Hacking Diversity with Inclusive Decision Making

New research reveals how inclusive decision making activates diversity for better business performance and a decisive competitive advantage.

Cloverpop
The Enterprise Decision-Making Platform

Introduction: The Power of Inclusive Decision Making

More headlines appear every day about the lack of workforce diversity in even the world's most successful companies. Despite substantial investments of time and money, change is slow. A focus on diversity often means a focus on hiring, and it takes a long time to turn the tide for companies with thousands of employees. But a focus on inclusion and diversity changes the conversation. By expanding the frame, inclusion highlights an immediate opportunity to activate the decision-making power of the diversity already present in high-performing global workforces.

Our research shows inclusive decision making drives better company performance and gives a decisive competitive advantage. Inclusive decision making leads to better business decisions up to 87 percent of the time. Business teams drive decision making twice as fast with half the meetings. Decision outcomes can improve by 60 percent.

Companies can put inclusive decision making into practice by systematically measuring and improving key metrics focused on the who, how and what of decision-making processes at every level of management:

The Who: Include diverse people throughout the decision-making process to improve business decision results.

The How: Systematize the way people frame up, collaborate on and commit to business decisions to improve decision-making efficiency.

The What: Transparently communicate what is decided and measure what happens as decisions are made to accelerate decision-making improvements.

Inclusive decision making also offers concrete help to address the broader challenges of diversity. Managing diversity requires

We've long said diversity and inclusion must go hand-in-hand to drive results. Cloverpop's research bolsters the case that employers who build diverse and inclusive teams see the best outcomes.

Laura Sherbin, Director of Research, Center for Talent Innovation

change at all levels of business and society. Cultural changes take generations. Changing the diversity of a large employee base is the work of many years. But inclusive decision making can drive meaningful change in months because it focuses on the inclusion of people already employed by organizations, using consistent processes combined with transparent metrics to do this systematically.

It's time to start using inclusion and diversity to improve business performance via the decision-making process. Inclusive decision making activates diversity to improve innovation, engagement, and performance across the enterprise. It gives outstanding companies the opportunity to make quantum leaps ahead of their competition. This white paper shows how.

The Competitive Race For Better Business Decisions

Inclusive decision making focuses on business decisions. These are decisions that involve discussions with other people before a decision is made and require other people to make changes and help successfully execute the decisions afterward. Typical business decisions include hiring and staffing, project planning and prioritization, policy changes, resource allocations, proposals and other such traditional management responsibilities.

Business decisions are never trivial. They are sometimes strategic and may be difficult to undo. They are always important to more than one person. And together they have a huge, direct impact on how a company performs.

Because business decisions have consequences that impact other people, they involve many meetings, side-conversations and email threads with a select group of people over the course of several weeks. The decision makers reach out to these

A Bain & Co. study found that decision making is 95 percent correlated with company performance.
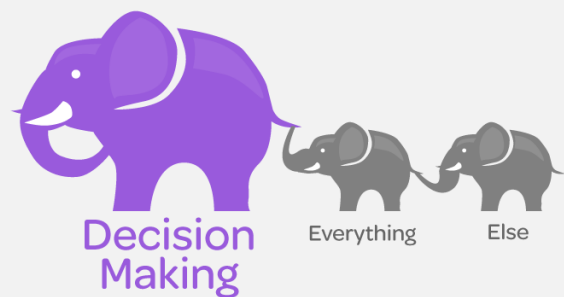
Decision making drives **95%** of business performance.

No activity is more important than decision making.

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people for advice and information, and also to build support and commitment after making a final decision. All this means that business decisions are a lot of work -- managers and executives can usually make only 1 to 2 business decisions each week and juggle only 5 to 10 ongoing business decisions at any one time.

Executives at high performing companies understand that better business decision making confers a critical competitive advantage. And the very best companies are only becoming more competitive. An astounding 93 percent of executives at the most decisive companies believe further decision-making improvement is important, and 76 percent believe their company is receptive to changes required to make that happen. By comparison, only 31 percent of executives at the least decisive companies believe it is important to make improvements, and only 12 percent are receptive to change.

Improvement is important
Receptive to change

Most Decisive Companies
Least Decisive Companies

The very best companies are only becoming more competitive.

