

Business in the

RfO Benchmarking Report 2009

Community

Transparency at the heart of diversity



race for opportunity

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Message

Championing diversity and inclusion at a senior level has been a vital aspect of MITIE's diversity strategy alongside its CR activities and as in previous years, employers who are members of the RfO network continue to identify the pre-requisite for success as leadership from the top, acknowledging that race diversity needs to have the same priority as any other business strategy.



In a time of economic downturn, it becomes vitally important that employers continue to train and support their staff by finding innovative ways to develop and grow this valuable asset. Creating opportunities for people to succeed was part of the founding philosophy for MITIE when it started out 20 years

ago. Maximising the use of talent within a business and realising the potential of all employees will ensure we are better placed to respond to the challenges of the future.

This report is packed with case studies, advice, action plans and recommendations on how employers can make their places of work more racially diverse and it also represents an enormous amount of hard work on the part of RfO employers. I hope sincerely it will prove a source of information to employers with whose help we will continue to deliver continuous good practice on race equality.

Ruby McGregor-Smith
Chair, Race for Opportunity and
Chief Executive, MITIE Group Plc

Rankings

Top 5 overall performers in 2009 are:

- 1 BT
- 2 Pearson
- 3 Ministry of Defence
- 4 Department for Business Enterprise and Regulatory Reform (BERR)*
- 5 Home Office

Top 5 Private Sector are:

- 1 BT
- 2 Pearson
- 3 Royal Bank of Scotland Group
- 4 Arriva
- 5 Ernst & Young

Top 5 Public Sector are:

- 1 Ministry of Defence
- 2 Department for Business Enterprise and Regulatory Reform (BERR)*
- 3 Home Office
- 4 West Midlands Police
- 5 British Army

*BERR recently merged with DIUS to form the new Department for Business, Innovation and Skills (BIS).

Introduction

The RfO research report 'Race to the Top', published at the start of this year, highlighted the lack of ethnic minority representation at management level in the UK (1 in 15) and concluded that at the current rate of change this gap was likely to widen further in future years unless action is taken now. This year's report has focussed on people and employees in the workplace and in particular the actions and interventions required around transparency, measuring and monitoring which has never been more important, as the UK population becomes more and more racially and culturally diverse.



In 2009, 44 member organisations participated in the benchmarking exercise; 24 from the private sector and 20 from the public sector. In addition, a further 35 organisations submitted data on the demographic make-up of their workforce making a total of 79 organisations who have provided workforce monitoring data. The

workforce population of the organisations who have participated in this report represent 4% of the UK's total working-age population.

This report is primarily focussed on what employers in the UK are doing or need to do. It focuses on the strengths and good practices of employers and identifies areas where challenges remain. These are difficult times and we are pleased that so many UK employers have decided not to take their eyes off the business imperative for race diversity and inclusion despite the downturn and particularly where they are making their decisions affecting employees so that they are leaner and fitter for the economic recovery when it returns.

Sandra Kerr
National Campaign Director,
Race for Opportunity

Participating Organisations

Addleshaw Goddard LLP	Heart of England
Advantage West Midlands	Home Office
American Express	IBM UK
Arriva	Learning and Skills Council
Biotechnology & Biological Sciences Research Council	Leicestershire Constabulary
Birmingham City University	Lloyds Banking Group
British Airways	Lovells
British Army	Ministry of Defence
British Broadcasting Corporation	MITIE Group
British Energy	MoD Police and Guardian Agency
BT	Nationwide Building Society
Cap Gemini	OCS Group
Citizens Advice	Ofcom
Cummins Engine Company	Pearson
Department for Business Enterprise and Regulatory Reform (BERR)	PricewaterhouseCoopers
Derby College	Royal Air Force (The)
Enterprise Rent-A-Car	Royal Bank of Scotland Group
Environment Agency	Royal Navy
Ernst & Young	Sheffield Hallam University
Freshfields Bruckhaus Deringer	SODEXHO
GlaxoSmithKline UK	Thomson Reuters
	West Midlands Police
	Wragge & Co

Additional workforce data provided by:

Abbey	John Lewis Partnership
Avon Fire & Rescue	KPMG
Baker & McKenzie LLP	Legal & General
Bank of England	National Grid
Barclays	National Museum of Science & Industry
Bristol City Council	Network Rail
Britannia Building Society	Northumbrian Water
British Library	Office of Fair Trading
Rolls-Royce	Pertemps Recruitment Partnership
BP	Sainsbury's Supermarkets
Department for Communities and Local Government (DCLG)	Severn Trent Water
Department for Environment, Food and Rural Affairs (DEFRA)	The Co-operative Group
Deutsche Bank	The Midcounties Co-operative
Ford Motor Company	The Economist Group
Fujitsu	University of Teesside
Herbert Smith LLP	UWE Bristol
HM Prison Services	Welsh Assembly Government
	West Bromwich Building Society

Race for Opportunity

Business in the Community's Race for Opportunity campaign is a network of over 160 private and public sector organisations working across the UK to promote the business case for race and diversity by:

- Raising awareness of the barriers preventing ethnic minorities from making progress in the workplace
- Communicating the need to speed up progress on the introduction of policies that further better representation of ethnic minorities
- Highlighting the responsibilities and roles of leaders in delivering race diversity
- Making clear the economic and business argument for organisations investing in race diversity

Race for Opportunity challenges organisations to underpin race diversity strategies with concrete actions, guaranteeing a positive impact on business performance.

The 2009 benchmarking report presents the findings of a unique analysis of UK organisations that have benchmarked against race. It describes in detail the present situation, the trends in place, and the challenges which need to be met. This report has highlighted the need for transparency in monitoring and measuring which has been reflected in the report's subtitle.

The report contains case studies illustrating how large UK organisations have and are continuing to improve their race diversity, and the many advantages of doing so. It is also embedded with best practice advice and tips from the UK's leading employers, based on trends from 2001.

The 2009 benchmarking results cover Race for Opportunity's four key areas of business activity which demonstrate the business case for working on race in the UK;

1 People and Employees - looking at employment, including attraction, recruitment, selection, development, progression and retention of talented ethnic minority people.

2 Customers, Clients and Service Users - how organisations market goods and services to ethnic minorities as profitable consumers.

3 Community Involvement - diversity proofing community involvement activities and initiatives to ensure inclusion of ethnic minority individuals and communities.

4 Supplier Diversity - how organisations engage ethnic minority businesses in their supply chain and as business partners.





1

People and Employees

TOP TREND 2009

Have a diversity champion focusing on maximising the potential of your diverse workforce.

