Next Generation Employee Resource Groups:
Bold, Business-Centric and Still a Blast

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The grassroots employee resource group movement is more popular than ever, but now affinity groups are seeking to add deep business impact to their ambitious agenda.

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Introduction

The lights dimmed, the hubbub subsided, and nearly 700 people listened as Sodexo North America President and CEO George Chavel declared his full-fledged support of the company's employee resource groups (ERGs) at the May 2011 Diversity Business and Leadership Summit. For the next two days at this annual event, Sodexo's ERG leaders and members learned how to advance diversity within the organization. They also contributed to strategic thinking and planning around how to use Sodexo's commitment to diversity to secure its position as an employer of choice and marketplace leader. This group, which has grown from 70 people 10 years ago, is now a force to be reckoned with in Sodexo's growth.

"I can't imagine Sodexo without our ERGs," says Chavel. "They have transformed us."

ERGs are a pillar of inclusion.

Two-hundred fifty employees gathered to hear Discover Financial Services' Chairman and CEO David Nelms talk about diversity and inclusion at the May 2012 kick-off of the company's first ERG initiative. Discover is a company with an organically inclusive culture that is now addressing diversity and inclusion as a deliberate and explicit strategy. After forming an executive-level diversity and inclusion council and an advisory board more than a year ago, the company is launching employee connections, Discover's term for ERGs.

"Connections groups are intended to provide a forum where everyone can find their place in the organization, because being a best employer is vitally important to us," says Nelms. "We are also looking to the connections group members to bring their insights into the emerging diverse markets we want to grow in and serve better."

ERGs are a marketplace focus group.

ERGs have existed in corporate America for more than 30 years.[1] Whether called employee resource groups, affinity groups, business resource groups or another name, their presence and impact on organizational life is flourishing. And yet, despite this increased impact, many ERGs are in the midst of a major inflection point fraught with uncertainty about what direction to take.

ERGs are in a moment of redefinition.

Today, leading ERGs have become much more strategic and sophisticated. They are also making a larger impact on organizations as their scope and appeal broaden. But why have some ERGs prospered, while others have floundered? How do external trends impact these internal groups? What unexpected challenges await today's ERGs? And what principles must ERGs live by in order to effectively deal with the changing landscape of contemporary global business?

We will answer these questions and more as we delve into the ways today's flourishing ERGs can address the following issues:

- Establishing a Global Presence
- Cultivating a Destination for Leaders
- Driving Commerce
- Assessing ERG Performance
- Addressing Multidimensional Identities

Let's explore each one of these by laying out the challenge, the typical response that falls short, and our recommended new approach.

ESTABLISHING A GLOBAL PRESENCE

The Challenge: Making ERGs Relevant Around the World

IBM's diversity excellence recognitions have earned the company a host of positive ascriptions—pioneer, forerunner, role model, groundbreaker. Yet, Big Blue knows that despite its leadership status in managing ERGs (which the company refers to as constituency groups) it has to change its approach to remain successful.[2][3] The current model is not sustainable in terms of structure and operations in the context of the radical and fast transformation of the Global Economy.

Ron Glover, IBM's vice president, diversity and workforce policy, explains the key differences between ERGs then and now:

> "These groups originally were created when the vast majority of IBMers worked at a large IBM facility, engaged mostly with their colleagues from the same location or at most the same country, and they also tended to be collocated with colleagues from the same business units. IBM is now a globally integrated enterprise where the organization itself and the employees around the world work on global teams and have global clients and contacts. About half of them don't work at an IBM facility but rather work from home, a client location, or are mobile.

> "Also these groups were focused, and were chartered to do work that was specific to their individual communities and constituencies. This made sense for the geographies and cultures across the U.S. and Western Europe. Now we are growing our population in places where many of the U.S. and Western European constituencies and constructs don't fit, and may even be irrelevant. Issues in these countries include a myriad of tribal and ethnic groups, generational and religious differences, as well as growing differences in experience, perspective, and belief that have every bit as much impact on employee and client interactions as do differences in race, gender, national origin, and the other things we have traditionally worked on."

At the same time, IBM leadership feels a responsibility to address pressing societal and business issues if it is to build a global inclusive and respectful workplace and develop a global workforce competent to work effectively with an even more diverse set of colleagues and clients.

"At the bottom line, no organization, not even one as large as IBM, can manage this by creating separate resource groups for every one of these communities that exist globally. More critically, given the burning need to create interaction, understanding, and community across all of these lines of difference, continuing to manage engagement with employees along the traditional U.S. and Western European way of talking about differences makes little sense," says Glover. "We must create a new construct for engagement and inclusion." This is precisely the cutting-edge work IBM is addressing right now as it forges new answers to these new questions.

The Typical Response That Falls Short: Seeing Global ERGs as Simply Overseas Extensions of U.S. Groups

As ERGs have gone global, companies have found the most success with groups dedicated to women, LGBT employees, and those with disabilities. Young professionals have also lent themselves to a global ERG approach as they face some shared challenges within organizations around the world. These kinds of networks continue to proliferate quite naturally.

