

## **Checklist: Using DEI Data for Goal-Setting and Reporting**

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After the murder of George Floyd and the nationwide protests that followed, society began calling for action on racial justice. This call has been felt by companies as shareholders, regulators and the public demand action and accountability on DEI. This checklist will walk you through how to use data to set DEI goals so that your organization can show that it is making real progress.

- 1. Understand the Importance of Setting Goals.** Goals provide accountability, which is a necessary part of DEI work. DEI work is difficult, and it requires an organization to build trust among its stakeholders to yield results. Employees must trust that the organization is trying to make more inclusive spaces for them, investors must trust that the organization is mitigating DEI risks and the public must trust that organizations' aspirational statements are backed up by real action. Data-based goals can hold organizations accountable, and can create and maintain trust among stakeholders.

For an organization to be accountable and trustworthy, there must be consequences if DEI goals are not met or if DEI is ignored. It may feel counter-productive to create the possibility of negative consequences for your organization, but it is necessary to avoid empty promises and frivolous commitments. Your organization needs to discuss the specific consequences it is willing to impose on management or employees that don't make efforts toward DEI progress. Additionally, there should be a plan for what corrective actions will be taken if goals or benchmarks are not met. It is better to internalize accountability within an organization than to find your organization being held accountable in a public, and often reputationally damaging, way.

One method for providing accountability is shaking up personnel when goals and benchmarks aren't met. If you've been trying to make DEI a priority and you're not seeing progress, then corrective action must be taken. For example, if you're seeing an increase in low ratings among targeted groups on employee sentiment surveys (for example, women and people of color) in a particular team, and you find that the manager of that team has exhibited no interest in attending DEI training or understanding and improving the feelings and experiences of their team members, then it

may be time for that manager's leadership skills to be called into question. You'll need to connect with HR to see whether there can be additional intervention to support the manager, or whether separation or a role change is the best next step. A manager that cannot (and does not want to learn how to) manage a diverse team should not be managing a diverse team if your organization aims to attract and retain a diverse workforce.

- 2. Start with Data.** Data is vital to goal-setting, because it shows your organization where to begin. It can also provide empirical support for DEI, which may be helpful in persuading those who are not convinced of the need for DEI initiatives. When DEI skeptics are met with meaningful data, it can help convince them that DEI issues are more than just a fleeting trend or insignificant complaints. Data can put hard numbers to lived experiences and can help leadership connect with what's going on at all levels of an organization. As such, goals set by an organization should be data-driven and those metrics should be monitored from their inception to their completion.

Diagnostic data can be gathered through surveys. When conducting surveys, be sure to survey all levels of your organization so everyone's voice is heard. You'll want to provide an option to employees to keep their responses anonymous, so everyone feels safe giving honest feedback. The data obtained through these surveys will be used to set goals and measure progress. You'll want to conduct surveys on a regular basis, either annually or semiannually. This will help your organization adapt as needed and ensure your initiatives are relevant. Additionally, some organizations survey customers as well as employees to gauge how the organization's DEI progress is perceived by its customer base.

When looking at your data, it is important to look at different groups or demographics. Tunnel vision can lead organizations to think they've succeeded in DEI when in reality, there is more work to do. For example, if an organization has a workforce that is 50% women and that 50% is spread equitably across the organization's leadership and management, then this is a good distribution of gender diversity in the organization. The problem comes when organizations see these kinds of results as a complete success and stop working here. Suppose that of these women, only 2% are people of color. Now, the data tells a more comprehensive

story — a success in one area, but a failure in others. Look through your data to not only identify DEI wins, but also areas for improvement. Keep in mind that intersectionality in the data is important. If you're looking only at broad categories, you can be overlooking marginalized groups. Additionally, no person can be represented by just one category, so intersectionality must be considered to get the full picture of your employees and customers.

Review your data to identify how your organization can be more equitable. It is not enough to have good representation in aggregate, you should also have good representation at all levels of your organization. If diversity is concentrated in entry-level roles and isn't spread across middle management, higher management and senior leadership, then your organization has an equity problem. Equity often takes longer to build than diversity, so you'll need to set goals and keep a close eye on equity progress.

- 3. Set Data-Driven Goals.** DEI goals set by your organization need to be tied to data. Instead of setting goals like “we want to improve diversity,” you should be setting specific data-tracked goals like “we are going to increase women hires from 5% to 15% over the next six months and measure our progress every 30 days.” The first example is nebulous and aspirational, the second is specific and measurable. All goals should be measurable and tied to outcomes. Take the data you've measured through surveying your organization and engage leadership in conversations on where to begin goal-setting.

Break down your longer-term goals into 30-, 60- and 90-day increments. While you may not see the full result of your initiative for years, incremental progress is useful to show that you're on the right track. The advantage of this approach is that you can tell if something isn't working and you can fix it early. If you set a goal for two years out and then don't assess your progress in between, you may find at the end of the two-year mark that you didn't make any progress toward your goal and you've wasted valuable time. Measuring a goal in smaller milestones across shorter periods of time allows your initiative to be flexible and adaptive, and makes for an overall more effective DEI approach.

