

## Measuring the Value and Impact of Workforce Diversity

An Oregon Executive Forum presentation by  
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The person or team challenged to present a case for diversity initiatives and diversity expenditures must be prepared to address a wide variety of issues: Why is diversity important in the workplace? What are the benefits of diversity for the bottom line? How can you quantify and report the organizational victories of diversity? What are the best investments to create and enhance diversity; i.e., what is the best return-on-investment for diversity initiatives? What proof exists that diversity impacts recruitment, promotion, and retention? What definition of diversity is broad enough to encompass all these issues?

Many organizations subscribe to a prevailing myth that when it comes to the impact of diversity on an organization, there's "no way to measure this stuff." Dr. Edward E Hubbard disagrees. "If it moves, you can measure it," he says and he's got the suggestions, metrics, and statistics to prove it.

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One of the first metrics authors in the field of diversity, Dr. Edward E. Hubbard is an internationally respected consultant and trainer in organizational change and diverse workforce integration. He is President and CEO of Hubbard & Hubbard, Inc., based in Petaluma, CA, an international corporation specializing in techniques for applied business performance improvement, workforce diversity measurement, instructional design, and organizational development. He is the author of more than 40 books, including *Measuring Diversity Results*, *How to Calculate Diversity Return-on-Investment*, and the soon-to-be-released *Building a Diversity Measurement Scorecard*. He has recently been named to the prestigious **Who's Who in Leading American Executives** and **Who's Who Worldwide of Global Business Leaders**. He received his PhD with honors in Business Administration

from Ohio State University.

## Understanding What Counts When Measuring Diversity

The bottom line can differ from organization to organization. For example, the American Red Cross counts volunteers and donations, not profits, and government organizations, like the IRS, may have a service-oriented bottom line. Still all organizations, whether for-profit or not, depend on their ability to get the best possible return on dollars invested. It's the challenge of diversity professionals to understand what counts when measuring diversity and how to connect diversity back to the bottom line, in other words, how to get the best return for the organization on its investment in diversity staff and initiatives.

“ If you want to manage it, you've got to measure it,” says Dr. Hubbard, who has built an outstanding professional career on showing companies just how to do that. Hubbard became interested in metrics and measurements when the HR department he was working in at a large corporation got “reorganized” from a staff of 37 to a staff of 2. He and his boss, the remaining two, quickly understood that a post-mortem was crucial for understanding what had killed the department. Interviews with remaining senior staff showed a widespread belief that HR, and in particular its diversity efforts, couldn't prove what they did or how that contributed any day-to-day value to the company's bottom line.

Hubbard learned a huge lesson: “You're either **at** the table (a strategic business partner) or **on** the table (being cut out). If you can't prove to them your worth, it's hard for them to see you as integral to the company.” So he and his boss began creating measures to prove this. (At this point he has over 6000 different measures in his database.) These metrics can be used to initiate new ideas but just as importantly, to measure and validate what's already being done. And of course, the best metrics are the ones with multiple uses.

But, Hubbard cautions, developing measures is easy; it's getting agreement on their accuracy and on their value that can be difficult. One question to ask as you decide on what to implement: Is this metric a fair application and a fair

development of what you're looking for? For there's a double standard around metrics and diversity motivated by a desire to isolate specific influences. Colleagues from other divisions may well demand: "Prove to me that diversity did that. Or what specifically is diversity's role in making X happen?" Here's where the double standard comes in: Other departments, like Sales and Marketing, are seldom put to the same metrics test.

One way to address this issue is to demonstrate that most of us believe in metrics that we don't have a lot of proof for and that may not even be accurate, such as actuarial tables and mortgage rates and inflation. The Kelly Blue Book for used cars is another good example. It shows the price and value of your current car when the book's writers have never seen your car and have no idea what kind of shape it's in or the care it's received.

