



Cultivating Diversity

*Best practices for creating diversity programs
that work*

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Diversity in the workplace can yield tangible results, yet it's something many firms struggle to attain. According to a study by McKinsey & Co., ethnically diverse workplaces are 35% more likely to outperform their industry, while those that are gender diverse outperform by 15%.¹ Companies that ranked in the bottom quartile were statistically less likely to achieve similar results, the study shows. And while greater diversity doesn't automatically make companies more profitable, the correlation indicates that being diverse can differentiate firms from their competition.

Increasingly, companies are looking to gain a competitive edge by hiring diverse talent in order to appeal to a wider range of potential buyers and investors. This is particularly true for the real estate industry as the pool of investors is expanding to include people from places like China, India and Russia who would be better served by firms with employees who can relate to their viewpoints. The same is true for women and minorities, who often face discrimination in raising capital and other barriers to entering the industry.² Serving these diverse clients and employees will require shifts in how companies work with varying constituents.

While many leaders don't recognize biases, they still exist, creating working environments that reinforce the status quo and inadvertently exclude others outside normal circles of interaction.³ Diversity typically refers to the

populations of people in an organization, while inclusion encompasses how those employees are welcomed and integrated into the firm. Increasing diversity and inclusion is possible, but it takes real effort and must come from lasting, systemic change.

More diverse companies have an advantage in talent recruitment, improved customer experiences, greater employee satisfaction and exemplary innovation. But this diversity can be lacking in the real estate industry. Of the 709,000 people employed as property, real estate and community association managers, 46.5 % were women, 9% African American, 3.6% Asian and 11.3% Hispanic or Latino, according to the Bureau of Labor Statistics.⁴ And of the 933,000 real estate brokers and sales agents, only 6.9% were African American, 4.6% Asian and 10.2% Hispanic or Latino.

The first step to developing diversity programs that create real change in an organization is identifying some of the challenges these initiatives face and understanding how to overcome them. After taking stock of what needs to change across the organization, implement programs and other practices that encourage diversity and inclusion across the firm.

WHY CURRENT PROGRAMS AREN'T WORKING

Often diversity programs are focused on training, which doesn't create lasting change in biases or business practices since they focus on controlling actions, thoughts or policies

¹ <http://www.mckinsey.com/business-functions/organization/our-insights/why-diversity-matters>

² https://therealdeal.com/issues_articles/real-estate-diversity-problem/

³ <http://www.mckinsey.com/business-functions/organization/our-insights/why-diversity-matters>

⁴ <https://www.bls.gov/cps/cpsaat11.htm>

instead of shifting behaviors. Mandatory training is particularly ineffective since studies show it doesn't increase the number of minorities hired and often generates anger in employees or increases animosity toward a particular group. When training is voluntary, minority hiring tends to increase since people feel invested in creating lasting change.⁵

Additionally, talking about diversity can alienate and threaten some populations and simply be applied to protect the firm, not minority groups.⁶ Studies have shown that white men can feel threatened and discriminated against when exposed to pro-diversity language or job descriptions. And many diverse candidates don't feel that rhetoric actually indicates that a workplace will promote hiring of all types of people.

"Trendy initiatives and lip service are not solutions," said Radhika Papandreou, Senior Director at Ferguson Partners. "A firm has to set out to build systemic change within the organization. Diversity and inclusion must be imbedded in every aspect of the company."

IMPLEMENTING SUCCESSFUL PROGRAMS

Understanding some of the challenges diversity programs must overcome is the first step to implementing initiatives that will bring about lasting change. But, diversity alone isn't enough; programs must also be inclusive.⁷

⁵ <https://hbr.org/2016/07/why-diversity-programs-fail>

⁶ <https://hbr.org/2016/01/diversity-policies-dont-help-women-or-minorities-and-they-make-white-men-feel-threatened>

⁷ <https://www.shrm.org/resourcesandtools/tools-and-samples/hr-qa/pages/howdowebeginadiversityprogramand-makeitwork.aspx>

Because employees want to work in a place where they belong, fostering a culture of inclusion can create a competitive advantage for companies by reducing stress levels and increasing employee performance.⁸ Below are best practices that companies can keep in mind when working to change the culture of their organizations.

Successful diversity and inclusion programs start at the top.

Programs and initiatives must have the support from top management in order to succeed.⁹ Before introducing new programs, senior leaders need to be invested in success and willing to hold everyone in the organization — themselves included — responsible for fostering diversity and inclusion. This can be achieved not only through talking about initiatives, but also by senior sponsorship of mentoring programs, employee resource groups and diversity hiring initiatives.

It is critical that leaders serve as role models to others in the organization by diligently working to attract, retain and promote employees from all backgrounds. This can be achieved by championing official programs established by the organization, as well as unofficially mentoring employees and not shying away from difficult conversations.

Case study: Ernst & Young ranked number one on DiversityInc's Top 50 diverse companies

⁸ <https://hbr.org/2016/08/diversity-efforts-fall-short-unless-employees-feel-that-they-belong>

⁹ <https://www.shrm.org/resourcesandtools/tools-and-samples/hr-qa/pages/howdowebeginadiversityprogramand-makeitwork.aspx>

list for 2017 by promoting women leaders and diversifying their suppliers to include women- and minority-owned businesses. Senior managers are accountable for mentoring, sponsoring and advancing diverse talent. The company also actively encourages employees to have difficult conversations about race and even hosted a webcast for U.S. leaders on the topic. By encouraging candid conversations across the organization, senior leaders are demonstrating their support and promotion of all employees.¹⁰

Broaden sources for recruiting diverse talent.

