Diversity And Inclusion

The Five Stages of DEI Maturity

by Ella F. Washington

From the Magazine (November–December 2022)

Deanna Halsall

Summary. Many organizations take big actions in the realm of DEI because of something they see another company do—such as publicly declaring themselves champions of people of color or setting an ambitious top-down DEI strategy across the firm. However, these grand stances usually fizzle out, leaving leaders frustrated and saying, "DEI work is too hard. It takes too long to see results."

The fact is, DEI isn't a short-term project, and a company making big moves before it has the right culture and structures in place is likely to fail, leaving marginalized employees and customers no better off and giving companies a reputation for hollow promises.

Academic research and the author's experience working with firms on DEI strategy suggest that companies tend to follow predictable stages on their DEI journey. In this article, Georgetown professor and organizational psychologist Ella F. Washington describes the five stages: *aware, compliant, tactical, integrated,* and *sustainable.* She also includes questions for leadership teams to ask themselves. Understanding what stage your company is in can help you decide where to focus your energies most effectively and keep you from getting stuck. **close**

Since the murder of George Floyd, in 2020, I've spoken with countless CEOs and chief human resources officers as they responded to the racial violence they witnessed that summer. And I've noticed a pattern: Leaders first tend to express deep concern and then ask if their company is instituting all the best diversity, equity, and inclusion (DEI) programs. They are eager to know what other companies are doing and how their own efforts stack up. Many firms take action because of something they see another company do—such as publicly declaring itself a

champion of people of color or setting a top-down DEI strategy across the organization. But these grand stances usually fizzle out, leaving leaders throwing up their hands and saying, "DEI work is too hard. It takes too long to see results."

The fact is, DEI isn't a short-term project, and a company making big moves before it's ready will most likely fail to meet its objectives, leaving minority employees and community members continually marginalized. Moreover, doing so can give the organization a reputation for hollow, performative promises. Many companies that rushed to meet the moment in 2020, for example, pledged thousands of dollars to build racial equity but did not have a structure in place to support the implementation of new initiatives. As a result, they still haven't made any progress in improving their employees' and communities' lived experiences.

There is good news, however. More than 40 years of academic research and my experience helping hundreds of companies on their DEI journeys have shown me that companies tend to follow predictable stages on the DEI journey in sequence. When they understand which stage they're in, they can focus their energies on the right activities, making their DEI efforts more successful and making it more likely that they'll keep progressing.

In this article I describe the five stages: *aware, compliant, tactical, integrated,* and *sustainable.* For each one, I include questions for leadership teams to ask themselves to focus their efforts and keep

moving forward. Although there's no one-size-fits-all DEI solution, a typical journey through these stages includes connecting top-down strategy and bottom-up initiatives around DEI, developing an organization-wide culture of inclusion, and, ultimately, creating equity in both policy and practice.

[**Stage One**]

Aware

For many companies, the process of being intentional about DEI begins with a trigger—for example, a lawsuit, being called out by investors, or a traumatic experience such as George Floyd's murder. That gut punch of awareness can prompt soul-searching and a genuine desire to change course.

Companies entering the aware stage generally fall into one of two camps: successful older organizations that have never prioritized DEI or start-ups so deeply focused on survival that they've neglected to create strong human-capital practices. After a wake-up call, both camps often make high-minded public statements about their attitudes and intentions toward DEI. But what's really needed at this point is for them to be honest internally—especially within the leadership team. Leaders should ask themselves:

Why does DEI matter to us personally? Understanding colleagues' personal experiences of diversity or discrimination inside and outside the organization builds a necessary foundation of shared understanding and trust for further strategy work and for speaking with the broader organization about these topics.

Where do we want to go? Setting a collective internal vision for the company's DEI work will help point you in the right direction as you get started. Leaders will have differing ideas of what DEI should look like, especially when they come from a broad range of backgrounds. So they must first agree on a vision of where to focus: Diversity of employees, having a better relationship with the community, building a more inclusive culture, and fixing the brand's reputation are all appropriate goals. Ultimately, companies should be doing *all* these things, but when they are just starting out, they need a specific target.

A company making big DEI moves before it's ready will most likely fail to meet its objectives, leaving minority employees and community members continually marginalized.

