

EMPLOYEE

RESOURCE

GROUPS

that

DRIVE

BUSINESS



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FROM THE PRESIDENT

With one question, the power of ERGs hit me. It was the height of the recent recession, at a well-attended ERG conference. During a large debriefing session, the conversation turned to ERG budget cuts. I asked the group, "How many of you would do the work you do for your ERG, even without a budget?" Almost everyone's hands went up in the air.

This was the moment when the potential of ERGs really crystallized for me, but I had sensed this vast, relatively underutilized, and underappreciated commitment before. A "Generation Y" friend at a Fortune 50 company recently shared with me that his primary loyalty at work is to his ERG, rather than to the company. He is not alone. Many employees are getting, through ERGs, leadership development and networking opportunities that would not be possible in their jobs. Despite this, today's managers tend to be more concerned with face-to-face time and keeping employees at their desks than they are with encouraging and rewarding participation in ERGs for the business value it brings. This is not only unfortunate, but shortsighted from a business perspective: ERGs present an opportunity for employees to

gain critical skills, contribute unique insights on business objectives, and become part of a sustainable community that inspires loyalty to the company.

ERGs will help counter the increasingly missing connection and sense of significance experienced by employees in today's workplace. My friend and colleague Andres Tapia, chief diversity officer at Hewitt Associates, says the world today is not in fact "flat", but rather "upside-down." Employee isolation in an increasingly virtual, global, chaotic work environment can have real economic consequences. As companies strive to cut costs, economize office space, and take advantage of global efficiencies, additional investment must be made to help ensure that a diversifying employee population feels connected and valued. ERGs allow employees to contribute to business goals and find rewarding career paths.

Of all the factors influencing this conversation, "Generation Y" and its values are demanding the most self-examination by organizations. As companies struggle to adapt outmoded structures and programs to an incoming workforce that is not only younger but also exponentially multicultural, ERGs are of critical importance. Representing the promise of diversity in the new economy, ERGs are best positioned to channel this incoming momentum toward core business alignment. If people are a company's most critical asset, in the coming years, the value proposition of ERGs will become unmistakable.

The companies included in this study are leaders in this shifting dynamic. Cisco's sponsorship of this project demonstrates its commitment to leading this real-time transformation, and supporting the larger community of employers of choice. We are honored to collaborate with such a leader in helping to shape the workplace of the future.

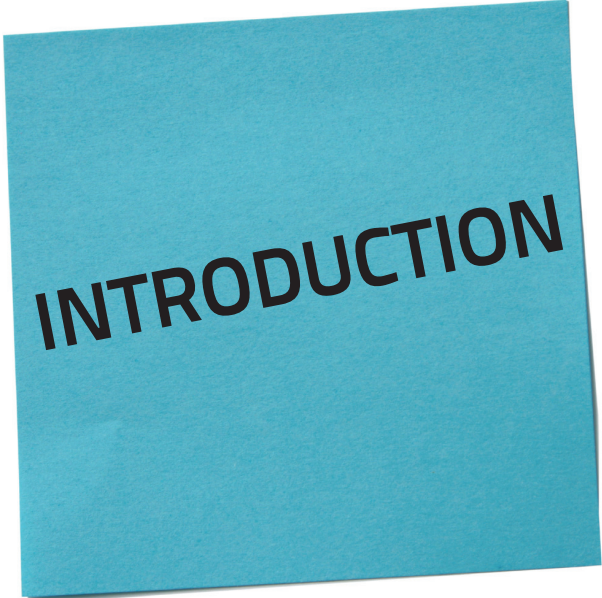
Regards,



Jennifer Brown,
CEO, Jennifer Brown Consulting

“Moving the needle on diversity should begin and end with [Employee Resource Groups]. They create business value, employee engagement, talent development and customer insights.”

— Steve Larson, Team Member Resource Groups Program Manager, Wells Fargo



INTRODUCTION

There has never been a better time for companies to get to know their Employee Resource Groups, or ERGs. Previously thought of as social outlets for race- and gender-based workplace communities, ERGs — just one of many names given to these networks, and the one used throughout this paper — are now indispensable to companies operating in an increasingly global, budget-conscious marketplace.

More and more, we are seeing innovative organizations engage their ERGs. Simultaneously,

ERGs are asking to take part in meaningful business conversations. Cisco, for example, evaluates managers based on their ability to strategically use ERGs. Leaders are charged with rallying a diverse workforce toward common business goals and creating a comfortable environment in which new ideas can flourish. Companies such as Cisco that understand the value of ERGs can potentially reap benefits on multiple levels. In distilling the scores of ways in which ERGs are critical to supporting successful businesses, two overarching areas emerge: talent and innovation.

Today, corporations are having difficulty finding talent. At the same time, they are not taking advantage of available “Generation X” workers, nor are they addressing the fact that minorities are fast becoming the majority. Minority workers, a group that will be mainly comprised of “Generation X” and “Millennial” employees, will shift to the majority, accounting for most of the net growth in the workforce over the next 20 years.

To be successful in the global marketplace, companies must develop genuine talent pools that mirror the business environment of today and the future. Potential employees trust and can relate to ERGs members with whom they share affinities. Company recruiters should be actively looking to their ERGs to help tap into niche talent markets and identify future leaders. Once diverse talent is on board, ERGs can assist in keeping employees engaged. With globalization comes a geographically dispersed, more virtual workplace

from which employees can easily become disconnected. ERGs, which by design are focused on loyalty and affinity, can help build ties and inspire commitment. Companies must involve these groups in order to hold onto their most precious assets, and position themselves to take quick advantage of the next market turn.

Multidisciplinary, global, diverse yet inclusive, ERGs are models for organizations of the future. They are cross-functional by nature, and they have intuitive knowledge about emerging markets, due to their cultural awareness, as well as contacts and credibility with these populations. Cisco is one company that is looking to the future, and has acknowledged the outdated nature of top-down decision-making, as senior management does not have all the answers.

Cisco Chief Executive Officer (CEO) John Chambers has recently been speaking about a new concept called the Dynamic Networked Organization (DNO). DNOs are collaborative organizations built on a culture of shared goals that deliver both innovation and operational excellence to capture maximum value from market transitions. One of

the primary examples of how Cisco is becoming a DNO is their Boards and Councils. These cross-functional groups are brought together to push decision-making down within the organization, supporting efficient, multiperspective thinking from parties that traditionally have not been involved on this level.

Chambers told Fast Company, "The Boards and Councils have been able to innovate with tremendous speed. Fifteen minutes and one week to get a [business] plan that used to take six months."

ERGs already resemble these Boards and Councils, as they are cross-functional and organized around affinity and functional diversity, rather than traditional hierarchy. As a result, they are further influencing Cisco's evolution to a DNO. Innovation in a global marketplace requires businesses to make decisions and adapt to change faster than ever before. By empowering ERGs, companies can act quickly and nimbly, and shorten their important business cycles.

ERGs must demonstrate their value proposition so that they can be taken out of silos and embedded throughout the organization. Companies must look at their old ways of doing business and take advantage of missed opportunities. **It is only through honest self-reflection and commitment to change that organizations will be able to access the untapped innovation that already lies within.**

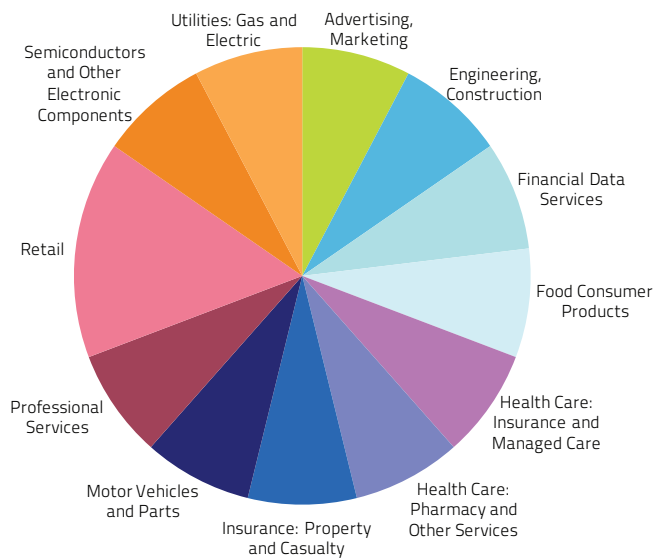
ABOUT THE ANALYSIS

Jennifer Brown Consulting (JBC), a strategic workplace consulting firm, has partnered with Cisco to help move its ERGs toward greater business alignment.

