THE 5 DISCIPLINES OF INCLUSIVE LEADERS

UNLEASHING THE POWER OF ALL OF US

ANDRÉS T. TAPIA & ALINA POLONSKAIA

Foreword by KEVIN CASHMAN, Global Leader of CEO and Executive Development, Korn Ferry

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To all my coworkers throughout my various career experiences.

Every day, in your glorious diversity, you taught me something new—and, in that, made me a better person. ¡Gracias!

—Andrés

To my grandmother, Felicia Uchitel, who encouraged me to dare.

—Alina

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CONTENTS

Contents

FOREWORD

I N A TIME WHEN WALLS AND EXCLUSION too often define and divide
us, it is critical to rise above our limiting mindsets, and even more
importantly, to transcend constricted heart-sets. The human spirit, our
deepest, most authentic humanity, cannot be denied or minimized
by judgments that tend to restrict our collective worth. In the end,
synergy supersedes separateness and eventually prevails. Inclusion is
the soul of synergy.

Diversity and inclusion are foundational to both creativity and
innovation. Our research, and the research of others, has demon-
strated that the essence of innovation is grand collaboration. The
broader and more diverse the dots included and connected, the
more profound the innovative breakthrough. Diversity and inclu-
sion fosters this by hearing, appreciating, and including new, unique
voices to create new, unique possibilities. However, our technologi-
cal innovations have too often outpaced our human innovations. As
Mastercard's Chief Executive Officer, Ajaypal Banga, reflected, "We
have the Internet of Everything but not the inclusion of everyone."[1]

Great leaders transform by reconciling polarities and paradoxes
into new, more unified possibilities. Inclusive leaders bridge the
seeming polarities while honoring the spectrums and breadth of
diversity and uniqueness. The Reverend Jesse Jackson captured this
beautifully: "Our premise is that inclusion leads to growth. So for
those who are locked out, they lose development, and those who are
in power lose market and growth."[2] Whether we are running a global
organization or dealing with our families, being inclusive, appreciat-
ing both unity and diversity, is a constant human challenge.

A while ago, a very seasoned global CEO reflected on his career with me:

> I always thought of our company as truly global, truly inclusive of the world. The truth is, we were not. We were a US-centric, internationally located firm. Unintentionally, we divided more than we included. Why? Because I had not made my own inside-out leadership shift to be more open, more inclusive, within myself. Until I examined my own boundaries, my own biases, my own lack of openness in my life story, I could not even see it, much less appreciate and value it, in others.
>
> As I opened, the world opened. As I included more of myself, I became more inclusive of others.

We all have boundaries, we all have our walls, built brick by brick through our life experience. Break down the walls from the inside and the world enters. CNN news anchor Anderson Cooper put it well: "While as a society we are moving toward greater inclusion and equality for all people, the tide of history only advances when people make themselves fully visible."[3] The goal of diversity and inclusion is to unleash potential by making ourselves, and all those around us, more visible and more authentic contributors.

The 5 Disciplines of Inclusive Leaders is a profound leadership experience. It inspired me to deeply reflect on my own leadership and on some of the original research I presented in *Leadership from the Inside Out* more than twenty-five years ago. While inclusion and diversity were just taking hold in the corporate world back then, the principles of authenticity, courage, agility, purpose, interpersonal trust, resilience, and value creation were present. While reading Andrés and Alina's great work, I was struck that the core principles for both world-class leadership and inclusive leadership are so foundationally connected.

Each of our stories, to various degrees, is full of diverse people, influences, experiences, cultural impacts, biases, traumas, and triumphs. Knowing our deeper, unique stories helps us to be more open, more empathetic, and more curiously connected to the diverse stories of others. Once we know our own story and deeply appreciate the

stories of others, separateness recedes. Like reading a great novel and empathizing with all the characters, once we understand someone's story, our heart opens and our harsh judgment disappears.