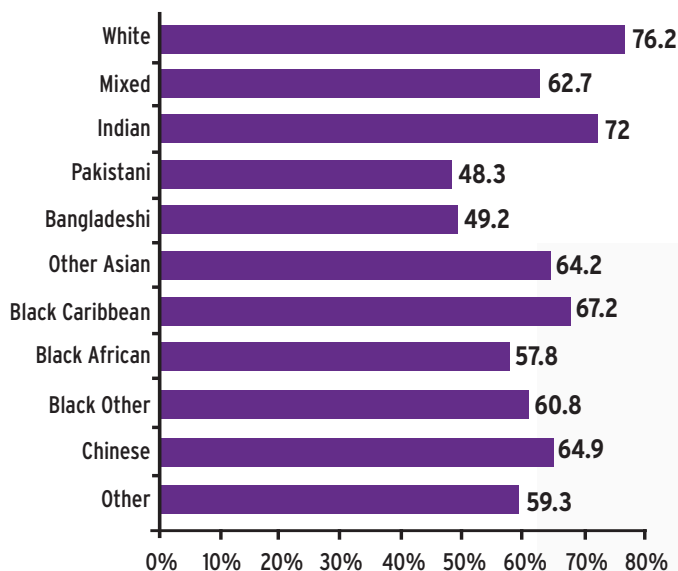
People and Employees

The demand for skilled employees continues as does increased competitive pressures. To keep up, employers are aware they must make significant changes in how they attract, recruit, develop, retain and progress the UK's ethnic minority talent. Not surprisingly therefore, **People and Employees** remains the most important area of feedback for RfO network members, with over 80% requesting a detailed analysis of their progress.

The Current UK Landscape

- **Just over 60 out of every 100** ethnic minorities in the UK are currently employed.
- In comparison, **75 out of 100** of the white population, or nearly three quarters of white people, are currently employed in the UK.

Employment Rate by Ethnicity, Quarter 4, 2008



Source: Labour Force Survey, Quarter 4 2008 - Ethnic Minority Advisory Group Data Sheet Quarter 4 2008

YET, ethnic minorities make up **11%** of the working age population;

1 IN 5 of the secondary school population in the UK is an ethnic minority; and almost

1 IN 4 of pupils in primary school education is an ethnic minority¹.

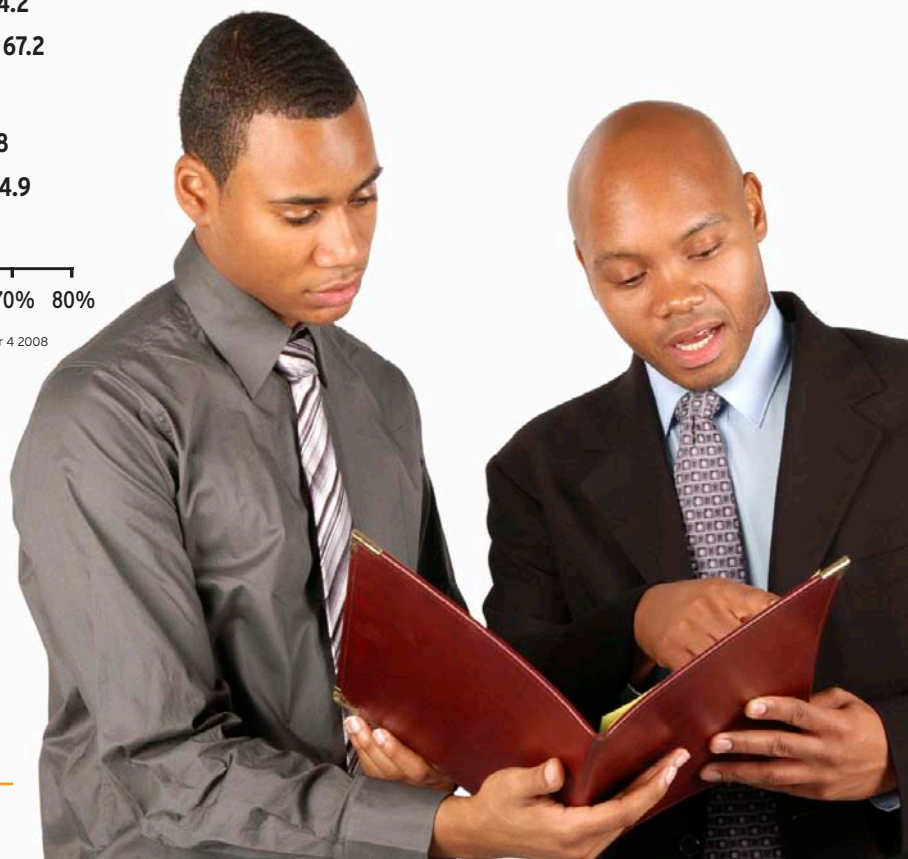
¹ DCSF release May 2009, 'number of pupils is state maintained schools'

Attraction and Recruitment

TOP TREND 2009

Communicate your commitment to race equality to all prospective employees.

Our survey shows that many organisations are investing considerable effort into prospective employees by providing work experience and apprenticeships as a means of developing the individual and giving them the adequate skills and knowledge to apply for posts. This also has the added benefit of allowing employers to spot talent early where it exists.



Key Trends

One of the key trends RfO has monitored since 2001 is the number of employers who tell all prospective employees about their organisation's commitment to race equality. The results from this year's benchmarking exercise shows that 100% of employers who benchmarked do this, up from 95% in 2008. RfO would like to promote and encourage this as a minimum action any employer can take as a starter to creating race equality within the workplace.

RfO Network Actions

We have been concerned about recruitment agencies, recruitment consultants and head-hunters and how effective they are at reaching BAME groups and we will be working with them and our employer network to help identify good practice.

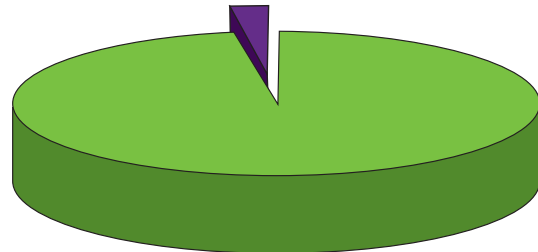
Making sure that employment agencies and all other recruitment outlets are aware of the employers policies and objectives on race has been seen as equally important and 98% of organisations reported doing so, up from 88% in 2008. However, this year's survey showed a slight reduction in the number of organisations who are currently using a variety of recruitment sources and methods to attract ethnic minority applicants, 79% compared to 84% in 2008.

RfO Network Actions

We will include further research into what sources of recruitment employers use as we work with recruitment agencies and network employers looking at best practice.

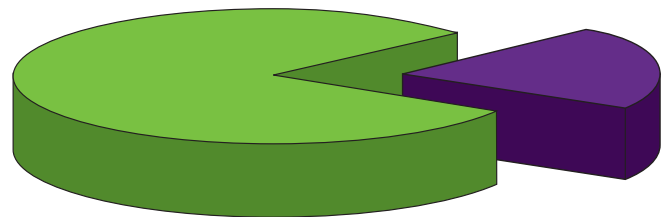
At the end of this section, RfO has extracted some simple steps and techniques that employers can follow to enhance their current recruitment of ethnic minority talent.

Employers who make Employment Agencies, Recruitment Consultants and Head-Hunters aware of their organisation's policies and objectives on Race



YES 98%
NO 2%

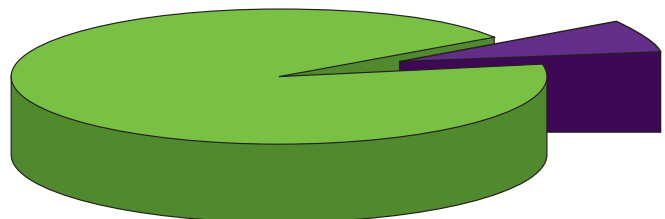
Employers who use a variety of recruitment resources and methods to attract ethnic minority applicants



YES 79%
NO 21%

Using Census data to compare an organisation's demographics to the local population is an activity that has grown steadily over the past few years, from 87% in 2006, to 88% in 2008 and now a significant uplift to 93% in 2009.

