



Special Report

Diversity and Inclusion in Family Enterprise: What, Why, and How

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Introduction

When protests mounted in the summer of 2020 around the [death of George Floyd](#), the broader movement these represented had large implications for the public and private sector around social justice issues.

While the reactions of large, mostly public businesses made [headlines](#)—such as public stances on the Black Lives Matter movement, an explicit commitment to hire and develop more diverse employees, or offering powerful ads supporting social justice—many family-owned firms, too, considered their own approach to diversity and inclusion (D&I), some for the first time in such depth.

While the definition of diversity can create challenges leaders need to consider, for our purposes we are using a broad view of “diversity” that speaks to a general acknowledgment and celebration of differences to bring people together through empowerment and appreciation, whether related to gender, race, age, religion, sexual orientation, economic status, or others. “Inclusion” is about proactively creating cultures and environments where diverse people feel accepted, welcomed, and treated with equality, creating a collective sense of respect, trust, and belonging.

We reached out to a number of family business CEOs to learn how they were navigating this situation. “This is the first time I had to think about taking a vocal stance on a social issue,” multiple family-firm CEOs told us with respect to speaking to both internal (employees and family stakeholders) and external audiences (broader public).

Their motivation has come from the public domain, where so many leaders are speaking out in unprecedented ways, and from their employees and families, especially from Millennial and Generation Z members, who are increasingly eager to “bring their whole selves to work,” such that they can live their values through their work and feel their workplace reflects their values explicitly and visibly, including work for the family firm.

That said, as family enterprise advisors and educators, we have seen this topic lead to conflict, confusion and uncertainty among family business stakeholders – at times putting family enterprise leaders in a very challenging situation. Should they speak out about diversity and inclusion? How? Will they be penalized for not speaking out? Does this go against the private nature of the family? Does this feel too politicized? How might they expand inclusion while also protecting long-standing culture? What does all of it mean for hiring, advancement, and other people-related processes?

The confusion and anxiety are understandable. The highly publicized case of George Floyd sparked a significant national—and eventually global—conversation about implicit (and explicit) bias, institutionalized racism, misogyny, homophobia, and many other injustices with long-term, meaningful impact, resulting in what felt like heightened “overnight awareness” of these chronic issues. And it came at a time when most of the world was already unsettled due to the ongoing challenges of the COVID-19 pandemic, including disruption of most business sectors.

So, family enterprises have understandably felt caught off-guard and, in some cases, flat-footed around diversity and inclusion issues. Some firms already had thoughtful D&I initiatives and work underway before the protests, but the rising tide of media attention and awareness of injustice has made them feel greater urgency about making real progress with this priority, faster. Other family enterprises may have just begun to think about D&I, or hadn’t felt the need to as of yet, and now may feel significantly behind, eager to “do the right thing” but in a way that makes sense for their broader situation, constituency, and context.

In the context of this growing need, we wrote this thought piece to help family enterprises approach diversity and inclusion in a way that aligns with their values, practices, and preferences. Our goal is to share why diversity and inclusion matters for family enterprises and why they may struggle (at first) to progress in this broad area. We’ll also offer practical tips for launching or enhancing diversity and inclusion initiatives, with examples from real-life family firms, and highlight potential pitfalls. While the broad sense of “family” that imbues the culture of many family enterprises may bring some unintended challenges to consider, we see this more as a foundational strength that can be leveraged in support of diversity and inclusion initiatives that will enhance the business long-term.

For this article’s purpose, we define “diversity” as related to the operating entities—the people, policies, and practices of the family enterprise—rather than to the family itself. Thus we will focus on implications of large D&I-related trends for the operation and its decision-makers, while acknowledging that (1) diversity of people and thinking—or lack thereof—in the family may well affect how leaders and shareholders think about D&I in the business; and (2) in many cases, family members represent a broad spectrum with regard to age, gender, sexual orientation, religion, income, and other factors, and it’s worthwhile for the family to consider how they handle such diversity collectively, though that’s beyond the scope of what we seek to address. Similarly, while our focus remains on the business, many of the ideas here apply generally to other family enterprise bodies including foundations and investment offices.

