



Integrating Diversity, Equity & Inclusion Best Practices in Private Equity

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A comprehensive Diversity, Equity & Inclusion (DEI) strategy consists of a multi-year plan to incorporate best practices in various facets of the business. The strategy is aligned with the company's business goals and company values. The actions are tracked and goals are set to measure progress and success. A successful DEI strategy is focused on building a more inclusive company culture that celebrates diversity, supports equity and belonging, and is sustainable.

There are generally 5 key strategic pillars of an effective DEI strategy. Below is the framework of a DEI strategy supported with tactical examples of potential actions under each pillar. Approaches to Diversity, Equity & Inclusion should look the same across the corporate private equity (PE) firm and its portfolio companies.

(Note: These are examples and not presented as an exhaustive list.)

DEI Strategic Pillar I: Infrastructure

- Communicate standards and expectations through company policies including a Code of Conduct, Mission Statement, Vision Statement and/or a stand-alone DEI Policy.
- Designate an individual responsible for coordinating these efforts with a team of business leaders such as a Head of Diversity and Inclusion. These roles are generally determined by the size of the organization, with smaller firms rolling these responsibilities up into a COO or similar role.
- Review recruiting policies and procedures to develop a talent acquisition strategy to diversify the workforce.

DEI Infrastructure Industry Example: KKR employs a Head of Inclusion & Diversity and has an Inclusion & Diversity Council (IDC).

<https://www.kkr.com/our-firm/life-kkr/commitment-diversity>

DEI Strategic Pillar II: Education & Capacity Building

- Require participation in DEI training on an annual basis (e.g., managing diversity, unconscious bias, micro-aggressions, being an ally, etc.).
- Collect self-identified information around: gender, age, race/ethnicity, other vulnerable groups (e.g., veterans, differently abled, LGBTQIA+) to understand employee base.
- Conduct review of diversity-related trends including pay gap analyses.
- Set goals regarding promotion and advancement of minorities across all levels of the company instead of tracking increase in representation statistics.
- Establish employee surveys that include a set of diversity and inclusion-related questions to help measure the DEI climate and areas for improvement.
- Focus on inclusion efforts rather than representation quotas and goals.

DEI Education & Capacity Building Industry Example: The Carlyle Group launched an initiative called Better Decisions with a goal of educating, building awareness, and making changes to systems and decision-making processes to support inclusive action.

<https://www.carlyle.com/impact/diverse-teams>

DEI Strategic Pillar III: Communication

- Publish leadership commitment to diversity, equity & inclusion within the firm, its portfolio companies, and with other stakeholders.
- Set cadence for external communication (including public goals, KPIs, and/or targets).
- Establish regular internal communication and stakeholder communication for limited partners, boards of directors, shareholders, etc.

DEI Communication Industry Example: Oaktree Capital has made a public commitment to increasing diversity and ensuring an inclusive workplace that enables all employees to achieve their full potential.

<https://www.oaktreecapital.com/about/diversity-inclusion>

DEI Strategic Pillar IV: Employee Engagement

- Promote implementation of specific Employee Resource Groups (ERGs) to bring colleagues together based on shared interests and affinities and provide an organized platform to communicate ideas and opportunities throughout the organization. These efforts are typically employee launched and governed.

DEI Employee Engagement Industry Example: Blackstone supports affinity groups including the Blackstone Women’s Initiative, the Blackstone Diversity and Inclusion Network, the Blackstone Veterans Network, and OUT Blackstone.

<https://www.blackstone.com/insights/article/diversity-and-inclusion-at-blackstone/>

DEI Strategic Pillar V: Community Engagement

- Enable employees to engage directly with DEI organizations of their choice.
- Support the economic growth of diverse suppliers including minority-owned businesses.
- Track demographics of company vendors.

DEI Community Engagement Opportunity: Support Black entrepreneurs in the community and within industries by selecting minority-owned suppliers and partnerships.

<http://www.startupchampions.co/blog/2019/8/17/12-organizations-that-support-black-entrepreneurs>





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