### **The need for compelling evidence**

For Hubbard, the value of applying metrics is not a question of proof, but of compelling evidence. Is there enough compelling evidence that says "this is something we need to do something about"? Precision isn't the issue, he says; instead compelling evidence can be extracted from your metrics to show trends. For example, if three times as many women as men are leaving your corporation, exit interviews and a Pareto analysis may show that managers are not sensitive to the women's need for pregnancy leave. A different extraction might show that people are leaving because they can't get promoted. For example, you could demonstrate compelling evidence with a cross-tabulation between promotion and telecommuting that people who telecommute aren't getting promoted because they aren't seen as real players. All of us make a mental model of who's a real player or who's promotable.

The point of measuring all these artifacts of the organization's culture is in order to make change. Many mindsets are working within the organization and until you measure them, you don't know exactly what they are and what they influence. Hubbard asks, "Does your organization have glass ceilings, sticky floors, and compressed walls?" In other words, what are the obstacles to moving upward, forward, toward more satisfaction in your workplace? The

challenge is finding a way to measure it that gives compelling evidence for doing something about it. Diversity is really about creating a work climate where people can do their absolute personal best work.

Hubbard has a distinct definition of diversity: “A collective mixture characterized by differences and similarities that get applied in pursuit of organizational objectives.” People bring all of who they are to work, he says, race, gender, ethnicity, sexual orientation, physical disabilities, income status. They don’t check these qualities at the front door on their way in each morning. And he interjects, “People think of diversity as differences, but diversity incorporates similarities as well, the things that we have in common that bond us.”

While old definitions of diversity might have seen this as a problem, Hubbard is quick to point out that this a huge asset. The best companies know how to put these qualities to use in solving business issues. It’s a question, says Hubbard, of “use it or lose it. In most companies, these qualities are an underutilized asset.”

Much can be learned by tapping into the knowledge and understandings of the diverse people who work with us. For example, many underutilized employees could have a positive impact on global marketing. There are certainly plenty of examples of marketing faux pas when we don’t understand diversity:

- Trying to sell the Chevy Nova in Spanish-speaking countries, where “no va” means “doesn’t go.” Who wants to buy a car that won’t go?
- Translating “Got milk” in some languages comes out as a question asking if you are lactating.
- Selling Gerber baby food with a baby on the label in countries where what’s pictured on the label is what’s in the can.
- National Rental Car requiring employees to wear green hats in cultures where that signifies you’re cheating on your spouse.
- And of course, here at home, there’s Denny’s, which has still not recovered from its well-publicized cultural insensitivity event.

The cost of these issues is enormous. Millions of dollars can be saved when there is a clear and effective process for analyzing such decisions and their potential loss. And you can use your own diverse team to contribute the cultural information you need to make them.

The point of diversity is to help the organization to do better business, not to meet quotas—diversity metrics must contribute to this or they don't have a lot of value. How are you applying diversity in pursuit of organizational objectives? The key is diversity management—how diversity contributes to planning, organizing, directing, selling, creating—all the facets of organizational performance.

### **The different layers of the collective mixture that make up diversity**

Hubbard sees four layers of diversity in the collective mixture he defines:

**Workforce diversity** is our group/situational identities, e.g., race, gender, ethnicity, etc. This is the most commonly understood aspect of diversity.

**Behavioral diversity** includes our work/thinking/learning styles as well as our beliefs and values. Are we extroverted or introverted? Type A workers or type B? Gregarious or loners?

For example, our culture has extroverted meetings, where people sit around, hash things out, and come to a decision before the meeting's end. But what of the person whose thinking style is slow and methodical and who needs some time to digest any new options that are presented in the meeting? Or the person who attends the meeting but is culturally conditioned to defer to the wisdom of the senior person present during the meeting? They may have a great idea but won't speak it in the larger group because it would be disrespectful even though one-on-one they're happy to share it. Or women who continually get interrupted or those employees with thick accents and who are slower to make themselves understood? All of these persons' valuable contributions can be lost.