As a final introductory note, we want to acknowledge our own limitations and potential blind-spots as authors, along with the nature of our family-firm sources. We are white women of relative privilege, and most of the family enterprises profiled here are owned by majority-culture (white) families and are larger, more sophisticated businesses than many in the family firm space. That said, our interviewees—Chief HR Officers and others—represent a more diverse group, and we hope and believe the ideas here apply to family enterprises of all shapes, sizes, and constituencies.

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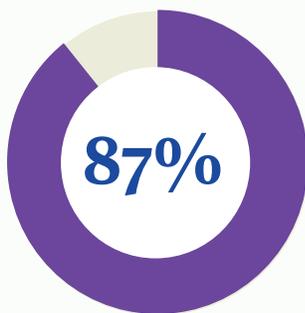
Why Diversity and Inclusion Matter

That businesses of all stripes will have an intentional, significant focus on diversity and inclusion is a growing expectation of stakeholders: employees, customers, shareholders, and society at large.

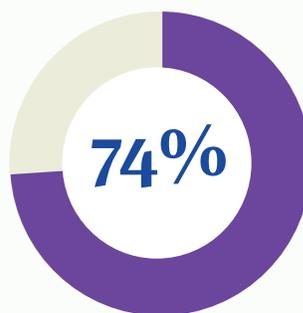
This is part of a broader general trend in which stakeholders both expect businesses to take public positions on social/environmental issues and also make decisions regarding their relationship with businesses based on these stances. For example, a recent, large-scale survey¹ by the Gartner research firm focused on HR found that 87% of employees believe companies should take public positions on issues relevant to the business, and 74% even advocated that businesses should take positions on issues not directly relevant to the firm. Similarly, 67% of respondents said their purchasing habits, employment-related thinking, and advocacy of a business would be influenced by its actions on social issues. This underscores that a company's silence on socially important topics may put them at risk of losing business; or make it harder to hire key talent.

Employee Survey Results from "HR's Role in Guiding the Corporate Response to Social Flashpoints"

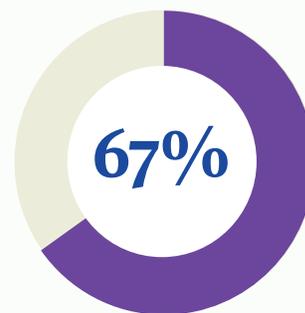
Research data published by Gartner Research in January 2020.



Companies should take public positions on issues relevant to the business



Businesses should take positions on issues not directly relevant to the firm



Purchasing habits, employment-related thinking, and advocacy of a business would be influenced by its actions on social issues

Family enterprise leaders understand the importance of diversity and inclusion. In an informal survey we conducted, nearly 90% of family firm board chairs said increasing diversity of their organization's board and executive team is a high priority, with focus on ensuring representativeness based on gender, race, age, and other factors.

Diversity and inclusion issues have become front and center because the world is an increasingly diverse place, especially in large, developed countries like the [US](#). As the Black Lives Matter and other movements have made clear, more and more people and organizations are moving to address long-term injustices and the inequalities these movements have spotlighted. That has resulted in the perception of D&I initiatives as simply the “right thing to do,” from a moral perspective.

But promoting diversity and inclusion in myriad ways is also good for businesses on multiple, interrelated dimensions. For example, recent research shows that team diversity facilitates [better decision-making](#). The findings indicate diverse teams are more likely to examine facts, process them carefully, and take an innovative approach. Indeed, people, not physical assets like manufacturing facilities, are what drive the greatest competitive advantage in today's marketplace. So, it's critical to have the best possible leadership team and other groups to uncover new strategies, promote innovation, and tackle tough issues. That means assembling a diverse group of talent at all levels. And the reality is that diverse candidates won't accept offers of employment if they don't feel they'll be welcomed and supported, as we discuss in more detail later.

