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# THE STATE OF DIVERSITY, EQUITY, AND INCLUSION IN NAA MEMBER ORGANIZATIONS

June 1, 2021

***“ The National Apartment Association recognizes the importance of taking an intentional and targeted approach to DE&I in our industry, and we are committed to partnering with our members to cultivate sustainable D&I in all of our organizations. ”***

Rick Graf, Chair, NAA Board of Directors





## For years, organizations have spent billions of dollars on Diversity, Equity, and Inclusion (DE&I) programs that have largely failed.

But in response to the killing of George Floyd, something different is happening. Our nation has embarked on a long overdue reckoning with its history of centuries-long racism and its continuing impact on our society.

Employees and consumers are deeply engaged in calls for social justice. They are challenging government officials, healthcare systems, non-profits, and their favorite consumer services and brands to take up the cause. In response, many business leaders are rethinking their DE&I efforts. Rather than simply mandating two hours of training for all employees, companies are taking a more strategic approach to creating workplaces where all employees have an opportunity to grow, develop, and contribute to the best of their ability.

In the process, they are learning that **DE&I efforts fail** when organizations do not appreciate *from the start that diversity, equity and inclusion is a values and culture proposition*; it must be approached strategically through management practices and investments in equitable systems and processes in order to impact outcomes.

In publicly raising the bar for diversity, equity, and inclusion commitments, reporting, and actions, NAA has an opportunity to position itself as a leader in the rental housing industry. As part of that effort, NAA commissioned a survey to understand and document the current state of DE&I in the industry and provide the information needed to develop strategies that can support member organizations' efforts to embed DE&I in their cultures. We also included a census survey so members could establish a baseline to assess their progress in increasing the diversity of their leadership ranks year over year.

# SURVEY FINDINGS IN A NUTSHELL

*“ While there are clearly pockets of excellence among member organizations, fewer than half have any of the basics in place, and they don’t know where to start. ”*

Write In comments from NAA survey respondents

## The Current State of DE&I in NAA

### Survey Respondents

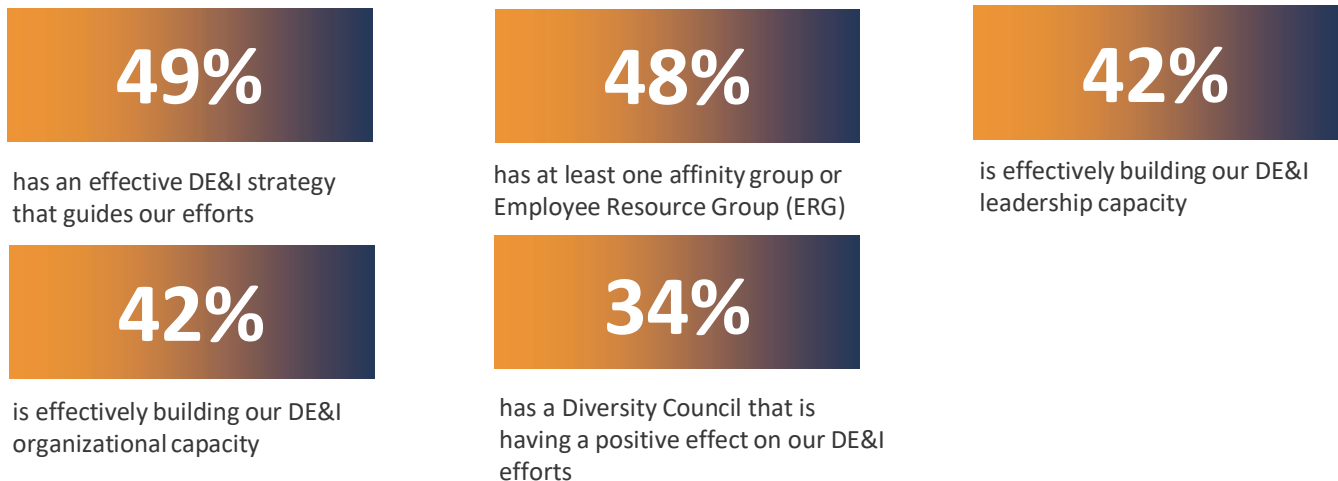
The survey was fielded in the Spring 2021 and sent to all NAA member organizations. 255 NAA members responded to the survey, and they represent large and small organizations in 38 states, 83 affiliates, and nine lines of business. Average time to complete the survey was 11 minutes.

