

PROMISES KEPT

Three Companies Living Up to
2020's Pledge for Racial Equity

By James D. White and Krista White



Like much of the corporate world and society at large, 2020 was a turning point for Schnucks Supermarkets. The regional chain, based in a historically conservative part of Missouri, quietly became a great example of what it means to be an anti-racist company.

Since the murder of George Floyd in 2020, the Schnucks' CEO, DE&I director, chief marketing officer and the chief people officer have met every week to align on their DE&I priorities. They also meet with me (James), a board member, every month. It is this commitment—CEO engagement, weekly check-ins and a focused campaign (“Unity Is Power: We Stand Together Against Racism”)—that has helped them reach their DE&I goals.

We saw the stunning surge of anti-racist proclamations and promises that came from corporate America three years ago, but many of the systemic issues have not budged. There are companies like Schnucks, whose efforts we will describe in this article, that have followed through on their anti-racist promises and can provide a roadmap for others.

2020 was also a tipping point for us as we worked on our book, *Anti-Racist Leadership: How to Transform Corporate Culture in A Race-Conscious World* (Harvard Business Review Press, 2022). We realized the time was past due for leaders to get off the fence when it came to social justice. We initially began collaborating on a book after working together consulting for corporations and realizing that James' perspective—that of a former corporate CEO and current board chair—was missing from the DE&I discussion. The book is written on the premise that cultural transformation must be led from the top down. The CEO cannot delegate anti-racist leadership. Only the CEO holds the power to make the changes necessary to cascade a culture shift throughout the entire organization.

Guiding Principles

In addition to CEO-led changes, some of the other guiding principles we landed on include the formation of action learning teams (also called task forces or sprint teams), leading with empathy, a focus on intersectionality and unlocking middle management and HR.

Action learning, as outlined by Noel Tichy in *The Leadership Engine* (Harper Collins, 2009), is a process by which small, cross-functional groups work on problems. They help organizations develop dynamic, creative solutions and strategies. Setting up action learning teams is the most inclusive way to address strategic challenges, and it can be used in response to any challenge, including DE&I.

Empathy is the cornerstone of anti-racism, which turns into compassion and then action. When we asked leaders whether empathy was a skill that could be developed, they told us that listening was the key to building that muscle. Formalized opportunities to listen, such as town halls, roundtable discussions or regular one-to-ones, are effective.

Creating a safe space for employees to have honest conversations requires transparency and humility from leaders.

It is also our belief that true anti-racist leadership requires a focus on intersectionality. Introduced to feminist theory by Kimberlé Crenshaw in the 1980s, intersectionality initially referred to the experiences of Black women and women of color, but it is now also applied broadly to how identity may affect the fullness of our human experiences. There is no anti-racism without feminism, without LGBTQIA+ and disability rights, without empathy for all the intersections of marginalized identity.

In practice, one way to systemically build intersectionality into your DE&I policy is by disaggregating your demographic and employee experience data to capture more specific feedback from various populations. In the future, for example, that may mean abandoning the broad categories of “women and minorities,” which tends to erase women of color.

Some “don’ts” that we’ve learned? Don’t bite off more than you can chew or try to “set it and forget it.” Anti-racism is ongoing, multi-year work that will need to be revisited consistently. If you take on too big or too vague of a goal, you are setting yourself up for failure. Be honest about where you stand and where you can realistically be in 30 days, next quarter or next year.

Anti-Racist Leadership in Practice

Three years after companies made sweeping promises about anti-racism, it has become clear there is still much work to be done. In the past few years, we’ve seen the rise of anti-Asian racism, anti-Semitism, anti-queer and trans attacks, along with other hateful trends. We remain in a precarious and polarized period of history.

With their enormous impact on our society, corporations are in the position to shift the tide, one way or another. While corporate America made many proclamations after the murder of George Floyd that have fallen short, here we share case studies of companies we’ve worked with that are on the right track. The greatest progress is made by companies that have buy-in from the CEO, integrated DE&I education and strategies with measurable goals. ■■



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THE BAY CLUB: LISTEN, LEARN, EDUCATE & EMPOWER



GOAL: The luxury sports club company set a goal in 2020 of “Listen. Learn. Educate. Empower.” It felt the biggest impact could be made with their associates, followed by their members and local community. Leaders created an education coffee-chat series, a space for learning and discussing diversity,

inclusion and belonging. They were also transparent with their members about their DE&I efforts and continued to find ways to provide support, opportunities and resources to marginalized groups in their local communities.

