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Advancing the Field of Diversity

THE DIVERSITY COLLEGIUM
AMERICAN INSTITUTE FOR
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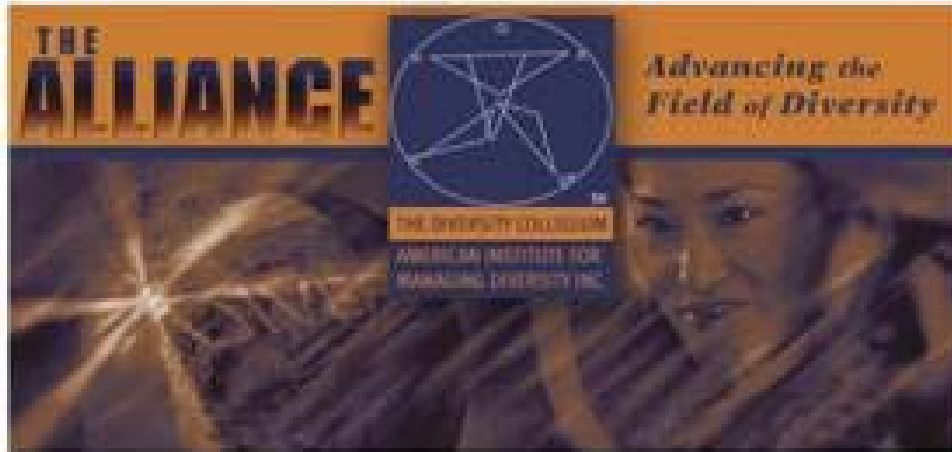
PROCEEDINGS REPORT



The World is Flat: Implications for Diversity Management

2006 ALLIANCE FORUM

THE WORLD IS FLAT: IMPLICATIONS FOR DIVERSITY MANAGEMENT



HOST: THE ALLIANCE (THE DIVERSITY COLLEGIUM and THE AMERICAN INSTITUTE FOR MANAGING DIVERSITY, INC.)

HELD AUGUST 3, 2006

KRAFT FOODS

GLOBAL HEADQUARTERS

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Introduction

On August 3, 2006, approximately 50 thought leaders gathered at the headquarters of Kraft Foods in Glenview, Illinois. The task before them was to examine the implications of Thomas L. Friedman's seminal work The World is Flat in the context of diversity management.

"The World is Flat" Forum was a collaborative venture of The Alliance, a strategic relationship between the Diversity Collegium and the American Institute for Managing Diversity, Inc. Attendees were drawn from industry, academia and consulting, and included representatives from both the for profit and non-profit sectors. The group's objectives for its work were as follows:

- Better understand the dynamics of the flattening world
- Explore implications for diversity and diversity management on countries, companies and individuals
- Identify ways to apply the results of this dialogue

What is a "flattened world"? And, when and how did it become flat? Friedman analogizes his discovery of the flatness of the world with Christopher Columbus' journey to discover shorter trade routes to India. Like Columbus, Friedman's outcome differed from his original intent. Seeking to understand drivers of the phenomenon of outsourcing, Friedman struck out on a globetrotting journey to study call centers around the world, especially in Bangalore, India, and China. What he discovered during his three-month stint of travel was more encompassing and far-reaching than the truth behind a specific trend. As he states, "the world went flat while I was asleep".

Friedman defines a flattened world as "a global web enabled platform for multiple forms of sharing knowledge and work, irrespective of time, distance, geography and increasingly even language. If you think about that platform, you can explain more things that are happening today." Or can you? The flattened world is a sea change occurring in real time. Even as organizations seek to understand its significance, they are challenged to respond to the demands of the flattened world in the present.

Thus the challenge before attendees was set.

- As both shapers and doers in their respective organizations, what thinking must they bring to the table to help those organizations quickly grasp and respond to the characteristics of a flattening world at both a macro and micro level?
- What does it mean to lead a country, a company, a business unit or division in a flattening world?

