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Where Are Tomorrow's Business Leaders?

**How to neutralize bias and build
bench strength before it's too late.**

TABLE OF CONTENTS

03

Where Are Tomorrow's Business Leaders?

Despite good intentions behind diversity initiatives, changes in leadership representation are slow.

06

Why It Matters

Making the business case for diverse bench strength.

08

A Reality Check

Broadening the pipeline takes addressing the unconscious bias and cloning when hiring and promoting.

13

Neutralizing Bias

Impacting the diversity and strength of a company's leadership pipeline takes an individualized approach.

16

5 Keys to Building a More Diverse Bench

19

About the Author

Where Are Tomorrow's Business Leaders?

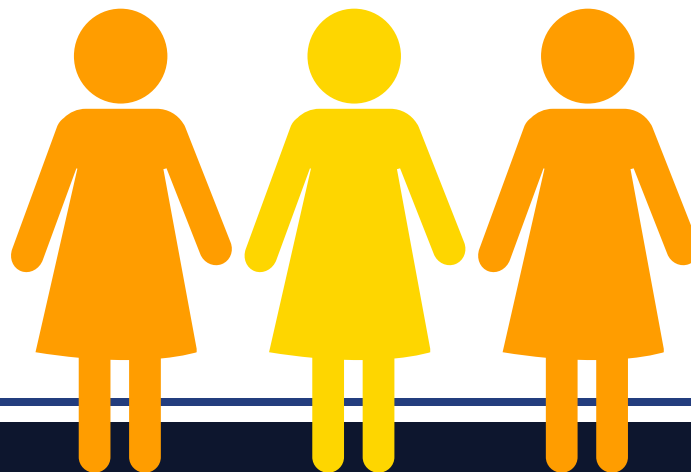
Nearly every company has a commitment to increase diversity, equity, and inclusion (DEI) with programs in place to raise awareness and create an inclusive culture. It's well intended, but it's not working fast enough, especially in light of the increased spotlight on social justice issues and the pandemic-prompted "Great Resignation."

DEI strategies are not significantly changing who is leading departments, divisions, or companies overall. In the U.S., women, while representing 50 percent of the workforce, hold only 27

percent of senior vice president positions. Very few of those leaders are women of color.

Interestingly, the playing field starts out fairly level. New hires are virtually evenly divided between men and women. However, as people progress through the management ranks, the proportion of women, women of color, and men of color who advance declines dramatically.

In other words, despite the collective good intentions of inclusive corporate initiatives



The She-cession

1 in 3 women are considering downshifting their careers or leaving the workforce altogether.

The number jumps to 40% for women in management roles.

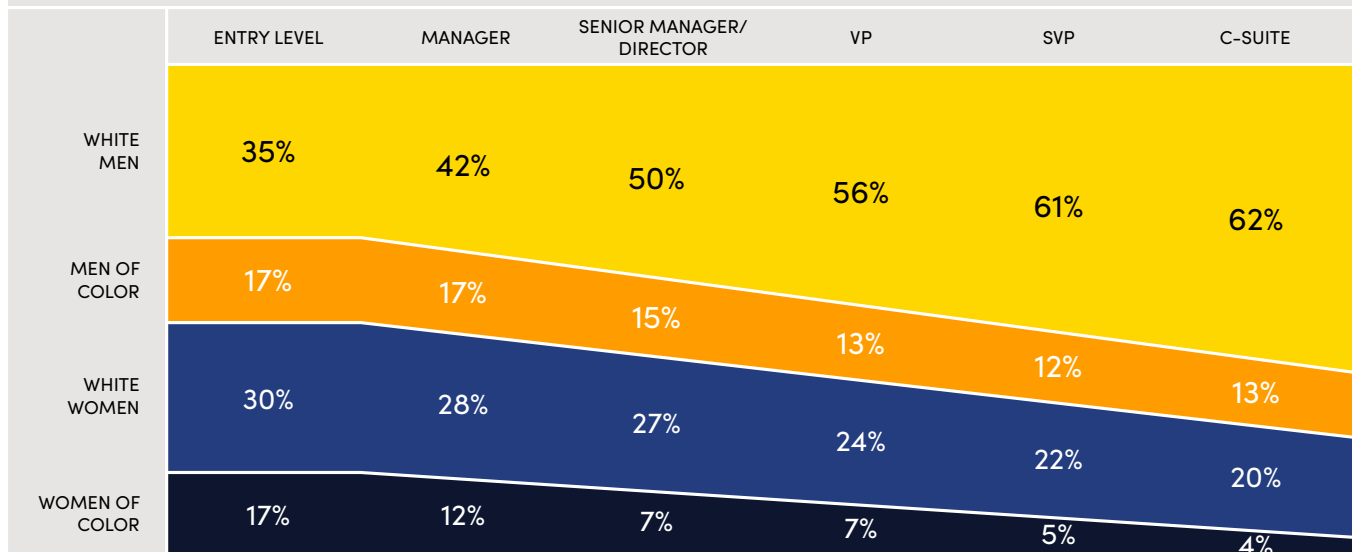
and consciousness-raising efforts, leadership pipelines are producing white male leaders nearly seven out of 10 times. At the current rate, the number of men of color and white women in management roles increased by only one percentage point between 2018 and 2021, and the number of women of color in management roles remained flat.