Making the workplace comfortable for more diverse employees is part of a broader trend in which people today are more likely to derive their sense of purpose from work than from other life domains. Thus thoughtful business leaders increasingly recognize that [“purpose-led” actions](#), including those related to D&I, have a threefold positive impact: they welcome wide-ranging groups, address employees' need for a sense of purpose, and ultimately yield better business performance.

In addition, global society and markets are simply more diverse, so businesses that recognize this and seek to address it in practices ranging from hiring to advertising to product development have a leg up against those that do not; and will reap larger returns. Indeed, a growing number of family firms play on the global stage and serve global markets, so this is especially true for them. A longtime HR executive from the family-owned consumer products firm SC Johnson, for example, told one of us that the business has prioritized diversity and inclusion for decades, seeing it as a driver of competitive advantage in the global market.

Relatedly, corporate reputation matters more than ever, and stances on D&I figure significantly into it, with word of business policies and reactions—especially those perceived as “wrong”—spreading quickly through social media outlets. For example, clothing retailer H&M faced immediate, global backlash for their advertising featuring a black child wearing a hoodie with a phrase perceived as racially offensive.

So, it's no surprise public businesses across sectors and geographies have made large, publicized efforts to improve diversity and inclusion on multiple dimensions.



Diversity and Inclusion in Family Enterprises

It is important to acknowledge that enhancing diversity and inclusion is not easy for any business. In fact, [available evidence](#) suggests it's quite the opposite.

“Over 20 years of D&I efforts in large corporations has amounted to zero difference,” says Henry Artalejo, head of human resources at family-owned global business [Griffith Foods](#). He bases this on his time working in major businesses before joining Griffith. Indeed, firms across sectors [struggle with improvement](#) in this area. Even the Googles of the world, which have whole teams devoted to diversity and inclusion, have plenty of work to do, and have made their share of public [mistakes and missteps](#) in this arena.

Family firms are known for treating their people like family, which creates a strong sense of caring and inclusion.

We believe family enterprises have some unique advantages and challenges in approaching D&I. That's because while some of the strengths and values they have can be harnessed in service of diversity and inclusion efforts, others may actually impede their progress. On the positive side, family firms are known for treating their people like family, which creates a strong sense of caring and inclusion. They are values-driven, focused on the long term, and want to “do the right thing” for their broad constituencies and communities, which can facilitate effective D&I programs, policies, and initiatives.

At the same time, family firms' strong values, tight cultures, consensus-driven natures, and tendency to promote from within—building teams that “look like us”—may lead to the stifling of diverse viewpoints or a lack of opportunities for outsiders or those from different backgrounds. It is human nature to lean on the familiar, rather than looking to outside or divergent viewpoints.

Further, many family businesses are in industries that have historically been less diverse, such as manufacturing, construction, and agriculture, and are located in smaller, less diverse towns. Moreover, family firms often resist the imposition of values or practices from outside, and smaller ones often shun “big company” practices. One leader at a large family firm told us, “the business has stayed within its own private world,” due to such influences—even if that wasn't by design. Together, these features may make it more challenging for family businesses to take on diversity and inclusion initiatives and move toward change.

This can be a difficult, confusing arena for many family firms. It's often hard to talk about differences of opinion, and that's especially the case in the US today when our population is feeling particularly polarized. Members of all generations feel threatened right now; so families may seek to avoid confronting the thorny challenges D&I initiatives can represent.

While we acknowledge, and have often seen first-hand, the discomfort these topics can open up, we urge family-firm readers to think of this as a “bigger than you” global moment, one that calls for a thoughtful, open-minded approach to considering diversity and inclusion issues, not only in the context of the large, ongoing disruption taking place in this arena worldwide, but also in terms of what's best for your enterprise.



