Executive summary

Fifty years or more of corporate efforts to build diverse workforces—and at least a decade of trying to ensure diverse employees feel included and able to contribute—have left most corporate leaders frustrated. Both diversity and inclusion have been harder to achieve than anyone expected, while the evidence mounts that companies that get them right can see a significant improvement in performance, including financial performance. However, too few companies are seeing their efforts to improve diversity and inclusion (D&I) pay off, and most are wondering how to move forward.

In the following graphic, we give an overview of new research from Heidrick & Struggles, which defines the size of the gap between corporate efforts to ensure employees feel included and the perceived contribution of D&I to business success—and identifies a group of companies closing the gap that we call the D&I Vanguard. Notably, the companies in this group have also generated a five-year revenue compound annual growth rate (CAGR) 62% higher than that of the other companies in the survey.

Given that many companies are finding it hard to make progress on diversity alone, the Vanguard group’s achievements are well worth celebrating and exploring. And their actions suggest a way forward for other leaders seeking to improve D&I overall, inclusion specifically, and business performance, by creating organizations where inclusion and business strategies are intertwined, mutually reinforcing and amplifying the success of both.
Getting to the D&I Vanguard

Some companies are more inclusive and more often treat their D&I efforts like a core strategic priority, a global survey shows. They more often see a strong contribution to business results and have had higher revenue growth than others.

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<td>most companies saying their D&amp;I efforts contribute to business success to a large extent</td>
<td>D&amp;I Vanguard companies saying their D&amp;I efforts contribute to business success to a large extent</td>
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5-year revenue CAGR
1.24%
2.01% (62% higher)

Leaders have clearly:
- Defined “D&I”
- Communicated the company’s approach to D&I
- Defined why D&I is strategically important
- Includes specific D&I goals in business strategy
- Assesses its progress toward D&I goals specifically for contributions to financial performance
- Feels inclusive

Source: Heidrick & Struggles analysis of a survey of 412 executives across regions, functions, and levels of seniority, conducted in August–September 2019; Heidrick & Struggles analysis of company financial data. Countries included are: Australia, Canada, France, Germany, Mexico, Spain, the United Kingdom, and the United States.

Financial data on the companies responding to the survey was collected by a third party and provided to Heidrick & Struggles anonymously.
What else the Vanguard does differently

Vanguard companies take a more strategic approach to inclusion at every level. They more often:

- Define “inclusion” in ways that leverage its benefits for business
- Commit to personal change to become more inclusive
- Define D&I in the context of the capabilities the company needs to win with its strategy
- Communicate openly and transparently about the company’s current level of success with D&I, where it wants to go, and how that will contribute to business success—and build broad engagement through dialogue with employees at all levels
- Link D&I efforts explicitly to strategic goals and assess how those efforts contribute to financial performance; align other parts of the system, such as hiring and talent management strategies, as needed
- Create an inclusive environment, in which all employees feel able to contribute—and with a particular focus on building inclusive teams
- Link inclusion efforts to specific strategic goals
- Link progress toward D&I goals to compensation at the global, business unit or functional, national, team, and individual levels

What can all companies do to move into the Vanguard?

Our analysis and experience have helped us define a series of intentional and consistent actions leaders can take to build links between D&I efforts and business success.

- Build diversity at all levels, focusing on representation in alignment with strategy
- Commit to personal change to become more inclusive
- Define D&I in the context of the capabilities the company needs to win with its strategy
- Communicate openly and transparently about the company’s current level of success with D&I, where it wants to go, and how that will contribute to business success—and build broad engagement through dialogue with employees at all levels
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- Create an inclusive environment, in which all employees feel able to contribute—and with a particular focus on building inclusive teams
Heidrick & Struggles’ Diversity & Inclusion Practice helps our clients recruit, build, and develop inclusive leaders and diverse organizations that encourage the exchange of ideas and drive innovation.

At Heidrick & Struggles, we know that an inclusive culture, with a balanced, diverse leadership team and workforce, can strengthen an organization’s ability to thrive and grow, bringing together different perspectives and fresh ways of thinking to drive future opportunities.

Our Diversity & Inclusion Practice brings together our highly experienced consultants (across executive search, leadership assessment and development, organization effectiveness, and culture shaping) to help companies integrate their diversity and inclusion (D&I) initiatives into their broader talent and business strategies to accelerate performance and outperform their peers.

Anchored by data-driven insights gained from our proprietary tools, we offer comprehensive, integrated, and adaptable services and solutions—including talent recruitment, leadership assessment and development, and organizational transformation—to foster diversity and inclusion at the leader, team, and organizational levels.

### Leaders of Heidrick & Struggles’ Diversity & Inclusion Practice

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