Does your Diversity Scorecard help your Organization Win?

Presented by Mary Ann Downey
ABOUT THE PRESENTER

Attorney by training, Entrepreneur, Screen Writer, Human Resources expert; specializing in Organizational Effectiveness, Workforce Planning, HR Analytics, Diversity and International HR

- **Academic**
  - Bachelor Degree in History/Economics from Illinois State University (Normal, IL)
  - Juris Doctorate from Saint Louis University (St. Louis, MO)
  - Master Degree in Human Resources and Industrial Relations from University of Illinois (Champaign, IL)

- **Professional**
  - Ten years in large global organizations: Caterpillar (Peoria, IL), General Motors (Detroit, MI) and ING (Atlanta, GA)
  - Director for workforce productivity think tank: Institute for Corporate Productivity (Seattle, WA)
  - Started consulting firm in July 2011

- **Credentials**
  - Licensed to practice law in state of Illinois (since 1998)
  - Published in People & Strategy Journal, Talent Management Magazine and Diversity Executive among others
  - Frequent presenter including Society for Industrial and Organizational Psychology (SIOP), Human Resources People & Strategy (HRPS) and Catalyst Award
AGENDA

The purpose of this session:

- Provide an intuitive framework to think about scorecards
- Understand the drivers of diversity scorecards
- Sample Diversity Scorecard
Scorecards vs. Dashboards
Scorekeeping is the practice of recording the details of an event as it unfolds, traditionally around sports.

There are three levels of scorekeeping:
- Scorecard
- Line Score
- Box Score...
Leaders want the **Box Score**

They need to know the outcome and the key factors that contributed to the “win or loss”

In baseball, key data is

- **ab** = At Bats
- **r** = Runs Scored
- **h** = Hits
- **rbi** = Runs Batted In
**Effective Organizational Scorecards...**

- Can stand on their own
- Are limited to select measurements (3-7 metrics)
- Evaluate past performance
- Contain measurements on factors that can be controlled or influenced by management
- Are clearly aligned with organizational goals
## Human Capital or People Scorecard Example

All Direct Reports of the CEO are accountable for meeting or exceeding certain Human Capital metrics as part of their individual goals and objectives. This Quarterly Report is provided to monitor progress toward goals and will be used in the annual performance review process.