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Here are some specific, interrelated benefits we see of moving toward greater diversity and inclusion in your firm, based partly on the ideas in the previous section:

- **External competitive advantage:** Understanding and promoting diversity can open opportunities with new customers, team members, markets, and products, especially if you serve a global market, but even if you don’t, as the US is steadily [moving toward a non-white majority](#). More engaged employees, as discussed below, also means higher performance and returns.
- **Internal competitive advantage:** Investing in a more diverse workforce can increase diversity of thinking and employee morale, as people feel included and valued—both of those improve performance. Many family firms like to promote from within, so building an employee base of engaged team members means a broader bench of candidates for future leadership roles, as well.
- **Family harmony:** Genuine emphasis on diversity and inclusion can bring generations together around shared values and meaning. As noted earlier, younger generations today are especially focused on ensuring their workplaces—or businesses in which they hold ownership—reflect their values. So, this is a clear area in which to forge greater bonds within and across generations. We see many younger-generation family enterprise members taking a stand on this issue, and a lack of openness can lead to dissatisfaction family-wide.
- **Stewardship and longevity:** Building a more open, higher-performing business speaks to the core family-enterprise values of stewardship, longevity, and legacy. Available evidence suggests that promoting and celebrating D&I in intentional ways will advance family-business interests on all key dimensions, enabling a longer-lasting, more influential enterprise.



Promoting Diversity and Inclusion

Shifting from describing diversity and inclusion and why it matters, we want to focus on the *how*: how to think about and formulate D&I initiatives in your firm. As Drew Everett, board chair and member of the family owned food-manufacturer [Bush Brothers](#), says, “Committing to improve diversity is straightforward, but “the ‘how’ is not so simple.”

Use Strategy, Structure, and Design

Several of the leaders we spoke to have created full strategic D&I programs with many mutually reinforcing moving parts. [Huber](#), a family-owned portfolio of businesses including engineered materials and food ingredients, for example, has been carrying out a focused D&I strategy since 2017. Chief Human Resource Officer (CHRO) Lily Prost leads their effort, which is built on three main pillars: workforce, workplace, marketplace.

“We want to embed D&I into succession planning and other processes.”

Lily Prost, Huber

“We’re focusing first on hiring and advancing women and minorities,” Prost says with regard to the workforce pillar, which ties into the firm’s broad “respect for people” principle; the team tracks progress against the demographics of the broader community’s workforce. The workplace pillar involves training, communication, employee resource groups, and other components. “We want to embed D&I into succession planning and other processes,” Prost says, noting that the firm looks at D&I through the lenses of innovation and sustainability, which informs all practices. Finally, the marketplace pillar is

about partnering with customers, suppliers, and community groups on driving D&I, such as working with the Society of Women Engineers and Historically Black Universities on recruiting initiatives. Prost points to an important decision – considering where to focus D&I efforts. Some worry defining diversity broadly, as we have done for this article, reduces the ability to have impact because it is too difficult to tackle and might diminish the experience of those subjected to race and gender discrimination when the category of those considered diverse is open to so many.

Similarly, before Henry Artalejo became head of HR at Griffith Foods, the business had launched some passion-fueled diversity initiatives. He helped develop a full “I&D” structure with four strategic areas of focus: Diverse Talent, Inclusive Workplace, Supplier Diversity, and Partnerships. The firm’s Inclusion and Diversity 2030 Vision Statement includes items such as “Demonstrate genuine respect, curiosity, and empathy toward others to build understanding and trust” and “Acknowledge, surface, and remedy biases or non-inclusive behavior.” Later sections detail some of their specific efforts in this area.

Iconic toymaker [Radio Flyer](#) has also committed formally to diversity and inclusion. As Chief People Officer Amy Bastuga notes, the company is committed to “building a great place

for *all*” (their emphasis) through more inclusive practices. Their “5 Key Actions” plan focuses on these mutually reinforcing areas: Diversity Hiring, Leadership & Education, HR People Practices, Culture & Benefits, and External Partnerships.

