

## Reflections on investing in leaders to accelerate diversity and inclusion outcomes

**Interview with Mike Henry**

Group Executive & Chief Marketing Officer, BHP Billiton  
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Mike Henry is the Group Executive & Chief Marketing Officer, BHP Billiton. BHP Billiton has over 100,000 employees and contractors operating in 100 countries around the globe and the Marketing function, with hubs in Singapore and Houston, is responsible for selling and moving to market BHP Billiton's product, and managing financial risk associated with the revenue line.

Against this dynamic background, Mike and his leadership team have invested considerable energy into furthering a diverse and inclusive workplace. Some of this involved working with Deloitte over the past 18 months, and as we near the close of that work we took the opportunity to ask Mike for his reflections. In particular we talked with Mike about his (i) objectives, (ii) the nature of the interventions, (iii) outcomes, (iv) lessons learned, and (v) unexpected insights. His comments point to the significant impact a capable and committed leadership team can have on shifting mindsets and behaviours in a relatively short period of time.

#### **What were your objectives for the 2011-2013 program of work on diversity and inclusion?**

There were three dimensions for me, and then a moment of particular impetus driven by a business change.

I would start by noting that we were starting from a relatively high base. Diversity has been important to BHP Billiton for a very long time and it has been an area of focus for a number of generations of leadership. But there was opportunity and need for accelerated improvement. I had a Marketing population that was highly diverse in terms of gender and ethnicity, but when I looked at senior levels we were clearly less diverse. At the Marketing Executive Committee level there is some diversity, but little in the way of gender, and in terms of ethnicity we were largely limited to our traditional hiring bases in Australia, UK, North America, South Africa and The Netherlands. Against the backdrop of a desire to have the best and the brightest working for us and leading the organisation, I would have expected that the demographics of the senior team to be more aligned to the broader talent pool available for us to hire from, but there was an obvious mismatch.

There were a few possible explanations for the misalignment. It could simply be a statistical anomaly. It might reflect a lack of capability in certain segments of the available talent pool. Or it could reflect unconscious bias unintentionally impacting our actions. I couldn't believe it could be explained - as simply a statistical anomaly given the size of the population and the duration over which the misalignment had persisted.

I knew that in our internal talent pool we had a group of very capable people and I also knew that in the external talent pool there were many highly capable people of both genders and from a variety of cultural and ethnic backgrounds. By a process of elimination I was left with the conclusion that the only reasonable explanation was that unconscious biases and continuing to develop in our own likeness were playing a role and could be improved.

Although I talk about things in analytical terms, I don't by any means intend to downplay the values driver of diversity and inclusion. The values argument is undeniable; it's just that I think that bringing a strong analytical frame to the discussion creates a starker sense of the misalignment and a greater sense of urgency to address it.

The research will tell you that organisations with diverse teams, when well managed, perform better. Whilst I believe this, I haven't emphasised that as the primary rationale because I have a lack of confidence about my ability to demonstrate the causal nature of that relationship. So it is the highlighting of the statistical misalignment that I felt provided the strongest base from which to push for improved diversity and inclusion.

The need for change was given further drive by the closure of our office in The Hague which was occurring around the same time. That office had been with us for a very long time and proven to be a good pool for recruiting and developing talent that reached the Marketing Executive level. Perhaps it shouldn't be this way, but my insight about the narrow composition of the leadership team was given extra impetus by the realisation that the closure of our office in The Hague would further limit the demographic composition of our natural talent pipeline. There's probably a lot of opportunity that goes missed simply for lack of circumstance to prompt intervention, but here we had the natural impetus and opportunity created by the office closure.

So it was a moment of accelerated effort because there was a significant opportunity for improvement and the external changes made it even more important that we close that gap quickly.

**Once you had that realisation, what was the nature of your intervention? Where did you place your effort?**

This isn't going to work only by establishing metrics or rules; we are only going to improve if we have broad based leadership engagement and enhanced leadership knowledge and capability. To achieve that we need to have a good understanding of our unconscious biases.

A couple of early steps were to make it clear that it was a high priority for me as the leader of the business and to secure broader engagement amongst our senior leadership population. We used the opportunity of a once every two year leadership program to help deepen our leaders' understanding and to build buy-in for making diversity and inclusion a priority for the business. We then sought external support to help us improve our basic understanding of diversity and inclusion, where the unconscious biases may be, and what it is that individuals and organisations do to give rise to those biases. And of course, what needs to change.

