



COMMISSION
on Economic Inclusion

2011 Employers Survey on Diversity™

2011 Greater Cleveland Employers Survey on Diversity™

**Survey Report Preview
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A. Snapshot:

**2011 Employers Survey on Diversity
Preliminary Results on Key Metrics**

Based on the *year-to-year* responses of the 94 participants which participated in both the 2010 and 2011 surveys, results were:

	<u>2010</u>	<u>2011</u>
I. Diversity in leadership and employees remained unchanged:		
Board diversity:	15.2	15.5
Senior management diversity:	14.8	14.9
Workforce diversity	21.0	21.0
II. Supplier Diversity		
A. Spend as a percentage was mixed:		
Supplier diversity spend in Northeast Ohio increased	10.4%	11.1%
Supplier diversity spend in total decreased	5.9%	5.4%
B. Dollars spent with minority suppliers by all reporting members increased:		
Aggregate dollars spent with MBEs in NEO	\$339 million	\$450 million
Aggregate total dollars spent with MBEs	\$2.23 billion	\$2.71 billion

Note: 100 Commission members participated in the survey (48 for profit, 52 nonprofit/government)

We invite you to review the attached Executive Summary for additional detail.

I. Introduction

For the past 11 years, the Commission on Economic Inclusion has worked to help ensure that minority businesses and minority workers have the opportunity to participate in the economic prosperity of Northeast Ohio. With a broad-based coalition of 100 Northeast Ohio employers (Commission members), the Commission is led by business leaders who have joined together to implement regional initiatives that address challenges to economic inclusion. The Commission has sought to be a regional catalyst for economic development by creating, supporting, and implementing initiatives that will significantly improve economic inclusion within Northeast Ohio's employer community.

In 2011, the Commission was led by co-chairs Lyle G. Ganske, Regional Partner-in-Charge, Midwest, Jones Day, and Kenneth D. Hardy, CEO and President of Bonnie Speed Logistics. The Commission continues to draw upon the resources of its member organizations to support the work of its committees. A complete listing of 2011 leadership volunteers will be included as Appendix A, in Section VI, Appendices, in the final survey report.

The Commission's work is based on the idea that partnerships that lead to the inclusion of minorities in economic activities are vital to the overall economic well-being of Greater Cleveland. In a diverse environment such as Northeast Ohio, economic growth cannot be sustained without the inclusion of minority leaders, a diverse workforce, and the utilization of minority suppliers/vendors.

The Commission's approach is fundamentally simple. We:

- Periodically assess the status of diversity and inclusion efforts within the Northeast Ohio employer community
- Establish benchmarks for improvement
- Encourage member organizations to develop or enhance practices that foster inclusion
- Facilitate the identification of resources
- Measure and report on progress on a regular basis
- Assist minority businesses in developing and securing business deals with Commission member organizations

Assessing the status of diversity and inclusion efforts by Northeast Ohio employers is the first step in the process of economic inclusion. Measurement has been conducted annually, utilizing the Commission's *Greater Cleveland Employers Survey on Diversity*[™], now in its tenth year. The survey has been updated several times, based on participant feedback. The Commission's Membership Impact and Member Products & Services Committees have taken the lead in overseeing the design, distribution, and analysis of the survey. This report presents the 2011 survey findings and makes recommendations for future diversity management and economic inclusion goals and activities.

II. Executive Summary

The Commission has administered its annual *Employers Survey on Diversity*[™] for 10 years. This executive summary provides an overview of the 2011 survey results. The results present a mixed picture. For the **year-to-year group** (those 94 organizations which participated in both the 2010 and 2011 survey):

1. Board minority representation stayed even at just above 15 percent (15.2 to 15.5). Senior management minority representation also stayed even, moving from 14.8 to 14.9 percent.
2. On measures related to three critical aspects of a successful diversity and inclusion strategy, responses pointed in different directions:
 - a. *CEO commitment- indicator rose*. CEOs who personally sign off on executive compensation tied to diversity rose from 33 to 37%.
 - b. *Holding managers accountable- indicator fell slightly*. The percentage of organizations which hold managers accountable through performance appraisals and or incentive processes for demonstrated success in managing diversity effectively in the workplace went down from 64 to 63%.
 - c. *Employee resource groups focused on business outcomes-indicator rose*. The percentage of organizations reporting having ERGs rose from 49% to 56% and funding for such groups also rose, from 75% to 81%.
3. Though the total aggregate dollars spent with minority-owned companies increased, for those organizations in the year-to-year group, MBE spend as a percentage of total spend nationally fell from 5.9 percent to 5.4, but increased from 10.4 percent to 11.1 in Northeast Ohio.

From a historical perspective – looking at the survey results from the survey’s inception in 2001 through the current 2011 survey – there are a few general areas that represent positive progress from 2001 to 2011. These results compare the **aggregate groups** in 2001 and 2011. Results include:

1. **Minority inclusion on boards** rose from 14 percent to 15 percent.
2. **Minorities as a percentage of senior managers** increased from 9 percent to 14 percent.
3. **Minorities as a percentage of the workforce** has remained flat at 22 percent.
4. **The number of participants reporting and the corresponding spend with minorities** increased. Six organizations reported a negligible amount for 2001, while 51 organizations reported total and/or regional spend in 2011. Total 2011 aggregate minority spend was \$2.71 billion dollars.