It's important to recognize that perhaps not everybody feels free to speak up.

Perhaps the culture in the room doesn't encourage it. Those behavioral differences need to get recognized and considered so that the collective mixture can work at its maximum potential. Our current quick-decision style of meeting presupposes that everyone works in the same way and feels free to speak up. Diversity is about finding ways to get all contributions, to have what Hubbard calls "whole-grain" meetings, in which discussion occurs but no decision is made then. Instead, there's a reasonable time period after the meeting before decisions are made. This gives people a time out, or reflective time, before a decision is made. Shifting to this kind of meeting, says Hubbard, has been shown to improve the effectiveness of decisions by 45%.

**Structural diversity** encompasses cross-functional teams, alliances across levels. Here is where acquisitions and mergers become a diversity issue, in the marriage of different company cultures, communities, and hierarchies. For example, marrying a company with consensus decision-making and little hierarchy to a highly structured, chain-of-command organization can be a disaster even if independently both companies did fine. Such diversity issues can seriously impact the new financial picture. Most companies do a good job at financial due-diligence but what about cultural due-diligence? asks Hubbard. Are these two cultures that will marry well? Diversity needs to come to the table in an M&A.

**Business diversity** includes diverse customer markets, innovation processes, cycle times, creativity, and project management styles, among other things. Your organization can use the microcosm of culturally diverse employees to teach the organization what it needs to know to succeed in the global landscape. Companies have to get it right at home, says Hubbard, before moving into the international market.

### **Making the business case for diversity**

Few people will argue that diversity is the right thing to do. But it costs money to make it happen. If you don't have the right measurements with compelling evidence, many of those same people will balk. That's why it's important to isolate out the cost of inadequate diversity, figure the benefit/cost ratio, and

know how to report it out so that it aligns with the company’s objectives. Metrics + process/cost + benefits. As Hubbard repeats, “You’re either at the table or on it.”

Presenting compelling data can help make the business case. Diversity is a dollars-and-cents issue. For example, if your company isn’t marketing to diverse groups, it can be helpful to present the purchasing power of these diverse groups in answer to the question, “But do they have any money?” If you work for a consumer-products-based company, you will want to share the kind of metric in the table below.

***Recent statistics on discretionary income by ethnic group in the US\****

Asians	\$253.8 billion
Hispanics	\$452.5 billion
African Americans	\$572.1 billion
Native Americans	\$34.8 billion
Gays and lesbians	\$540 billion
Those w/disabilities	\$796 billion
Women	\$1.046 trillion
Mature	<u>\$1.1 trillion</u>
Total	\$7 trillion in US buying power in “minorities.”

\*Current statistics available from the [Selig Center of the University of Georgia](#)

Organizations must adjust as demographics change. In California, the Hispanic minority is now the majority and companies must respond to this bilingual, bicultural world.

Closer to home, every employee has a choice at every moment as to what he

focuses on: productive work or the distractions of the cultural environment.  
What do people need in a work environment for productivity and satisfaction?

Managers have a huge impact on organizational climate with their beliefs, their unspoken assumptions, their attitudes, and even their moods. Organizational climate can be created (or shifted) instantly, say when the manager is in a bad mood. Colleagues stay away, and tensions mount, creating a distinct employee attitude. Based on the climate, workers have what Hubbard calls an “aroused motivational behavior response.” Are they motivated? Are they satisfied? Hubbard diagrams the relationship between climate, performance, and results in the chart below.



Employees’ behavior and attitudes are a direct result of the organizational climate. They become what Hubbard calls a “Bell head” from the Bell-shaped curve. Culture and climate push them down into the middle of the curve. Ideas get squelched. Employees quiet down and norm out in the middle, says Hubbard. Creativity, innovation, their unique contribution goes out the door. All this affects performance. If we want to avoid this, we have to manage differently.

For example, employees’ needs for “mental health” days costs the organization.