Today, companies support business decision making with sophisticated collaboration technology that manages meetings and messages, and business analytics tools that provide the basis for data-driven judgments. But even in very high performing organizations, the actual decision-making process is usually haphazard. Companies do not communicate decisions consistently and measure the outcomes of decisions directly. They do not keep records of who was involved in a given decision, what exactly they decided, why certain choices were selected or ruled out, what outcomes they expected and what happened after putting the decision in place. As a result, no performance metrics are tracked to improve the effectiveness of the decision-making process itself.
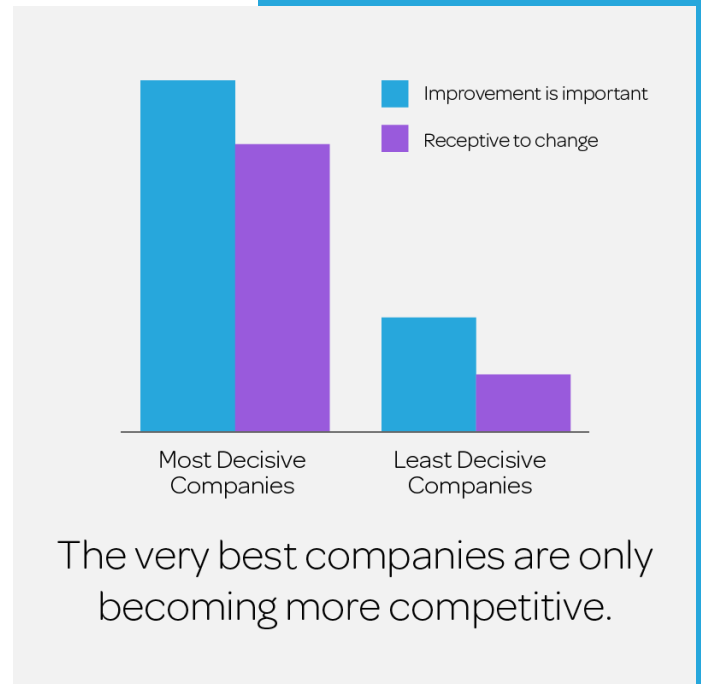
An astounding 93 percent of executives at the highest performing companies believe further decision-making improvement is important.

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Competitive companies can't afford to be left behind in the race to improve decision making.

Data-Driven Insights About Diversity And Decision-Making

Research has long associated diversity with better decision making and higher business performance (see Resources). But up until now, the research has been based on either academic studies of students in artificial environments or large economic studies that identify correlations without identifying the causes. This research in this white paper is different.

Cloverpop is a cloud-based platform to communicate, measure and manage decision making across the enterprise. We use a scientific approach to drive innovation and improve business decisions. Thanks to the support of our pioneering early customers, we amassed enough data to analyze the business decision-making process in detail. That gives us a unique view into how real teams make real business decisions, across a wide range of companies.

And from that perspective, one insight stands out: diversity drives better business performance because diverse teams drive better decision making.

Teams + Diversity = Better Decisions

On average, teams make better business decisions than individuals about 66 percent of the time. Teams of people are better at identifying new and better choices that were not previously considered, resulting in a better decision. They bring more perspectives, experience, and information, which helps to reduce cognitive biases and improves accountability.

The more creative the team, the better the decision. Teams that identify 7 or more choices make better decisions 92 percent of the time.

Teams make better decisions than individuals **66%** of the time.

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But not all teams are created equal. We were able to measure the decision making of teams based on the gender, age range and geographic location of team members, and the results are remarkable. The top line observation is this: as the diversity of teams increases so does the chance of making better decisions. In fact, the most diverse teams made better decisions 87 percent of the time (p=0.0002). Inclusive decision making delivers better decisions, with high statistical confidence (see Appendix).

It is critical to understand that the decision-making teams studied in this research all used the Cloverpop platform to frame their decisions, weigh in with feedback, record details of the final decisions and track results compared to expectations. Because of this, decision team participants were not just "sitting in the room" when a decision was made -- their perspectives were purposefully recorded and actively included in the decision-making process.

Inclusive decision making is not just about having diverse perspectives present in a team. It's about whether the decision-making process actively incorporates those views. That applies to both the up front process of framing and making decisions, and how teams then put decisions into operation.

