# New Realities Require New Approaches:
## The Business Case for Diversity[1]

Berit M. Lakey, PhD
BoardSource Senior Consultant

**EXECUTIVE SUMMARY**

Like their Quaker forebears FSA member organizations have generally "done well by doing good." They have developed a reputation for high quality of service combined with management savvy, fiscal integrity, and prudence. They believe that there is that of God in everyone and subscribe to the values of equality, justice, and respect for diversity. However, internal diversity, especially as related to race/ethnicity and economic status, has generally eluded them.

It now appears that economic health and even long term survival may require more intentional approaches to diversity. Upholding traditional Quaker values of respecting difference and honoring individuals for their unique identities will continue to be crucial, but no longer sufficient. Diversity is becoming a strategic necessity[2].

The position taken in this paper is two-fold:
> 1) In order to remain economically and morally strong and competitive, FSA organizations need to reach a more diverse customer base, and
> 2) To do so, it will be necessary to expand the range of perspectives and experiences among the leadership by developing and achieving targets for diversification of boards and management.

For FSA organizations, diversity should now seriously be considered a business imperative, not only a moral guideline because of challenges presented by the rate of change and the complexity of issues present in the environment, locally, nationally, and globally. Strategic challenges range from technology to the economy, from politics to demographics, from life spans to life styles. Each also represents possible opportunities for the retirement/long-term care industry. New models of elder care and life styles will emerge; competition in the marketplace will include both for-profit and not-for-profit organizations; and new models will blur the difference between for-profit and not-for-profit organizations. Successful operation will require business strategies to take careful account of the combined effect of the complex changes and challenges facing all FSA member organizations.

---

[1] The development of *New Realities Require New Approaches: The Business Case for Diversity* was funded by Friends Services for the Aging for the benefit of its member organizations.

[2] Diversity as used here refers to the many ways in which humans differ, from demographics to experience, from personalities to intellectual abilities, from education to religious affiliation, from family status to economics. Some differences are often taken for granted, others such as race and economic status represent significant challenges.

**THE BUSINESS CASE FOR DIVERSITY**

In order to lead an organization forward during rapid and unpredictable change, organizational leaders must be able to identify issues that need to be addressed. Awareness and understanding of the issues, as well as skills and courage in making and implementing decisions are called for. Without awareness of issues emerging in their environments they risk being unprepared to respond to threats as well as to new opportunities. Without accurately understanding the background of emerging issues and the meaning different population groups give to the issues, they risk responding with inadequate strategies and short-sighted actions. Without the necessary skills to navigate through turbulent "waters" and without the courage to change course, long term success, or even survival, may be compromised.

Lack of diversity runs the risk of leadership groups unconsciously sliding into "groupthink" when planning for the future. When there are no voices speaking from different perspectives, leaders may be unaware of their own unquestioned assumptions. They don't know what they don't know, a general problem for those who by virtue of their identity and upbringing tend to see their own experience of the world as "normal." What has been confirmed again and again through social science research is that "what you see depends on where you stand."

Researchers who have studied the effect of diversity in work-settings agree that "diverse work groups tend to be more innovative and flexible by nature, … and that even the mere presence of a minority viewpoint on a work-team can stimulate creativity among all members by forcing examination of basic assumptions and encouraging more open and frank dialogue.[3]" *Diversity, then, is about diversity of thought. And superior business performance requires the capacity to look at issues from different perspectives.*

The idea that it is necessary to build internal organizational diversity in order to deal with external complexity comes not just from social science but from cybernetics. *Ashby's Law of Requisite Variety* says that effective responses to external factors require the internal presence of some of the same diversity that operates in its environment. The level of social, demographic, economic, and technological change in the current environment suggests that strategic positioning for the future necessitates increasing internal diversity in order to build an organization's capacity to take advantage of future opportunities as well as to respond effectively to immediate challenges.