Employers who monitor the ethnicity and gender of job applicants using Census 2001 categories



YES 93%
NO 7%

BBC

Journalism Talent Pool

The 'Journalism Talent Pool' is one example of where the BBC has sought to improve the diversity of its workforce in an area that traditionally has been particularly difficult for black and ethnic minority people to thrive in. The scheme was designed to attract individuals into the BBC who may not have thought of applying to the organisation and who demonstrate the potential to be a Broadcast Journalist or an Assistant Producer for the BBC. The scheme was advertised in 2008 via a wide range of sources; on ethnic minority websites, in the press and through databases and networks. The BBC also targeted black and ethnic minority publications and sources, including the Islam Expo, as well as over 300 community groups from a wide range of backgrounds. The scheme was also promoted internally through the BBC Black and Asian Forum for staff.

All line managers and staff who sit on interview panels are required to have undertaken Fair Selection Training which is available as an e-learning package and via face-to-face training. More specifically, the Journalism Talent Pool has considered carefully the effect of diverse selection panels and assessors on the success rate of all diverse groups and therefore the scheme ensures that there are senior black and ethnic minority assessors involved in the assessment, recruitment and selection process.

Impact

- From a total of 583 applications received in 2008, 117 (20.1%) were from black and minority ethnic applicants. The selection rate for further assessment was 10.3% for BAME applicants compared to 8.2% for the majority population.
- 44 individuals were assessed at an assessment centre of which 20.5% were from a BAME background. The selection rate from the assessment centre was 37.1% for BAME people by comparison to 66.7% for the majority population.
- 6 out of the total 19 candidates appointed were from a BAME background.

BT

Openreach Apprenticeships

BT has a proven track record in attracting and recruiting BAME candidates at all levels of their organisation. Whilst general recruitment has been curbed this past year due to the economic situation, BT has continued its designated programmes for apprentices and graduates.

In collaboration and partnership with Fair Cities in Bradford, BT worked on a trial to improve the perception of their Openreach apprenticeship scheme and to ideally increase the number of BAME apprentices. An open day was held to enable those who were interested to hear more about the apprenticeships and meet members of the team they would be joining. The day also involved advice and information on how to apply and what the recruitment process included. There were also some observed group activities for those wanting to apply to help sift candidates for the next stage. The project was supported by the Regional Development Agency, Yorkshire Forward and Bradford Fair Cities and 10 potential vacancies were ring fenced.

Impact

- As a result of this trial, 7 joined the BT foundation apprenticeship in September 2008.
- 4 were from a BAME background (57%), well above usual levels with typical recruitment processes.

Royal Bank of Scotland Group

Reflecting the Demographic Profile of Local Communities

As part of its commitment to diversity, Royal Bank of Scotland (RBS) is keen to reflect the local communities and actively monitor demographic information to compare its workforce with the local communities in which it operates.

Ensuring they reflect local communities is one of their Key Performance Indicators to ensure that they attract and recruit a diverse range of candidates. Statistics show that BAME employees are choosing to work and stay within RBS; between 2003 and 2006 the percentage of BAME employees doubled at the junior levels, increased by 33% at the middle management level and by 50% at the Senior Manager levels.

Case Study: Volume Recruitment Campaign

Volume roles support diverse businesses such as Retail and Insurance. In 2008, 23% of new recruits into these roles were from ethnic minority backgrounds, significantly ahead of national averages.

The volume recruitment campaign began with a three-pronged strategy sourcing and attraction strategy, comprising:

1. Online media such as job boards and search engines
2. Outreach programmes such as work with Job Centre Plus and Connexions
3. Offline mediums such as press insertions in local newspapers, e.g.: The Leicester Mercury and job fairs in cities such as Leeds and Bristol (where there are high ethnic minority populations).

Focus groups called Insight Panels were completed with customers - prospective employees - to gather their thoughts about recruitment materials. People external to RBS who reflect their key demographics in terms of salary, gender, ethnicity, age, socio-economic status were invited. A series of focus groups to test all advertising was run in four key UK locations.

Recruitment materials such as press and bus advertisements also included positive images of a diverse range of individuals to emphasise their commitment to recruiting a diverse workforce. To support sourcing and attraction, RBS worked in partnership with Job Centre Plus (JCP) via the Local Employment Partnership Scheme

Impact

- Applications were tracked across 12 different geographic regions in the UK. On average, the average local ethnic minority demographic in these regions was 11%. 27% of volume applications were from ethnic minority candidates which is far higher than the local demographics.
- 23% of total hires were also from ethnic minority backgrounds.
- The adverse impact ratio (number of hires as a percentage of number of applications) was also significantly favourable towards ethnic minorities.

Attraction and Recruitment

Best Practice / Simple Things to do

- Ensure recruitment agencies, recruitment consultants and head-hunters are aware of your policies and race diversity objectives.
- When advertising make sure that the words within your advertisement do not directly state or indirectly imply that certain groups will not be considered for the role².
- Your chosen imagery should reflect the diversity of the society in which you are advertising e.g. group images should contain people with different characteristics.
- Ensure your advert is seen by an audience which reflects the diversity of the UK by requesting information on the demographic profile of the available UK talent pool to ensure all groups are targeted.
- Engage BAME employees in the development of your recruitment process to help identify cultural differences.

² RfO Young People Fact sheet 'UK Plc - The Next Generation', 2006

Development, Progression and Retention

TOP TRENDS 2009

- Offer training and development to all employees and track participation.
- Engage with ethnic minority employees via ethnic minority networks and focus groups.

Many organisations are recognising that promotion and management of race diversity can be a vital strategic resource for competitive advantage, particularly as the world shrinks into one global village, making insight and knowledge of different cultures and cultural trends an imperative to the survival of the business.

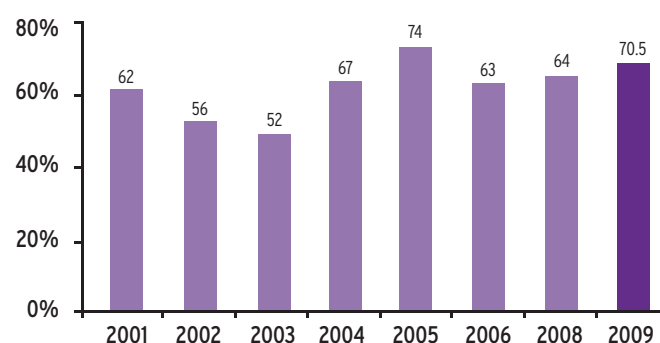
The RfO 'Race to the Top' report, published in January 2009, highlighted that more than one in 10 of the British population comes from an ethnic minority group, yet in comparison, just one in 15 were in a management position at the end of 2007³. The picture at senior management level is even bleaker with just 5.6% of these jobs being held by an ethnic minority person at the end of 2007. However, there has been a positive sign of change in 21st Century Britain with the recent appointment of its first black CEO to run a FTSE 100 company⁴.

