Deloitte.

The equity imperative
The need for business to take bold action now

February 2021

MAKING AN IMPACT THAT MATTERS *since 1845*

Contents

About this document

We created *The equity imperative* with the goal of inspiring better understanding, deeper insight, and more meaningful action *now* toward greater racial equity. It is composed of three linked sections that acknowledge the legacy and realities of racism in the United States, imagine various potential futures for racial equity in the United States over the next decade and beyond, and suggest specific steps leaders can take to promote more equitable outcomes, both in their organizations and more broadly. Each section can be read separately, but they are intended to work together to build the case for urgency and new action.

The ideas, insights, and perspective in *The equity imperative* were informed by interviews with a diverse group of "Changemakers"—leaders in the public, private, and social sectors committed to driving racial equity—conducted in fall 2020. Many of those ideas were further enriched with input from dozens of practice leaders across Deloitte, whose practical experience in the realities of business today helped guide these recommendations.

While our research centered around the United States and its unique history, culture, and challenges, we believe it is broadly applicable to leaders of global organizations. Its focus on the unique experiences and history of Black people in this country is not meant to suggest that other racial or ethnic communities, not least the indigenous peoples of North America, do not also have long histories of bias and exclusion in US history that should be addressed. And while this perspective focuses on private sector business and their leaders, many of the recommendations can be applied across public and social organizations.

Last summer, following the death of another Black man at the hands of police, Deloitte CEO Joe Ucuzoglu and I spent significant time listening to the serious concerns of our Black colleagues. It was a humbling experience, and a galvanizing one, reaffirming just how much we don't know—and just how much we have to do.

In the months since, we have seen Black Americans die from COVID-19 at far higher rates than their White counterparts;[1] we have watched the pandemic take an outsized economic toll on Black communities;[2] and we have felt racial disparities in connection with the insurrection at the US Capitol.

These experiences have crystallized the urgency of deepening our understanding and taking meaningful action. That is why we have dedicated ourselves to learning about the systemic bias and racism that plague the Black community, reimagining what an equitable future looks like, and beginning to take the bold actions needed in order to reach it.

While diversity and inclusion efforts are clearly necessary to create that future, our current focus is on equity. Because equity isn't just about efforts, it's about results: measurable and meaningful outcomes in the lives of our people, our communities, our country, and our world. Systemic bias and racism are what we are against; equity is what we are *for*.

Fighting systemic bias and racism—tearing down the age-old systems and challenging the long-held beliefs that harm the Black community—is necessary to achieving equity. But dismantling alone is insufficient. To reach equity, we also must *build it*.

As we build, we should consider the environment around us and take a holistic view of the issues we face. Today's leaders are confronted with enormous challenges that are disproportionately impacting Black communities and other marginalized communities.

And we should build *together*: within our own organizations, and as business leaders, sharing what we know, and gleaning what we don't, from colleagues across markets and communities.

We know this work won't be easy. It will take empathy and vulnerability, tough conversations, and constant self-reflection. But the stakes are too high to settle for inaction. The rewards of our efforts, measured in every meaningful way, will be truly transformational.

Janet Foutty
Executive Chair of the Board
Deloitte US

Racial equity: Beyond diversity and inclusion

For decades, diversity and inclusion have dominated the corporate response to racism, and those initiatives have, most notably, helped many organizations recruit and retain new talent.

However, while many businesses have become both more diverse and inclusive, their efforts have yet to change the economic and social outcomes for millions of Black Americans. That is why a focus on equity is critical. Equity is not an initiative or a program—it is an *outcome*.

Equity will be the result of many mutually reinforcing actions that dismantle systemic racism and inequity. And while equity for all identity groups is important, a critical place to start is with racial equity, and specifically equity for Black people, who have suffered the consequences of systemic racism in the United States for more than 400 years.

Many Americans recognize that the status quo is unacceptable. Our perspective is that organizations and business leaders have an opportunity and responsibility to do more. With bold action and sustained commitment, they can challenge beliefs, change behaviors, and create a more equitable future.
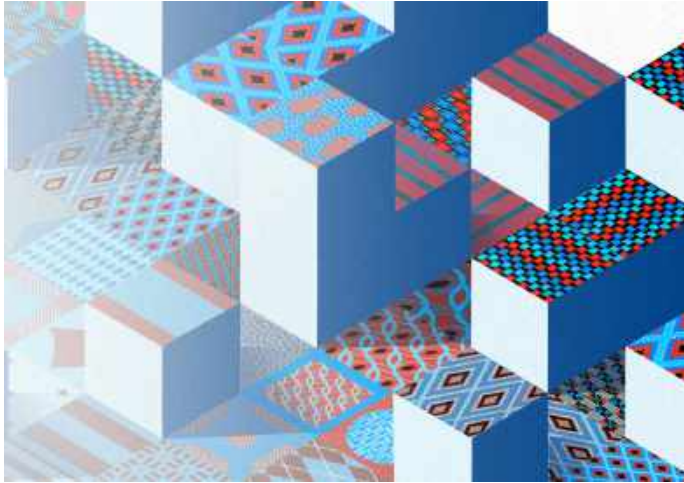
Part I: Assess

Why racial equity now?

We examine the problem of inequity in American business and society and make the case that **the business community should lead the way toward racial equity** and, more specifically, equity for Black individuals living in the US.
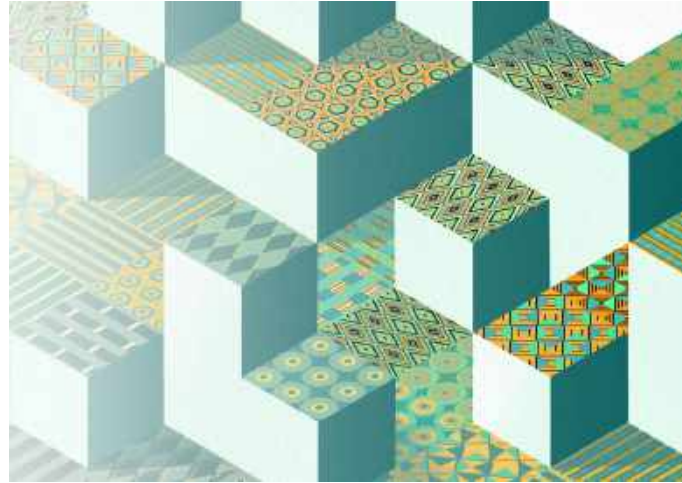
Part II: Look ahead

Visions of the future, lessons for today

We describe four scenarios created to imagine **very different potential futures for racial equity** in the United States. These stories about the future can help leaders consider the impact of their actions and some of the variables that would help determine how far along on the path toward equity we might get over the next 10 to 15 years.
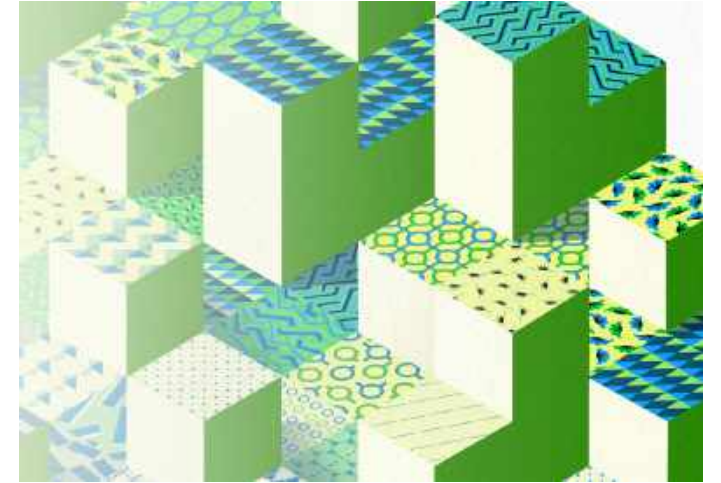
Part III: Act now

**Actions to drive systemic change**

We challenge the orthodoxies holding back efforts to achieve racial equity, introduce our Equity Activation Model to help organizations identify how they can exert their influence to drive racial equity, and offer **specific suggestions for action across an organization to effect measurable and sustainable change.**

Part I: Assess
Why racial equity now?
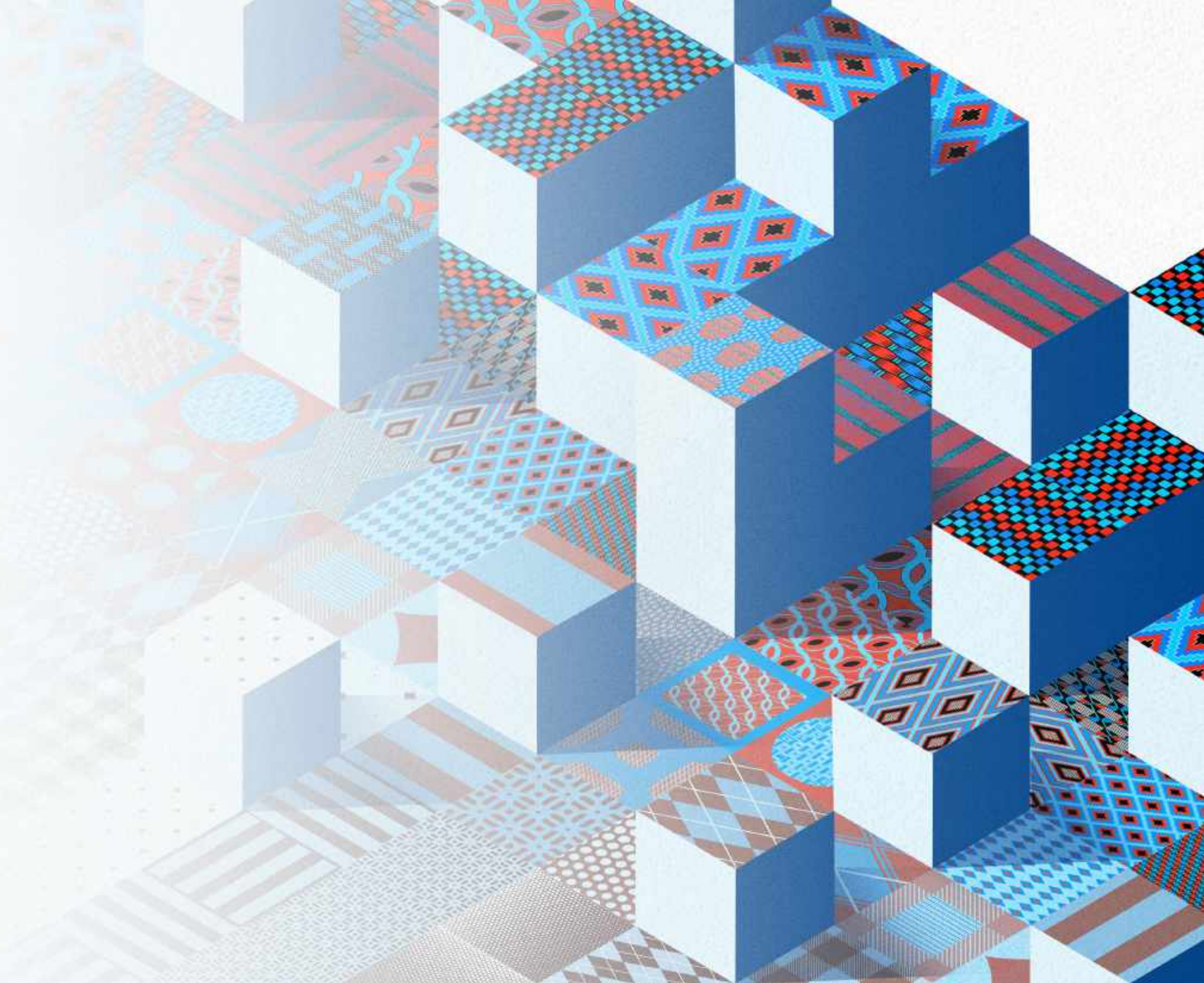
Why racial equity now?

