

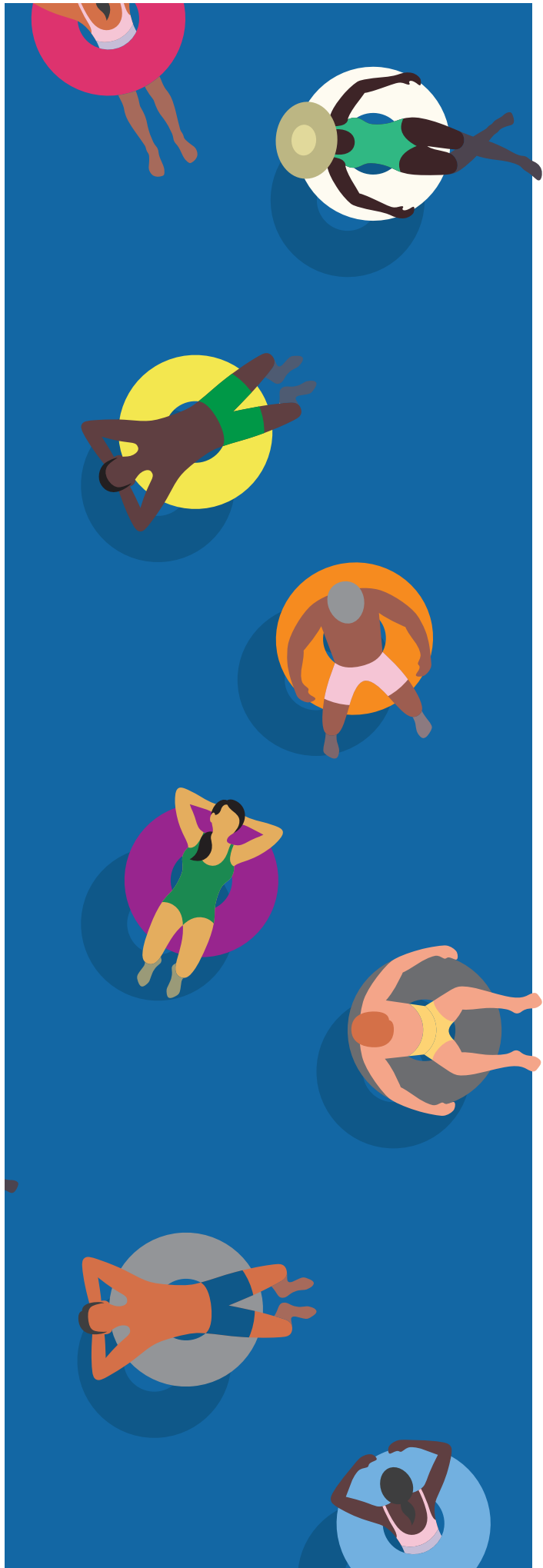
The background of the entire page is a solid blue color. Scattered across this background are approximately 15 stylized illustrations of people of various ethnicities and ages floating on inflatable rings. The rings are in various colors like yellow, green, blue, and white. The people are shown in different poses, some with their hands behind their heads, some with their arms outstretched, and some sitting up. The overall theme is relaxation and leisure.

The  
Business  
Case for

# Diversity, Equity & Inclusion

Improving Clubs Through  
Policies and Practices

By Phillip G. Mike



The past year has seen a dramatic shift in society trends and values. At the forefront is diversity, equity and inclusion (DEI). While the issue sparked intense debate and calls to action from individuals and groups across the country, research reveals a critical case for employers and businesses to develop strong DEI initiatives and practices.

### Expanding the Talent Pool

Recent studies indicate that businesses often look in the wrong places or inadvertently limit their talent pool, cutting out applicants who may benefit employers. A 2019 SHRM survey reports that 83% of HR professionals report they had trouble recruiting suitable candidates in the year prior, and 75% of those say there is a shortage of skills in candidates for job openings, yet data reveals that the talent likely exists.