Formal programs are an important part of any diversity and inclusion effort, but not everything. “We’re not as good at having conversations,” says Huber’s Prost, alluding to the importance of more informal, on-the-ground interactions that reflect and reinforce D&I strategies. So, don’t forget the “soft” stuff beyond explicit strategies and structures—that’s often the hardest part. The authentic conversations and opportunities to engage at an individual level can often drive the most impact.

Speak from the Top

Successful family business leaders who are prioritizing diversity and inclusion are clear that now is a good time to speak about it to both internal and external audiences, in the context of real-world events.

Choosing not to speak carries large risk in today’s emotionally charged environment vis-à-vis social issues. “Silence in times of disruption can create much more noise for employees than a direct statement that builds on the themes of empathy, allyship and action,” the research firm Gartner² advises regarding current protests. “Senior leaders are instrumental in ensuring employees feel heard at a company-wide level in a time of crisis.”

Radio Flyer’s Chief Wagon Officer (CEO) Robert Pasin exemplified this by speaking out after the George Floyd incident in a June 2020 [LinkedIn post](#) titled “We Must Become Anti-Racist.” He opens by saying, “the situation has caused me to reflect on how I can do better,” and commits “to making the promotion of justice an active part of my role as CEO of Radio Flyer.”

Pasin then shares what he told his team in the wake of what happened to George Floyd, including: “Racism was part of the design of America... today, things are still working as they were originally designed... We have to acknowledge that these biases and inequities are systemic and permeate everything – our country, our schools, our communities, our businesses, our families, Radio Flyer, me. Aren’t we better than this?... We need to do more. I need to do more.”

He concludes by pledging to equip every Flyer (the internal name for Radio Flyer employees) with “the knowledge and tools needed to combat racism.” His powerful public statement set the stage for the firm’s comprehensive, ongoing diversity and inclusion effort, while offering an example for other corporate leaders to take highly visible action in this arena.

Family leaders at Griffith Foods, too, made enhancement of diversity and inclusion a company-wide objective. In line with this, CEO Brian Griffith also put out an internal statement on the George Floyd incident, and addressed the entire workforce to highlight the importance of D&I initiatives. “It was a big deal that he spoke to everyone,” HR head Artalejo said.

Similarly, Huber CEO Mike Marberry recently [spoke out publicly](#) on social issues in the wake of the George Floyd protests, tying Huber’s stance on social equality to the firm’s longstanding values. Marberry also [signed a petition](#) urging Georgia’s General Assembly to pass an anti-hate-crime bill, and signed (on the company’s behalf) the [CEO Action for Diversity & Inclusion](#) initiative started by consultancy PwC to ask for public commitment to diversity and inclusion; Griffith Foods CEO Brian Griffith and many other family business leaders also signed on.

As these leaders have, look for ways to make clear your commitment to diversity and inclusion, in ways large and small.

Aim for Quick, Specific, Bottom-up Wins

The examples above may imply you have to aim for big, formal programs to address diversity and inclusion. Indeed, once people gain awareness of and passion for improving D&I, it can be tempting to try to change everything at once: hiring, development, advancement, and others. Resist that temptation, especially in the beginning, in favor of more targeted efforts that can yield early wins. Trying to do everything will likely cause burnout while failing to yield meaningful change.

“Go grassroots, listen to employees, go where the energy is.”

Henry Artalejo,
Griffith Foods

“Go grassroots, listen to employees, go where the energy is,” says Griffith Foods HR head Artalejo. He and others emphasize taking cues from your employees on diversity and inclusion in general, rather than imposing ideas from the top-down. It’s also okay to plan for what’s best in the long term while rolling out short-term, more modest actions, recognizing it’s a building process.

Even when working on a large-scale effort, aim for specificity. Huber rolled out unconscious bias training for 3000 employees (including the top 600 leaders), for example, choosing to start with one specific, critical area for a large portion of their workforce.

Be Authentic, Honest, and Open

This can be challenging stuff for anyone, and authenticity and openness go a long way.