It can be costly when people are not engaged, when they're there but they're not there. Most often, he says, they're not connected with the workplace because the workplace is not connected to them. This affects performance (work quality, productivity, problem-solving, recruiting, retention) and in turn impacts the company's results: employee loyalty, customer satisfaction, customer loyalty, business objectives, impact, profile, market share, shareholder values.

Or look at turnover. We know that it costs 1.5x the salary of the person who turned over to replace a trained worker (this computes to .75 for an hourly worker). We can actually calculate this cost. A key retention metric is turnover compared to length of service. When are people leaving? Metrics tell us that common benchmarks are at 12-18 months, at 3 years, and at 5 years. When the first group, 12-18 months, leaves, this is a distinct comment on the organization, says Hubbard: "Nice place to train but I wouldn't want to work here." Indeed, after 18 months, most workers are highly trained in your organization. Then they leave and most often go to your competition. In essence, you are training them to work against you. They're practicing what Hubbard calls "the law of two feet." Such turnover has a serious impact on the metrics encompassing company results (strategic objectives), such as increased growth, customer satisfaction, penetrating new markets, because the engine that drives these really boils down to one thing: employees. If the culture isn't inclusive, people don't work as well. If they don't work well, the company doesn't do well.

### **Analyzing diversity's return-on-investment**

For Hubbard, evaluating diversity's impact is a process that can be standardized for maximum effectiveness. Know what you want to know. What is it that would be useful to a smoother running organization? Collect data and analyze it. He suggests finding a variety of ways to approach the same thing (10 is his magic number). Then, isolate diversity's contribution, admittedly the toughest piece; it's best to get management's agreement on this. Next, convert the contribution to money; dollars talk. Calculate the costs and benefits including diversity return-on-investment (DROI). Hubbard insists that the costs be fully

loaded with everything included. This way, he says, there will be fewer objections to its validity. Report it to the parties most impacted and senior management; then track and assess the progress of change. This process is recapped in the model below.

### Hubbard Diversity ROI Analysis Model



Here's a key question to consider, says Hubbard: What percentage of the 8-hour day at your organization is NOT being spent on mission-critical work (marketing, sales, production, etc.) due to real or perceived barriers in the workplace, whether those barriers are true or not? If an employee does not feel valued or perceives that he is considered slow because he expresses his thoughts in a second language or has learned she can't move ahead, how does that impact his or her performance?

***Many things impact the work climate:***

- Workforce demographics
- Stereotypes
- Cultural differences
- Ethnocentrism (“My way or the highway”)

- Inter-group conflict
- Lack of inclusion
- Poor structural integration
- Prejudice
- Harassment
- Institutional bias in management practices, policies, systems
- Lack of employment equity
- Lack of access to information (can be a form of discrimination, e.g., against telecommuters)

Hubbard's organization, Hubbard & Hubbard, Inc., has surveyed over a million people in their database. They've learned that it doesn't matter whether a barrier is real or perceived. People act on barriers as if they are real. And if an employee doesn't get listened to, they don't contribute. Or if the top management doesn't look anything like them, they'll leave or, even worse, be ineffective. There's a cost when talents and contributions are not utilized.

So what percentage of the day is not spent on mission-critical work? Ask everyone, says Hubbard, especially senior management. When it's their percentage you work with, their perception, you can more easily get agreement as to the impact. Senior leaders on average say 2-7%, cites Hubbard, and workers say 9-90% of time. (Hubbard feels that 17.5-45% is a good error-calculated average.) But he says, always start with the lowest guess, especially if it comes from management. If you can make the business case at the lower number (even a small percentage), then you can always make it at the higher, more costly, number.