Another trend monitored by RfO has been the number of employers who offer a range of development opportunities for all employees. All of the employers participating in this year's exercise said they did this. We also wanted to find out how many employers actually tracked the number of ethnic minority employees participating in development and training activities. This year, we saw a noticeable increase to 70.5%, up from 64% in 2008 - a marked increase from the 62% we started with in 2001. This is very consistent with clear messages from employers who, in this current economic climate, are investing in people for the future. From the recently published 'How to survive and thrive' report:

RfO Network Actions

Transparency in how employers recruit, progress and promote staff within an organisation, as well as how appointments are made, is key to creating a diverse workforce. We will focus on supporting employers to increase the quality of their monitoring data. This will have the added benefit of supporting employers in the execution of their current talent management business plans.

Employers who track number of ethnic minority employees participating in development and training activities



Source: RfO 2009 Benchmarking Report

“Studies indicate that government and business executives recognise that many in the UK workforce require upskilling to participate effectively in today's economy. A recent survey by Cranfield School of Management confirms the importance of training to survive the recession⁵.”

³ RfO 'Race to the Top' report, January 2009

⁴ <http://www.guardian.co.uk/business/2009/mar/19/prudential-black-chief-executive>

⁵ BITC report 'The Responsible Workplace - How to survive and thrive', February 2009

The impact of the recession

Thousands of jobs are being shed in the current recession and at this time it is vitally important that employers exercise transparency and integrity as they downsize. Ethnic minorities fared worse than average during the 1990s recession.

There is further evidence from past recessions that unemployment rates for ethnic minorities rise faster than they do for the white population and that they experience a 'ratchet effect' whereby they are unable to recoup these losses during recovery and so start a cycle worse off than in the previous cycle⁶. Employers should, therefore, evaluate and continually review what they have in place to support employees who are being released. Responsible actions such as helping with the career changes of employees and offering adequate redundancy packages, as well as being good practice, will go some way to keeping the employers' reputation in the marketplace intact.

Development, Progression and Retention

Best Practice / Simple Things to do

- Communicate your commitment to diversity and inclusion and embed the messages in leadership and management training materials.
- Find ways to engage with your BAME employees. This can be done through employee surveys, networks, focus groups and special events celebrating religious holidays and cultural diversity.
- Ensure progression routes within the organisation are open and transparent. Ensure it is clear what the competencies for leaders are within your organisation and how these need to be demonstrated.
- Value experience in roles and activities linked to volunteering and community activity e.g. coaching, presentation skills and managing of resources which may not be a responsibility in an employee's current role in the workplace.
- Monitor each stage of the promotion and selection process. Be open and transparent with the results and commit to take action to address any anomalies.

Measuring and Monitoring

TOP TREND 2009

Track the participation of ethnic minorities on training and development programmes.

A large number of RfO network employers have already established good practice around measuring and monitoring the make-up of their workforce and have laid down action plans to address diversity imbalances.

Positive Action has been available to employers since the introduction of the Race Relations Act in 1976. Employers should consider positive action to help them diversify homogenous workplaces in order to reflect the organisations customer base and community in which they operate. The Equality Bill, recently laid before Parliament, will allow employers to extend positive action to make their workforce more representative. Where candidates are equally suitable⁷, the employer will be allowed to choose the individual from an under-represented group to increase the diversity of their workplace.



RfO Network Actions

RfO in partnership with the Government's Ethnic Minority Taskforce's Employer Engagement Group and Department for Work and Pensions will be monitoring the impact on employment outcomes for BAME people during the downturn.

⁶ Leslie et al, 2002

⁷ The Equality Bill - http://www.equalities.gov.uk/media/press_releases/equality_bill.aspx#

Addleshaw Goddard

Establishing Sector Alliances

As a professional services organisation, Addleshaw Goddard relies on the knowledge and expertise of each individual within it. Attracting the right people is a business imperative. The firm also recognises that to be a destination employer for talented and dynamic individuals they need to be as inclusive as possible and, as such, their recruitment strategy sets out their goals and objectives, including the way they should work with external organisations. The firm has a clearly defined code of conduct which defines the behaviours they expect from their recruitment agency suppliers. All of the agencies they work with are aware of this code of conduct and are expected to adhere to it.

Addleshaw Goddard is also part of the Legal Sector Alliance on Recruitment with nine other law firms. The objective of this group is to work with recruiters in the legal sector to encourage them to provide candidates from a more diverse pool. This includes ensuring that there are measures in place to enable them to monitor the diversity of the candidates they are speaking to. Addleshaw Goddard is proud to have been part of this group. **The principles of equality and diversity clearly run through our approach to recruitment and we communicate this through our Diversity Strategy.**

American Express

Monitoring and Measuring for Success

In the UK, during 2008, American Express introduced monitoring of ethnicity using the 2001 Census Statistics in their Annual Employee Engagement Survey. The results showed that over 9% of its UK 6,000 employees, are from an ethnic minority group with equal gender representation by each ethnic group of origin. Through this exercise, American Express were pleased to observe that there were no differences in employee engagement levels by ethnicity versus other under-represented groups such as those with a disability.

Whilst American Express benchmarked well against the total UK BAME population (8%), the organisation continues to advance its Diversity & Inclusion efforts. The Black & Asian Employee Network (BAAN) is expanding its best practice mentoring programme that has produced strategic recommendations on employer of choice initiatives and customer segmentation business growth opportunities in the UK. In addition, it continues to provide professional development events in collaboration with other Employee Networks, plus community involvement initiatives. With the move to Country Executive Team led Diversity Councils across the globe, BAAN, with the support of these senior leadership teams aims to use the results from the RfO Benchmarking Survey to progress the BAME agenda for 2010 and beyond in the UK.

Leicestershire Constabulary

Use of Equality Impact Assessments

Leicestershire Constabulary's Resourcing Department has a 'Breaking Through Action Plan', which specifically looks at the recruitment, retention and progression of under-represented groups. This assists in driving home the message of their commitment to race equality to all prospective employees. They reviewed their entire selection processes and recruitment strategy and also carried out an equality impact assessment to ensure the process was free from bias and did not disadvantage anyone. Recruiting and selection data is regularly reviewed by the constabulary's Strategic Equality and Confidence Board which is chaired by the Chief Constable and also by the Police Authority HR Committee to ensure that recruitment targets for BME people are being met. They use the intranet to advertise all jobs; recruitment adverts are placed within local media, specialist publications and also on MATV which is a local Asian TV network. In addition, they continue to hold recruitment seminars at venues such as Central Mosque, Guru Tegh Bhadahr Gurdwara Sahib, Bhangladesh Action Centre and LeicestHER day (a woman only event)

Leicestershire Constabulary has engaged with recruitment agencies to fill specific posts and these agencies' policies are heavily screened for equality and diversity issues whilst regular monitoring data is provided to ensure their commitment to Race Equality is addressed.

British Army

"RfO benchmarking requires considerable commitment, involving staff across the Army producing evidence that our race policies and practices are sound. The opportunity to have our policies and practices externally validated makes the process worthwhile and enables us to adjust and adapt our activities according to the feedback received. The Army is working hard to ensure that our people truly reflect the people who are charged with defending, namely, UK society. We strive to increase our ethnic minority representation year on year and any additional guidance to assist in achieving our goals is welcome."

Environment Agency

Positive Action

Every year the Environment Agency runs a national campaign to recruit Environment Officers into the organisation. However, it was highlighted that although there was a good response from the BAME community, very few candidates were actually short-listed for the assessment centre. The Environment Agency decided to run a positive action campaign which was for a four month traineeship. The aim of this scheme was to provide the trainees with experience, learning and development to enable them to be strong candidates for recruitment to an Environment Officer role.

