

BUSINESS BENEFITS FROM DIVERSITY

This document provides some case study detail of organisations that have benefitted from considering the wider potential that diversity can bring to them, as much as adopting a traditional equal opportunities perspective.

Organisations dealing directly with consumers are more likely to be able to generate what I describe as a virtuous circle of benefits, with Business to Business companies generally achieving a selection of these.

The virtuous circle is best explained within a case study that was discussed briefly following the presentations on 21 July:

West Bromwich Building Society

One core element of the background was the Executive level support and active involvement, with an existing commitment to diversity from HR, where one of your member colleagues Bina Desai was involved.

From a marketing perspective, a simple question to identify who potential customers were led to the identification of many different communities within individual branch catchment areas, but with some commonality on how they could be reached – through ethnic radio stations covering the West and East Midlands.

A multi-lingual campaign across two initial stations generated branch footfall with customers using parts of the commentary across counters, leading to significantly increased business levels.

Discussions with station managers identified the potential from using their “access line” programme on a monthly basis, where staff representatives talked about a product or service and took live calls from listeners in community languages, interspersed with the usual news, travel updates, weather etc. As a mutual organisation, every third month was used by the West Brom for a community support topic, such as coping with debt, CV writing, what it’s like to work in a call centre, etc.

This generated much wider business, but also staff development and satisfaction from those involved, and company status as an employer of choice. Customers also raised new product ideas, many of which were sourced, unique to the High Street at the time, and added to positive feedback and reactions.

All of these points were promoted, leading to extensive positive media and award recognition, with the society punching well above its weight with achievements such as the Business in the Community National Diversity Award – which Bina

collected from H.R.H. The Prince of Wales – those involved didn't just do the work but the ethos was that they participated in the successes.

The Return on Investment was maintained confidentially by the business, but they were public on the directly attributable profit increase identified by the Finance Director, of 10% in under two years.

I'm sure that you will have identified that the virtuous circle is therefore staff development – employer of choice status – positive media recognition – awards success – increased profits – strong ROI.

The success of diversity at the West Brom was not just attributable to activity with ethnic consumers, but I've concentrated on that for the initial case study.

In terms of business generation, religion or belief can have some direct links to race, as explained by that of a combined advertising agency/charity client:

McConnells/NIACE

McConnells are a Derby based marketing agency and were pitching to win a campaign for NIACE, the National Institute of Adult Continuing Education, which had various outdoor promotional requirements (posters, bus shelters, bus sides) in specific geographic areas, which included as one strand the Bengali Muslim community in Tower Hamlets.

With the core purpose being to improve adult literacy, the material had to concentrate on images rather than words, and these had to connect with the target community and get them to respond.

There is an example of a national campaign attempting to reach Jamaican men that had the opposite effect of what was required, as it had used the image of a man from an African country. The agency agreed with the proposal to commission relevant images of people similar to those from the community being targeted to ensure that they had the best opportunity to connect and get the message across.

The final result across all four strands was 27 different pieces of material, spread evenly across them, but the effort proved to be highly successful, with the charity reporting results that exceeded all previous campaign responses by over 520%. A different set of benefits, but with the focus on business results for the charity and significant development for the agency staff.

Holiday Home/2nd Property Sales

I can only offer a limited description quoted to me by an attendee who sells properties abroad, at a networking event where I was presenting on the business benefits from diversity, who extolled the achievements for his business within the question and answer session.

The economic situation had impacted substantially on his business, with potential customers from family units deciding that they couldn't afford to buy a second home, and there was a need to consider alternative customer segments.

Potential customers were assessed, including the findings from research into the value of the pink pound and the respective earnings of gay men and lesbian women compared to their heterosexual counterparts, along with their holiday preferences.

Many are in relationships without children, and have been able to maintain levels of disposal income and existing lifestyles. By providing focused material within the gay press, this company achieved its best ever year when its competitors were still suffering due to the recession.

As with all of these examples I have used terms such as "many" but clearly there are differences across groups as well as between them.

Gender

Janette quoted from the "Women on Boards" – the 2011 Davies report in her presentation, and having read it there are some fascinating statistics demonstrating the business benefits that have been achieved by organisations recruiting women as Board members.

The first is that companies with more women on their boards were found to outperform their rivals with a 42% higher return in sales, 66% higher return on invested capital and 53% higher return on equity – this from a 2007 source "The Bottom Line: Corporate Performance and Women's Representation on Boards", Lois Joy, Nancy M Carter, Harvey M Wagener, Sriram Narayanan, Catalyst

Reviewing the source, it appears to have a USA focus, but I know from a contact at the City Administration in Seattle who is adapting a project that I undertook in Leicester, that there is considerable synergy and practical learning between diversity developments there and in the UK.

The second statistic Janette cited from the report was the Leeds University Business School study stating that where at least one director on the board is female it appears to cut a company's chances of going bust by 20% and that

having two or three female directors lowered the chances of bankruptcy even further.

I have requested feedback from my LinkedIn diversity connections on additional case studies with positive business metrics relating to return on investment or profitability. Researching gender diversity shows an almost complete focus on the employment and operational aspects, and whilst these are positive business benefits and include FTSE100 organisations, most of the limited financial or marketing based elements could be considered traditional, for example promoting beauty products.

Disability

As with gender, it is difficult to identify specific bottom line benefits from this area of diversity, but there are factors that I would highlight when an organisation makes changes, as these often have a positive impact on other users leading to wider business opportunities.

Take access for wheelchair users as an initial example, which may take the form of sensor operated electronic doors, wider spaces, ramps, lowered pavements, etc. It is apparent that people pushing prams or baby buggies benefit from all of these changes, and getting into or out of a building when laden down with files, luggage or shopping is much easier for everyone.

A further example is external signage where images are used to replace words, where tourists with limited English can find it easier to find their way around, but again easier for all in terms of a clear image being immediately recognisable when compared to additional time being required to read text.

Changes made with one group of people in mind may therefore have wider benefits for a business, and support customer growth.

Conclusions

I would suggest that these examples highlight some key aspects to considering a diversity strategy that can support business development:

1. Think about who your customers are, who you want to attract as new target consumers, and how you can reach them. You may need to think “outside the box” and adopt plans in stages
2. Develop some metrics based on your objectives, relating to the national spending power of the target groups, or a local estimate. There will be a need to ring fence some resources, but in all of the organisations I’ve worked with this has represented a small proportion of the overall budget and the return on investment has been substantial.

3. Measure all of the achievements, to demonstrate what the full benefits have been and to justify taking plans forward.
4. Remember that everyone is diverse, and although some people may fit into homogenous groups there will be differences in responses.
5. To develop a sustainable effective strategy for diversity, you'll need to take people with you, and some will be harder to win over than others. Most of those that have succeeded have benefited from clear senior commitment and leadership.

Please share your successes – I look forward to hearing about them at Richard@diversitydimension.com or on 07976 566508.