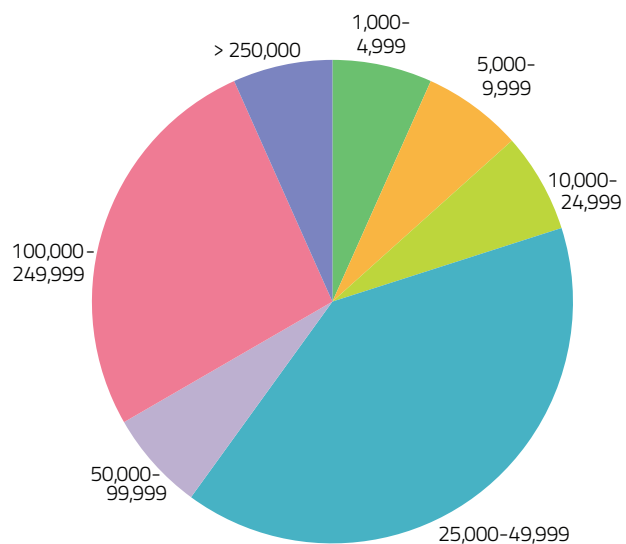
JBC and Cisco co-developed a Progression Model to allow individual ERGs to assess their activities along a unique continuum developed specifically for their organization. To help inform this work, Cisco asked JBC to conduct a first-in-kind benchmarking analysis, compiling best practices for positioning and maximizing ERGs.

The focus of ERGs can vary greatly among organizations, and often, even within a single organization. To capture some best practices, JBC conducted one-on-one interviews with individuals who had oversight of or connection to their company's ERGs (see page 3 for a complete list of participating companies).

Industry Composition



Company Size (Number of Employees)



ERGs profiled in the case studies include the following:

- Hispanic/Latino
- Lesbian, Gay, Bisexual, Transgender (LGBT)
- Disabilities
- Veterans and Military Personnel
- African American
- Women
- Middle East and North Africa
- Asia and Asia Pacific
- Indian
- Generational

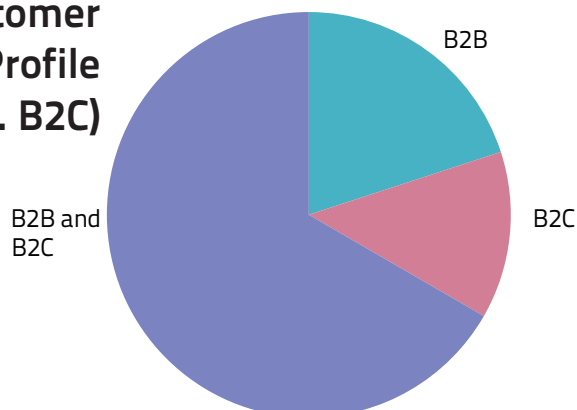
Participants shared details about their ERGs, including structure and specific activities, as well as examples of how ERGs have successfully affected the business.

The analysis specifically addresses how companies successfully integrate business-aligned practices into the growth of their ERGs. It explores targeted initiatives, processes, partnerships, competencies, growth metrics, and future plans that companies have established for their ERGs.

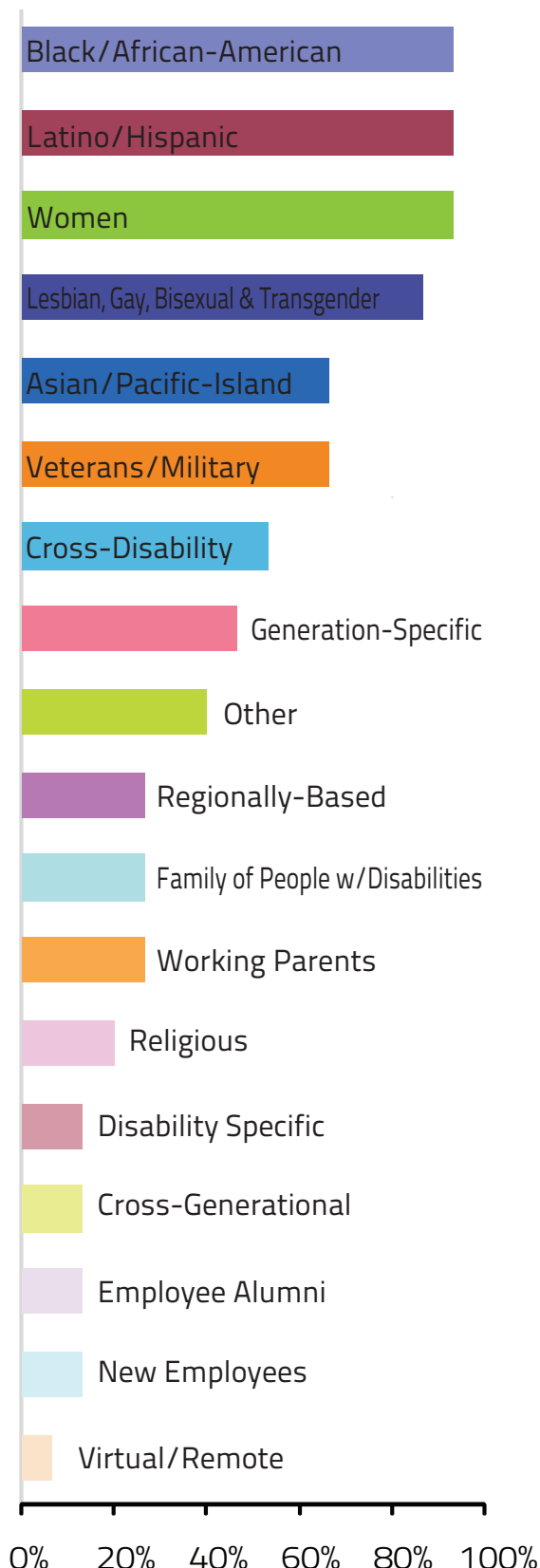
JBC interviewed 22 companies of various sizes, across industries, whose markets include Business-to-Business (B2B), Business-to-Consumer (B2C), or a combination of both. In addition to one-on-one interviews, the companies completed a survey to provide basic information about their ERGs. Interviews were performed with chief diversity officers, human resources leaders, diversity managers, ERG leads, and business partners. Participant organizations ranged from those with well-established metrics procedures for ERGs to those that are just beginning to discuss the topic of measurement. Companies were guaranteed anonymity when requested.

The goal of this analysis was to highlight the ways in which various ERGs worldwide and across industries are supporting business. They are examples that other ERGs and companies could potentially replicate. The final section contains a comprehensive list of best practices gathered during our interviews and research.

Customer Profile (B2B vs. B2C)



ERGs of Participant Companies





What are **ERGs?**

“As our company is becoming more global, we are realizing that [Employee Resource Groups] can help the business grow globally and expand our customer base.”

— Terilyn Monroe, Director, Global Employee Engagement & HR Communications, Intuit

Employee Resource Groups are comprised of several subsets:

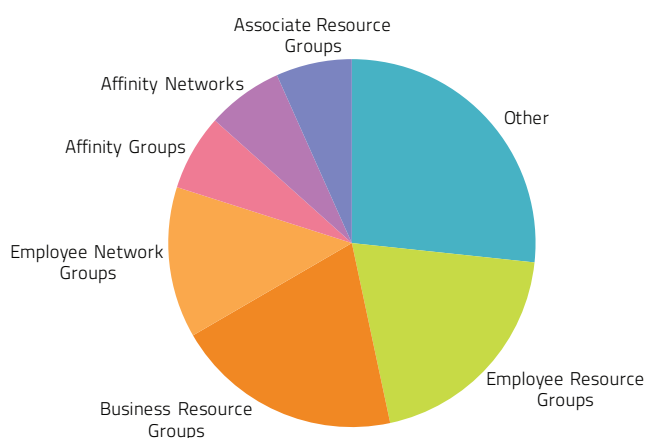
- Employees from traditionally underrepresented groups,
- Allies who support these groups,
- People who share a common purpose, interest, or background.