Calls for action against systemic racism and racial injustice are not new. But recent events—from the COVID-19 pandemic and ensuing economic crisis that have disproportionately hurt Black Americans[3] to numerous public killings of Black people—have sparked a new era of heightened awareness, understanding, and expectation for action, including by the business community.

Sixty-one percent of Americans now believe the United States needs new civil rights laws to combat discrimination against Black Americans—a nearly threefold increase from 2011.[4]

An even greater number of Americans—77% —say companies must respond to racial injustice if they expect to "earn or keep [public] trust."[5]

Many leaders recognize the imperative to respond to these demands for change. A January 2021 Fortune/ Deloitte CEO survey found that 94% of CEOs report that diversity, equity, and inclusion (DEI) are strategic priorities for them as CEO, and 72% plan to disclose DEI metrics to the public.[6]

Despite agreeing that change is needed, many leaders have come to realize how difficult it will be to create meaningful, measurable, and sustainable change. They are left with the question: **How can we make real progress toward racial equity?**

"There's a difference in this moment. This is a time when companies can lead the change. If we get them to take a comprehensive approach, it will expand the pie of their business and widen the road for People of Color."

John Rice, founder and CEO, Management Leadership for Tomorrow[7]

"There is a power in changing the narrative, where we can all believe and imagine things being different from the past."

Cathy Engelbert, commissioner, Women's National Basketball Association[8]

Racial equity is an outcome

To start, organizations must move from focusing on good intentions to focusing on good results that can be measured against a demanding standard: equity. Racial equity for Black individuals will exist when they have the same power, access, and influence as White individuals.

Equity necessitates an intentional focus on the needs of the historically marginalized. It requires deliberate and often courageous actions that acknowledge and eliminate the societal inequities ingrained in people, processes, and systems. It takes commitment to examining and redressing the bias and racism built into everyday decisions, which may appear fair on the surface, and which may have even been designed with good intentions, but ultimately have disparate effects on racial and ethnic minorities and other marginalized identity groups. And just as business leaders focus on financial and operational outcomes rather than just inputs, they must also focus on the outcomes of their efforts to drive systemic change.

To achieve racial equity, organizations must be willing to transform their beliefs and values and then change their decisions and behaviors. That work should start inside the organization, but also extend to the full range of their external relationships in the marketplace and society.

VOICES OF CHANGE

"The most harmful notion that humanity has is that power is finite. Power is not finite, it is infinite. Empowering others doesn't reduce your power."

Dr. Freda Lewis-Hall,
former chief patient officer
and chief medical officer, Pfizer[9]

"We need leaders transcending their own short-term interests for the greater long-term good."

Steven Olikara, founder and CEO,
Millennial Action Project[10]

Inequity in American business by the numbers

Among all US-based companies with 100 or more employees, **Black people hold just**

3%
of executive or senior-level roles.[11]

Today, 1% or less of Fortune 500 CEOs are Black.

Black men, on average, earn

87%
of what the average White[12] male worker earns,[13] while **Black women** earn only

63%
of this same amount.[14]

Enrollment in American postsecondary institutions will climb

15%
from 2014 to 2025, with **larger proportional increases among minority students than white students**.[15] Yet, Black individuals with a college or advanced degree are

1.3x
more likely to be underemployed* than their White counterpoints.[16]

The work commutes of **Black individuals** are

3.4x
longer than those of White workers.[17]

* i.e., their potential available time underutilized, whether through unemployment, involuntary part-time work, or marginal attachment to the labor force.

Inequity in American business by the numbers

Only

1%

of venture capital-backed entrepreneurs are **Black.**[18]

Black employees are *overrepresented* in low-paying frontline jobs and non-technical industries.[19]

61%

of White households own equity in the stock market (median investment: $51,000),

compared with

31%

of **Black households** (median investment: $12,000).[20]

In just the first two months of the COVID-19 pandemic, the number of **Black-owned** small businesses fell

41%

compared with

17%

for White-owned small businesses.[21]

Racial equity will create business value

Racial inequities remain visible in much of the data about business and the workplace today. But there is hope: The organizations that work to right injustices and cultivate equity have enormous potential to reap the benefits. *That's because:*

The Black population is growing

As of 2019, Black Americans numbered **43.9** million people— or around **13.4%** of the US population.[22] That number is estimated to grow **38%,** to more than **60 million** people, by 2060.[23]

...as is Black purchasing power

Despite the widening racial wealth gap between Black and White Americans,[24] Black buying power is rising—from **$320B** in 1990 to **$1.3T** in 2018.[25]

Consumers, especially younger ones, expect action

Ninety percent of all Gen Z support the Black Lives Matter movement.[26] Additionally, **94%** of that generation expect companies to take a stand on important social issues, and **90%** are more willing to buy products that benefit the environment or society.[27]

...as do workers

Sixty-seven percent of job seekers (and **89%** of Black job seekers) report that a diverse workforce is important when considering a job offer.[28] Nearly **50%** of Gen Z believe employers should be doing more to promote inclusion, and **72%** believe racial equity is the most important workplace issue today.[29]

...and investors

Public and private investors are increasingly demanding that organizations take action on racial equity and requiring that companies disclose annual data on the composition of their workforce by race and ethnicity. For example, Vanguard Group, the world's biggest mutual fund company, has published expectations for public companies to disclose board diversity measures and make progress toward increasing the diversity of their boards.[30]

Racial equity is good for everybody

Not addressing key racial gaps is estimated to have cost the American economy **$16 trillion** over the past two decades. If the gaps are closed today, it is estimated that **$5 trillion** can be added to US GDP over the next five years alone, including tens and even hundreds of billions more dollars spent on food, housing, apparel, transportation, and entertainment each year.[31, 32]

Racial equity requires a new approach

Achieving equitable outcomes will require coordinated and sustained effort across the business community, as well as a mindset shift. While past DEI initiatives have made progress for some people in some places, the data make clear that US business still has a long way to go on the road to equity.

These seven principles can help guide the way

01 **The business community must lead**

02 **Equity is a core business issue**

03 **Equity requires sustained commitment**

04 **Every enterprise should be a social enterprise**

05 **Beliefs drive behavior, behavior changes beliefs**

06 **The power to spend is the power to change**

07 **Collective action amplifies impact**

"The equity imperative requires bold and active engagement of the most senior leadership of organizations to effect change. Boards and CEOs must probe and challenge leaders to drive better results. Delegating responsibility to chief diversity officers is no longer an option."

Valerie Irick Rainford, CEO, Elloree Talent Strategies

The business community must lead

Business plays a central role in the journey toward racial equity. Businesses have the power to effect meaningful change internally while influencing social behaviors, rules and standards, and government policy.

Equity is a core business issue

Traditionally, organizations have siloed DEI efforts in human resources or have made them discretionary (e.g., philanthropic donations). In order to drive meaningful change, organizations must view equity as an **imperative for its business strategy and all parts of growing the business,** incorporating it into every aspect of what they do (e.g., marketing, procurement, finance, technology), at every level of the organization. Workers must hold leaders accountable, and vice versa, rewarding outcomes over activity and valuing impact over intent.

"Government's job is to set the floor, the minimum standards to which we all must adhere, but business's job is to strive for a high ceiling."

Valerie Jarrett, former senior adviser to President Barack Obama; board member, Walgreens Boots Alliance, Ralph Lauren, Lyft, 2U, Ariel Investments, and Sweetgreen[33]

"It needs to be part of the personal accountability for all leaders and every individual in an organization to institutionalize new systems and expand their thinking."

Dr. Sally Saba, chief inclusion and diversity officer, Medtronic[34]

Equity requires sustained commitment

Equity requires much more than a one-off initiative—it must be embedded into how a company does business, and it must be sustained over time. Organizations must provide the education and dedicated resources leaders need to continuously build toward, and hold to, equitable outcomes.

Every enterprise should be a social enterprise

Organizations will benefit from **considering their role as a "social enterprise,"**[35] measured by their impact on all stakeholders—including shareholders, the workforce, customers, and society as a whole. Stakeholders expect businesses to make this shift; shareholders will benefit from it.

"With DEI work, unlike many other parts of a business, it can seem like you get a medal for just trying. This work is strategic, requires investment, initiative, and headcount. We need to apply the same level of rigor to DEI that we apply to everything else we do."

Bahja Johnson, head of Customer Belonging, Gap Inc. [36]

"In the long run, companies are better served thinking about stakeholders. Shareholders will, in fact, make more money if business leaders focus on all stakeholders."

Doug McMillon, CEO, Walmart; chair, Business Roundtable [37]

Beliefs drive behavior, behavior changes beliefs

To achieve equitable outcomes, **organizations must overturn common beliefs and behaviors** that get in the way. Organizations can help individuals adopt new behaviors and actions. Those behaviors can shape new values, and those values can reinforce new behavior. The result, over time, will shift the organizational culture toward one that more consistently supports equity in practice.

The power to spend is the power to change

Organizations have the power to drive equity through all the ways they spend money. **Directing funds in pursuit of equitable outcomes through everyday business operations** can yield great immediate and downstream impact.

VOICES OF CHANGE

"There is a strong American belief that people are poor because they don't work hard enough, that if they worked harder they could get out of poverty. We need to change that."

Dr. Beverly Daniel Tatum, president emerita, Spelman College

"When you think about how businesses spend money and who we spend it with, there is a significant economic impact that flows out of the items that we buy."

Shelley Stewart, chairman, Billion Dollar Roundtable; former chief procurement officer, DuPont[38]

Collective action amplifies impact

Positive change can be reinforced and **amplified through collective action**—organizations uniting to challenge each other, learn from one another, change outdated rules, and mend broken systems. Organizations can create feedback loops that promote change and reinforce action at the individual, market, and societal levels.

VOICES OF CHANGE

"It's an ecosystem, so there has to be systemic change in the public, private, and nonprofit sectors. We have the opportunity to make more progress in the next few years than we've made in the last 50 if we galvanize the broadest coalition of engagement on racial equity we've ever had."