### Organization Name
**Business Line ABC**

<table>
<thead>
<tr>
<th>Measurement</th>
<th>Off Result</th>
<th>Defined</th>
<th>Annualize Result</th>
<th>Evaluation Criteria</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retain Key Talent</td>
<td>92%</td>
<td>As of April 1st, all employees who received a 4 or 5 rating in the Performance Management Process are considered &quot;High Performers&quot;</td>
<td>90%</td>
<td>Exceeds Expectations - 95.5% or higher</td>
<td>Meets</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Meets Expectations - 90% - 95%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Needs Improvement - 89.4% or lower</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>95%</td>
<td>Exceeds Expectations - 90.5% or higher</td>
<td>Exceeds</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Meets Expectations - 80% - 90%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Needs Improvement - 79.4% or lower</td>
<td></td>
</tr>
<tr>
<td>Develop Employees</td>
<td></td>
<td>To meet the business strategy, the organization must continue to develop employees</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rate of Employee Promotions</td>
<td>4%</td>
<td>A promotion is defined as a change in Job Code and an increase in compensation.</td>
<td>7%</td>
<td>Exceeds Expectations 10.5% or higher</td>
<td>Meets</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Meets Expectations - 5% - 10%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Needs Improvement - 4.9% or lower</td>
<td></td>
</tr>
<tr>
<td>Percentage of employees</td>
<td>50%</td>
<td>Employees who use the Volunteer Time Off program &amp; recording hours in the &quot;Company Cares&quot; website</td>
<td>62%</td>
<td>Exceeds Expectations - 50.5% or higher</td>
<td>Exceeds</td>
</tr>
<tr>
<td>participating in corporate sponsored</td>
<td></td>
<td></td>
<td></td>
<td>Meets Expectations - 25% - 50%</td>
<td></td>
</tr>
<tr>
<td>volunteer programs</td>
<td></td>
<td></td>
<td></td>
<td>Needs Improvement - 24.4% or lower</td>
<td></td>
</tr>
<tr>
<td>Internal Place Rate</td>
<td>46%</td>
<td>A current employee is selected to fill an internal/external posted position. Does not include Progression Promotions</td>
<td>50%</td>
<td>Exceeds Expectations - 65.5% or higher</td>
<td>Needs Improvement</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Meets Expectations - 65% - 65%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Needs Improvement - 54.4% or lower</td>
<td></td>
</tr>
<tr>
<td>Employee Diversity</td>
<td></td>
<td>To better serve customers, the organization should increase diversity representation in the senior levels of the org</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage of Racial/Ethnic</td>
<td>8%</td>
<td>A &quot;People Manager&quot; is defined as someone who supervises another employee in the HRIS system of record. REd employees are employees who self-identify their Ethnicity as Latino or Race as Non-Caucasian</td>
<td>8%</td>
<td>Exceeds Expectations - 10.1% or higher</td>
<td>Meets</td>
</tr>
<tr>
<td>Diverse (RED) People Managers</td>
<td></td>
<td></td>
<td></td>
<td>Meets Expectations - 7% - 10%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Needs Improvement - 6.3% or lower</td>
<td></td>
</tr>
<tr>
<td>Percentage of Female</td>
<td>39%</td>
<td>A &quot;People Manager&quot; is defined as someone who supervises another employee in the HRIS system of record.</td>
<td>39%</td>
<td>Exceeds Expectations - 44.5% or higher</td>
<td>Needs Improvement</td>
</tr>
<tr>
<td>People Managers</td>
<td></td>
<td></td>
<td></td>
<td>Meets Expectations - 40% - 45%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Needs Improvement - 39.4% or lower</td>
<td></td>
</tr>
<tr>
<td>Retention Rate of RED employees</td>
<td>87%</td>
<td>On January 1, all employees who self-identified as RED and are still employed at the end of the reporting period. New hires are not included in this calculation.</td>
<td>90%</td>
<td>Exceeds Expectations - 88.5% or higher</td>
<td>Exceeds</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Meets Expectations - 80% - 88%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Needs Improvement - 79.4% or lower</td>
<td></td>
</tr>
</tbody>
</table>
The term “dashboards” was popularized in the mid-2000s

Stephen Few, the preeminent visualization guru, wrote in 2004

Once again, marketing alchemists have cooked up a bowl of confusion with only a few simple ingredients. Everyone in the business intelligence (BI) space is wild about dashboards, but few proponents are talking about the same thing. This state of perplexity often occurs after the birth of a new buzzword.

Around a decade ago, I remember asking my IBM account manager how IBM defined the new term in vogue at the time — data warehousing. His response was classic and refreshingly honest: "By data warehousing, we mean whatever the customer thinks it means." In other words, no matter what data warehousing means to you, we do it (and are ready to accept your purchase order for it).

The only common threads are that dashboards appear on computer screens and involve information. That's hardly a useful definition.

The goal of a dashboard is to show the user useful information and to display it in a “friendly” manner.
Effective Organizational Dashboards…

- Are limited to a few key measurements (5 - 10 metrics)
- Evaluate present or recent-past activity
- Show trending information
- Signal warnings when results fall outside of acceptable parameters
- Contain measurements that management wants to monitor
- Support the Scorecard or contain “pilot” metrics
# Human Capital Dashboard

**Organizational Name:** Business Line ABC

This Quarterly Report is provided to monitor employee attitudes, behaviors and actions.

Note: ▲ Trend arrow indicates an improvement over last Q  ▼ Trend arrow indicates a worse result compared to last Q

