



The Business Case for Workforce Diversity

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Session Agenda

- Workforce Diversity
- Connecting Workforce Diversity to Organizational Value
- Diversity and the Commercial Real Estate Industry
- Strategies for Developing and Measuring Workforce Diversity
- Case Studies: The Power of Workforce Diversity

Key Questions

1. What is Diversity?
2. What is Workforce Diversity?
3. What is the Business Case for Workforce Diversity?
4. How can Workforce Diversity be achieved?

What is Diversity?



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Types of Diversity

- **Demographic Diversity** – relates to differences in characteristics such as race, age, and gender
- **Background Diversity** – refers to differences such as knowledge, tenure, education, experience, or function
- **Behavioral Diversity** – includes differences in values, personality and attitudes

The Two Camps for Diversity

Social Justice Camp

- “Diversity is the right thing to do”
- Minorities and women can “feel more comfortable”

Business Camp

- “Diversity is good for business”
- “More sales, new markets, best people”

Diversity

“It’s the Right Thing to Do”

- It’s Morally Correct
- Discrimination is Wrong (and Illegal)
- Individuals Deserve Respect
- Need to Be More Inclusive
- We Value Differences

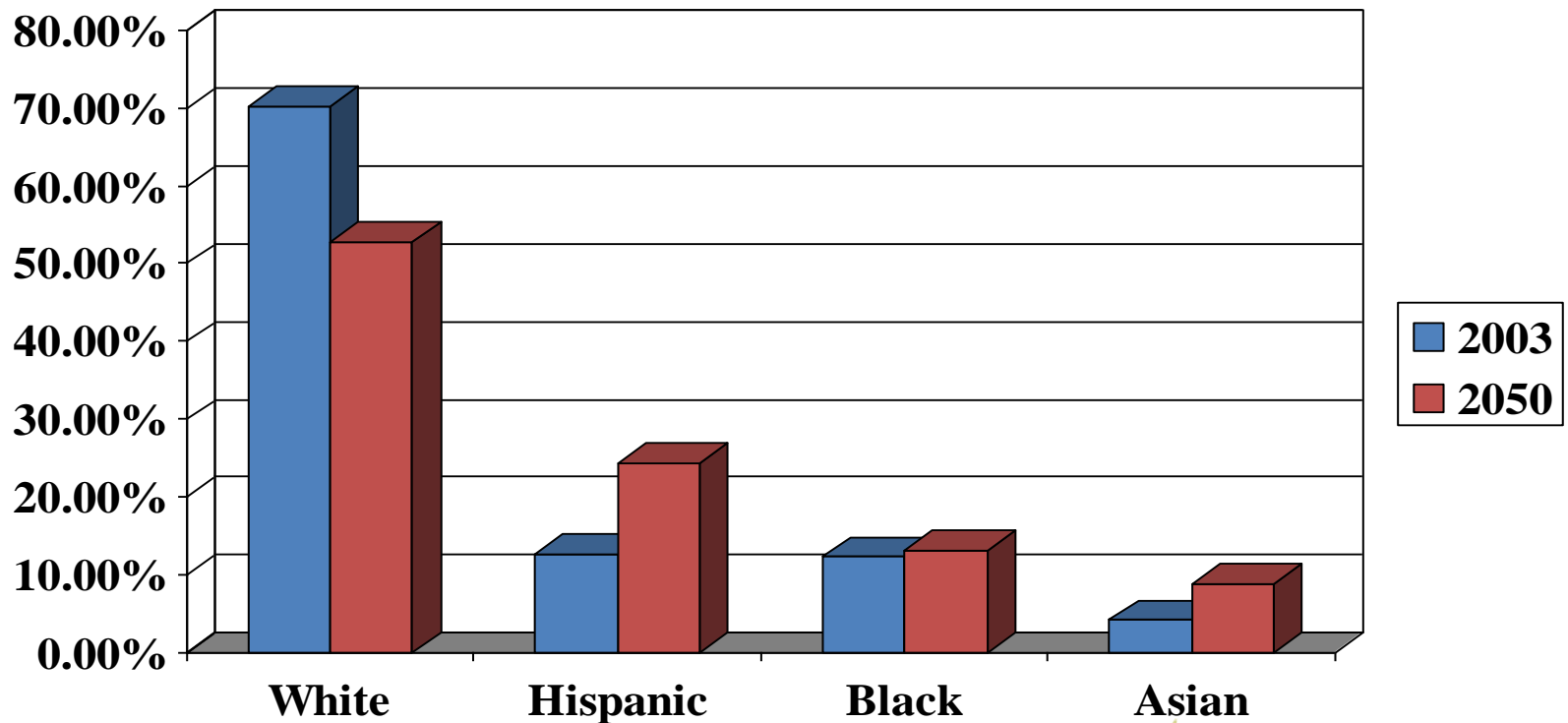
Diversity

“It’s Right for Business Reasons”

- Helps our Grow Revenue
- Helps lower costs (Litigious Environment)
- Conservative Administration/Courts
- Our World is Changing
 - Competition for People
 - Market Demographics

Shifts in US Population Demographics from 2003 to 2050

Source: U.S. Census Bureau



What is Workforce Diversity?