David Clunie, executive director, Black Economic Alliance [39]

We believe equity is everyone's responsibility. Expectations should be highest on those with the most power and influence to drive change—today's leaders—and as most leaders know, "tone from the top" is key to setting priorities and guiding action. At the same time, leaders should **tap into the expertise and lived experiences of Black individuals and members of other marginalized groups**—leading the way while elevating others' voices and contributions.

A call for collective action

The status quo within organizations needs to change. That is why organizations need to reimagine DEI—from development through implementation to measurement—and regularly update and adapt actions to enable equitable outcomes.

Leaders must challenge their own assumptions about what works, and try new, and perhaps even more courageous approaches. Most importantly, they must shift their focus to equity, treating it the same way they would any other business outcome: with careful planning, clear metrics, and continual actions to meet the objective.

As organizations embark on this journey, there will inevitably be roadblocks. Leaders may be tempted to take shortcuts—to settle for one-off efforts or focus on superficial actions. And there may come a point where the benefits seem intangible, the work seems formidable, and willpower seems to wane.

But the future of racial equity hinges on whether businesses will leverage their immense power—both individually and collectively—to make progress. A more equitable future is possible. And it will be determined by the actions we take now.

Definition of key terms

Anti-oppression: The theory, strategy, and active practice of confronting individual and institutional power and privilege to consistently challenge and dismantle exclusionary and oppressive systems, policies, practices, and organizational values. Anti-oppression recognizes the pervasiveness and seriousness of oppression and actively seeks to challenge, eliminate, and prevent it. Anti-racism is a type of anti-oppression.

DEI: The acronym DEI (for diversity, equity, and inclusion) represents the summation of activities and/or the formal function within an organization that focuses on supporting diversity, anti-oppression, inclusion, belonging, and equity aspirations and outcomes. Diversity, inclusion, and anti-racism are distinct, but related—they can each exist without the others but are mutually reinforcing.

Diversity: The representation, in a group, of various facets of identity, including (but not limited to) race, ethnicity, nationality, gender identity, LGBTQ+ status, socioeconomic status, ability, religion, and age.

Equity: The outcome of diversity, inclusion, and anti-oppression actions wherein all people have fair access, opportunity, resources, and power to thrive, with consideration for and elimination of historical and systemic barriers and privileges that cause oppression. **Equality,** by comparison, is when all people are treated identically, without consideration for historical and systemic barriers and privileges.

Equitable enterprise: An organization that works to remove systemic disparities internally and externally to promote equally high outcomes for different groups regardless of their respective circumstances.

Inclusion: The actions taken to understand, embrace, and leverage the unique strengths and facets of identity for all individuals so that all feel welcomed, valued, and supported.

PEER: Acronym for Persons Excluded due to Ethnicity or Race, a term used to unite people who have been historically oppressed without insinuating that those individuals are less than or that their sole identity is one of exclusion or oppression. This term shifts the focus to the acts of exclusion and oppression while enabling individuals to disentangle their identity from it, unlike the terms "underrepresented minority (URM)" or "oppressed people."

Systemic racism: A form of racism expressed in the practices of social and political institutions. It is reflected in disparities regarding wealth, income, employment, housing, health care, political power, education, and the criminal justice system, among other factors. Individual, interpersonal, institutional, and structural racism together form a system, referred to herein as "systemic racism" or "racism."

Part II: Look ahead
Visions of the future, lessons for today

Four potential futures for racial equity in the United States

Though many organizations committed to racial equity in 2020, the path to get there will likely be a winding one. Without meaningful action taken now to address racial inequity, specifically for Black people, there is no guarantee that the future will be substantially different than the recent past. And even with meaningful action, the path toward equity could take many unexpected turns or unintended switchbacks.

In late 2020, we developed scenarios designed to better understand what that path might look like. These scenarios propose a range of responses to the question: **How will the journey toward racial equity in the United States evolve over the next 10–15 years?**

Note to the reader
These scenarios describe the world as it might be in the 2030s. By then, at least some efforts on behalf of Black Americans could change US society more broadly, so some of these scenarios describe dynamics not just for Black Americans, but also among a wider group some refer to as "PEERs"—Persons Excluded due to Ethnicity or Race, which includes people who identify as Black, Latinx, and people indigenous to the United States and its territories. In at least some of the futures we can imagine, 10 to 15 years of change could have measurable impact on this broader group.

What are scenarios and why do we use them?

Scenarios are stories about what the future may be like, created through a structured process and designed to challenge conventional wisdom, stretch thinking, and help drive better decisions today. *They are not predictions about what will happen, nor do they express our expectations about what should happen*. Scenarios describe imaginative possibilities that *could* happen under different conditions, and the details included in each are added to suggest potential events or trends one might see in a future with these characteristics.

Even though scenarios are fictional, leaders often use scenario-based thinking because scenarios can help them see how the future might present unexpected opportunities and risks.

Many readers may be familiar with scenarios created to help leaders identify good options for a variety of plausible futures. The scenarios here are different. The goal is not to understand how to thrive in *any* future, but to explore options to create a *much better* future. And, practically speaking, they help us challenge our own assumptions and legacy practices in order to focus on actions that could progress toward a more equitable future.

The four scenarios are Weary Years, Loud as the Rolling Sea, Silent Tears, and Our Bright Star.

Each of these scenarios has a name taken from "Lift Every Voice and Sing," a poem written in 1900 by James Weldon Johnson, set to music by his brother, J. Rosamond Johnson, and adopted by the NAACP as the "Negro National Anthem" in the 1920s. As noted in a recent essay in Smithsonian magazine, the song refers to "key symbols from Black history and culture ... honoring the painful past and articulating optimism for the future."[40] That combination—acknowledging what has been and looking forward to what could be—inspires these scenarios.

What might shape the future?

Scenarios illuminate possibilities for the future by focusing on large, macro-level issues that are important but fundamentally uncertain. Understanding how those uncertainties could play out over time allows us to imagine how the trends we see today could generate different realities tomorrow.

Deloitte research identified a variety of uncertainties likely to shape how the future of racial equity in the United States may unfold. Input from "Changemakers"*—leaders in the public, private, and social sectors committed to driving racial equity—helped identify several important uncertainties, two of which stood out as being particularly consequential.

The first uncertainty is the extent and characteristics of social cooperation across the United States. Will people primarily look out for their own self-interest, and—believing that opportunity is ultimately a zero-sum game—create a fragmented society of conflicting interests? Or will they find broader and more extensive bases for cooperation, believing in more mutual benefit?

Rather than think of the two as an opposed pair of pure absolutes, consider this uncertainty as a continuum that could tend more toward one side or the other over time.

Table 1

Extent and characteristics of social cooperation

Extensive / broad-based

Limited / fragmented

Low — High

Degree of economic growth

* You can find a full list of Changemakers on page 68
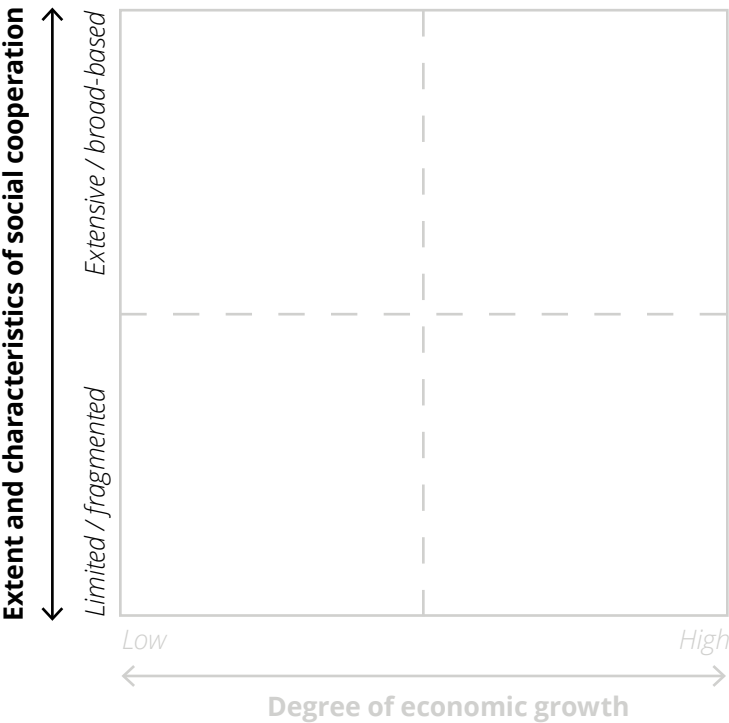
The second uncertainty is the degree of economic growth over the next decade. The level and distribution of economic prosperity across regions, communities, and socioeconomic backgrounds remains unknown and will likely have significant implications for whether and how American society might progress toward a more equitable future.
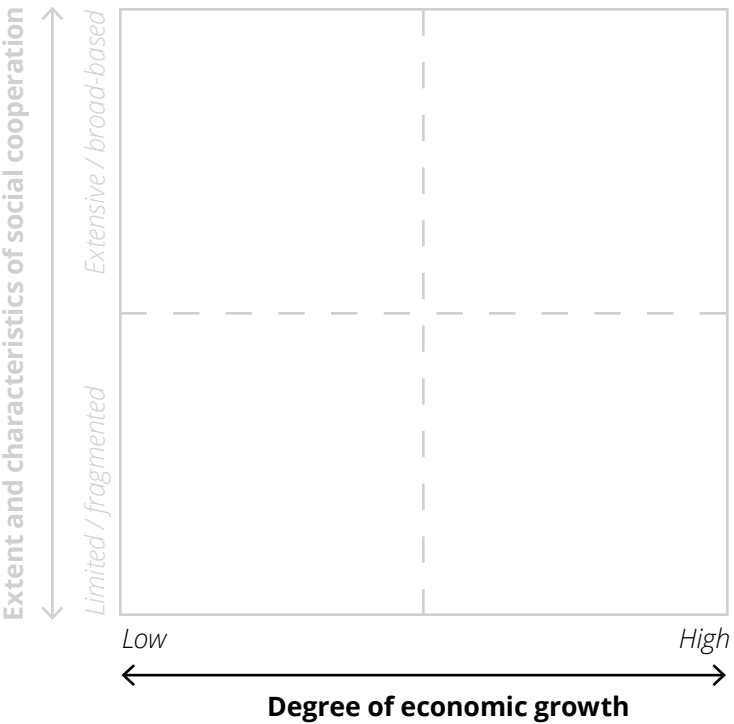
The simplest way to measure this is by asking whether macroeconomic growth over the next decade will be relatively high or low, which in turn suggests whether or not economic opportunity in the aggregate will grow.