Inclusive leadership is no longer just a desirable thing to have or to add to our leadership. It is crucial to be it, to embody it, to achieve greater purpose-driven performance through it. As a result, I would encourage you to pause deeply with this great book. If you do so, it will be much more than an interesting and engaging intellectual exercise; it will be a rich, transformative leadership experience. Go slowly and go deeply on this journey with Andrés and Alina. They are true masters in this field. Andrés and Alina, along with their world-class colleagues in Korn Ferry's diversity and inclusion practice, have distilled many decades of research and insights from countless clients to deepen and accelerate your journey to inclusive leadership.

Leadership changes everything; it is a causal force, intolerant of the status quo, compelled to transform everything it touches. But while leadership changes everything, it can accelerate change in one of two ways: change for the better or change for the worse. *The 5 Disciplines of Inclusive Leaders* will ensure that you are a force for changing our world to a much more sustainable, innovative, purposeful, and peaceful place!

Kevin Cashman

Global Leader of CEO and Executive Development, Korn Ferry

Bestselling author, *Leadership from the Inside Out* and *The Pause Principle*

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PREFACE

THESE SHOULD BE BREAKTHROUGH TIMES FOR THE work of diversity and inclusion. Companies are spending more than $8 billion a year on diversity programs.[1] Sixty-three percent of today's diversity professionals were appointed or promoted to their roles between 2016 and 2019. CEOs have signed multiple pledges and sought various diversity and inclusion certifications.[2] Efforts to create more inclusive organizations are clearly not suffering from a lack of attention.

But those efforts are suffering from a lack of results.

Despite the massive investments and statements full of bravado, female and non-White talent is still woefully underrepresented in many sectors. Boards of Fortune 500 companies are made up of only 8.6% Blacks, 3.8% Latinos, and 3.7% Asians, while women represent 22.5% in these same companies and 15% in the top global companies.[3] Of the senior leadership roles at Fortune 500 companies, Blacks occupy only 3.2%, Asians 2%, Latinos 4%, and women 10%.[4] Meanwhile, those from indigenous groups across all of the Americas, and in places like Australia, for example, are nearly invisible. They don't even show up in most of the reporting. And those who are LGBTQ+ or differently abled continue to wrestle with the not unrealistic fear that disclosing their true selves could hurt their career advancement and even job retention chances.

Furthermore, in what is assumed to be the relatively progressive nonprofit arena, the percentage of non-Whites in executive director roles were either only marginally better or even worse than in the corporate world. One US study had the collective representation of African Americans, Asians, and Hispanics at 13%, while another put

the number at 8%. (On the brighter side, while the percentage is not yet at parity, the story on women in nonprofits is significantly better than in the for-profits, with 42% representation.)

Something is not working.

In more than twenty years of work in internal diversity and inclusion (D&I) roles, as well as in global management consultancies, we (Andrés and Alina) have been both witnesses to and participants in this exploding attention to addressing the lack of representation and the inequities that different talent groups experience in our organizations. Our work in the trenches has led us to discover the fundamental missing ingredient that is needed to go from effort and attention to results.

To be clear, we are both deeply mission- and values-driven leaders. So, yes, we believe greater diversity and inclusion is the right thing to do from a fairness, equality, democracy, and human dignity perspective. These things bring inherent purpose and humanity in themselves.

But our strategic starting point is always discerning what organizations want to achieve and what enablers and barriers will help or hinder progress toward those goals. From an outcomes perspective, there is a *So what?* that must be explored. So what if an organization is more diverse and inclusive? Specifically, how will this help it achieve its vision, mission, and concrete objectives of better service, better products, better quality of life, better financials? In other words, how do organizations use D&I to unleash the power of all of us?

When it comes to diversity and inclusion, the answers are compelling, as we explain in this opening section.

The *So what?* then invites the *Now what?* What does an organization need to do to become more diverse and inclusive? There are various key elements, but here we make the case that they all revolve around an organization having skilled, inclusive leaders.