Impact

- 26 people were recruited onto the programme which was an investment of £4,000 per trainee and
- to date, 9 have been appointed to permanent Environment Officer posts.
- Two further trainee schemes have been planned for the next financial year.

To ensure continued best practice, all trainees, whether successful or not, will be asked for their feedback on the scheme to inform future campaigns.

Ministry of Defence

Developing Leaders

The Ministry of Defence (MOD) has two tailored development schemes (Band B Development Scheme and Leaders UnLtd) for high potential Band B staff with Senior Civil Service (SCS) potential. Both schemes are championed by the MOD's Permanent Under Secretary who is the Civil Service-wide Diversity Champion and the MOD has the largest representation of any department on the Leaders UnLtd programme.

Leaders UnLtd forms part of a basket of initiatives to increase BAME representation across the MOD workforce. It is the result of a partnership between the Cabinet Office and the National School of Government. MOD played a major part in the design of the programme.

The overall aim of the scheme is to build the future leadership capacity and diversity of the SCS. To achieve this, the scheme provides a variety of learning opportunities including the development of a Learning Compact, which is a leadership development agreement between a participant of the scheme, their line manager and the sponsoring department; a host of interrelated activities comprising large and small groups and 1:1 interventions, such as coaching and mentoring, to stretch and support participants; the creation and implementation of a personalised Leadership Development Plan; and a bursary to support the individual's learning needs.

Measuring and Monitoring

Best Practice / Simple Things to do

- Set public key performance indicators (KPIs) and monitor and measure employee progression in an accountable and visible way.
- Act positively by organising workplace mentoring, support cultural diversity and race employee networks and establish links with the community to provide positive role models.
- Ensure ethnic minority employees can clearly see how they can progress within the organisation.
- Ensure development and secondment opportunities are advertised to the whole workforce.
- Ensure all talent pipelines are diverse and representative of the workforce.



Pearson

"Pearson benchmarks because we believe firmly in the moral, legal and business case for diversity and inclusion and its benefits for our business; benchmarking allows us not only to track our progress but also measure ourselves against other businesses committed to the business agenda on race."

Customers, Clients and Service Users

TOP TRENDS 2009

- Continue to refresh the business case for race diversity with current data and statistics.
- Understand your customers and the diverse range of the marketplace

Customers, Clients and Service Users

As markets continue to become increasingly competitive, global and knowledge-intensive, organisations are becoming more sophisticated in their approach to marketing to diverse customers. RfO network members are aware that different groups need different approaches and have been successful in adapting marketing materials to attract specific ethnic minority customers. However, we have seen little evidence of employers using this approach when looking at progression in the workplace where the same strategies could be applied.

Landscape Data

- Ethnic minorities are at the forefront of media take-up and use in the UK and are less likely to use traditional media like newspapers, magazines and radio.
Source: Ofcom Media Guardian Ethnic Media Summit, 16 September 2008
- Ethnic minorities account for a twelfth of fashion spending. With continuing net inward migration, ethnic minorities will continue to grow in numbers as will this group's spending power
Source: MINTEL 2009 <http://oxygen.mintel.com/sinatra/oxygen/display?id=454626>
- It is estimated that the spending power of the UK's ethnic communities will reach £300 billion by 2010. In the US the combined purchasing power of ethnic Americans is estimated to be in excess of \$2 trillion.
Source: Multi-Cultural insight study 2007 commissioned by Weber Shandwick's specialist multicultural marketing division Multi-Cultural Communications (MCC)

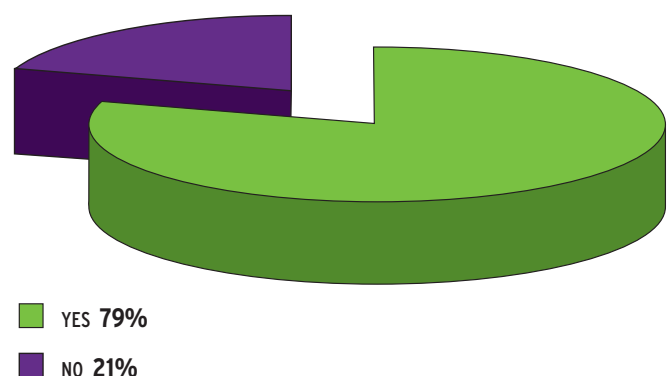
Businesses that are committed to understanding and engaging ethnic minority customers, clients and service users



Key Trends

This survey has flagged up some innovative practices from employers who are reflecting and engaging with customers effectively. With the transformation of the UK landscape in terms of increased numbers of ethnic minorities, the need to anticipate and cater for the needs of diverse customers and communities is a business essential. Some organisations now bring in an external diverse group of people to test their materials before launch. Other organisations use diverse staff to input to marketing plans. The 2009 survey reveals that 90% of employers are committed to understanding and engaging with ethnic minority consumers, up from 84% in 2008. In addition, 79% of the RfO network regularly review advertising and promotional material.

Businesses that regularly review advertising and promotional material



BERR*

“BERR’s membership of Race for Opportunity demonstrates, to both staff and stakeholders that we see diversity as key to our aim of ensuring business success in a competitive world.”

Andrew Cahn, Interim Permanent Secretary

*BERR recently merged with DIUS to form the new Department for Business, Innovation and Skills [BIS].

Customers, Clients and Service Users

Best Practice / Simple Things to do

- Engage employee networks and focus groups to help develop and tailor marketing plans for BAME customers and clients.
- Ensure you have diverse teams within the marketing and communications departments both in-house and within the agencies that you partner, to ensure understanding about the business case and the methods for engaging with ethnic minority communities.
- Consider adjusting your messages to effectively engage different customer groups since the ‘one-size fits all’ approach to communication is no longer adequate for brands to effectively build awareness and trust.
- Focus on different ethnicity groups for targeted products and services.
- Ask external agencies to demonstrate their understanding of the business case for diversity and how they engage with different customers and communities.

Ernst and Young

Reflecting the Consumer

Ernst & Young segment their market by client size and presence on the FTSE 350. However, there are some ways in which they direct their activity towards BAME clients in specific areas with the help of their networks and business groups.

A few areas have been identified where it brings business benefit to target clients by ethnicity. These include Ernst & Young’s Islamic Finance Group, Japan Business Services Group, China Business Services group and various country-specific tax desks. In all cases these groups have arisen to meet a business need to address clients in the context of their cultural or country identity.

Ernst & Young’s Japan Business Services Group (JBS) for example, comprises about 40 fluent Japanese speakers with strong links to service lines in UK and overseas. The team is staffed with people who are either Japanese or who have a good understanding of the Japanese culture through living in Japan.

This means that the way Ernst & Young market to clients has been developed from deep cultural awareness. In addition, Ernst & Young respond on an individual basis to specific client requests and needs: for example on whether they would like their E&Y team to be Japanese speaking or not. As part of their graduate trainee scheme, Ernst & Young have established a Japanese Business Programme which aims to hire Japanese-speaking people with a view to increasing their capability to serve Japanese clients.

