



*THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA*

Diversity, Equity & Inclusion Forum

August 23, 2022



Agenda

1. The Coca-Cola Story
2. Best Practices
3. Leveraging Collective Genius
4. Addressing the opportunity, the challenge and the inevitable change



Here's Where Coca-Cola Started

**Blacks, Citing Bias at Work,
Sue Coca-Cola**
The New York Times — April 23, 1999

**Coke Settles Bias Suit for
\$192.5 Million**
Outside Panel Will Monitor Company's Activities; 'Painful Chapter' Closes
THE WALL STREET JOURNAL — November 17, 2000

**Discrimination Lawsuit:
Coca-Cola Accused of 'Companywide Pattern'**
The Atlanta Journal-Constitution — April 24, 1999

Coke Settles Bias Lawsuit for \$192.5 Million
Company Will Pay More Than 2,000 Black Employees, Set Up Diversity Programs
USA TODAY — November 17, 2000

**A Race-Bias Suit Is
a Test for Coke**
Can the Real Thing Do the Right Thing?
THE WALL STREET JOURNAL — May 18, 1999

What caused our lawsuit?

- A discriminatory company culture
 - Programs and practices were not inclusive and fair
- Inequitable management decisions
- Not listening to employee issues and concerns, leaving employees no choice but to litigate
- Four separate employees, filing four separate cases of discrimination - **each looked very defensible**
- Coke's response: complete denial and defensiveness
- Consequences: class-action litigation, 20 months of press, pain and polarization, and ...
- **A \$192.5mm settlement and a court-imposed Task Force**



We started with specific intent

- Build the foundation first - - workplace fairness
- Program and data monitoring
 - **“Triage vs. forensics”**
 - **Use data – language of leaders**
- Systems and infrastructure (including HR capability)
- Business and reporting routines
- Communications, communications, communications



To ensure fairness, we developed a wide range of monitoring and reporting tools and created our Workplace Fairness function

Compensation

Talent
Acquisition

Performance
Management

Promotion &
Separation
Rates

Restructuring

ADR



Here's a look at the diversity of Coke in 2000

		Women	Multicultural *
Operating Group Leadership	January 2000	0.0%	16.7%
Elected Officers	January 2000	17.9%	10.3%
Non-Hourly Workforce	January 2000	49.0%	26.0%

- An Office of Diversity was created in 1999
- Employee affinity groups were established that same year

* "Multicultural" was Coke's terminology for associates who might also be labeled as "minorities" or "people of color"



Coke started with less-than-optimal conditions

- Diversity not connected to the business
- Focus on general cultural awareness and high-level education
 - “Cultural sensations”
 - Education: “Leveraging the Power of People and Ideas (LPPI)”
 - “Kumbaya”
- We made a U-turn and dramatically altered both our internal and external focus, strategy and initiatives

We focused first on developing our Business Case

- Coke and diet Coke brought in nearly \$4.0 billion in 2004
- What if we grew that business by 1% through focused multicultural marketing, across all brands? ...by 2% ...by 3%?
 - \$40,000,000...\$80,000,000...\$120,000,000...all incremental dollars
- This work delivered sustainable growth, and it became a centerpiece of Coke's business strategy

