



Human Equity Dividends: A Case Study

by Susan Larson

In 2001, the South African Division of the world's largest soft drink producer and distributor (the Division) launched a transformational process to build and sustain an equitable and inclusive workplace that would enhance its business results dramatically.

Part of the challenge (and what makes this case study noteworthy) lay in implementing this change in a country with over ten official languages, even more cultures, and a long and globally scrutinized history with racial issues. The goal of the five-year effort was to transform the Division into an inclusive, equitable work place and realize specific, measurable business dividends by 2006. To date, the Division has been rewarded for its initiatives with one coveted award for achieving best business results world-wide in 2003 (beating approximately 100 other divisions in both business volume and profitability) while simultaneously increasing their employee engagement scores by over one third (the highest survey results in the global parent organization).

What follows is a description of the framework used to achieve these results, some of the techniques and tools used, the milestones achieved, and why this experience stands out as a best practices process.



Framework/Milestones 2001-2002 : Visioning

At the foundation of the transformation for the Division was a staged organizational change process (developed by consultant, TWD) called The Total Equity Solution (TES).

The Division's vision was to be recognized as the best division in the global organization by doubling their revenue contribution over five years and becoming a preferred employer to retain and attract the top talent they would need to reach their goal. In this phase, the link between reaching aggressive business goals and tapping the potential of a diverse workforce had to be put on the Division's leadership agenda: for the President and his direct reports, people issues could no longer be just concerns for Human Resources; they represented a competitive advantage. Becoming a 'great place to work' became a new people strategy, critical to increasing future business volumes and profitability. To this end, during the first stage, the

Division's leadership realized six milestones:

- 1) Developing a common vision of a 'great place to work' that integrated the concept of fair treatment of all employees. Leadership set aside their conventional notion of equal treatment of people and embraced a new concept based on equity as well as respecting, accommodating, and valuing differences.
- 2) Articulating a compelling business case. They wanted to achieve two outcomes: (1) to attract, develop, and retain the talent needed to deliver the growth that would make them 'number one'; and (2) to build a workforce that reflected their customers so as to better understand and satisfy customers' diverse needs. This conversation moved the rationale for diversity well beyond representation to bottom-line business measurements.
- 3) Gathering data and setting goals necessary to demonstrate dividends

TES Process™



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from their business case. Senior leaders evaluated how the organization was currently operating in terms of supporting an equitable work environment, compared it with their vision, and established goals for moving towards their ideal. For this, they used The Equity Assessment, a tool that scores an organization along a five-point equity continuum. Executives rated the organization just below Level 2 (addressing historically disadvantaged groups is the right thing to do) and set the goal of moving to Level 4 (equity is a core organizational value that is fully integrated and sustainable) by 2006.

4) Establishing a clear understanding of the role and responsibilities they, as leaders, would have to play in the transformation process. Leadership recognized that their personal involvement was critical to keeping the vision alive if they were to move along the equity continuum to Level 4. The President (the first South African-born employee to hold the position) and the VP responsible for diversity became enthusiastic, impressive agents of change, and their commitment influenced the other members of the executive team.

5) Creating an infrastructure and allocating funds to support and drive the change process. The Division formed a high-level steering committee, chaired by the VP for diversity, with the President acting as executive

sponsor. In this way, they strengthened the credibility of the diversity function and ensured regular access to the top of the organization. The steering committee, in turn, reached out to the employees and invited participation in a Diversity Advisory Council.

6) Building a broad base of understanding and buy-in, first among all managers and then among all employees. An organization-wide communication plan was highlighted by a series of awareness workshops held over a period of six months in 2002. One hundred managers and 400 associates attended a two-day training program where consistent messages around the vision, the meaning of equity, the business case, and the executive team's commitment were explained.

2002 : Validation

The next stage of the change process involved collecting quantitative and qualitative data as a baseline for ongoing measurement. The Division recognized that proper metrics would be essential for demonstrating dividends from the business case to garner sustainability from leadership long-term.

Data collection tools helped assess the fairness of organizational policies and processes—a common practice of HR audits and employment system reviews. This Division's initiative, however, took the extraordinary measure of also exploring the

attitudes and competencies of divisional leaders, collecting data that it was prepared to use as a basis for leadership accountability.

