




KORN FERRY®

## Perspectives

Truly diversifying a large organization can be a years-long marathon. Here's how Barilla and John Deere are managing the process, from Italy to South America.

# DIVERSITY AND INCLUSION... **FROM SCRATCH**





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### **The problem:**

Companies wanting to ramp up D&I efforts discover it’s much harder than anticipated, especially trying to maintain any momentum.

### **Why it matters:**

Research shows that companies with more diverse leadership and staffing outperform their peers both financially and at attracting talent.

### **The solution:**

Accept that the effort will take years, with buy-in needed at the top and permeating throughout the organization.

Tucked deep in the Rio Grande region of southern Brazil, nearly 750 miles from São Paulo, sits the small city of Horizontina. Many of its 20,000 or so inhabitants speak a German dialect, dating back to immigrants who founded the city less than a century ago, but today it has two claims to fame.

One is that supermodel Gisele Bündchen grew up there. The other is that it is where the first Brazilian machine-powered crop harvester was built in 1965. Indeed, the city’s farming legacy still thrives through its biggest employer, US-based agricultural giant John Deere, which maintains a factory there.

Reaching Deere’s factory there in a remote part of Horizontina’s rural, sweeping plains takes more than six hours via a commercial flight from São Paulo, another flight aboard Deere’s private jet, and a car ride. On the day Cecilia Pinzón, a longtime Korn Ferry principal, arrives, it is sweltering, with temperatures near 100 degrees Fahrenheit. On the two-acre grounds, Deere manufactures combines and planters to serve the company’s growing presence in South America. But Pinzón isn’t there for a tour.

Instead, she’s whisked to a crowded auditorium filled with about 300 factory workers dressed in jeans, T-shirts, and Deere polos. On a big stage

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with the spotlight shining, Pinzón takes the microphone and asks everyone to write down on paper the names of five people they take care of. The exercise is part of a two-hour training session on diversity and inclusion (D&I), and when the results come in, they are precisely what Pinzón expected: Most of the men included themselves among the people they take care of, while nearly all of the women left their names out. At first there is strange, uncomfortable laughter from the audience, but as Pinzón explains how the answers reinforce engrained gender roles and stereotypes, the purpose of the presentation begins to set in.

“For most of the people there, this kind of conversation was totally new,” says Pinzón.

Over the last few years, Pinzón has helped Deere launch a comprehensive D&I program from scratch across its Latin American operations, which consists of 13,000 employees spanning locations in Argentina, Brazil, and Mexico. Not unlike most companies in most industries, Deere is trying to update its company culture for a more global, youthful, and diverse future. The rapid diversification of the population,

globalization of business, fragmentation of markets, increase in attention from social media, digitization, and shifting of CEOs from bottom-line leaders to societal influencers have all contributed to the evolution of how organizations across the world look at D&I.

While organizations have certainly become more sophisticated about D&I, the pace of change is still lagging. Korn Ferry research shows that US boards remain predominantly white, for instance. Data from research firm Catalyst and the Hispanic Association on Corporate Responsibility indicate that women make up 45% of the S&P 500 workforce but only 5.2% of CEO positions, while Black and Latino individuals account for fewer than 4% of executive positions.

Deere’s D&I journey underscores the challenges organizations face. The company’s lineage dates back to 1837, when its eponymous founder invented the steel plow. Deere turned its humble roots in Illinois into a global corporation with just less than \$30 billion in annual revenue and around 60,000 employees in locations ranging from Australia and India to South Africa and Russia and everywhere in between. Despite being 181 years old, the company has only had nine CEOs in its history, including its current one, Samuel Allen. The aggregate tenure of its workforce is 25 years. “Adjusting to the new styles of the more diverse talent they are seeking has been a challenge,” Pinzón says of Deere.

According to Wellington Silverio, Deere’s director of human resources for Latin America, the company first started thinking about D&I a decade ago, but it wasn’t prepared for what it really took to make the cultural change at the time. “Agri-biz is very traditional from a human inclusion perspective,” says Silverio. “So in the beginning we started with a strong focus on education from a cultural point of view.”

The progress has been impressive, with women, for example, filling almost a third of production vacancies during a recent selection process in this male-dominated field. But Pinzón will be back, scheduled to give additional training sessions throughout the region in early fall.





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Changing an entrenched corporate culture, especially one borne from familial roots, is a Herculean task. But it can be done. Just look at Italian pasta maker Barilla.

You won’t find September 24, 2013, among Barilla’s corporate milestones, but the date is an important one in Barilla’s history. On that day, during an Italian radio broadcast, the Barilla family’s oldest brother and chairman of the board, Guido, infamously declared that the company would not show gay families in its advertising. The clip went viral, appearing everywhere from the BBC to Conan O’Brien, and sparked a global boycott of the brand. It also sparked deep soul-searching with Guido and Barilla’s leadership team about the company’s purpose, values, and aspirations.

“To their credit, rather than just addressing the comment as a public relations crisis, leadership realized it had betrayed their own self-image of how they lived their values, and leaned into learning more about where else they may not be as diverse and inclusive as they thought they were,” says Andrés Tapia, a Korn Ferry senior client partner who specializes in D&I strategy and has been part of a team working on Barilla’s efforts for the last few years.