PROGRESS: In the first year of its efforts, Bay Club saw positive shifts in company culture and stronger relationships with the communities they serve. It was a good start, but they knew they could do better. As of February 2022, women and people of color represented:

- 81 percent of the entire employee population
- 40 percent of employees at the SVP level and higher
- 59 percent of employees at VP and above
- 72 percent of the employees at all leadership levels.

It's worth noting that these numbers are already high, even for the hospitality industry, which employs a disproportionate number of women and people of color, particularly at the individual contributor level. The company focused on the second statistic and set a goal of reaching 50 percent women and people of color at the SVP & above level. They achieved that goal in October 2022. Bay Club has a plan to continue to maintain and work toward a more diverse workforce through recruitment and promotional efforts.

LEARNINGS: Over the past few years, Bay Club's leadership found that adopting a “less is more” approach leads to the greatest impact. When people are really passionate about something, they tend to want to show impact right away. The Bay Club was no different and wanted to get involved with so many things and apply their resources. However, they quickly learned that a more focused approach would be more effective. With that, they worked collaboratively to align, set goals, focus on a few things and do them well. Trusting the process and being patient are also key.

Another lesson was that leading with empathy is the foundation for creating the culture they seek. Empathy allows you to meet people where they are, which is a vital skill when engaging in some DE&I topics. People know what they know based on

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their everyday lived experiences. Recognizing your own cultural lens, having the ability to understand and adapting across cultural differences is a skill that requires empathy, intent and ongoing practice. Meeting people where they are has been a powerful tool for gauging readiness for these hard conversations and evaluating how effective their DE&I education series can be.

A third learning was to lead from the front and top-down. The company found that leadership's engagement in DE&I efforts is critical to enhancing their culture. Associates take cues from their leaders, so senior leadership engagement has to be at the forefront and authentic. They set the tone with their support, words and actions. This ensures more participation and buy-in from frontline team members and creates a sense of safety for them.

And finally, DE&I has to be woven into the fabric of the organization. It can't be a standalone or siloed initiative. When fostering an inclusive culture, you have to think outside of race, gender, sexuality, ability, etc. It's important to understand that to be a truly inclusive organization, we must respect the diversity of thought, backgrounds, values and beliefs of all employees. We must engage all levels of staff, from C-suite to frontline staff. We also have to engage our members and community. DE&I is a shared responsibility.

NEXT STEPS: In year three of their program, they transitioned to Bay Club in Action, with four priorities for 2023:

1. Recruitment: Foster career opportunities for women and people of color to ensure a diverse and equitable team.
2. Community partnerships.
3. Education series/coffee chats.
4. Philanthropy.

MEDALLIA: SET CLEAR GOALS & TIE THEM TO COMP



GOAL: Medallia, an employee experience software company, made a broad range of commitments in 2020, including the top priority of increasing its Black employee population in the United States. At the time, their team was only 1 percent Black. They set goals to reach 3 percent Black employees by February

2021, 6 percent by February 2022 and 13 percent by February 2023, in order to reach parity with Black representation in the United States.

PROGRESS: Medallia reached the first two representation goals and nearly all of its other goals related to increasing funding and support for DE&I. While they are not quite on track to achieve their third goal, they are continuing to move forward.

LEARNINGS: Like Bay Club, Medallia's leaders realized the power of the CEO to mobilize the company and create shared accountability. Their CEO set their DE&I goals and made the bold move of tying them to executive compensation. The company used data to chart their course, with monthly reporting on talent acquisition and using a DE&I lens to monitor employee experience and attrition.

Medallia unlocked the power of their ERG communities by providing funding for the communities and introducing new

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programs like ERG leader recognition and their ERG Executive Sponsorship.

Finally, they learned the limitations of goal setting: They didn't have the hiring growth they would need to hit the 13 percent goal in 2023, and the employee populations of the companies they acquired were more homogenous than Medallia.

