The End of Diversity As We Know It

Why Diversity Efforts Fail and How Leveraging Difference Can Succeed

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The Beginning of Leveraging Difference

I was working with a team of executives from a Fortune 100 company, helping them to increase the numbers of African American and women managers. I had just finished a particularly lively meeting with the chief operating officer and some of his direct reports. I was feeling pretty energized by their commitment to the work, and I felt I could help them with their efforts. During the break, the COO approached me to chat about a variety of things—our families and our professional histories, including my experience helping companies like his navigate through tricky issues like diversity. We talked a bit about some of the current strategic challenges for the company, and I sensed he was pleasantly surprised that we could have an engaged conversation about strategy, operational efficiency, and supply-chain frustrations—I don't think he expected that at a diversity program. Since our first meeting four weeks before this, we had been building a nice rapport together.

After several minutes of conversation he said, "Okay, let me ask you a question. And this is a question I won't ask in the room." Of course, I was intrigued. He went on, "Let's say you help us to really get some traction and we are able to up our numbers of women and African Americans. That would constitute a success, right?"

I wasn't sure where this was going, but I played along. "Definitely," I said.

"Yeah," he shot back. "So what?"

He had caught me off balance. I had assumed it would be obvious to someone like him. "Look," he continued, "I have a lot of confidence that we can make some of these talent management changes. Our HR folks are top-notch and I can see this working—we will get more qualified African Americans and women to join this company. But how is this really going to make a difference for this business, above and beyond the PR? We can get all the different colors of the rainbow at the table, but what difference will it *really* make?"

This COO was thoughtful on issues of diversity, and he genuinely wanted to understand how to take advantage of diversity for his company. He needed an answer that would both help him recommit to the importance of diversity and help him credibly lead his people in developing and committing to practices that would sustain diversity in the organization. He needed a new framing for diversity. He needed to learn about Leveraging Difference.

After Managing Diversity

Business bookshelves and academic journals are replete with titles about how to "manage diversity," as though the inevitable reality is that once you put different people and perspectives together, anarchy will ensue and the chaos that develops will have to be managed! In fairness, all of us can probably remember being put together with someone quite different from us and experiencing some disruption as a result. But there are also numerous examples of differences creating synergy and harmony. What if the most important leadership activity was actually to *catalyze* diversity, not just manage it? This question is at the core of the distinction between traditional Managing Diversity and the new Leveraging Difference. Table 1 offers a more refined picture of what distinguishes the two ways of looking at diversity.

Table 1 Managing Diversity versus Leveraging Difference

	Managing Diversity	Leveraging Difference
Context	Embedded in U.S. cultural and business context	Applicable to multiple cultural and business contexts
Leadership Perspective	Diversity is a problem to be solved	Difference is an opportunity to be seized
Strategic Focus	• Emphasis on HR management to drive activity related to differences • Diversity activity linked to short-term results	• Emphasis on enterprise strategy to drive outcomes related to difference • Diversity activity linked to short- and long-term results • Focus on building strategic capability for leveraging difference
Scope of Difference Engaged	Narrow set of differences are relevant	Broader scope of differences are relevant
Impact of Change Processes	• Learning for some individuals • Increase in representation of targeted differences • Higher overall levels of resistance to diversity change	• Learning for broader set of individuals • Increase in representation of strategically relevant differences • Lower levels of overall resistance to difference-based change • Organization positioned to leverage other differences in the future

For the purpose of clarity, the discussion that follows highlights the extreme characteristics of each frame. In reality, leaders and organizations may incorporate qualities from both frames, using one or the other in various arenas of organizational life. For example, an organization might use a Leveraging Difference frame in relation to customers while using the Managing Diversity frame in its talent management. But knowing the differences between the two frames is essential for understanding when one frame or the other is operating. The distinction also helps leaders understand how shifting from Managing Diversity to Leveraging Difference can create value.

What's the Context?