### Survey Results

**88% of respondents report that their organization values improving people’s feelings of connection and inclusion, but most are not creating the conditions for diverse employees to thrive.** If those who completed the survey are the most progressive in terms of leaning into NAA’s vision for diversity, equity and inclusion, it is safe to assume that most member organizations have not yet begun their DE&I journey, or they are just starting.

## Implementation of Basic DE&I Enablers (Agree or Strongly Agree)

Our organization . . .



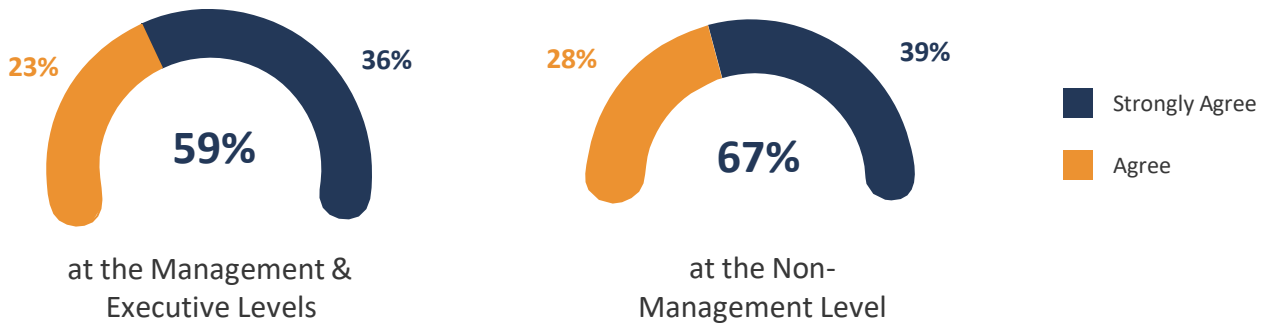
## The Current State of DE&I in NAA

(continued)

While 64% agree that their organizations are making a significant effort to increase the diversity of employees at all levels, less than 30% strongly agree that they have the tools and resources they need to do it.

### Availability of DE&I Tools and Resources

We have the tools and resources we need to increase the diversity of our employees:



### Perceived Effectiveness of Current DE&I Initiatives

Although some NAA members are doing their best to implement basic DE&I enablers, many report that their efforts do not seem to be very effective.

#### Our organization...

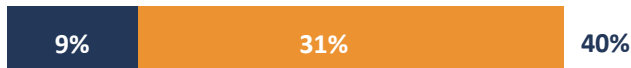
has an effective mentorship program that helps diverse candidates succeed.



sponsors workshops that help us attract and retain diverse employees.



regularly shares valuable information about DE&I industry trends.



regularly shares DE&I best practices we can immediately apply.



hosts regularly scheduled, well-attended workshops and forums on DE&I.



has diversity representation goals or targets for key positions.



has an effective internship program that targets diverse candidates.



provides useful updates about how other NAA members are supporting DE&I.



Strongly Agree Agree

## NAA Efforts to Date

NAA recognizes that a growing and innovative rental housing industry must employ a workforce that reflects their resident population. They are clearly dedicated to encouraging a work environment that is inclusive, supportive, and rich in diversity, and they have implemented several important initiatives in support of this goal including those on the right, but there is much more work to be done.