- How can leaders be educated to recognize, internalize and act in accord with the precepts of the flattened world?
- What does it mean to be a diversity competent individual in this new landscape? How can a foundation in diversity management better prepare us to navigate these uncharted waters?
- What new mindsets, competencies, skills and habits does a flattened world mandate?

Three members of the Alliance served as facilitators for the day. Edward H. Hubbard, Ph. D., Kay Iwata, and Alan Richter, Ph. D. worked as a team to guide participants through a structured process of learning, reflection and application. A video taped presentation by Thomas Friedman formed the basis of learning.

The facilitation team organized Friedman's findings in three groups: Globalization and The Quiet Crisis; Flatteners, Convergence and The Great Sorting Out; and, This is Not a Test. At the beginning of each learning segment, participants viewed a portion of the video that explained the basic idea associated with the segment and provided examples drawn from the real world. Attendees then worked in small groups to discuss the implications of these learnings for their respective diversity strategies from a threefold point of view: Marketplace implications, both local and global; workplace implications, in terms of workplace culture and climate; and, workforce implications with regard to representation and workforce profile.

In the afternoon session, attendees participated in an Open Space Technology based activity where they collectively identified what they believed to be the more critical topics for application recommendations as outputs from the Forum.

Topics chosen were:

- Global diversity
- Becoming citizens of the world
- Cross-cultural skills among leaders
- Education, motivation and new skills for leaders
- Influencing the talent pipeline

For each topic, self-selected team members worked toward developing an initial set of recommendations that expressed why work in this area was needed, described the future state, identified key barriers, outlined critical steps, and set forth potential measurements of success or effectiveness.

This document of the proceedings summarizes the key inputs for each learning event as well as comments and questions from attendees. The paper concludes with the themes and solutions developed during the open space work sessions.

Learning Segment 1: So What is Going On With Globalization in Your World?

This segment introduced the fundamentals of Globalization and the Quiet Crisis in education through a short quiz on the key concepts and a video lecture by Friedman. Table discussion followed. Key concepts introduced included:

- There are three eras of globalization that differ in terms of length of time and drivers. During Globalization 1.0 (1492-1800) the primary driver was countries seeking to expand their borders and influence. Globalization 2.0 (1800-2000) was driven by companies and Globalization 3.0 (2000 and beyond) is being driven by individuals.
- Globalization 1.0 and 2.0 were dominated by white Europeans and Americans. Non-whites and non-westeners are dominating Globalization 3.0. In particular, China and India are prominent players. Along with the former Soviet Union these countries have added more than 300,000,000 players to the global workforce.
- The Quiet Crisis, a phrase attributed to Shirley Jackson, Ph. D., refers to the dearth of new American born scientists coming onto the playing field at a time when technology and science skills are most vital. According to the National Science Board the U. S. is now 17th in the world in terms of 18-24 year olds who receive science degrees. In engineering, universities in Asian produce 8 times more students who receive bachelors in engineering than the United States.

Attendees said that they were very much observing and experiencing the impact of globalization in their companies and their world.

Attendee: I see a lot of immigration without integration. What does this mean for our social fabric?

Attendee: Thirty percent of our business is in China. Opportunities in the urban area are declining. Can we take the same approach to diversity and inclusion as always?

Attendee: I think this is right on target. It's not so much how it is going to happen as it is it is happening right now. If everything is global, what happens if our vendor tries to hold us hostage? We can't function any more with any company that is purely American. I hear a lot of "we're not going to buy from China." Well, we already are.

Attendee: We have for so long thought we were setting the grid. We're not. Other people don't want to work for GE, they want to be GE.

Attendee: Cream cheese is the most global product in our company. The way people eat changed our packaging. The flavors are different. In Mexico it's cream cheese with chili.

Attendee: Policy is not helping us with the need to improve education. Young people today want instant gratification. There is a big difference between young managers and directors and where people want to go.

Attendee: This is very applicable to what is happening today. Supply chain rules. Nationalism has paralyzed us but we were already asleep at the wheel. Political leaders are not in tune with the direction business is moving on this.

Attendee: America is not making our people or us globally employable. Other countries want to lead, not follow.