Nationwide

“Nationwide and the Nationwide Group Staff Union (NGSU) are committed to promoting a supportive and inclusive culture for all our employees, members and third party business partners. By integrating individual strengths, Nationwide will maximise efficiency and creativity, put members first and deliver greater member value. We strive for equal opportunities at all levels of our business and we encourage employee diversity in order to eliminate discrimination and to reflect and understand the communities in which we operate.”

Royal Navy

Engaging Asian Communities

The Royal Navy Asian Media & Marketing Group (AMMG) has created a national platform to build the Royal Navy and Royal Marine's profile within the Asian community. AMMG are communicating the Royal Navy's career opportunity messages through its market leading suite of magazines, web-sites and events.

The aim is to create a strong awareness of the wealth of career enhancing opportunities on offer within the Naval Service. Through a combination of media activity and events, the Royal Navy and Royal Marines are reaching key influencers within the Asian community and the prime target audience group is 16-37 year olds. This includes the gatekeepers, who are crucial to creating a positive and encouraging environment, as well as community associations and Asian student bodies.

The Royal Navy are sponsors of the GG2 Community Award. The Award is part of the hugely successful GG2 Diversity & Leadership Awards. The awards are presented at a high profile dinner which attracts a large and influential audience of business and community leaders, policy makers and opinion formers, which serves to reinforce the Naval Services' diversity message. The GG2 Community Award recognises an individual, project or organisation for outstanding work in the community. In essence AMMG has acted as a professional focus group to ensure standards and consistency.

Cummins Engine Co Ltd

"We can't afford to become complacent when it comes to creating a great place to work. Clearly many other companies are recognising that diversity leads to innovation."

Lisa Gutierrez, Executive Director of Global Diversity



3

Community Involvement

TOP TRENDS 2009

Ensure your corporate
responsibility activities
include ethnic minority
communities



Community Involvement

This is an important area of business activity for RfO network members. Employers are aware of the considerable business benefits that can be derived from **engaging with local communities** which not only serves to develop the skills of their employees but also has the added benefit of raising their brand profile and, in many cases, facilitating the integration of disadvantaged and minority groups.

Some organisations are linking community work activities to bonus schemes as an extra incentive for staff as well as using it as a way of enhancing employees' coaching and training skills. Almost all network members have links with either primary, secondary schools or colleges and we have seen an increase in the number of employers offering internships and work experience.

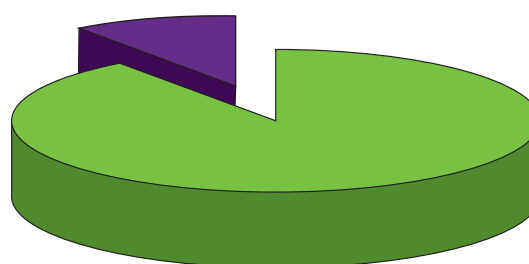
Landscape Data

- The size of the non-UK born population increased by 1.1 million between 2004 and 2007.
Source: ONS Population Trends 135, March 2009
- In 2007 one in three London residents were born outside the UK.
Source: ONS Population Trends 135, March 2009
- 12.5% of pupils of compulsory school age and above do not have English as a first language.
Source: <http://www.dcsf.gov.uk/rsgateway/DB/SFR/s000786/Language081b.xls>
- In 2005 Westminster became the first local authority in the UK to have a greater non-UK born than UK born population. The most common non-UK countries of birth in Westminster were: the USA; Bangladesh; Australia and India.
Source: ONS Population Trends 135, March 2009

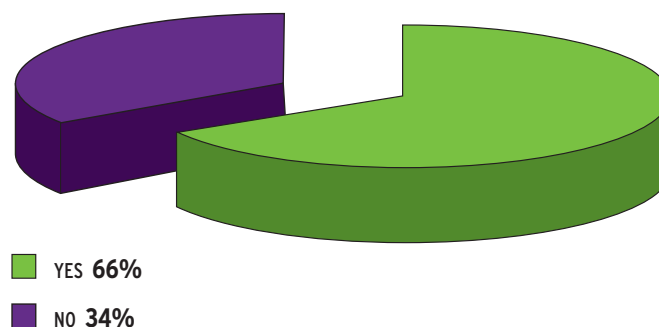
Key Trends

90% of RfO network employers ensure that community involvement activities benefit ethnic minorities and other stakeholders, and more than half, 66%, of employers regularly evaluate the impact their activities have in the community.

Employers who ensure community involvement activities benefit ethnic minorities and other stakeholders



Employers who regularly evaluate their impact in the community on ethnic minority groups



Lovells

"Benchmarking provides us with feedback on ways to improve our performance and evaluate our progress. RfO also provides us with the opportunity to share best-practice with organisations, both from within our own sector and others."

Community Involvement

Best Practice / Simple Things to do

- **Up-skilling** - recognise the skills obtained through employee volunteering to actively complement staff development and management training.
- **Future Workforce** - by encouraging your employees to use their skills in schools with young people they can inspire them to take up careers in your sector i.e. accountants to supporting math teachers and supporting students.
- **Brand Recognition** - demonstrating a commitment to your local community builds brand recognition with customers and enhances your reputation as an employer of choice.
- **Young People** - consider offering internships. This is a great way to engage young people through work experience.

Sheffield Hallam

"Diversity is important to the University both as a service provider and an employer. Sheffield Hallam is keen to do everything it can to learn and to grow and benchmarking is an extremely useful way of helping us to do this."

MITIE

The 'Real Apprentice' Employability Programme

In October 2004, working with the East London Business Alliance (ELBA), a business led charity, MITIE set up the Real Apprentice. This is a full time permanent operational training programme at the end of which all those who meet the set criteria are given permanent jobs. The Real Apprentice has since been running twice a year in the largely BAME communities of Tower Hamlets and Hackney and is targeted at 18-25 year olds living in the area.

The first programme focused on the technical skills of Reprographics, and was later adapted to cover Office Services and Mail. Future plans include a continuation of the Real Apprentice across all of MITIE's disciplines.

Impact

- Over 200 people from London's most disengaged communities have taken part in the Real Apprentice programmes.
- 77 have secured permanent employment with MITIE - others have secured employment with other employers or secured places on higher educational courses.
- MITIE staff have received a positive impact from the scheme as cultural barriers have been removed through working together and learning from each other.

Following consultation with clients, government departments and employment partners such as Local Employment Access Projects (LEAP), Wellness to Working and JCP, MITIE is rolling out the programme across London, to benefit all age groups and cultural backgrounds.



