

FEATURE

Future of work: Diversity, equity, and inclusion in the food industry

Embracing equity as an imperative can help build the
workforce of the future

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A DELOITTE SERIES ON THE FUTURE OF WORK IN THE FOOD INDUSTRY

Food retailers and product suppliers look past the pandemic to the future of work. Centering on diversity, equity, and inclusion, and creating more equitable outcomes for historically marginalized groups may help the industry compete for critical talent.

RECRUITING AND RETAINING talent tops the list of workforce challenges in the food industry—reflecting an industry confronting rising wages, employee expectations, and competition for workers.¹ Among the many tactics deployed to address the issue, there is evidence the food industry is embracing a cornerstone strategy: Emphasizing diversity not only as the right thing to do but also as a means to create a sense of belonging and compete for the best talent in the marketplace.

In collaboration with FMI-The Food Industry Association, industry executives were surveyed and interviewed to understand the overall state of the Future of Work (FoW) in the food industry. This meant probing into how the workforce, workplace, and even the nature of work itself are changing. Discovered in the process was just how prominently diversity features in the industry's plans to build toward the future.

This second paper of our FoW in the food industry series examines how expansively food industry executives are thinking about diversity, including the progress made and the specific policies they think work best. It concludes that, to ultimately see success, industry leaders will want to act holistically, thinking beyond workforce diversity. They also should broaden their efforts around diversity, equity, and inclusion (DEI) to reach outside of their organizations to the marketplace and society at large, to truly differentiate their brand to prospective employees and customers.

METHODOLOGY

Deloitte and FMI surveyed more than 150 US-based executives at consumer packaged goods (CPG), food manufacturing, and processing companies as well as grocers and other food retailers. Additionally, we conducted in-depth interviews with 15 industry leaders to interpret survey findings and to understand more clearly what is happening inside their companies. The survey and interviews took place in April and May of 2021. This report also includes Deloitte analysis of data from the Missing Pieces Report,² which is a culmination of a multiyear effort by the Alliance for Board Diversity examining and chronicling the representation of women and other historically marginalized people on public company boards of directors across America's largest companies.

Tracking priority and progress

The businesses of grocers and other food retailers are being transformed by a mass consumer shift to e-commerce. The food producers and manufacturers that supply them are also feeling the effects and are additionally facing margin pressure and supply chain resiliency challenges.³ All of this adds up to a lot of change, including for the workforce. So, how do food companies plan to meet workforce challenges, including the war for talent?

The industry is taking a variety of actions to prepare (figure 1). These include redesigning the workplace and work itself, investing in reskilling, and adopting whole new approaches to training. But there is one action nearly seven in 10 executives have in common: providing diversity and inclusion training. The people around us are important contributors to how welcoming, comfortable, and valued we feel, so various types of diversity and inclusion training for the workforce at large can increase attractiveness and retention. Consider how a colleague educated about implicit bias may be less likely to ask a new employee something culturally insensitive on day one. Training is a great start, but it should be combined effectively with a more equitable talent process, one that is driven by metrics that can honestly

track progress and hold people accountable for actions and outcomes alike.

We see evidence for the importance of DEI in a FoW context in other areas as well. For example, leadership priorities. When we asked respondents about priorities for the senior leadership team, the top item, cited by an overwhelming majority (86%) of respondents, was to “make significant progress on our DEI goals.”

“If you look at our recent hires, and our shift in leadership, it reflects our commitment to DEI. It has been a total change at the upper management level.”

—Manufacturing executive

FIGURE 1

Diversity and inclusion tops the list

Answers to the question “Which of the following actions is your organization undertaking now to prepare for future workforce challenges?”



Source: Based on Deloitte’s survey of executives from the US food industry.

Executives believe the industry is, indeed, making progress, with two-thirds saying their companies are effective at promoting the ideas behind DEI. Even more importantly, approximately 70% believe their DEI efforts were successful at creating a better workplace for their employees, again the heart of the attraction/retention dilemma for the industry. Anyone in business knows if you want something done it needs to be measured and put on a deadline. FMI's research reflects that 67% of food industry companies have quantifiable goals and implementation timeframes in place.⁴ These are all signs of progress but is it happening fast enough and in a way that can scale across an entire organization?