Immediately after the episode, for instance, Barilla created a global diversity and inclusion board and recruited a previous critic, civil rights activist David Mixner, as a director. Other measures undertaken include: creating a chief diversity officer role, starting eight different employee resource groups to provide support for each other and guidance for new business initiatives, and more.

They also hired Korn Ferry to conduct an assessment of its policies and practices, create accountability metrics, develop a company-wide D&I survey to assess improvement opportunities, and design and deliver the mandated in-person D&I awareness training for all of its employees in eight different countries and in four additional smaller offices via a 90-minute webinar.

It might be easy to dismiss Barilla’s efforts as little more than damage control if it weren’t for the data. Women in leadership positions at the company have increased from 28% in 2014 to 35% today. Employees who view their managers as committed

## TALE OF THE TAPE

Barilla and John Deere are in the midst of respective multi-year efforts to integrate diversity and inclusion into every aspect of their organizations. Here are some data points that show how they are measuring progress and how it is being made.

### Barilla:

- The percentage of women in the global talent pipeline is targeted for 50% by 2020, up from 32% in 2014.
- 100% of employees were trained in unconscious bias and the business case for D&I starting in 2014.
- Some 72% of employees strongly agree/agree company leaders are first to promote diversity, up from 65% in 2014, with a target of 85% by 2020.

### John Deere:

- Women filled 30% of production vacancies during the last selection process.
- Women accounted for 50% of internships in some units, creating a pipeline for future hires.
- For International Women's Day, the company produced a Facebook Live broadcast about the role of women in the labor market that generated 118,000 views.

to promoting diversity increased from 66% in 2014 to 72% today. For its efforts, Barilla has been recognized as one of the "Best Places to Work for LGBT Equality" in the last four years and was named "Most Improved Player" for D&I from The Huffington Post, among other awards. Oh, and Barilla's digital video series "While the Water Boils" earned an I&C (Inclusive & Creative) Disruptor's Award from advertising industry trade magazine *Campaign US*.

"It took a few years to make the ground fertile for a change," says Kristen Anderson, Barilla's second-ever chief diversity officer. "We needed to find the right entry points. We knew that if we started out pushing a message that people couldn't relate to, or a local country culture says is nonexistent, we wouldn't get a lot of engagement."

To be sure, Tapia says most early D&I programs were basically designed to right organizational wrongs, such as blatant discriminatory hiring and promotion practices, by focusing on legal compliance. Their notion of promoting diversity was some combination of one-off training seminars, speaker programs, heritage month celebrations, and parade sponsorships (not that there's anything wrong with that, to borrow from *Seinfeld*). But that kind of approach almost always fails to generate sustained engagement.

Barilla's response underscores a new corporate paradigm for D&I. Instead of simply making a formal apology, writing a check to a prominent nonprofit and moving on, organizations are eager to transform their D&I efforts from ephemeral to embedded.

For that to happen, however, D&I efforts must shift from being owned by human resources to being owned by senior leadership. Relegating D&I to solo or small groups of activists ironically results in marginalization and tokenism. "Diversity and inclusion is really about engaging leaders, getting them to believe and model the right behavior so that it trickles down to their direct reports and their direct reports," Tapia says. "The goal, as one client said to me, is to have your CEO be known to everyone in the company as the D&I guy."

With the business case for D&I firmly established, there is too much at stake for organizations not to make it a core competency. In Europe and the

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United States, companies with higher levels of diversity among their executive board members outperformed peers with little executive-board diversity on several financial measures, including return on equity, one study found. The same study showed that companies with gender and/or culturally diverse executive teams were 21% to 35% more likely to outperform the competition. A different study showed that diverse teams made superior decisions up to 87% of the time, twice as fast, and with half the meetings.

For a company like Deere, having a leadership team that promotes—and a workforce that reflects—the global diversity of its consumers is a financial imperative. In its Latin American operations, for example, not only are there vast cultural differences between countries despite their proximity to one another, but farms in the region also have been undergoing a generational change, sometimes passing from fathers to daughters instead of sons. That’s a seismic shift for the male-dominated agri-business industry generally, and in Latin America particularly.

Back at the factory in Horizontina, for instance, in separate four-hour training sessions for about 150 Deere leaders and managers, Pinzón said one of the main challenges they expressed was how to conduct sales presentations for a gender-diverse audience. Put another way, they wanted to be trained on how to make deals with women since many of them never had to before.

Enacting concrete measures to become more diverse and inclusive can not only strengthen Deere financially, but also make it more attractive to new generations of talent that might not ordinarily consider a career in agri-business. “One of our goals is to modernize the company to really be a place young people want to work,” says Silverio.

Indeed, Silverio and his team recently sent a strong message to the whole organization by creating a new position in Latin America for D&I and talent acquisition. Though Deere operates in four global regions—the US, Europe, Asia, and Latin America—this is the first time the company has appointed a manager for D&I and talent acquisition outside of the US in its 181-year history.

## The D&I Marathon: 5 Early Steps

Lots of organizations talk about embedding diversity and inclusion into their cultural DNA. But Korn Ferry's Andrés Tapia says few of them actually know how to do it, or the amount of time it truly takes. Here are our five steps that begin the journey.



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