Understanding the implications of either one of these uncertainties on its own could illuminate useful stories about the conditions for increasing or decreasing racial equity in the future. But combining these uncertainties allows for richer, more varied, and, in some ways, more challenging narratives about the journey toward equity over the next decade—especially when a handful of other important uncertainties are also woven into the scenarios, including:

- Public expectation of organizational/ corporate behavior

- Primary measure of business performance (value for shareholders vs. value for all stakeholders)

- Ambition and efficacy of public policies addressing inequity

- Deployment of and access to digital technologies and skills

Table 2

Extent and characteristics of social cooperation — axis (vertical): *Limited / fragmented* to *Extensive / broad-based*
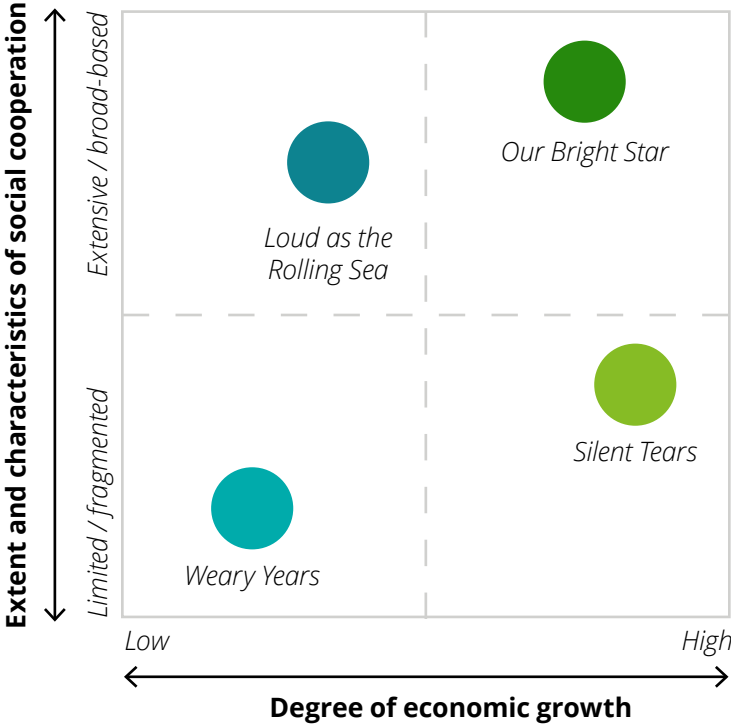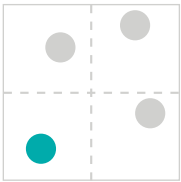
Low — *High*

Degree of economic growth

By framing the scenarios around the two fundamental uncertainties—and then layering in some of these other uncertainties into each scenario to fill out the picture—we discover four very different visions of where the United States might be on the journey toward racial equity 10 or more years from now.

Table 3

Weary Years: Economic decline and periodic outbreaks of deadly violence, combined with enduring populism and partisanship, create a house divided against itself. Public concern for safety creates demands for stronger law enforcement capabilities and more sophisticated security technologies in daily life. While some companies make strides to advance Black individuals and other PEERs, there is less urgency for racial equity. Progress across business and government is fragmented and inconsistent.
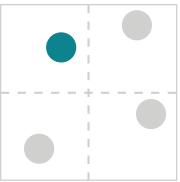
Loud as the Rolling Sea: Climate stress is felt everywhere, but the impacts are most pronounced for low-income individuals and PEERs. The result is a new consensus forged by a new generation of political leaders to rebuild industries and communities with a greater focus on equity. Thanks to the large and increasingly powerful cohort of voters that have rallied around a commitment to more inclusive prosperity, policymakers increasingly link economic renewal and public investment to greater racial equity at work and in the community.
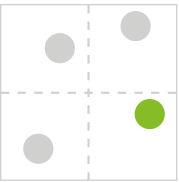
Silent Tears: Rapid technological innovation, light-touch regulation, and persistent low interest rates lead to absolute economic growth, the benefits of which are enjoyed disproportionately by just a few industries and communities. Workers are displaced by technology without sufficient reskilling. Culture becomes increasingly individualistic, as people prioritize their own economic security. Organizational leaders make symbolic commitments toward equity, but substantial gaps remain between racial and ethnic groups in wealth, health, opportunity, and social mobility.
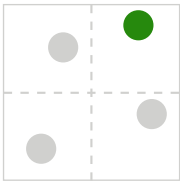
Our Bright Star: Public awareness of systemic inequity reaches a tipping point, with sustained demand for change and accountability from organizations. New federal and state legislation, while modest, raises expectations. But the private sector ultimately leads the way. Companies adopt new standards of transparency and are measured on their equitable outcomes. Talent, consumers, and investors migrate to companies that "walk the walk" by focusing on all stakeholders over a few shareholders. Powerful new alliances form to drive collective impact.

Weary Years

Uncertainties

Extent and characteristics of social cooperation		
Limited / fragmented		Extensive / broad-based

Degree of economic growth		
Low		High

Public expectation of organizational / corporate behavior		
Low accountability / demand for change		High accountability / demand for change

Primary measure of business performance		
Value for shareholders		Value for stakeholders

Ambition and efficacy of public policy		
Limited / ineffective policy changes		Substantive and effective reform

Deployment of and access to digital techologies and skills		
Uneven / limited		Broad-based / widely shared

Imagine a future in which…

…some of the most challenging and divisive tensions of 2020 accelerate over next decade, spreading further and entrenching deeply into American life. Economic decline and hardened partisan divides create sustained political turmoil and periodic outbreaks of violence in communities across the country.

Widespread doubts about the electoral system mean a growing number of Americans question the legitimacy of their political opponents. High levels of populism and partisanship lead to political swings as groups fight for dominance every election cycle, but no faction stays in charge for long. The country feels ever more like a house divided against itself.

Black activists and other PEERs protest deepening inequities in their communities, but are fragmented in their calls to action.

Some companies have advanced opportunities for Black individuals and other PEERs, but economic inequality has worsened steadily, in part due to the lasting effects of the COVID-19 pandemic that hit Black households, communities, and businesses especially hard. Many people withdraw to focus on security for their family and those closest to them. Money is scarce; trust is even scarcer.

Many big urban centers contract as people move to smaller, more homogenous communities they recognize as "their own," further cementing division.

The urgency and energy for greater racial equity seen at the beginning of the decade is a distant memory, and the frustration many feel about the lack of progress threatens to boil over at any time.

Loud as the Rolling Sea

Uncertainties

Extent and characteristics of social cooperation		
Limited / fragmented		*Extensive / broad-based*
Degree of economic growth		
Low		*High*
Public expectation of organizational / corporate behavior		
Low accountability / demand for change		*High accountability / demand for change*
Primary measure of business performance		
Value for shareholders		*Value for stakeholders*
Ambition and efficacy of public policy		
Limited / ineffective policy changes		*Substantive and effective reform*
Deployment of and access to digital techologies and skills		
Uneven / limited		*Broad-based / widely shared*

Imagine a future in which...

...the destruction unleashed by climate change accelerates and overwhelms everything else. Raging wildfires, devastating storms, rising waters: The threat is felt everywhere.

Climate stress has displaced millions from their homes and jobs. Many businesses and even whole industries are suffering. Formerly vibrant places struggle. Unemployment rises, and the economy sinks. Americans demand action, and the country faces a crossroads: Will it be everybody for themselves, or will people band together in the face of a fundamental threat to the economy, their communities, and their homes?

Demographic shifts in the past decade have accelerated the power and visibility of communities of PEERs, even as they have borne the brunt of climate stress. As a result, a new generation of political leaders seeks to build the economy and restore communities with a greater focus on equity. More equitable outcomes, they believe, are critical to achieving better economic results. This leads to new policies to address the enduring effects of past discrimination, as well as significant investment in communities of PEERs as part of the broader energy transition.

By the mid-to-late 2020s, government regulation—to manage resources, shift the economy toward more sustainable energy, and direct investment in

physical and digital infrastructure—is accepted, if not always embraced, in response to the severity of the challenge. Taxes on corporations and the very rich rise to support an expanded social safety net. The government actively directs investment and enforces regulation in support of these goals.

In response to new mandates, larger businesses are making gains in promoting Black talent and PEERs, diversifying their boards, and expanding their supplier bases. It is progress, and there is hope.

Still, given all the challenges business leaders need to balance, it sometimes feels like there isn't much to celebrate.

Silent Tears

Uncertainties

Extent and characteristics of social cooperation

Limited / fragmented ————————————————— Extensive / broad-based

Degree of economic growth

Low ————————————————— High

Public expectation of organizational / corporate behavior

Low accountability / demand for change ————————————————— High accountability / demand for change

Primary measure of business performance

Value for shareholders ————————————————— Value for stakeholders

Ambition and efficacy of public policy

Limited / ineffective policy changes ————————————————— Substantive and effective reform

Deployment of and access to digital techologies and skills

Uneven / limited ————————————————— Broad-based / widely shared

Imagine a future in which...

...rapid technological innovation, light regulation, and low interest rates lead to real economic growth—but its benefits are distributed disproportionately to just a few industries and communities. Market consolidation empowers a handful of increasingly large businesses, which become more and more central to the daily lives of billions around the world. Those companies reward their executives and shareholders handsomely. Meanwhile, workers in disrupted jobs feel it is "everyone for themselves" as they scramble to find new ways to make a living in a world where work feels less secure than ever.

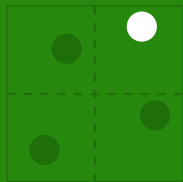The COVID-19 pandemic had made some inequities more stark, and companies took action to adapt, encouraged by new federal policies created to mitigate effects of those inequities. Over time, though, the deeper changes many had wished for never materialize, while a deeply divided electorate makes political compromise—and thus new law or policy on contentious issues—all but impossible.

While economic growth leads to absolute gains for some, the macro statistics hide large differences in quality of life and access to opportunity. Educational outcomes remain skewed, as wealthier school districts provide more and better settings for students to develop the technical skills employers need. Combined with technological changes to the workplace—especially the automation of traditional manufacturing and many relatively low-skilled jobs—and lack of access to reskilling opportunities, the economic prospects for poorer Americans and Black communities shrink even as financial markets thrive.

While there are some success stories, and many companies are proud of the commitments they've made to promote equity in the workplace, the gains are relatively limited. Substantial gaps between racial and ethnic groups in wealth, health, and social mobility turn out to be frustratingly hard to close.

Our Bright Star

Uncertainties

Extent and characteristics of social cooperation
Limited / fragmented — Extensive / broad-based

Degree of economic growth
Low — High

Public expectation of organizational / corporate behavior
Low accountability / demand for change — High accountability / demand for change

Primary measure of business performance
Value for shareholders — Value for stakeholders

Ambition and efficacy of public policy
Limited / ineffective policy changes — Substantive and effective reform

Deployment of and access to digital techologies and skills
Uneven / limited — Broad-based / widely shared
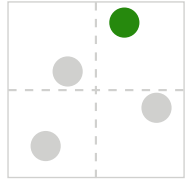
Imagine a future in which...

...the commitments made by a broad array of companies to promote racial equity in 2020 turn out to have been a real tipping point, accelerating equity not only in American business, but also in American society. Talented professionals find new opportunities. Businesses grow with more racially and ethnically diverse talent at every level. Investors are engaged and rewarded. New federal policy raises the floor and, as the nation's largest employer, the government's efforts affect millions. But company policies go further, gaining strength and showing real results over time. Workers notice, and talent migrates toward the companies that "walk the walk" toward equity. Consumers notice, supporting companies that reflect their values. And institutional investors notice, rewarding companies that make sustained efforts and show measurable results.