For purposes of demonstration, Hubbard uses an audience-suggested 20%:

- 20% of 8 hours = 1.6 hours a day
- 1.6 hours a day x 11\$/hour wage (audience-suggested) = \$17.60/day/employee
- \$17.60/day/employee x 5000 employees = \$88,000/day in lost productivity

- $\$88,000/\text{day} \times 250 \text{ days} = 22.8 \text{ million a year}$

Of course, senior leaders, seeing such numbers, may push back. Can 100% of such perceived barriers truly be a diversity issue? So it's crucial to isolate diversity's contribution (or the contribution margin). Again Hubbard suggests using the senior leaders' idea, let's say 45%. So  $45\% \times \$22.8 \text{ million} = \$7.7 \text{ million}$ , a seriously imposing number. And if 45% is diversity, where is the other 55% of lost time coming from? This helps you open up a discussion about other variables. And when management asks how you know this, you have your metrics: exit interviews, focus groups, work-quality surveys, word on the street, lawsuits, turnover! It's all measurable. Plus, your accounting department will have a lot of standard values on hand that you can use.

Hubbard adds that it's important to consider an estimated scale of error: How confident are we that it is 45%? If the senior leaders say they are 75% confident of a 45% impact, then that's the number to use. ( $75\% \times 45\% \times \$22.8 \text{ million}$ ) This will be a pretty solid number, since it has been generated not by you but by management itself. Now you have a great argument for change, for surely if the company had this big loss in some other area of the business, you'd all work to stop the loss. The company is paying for the full 8 hours of employee time. If these barriers persist, they're paying for the lost-opportunity costs and the lost productivity.

Hubbard reiterates that there's a real difference when HR can walk into a meeting where Sales gives their numbers and Marketing gives their numbers and Operations gives their numbers, and then HR/Diversity gives numbers too. It's a question of learning to speak "financial," because numbers talk. You've converted your argument into a language the organization understands: dollars and cents.

### **Problem-centered diversity**

Diversity professionals have to use the lenses, the bias (usually financial), of the decision-makers in their organization. And diversity professionals must help these decision-makers solve their mission-critical problems. What's more, this

kind of “problem-centered” diversity training attracts participants to diversity efforts, because it feeds their need to know. They can see the connection between diversity awareness training and what they do on the job.

Using problem-centered diversity metrics is critical to making the business case for what you do. And it impacts how you determine what you want to know. What are the questions you need to ask to help the organization’s mission? What’s important here is a good needs-analysis (if there’s no need, there’s no benefit).

Hubbard says that it’s important to create what he calls a “line of sight.” Your diversity initiatives and objectives must be aligned with the organization’s business objectives; i.e., the other departments’ goals must be married to yours. “You have to be in conversation with the other departments,” he notes, “so that they see how diversity impacts, positively or negatively, what they do.” You must map the objectives in alignment. And, of course, you have to know how your organization does business so your diversity processes can solve real business problems and offer contributions that can solve those problems. For example, does marketing have an image problem that some diversity metrics (like cultural consuming patterns) could impact? This adds value to your organization using diversity.

#### **Hubbard’s “line of sight”**

Organizational objectives « Diversity strategic objectives « Diversity metrics (how well are you able to meet both sets of objectives) « Diversity initiatives « Diversity value adds (outcomes that will impact the bottom line)

Typically, people start with initiatives, then move to metrics, then the diversity strategic objectives (arising out of the initiative and metrics), then look at (if at all) the organization’s objectives. For Hubbard, it should be the reverse.

If the bottom line of your organization isn’t financial, then what does your organization’s management team pay attention to? What matters to them? You can determine what key metrics they track and align your metrics with those concerns. What problems would they love to have solved? What are the

top 3-5 problems within the organization that are seriously impacting results?

Hubbard is clear as to his own bias: “Diversity is not a program to complete. It is a process of systemic organizational change. It’s is not about counting heads, but about making heads count, not about representation but about utilization. It’s not something to be finished. It’s an ongoing aspect of organizational behavior. The real value from diversity is using differences to the company’s advantage. It’s not about having the company look different but having it work better.”

