

Third Annual Employee Resource Group Leadership Summit

From Employee Resource Groups (ERGs) to Business Resource Groups (BRGs)

CEO Research Scientist, Theresa Welbourne is leading the charge on research into the effect of ERGs in organizations. In July 2014 the third annual Employee Resource Group Leadership Summit, sponsored by DIRECTV, Mattel Inc., and Sony Pictures Entertainment, and in partnership with USC Marshall School of Business' Center for Effective Organizations (CEO) and eePulse provided a forum for networking and shared learning through presentations, panel discussions, and case studies. Over 120 executives from 25 high-ranking U.S. corporations gathered at the Mattel Leadership Development Center in El Segundo, CA. for the summit. Participants heard new ideas and processes used by successful employee resource groups (ERGs), shared their own ERG experiences, and learned from a panel of ERG Executive Sponsors, 2 panels of ERG Leaders, Theresa Welbourne, and CEO's Lacey Leone McLaughlin, Director, Executive Education.

The ERG Leadership Summit was a data-driven event. Participating companies had an opportunity to engage all ERG members in a survey conducted by Dr. Welbourne and her team. This year the survey learning focused on a few key areas of learning: (1) employee energy at work, (2) leadership effectiveness and confidence and (3) ERG impact. The ERG impact model is new for 2014, and it incorporated key areas where ERGs can make an impact to the individual member, to their organization overall and to the external community. Within each stakeholder group, the model also focused on talent management (e.g. recruiting, selection, acculturation), culture (helping build a culture of diversity and inclusion) and corporate vitality (bringing energy and innovation to individuals, the company and community).

ERGs (also referred to as affinity groups) originally represented specific demographic groups but have evolved to focus on many different mutual interests. Research has shown that ERGs can be leveraged for business value and positively affect the bottom line. ERGs themselves are not diverse; people come together because they are alike. In what ways does this coming together in groups add value to the business? How can public organizational support of these ERG groups add value to the bottom line? What proof is there that ERGs are good for business?

The 2014 program's focus was the transformation from ERG's (Employee Resource Groups) to BRG's (Business Resource Groups). The summit explored aligning Employee Resource Groups to the business. The data from CEO's 2013 research found that ERGs are hot spots for driving business. The speakers discussed various ways that organizations can tap into the energy arising from this unique mix of people, talent and interests. The focus of case work was to discover how to align ERG energy with different aspects of the business, and how ERGs can be leveraged to affect employee engagement, leading to higher productivity. Themes addressed by the speakers at this year's summit included identifying which values of the business align with the ERG, making sure the benefit that the employees see in the ERGs holds up during the transition to BRGs, and reinforced the sentiment that leaders need to concentrate first on their own development and then bring others along.

Audra Bohannon (Senior Partner, Korn Ferry) spoke to the group about the power that one ERG leader alone can have to affect ERG members, the business, and the community. She defined employee engagement during her presentation as the emotional connection employees have with the company that influences the extent to which they are willing to demonstrate consistently high levels of commitment and contribution. With an increasingly global and diverse workforce, organizations need to strategize around employee engagement. Data show that engaged employees perform better, and ERGs can drive engagement. To be an effective leader, work must support the requirements of the 21st century workforce. Audra challenged participants with the question, what difference are you making towards creating a culture of diversity and inclusion? She reminded the group to think about why this work is important to them when the day-to-day gets rough.

Dr. Edward Hubbard (President & CEO, Hubbard & Hubbard, Inc.) presented an ERG to BRG transition process and then set the group loose to work on a case study. Ten teams developed great ideas to assist ERGs in successfully transitioning to BRGs.

A prevailing theme from participants was a step process involving: identifying the business goal(s) with which the BRG align(s), creating a strategic plan to addressing the goal, and evaluating the BRGs effect. The key to transitioning from ERGs to BRGs and retaining employee engagement is to make sure the original purpose of the ERG is not lost and that the employees still feel the benefit of the ERG. This dual purpose helps deal with what can be a paradox for many ERG leaders.

Research that Dr. Welbourne shared as part of Ralph de Chabert's presentation (Senior Vice president & Chief Diversity Officer, Brown-Forman) provided context for the Brown-Forman case study. She presented data elaborating upon the differences between ERG members and non-ERG members. The study, conducted in multiple firms, showed that ERG members were more career-focused while non-ERG members felt that their current job was more important. ERG members also have a higher overall energy at work (personal energy level) and are more likely to be "in the zone" (working at an energy exertion level that is highly productive vs. having negative effects).

Theresa used the research to discuss ways in which ERG leaders could keep the conversation going about their ERGs to non-members. Equally, the need for organizations to publically support ERGs was elaborated upon. While ERG members reported thinking that there is more organizational support for ERGs than did their non-ERG cohorts, some non-ERG members had strong and negative feelings about ERGs. A few examples from survey work were shared with the audience. Two such examples were, "Stop making them about ethnic groups. We're in the United States, not the Divided States," and "Honestly, I don't think the resource groups are very beneficial to the company. My feeling is that we are here to work and the more distracted we are with socializing-potential for wasted time rather than getting work done."