In order to get a full grasp of a situation, it is necessary both to see different sides to issues involved *and* to understand the meaning of what is observed. *The more complex the situation, the greater the need for accurate observations as well as for accurate interpretations.* According to leadership theory, "cognitively complex" leaders are those who have the capacity to use different frames when examining an issue. By doing so, they are able to identify more problems and more opportunities in more ways. Such leaders are less likely to be blind-sided by issues they neither recognize nor understand. To deal with the complexity of issues facing most organizations today, diversity must be built into their

---

[3] Web article by Anthony P. Carnevale, Vice President for Public Leadership, Educational Testing Service.

leadership structure. The cognitive complexity required goes beyond what can be expected from any chief executive or from a group of individuals sharing similar backgrounds.

**IMPLICATIONS**

Once accepting that there is a business case to be made for increasing diversity within their organization, leaders must build diversity into strategic and business plans, and not just into their workforce development plans. Plans will need to include goals and measureable objectives as well as resources and time-frames and be built into the organization's accountability structure. They should deal with internal diversity development as well as external marketing and relationship development and must have the commitment of top level leadership. Moreover, to make a difference, diversity must be leveraged by fully utilizing the perspectives, experiences, and knowledge of everyone involved in the system in order to expand organizational thinking and frames of reference and to uncover answers.[4] Tokenism is counter-productive.

Not only will diversity at the board and management level inform marketing strategies, it is directly relevant in terms of marketing success. Currently, potential minority group customers perceive a credibility gap when they see only White faces in the leadership line-up. References to Quaker values and a few obvious minority members in marketing materials are not sufficient.

**CONCLUSION**

Based on their reputation and their values FSA member organizations will be better positioned than most other organizations serving the needs of older Americans to serve minority communities providing they make diversity part of their business plans and providing they treat diversity as a strategic asset that require investment and accountability.

With a more targeted business/marketing strategy, FSA member organizations could sharpen their brand as communities strengthened and invigorated by the diversity of life experiences, cultural and religious perspectives, and commitments of their residents, their leaders, and their staffs.

By making diversity an integral aspect of their strategic and business plans organizations will reap the following benefits:

- Strengthen internal capacity for creative problem solving and discernment of emerging challenges and opportunities
- Strengthen their long term economic outlook by providing access to a wider group of customers
- Provide more flexibility in responding to demographic and economic changes in the world around them

---

[4] Linda H. Stokes and Mickey R. Dansby, PhD, Measurement as a Critical Component of your Organization's Diversity Process. www.multiculturaladvantage.com/recruit/metrics/

## New Realities Require New Approaches:

## The Business Case for Diversity[5]

**INTRODUCTION**

Since 1992 FSA has been working to promote diversity within and among its member organizations. In 2005 it carried out a major project to discover what initiatives had been undertaken to make these organizations more diverse, particularly in terms of race and ethnicity, but also including diversity of religious identifications and sexual orientations. The 2006 Report on Diversity Initiatives in FSA Member organizations describes an impressive range of actions taken and concludes with a series of recommendations for continued FSA work in this area, including the formation of a board Diversity Committee. However, it also recognized that "efforts to promote the long term goal of inclusivity tend to take a back seat in the face of more pressing matters."

Among the conclusions reached as a result of the extensive interviews conducted during the 2005 diversity project was the following:

> "Diversity efforts are most powerful and most likely to succeed when they are undertaken both on the basis of an organization's values and on the basis of its business interests…. Many of our organizations see that Friends' unique market 'niche' includes people of all backgrounds and races who desire to live in diverse communities. This 'business case' for diversity, combined with idealism provides a basis for effective strategies and sound plans."

Among the six strategic initiatives outlined in the most recent FSA Strategic Plan is:

> "Diversity Work – Promote the value of diversity in all aspects of organizational life, providing tools and support for members' organizational efforts." As part of this initiative, the plan calls for "efforts to move beyond tolerance and acceptance of differences to explicit respect for difference and honoring individuals for their unique identities and traditions."

The question now is whether "respect for difference and honoring individuals for their unique identities and traditions," will be sufficient for FSA member organizations to survive and thrive in a rapidly changing environment. The position taken in this paper is that a more active pursuit of diversity throughout the organization will be needed, and that this will require intentional and sustained efforts to diversify the composition of boards and senior staffs as well as targeted marketing.

---

[5] The development of *New Realities Require New Approaches: The Business Case for Diversity* was funded by Friends Services for the Aging for the benefit of its member organizations.