When setting goals, companies should take particular care to avoid benchmarking themselves against companies that may be at a later stage of DEI maturity. For example, the ice cream maker Ben & Jerry's, whose cofounders are the longtime social-justice activists Ben Cohen and Jerry Greenfield, boldly stated, "We must dismantle white supremacy" on its corporate web page and social media accounts in 2020. That is laudable, but if a company hasn't already built the structures and culture to act on such a stand—as Ben & Jerry's had—it will appear performative. Instead of making sweeping statements, companies in the aware stage should choose a narrower, more tactical goal.

Iora Health, whose mission is to "restore humanity to health care," is working to transform primary care. Since its founding in 2011, the Boston-based organization has opened 48 practices in 10 states and reduced hospitalizations of its patients by more than 40%. (It has since been acquired by One Medical, which Amazon recently announced plans to buy.)

In June of 2020 Iora's cofounder Alexander Packard was shaken by the news of George Floyd's murder, and he knew that it was affecting his teams as well. He spoke candidly with four Black leaders in the organization, asking questions about race and racism, subjects he had never broached with them before. He was surprised to learn that many Black and Brown employees had never felt supported at the company. He had always assumed that

Iora's mission—which led it to serve many people in marginalized groups—meant that it didn't need an intentional approach to DEI, but he realized that wasn't the case.

I led Iora's full leadership team in a two-part conversation about its DEI vision. During the first part, leaders spoke of their experiences with race. Some acknowledged that they had been largely unaware of issues of race and privilege; others shared deeply personal experiences from their childhood and professional life. The second part of the conversation built on the emotional momentum of the first. The leaders admitted that they weren't sure they were all aligned on the kind of diversity efforts they were looking for. They shared their own visions of what DEI should mean for the organization and then worked together to define what DEI would look like at Iora. They determined that for them, it meant serving a diverse patient population—including patients who might harbor racial biases—as well as supporting their Black and Brown team members. Navigating that tension has formed the basis of their DEI policies ever since.

[**Stage Two**]