In the last few decades, as diversity has become more prevalent in the work force, ERGs have multiplied, along with the names associated with these groups. Other common labels for ERGs include Affinity Groups (AGs), Employee Network Groups (ENGs), and Business Resource Groups (BRGs). At the 22 participating companies, 20 percent of networks are referred to as ERGs, 20 percent as BRGs, 13 percent as ENGs, and 7 percent as AGs.*

The names of a company's ERGs are often deliberate, tied to the purpose and motivations of the groups. Even a decade ago, the label Employee Resource Group, or ERG, was rare. Only recently has ERG emerged as a common term. The Affinity Group (AG) label was the previous norm, when many of the groups were organized around traditional minority workplace groups such as women, African Americans, and Hispanics. AGs were primarily used for social and networking opportunities, and served as a support system and social outlet for their members.

* For consistency, the term ERG is used throughout this analysis.

ERG References



The ERG value proposition has shifted slowly but steadily over the last decade. ERGs have evolved from being event-driven, internally-focused groups to serving as critical strategic partners for various business units throughout an organization. To that end, many companies that participated in this analysis have moved or intend to move away from the AG title and toward ERG and BRG. At certain companies, separate networks that focus solely on business objectives have been created in addition to the legacy AGs. Some ERGs receive financial support once they demonstrate they are achieving business-related goals. In some cases, company sponsorship and funding is tied to transitioning from an AG to an ERG or BRG.

One participant, a consumer packaged goods company that chose to remain anonymous, acknowledged that its ERG metrics have always been qualitative in nature. However, the company

is doing what it can to enforce structured measurement tools. ERGs are required to follow a strict business-plan framework that includes objective, goals, strategies, initiatives, and metrics (OGSIM). Each ERG is tracked and monitored against its own self-determined objectives. Funding of ERGs is tied to complying with the reporting requirements.

Now, more than ever, ERGs are being asked to make the case for how their efforts affect company profitability. Some have tried to do this

by becoming a strategic resource: Members, for example, can help ensure that the language, tone, and visuals used in company marketing materials is valid for target audiences. They bring invaluable cultural competency to any organization that is marketing to an increasingly diverse customer base.

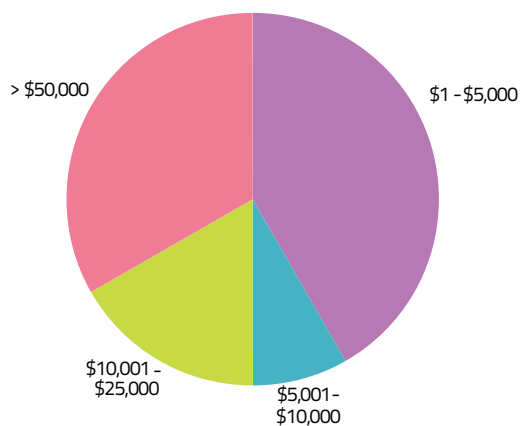
However, many ERGs are still thought of primarily as networking groups for specific races, genders, or affinities, rather than potential contributors to revenue generation. Innovative companies are taking the initiative to use their ERGs, while strategic ERGs are asserting themselves more and more. These companies and their ERGs will play a critical role in establishing a new, groundbreaking business model that will not only help enable the rapid identification and development of emerging talent, but also offer a valuable channel for new market opportunities and adjacencies.

The untapped potential of these groups is the real story behind how diversity management has become a crucial asset to corporations. ERGs are contributing to diversity recruitment, retention, leadership, and professional development, as well as to reaching diverse customers, clients, suppliers, and communities. Commitment to diversity is not just the right thing to do. It has become a business imperative. ERGs will lead the way in next-generation business.

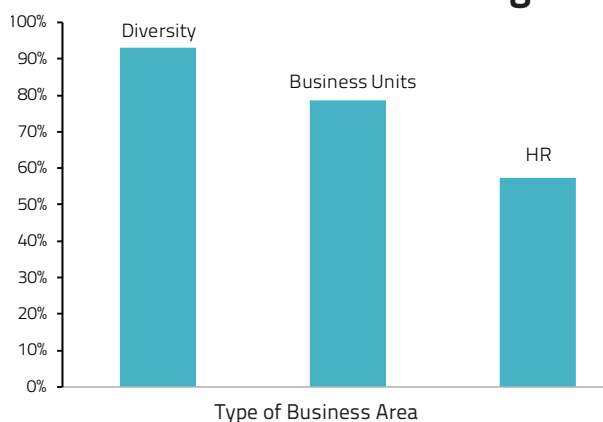
What Does Business Impact Mean?

Over time, ERGs have evolved from grassroots networking efforts into formalized business assets that affect workplace, workforce, and

Annual ERG Funding

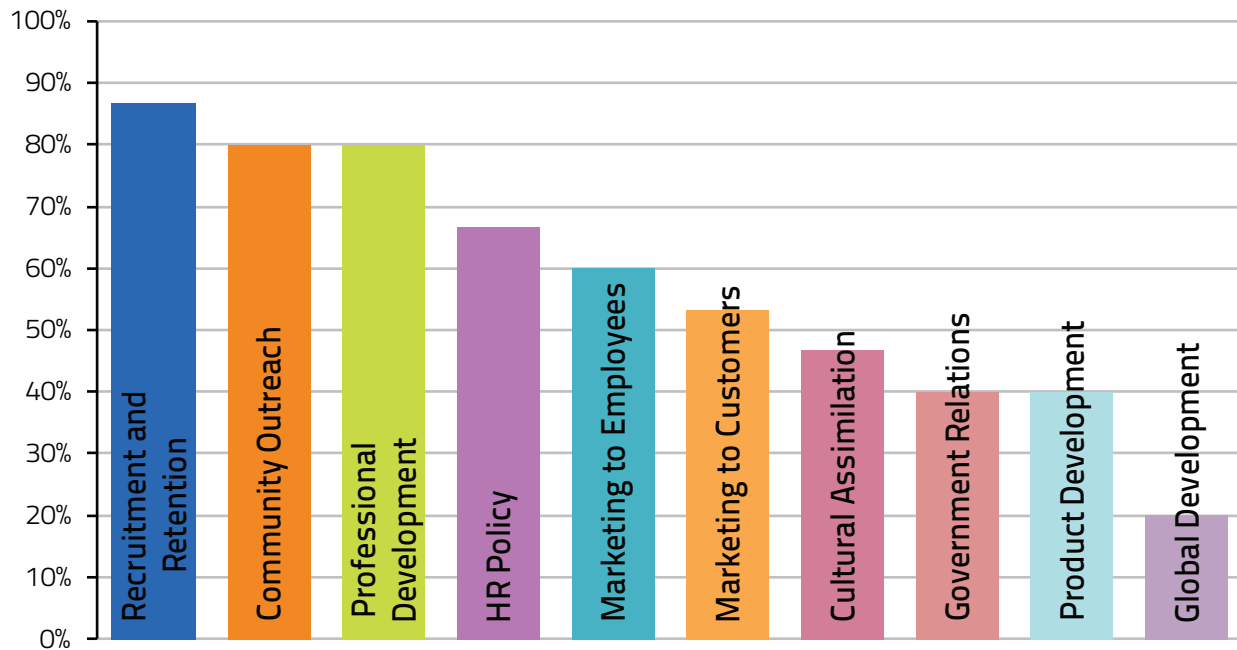


Sources of ERG Funding



The untapped potential of these groups is the real story behind how diversity management has become a crucial asset to corporations.

Business Impact Areas



marketplace results. The specific focus of ERGs may vary from company to company, but there are some common areas where ERGs tend to direct their efforts. This analysis examines the effects of ERGs on the following business areas:

- Product Development
- Marketing to External Customers
- Marketing to Employees as Customers
- Government Relations and Policies
- Human Resources Policies and Benefits
- Recruitment and Retention
- Professional Development
- Global Development
- Community Outreach
- Cultural Assimilation
- Supplier Diversity



2

Case Studies

"Cisco's Employee Resource Groups provide a framework to help employees identify ways to better leverage the talent and connections within their organizations. We then challenge them to use those connections to drive innovation and business opportunities."

— Jacqueline Munson, Senior Manager, Cisco

PRODUCT DEVELOPMENT

CISCO EMERGING TECHNOLOGIES COLLABORATION AND INNOVATION

The Cisco Emerging Technology Group (ETG) works to identify the next billion dollar businesses for the company. Earl Valencia is a Business Development Manager in the small and fast-moving Emerging Technologies Group. Earl and his team believed they could enlist the help of the 12 Cisco Employee Resource Groups (ERGs) to discover the next big idea for the company. ERGs would bring diverse cultural, geographical, and functional perspectives that would enhance the innovation process.

Coincidentally, the Business Development leads from the Cisco iCON (Indians Connecting People) ERG had approached the ETG about establishing a partnership to work together to encourage product innovation. ETG and iCON moved forward with their partnership.