Attendee: Privilege makes it hard to understand these concepts. We have people in other countries thinking and working in 3, 4 and 5 languages. Yet, we think we're out front.

Attendee: No question the talent shortage is real. Yet, we're making it harder to bring talent in. Americans were brought up to think we're the smartest. No one is calling it a crisis but it is real.

Attendee: One thing that's needed is just in time training. There is a new generation of experts. With things changing so fast training has to be kept fresh.

Attendee: From a cultural perspective, we need to consider many things. Exactly how do these drivers relate to cultural diversity around the world? We say we prepare people for success—how does that translate in different cultures and how does it connect to the work we do?

Attendee: Some cultures are not driven by the money trail as an example. Cultures are shaped by values. Does that change over time? Who will adapt to whom and why? These are questions that need to be asked?

Attendee: I'm wondering what percentage of the world has access to technology? When we talk about China are we talking about CHINA or just a small part of China? To what extent can a national culture adapt to this?

Discussion about globalization as a present reality was vigorous. Notably, attendees were particularly aware of their own lens shaped by their personal life experiences. Some acknowledged that while they had been exposed to the effects of globalization, their worldview was "somewhat narrow". As practitioners and persons interested in the development of the field, they emphasized the need for both a broader and more hands on experience in many areas.

What, then, are the critical implications for diversity management? Attendees posited the following:

- Dialogue as a catalyst for collaboration is not a part of the political thinking in the U.S. If change is to occur, corporations and other entities will have to move out front in stimulating and facilitating the type of dialogue that is needed.
- There is a lack of focus on the issues, or perhaps a misdirected focus. Leaders must find ways to bring the gravity of this subject to the forefront in a manner that gains and sustains attention.
- There is an urgent need to address the talent shortfall in the areas of science and technology. Again, corporations and non-governmental entities cannot afford to wait for the public sector to sort it out. Mission critical action is needed.
- Mutual reliance on talent and resources requires a new politics of commerce. Policy can no longer be compartmentalized along lines of defense, public concern, etc. Outcomes of policy are too intertwined for old models to remain effective. New paradigms are needed.

Learning Segment 2: Flatteners/Convergence/The Great Sorting Out

Friedman identifies 10 factors as flatteners. More specifically, he states that the first three formed the platform from which the remaining seven sprung. In this segment attendees looked at the key forces that have flattened the world and considered the tipping point in terms of the convergence of these forces.

- Fall of the Berlin Wall: created a different way of looking at the world as a flat plane. As Friedman states, “distinctions of east, west, north and south became meaningless.”
- Netscape Initial Public Offering: allowed for the first commercial browser that in turn brought Internet accessibility and usability. More ways for different people to connect came on stream. Most importantly, Internet demand was the catalyst for a world wide \$3 trillion investment in fiber optics cable that created a literal information superhighway. “Beijing, Bangalore and Bethesda became next door neighbors without anyone planning it,” Friedman states, which in turn created “more people and more places to communicate essentially for free.
- Workflow software: New software allows work to flow seamlessly. The net result is people are able to connect more fluidly. The new paradigm

for work, according to Friedman, “is not command and control but connect and collaborate.”

- Outsourcing: At root, outsourcing is a new form of collaboration. Someone in Bangalore who is trained to reflect the accent and culture of the caller now handles a telephone call to customer service.
- Off shoring: Provides the ability to move factors and manufacturing facilities easily “from Canton, Ohio to Canton, China, “ says Friedman.
- Supply chaining: Technology has allowed for a global supply chain. As an item is purchased at a local outlet in Needham, Massachusetts, and a simultaneous trigger occurs for its replacement to be produced in another part of the world. Supply chaining globally changes the value proposition radically. As Friedman states, “Wal-Mart, the biggest company in the world, makes nothing.”
- In sourcing: United Parcel Service (UPS) is an example of a company that has leveraged its core competency to become the de facto logistical arm of many companies—yet its presence is not evident to the consumer.
- Informing: With Google and other search engines, individuals can now collaborate with data from around the world without having direct, personal access to the data source.
- The Steroids: Wireless, Voice Over Internet and file sharing serve to turbocharge all the other forms of collaboration.