The first thing was to raise the focus with the leadership team and then there were the externally-supported interventions. It was critical that we build the initial engagement of leaders. It is important to note that I did not see any lack of greater progress as being due to an issue with core values. We are a values driven organisation and I am confident that is the case for our leaders in Marketing. What impedes progress is our unconscious individual biases and the compounding impact of doing things the way you have always done them. It was also very important that I make it clear that this starts with me – it is not just an issue for others. I started by acknowledging that I have at least as much in the way of unconscious biases as any member of the team. I did the Harvard Implicit Association Test (IAT) and was open to sharing with others that it reflected that I have my own unconscious biases. Being aware of them would help me mitigate them. My Marketing Executive Committee being open and very supportive of the focus made it much easier to engage the rest of the Marketing team.

Early effort was required to build a shared understanding across a broader population within the business. We asked Deloitte - to help us conduct an Inclusive Leadership program to our top 150 leaders and to help us bring greater rigour to our assessment of our situation by collecting objective measures of perceptions about diversity and inclusion. We had another external group undertake sessions that sought to facilitate learning via role-playing of diversity scenarios and inclusive behaviours. We shifted the dialogue from "diversity" to "diversity

and inclusion". The more I have engaged with this, the more I have realised that inclusion is not only essential to any effective effort to improve on the diversity front but it also has an even broader base than diversity because it applies equally to all people and relationships in the business.

We appointed a full-time diversity & inclusion manager. This was an important statement for me to make, to hire someone whose full time job was to focus on diversity & inclusion. Not only was this a visible representation of our priority on this, but we are an organisation very focussed on operational efficiency and I was adding headcount to the business and we don't add headcount lightly. I had hoped that this would reinforce the perception that this was truly a priority. So not only was this role adding the much needed functional capability and expertise in this space, but the appointment of a diversity and inclusion expert in the business sent a clear message regarding the importance of this issue to the business. Given our specific context, the symbolism that came with adding a specific diversity and inclusion role was probably larger than it might be for many other organisations.

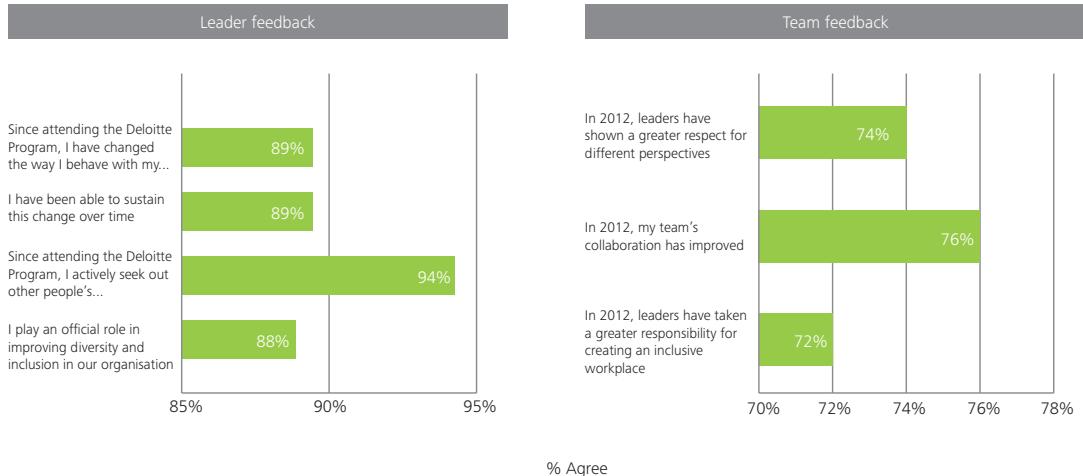
Finally, it is important to note that the drive for improved diversity and inclusion had strong support from the CEO. I had only recently taken up the leadership of the Marketing organisation and as I transitioned into the role there were a number of conversations with the CEO on this topic. It was pretty clear to me that furthering diversity and inclusion was not only supported by the CEO but something that he was passionate about. So I had a strong sense of mandate to build upon and extend earlier diversity efforts.

**What were the tangible and intangible outcomes?**

First and foremost I am incredibly grateful to my team and those below them. A strong drive like this could have easily become a contentious issue in the business or could very well have received less positive support and urgency. The leadership team collectively saw this as a positive and invested a lot of energy into championing it and into changing the way they engaged the people around them.

The objective measures tell us that in certain areas people have seen a change in the way people interact. This goes to inclusion – openness and eliciting views from others. Deloitte supported us with surveys prior to commencing the leadership intervention and then 9 months afterward with positive results demonstrated in the graphs below.

