regional, functional, and business unit leaders; how you equip your HR leaders; and how you charter or mandate the diversity council, if you choose to have one, regarding the needs of your organization.



Regional/Functional/Business Unit Leaders: Inclusion lives and dies in teams. Research shows that 57% of employees have left a job because of their manager, supporting the old adage, “People leave bad managers, not companies.” One non-inclusive leader can undermine and sabotage DEI efforts for their entire organizational area. When employees see the most senior leaders get away with non-inclusive behaviors, remain quiet when bias is displayed, or put minimal effort into DEI initiatives, they lose faith that DEI is important to the organization and that change is even possible. Therefore, for DEI efforts to be successful, all leaders and managers, no matter how big their teams, must role-model inclusive behaviors, communicate authentically, and demonstrate active support of DEI initiatives. When employees feel that DEI is only a “check the box” exercise with no accountability, they lose energy around the topic or, even worse, disengage and seek employment elsewhere.

However, regional, functional, and business unit leaders cannot be expected to drive the DEI strategy alone. They must be supported with a common understanding of DEI and inclusive behaviors, be provided safe spaces to learn and grow, have opportunities to practice difficult conversations, and develop the skill to speak authentically on DEI’s alignment with business strategy. For example, hosting quarterly leader roundtables is a great opportunity for leaders to demonstrate their commitment to, ownership over, and personal connection with DEI. These roundtables also provide a visible platform for leaders to strengthen company-wide relationships and reinforce key DEI concepts. Leaders are best-equipped for these roundtables when they are prepared ahead of time with knowledge, speaking tips, and a clear understanding of the purpose and desired outcomes of these conversations.



The CHRO + HR leadership: At its core, DEI consists of human capital issues so having the full buy-in and partnership of your HR leadership is essential in ensuring the sustainability of DEI. Why? Because HR likely already has proven mechanisms and processes in place that can drive human behavior change at scale. For example, HR often defines an organization’s leadership competencies and holds employees accountable to them. They also usually own learning and development, which can be imperative to driving DEI success, as well as ensuring equity in hiring and promotions. As such, the HR team must be included in determining how the strategy set by the executive team will be implemented and resourced appropriately, including through budgeting and headcount.

The extended HR team, often HR business partners (HRBPs), must also be well-equipped to provide leaders they support with the right information and communications. Therefore, these partners also need to have the same common knowledge regarding DEI language, what inclusive behaviors look like, and additional resources. Overall, while HR should not be expected to drive DEI on its own, it plays a key role in disseminating equitable practices, holding leaders accountable, and being a trusted resource for DEI information.



The Chief Diversity Officer: The Chief Diversity Officer is the most skilled DEI professional within the governance structure, serving as an internal expert on all DEI matters. In this capacity, the Chief Diversity Officer operates as a conduit between strategy and execution, creating and managing (alongside the CHRO and HR function) equitable recruitment and retention practices, Employee Resource Groups (ERGs), learning and development, and other DEI matters in service of supporting an organization’s overall strategy and business priorities. In most cases, we see Chief Diversity Officers working closely with and reporting directly to the CHRO. This partnership enables the Chief Diversity Officer to leverage the mechanisms HR already has to gain systemic alignment between DEI goals and employee buy-in. The Chief Diversity Officer often has a dotted line to the CEO as well, providing executive leadership with reports on bright spots, opportunities, and progress on DEI initiatives.



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The Diversity Council: While the diversity council has become an increasingly common entity in DEI governance structures, clients share mixed reviews of this body's effectiveness. Done well, a diversity council can be a powerful addition to the governance structure by embedding DEI strategy throughout the organization and driving innovation and implementation. However, as these councils can take different forms, it is critical to carefully evaluate the needs of your organization to establish the appropriate mandate and team. Different types of councils support organizations at different points in their DEI evolution.

For example, in earlier-stage DEI efforts, organizations benefit from an executive diversity council comprising senior leaders and led by the CEO. They develop DEI aspirations, create the strategy and initiatives, specify accountability for each initiative, and monitor progress. Once the strategy and initiatives are established and underway, leaders may want to move to a different form of diversity council, one focused more on advisory work.

These advisory DEI councils are composed of leaders who reflect the demographics of the organization, and are expected to oversee implementation of the DEI strategy developed by the executive team and provide a diversity of viewpoints on other key business initiatives. Note that while councils may oversee implementation, they also need to have someone (ideally at the executive level) driving accountability, ensuring alignment with overall strategy, and securing resources. There is more than one way to do this, but having a senior executive sponsor is one of the most effective strategies for ensuring follow-through on DEI initiatives.

Meanwhile, a priority for many organizations is finding a way to uplift the voices of employees. Therefore, they may establish a diversity council composed of more junior employees to serve as an internal think tank and provide more diverse viewpoints on business issues.

Regardless of the type of diversity council your organization needs, several aspects remain the same. First, a diversity council needs clear and visible support from the CEO and executive team, along with clearly defined objectives, roles, responsibilities, and accountability. Additionally, the council's mandate must have a direct link to the business strategy. These two items demonstrate the strategic importance of the diversity council and signal that it will have a significant impact on the business, rather than its members acting as figureheads. The council also must be appropriately supported through funding, executive sponsorship, and ongoing education to ensure it has the resources and knowledge to lead the charge. Finally, communication lines and processes among the council, executive team, and broader organization must be clearly defined. Having an executive sponsor for the council can support this alignment with strategy and messaging.