talent, and improve employee retention. It's not too late to create a deep and well-prepared leadership pipeline with a greater diversity of women, men, and women of color, as well as emerging Millennial and Gen Z leaders. But it will require moving beyond a commitment to diversity to tackle unconscious bias and recalibrate talent management practices.

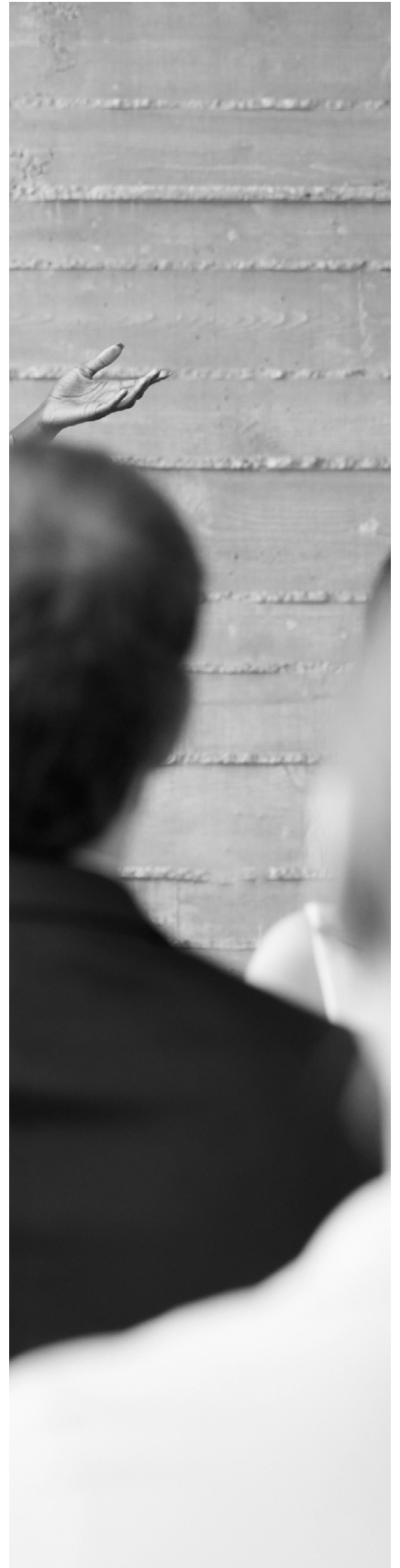
The reality is gaps in the leadership bench are becoming more obvious as companies look to address the "Great Resignation," attract top

DIVERSITY INITIATIVES AREN'T IMPACTING LEADERSHIP

The diversity gap widens as careers progress
Changes in representation have been slow



Source: Women in the Workplace 2021, LeanIn.Org and McKinsey & Company



Why It Matters:

THE BUSINESS CASE FOR

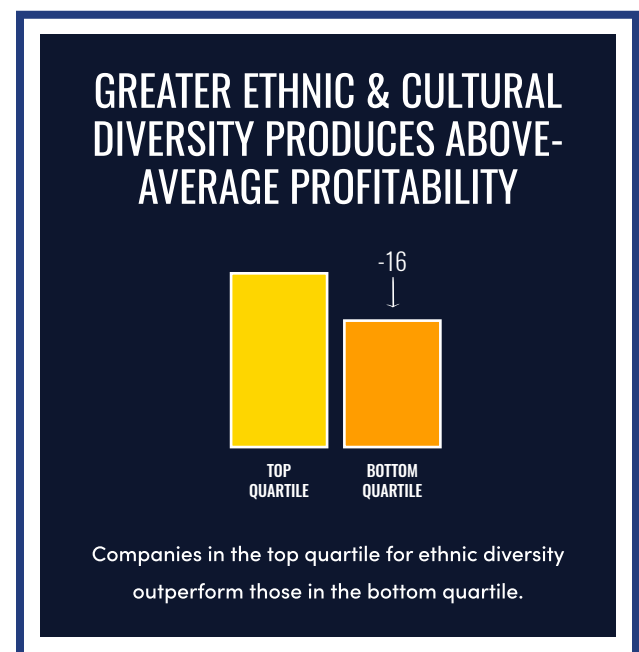
DIVERSE BENCH STRENGTH

When leadership teams are more diverse, they benefit from a wider range of perspectives and experiences. They also better reflect their employee and customer populations, which is increasingly critical as companies compete in a more transparent, rapidly changing global marketplace.

Beyond altruistic goals, diverse leadership teams impact the bottom line. Viewed through the lens of business performance metrics, the difference is dramatic. Companies with greater ethnic and cultural diversity within their leadership teams are 36 percent more likely to have above-average profitability. Those with more women leaders are 25 percent more likely to have above-average profitability. And those with the highest proportion of women on executive committees achieve ROEs that are 48 percent higher than companies with few or no women at the executive level.

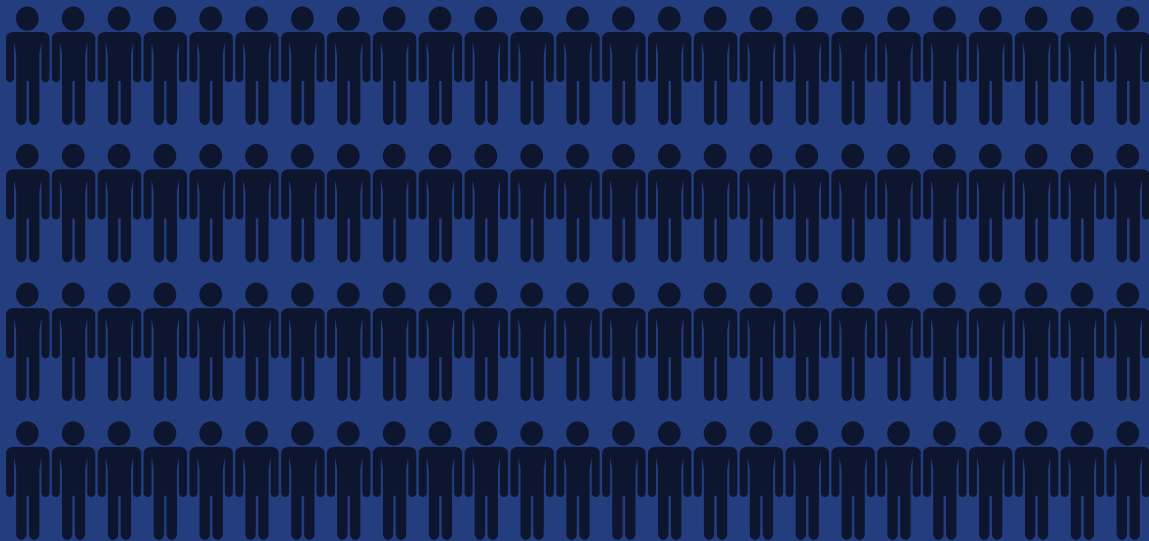
Similarly, companies where Millennials fill 30 percent or more of the leadership positions are 2.3 times more likely to be in the top 20 percent of financial performers. More Millennials in leadership also correlates to increased innovation and growth.