In tandem with the Inclusive Leadership intervention we have done work on people development and the



outcomes haven't just been about creating a more diverse pool of leaders, it has been more than that. We have put effort into coaching people, and doing that for both traditional and non-traditional candidates. We took a few more chances on appointing people into roles, and accelerated the development of people who will give us greater diverse representation over time. We haven't set targets that we chase blindly. We have put in the effort in up front to change the way we think and behave – and any metrics are intended to serve as a health check rather than a target. If we are not getting those outcomes we will step back and ask what we need to do to see that our efforts are more effective.

Some survey responses from employees have seen a shift downwards. My sense is that this is in part because people now have a greater awareness of the issue than when we started. For example people who have been provided with a more sophisticated understanding of diversity and inclusion have then applied a more rigorous test when answering survey questions about whether Marketing is diverse and inclusive, or committed to diversity and inclusion outcomes. Secondly, it has probably meant some people who previously felt highly included (by default) felt unsettled, and work has to be done to acknowledge and address these feelings. I think the fact that the survey outcomes have not been uniformly positive is great. It is exactly what we need - fully informed people answering in an open fashion. It serves to highlight where we still have work to do and opportunity to improve. We have to be honest about the full story – both the positives and the challenges that remain. We are not at the end of the journey. Overall I think we can be encouraged and be proud of the results as a leadership team.

### **In addition to the impact on leaders' behaviours and mindsets, can you see an impact on business outcomes?**

Look, there is a bit of faith required in this. We are a high performing organisation and I believe we will be an even higher performing if we have the best people contributing to their fullest individual potential, and interacting with each other in a fashion that allows the organisation to achieve its maximum potential – that is the perfect day. Notwithstanding that we are starting from a high performance mean, logic tells me that the perfect day scenario must be better than when not everyone is contributing or allowed to contribute to their full potential and where not everyone is interacting to release the full potential of the organisation. So even starting from a high base – we have the opportunity to achieve so much more if we are successful in our current efforts.

### **Any lessons learned?**

The lessons learned – that's a tough thing to answer. I think we have been relatively successful, so the lessons learned are skewed towards things tried and risks taken that had positive effect. Some of these are personal to me such as the taking some leadership risks that I may not normally have been comfortable with but which I have grown from. I am a bit on the conservative side. In this instance I needed to open up to being guided by others on how I needed to lead this, which involved more in the way of very visible statements than I am usually prone to. I also saw personal disclosure as important to the credibility of both the effort and me personally. In this case I needed to be open to sharing with others my own unconscious biases. I had to go beyond my comfort zone in terms of leadership style and in terms of personal disclosure.

Having said that, those were very small steps on the journey. The reason we have been successful is because we have had the leadership team behind it. This has been a collective effort. Engaging the leadership teams early on was critical. You can't drive this solely from the executive team, it requires all people-leaders in the business to change the way they interact with others and to do so in a genuine fashion, as well as to shift some of their approaches when it comes to hiring and development. You must have leadership buy-in. This is one thing I think we did right.

#### **Any unexpected insights?**

The degree of positive take-up on part of the broader leadership population was outstanding and this says something about them and the organisation. The second was a bit more personal and that was the value in allowing me to rely on the experts and be pulled in a different direction than I would normally be comfortable with. For example as part of our leadership engagement having people get up on stage and undertake role playing – that's definitely not my usual style, but I was somewhat convinced to allow it to proceed, and it ended up having a very positive impact on others. It points to different people haven't different means of learning – and the value in trying different things to engage different styles.

Back on the positive take-up by the leadership population, the degree of positiveness with which my direct team, and the teams below, proactively championed and led this was more than I could have hoped for. Not because I don't expect positive things from them, but it would not be unusual to see effort become diluted as we moved beyond the centre. But the 80 to 100 leaders below the Marketing Executive Committee have taken this and run with it. That required them to step back and think about the way they think and behave, and then to invest effort in trying to change that. That's a big thing. For people who have been working for 10-20 years, it's hard work changing behaviours and ways of thinking to have positive impact on others.

#### **What next?**

More of the same. I am a big believer in relying upon the compounding effect of applying consistent effort over an extended period of time rather than relying upon lots of new initiatives all the time. We are going to continue to build on the base we have in place and ensure we maintain the energy that helps us continue to get better on recruitment and development as well as how we interact within the organisation, such that we become even more productive over time. We are part way through rolling out a similar Inclusive Leadership program to all our Marketing teams globally and that is having the same positive impact as it had on our leaders.

I want to ensure that the enthusiasm and effort we have put into making our behaviours more effective become simply business as usual and that we continue to move forward and do not fall back.





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