Some efforts flow from a master global strategy while others surface quite organically *in the absence* of a global strategy, in response to the universal experience of societal pressures, taboos, and even legal restrictions that force people to hide who they truly are in order to have a chance at success. Cisco is using it's global diversity and inclusion strategy and infrastructure to prepare the way for the formation of an LGBT and Allies network in India, while Herman Miller already has an LGBT ERG in the United Kingdom, even as its global diversity and inclusion strategy is just getting formalized.

Addressing the issue of race and ethnicity around the globe is a greater challenge, however. How does a Latino employee group go global when Latinos in Latin America are the majority and find the whole concept of ERGs foreign? How does an African-American group establish a global presence when many Africans look at black ERGs and see them as more American than African? How do companies address race and ethnicity in places like Peru, China, and France where people prefer to talk about things other than race (even when they indeed have racial and ethnic societal tensions)?

A New Approach: Find the Truly Global Links *Plus* Make ERGs Relevant on a Hyper-Local Level

Microsoft has chosen to make a distinction between ERGs that are global in nature and those that are country-specific (called "network groups"). Here's how the company describes the global ERGs on their web site[4]:

"The employee resource groups represent constituencies that are collectively global. They work in areas that align closely with

Microsoft's global diversity strategy, which includes efforts to advance representation, inclusion, and market innovation."

Microsoft's global ERGs include:

> Asian
> Black
> Cross Disability
> Gay, Lesbian, Bisexual, and Transgender
> Latino/Hispanic
> Parents
> Women

By creating these global ERGs, Microsoft positions members to find the transnational challenges and opportunities that, for example, Blacks face. And yet, while the African American, Afro Caribbean, and African experiences can be so very different from each other, there is recognition that there is something about being Black in today's modern, global world that leads to similar types of experiences of marginalization, and also of opportunity.

In contrast, here's how Microsoft's more local network groups found in different parts of the world are described on the company website:

"The Employee Networks represent a variety of constituencies, including those based on national heritage, ethnicity, and family role. They support the company's diversity strategy through more focused scopes of action. While Employee Resource Groups are more globally oriented, Employee Networks are more country specific."

By comparison, this list is quite extensive and specific[5]:

> Africans at Microsoft
> Arabs at Microsoft
> Attention Deficit Disorder at Microsoft
> Bangladeshi Employees at Microsoft
> Blacks at Microsoft
> Boomers at Microsoft
> Brazilians at Microsoft
> Chinese Employees at Microsoft
> Dads at Microsoft
> ExYugoslavians at Microsoft
> Filipinos at Microsoft
> Friends of Japanese at Microsoft
> Hellenes at Microsoft
> Hong Kong Employees at Microsoft
> Huddle (Deaf/Hard of Hearing)
> Indian Employees at Microsoft
> Israelis at Microsoft
> Koreans at Microsoft
> Malaysians at Microsoft
> Microsoft Adoption
> Microsoft Asian Professional Society
> Microsoft Nepali
> Military Reservists at Microsoft
> Native Americans at Microsoft

New Zealanders and Australians in the U.S.
Pakistanis at Microsoft
Persians at Microsoft
Portuguese at Microsoft
Romanians at Microsoft
Russian-Speaking Community
Singaporeans at Microsoft
Single Parents at Microsoft
Taiwanese Microsoft Employees
Thais at Microsoft
Turks at Microsoft
Ukrainians at Microsoft
U.S. Military Veterans at Microsoft
Vietnamese at Microsoft
Visually Impaired Persons at Microsoft
Working Parents at Microsoft

Going global opens up additional unexpected dimensions that have universal appeal. For instance, Deloitte, a professional services firm, offers the Deloitte Global Athlete's Network (DGAN), which aims to connect people "who are involved in and passionate about the top echelons of sport" including high-level coaches, elite athletes, and those involved in organizing major sporting events or training camps.

DGAN's objectives are instructive in the unique take they have on the role of sports in networking within the organization. The following goal and objectives are listed on the company intranet:

"The goal of the network is to gather insights and ideas so that we can offer a unique perspective to clients. To realize this goal we have established a set of objectives that address the firm's client and talent agendas:

- Establish a global network of people with a common interest in elite sport, who can share knowledge and experience ranging from training tips to managing a balanced lifestyle.

- Provide a real example of where our talent is "Always one step ahead" that illustrates Deloitte's commitment to high performance, flexibility and choice.

- Apply high performance and coaching expertise to our business.

- Support the development of a center of excellence in delivering major sporting events that can be leveraged throughout the global organization through sporting event knowledge."

So far the network covers 28 countries and 24 Olympic sports.

Despite such examples, Diversity Best Practices Consulting's global benchmarking shows that it is still difficult to find ERGs that address the socio-economic inequalities that persist in emerging and developing countries. These inequities are growing wider in developed nations that had, for a generation, boasted a narrowing of the income gap. The middle class in these countries has been eroded through the current Great Recession. Socio-economic issues get tangentially addressed through ERGs of traditionally underrepresented or marginalized ethnic, racial, or faith groups.

Successful global ERGs are also business relevant. DGAN is aimed in this direction. In an era of tight and scarce resources, this is essential for the long-term global expansion of ERGs. Many companies recognize that constituent groups are vital to their brand, marketplace impact, and diversity and inclusion strategy and, as such, receive a great deal of support from the diversity and human resources departments. But for continued success these groups are going to need additional attention, strategic support, and funding from within the lines of business or among the business leaders within different geographic regions.