We are believers in adult-based-learning training that is experiential, relevant, and actionable. We have seen the powerful results this can have on participants' beliefs, mindsets, and skills around the topic and realities of diversity and inclusion. We are believers in programs such as mentoring (both the traditional kind and the reciprocal mentoring between two parties), and we wholeheartedly embrace the findings that sponsorship is an even more effective way to accelerate the advancement of traditionally underrepresented talent.

We also believe in the effectiveness of differentiated development that is designed to address head-on the particular challenges and headwinds that talent from traditionally underrepresented groups often face, such as how to overcome systemic and legacy exclusions to access, opportunities, development, and rewards. This means that while organizations must do the heavy lifting of addressing the reduction of structural barriers, we believe there is a "power of choice" within each individual to also enhance the opportunities that they can open up for themselves.

To determine the optimal interventions for these best practices, we also firmly believe they must be discerned through proof points emerging from deep, root cause diagnostics that employ quantitative and qualitative research methods to surface the reasons for exclusionary dynamics in an organization.

However, even after listing best practices that have been researched, documented, and proven to work, our work in the trenches has led us to discover one fundamental missing ingredient: the role of leaders of the organization.

The missing ingredient was not leader buy-in. The best practice of CEOs and other leaders as champions of diversity is clearly understood, not only by the grassroots but also by the leaders themselves. It is common knowledge that without CEO and top leadership involvement, nothing much happens. That's why so many have signed that CEO pledge, and why they have been so public in their declarations of support.

The missing ingredient we found is in what is being asked of the leader.

Top and aspiring leaders can't just be vocal supporters of diversity. They can't just be sponsors of D&I programs. They can't just be the ones who provide the budget. They can't just delegate it to their chief diversity officer, or just show up at the designated heritage month event, or just attend the banquet where they receive the latest award.

They need to actually *lead* the effort.

This is why we set out to discern what it takes to be an inclusive leader and how we can help leaders at all levels become effective at it. The work entailed both quantitative and qualitative research. We collaborated with psychometric assessment scientists and with deeply grounded and experienced diversity and inclusion experts. Together, we mined the data, tested the assumptions, and validated the findings.

We then assessed our own clients, debriefed them, heard their first-hand stories, and coached them. We joined them on individual and organizational transformation journeys.

We learned that inclusive leadership is not just about an attitude of openness. It is about a set of skills and ways of being that can be assessed, coached, and put into action to bring about the equitable, inclusive, and diverse organizations to which so many aspire.

This book is about what we discovered that works. And we are eager to share it with you.

■   ■   ■

INTRODUCTION

Defining the Inclusive Leader

WHAT DOES AN INCLUSIVE LEADER LOOK LIKE? There's plenty of opinion in the public square about this, as well as many inspiring stories. But we wanted to start with the science. What do the 3 million leadership assessments in our Korn Ferry database tell us about the unique elements of inclusive leaders? Here, we lay out the scientific approach that led to our traits- and competencies-based Inclusive Leader model. We also touch on the role of life experiences in the inclusive leader's formation and development.

Let's look at the compelling ways that organizations use D&I to unleash the power of all of us.

CONTEXTUALIZING INCLUSIVE LEADERSHIP

First things first. Let's explain what we mean by *diversity, inclusion,* and *equity*. Diversity is about getting a mix of different people in the door, inclusion is about ensuring that mix is working well, and equity is fulfilling the promise that they all have equal access, opportunity, support, and rewards.

While headlines deluge us with the disturbing news that our societies are increasingly polarizing, a massive diversity, inclusion, and equity movement is afoot within corporations and nonprofit organizations. This countertrend to polarization is fueled by both altruism and self-interest.

On the altruistic side, many employers in all sectors—including industrials, the consumer sector, financial services, technology, health care, pharmaceuticals, the legal professions, government, nonprofits, and the military—have a genuine concern for ensuring that their talent feels valued, respected, and safe in the midst of divisions. They seek to have equitable organizations where disparities at any level, including access, opportunity, support, and reward, don't exist. They want to deliver on their promise of equality, that no one will be favored or disfavored on the basis of who they are.