A 2017 study by Accenture, Grads of Life and Harvard Business School found that employers were increasing the educational requirements for jobs typically held by high school graduates. Additionally, the automated hiring tools excluded qualified candidates for these mid-skill jobs simply because the candidate did not have a degree. The belief is often that hiring someone with a college degree to fill these positions (supervisors, technicians and sale representatives) benefits employers, however these hires tend to be less engaged in their roles, have higher turnover and reach similar levels of productivity as high school graduates.

Similarly, the SHRM survey reports that 66% of HR professionals say that hires with a criminal background perform at a comparable level to those without a criminal background, however many employers immediately eliminate these candidates from their selection process.

Research also indicates that employers may inadvertently limit their talent pool based on the racial indicators of applicants. A Harvard Business School study tested this by creating resumes for Black and Asian applicants. Some of the resumes included information indicating the applicants' racial status and others were "whitened" to remove those factors. Twenty-five percent of Black applicants' "whitened" resumes received callbacks while only 10% of the unchanged resumes received a follow up. Similarly, 21% of Asian applicants' "whitened" resumes received callbacks compared to just 11.5% of the unchanged resumes.

To help combat this, recruitment companies like Yello and Entolo now specialize in minority hires. Additionally, the talent pool has dramatically opened up due to the popularization of working from home. More than ever before, employers candidates with less consideration to their proximity to the job.

### Bottom Line Benefits to Diversity

#### Gender Diversity

Research also indicates that companies perform better when there is greater diversity and inclusion at the highest levels of the business.

According to a recent study by McKinsey & Company, the greater the representation at top levels of businesses, the higher the likelihood of outperformance. For example, companies with more than 30% female executives were more likely to outperform companies that had 10–30% female executives. Those companies were more likely to outperform companies that had even fewer or no female executives. The most gender-diverse companies are 48% more likely to outperform the least gender-diverse companies.

### Ethnic Diversity

Ethnic diversity also can have real financial benefits to businesses. In 2019, the top quartile of ethnically diverse companies outperformed those in the bottom quartile by 36% in profitability. This is up from 33% in 2017 and 35% in 2014.

### Independence as Diversity

Another aspect of diversity is utilizing independence. Without involvement in the day-to-day, outside observers can look a business from a fresh perspective compared to regular staff. *The Wall Street Journal* reports that among S&P 500 companies, 85% of the firms say that at least two-thirds of its directors have no link to day-to-day operations. This separation helps encourage a diversity of viewpoints from different professional backgrounds.

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### Consumer Perception and Values

More than ever, consumers are spending dollars with businesses that align with their values. Across industries, consumers have made their voices heard patronizing businesses or sponsors of businesses that support or don't support particular causes. The 2020 Gartner Consumer Values and Lifestyle Survey reveals that equality is the highest ranked value held by consumers. "I strongly believe that all people should have equal opportunity and equal access in all areas of life," is now the value with which the highest number of U.S. consumers identify.

Consumers are acting on these values as well. A recent study by McKinsey still shows that consumers still prioritize value and convenience in their purchases, however, an increasing number of buyers are considering corporate values, such as how companies treat their employees, in their purchasing decisions. Twenty-three percent of Americans are buying more from companies that take care of their employees' safety. Only 8% said they are buying less due to it. Further, a 2019 survey by Adobe found that 38% of consumers are more likely to trust brands that do well with showing diversity in their ads.

### Building Community and Culture

A recent McKinsey study of women in the workplace reveals that women are more likely to support and mentor other female employees. According to the data, senior-level women are more likely than their male counterparts to support employee-friendly policies and programs and to champion racial and gender diversity. More than half of senior-level women say they regularly take action to support gender and racial equity at work, compared to just 40% of senior-level men. Particularly during the COVID-19 pandemic, many women have considered stepping away from work to take care of family duties. However, the case can be made that given the support women offer their female colleagues, women are an important factor to each other's success in the workplace.