To fully reap the benefits of diversity, many companies have some work to do. In the C-suite, only one in five leaders is a woman; one in 25 is a woman of color. In the U.S., while African Americans represent 10 percent of college graduates, they hold only three percent of senior-level managers and executive positions. Similarly, while the number of Hispanics and Latinos earning college degrees has increased by 30 percent between 2005 and 2019, they hold just four percent of senior-level positions.



¹Average EBIT margin (earnings before interest and taxes) 2014-19
Source: Diversity Wins dataset, McKinsey & Company.

*For every 100 men
promoted to manager, only
86 women are promoted.*



A Reality Check:

THE IMPACT OF UNCONSCIOUS BIAS

To drive significant changes in the leadership ranks, companies need to make substantial changes in how they hire and develop talent. If companies adjust their processes so that men and women are filling manager positions equally, 48 percent of managers would be women within just 10 years.

To broaden the pipeline to include more women, ethnicities, and generations, companies first must honestly assess what's causing it to narrow in the first place. Much of the cause comes down to unconscious bias and "cloning" when hiring or promoting. These elements factor into

hiring decisions, talent development programs, and performance evaluations. An experiment conducted at Columbia Business School and NYU demonstrates the impact in a powerful way.

A successful female entrepreneur's resume was shared as-is with a group of business students. For a separate group of business students, the name on the resume was changed from Heidi to Howard. Despite the resumes being identical, other than the names, the perceptions were markedly different. The students rated both candidates, Heidi and Howard, as equally capable. But, while Howard was perceived as likable and a good colleague, Heidi was viewed as aggressive and not a team player.

The contrast in interpretations of the same information based on gender alone illustrates how ingrained gender bias can be. Notably, the reviewers in the experiment were a mix of male and female students. Attributes commonly used to describe men are assertive, rational, competent, and objective. For women, common attributes are caring, warm, deferential, and sensitive. When assessing leadership potential, traits are prescribed to the gender first, rather than the individual being evaluated. Men get a gender-based benefit of the doubt because the common male attributes are also characteristics that are viewed as good leadership quali-

the hollow middle

Until companies address gaps in hiring and early promotions, there will continue to be fewer women with the right experience level to fill leadership positions, perpetuating the so-called "hollow-middle."

ties. In contrast, even when a woman possesses the leadership characteristics that are associated with men, she is judged by gender first.

In addition, studies show that men are evaluated more for their potential when being considered for a promotion. Women are more likely to be evaluated based on their job performance to

date. Early in their careers, with less of a track record behind them, they're at a clear disadvantage. This is often compounded by a difference in development focus. Compared to men in the same positions, entry-level women are less likely to interact with senior leaders or have their managers showcase their work.



INCREMENTAL PROGRESS ON THE BIAS FRONT

Recent research indicates that perceptions may be shifting in the years since the initial resume study. In 2013, 10 years after the first Heidi/Howard resume experiment, CNN's Anderson Cooper asked NYU's Stern School of Business to conduct the same exercise with its students. This time, the students preferred the female entrepreneur as a boss more than the male, and they perceived the woman as "likable" based on the resume. Clearly, perceptions are shifting. However, it takes time for even incremental perceptions to effect significant change in the leadership ranks.

Similarly, unconscious bias – and progress in changing perceptions – extends to ethnicity as well. A 2004 experiment with resume reviews switched out stereotypically African American-sounding names with stereotypically white-sounding names. The same resumes with the white-sounding names received 50 percent more callbacks for interviews. This result indicates that superior credentials and candidates were being overlooked at the hiring stage, creating substantial hurdles for people of color seeking leadership roles.

Twelve years later, researchers conducted an updated version of the study. In 2016, they found no significant difference in responses to resumes with African American or Hispanic-sounding names compared to stereotypical white-sounding names, suggesting biased perceptions are now playing less of a role in the screening stage. But, as with the male and fe-

THE DIVERSITY GAP

African Americans represent 10% of college graduates, but only 3% of senior level managers and executives. Hispanics and Latinos represent only 4% of senior executives.

male resume experiment, the accelerating diversity of the business landscape requires incremental progress to keep pace in order for businesses to compete.

