



**S H A P I R O**



# Opportunity Now

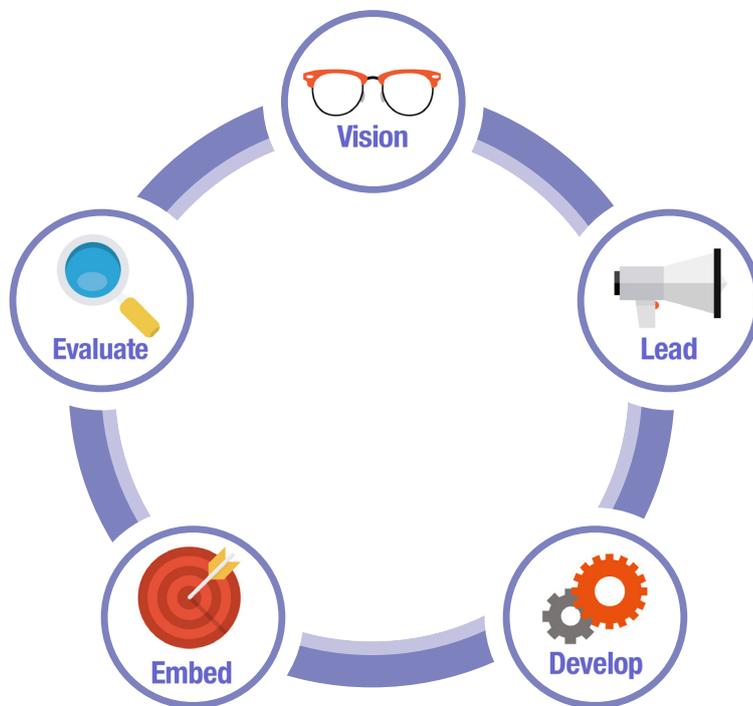
## Inclusive Leadership: culture change for business success

**Opportunity Now and Shapiro Consulting**



# Contents

- 3** Executive summary and critical success factors
- 5** Foreword
- 6** Introduction
- 9** Section One: Inclusive leadership action research
- 10** Section Two: A Five-Point Framework for cultural change
- 21** Section Three: Critical success factors
- 22** Section Four: Call to action
- 23** Recommendations
- 24** Methodology
- 26** Acknowledgements
- 27** Advisory board



# Executive summary and critical success factors

Inclusive leaders get the best out of **all** their people, helping their organisations to succeed in today's complex, diverse national and global environment. Through their skills in adaptability, building relationships and developing talent, inclusive leaders are able to increase performance and innovation.

## Employees that have worked with an inclusive leader<sup>1</sup>:

81%  
improved performance and productivity

84%  
increased motivation

86%  
increased innovation and creativity

79%  
improved collaboration

81%  
greater engagement and loyalty

## Organisations with inclusive leaders<sup>2</sup>:

70%  
more likely to have captured a new market in the past twelve months

45%  
more likely to increase market share<sup>1</sup>

## Inclusive Leadership Gap

Despite the valuable contribution of inclusive leadership to business success, its core competencies are rare in organisations today. 66% of employees said that, in their experience, less than half of the managers and leaders in their organisation are great inclusive leaders.

If you are to ensure your leaders of today and the future can build the trust, influence, collaboration and diversity needed for your organisation to thrive and grow in the 21st century, inclusive capabilities must become synonymous with excellent management and leadership.

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In the 21st century, inclusive capabilities must become synonymous with excellent management and leadership.

1 Inclusive Leadership: From Pioneer to Mainstream, 2011, Shapiro Consulting and Opportunity Now

2 'Innovation, diversity and market growth', Sylvia Ann Hewlett, Melinda Marshall & Laura Sherbin, Center for Talent Innovation, 2013.

## A Five-Point Framework for change

The Five-Point Framework sets out the approach required to develop and embed inclusive leadership over a two to three year timeframe, and should be used in tandem with the [online resource kit](#) which provides the practical tools.

It is the result of an 18 month action research programme undertaken with five organisations: **BAE Systems**, the **British Army**, **Citi**, **Fujitsu**, and **HM Revenue & Customs (HMRC)**.

The Framework acknowledges that each organisation has unique challenges, environments and cultures, and is designed to be flexible to those needs. It does not need to be used in a linear way, though we recommend organisations begin with *Vision* and move sequentially through to *Evaluate*:

- **Vision** – set out why inclusive leadership matters to your business and set achievable targets
- **Lead** – build a group of sponsors from across the business
- **Develop** – put inclusive capabilities into the core of management and leadership
- **Embed** – make inclusive leadership sustainable by embedding in day-to-day process
- **Evaluate** – track impact and ensure accountability at the senior level

## Critical Success Factors

We have identified three critical success factors to ensure the development of inclusive leadership in an organisation is successful and sustainable:

### 1. Establish senior leaders and managers as sponsors and role models for inclusive leadership

- The support of the CEO or equivalent is key for ensuring success, but to make inclusive leadership sustainable requires support from more than one senior leader
- Senior leaders need to set out why inclusive leadership is important in supporting the delivery of organisational objectives and values. Managers and leaders will only change their behaviour and put inclusive leadership capabilities to work when there is a clear incentive to do so
- Inclusive behaviours are learnt through the experience of working with an inclusive leader. Senior leaders have a vital part to play in being a role model for change through their own actions and behaviour

- To make real change happen, senior leaders need to shift inclusive leadership from 'just another initiative' to the core of what it means to be a successful manager and leader. Whilst it is critical that the drive for inclusive leadership is led from the top, it must also be pushed from the middle by managers at all levels

### 2. Build a group of change agents equipped to embed inclusive leadership

- Change cannot be driven by one individual or a team operating in silo. Build a group of change agents drawn from all levels and from across multiple business areas. This will help to protect long-term success
- Change agents must be prepared to lead by example and take real action. They must be assessed for:
  - Readiness to be an active role model
  - Shared understanding of the motivation, need or conviction for inclusive leadership

- Ability and willingness to co-ordinate and collaborate
- Necessary knowledge, skills and understanding required to develop and embed inclusive leadership

### 3. Position inclusive leadership as part of an overall organisational programme of change

- Success in embedding inclusive leadership is highly dependent on being alert to and seizing the opportunity to embed it into existing or new organisational processes, programmes and frameworks. This requires inclusive leadership to be part of an overall planned programme of change being undertaken by an organisation, not a standalone activity

# Foreword

**Inclusive leadership is leadership excellence. The way we do business is changing. Customers and employees are becoming more diverse. The development of the knowledge economy means flatter, less hierarchical structures in organisations. Increased agility is the necessary response to emerging markets, economic downturn and the cultural change inspired by social media and new ways of communicating.**

What does all this mean for leadership? It means leaders need to be adaptable to be able to manage workplaces of the future, to create cultures that are not only diverse but that leverage that difference for competitive advantage. It means that trust is essential to employee engagement and organisational performance.