On the self-interest side, a tsunami of demographic changes has presented organizations with unprecedented challenges and opportunities. Organizations are desperately trying to figure out the answers to these vexing questions:

- How do we attract the best talent from talent pools that have never before been tapped?
- How do we ensure that all talent, including women; people of different races, ethnicities, and socioeconomic status; and those with different physical and cognitive abilities, sexual orientations, or personalities, can rise to the fullness of their potential and into the highest levels of leadership?
- How do we ensure that the increased complexity of more diverse workforces does not lead to destructive conflict?
- How do we tap into our organization's diversity to reach previously unreached consumers and markets?
- How do we optimize diversity for greater innovation and organizational growth?

This long and comprehensive list of challenges underscores the notion that organizational competitiveness now and long into the future requires us to leverage diversity and inclusion.

Hard financial metrics back this up. In a study of one thousand companies across twelve countries, McKinsey & Company found strong associations between diversity and financial performance. Companies in the top quartile for racial and ethnic diversity were 36% more likely to have financial returns above their respective national industry medians, while those in the top quartile for gender diversity were 25% more likely to have financial returns above their medians. Furthermore, inclusive organizations were found to be 70% more likely

to capture new markets, 75% more likely to see ideas become productized, and 87% more likely to make better decisions, while enjoying 19% higher innovation revenue (figure 1).[1]

The case is clear: whether for altruistic or self-interested reasons, leaders need to design organizations that equitably meet the needs of all their talent. And this exciting movement toward building tomorrow's equitable organizations is dependent on a new type of leader: the inclusive leader.

The inclusive leader is collaborative and facilitative rather than command and control. They are transparent rather than operating

Diverse and inclusive organizations outperform their peers.

70%

Higher growth

70% more likely to capture new markets.

36%

Better profitability

Companies with ethnically diverse teams are 36% more likely to outperform on profitability.

75%

Faster time to market

75% more likely to see ideas become productized.

19%

Better innovation

Companies with above-average diversity report 19% higher innovation revenue.

Diverse and inclusive teams make better decisions and better solve complex tasks.

87%

Better decisions

Diverse and inclusive teams make better decisions 87% of the time.

87%

Impact on performance

87% of the Most Admired Companies see the positive impact of diversity and inclusion on their business performance.
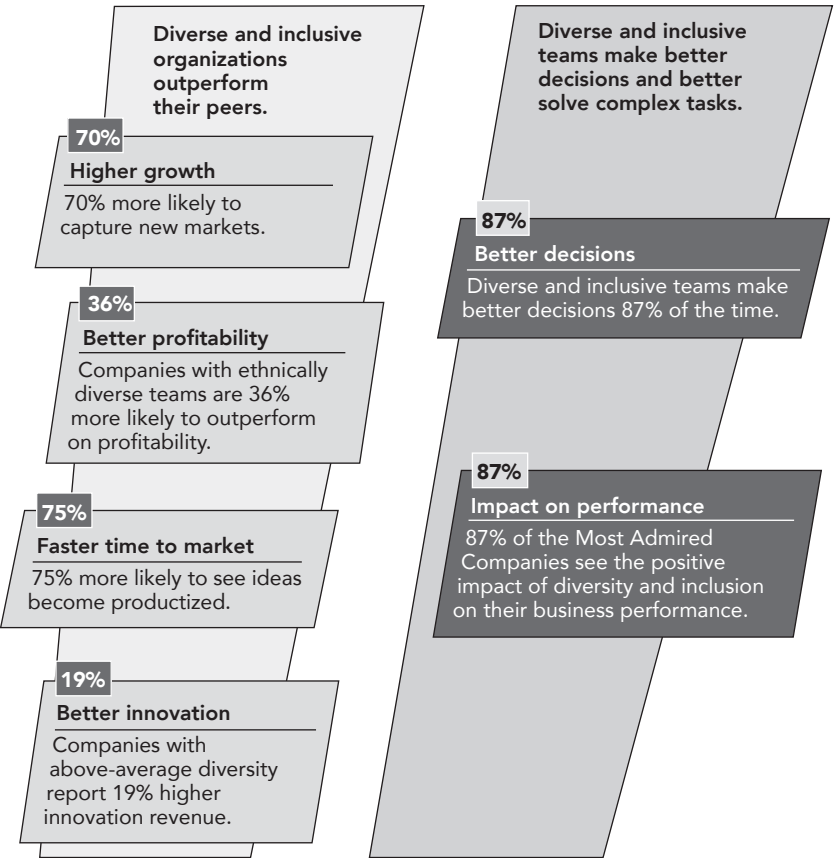
Figure 1. Done well, diversity and inclusion maximizes performance of individuals, teams, and organizations. *Sources:* McKinsey; Boston Consulting Group; Center for Talent Innovation; Erik Larson; Korn Ferry. For exact sourcing see endnote 1 for this chapter.