Compliant

Companies need to meet many industry and government requirements for diversity, such as EEOC laws in the United States. Additionally, businesses that have been subject to DEI lawsuits may have agreed to certain settlement terms. Some
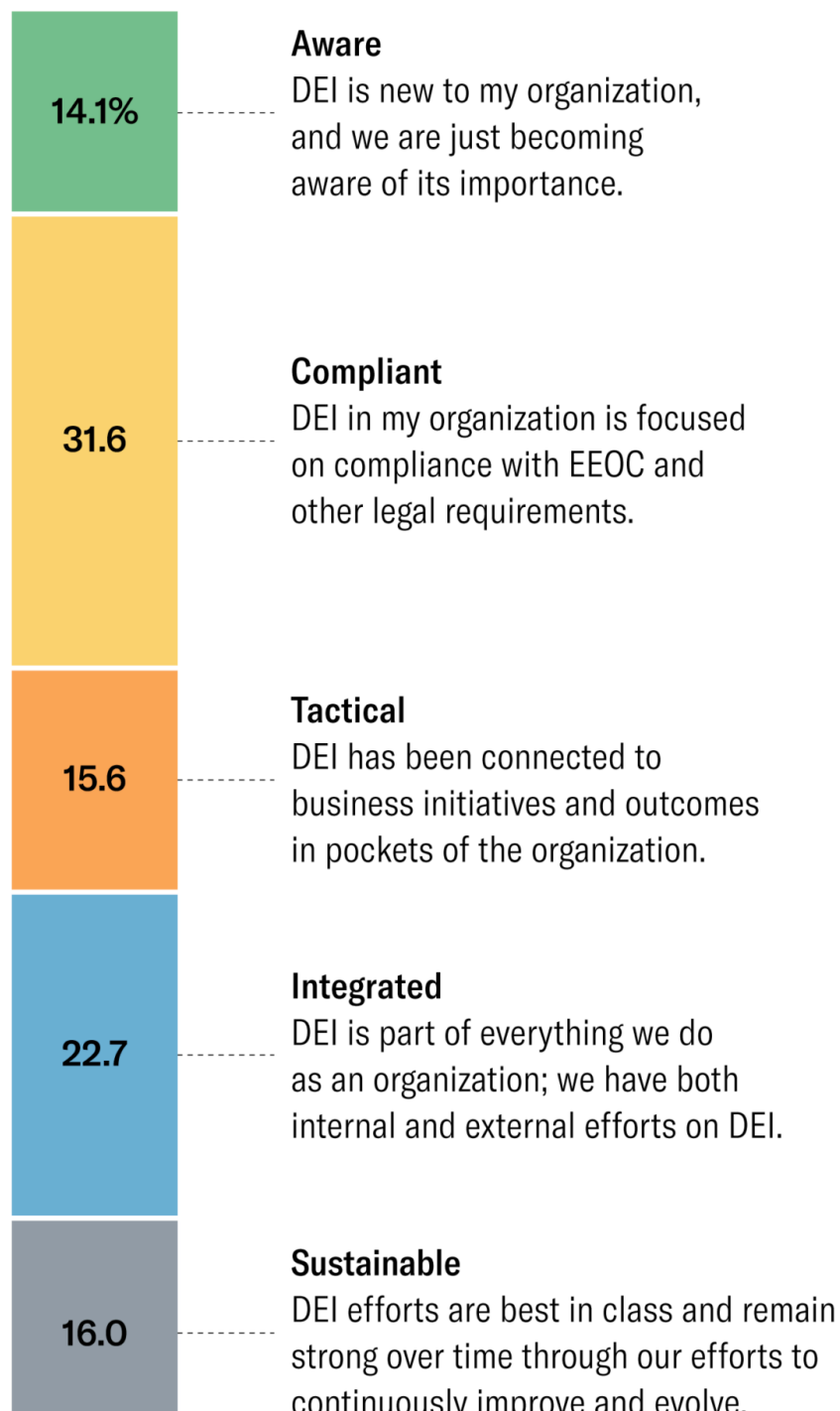
companies might pursue voluntary compliance and compare their DEI goals with those of competitors. At the compliant stage the thinking is typically, *We do DEI because we have to.* It's worth noting that a company could be compliant without ever going through the aware stage, but it would be ill-equipped to proceed any further without the foundational work done there.

Nearly a third of companies today find themselves in the compliant phase, according to a study of more than 10,000 knowledge workers in the United States, Australia, France, Germany, Japan, and the United Kingdom (see the exhibit "A Snapshot of Companies' DEI Progress"). This is partly good news: There is certainly a benefit to compliance. Regulations and requirements can spark meaningful changes in organizations because their terms and goals are so concrete. Whether it's talent selection, performance reviews, or diversity training and mentorship programs, companies are given specific direction on change. They often set up scorecards and use performance scores to determine leaders' bonus compensation. And doing the work to fulfill the specific terms of a compliance settlement can help an organization rebuild a reputation tarnished by poor DEI practices.

A Snapshot of Companies' DEI Progress

A 2022 survey conducted in partnership with Slack's Future Forum asked more than 10,000 knowledge workers across six countries to evaluate their companies' DEI performance. Nearly a third of organizations are stuck in the compliant stage, the study revealed.

Which of the following statements best describes your company's approach to diversity, equity, and inclusion?

14.1%

Aware
DEI is new to my organization, and we are just becoming aware of its importance.

31.6

Compliant
DEI in my organization is focused on compliance with EEOC and other legal requirements.

15.6

Tactical
DEI has been connected to business initiatives and outcomes in pockets of the organization.

22.7

Integrated
DEI is part of everything we do as an organization; we have both internal and external efforts on DEI.

16.0

Sustainable
DEI efforts are best in class and remain strong over time through our efforts to continuously improve and evolve.

Still, it's notable—and concerning—that many companies become stuck in this stage. Just because a company is compliant doesn't mean its diversity initiatives are mature or connected with the organization's overall strategy. Many leaders of firms in this stage have not done the soul-searching needed to make real changes to their cultures. And although their diversity numbers may be good at the frontline level, employees from minority groups may still feel unsupported or unable to advance. Furthermore, research has shown that without an inclusive culture, a diverse workforce will not yield the tangible benefits of teamwork, creativity, better problem-solving, and so on. To go beyond the compliant phase, leaders should ask:

Where can we set goals that are bigger than our compliance targets? Companies that have managed to move past this stage have used the requirements imposed by regulations not as end goals but as springboards for further efforts. For example, they push themselves to exceed their metrics for success or keep incentives in place long after regulatory requirements expire.