**BACKGROUND**

**What kind of diversity are we talking about?**

Diversity is about recognizing, respecting, and valuing differences, keeping in mind that "valuing" means making active use of the differences, not just "appreciating" them. The U.S. Census Diversity Programs Office describes diversity as follows:

> "Diversity is described as all of the ways in which we differ. Among these dimensions are age, gender, mental/physical abilities and characteristics, race, ethnic heritage, sexual orientation, communications style, …, first language, religion, income, work experience, …, education, work style, and family status."

While this list seems pretty comprehensive, it still leaves out much of the rich variety found in any healthy organization. Some of the differences listed we often take for granted, others represent significant challenges. A strong, forward looking organization needs to pay attention to all of them and must also consider implications of not doing so.

**Why FSA member organizations need a Business Case for Diversity**

Tradition of doing well by doing good

Since their early days in this country, Quakers are known to have "done well by doing good." Quaker businesses benefitted from rooting their business practices in their values. This developed trust among customers and other business people who learned that they could rely on the integrity and quality of products and services provided by Quaker companies. Even though they have not always been immune to cultural influences that would undermine their testimonies of equality and justice, through the years Quakers generally resisted the temptation to separate values that drive personal behavior from those that drive business behavior. In recent years, nonprofit Quaker businesses serving the aging population have generally done well economically despite the economic downturn. They enjoy a reputation for high quality of service combined with management savvy, fiscal integrity and prudence.

All members of FSA subscribe to the beliefs that there is that of God in everyone and to the values of equality and justice, all of which lead to a respect for diversity. However, while they agree that persons from different cultural and racial backgrounds, religious beliefs or practices, are welcome to full participation in the programs and services offered, some are not ready to welcome people belonging to sexual minorities, and the issue of economic inequality continues to represent a major challenge in terms of services provided. It is also not clear whether there is a shared commitment on the part of organizational leaders to actually creating truly diverse and inclusive organizations. For some, diversity may be more something to be welcomed than something to strive for, especially considering the many more immediate challenges that clamor for attention and resources. They see it as something of value, but not as a necessity.

Challenges caused by changes in the world – from technology to the economy, from politics to demographics, from life spans to life styles – suggest that diversity may now need to become a business imperative as well as a moral guideline in order to ensure organizational long term viability and success.

**New Realities Require New Approaches**

An appendix to the FSA strategic plan outlines a long list of issues that represent both challenges and opportunities for the long term care industry in the areas of demographics; economics; medical systems and services; government reimbursements; housing, physical space and living arrangements; residential versus community based care; workforce issues; and technology. All of these issues represent major challenges as well as opportunities.

Almost certainly, new models of elder care and life styles will emerge (as is already happening with the development of community "village" arrangements and home based services, more flexible financial options, etc.); competition in the marketplace will include both for-profit and not-for-profit organizations; and new models will blur the difference between for-profit and not-for-profit organizations. To be successful in terms of their mission as well as financially, organizations will need both flexibility and stability, both an ability to take risks and commitment to foundational values.

To operate in an environment with as many challenges and potential new opportunities as is currently facing FSA member organizations, it will be necessary to pay close attention to demographic, cultural, and economic factors as well as to the effect of accelerating technological change.

Demographic Factors

By 2030 nearly one in five people in the U.S. will be 65 or older, and the people prepared to support them one way or another will be a proportionately smaller group. Currently, the North East has the largest proportion of older people. This is not likely to change since demographers are expecting that baby boomers will prefer to age-in-place to be close to their children rather than retiring to Florida or Arizona. If they move, it will likely be to be closer to where their children live.

While the US population grew nearly 10% between the 2000 and the 2010 census, it is important to note that racial/ethnic minority population groups grew by almost 30%. It is expected that by 2050 Whites will drop from the current 64% to 46%. According to the 2010 Census, Non-Hispanic Whites are now a minority in 22 of the country's 100 biggest urban areas. African Americans will grow from 13% to 15%, Hispanics/Latinos will grow from 15% to 30%, and Asians will grow from 5% to 9%. Among all these groups Hispanics/Latinos are the youngest; only 16% are now in their pre-retirement years. Minority groups are also not evenly distributed across the country. For example, Hispanics/Latinos are much more prevalent in the Southwest, and proportionately few African Americans live in the Northwest.