After Guido Jouret, Vice President and Chief Technical Officer (CTO) of ETG, agreed to be the executive sponsor of the new initiative, ETG and iCON expanded the opportunity to the remaining Cisco ERGs, with the goal of working collaboratively to promote innovation. ERG innovation team members were identified from the various ERGs, and the collaboration officially began in March, 2010.

This collaboration with ETG and ERG innovation members was guided by the belief that the best or most innovative ideas are derived from a large group of diverse contributors, rather than one

single expert. One place to start was by revisiting the Cisco collaborative platform, Cisco I-Zone. This platform was designed to help enable the entire company to brainstorm on ideas for new businesses, and submit these ideas for evaluation by an expert team. It would allow ETG to benefit from ideas from anywhere across Cisco, using global collaboration to identify and promote new growth markets.

ETG was interested in reinventing I-Zone by incorporating the most relevant tools, processes, and incentives. They began working with the ERG innovation team to survey and solicit feedback from employees, to understand what motivates and incites people to participate in innovation in general. Survey data was collected from over 500 Cisco employees worldwide, helping ETG understand behavior and adjust the related innovation structure and process, including incentives. This encouraged traffic and participation in I-Zone, and ultimately helped identify the next big idea.

As Cisco continues to grow, there is a consistent need to focus on new creative ways to innovate and build business. Cisco is leading what the future will look like regarding technology. Every day, Cisco needs to focus on evolving customer segments and markets, consumer and customer needs, and product requirements.

Identifying the next big idea within Cisco is best done with support from a diverse set of employees who are both knowledgeable about Cisco products and markets, and can provide value-add perspectives. Cisco ETG continues to engage with the ERGs as a collective group, and integrate them into innovation strategies. While the goals of the ERG and the individual ERGs may each be different, on the whole, all have similar aspirations of supporting business alignment and business impact, which is part of what they are measured on by Cisco management.

The process of innovation continues, even for the individual ERGs. Right now, iCON is working to identify other internal and external ways to capture diversity of thought and help support product development and innovation at Cisco. Other ideas that have been proposed include “Idea Storms” with ERG members, business case competitions at local universities, and tapping into the diverse networks within the ERG communities to uncover potential external innovation partners.

By using the diverse and entrepreneurial resources of Cisco, ETG will continue to create product innovations that will help encourage Cisco long-term growth. ERGs will be instrumental partners in this process.

ERG MARKET RESEARCH AND PRODUCT DESIGN

Today, after a decade of diversity programming, the Ford Motor Company has 11 ERGs that are responsible for improving career development and the company’s position in the marketplace.

“It can be difficult for ERGs to make a difference within a large company,” says Ford’s Global Manager of the Office of Diversity and Inclusion, Alison Trawick. “At Ford, we point to ERG product development and marketing efforts that are noticeable, measureable, and directly impact the bottom line.”

Over the last 10 years, Ford’s ERGs have helped sell vehicles through the company’s Friends and Neighbors program. ERG members have assisted with the development and execution of marketing campaigns to diverse customers. Ride and Drives are a popular venue where ERGs solicit customer feedback about products, which they then report back to Ford engineers and designers. There is tremendous value in securing customer preferences about Ford’s vehicles directly from the diverse markets that the company is hoping to serve, and there is no company asset better equipped to perform this task than their ERGs. Ford’s Asian, Indian, Chinese, Hispanic, and

African-American ERGs have taken advantage of these opportunities to encourage sales. They play a critical role in building customer intimacy and maintaining a strong corporate brand reputation.

Recently, Ford’s ERGs have been moving even deeper into product development efforts. For example, the mobility motoring division has partnered with the Ford Employees Dealing with Disabilities (FEDA) network. FEDA members provide Ford design and development engineers with valuable insights about the needs of people with disabilities. The value of this process accrues to Ford beyond just amassing market insights. As ERGs learn to communicate their value more broadly, diverse communities will make buying decisions accordingly.

PRODUCT RECONDITIONING

Cummins values diversity at every level of the organization. The company’s strategy for ERGs is both horizontal and vertical, aligning the groups according to affinities, businesses, and sites. Cummins achieves this by aligning ERGs with the Local Diversity Councils (LDCs) for each business. The company employs a diversity business model to help ensure that the strategy is consistently executed across various ERGs and regions. As a matter of process, the LDCs look to the ERGs to gain insights on important business decisions.

This approach often yields unexpected and positive results. Recently, when the company was in search of new business opportunities in Mexico, a business unit partnered with an LCD and Cummins’ Hispanic ERG. After the combined group brainstormed product ideas, the business unit decided to recondition control modules. Previously, control modules were destroyed and thrown away. Now, they had come up with a way to open, reseal and resell them, greatly improving sustainability and benefiting profitability. The collaborative effort generated an additional revenue stream of more than US\$2 million.

MARKETING TO EXTERNAL CUSTOMERS

ASIAN NETWORK CULTIVATES CRITICAL RELATIONSHIPS

The Cisco Asian Affinity Network (AAN) supports the company's goals for employee empowerment. A visit to Silicon Valley by Vincent Lo, Founder and Chairman of the Shui On Group, the largest publicly-traded real estate company in China, presented an excellent opportunity for the CAAN to use its relationships and skills to cultivate business opportunities.

Lo, number 19 on the Forbes 2010 Hong Kong's Richest List, is developing a knowledge and innovation community in Shanghai's Yangpu district. He envisions the community as one that blends work, living, recreation, and culture, in hopes of inspiring creativity. Lo's vision resonated with the Cisco mission to "change the way we work, live, play, and learn."

Cisco AAN approached Gary Moore, Senior Vice President and Co-Leader of Cisco Services, about sponsoring a business development event. Moore readily agreed, seeing it as a great opportunity to support Cisco diversity objectives and highlight the company's technology.

"This event allowed us to create an even stronger relationship with one of the foremost business leaders in China," says Moore. "It facilitated a dialogue that gave us an understanding of what success looks like to Vincent and his organization. It also gave Lo insight into the strategic value of a partnership with Cisco, to help achieve his vision quickly, seamlessly and effectively."

In most Asian cultures, relationships come before business. Cisco AAN played an instrumental role in cultivating relationships and fostering an environment of networking among important business leaders. The ERG partnered with the Asia America Multi-Technology Association (AAMA) to co-sponsor the event, which yielded impressive attendance from leaders of Cisco and Shui On Group, as well as local city officials and AAMA executives from major corporations. The event, which helped position Cisco as a thought leader with broad business capabilities, is expected to create future dialogue between the Cisco Greater China team and the Shui On Group about Cisco technology.

The event also helped strengthen the relationship between Cisco AAN and AAMA. The groups have since discussed making AAMA's mentorship program available to Cisco employees, and the possibility of sharing career development and apprenticeship resources. They also have begun meeting regularly to identify additional synergies. Cisco AAN plans to continue using the success of this event to encourage additional activities that bring in new business opportunities or spawn innovations to support Cisco growth.

QUINCEANERA GIFT CARD

Responding to the multicultural marketing team's call for help in reaching the Hispanic market, Macy's Hispanic ERG developed an electronic gift card specifically designed for this audience. The group also created a system for tracking Return on Investment (ROI) in its efforts to reach this rapidly growing marketplace.

Macy's offers a vast assortment of electronic gift cards for different occasions. The Hispanic

ERG focused on creating a specialty card for Quinceañera, a hallmark celebration in the Hispanic community of a girl's 15th birthday. The ERG worked with Macy's multicultural marketing team to design the card and create Quinceañera materials to educate store managers and associates. They determined the highest Hispanic-populated stores and focused efforts there. In the first year, the Quinceañera gift card was introduced in 38 stores and contributed over US\$250,000 in sales.

The Quinceañera electronic gift card was very successful, but Macy's is already analyzing the effort to make improvements. In the region where the Quinceañera project was initiated, the multicultural marketing team happened to have many members who were also part of the Hispanic ERG. This proved to be helpful, as the majority of people involved were personally invested in the diverse community they were trying to reach. In future similar efforts, Macy's will not rely solely on the gift cards.

The company plans to establish a comprehensive Quinceañera marketing campaign that targets external Hispanic customers (as opposed to relying on passive marketing efforts directed at retail store employees). In addition, Macy's Hispanic ERG is part of a working committee that looks at ongoing efforts to reach Hispanic customers.