Activities in organizations operate within given social, historical, and political contexts. The Managing Diversity frame can be described as an especially U.S. approach to difference. A great deal of the emphasis and philosophy behind Managing Diversity flows from the social, historical, and political backdrop of intergroup dynamics in the United States. For example, race as defined in the U.S. is a socially constructed concept, as opposed to a biological one.[1] In the U.S., I define myself—and am typically defined by others—as black or African American because of my skin color, my facial features, and so on. However, my lineage also contains European (Scottish) and American Indian (Cherokee) ancestry. Like many other African Americans, I have tended to deemphasize these other parts of my cultural identity because black racial identity is so much more salient for people with my color and features. This can be true for people of other racial groups as well. It's as though, for any culture, there are racial "folders" with labels defined by history, social policy, politics, and habit. We learn to place ourselves—and others—into the folders that best describe us, even if our identities really are much more complex. And we rarely allow anyone to be in more than one folder.

When it comes to race, the Managing Diversity frame has relied on a set of folders labeled black/African American, white/Caucasian, Asian/Pacific Islander, Hispanic, and Native American. The folder metaphor may extend to other kinds of differences as well. The point is that every national culture has its unique set of folders, and Managing Diversity and its folders are firmly embedded in the United States.

In contrast, the Leveraging Difference model is not embedded solely in U.S. context. Any organization in any country can adopt this approach as a way of improving how it operates. For example, in Vietnam a small sample of business leaders queried about the value of diversity responded that the Managing Diversity model wasn't useful to them. They reported that the Vietnamese don't struggle with racial issues in the way they are defined in the United States. Skin-color differences are less pronounced. Gender inequities are evident, but interest in gender dynamics varies.

However, there *are* diversity tensions in Vietnam. Significant and enduring social and economic disparities exist among the fifty-four ethnic groups within the country. The ethnic majority groups, the Kinh and the Hoa, have substantially higher living standards than the "minority" households from the other ethnic groups. Some groups seem to be doing well as the result of assimilating with the Kinh-Hoa majority economically and culturally. Others are attempting to integrate economically while retaining distinct cultural identities. Another group, the Central Highland Minorities, is being left behind in the growth process.[2] These ethnic group differences invariably affect access to talent pools and networks in Vietnamese organizations (and in global organizations operating in Vietnam). This, in turn, affects the ability to leverage cultural, ethnic, and regional differences.

Leadership Perspective

Difference-based change happens only in the presence of leadership commitment to that change. The kind of change that unfolds depends upon that leader's mindset toward diversity and difference. The two frames are associated with two distinct leadership mindsets. The Managing Diversity frame is typically enacted by leaders who have a *problem*-focused mindset toward difference. In contrast, leaders in a Leveraging Difference frame are usually focused on the *opportunities* the difference creates.

Ryan and Robert Quinn, in their book *Lift*,[3] develop the notion of comfort-centered approaches to situations, distinct from purpose-centered approaches. They argue that when people operate from a comfort-centered stance, they often approach situations as problems and seek to solve them. While there is nothing especially wrong with this—many problems do need solving—it contrasts with a more powerful alternative approach. Being purpose-centered usually expands the options for dealing with a situation and helps create previously unimagined and effective outcomes.

By the same token, leaders operating from a Managing Diversity viewpoint have difficulty seeing difference and diversity as anything but a problem when faced with the need to execute on diversity activities. They often understand the benefits of diversity in the abstract. But they struggle to understand how to turn diversity into an advantage in day-to-day situations. Since they don't see the practical benefit of diversity, they experience it as a burden and sometimes even a threat.

One manager from Home Building, Inc.,* a mid-sized construction company, lamented that diversity in his company was all about head count and he was frustrated because he understood neither why it was important nor how he could "find the heads." For the Managing Diversity leader, diversity frequently goes hand in hand with stress. For leaders who share group identity with the majority of their employees (for example, white male leaders in a white male organization), diversity can generate psychological dissonance ("I'm not fully committed, but I have to act like I am") and disrupt common routines ("It's hard enough to hire; now I have to find diverse candidate slates, too?"). In contrast, a leader whose group identity differs from that of most employees may experience different stresses. A woman leading a predominantly male organization may feel pressure to make sure she doesn't appear to favor women. Therefore she may feel that her commitment to diversity activities is in conflict with her need to seem objective and fair.

The stress that flows from these diversity pressures creates another challenging by-product: threat rigidity. When people experience stress and disruption, they think, feel, and act in more constrained ways. They are less open to new information or novel ways of thinking about an issue. They are more likely to rely on well-learned or habitual behaviors. This makes it all the more difficult to see diversity as an opportunity.[4] When I'm working with a group of leaders, I often ask the participants how they felt when they heard they were coming to a session on diversity. The response is almost always underwhelming. This lack of excitement and energy is symptomatic of a Managing Diversity frame. The problem-focused mentality inherent in Managing Diversity is frequently de-energizing for leaders.