And, he says, it’s critical to communicate your diversity efforts widely. You can’t do measurement in a vacuum. The other departments need to know what you’re doing and how it impacts them. Where is your diversity effort in the operational process and how does it align with organizational objectives?

### **Breaking the diversity process into repeatable parts**

Hubbard likes to use what he calls the **SIPOC Chain** of *Supplier, Input, Process, Output, and Customer* to identify **Quality** issues, **Cost** issues, and **Value-adds** and show how diversity feeds into and influence the whole organizational process. For his example here, he chooses employee recruiting. How can you infuse diversity into the process? The red items are some of Hubbard’s suggestions for adding the diversity lens.

### **Who is the Supplier?**

- Colleges (HBUC [African American] and HACU [Hispanic])
- Headhunters (choosing some who specialize in diversity)
- Employment agencies (choosing some that specialize in diversity)
- Dept of Employment
- Professional Organizations (diversity-oriented)

### **What is the Input?**

- Candidates
- Leads

- References
- Other information

### What is the Process?

- Paper screen
- Interview (use a multicultural perspective to screen people in, not out)
- Reference checks (helps cultivate more diversity leads for now or in the future)
- Make an offer
- Negotiate
- Confirmation letter

### What is the Output?

- New hire (best candidate to offer diverse perspective)
- Reports
- Other leads for future candidates (best candidates to offer diverse perspective)

### Who is the Customer?

- Department that is hiring
- Organization as a whole
- Organization's customers
- Candidate

Hubbard notes that cultural programming operates in the interview process unconsciously. For example, if you grew up believing that Martians steal, you will screen Martians out of the hiring process without even knowing it.

In this vein, another important metrics to collect is the “diversity hit rate,” the number of offers as compared to acceptance. How many opportunities to hire in your organization occurred last year? If there were 286 possibilities and only

one person of a diverse background was hired, you have compelling evidence. What screening and filters are operating in your company and how can you make diversity metrics here connect to what actually goes on in the workplace? Other good examples are stability/instability rates (how stable is your population?) and employee loss and survival rates (do they stay 3 years?).

Another recruiting metric to examine is time-to-fill rate, which has a direct impact on the bottom line through salary dollars and the time and energy used to get a new hire. Reducing this time from the company average say of 146 days in the process to 37 days in the process positively impacts the bottom line and is one of many concrete arguments you can make for keeping diversity in the budget.

### **Areas for dynamic data collection**

Of course, if you're not collecting data, says Hubbard, a lot of opportunity is being lost. For example, the perceptions of affinity groups can help you keep tabs on the pulse of the organization.

Software tools are available to make using metrics easy, says Hubbard. "There's no need to reinvent the wheel." Here are some Hubbard examples:

### ***Isolating the effects of diversity initiatives***

- Use of control groups, some of which may occur naturally
- Trend line analysis, i.e., tracking trends over time
- Forecasting methods; be sure to use a good input/output model
- Participant estimate
- Thoughts and beliefs of senior management. In other words, get all those who believe they've contributed to the problem or solution together, then see how it pans out.
- Confidence-level factors
- Be sure to model that all benefits and contributions will be acknowledged

### ***Converting data to monetary values***

- Output to profit contribution
- Cost of quality
- Employees' time

### ***Tabulating diversity initiative costs\*: some sample items***

- Needs analysis (prorated)
- Diversity initiative development costs
- Materials/tools
- Consultant/instructor fees
- Facilities costs
- Travel/lodging/meals
- Participant salaries and benefits
- Administrative/overhead costs
- Evaluation costs
- Additional staff costs
- Software costs

\*Be sure costs are fully loaded. Never report costs without benefits, says Hubbard. If you don't, it can lead to a perception that eliminating diversity costs is worth it, which will mean eliminating diversity. You need to show all the benefits of the expenditures.

### **The focus of measurement**

Hubbard identifies four areas of focus for diversity metrics. Their issues are outlined below.