Rather than solely relying on help from the typical ERG supporters (executives, the diversity and inclusion office, and those philosophically driven by social justice) next generation ERGs must go out and gain converts from among the very differently minded. This will require ERGs to become more and more explicitly relevant to the business, so much so that senior executives will feel the business can't live without them. And they must do so in ways that speak both to growing globally and locally.

CULTIVATING A DESTINATION FOR LEADERS

The Challenge: Attracting Experienced Leaders

The competition had been fierce and the top five finalists felt honored to be in such an elite group of companies. It was September 2010 and the United States Hispanic Chamber of Commerce (USHCC) had just launched the Latino ERG Corporate Challenge in an effort to identify the best Latino employee resource group in the country. A stellar group of judges had reviewed dozens of submissions from leading Latino ERGs across the country. The finalists had been invited to the USHCC convention in Dallas to present their case for why they should receive the trophy.

Two hundred Latino ERG representatives witnessed HACEMOS, the Latino employee group from AT&T, take the top prize. The winning quality? AT&T had turned HACEMOS into a talent engine with both current and future organizational leaders actively engaged in running the ERG.

A year later, at the USHCC conference in Miami, there was a new Latino ERG Corporate Challenge winner: General Electric's Hispanic Forum. But the winning quality was the same: GE's Hispanic Forum had been able to attract top corporate executives into the ERG. Both the 2010 and 2011

winners proved that ERG leadership roles can be the key to not only achieving tremendous success for individuals and the ERG itself, but to also sustaining, replicating, and scaling ERG success across the enterprise. Bottom line: ERGs need to make themselves a destination for current corporate leaders and a talent incubator of future ones.

Unfortunately, what AT&T and GE have been able to achieve is still the exception when it comes to employee resource groups. The demand for leaders greatly exceeds the supply. Look at the membership roster of most employee resource groups and you'll find job titles of employees who are mostly individual contributors and specialists. Occasionally, you'll see a member who is a manager, and even more rare, a member who has achieved the level of director. For employees at the director level and above, ERGs simply are not seen as relevant.

ERGs have grown in sophistication and become more global, and most are now tasked with having a stronger alignment with business and marketplace goals. These are just some of the indicators that show that ERGs need an influx of top talent. The challenge for an organization is to create employee resource groups that will attract senior-level members who have stronger leadership capabilities and possess the ability to build teams and implement a strategy. What's needed, therefore, is an approach that will allow organizations to turn their ERGs into a destination for seasoned leaders looking for growth experiences in diversity. There is a growing realization that to be an effective contemporary leader in an increasingly multicultural and global world, one needs to have firsthand experience with managing diversity in a savvy and effective way.

The Typical Response that Falls Short: Focusing on ERGs as Leadership Incubators and Viewing Senior Organization Leaders Only as Sponsors or Advisors

ERGs are often treated as leadership incubators, providing junior staff the chance to flex talent muscles they might not have the opportunity to otherwise. The thinking is that if companies give ERG members access to professional development workshops and experience running a team and developing strategy, ERGs will build the next generation of group leaders. However, once these ERG members begin to demonstrate their true leadership capability, they often leave the ERG. While helping to produce more leaders for the organization is still a valuable outcome, it does little to meet the growing leadership demands of the ERGs.

Corporations also tend to assign senior leaders and executives to serve as ERG sponsors or advisors, rather than as leaders of these groups. This is not necessarily a bad decision, but often these busy individuals provide limited

THREE WAYS TO BETTER ENGAGE SENIOR LEADERS IN ERGs

1. **Link ERG leadership roles to the firm's talent management review process.** When conducting a talent review, running an employee resource group might be just the experience a high-performing employee, or someone deemed as being high potential, may need to refine their skills and capabilities. To do this effectively, corporations need to see ERG leadership roles as growth opportunities that require highly skilled individuals. (Influence, working across organizational boundaries, and shaping and operationalizing strategies are examples of core leadership competencies that can be developed in an ERG leadership role.) In taking this approach, we recommend ERG leaders only come from the internal talent pool of individuals already identified as leaders in the company.

2. **Have the executive sponsor play a larger part in promoting ERG leadership roles to top talent.** The ability of executive sponsors to influence and advocate on the behalf of top performers will serve ERGs well in their quest to secure a greater share of top performers. Executive sponsors must also make leadership development a top priority for supporting the ERG. In fact, the role of the executive sponsor should be mainly to ensure that the ERGs serve as a means to identify, assess, and develop future leaders.

3. **Create a closer alignment between ERGs and a firm's learning and development department.** Learning and development departments are skilled at conducting needs analysis to determine what development activities will serve the ERGs the best. They also have the ability to develop and deliver high-quality leadership development sessions that achieve the desired learning outcomes. Finally, the learning and development department will bring a methodical approach to evaluating the level of learning that has been achieved through the ERGs' professional development programs.

attention and support to the ERG. In many cases, the executive sponsor or advisor never has been an ERG member and thus has a limited perspective on what is needed to elevate performance.