In contrast, the Leveraging Difference frame invites leaders to explore the opportunities inherent when diversity of thought, identity, and perspective are present. This focus on opportunity is expansive and energizing. Recent research has shown the benefits of energized engagement on both performance and relationships in work settings. The physiological stimulation experienced by an individual in this state facilitates cognitive clarity and focus. This has the effect of energizing others with whom that person is working, stimulating more complex and innovative thinking, attracting and creating tangible resources to address the issues at hand, and generating higher levels of measurable performance. Interestingly, this sort of highly engaged performance feeds a cycle of success: high performance legitimizes the work being undertaken by the leader or team, and that supports ongoing efficacy and continued high performance.[5]

At The Fashion Place Company,* a well-known retail company, a senior leader named Hal became committed to engaging difference because of his experience collaborating with a female colleague, Olivia. This woman had the reputation of being quiet and having little to offer in the way of innovative ideas. But as Hal built a good working relationship with Olivia, he found her to be pretty quirky; she was a highly associative thinker, and it was often hard to have a linear conversation with her because she kept interjecting some new and seemingly unrelated thought. Over time, Hal realized that Olivia was one of the most creative thinkers he had ever met when it came to marketing. Together they cultivated a new—and very successful—line of children's outerwear. Hal became a champion for individuals who operated differently from the norm. In search of outcomes like his and Olivia's, he committed to interacting with colleagues who didn't always fit in with the crowd. Not all of these collaborations were successful, but he persevered, realizing that at any point he might tap into benefits from people who didn't quite fit.[6]

Leaders operating from a Managing Diversity frame are stuck in a self-limiting mindset. To them, differences among employees create problems that must be solved. Leaders in a Leveraging Difference frame explore and exploit the conflicts that arise from difference, rather than squelching them, because they know that in discomfort and disagreement lie opportunities for innovation.

When Felton Barnes was promoted to general manager of the highest-performing business unit at Delvin Mining Corporation,* he restructured his division's leadership team. He replaced five members of the team (all senior white men with long histories in the division) with individuals who had different functional backgrounds and more experience in other divisions. Four of the five were African American and three were women. He made the changes because he believed his predecessor had been reluctant to focus on continuous improvement in the manufacturing process, and he worried that the old team would share that conservatism.

The division's sole product was also the company's top-selling product, so it was understandable that the old regime would be reluctant to fix what wasn't broken. But Barnes believed he could improve sales. This would require converting to a more efficient manufacturing process, but he was committed to the change.

Barnes worked rigorously to build his team into a high-functioning unit. For nearly two years, he enlisted the help of consultants skilled in working with diverse leadership teams. He and his team built knowledge about their collective functional competencies, learned how to engage in dialogue that encouraged creative thinking, and learned to negotiate cultural and gender differences among themselves. Team members reported measurable increases in interpersonal trust as well as in their trust of the competencies of their teammates. Barnes also utilized a personal coach to help him be more inspirational and less defensive when faced with resistance. As a result of the team's leadership, new processes were implemented that resulted in two consecutive years of sales increases and record-setting profit.[7]

Strategic Focus

Perhaps the central difference between the two approaches is in strategic focus. Simply put, Managing Diversity places the focus primarily on managing human resources in the organization. Managing Diversity initiatives are deeply rooted in attempts to "put the right people on the bus" at all levels of the organization, as well as to insure that the organization is operating fairly and equitably with regard to employees. With Leveraging Difference, firms focus on encouraging sustainable competitive advantage in broader ways. This includes the HR focus and talent management highlighted in the Managing Diversity frame, but it also explores how differences might be integral to the activities that build sustainable competitive advantage: marketing to globally diverse customers, designing more innovative and effective operational processes, and even managing mergers, acquisitions, and interfirm alliances.

The Managing Diversity strategic focus is clearly illustrated by AMEXCO Corp.* This company had the reputation for being an industry leader in diversity and inclusion (D&I). The CEO was passionate about the importance of diversity and tasked his senior HR leader to "make diversity work for us." The HR leader took this mandate seriously and conducted an audit of the diversity activities in place in the organization, including three different training programs in three separate divisions. The remaining four divisions had no diversity training activities in place. The HR leader proceeded to hire a director of diversity from an internal pool of candidates—an African American engineer who had been with the company for twelve years and had a modestly successful performance record. He was universally praised as competent, collaborative, and affable. Moreover, he was well respected among employees of color. He accepted the position with the understanding that he would serve for two years and then return to his previous function. The idea was that the position would include career development elements—greater visibility with other divisions in the company, for instance.