GLBT MARKETING COUNCIL LEADS TO OTHERS

Founded in 1993, The Employee Association of Gay Men, Lesbians, Bisexuals & Transgenders (EAGLES) was one of Prudential's first ERGs. In 2008, it established the GLBT Marketing Council to partner with the company's marketers who were already engaged in creating GLBT marketing materials. EAGLES added value by creating a forum for coordinating marketing efforts across businesses that typically marketed independently. EAGLES proactively identified a need for a more consistent strategy across all markets, and initiated a collaboration to develop consistent communications.

The GLBT Marketing Council laid the ground work for uniting marketers across all Prudential businesses and the launch of the company's first Multicultural Marketing Symposium in 2010, which ERG members served as participants and organizers. It also led to the formation of a Multicultural Marketing Committee of the Company's new Marketing Council.

The newly formed Multicultural Marketing committee is an integral part of the company's forward looking business strategy, giving ERGs more input into marketing. This holistic strategy counteracts siloing and promises to provide successful business outcomes.

MARKETING TO EMPLOYEES AS CUSTOMERS

GROWING AN INTERNAL CUSTOMER BASE

When Nationwide's ERGs launched in 2008, they had tightly structured processes, policies, and procedures that were tied to the company's overall diversity strategy and business objectives. In the ERG formation stage, Nationwide asked the right questions. What will the employee networks be? How will they connect to the business? As a result, within a few short years, ERGs are already promoting business internally at Nationwide.

"Everyone knows about [ERGs], that they are

available and create strategic objectives," says William Edmonds, Internal Relationship Lead of the Office of Diversity and Inclusion. "They also know what they should be used for and not used for."

Nationwide quickly organizes its ERGs around business objectives. The company's ERGs have achieved great success through "Buy Nationwide," a program specifically designed to convert employees into customers. Nationwide has nearly 32,000 employees. ERG membership, which is close to 10 percent of the entire Nationwide population, has had a huge impact on internal customer conversion. "Buy Nationwide" is also an employee retention tool, as it bolsters morale and educates the workforce on the company's products and services. While "Buy Nationwide" now reaches far beyond the ERGs, the groups have a significant impact on growing the number of internal customers and thereby impacting the company's bottom line.

"Everyone knows about [ERGs], that they are available and create strategic objectives. They also know what they should be used for and not used for."

— William Edmonds, Internal Relationship Lead of the Office of Diversity and Inclusion

GOVERNMENT RELATIONS AND POLICY

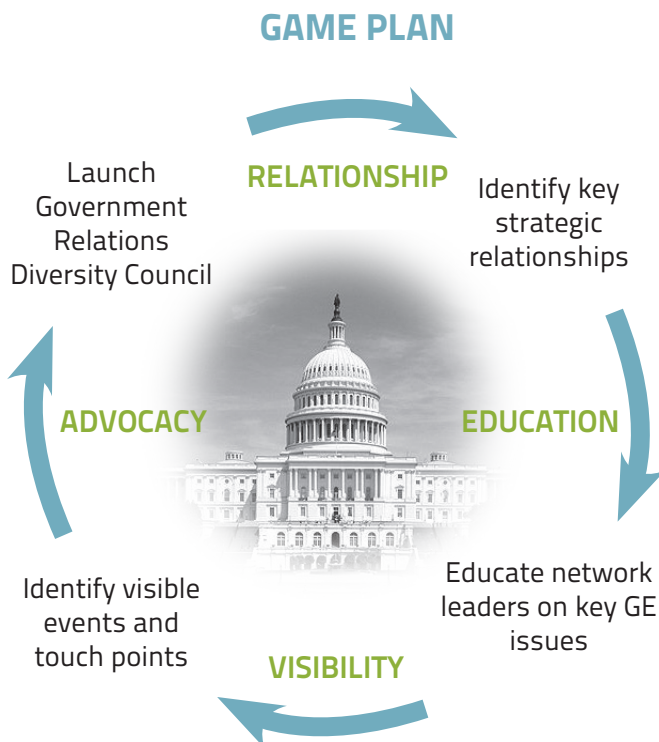
INFLUENCE ON CONGRESS

GE's Affinity Networks are rooted in business objectives, one of which is "Government as Customer." Following the 2008 election of President Obama, many federal committees were restructured, and caucus representatives changed. Therefore, GE needed to rebuild its relationships with government legislators and

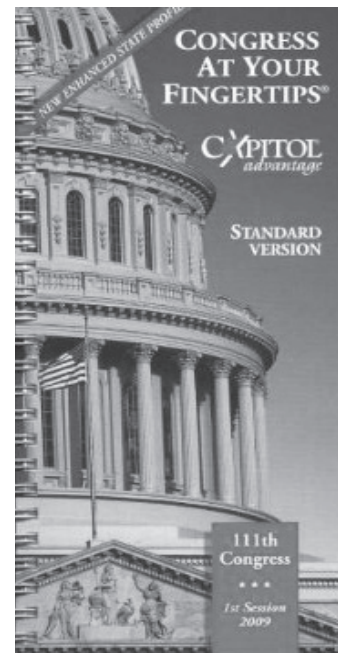
reposition the company as a business partner. ERGs contributed greatly to this effort. GE's Hispanic and African American networks built government ties by hosting congressional leaders at GE sites, speaking at events, and participating in initiatives such as the National Census.

GE's Chief Diversity Officer, Deborah Elam, says, "I can't imagine GE without Affinity Networks." Indeed, GE's ERGs have clearly affected company revenue and employee retention through their government relations efforts. For this reason, GE has invested in educating its ERG leaders and members on

General Electric: Leveraging Diversity in Government



RESOURCE



Congress, caucuses, and committees.

The company's ERGs played a major role when the Pentagon sought to cut funding on GE's F136 engine, a joint project with Rolls-Royce. This could have been devastating, as the F136 engine was projected to generate US\$465 million in revenue for GE. Congressional lobbying efforts by ERG members and other GE employees contributed greatly to keeping the F136 program alive.

These efforts were tracked and measured. GE leadership collected data on the number of employees that contacted the government and got involved in lobbying efforts. When ERGs mobilized their members, the number of communications and actions increase five-fold. Over 7,000 Facebook fans supported the GE Rolls-Royce team, and thousands of letters were sent to Congress through the company's website.

Ultimately, the government accepted a new GE Rolls-Royce proposal that will save the federal government US\$1 billion over the next five years.

AFFECTING FEDERAL LEGISLATION

The workplace has always been ahead of government when it comes to equality for LGBT employees, making corporations a powerful force in influencing legislation for these issues. Now, with an influx of "Generation Y" employees who are demanding increased transparency from their employers, companies must do more than just talk about inclusiveness.

Knowing this, Intuit's Pride Network made sure that the company supported important non-discrimination legislation, the Employment Non-Discrimination Act. This proposed U.S. legislation would prohibit discrimination against employees on the basis of sexual orientation or gender identity. At the urging of the Pride Network, Intuit corporate affairs got involved in backing the legislation.

More employers, like Intuit, are beginning to understand that discrimination against LGBT employees will ultimately hurt their ability to compete in the global marketplace. Largely thanks to the efforts of the company's LGBT ERG, Intuit is reinforcing its position as an employer of choice that values diverse talent.

"I can't imagine GE without Affinity Networks."

— Deborah Elam, GE's Chief Diversity Officer



HUMAN RESOURCES

CREATING A SAFE SPACE

Progressive HR policies and benefits are critical to retention and engagement, and to harnessing the potential of all employees. Invisible affinities such as LGBT, some disabilities, and others have proved difficult to advocate for, as gathering data requires self-identification, which many employees are not comfortable offering.

Wellpoint's LGBT group, Associate Network for Gay and Lesbian Equality (ANGLE), has been proactive in supporting LGBT and gender-transitioning employees. The group was

instrumental in adding gender and identity to the company's EEO statement, and in developing and launching gender-transition guidelines and training. They also actively sought self-identification statistics, creating opportunities for volunteers to identify themselves as LGBT or LGBT allies, by posting a magnet on their cube or office. Capturing this data can ultimately influence Wellpoint's perception of how sizeable this particular community may be.

As a result of ANGLE's efforts, Wellpoint is updating its employee benefit package to support those undergoing gender transition. By 2012, Wellpoint will offer benefits for gender-transition surgery. ANGLE has also conceptualized a Safe Space program to support all of its efforts and is working with Wellpoint HR to configure the program. ANGLE members will act as education and training consultants to HR and to employees.