The aforementioned points represent mostly positive highlights for Northeast Ohio. The remainder of this report covers many more data points and findings. A brief description of the four remaining sections of the report is included below.

Overview of Findings

This overview section examines some of the critical questions within each topic. In 2011, there was a pattern of modest changes in minority representation in the five survey areas: organizational leadership; CEO commitment, human capital-workforce; human capital-retention; corporate practices; and supplier diversity. A brief summary of the overview of findings by each survey topic is listed below.

A. Organizational Leadership

Organizational leadership measures inclusion from board and senior management perspectives. Results in both of these categories increased only slightly. Board diversity increased from 15.2 to 15.5 percent for the year-to-year group and senior management diversity only increased from 14.8 to 14.9, from 2010 to 2011. Additionally, in comparing 2010 to 2011, the number of organizations whose boards had a written policy on diversity and inclusion in board membership increased from 51 percent to 54 percent (year-to-year group).

B. CEO Commitment

For the fourth year, the survey included questions on CEO commitment. The focus of this area is to measure the level of CEO commitment to diversity and inclusion. In particular, it seeks to measure:

- CEO leadership role on diversity council(s)
- CEO commitment to and participation in diversity councils
- Compensation tied to diversity goals
- Evidence of diversity metrics
- Supplier diversity goals
- Appointment of a Chief Diversity Officer

C. Human Capital - Workforce and New Hires

The goal in this area is to measure inclusion around workforce and new hires. The focus is to understand the composition of the workforce and new hires as they relate to minorities. Between 2010 and 2011, the percentage of minorities in the workforce for the year-to-year group remained steady at 21 percent. Among aggregate Commission survey participants; minorities make up 26 percent of new hires. On two important elements of an inclusive workforce strategy, results were mixed: The presence of a policy on recruitment of minorities decreased from 67 percent to 66 percent while those respondents with a policy on minority employee training and development was up from 34 percent to 37.

D. Human Capital - Retention

Within this section, the goal is to measure the level of inclusion related to retention. Items assess the level of retention in both the workforce and on the management team. It is particularly important to compare retention of whites versus minorities. Interestingly, for the aggregate group for total workforce retention and in Northeast Ohio workforce retention, white employees were at the lower end of the range of averages for racial and ethnic groups. For the total workforce group, whites averaged 79 percent retention, and minority groups ranged from 80 percent to 86 percent. For Northeast Ohio workforce retention, whites averaged 78 percent while African Americans averaged 79 percent, and other minorities ranged up to 87 percent. Another way of looking at retention, is to understand management representation and promotions, comparing whites to minorities. As with workforce retention, white managers' retention fell at the lower end of the racial group year-to-year comparison – both for total management retention (whites 76 percent, minorities 78 percent to 90 percent) and in Northeast Ohio, (whites 76 percent, minorities 78 percent to 90 percent).

E. Corporate Practices

The primary focus of this area is to measure the level of commitment to employee resource groups and diversity training.

The overall year-to-year group increased from 49 percent to 56 percent in those having official employee resource groups (ERGs). Frequency of ERGs in for profits increased from 49 to 54 percent in the year-to-year comparison, while the number reported by nonprofits increased from 50 percent to 57 percent. An increase from 75 percent to 81 percent was reported in funding for such resource groups by the overall survey participants. The percentage of organizations offering diversity training increased from 79 to 80 percent.

F. Supplier Diversity

Supplier diversity is the area that measures dollars spent with Minority Business Enterprises (MBEs). In analyzing 2011, there was a decrease in the percentage of total procurement with minority-owned businesses (from 5.9 percent to 5.4 percent for the year-to-year group). The Commission's year-to-year group increased its regional spend with minority companies from 10.4 percent to 11.1 percent of its overall spend in Northeast Ohio.

- Total procurement spend with MBEs reported by the aggregate group increased from \$2.23B to \$2.71B. At the regional level, the 2011 aggregate group of respondents spent \$450 million with minority-owned companies, compared with \$339 million for the 2010 aggregate group.
- In addition, one result of concern was the lack of an increase in the reported presence of a formal supplier diversity program which remains at 52 percent.

Section III. Survey Administration and Methodology

This year, 100 companies (48 for profits and 52 nonprofit) participated in the survey, vs. 97 last year. The 100 organizations participating this year represent 173,695 employees in Northeast Ohio. The survey incorporates comparisons on an industry sector and total participant basis. The *Employers Survey on Diversity™* is a confidential tool that helps companies assess their commitment to diversity and inclusion. It also allows an organization to identify strengths and weaknesses to be addressed in their diversity plan as they embark on organizational change. The Commission uses the survey to drive systemic change, encourage members to adopt best practices, and guide the work of Commission initiatives.