How can DEI help us to meet our other goals? Moving on from the compliant stage can be challenging because it requires the wholehearted buy-in of senior executives and managers who may

never have experienced the kinds of discrimination you're trying to fight. To get them on board, show them how DEI efforts can help your organization achieve its specific mission, values, and goals. While there is a risk that highlighting the business case for DEI obscures the ultimate ethical point that everyone should be treated with respect and have an opportunity to succeed, history has shown us the limits of moral conviction around DEI in the workplace.

In the 1990s the Denny's chain of fast-food restaurants was mired in numerous racial-bias lawsuits and scandals. After first contesting the suits, Denny's eventually settled with a large payout and a consent decree, which required the company to create written antidiscrimination policies, inform the public of those policies, provide training to all employees, and monitor and report any future incidents.

Deanna Halsall

In 1994 Denny's hired April Kelly-Drummond to lead its diversity initiatives; under her guidance the company surpassed the terms of its consent decree. For example, the settlement mandated that all employees attend diversity training within 90 days of joining

Denny's and attend a second session within 270 days; Denny's tightened those requirements to 75 days and 225 days. In fact, the company's strong performance led to its release from oversight by the Office of the Civil Rights Monitor a year early. After its release, Denny's didn't let up: It even placed a toll-free number in every restaurant to encourage others to help identify problems. The company also tackled bias in hiring beyond the scope of the original decree, broadened its recruitment efforts, and built a promotion pipeline. Further, it instituted an incentive structure around DEI goals. For example, 25% of senior management's incentive bonus was tied to the advancement of women and minorities.

In the 30 years since the lawsuits, Denny's has gone above and beyond the consent decree's original mandate, and its whole culture has changed. The chain has recaptured sales, repaired its reputation in local communities, and been named one of *Newsweek*'s best places to work.

[**Stage Three**]

Tactical

Organizations in the tactical stage have moved beyond meeting the rules imposed on them and are fully engaged in executing their own DEI initiatives, which tend to be bottom-up. These companies might have flourishing grassroots efforts such as employee resource groups (ERGs) and teams that institute their

own DEI processes—perhaps community guidelines for handling microaggressions or appointed devil's advocates in meetings to make sure diverse opinions are heard. There may be some top-down strategy or programming, such as a celebration of Pride month, but it is largely executed independently by individual managers. Companies at the tactical stage are on their way to changing their cultures: Employees at all levels may engage in tough conversations about bias and give one another feedback; groups may take care to improve diversity of thought in their decision-making.

Yet companies in this stage typically still lack a strategic DEI approach that drives the entire business. Uncoordinated efforts mean that one area of the organization may champion DEI efforts while other areas ignore them. Consider Nike: Its 1988 "Just do it" campaign famously featured commercials for all customers regardless of age, gender, or physical fitness level, and the company publicly supported Colin Kaepernick in 2018 after his protests against racial inequality and police brutality. But Nike also has a troubling history of DEI offenses. In 2003 the company settled a racial-discrimination lawsuit filed by 400 employees, and in 2018 it faced a gender discrimination lawsuit alleging unequal pay for women and a hostile work environment. As we might expect with a company in the tactical stage, Nike's DEI efforts have been uneven, excelling in some customer-facing units but proving woefully inadequate in other areas. To better align their organizations, leaders should ask:

What's our strategy? You need to start defining an overarching DEI strategy that brings all your company's efforts together. Still, don't shoot too high: Companies that are most successful in implementing a new DEI strategy home in on a short list of priorities that can be connected to short- and long-term goals and metrics.

Where do we need to standardize? Do different units approach basic practices such as hiring differently? If some departments have made progress in creating an inclusive culture, learn from them and replicate their policies.