Forum attendees produced an extensive list of factors they viewed as flatteners, independent of Friedman’s contributions. Generally, the attendee’s list fell into one of four categories:

- Communication
- Mobility
- Trade and Commerce
- Ideological Constructs

Attendee: War in general. It used to be who you hated, now it’s who you like. The new enemy is the old friend.

Attendee: What comes to mind for me is that it [flattening] doesn’t create equality so much as new enemies. We are now Americans vis-à-vis the rest of the world. We used to have [as an example] gender issues, but now we have to band together to get our jobs back.

Attendee: Why are we even focusing on global diversity in the flat world? Don't forget New York City.

Attendee: The people who will be applying for living wage jobs at Target. Those are the flatteners. The biggest change is demographics.

Attendee: Alexander the Great brought a new leadership paradigm. Diogenes gave us the idea of being citizens of the world.

Attendee: With regard to diversity, this means that the old rules are out. Do we even know what diversity means in this brave new world? Who's the majority? Who's the minority? What is "different" and what is "same"? In theory, diversity is about talent and maximizing it? But are we there yet? Do we really know how to implement when we're still figuring out this new playing field?

What, then, are the critical implications? While attendees may not have had full agreement as to the most significant flatteners, as one attendee said, "it's certainly something new!" As to the impact of flatteners on diversity management, attendees spoke of the following:

- A precise, "one-size fits all" response is not likely. New competencies that better address the nuances of diversity are essential.
- New habits, mindsets and skills are needed in a flattened world. These broad skill sets need to be identified more concretely. Similarly ways to develop those skills collectively and individually are needed.
- Looming on the edge of critical thinking about diversity in a flattened world is the need to be alert to the potential for renewed nationalism and xenophobia.
- Flattening has the potential to create new thresholds for exclusion. This is especially true for organizations and entities that lack access to technology and its related resources.
- Funding for talent development at a national level is imperative. Whether from public or private sources, the country can no longer ignore the impact of the brain drain in the United States. Short-term thinking in this arena will produce disastrous long-term results.

Learning Segment 3: "This Is Not a Test"

Discussion in this segment netted out to clear agreement on the need for a wake up call in the United States. Having considered the facts and perspectives made by Friedman to this point, attendees quickly came to conclusions about action

that was needed. Their comments reflect both a broad view from a national policy perspective and a specific view through the lens of thought leaders on diversity management.

Attendee: We have to become far more collaborative. We need a national policy toward innovation. This is a call to action.

Attendee: Stop focusing so much on blue and red and be more green. Nothing is that simple anymore. When we demonized those labels it was really a bad move.

Attendee: Change the way we view education. Like Japan had a national industrial policy that helped guide it to being a superpower, we need a national education policy.

Attendee: We always ask what new things I need to change. How about what old things do I need to do differently?

Attendee: We're trying to build a structure when the basement is already torn up. We're talking flat world when every paper you open up says let's keep these people out.

Attendee: I would expect educators to read this book and revise their curricula.

Attendee: It goes back to all those things we listed. It's not only thinking outside the box but creating a whole new box.

Attendee: Our new box is international borders and influencing them. It took somebody from the outside to push us. It wasn't a nudge.

Attendee: Don't worry about policies and practices. Think about principles and strategies.

Attendees: There are two dimensions to address—the motivation to learn and the vehicles.

Attendees: Social structures are evolving more slowly than technological structures. We need to understand that and find ways to incorporate the meaning of these changes into the social structure.

Attendee: We need to trigger excitement around science and engineering.

Attendee: The new new deal is transportability.

Attendee: This should be an opportunity based, not fear based, call for action

Attendee: Society needs to move from glorifying making enough to buy to learning enough to create.