A New Approach: Focus on Securing Both Junior- and Senior-Level Employees as ERG Leaders

Promoting from within an ERG helps to create a steady pipeline of future group leaders who have the visibility of and access to powers that be within the larger organization. This allows companies to identify and groom young, high-performing individuals for not only future ERG leadership roles, but also leadership positions across the broader organization. When done successfully this serves to entice those outside of the ERG to become members. This

approach requires a commitment to succession planning within ERGs and the overall organization so that employees serving as ERG leaders experience this role as a true stepping stone to more senior positions. This requires a tighter partnership with HR's well-established leadership development strategies and programs.

To be truly effective, this approach must be replicated, sustained, and scaled across all ERGs within an organization. And yet, employee groups that *only* serve as incubators for ERG and organization leaders are missing out on a key leadership resource. Affinity groups should also be open to leaders who have been nurtured in the formal parts of the organizations. Doing so requires corporations to include ERG leadership in their systematic leadership rotation programs.

Systematically bringing more senior leaders into the ERG immediately brings two benefits: their very presence and involvement serves as a magnet for other top performers and established leaders who already have the skills, savvy, and political capital necessary to make things happen within the organization.

The ideal candidates for this strategy are those who have been deemed high performers and have the potential to become future executives within the corporation. Often these individuals have reached the role of director and, in some cases, vice president. JPMorgan Chase and McDonald's Corporation are just a few of the companies that regularly have top business leaders and vice presidents at the head of their employee resource groups.

ERGs that support women's initiatives seem to be the most effective in attracting senior leaders. Abbott Laboratories' Women Leaders in Action group, which is run by two senior-level women executive co-chairs, is just one example. Amy Rhine-Pallas is a divisional vice president of business development and strategic accounts and Honey-Lynn Goldberg is vice president and associate general counsel and also serves as a corporate officer.[6]

DRIVING COMMERCE

The Challenge: Aligning ERGs with the Business and Enhancing Customer Outreach

The primary goal of the Associate Resource Group (ARG) Leadership Summit was to recharter the company's network groups as active change agents focused on business impact. Leslie Mays, Chief Inclusion Officer at Avon Products, Inc., had convened the leaders of Avon's Associate Resource Groups (ARGs) in December 2011 to challenge them to create plans in line with this goal. Mays was concerned that these groups were at risk of being viewed only as social

networks. During the meeting, the ARG leaders and Mays discussed Avon's recent business results, which were not satisfactory. Andrea Jung, Avon's CEO at the time, joined the two-day meeting to reinforce the importance of these groups and to invite ARG leaders to develop plans which support Avon's business strategies.

The ARG leaders rose to the occasion and immediately began work on refining and enhancing their plans. As an example, AHORA, Avon's Latino ARG, established plans to partner with Avon's southwest sales management teams to provide education and greater understanding of Latino culture and consumer behaviors. The group compiled and shared detailed market data for selected sales territories primarily serving Latino representatives and customers. The project also included the establishment of quantitative metrics, which allow all to understand how this effort has led to increased sales. AHORA is now well positioned and welcomed as an influential resource by the company's U.S. sales leadership team. Additionally AHORA partnered with the leader of Avon's Hispanic Market Initiatives to drive the business case and plans for Avon's Hispanic market outreach.

Similarly, Avon's Pride Network has sponsored and leveraged the use of product sampling and couponing at external LGBT events, like Pride Celebrations, parades, and other events to profile and share Avon products with this influential consumer segment. The Pride leaders invite Avon Representatives to these events, which has directly resulted in new customers and sales.

The initial reactions have been very positive. U.S. leadership teams have endorsed and welcomed the ARG's active involvement. More importantly, Avon's ARGs are alleviating the social network stigma and improving their internal reputations as resource groups capable of having tremendous impact on Avon's business, just as Mays had challenged them to do.

Today, the notion that ERGs are just social circles still lingers in many other firms. Until these groups make a more deliberate effort to help drive deep business results, this outdated view will prevent ERGs from receiving the true credit they deserve. This stigma creates a lack of ERG credibility that leads to limited budgets, lukewarm support of employees' ERG involvement, and the damning faint praise of ERGs being a nice "diversity" program.

The Typical Response That Falls Short: Changing the Name, but Not the Focus

Some companies believe a simple name change from employee resource group (ERG) to business resource group (BRG) is enough to alter its reputation. However, it takes more to ensure that employee networks make a business

impact. Other companies believe that forming a commerce or business impact committee will bring positive change. While well intentioned, neither approach creates the systematic or structural changes necessary to truly help an ERG become better aligned with business results.

ERGs derive power from the broad range of perspectives contributed by their members. Unfortunately, many organizations haven't embraced this diversity in their commerce initiatives. Their ERGs have failed to draw out the vitality and potency of their members' stories, dreams, and wishes from a commerce perspective. As a result, members' ideas are not brought to the surface and ERGs are unable to support revenue generation or cost containment initiatives. Without bold steps to improve ERGs impact on commerce efforts, the very existence of ERGs is threatened.