Often overlooked in setting up a diversity council is purposely including DEI skeptics in the group to ensure diversity of thought. Often, diversity councils are organized because "it's the right thing to do," but you must be sure the needs of your organization, the objectives of the group, support or funding, and the members are well-considered, or you may inadvertently set the council up for failure.

Bottom-up: Giving all employees a voice to lead organizational change

Finally, there may be an opportunity to leverage individual contributors deeper in the organization who are influencing others through various employee networks. Be sure you are actively leveraging channels that reach these audiences directly. For example, ERGs and Business Resource Groups (BRGs) can very effectively deliver messages and content directly to employees, and also serve as a valuable source of feedback. In fact, such groups can be an early-warning system for emerging issues across distinct populations in your organization.



ERGs: Employee Resource Groups play a pivotal role creating safe spaces and communities for underrepresented employees and their allies, so they should be leveraged and governed strategically to maximize the opportunities they represent. As a baseline, ERGs should be formed in clear alignment with the goals, priorities, and broader business objectives set by the DEI strategy. They should be inclusive, intersectional, and welcoming of allies from different teams, regions, offices, levels of seniority, and identities, to promote an environment of mutual learning.

Next, each ERG requires adequate funding and must be supported by an executive sponsor who advocates actively for it. Having an executive sponsor is essential in connecting the dots between ERG initiatives and broader business objectives, and it ensures that ERGs are clear on the business value they bring to organizations. A potential consideration is naming an executive sponsor who does not self-identify as part of the group (such as a non-parent acting as executive sponsor of a working parents ERG), as it can provide opportunities for mutual learning and support from a broader range of allies.



ERG Council: Once an adequate foundation of ERG networks exists in your organization, they should be connected through an ERG Council, which includes both leaders from each existing ERG and organizational members who don't yet have a formal ERG. Oftentimes, this ERG Council is spearheaded by the Chief Diversity Officer. Creating this council sets the foundation for strategic cross-collaboration and resource-sharing between each network and can mitigate overlapping, duplicative efforts.



BRGs: For organizations that are more mature in their DEI journeys, ERGs may start to evolve into Business Resource Groups. BRGs operate as a strategic platform for business leaders to tap into the diverse perspectives, views, and backgrounds of their employee base to acquire timely feedback and insight on opportunities members are seeing in the marketplace and benefit from relationships they have in your markets. For example, a consumer goods company may leverage its AAPI BRG for feedback on a new flavor of potato chip targeted to that demographic or tap into this group’s cultural expertise to ensure marketing materials are accurate. By forging this communication channel between business leaders and colleagues from underrepresented populations, organizations simultaneously uplift the voices of their diverse employees and drive significant business impact.

If your organization doesn’t have ERGs in place but would like to begin the journey by jumping ahead to BRGs, the BRGs must have all the prerequisite core functions of an ERG: they must be responsive to the needs of their employees, represent a community connected to an executive sponsor, and, most importantly, have a business idea to work on as soon as they are activated. This ensures that they are highly functioning and fulfilling their intended purpose from the start.



Champions Network: Changing how people work together to foster greater inclusion and belonging requires an intentional shift in mindset and behaviors at all organizational levels. One effective way to implement this is to prepare and train leaders internally to sustain the systemic change. Champions are leaders tasked with reinforcing a culture of inclusion by applying the inclusion principles on which your organization has chosen to focus. They can be trained, for example, to lead simple activities that reinforce your key inclusion principles. Because they speak the language of the business, champions have credibility with their peers and with frontline employees. When these leaders come from all parts of the organization, it creates the broad engagement required for culture change. As leaders in their own right, champions come to be seen as role models of the inclusive culture you are creating. Acting as partners to line managers, they play a critical role in translating the DEI strategy to day-to-day operations. Champions also provide a feedback loop on how information is received across the organization, as they often have a finger on the pulse of what is happening at the ground level.



Corporate Title Networks: Last, but certainly not least, Corporate Title Networks play an important role in creating a forum to ensure employees’ voices are heard. These are networks based on corporate titles such as Analyst, Associate, and so on. They tend to be opt-out versus opt-in; that is, people are automatically added to the network upon onboarding but can choose to leave it. The key is ensuring these voices are provided access to the audience of senior leaders. Creating a regular cadence of touchpoints between senior leaders and each corporate title network gives employees the opportunity to feel heard and validated, and provides leaders with a clear, ongoing pulse on the impact and execution of their DEI efforts.

Bringing it all together

It is no mystery to anyone in corporate life that human behavior change at scale is difficult, and that making progress on DEI is a large-scale initiative. To make progress on such complex aspirations, organizations should consider implementing a systemic approach to governance to prepare for and mitigate the fear, resistance, and pushback that are never too far behind such change. It is likely that your organization has already used this same methodology in a different context—such as with a recent digital transformation, new safety initiative, or manufacturing change.

The good news is that you can leverage all the same best practices you deployed in your most recent transformation and apply them to efforts to create a more sustainable culture of inclusion. In essence, that's what a sound governance structure does. It creates a system that clearly articulates the strategic importance of a cultural shift, elevates the role of senior and middle managers in executing the change, and empowers all employees to drive the transformation. By effectively linking all these entities and ensuring their efforts are aligned, organizations can lead sustainable DEI transformations by systematically accelerating learning, driving shifts in human behavior, and directing cultural change.



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