How can we connect DEI work up and down the organization? A feedback loop between team members, managers, and senior leaders is critical to the success of a DEI strategy. Executive buy-in can help clear cultural obstacles within a company and build a communal sense of responsibility for programs. Holding regular meetings between senior leaders and the leaders of grassroots efforts like ERGs can give you a good sense of whether your DEI efforts are improving corporate culture.

What is our full sphere of influence? Your company touches people beyond its employees: Take a close look at the impacts of discrimination or inequity across internal and external stakeholders, including employees, customers, partners,

suppliers, shareholders, competitors, and your community. Look for ways to reduce existing inequities and build inclusion with those stakeholders as well.

The productivity-software firm Slack, which is in the tactical stage, has taken a decentralized and often employee-led approach to its DEI efforts. The company has encouraged employees to create an array of identity-based communities, and thus its DEI efforts are in large part the work of ERGs.

The work of DEI is never done. Without continued vigilance, even organizations in the sustainable stage can slide backward.

To ensure that these groups are more than social venues or places for commiseration, company leaders have made a concerted effort to regularly connect with them. Their monthly meetings uncover employee concerns and give ERGs early insight into the direction of the company and an opportunity to influence that path. ERGs also serve as a testing ground for new process ideas. ERG sponsors, meanwhile, are better able to understand the needs of employees and can give the groups greater exposure across the organization.

Slack has now begun to standardize some DEI processes. After the company created guidelines for interview questions to ensure that each candidate was treated similarly, regardless of the interviewer, the number of women in technical roles grew by almost 5% in a year. And Slack has brought its DEI gains to its larger sphere of influence with the introduction of Slack for Good, an initiative that aims to increase the number of people from historically underrepresented communities in the technology industry.

[**Stage Four**]

Integrated

Once an organization has aligned internal and external efforts and connected top-down and bottom-up efforts, it has reached the integrated stage. An integrated organization has defined its DEI strategy, developed a culture of inclusion, and taken a close look at the impacts of discrimination and inequity across its internal and external stakeholders, seeking to address those challenges. Companies in this stage can truly say, "DEI is part of everything we do."

Despite this achievement, humility is the most common attribute of companies in this stage. For most, reaching this level has required experimentation to learn what works and what doesn't.

Leaders of companies with long-standing and celebrated DEI programs must be modest enough to change course if what they are doing isn't working.

Leaders also worry that their success or even their efforts may be short-lived. DEI advances can often be linked to a particular event, to favorable market conditions, or to a particular leader's passion. To move on from the integrated stage, leaders must ask:

What systems and structures do we need to create? The current passion for and attention to DEI needs to be encoded in the way that the company works so that it persists beyond one leader's tenure or the current market cycle. The company needs to build programming that removes the burden of continuing the drumbeat for DEI from the shoulders of people in underrepresented communities themselves.

Why not? To move into the sustainable stage, companies must challenge the status quo and do things that simply weren't done before. They must also regularly evaluate the effectiveness of what they are doing for its impact on people and the business.

A common assumption I encounter in my work is that minority-owned businesses don't need to put as much effort into DEI. This assumption couldn't be more wrong, for many reasons. DEI goes beyond representation alone. Every organization, no matter its demographic makeup, must be intentional about the equitable

nature of its systemic structures, such as hiring and promotion, and must focus on making the culture diverse, equitable, and inclusive.

Uncle Nearest is a whiskey distillery founded by Fawn Weaver, a Black woman who was inspired when she read the story of Nathan "Nearest" Green, an enslaved man in Tennessee who applied water-filtering techniques he had learned in West Africa to whiskey and became the first master distiller for Jack Daniels. Weaver launched a new distillery to honor his name; in a few short years it became the fastest-growing whiskey brand in the country and is now the best-selling African American–owned and African American–founded spirit brand of all time. Weaver built the company from the start with a clear DEI strategy, a goal to change her larger industry, a culture of confidence and self-expression, and a requirement for diversity in hiring.