<table>
<thead>
<tr>
<th>Measurement</th>
<th>Q# Result</th>
<th>Defined</th>
<th>Trend</th>
<th>Evaluation Criteria</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Talent Acquisition</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Racial/Ethnic Diversity New Hire Rate</td>
<td>13%</td>
<td>Number of new hire employees that self-identify as racial/ethnically diverse as a percentage of all New Hires in the period</td>
<td>▲</td>
<td>Target Rate is above 15%  Falling below 10% triggers flag</td>
<td></td>
</tr>
<tr>
<td>% of Employee Referral New Hires</td>
<td>7%</td>
<td>Number of new hire employees that are sourced through employee referral as a percentage of all New Hires in the period</td>
<td>▲</td>
<td>Target Rate is above 15%  Falling below 10% triggers flag</td>
<td></td>
</tr>
<tr>
<td>First Year Termination Rate</td>
<td>22%</td>
<td>Number of employees that terminate in the first year as a percentage of all New Hires in the period</td>
<td>▼</td>
<td>Target Rate is less than 15%</td>
<td></td>
</tr>
<tr>
<td><strong>Talent Retention</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall Termination Rate</td>
<td>11%</td>
<td>Number of employees terminated from the organization/the average number of employees during the period</td>
<td>▼</td>
<td>Target Rate is between 4% - 14%</td>
<td></td>
</tr>
<tr>
<td>Termination Rate of Lower Performers</td>
<td>24%</td>
<td>Number of employees terminated from the organization with a performance rating of 1 or 2/the average number of low rated employees during the period</td>
<td>▼</td>
<td>Target Rate is above 30%  Reaching above 70% triggers flag</td>
<td></td>
</tr>
<tr>
<td>% of employees retirement eligible</td>
<td>8%</td>
<td>Number of employees whose tenure + age equals 70 /the average number of employees during the period</td>
<td>N/C</td>
<td>Target Rate is between 3% - 7%</td>
<td></td>
</tr>
<tr>
<td><strong>Talent Development</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average Training Hours per employee</td>
<td>10</td>
<td>Number of Training Hours recorded in Learning Management System/annualized/the average number of employees during the period</td>
<td>▲</td>
<td>Target Hours is between 15 - 20 hours</td>
<td></td>
</tr>
<tr>
<td>% of Employee Performance Plans in Place</td>
<td>93%</td>
<td>Number of completed Performance Plans recorded in the Performance Management System/the average number of employees during the period</td>
<td></td>
<td>Target is above 90% in place</td>
<td></td>
</tr>
<tr>
<td>Number of employees participating in Formal Mentoring program</td>
<td>542</td>
<td>Number of employees matched with a mentor as part of the “Mentoring” program</td>
<td>▲</td>
<td>Target is above 500 employees</td>
<td></td>
</tr>
<tr>
<td><strong>Employee Engagement</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Engagement Index</td>
<td>71</td>
<td>Number of employees that responded positively to the 5 Employee Engagement questions that compromise index</td>
<td>▼</td>
<td>Target is 70 or above</td>
<td></td>
</tr>
<tr>
<td>Unplanned Absences Rate</td>
<td>3.1</td>
<td>Number of unplanned absence hours recorded in the Time-keeping system/annualized/the average number of employees during the period</td>
<td>▼</td>
<td>Target is less than 3.5 days per employee</td>
<td></td>
</tr>
</tbody>
</table>
The Problems of Diversity Scorecards

- Controversial
- Litigious
- Contentious
- Mystify
- Obscure
- Futile
DIVERSITY DRIVERS

Based on the i4cp Global Diversity Practices Survey

- There are four primary drivers for Workforce Diversity:
  - It’s the law/compliance-driven
  - It’s the right thing to do/conscience-driven
  - It’s a business imperative/competitive-driven
  - It’s about talent/capacity and capability – driven

- The scorecard needs to be aligned with the business strategy or driver
DIVERSITY DRIVER DISTRIBUTION

Based on the 2009 i4cp Global Diversity Practices Survey

- 10% It’s the law/compliance-driven
- 15% It’s the right thing to do/conscience-driven
- 58% It’s a business imperative/competitive-driven
- 12% It’s about talent/capacity and capability
- 5% Other*

* No other reason was more than 1%
Your Diversity Scorecard might include:

- Number of employee “complaints” and resolution rates
- Training attendance rates
  - Overall
  - Managers
  - Executives
- Number of AAP groups with a goal
IT’S THE RIGHT THING TO DO

Your Diversity Scorecard might include:

- Overall employee representation
- Leadership representation
- Organization reputation (in the community and with customers)
- Shareholder or investor attitudes of the organization

Measure Annually or Semi-Annually
**IT’S A BUSINESS IMPERATIVE**

Your Diversity Scorecard might include: Measurements that align with the imperative.