The findings of Project 28-40 showed us that workplaces are not working for women. There was a clear gap identified between organisational policies and the reality of the workplace as experienced by women. Excellent leaders and managers are key. We need leaders to instil trust in their teams and live their organisation's values. Managers are vital in getting the best out of an organisation's employees. This is what inclusive leadership is all about – getting the best out of all their people, and helping organisations to succeed in today's complex, diverse national and global environment.

Opportunity Now and Shapiro Consulting's research on inclusive leadership in 2011 found that over 80% of survey respondents who had worked with an inclusive leader were more motivated, productive, loyal to the organisation and more likely to go the extra mile. Inclusive leaders have the double impact of being effective in breaking down the barriers to progression experienced by many women and minority groups in the workplace.

Despite these positive impacts, true inclusive behaviours remain rare in the workplace today.

Opportunity Now's members welcomed the 2011 research and asked us to provide practical advice on how to accelerate inclusive leadership in their organisations. This is our response: a Five-Point Framework for cultural change and an online resource kit, which are exclusive to Opportunity Now members.

We are grateful to our five pioneering partners: BAE Systems, the British Army, Citi, Fujitsu and HMRC, whose experiences during this 18 month action learning project to embed inclusive leadership in their organisations informed these practical outputs.

This is just the start for our work on inclusive leadership. Opportunity Now is equipped to tailor the application of the Five-Point Framework and the online resource kit to meet individual member needs.

We know that real culture change doesn't happen overnight. This undertaking must be recognised as a two to three year programme that is led by a network of senior sponsors and champions drawn from across all business functions who are willing to act as role models for change.

We hope that this work will be useful for organisations wanting to develop excellent leaders and get the best out of all of their people.



**Helena Morrissey CBE, CEO,  
Newton Investment Management  
and Chair of Opportunity Now**



**Kathryn Nawrockyi,  
Director, Opportunity Now**

# Introduction

**Business has changed and leaders need to change with it. Organisations, once vertical and siloed, are increasingly flat and modular. The boundaries between organisations, employees, suppliers and competitors are changing and becoming more blurred. This has made the ability to lead based on trust, collaboration and influence critical.**

Our 2011 research has shown that inclusive leadership has what it takes to create the diversity of background and thought, collaboration, performance and innovation to meet today's business challenges and support business growth. Yet inclusive leadership remains a rare gem in organisations today. 66% of respondents to our survey reported that, in their experience, less than half of the managers and leaders in their organisation are great inclusive leaders.

There is little formal development or motivation driving inclusive leadership in organisations today. This needs to change. Only a proactive approach will enable inclusive leadership to become more widespread across UK business.

This report presents the results of the Inclusive Leadership Excellence Club action research. It provides a framework for change that underpins a series of practical resources in an [online resource kit](#). It sets out the actions and approaches that will enable organisations more widely to develop inclusive leadership as part of their drive for improved performance and growth.

## What is Inclusive Leadership?

***Inclusive leaders get the best out of all their people, helping their organisations to succeed in today's complex, diverse national and global environment. Through their skills in adaptability, building relationships and developing talent, inclusive leaders are able to increase performance and innovation.***

Inclusive leadership not only refers to the capabilities of senior leaders in organisations to improve performance but also to those held by managers at all levels. Whilst the drive for inclusive leadership must be led from the top, it also needs to be pushed from the middle.

## Why is inclusive leadership important?

### Driving performance and business growth

Leadership behaviour has a powerful influence on the performance of employees, whether positive or negative, and the progression of diverse groups in an organisation. Our research reported that over

80% of employees that have worked with an inclusive leader were more motivated and productive, loyal to the organisation and more likely to go the extra mile.

Inclusive leaders are effective in breaking down the barriers to progression experienced by many women and minority groups in organisations. Over 80% of employees from all backgrounds reported that an inclusive leader helps to increase their self-confidence and makes them feel more valued. Over 70% said they helped to create career-enhancing opportunities.

Research by the Center for Talent Innovation has shown that organisations with inclusive leaders are 70% more likely to have captured a new market in the past twelve months than organisations without inclusive leadership and 45% more likely to report that their firm improved market share in that same time frame<sup>3</sup>.

3 Innovation, diversity and market growth', Sylvia Ann Hewlett, Melinda Marshall & Laura Sherbin, Center for Talent Innovation, 2013.

## Business impact of inclusive leadership:

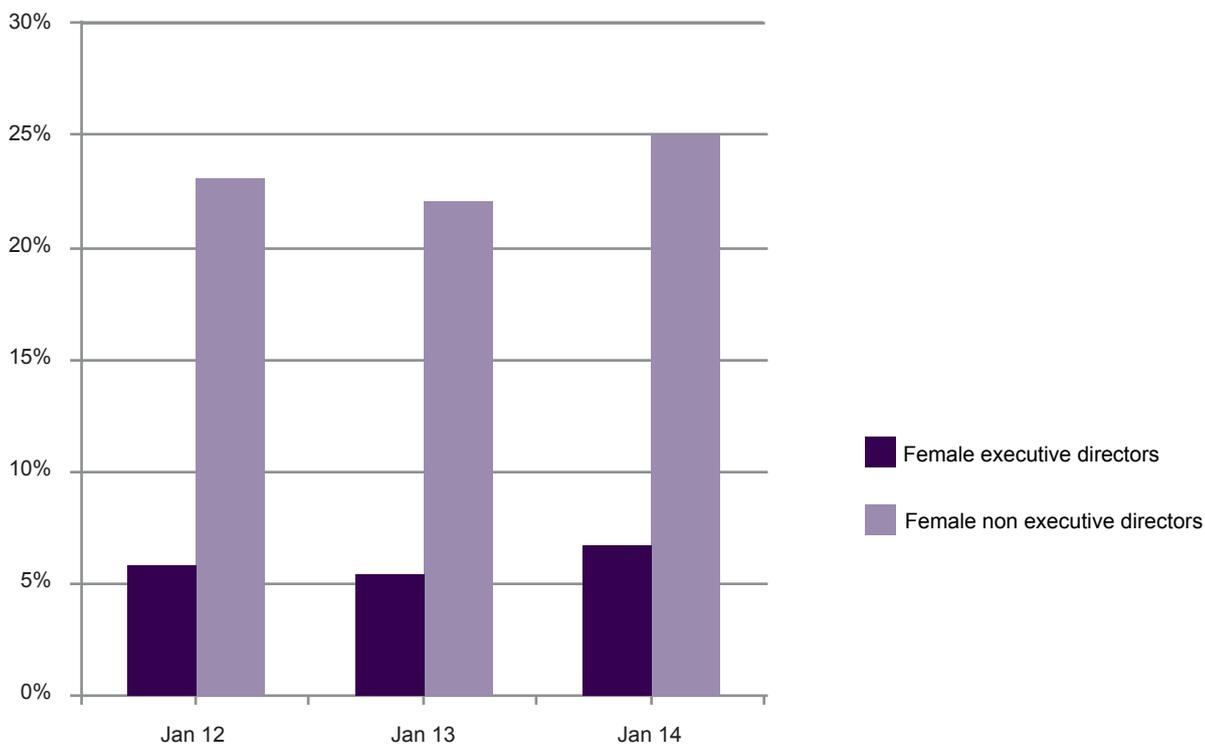
81% improved performance and productivity	86% increased innovation and creativity	84% increased motivation; 79% improved collaboration
81% greater engagement and loyalty	70% more likely to capture a new market	45% more likely to increase market share
72% more career enhancing opportunities	80% higher confidence	85% more valued

### Diversity as a business imperative

Over the last decade, the financial crisis and failures in some of our public institutions have highlighted the dangers of homogeneity and group think in leadership, and the benefits of diversity of background and thought<sup>4</sup>. The Lord Davies

report and the work of organisations such as Opportunity Now and the 30% Club have focused public attention on the underrepresentation of women on boards. This has driven better balance in non-executive directorship roles but progress in developing more women in the pipeline for executive posts remains slow.