A New Approach: Help Companies Access Target Consumer Markets

Next generation ERGs make the biggest business impact by focusing on two areas: consumer insights and market penetration, both which help to expand the customer base. From a consumer insights perspective, ERGs should strive to serve as internal advisors for their firm's sales and marketing departments on how to reach unique markets. Because of their natural understanding of diverse market segments, ERGs are well positioned to provide unique cultural insights, establish relationships with community leaders, and build trust among these consumers.

In March 2012, Clydie Douglas, Chief Diversity Officer for Minneapolis-based 3M Company, gave a presentation at the Multicultural Forum on Workplace Diversity. During her talk, she described the highly insightful diverse consumer perspectives the company's ERGs were providing. She spoke of how the African-American network was offering input on how their automotive industry products could better appeal to Black Millennials. The military ERG was instrumental in identifying U.S. military market opportunities and Asian ERG leaders were making introductions for top 3M leaders in various Chinese markets to drive business development relationships. Similarly, the Latino employee resource group presented unique insights to encourage Latinos to provide product reviews for the company's e-marketplace initiatives. The ERGs at 3M epitomize the new generation of ERGs and their focus on commerce initiatives.

ERG contributions often include serving as a focus group, providing input on affinity marketing initiatives, and testing products prior to launch to ensure they cater to unique customer preferences. Some of the most advanced ERGs actually establish advisory councils in which members support affinity marketing initiatives. Ultimately,

firms see the remarkable significance in capturing likes and dislikes straight from the distinct consumer segments they are hoping to tap. Sometimes the only internal corporate resource able to provide this is an ERG. What a valuable market focus group to have within one's corporate walls. With such an approach, and by affecting company profitability, it's no wonder these ERGs serve as an asset for the company. ERGs that achieve this status and relationship with various business units can often justify increased funding based on their achieved business results.

ERGs must also be leveraged to strengthen and sustain a brand's status in diverse consumer segments. Our belief is that ERGs should be challenged to bring forth those very profound consumer insights that a conventional product leader typically pays a lot of money to obtain.

Firms that do this successfully do so by highlighting the uniqueness that their members bring to the organization. These organizations have figured out that true innovation and creativity is best achieved by inviting ERGs, and their diverse perspectives, to contribute to the idea generation process.

It's an approach that makes sense, especially given the consumer buying power of various market segments, including a burgeoning racial and ethnic minority market in the U.S. of nearly $3 trillion[7], a $743 billion LGBT market[8], and a $220 billion market of people with disabilities.[9] A $12 trillion worldwide female market[10] and an anticipated $2.5 trillion Millennial market[11] are tempting targets, too.

In response, then, we see the Asian ERG at Columbus, Ohio-based Nationwide Insurance helping educate the city's Asian community about the company's insurance products. At Clorox, the African-American and Latino ERGs sponsor events that showcase Clorox's Kingsford BBQ charcoal. The various ERGs at Eli Lilly provide the company with insights on perceptions of diabetes. In turn, those insights are embedded into culturally relevant education outreach programs on the treatment of diabetes. And at John Deere, the African-American ERG played a key role in making connections to the National Conference of Black Mayors that over the years has led to millions of dollars worth of landscaping equipment sales to municipalities. More and more next generation ERGs are working on a value proposition that includes helping their companies on multicultural marketplace outreach.

ASSESSING ERG PERFORMANCE

The Challenge: Gauging ERG Success

While ERGs have grown in size and sophistication, methods for measuring their success and performance have not. We have found the following four fundamental flaws when organizations attempt to measure the effectiveness of their ERGs.

- Most organizations assume a linear progression of ERG growth.

- Firms mistakenly assume that all elements of an ERG evolve at the same rate.

- Companies fail to assess ERG performance based on the interest of multiple stakeholders.

- Firms haven't found a way to effectively compare the performance of their ERGs to the performance of ERGs at other firms.

This inability to effectively assess ERGs' performance leaves organizations with little or no data upon which to make decisions about how to improve ERG performance. Companies are thus left with trying to evaluate their ERGs based on information that is anecdotal at best and often times simply inaccurate.

The Typical Response That Falls Short: Having Preconceived Ideas About ERG Development

In our work with ERGs, we have found that many ERGs do not develop gradually over time. Some start out with great energy and continue to grow while others become idle. Sometimes the loss of key leaders or changes in the business environment (such as a merger) cause ERGs to decline, fall into long periods of inertia, or eventually cease to exist altogether.

We have also noticed that many ERGs are not equally effective in all areas at the same time. It's common for an ERG to make great strides in its ability to have a greater impact on business objectives, while simultaneously becoming less effective in meeting the professional development needs of its members. Unfortunately many ERG assessment philosophies currently used by organizations support the notion that once an ERG reaches a certain level of maturity all the components of the ERG perform at that same level. In our experience, this is hardly the case.

Another assessment flaw appears when companies choose to capture only metrics that are of importance to a small group of stakeholders. Our research indicates that different stakeholders have different priorities when it comes to ERG performance. Instead, we see the assumption that what is important to the members of the ERG is equally important to

the executive sponsor, the head of diversity and inclusion, or other stakeholders in the organization, such as recruiters or line managers.