But when Weaver tried to fulfill her vision for diverse recruitment, she couldn't find enough Black talent to hire. "One of the things I realized was that if I wasn't getting résumés of African Americans,

then nobody in the industry was," she explains. "So the question became 'How do we get more African Americans interested in the spirit business? How can we be creative about building this longer-term pipeline?'" Weaver broke traditional hiring rules to achieve her goals: For example, she left positions open longer than her competitors did—up to two years—to maintain demographic diversity on her teams. Her willingness to challenge the status quo and think big has helped her to establish Uncle Nearest and ensure that its mission and commitment to DEI will outlive her tenure at the company. Uncle Nearest, founded in 2017, is still a new company, so it's hard to say it has reached the sustainable stage yet, but it is on its way.

[**Stage Five**]

Sustainable

Organizations whose DEI efforts are deeply embedded in their corporate DNA have entered the sustainable stage. Their DEI efforts pass stress tests such as economic challenges and changes in leadership, and their leaders have a mindset of continuous improvement.

Take the technology giant Intel. In 2015 then-CEO Brian Krzanich announced a $300 million five-year plan to bring the company's workforce to "full representation" by 2020, initiating programs such as a $4,000 bonus for employees who successfully referred candidates from marginalized groups and a $5 million

partnership to develop a high school computer-science curriculum for the Oakland Unified School District. In just six months the number of female and minority hires had surpassed the initial 40% goal for the year. Over the course of Krzanich's tenure hires from underrepresented communities increased by 31%, and Intel's female workforce increased by almost 43%.

But in 2018 Krzanich resigned after violating a non-fraternization policy with a colleague. Such a charged change in leadership could have meant an end to the policies championed by the outgoing leader. But Intel's next CEO, Robert (Bob) Swan, continued to set ambitious DEI goals. For example, in 2020 Intel pledged to increase the number of women in technical roles to 40% and to double the number of women and underrepresented minorities in senior roles by 2030. Swan left Intel in 2021, but that hasn't slowed Intel's commitment to DEI. According to its Corporate Sustainability Report 2021–2022, the company extended its Inclusive Leaders program and integrated the inclusion content into its Manager Academy training, which it began rolling out to its 13,000 managers. In 2021 it required all hiring managers to receive training in inclusive hiring practices. Further, it has initiatives in place to "increase the number of women hired for technician, engineering hardware and software roles" and has tied increased representation of women in technical roles to an annual performance bonus goal for all employees in 2022. DEI has become integral to its culture.

...

The work of DEI is never done. Without continued vigilance, even an organization that has designed systems and structures to remain sustainable through change can easily slide backward. True commitment to DEI requires continuous improvement by reassessing strategies and initiatives as the organization grows and as the world changes. For example, if you open your first-ever office in India, you will have new DEI challenges to solve. The same is true if some event in the world shines a bright light on inequity that you hadn't known was there.

Regardless of which stage you're in, knowing where you are on your DEI journey can help you focus on the right questions to keep moving forward.
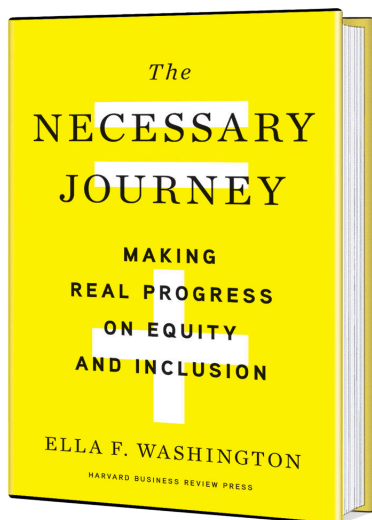
Ella F. Washington is the author of *The Necessary Journey: Making Real Progress on Equity and Inclusion* (HBR Press, November 2022), from which this article is adapted.

Buy it here

Ella F. Washington is an organizational psychologist; the founder and CEO of Ellavate Solutions, a DEI strategy firm; and a professor of practice at Georgetown University's McDonough School of Business. She is the author of *The Necessary Journey: Making Real Progress on Equity and Inclusion* (HBR Press, November 2022) and *Unspoken: A Guide to Cracking the Hidden Corporate Code* (Forbes Books, May 2024).

Recommended For You

PODCAST
Leadership Lessons from the Young Martin Luther King, Jr.

Diverse Teams Feel Less Comfortable - and That's Why They Perform Better

What Needs to Change About DEI - and What Doesn't

How Organizations Can Encourage Productive Allyship