#### ***1. CREATING a diverse work force***

- % representation
- % turnover
- # of job offers/refusals

#### ***2. VALUING a diverse work force (also known as a diversity cultural audit)***

- Culture, values, and work life: % favorable response (Do workers feel valued?)
- Number of languages in the workplace—multilingualism (Hubbard cautions care here about the prevailing mental model of racial and ethnic stereotypes.)
- Leadership behaviors/practices (measuring how leadership and management values diversity)

### **3. *MANAGING a diverse workforce***

- # of promotions
- # of career path moves
- Cutbacks/hiring freezes/downsizing/mergers/global diversity/acquisitions

### **4. *LEVERAGING a diverse workforce (utilization)***

- % of customer satisfaction
- # of market segments—sales marketing opportunities (How are you treating the various communities?)
- % of success/failure in foreign cultures and markets
- % of supplier diversity utilization (Do suppliers bring in diverse aspects and contributions?)

Hubbard notes that direct connections are needed between measures; without it, he says, “you’re just doing a bunch of stuff. You need to take the organizational landscape into account.” This landscape is outlined in the framework below.

## Hubbard Diversity 9-S Framework



In the outer circle are company strategy, company systems (policies, procedures, incentives), company style (including management culture), staff diversity (Is the staff diverse enough to contribute to and handle diversity?), skills (including training), and structure (various avenues for support). In the inner circle are organizational standards, the shared vision, and the shared values. Regardless of the specific area of the diversity initiative, all these must be taken into account. In fact, says Hubbard, it's critical to do a 9-S audit. The training won't work if all this isn't in place. The bottom line: Are you structured for success?

### **Evaluating the diversity return on investment (DROI)**

Once a needs-analysis is done (what is the problem? e.g., absenteeism) and the data has been collected and calculated, Hubbard uses six levels of evaluation for metrics.

**Level 1:** Track reactions (Are you able to use this?) and plan actions (How will you apply it?).

**Level 2:** Evaluate the learning, your pre- and post-knowledge. What did you

know before? What do you know now? Then calculate the knowledge gain.

**Level 3:** Next comes an evaluation of “transfer.” What actually is getting or has gotten applied to the workplace? Where have your Level-1 action plans been put into place?

**Level 4:** Was there a business impact: e.g., did absenteeism go down and by how much?

**Level 5:** Calculate DROI: Benefits to cost ratio in dollars.

**Level 6:** Evaluate any intangibles, usually soft data such as anecdotes, impressions, and atmosphere. Stories of success can support the metrics.

### ***Potential intangible benefits***

- Increased job satisfaction
- Increased organizational commitment
- Improved teamwork
- Anecdotal data that supports the numbers. Stories of improved (or not) feelings. Head (numbers), heart (stories), hand (practical application)

### ***Characteristics of hard data***

- Objectively based
- Easy to measure and quantify
- Relatively easy to assign monetary values
- Common measures of organizational performance
- Very credible with management

### ***Characteristics of soft data***

- Subjectively based in many cases
- Difficult to measure and quantify directly
- Difficult to assign monetary values
- Less credible as a performance measure
- Usually behaviorally oriented

An example of hard data is the turnover rate; an example of soft data is

employee satisfaction. You can turn some of the soft data into hard data, says Hubbard, if there are enough statistics. For example, a Sears metrics showed that employee attitudes do impact customer retention. The company found that a 5% rate of employee dissatisfaction = 1.3% rate of customer dissatisfaction = 0.5 % revenue loss or \$200 million.

In the end, what are the actual cost savings to the organization of diversity expenses? Hubbard consistently sees averages of 200-300% DROI. In fact, he says, diversity often has a much higher ROI than other company training initiatives when a clear line of sight is created, i.e., when the bottom line and organizational objectives are the focus of the diversity trainings and other initiatives. When diversity is seen as a process of systemic organizational change, reiterates Hubbard, it has the ability to have a significantly successful impact on every aspect of the organization.