Key themes that emerged from this discussion were as follows:

- Change the paradigms around the value of thinking and intellectual capital. Revise curricula to reflect the new realities.
- Shift from a short-term focus to long-term gratification. Invest in our collective and individual futures. Reach out to include disenfranchised groups.
- Close the gap in the digital divide. Come from a perspective of unity.
- Develop new business models based on cross-cultural competence.
- Foster collaboration between companies, academia and nonprofit organizations. Work toward a common goal.

Moving Forward

After a rich day of dialogue, debate, and discussion, attendees settled on five areas they viewed as pivotal to moving forward in response to a flattened world scenario. Those areas are:

- Global diversity
- Becoming citizens of the world
- Cross-cultural skills among leaders
- Education, motivation and new skills for leaders
- Influencing the talent pipeline

Persons with a strong interest in one or more of these areas convened to collaborate on specifics associated with each area.

Group 1: Global Diversity

The Need: Group members identified this as a critical area because there is a need to have diversity management aligned with a global business model within organizations.

The Desired State: The future state objective would be to have a definition of and a framework for planning and implementing for global diversity. In this state, global thinking would be seamlessly embedded in all aspects of thinking and doing within an organization.

The Barriers: Key barriers would include a lack of understanding and context, diversity not recognized as a business issue in other countries (or perhaps called something else), and general confusion about how the idea of diversity translates around the world.

Critical Steps: To address the barriers, the team recommended a clear definition of content and intent so that all stakeholders shared a common understanding. Further, the team recommended a country-by-country analysis of the implications of that definition.

Measures of Progress and Success: Ultimately, success and progress would be measured by:

- Winning in the marketplace
- Stronger, more relevant recruitment and retention
- Heightened morale and organizational energy
- Higher profits
- Positive response from the investor community

Team members focused their dialogue further to examine specific interventions organizations might employ to build in systems that would support the creation of the future state. Specific recommendations included:

- Effective conflict management skills for leveraging diversity that would lead to developing a truly inclusive organizational environment. Related to this area of focus was the need for global succession planning
- Creating a diversity success profile that addressed diversity of leadership styles. Organizations would benefit by having a standardized way to assess cultural competence. Such a profile would consciously shift performance standards.
- Creating a mindset for global success by modifying the way in which work was done. Global teams would be the norm, with support to the teams coming in the form of competency development.

Attendee: We don't want a U. S. centric view of diversity. Even the subject of diversity and its validity can be called into question when viewed through the eyes of localities around the world.

Group 2: Cross Cultural Skills for Leaders

The Need: Leaders need cross cultural skills because the demographic mix among and within workers, customers, vendors, communities and governments is changing. Cross-cultural skills are essential if the potential growth associated with Globalization 3.0 is to be actualized. Stronger skills in this area support greater access to markets and talent, model cultural competency and enable more efficient project execution.

The Desired State: In the desired future state, cultural competence and flexibility become part of the norm. Possible indicators would be internally based diverse teams and true global representation on the board of multinational corporations.

The Barriers: Barriers fell into categories of internal (individual) and external. Internal barriers include resistance, arrogance, fear of the unknown, fear of failure, and a lack of a sense of urgency and denial. External barriers included cost, time, and a lack of leadership.

Critical Steps: The team recommended eight key actions as the cornerstone of a breakthrough approach.

- Define competencies for leaders in terms of the business context
- Raise awareness and skills through training
- Showcase both successes and failures due to cultural competencies
- Institute global mentoring at the leadership level
- Provide incentives for skills development as part of leadership evaluation and compensation
- Develop local leaders
- Begin the education process early—as early as grade school—to create the next generation of leaders
- “Globalize” all processes and policies as part of leadership responsibility

Measures of Progress and Success: Success and progress would be measured by the change in certain key organizational indicators.

- Fewer marketing and sales errors based on cultural incompetence
- Goals for hiring, retention and promotion of a global leadership pool to the highest levels in the organization (including board representation)
- Market growth among diverse populations and segments
- New market penetration analyzed by region and population
- Baseline social audit type survey of employees and customers to create a foundation for measuring related progress over time.

A core theme in this group’s dialogue was the need to “help leaders see” what they may not naturally ascertain. How to motivate leaders to have a sense of

priority around developing cross-cultural competence was a topic of much discussion.