These include the previously cited diversity and inclusion training programs, as well as formal and informal mentorship and sponsorship programs for employees. But the top-performing approach, as indicated by more than half of respondents, involved *identifying and increasing the visibility of key women and other historically marginalized leaders*.

Unfortunately, the diversity in leadership, from the board of directors on down, doesn't yet match up to the industry's ambitions. As part of a related analysis of Fortune 500 boards of directors,⁵ we assessed the extent that women and other historically marginalized people are part of food industry boards (figure 2).

Setting the tone at the top

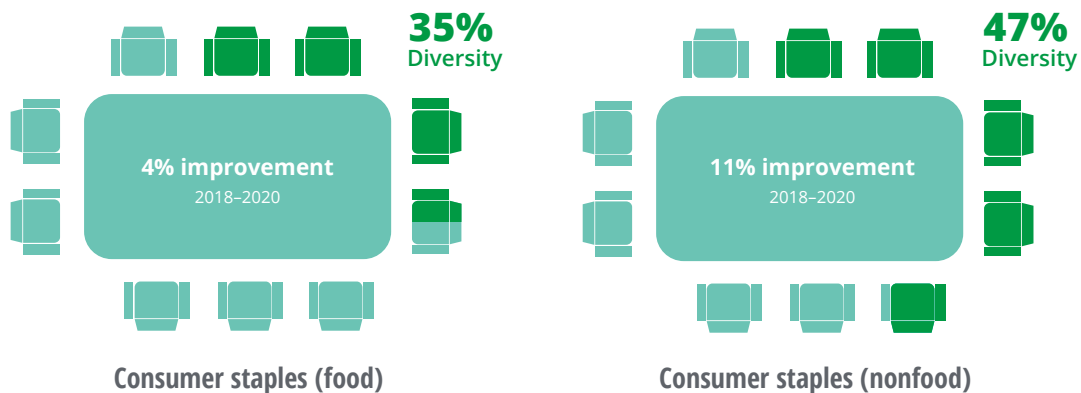
To help bridge the gap between promises and progress, food executives cited specific talent programs that they believe are the most effective in recruiting and retaining a more diverse workforce.

Average diversity in director-level positions in the consumer staples food segment grew by 4 percentage points to 35% by 2020. However, in terms of both diversity in composition and rate of improvement, the food industry appears to be lagging its closest peer—nonfood consumer staples.

FIGURE 2

Food is falling behind on diversity in leadership

Representation of women and other historically marginalized people on boards in 2020

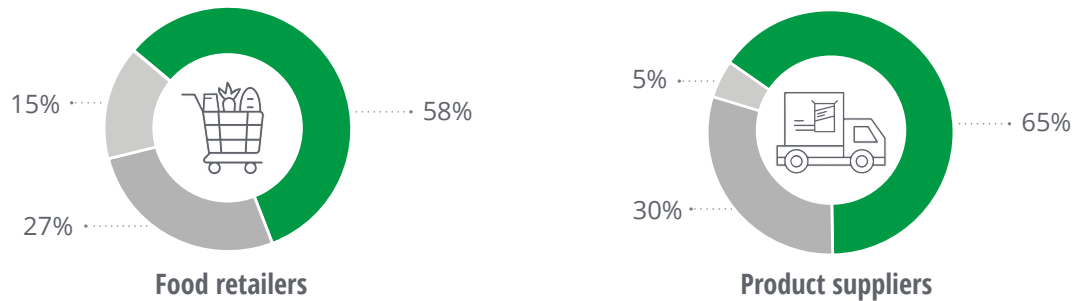


Source: Deloitte's analysis of board diversity data collated by the Alliance for Board Diversity.

FIGURE 3

Leadership composition being representative of the larger population

■ Still underrepresented ■ Sufficiently represented ■ Other/don't know



Source: Based on Deloitte's survey of executives from the US food industry.