Clearly, minority population groups represent a great deal of internal diversity. Both the Asian American and the Hispanic/Latino populations contain a number of distinct cultural national origins. For example,

a recent study of acculturated Asians conducted by Prudential Insurance Company identified 29 different national backgrounds.

Other demographic trends that may represent opportunities as well as challenges for organizations serving the senior population include the fact that the mortality gap between men and women is closing. At the same time, the AARP Foundation reports an increase in the number of single older people.  Also, while people are generally living longer and tend to be in better health that in previous years, there are continuing disparities in health status based on race and ethnicity.

Cultural changes related to sexual minorities (male and female homosexuals and transgendered individuals) are gradually bringing attention to the needs of older people in this population. Because 2010 census reports combine unmarried heterosexual couples and same sex couples sharing a home in its reports, it is not possible to determine the extent of same-sex households. However, the Leading Age website refers to a 2006 a study which found 416,000 same sex couples, with 18% representing couples where both were 55 or older. These numbers are likely to under-represent the real situation and also to increase over time as more couples and individuals feel able to "come out." It is estimated that the gay and lesbian population currently controls about 6.4% of market share.[6]

In recent years a great deal of attention has also been paid to generational differences, especially as it relates to workforce diversity. At this time most organizational leaders belong to the Baby Boomer generation which tends to have a different set of expectations related to work life than do Millennials, the group born after about 1980.  By 2015, tech-savvy Millennials are expected to outnumber Baby Boomers whom they tend to see as rigid, slow to change, and competitive.

Economic Factors

The twin issues of wealth and income have a great bearing on the choices people make in terms of their life as they age.  They may be particularly relevant in a discussion of diversity since they directly address which choices are open to potential residents/customers and which markets FSA member organizations will enter.

The income disparities between different racial/ethnic groups in the US are growing wider.  In 2008, the *median* income for the majority/White population was about $65,000, while the median for Black/African American and Hispanic populations was approximately $40,000, and the Asian-American populations made $73,000. Considering the fact that *median* income means that half of the families in a group have incomes larger than their group's median, it is unwise to make assumptions about the economic capacity of any local population group without more nuanced information concerning the people residing in the area. Unfortunately, census reports do not include cross-tabulations based on race/ethnicity, income, and age.  The 2008 Ariel Schwab Black Investor Survey found that 62% of higher income African Americans own stocks or mutual funds and that 22% receive interest income.  In 2009,

---

[6] www. Chubb/diversity/chubb4450.html

19% of African-Americans above the age of 25 had Bachelor's Degrees or higher and there has been a steady increase in Black-owned businesses. African Americans often resent the assumption that the reason why more African Americans have not moved to CCRCs is because they cannot afford it.

A number of FSA member organizations have chosen to deal with the issue of economic inequality by developing business models that combine income from private pay and public funds such as Medicaid, construction of publicly supported affordable senior housing, use of endowment funds or other income for subsidies, and earned entry fee credits that allow retired employees to become members of the resident community. Other examples of responding to financial problems include Lutheran Senior Services which has dealt with problems caused by housing market slowdown by instituting a program through which prospective residents make their home a gift to the CCRC, pay a very modest entry fee ($5,000) and receive an annuity that helps pay their monthly fees.

 Among the many uncertainties in the current environment is the likelihood of changes in the years ahead to Medicaid and Medicare as well as to social security. This, coupled with the trends toward fewer defined benefit pension plans and reductions in employer-paid retiree health care, will add strains to retirement planning for individuals as well as for organizations serving the retirement market.

Consumer Perspectives

At this time, the nation's 76 million "baby boomers" (born between 1946 and 1964) are beginning to move into their retirement years. While this is a very large market for potential services, it is also a population with a great diversity of backgrounds and perspectives, financial resources, and life expectancies. One of the characteristics of this cohort is having a greater expectation of choice than previous generations in terms of how they wish to spend their retirement years, nature and levels of services wanted/needed, and financial options.