Unfortunately, many companies currently find themselves operating in the worst of both worlds.

Overcoming The Operational Friction of Diversity

While inclusive decision making delivers better decisions, we also found that diverse teams are more likely to encounter operational friction when executing decisions after they are

Diverse teams make better decisions up to **87%** of the time.

While it is hard to change how our brains are wired, it's possible to change the context of decisions by architecting decision-making teams for more diverse perspectives.

*Francesca Gino,
Harvard Business School*

made. This is consistent with previous research (see Resources). In simple terms, homogeneous teams make worse decisions, and diverse teams struggle to put their decisions into action.

We looked at how likely different team combinations were to both make a better decision up front and also deliver operational results that meet or exceeded expectations afterward. It is relatively common for low-diversity companies to have all-male teams (i.e. lower decision quality) make decisions and then have diverse organizations (i.e. higher operational friction) execute them. We found that this worse-of-both-worlds combination is woefully ineffective -- only 28 percent of such decisions were both better upfront and also delivered results that met or exceeded expectations, performing 15 percent worse than average.

By comparison, decisions that were both made and executed by gender diverse teams performed 6 percent better than average. Adding age diversity increased performance to 45 percent better than average, and adding geographic diversity boosted performance an incredible 60 percent above average. In other words, highly diverse teams were twice as likely to both make better choices and also deliver results that met or exceeded expectations.

Inclusive decision making not only drives better decisions but also overcomes the increased operational friction of diversity by including wider perspectives every step of the way. Companies have a tremendous opportunity to activate diversity in their existing workforce to improve business performance. We found that only 62 percent of business decision making includes direct participation by a mix of both men and women

Diversity can increase friction **15%** but inclusion boosts results **60%**.
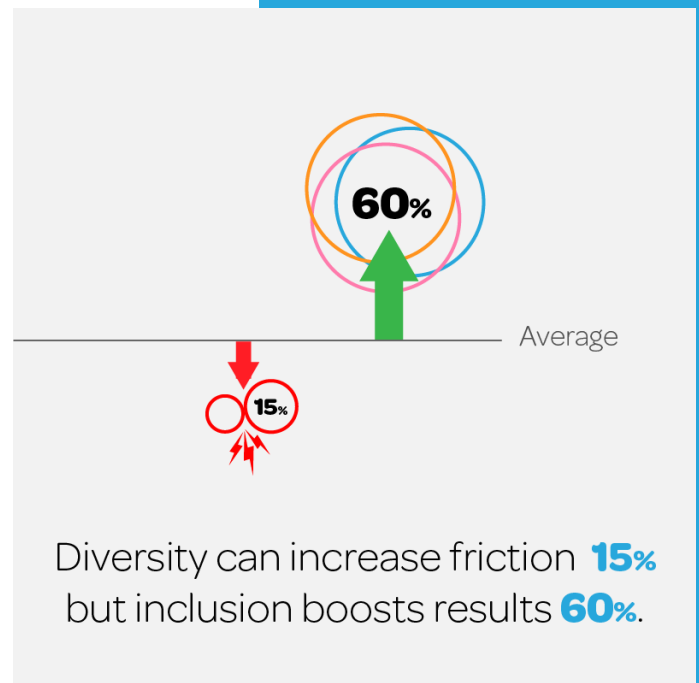
Highly diverse teams were twice as likely to make better choices and meet or exceed expectations.

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in an average company. Thus, the average company has the opportunity to improve their rate of inclusive decision making by 1.6 times.

The payoff is even larger for companies like those in the technology industry with below average diversity in their employee base. Gender diverse teams make less than half of the decisions in these companies today, which means they have the opportunity to more than double their rate of inclusive decision making.

All global enterprises, even the least diverse companies, already employ thousands of men and women with a wide range of ages across a broad set of geographies. Inclusive decision making points the way for companies to activate the power of their existing diversity now.


The opportunity is even larger for tech companies.

The opportunity is there. It's time to act.

Three Practical Hacks For Inclusive Decision Making

We can make concrete statements about what goes into inclusive decision making, and what holds it back, because the Cloverpop enterprise decision-making platform gathers the data required for clear insight. Our recommendations are pragmatic, effective and fast to implement. So we don't call them strategies or best practices. In a modern can-do entrepreneurial spirit, we call them hacks.

