

Bradshaw & Company

B-Proud ERG Proposal

Alex Roth aroth@mba2010.hbs.edu

Seke Ballard sballard@mba2010.hbs.edu

Geoff Price gprice@mba2010.hbs.edu

Agenda

- The Value of ERGs and B-Proud
- Strategic Improvements
- Action Plan and Priorities

B-Proud creates value by improving recruiting, retention, marketing and firm culture

Recruiting/Retention

Marketing

Firm Culture

Explanation of Benefit

- ERGs improve employee retention by:
 - Supporting an inclusive culture
 - Acting as a support and social network
 - Channeling group-specific concerns to senior management
- Vibrant ERGs attract more diverse and talented employees to the firm

- Promoting diversity will make the firm more responsive to emerging market opportunities within demographic groups

- Historically, B&C has embraced diversity, to its benefit
- Employees can be proud of both the quality of the company's products and the company's values

Value Created


- A 1% reduction in firm turnover could **save \$2.6M** per year
- The existence of ERGs reduces recruiting costs, though more difficult to quantify

- ERGs should act as a **resource to the marketing department**

- By making its values clear, the firm can **reduce agency problems and improve employee judgment and decision making**

B-Proud, and ERGs in general, creates sustained value by improving employee retention

Value (per employee) of Reducing Turnover by 1%

	<u>Industry Average</u>	<u>1% Turnover Reduction</u>	
Avg. Annual Wage ¹ :	\$44,000	\$44,000	
x			
Turnover Rate ² :	18%	17%	
x			
Recruiting Cost per New Hire as a % of Annual Wage ³ :	20%	20%	
<hr/>			
Avg. Recruiting Cost per Year per Position:	\$1,584	\$1,496	 1% Reduction: <u>\$88</u> per person per year

Sources and notes:
 (1) Bureau of Labor Statistics
 (2) Bureau of Labor Statistics, average of manufacturing turnover and wholesale trade turnover
 (3) PWC Saratoga Institute Report July 2007

B-Proud represents almost 1,500 B&C employees and saves the company nearly \$400K per year

Value Across B&C

B&C Employees:	29,000
X	
Savings from 1% Reduction:	\$88
<hr/>	
Savings:	\$2.6M

Value from B-Proud

B&C Employees:	29,000
X	
% Identifying as LGBT	5%
<hr/>	
LGBT Population at B&C:	1,450



<u>Turnover Reduction:</u>	<u>1%</u>	<u>2%</u>	<u>3%</u>	<u>4%</u>	<u>5%</u>
B-Proud Savings:	\$128K	\$255K	\$383K	\$510K	\$638K

Agenda

- The Value of ERGs and B-Proud

- Strategic Improvements

- Action Plan and Priorities

ERGs' value will grow by improving accountability and breaking down differences within B&C

- As proven, ERGs can aid recruitment and retention.
- Studies¹ show that diversity enhances organizational problem solving
- **But**, a diverse group is more difficult to manage than a homogeneous one¹



How to take advantage of diversity while managing its downside?



- The most successful diversity practices establish clear **accountability** for improving managerial diversity²
- Identity diverse groups perform better when they have a **common goal**³

1) Williams and O'Reilly 'Demography and Diversity in Organizations: A Review of 40 Years of Research', *Research in Organizational Behavior*

2) Kalev, Dobbin 'Best Practices or Best Guesses? Assessing the Efficacy of Corporate Diversity Policies', *American Sociological Review*

3) Page 'The Difference: How the power of diversity creates better groups, firms, schools and societies' *Princeton University Press*

Agenda

- The Value of ERGs and B-Proud
- Strategic Improvements
- Action Plan and Priorities

B-Proud initiatives will strike a balance between organizational impact and budget constraints