### Female leadership of the FTSE 100<sup>5</sup>:



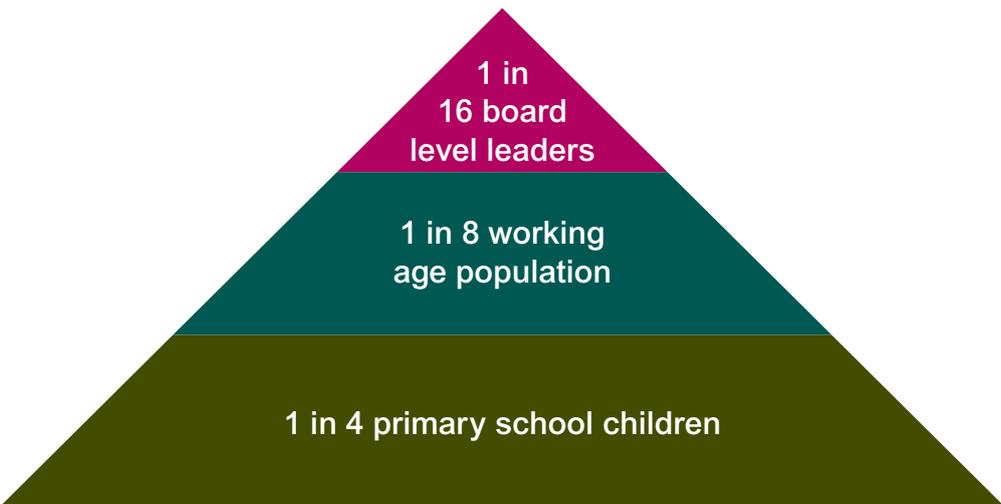
4 Thuraingham, M., 2013, 'The secret life of decisions' Gower

5 The Female FTSE Report, Cranfield University: <http://www.som.cranfield.ac.uk/som/ftse>

The representation of Black and Asian Minority Ethnic (BAME) talent in UK leadership also remains worryingly low at 6%. Race at the Top shows that one in four primary school children are from a BAME background and that one in eight of

the UK working age population are BAME, yet only one in 16 people at Board level in the UK are BAME<sup>6</sup>. In order to reflect their customer and client base and recruit the best talent available, UK businesses have to make radical change.

**Inequality in leadership – BAME employment:**



**Line managers are the lynchpin**

23,000 women told us in Project 28-40<sup>7</sup> they want more support from their line managers. They also told us they wanted to see more support for their line managers. Line managers need to be trained in

how to manage teams with diverse needs and aspirations, to be good people managers and better able to recognise when team members' needs and aspirations are changing. These are all key competencies of inclusive leadership, and line managers are the lynchpin to ensure they become a reality for all staff.

“We need more inclusive leadership – it’s important to understand how people work and what motivates them. Managing a diverse group of people is challenging but there are ways to equip managers through training and involvement in discussion groups.”

**Inga Beale, CEO, Lloyds of London<sup>8</sup>**

6 Race at the Top: A review of BAME leadership in the UK, Race for Opportunity, Business in the Community, 2014.

7 Project 28-40 Report, Opportunity Now, 2014 <http://opportunitynow.bitc.org.uk/research/Project28-40TheResults>

8 Quoted in 'Project 28-40', Opportunity Now, 2014.

# Section One: Inclusive

## leadership action research

The Inclusive Leadership Excellence Club is an action research project, founded to develop a framework for change and practical resources to support organisations more widely across the UK to develop inclusive leadership. We worked with five organisations over 18 months, both supporting and learning from them as they developed their approach<sup>9</sup>.

### Inclusive Leadership Excellence Club Partners:



From the beginning of our research we were clear that developing more inclusive leadership capabilities in organisations could only be achieved if the capabilities are understood to be a core component of management and leadership excellence. If they are an optional extra or add-on to the way we expect managers to manage or leaders to lead, it is highly unlikely that inclusive capabilities will become prevalent or take root – there just wouldn't be the motivation to do so. It was clear to us that we needed to find an approach that ensures inclusive leadership is synonymous with excellent leadership.

We sought to:

- Identify how to enable employers to develop and embed inclusive leadership capabilities in their organisation
- Create inclusive leadership case studies, tracking the approach and progress of our five partners
- Produce an online resource kit of practical tools, tips, actions and insights that will support a wide range of organisations to develop inclusive leadership

This report collates our learning and insights, and offers a practical 'how to' guide for employers that are looking to bring about real culture change. We have learnt how to embed inclusive leadership capabilities across a range of different organisations – public and private, national and global – and all with very different internal cultures.

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If they are an optional extra or add-on to the way we expect managers to manage or leaders to lead, it is highly unlikely that inclusive capabilities will become prevalent or take root – there just wouldn't be the motivation to do so.

<sup>9</sup> See Appendix 1 for details of the Inclusive Leadership Excellence Club and action research methodology.

## Section Two: A Five-Point

# Framework for cultural change

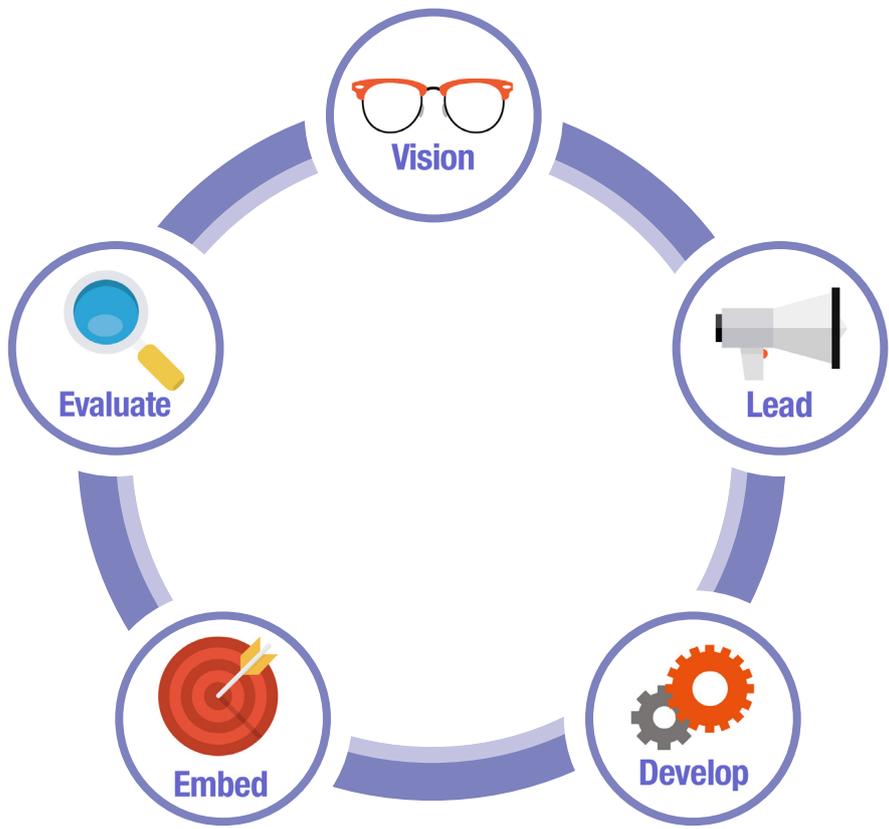
The Five-Point Framework sets out the critical activities required to develop and embed inclusive leadership. It does not necessarily need to be used in a linear way, though we recommend organisations begin with *Vision* and move sequentially through to *Evaluate*.