Ralph presented the Brown-Forman case study. Brown-Forman is traditionally homogeneous company that made a deliberate effort to create a culture of diversity and inclusion through ERGs and Diversity Councils. What was once a family-controlled company of nearly all white males now has 4,120 global employees. The employee benefits that Brown-Forman experienced and continue to experience from ERGs are a sense of empowerment from expanded skill sets, ability to impact business in new ways, better job performance, and personal and professional development. The benefits to the organization are high commitment, high performance, attracting and engaging a diverse workforce, employees that contribute unique insights into business challenges, and employees that are more effective brand ambassadors.

A panel of ERG Executive Sponsors responded to questions around moving from ERGs to BRGs and the future of ERGs in their organizations. Panel members included Joe Bosch (Executive Vice President & Chief Human Resource Officer, DIRECTV), Fritz Friedman (Senior Vice President, Publicity, Sony Pictures Home Entertainment), and Scott Goodman (Senior Vice President of Global Product Development, Mattel). Joe Bosch advised ERG leaders to use the ERG leadership experience to get a broad organizational perspective and hone delegation skills, and Scott Goodman suggested that ERG leaders set thoughtfully planned weekly meetings with their Executive Sponsor. Fritz Friedman talked about the future of ERGs at Sony (called EBRGs), which have been very successful in the US and are now expanding into foreign territories. They all agreed on the need for ERGs to make the time the employees are spending in ERGs worthwhile because everyone is short on time.

Erby Foster (Director of Diversity & Inclusion, The Clorox Company) Erby proposed the ABCs of ERGs, which are advancement, business connection, and culture. At Clorox, Advancement focuses on access to influential mentors and sponsors, and good relationships with manager and colleagues. Business Connection works off the idea that diversity drives growth and innovation and an increase market share with multicultural consumers. Culture of Inclusion requires an increase cultural fluency and flow of diverse talent into Clorox and advancement and retention of that talent to drive top-line growth. Erby also described the ERG phases at Clorox which are cultural awareness, talent development, trusted advisors, business advocates. Erby emphasized the importance of having the right mix of talent. The diversity of the consumer base is changing and the diversity of talent should reflect the diversity in the marketplace.

Two panels of ERG leaders, featuring ERG leaders from both Mattel and DIRECTV, also discussed the importance of mentors.

Mattel's ERG, Women of Mattel, started a mentoring program that was then adopted Mattel-wide. Another major theme during the panels was the importance of ERGs supporting each other. In fact, the most successful ERG events at Mattel have been events involving multiple ERGs. We also heard from Warner Brothers that they hold ERG events that include ERG members from other companies including Disney, Sony, DIRECTV, and others. ERGs at both DIRECTV and Mattel contribute to the wider community through philanthropy and volunteering.

There were two keynotes at the summit, the first of which was given by Paul Martin (Senior Vice President and Chief Diversity Officer, Sony Pictures Entertainment). Paul, like those on the Executive Panel pointed out that ERG leadership experience is applicable to career leadership development. He illustrated that learning is 70% experience, 20% relationships, and 10% curriculum, so the experience from ERG leadership is a valuable career move. "You are responsible for your own development." He also discusses getting organizational support for an ERG. Leaders need to identify stakeholders, knowing that value will be different for each stakeholder. They should get data, such as surveying attendees after ERG events, to use to quantify ROI for ERGs.

Amy Hanneman (Director of Global Diversity & Inclusion, Hewlett-Packard) gave the second keynote and inspired the participants about ERGs leading social change. ERGs have evolved from race and gender to include many social/cultural interests. ERGs are mini-businesses and their branding is critical. While branding, ERGs need to align with the business but not lose alignment with the individual. Amy explained the three-tiered ERG evolution maturity model. The bottom tier of the pyramid is ERGs as community networks, which are local and inward facing. The middle tier is ERGs as development teams and position employees as part of the bigger picture within the organization. The top tier is ERGs as integrated partners with power in alignment with the business, global and local, and invited to the table. According to Amy, "The focus on the people cannot change...but the ERG must align with the core focus areas of the company, and find that sweet spot where the person and the business are stronger because they work together."

ERGs can work with the business to impact the bottom line. An ERG at Clorox helped the company relate a product to water quality, a cultural issue affecting the Asian marketplace. They focused a Brita pitcher toward Asian Canadians and consumption grew more than 30%. Participants from Nike told the story of their African American employee network making a \$2m profit for the company. They designed a shoe for black history month that was sold only during the month of February. Nike gave the \$2m back to the ERG to donate to a charity of their choice.

Panel members, speakers, and participants offered valuable suggestions on all of the topics at the summit such as ways to have members and management reconfirm commitment to ERGs, how to identify active versus passive members, strategies for creating action plans, measuring and leveraging success, and making participation and leadership roles in ERGs a win/win for employees and the organization. This summit has shown that challenges with connecting ERGs to the business are common from one organization to the next and has proven to be a "trading post" of ideas and solutions. As one participant put it, "Real solutions were offered for the challenges that we're all facing."

Moving forward, ERG leaders need to define who the members are and identify active versus passive members, and find who to tap to take action. It is good practice to reconfirm commitment from your members. Get the message out about the power that one person has to affect change. Businesses are increasingly becoming more diverse and research shows that employees who feel like part of an inclusive community are more engaged and more inclined to stay with the organization. ERGs are the way to create a culture of inclusion. Aligning ERGs to the business will ensure support of the ERGs from the top, ensure the future of the ERG, and create a symbiotic relationship between individual members of the ERG and the business.