Why Workforce Diversity?

“Most executives say the progress has been driven largely by the demands of large corporations and pension funds who want their vendors to become more diverse”

Bennett Voyles

* From the Article “Breaking the Color Barrier,” – nreionline.com, 9/1/06

What is the Business Case for Workforce Diversity?



The Business Case for Diversity

How diversity initiatives yields strategic (economic, productive, or competitive) advantages to the organization.

The Business Case

“Diversity is not just color. It’s getting different perspectives. At the end of the day, diversity and inclusion help [a company’s] bottom line”

Trenna Ross, Red Rock Global LLC,
Chair, 2008 Global Diversity Summit in
Commercial Real Estate

Atlanta Business Chronicle 8/8/2008

Key Diversity Constituencies

- Executives/Top Managers
- Diverse Leaders
- Employees
- Shareholders
- Clients
- Community

Real Estate Industry Diversity*

- The Commercial Real Estate Industry employs an estimated 100,000 professionals
- People of color account are estimated to account for approximately 800 to 900 (< 1%) of these professionals
- By comparison, approximately 8% of retail industry professionals are people of color

*Source: REAP (Real Estate Associate Program)
www.projectreap.org

Do People Believe in the Business Case for Diversity?

SHRM 2005 Workplace Diversity Practices Study

32% of respondents believe that: “Diversity practices give my organization a competitive advantage”

“Only 17% of respondents perceived a positive link between diversity practices and their organizations’ financial bottom line”

How Can Diversity Activity Values be Calculated?



The Diversity Value Chain*

Diversity Activity or Process

The strategic work focused on producing value

Outcomes

The improvement resulting from diversity activities or processes

Value Added

The economic return gained as a result of the outcomes

*Adapted from Diversity Best Practices (2004)

Value Measurements

Financial Measures

- Return on Investment
- Return on Equity
- Net Income
- Net Contribution
- Increased Revenues
- Lower Expenses

Non-Financial Measures

- Better Teamwork
- Higher Organizational Commitment
- More Client Satisfaction
- Higher Job Satisfaction
- Anecdotal evidence (stories, feelings, attitudes)

Measuring the Value of Diversity

The analysis of data from a national sample of 251 for-profit business organizations provided support that racial diversity is associated with:

- ❖ Increased sales revenue
- ❖ More customers
- ❖ Greater market share, and
- ❖ Greater relative profits

Does Diversity Pay? Racial Composition of Firms and the Business Case For Diversity. Herring (2006)

Farrell Group, L.L.C. 2008



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How can Workforce Diversity be Achieved in the Commercial Real Estate Industry?



Commercial Real Estate Initiatives

- CCIM Institute – Cultural Diversity
Education Program
- Real Estate Associate Program
- Global Diversity Summit in Commercial
Real Estate

Diversity Scorecards

Workforce

- % of hires, promotions, terminations
- % of workforce by level
- % trained in diversity
- Employee survey responses
- Talent review analysis

Marketing

- Market share by ethnicity
- Ethnic marketing program review

Community

- Donation and contribution \$s
- Sponsorship \$s
- External awards and recognition

Supplier Diversity

- Diverse suppliers spend as % of total
- # of new diverse suppliers
- Mentor/mentee programs

Best Practice Case Studies: The Power of Workforce Diversity



Case 1: Facing Challenges in a Commercial Real Estate Firm

- Relationship orientation, close networks
- Family owned business culture
- Few people of color at senior or middle management levels
- Lack of clear career paths

Case 2: Developing Diverse Leaders

- Selection and promotion processes
- Identifying rising stars, expanding networks, and tapping existing stars for referrals
- Using strategic diversity activities/initiatives.
- Moving away from “feel good” work.
- Providing coaching and mentoring of diverse talent in the organization

Case 2: Developing Diverse Leaders – Senior Mgt.’s Role

- Work on non-race or gender related strategic diversity initiatives
- Identify creative, best practice work being utilized in other organizations
- Leverage networks for referral and recruitment of the best talent
- Tie performance incentives to diversity success.
- Press for specific goals and timelines related to strategic diversity initiatives
- Ask the “diversity questions” when at the table

Summary

- *Workforce Diversity* is a key way to improve organizational performance
- *Workforce Diversity* will become even more important to the Commercial Real Estate Industry as U.S. Demographics change
- Making a Business Case for *Workforce Diversity* continues to be a solid, strategic method for adding measurable value to Commercial Real Estate firms



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