Across generational lines, the challenges faced as a result of the COVID-19 pandemic are also driving fundamental changes in work styles. An increased desire for workplace flexibility and a heightened focus on work-life balance are aligned with how Millennials – and Generation Z behind them – approach their careers and leadership goals. At the same time, remote work environments will likely create addition-

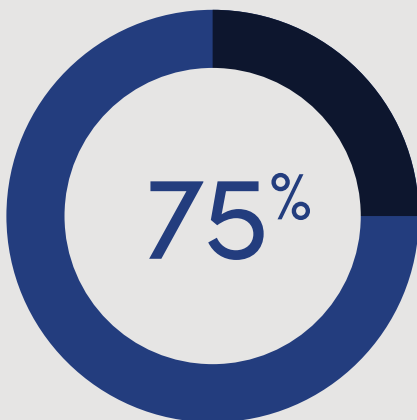
al bias challenges as companies adapt hiring, talent development, and performance management to support and recognize employees who work remotely.

The progress being made in recent years to reduce perceptions based on gender, racial, or generational biases bodes well for increasing diversity among leadership in the future. However, most businesses don't have the time to wait. Success lies in pairing evolving perceptions with tangible strategies to neutralize bias.

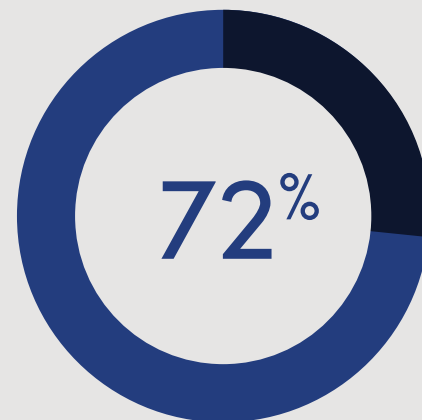
THERE IS A GENERATIONAL DIVIDE

Misperceptions between generations negatively impacts team performance
Current and future leaders express concerns about managing across generations

MANAGING
MULTIGENERATIONAL
TEAMS IS A CHALLENGE



YOUNGER EMPLOYEES ARE
NOT COMFORTABLE
MANAGING
OLDER EMPLOYEES



Managing the Generational Mix and Preferred Workplace Perks,
Ernst & Young



Neutralizing Bias:

LASTING CHANGE TAKES AN

INDIVIDUALIZED APPROACH

Perceptions aside, people lead differently. Different jobs and roles require different skills and characteristics for success. In other words, one size does not fit all. Women encourage more participatory decision-making. Men are more likely to take corrective actions more quickly. Millennials focus on productivity and efficiency to improve work-life balance. It's not about one being better than the other. Companies with a mix of diverse leaders benefit from the different styles and outperform more homogeneous teams.

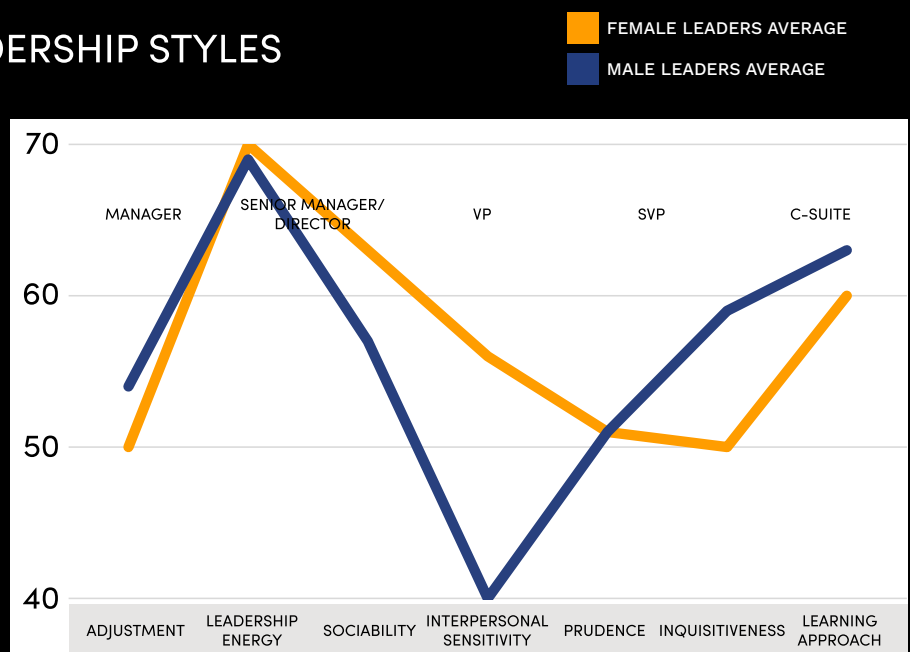
Where there are notable differences in leadership style between men and women, companies can benefit from the collective intelligence. While women excel at interpersonal communication and employee engagement, men rely more on coordination and control management. Organizational health prospers when both are effectively represented within the leadership team.

