



## DIVERSE TEAMS DELIVER INNOVATION AND SUCCESS

**Commitment to diversity is a sound business practice. In addition to just being the right thing to do, evidence from many studies indicates organizations that are committed to diversity in their leadership ranks are better run, have a more innovative culture and more successful than those that aren't.**

Whether you lead hospitals, health insurers, or healthcare services corporations, having diverse voices that represent a variety of experiences and intellectual expertise around a leadership table where decisions are made is crucial. Companies that don't face the very real risk of being left behind in the rapidly changing world.

According to a Harvard Business Review article by David Rock and Heidi Grant, diversity is a reliable engine for innovation. They point to a British study that shows "businesses run by culturally diverse leadership teams were more likely to develop new products than those with homogenous leadership."

A recent study by researchers from North Carolina State University and Portland State University found that corporations with policies that value women and minorities "are more innovative, value intangibles and human capital more highly, have greater growth options, have higher cash flow, and have stronger governance." In addition, the study demonstrated that diverse companies weathered the Great Recession more easily.

Why is this so? Beyond the obvious reason that decision-makers at diverse companies bring a plethora of experiences to bear when making decisions, here's another less-known factor. Studies reveal that diverse leadership teams rely more on facts when making decisions and make fewer errors when dealing with those facts, and are, therefore, more careful and deliberate in their decisions.

The U.S. Census reports that, by 2044, Caucasians will no longer constitute a majority in the U.S. Instead, America will become a "minority-majority" country where no single ethnicity will make up more than 50 percent of the population. So, what is your company doing to better understand your patient and community populations as well as retain and empower your workforce?

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This is where we must get beyond mere diversity. Assessing, developing, refining, and measuring your diversity, equity, inclusion, and belonging efforts is imperative to making an impact and driving true change.

Laura Sherbin and Ripa Rashid of the Center for Talent Innovation cite four factors that can turn diversity into inclusion:

- **Inclusive leaders** who create a safe environment for team members to share opinions and new ideas, and who share credit and empower team members to make decisions.
- **Authenticity** is closely tied to this, allowing team members to share their true selves instead of being fearful to express individual traits that don't conform to the company norm.
- **Creating opportunities for networking and visibility** that go beyond the usual chatter about mentorship and address leadership gaps through true sponsorship that champions executives who merit promotion.
- **Clarifying career paths** for people who are not Caucasian males. This greatly affects women (45 percent of whom leave a career path, even if it is temporary, to take care of children), but also ethnic minorities and LGBT workers. "Ironically," note Sherbin and Rashid, "it's usually the majority group that presumes to identify the reason these people aren't advancing."

In terms of gender, there has been minor progress on the leadership front. While it is true that women now comprise 20 percent of director roles at Fortune 1000 companies that are part of the Gender Diversity Index, other statistics remain troubling. Only 21 percent of executive positions among Fortune 500 healthcare companies are filled by women. Also in healthcare, the number of ethnically diverse executives in leadership positions has dropped to 11 percent with the C-Suite and has remained around the two percent mark for more than 20 years.

These numbers are of great concern to those of us who partner with companies to identify, attract, retain, and develop leaders to improve team and organizational performance. Each year, we spend hundreds of hours conversing with top CEOs and other C-Suite executives about their careers and their experiences with diversity and leadership. It is abundantly clear that diversity must be embedded into the culture of an organization, which is only possible by starting at the board level.

"Our boards do not reflect the communities we serve," said Gene Woods, now CEO of Atrium Health, in a previous interview on governance. "One of the biggest levers in diversifying an organization is when the board declares that it's a priority."

Woods is also the Past Chair the AHA's Equity of Care Committee, which has been instrumental in getting healthcare providers to sign its National Call to Action pledge to eliminate disparities.

"That pledge includes improving collection of race, ethnicity and language preference data," he said. "(It) also includes increasing cultural competency training and increasing diversity in governance in leadership."

Yet there remains some resolute opposition at the director level. In a PwC survey of board members, 16 percent claimed that gender and racial diversity doesn't produce any benefits, while 11 percent refrained from commenting because their boards are not diverse.

Bruce Siegel, President & CEO of America's Essential Hospitals, which represents safety-net hospitals across the U.S., has seen this attitude all too often. In a prior interview on this topic, he said boards have been far too quiet about the lack of diversity.

"I don't think our boards of directors are demanding this," he noted. "They need to be unequivocal that this is an expectation, not just a nice thing to do. But I don't think our hospitals are going to look diverse in the C-suite if our boards don't."

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It is difficult for an organization to understand its patients, members, or customers if its leaders can't identify with them. It would be difficult for a company to grow under those circumstances. Yet far too many companies have a significant majority of white men in the C-suite. Even Marna Borgstrom, the CEO of Yale New Haven Health System, who has led her company since 2005, told us in a recent interview about leadership that she still sees the gender disparity in person.

"When I get outside of our organization, I will sometimes still look around the room and say, 'Wait a minute. I'm the only woman here.'

"That is still a little bit weird and a little bit uncomfortable, because it reinforces that we're not doing enough to advance women into the senior-most positions in the healthcare field."

Marla Silliman, now Senior Vice President, Regional Strategy & Operations at TriHealth, said in a past interview that she and other women executives are determined to do their best to accelerate the change they want to see. She also stated:

"I don't see a lot of older female mentors that I can turn to," Silliman stated. "There just aren't that many. So, my hope is that we will be the generation that will truly be there for the generation behind us."

As we survey the leaders who are having the most strategic impact in the industry, it is often those who see diversity and inclusion as essential elements of their mission that achieve sustainable, long-lasting success. We must seize the opportunity for real and equitable change in our organizations that will ultimately produce enterprise leaders who truly reflect and champion the people and communities they serve. 

Find more resources at  
[bit.ly/DiversityResourceLibrary](https://bit.ly/DiversityResourceLibrary)

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