The Promise of Profitability: Avoiding the Price of Bias

By Sondra Thiederman, Ph.D.

How often have you heard someone voice the view that a diverse workforce is good for business? In fact, that statement is only partially true. Sure diversity can be profitable, but only if it is free of the biases that riddle so many of our workplaces. Let's take a closer look at the potential benefits of a diverse workforce and at the toll that bias, if not properly confronted, inevitably takes on our organizations.

Diversity Benefit: Creativity and Innovation

First and foremost, a diverse workforce is potentially more creative and innovative than one in which all team members share the same background. As reported in the magazine *Scientific American Mind*, the divergent points of view that accompany any kind of difference result in a productive tension that, if managed effectively, can't help but give rise to more creative ideas. Not only do team members in these situations exert more mental effort, but the tension also forces them to look at additional aspects of the situation and, thereby, come up with more novel solutions (*Scientific American Mind,* August/September 2006).

That's all good news, but what happens if the pervasiveness of bias makes members of the team too uncomfortable to speak up with their ideas? What if they fear their ideas won't be heard or respected? The result is no differing points of view, no creative tension, and no advantage to a diverse workforce. In other words, bias causes the organization to pay a huge price in the form of ideas that go unheard and unimplemented.

Diversity Benefit: A Positive Corporate Reputation

Studies show that both stakeholders and customers want to do business with organizations that care about diversity and manage it effectively. Managing diversity effectively means hiring employees of all backgrounds, using diverse vendors, and treating all people with respect. The University of Massachusetts Center for Social Development, for example, found that 87 percent of those surveyed would prefer to give their business to companies that hire people with disabilities. Harris Interactive came up with a similar response. The participants in the Harris survey were asked if this statement applied to them: "I choose to do business with companies that I know have a commitment to diversity." Of those who responded, 65 percent strongly agreed.

These results find further support in the experience of individual companies. Accounting firms PricewaterhouseCoopers and Deloitte & Touche, for example, were told by several of their largest clients that the firms must maintain racial and gender diversity on their teams or the clients will take their business elsewhere. Law firms, too, are aware of the importance of maintaining diversity among their associates. Shell Oil, for example, surveyed the firms they employ to be sure that each and every one of them

had solid inclusion programs in place. According to Catherine Lamboley, Shell's General Council, the company actually stopped doing business with a couple of firms that, their survey revealed, were just giving lip service to diversity. Most dramatically, another organization won a $157 million Request for Proposal from an obviously important customer largely because one-third of its documentation was devoted to the issue of minority vendors. They won the client, by the way, despite the fact that their bid was not the lowest. It doesn't get better than that.
It's not only clients, however, who care about a company's diversity reputation, but vendors as well. For example, when Prudential was named to *Working Mother* magazine's "Top 10 Companies for Working Mothers" list, one of their vendors gave the company a substantial discount. This example alone illustrates the high value placed on diversity to today's marketplace.

Those are the perks for doing it right. What happens when a corporate reputation involving diversity is less than stellar? One obvious consequence is diminished revenue. Witness, for example, the loss to CBS of four major sponsors following the Don Imus "nappy-headed hos" comment in 2007. Another consequence is stockholder unrest, as exemplified by the proposed revolt of WalMart investors at the June 2007 stockholders' meeting. One reason for the stockholders' dissatisfaction was the class action gender discrimination suit being brought against the company. These examples show that if we allow bias to flourish, we will pay dearly in damaged reputations and, ultimately, reduced profits.

Diversity Benefit: Product Design

Another benefit of maintaining a diverse workforce is the prospect of developing products targeted to diverse markets. This is not to say that every woman you hire knows what women will buy, or that every person who is blind grasps the needs of customers with disabilities, or that every Asian is versed in the needs of the Asian-American marketplace. To make those kinds of inflexible generalities is bias unto itself. It does mean, however, that some members of a diverse team have a deep understanding of the needs of certain consumers. Without that expertise, you could waste millions stumbling around in the dark to find what works in a rapidly changing marketplace.

The success stories in this area are numerous and the list still growing. PepsiCo's Frito-Lay division, for example, has a diverse product development team that works closely with the company's Latino affinity group to design products for the growing Latino market (currently at $860 billion in annual spending power). This partnership has so far produced Chile *Limon* Flavored Potato Chips and a product called Gatorade *Xtremo*, both of which are aimed at Latino consumers. According to the CEO, these products accounted for about one percent of the company's eight percent growth in 2004 (*The Wall Street Journal* Nov. 14, 2005.) That success is impossible to ignore. It is also impossible to ignore how failure to diminish bias in the workplace leaves the organization vulnerable to losing valuable employees and, with them, their unique knowledge and profit generating ideas.

The Highest Price of Bias

Discrimination suits are every manager's nightmare. Even the most modest settlement—combined with attorneys' fees, Employment Practices Liability insurance, court costs, and loss of reputation—will take the gloss off anyone's annual report.
You may feel fairly sure that your workplace is free of blatant bias and discrimination, but what about the more subtle and even unconscious, biases that often go undetected and unrecognized? They go unrecognized, that is, until they result in legal action.
Much has been written about whether or not Title VII of the Civil Rights Act of 1964, which is designed to protect employees from workplace discrimination, applies to these subtler forms of bias. Since 1999, however, when the case of *Thomas v. Eastman Kodak* was considered by the First Circuit Court, the general thinking has been that discrimination suits can be brought even if the bias involved was unconscious and subtle. In other words, subjective actions and decisions that result from unconscious bias can still be illegal even though the defendant did not intend to discriminate.
Every organization has the responsibility to protect its assets, be they human resources, ideas, reputation, energy, time, or, in the end, profits. This mandate can never be met unless we take on the accompanying responsibility of achieving and nurturing a workplace that is bias-free and, therefore, hospitable to team members of all backgrounds.

Sondra Thiederman is a speaker and author on bias-reduction, diversity, and cross-cultural issues. Her latest book is *Making Diversity Work: Seven Steps for Defeating Bias in the Workplace* that provides practical tools for defeating bias and bias-related conflicts in the workplace. Most recently, she has completed work on the training video *Is It Bias? Making Diversity Work.* This video-based training isavailable through Learning Communications (www.learncom.com).

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