The Team Hack: Inclusive Teams Make Better Decisions

To build better decision-making teams, purposefully include diverse people in the decision-making process. Gender diverse teams make better business decisions 25% of the time, and
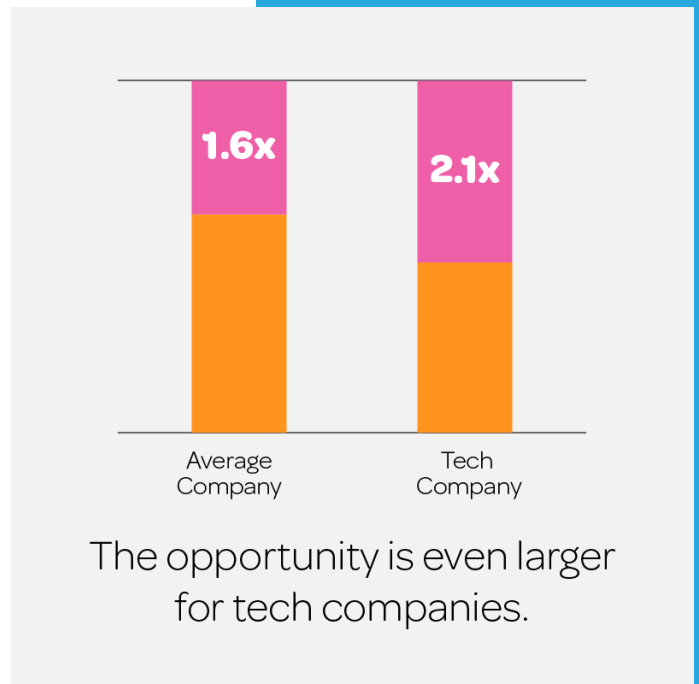
hack [hak]

verb: to improve in a clever way

noun: a tip, trick or efficient method

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including age and geographic diversity increases that advantage to 50%. Our research shows that the benefits of inclusive decision making happen as soon as you include just one woman and one man, one older and one younger person, or someone from another geography.

This hack is easy to understand, but it can be hard to do for a diverse and geographically distributed group of people. Inclusive decision making doesn't happen just because diverse people are listed on org charts, added to email threads and chat channels or sitting in rooms during meetings. To make this work, each person has to be comfortable actively weighing in on decisions, and able to do it easily. Time zones, power dynamics, cultural challenges and personality differences can all get in the way.

Cloverpop turns this from a massive headache to a simple hack by creating a secure platform where people can quickly and easily weigh in on decisions with confidence.
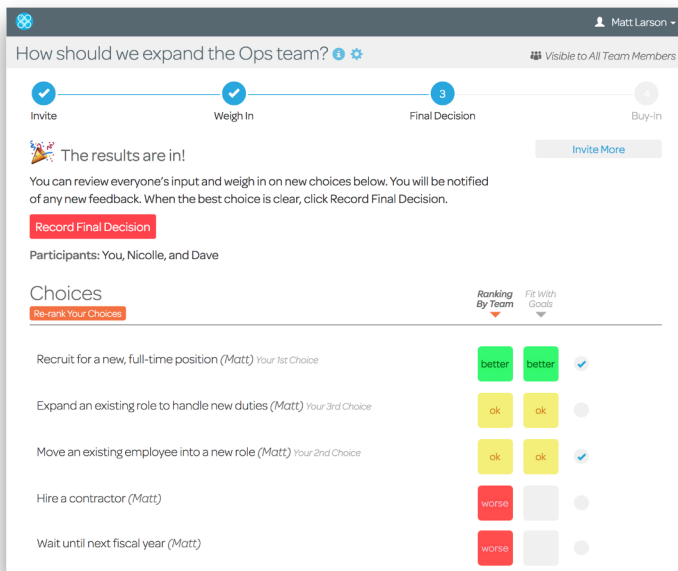
Here's how it works. A decision maker frames a decision and invites participants to weigh in. They are quickly guided through an easy-to-use decision flow to assess existing choices, add new ideas and review feedback from others. The experience is based on behavioral science and specifically

The UK Institute for Employment Studies found that decision making underlies 50 percent of employee engagement.