In practice, the journey to inclusive leadership is affected by many factors and changes. In the time we worked intensively with our five partners, they were affected between them by redundancy programmes, job changes, restructures and retirement.

This Five-Point Framework therefore acknowledges the flexibility needed to respond to different organisational challenges, environments and cultures, and can be adapted according to how advanced an organisation is in its efforts to create a balanced and inclusive workforce.

- **Vision** – set out why inclusive leadership matters to your business, what inclusive leadership will bring that is different, and how the impact of inclusive behaviours will be evaluated and rewarded.
- **Lead** – build a group of sponsors. This is key for two reasons – influencing change in leadership is beyond the scope of any one individual, and it requires many different areas of expertise.
- **Develop** – grow inclusive capabilities so they are at the core of management and leadership.
- **Embed** – make inclusive leadership sustainable, embed the competencies into criteria for recruiting, promoting and assessing the performance of leaders.
- **Evaluate** – track the impact of inclusive leadership and ensure accountability at the senior level to ensure objectives are being met.

A Five-Point Framework for Inclusive leadership:



## 1. VISION

### Communicating inclusive leadership

Understanding why inclusive leadership matters to your business, what inclusive leadership will bring that is different and how the impact of inclusive behaviours will be evaluated and rewarded is critical. Communicating this to the entire organisation is essential.

Individuals will only make and sustain a change in behaviour when there is a clear purpose and incentive to do so. Despite plenty of evidence showing the gains to be made from being a diverse and inclusive organisation, in reality individuals are more often rewarded for delivering high volume and high performance at any cost, than on

their inclusive behaviours. To be a truly inclusive organisation a shift needs to take place to reward both outputs and behaviours.

One example of how to position the Vision for inclusive leadership comes from the British Army.

## CASE STUDY

### British Army – The inclusive leadership imperative

**Inclusive Employer:** The Army has always viewed itself as a meritocratic employer; there is an increasing imperative to be regarded as an inclusive employer, reflective of the society from which it recruits with the associated benefits that greater diversity brings. To truly be an employer of choice, the Armed Forces needs to offer equality of opportunity for all. Inclusive leadership is one of the concepts to assist with the organisation's ultimate Equality and Diversity end state.

**Leadership in the British Army:** Leadership is the lifeblood of an army; success on operations relies on getting the very best from its people in arduous, dangerous, challenging situations. Developing an organisation with a more inclusive style of leadership will attract and retain the very best talent and enhance the reputation of the Army as an employer of first choice. Most importantly it will get the very best from those already serving, in an organisation that relies on every individual "to go the extra mile."

**The Army's Values and Standards:** Leadership is based on the moral and ethical values embedded in a leader's character and demonstrated in their behaviours. These are: Courage, Discipline, Respect for Others, Integrity, Loyalty and Selfless Commitment and are applied to the Army's standards of lawful, appropriate and professional. A consistent and overt demonstration of Army values underpins leadership.

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The strongest advocates of inclusion are often the senior leaders who have made and communicated their personal and professional imperative for it<sup>10</sup>.

## CASE STUDY

### Citi – The role of inclusive leadership in Consumer Business

Citi's Consumer Business is going through a global cultural transformation, with the key objective of delivering a remarkable service to its customers. One of the key measures used is the Employee Net Promoter Score (ENPS), so understanding how 'detractors' can be turned into 'promoters' and the role of inclusive leadership in this process was of great interest to

the Head of Consumer Business. It was therefore vital to make the link between inclusive leadership and greater employee engagement, discretionary effort and team collaboration – which all ultimately impacts on the client experience.

"Inclusive leadership is important to our business primarily because the customers we deal with come from diverse backgrounds and

cultures and in order to serve them and to understand their needs, our employees need to reflect that diversity, from the leadership team down. It starts with a recognition and understanding of your biases, every individual has certain biases – the key is recognising them and having a plan for how you are going to deal with them." **Anil Wadhvani, Head of Consumer Business**

10 Kelan, E., 2014, 'Winning Hearts and Minds: How CEOs talk about gender parity', KPMG and Kings College London.



## 2. LEAD

### Building a group of change agents

Building inclusion into the heart of great leadership is beyond the scope of any one individual in an organisation. Building a wider group of change agents for inclusive leadership helps to protect its long-term success.

The change programme needs a collaborative approach for two critical reasons:

#### 1. People move

Embedding inclusive leadership behaviours takes time – this is likely to be a two to three year programme. Inevitably, in the fast moving world of business, the people involved in the programme can change in that time. During our action research the projects were affected by job changes, promotions and redundancies. Ensuring the success of this work needs the support of the CEO or equivalent and a senior business sponsor. But what happens if that single sponsor moves on?

A sustainable change programme requires a network of change agents advocating for inclusive leadership.

#### 2. Expertise

Developing and embedding new leadership behaviours requires many different areas of expertise and operational influence. These span leadership and management development, communications, performance management and reward, business partners, recruitment and promotion as well as organisational development. This is not something one lone individual can achieve. Leaders also help to get the language and approach right.

The network of change agents required to develop and embed inclusive leadership should include:

- Senior core business sponsor(s)
- Line managers
- Talent development lead
- HR leader and business partners
- Learning and development lead

- Culture / organisational development lead
- Diversity and inclusion lead
- Employee network representatives
- Communications lead

### Equipping change agents

It takes time to bring the change agents together, as well as preparing and equipping them with the knowledge and skills they need to embed inclusive leadership. This area may be where work needs to start and where most time is spent, as organisations may not have:

- Established relationships between the different change agents
- Shared understanding of the motivation; or the need and conviction for inclusive leadership may not yet exist
- The knowledge required to build inclusion into the heart of leadership

## CASE STUDY

### HMRC – Change Agents workshop

HMRC ran a Change Agents workshop in order to:

- Build change agents' understanding of the importance of inclusive leadership for HMRC
- Identify HMRC's current inclusive leadership strengths and challenges going forward
- Explore how change agents can work together and embed inclusive leadership into their wider work
- Develop an outline action plan

The change agent group was formed of key individuals from a number of teams within HMRC responsible for leadership and culture change. HMRC worked with Shapiro Consulting and Opportunity Now to design and facilitate the workshop.