While the latter two may not seem to be stakeholders, they are because managers are responsible for their employees' productivity and therefore often see ERG activities as time drains their organization cannot afford. Recruiters also have much at stake because ERGs naturally play a role in bringing more diversity into the organization. However, the ERG's ideas may conflict with the recruiting division's process, procedures, and policies.

The misalignment can also happen with natural allies such as executive sponsors and the diversity and inclusion office. Executive sponsors may be motivated to serve as a means of mentoring future leaders and helping them become more influential in positioning the ERG as a strategic asset to the organization. But misalignment can occur when ERG leaders want the sponsor to be an outspoken advocate for their cause or an inspiration to their members. In addition, the Chief Diversity Officer is often the greatest champion of ERGs. Yet, breakdowns can also arise when ERGs fail to realize that there are other employee groups and diversity initiatives that need funding and attention.

Many current assessment models aren't able to measure ERG performance based on the interests of these different stakeholders. What is needed is an assessment that is capable of measuring performance based on elements that are of value to all stakeholders, but at different levels of significance. What's also missing from most assessment approaches is the ability to compare ERG performance to the performance of ERGs at different firms. Because no standard assessment process exists across organizations, ERG leaders find it almost impossible to see how well their groups perform when compared to the performance of ERGs at other firms.

A New Approach: Using a Truly Realistic ERG Assessment Model

A new assessment model is needed in order to capture the growing sophistication of today's next generation ERGs. What's needed is an assessment tool that allows firms to determine the current state of their ERGs, yet doesn't create the false belief that an ERG will improve and mature over time. This assessment philosophy allows for a more accurate reflection of ERG performance, one more dependent on the environment in which the ERG operates, and on who is leading the ERG, as opposed to simply how long the ERG has been in existence.

An assessment methodology that measures ERG performance across different elements independently of each other is needed. Without the ability to assess different elements

independently, firms run the greater risk of inflating ERG performance in some areas while at the same time underestimating performance results in other areas.

For example, at a large managing consulting firm, the ERGs were off-the-charts effective in creating community, contributing to a greater culture of inclusion, and creating developmental opportunities for their members. But they were invisible—and therefore irrelevant—to the organization's drive for marketplace growth. At a packaged goods company the converse was true. The ERGs had gotten so effective and valued at contributing to marketplace insights that they had begun to flag in their social engagement—a vital influencer of member participation.

An independent assessment approach would allow firms to measure ERG effectiveness simultaneously in the areas of business impact (of importance to corporate executives), career enhancement (of paramount importance to ERG members), and civic impact (of importance to the communities an ERG serves).

The ability to benchmark data across companies is key. How do ERGs perform against the ERGs at other companies? Within the same industry? How do certain ERGs compare to the same networks at other firms? Without the ability to benchmark, it's all a guessing game—one that leads to the creation of programs and initiatives in a vacuum. Conversely, benchmarking allows ERGs to bust out of ruts by identifying new ways of addressing their members' needs. When ERGs don't benchmark, they confine their possibilities.

The 4C model, developed by co-author Robert Rodriguez, Ph.D., and used by Diversity Best Practices Consulting, addresses these benchmarking needs and is actively being used by more than 150 leading corporations. The tool measures how four key elements impact ERG effectiveness: culture, commerce, career, and community. (See the 4C model sidebar for details.) The impact of using the tool is strategic and pragmatic.

A diversity leader at a major consumer packaged-goods company in New Jersey using the 4C model and assessment found that each of his company's ERGs had progressed at a different rate. More specifically, he found that within each ERG, some strategy elements were operating very effectively, while others were not. By rejecting the assumption that each ERG matured at the same rate and that within each ERG every strategy element was equally effective, the company was able to develop specific plans not only for each ERG, but for each element of strategy.

THE 4C ERG ASSESSMENT MODEL™

The 4C ERG Assessment Model, which measures employee resource group (ERG) performance, was designed to eliminate the challenges faced by organizations looking for a more holistic way to evaluate ERGs. This is achieved by incorporating three key design elements that allow for a more accurate and insightful assessment of ERGs.
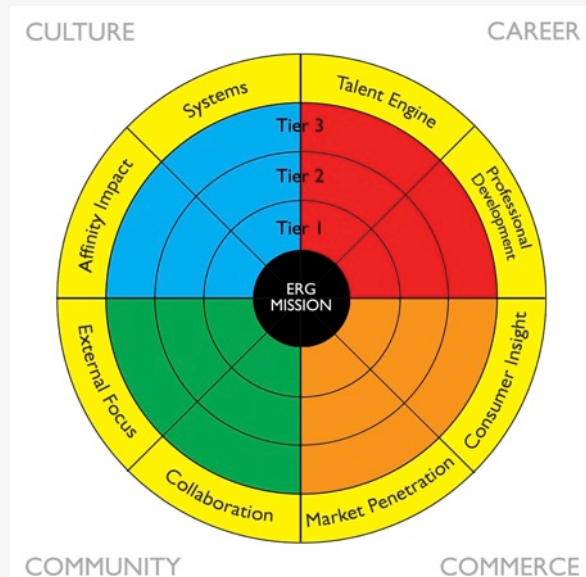
The 4C Framework
The 4C ERG Assessment Model measures four key areas: Careers, Commerce, Community, and Culture. By choosing the 4C's as a framework with which to label their initiatives, companies can begin to have a common set of terms to describe their activities. More importantly, each element of the 4C ERG Assessment Model contributes to the comprehensive assessment of an ERG. Additionally, each 4C element is assessed independent of the other elements. This means a score and assessment is provided for each element, thus eliminating assessment inflation and value underestimation.