- Reflect customer/community base demographics
  - Report employee demographics and customer or community base
- Support the organization’s culture and branding efforts
- Strengthen relationships with global partners and customers
  - Report the number of employees who speak foreign language, nationality or global assignments
  - Other efforts such as training, partnerships, etc.

Measure
Quarterly or Semi-Annually
IT’S ABOUT TALENT

Your Diversity Scorecard might include:

- Representation numbers
  - Hires
  - Separations
- High potential representation
- Career path/movement metrics
- Assignment and special project distribution
- Affinity group participation
Diversity Scorecard Example

*It’s about Talent*
The currency of Workforce Diversity is hires, separations, and representation.

- Hires are like Revenue
- Separations/Retention are like Expenses
- Representation is the “Bottom Line”
IN THIS EXAMPLE…

In 2013,

- This organization concluded their most critical issue was a lack of female bench strength for executive positions.
- They are targeting the “director” role and have created a 5 year goal for female representation in this employee group (35%).
- They believe employee engagement is a driver of termination rates.
- Through the engagement survey and focus groups lack of career opportunity is a clear “dissatisfier”.
- They also want to insure they are creating an inclusive environment to increase productivity.
IN THIS EXAMPLE...

This organization:

- Surveys employee population twice a year
- They ask two unique questions:
  - Where do you think you will be in a year?
    - Same position
    - Different position, Same Department
    - Different position, Different Department
    - Retired
    - No Longer with the Organization
  - Do you feel different or are you a minority in your work group?
    - Yes
    - No
    - Prefer not to respond
### Diversity & Inclusion Scorecard

#### Report Identification

<table>
<thead>
<tr>
<th>Bottom Line</th>
<th>Drive Metric</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Used to explain past results)</td>
</tr>
</tbody>
</table>

#### Totals or Denominators for calculations

<table>
<thead>
<tr>
<th>Expectation Metrics</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Predictive Indicator)</td>
</tr>
</tbody>
</table>

#### Inclusion Metrics

#### Overall

- Female Representation rate are very good when compared with availability and external benchmarks. Female Director Representation Goal is to increase to 35% over three years.
- Overall Engagement is good compared to benchmarks. Directors have higher engagement which is expected, but Female Director Score is lower than their Male counterparts. The low Inclusion score is a cause for concern.

#### Retention

- ~10,000 employees expected to be in a different position in one year.
- ~7,500 employees do not plan to be with the firm in a year.
- 5,144 employees voluntarily left the organization.
- 989 were terminated for cause.
- Male Director Retention was almost 95%. 30 Female Directors were terminated by the firm.
- 4,830 employees were promoted in the last year (9.7% of the workforce), but overall men are more likely to be promoted than women.

#### Hiring

- Female Director Hiring rates remain flat, but 78 Female Directors were promoted at a 6.2% rate.
- Male Director Hiring rates 66.4% and Male Director Promotion Rate 4.4%.

#### Conclusions

- If current Hiring and Retention Rates continue, Female Director Representation will slip ~.05%
- This will make reaching 2017 goal nearly impossible.
- Continued strong internal female promotion rates could close the gap.

#### Recommendations

- Diversity & Inclusion Scorecard
  - Overall Retention
  - Hiring

#### Implementation Plan Marker

<table>
<thead>
<tr>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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### Bottom Line

<table>
<thead>
<tr>
<th>Overall Costs</th>
<th>Types of Costs</th>
<th>So What?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Inclusion Metrics

<table>
<thead>
<tr>
<th>Expectation Metrics</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Predictive Indicator)</td>
</tr>
</tbody>
</table>

### Overall Revenue

<table>
<thead>
<tr>
<th>Type of Revenue</th>
<th>So What?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Diversity & Inclusion Scorecard

### January 1 - December 31, 2014

<table>
<thead>
<tr>
<th></th>
<th>Average Headcount</th>
<th>Average Director Headcount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Terminations</td>
<td>6,350</td>
<td>311</td>
</tr>
<tr>
<td>Number of Hires</td>
<td>5,872</td>
<td>387</td>
</tr>
</tbody>
</table>

### Overall

- **Average Employee Headcount**: 50,000
- **Overall Employee Engagement**: 70
  - **Same Position**: 65.0%
  - **Different Position, Same Dept.**: 12.0%
  - **Different Position, Different Dept.**: 8.0%
- **Percent "different" from peer**: 24.1%
- **Inclusion Engagement**: 65
  - **No longer with firm**: 12.0%

Female Representation rate are very good when compared with availability and external benchmarks. Female Director Representation Goal is to increase to 35% over three years.