We see a similar situation for the C-suites and broader senior leadership teams at food retailers and product suppliers. In our survey, more than half of food industry executives recognize that their company's senior leadership team is still not representative of the greater population (figure 3).

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A way forward

Belonging is powerful. In the war for talent, the food industry appears to recognize the opportunity for diversity and inclusion to help meet their recruiting and retention challenges. There are further signs the industry also appreciates the importance of inclusion and anti-oppression in creating more equitable outcomes and benefits to

stakeholders on a grander scale. But how can those companies that seek to center themselves on DEI best translate their goals into actions?

Based on the experiences of the executives surveyed, companies should prioritize increasing the diversity of their leadership team and, through mentoring and visibility initiatives highlighting those same leaders, work to expand diversity throughout the ranks. On the other side of the coin, building and cultivating a strong pipeline of diverse leaders that are two and three tiers below the most senior ranks can help ensure the right talent is available when senior positions do open. This creates more equitable outcomes and career mobility for historically marginalized groups which otherwise can be trapped in the lower ranks of the organization. Beyond senior leadership and pipeline, bias should be eliminated in the talent process overall. Doing that requires establishing clear metrics and making an investment in generating and using DEI data so that the process and its leaders can be held accountable for outcomes. Vague commitments to make improvements aren't as clear as pledging that your workforce will reflect the diversity of the

population and the customers you serve with milestones on a timeline. Implementing management incentives is also a critical factor for making progress. At the end of the day, potential employees, and consumers for that matter, are smart. They know which companies are merely talking and which getting results. They will likely increasingly want to do business with organizations that are making material progress in DEI.

“The consumer [base] is diverse as well. So, if your workforce feels included and doesn't see biases in the workplace or [has] a company promoting inclusion and diversity, it improves the outcomes both from a productivity standpoint, as well as your understanding of the consumer and ability to plan your products and services accordingly.”

—Food supplier, director of finance

Though much of this paper examines diversity and inclusion, it is achieving equity that companies

should hold as an imperative. Additionally, as one would expect from FoW research, much of the discussion has focused on the workforce. However, the most successful companies will likely approach DEI more broadly. Food industry companies, in particular, often have greater spheres of influence in the marketplace and even in society at large.⁶ They can advance equity in the marketplace through the choices they make about adding more companies owned by women and other historically marginalized people to their supplier network, marketing to consumers with more inclusive messages and spokespeople, and locating their operations to help address food deserts in underserved areas. The industry can also follow in their long tradition of involvement in their communities by joining forces with the community again to advance equity and advocate for local actions and policies to support the same. Equity is not an initiative or a program—it's an outcome.⁷ It takes an investment of time and resources on multiple fronts to make real change as well as to gain the recognition of potential employees and customers alike.

Endnotes

1. Barb Renner, Kimberly Betts, and Justin Cook, *Future of work: The state of the food industry*, Deloitte Insights, July 26, 2021.
2. Deloitte and the Alliance for Board Diversity, *Missing Pieces Report: The Board Diversity Census of Women and Minorities on Fortune 500 Boards*, 6th edition, 2021.
3. Renner, Betts, and Cook, *Future of work: The state of the food industry*.
4. FMI, *The Food Retailing Industry Speaks*, 2020.
5. The proprietary data and analysis from the Missing Pieces Report is a culmination of a multiyear effort by the Alliance for Board Diversity, collaborating with Deloitte for the 2016, 2018, and 2020 censuses, which have examined and chronicled the representation of women and minorities on public company boards of directors across America's largest companies. The Alliance for Board Diversity (ABD) is a collaboration of four leadership organizations: Catalyst, The Executive Leadership Council (ELC), the Hispanic Association on Corporate Responsibility (HACR), and Leadership Education for Asian Pacifics (LEAP). Diversified Search Group, an executive search firm, is a founding partner of the alliance and serves as an advisor and facilitator. To read the full Missing Pieces Report, please visit www.deloitte.com and theabd.org.
6. Deloitte, *The equity imperative: The need for business to take bold action now*, February 2021.
7. Ibid.

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