As director of diversity, he was responsible for coordinating diversity activities as well as generating and carrying out a diversity strategy. The director focused on 1) articulating a business case for diversity in the company; 2) setting recruiting targets for people of color; 3) setting promotion targets for greater representation at higher levels; and 4) beginning mandatory standardized diversity training for all company divisions. The HR leader was pleased with this approach and eager to share this information with the CEO.

This is a familiar story in many Fortune 500 companies. And it captures three core characteristics of the strategic approach that flows from a Managing Diversity frame. First, diversity always resides within or somewhere near the human resource function. Often the diversity function rests within HR and the dedicated diversity professional reports to HR leadership. The problem is that this predisposes everyone to assume that diversity is purely an HR issue and keeps them from seeing other strategic benefits that could result from focusing on difference. It also places diversity efforts in a staff-focused arena that is marginalized in many organizations. Most AMEXCO employees thought of HR as an important function, but one that was, as one manager put it, a "service" function, one not seen as central to the business, regardless of its actual strategic importance. HR professionals were seen as consultants within the organization, and in AMEXCO many were not well respected. By association, diversity activity was seen as tangential to the business. At best, it was a laudable activity if there was time for it, at worst an excuse to implement unfair employment practices and reverse discrimination.

Second, AMEXCO's diversity activities tended to be tactical in nature, linked to results that would be visible in the short run. Critical activities such as setting recruiting targets were undertaken without carefully considering the strategic importance of talent acquisition. Setting targets is a logical way to bring in more diverse people. But AMEXCO hadn't done a good job of examining what value was created by increasing its representation of these candidates. So recruiting was undertaken without a clear and compelling strategic reason for doing it—except that the CEO was passionate about diversity and wanted to see "results."

Third, all of the activities undertaken by the director focused on short-term results. Targets for recruiting and promotion could be measured quickly and easily. Diversity training could be implemented and evaluations collected at each offering. These activities produced visible results quickly. Moreover, the director was motivated to generate these quick wins, because he was to be in the position for a finite term and wanted to have something to show for his efforts. As a result, no one was responsible for focusing on the longer-term, more intractable challenge of having a workforce with greater diversity in demographics, skills, or experience.

Contrast the AMEXCO experience with that of New Frontiers Financial Services, Inc.,* a wealth management firm that had adopted more of a Leveraging Difference approach. The impetus for focusing on diversity at New Frontiers came from one of its divisions. That division's managing director constantly sought to gain competitive advantage for her division and the firm by growing her client base. Periodically, she held brain-"raging" meetings with her senior leaders in which they tackled critical strategic issues for the division. Her leadership team was meticulously crafted. She had recruited a strategically diverse set of leaders of varying age and industry experience. Because younger clients were likely to have career paths that would lead them to build wealth differently from their parents, she wanted a generationally diverse team. And she wanted team members who had work experience with industry competitors, reasoning that they could all learn from other business models. The best innovations, she reasoned, would come from a team with a common understanding of the industry but varied approaches to getting things done.

In their meetings about growing the client base, one team member pushed the notion that significant growth could come not only from reaching more households but also from building deeper loyalty within a household so that the firm would get business from one generation to the next. His previous firm had begun to gather data on generational dynamics, and it had looked promising. The New Frontiers team began experimenting with marketing that emphasized this household penetration approach. They discovered that culture and subculture predisposed some households to even greater cross-generational loyalty, and they realized that by targeting those households they might achieve even stronger client growth. As the division garnered success, company leadership was eager to transmit the same practices throughout the firm. Other divisions and managing directors embraced the approach as well, with varying degrees of success.

The New Frontiers story is a Leveraging Difference story, and clear contrasts emerge in comparison with AMEXCO. First, this difference-related change was clearly driven by a strategic objective—in this case, growing the client base. The activity New Frontiers undertook didn't come from a leader's passion to help women or people of color, nor did it mimic competitors' best practices in diversity (a common Managing Diversity activity). What New Frontiers did was focus on creating sustainable competitive advantage. If it could penetrate households across generations, it could build business in the coming decades.