No company could do it alone—and no company has to. Environmental, social, and corporate governance (ESG) standards and requirements adopted in the early 2020s allow for more consistent and comparable reporting on diversity measures and equity outcomes, not just in terms of workforce composition, but also as a measure of real organizational power. Soon, a leading business publication uses ESG reports and other certification programs to rank companies by their progress toward racial equity. The rankings—which sort public companies by the number of Black people with Profit and Loss responsibility and business unit leadership, representation in the leadership/succession pipeline, attrition rates, supplier diversity, and more—grow to have a powerful effect, as talent gravitates to the companies that score well.

At the same time, business leadership groups set informal yet influential benchmarks for corporate purpose, creating shared expectations for the iconic companies that define success in the minds of many. Not all small and medium companies join in, but the culture is shifting unmistakably, led by the most visible and successful companies creating a new norm for what business success looks like. Investors are funding more and more Black entrepreneurs in the technology and health care industries, both growing sectors in a changing economy. Black talent is increasingly featured in media, and more Black nominees are elected to local, state, and federal office.

It's hard to believe the progress achieved in less than a generation, but committed leadership, focused action, and new standards change what people believe and how they act, both within their workplace and far beyond it.

Ten reflections on the scenarios

01

There are no guarantees that the future will be better than today.

Despite the energy, urgency, and commitment expressed by many companies today, there are plausible futures in which few real gains are made toward greater equity. Today's hopes could easily become tomorrow's disappointments.

02

Change at the pace of demography won't deliver transformative results this decade.

While demography is a powerful force for change, and the transition of American society toward a more fully multiethnic and multiracial society is well underway, current estimates project that the country will not be a "majority-minority" (e.g., White Americans become the minority) country until the early 2040s. Equity is likely to lag demography without concerted action.

03

Social change should be linked to economic change.

Efforts to increase equity need to account for the ways in which the economy could change and align action toward the sectors most likely to be engines of economic growth.

04

Economic growth and good intentions aren't enough.

A growing economy does not appear to generate substantial change toward equity without deeper action.

05

The coming changes to work through automation, AI, and robotics could increase inequity.

The transition underway could create new barriers to equity if the technologies likely to reshape work disproportionately disrupt jobs held by Black individuals.

Ten reflections on the scenarios

06   07   08   09   10

The game won't change if the rules don't change.

In the futures with the most substantive gains in racial equity, success is incentivized and measured differently than it is now. In those more equitable futures, greater equity is a core measure of business success, and organizations with high levels of it are rewarded.

It is difficult to imagine federal policy alone fixing issues of racial inequity.

The US government is the nation's largest employer, and its actions and priorities can have lasting consequences for millions of Americans.[41] However, almost 95% of US workers are not in the federal workforce.[42] Major new laws and far-reaching government programs are put into effect in only one of the scenarios explored, "Loud as the Rolling Sea," in response to the grave threat of climate change. State and local action, however, could advance equity in specific places and likely contributes to the positive results in "Our Bright Star."

Business has the power to create a more equitable future if systemic changes can be set in motion.

The legal and regulatory norms that the government sets are powerful, but leave room for business to lead the way. Businesses can act quickly. They have strong incentives to source and develop the best available talent. And, through their normal activities, they—especially the largest and most successful companies—influence the broader ecosystem in which they operate. If oriented toward equity, those dynamics can create lasting change.

To go far, go together.

Driving racial equity broadly is beyond the power of any one organization. Working independently, organizations may achieve good results for themselves, but the broader system may not change. Acting together, whether in alliances or ecosystems, will likely generate greater and more enduring change that raises the standard for all.

There may be opportunities to link racial and social equity to other issues (like mitigating climate change) and grow the coalition committed to sustained and substantial action.

Tradition may cast issues as competing, but traction may come when those fighting them are allies.

Part III: Act now
Actions to drive systemic change

Racism and inequity are systemic problems that require a systemic response.

In order to build an equitable future, leaders must activate the full breadth of their control and influence across all parts of their organizations and beyond: from relationships to products, services to spend, governance to external interactions.

Recent survey results, though, suggest many of those options are too rarely used. In an October 2020 Fortune/Deloitte survey of 125 CEOs,

91%

said they are **investing in their talent life cycle** to promote racial equity,

but only

22%

said they are in **investing in their products or services** to advance that same goal.[43]

Not every element of Part III will be relevant to every reader, and there's no expectation to read it from start to finish. We hope readers in every part of an organization will find ideas that are relevant to their role and the options they have to dismantle old systems and rebuild them to create greater equity.
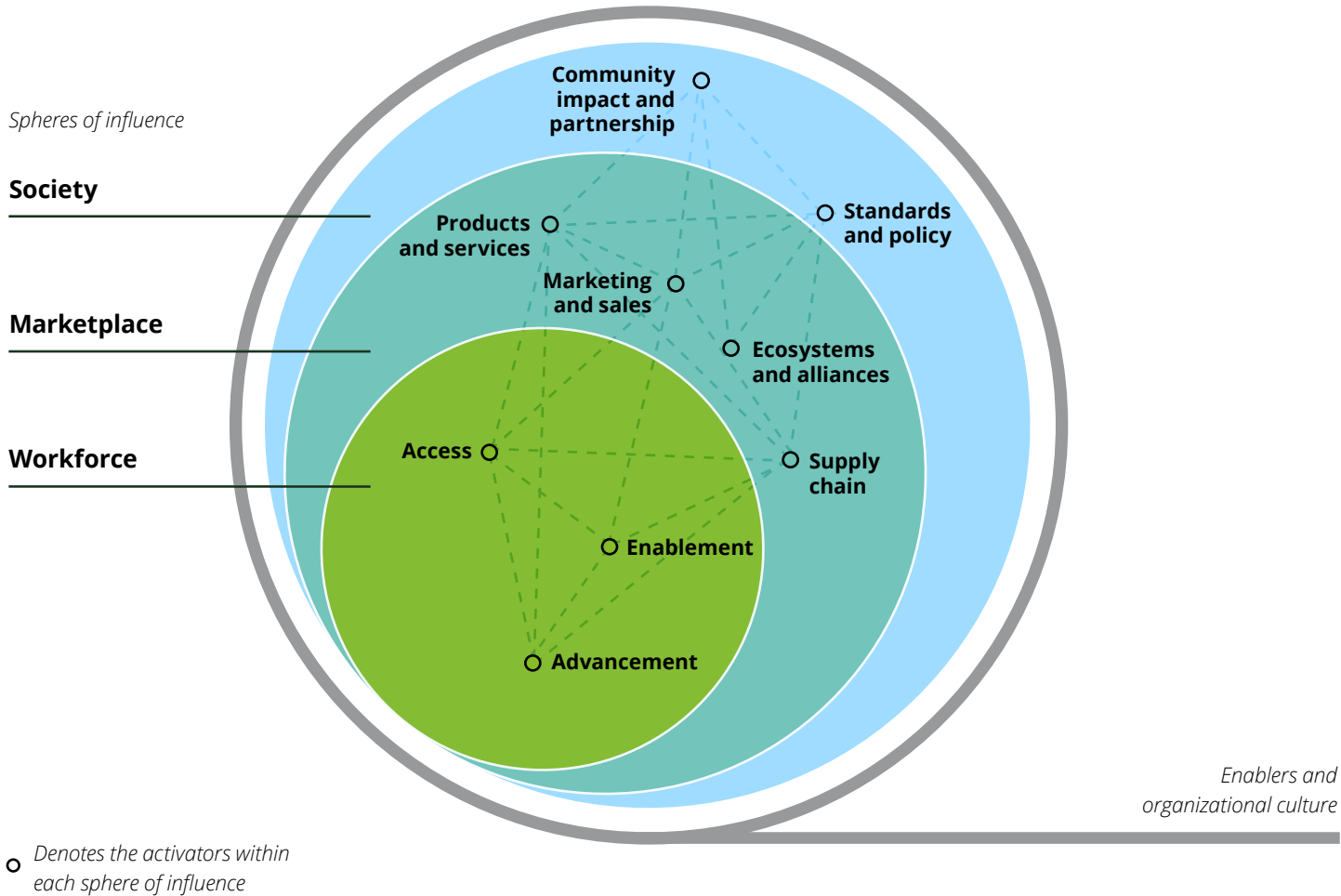
The Equity Activation Model is a systems-based view for how businesses can activate equity within and outside of their own organizations, structured around three primary *spheres of influence* within the reach of every organization: Workforce, Marketplace, and Society. Each sphere, in turn, includes multiple *activators*—key areas of activity and everyday choices such as talent advancement; products and services; and standards and policies—through which organizations can exert their influence to activate equity, including racial equity. Within each activator, organizations take specific *actions* in pursuit of equity. See "detailed view," page 48.

Enablers

Across these spheres of influence, organizations need *enablers* that serve as structural support. Enablers drive accountability and support the actions an organization takes. Enablers include leadership; governance; resource allocation; legal, risk, and compliance; data and analytics; infrastructure; workplace; and technology. Without these foundational enablers, efforts to drive equity may yield few if any lasting results.

The Equity Activation Model

Spheres of influence

Society

Marketplace

Workforce

Community impact and partnership

Products and services

Marketing and sales

Standards and policy

Ecosystems and alliances

Supply chain

Access

Enablement

Advancement

Enablers and organizational culture

○ *Denotes the activators within each sphere of influence*

Leaders could consider the following examples of responsibilities that can drive equity

If your role is…	*You can drive equity when you….*	*If your role is…*	*You can drive equity when you….*
Board of directors	Set expectations and accountability of the executive team; oversee executive hiring and compensation; review investment strategy; influence board composition and nominations; oversee community engagement.	**Chief financial officer**	Set investment strategies and portfolio management; consider and approve internal and external funding requests; establish wage and compensation practices; prioritize tax considerations and practices; set real estate strategy.
Chief executive officer	Set organizational priorities; establish leadership commitments and drive internal and external signaling about aspirations and purpose; ratify strategic priorities around diversity, equity, and inclusion (DEI); authorize build, buy, borrow decisions.	**Chief strategy officer**	Formulate corporate and business unit strategy; gather customer/consumer insights; identify and evaluate potential new markets; commission market sensing and trend analysis; develop M&A strategy and identify/screen M&A transactions; develop and launch strategic partnerships (JVs, corporate venturing/investments).
Chief diversity, equity, and inclusion officer	Set strategic DEI priorities with board and CEO; collaborate with CxO's to enable DEI in all spheres of influence; initiate and promote DEI programs; establish, evolve, and publish diversity analytics; encourage transparency and accountability on DEI ambitions and results.		

Leaders could consider the following examples of responsibilities that can drive equity

If your role is…

You can drive equity when you….