Griffith Foods HR chief Artalejo tells the story of meeting the company’s CEO (and family member) Brian Griffith for the first time. Artalejo and his husband had recently adopted a baby, and Griffith came to their house and held the baby while talking to Artalejo about the company’s values, mission, and goals. “I knew I’d be comfortable working there because of his openness to me and my family,” Artalejo says.

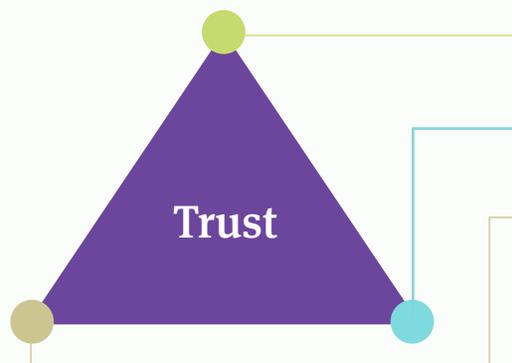
Harvard researcher Frances Frei and co-author Anne Morris talk about [trust as the foundation](#) of “almost everything we do as civilized people.” Creating trust encourages members of diverse teams to share their unique knowledge, improving morale and performance.

Authenticity and empathy are two of the three sides of the Trust Triangle Frei endorses—attributes that enable leaders to motivate people in their organization to offer their best, as Brian Griffith demonstrated to Artalejo before hiring him. Sharing one’s personal background can also contribute to trust-building. Huber CHRO Lily Prost is herself an immigrant who didn’t speak English and experienced bullying upon her arrival in the US. “I’m naturally wired to talk to people about D&I,” she says.

Prost is quick to share her personal experience with employees, to forge connections, but also admits she doesn’t presume to know what others are going through. “I’m always willing to listen,” she says. “My door is always open.” She and other family business leaders understand the importance of a willingness to have conversations about difficult topics, and to provide an open, safe space for employees to raise concerns about diversity, inclusion, and

Trust Triangle

From: "Begin with Trust," by Frances Frei and Anne Morriss, May-June 2020



AUTHENTICITY

I experience the real with you.

EMPATHY

I believe you care about me and my success.

LOGIC

I know you can do it; your reasoning and judgment are sound.

“We used to say don’t bring your personal life to work, now we want to get to know our employees more fully as people.”

Lily Prost, Huber

other topics. “We used to say don’t bring your personal life to work,” Prost says. “Now we want to get to know our employees more fully as people.”

Honesty and authenticity extend to processes and interactions within the family circle. The law firm [Davis Wright Tremaine](#), which works with family enterprises, suggests shareholders seek education on diversity,

inclusion, and social issues and “be vulnerable and willing to share with your family members, employees, and customers what you have learned and where you have failed in the past to rebut prejudice or racist behavior.” Owning past behavior or feelings is a critical step toward accountability. Ask “What else can we do?” the law firm advises.

Metrics Matter

Some businesses—family and nonfamily—focus on metrics when it comes to diversity and inclusion: “Here’s our diversity by the numbers.” Of course, metrics are only part of the story, as the quality of interactions and nature of available resources are equally important, and tough to measure. “Numbers are important,” Prost says, “but they aren’t the reason we are doing what we are doing with diversity and inclusion.”

Still, D&I metrics matter, to promote awareness of where your firm is at the most basic level when it comes to inclusion, to create a sense of accountability, and to provide visibility into issues and gaps. Metrics also show progress when initiatives are taking hold.

Our interviewees agreed that metrics play a key role in thinking about and enhancing diversity and inclusion. Bush Brothers chair Everett acknowledges that there is less racial diversity on

their board than ideal, but that three of the six independent directors are female, as are two of the seven family directors. Now he's setting his sights on improving opportunities to develop and promote more diverse employees.