New Frontiers was focused on long-term business success. In contrast to AMEXCO, it didn't worry as much about short-term pressures when approaching difference. Creating sustainable value was paramount. And accountability for this work rested solely with the management responsible for core business processes; there were no diversity officers or structures. Indeed, New Frontiers never labeled the change they were undertaking as a diversity effort. Rather, it was a business innovation activity.

Finally, New Frontiers addressed a variety of differences in counterintuitive ways. It focused on generational differences as well as cultural differences. As they delved even more deeply into the issue, team members learned a great deal about the role of gender as well; many of their high-value client prospects were older women who had outlived their husbands and now controlled the family wealth. To explore different aspects of their initiatives, New Frontiers tapped their younger employees; they sought talented women and people of color as financial advisors with the understanding that they could be instrumental in cultivating relationships with clients and in helping other stakeholders learn how to develop these clients.

Scope of Differences Engaged

The cases of AMEXCO and New Frontiers reveal something about the kinds of differences that emerge as important in a Managing Diversity frame and a Leveraging Difference frame. AMEXCO sought and hired a director of diversity who was African American and who had strong relations with underrepresented minority groups. This is not unusual; a majority of diversity professionals in Fortune 100 companies are either people of color or white women. At New Frontiers, the relevant differences that emerged included age, culture, and gender. But other differences were equally important. Work experience with competitors was vital. Openness to unconventional thinking turned out to be pivotal.

This underscores a critical difference: Managing Diversity focuses on a limited, more traditional set of differences, while Leveraging Difference can more easily incorporate a larger set of differences.

When organizations began to pay more attention to employee diversity, it became clear that there were lots of ways in which people differ. It also quickly became clear that these differences weren't viewed as equally important or legitimate in the diversity discussion. One white male executive relayed the story of how he was "scolded" when, during a diversity discussion, he likened the challenges of being a person of color to having red hair when he was a kid. When he told of feeling different because of his hair color, he thought it would be a source of bonding with his colleagues of color. He was shocked and confused to find out that they felt belittled by his story.

This executive failed to understand where the comparison between race/ethnicity and hair color broke down. He missed the fact that whereas his hair color changed as he got older, his colleagues' cultural group memberships did not. He failed to appreciate that the social, political, and legal limitations placed on people of color were never applied based on their hair color. It became clearer to him as he talked with his colleagues that there wasn't really a "red-haired" identity in the same way there was an identity for minority groups.

Through ongoing dialogue, the executive discovered more about the many diverse dimensions of difference. Differences certainly may be based on demographics such as race, gender, or age. But they are also based on functional differences, personality, attitudes and values, cognition, and even emotional states. Each of these has been shown to affect individual and group performance in organizations.[8] With this in mind, the limitations of the Managing Diversity approach become increasingly apparent. Focusing almost exclusively on a handful of demographic differences—race, gender, national origin, religion, age, color, disability, sexual orientation, generation, class, veteran status—means ignoring many differences that matter to organizational effectiveness. It also means that people who embody and value other differences often feel discounted and excluded from their organizations' diversity efforts.

In a survey of U.S. executives and managers, the differences most of them associate with "diversity" invariably are the ones listed in the previous paragraph.[9] It is neither surprising nor inherently bad that these eleven differences demand focus (most organizations usually focus on only a subset of these differences). They are most strongly associated with historical and political struggles for equality, and with the diversity work that organizations have undertaken over the past few decades. They represent the pressing social and legal issues of the day in the United States, and few organizations can legitimately argue that they are dealing with diversity if they aren't dealing with some or all of these differences.

This smaller set of demographic differences consistently dominates the strategy and activities of Managing Diversity organizations. Even within this set, some emerge as priorities; it is difficult to establish a legitimate diversity agenda in U.S. organizations without dealing with race, ethnicity, and gender. The problem arises when the focus on these differences keeps leaders and organizations from exploring how other differences may affect performance.

In a globally competitive marketplace, the differences that should take strategic priority can shift dramatically. When a company chooses to build a new business in a different country or community, that decision must change the diversity conversation in the company. But when a Managing Diversity frame dominates, the focus often doesn't change; it remains on the relatively small set of traditional differences.