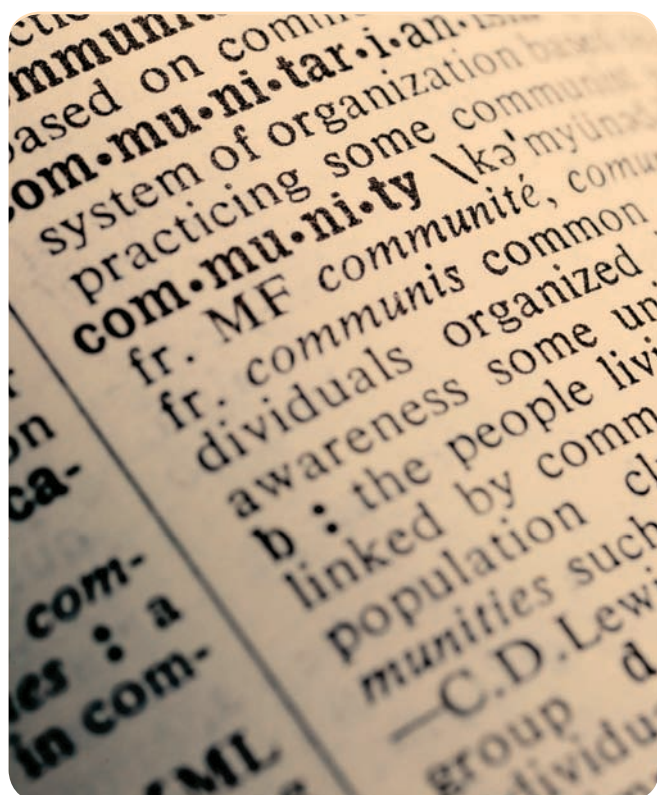
WEST MIDLANDS POLICE

Engaging the Youth Community

West Midlands Police has established a youth Community Action Group called Youth4em as a means of understanding and engaging with young people within the community. Youth4em is aimed at, but is not exclusive to, BAME young people. It was rolled out in the Dudley South OCU and it is now being franchised across the Force. Youth4em has been engaged in community jobs such as litter picking, visiting the elderly in residential homes and serving tea and cakes, painting over or removing graffiti from local deprived areas and conducting presentations to other groups.

The groups have been given rewards for their hard work, such as being taken on educational visits or fun days, they have even put on shows for the local community. Youth4em also has community mentors who are CRB checked and monitored by Neighbourhood Officers.

Youth4em also runs a “Coffee in the Dark” project which helps the OCU combat anti-social behaviour whilst engaging with the youngsters in local parks and involving youth services and local youth organisations. It also provides an opportunity for West Midlands Police to meet the youngsters and chat about certain issues in the community. This kind of interaction with the youngsters has proven to be popular amongst the sometimes unruly groups and has reduced anti-social behaviour.



RBS

Specialist Coaching Training for Employees

RBS employees have received specialist coaching training to coach older school children with more serious problems who are on the verge of dropping out of education altogether. In some instances youngsters have had no explicitly stated ambitions or goals and RBS employees have worked to encourage them to formulate goals and give them a sense of direction.

RBS employees have received two half-day sessions to support them in their role as coaches, and on average each volunteer spent more than 10 hours coaching youngsters in 2008. RBS employees have benefited from specialised training from a professional coach, opportunities to develop their coaching skills, enhanced listening skills and experience in supporting people to produce their own solutions.

Coaches worked with identified students to support them in setting and achieving their goals, developing effective communication skills, building confidence and self-esteem, channelling their commitment, organising their time and dealing with stress or anger.

Impact

- Employees have had the opportunity to apply this coaching training back into the workplace.
- Different volunteering schemes have also been mapped back to vital skills that staff need in the workplace, for example, if an RBS employee wanted to be a team leader, they have been encouraged to participate in the Getting Ahead volunteer scheme where they have a chance to lead a team working together on different projects.

Bio Technology & Biological Sciences Research Council

“Benchmarking is more than how you are performing against others in your sector or overall, it is really about what is making an impact and most importantly, learning from others where you can improve.”

Supplier Diversity

TOP TRENDS 2009

Ensure suppliers understand your commitment to supplier diversity and ask them for evidence of their commitment



Supplier Diversity

Some organisations see the concept of supplier diversity as political correctness. However, those organisations that 'get it' know better and are busy promoting their **supplier diversity policies** both internally and externally, and ensuring it is integrated into every part of their buying process. Globalisation is a strong reason to get more diverse suppliers on board, and our top network employers understand the benefits of having a supply base that reflects the consumer base and are taking action on it.

Progress on supplier diversity in the UK is slow and eight years on, it is still the weakest area of business activity for RfO network members.

The Equality Bill and the proposed extension of public duties will no doubt put the public sector well ahead of the private sector.

To some extent our hands are tied since precise information on the existence, size and location of BAME businesses in the UK remain relative estimates. There is a lot of work for the Department for Business Enterprise and Regulatory Reform (BERR)* to do in this area as we need more data - 'if we can't monitor it, we can't measure it'. Interestingly, some RfO network employers have signed up to the Global Impact Alliance instigated by Kofi Annan which has been seen as a positive intervention.

Landscape Data

- There are an estimated 275,000 black and minority ethnic (BAME) SMEs in the UK, contributing an estimated £20 billion to the UK economy per year - 5% of the total SME GVA (£369bn).

Source: <http://www.berr.gov.uk/whatwedo/enterprise/enterprisesmes/building-enterprise/enterprising-people/Ethnic%20Minorities/page38527.html>

- BAME businesses make up 6% of all SMEs in the UK, across a diverse range of industries.

Source: <http://www.berr.gov.uk/whatwedo/enterprise/enterprisesmes/building-enterprise/enterprising-people/Ethnic%20Minorities/page38527.html>

- Whilst BAME groups overall have a self-employment rate equal to British and other white groups (both 8%), there is a wide variation between ethnic minority groups. Black Africans (5%) and Bangladeshis (6%) have lower self-employment rates than Pakistani (11%), Indian (8%) and Chinese (8%) people. (BERR* estimate based on ONS Labour Force Survey 2007, UK, rate out of all adults.)

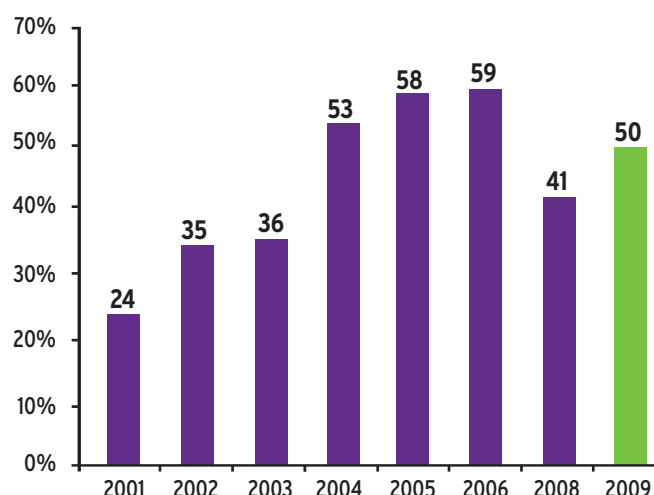
Source: <http://www.berr.gov.uk/whatwedo/enterprise/enterprisesmes/building-enterprise/enterprising-people/Ethnic%20Minorities/page38527.html>

Key Trends

A BAME owned business is a business which is 51% or more owned by members of one or more BAME group. Minority ethnic groups are all people including those who have classified themselves as members of ethnic groups other than 'White British'⁸.

This year's survey confirms that 52% of RfO network employers have a supplier diversity policy, up from 41% in 2008, but still a regression from the 59% recorded in 2006.

Employers who have a Supplier Diversity Policy



On a positive note, the percentage of employers who specifically ask existing and prospective suppliers about their commitment to race equality and seek for evidence in the supplier's policies and practices is 88%, compared to 86% in 2008.