## Millennials Prefer Inclusive Brands

- 54% of younger millennials believe that retailers have a responsibility and duty toward addressing wider social and political issues with regards to diversity.
- 51% of younger millennials are more likely to shop at a retailer that demonstrates awareness of such issues.
- Roughly 70% of millennials are more likely to choose one brand over another if that brand demonstrates inclusion and diversity in terms of its promotions and offers, their in-store experience, their product range and their environmental awareness.
- 31% of younger millennials see diversity in the workplace as an important attribute when it comes to deciding where to shop.

Source: Accenture

# Walking the Walk

## Union League Club of Chicago

The Union League Club of Chicago was founded more than 140 years ago during the Ulysses S. Grant administration with the purpose of being committed to community and country. Since then, the club has done just that through its strong culture and structure.

Today, at the core of this mission, the club actively addresses the question, “How do we make the Union League Club more like the Chicago-land area?” The city is the country’s third largest and is proud of its diverse representation at its highest level. Chicago has had two African American mayors, including the current mayor Lori Lightfoot, who is openly gay with a wife and daughter.

ULCC works to emulate this culture at its highest levels and the club’s board has been an industry leader in diversity. ULCC elected its first African American club member in 1969. He later became a board member and then the club’s president in 1985, and this past year, his daughter was elected to the board. The club has also had five female presidents.

This representation continues today. At the start of the last club year, ULCC’s board was 50% female and today includes a female president, two black females and one Latina.

The club organically advances its diversity mission by reinvesting its inclusive culture back into the club’s governance structure. The club fills its board with highly qualified candidates through its Nominating Committee, chaired by the immediate past president. The Committee is generally comprised of past board members who understand the club’s mission and are active in the club. By the time a board

member is president, they have served 8 years.

The Public Affairs Committee also plays a critical role. This committee helps communicate the interests of the city to government to advocate for important

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issues including government ethics, elimination of the death penalty and other matters. It “keeps our true north,” says General Manager Mark Tunney. The committee also hosts nonpartisan public forums on critical issues of the day to facilitate thoughtful, live discussion of matters that are vital to the citizens of the community and nation.

The club also boasts three foundations that support the Chicago-land area, including the Union League Boys & Girls Club, founded more than 100 years ago; the Chicago Engineer’s Foundation; and

the Luminarts Cultural Foundation. In 2019 alone, the Boys & Girls Club supported 15,009 Chicago youth with low-cost or free lunches, mentorship and a fun space to enjoy. Ninety-nine percent of these children are from minority populations. The presidents of the three foundations are all women.

In 2007, the Public Affairs Committee created Subcommittee on Race Relations, with a goal of deepening its members’ own awareness of the complex issues of race in society and in our personal lives. One of the issues it has tackled is youth incarceration.

With the onset of the summer protests, equality was at the forefront of the club’s and its members’ minds. The club issued a statement that struck at the core ULCC’s values. In the statement the club wrote, “We are a social club committed to community and country, where we do things we enjoy and care about with people we enjoy and care about. . . . We invite everyone to participate in our culture of hospitality, regardless of, but not limited to race, gender, sexual orientation, family status, religion, ethnicity, national origin, physical disability, veteran status, or age.”

Despite the successes the club has had in this area, Tunney knows that the club is always cultivating a culture that reflects the Chicago-land community. The club removed its male-only membership model decades ago and continues to build toward a more inclusive membership and leadership.

The club keeps its sights on new members with openness, says Tunney. “We don’t go after a target market. We want a big umbrella.”



# Expanding the Community Beyond Club Walls

## The Harvard Club of Boston

The Harvard Club of Boston, founded in 1908, has been the home of many of the world's leading, forward-thinking minds. But even with a visionary membership, the club felt it needed to evolve.

In the wake of COVID-19 and economic and civil unrest, the Harvard Club adapted. The club's membership draws from its namesake university, and for the first time in its history, its 2021 graduating class will have a majority of students from minority communities. Recognizing that the Harvard Club's growth was stagnant, the core of the club's revenue stream was reduced, and that the key to a club's success is the vibrancy of membership, General Manager Steve Cummings and the board began to consider potential changes.