Comparative Scoring
With the 4C ERG Assessment Model, ERGs scores are determined based on how well ERG assessment scores compare against a normative database of ERG scores from approximately 150 corporations. This way companies can benchmark ERG assessment results against external ERGs. Each company that uses the 4C ERG Assessment Model has its scores tallied and compared against the normative database. These scores are then placed on a three-tiered circumplex based on where they fall on a percentile basis compared to the normative database scores.

Dynamic Tier Status
Every time a company completes the assessment, its tier level status can go up or down depending on how it compares to the normative database. This aspect overcomes the false notion that ERGs only evolve in a linear, unilateral, and positive direction as the ERG becomes more mature. The model thus allows for a more accurate assessment that may indicate progress or regression for each element, and for each ERG, at any given moment.

For more information about the 4C ERG Assessment Model, contact Bo Young Lee, Diversity Best Practices (boyoung.lee@diversitybestpractices.com).

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Michael Escobar, Chief Diversity Officer at Allstate Insurance Company, was relatively new to his role when he decided he needed more information about the current state of his company's employee resource groups. Allstate used the 4C ERG Assessment Model to gain a holistic perspective on just how well each ERG was doing. But of greater importance was Escobar's desire to evaluate each ERG from a different stakeholder's perspective. Thus, each was evaluated not only based on the ERG member perspective, but also on the perspective of executive sponsors. In addition, Allstate assessed the ERGs from the point of view of each business unit within the company, something that had never been done before within the organization. Finally, the assessment tool allowed Escobar to see how the ERGs at Allstate compared to ERGs at more than 150 other corporations. Armed with this insight, Allstate now has useful assessment data that informs its ERG strategy plus key aspects of its overall diversity strategy.

ADDRESSING MULTIDIMENSIONAL IDENTITIES

The Challenge: Recognizing Employees' Multiple Identities

Society is becoming more multicultural and multiethnic. As diversity and inclusion principles take hold, racial, ethnic, nationality, and gender relationship lines are becoming more fluid, and therefore easier to cross. Interracial couples have increased exponentially. Now their ethnically blended children are coming of age and defining their identities not as just black, or Latino, or Asian, but as Chinalatina, Blaxican, Mexipino, or Blackinese. This emerging demographic trend has significant implications for how organizations address their employee resource groups.

The U.S. Census Bureau estimates that the country's mixed-race population tripled in size between 2000 and 2010. It

also reported that by the year 2050, one in five U.S. citizens would be multiracial. Current demographic statistics on multiracial individuals indicate they are already a larger population than Native Americans and Pacific Islanders.[12]

Political analyst Earl Ofari Hutchinson believes this multiracial movement is stronger among under-30 Millennials. "They are more fluid and flexible on race, and not as tradition-

bound with rigid black and white categorizations," Hutchinson told the Associated Press.[13] In addition, as members of the post-civil rights era, these younger Americans did not experience the same racially segregated world as previous generations did. Their new message is that they want their own identity to cross, rather than stop at, various demographic boundaries. From a racial and ethnic perspective, the individuals refusing to be bucketed into just one category forces us to rethink all demographic categories.

Multiple identities are surfacing in other ways, too. As taboos against gays in the military fall away, we now meet not just the war veteran, but also the gayveteranXer. And, as women achieve parity in their overall representation in the workforce, it's not enough to talk just about women. We need to recognize the GenYlesbiansinglemother, the Boomerprofessionalwomanwithadultkids, or the singlewomanmuslimengineer.

Pause for a moment and think about how today's ERGs are defined. Where do these emerging multidimensional identity people fit? What ERG would they join?

The Typical Response That Falls Short: Trying to Serve Employees' Multiple Identities Through Single-Dimension ERGs

Most ERG leaders are addressing multidimensional identities through inter-ERG collaboration and mutual support. This could mean the ERG council that meets quarterly for sharing best practices, coordinating schedules, and discussing common challenges. Or it could mean broadcasting each other's events by forwarding electronic invitations to each other's distribution lists. Or it could mean the occasional joint event, like Intel's two-day leadership development experience for Latinos and African Americans or a common cause for celebration, such as Diversity Day at Siemens Healthcare.[14][15]

These are indeed highly energizing things to do. These efforts send a great inclusion message to each group and the entire organization, and they lead to fresh and innovative programming. But this still falls short of addressing the multidimensionality of individuals. Where does the African-American gay employee go to feel connected? To the black group? To the LGBT group? It turns out that often he doesn't feel he fully belongs in either affinity group.

A New Approach: Consider the Multidimensionality Within ERGs

When considering the future of diversity initiatives, this emerging multidimensional reality could significantly alter the current one-dimensional employee resource group landscape. In response, affinity groups should look out for

the multidimensionality of identities *within* their own groups. The Asian group can seek ways to address the unique challenges people with disabilities encounter within Asian cultures. Latino groups can bring to the surface the racial dimensions of being Afro Latino, Asian Latino, or Indigenous Latino. Women's groups that tend to be white dominant can think about putting women of color on their agenda of concerns and advocacy.