	Type of Value Created	Accountability	Breaking Down Barriers
B-Proud Events (Diversity Day, AIDS Walk, Community Service Day, etc.)	<ul style="list-style-type: none"> Employee cohesion Retention 	<ul style="list-style-type: none"> Level of ERG participation Firm-wide attendance # of employees participating 	<ul style="list-style-type: none"> Full ERG participation Open to all employees ERG committee selects charity
Minority Marketing Expert	<ul style="list-style-type: none"> Marketing 	<ul style="list-style-type: none"> ROI of diversity marketing activities 	<ul style="list-style-type: none"> Portray B&C as an inclusive firm Prove value of diversity to skeptics
Targeted Job Postings	<ul style="list-style-type: none"> Recruiting 	<ul style="list-style-type: none"> Number of credible applications 	
LGBT Focus Group	<ul style="list-style-type: none"> Retention 	<ul style="list-style-type: none"> Feedback on ERG role in employee satisfaction 	
Employee Satisfaction Poll	<ul style="list-style-type: none"> Retention 	<ul style="list-style-type: none"> Satisfaction scores 	<ul style="list-style-type: none"> Solicit ideas for more cross-ERG/ company interaction
Diversity Blog, Facebook Group and Yammer Account	<ul style="list-style-type: none"> Retention Employee cohesion 	<ul style="list-style-type: none"> Traffic and membership 	<ul style="list-style-type: none"> Invite all employees to join and contribute

Social networking will replace higher-cost methods *and* strengthen our pursuit of a diverse workplace



	Type of Value Created	Social Media Solution
B-Proud Events (Diversity Day, AIDS Walk, Community Service Day, etc.)	<ul style="list-style-type: none"> Cultural Retention 	<ul style="list-style-type: none"> Build anticipation through blog posts and social network groups Post content for access in the future Post pictures to Picasa site
Minority Marketing Expert	<ul style="list-style-type: none"> Marketing 	<ul style="list-style-type: none"> Wiki for group input Participate in social networks
Targeted Job Postings	<ul style="list-style-type: none"> Recruiting 	<ul style="list-style-type: none"> Advertise on popular blogs, websites
LGBT Focus Group	<ul style="list-style-type: none"> Retention 	<ul style="list-style-type: none"> Use online discussion to maintain confidentiality
Employee Satisfaction Poll	<ul style="list-style-type: none"> Retention 	<ul style="list-style-type: none"> Survey Monkey to create poll and analyze results
Diversity Blog, Facebook Group and Yammer Account	<ul style="list-style-type: none"> Retention Cultural 	<ul style="list-style-type: none"> Create linked posts and groups for employees on multiple platforms

Risk Mitigation

- Network Security
 - Policy: No sensitive company information posted on 3rd party hosted servers
- Employee Productivity
 - Recent studies indicate that employee using social networks at work are more productive¹
 - As a communication tool, social networks can be used properly and abused
- Privacy and Professional Standards
 - Diversity Committee Representative (DCR)
 - Hold employees to same high standards in virtual world as in the workplace

1) Brent Coker 'Workplace Internet Leisure Browsing', University of Melbourne, April 2009

Social media defrays some costs; a prioritized budget enables additional value creation

<u>Activity Group</u>	<u>Key Actions</u>	<u>Open Questions</u>	<u>Budget Impact</u>
<ul style="list-style-type: none"> • B-Proud and ERG Social Networking 	<ul style="list-style-type: none"> • Blogs • Facebook Group • Yammer Account 	<ul style="list-style-type: none"> • Employee access privileges 	<ul style="list-style-type: none"> • No cash outlay to setup and maintain • Minimal IT support 
<ul style="list-style-type: none"> • Cross-ERG Programs 	<ul style="list-style-type: none"> • B-Proud Events (Diversity Day, AIDS Walk etc.) • Minority Marketing Expert 	<ul style="list-style-type: none"> • Cross-ERG coordination and buy-in 	<ul style="list-style-type: none"> • Combined budget for higher impact • Low budget execution possible 
<ul style="list-style-type: none"> • Other B-Proud Activities 	<ul style="list-style-type: none"> • Focus group • Satisfaction poll • Recruiting efforts • Sponsorships • Community events 	<ul style="list-style-type: none"> • Survey to prioritize sponsorships and events • Identify recruiting channels 	<ul style="list-style-type: none"> • Available budget will be put toward highest value (retention enhancing) events • With no budget, most events cut 