Chief marketing officer

Identify and approve partnerships and sponsorships; set strategy for social media, ad platforms, and other channels and communications platforms; design brand influence strategy; commission and conduct customer research, including marketing analytics and trends; set standards for messaging.

Chief technology officer/chief information officer

Select and deploy technologies; design and collect data reports and transparency; design and monitor information flow across organization; consider biases and ethics in technology; prioritize design and user experience and accessibility; create and assess data analytics.

If your role is…

You can drive equity when you….

Chief human resources officer

Define workforce experience strategy to inform talent strategy and processes; design and deliver on financial, physical, mental, and emotional well-being through rewards and other programs; monitor pay equity; lead succession strategy and planning; enable a culture that embeds and values diversity, equity, and inclusion in all business operations.

Chief operating officer

Set vendor and supplier diversity and strategy; create and manage contracts; set location strategy and office structure; adopt and enforce health and safety protocols; design and monitor sales strategy and analytics and supplier/vendor analytics.

Organizational culture

The Equity Activation Model (page 39) suggests the essential role of *organizational culture* as the background or context in which priorities are set and choices are made.

Organizational culture is "the way we do things around here"—the sustained patterns of behavior supported by an organization's shared experiences, values, and beliefs.[44] Culture both influences and is influenced by an organization's workforce, the marketplace, and society. It provides the context in which *actions* are prioritized and *enablers* are expressed.

Organizational culture is enduring, but it's also always evolving, the result of an ongoing feedback loop between beliefs (subconscious, taken-for-granted assumptions), values (stated strategies, goals, and philosophies), and behaviors (people's decisions, actions, and processes). As a result, it can adapt to new needs and changing conditions.

Of course, as every leader knows, shaping an organization's culture toward a specific goal takes real effort. Organizations should take a two-pronged, concurrent approach: challenging assumptions—including deeply-held orthodoxies—and changing behaviors that stand in the way of meaningful, lasting change. Continuously innovating and initiating new behaviors and beliefs will fundamentally change an organization's culture, which will, over time, reinforce those behaviors and reflect those beliefs.

VOICES OF CHANGE

"You think the issue is you need more underrepresented people, but your culture may not be designed to nurture that talent, and that's the problem."

Dr. Stephanie Creary, assistant professor of management, organizational scholar at the Wharton School[45]

"Remove the idea, philosophy, and construct of cultural fit... it's the biggest hinderance to organizational shifts on DEI topics."

Elliott Robinson, partner, Bessemer Venture Partners; founding member, BLCK VC[46]

Flipping orthodoxies [47,48]

To drive racial equity, organizations must challenge orthodoxies— unstated assumptions that go unquestioned—that are embedded into their culture and that sometimes get in the way of pursuing equity

"We are an unbiased meritocracy."

An underlying assumption in a society in which Black people are systematically underrepresented in positions of power or authority may be that Black people are not as capable or ambitious as the White people currently holding those positions. But what meritocracies don't often consider is that majority racial groups have had advantages over other PEERs (Persons Excluded due to Ethnicity or Race) for generations.

Shifting this belief to reject the notion of an unbiased meritocracy would enable organizations to tap into talent that has previously gone unnoticed or unconsidered.

"We don't have a racism problem here."

An underlying assumption that an organization with well-intentioned or well-informed leaders is unaffected by society at large may be willfully ignorant at best and deceitful at worst. Most organizations reflect the society in which they operate—and racism exists, individually and systematically, within our society. Workers do not leave society behind when they show up for work. "Society" is in the office, right alongside them.

Shifting this belief makes room to consider how organizational systems perpetuate societal biases, and to take action to acknowledge and address those biases to advance equity within and through the organization's actions.

"Advancing Black professionals will mean fewer opportunities for others."

"Diversifying means lowering the bar."

"Taking bold action around DEI is too controversial / risky for our business."

An underlying assumption is that there are limited opportunities, so gains for one identity group must come at the expense of another. An even more pernicious belief is that those who currently hold the most access to opportunity do so because of a natural right to them, rather than because of a historically unfair system. Advancing Black professionals doesn't mean fewer jobs for non-Black individuals—it just means that the talent pool is larger and has more available, capable, qualified people.

Shifting this belief enables organizations to access and nurture a broader, richer, and more competitive pool of talent, and to realize the "Curb-Cut Effect"[49]—steps taken to address the needs of Black professionals will likely benefit many others as well.

An underlying assumption is that Black people are unqualified, which relies on two beliefs: a definition of "qualified" that remains consistent with historical definitions of what is required to be successful, and organizations considering narrowly defined and/or limited pools of potential talent, suppliers, and other business relationships.

Shifting this belief allows organizations to both evolve their understanding of "qualified" and assess whether they are looking broadly enough, to include those who could apply their skills, experience, and capabilities if given the opportunity.

An underlying assumption is that it is "riskier" to take a stand and act than it is to stay silent. This orthodoxy masks racism as "risk avoidance"—that is, tolerating or enabling systemic and systematic racism is less harmful than the risk or controversy of dismantling it. Ultimately, it indicates a higher level of comfort with the potential for accusation of inequity by groups who may have benefited from the status quo than with addressing actual inequity.

Shifting this belief to embrace dismantling systemic and systematic racism and to drive equity positions organizations to attract top talent, retain consumers, and understand and lead in competitive markets.

"Taking bold action for PEERs, and specifically for Black individuals, alienates other segments of our workforce."

"We can't find Black talent / suppliers."

"We're talking about something that is so systemic in the way we do business in this country that it will have to touch all parts of the institutions."

Dr. Robert Brown, president, Boston University[50]

An underlying assumption is that "other segments" do not value, and do not benefit from, an equitable organization. What's more, it prioritizes those who have benefited from the current system, and the potential perception of "disadvantaging" historically advantaged segments, over addressing the actual disparate impact on PEERs.

Shifting this belief enables organizations to understand and address how bold actions for those most affected by systemic exclusion ultimately benefits all members of the workforce and all within the spheres of influence of the organization.

An underlying assumption is that an organization can maintain the status quo and new Black talent and suppliers will come to them. But attracting "hard-to-find" segments requires pursuing them outside of existing networks and offering a differentiated and appealing value proposition.

Shifting this belief pushes the organization to define an employer or supplier value proposition that is specific, compelling—and consistently evaluated for efficacy. Additionally, it increases organizational willingness to take new and creative approaches to sourcing—and, once talent and/or suppliers are engaged, provide infrastructure that mitigates systemic challenges within the organization.

"We measure individual performance on objective metrics."

An underlying assumption is that all workers show up at every given opportunity equally supported and that metrics are applied objectively. Neither are true.[51] When organizations look solely at output metrics, they're simply measuring the outcome of potentially disparate inputs.

Shifting this belief would entail rooting out the causes of inequity in all processes and at each decision point and providing the resources, tools, and support both leaders and workers need to recognize and eliminate existing inequities. In the meantime, any comparative metrics should normalize data for systemic disparities.

"Equity is important, but we have a lot of demands for our attention and resources, and we need to focus on our business."

An underlying assumption is that "the business" is separate from and not affected by inequity in every facet of that business, or that driving equity and growing or sustaining the business are mutually exclusive. It ignores the many strong connections between "the business" and the changing context within which that business operates and that the long-term success of any business depends on its ability to adapt successfully to new and evolving environments.

Shifting this belief can enable organizations to identify, plan for, and address the short- and long-term impacts of inequity in all their spheres of influence and incorporate equitable practices to support the health and sustainability of the business.

"Until the rules of the game change, this moment of true transformation will just be lip service."[52]

Dr. Richard Besser, CEO of the Robert Wood Johnson Foundation

Actions

Equity requires system-level change, starting with targeted choices that challenge old patterns and drive better results.
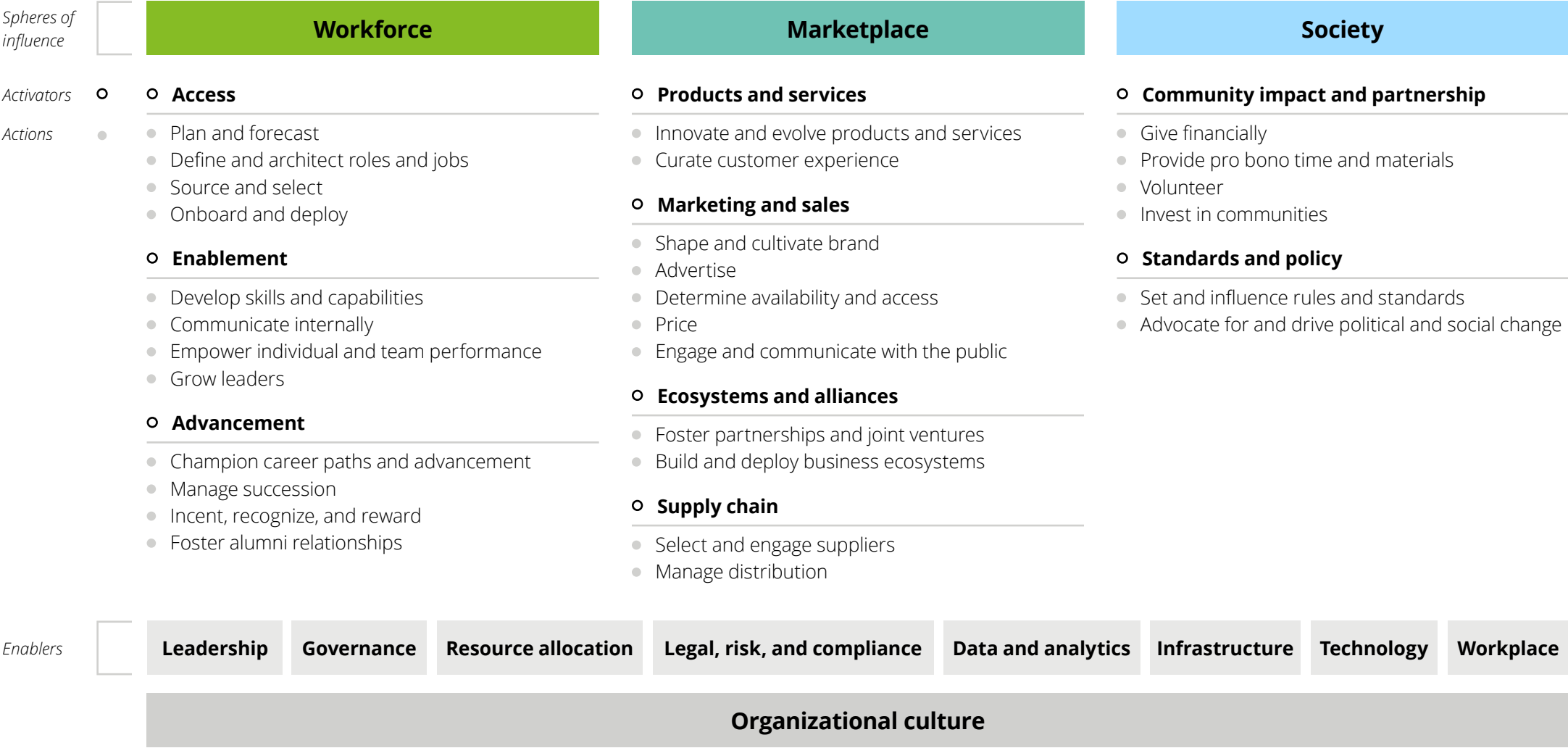
Though each of the actions named in the Equity Activation Model are critical to creating an equitable future, we've highlighted two from each sphere of influence.