And this list could grow. We may begin to see more ERGs that acknowledge multiple identities, such as Gen Y women with children, Native Americans with disabilities, or multiracial gay men. These groups might spring up as sub-sets of already existing groups. For example, the women's network might form a discussion group for Gen Y women with children, and this group might dialogue with Baby Boomer women caring for elderly parents; or the LGBT network could establish a sub-group for multicultural gay employees.

As necessary as it is, this will not be an easy evolution, given how successful and entrenched the current ERG model can be. For companies just embarking on ERGs, this diversity of identities creates dilemmas about how they should begin.

As this paper's authors have been working with companies on addressing this issue, there has developed a cognitive understanding that multidimensional identities are an increasing reality; even so, our set ways of viewing ERG boundaries remain shaped by traditional thinking. There is also, understandably, a feeling of threat. In embracing multidimensionality there remains a risk of diluting a group's identity or purpose and of trying to be all things to all people and as a result being nothing to anyone.

Embracing multidimensionality is a tall order and one that most ERGs would rather not face right now, given the many other challenges and opportunities in front of them. But denial won't make the issue of multidimensionality go away.

Leveraging Employees' Multidimensional Identities

To that end, the Federal Reserve Bank of New York has taken active steps toward creating next generation employee resource groups. In addition to focusing on the classics of professional development and building personal and professional relationships across the organization, these employee-driven resource networks (as the Bank calls them) also provide value by supporting the Bank's business goals.

The Bank's 10 current resource networks represent a wide variety of backgrounds and interests. With two of the networks—AALMA (African-American and Latino Men's Alliance) and MOSAIC (Mentoring, Opportunities, Support,

Advancement, Inspiration, and Change for African-American and Latina Women's Network)—the Bank has taken the innovative approach of addressing employees at the intersection of race, ethnicity, and gender.

Groups like AALMA and MOSAIC are becoming increasingly vital as employees become more in tune with the multidimensionality of their identities. "I joined MOSAIC because it was a group that represented both African Americans and Latinas and it brings together both sides of my heritage," says Monique Warren, a bank examiner in the Financial Institution Supervision Group. "When I worked at other organizations I didn't join either the women's group or the African-American group. MOSAIC members look like me and I don't have to choose only one part of my heritage."

Recently, a select group of members from AALMA and MOSAIC gathered to discuss their respective resource networks. The participants agreed that having both Blacks and Latinos in one group has pushed them to move past differences, concentrate on similarities (such as pride in heritage and the value of family), and focus on achieving common goals. One woman shared that, after frank discussions, members found there were many common themes in their shared experiences, such as seeking to be one's authentic self within a corporate environment and balancing their private and public roles as women.

Members of MOSAIC also noted that having both Blacks and Latinas in the group allowed the smaller cohort of Latinas who did not know each other to benefit from the long history that blacks have had of networking within the bank. In addition, the members of both MOSAIC and AALMA have been able to learn about the cultural nuances, concerns, struggles, and aspirations within each community.

"Being part of MOSAIC has given me another level of consciousness about diversity issues," says Lisa Mapp-DuBois, a senior business support analyst in the Financial Institution Supervision Group. "Since I'm Black, I didn't think that this was something that I had to learn about. However, meeting and interacting with our Latina members made me aware about how other people are perceived as different based on how they speak or their background."

Clive Blackwood, vice president, audit department, agrees. "From my vantage point as an African American, it's been a fantastic journey and learning experience on a daily basis in the development of my knowledge related to Latino culture and history. As the President of AALMA, I have had to work with many of the Bank's Latino employees with whom I would otherwise have had very limited interaction."

CONCLUSION

ERGs are indeed at a crossroads. They are either ascending in their prominence or their relevancy is being questioned. In either case, ERGs and the companies they operate within must confront the challenges we have outlined here. In doing so ERGs need to be ready for new ways of thinking and operating that may be counter to long-cherished notions of what makes ERGs tick.

This will require courage and effective leadership. Companies also need to reevaluate their views of ERGs. It's puzzling how some organizations don't aggressively support their ERGs even while many of their senior leaders recognize that diversity provides a competitive advantage. It's organizationally inconsistent when some ERG activities are undermined by management at a time when leadership rhetoric seems focused on engagement and retention and more open lines of communication.

ERGs are brimming with the potential to provide collaborative breakthroughs that build competency among its members, rather than dependency. Because of the competitive nature of business today, organizations cannot afford to operate in a manner that prevents ERG members from being heard. If this happens, organizations miss potential contributions, innovations, solutions and creativity of these valuable employees.

Companies and ERGs that embrace the new approaches presented here will go a long way in reaping the benefits of strong, vibrant employee resource groups. ∎

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Diversity Best Practices is the preeminent membership organization for diversity thought leaders to share practices and develop innovative solutions for culture change. Through research, benchmarking, publications, and events, Diversity Best Practices offers members information and strategies on how to create, implement, grow, and measure first-in-class diversity programs.

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