**NAA’s Diversity Leadership Program**



**Innovation on Diversity & Inclusion (IDI) Grants**



**NAAEI’s Alexandra Jackiw Diversity & Inclusion Scholarship**



**Webinars**

## Knowledge Base Priorities

NAA is contemplating partnering with members to create a Knowledge Base that would be available to all. By ranking a variety of possible resources, member organizations provided valuable insights into what they would find most useful as they work to increase diversity, equity, and inclusion in their organizations. But like all culture change efforts, there must be clear direction, engagement and on-going support from the leaders of the organization. Respondents’ priorities for a Knowledge Base reflect this understanding. In the words of one survey participant, “I believe that a lot of people don’t know where to start.”

### Rankings (on a scale of 4)





## Capacity Building for Leaders and Managers

For DE&I efforts to succeed, they must be grounded in a comprehensive strategy. The goal is to embed DE&I in the policies, systems, and processes of the organization's business operations day in and day out. We know from experience that involving a broad group of stakeholders in strategy design and execution, including members of traditionally marginalized groups, increases the chances for success.

Respondents acknowledged that they need the help of experts in the following areas.

### Rankings (on a scale of 7)



**“ A baseline tool kit and best practices guide will be really helpful. I believe that a lot of people don’t know where to start. ”**

**“ I think providing a tool kit monthly with different ways to educate: videos, activities, seminars, games, etc. would be great. ”**

Write In comments from NAA survey respondents

## DE&I Programming and Tool Kits

At a more tactical level, members identified a variety of programming and tool kits that they would find useful. Research highlights the fact that successful organizations have pivoted from one-time diversity training to long-term leadership development as part of an enterprise-wide strategy.

### Tool Kits (on a scale of 5)



### DE&I Programming (on a scale of 6)



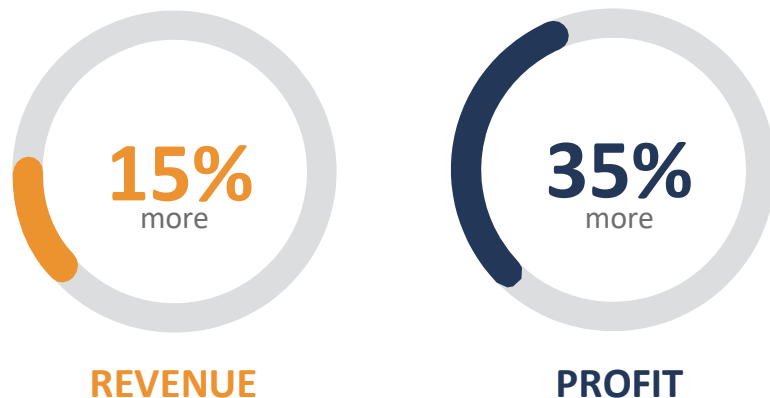
## Why This Matters: DE&I is a Business Driver

In recent years, countless organizations have made a commitment to treat all employees equitably regardless of their gender, race, religion, and/or other demographic characteristics, but in truth, most have not made significant progress. However, the killing of George Floyd has ignited a rethinking of DE&I efforts by business leaders, and there is myriad evidence that workplace equity is more than just the right thing to do – it also gives companies significant strategic, business, and financial advantages.

**Fundamental to the success of a DE&I strategy is leadership’s ability to execute on the change management that is required to move from existing behaviors to new ones.** DE&I trailblazers like Marriott, Johnson & Johnson, and Coca-Cola have implemented comprehensive multi-year strategies that address leadership engagement, values and culture, organizational systems, strategies and tactics, and employee engagement. They also pride themselves on the fact that they have diverse representation at every level of their organizations up to and including their Boards of Directors. Perhaps most importantly, they understand and acknowledge that their DE&I journey require an intentional, long-term strategic focus.

Source: McKinsey

**Companies with gender and ethnic diversity are likely to significantly outperform their less diverse peers.**



*“Nearly half of American millennials, the largest cohort in today’s workforce, report that a diverse and inclusive workplace is an important factor in a job search. As consumers, they want to buy from companies that have a purpose and stories they can relate to, and they care deeply about inclusivity.”*

### Their employees

-  are more engaged
-  have greater job satisfaction
-  exhibit higher levels of trust



***“ We need to talk about DE&I all the time. This should be a value on everyone's mind and should permeate all aspects of what we do. ”***

Write In comment from NAA survey respondent

## **NEXT STEPS - MEMBER ENGAGEMENT**

To encourage participation and generate interest, we will host a webinar to share the results with interested NAA members, and we look forward to sharing our findings and hosting an educational DE&I workshop at NAA's Apartmentalize conference in August.