Note that securing data to inform D&I-related metrics may be challenging. For example, Griffith Foods' Artalejo commented on the difficulty of getting demographic data for employees across global locations. So, work to get the data needed to develop the D&I metrics most relevant to your goals, and use the numbers to inform key programs and decisions.

“Our focus on D&I is a testament to the Huber family. Their core family values cascade down to management, creating the business culture.”

Lily Prost, Huber

Share Responsibility Strategically

In our experience, any significant D&I effort in a family enterprise should be an “all play,” where multiple constituencies come together around the broad shared cause and take responsibility for specific elements.

For example, both owners and managers can work together to drive a vision of greater diversity and inclusion and what that means

for the firm. Once this vision is in place, owners can be more responsible for ensuring their values are represented by specific D&I strategies and initiatives, and managers can focus on execution, or how exactly to make it happen.

Huber CHRO Prost says, “Our focus on D&I is a testament to the Huber family. Their core family values cascade down to management, creating the business culture”—and that influences multiple dimensions of strategies and operations. Moreover, owners can further uphold their values by selecting board members aligned with these—whether hiring more diverse directors or those who will be more likely to champion diversity and inclusion (or both).

The idea of an “all play” is also relevant to who owns D&I. “Don't make D&I a separate initiative housed in HR,” Artalejo of Griffith Foods says. “Embed it in the business lines.” That communicates that far from being one-off HR efforts, these are company-wide initiatives aligned with the firm's broadest goals and values, to promote business sustainability.

Look from the Outside-in, Work from the Inside-out

Would a minority-group member want to work in your enterprise? Why or why not? Is your business culture supportive of diversity and inclusion today? Is the surrounding community diverse and welcoming of those from outside of majority groups?

Working on diversity and inclusion requires a willingness to look at your enterprise from the outside-in, to understand how the environment might look to those representing greater diversity and to see gaps and growth needs. For example, if you are located in a geographic area and/or industry with minimal diversity, you will have to make more deliberate, concerted efforts to get results. If the vast majority of your executives and directors are white men, it can create the perception of exclusivity. Put on your “objectivity glasses” and take a hard look at how your business and community might appear to diverse stakeholders.

Along with an objective evaluation of where you are today, prepare to work from the “inside-out,” driving diversity and inclusion-related change based on the ideas here and others that



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fit your firm, engaging both internal and external audiences. That means not only talking to employees about D&I, as more and more leaders have done, but communicating with the general public about your firm’s stance on key social issues, where appropriate. Leaders at Huber, for example, talk of “taking it outside Huber” to speak out publicly against racism. Bush Brothers chair Everett speaks of “working to promote diversity and attract talent into the community—Knoxville, Tennessee—as a whole.”

Here again, think about the tactics and initiatives most suited to your goals, capabilities, and culture.

Commit to Continuous Improvement

Promoting diversity and inclusion is not about reaching a specific finish line or endpoint; it’s an ongoing work in progress, as many interviewees noted.

Bush Brothers chair Everett says the business is constantly “reevaluating efforts and challenging the efficacy of past efforts” related to D&I. For example, he and other leaders recognize it’s not just about recruiting diverse hires but also developing and promoting people once they enter the enterprise.

“We want it to move faster,” Huber CHRO Prost says simply, in response to aligning internal efforts better with the global social justice movement. “We want to be further along.” The business seeks to move from more incremental changes to larger-scale dramatic ones in this arena.



Beware of Stumbling Blocks

The diversity and inclusion domain offers many opportunities for positive change, as discussed above. But with those come potential pitfalls, as you navigate this tricky terrain. Here are some of the main areas of challenge to look out for.