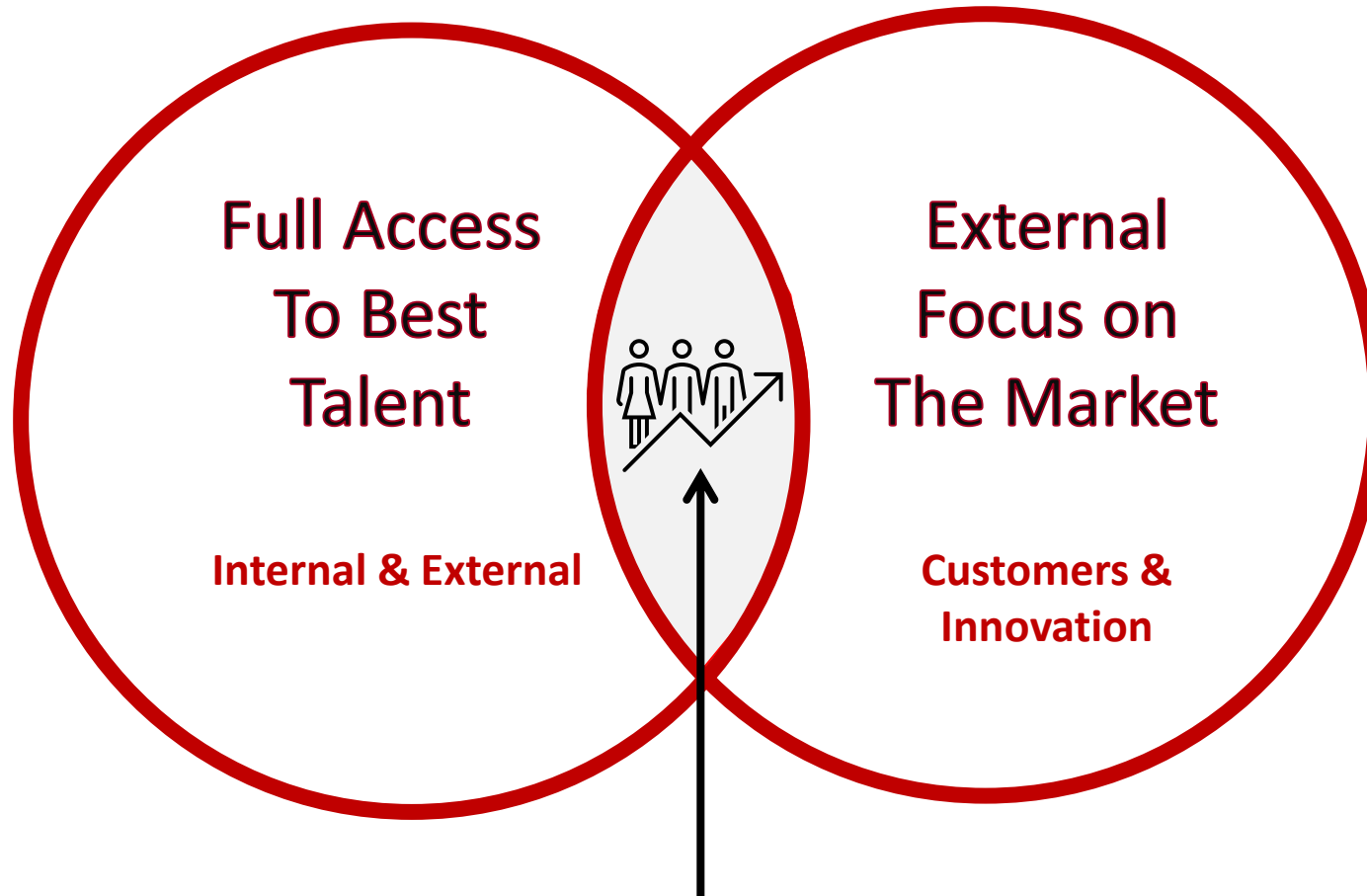


What about non-consumer-based Business Cases?

- Example: A large regulated utility and innovation
- Example: A large regulated utility and talent
- Example: The Pentagon and retention



So Why Should Organizations Focus On DEI? Out of Economic Interest for the Business



**A Diverse Workforce, Mirroring the Market, Enables
Sustainable Growth and Value Creation**

Coke made DEI a market-based focus

- The focus on diversity of our markets led to increased revenue
- Drove “Diversity as Business”
- External strategies for diverse communities
- Supplier Diversity strategies and initiatives
- Communications strategy for all external stakeholders (i.e., media, NGOs, etc.)



Coke also made a critical philosophical shift in the workplace

- From minimizing differences to respecting, valuing and leveraging those differences
- Focusing on the “See and Seize” strategy
- “Representation” and “orientation”
- A culture of open discussion
- Adopted a focus on how DEI would drive innovation
 - Implemented the concept of Leveraging Collective Genius



What's at Stake?

- Connecting to customers
- Having the right talent to drive results
- Innovating products, services, processes, etc.
- Maximizing profits...while minimizing costs (i.e., turnover and the cost to replace departing associates)
- Creating a diverse, inclusive and fair workplace
- Public image



We developed a few key strategies to drive our work...

- Educated people managers and then employees
- Diversified our talent pools, both internally and externally
- Focused development for women and multicultural associates
- Business Resource Groups
- DEI communications plan



...and a few more

- Workplace fairness practice
- Alternative Dispute Resolution (ADR) program
- Built our multicultural marketing capabilities
- Expanded our supplier diversity programs
- Connected DEI to our philanthropic and community-based activities



However, we found we faced serious challenges as we continued to progress

- DEI is hard work, requires sustained effort, and must speak to different audiences in a very personal way
- This is not about any one group or favoring one group over another
- This work is not done to the detriment of white males
- We must continuously build DEI knowledge, skills and competencies



Fortunately, Coke had several assets to leverage as we continued the journey

- Leadership commitment
- Positive external reputation
- External networks and relationships
- The diversity and talents of the employee population
- Diversity and fairness expertise
- What assets do you have that you can likewise leverage?



Finally...and in case you were wondering...