Attendee: The key here will be to help leaders see the need. We tend to move when things are broken.

Attendee: There are new requirements for success. Leaders don't see where differences have already made them the way they are.

Attendee: We need different measurements for representation. Some way to assess cultural differences is missing.

Attendee: Social responsibility comes into play here. Social sustainability. We need to work on a way to audit that.

Attendee: Generational alignment is essential. There are critical steps to address. A stakeholder analysis takes on a different meaning in a flat world. We're missing the tools to understand this.

Attendee: The talent picture takes on a different slant. A global company may see consumer reasons. A local company may see something else like employment.

Attendee: In future, human resources might be in Africa while finance is in Ireland. This means new skills all around.

Group 3: Educating and Motivating Leaders

The Need: Group members stated that the flat world is a "sleeping giant" that needs to be a part of the awareness of political, corporate, societal and educational leaders. "It's here", they said, "and we're already behind."

The Desired State: The desired state would be characterized by four key attributes: generational alignment, more collaboration, a new profile for success and methods and means to remain viable.

The Barriers: Some of the barriers cited echoed those of the Cross Cultural Skills Team. They include arrogance, ignorance and fear. In addition, this group identified nationalism, policy, power dynamics and economics as potential barriers.

Critical Steps: Group members identified eight steps as critical.

- Engage leadership in discussion
- Elevate the dialogue

- Develop a business case
- Share facts
- Provide tools
- Demonstrate and share successes
- Create a burning platform for different constituencies
- Create and access opportunities to capture leadership attention

Measures of Success and Progress: In the bottom line, the group stated success would be indicated when leaders respond differently. Demonstrated competency through different decision-making would be the ultimate test. Organizationally, higher levels of engagement around the subject would indicate progress. Shifts in public policy at the government level, based on intelligent public discourse, would suggest forward movement. An upward trend in innovation, new product success and better business results based on “flat world informed” strategies, actions and plans would be key milestones.

Group 4: Influencing the Talent Pipeline

The Need: While one group focused on this topic, there was consensus among Forum attendees that influencing the talent pipeline formed the bedrock for all future change. Leaders in the forum were clear that corporations and other non-education providing entities must work with the schools at all levels to influence the development of a stronger talent pipeline. Specific reasons cited included:

- Maintaining a leadership position in the world
- Responding to the domestic crisis of available talent
- Helping U. S. children become better prepared to be global citizens
- Enabling individuals to fulfill personal purpose and potential
- Increasing the return on the dollar that companies and organizations spend on recruiting.

The Desired State: The implied future state is the availability of a qualified workforce, with qualification related to a number of intellectual, emotional, technical and other skill sets.

The Barriers: Barriers to the future state included the challenge of retaining talent, the U. S. culture of immediate gratification, societal role models that do not edify intellectual and academic prowess and the need to understand how to incorporate different cultural, and personal histories as well as learning styles into approaches to education.

Critical Steps: Interestingly, this group saw the need for change at the three levels—social, community, and individual. Their core strategies and recommendations included:

- Encouraging families to share accomplishments
- Finding ways to bridge the digital divide
- Create new role models that encourage young people to value education
- Make learning fun—especially around math and science
- Make a second language a mandatory part of all curricula
- Broker collaboration between universities, schools, museums and others to program learning for specific groups
- Broker collaboration between corporations and academia around reviewing curricula and partnership opportunities
- Involve foundations in the mix

Conclusion

The implications of Thomas Friedman’s work are clearly far reaching. Indeed, since its publication in 2005, [The World is Flat](#) has generated dialogue about its significance in virtually every type of endeavor. A recent Google search of the phrase “The World is Flat Dialogue” generated tens of thousands of hits.

Only history will tell how much of what Friedman reveals is heeded—and how well. Thought leaders in diversity, perhaps more than many others, understand the components of how change actually occurs. Thus, attendees and their colleagues will no doubt emerge at the forefront of taking the dialogue and turning it into action.