within the shadows of closed doors. They are culturally agile rather than anchored in their own worldview. They are able to fully embrace and leverage the vast diversity of today's workforces. They can create a safe space, regardless of what is happening externally, where people feel accepted and empowered to give the best of their talents. They unleash the power of all of us.

INCLUSIVE LEADERSHIP IS NOT JUST ABOUT DIVERSITY AND INCLUSION

Let's set diversity and inclusion aside for a moment and look at the research on the skills that future leaders need. A Korn Ferry study of perceptions of investors on whether leaders in organizations are rising to the challenge of massive disruption ("self-disruptive leaders") confirmed for us that inclusive leadership is not only the key to more equitable organizations; it is the foundation of broader leadership effectiveness.

Not only were investors in companies dissatisfied with what they saw (70% argued that short-term pressures stripped leaders of the ability to push through innovation, digitization, and transformative change), but they also considered current leadership styles to be in urgent need of change. As Dennis Baltzley, Korn Ferry's Global Leadership Practice leader, summarized the implications of the findings: "If you love consistency, the future will be hard for you." Those surveyed indicated that this includes the majority of leaders, as two-thirds (67%) of them identified current leadership norms as "not fit for the future."

Our self-disruptive leader research also found that if companies are to avoid being swept away by today's massive changes, leaders must "disrupt" themselves—their thoughts, their values, their actions. The disruption of markets can only be met with a disruption of the current leadership approach.

The study identified self-disruptive leaders as exceptionally good at partnering with diverse people across their organization's internal and external ecosystems and effective at creating the trust that helps establish inclusive environments and unlocks the full power of all the talent.

Sound familiar?

These inclusive leadership behaviors naturally tumbled out of research that was *not* about diversity and inclusion but rather was about how to be a successful leader in these tumultuous times. There is a 40% overlap in the traits and competencies required of self-disruptive leaders and of inclusive leaders.

What the study shows is that an inclusive leadership mindset and skills are necessary for effective leadership today and for the future. For the twenty-first-century leader of the future, inclusiveness is the new currency of power, influence, and effectiveness. It is the catalyst for unleashing talent to the fullness of its potential—the power of us all—which in turn provides the jet fuel that companies require to seize unprecedented opportunities and maneuver through daunting challenges. Figure 2 shows the clear logical connections between business performance and inclusive leadership.

Inclusive leaders drive organizational growth in the 21st century.

- Biggest challenge: create growth.
- To have growth you need to differentiate.
- To differentiate you need to innovate.
- To innovate you need diversity.
- To activate the diversity you need inclusion.
- To manage all this you need inclusive leadership.

Figure 2. The business case for inclusive leadership. *Source*: Andrés T. Tapia and Alina Polonskaia, *The Inclusive Leader White Paper* (Korn Ferry, 2020).