While there are significant cultural differences within each racial/ethnic minority groups, a Prudential report on multicultural markets found that, for example, Asians from different areas also have some things in common. The study found that 72% of acculturated Asian Americans are bilingual, that most of them say that a comfortable retirement is their most important financial goal after health care, and that nearly two thirds do not look to their children for retirement security.

The tradition of elders living with their adult children is changing for a variety of reasons. Adult children, especially those in management and the professions, tend to be either single or in two-career households. Baby boomers value their independence and while wanting to live close to their children, increasingly prefer not to live *with* them.  Anecdotal information suggests that this is true even in cultures where the tradition has been for adult children to take care of their parents in their old age, especially where parents are financially independent or where adult children have the financial resources to support independent life styles for the older generation.

One of the limiting factors related to planning for the future by and for the aging population is lack of knowledge about their options. In recent interviews with African Americans who have chosen to move

to a continuing care community they described the negative reactions they received from their children and friends to the news about their move. Almost universally, people assumed that a retirement community meant "nursing home," with attendant loss of freedom and independence, assumptions that were shattered when they came to visit. The individuals interviewed perceived this misinformation as a major obstacle to overcome in order to attract African Americans

Technological Change

Technological changes affect everyone and practically everything, from supermarket check-out counters to electronic health records, from dental care to automobile maintenance. However, where it is most evident to most of us is in the area of information technology. The internet and the world wide web makes information from around the globe and from all disciplines instantly available; e-mail and social networking minimizes barriers of time and distance. While these are generally experienced as positive developments, there are also downsides for individuals as well as for organizations. The amount of information available, even information overload, may complicate decision making, and the accelerating speed of change introduces additional uncertainties in planning for the future.

While a large number of seniors now make regular use of the internet and e-mail and baby boomers have learned to make use of information technology in their work as well as in their private lives, it is the younger generations who usually have a more instinctual grasp of how to exploit possibilities presented by information technology. This may suggest a particular challenge for FSA member organizations since their boards are overwhelmingly composed of people above the age of 50.

In addition to access to information, there is an explosion of possibilities for utilizing technology to improve the aging experience. The development of health and wellness technologies, information gathering and/or monitoring technologies, safety technologies, telemedicine, and social connectedness technologies offer possible solutions to complex problems. With a growing number of seniors, many who wish to stay at home, and a shrinking workforce, the use of technology offers creative ways to serve seniors beyond the boundaries of a campus-based provider.[7]

Without sufficient understanding at the leadership level of technology as a driver of organizational growth and development, an organization will be at a disadvantage.

**THE BUSINESS CASE FOR DIVERSITY**

In order to identify issues that need to be addressed in leading an organization forward, especially during rapid (and sometimes unpredictable) change, organizational leaders need awareness and understanding, skills and courage. Without awareness of issues emerging in their environments they risk being unprepared to respond to threats as well as to new opportunities. Without understanding the background of emerging issues and the meaning different population groups give to the issues, they risk

---

[7] LeadingAge CAST, State of Technology Executive Summary, www.leadingage.org, 2008, 2011

responding with inadequate strategies and short-sighted actions. Without the necessary skills to navigate through turbulent "waters" and without the courage to change course, long term success, or even survival, may be compromised.

These points are echoed in the words of Harvard Business School's John P. Kotter as reported in the Washington Post: "The number one error is that people don't know the right methods to use today; *they don't know what they don't know (*emphasis added)*. That's the killer. Change is happening today in a more rapidly moving world with much more uncertainty and volatility. People think they know what the change game is all about because they worked on an initiative six years ago, but it is a different game now."[8]

Lack of diversity within an organization's leadership (board and executive/senior staff) runs the risk of leadership groups unconsciously sliding into "groupthink" when planning for the future. Because there are no voices speaking from different perspectives they may not be aware of their own blinders and unquestioned assumptions. They don't know what they don't know either about the facts or about their own assumptions concerning the experience and perspectives of potential minority group board members, employees, and customers. This is a general problem for cultural and economic majority population groups, those who by virtue of their identity and upbringing tend to see their own experience of the world as "normal."  What has been confirmed again and again through social science research is that "what you see depends on where you stand." The children's game, pin the tail on the donkey, illustrates the same principle: Unless you see the whole elephant, or even know what an elephant is, you are likely to pin the tail in the wrong place.