Our interviews with Changemakers—leaders in the public, private, and social sectors committed to driving racial equity—suggested that the selected actions will help dismantle inequitable practices and initiate more equitable outcomes.

Each highlighted action includes:

- **A definition**

- **Pitfalls:** Self-imposed limitations that may get in the way of effective action

- **Two types of actions** organizations can take:

  — **Baseline actions** demonstrate that organizations are taking initial steps toward equity

  — **Courageous actions** demonstrate that organizations are taking bold, potentially pathbreaking strides toward equity

- **An equitable outcome:** "What success looks like" when equity is activated in this area

- **Bright spots:** Examples of organizations thinking creatively, making commitments, and taking courageous action to drive equity

Equity Activation Model, detailed view

Spheres of influence

Workforce	**Marketplace**	**Society**

Activators

Actions

Access
- Plan and forecast
- Define and architect roles and jobs
- Source and select
- Onboard and deploy

Enablement
- Develop skills and capabilities
- Communicate internally
- Empower individual and team performance
- Grow leaders

Advancement
- Champion career paths and advancement
- Manage succession
- Incent, recognize, and reward
- Foster alumni relationships

Products and services
- Innovate and evolve products and services
- Curate customer experience

Marketing and sales
- Shape and cultivate brand
- Advertise
- Determine availability and access
- Price
- Engage and communicate with the public

Ecosystems and alliances
- Foster partnerships and joint ventures
- Build and deploy business ecosystems

Supply chain
- Select and engage suppliers
- Manage distribution

Community impact and partnership
- Give financially
- Provide pro bono time and materials
- Volunteer
- Invest in communities

Standards and policy
- Set and influence rules and standards
- Advocate for and drive political and social change

Enablers

Leadership	**Governance**	**Resource allocation**	**Legal, risk, and compliance**	**Data and analytics**	**Infrastructure**	**Technology**	**Workplace**

Organizational culture

Workforce | Access | **Source and select**

Definition
How an organization identifies and matches talent to roles and positions, from talent pipeline development to extension of an employment offer.

(Note: This section focuses on employees, but it is important to consider contractors and gig workers, too.)

Pitfalls

· Focusing on vague criteria such as "cultural fit" and "likeability," which tend to reinforce the status quo.

· Using narrow filtering mechanisms and requirements that may artificially limit the pool of candidates (e.g., only recruiting at certain schools).

· Focusing too late in the talent pipeline (e.g., recruiting students in their last two years of college with little to no investment in their development as students or professionals throughout their education careers).

· Not including unconscious bias education and real-time monitoring during the talent selection process.

· Using role descriptions and required qualifications in the hiring process with biased language or requirements.

· Focusing on the human capabilities needed today versus those that will be needed to succeed in the future of work.

Baseline actions

Invest in a robust and early pipeline.
Acknowledge the depth and breadth of the sourcing pipeline, and proactively invest in skill, curriculum, and career path development across a variety of sources that provide a racially and ethnically diverse talent pool (e.g., schools, associations, after-school programs, mentoring programs, early identification programs, and skills development programs). Invest in curriculum changes at local middle schools, high schools, and universities to develop the skills and traits that the organization is sourcing. Additionally, invest in apprenticeship programs to help students better understand different career paths, develop tangible skills, and access paid opportunities.

Baseline actions (continued)
Reevaluate talent selection requirements.
Broaden selection requirements (e.g., knowledge, skills, and abilities) against which candidates are filtered and measured. Take a deeper and more accurate assessment of what it takes to be successful in roles and teams (this will vary by role and team). Once identified, explore the many ways those traits may be demonstrated and/or measured (e.g., balancing GPA against life experience). Once the requirements are established, ensure they are incorporated in a way that is ethical and limits bias in filtering mechanisms and technologies, including artificial intelligence.

Courageous actions
Disrupt traditional sourcing orthodoxies and develop skills in the market. Create sources of talent rather than selecting exclusively from traditional, existing ones. Develop and administer open courses to provide potential candidates the skills the job requires today (and the skills that the job will require as work continues to evolve) and skip the resume and interview process once the course is successfully completed. Look to unconventional sources for entry-level candidates; turn to professional associations and "diversity" recruitment specialists to fill mid-career, professional roles.

Equitable outcome: There is racial diversity at all steps of the hiring process—candidates considered, interviews conducted, offers extended—for all roles, at all levels.

BRIGHT SPOTS

Salesforce: Launched the Pathfinder Training Program in collaboration with Deloitte to equip participants with highly sought-after skills and create and provide access to pathways to technical careers in the Salesforce ecosystem across industries and sectors.[53]

Apple: Working with Southern Company to launch the Propel Center—a first-of-its-kind hub for the HBCU community—designed to support the next generation of diverse leaders, providing innovative curricula, technology support, internship and career opportunities, and fellowship programs across a range of educational tracks, including AI, machine learning, social justice, entertainment arts, and augmented reality.[54]

Workforce | Advancement | **Champion career paths and advancement**

Definition
The orchestration of experiences, capabilities, and achievements that position individuals to advance in their career path.

Pitfalls

· Holding Black individuals and other PEERs to different standards than their White colleagues, even unconsciously.

· Requiring demonstration or proof of ability inconsistently across identity groups (e.g., Black professionals have historically been advanced, or held back, based on their proven skills or ability, while their White colleagues are advanced based on potential).[55]

· Expecting preparedness from workers without helping them obtain the knowledge, skills, capabilities, and experiences needed to thrive in future roles.

· Mentoring or sponsoring everyone in the same way with no consideration for unique strengths, challenges, or needs (i.e., Golden Rule: treat others how you want to be treated versus Platinum Rule: treat others how they want to be treated).

· Not providing broad access to sponsorship and instead only offering it to "top performers," which may simply reinforce inequity.

Baseline actions

Use succession as a development process.
Proactively identify candidates early for advancement opportunities, and actively provide them access to the skills, experiences, and roles on visible, important, and complex projects required to develop and advance. This approach looks ahead at the positions for which an individual shows potential and creates the opportunities for growth required to meet the advancement criteria. Focus on development across critical talent pools based on business needs. Provide all workers, especially Black individuals and other PEERs, early access to sponsors.

Baseline actions (continued)

Establish infrastructure for "reverse mentorship." Establish a formal program to connect successful, networked senior leaders with more junior Black or other PEER colleagues. This enables junior members of the workforce to share their unique perspectives, creating upward education, and it offers those same junior workers more exposure to senior decision-makers. A project-based approach—that is, providing a shared initiative or task—can also help both mentor and mentee develop new skills.

Courageous actions

Focus sponsorship efforts on improving sponsors. Organizations should focus their sponsorship efforts on educating and enabling sponsors: to use their influence and networks to support and advance their protégé; to provide their protégé with high-visibility opportunities; and to extend and strengthen their protégé's network. In particular, organizations should help sponsors better grasp the unique challenges faced by Black individuals and PEERs and the subtle ways bias impedes success in myriad settings and opportunities. And they should hold sponsors accountable for the successful preparation and advancement of their protégés.

Equitable outcome: PEERs, and specifically Black individuals, advance at an equitable pace and are proportionately represented at all levels of the organization, including in roles of power and influence, (e.g., responsibility over managing an organization's profit and loss). They are proportionally represented in succession plans and candidate slates being considered for key roles.

BRIGHT SPOTS

Microsoft: Microsoft committed to evaluating each corporate vice president (CVP) and general manager's progress on diversity and inclusion when determining their rewards and promotions and to providing CVPs with dedicated D&I coaches.[56]

Eli Lilly: The pharmaceutical company launched "reverse mentoring" for senior leaders. Workers mentor leaders to help upper management better understand issues of equity, in particular when it comes to the LGBTQ+ community.[57]

Sponsorship is a commitment to advocate and create advancement opportunities for individuals. It is about providing the critical work experiences, exposure to other influential leaders, and advocacy that will accelerate a protégé's career.

Effective sponsors

· Advocate for their protégé in many settings, from group meetings to 1:1 private conversation.

· Use organizational knowledge and experience to help their protégé identify and capitalize on critical opportunities and experiences that will support their career progression.

· Create opportunities for their protégé to expand their professional network and visibility across the organization and with clients and customers, including introducing them to influential leaders and decision-makers.

· Help their protégé overcome challenges—both perceived and actual—by offering encouragement, support, and advice.

Effective sponsorship drives results

· PEER protégés are 60% less likely to plan to leave their job within a year.[58]

· Sponsored PEER protégés are 65% more likely than their unsponsored counterparts to be satisfied with their rate of advancement.[59]

Marketplace | Products and services | **Innovate and evolve products and services**

Definition
The activities and practices an organization undertakes to create and improve its products, offerings, or services.

Pitfalls

· Not considering all users, customers, or consumers of the product or service during development.

· Not testing for ways a product or service can perpetuate oppression and racism (e.g., not considering how facial recognition technologies make many more mistakes when used on people with darker skin tones).[60]

· Including only a homogenous group of voices in the development cycle (e.g., underrepresentation of PEER perspectives in clinical trials).

· Leaving equity and inclusion as a "gut check" at the end of development, rather than making it a key input to the product and service development process.

Baseline actions

Include diverse customer perspectives in development process. Include representative samples of customers with different strengths, weaknesses, needs, and preferences across the development cycle (e.g., requirements gathering, design, testing) to ensure product or service is not biased, oppressive, or adversely affecting any demographic.

Establish a representative development process. Create diverse product and service development teams, processes, and infrastructure. By listening to a diverse collection of voices—at every stage of the development cycle—leaders can better ensure varied points of view and lived experiences are considered and accounted for.

Courageous actions

Design for anti-oppression. Intentionally design products or services to work against oppression, beyond just removing biases. For example, a telephone operating system may include preprogrammed shortcuts to provide users access to support services.

Design for underserved populations. Expand customer segments to actively develop products or services that serve underserved populations. For instance, a financial services organization might develop specific products or services for the underbanked population, addressing and pulling down historical barriers.

Equitable outcome: Product or service meets the needs of every individual in the organization's identified customer segments.

There are no oppressive, predatory, or otherwise adverse impacts on customer segments or individual customers due to the organization's product or service.

BRIGHT SPOTS

Citi: Committed to expand the US Consumer Bank's community lending team and its network of correspondent lenders, increasing access to Citi's mortgage products and services among minority borrowers in low- and moderate-income neighborhoods.[61]

Slack: Developed a bias correct plugin that helps users identify gender bias by flagging messages and suggesting debiased alternatives.[62]

Marketplace | Supply chain | **Select and engage suppliers**

Definition
The sourcing of and interaction with any purveyor of goods or services to an organization, whether directly or indirectly tied to the organization's core offerings or general operations.