By identifying a number of activities that inclusive leadership could be 'hooked' into, the workshop was the starting point for HMRC embedding inclusive leadership across the Department. The activities

taken forward from the workshop included:

- Building inclusive leadership – its role and purpose – into internal communications
- Embedding inclusive leadership into management development products and the performance management process
- Training/educating HR Business Partners to support inclusive leadership.

## Getting the role of senior sponsors right

“Change efforts often falter because individuals overlook the need to make fundamental changes in themselves.”<sup>11</sup>

Every day leaders are judged not only by their words but also by their actions. A leader’s assertion that inclusion and diversity are

important to them personally can help, but demonstrating visible leadership on this is more powerful. Calling out exclusionary behaviours or practices, mentoring or sponsoring people who are under-represented in leadership, and asking for feedback on their own impact can all convince others that they truly mean what they say.

Being clear what you are asking from senior sponsors and advocates for change on inclusive leadership is critical. We are not expecting anyone to be a perfect inclusive leader (if there is such a person!), but it is important that openness to self-development and being a role model for inclusive leadership is a central part of the request.



## 3. DEVELOP

### Building inclusive competencies into the core of management and leadership

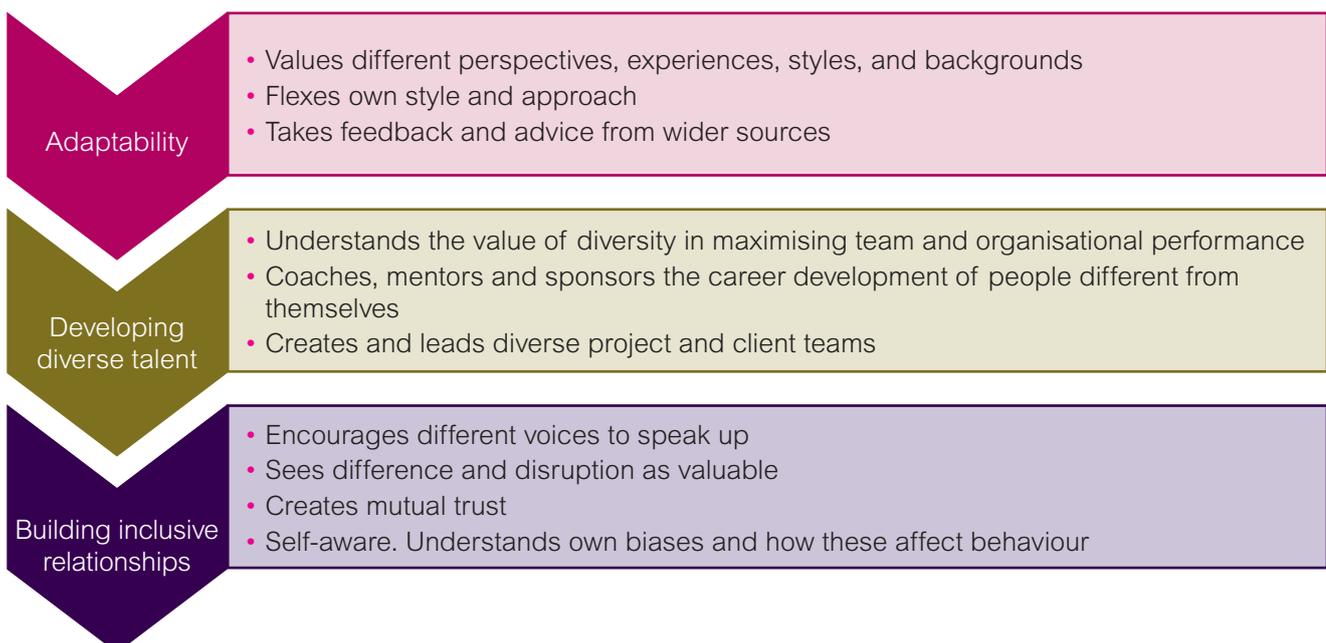
We have identified a set of core inclusive leadership competencies that are designed to integrate into and complement existing leadership or management competency frameworks – not replace them.

The three inclusive leadership competencies are:

1. Adaptability
2. Developing diverse talent
3. Building inclusive relationships

These competencies, described in full in the online resource kit, set out the skills, behaviours and actions of inclusive leadership.

#### Inclusive leadership competencies:



<sup>11</sup> ‘Change leader, change thyself’, Nate Boaz and Erica Ariel Fox, McKinsey & Company, March 2014.

## CASE STUDY

### Citi – Building inclusive leadership competencies

In order to appeal to the widest possible audience, Citi simplified the language of inclusive leadership to three competencies – Adapt, Relate, Develop. These represent the essential skills, knowledge and behaviours of great inclusive leaders.

1. Adapt is about recognising the biases individuals have and taking action to change;
2. Relate focuses on the importance of growing and building relationships with colleagues; and
3. Develop is about taking the time and effort to develop someone. Inclusive leadership is not only

for seniors in Citi; everyone can benefit from being more inclusive.

“The Research behind the competencies gave ‘Adapt Relate Develop’ credibility – and a compelling story. It wasn’t just a gimmick that HR had thought up, it was based on solid and proven research which validated our work.” **Kate Matthews, Head of Leadership and Executive Development, EMEA**

Citi is also building inclusive leadership into its core leadership development programme. By talking to senior leaders about ‘inclusion’ the business was able to

create a connection and ownership which had previously eluded them when talking about ‘diversity’. Citi has also been able to have more honest conversations about how it feels to be in the ‘out’ group with leaders, and it has helped them think more deeply about how to manage their diverse teams cross regionally. The three inclusive leadership competencies have more operational impact and being an inclusive leader is now seen as a critical capability rather than a ‘nice to have’. Citi’s intranet includes self-assessment tools and a place to learn more about inclusive leadership.

## CASE STUDY

### The British Army – Building inclusive leadership into core military training

By developing inclusive leadership capabilities the Army is seeking to:

- Change behaviours and attitudes which will start to effect long-term cultural change
- Enhance the organisation’s understanding of the benefits that inclusion can bring
- Challenge the status quo and have a toolkit that leaders at all levels can use to do things differently

Leadership training is central to all career courses; the organisation fundamentally relies on the development of the leadership qualities of its entire people from the rank of Private to General. There are ever increasing demands to fit more into existing leadership courses and therefore the most effective strategy was to dovetail elements of inclusive leadership into existing training courses. This coincided with work to reframe diversity and inclusion in the organisation, as it is widely perceived that it is about fulfilling

legal requirements and is the domain of specialists rather than about treating your people well and getting the very best from all. For this reason, inclusive leadership needed to be embedded into the existing leadership framework.