For example, when assessing characteristics for a leader in an operational role, individuals who

DIFFERENCE IN LEADERSHIP STYLES

When defining the characteristics of a successful leader, the differences between women and men are not substantially different. Yet, perceptions about leadership effectiveness between the genders persist.

WOMEN N = 37 • MALE N = 123
ACROSS 35 COMPANIES



CDR ASSESSMENT GROUP

earn a higher 'prudence' score, which correlates to planning and process capabilities, should be expected to have abilities to anticipate and manage workloads as well as establish and follow procedures. In contrast, for roles that require strategic leadership, a lower prudence score indicates an ability to be more spontaneous and open to different points of view that will enable others to be most creative.

To fully realize the benefits of diverse leadership, companies need to remove bias from their hiring and talent management process. Today, many companies focus on inclusive and diversity education programs, which may include unconscious bias training. And while awareness is important, unconscious bias is hardwired (as pointed out in the Columbia and NYU examples

above), so the behaviors it produces are difficult to change with education alone.

To dramatically impact the diversity and strength of a company's leadership pipeline, change needs to happen at the individual level, which requires a personalized approach to development. With the market pressures to adapt and innovate in mind, the good news is adding a personalized element and achieving meaningful results won't require most companies to completely reengineer their recruiting and talent management processes. Success can come from thoughtful, incremental changes that reimagine traditional programs to strategically leverage evidence-based tools and expand individualized coaching deeper within the organization.

THE DEI SUPPORT GAP

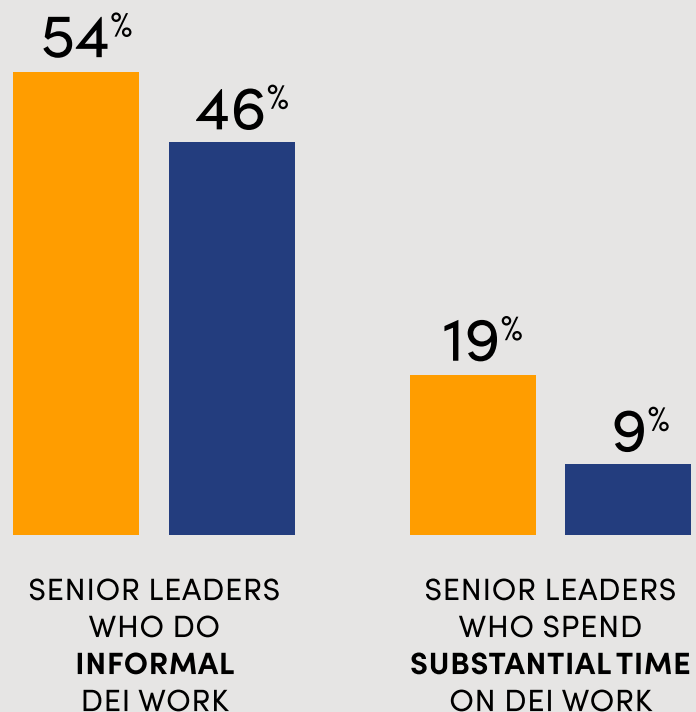
Women leaders are more likely to do the heavy lifting when it comes to DEI initiatives.



WOMEN



MEN





5 Keys to Building a More Diverse Bench

In today's evolving work environment, recalibrating talent management to build a stronger, more diverse bench can be accomplished in a scalable, sustainable way.

1

Refresh core leadership competencies.

Leadership gaps prevent companies from optimizing team resources and performance. Addressing the gaps begins with defining or redefining the core leadership competencies the organization needs. In today's rapidly evolving business environment, leaders are expected to effectively react, adapt, and innovate – all while continuing to meet business objectives in the short term. Knowing the competencies required to address current and future needs – and where the gaps are – is critical.