With Leveraging Difference, however, the scope can widen to include any kind of difference. Differences between marketing and sales departments, introverts and extroverts, or even legacy firms and their acquirers are all potentially relevant. Since the choice of differences to be engaged is determined by organizational strategy, many possible differences could dominate discussion and activities. Global organizations are frequently faced with the challenge of making sense of multiple differences that demand attention simultaneously. When the U.K.-based Wolseley Company acquired businesses in the United States, Canada, France, Ireland, Italy, Switzerland, the Netherlands, Eastern Europe, and four Nordic countries, the differences that preoccupied the company included both the variety of national cultures and the many corporate cultures that needed to be integrated into a unified corporate entity.

With all of these possibilities for leveraging difference, a subtle temptation might emerge. Leaders and organizations often find it easy to avoid dealing with demographic differences like race and gender because they are so difficult. A Leveraging Difference frame could be seen as a rationale for not dealing with the strategic challenges presented by inequities based on race or gender or other traditional differences. But the fact that a Leveraging Difference frame doesn't focus exclusively on these differences doesn't mean they are unimportant. A cogent Leveraging Difference strategy could very well require leaders to deal exclusively with the intractable challenges of gender or race. But the Leveraging Difference frame, unlike its counterpart, never assumes these are the only kinds of difference that matter.

The Impact of Change

One of the assumptions underlying this book is that leaders and organizations can change for the better by exploiting differences. Therefore it is helpful to look at the differences in outcomes—in the real change—that each frame approach promotes.

Representation

No matter which approach is adopted by an organization, having the desired representation of diversity is essential. Managing Diversity tactics are geared toward increasing the actual numbers of people who are different, especially with regard to demographic differences like gender, race, and age. When well executed, activity in Managing Diversity organizations does just that—recall FedTech's effort to recruit managers of color. They did change their demographic representation for a time. But the attrition that followed encapsulates the dilemma in the Managing Diversity approach: the changes are difficult to sustain.

In a Leveraging Difference frame, similar dramatic changes in demographic representation can take place—with two differences. First, the *kinds* of differences that are addressed vary; they are not just traditional demographic differences, but can also be skill-based, experiential, and even stylistic differences. Second, the strategically driven changes that take place as a result tend to last longer than the changes evident in organizations with strong Managing Diversity frames. People who are different are entering an environment that has already begun to reshape itself to be accommodating to them.

For example, eight years ago the leadership of the Progressive Graduate School of Education* decided that it was a strategic imperative to hire more faculty of color. They were focused on projections of student body makeup in the coming ten years. Given the increases in people of color in the United States (especially Hispanics) and the school's desire to have a larger global representation in its student body, they established a priority of hiring more faculty of color.

When the first faculty member of color was hired, the dean supported her with appropriate resources and mentoring by other senior faculty. Moreover, when the newly hired faculty member commented that it was untenable for her to remain as the only person of color, school leaders took her reflection seriously. Because they anticipated the turnover among tenured faculty in the coming several years, they decided to seek out faculty of color who could fill two more faculty positions immediately. Two high-quality candidates, both of color, were recruited and hired.

Investing resources in these hires revealed a long-term commitment to change by the school. This was especially true given that the positions were structured to lead to tenure, which meant permanent employment and a stake in the ongoing development of the institution. All of those faculty members remain a part of the school as of the publication of this book, and three more faculty of color have joined since, drawn to the school in part by its visible commitment. Although this institution would not be described as one that fully leverages difference, the visionary steps it took in managing talent positioned it to leverage difference more fully in the future.

Organizational Change

Not surprisingly, sustainable change in an organization is more difficult to achieve under a Managing Diversity approach than it is under Leveraging Difference. In a Managing Diversity frame, change is focused on talent management. Organizations can struggle to sustain changes in representation when recruiting people who have been traditionally excluded. Even when incentives are put in place to bring in these people, there is little incentive to figure out what made the organization inhospitable to them in the first place. More critically, even if there is an emergent motivation to try to change the organization to engage people who are different, there are insufficient resources to do so.

The deeper reason that Managing Diversity organizations struggle with long-term change is that Managing Diversity approaches often are not credible drivers of change to many stakeholders. When diversity-focused changes are not clearly connected to the organization's core strategy, deep change becomes risky. Organizations exist, thrive, and grow based on a careful alignment of organizational mission, leadership, practices, systems, and culture. Prudence dictates that this alignment shouldn't be mucked with capriciously—there has to be a compelling strategic reason to change. For too many stakeholders, Managing Diversity approaches do not provide that compelling reason.