#### Junior Officer Leadership Training

An example of the embedded training is at the Royal Military Academy Sandhurst, a world renowned leadership Academy that trains officers at the start of their career. Many of the inclusive leadership competencies and behaviours are not new to the Army. However, some are counter cultural. For example, 360 degree reporting is not an established practice and is a challenge in a hierarchical organisation. Although, as **General Sir Nigel Bagnall** said: *“Always remember that what your subordinates think is far more important than concerning yourself with the views of your superiors.”*

Despite this being a historical quote, it absolutely holds true

today and is the essence of inclusive leadership in the Army. The Sandhurst training that was previously labelled ‘Equality and Diversity’ has been rebranded and reformed as inclusive leadership training. Its aim is to explore how junior leaders can manage and work with diverse groups, with significant focus on developing competencies and the language of inclusive leadership.

#### Wider Leadership Training

A training DVD was produced on Challenging Behaviours with the aim of developing behaviours and actions that characterise great inclusive leaders. The DVD includes six scenarios and the “Who is My Inclusive Leader?” exercise developed by the Inclusive Leadership Excellence Club. The training package was developed to include questions based on the inclusive leadership competencies and how leaders can be more inclusive of those within their command.

## Experiential learning – a route to inclusive leadership

Formal development programmes are not the only way to develop inclusive leadership skills and behaviours. Work-based experiential learning is also highly effective. Leaders told us that working with diverse teams or within a different cultures are two important ways in which they developed their inclusive

capabilities. Individuals also found working for an inclusive leader and experiencing first-hand the difference in their approach and the impact it made on their personal and team performance was critical to how they had developed their own inclusive approach.

“When you’ve had that good experience of an inclusive leader, you mirror the behaviour in how

you work with and manage others. It raises expectations of good management.”<sup>12</sup>

HMRC is increasing the opportunity for experiential development experiences, including mentoring, to develop and embed inclusive leadership capabilities in the organisation.

## CASE STUDY

### HMRC – Linking inclusive leadership to a range of development opportunities

HMRC recognises that developing inclusive leadership capabilities is better achieved through a range of experiences rather than a single training programme. The Inclusive Leadership Excellence Club helped the team realise they were building on existing staff engagement programmes and activities to develop inclusive leadership and provide leaders with opportunities to learn from and work with individuals different to themselves. These programmes include unconscious bias training for all managers, mentoring programmes, trust workshops and the ‘Embrace’ BAME development programme, which won the 2014 Race for Opportunity Developing Talent Award – Progression.

HMRC also found the Inclusive Leadership Excellence Club tool, “Who is your Inclusive Leader?” particularly useful as it makes the abstract idea of inclusive

leadership real and personable for the individual.

Two of the existing programmes at HMRC that help to develop inclusive leadership are:

#### Trust Workshops

As part of its culture change work, HMRC have been running trust workshops with senior managers. These workshops explore what trust means, how to build trust with your team and how to champion individuals within your team. Trust is an important competency for an inclusive leader and staff involved in the trust workshops were encouraged to gather feedback from their team on how their team view them as a leader. The workshops focused on what the individual needs to do to improve levels of trust within their team and what the employer needs to do to improve trust throughout the organisation.

#### Embrace

HMRC still has relatively low numbers of BAME staff in middle management and senior leader positions. The Embrace programme seeks to prepare clerical grade staff for leadership and management roles as well as address the significant under-representation of BAME staff across HMRC. The programme is now an integrated part of HMRC’s talent and career management strategy.

Manager buy-in was one of the biggest challenges for Embrace. Managers expressed concern that they would struggle to balance their busy workload while supporting their BAME staff on the programme. To mitigate this, HMRC changed the programme structure so that each region has its own regional lead to ensure managers, leaders and participants get the most out of the programme.

12 Quoted in *Inclusive Leadership: From Pioneer to Mainstream*, 2011, Shapiro Consulting and Opportunity Now



## 4. EMBED

Many UK employers have tried a range of approaches to increase the engagement of leaders in building a more diverse workforce. The common problem experienced is that 'diversity and inclusion' initiatives are often seen as HR activities, isolated from core business objectives.

Training can become a one-off intervention, unconnected to the day-to-day performance of a manager or leader. Then 'diversity and inclusion' objectives in performance reviews can become too focused on one particular action, such as mentoring someone from a minority group, rather than getting to the heart of how that leader behaves with all their colleagues and clients.

Our inclusive leadership competencies help to overcome this problem of disconnect. They can be explicitly written into the overall definition of management and leadership, and we recommend making them essential criteria in recruiting, promoting and evaluating the performance of leaders. This makes inclusion synonymous with good management and leadership.

### Embedding inclusive leadership competencies:



Two of our research partners, Fujitsu and BAE Systems, sought to integrate inclusive leadership competencies into their core management frameworks and processes. Here inclusion is not viewed as a separate issue; instead the inclusive competencies are viewed as key attributes of management and leadership excellence.

## CASE STUDY

### Fujitsu – Embedding inclusive leadership capabilities into management excellence

The inclusive leadership project helped to refine the framework that underpins Fujitsu's Management Accreditation Programme.

Inclusive leadership influenced how good management is defined at Fujitsu and the actions a 'good manager' is expected to take. These include: having an inclusive approach; ensuring that managers develop and promote the best talent regardless of their background; and recognising the benefits of a diverse team.

Fujitsu collaborated with Shapiro Consulting and Opportunity Now on the development of a feedback tool for managers that provides insight on management behaviours with linked development workshops. The tool has seven dimensions that are:

1. My manager gives clear direction
2. My manager gives regular feedback and is open to receiving feedback
3. My manager develops committed co-workers and a collaborative team
4. My manager cares about me
5. My manager creates a cohesive team
6. My manager encourages development
7. My manager builds trust

## CASE STUDY

### BAE Systems – Building inclusive capabilities into a Leadership Framework

As part of the Leadership Excellence Club, BAE Systems asked Opportunity Now and Shapiro Consulting to review its existing Leadership framework, the BAE Systems Global Competencies and its 360 feedback process, to maximise the frameworks' capacity for developing inclusive leaders.

#### Inclusive leadership supports BAE Systems' Leadership framework outputs

The Leadership Framework seeks to gain several outputs including increased staff motivation and performance. As the 2011 research showed, inclusive leadership has a positive impact on these areas. By developing competencies in valuing and being able to work effectively with difference (e.g. differences between individuals, organisational cultures, professional specialisms or national borders), inclusive leadership can help BAE Systems to deliver:

- A strong pipeline of diverse leaders who are able to leverage innovation
- Building an enterprise with global reach and is a magnet for talented people
- People whose actions and behaviours are aligned to achieving company strategy and demonstrating its values
- Being able to attract and retain the best talent
- Engaged and productive people driving customer focus and competitive advantage
- Performance Development Reviews – ensuring competencies are included in personal objectives and development plans
- 360 exercise – leaders gain feedback on their behaviours
- Succession planning – inclusive leadership is a key element in identifying future leaders
- Leadership development – development opportunities including, for example, training, coaching, mentoring or projects, are used to help develop inclusive leadership competencies
- Reward reviews – inclusive leadership is a key part of the review that focuses not just on what but how an individual achieves results.

