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National Survey Reveals Diversity in the Workplace is Critical in Attracting and Retaining Talent

Diversity and Inclusion Are Key Business Drivers for Fortune 500 Companies

Chicago, IL – September 17, 2009 – Diversity in the workplace continues to remain an important business driver and priority for many Fortune 500 companies. In a Harris Interactive survey commissioned by Capital H Group, 95% of those surveyed say that senior management views creating a diverse workforce as a major goal.

The Diversity and Inclusion in the Workplace survey results were released today and will be shared with top executives at a symposium hosted by Capital H Group and The Wake Forest University Schools of Business. Wake Forest University Dean of Business and former Chairman and CEO of PepsiCo Steve Reinemund will share insights into his highly successful diversity efforts at PepsiCo.

The Diversity and Inclusion in the Workplace survey involved managers and senior managers from DiversityInc Top 10 companies for diversity and a comparison group of Fortune 500 companies. Qualified respondents held positions ranging from office manager to vice president and had responsibility for managing or leading a team.

Diversity and Inclusion Efforts Viewed Very Positively

Ninety three percent of those surveyed say that diversity is treated as a key business driver, impacting business goals, strategies and results at their organizations. A vast majority of respondents (91%) report that their organizations set clear expectations of what is required regarding diversity and inclusion. Critical in today's competitive global marketplace, 92% say their company's current diversity and inclusion practices have helped their organization's ability to attract and retain talent.

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And at least 96% of respondents believe their perspective and background is respected and valued by their manager, senior leadership, peers, and direct reports.

Defining Diversity

A high percentage of respondents say they manage or lead a diverse team (97%) and that team diversity was beneficial to performance (69%), however most respondents appear to narrowly define diversity. When asked in what ways their team is diverse, approximately 1/3 (31%) cited only gender and race/ethnicity and:

- 61% mentioned only primary dimensions of diversity (i.e., gender, race/ethnicity, age, religion, sexual orientation and disability);
- Only 6% mentioned background/experience, 3% said personality, 3% said work-styles, and
- No respondents mentioned talents, skills, or abilities which are also key components of a diverse and inclusive workplace.

Non-diversity ranking companies were more likely than diversity companies to define diversity in their team as gender/race only – 38% vs. 25%. White respondents were more likely to say gender/race only compared to people of color – 36% vs. 23%; people of color were much more likely to provide an expanded definition of diversity than whites – 60% vs. 30%. And finally, there were clear differences between position levels with respect to the definition of diversity, citing gender/race only: senior management 19%, middle management 35%, and administrator/office manager 60%.

“We are not surprised that many survey respondents define diversity pretty narrowly. That is the traditional thinking about diversity and the starting point for these efforts,” says Capital H Group Managing Partner Keith Swenson. “We encourage and work with companies to broaden their definition and awareness of diversity, while building solutions that foster an inclusive workplace. The results are much more impactful.”

Benefits of a Diverse Team

When asked about the benefits of having a diverse team respondents said:

- Thinking about issues from different viewpoints (36%);
- Gathering fresh perspectives (21%);
- Generating insight of various customer relationship strategies (19%), and
- Learning about different lifestyles/cultures (12%).

DiversityInc respondents were slightly more likely than those from non-diversity companies to say “gathering fresh perspectives” was the biggest benefit (28% vs. 14%).

“The benefits of a diverse workforce are almost endless... they enable companies to increase innovation, recruit top-notch talent and better connect with customers, to name a few,” explains Wake Forest University Dean of Business and former Chairman and CEO of PepsiCo Steve Reinemund. “I saw this day in and day out during my 23 years at PepsiCo and we have incorporated this key principle in business education at Wake Forest today.”

Evaluating and Improving Diversity Efforts

Sixty three percent of those surveyed said that there are elements of their performance review explicitly tied to diversity and/or inclusion goals. A higher percentage of respondents from diversity companies than from non-diversity companies say their performance review is tied to D&I goals – 70% vs. 56% respectively.

“Ideally if the vast majority of respondents say diversity is a major goal, a key business driver and that they know what is expected of them from a diversity and inclusion standpoint, we should see a higher percentage of people being evaluated against these metrics,” continues Swenson. “This type of measurement and reinforcement is key to achieving powerful business results.”

When asked what senior leaders should do more of the most common answer was lead by example (73%) compared to acknowledge successes (68%); reward compliance (54%); clearly define diversity & inclusion goals (50%); and offer more training (47%). Respondents from diversity and non-diversity companies viewed “lead by example” as equally important.

“As a former CEO, I could not agree more about the importance of leaders setting the tone. The best diversity strategies will not be successful if they are not followed and fully supported by leaders in a company,” notes Reinemund. “This was part of the culture at PepsiCo and diversity and inclusion initiatives were integrated at every level in the organization.”

Reinemund’s unparalleled commitment to diversity at PepsiCo has been documented by The Harvard Business Review as a business case: “Meeting the Diversity Challenge at PepsiCo: The Steve Reinemund Era.”

Survey Methodology

Data for this survey was collected via telephone by Harris Interactive Services Bureau (“HISB”) on behalf of Capital H Group in July and August 2009. Participants were managers and senior leaders from DiversityInc Top 10 companies for diversity and Fortune 500 companies. The study yielded 100 qualified respondents, with 50 respondents from Top 10 Diversity, Inc. companies and 50 respondents from the comparison group of Fortune 500 companies. Qualified respondents held positions ranging from office manager to vice president and had responsibility for managing or leading a team. HISB was responsible for the data collected and Capital H Group was responsible for the survey design, data analysis and reporting.

About Capital H Group

Capital H Group is a management consulting firm providing talent, leadership and organizational solutions to help clients improve their business performance. In 2007 Capital H Group was named to Inc. magazine’s annual list of the 500 fastest-growing private companies in the United States. In late 2007, Capital H Group acquired the Centre for High Performance Development, a United Kingdom-based leadership development consultancy with a worldwide reputation. Capital H Group has offices in the United States, United Kingdom and Asia. For more information, visit capitalhgroup.com.

About Wake Forest University Schools of Business

The Wake Forest University Schools of Business offer undergraduate programs in finance, accounting, mathematical business, and business and enterprise management, and graduate programs including a Master of Business Administration, Master of Science in Accountancy and Masters of Arts in Management. Our programs are consistently ranked among the world’s best in surveys by U.S. News & World Report, Business Week, the Wall Street Journal, Forbes, and the Financial Times. For more information about the Wake Forest Schools of Business visit: www.business.wfu.edu.

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