Among researchers, e.g. Rosabeth Moss Kantor and Charlan Nemeth, who have studied the effect of diversity in a work-setting, there is agreement that "diverse work groups tend to be more innovative and flexible by nature,  … and that even the mere presence of a minority viewpoint on a work-team can stimulate creativity among all members by forcing examination of basic assumptions and encouraging more open and frank dialogue.[9]"  A web article by Chubb Group of Insurance Companies points out that "…Life experiences and personal perspectives make us react and think differently, approach challenges and solve problems differently, make suggestions and decisions differently, and see different opportunities. Diversity, then, is about diversity of thought. *And superior business performance requires tapping into these unique perspectives"* (italics added).

The idea that it is necessary to build internal organizational diversity in order to deal with external complexity comes not just from social science but from cybernetics. *Ashby's Law of Requisite Variety says that a model system can only model or control something to the extent it has sufficient internal variety to represent it.*

---

[8] Washington Post, July 20, 2011.

[9] Web article by Anthony P. Carnevale, Vice President for Public Leadership,  Educational Testing Service.

*For an organization operating in a very dynamic environment the Law of Requisite Variety means that effective responses to external factors require the internal presence of some of the same diversity that operates in its environment.*

*The level of social, demographic, economic, and technological change in the current environment suggests that strategic positioning for the future necessitates increasing internal diversity in order to build the organization's capacity to take advantage of opportunities that might not yet be apparent as well as to respond effectively to immediate challenges.*

*I*n order to get a full grasp of a situation, it is necessary not only to see different sides to issues involved; it is equally necessary to understand the meaning of what is observed. *The more complex the situation, the greater the need for accurate observations as well as for accurate interpretations.* Leadership that integrates the diverse perspectives required for an accurate understanding of issues and situations are not only more likely to come up with great ideas, but also to avoid offending or distancing potential constituencies. According to leadership theory, "cognitively complex" leaders are those who have the capacity to use different frames when examining an issue and are therefore able to identify both more problems and more opportunities in more ways. Such leaders are less likely to be blind-sided by issues they neither recognize nor understand.

The complexity of issues facing most organizations these days, certainly requires the ability to employ a variety of frames, to look at issues from a variety of angles. What is no longer feasible, however, is to expect individual leaders, such as chief executives, to provide the cognitive complexity required. It must be built into the leadership structure.

**IMPLICATIONS**

**Business Plan**

Once accepting that there is a business case to be made for increasing diversity within the organization, leaders must build diversity into strategic and business plans, and not just into their workforce development plans. Failure to leverage diversity through integration into business plans will be piecemeal rather than strategic and rarely successful in the long run.   In order to make a difference, plans will need to include goals and measureable objectives and be built into the organization's accountability structure. They should deal with internal diversity development as well as external marketing and relationship development. A training program related to implementation of a business case for diversity developed in Britain on behalf of the West Yorkshire Investment Plan outlines the following imperatives[10]:

- Creating a diversity policy and audit/action plan – link it to business goals, innovative thinking, and policy developments

---

[10] Paraphrased from www.businesscase for diversity.com

- Flexibility – account for the diverse nature of the entire workforce as well as the extended market in which the organization operates

- Commitment – top level down – creating, developing and nurturing talent

- Recruitment and retention – attracting and retaining a wide variety of individual talents and skills, from a diversity of backgrounds, talent development, strategies for teambuilding and innovative ways of working

- Challenging assumptions – self and others

- Appreciative inquiry – viewing differences, challenges, and change as a positive

A team of corporate consultants specializing in diversity work insists that diversity needs to be leveraged in order to make a difference. This means "fully utilizing the perspectives, experiences, knowledge of co-workers, employees, hospital staff, patients, and strategic and alliance partners" which "allows you to expand your thinking and your frames of reference to uncover answers."[11] Fully leveraging diversity also means making use of minority perspectives related to all aspects of an organization's business, not only those related to minority issues.