#### Embedding inclusive leadership into the Leadership Framework processes

The Leadership Framework of 'Perform, Assess, Develop and Reward' is critical in ensuring that inclusive leadership is embedded in the following ways:

## Scaling-up inclusive leadership across global organisations

Another challenge faced in large global organisations is how to introduce and secure buy-in for inclusive leadership across multiple cultures and locations. Citi used its

Diversity Week, supported by the CEO, to introduce the concept to 50,000 people across 40 countries in their EMEA region and help prepare HR colleagues across the region to support the business in developing inclusive leadership through webinars and support materials.

### CASE STUDY

#### Citi – Inclusive leadership across 40 countries

Citi's three competencies – Adapt, Relate, Develop – succinctly capture the spirit of inclusive leadership and are now official branding within the organisation. With the use of graphics Citi has brought these three words to life in an animation video and a variety of other marketing materials. The key to success was simplicity – three simple words, meaningful enough that colleagues across the EMEA region could identify with them. Some countries, Russia for example, even translated them into their own language.

Ensuring that Citi's Diversity Week co-ordinators and HR colleagues fully understood the theme of inclusive leadership was essential

to its launch. Weekly briefing events were set up over a 12 week period creating and sharing toolkits and research, taking colleagues on a journey. Over 100 inclusive leadership focused events took place across more than 40 locations during Diversity Week. The message was out there!

Citi took this opportunity to get in front of senior business leaders to talk to them about inclusive leadership and brought in external experts to address the senior leadership team. Furthermore Citi used this platform to demonstrate that inclusive leadership is not just for leaders and seniors but that everyone benefits from being inclusive. They targeted

interventions at a level everyone could engage in, whether an individual contributor, a team leader or senior business leader.

Inclusive leadership can be a challenging topic to explain. Citi knew they'd succeeded when they started seeing events being held across the region, focusing on inclusive leadership and hosted by senior Country Officers, showing real buy-in and commitment to the theme.

Citi is now building on the platform created by Diversity Week to ensure that inclusive leadership is seen as integral to how staff behave and the working environment.

## Seizing the opportunity

We learnt that success can depend largely on being alert to and seizing the opportunity for influence and change. For example, in Fujitsu, the new design of its management model provided an ideal opportunity to build inclusion in right from the start.

Inclusive capabilities have become part of Fujitsu's management model, development programme and 360 degree review process. All of this would have been much harder to retrofit.

At Citi, Diversity Week was an opportunity to introduce inclusive leadership to 50,000 people across their Europe, Middle East and Africa region. This provided a highly successful and efficient launch pad for their future work.

The importance of opportunity in instigating leadership change is not to be underestimated, and requires change agents across all sections of a business to spot and take advantage of it.



## 5. EVALUATE

### Addressing the ‘quick-fix’ dilemma

What is clear from our action research is that there is no quick fix when it comes to developing and embedding inclusive leadership. The changes required are likely to take two to three years to achieve. Therefore, the key performance indicators used need to cover both progress and impact.

### Balancing immediate actions with long term foundations

Our research has found there can be a tension between making the development of inclusive leadership manageable and making it achievable. In the quest to make it manageable, we look for a small number of actions that will make a real difference. This might lead to, for example, running an inclusive leadership development programme and ensuring all leaders attend, or asking every senior leader to mentor someone from an under-represented group. Both are demonstrable and important actions. Take-up can be easily measured and they have the advantage of being approached as standalone projects. But frustration can then set in if results are not quickly visible, such as improved staff engagement levels or diversity in the pipeline.

In practice, existing organisational processes and practices can limit the potential positive impact of actions taken. Even if an organisation has increased awareness and understanding of inclusive leadership within its workforce, if inclusivity has not been built into day-to-day recruitment, promotion, performance management and reward practices, it can be challenging to normalise such behaviours amongst employees.

Our action research partners are all in the early stages of developing inclusive leadership. Here we set out

the key performance indicators they are using or intend to use to evaluate impact.

#### Key performance indicators:

- Improved employee engagement and trust, measured via staff surveys
- Changes in promotion trends of underrepresented groups
- Reduction in absence rates
- Reduction in grievances and reporting of bullying or harassment
- Annual performance review processes, including 360 evaluation, in which inclusive leadership competencies are measured
- Increased take-up of career development activities by employees
- Increased maternity/paternity and adoption leave return rates
- Improved diversity scorecards
- A collective organisational narrative on inclusive leadership behaviours, based on feedback gathered through performance review
- Increased visibility of leaders and managers speaking about inclusive leadership on public platforms and at internal events and meetings

#### Other indicators, where inclusivity may be a contributing factor:

- Increased customer satisfaction
- Increased innovation in product/service delivery
- Improved team performance in bids/winning new customers
- Improved feedback from clients/customers

Opportunity Now’s Diversity Benchmark also sets out an excellent list of measures for determining progress on diversity and inclusion. It diagnoses where organisations are making real progress and where improvements can be made. We

also strongly recommend using this as guidance for setting your organisation’s objectives for inclusive leadership.

#### Steps an organisation can take to monitor progress and impact:

- Determine your target group/ audience and identify the number of managers within this population – manager behaviour is vital to fostering engagement. Then set a target for take-up of activity
- Set SMART objectives for what your organisation wants to achieve on inclusive leadership. We have a ‘Getting Started’ tool and ‘What does Inclusive Leadership mean to your organisation?’ tool to support you in this
- Ensure activity on inclusive leadership is well communicated throughout the organisation. Use a programme of activity to equip leaders with inclusive leadership competencies, using tools from our [online resource kit](#). Record take-up of the programme of activity, such as training courses, leadership development modules or 360 evaluation feedback exercises, by manager level and business area
- Establish an intranet page or online forum to allow managers and leaders to share experiences
- Leaders need to be held accountable. They must ensure their direct reports complete the programme of activity set out by the organisation and/or meet inclusive leadership related performance objectives, and receive regular completion reports for the programme by job level
- To evaluate the progress on inclusive leadership, we recommend a tailored survey for staff at the start of activity, mid-way and then at the end of the project

# Section three: Critical success factors

We have identified three critical success factors to ensure the development of inclusive leadership in an organisation is successful and sustainable:

## 1. Establish senior leaders and managers as sponsors and role models for inclusive leadership

- The support of the CEO or equivalent is key for ensuring success, but to make inclusive leadership sustainable requires support from more than one senior leader
- Senior leaders need to set out why inclusive leadership is important in supporting the delivery of organisational objectives and values. Managers and leaders will only change their behaviour and put inclusive leadership capabilities to work when there is a clear incentive to do so
- Inclusive behaviours can be learnt through the experience of working with an inclusive leader. Senior leaders have a vital part to play in being a role model for change through their own actions and behaviour

- To make real change happen, senior leaders need to shift inclusive leadership from 'just another' initiative to the core of what it means to be a successful manager and leader. Whilst it is critical that the drive for inclusive leadership is led from the top, it must also be pushed from the middle by managers at all levels

## 2. Build a group of change agents equipped to embed inclusive leadership

- Change cannot be driven by one individual or a team operating in silo. Build a group of change agents drawn from all levels and from across multiple business areas. This will help to protect long-term success
- Change agents must be prepared to lead by example and take real action. They must be assessed for:
  - Readiness to be an active role model

- Shared understanding of the motivation, need or conviction for inclusive leadership
- Ability and willingness to co-ordinate and collaborate
- Necessary knowledge, skills and understanding required to develop and embed inclusive leadership

## 3. Position inclusive leadership as part of an overall organisational programme of change

- Success in embedding inclusive leadership is highly dependent on being alert to and seizing the opportunity to embed it into existing or new organisational processes, programmes and frameworks. This requires inclusive leadership to be part of an overall planned programme of change being undertaken by an organisation, not a standalone activity

# A call to action

Developing and embedding inclusive leadership is an ongoing process for our five partner organisations. Though none would claim they have reached the end point on inclusive leadership, all have made important progress. As we have shown, there is no quick fix when it comes to developing and embedding inclusive leadership. The changes required are likely to take two to three years to achieve. Our five partners have worked on this for 18 months and have engaged senior leaders and developed a tailored strategy for making the culture change necessary to embed inclusive leadership at their organisations.