*“When it comes to changing our culture, ‘Women in the Warehouse’ have shown us the value of listening to the people who do the work.”*  
*President, Foodservice Redistribution Company*

## Case Study

Our client is the largest foodservice redistribution company in the United States, offering over 112,000 products from 830 food industry manufacturers. As a big employer in a small city, when unemployment hit an all time low in 2019, they struggled to keep their warehouse and office fully staffed.

Although they had implemented a variety of innovative programs to attract new employees such as a comprehensive benefits package, career growth programs, and flexible schedules, when they still had trouble filling their open positions, they engaged T. H. Easter Consulting to help them address this problem.

We began by conducting interviews and focus groups with a variety of employees across the organization, and based on what we learned, we realized the solutions lay with their employees. Together, we convened several groups of people from the warehouse and the office to brainstorm, and through this process, we discovered that there were many good candidates who met all their requirements except for one: they couldn't pass the physical agility test, so they created a light pick zone in the dry warehouse where the maximum case weight is 35 pounds instead of 65 pounds. And based on its success, they expanded the program to the freezer team as well.

Several employees had also shared the fact that there were Hispanic and French speaking African communities within commuting distance to the warehouse, but they weren't sure how to let these people know about the jobs they were trying to fill. They began by running ads in Spanish and French language publications and held job fairs close in their neighborhoods. And to help their new employees get off to a quick start, they hired bilingual warehouse trainers and translators.

But . . . it's not enough to simply hire people to fill open positions. Companies also need to **keep** the employees they've trained and creating a sense of community makes all the difference. One great way to do that is Employee Resource Groups (ERGs), voluntary, employee-led groups designed to foster a sense of belonging, especially among minority groups like veterans, women, and racially and ethnically diverse people.

High-functioning ERG's add value by helping with employee recruitment, retention, and training. They can also fill in the gaps because they have a wealth of knowledge about business functions specific to the company. And they can act as mentors to younger employees who otherwise tend to hop from job to job in order to gain professional experience.

Often, they also share their ideas about marketing and brand enhancement, and host cultural appreciation events to celebrate people's different heritages and traditions. But perhaps their most important function is to provide an open channel of communication between leaders and employees. Employees feel heard and company leaders have a reliable source of feedback about how things are going.

### Milestones

- We convened and facilitated groups of volunteers from the warehouse to brainstorm possible solutions to their hiring challenges.
- The teams created a plan with three, six, and 12-month goals.
- Employees formed new ERG's for Hispanic and French speaking Africans and women (Women in the Warehouse – WOW)
- Executives committed to meet with two ERG's every month with the goal of deeply listening to their employees to understand the extent to which they feel they matter to the organization.

### Results

- The number of open positions has declined by 87% year over year.
- Employee engagement has doubled as measured by the Energage survey.
- The company's reputation in the community has gone from good to great based on feedback from community leaders.

*"If we aspire to create a culture where everyone gives our customers their best every day, they need to know that **their** ideas matter."  
CEO, Diversified Energy Company*

## Case Study

Our client is a diversified energy company, a male-dominated industry where most organizations lack diversity, especially at the Board and the Executive Team levels. Our client was no exception, and until recently, they gave little thought to Diversity, Equity and Inclusion (DE&I). Their client base and profit margins were growing at a healthy rate in response to increased demand, and DE&I was simply not on their radar.

When they engaged our firm to help them address their growing talent gap, we quickly realized that one of the root causes of their inability to recruit and retain talented Millennial and GenZ employees was their lack of understanding about, and commitment to, diversity.