⁸ Transport for London (TfL) Supplier Diversity Definitions - October 2006

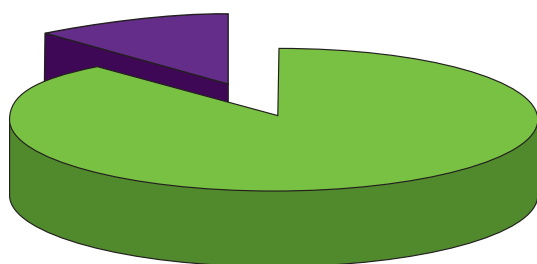
*BERR recently merged with DIUS to form the new Department for Business, Innovation and Skills (BIS).

RfO Network Actions

The recent Equality Bill has laid down a provision that means procurement will become a major issue for employers who are not proactively taking action.

Supplier diversity continues to be a challenging area for many network employers, with over half of participants not taking action. RfO will be working with and supporting network employers on this strand of activity by sharing good practice and showcasing innovative solutions being adapted within organisations.

Employers who check for commitment and evidence of race equality policies and practices



■ YES 88%
■ NO 12%

Supplier Diversity

Best Practice / Simple Things to do

- Update your supplier diversity code of practice or policies to differentiate requirements for suppliers of different sizes (i.e. small, medium, large suppliers).
- Post information of potential contracts on your internet site to increase access to information about forthcoming tenders.
- Brief your recruitment suppliers on your organisation's commitment to race diversity.
- Include race diversity related questions in your Supplier Surveys so data can be collected in a softer, less threatening way.
- Consider Equality Impact Assessments for all potential procurement activity.

Enterprise Rent-A-Car

Supplier Diversity Locally and Globally

Supplier diversity is a strategic business policy and a critical part of Enterprise Rent-A-Car's commitment to sustainability. Providing diverse suppliers with an equal opportunity to do business with the company promotes economic development in local communities, and strengthens Enterprise's brand amongst the fastest growing sector in business. Enterprise Rent-A-Car encourages all of its operations to purchase most goods and services locally. As a result, they buy a wide variety of goods and services - including printing and promotional services, cleaning products and services and stationery from more than 200,000 suppliers. The company has an overall goal to match their operations purchases to the diversity demographics of the communities in which they are located.

Enterprise's supplier diversity policy for the company is set on a worldwide basis but is implemented on a local level. On a global level, since 2006, Enterprise Rent-A-Car has seen an increase in the percentage of minority suppliers. Also, 34% of their 2007 fiscal year purchases were made from small and minority run businesses.

Enterprise Rent-A-Car has also established ongoing collaborative relationships with a number of business support agencies and councils both in the US and the UK to help identify and build relationships with ethnic minority suppliers. As a founding member of MSDUK, Enterprise Rent-A-Car has been key to promoting procurement opportunities between corporate members and ethnic minority businesses with 30 corporates now in membership. The company also frequently sponsors, and attends, a range of activities including 'Meet the Buyer' events, procurement fairs, workshops and seminars which allow minority businesses to present their organisation to hundreds of prospective procurers.

MDPGA

"This year is our fifth year of benchmarking with Race for Opportunity. We have found that it raises our awareness of issues that we are not very good at and gives us the impetus to drive forward with more energy and impetus."

Advantage West Midlands

"The Race for Opportunity benchmark supports the values of Advantage West Midlands in that we are aiming for excellence by working in partnership to make a difference."

Kwabena Osayande, Equality and Diversity Manager.

The Top 5 Trends that RfO Network Employers Engaged on in 2009

- Over 90% of RfO network employers monitor the ethnicity of job applicants using the 2001 Census categories.
- Over 90% make sure that employment agencies, recruitment consultants and head-hunters are aware of the organisation's policies and objectives on race.
- 90% of employers are committed to understanding and engaging ethnic minority customers, clients and service users.
- 90% of network employers ensure that their community involvement activities benefit ethnic minority people alongside other stakeholders.
- Over 90% of network employers communicate their commitment to race to existing and prospective suppliers.

over
90%

Workforce Profile

79 organisations provided information on the total number of people they employ broken down by ethnic minority and by position in organisation i.e., Executive Directors, Non-Executive Directors / Senior Managers / Professionals, Managers and Non-Managerial employees.

Positions held by ethnic minorities

Position	Total in Workforce	Ethnic Minorities	%
How many Executive Directors at Board Level in the UK?	3,798	165	4.3
How many Senior Executives in the UK?	24,275	1,222	5
How many managers in the UK?	267,263	16,287	6.9
All other employees in the UK?	1,050,207	102,714	9.8
TOTAL	1,526,330	129,523	8.48

Sector Representation



Scoring System

The Race for Opportunity benchmarking is a programme of on-line self assessment, where participants carry out a desktop evaluation of the current position of their organisation against a range of criteria under the six topics listed below:

- (1) **Recruitment** - Attraction & Selection
- (2) **Progression** - Unlocking Talent, Training & Development
- (3) **Retention** - Employee Engagement & Fulfilling potential
- (4) **BAME Customers, Clients & Service Users**
- (5) **Commitment to Race in Community Involvement**
- (6) **Working with BAME Business and influencing the Supply Chain**

Embedded into this evaluation are the themes of a clear business case and strong leadership.

- Each of the six topics comprises five progressive levels.
- At all times, Level 1 = 10%, level 2 = 20%, Level 3 = 30%, Level 4 = 25% and Level 5 = 15%.
- Organisations are expected to self select the level at which it operates for each of the six topics.
- When an organisation places itself at a certain level, it automatically gets the score for the level(s) below that level. (e.g. If an organisation is at Level 3 in Recruitment, then it automatically gets the sum of 10% + 20% for levels 1 and 2.)
- The automated score is then corroborated by the strength of the evidence provided in the form of a case study, and evaluated by trained assessors.
- It is likely that organisations may be at different levels of performance for the different topics. (e.g. Level 3 for Recruitment, but at Level 2 for Progression, Level 2 for Retention, Level 1 for BAME Customers, Clients and Services Users and so on.)
- In the descriptive case study section, organisations are expected to clearly state the problems, how they were identified, how they (planned to) resolve them and what the results are. Submissions stated how organisations' reviewed and evaluated what they are doing on an ongoing basis. We are particularly interested in what impact programmes or actions had.
- The organisation also provides evidence to support their current situation which is then validated by the Race for Opportunity assessment team and further corroborated through telephone and site visit interviews with a selection of respondents where additional verification is needed.
- Self assessment and evidence scores are then merged to give an overall performance total.
- This is a new scoring system which was devised under the advice of a professional statistician and will be subject to review.

BT

"The RfO benchmarking exercise is a very practical method by which organisations can evaluate their progress on their race diversity agenda. We, at BT, find it a valuable tool to determine which areas may need additional focus in the future whilst assessing the effectiveness of policies and processes already in place. We aspire to leading-edge practices in the field of diversity and inclusion and through benchmarking our position against others committed to making a difference for BAME employees and customers and within society, at large, we ensure we are always pushing the boundaries and achieving true equality for all."

For further information on the Race for Opportunity campaign.
Please visit www.raceforopportunity.org.uk or telephone 020 7566 8661

Business in the

Community

Race for Opportunity is part of Business in the Community

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We inspire, engage, support and challenge companies on responsible business, working through four areas: Marketplace, Workplace, Environment and Community. With more than 850 companies in membership, we represent 1 in 5 of the UK private sector workforce and convene a network of global partners.

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