As a result of ANGLE's efforts, Wellpoint is updating its employee benefit package to support those undergoing gender transition.

RECRUITMENT AND RETENTION

FOSTERING A FEMALE LEADERSHIP PIPELINE

Although Colgate-Palmolive generates US\$15 billion in sales annually, approximately 75-80 percent of these sales come from outside the United States. With such a global revenue base, recruitment and retention of premium talent from around the world is critical to Colgate's success. Eugene Kelly, Worldwide Director of Global Workplace Initiatives, is charged with finding ways to "export diversity and inclusion initiatives across the globe." Finding similarities across diverse cultures is not always easy, but a common denominator is often gender.

"Colgate knows that women will represent more than 50 percent of the global workforce in the future," says Kelly. "If we took a snapshot now and then later, representation at senior levels would be impacted noticeably. We need tremendously effective leaders because they are critical to growth as a company. If Colgate is not able to [solve the challenge of attracting qualified female leaders], then we are not going to have enough talented people to run our businesses. We need to look at development of women at lower and mid-levels so we can export talent around the world."

The company is now relying on its Women's Network to help recruit and retain female leaders around the globe. This ERG is working to help ensure that female representation significantly increases. One way they are doing this is by

building a portal that can be accessed by any member around the world. Women can log on and share a variety of information and resources, from the simple to the complex.

The results from the project have been phenomenal. In the last year alone, 20 new Women's ERG chapters were launched. There is even a Women's Network in Pakistan, a location that culturally presents many obstacles for women.

DISABILITIES RECRUITMENT

About three years ago, Prudential's Abled and Disabled Associates Partnering Together (ADAPT) ERG began creating more opportunities for employees with disabilities. One of the main areas of focus has been developing a structure so that individual business lines can hire students and adults with disabilities for the summer who might transition into full-time positions. There were many internal challenges related to launching this program, but ADAPT aggressively sought solutions. To successfully recruit and retain ADAPT program participants, the group had to make sure that hiring managers were prepared and felt supported. ADAPT established a core sourcing team, comprised of ADAPT volunteers and members from the Prudential recruiting team, and built a network of recruitment sources. The final step was convincing the summer hires of Prudential's ability to include them in a way that would support their professional goals.

There is still a lot of work to be done for the program to reach scale. The company is actively measuring impact and ROI on the program, looking at expansion of business segments as a result of ADAPT's efforts.

"Our BRGs are trying to grow, and grow and support a culture of inclusion, at a company

that already has a tremendous commitment to diversity,” says Gloria McDonald, Director of Diversity at Prudential.

AFRICAN RECRUITMENT COLLABORATION

Cummins believes there is wealth in diversity, and seeks to attract and retain people of various backgrounds. The company’s policy is to fill vacancies internally before seeking external candidates. Following a recent expansion, Cummins needed to recruit for positions in Africa. A subset of the company’s African American Affinity Groups researched and analyzed demographics in Africa to determine how to best secure local talent. The Affinity Group also worked with African employees and with HR to help develop recruitment efforts in the various countries where Cummins has a presence.

MEASURING LGBT ROI EFFORTS

Deloitte’s Gay, Lesbian, Bisexual, Transgender Employees (GLOBE) ERG is evolving from a social network into a resource group. One way it is doing this is through analyzing its own ROI metrics, identifying what can be tracked immediately and setting goals for what should be monitored in the

future. This effort will help Deloitte determine whether LGBT events positively contribute to talent recruitment. More broadly, a formal ROI measurement tool could elevate the overall value proposition of ERGs and diversity within Deloitte.

GLOBE’s initial efforts to develop this ROI tool were thwarted by limited time and resources, and challenging geographies. Unwilling to give up, Deloitte recently partnered with the other Big Four accounting firms to create the Professional Services Alliance on Solutions. The partnership focuses on deriving best practices and services, and has been working on an ROI dashboard tool. Eventually, the technology will be rolled out to all of Deloitte’s GLOBE chapters.

Members of GLOBE created a survey for Deloitte partners and directors that asked how much of their business was linked to an LGBT relationship. The survey results identified close to US\$10 million in sales. Despite this clear example of the group’s effect on business results, GLOBE had no formal way of tracking its impact (aside from ad hoc surveys like the one given to executives). An ROI dashboard could, for example, track the number of attendees at LGBT Deloitte recruiting events, as well as the number of interviews that resulted from the event, how many other company events the candidate attended, and then how many offers were generated to event participants.



PROFESSIONAL DEVELOPMENT

CEO RECOGNITION

Historically at Cisco, ERG leaders who have had noteworthy success have been invited to meet with CEO John Chambers. These meetings have been held using Cisco TelePresence technology to support global recognition without travel.

The ERG leaders appreciate this opportunity to be recognized by the CEO. It creates awareness in the ERG community and the organization where the employee belongs. These meetings are a professional development opportunity that enhances the value proposition of ERG leadership. This, in turn, increases the pool of employees interested in taking on these roles.

ERGs are a proving ground for emerging leaders, providing ample opportunities to stretch beyond core competencies and take on roles and responsibilities that might not normally be afforded. Many companies are capitalizing on this by using ERG leadership positions to provide training on the skills that are necessary in senior roles.

Emerging leaders are anxious to take advantage of these opportunities, as they provide exposure to senior leaders that otherwise would not be possible.

LEADERSHIP STRETCH ASSIGNMENTS

Wells Fargo has a unique ERG leadership structure. The network leadership role at the company is defined as a “stretch assignment,” meaning it demands a high level of motivation and skill, often exceeding what is required in a standard functional role.

ERG business initiatives require an intense level of project management, collaboration, and leadership, all of which present important executive development opportunities. Wells Fargo picks leaders through a talent identification process. These high-potential employees are encouraged to take on the stretch assignments. The goal is to secure the best talent and develop a diverse leadership pipeline.

DEDICATED LEARNING LAB

“Our [ERG] leadership opportunities provide a safe learning laboratory where employees can practice leadership skills,” says Gloria McDonald, Director of Diversity at Prudential.

Prudential sees ERGs as a vital resource for filling its leadership pipeline. The company offers a dedicated place for ERG members to try out emerging competencies. Prudential allows employees to take on leadership roles within ERGs and enables risk-taking that is critical for developing new competencies that are eventually taken back into functional business lines.

In addition to providing this safe space to develop leadership skills, Prudential also brings together all of its ERGs members at an ERG Professional Development Conference. Like the

ongoing leadership roles, the annual conference provides ERG members a dedicated platform for exchanging ideas, gathering intelligence, and sharing insights on how ERGs can improve business results.

FULL-TIME AFFINITY GROUP LEADERSHIP MODEL

GE invests extensive time and money in leadership growth and development. Many of the company's top 600 leaders are promoted from within the organization. ERGs help create leadership exposure and development opportunities at GE. Unlike most other companies, GE picks its ERG leaders only from the top 600 people in the company. Each ERG is assigned one fulltime leader.

"GE's [ERG] leaders are people who have been

chosen in the [ERG] succession planning process and are believed to have leadership potential and runway," says Deborah Elam, GE's Chief Diversity Officer.

Charged with overseeing hundreds of chapters and thousands of participants across the globe, ERG leaders have full agendas. But they also have an incredible opportunity. ERGs at GE are directly aligned with the company's business objectives, so ERG leaders have the ability to make a real business impact.

GE also presents female employees specifically with promising opportunities. The Women's Affinity Network is linked to the company's corporate succession planning process, so that talented, high-performing women can be identified early and groomed for future roles. This process has led to a dramatic increase in representation of women in leadership and executive levels at GE.

"GE's [ERG] leaders are people who have been chosen in the [ERG] succession planning process and are believed to have leadership potential and runway."

—Deborah Elam, GE's Chief Diversity Officer



GLOBAL DEVELOPMENT

TECHNOLOGY EDUCATION TRANSFORMS SOCIETY AND YOUTH

The Cisco Middle East Inclusion and Diversity (MEDI) ERG brings together employees who want to enhance their careers, support the community, and grow the business, by facilitating business partnerships between Cisco and the community. As part of MEDI's Business Outreach Program, a global Cisco team came together in Sohar, Oman, to promote discussions on how technology training can empower youth and transform society.

In December, 2009, the pilot Information and Communications Technology (ICT) training program was delivered to over 130 university and high school students, along with local companies, government officials, and technology partners. Private and public IT representatives were invited to attend the opening session as well. ICT training tracks included IP telephony, wireless, green initiatives, and professional development. Both the content and the audience were selected based on input from various stakeholders, including faculty from Sohar University, the government's Information Technology Authority (ITA), and Networking Academy teams based in Dubai and Lebanon. In total, 27 people collaborated on the project, and 17 Cisco participants personally funded their travel to Oman to take part in the effort.