Actively reaching out to schools and organizations with large minority populations and purposefully targeting populations such as those with disabilities, veterans and other minority groups can also help broaden talent pools. This ensures the organization isn't simply tapping into existing employee networks and known sources for recruiting. Implementing this requires investment from the firm and the creation of targeted outreach, such as advertising, sending recruiters to diverse job fairs and other dedicated programs.

Another way to expand into new talent search channels is by working with a recruiting firm that has similar views and values around diversity to eliminate bias and ensure that a diverse slate of candidates is being presented. Having an objective outsider help source qualified candidates can help ensure your organization is utilizing every available resource.

¹⁰ <http://www.diversityinc.com/ey/>

Case Study: In 2011, JPMorgan Chase recognized there was an underutilized talent pool of veterans transitioning back to civilian life. To enhance hiring efforts, the company co-founded the Veteran Jobs Mission. This group of more than 235 companies has hired more than 360,000 veterans, with 11,000 of that number by JPMorgan. The firm is investing \$45 million in programs and initiatives to help military families.¹¹

Create inclusive professional development.

Companies creating successful cultural change don't stop at the hiring process. Implementing early- and mid-career professional development opportunities for all employees helps hone their skills, set them up for success along their career paths, and develops future leaders.¹² Development programs that are established by an inclusive committee of employees working with outside experts and that are based on research have a better chance of succeeding and being adapted by everyone.¹³

Case Study: Johnson & Johnson, which ranked number five on DiversityInc's Top 50 list, has met some of its strategic goals through cross-cultural mentoring, including matching employees across genders, generations, job functions, departments and regions. The company has also created training on unconscious bias for managers;

¹¹ <https://www.jpmorganchase.com/corporate/Corporate-Responsibility/military-veterans.htm>

¹² <https://www.shrm.org/resourcesandtools/tools-and-samples/hr-qa/pages/howdowebeginadiversityprogramand-makeitwork.aspx>

¹³ <http://home.diversitydtg.com/article/best-practices-inclusive-strategies/the-top-ten-reasons-diversity-programs-succeed-fail>

with plans to expand the development program to all employees.¹⁴

CONCLUSION

Many companies recognize the correlation between having a diverse talent base and business success. While many diversity and inclusion programs fail due to lack of sponsorship or investment, those that succeed can create lasting change throughout the organization. Having sponsorship and support from senior management is an important first step to shifting the way the entire company thinks about diversity. It's also critical to look for underrepresented pools of talent and then establish programs to ensure their integration and promotion within and organization.

This is particularly important in real estate since it serves people of many different backgrounds, ethnicities and perspectives. As people want to work for or with companies that understand them, creating a diverse workforce will benefit management, investment and other real estate firms.

By working with recruiting firms with similar values, setting goals for diversity initiatives, periodically assessing progress and making retention a priority for all employees, companies can tap new sources of talent and keep those hires at the firm. Diversity adds value to organizations and that should be the target of every diversity and inclusion initiative: to add value.

¹⁴ <http://www.diversityinc.com/johnson-johnson/>



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Ms. Burgess has over twelve years' executive and non-executive search experience and is based in Ferguson Partners' New York Office. Working with both Public and Private firms, she spends the majority of her time within the investment space assisting core through to opportunistic equity investors. She also spends a significant amount of time within the real estate credit space, working on behalf of credit investors and lenders. On the advisory side, Gemma works on behalf of investment banks. Originally based in the London office of Ferguson Partners, Gemma possesses a deep understanding of international markets and the global flow of capital in the real estate world. Prior to joining Ferguson Partners in 2007, she spent two years at Hanson Green working on non-executive appointments and two years at Ramsey Hall working as a generalist within executive search.



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Ms. Papandreou is a Senior Director at Ferguson Partners Ltd. and leads the Restaurant and Leisure practice at Ferguson Partners.

Before joining Ferguson Partners Ms. Papandreou was a Managing Director at Lloyds Bank, running the Consumer and Healthcare practice for North America. She had responsibility for the management of the sector team and was a member of the North American Management Committee. She worked between the New York and Chicago offices, leading teams in both cities. Radhika spent the first ten years of her career at Citigroup in various roles, including origination in the Financial Institutions Group, capital markets credit, and Consumer and Healthcare relationship management — both in New York and in London.

Radhika earned her Bachelor of Arts degree in International Affairs and Economics from the Johns Hopkins University, and an M.B.A. in Finance from New York University's Stern School of Business.



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Ms. Pigott is a Vice President, Healthcare Practice Leader based in Ferguson Partners Ltd.'s Chicago's office. Ms. Pigott leads the practice for the firm, working within the healthcare services and senior housing industries. Additionally, she assists in the overall execution of real estate executive search assignments across the United States. Her responsibilities include project and client management, candidate development and evaluation, and the presentation of qualified candidates to clients.

Ms. Pigott joined Ferguson Partners with a background in healthcare executive search and previously worked as a Senior Associate Director with Quick Leonard Kieffer. In this role, she identified leaders for healthcare organizations across the country.

Ms. Pigott holds a Bachelor's degree in Broadcast Journalism from Illinois State University.

About FPL

FPL is a global professional services firm that specializes in providing executive search and leadership, compensation, and management consulting solutions to the real estate and a select group of related industries. Our committed senior professionals bring a wealth of expertise and category-specific knowledge to leaders across the real estate, infrastructure, hospitality and leisure, and healthcare services sectors.

Comprised of three businesses that work together, FPL Advisory Group offers solutions and services across the entire business life cycle:

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