		Women	Multicultural
Operating Group Leadership	2000	0.0%	16.7%
	2014	15.3%	30.8%
Elected Officers	2000	17.9%	10.3%
	2014	40.6%	28.1%
Non-Hourly Workforce	2000	49.0%	26.0%
	2014	51.0%	40.0%



Successful practice companies make DEI a business-relevant opportunity

- Growing the business, and building DEI strategies and initiatives that impact the marketplace
- Enhancing innovation and problem-solving
- Aligning and integrating workplace, community, supplier diversity, philanthropic and ESG (Environmental, Social and Governance)-related strategies and initiatives

Successful practice companies make a cultural shift

- From minimizing difference to amplifying, respecting, valuing and leveraging those differences
- Understand the necessity to focus on all three aspects of DEI, **especially the “E”**
- Routinely survey their associates on DEI-related questions
- Never violate “The Golden Rule”
- Leverage the Collective Genius of their workforce



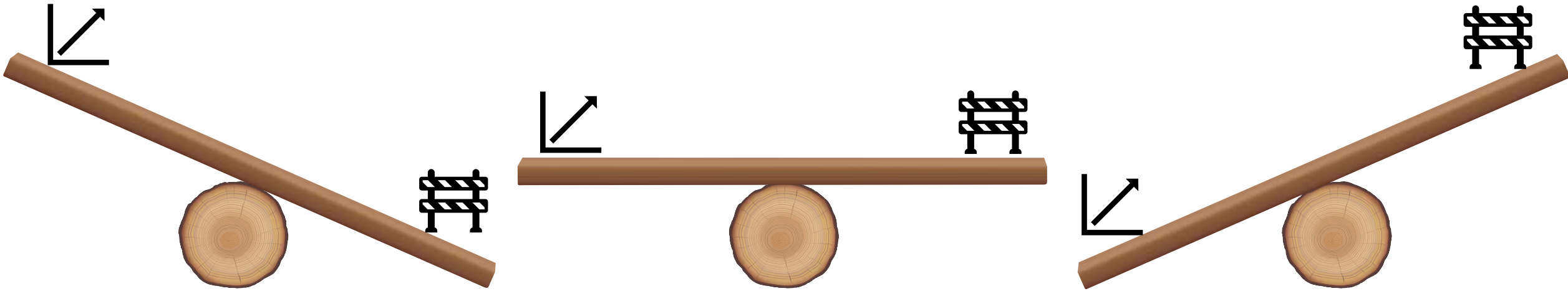
So, there are two sides of the coin in making DEI relevant

Managing risk



Creating
sustainable
business results
and growth

Addressing the opportunity and the challenge



Find the balance between risk and opportunity, then drive toward business opportunity outweighing risk.

Example: Regulated Utility Company “A”

DEI-related Opportunities

- Black and brown employees were receiving statistically significant lower performance ratings
- Black and brown candidates were hired at statistically lower rates
- The talent pipeline was very male and very white, at all levels, and women were receiving far less development than expected
- A significant portion of their workforce was at or near retirement age
- Impacts: turnover and litigation risk



Regulated Utility Company "A"

Successful practices implemented

- Developed, communicated and implemented a company-wide DEI strategic plan, including key metrics
- Implemented risk management tools
- Implemented creative talent assessment and accelerated leadership development programs/processes



Example: Regulated Utility Company “B” (their largest plant facility)

Opportunities

- Lack of trust in leadership
- Career development opportunities not based on performance
- Belief in lack of overall fairness
- Hispanic employees were separating at statistically significant rates
- Black men perceived a ceiling for their advancement at the supervisor level



Example: Regulated Utility Company “B” (their largest plant facility)

Opportunities (continued)

- Inconsistent execution of people processes
- Women felt they needed to choose between advancing their careers and having a family because they were denied further training if they became pregnant
- Frequent movement or removal of senior leaders, managers and supervisors



Regulated Utility Company “B”

Newly Implemented Strategies

- Implemented critical leadership behaviors
- Created a workplace fairness practice
- Implemented mentoring for new and inexperienced people managers
- Implemented a new policy whereby managers and supervisors stay in current role for minimum of 2 years
- Removed barriers to the leadership pipeline for all women



“Leveraging Collective Genius” ®

An Inclusion Strategy





To best move an organization forward, we need to **Disrupt** paradigms:

Advance from a traditional Diversity, Equity & Inclusion strategy...to one that focuses on a culture that **Leverages Collective Genius (LCG)**

So, what exactly does Leverage Collective Genius mean?



Inclusion strategy that drives an Enterprise-Wide Talent Strategy...

...which surfaces, activates and accelerates the skills, knowledge and experiences of the full diversity of your workforce...

...to drive business agility, creativity, innovation, product development, problem-solving and sustainable growth

Leveraging Collective Genius serves as a key to Inclusion, fostering a culture that...

- ... harnesses the power of uncommon connections
- ... motivates people of different backgrounds and perspectives to collaborate and drive breakthrough work and solutions
- ... unleashes your employees to ask, “What if?”
- ... catalyzes a fundamental goal of building and maintaining a competitive workforce, then maximizing the potential within it



An example of Leveraging Collective Genius that disrupted an industry...and brought explosive sales



Coca-Cola
freestyle

Companies that didn't leverage their collective genius

Blackberry



TiVo



Motorola

Blockbuster



Sony



MySpace



Acknowledging the change

- Concern, fear and resistance might exist and is something to be respected and embraced
- To make this change requires belief, passion, courage and committed people
- **"Never doubt that a small group of thoughtful committed individuals can change the world. In fact, it's the only thing that ever has." - - Margaret Mead**

Discussion/Q&A