- **Seeing change and tradition as incompatible:** When people talk about needed change, this can feel like a threat to long-held tradition. The reality is that true, enduring, effective change in healthy organizations is not in conflict with tradition but supported by it. That means the most effective diversity and inclusion efforts will be tied to past success; they will be rooted in and shaped by the family enterprise's traditional values and proven competencies. Try to see change and tradition not as an “either-or” but a “both-and,” to help your family and its enterprise move proactively into the future in every area.
- **Balancing D&I initiatives with values:** It's all about fit: finding the D&I initiatives that fit your existing or aspirational culture and values. Challenges can arise, for example, when younger generations of a faith-oriented family push for more attention to LGBTQ issues or hiring. There's no one right answer. Aim to be open to exploration of opportunities, and to modulate what you take on based on what's realistic and authentic to your broad family and enterprise.
- **Offering lip service only:** Shiny new D&I programs can look like lip service or merely “checking the box” if your firm's environment lacks foundational trust or authenticity. So, it's important to do your due diligence on what makes sense for your business and family—in line with the point above—and to address cultural issues before moving into uncharted diversity and inclusion territory that requires a foundation of trust for real progress.
- **Individual affects collective:** One person's acts or words, especially a leader's, can deeply affect the broader family and company brand. If a CEO speaks out on a controversial issue or decides to march in protest or says something perceived as unjust, that won't go unnoticed. So, it's important to proactively align everyone, especially those at the top, with diversity and inclusion commitments and efforts. This is much more easily said than done—it's hard to constrain people from acting on something they feel strongly about. Consider a facilitated dialogue to develop shared understanding around what the family feels comfortable sharing publicly, or media training to help members express their views in public while acknowledging that they speak only for themselves (again, easier said than done).
- **Passion versus activism:** We have seen firsthand how challenging it can be for passionate owners to bring constructive ideas and influence to the ownership circle. In many cases, they may be seen as “activist” shareholders who are disrupting the business and ownership group—such as when rising generation owners demand diversity and inclusion-related change. This brings up the importance of revisiting and refining collective vision and values, in line with earlier points. The more space you can create for a broad range of opinions and calls to action, the more you'll enjoy healthy rather than damaging conversations about D&I and other potentially challenging areas.

- **Inciting or avoiding conflict:** As we mentioned earlier, it's extremely hard to talk about differences of opinion right now, especially in the US, especially around issues like diversity and inclusion. People feel threatened, defensive, undervalued, and misunderstood. That can lead to unhealthy conflicts or the avoidance of dialogue around certain topics altogether. There's no magic solution to this reality. The main thing is to be aware of the current context and potential risks as you move forward, to tread carefully, and aim for trust, respect, and empathy—always. Here, too, don't be afraid to seek help; multiple groups like [OpenMind](#) work to help those within organizations become more open to others' perspectives and reduce hostility and distrust.



The Road Ahead

In parting, we want to encourage you to think of diversity and inclusion initiatives as part of a “muscle” to build; it's a healthy set of skills that get built over time, not overnight. Pursuing a stronger organization through D&I efforts is not about finding fault but pursuing change and increased capacity that will ultimately yield large benefits.

As we've emphasized here already, the goal is not to plunge blindly into one-size-fits-all D&I strategies and initiatives because “everyone else is doing it,” but to find what works for you. That means starting conversations around questions like: What strengths do you already have that you can leverage to this end (such as encouraging diverse thinking or authenticity)? What challenges might your enterprise face related to diversity and inclusion, such as a very strong culture or hiring only from a small local community? What scale and scope of effort is right for you right now? Where's the best place to start?

There's no question making progress in this area will be challenging—likely even more than you think. But we believe it will be well worth it, for you, your enterprise, and your family, as it will strengthen your business while uniting members and generations now and in the future.

This is an historic, truly unprecedented moment. There is passion, awareness, and motivation for change facing family enterprises of all shapes and sizes. We hope the ideas here provide some valuable context and insights for your firm's journey to increase its diversity and inclusion—whatever form it takes—and wish you the best for the road ahead.

References

¹ “HR's Role in Guiding the Corporate Response to Social Flashpoints” published on January 21, 2020 by Gartner Research

² “Responding to Instances of Violent Racism and Subsequent Protests in the U.S.” published on June 2, 2020 by Gartner Research

About the Authors

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