NEXT STEPS: Going forward, Medallia set the following goals:

1. Continue to push parity as a long-term goal.
2. Put more focus on management and leadership goals, and more diversity in the leadership group.
3. Continue DEI&B education and workshops, with an emphasis on providing support to global employee populations.
4. Continue their town hall series.



SCHNUCKS: UNITY IS POWER



GOAL: While Schnucks already had DE&I infrastructure in place, the company created in 2020 a “Unity Is Power” strategy that was organized around three initiatives: people, investments and communities.

PROGRESS: They implemented tools to help employees talk about sensitive

and complex topics related to diversity, equity and inclusion through “Courageous Conversations.” They implemented Listening Sessions to better understand and learn from the lived experiences of their teammates of color and community leaders. Additional actions included implementing a supplier diversity program, revising their hiring and advancement practices and partnering with community leaders. Schnucks also

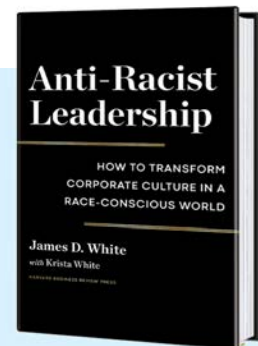
now requires all of its career development programs to have 30 percent or more participants from an underrepresented group—a metric they track monthly.

LEARNINGS: 2020 tested Schnucks’ mettle—and they learned that they will steadfastly move forward. They also learned how to support and care for their people by creating a safe space for dialogues on equity and inclusion. And they learned how deeply the empathy and compassion of their workforce ran, coming together to respond to crisis.

NEXT STEPS: Schnucks will continue institutionalizing DE&I and anti-racism throughout the organization, cascading more of the training throughout the company. They will also take a multicultural approach to discussions of race, bringing in speakers and educators from a wide variety of backgrounds and will continue to increase diverse representation in leadership throughout the organization.

7 STEPS TO ANTI-RACIST LEADERSHIP by James D. White and Krista White

Anti-racism isn’t a destination; it’s a daily practice. As demonstrated in these case studies, it is possible to make real change with CEO-led DE&I efforts, measurable goals and ongoing educational programming. We hope to see corporate America continue to become an agent for positive change in the fight for racial equity. It takes us all. From our work with the companies in this article and others, we’ve outlined seven steps to continue or start on a sustainable anti-racist leadership journey:



- 1. Actively listen and learn.** This means setting up formal opportunities to take the pulse of the organization. This approach can include town halls or smaller roundtable discussions.
- 2. Enlist and align across the senior leadership team.** You need their buy-in to get the work done. You can start with the business case for DE&I, but you have to take yourselves on a continuous learning journey so that you are on the same page, perhaps inviting speakers in to talk to your company on the topic of race. From there, you need to let your senior teams know the incentives for carrying out a thoughtful DE&I plan.
- 3. Audit the culture. If it matters, measure it.** You can compare past statements of intent to current practice. There are many pulse surveys and employee-engagement surveys you can use to get a snapshot of employee perceptions. It’s also key to start digging into your demographic data about recruitment, hiring, promotions and retention. Don’t skip disaggregating the data. For example, perhaps women of color have a different experience inside your company than white women. Also consider making these findings public as a way to keep yourself accountable to your goals.
- 4. Document what you’re doing now.** Compile your cultural audit into a factual “state of the organization” in order to have a clear idea of where you stand.
- 5. Establish benchmarks.** Measure your progress against your internal goals as well as measurements that show how your results stack up against those of industry competitors, other businesses in your geographic purview and society at large. This gives you a more comprehensive view of where you stand quarterly and annually.
- 6. Build action-learning teams or task forces.** These are small, cross-functional teams that work within an organization on specific, time-bound goals. They can work on any business imperative, including your anti-racist initiatives like improving supplier diversity or increasing Black manager representation. It also gives employees who may have been previously overlooked the opportunity to work on projects that will raise their profile and help lead to promotions.
- 7. Develop an action plan.** Using everything you’ve learned, draw up a step-by-step plan with quarterly goals. Treat anti-racism like you would any other business goal.