We approached our work on inclusive leadership not as an initiative or training programme but with the goal of more widely developing critical inclusion capabilities so that they become part of what is understood as excellence in management and leadership in organisations. This goal, though not new, is undoubtedly tough to achieve. It requires courage, innovation and resilience to progress. But continuing to progress is certainly a priority if we are to ensure our leaders now and in the future can build the trust, influence, collaboration and diversity needed for organisations to thrive and grow in the 21st century.

# Recommendations

## Executives

- Communicate to people in your organisation:
  - That building a diverse and inclusive organisation is your and everyone's responsibility
  - How we behave is as important as what we say
  - Why a diverse and inclusive organisation underpins its success, and why diversity and inclusion is important to you personally
- Show people in your organisation :
  - What you are doing personally to lead more inclusively
  - How you are holding your direct reports to account for leading inclusively
  - How you are tracking the impact of inclusive leadership

## HR leaders

- Equip key people in your team to support business leaders in developing inclusive leadership capabilities
- Build inclusive leadership behaviours into your management and leadership frameworks

- Actively recruit, promote and reward people demonstrating inclusive capabilities

## Diversity and inclusion leaders

- Identify and build relationships with critical change agents in the organisation who can help ensure the success of inclusive leadership, helping to equip them with the information and skills they need
- Build on your relationships with business leaders and change agents to spot and act on opportunities to develop and embed inclusive leadership
- Avoid approaching inclusive leadership as a stand-alone diversity and inclusion project; make this part of leadership and performance excellence in your organisation

## Line managers and leaders

- Check the extent to which you are developing and practicing inclusive leadership. Pick three actions to work on in the next six months:

- Sponsor or mentor someone with high potential who is from a group currently under-represented in leadership
- Give feedback to people in your team on their impact and performance as well as suggestions and support for progressing their careers
- Ask those you manage, lead and/or work with for feedback on the impact of your style and approach in maximising their performance
- Take up training and development that can help you build inclusive capabilities. This might be linked to minimising unconscious bias or building engagement and trust
- Work on building a 'speak-up' culture with your team by encouraging people to come forward with improvements and ideas
- Get involved with a diversity and inclusion related project, group or event

# Methodology

## The Inclusive Leadership Excellence Club Methodology

### The action research approach

Action research involves researchers and professional experts working with organisations to address a problem or improve practice. The professional researchers actively support an organisation whilst conducting research, helping to propose and guide courses of action to achieve improvements. The approach is designed to enable the participating organisation to make positive progress on an issue whilst at the same time drawing learning from the experience that can inform and support other organisations concerned with the same or similar issues<sup>13</sup>.

### Inclusive Leadership Excellence Club

In 2011, Opportunity Now and Shapiro Consulting published research that defined inclusive leadership and the contribution it makes to performance and diversity within organisations. It highlighted that, despite the positive contribution of inclusive leadership, it remains a rare commodity in UK organisations. Following the interest generated by the research, Opportunity Now member organisations began to ask for more practical information and help to develop inclusive leadership. In May 2013, we launched the Inclusive Leadership Excellence Club action research project to produce just that.

We worked with five organisations over an 18 month period to support (and learn from) them as they sought

to embed inclusive leadership into leadership and management in their organisations and improving their leadership and management frameworks to embed inclusive leadership capabilities into these frameworks. Thus, when recruiting, promoting and assessing managers and leaders, inclusive leadership capabilities are taken into account and part of what is expected from a leader or manager.

### Our pioneering partners were:

- BAE Systems
- The British Army
- Citi
- Fujitsu
- HM Revenue and Customs

### Our research objectives were to:

- Identify approaches and actions that enable organisations to develop and embed inclusive leadership
- Create case studies tracking the approach and progress of up to five organisations
- Produce an online resource kit of practical tools, tips, actions and insights that will support a wide range of organisations to develop inclusive leadership

We supported our action research organisations through the Inclusive Leadership Excellence Club that included over the course of 18 months:

### Six Action Learning workshops

- Action learning is a method that enables professionals to work and learn together in tackling

real issues and provide mutual support in guiding future actions. They learn from each other, try something out, see what worked, what didn't and why

- Two main contacts from each of our five sponsors used these sessions to present a challenge relating to inclusive leadership. With support from Opportunity Now and Shapiro Consulting, they made changes within their organisation as we developed solutions and approaches

### Four Masterclasses

- Masterclasses involved expert speakers and panel events with senior leaders. Events were attended by leaders within the five organisations and were a critical means of engaging leadership support for change and high profile advocates for inclusive leadership

### Three consultancy interventions

Each organisation utilised this in different ways including:

- An Engaging and Mobilising Change Agents workshop
- Seminars and webinars to engage senior leaders on the concept and business case of inclusive leadership
- Support in embedding inclusive leadership into leadership and management frameworks
- Developing a 360 degree inclusive leader evaluation tool

13 Lewin, K., 1946, 'Action research and minority problems', J Soc. Issues 2(4): 34-46.; Argyris, C. 1999, 'On Organizational Learning', 2nd ed. Malden, Mass.: Blackwell Business.

## About the authors

The Inclusive Leadership Excellence Club, actions research and Five-Point Framework was jointly designed and run by Opportunity Now and Shapiro Consulting.

This report is co-authored by Dr. Gillian Shapiro, Managing Director, Shapiro Consulting, and Laura Swiszcowski, Research Manager, Opportunity Now.



Opportunity Now is the campaign for women in work from Business in the Community. We empower employers to accelerate change for women in the workplace. We work with our membership of employers, from private, public and education sectors to offer tailored, practical and pragmatic advice on workplace issues. Business in the Community is a business-led charity committed to shaping a new contract between business and society.

[www.opportunity.org.uk](http://www.opportunity.org.uk)

**S H A P I R O**

Dr. Gillian Shapiro, Managing Director, Shapiro Consulting Ltd.

Dr. Gillian Shapiro Consulting specializes in organisational and leadership development projects and cutting edge research focused on inclusion and diversity. She established her consultancy in 1998 and has since worked with many of the FTSE 100 corporates as well as public and non-for-profit organisations, helping them to achieve their inclusion and diversity goals.

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# Advisory board

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