Pitfalls

· Narrowly definining who is a supplier rather than considering all the ways the organization spends money on the necessary inputs that allow it to run.

· Limiting efforts to only diversifying spend on minority-owned businesses rather than further developing, investing in, or connecting minority entrepreneurs.

· Believing that there is an economic or quality penalty for diversity.

· Believing that it is unfair or inappropriate to consider DEI-related criteria as part of procurement and contracting.

Baseline actions

Increase spend on minority-owned businesses. Increase purchase of raw materials, goods, and services from minority-owned businesses. Actively set targets by business unit. This includes expanding the conventional understanding of an organization's suppliers to include providers of a wider range of services beyond materials and components, such as insurance policies, 401(k) or other retirement plans, legal advice, or technology required to perform the job.

Define DEI criteria for engagement. Include DEI criteria in procurement and contracting. Require that both minority-owned and non-minority-owned businesses meet specific diversity and/or inclusion criteria inside their own organizations, such as representation metrics, programs, or external communication. Criteria can be documented throughout contracting processes and ongoing relationships.

Courageous actions

Develop and support suppliers. Actively invest time, money, and resources into developing diverse suppliers. Provide infrastructure, industry and function expertise, and training and capability development to established suppliers; create shadowing programs, self-auditing processes (e.g., benchmark against other suppliers), and tools and templates (e.g., planning, quality, analytics dashboards) for developing suppliers; commit investment dollars, networking opportunities with business unit leadership, and other access to capital for growing entrepreneurs.

Equitable outcome: Organizational assets and spending directly support diverse businesses and entrepreneurs, building wealth and integrating Black- and other PEER-owned enterprises more fully into the American business landscape.

An organization's suppliers are racially and ethnically diverse and foster equitable environments.

BRIGHT SPOTS

Yale University: David Swensen, chief of Yale's $31.2B endowment, established new criteria for the dozens of firms that manage the endowment, requiring and measuring their progress in increasing the diversity of their investment staff.[63]

General Motors: GM provides training through its 5 Point Supplier curriculum, covering GM process, talent acquisition, operational excellence, financial acumen, and Tier II inclusion.[64] Additionally, GM annually recognizes suppliers for increasing and improving inclusion within their own supply chains.[65]

Coca-Cola: In partnership with Georgia State University and the University of Georgia, Coca-Cola launched a supplier-development institute to provide educational support to small and disadvantaged groups.[66]

Society | Standards and policy | **Set and influence rules and standards**

Definition
The ways in which an organization leverages its platform, power, and relationships to define or redesign industry, sector, or other collectively enforced rules and standards.

Pitfalls

· Assuming the only "rules" that need to change are those set by the government and not the private sector.

· Assuming that existing business or industry rules and standards are set in stone or would be too much trouble to change.

· Assuming any one organization does not have enough power or influence to change the rules or standards.

· Accepting that "that's just the way it is" or "that's just the way things have always been done," or conflating tradition with the best option for the future.

Baseline actions

Assess the rules and standards. Join a coalition of other organizations within the same industry or sector to review the rules and standards within their influence or control that may disparately affect Black individuals and other PEERs.

Courageous actions

Establish new rules. Create or elevate third-party organizations, agencies, or measurement tactics to define and uphold widely accepted standards.

Redefine sector and industry standards. Collaborate with other organizations to redefine sector or industry standards that dictate how organizations operate. For instance, consider the Business Roundtable's 2019 statement redefining the purpose of a corporation from shareholder primacy (from Friedman's "the social responsibility of business is to increase its profits") to a commitment to all stakeholders—including customers, employees, suppliers, communities, and shareholders.[67]

Equitable outcome: Organization- and industry-wide systems, rules, and standards confront systemic barriers and oppressions with no disparate impact on Black individuals or other PEERs.

BRIGHT SPOTS

Oscars®: The Academy of Motion Picture Arts and Sciences announced significant requirements to meet eligibility for Best Picture, such as having at least one individual of an underrepresented race or ethnicity as a lead or significant supporting actor, and casting women, LGBTQ+ individuals, PEERs, and people with cognitive or physical disabilities or who are deaf or hard of hearing in at least 30% of secondary or other minor roles.[68]

PhRMA (The Pharmaceutical Research and Manufacturers of America): Its member companies "launched the first ever industry-wide principles on clinical trial diversity." Though voluntary, these principles raise the standard across research pharmaceutical and biotechnology companies.[69]

World Economic Forum: The International Business Council (IBC), in collaboration with Deloitte and other professional service organizations, announced a new set of reporting metrics on ESG performance with the objective that "IBC companies … begin reporting collectively … in an effort to encourage greater cooperation and alignment among existing standards as well as to catalyze progress towards a systemic solution, such as a generally accepted international accounting standards."[70]

Society | Standards and policy | **Advocate for and drive political and social change**

Definition
How an organization leverages its voice, power, platform, and infrastructure to support or advance a cause, public policy, or a model for government support and establish more equitable grounds on which every organization must operate.

Pitfalls

- Believing topics of race are not the place of business to speak out, step up, or stand out.

- Keeping silent out of fear of saying the "wrong" thing when public or social controversies go against the organization's values.

- Writing statements on racial equity with limited depth, undefined action, or no specific commitment.

- Sharing inauthentic messages that do not align with the organization's demonstrated values, beliefs, and behaviors (e.g., words and actions are misaligned; leaders and organizational values are misaligned).

Baseline actions

Speak out. Leverage organizational platform and power to speak out against issues that do not align with company values.

Elevate issue in industry groups. Within industry coalitions, companies should use their organizational voice to elevate public or social issues that need to be addressed.

Courageous actions

Organize for change. Use organizational power and platform to inform, influence, and advocate for changes that align with company values.

Pave the path for policy. Incubate or launch equity projects and solutions that are beneficial and demonstrate an adaptable model that government officials and policymakers could replicate across communities and sectors.

Equitable outcome: There are anti-racist, systemic policies and/or programs that confront systemic barriers and oppression.

BRIGHT SPOTS

Qualcomm: The company launched Wireless Reach in collaboration with nongovernmental organizations, universities and government institutions, nonprofits, development agencies, and other private sector companies to provide advanced wireless technologies to underserved communities globally, enabling services such as education, health care, and public safety.[71]

A racial equity transformation: Our call to action

Organizations hold an immense amount of control and influence to drive racial equity—which means bold, sustainable progress is possible when organizations and their leaders commit to action. Doing so requires changing the way individuals at all levels think and operate—and it requires expanding their notion of responsibility to include drastically improving outcomes for the Black community and other PEERs.

Organizations must act now:

To go from…	*To…*
…promoting DEI through isolated initiatives and symbolic commitments	**…diversity, equity, and inclusion as an integrated, continuously supported strategy and a measurable, rigorous approach.**
…DEI efforts limited to hiring and talent	**…diversity, equity, and inclusion driven through the entire culture and value chain of an organization (e.g., talent life cycle, supply chain, product, partnerships).**
…a sole focus on driving shareholder returns	**…a holistic focus on driving value for all stakeholders, including customers, employees, shareholders, and society as a whole.**

Call to action

Every person—across every sphere of influence, at every organization, in every industry—has both the responsibility and the opportunity to make a meaningful difference in both the short and long term. An equity-obsessed mindset requires thinking beyond a checklist of actions to take and finish. Rather, it takes constant, sustained commitment from leaders and team members, even when it is uncomfortable or unpopular.

And it takes all of us—working as a collaborative community—to build on these actions and discover or create new ones. The work is far too large, and the outcome far too urgent, for any one organization to go at it alone. So, we invite you to join us. To commit to taking courageous action, and to doing it now. And to call on others to do the same. Together, we can create the equitable future we wish to see.

Now, let's get to work.

Deloitte's commitment to racial equity[72]

Taking action against systemic bias, racism, and unequal treatment

We have a responsibility—as a purpose-driven enterprise focused on diversity, equity, and inclusion—to take a stand and make a difference on important societal issues.

Deloitte is committed to continuing the fight for social justice to help reject and eradicate the systemic bias and racism that plague the Black community. Coming together as one, we are drawing from our history of driving inclusive behavior in our organization, our profession, and the world to focus on creating a better future for our Black colleagues and community.

As an organization genuinely committed to the well-being of its people, Deloitte is deeply affected by the tragedies that undermine the Black community.

By coming together to honor the victims and listen and learn from our Black colleagues, we gain valuable perspective. Our reflection to date has resulted in two fundamental realizations. First, we need to do more as an organization, and second, we must act intentionally and purposefully to do our part to dismantle systemic inequality in society.

We have a responsibility—as a purpose-driven enterprise focused on diversity, equity, and inclusion—to take a stand and make a difference on important societal issues, which includes championing social justice and racial equality.

As such, we have taken immediate, concrete steps to positively impact organizational and societal change through:

Empowerment: The Black Action Council—sponsored by both our US CEO and US chair—was created to thoughtfully architect, execute, and accelerate our transformational strategy to better enable Black professionals at Deloitte and sustain an antiracist culture for our people and organization. Consisting of 14 leaders and more than 50 professionals, the Council represents diversity across our businesses, geography, level, gender, and race. More than 50% of the Council members are Black. More than 50% are women.

Leadership and accountability: Leaders at every level are committed to fostering a culture of listening, learning, empathy, and compassion, holding our organization and each other accountable by defining and cascading measurable goals and providing updates on progress. We are doubling down on our focus on diversity, equity, and inclusion (DE&I), including greater representation and transparency—as seen through the January 2021 publication of Deloitte's first ever DEI Transparency Report. We are also seeking input from our leaders and those in our communities who work with us to make needed change happen.

Recruitment and development: Every stage of our Talent strategy relating to the future of work is being reimagined—from early identification to recruitment to career development and succession. We are focused on removing barriers that have created obstacles for Black people in our society who are pursuing accountancy, tax, and consulting, thereby increasing the pool of Black talent in these professions. This fall, we proudly welcomed the most diverse group of new hires in our history.

Education and understanding: We are engaging with premier thought leaders in the social justice space to help educate professionals on race, racial identity, allyship, and antiracism through moderated discussions.

Civic engagement: We are encouraging deeper community engagement at a national and grassroots level by increasing awareness about the importance of voting and how to do so and by promoting paid time off for our professionals to cast their ballots during local, state, and national elections. Everyone's right to vote is essential.

Business advancement: We are analyzing how we direct business spend and investments to prioritize, support, and enable more Black-owned and Black-led businesses by leveraging the unique capabilities, relationships, and assets of the firm.

Community investment: We are taking on pro bono projects, volunteering in our local communities, and starting with a donation of up to $10 million to organizations improving social justice, employment, wealth, equality, and equal educational opportunities for the underserved.

We understand it will take a lot of work and dedicated effort over time, but we are fully invested and unwaveringly committed. As we take specific actions, we will share thorough, timely updates on our progress.

Change isn't just coming. It's here.

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