The Division took advantage of awareness training sessions to leverage data gathering, using two primary tools:

- An Equity Assessment contrasted managers' and employees' perceptions of the current organization with those of the executive team. (Not surprisingly, there were significant differences in the way groups positioned the company on the equity continuum.)
- A Diversity Quotient measured levels of employee satisfaction and perceptions of fairness across a wide range of policies and practices. Some of the most interesting findings addressed discrimination and perceptions of opportunities for advancement for different groups in the organization.

In addition, the President and his direct reports completed various tools to assess their effectiveness as equitable leaders and to better understand the talents required to be successful in the Division. For example, each member of the leadership team completed a 360 assessment tool designed to measure seven core competencies related to effectively leading in a diverse work environment. Results pointed to dignity and respect as a needed key competency for the executives (scores were lower than norms).

Because data gathering in the fall of 2002 coincided with an organization-wide employee Engagement Survey, the leadership benefited from the integration of all results for a comprehensive snapshot of the overall Division. Once feedback was studied by the President and his direct reports, it was shared with front-line managers; the most credible source of information for employees. Managers used a comprehensive support package in their listening sessions with employees, and lunch-and-learn discussions were held to augment the process and gather employee feedback.

2003 & 2004 : Opportunity

With all the data collected and analyzed, senior leaders faced some brutal facts not only about their organization but about their individual behaviours. In early 2003 they began the process of identifying key opportunities for change, with five areas as priorities:

- Satisfaction with work
- Leadership
- Communication
- HR policies and procedures
- Discrimination

The executive team considered obstacles and developed strategies that would bridge the gap to a Level 4 organization by 2006. An Equity Index provided them with an accountability framework for four types of goals to be achieved, each with specific objectives, timetables and success metrics:

“We’ve launched a major transformation process within this organization, and I’m delighted with the results so far. Our strategy clearly contributed to our outstanding business results in 2003 and I’m excited about working to achieve our longer-term objectives.” -Division CEO

Summary/Status

While the Division has made significant progress and been recognized for its outstanding achievements, major gaps still remain to reach all the equity index measurements and Level 4 by 2006. Many elements of the transformation plan will break new ground for both the organization and its leaders. In 2005, a strategic sourcing initiative will allow the organization to access and build a pipeline of diverse talent to populate leadership and feeder groups based on organizational 'fit' as well as skills and experience. Ongoing reviews and realignment will be important over the next two years to keep the organization on track. In 2004, the Division resurveyed using employee engagement and diversity quotient instruments as checkpoints for qualitative measurements on the equity index. The equity assessment will be used in both 2005 and 2006 to monitor progress along the equity continuum, and in 2005 the organization will also apply to be recognized externally as one of the top 10 employers in South Africa.

QUANTITATIVE

- Increase representation of target groups to parity
- Improve retention for all demographic groups
- Dramatically reduce number of harassment and discrimination complaints
- Increase the diversity of feeder and management groups

QUALITATIVE

- Improve engagement scores with a focus on communication, leadership, and commitment to diversity
- Achieve Level 4 on the Equity Continuum

MACRO EXTERNAL

- Achieve top ten ranking in External

BEST EMPLOYER SURVEY

- Comply with Employment Equity legislation
- Surpassing Equity Continuum norms

MICRO INTERNAL

- Achieve Level 4 on the seven core competencies of equitable leadership for all managers.

With the goals and success metrics identified, the Steering Committee and Diversity Advisory Council set out to build a three-year roadmap to detail the action plans and annual milestones to be achieved.

2004, 2005, 2006 : Transformation & Sustaining Success

At this point, the roadmap to Level 4 has been written, and several key elements have already been executed in the transformation process and subsequent sustenance:

An extensive and comprehensive HR policy and practices audit was led by the Division's Diversity Advisory Council. A new policy manual has been prepared along with a communication plan to ensure all managers and employees have access to the updated document. The policy and practices environment now represents 'best practice' for the African continent and the global organization.

Building equitable leaders will be an ongoing feature of the roadmap. Quarterly executive meetings with the President continue; team building and coaching are now fully integrated into the leadership agenda. **PDJ**



Based on an interview with Trevor Wilson, President, TWI Inc., the consultant working with the Division on this transformation. Trevor Wilson is one of Canada's leading consultants on issues of equity in the workplace, and most recently authored Diversity at Work: The Business Case for Equity (John Wiley & Sons).