This is precisely why a Leveraging Difference frame can more successfully drive the critical incentive that is needed to sustain difference-based change. Leveraging Difference provides that connection between strategy and diversity. The way the organization looks and acts can change because its stakeholders understand and believe that the change will make the organization better. That understanding instills the commitment and energy required for enduring change and innovation. Driving such change requires creative thinking, careful planning, and a willingness to take risks. When creativity and risk aren't valued, as is often the case in a Managing Diversity world, it's no wonder that sustained change is difficult.

Resistance to Change

No matter which approach an organization adopts, there *will* be change; and with change comes resistance. As virtually all thoughtful leaders and practitioners of change attest, the more you can diminish resistance to change, the more likely it is that new ways of working will take hold.

How resistance manifests also distinguishes the two approaches. In Managing Diversity, the dynamics of defiance are well documented: resentment, passive-aggressive behavior, inertia, confusion, incivility, and claims of reverse discrimination are all indicators that resistance is alive and well.[10] Indeed, real change toward a more diverse and inclusive organization can be so threatening that even proponents of change can fall into unconscious patterns of collusion that stymie the change.

At Worldview Studios, members of the small team staffing the office of diversity were passionate and committed to creating a more diverse and inclusive company. In our interviews, they discussed tactics for making modifications and spoke articulately about the need to "carefully" bring people along, especially those who were "not on board with diversity." But when I observed them engaging with stakeholders, they were subtly confrontational, and at times they would "guilt-trip" members of the senior leadership team into acceding to some of their requests. Those leaders didn't want to push back publicly, but they would drag their feet, even though they had agreed to act. This simply fueled the diversity team's belief that the leaders needed to be pushed to action. This cycle of resistance kept the organization from achieving any substantive diversity goals.[11]

Concentrated, strong opposition to change occurs because Managing Diversity makes it quite clear who's being advocated for and who isn't. Managing Diversity explicitly or implicitly supports people in groups that are historically disaffected and disenfranchised. For example, women, people of color, gays and lesbians, disabled people—all of these individuals—would be supported by Managing Diversity efforts. But men, whites, heterosexuals, and able-bodied people are either excluded or *feel* excluded from the benefits of many Managing Diversity activities. This feeling of exclusion intensifies and reifies resistance. It becomes easier to look around, identify people like oneself, and galvanize against the change (strength in numbers).

Resistance is still present with Leveraging Difference, but it is neither as intense nor as concentrated. More stakeholders are included in both the rationale for and the implementation of the changes. Because the change is strategy-driven and aligned with the organization's purpose, the benefits that will accrue are better understood. Thus people feel more included in the change. This sense of inclusion is especially important if the change effort highlights one difference rather than another, in which case those who don't possess the relevant difference could feel slighted. But research on perceptions of justice and change reveal that people are more accepting of change if there is a credible, good-faith effort to explain the rationale behind it.[12] Leveraging Difference helps provide that rationale. The transparent and inclusive drivers of change make resistance less powerful and acceptance for the long run more likely.

Learning

One outcome that is evident in both approaches is learning. In recent years, thought leaders and practitioners have emphasized the importance of learning in generating any meaningful outcomes when it comes to diversity and difference.[13] But how learning unfolds in the different frames is quite distinctive. Both produce change, but Leveraging Difference better creates the foundation for enduring change.

In Managing Diversity the strongest learning tends to take place for individuals and groups, not the organization as a whole. Diversity activities and initiatives are likely to require individuals to interact based on their differences. As varieties of identity distinctions are discussed, people begin to reflect on dimensions of difference they may not have thought about before, and insights emerge. Misconceptions and fears about engaging "different others" can be confronted. This interaction might happen while two individuals collaborate in doing the work of the organization, or it could happen simply because they both attend a particularly effective diversity training session. Whatever the impetus, this learning experience is often very powerful, sometimes even life altering.

But such learning has its limits. First, the intensity of this learning is often asymmetric: people who are in the majority tend to experience more powerful, eye-opening learning than those who are in the minority, or different. This is so because being in the majority makes it difficult to see and understand the experiences of people who aren't in the majority; majority status creates blind spots.[14] So not everyone is well positioned to experience powerful insights. Second, extending this individual learning beyond the project team or training event has proven to be more difficult under Managing Diversity. People typically emerge from their "learning laboratories" (projects or training) to find that in the larger organization it's business as usual, and the opportunities for sharing knowledge and changing how things work are limited.