Feedback collected from university staff, students, and IT professionals was very positive, and included requests for several similar sessions at other universities. The majority of students in attendance were women pursuing bachelor degrees in computer science and IT-related engineering careers. The impact on these women was powerful, as they typically do not have opportunities to learn about such advanced technologies. To help replicate the experience at other universities, Dr. Wail Omar, Dean of Computing Faculty at Sohar University, presented a paper about the event at the 2010 MIT LINC conference in Cambridge, Massachusetts. For the Cisco MEDI team, the event provided real work experience that furthered professional development, extended professional networks, fostered cultural collaboration and marketing skills, and improved understanding of the technology and development needs in the region.

The event served not only as a knowledge-exchange opportunity, but it also cultivated potential Cisco customers and employees. Seeing the value of Cisco technologies in action, Sohar University plans to purchase Cisco IP Telephony for a new campus expansion.

DEVELOPING HEALTH IN AFRICA

GE's African American Forum (AAF) identified philanthropic potential in Africa, utilizing a model already being used domestically by the company. Although GE did not yet have a presence in Africa, AAF felt it was possible to export Developing Health, an initiative focused on primary health centers in low-income, underserved communities where GE does business. The company's ERGs were involved in launching Developing Health across the United States, creating a whole brand for GE around lowering healthcare costs,

supporting quality products, and improving access to healthcare.

Following the interest expressed by AAF, GE committed to improving rural healthcare systems in Africa with a five-year, US\$20 million product donation. Through Developing Health Globally, as it came to be called, AAF managed the donation of medical equipment, power equipment and water purification, and worked with teaching hospitals to improve infant mortality. AAF coordinated volunteer groups of eight to ten people to go to Africa for four to six weeks. Over time, GE gained a positive reputation in the African countries and communities where it donated and volunteered. In 2008, AAF leaders went to Africa with GE executives, traveling to various countries to better understand the challenges of the continent and explore growth opportunities. Participants met with governments, business, and academic leaders to discuss areas where GE could provide long-term, sustainable solutions. As a result of these development efforts, GE finally gained unparalleled access to the Ministry of Health and other government officials.

Since then, GE's Developing Health Globally investment has increased to a US\$50 million, six-year commitment in Africa. In addition, the model was implemented in Latin America in 2007 with the help of the Hispanic Forum,

and in Asia in 2008 with the assistance of GE's Asian-Pacific American Forum. GE has been able to measure these investments. For example, with US\$40 million spent on Developing Health Globally in Asia, the number of affected lives is approximately five million, with over 3000 products donated.

Each country's program is implemented utilizing a replicable model. The first step is to create a partnership with the Ministry of Health, to select hospitals and set parameters for long-term success. At each hospital site, GE teams conduct assessments to identify gaps in power, water, healthcare equipment, appliances, lighting, and long-distance communication. GE then provides sustainable solutions, based on GE and non-GE technologies. When all installation and training is complete, GE employees are chosen to be volunteer ambassadors to each hospital, monitoring equipment use and impact, and providing coaching support to improve facility operations. Each clinic is assigned a lead person from the relevant ERG; this person reports to the overall ERG lead, who then reports out to GE's diversity council.

GE's commercial presence has grown in a number of markets, thanks to AAF's commitment to global development in Africa. In the future, GE expects to see substantial revenue growth in Africa as a by-product of AAF's efforts.



COMMUNITY OUTREACH

PRIDE KIOSKS

Macy's Pride Network is one of the retailer's most active and tenured ERGs. A few years ago, the Pride Network partnered with the multicultural marketing team to create a national identity and a marketing strategy to reach LGBT markets nationwide. With that, the Pride Network established a consistent national presence and message.

For Pride events throughout the United States, the Pride Network launched a full ad campaign, including branded T-shirts for all Macy's employees who volunteered at Pride parades. In addition, the campaign included Pride kiosks, from which people could access Macy's online Pride registry for wedding and commitment ceremonies.

It has proved difficult to measure the business impact of the Pride Network's efforts at these events. Tracking sales from the registry, or from giveaways and discounts, is challenging because revenue from these efforts is not realized until they are used.

Even though Macy's cannot currently measure direct sales, the company knows the efforts have had a huge effect in the retail market, both with the community and customers. In addition, the activities of the Pride Network have prompted other employees to get involved in supporting diversity.

LATINO PARADE AND MOBILE UPGRADE MARKETING

Throughout the economic downturn, companies, particularly B2C companies, have been forced to get creative about reaching their target markets. At Best Buy, ERGs have become a medium through which the company can deliver additional value.

One example of this can be found in the company's Latin Involvement Network (LatIN), which has focused its business-impact efforts around the Puerto Rican Day and Dominican Day parades. At these events, LatIN members hand out coded coupons from which sales can be tracked once they are redeemed. In addition, event attendees can use the Best Buy Mobile Upgrade Check to determine whether they are eligible for a free phone upgrade. This is measureable as well, since Best Buy can track whoever performed a check. All Best Buy ERGs have access to generic online coupons. These coupons are traceable and therefore directly aligned to the business, and can be customized with appropriate logos for any event.

HELPING COMMUNICATIONS TEAM RAISE AWARENESS

At Duke Energy, the communications team requested ERG participation in a recent community outreach effort. The awareness campaign involved going into neighborhoods, including local churches, to teach about energy-efficient light bulbs and other related Duke Energy products, and distribute coupons. With members of the company's African American ERG, and LUCES, the Latinos United Cultivating

Energy and Service ERG, already serving as active volunteers and mentors in their communities, this effort was made easier.

“The communications team tapped into the ERGs, because they wanted to reach diverse consumers who may not otherwise get the message,” says Regeana Phillips, who manages ERGs across Duke Energy.

ERG members also helped the communications team customize marketing collateral to reflect the language and preferences of diverse customers. The campaign was primarily about educating consumers and getting the word out about energy efficiency, but it also served as a marketing opportunity. Having diverse representatives from Duke Energy visible within these communities helps the company further its corporate agenda: growing the business, securing diverse talent, and enhancing community partnerships.

EDUCATING GENERATIONAL CUSTOMERS

Supporting Advances in Generational Empowerment (SaGE) is one of Best Buy’s Employee Business Networks. This ERG has partnered with local community centers and organized several Senior Tech Day events, where members provide technology training and education. The initiative is customized for the audience, with appropriate sound and visual materials so that the elderly can see and hear the demonstrations. SaGE has also partnered with Geek Squad to host product events to which elderly customers are invited to bring technology products that they do not know how to use. Best Buy provides tutorials, building trust and loyalty among this customer segment. The events have been so successful, SaGE plans to video an event and offer it online so that Best Buy’s other ERGs can hold similar events across the country.

“The communications team tapped into the ERGs, because they wanted to reach diverse consumers who may not otherwise get the message.”

— Regeana Phillips, who manages ERGs across Duke Energy

CULTURAL ASSIMILATION

ACQUISITION ASSIMILATION IN THE MIDDLE EAST

For Johnson & Johnson (J&J), it is a business imperative to grow through acquisitions. As a highly decentralized company, J&J acquires companies and often leaves them as standalone entities. However, J&J still makes strong efforts to effectively assimilate its acquisitions.

"In order to reap the greatest rewards, J&J needs to figure out the best way to map itself into [the acquired] organization and work around its system without destroying the magic of the acquired company," says Arisa Batista Cunningham, Vice President, Global Diversity, for J&J's Medical Devices and Diagnostics Group.

Fortunately for J&J, the company's Employee Resource Groups have helped. The Employee Resource Groups provide essential cultural assimilation associated with integrating a foreign company into a U.S. organization. This allows the new company to begin contributing to revenue and growth almost immediately.

For example, J&J's Association of Middle Eastern and North African Heritage (AMENAH) has helped the company understand how to do business in Israel. AMENAH members were consulted during a large acquisition of an Israeli company. Similarly, other J&J Affinity Groups, including the Asian Society for Innovation and Achievement (ASIA) and South Asian Professional Network and

Association (SAPNA), helped make connections with local governments and businesses. Affinity Groups at J&J also help prepare and educate executives for international assignments.