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designed to increase clarity of thought and the quality of feedback. This process takes a few minutes and happens on their own time, without having to wait for the next meeting. The decision maker gets an automatic summary of the group's perspective, highlighting the best choices and any missing information.

Inclusive decision making is so effective that most of the time, that's all that's needed, even for tough decisions. The decision is clear. No meeting re-runs, delays, and dead-ends. No burning and forking email threads. Getting the right people involved is as easy as adding names to an invite.

The Checklist Hack: Seven Simple Steps Stop Mistakes And Speed Up Decisions

Checklists are boring. So why do fighter pilots and brain surgeons use them? Because they work, very well, every time. Even the most highly trained people make mistakes. Checklists stop stupid mistakes from happening.

Our previous research published in the Harvard Business Review detailed a seven step checklist to improve the quality of every business decision:

1. Include a diverse team of three or more people.
2. List the business goals impacted by the decision.
3. List at least four realistic choices.
4. Identify any critical missing information.
5. Explain the expected future impact of the decision.
6. Record and communicate the decision in writing.
7. Follow up to assess how well results meet expectations.

By following a checklist to reduce mistakes, teams not only make better decisions, but they also make decisions faster with less wasted effort. Amazingly, teams that check off these steps make decisions at least twice as fast with ½ as many meetings.

This research aligns with behavioral economics theory, which has clear implications for results-focused companies. Business strategy should revolve around a decision-making process.

David Daniels,
Stanford University

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Unfortunately, 98 percent of decision-making teams skip these steps, usually because it's too hard and they're too busy. Calendars stay clogged, decisions are delayed, and mistakes get made. Oh, the irony.

Cloverpop solves this by making the checklist invisible. The platform uses design and technology to simplify the decision-making process, tracking the checklist in the background so teams don't have to. Decision makers can easily dial the team effort up or down depending on the decision. Companies can create templates for frequent decisions. And it all happens automatically.
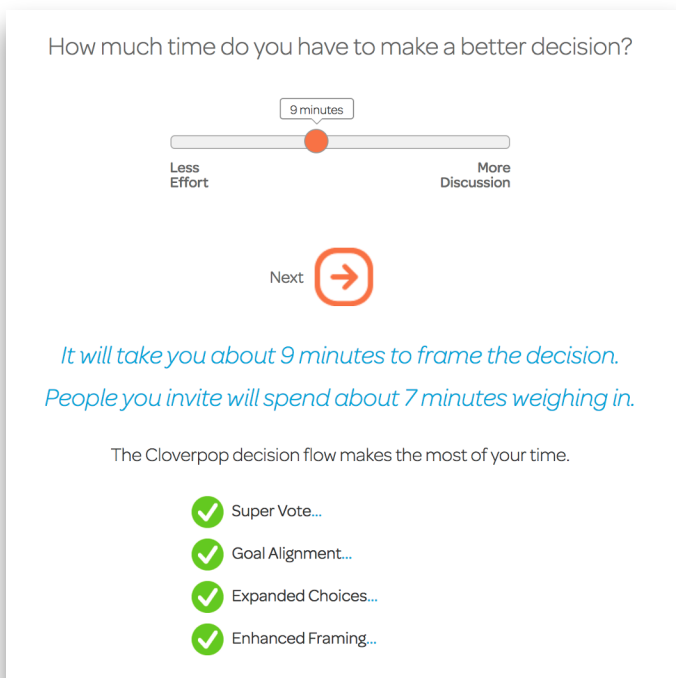
As a result, every decision checks the boxes. Teams include the right people and make fewer mistakes. Decisions happen faster. Meetings disappear.

The Transparency Hack: Shining A Light On Decision Metrics Accelerates Change

To make inclusive decision making happen, just get the right people doing the right things. That's easy to say. And Cloverpop makes it easier to do. But changing how people do anything, including how they make decisions, is still hard.

![Cloverpop]

In this battle, data is your ally, and transparency is the winning strategy. This has to happen at three levels.

1. **Share this research.** These data-driven insights are a clear call to arms. If your company doesn't act, your competitors will. And most likely, the very best companies will act first.
2. **Share your decisions.** Transparency starts at the micro level by setting examples for others to follow. Communicating the who, why and what of every decision made sets the expectation that decision making is a critical process and brings it out of the shadows.
3. **Share the metrics.** Transparency transforms at the macro level by sparking questions that lead to action. What gets measured gets managed, but only if everyone on the team can see it. If you report the level of inclusive decision making out to the company, it will improve.