At Wharton School's 33rd Annual Whitney M Young Memorial Conference in 2007 business leaders gave examples of diversity becoming integrated into their business plans. For example, "in recent years, Rohm & Haas has begun to take a more sophisticated approach to corporate diversity and is now looking at the diversity of its suppliers and its customers' customers." One of the reasons for this is the leadership of the company's Indian-born CEO who "brings a whole new level of understanding. He is a huge advocate, and we get pressure from the board. We are being held to a different standard in moving from compliance to managing diversity." And a representative of Credit Suisse said her firm's "large consumer-oriented clients, such as Coca-Cola, Pepsi, and Starbucks, demand diversity in companies they hire for investment banking and other services." At the same time, it is still true that companies that recruit and train minorities, often fail to ensure that these people are provided the same opportunities for professional growth through job assignments and mentoring.[12]

Leadership Development

Since commitment from the top is a key factor in strengthening an organizations' strategic positioning through development of long term organizational diversity, a key business plan priority must be to build more diverse leadership teams. This means at the executive and staff level as well as at the board level.

---

[11] Linda H. Stokes and Mickey R. Dansby, PhD, Measurement as a Critical Component of your Organization's Diversity Process. www.multiculturaladvantage.com/recruit/metrics/

[12] http://knowledge.wharton.upenn.edu/article.cfm?articleid=1635

FSA has already identified the need for serious attention to leadership development. For each organization, possibly in concert with FSA, this needs to include specific goals and objectives related to identifying, cultivating, and training individuals from minority communities for leadership positions. The day is over when it was acceptable to claim that such individuals are not available.

Most FSA member boards are short on certain forms of diversity, especially in terms of race/ethnicity and age. Many, or possibly most, have realized the need for allowing non-Quakers to serve and some have made strides in adding other diversity. To develop a strategically diverse board will require intentional and sustained efforts to identify and cultivate potential recruits and must go beyond people already known to the board or CEO.  Strategies used by boards elsewhere include development of a pool of prospects/friends of the organization who are cultivated over time, rather than waiting until there is an opening.  Including minority group members in advisory groups established for a variety of purposes is another way in which to expand the group of potential board members. While nobody should be invited to join a leadership group simply because of their minority status, there is, however, nothing wrong with being open about the need for adding more diverse perspectives to the exploration of issues, and not just issues directly related to minority populations.

The role of organizational leaders in achieving racial diversity emerged as an important factor from a research project during the mid-1990s which focused on the development of racial diversity in a suburban church. It was found that the process of moving the congregation from being minimally diverse in terms of race  to the point of becoming almost evenly divided between people of color and Whites was significantly influenced by the leadership both of lay leaders and of the pastor. Interestingly, while the pastor was very open to and welcoming of African American church attendance, it took intense interactions with the African American chair of the parish council to make him aware of his own blinders and of the experience of his Non-White parishioners.[13] His new awareness led to intentional changes in operations and the leadership structure which gradually led to changes in the composition of the parish.

Without making diversity at the leadership level, both staff and board, a business priority, significant increases in resident/customer diversity will continue to be slow. This is no indictment of current leadership. It simply means that

- organizational leadership is handicapped by missing critical voices when framing issues, exploring options and forming responses;
- potential customers have not been truly reached because many perceive a credibility gap when they see only White faces in the leadership line-up.

Time-frames and Measurements as part of the Business Plan

---

[13] Berit Lakey, Factors Leading to the Development of Racial Diversity in a Local Church, 1996.

The following quote from the 2006 FSA report serves as a reminder that good intentions must be built into solid business plans in order to bring about results: "Diversity initiatives must be conceived as long-term commitments to organizational change, to the building of new relationships, and to the development and refining of new skills. Organizations need to establish relevant goals and strategies. They need to develop evaluative processes that take into account the long-term nature of change and the need to track processes and identify interim accomplishments. They need to allocate resources that are appropriate to such a sustained effort."

Values and the Business Plan

To be successful, FSA organizations cannot afford to separate their values and their business development. Doing so would dilute their "brand" and make them merely part of the retirement industry. Their values are part of their attraction, their credibility, and must therefore be seen as integral to their way of doing business, whether through their human resource and leadership objectives or their marketing and public relations objectives. How to articulate and present these values to the public may be worth a discussion, however. The term "Quaker," let alone "Quaker values," is not well understood in most communities, including in minority communities. For many, Quaker connotes "quaint" or "old fashioned," while others have little idea of who Quakers were or even that they still exist.