This survey was distributed to Commission members with an expected completion date of March 2012. Overall, analysis of the data focuses on calculating the averages across the participants. It is important to note that all questions are not completed by all participants, and thus the reported averages are based on the responses to each question. The data is broken down between for profit and nonprofit. The data also is analyzed at the aggregate level, incorporating all 100 participants, and at the year-to-year level, which incorporates 94 companies that participated in the survey for both 2010 and 2011.

Section IV – Survey Item Responses

The detailed responses to all of the survey questions are documented in this section of the final report to be released May 1, 2012, which provides both a year-to-year comparison of the 2010 and 2011 responses from the 94 organizations that participated in both years, and results for the 100 organizations that participated in 2011.

Section V – Conclusion and Next Steps

The 2011 survey's quantitative results should cause our membership to question our rate of progress on our four diversity and inclusion metrics (board, senior management, workforce and supplier diversity) over the past decade. Though our membership has shown an undeniable increase in their focus on and tracking of expenditures with minority-owned businesses since 2001, we have yet to build sustained working relationships with the local minority business community in ways which could capitalize on both procurement and the significant current construction opportunities in the region.

On the leadership (board and senior management) and workforce metrics, the survey reflects incremental increases year-to-year which have not kept pace with national workplace averages. The Commission will continue to offer our membership a range of resources which can facilitate a more substantial pace of improvement in any committed organization. We strongly encourage all survey participants to utilize the results of this survey to identify meaningful opportunity for changes that will benefit their organizations, local minority businesses, and the larger economic community.

Section VI – Appendices

This section will contain the appendices for the report, including a list of survey participants, the Commission’s Board of Advisors and committee volunteers.

III. Survey Administration and Methodology

This year, 100 companies participated in the Commission on Economic Inclusion (Commission) survey, compared with 97 in 2010. Of the 100, six were first-time participants. The organizations participating this year represent 173,695 employees in Northeast Ohio. A complete listing of the members who participated in the 2011 survey will be included as Appendix B, in Section V Appendices.

The Commission has administered its annual *Greater Cleveland Employers Survey on Diversity*™ for 10 years, with periodic updates based on feedback from participants. In reviewing this 2011 Commission survey report, it is important to note that the majority of information presented in the executive summary overview section is based on year-to-year comparisons of responses from organizations that participated in both the 2010 and 2011 Commission surveys. Survey results are a snapshot of how the Greater Cleveland region is doing at this time.

A. Survey Description

The Commission’s *Employers Survey on Diversity*™ is a tool for assessing:

1. An organization’s commitment, actions, and success in maintaining a competitive edge by having an inclusive workplace environment; and
2. The presence of policies and practices that demonstrate effective diversity management and inclusion.

The survey provides individual organizations with a tool for examining their own diversity and inclusion efforts. Ideally, an organization committed to the business value of diversity and inclusion can answer “yes” to all items. Completing the survey allows organizations to identify strengths and weaknesses related to diversity management and inclusion. Progress is measurable:

- on a year-to-year basis within one’s own organization
- by comparing one’s organization to other for-profit or nonprofit organizations that completed the survey this year and
- by comparing one’s organization to all organizations completing the survey this year

Additionally, participants receive an organizational scorecard that compares their performance against quantitative criteria and qualitative goals. This self-assessment can be used as a first step toward organizational change.

The survey provides information that can be used to gain insights about the overall diversity management and inclusion practices of Commission member organizations. More importantly, the survey provides information concerning systemic barriers and successes related to diversity and inclusion. While the information provided by member organizations is kept confidential, the aggregate information will be used to guide the work of

the Commission's volunteer committees. Specifically, the information is used to create goals for systemic change, encourage member organizations to adopt identified best practices that promote diversity and inclusion, and facilitate the identification and utilization of resources that support Commission initiatives.

B. Survey Distribution and Collection Methods

The surveys were distributed electronically during November 2011. Surveys were completed by the staff of each organization and returned to the Commission by March 15, 2012. Incomplete submissions prompted follow-up communications, resulting in the receipt of additional, but not always fully responsive data. Further discussion of this issue is included in the analysis section of the full report in Section IV, Item by Item Responses, to be posted on the Commission web pages (<http://www.gcpartnership.com/Economic-Inclusion/Commission>) by May 1.

C. Survey Analysis Methods

For the most part, analysis of the data involved frequency analysis and averaging of percentages. It is important to note that not every organization answered every question on the survey. Therefore, the reported percentages are based on the number of organizations that respond to each of the questions in the survey. The individual responses are kept confidential. Only Commission employees conducting the analysis have access to the information contained in individual surveys.

The data was analyzed using four groupings:

- For-profit - including publicly and privately held for-profit entities
- Nonprofit - including government, charitable and educational organizations, including hospitals
- Aggregate - includes information from each of the 100 organizations that responded to each question this year
- "Year- to-year" - includes 94 organizations that completed the survey in both 2010 and 2011.

Additionally, for definition purposes, the term "minorities" includes African American, Asian/Pacific Islander, Latino, and Native American.



A program of
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