Overall Engagement is good compared to benchmarks. Directors have higher engagement which is expected, but Female Director Score is lower than their Male counterparts. The low Inclusion score is a cause for concern.

~10,000 employees expected to be in a different position in one year. ~7,500 employees do not plan to be with the firm in a year.

5,144 employees voluntarily left the organization. 989 were terminated for cause.

Male Director Retention was almost 95%. 30 Female Directors were terminated by the firm.

4,830 employees were promoted in the last year (9.7% of the workforce), but overall men are more likely to be promoted than women.

Female Director Hiring rates remain flat, but 78 Female Directors were promoted at a 6.2% rate.

### Retention

- **Overall Employee Retention Rate**: 87.3%
  - **Voluntary Termination Rate**: 81.0%
  - **Involuntary Termination Rate**: 19.0%
- **Female Retention Rate**: 91.4%
- **Female Director Retention Rate**: 84.9%
  - **Voluntary Female Director Rate**: 84.0%
  - **Involuntary Female Director Rate**: 16.0%

### Hiring

- **Female Hiring Rates**: 48.0%
  - **Female Promotion Rate**: 81.0%
- **Male Hiring Rates**: 52.0%
  - **Male Promotion Rate**: 11.0%
- **Female Director Hiring Rates**: 33.6%
  - **Female Director Promotion Rate**: 6.2%
- **Male Director Hiring Rates**: 66.4%
  - **Male Director Promotion Rate**: 4.4%

### Outlook for 2015

If current Hiring and Retention Rates continue, Female Director Representation will slip ~.05%.
This will make reaching 2017 goal nearly impossible.
Continued strong internal female promotion rates could close the gap.

### Recommendations

- Diversity & Inclusion Scorecard:
  - **Overall**: Female Representation rate are very good when compared with availability and external benchmarks. Female Director Representation Goal is to increase to 35% over three years.
  - **Retention**: Overall Engagement is good compared to benchmarks. Directors have higher engagement which is expected, but Female Director Score is lower than their Male counterparts. The low Inclusion score is a cause for concern.
  - **Hiring**: Male Director Retention was almost 95%. 30 Female Directors were terminated by the firm.
  - **Outlook for 2015**: If current Hiring and Retention Rates continue, Female Director Representation will slip ~.05%.
  - **Recommendations**: This will make reaching 2017 goal nearly impossible.
  - **Continued strong internal female promotion rates could close the gap.**
Tips for Success
ASK YOURSELF

What is the primary reason your organization needs to measure workforce diversity?

a) Create manager accountability
b) Measure the effect of programs/processes
c) Track organizational results/outcomes
d) To create/reinforce a business case
e) All of the above
DESIGNING THE RIGHT TOOL(S)

- What is the measurement tool for?
  - Is it to create accountability for the business?
  - Is it to measure the success of the HR function?
  - Is it to make better decisions for the business?
  - Is it to measure the success of a particular process or initiative?
  - Is it to show the value of HR or HR processes?

- Who is the measurement tool for?
  - Executives
  - Line management
  - HR community
DESIGNING THE RIGHT TOOL(S)

- What is the organizational cultural bias?
  - Carrot?
  - Stick?
  - Both?

- What is the organizational appetite?
  - Are there adequate resources?
  - Is there demand? Who is “demanding” it?
  - Are incentives aligned?
TIPS FOR SUCCESS

- Identify Stakeholders and Champions and conduct a half-day workshop (annually)
  - Brainstorm on what you want to accomplish
  - Build or confirm a common understanding of terms
  - Identify barriers
    - Determine significance. Are there “show stoppers”?  
    - What is needed to redress?
  - Make a plan for change management
TIPS FOR SUCCESS

- Build a long-term vision with an end state and identify milestones or “toll gates”
- Identify pilot tools when possible
- Be realistic about time commitment
- Understand the data source and processes
Thank You!

Visit our website at www.HRMetricsCoach.com or contact us directly:

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