Marketing

According to Susan Brecht, eminent marketing consultant for retirement communities, no marketing studies exist about minority populations and retirement communities. Most such communities are almost entirely white, and not a great deal has been done to target racial minorities. Efforts to start a retirement community in the South targeting African Americans do not seem to have taken off. In California, however, Aegis, a for-profit chain providing assisted living and memory care, has established a small community targeting Chinese elders. White ethnic populations, on the other hand, have many options whether provided by religiously based organizations or fraternal groups.

A recent Leading Age (AAHSA) report calls attention to a potential problem for CCRCs with no, or only minimal numbers, of racial/ethnic minority group residents. It says they are vulnerable to charges of discrimination if they operate in areas where there is racial diversity. Intent to discriminate is not necessary for conviction. In 1997 a Michigan CCRC settled such a suit for $569,000. Legal counsel says advertising must indicate that the organization welcomes diversity and adds that pictures including Non-Whites are particularly effective. If no minorities are in residence, using models may be needed because if no pictures include people of color, potential residents will assume that the place is not for them. The effect will be exclusionary even if this was not the intention. In addition, disability discrimination could be charged if web-sites and other marketing materials fail to give indication that people with mobility problems are welcome.

The corporate sector and private businesses are tracking demographic, economic, and cultural trends with their marketing efforts. For example, a Prudential report on Multicultural Markets quotes a leader

as saying, "Multicultural markets are the fastest growing segments in the US, making them in turn a business imperative across all Prudential businesses. … The Asian market is uniquely attractive as a market of superlatives." The company's web-site also lists a number of efforts to learn about issues related to the African American market. For-profit retirement communities are certainly paying attention to the same trends in their marketing, although it does not appear that they have been a lot more successful in penetrating the minority market than have many FSA member communities.

Digital media now play a key role in marketing. A 2010 Leading Age study found that 47% of 70-74 year olds are on the internet. They are increasingly exploring future living options on the Web. So are children of aging parents, especially if they live far away. An organization's Web site is therefore key to successful marketing, and should be closely integrated with both print media and personal communications. Individuals and families from minority groups, whether racial/ethnic, sexual orientation, religious, or mobility challenged, will look closely to see whether people like them are included in pictures, activity calendars, and resident profiles.

The fact that most retirement community residents will probably continue to come from an area no more than 20 or 30 miles away, means that business objectives related to recruitment of minority staff and residents will still require cultivation of relationships with organizations and leaders in those communities. However, such contacts and relationships can now be supported and strengthened through effective use of social media.

Current residents can serve as powerful "ambassadors," both as faces and voices in digital communications, but also by serving as hosts for visitors, and connections to the community. A White resident who was quoted in the 2006 report reminds us that there may also be an internal case for more diversity among White residents: "I am happier than when I first came here. I now see evidence of increased diversity on a day to day basis, and that makes me feel I have a connection with the rest of the world."

A number of FSA member CCRCs have substantial waiting lists and see little need for marketing. In terms of the majority population this seems very reasonable, but it also means that racial/ethnic diversity and economic diversity will not be among the factors that enrich their communities in the foreseeable future.

**Conclusion**

Based on their reputation and their values FSA member organizations will be better positioned than most other organizations serving the needs of older Americans to serve minority communities provided they make diversity part of their business plans and provided they treat diversity as a strategic asset that requires investment and accountability.

With a more targeted business/marketing strategy, FSA member organizations could sharpen their brand as communities strengthened and invigorated by the diversity of life experiences, cultural and religious perspectives, and commitments of their residents, their leaders, and their staffs .

By making diversity an integral aspect of their strategic and business plans organizations will reap the following benefits:

- Strengthen internal capacity for creative problem solving and discernment of emerging challenges and opportunities

- Strengthen their long term economic outlook by providing access to a wider group of customers

- Provide more flexibility in responding to demographic and economic changes in the world around them