Doing this can improve inclusive decision making rates by 40% in six months. When people see the data, they're not only more aware, they also get curious about what's happening and motivated to make it better. This spotlights the problem for managers and executives, who are responsible for overall team performance and trained to manage to the numbers. And remember, business people are competitive. Keeping score changes the game.
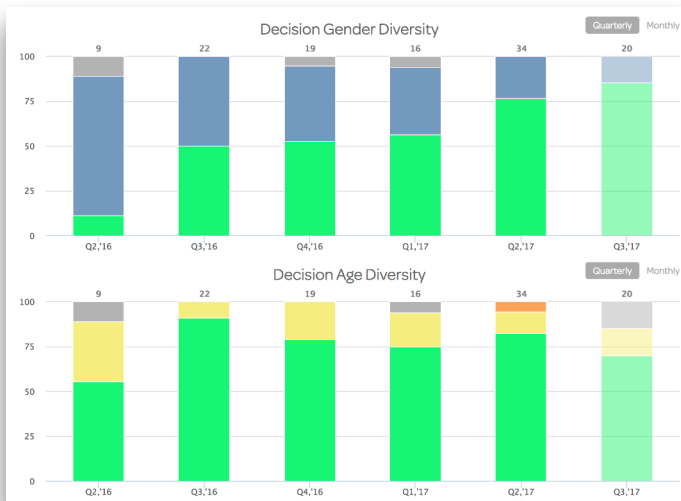
In this battle, data is your ally, and transparency is the winning strategy.

Our Inclusive Decision-Making Story

Inclusive decision making is a simple idea -- if you measure, manage and improve who is involved and how business decisions are made, you can improve how well your business performs.

Our own experience shows just how profound the results can be. We were shocked when we looked at our company's inclusive decision making as part of this research.

At the time, 37 percent of our employees were women, including several executives. We valued diversity and had outstanding decision-making practices, so we expected to be amazing when it came to inclusive decision making. Instead, we found that only 56 percent of our decisions included women. In other words, we were decision software experts and below average decision makers.

The numbers on the scoreboard showed we were losing. But not for long.

We audited our decisions and found many reasons this was happening. A female manager on an interview team removed herself from engineer hiring decisions because she thought she wasn't technical enough. Our CEO neglected to involve the CFO in a few financial decisions because her husband was sick. We had no senior female engineers, so a group of men made many technical decisions. But the biggest reason was that we were overconfident and unaware of the problem.

So we fixed the problem. Because we were already tracking all our decisions using the Cloverpop platform, it was easy to see

The numbers on the scoreboard showed we were losing.

HOME   AWAY

56   100
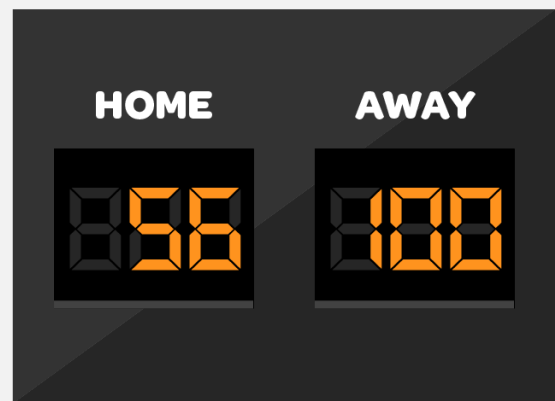
So we fixed the problem.

who was involved and make sure each team was as diverse as possible. We prioritized hiring women on the engineering team, and now over 45 percent of our overall employees are women. And within six months, we'd increased our inclusive decision making rate to 92 percent, way above average, and well on our way to our goal of 100 percent.

The improvement went beyond just those numbers. Our revenue grew. Innovation accelerated. Our market understanding improved. And strikingly, our engineering productivity improved by 133 percent per person even as we grew the size of the team substantially, blowing away the time honored theory of the "mythical man-month" which says that per person productivity tends to decrease as team size increases. Our inclusive decision making is way up, and our company performance is, too.