You should also be aware of DEI burnout. An unsustainable pace can cause DEI fatigue and undermine your organization's efforts. To combat this, balance short-term goals and projects with long-term change. Short-term projects are great at getting people excited and maintain momentum. On the other hand, DEI requires long-term projects that help embed DEI into the foundation of your organization and help shape organizational culture. For example, an organization could have a structure where they consider three DEI goals at a time: two long-term goals and one short-term goal. Whenever the short-term goal is met, another replaces it. This organization wouldn't feel the burnout of having 50 different simultaneous short-term goals or only long-term goals where progress may take longer to observe.

Goals shouldn't be limited to only upper management. To really engage your organization and achieve DEI progress, you'll need to set goals at every level. For example, assume that a law firm wants to increase the number of Black lawyers who are equity partners in the firm. To establish the pipeline to make that happen, you'll need hiring managers to have diversity hiring goals, mentors who set goals to spend a certain amount of time per month with those new hires and goals for HR to ensure that these hires are being listened to and feel included. By mobilizing the entire firm with sets of relevant goals tailored to job positions, you make it possible to reach larger goals as an organization.

- 4. Prepare Your Personnel.** Starting DEI work can be anxiety-inducing for many employees and managers. DEI requires an organization and its employees to take an honest look inward and identify and address shortcomings. People tend to believe that they are already inclusive and equitable, and may have a hard time admitting that their actions and decisions can be riddled with bias. They also have a difficult time coming to terms with historical inequities and admitting that they have systemically benefited from these inequities. This is part of the reason that telling employees and managers to "improve DEI" doesn't work. They already believe that their actions are just and that the problem must be coming from somewhere else.

To remedy this problem, provide your personnel with DEI training and tools. Make sure that these can be applied practically in employees' day-to-day duties. This will empower your personnel to impact DEI at their

level. It can also help remove a lot of the guesswork and unproductive feelings of guilt that may hinder DEI progress. As you make progress, you'll want to share that with your employees. Sharing the data behind your initiatives with employees is a great way to keep people motivated, especially if they see your organization making progress.

To earn and keep the trust of your employees, you'll also need to set expectations and foster a culture of growth. The organization should be prepared for moments of slow progress, setbacks, failures and mistakes. The important thing is to keep putting effort into DEI and correcting problems when they arise.

Make your training specific to your organization and your employees' roles. As you set goals, be sure to provide employees with training and tools to help them reach those goals. What tools you provide your personnel will vary based on the kind of DEI work you're doing. For example, assume that your goal is to increase inclusion and belonging in your organization. You want to set goals for middle management as part of the larger effort to accomplish this. You'll need to equip middle management with training that gives them practical tools to help their day-to-day operations be more inclusive. One option would be to ask managers to better incorporate those who don't normally speak up in meetings. Instruct your managers to communicate with those employees prior to the meeting so they aren't surprised and have time to prepare. This is a simple action item the manager can immediately begin to implement. People can only hold their attention on about three or four things at a time, so giving your personnel bite-size pieces of the larger goal helps them contribute and keeps you on track.

- 5. Clarify the Role of the Board and Directors.** In any DEI initiative, buy-in from leadership is vital to success. For your organization's initiatives to succeed, leadership is going to need to keep an open mind and accept that there is always more to learn and do. Being a "good person" is not enough to create real change; leaders must be willing to listen to the lived experiences of marginalized peoples. It is important to keep in mind that everyone is learning together. DEI information may seem overwhelming to some, but with time and effort, improvement is possible. The training and DEI tools discussed above are equally applicable to leadership and they should be actively engaged in DEI coaching and training.

The board should consider DEI's role as one that can enhance organizational culture and improve financial performance. DEI can be linked to an organization's ESG strategy and offers the potential for positive communication both internally and externally.

The board will need to examine data to make determinations about what governance structures to implement to oversee DEI. The organization should appoint an individual to inform and educate the board on DEI. Who this person is will vary depending on the structure of your organization. This person will be responsible for preparing and presenting DEI data to the board. To that end, when you supply your board with data, it can be helpful to tailor that data to the board's role. The board looks at organizational issues from the top down. Thus, the data provided should show the board how DEI goals are being set and measured, but it shouldn't be so granular that it's overwhelming or needlessly time-consuming. Giving DEI data to the board in the context of work they are already undertaking helps integrate DEI into the board's priorities. At a minimum, the board should be getting data that is relevant to your organization's disclosures. The board should get regular updates on DEI and shouldn't be seeing DEI data for the first time in draft disclosures.

Your organization may make mandatory SEC disclosures, state disclosures, voluntary disclosures or investor-mandated disclosures. The disclosure laws, framework or investor mandates will determine exactly what information you must disclose, but common information that is sought includes diversity demographics, leadership diversity, diversity of teams, etc. So, your organization will need to tailor its data-gathering strategy to these disclosure requirements. The board, and specifically the audit committee, should be familiar with the disclosure data, requirements and processes.