WEB PORTAL AND WIKIS FACILITATE "WORKING GLOBALLY"

As Intuit shifts its focus to a more global audience and market, Employee Resource Groups have begun collaborating on a web portal, Working Globally, and on wikis that connect and educate employees, and provide them with culturally relevant information. In the past, Intuit hosted diversity training modules, but those have been replaced by a customized, interactive website. The Intuit Indian Network, in particular, has put much time and energy into this project.

The goal of Working Globally is "to help move the business forward and to help build a global mindset through this web capability that brings knowledge to employees in the business around the world," says Terilyn Monroe, Director of Global Employee Engagement and Human Resource Communications.

Through the site, ERG members, acting as subject matter experts for their specific region or country, provide critical cultural resources to the entire company. The technology will allow employees worldwide to connect through discussion forums and social networking. Working Globally has provided tangible ROI, since the website allows employees to conduct business with cultural awareness and sensitivity, and easily transition into global roles, all without having to leaving the home office.



SUPPLIER DIVERSITY

IDENTIFYING AND SOURCING CONSUMER PREFERENCES

A few years ago, Macy's was excited about a Martha Stewart product launch, as it was named the exclusive provider of differentiated home merchandise. The Martha Stewart line did well in some stores, but not in those with greater multi-cultural diversity. To analyze this problem, Macy's supplier diversity office turned to the company's ERGs, primarily the Black, Hispanic, and Asian ERGs. The groups surveyed consumers and then presented recommendations to Macy's home buyers.

Data showed that the textiles, designs, colors, and patterns did not match the preferences of these diverse segments. The consumers wanted bold, strong colors, with more geometrics, rather than the pastels, neutrals, and florals that are traditional with the Martha Stewart line. As a result of the ERGs' findings, Macy's buyers rearranged towels, linens, sheets, and other home products in appropriate locations, and filled shelves with brightly colored items. Also, the supplier diversity team has brought in additional merchandisers and suppliers that meet diverse market needs. Macy's believes its ERGs will continue help increase revenues into stores.

"We have barely tapped the surface of what ERGs can do for us," says Corliss Fong, Vice President of Diversity Strategies. "We need to continue to utilize our own diversity to tap into customer preferences. This needs to be a strategic operational principle for Macy's business going forward."

"We have barely tapped the surface
of what ERGs can do for us."

— Corliss Fong, Vice President of Diversity Strategies, Macy's




3

Best Practices to 'Next' Practices

"The strength of [Employee Resource Groups]
is the connection to the business."

— Arisa Batista Cunningham, VP, Global Diversity, Medical Devices and Diagnostics at Johnson & Johnson



FUTURE OF ERGS

The purpose of this study was to capture the current and potential future states of ERGs, specifically, their role in contributing to business. It is important to celebrate the different ways these groups have provided community and leadership development, and customer insights, while simultaneously continuing to innovate. As the global economy continues to change, we must excel at identifying value that is most meaningful to our companies, business partners, and communities of affinity. Viability depends on organizations' willingness and capacity to balance all of these value propositions. This crucial point in time also presents a great opportunity for enrichment.

The following valuable practices will be critical as ERG evolution accelerates:

- Position ERGs as core to the cultural competency required for globalization and new market expansion. **Use ERG leaders as subject matter experts, coaches, and mentors for international executive leadership, and as network builders in the new local economies and cultures.**
- Think beyond executive sponsor support, to important stakeholder support. These stakeholders must be from a broad cross-section of the business, perceive the unique value in collaborating with ERGs, and be willing to partner closely with ERGs to help enable their own business goals. This will also potentially diversify the current funding sources for ERGs, spreading the accountability and the opportunity to a broader group.
- Invest leadership development resources in ERG leaders and members. To help ensure that ERGs are prepared to partner effectively for achieving business goals, resources must be allocated to grow the skill sets, competencies, and networks of these groups.
- Consider raising the importance of ERG leadership positions, including that of the executive sponsor. Treat the positions as opportunities, or high-potential development. Partner with talent management to help identify important diverse employees who might be relatively unknown to the larger organization.

Make sure that a percentage of ERG strong performers are regularly included in talent reviews, as well as intentionally mentored and sponsored.

- Use ERGs and their multiple aspects of diversity (such as an employee's visibility or invisibility, experience, function, and geographic location) as models for how to use diversity of thought to serve innovation. **Encourage idea generation and crowd-sourcing efforts through ERGs, to take advantage of their unique, cross-functional, highly loyal networks.**
- Explore including "diversity and inclusion" competencies in performance appraisal criteria, from the highest-level of employees on down. Make sure that middle management and rising diverse talent understand how to claim credit for participating in and leading ERGs.
- Evolve non-profit partnerships, from writing a check or attending a dinner to strategic alliances that provide mutually beneficial business impact.
- Establish a healthy balance of current and future metrics in every ERG's strategic plan. Next-generation metrics should include tracking business development opportunities and sales revenue, encouraging product

development, marketing, recruitment, and retention, and diversifying the supplier base of the company. Do not lose sight of basic metrics, such as number of events, attendance, size of membership, and more.

- Work to re-brand ERGs as groups that can help increase business and profitability. Do not assume this is understood throughout organizations, even by ERG members and their executive sponsors. Push to position ERG stakeholders to succinctly describe the importance and significance of their contributions.
- **Continue to strive for ways to count those with invisible diversity affinities (such as LGBT, disabilities, veterans, and more).**
- Look into a company's entire ecosystem for strategic partnerships, including customers, vendors, and industry competitors. For ERGs, same-industry associations can serve an important business function, channeling multiple insights, and developing critical networks.

Keeping Metrics in Mind

In many ways, metrics can be viewed as the ultimate "next" practice, as their existence and exact manifestation are still to be determined. Accurate, reliable metrics for how ERGs affect

Things like a sense of community, common purpose, learning enhancement, and network and relationship development are difficult to measure, yet can make all the difference in retaining that important employee or emerging leader.

business continue to elude even the most innovative corporations. It is tempting to view the growth of ERGs as a sign of maturity, and certainly, there are some measurable factors that progress in a linear fashion, such as structural improvements, membership numbers, regional and global presence, and more. Still, many of the outcomes from ERG participation in business development are intangible. For example, things like a sense of community, common purpose,

learning enhancement, and network and relationship development are difficult to measure, yet can make all the difference in retaining that important employee or emerging leader.

However, the absence of a defined mold is actually an opportunity for ERGs and their companies to create metrics that appropriately reflect their specific customer segments and business goals. Realizing this, companies are getting smarter about setting metrics for their ERGs.

The majority of companies surveyed for this analysis are employing some form of metrics to quantify ERG impact. And most companies we spoke with are working toward developing custom measurement tools for their unique organization, culture, and market. **Developing individual systems for measuring ROI will help enable companies and their ERGs to elevate business priorities.**

CONCLUSION

Conventional thinking held that as the economy declined, so, too, would corporations' interest and backing for ERGs. But surprisingly, this hasn't happened.

Now more than ever, companies that are looking to the future are searching for internal resources to help during this difficult time. They are actively seeking ways to solidify the value proposition of ERGs, and to discover how these groups can help facilitate innovation. As evidenced by the 27 case studies contained within this analysis, many organizations are making progress.

Much work remains, however, in capitalizing on the true power of ERGs. This is a many-fold process that demands participation from ERGs themselves, as well as the business unit leaders who benefit from what ERGs bring to the table. ERGs must speak up and make the case for how their efforts can affect profitability. ERGs should be involved in everything from marketing to professional development to R&D. Not only must ERGs adequately prepare themselves for this level of engagement, but management must be enthusiastic and knowledgeable about using them as a strategic resource, and valuing their input. The payoff is a clear win-win for everyone involved.

At the same time that ERGs work to refine their value proposition, and management becomes

educated on how the groups can affect business, both constituents must be mindful of an emerging tension. ERGs have been instrumental in developing programs that celebrate the myriad cultural heritages and differences that exist in today's diverse, global workforce. However, note that "Generation Y" employees do not necessarily identify with the need to align themselves along gender and race lines, the way some "Baby Boomer" employees do.

These dual forces — a recognition that ERGs can contribute to overall business success and an emerging trend of younger employees shying away from traditional ERG structures — have compelled companies to make sure that their ERGs are inclusive, by encouraging participation of allies, aligning with greater business goals, and providing more comprehensive, stringent metrics requirements.

As companies around the world contend with aging and youthful workforces in ethnically diverse markets, the ones best positioned for success will be those that realize the value of ERGs, and use them for the inherent business advantage they provide.

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