Under Leveraging Difference, powerful individual learning happens, but it can happen more broadly and for more people. Since there is a broader menu of differences in play, a Hispanic woman isn't always the "minority person" whose identity and culture are the topic of the difference conversation. In the Leveraging Difference frame, her ethnicity may turn out to be less important than her limited international experience, and she may be in a position to achieve dramatic learning about doing business in Asia. Or a heterosexual senior white male mentor and a younger gay mentee may both teach and learn powerful lessons.

But a Leveraging Difference frame provides another powerful learning opportunity because it positions an organization to take advantage of differences that may emerge in the future as the world changes, accompanied by social and business changes. For example, in the United States national culture differences were much less relevant forty years ago when the economic focus was more heavily on the domestic market. With increasing global competition and opportunity, cultural differences now matter a great deal more. Companies that learned how to capitalize on differences that were relevant in 1970 (for example, gender and race) can now apply some of those lessons as they are confronted with cross-national differences. Put another way, operating under a Leveraging Difference frame helps organizations develop a capability for engaging and using difference to achieve its goals. That capability becomes woven into the fabric of the organization. It can become standard operating procedure.

The Intersection of Managing Diversity and Leveraging Difference

Outlining the distinctions between Managing Diversity and Leveraging Difference creates a natural dualism. It becomes easy to see two distinct approaches and to compare them in an effort to choose the superior one. In fact, I have fostered this dualism in these early chapters as I've attempted to build the argument that a Leveraging Difference approach will generate superior outcomes to a Managing Diversity approach. But while I hold fast to the notion that some elements of Managing Diversity actually hinder efforts to truly realize the power of diversity, Managing Diversity has been useful historically for a reason. It has helped generate a blueprint for one way to work with difference. Some elements of that blueprint will be useful in creating a new Leveraging Difference blueprint.

Throughout the remainder of this book, I will advocate building on Managing Diversity techniques rather than completely discarding them. As we examine the steps leading to Leveraging Difference, it will be apparent that while the two models are distinct, they are not always mutually exclusive. This is one of the many cases in which it would be unwise to throw the baby out with the bathwater.

What Next?

Efforts to create more dynamic, inclusive, and effective organizations are thwarted because too many characteristics of the Managing Diversity approach plague twenty-first-century organizations. Managing Diversity has served as the foundation for creating more diverse and inclusive organizations over the past four decades, but it has become a substantial impediment to the kind of change needed to propel organizations in an increasingly global and complex business environment. Leveraging Difference provides a powerful, globally applicable way to address and sustain diversity and inclusion in the twenty-first century.

The critical question is: how?

Key Takeaways

1. Leveraging Difference is defined as taking action within an organization to use people's differences to help the organization achieve its strategic goals.
2. Leveraging Difference provides a different way of thinking about diversity, one that is necessary in today's increasingly global and complex business environment.
3. Organizational approaches to diversity can be divided into two approaches: the traditional "Managing Diversity" method and what I propose as a "Leveraging Difference" approach. These are the central differences between the two:

Context—Managing Diversity is U.S.-focused, while Leveraging Difference more easily applies to global contexts.

Leadership Orientation—Managing Diversity is problem-focused, whereas Leveraging Difference is opportunity-focused.

Strategic Focus—In Managing Diversity, diversity almost always is an HR/talent issue. In Leveraging Difference, "difference activity" is driven by business strategy and can focus on talent, operations, marketing, and external alliances or partnerships.

Scope of Differences—While Managing Diversity focuses on a limited, traditional set of differences, Leveraging Difference can more easily incorporate a larger set of differences.

Degree of Sustainable Change—Changes tend to last longer under the Leveraging Difference approach because the environment has already begun to reshape itself to accommodate the differences that are now in play. Transparent and inclusive drivers of change make resistance less powerful and acceptance for the long run more likely. Leveraging Difference helps organizations develop a capability for using differences to achieve their goals, something that becomes woven into the fabric of the organization.

4. Managing Diversity is not an incorrect approach. Rather, it is less relevant in a global marketplace. That is why Leveraging Difference can be more powerful in dealing with difference.