Because DE&I is a values and culture proposition that must be grounded in an environment of transparency and employee engagement, as our first step, we conducted listening sessions across the organization as well as one-on-one interviews, surveys, and on-site observation to understand the organization's leadership and cultural readiness for change.

After reviewing the results of the assessment, the Executive Team aligned around their need to educate themselves about how to create and sustain a culture of inclusivity as the first priority. After facilitating *Recognizing, Understanding, and Valuing Diversity and Inclusion* with the Executive Team, our team facilitated monthly group coaching sessions with the Executive Team to deepen their knowledge about what it takes to build an inclusive workplace.

We also introduced our DE&I framework (see Figure 1 on page 12) which we used to shape the development of their DE&I strategic plan. With our support, they also formed a Diversity Committee that included influential people of color and women from across the organization to guide our work. In addition, we helped them rethink their approach to employee engagement and their recruiting and retention strategies.

Based on what we learned in the listening sessions, we also worked with our client to:

- Feature more photos of women and people of color on their

website and in their newsletters

- Recruit talented women and people of color to speak at corporate events in their areas of expertise
- Update the Career tab on their website to be more welcoming and encouraging to people of color and women
- Encourage women and people of color to form Employee Resource Groups (ERGs)
- Urge the Executive Team and other company leaders to schedule frequent listening sessions with employees across the organization and share what they learn.

### Milestones

- We completed and shared a comprehensive overview of the organization's current state.
- Through workshops and coaching, the Executive Team gained the knowledge and perspective to be visible advocates for DE&I in their organization.
- We facilitated the development of a three-year DE&I strategic plan with one, two, and three-year goals and action plans to achieve them.

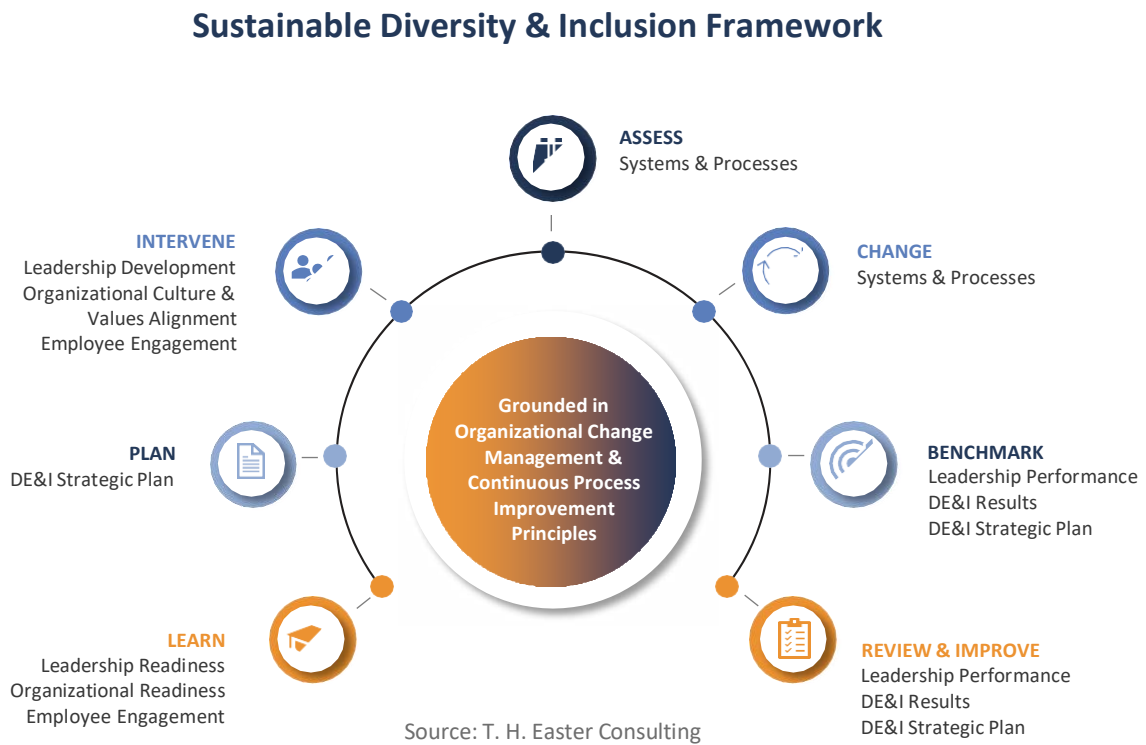
### Results

By implementing their strategic plan and developing a more inclusive approach to talent acquisition, over the course of our three-year engagement:

- They increased revenue 35% and profitability 42%
- Employee engagement scores as measured by the Energage survey improved dramatically across the organization, led by increases among Millennials and GenZ employees as well as women and people of color.
- They have identified new sources for recruiting women and people of color, and they now have a rich pipeline of candidates at all levels of the organization.

# Case Study

Figure 1 DE&I Framework



*"We believe that a top company like ours must be as diverse as the community and customers we serve."  
SVP, Strategy, Automotive Engine Manufacturer*

## Case Study

Our client is a manufacturer of automobile engines designed, specified, and manufactured in the United States. For more than 40 years, the company was privately owned, but in 2014, it was acquired by an international conglomerate headquartered in Germany. For the 40 years prior to the acquisition, the company's engineering team had been staffed by white, male engineers from the University of Colorado.

Given the competition for talent, the company had recently recruited a new cohort of engineers from other competitive programs. Although the new engineers all had top credentials, there was discord among the legacy engineers and the new teams based upon the different approaches and methods used. This discord reached the attention of the parent company and they "investigated" the matter.

After their review of the situation, they mandated that U.S. leadership build a diversity strategy to address the lack of intellectual inclusiveness and the lack of minority and women representation in key leadership and engineering roles. They also asked the company to rethink their values statement and on-boarding processes to ensure that every employee gained a clear understanding of their values. T. H. Easter Consulting was hired to support their efforts. Specifically, we were engaged to build a strategic plan and to redesign their HR programs for on-campus and lateral recruitment and to design an on-boarding program.

Our strategic planning process always includes an assessment of both leadership and organizational readiness including key insights about the leaders' understanding of, and vision for, DE&I and their preparedness to lead in this area. While there had been no formal efforts to build diversity and inclusion, there had been an attempt to bring along the "new" engineers from different engineering programs.

Through our interviews, we learned that although the leaders were very engaged with the *idea* of building D&I, they didn't have a clear understanding of exactly what that meant. They had a wide range of views on the extent to which they would accept any changes to the current cultural and workplace norms (e.g., how easily they could accept

methods offered by the non-University of Colorado engineers). Additionally, they felt considerable angst over the idea of hiring women engineers due to a fear that the "bro culture" they had built would end. There was clear conflict between their expressed willingness to address their DE&I issues, and their interest in making changes to their current culture and practices.

### Milestones

- The organization formed their first Diversity Committee.
- They developed a five-year D&I strategic plan with one, three, and five-year program goals.
- Year 1: Developed a vision statement. Worked with the DE&I committee to redesign current teaming practices that supported "in and out" groups. Using psychometric data on each team member as well as a competency model based on the company's self-described success factors, we reorganized teams based on their individual strengths. We also developed communications plans and meeting protocols to facilitate the use of video calls to enable the participation for those working at other sites.
- Years 2 and 3: Developed a national on-campus recruitment program as well as a young engineer international exchange program, and we ran four successful executive searches for senior level women engineers.

### Results

The committee and the team were highly engaged in our work from the start, and based on their input, we modified our timetable in order to facilitate sustainable changes in the way the groups engaged each other, eliminated barriers between groups, improved productivity and enhanced both local and international engagement.

We used a variety of assessments including the Energage survey to measure improvement over the three and a half-year period of our work together. The German and U.S. co-sponsors of the Diversity Committee shared that the cost of the program, approximately \$200,000 net of executive search fees, and that cost was recouped from the increases they have realized in engagement and productivity.