The club increased digital engagement to deliver services to demonstrate the club's value to members. New amenities included virtual fitness sessions, virtual speaker series, take-out and curbside pickup and outdoor dining. The club also transformed function spaces into novel social-distance friendly work-from-anywhere areas.

Benefiting from the pandemic, the "virtual club" tapped into a previously inaccessible market of Harvard alumni. Fitness attendance tripled. More than 1,500 non-

resident members engaged the club services at unprecedented rates with the new offerings. Members from around the world became part of the club community, albeit from miles away. The meaning of a club membership transcended the four walls of the clubhouse.

Further, the club has also hired a data analyst to better understand membership demographics. The analyst uses data to identify potential locations for a satellite operation to enhance the member experience, whether that be a sports club in the suburbs or a pub in Harvard Square. According to the general manager, "nothing is off the table."

In a recent conversation with one of the Harvard Club board members, he asked the following:

1. Who is the most successful taxi company? Uber
2. Who is the most successful hotel company? Airbnb
3. Who is the most successful retailer? Amazon
4. What do they all have in common? They do not own taxis, hotels or retail space.

Is it possible for a club to be successful without a physical place to "meet and mingle?"

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According to board member Andy Freed, "The face of Harvard has changed, and so must the club. We do not want to create a place; we want to create a sense of belonging," he said. "We want to attract the next generation of members not because of our dining and facilities, but because of who we are and what we stand for. The club must represent all alumni and articulate our values implicitly and explicitly."

### Benefits of Inclusion Require Honest Change

While the studies mentioned indicate that having a diverse and inclusive culture, especially at high levels, improves the business bottom line, placing people from diverse backgrounds at the top, by itself, doesn't necessarily create positive change and boost performance.

Researchers at *Harvard Business Journal* have found that the "learning-and-effectiveness paradigm" is critical to affecting the

most positive change from a diverse workplace. This approach entails recruiting and retaining more people from underrepresented communities as well as tapping their specific identity-related knowledge and experiences as resources for learning how the organization could improve its performance. Teams that do this are more effective than homogenous groups or even heterogenous groups that don't leverage their members' experiences. Researchers

suggest that organization that are open to new viewpoints, communicate that individuals and new perspectives are valued and that team members can speak without fear of disrupting group cohesion.

Individuals feel included when they have influence to help set an agenda, determine what work should be done and how, and have their needs and interests heard and their contributions recognized and rewarded, the researchers add. Other indicators of a culture that capitalizes on diversity are that team members can reflect and discuss their team's functioning, status differences among groups are minimized, and groups believe the team supports learning including members' differences.

The study found that when business combines this culture with new, diverse perspectives, it leads to better decision-making, higher quality of work, greater team satisfaction, and in some cases, more equality.

### The Business Case

There are a multitude of reasons why clubs and employers should consider stronger DEI practices. These include both internal and external benefits that can improve perception and performance

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of clubs. However, changes should be made with an earnest effort. Without living and adhering to the values supported by DEI practices, many of the benefits may not come to fruition. [CD](#)

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An advertisement for a new alliance between three industry leaders. The background is a scenic view of a golf course with mountains in the distance. The text reads: "ANNOUNCING A NEW ALLIANCE" and "Three recognized industry leaders operating together under one roof." Below this, three white boxes list the services of each company: AddisonLaw (Equity Turnovers, Acquisitions and Sales, Membership Plans / Bylaws, Licensing and Permitting, Deal Structures), Ethos Club & Leisure (Business and Brand Strategy, Operations, Repositioning and New Capital, Development/Sales, Redevelopment), and GSI Executive Search (Executive Search, Human Capital Management, Post-Hire Consulting, HR Compliance, Training/Team Building). At the bottom, a blue banner contains the text "CREATING FOUNDATIONS FOR SUSTAINABLE SUCCESS" and three website URLs: [addisonlaw.com](http://addisonlaw.com), [ethosclubandleisure.com](http://ethosclubandleisure.com), and [gsiexecutivesearch.com](http://gsiexecutivesearch.com). The address "5400 LBJ Freeway, Suite 1325, Dallas, Texas 75240 • (972) 341-8133" is also provided.