After defining core leadership competencies, they can then be embedded across a company's diversity, performance management, succession management, and talent development strategies to eliminate leadership gaps, expand diversity, and accelerate outcomes.

2

Personalize leadership development.

Traditional, one-size-fits-all leadership strategies don't fit today's dynamic business challenges. Not only are market demands and competitive pressures shifting dramatically, but the workforce is also more diverse than ever. Current and emerging leaders need individualized support and tools to prepare and adapt at each stage of their leadership journey. Pairing a 360-feedback program with tailored one-to-one coaching is a practical, scalable way for companies to deliver customized support, provide real-time insights, and accelerate results.

3

Practice succession management.

The adaptive future leaders companies need can often be found within the organization, but business-as-usual succession planning that relies on belief-based assessments may not find them. Instead, for companies looking to tap into diverse talent, adjusting from succession planning to succession management is imperative. Rather than an annual exercise of identifying potential successors, succession management takes an ongoing, more systematic approach.

Evidence-based assessment tools enable companies to reach deeper into the organization to identify

candidates and assess capabilities. Then, individual development plans can be crafted to create joint accountability for developing needed skills and mitigating potential derailers. By creating a diverse bench, companies allow for seamless transitions and greater predictability of positive outcomes.

4

Incorporate evidence-based tools.

Whether it's identifying emerging leaders for development or ensuring existing senior managers are in a position to succeed, integrated, objective tools remove the belief-based practices that are part of many corporate processes. Recruiters, HR leaders, and managers gain assessments and tools that help reduce unconscious bias and cloning to expand the pool of potential candidates and identify emerging leadership talent.

For example, incorporating an evidence-based leadership assessment tool within the talent management process helps companies accelerate leadership bench diversity and readiness by identifying strengths, addressing skill gaps, and neutralizing risks and vulnerabilities. The process enables more deliberate transitions through targeted, purposeful succession management that includes knowledge transfer and minimizes team disruption.

5

Combine training with integrated DEI experiences.

Along with enhancements to talent development programs and formal DEI training initiatives, one of the best ways to reduce bias and optimize diversity is by encouraging current and future leaders to participate – not just sponsor – employee resource groups (ERG) and business resource groups (BRG). While there's a place for formal training programs aimed at reducing unconscious bias, establishing active resource groups can greatly accelerate diversity efforts within a company. When current leaders engage with diverse talent and future leaders through ERG and BRG initiatives, they're able to connect on a human level and see the value of collaboration.

The Bottom Line

The leaders of tomorrow are out there. Over the next few years, savvy companies will accelerate turning diversity into leadership pipelines that neutralize bias and create opportunities for all. By recognizing the need and moving quickly to change their approach to developing leadership talent, companies can achieve a classic win-win that engages employees and drives bottom-line results. Even better, the shifts to achieve impactful results from increased diversity won't require significant resources, wholesale changes to current talent management processes, or extended timelines.

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BEN COLVIN, COACHING WORKS NYC



Ben Colvin, CPCC, PCC has more than 25 years of experience as a senior leader of billion-dollar lines of business across the financial service, insurance, and payment technology industries, where he built and led diverse domestic and global teams. All along the way, he navigated the delicate balance of achieving business objectives and nurturing talent.

Throughout his career, Ben saw the power of developing employees' innate talents and championing diversity and inclusion that encompasses gender, race, ethnicity, generational, identity and geographic differences. He experienced firsthand how it could transform teams, drive innovation, and fuel growth.

Ben founded Coaching Works NYC in 2017 to translate his experience into helping executives, managers, and teams get unstuck. By combining his unparalleled business acumen with specialized coaching certifications, he collaborates with clients to create balance between their short-term objectives and long-term aspirations in a way that produces tangible results that are scalable, transferable, and sustainable.

Coaching Works NYC (CWNYC) provides solutions designed to help individuals enhance their leadership skills, teams optimize their performance, and companies expand and effectively leverage diversity and inclusion strategies.

Working with a range of coaches and consultants who reflect the diversity of today's workforce, CWNYC's approach helps companies extend the value of individualized coaching to more individuals through cost-effective, easily scalable consulting and coaching solutions that produce real-life – and sustainable – results.



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