Learn more about how we can help your company put inclusive decision making into practice at www.cloverpop.com.

The revolution in work won't come from automation, but rather power of behavioral data in professional settings. Cloverpop is one of the leading voices in this space; and this study proves it.

Laura I. Gómez, Atipica CEO, Founding member of Project Include

APPENDIX - Research Summary

This decision study was based on 566 real business decisions made by 184 business teams in a wide variety of companies from July 2015 through June 2017. The decisions were pulled from aggregate anonymized data in the Cloverpop decision-making platform, allowing analysis of an average of 350 data points for each decision. These were typical management and executive decisions about hiring and staffing, project planning and prioritization, policy changes, resource allocations, customer proposals and similar management responsibilities.

The study was able to measure when teams made better decisions by tracking how often the decision maker changed their mind based on the input of the team. This is presumed to be a better decision since the Cloverpop process ensures that decisions are well framed with clear goals, adequate information and multiple alternatives to avoid groupthink. Decision makers changed their minds based on team feedback for 66 percent of decisions overall -- a strong argument for involving teams of people when making decisions. The impact of different team compositions was compared to this average. There were not enough all-female teams in the sample to draw statistical conclusions about their performance.

This table summarizes key results:

Team Composition	% Better Decisions	N	p-value
All-Male	58%	95	0.07
Overall	**66%**	**566**	-
20+ Year Age Range	72%	127	0.13
2+ Office Locations	72%	240	0.04
Gender Diverse*	73%	217	0.05
Geographically Diverse**	75%	117	0.04
Gender Diverse, 2+ Locations	79%	173	0.0005
Gender Diverse, 20+ Yr Age Range	80%	94	0.005
Gender, Geographically Diverse	87%	69	0.0002

Gender was self-reported and not available for all decision participants. To be marked as "gender diverse" a team had to include at least one male and one female.

** *Geographic diversity was measured using geographic location. To be marked as "geographically diverse" a team had to include members from at least 2 different continents.*

Decision results were measured 2-3 months after the fact by asking the decision maker to review the decision expectations written at the time the decision was made and compare those expectations to the actual results. Overall, about half of decisions results met or exceeded expectations. This analysis uncovered an interesting bias -- controlling for team composition and comparing how male and female decision makers rated their results, we found that male decision makers inflated their decisions results by 7 percent compared to females. Also, after controlling for other factors, the study found that mixed gender teams are 13 percent more likely to miss expectations when following through on decisions compared to all-male teams.

Decision inclusion was confirmed using a separate market research survey of 304 managers and executives, comprised of 49 percent companies with 100 to 999 employees and 51 percent companies with more than 1000 employees. While the average organization included a mix of genders in 62 percent of decisions, decision diversity and inclusion varied significantly based on the percentage of female employees in the workplace. Mostly female organizations were 44 percent more likely to include both men and women in decision making (69 percent of decisions) compared to mostly male organizations (48 percent of decisions):

	Less Than 30% Female	30% to 70% Female	More Than 70% Female
Decisions Made By Gender Diverse Teams	48%	63%	69%

Additional interesting findings:

On average, a team of men and woman working across 2 continents with an age range of 20 years between the youngest and oldest members is 30 percent more likely to come up with a better choice than a similar group of just men.

The wider the range of ages involved in a decision, the better the decision making. Teams with an age range of less than 10 years made better decisions 67 percent of the time, while those with an age range greater than 25 years did so 79 percent of the time.

While the range of ages had a significant impact, the average age of the team did not affect the quality of decision making. There was no difference between teams with an mean age less than 35 and those greater than 45.

The more functional departments involved in the decision, the better the decision making. Teams with only one functional area made better decisions 44 percent of the time, while teams with 3 or more functions did so 71 percent of the time.

Other Resources

Checklists to improve decision making:

hbr.org/2016/03/a-checklist-for-making-faster-better-decisions

Correcting decision-making biases:

hbr.org/2015/05/leaders-as-decision-architects

Employee engagement and decision making:

www.employment-studies.co.uk/report-summaries/
report-summary-drivers-employee-engagement

How inclusion activates the value of diversity:

hbr.org/2013/12/how-diversity-can-drive-innovation

The competitive advantage of diversity:

www.morganstanley.com/pub/content/msdotcom/en/blog/
women/gender-diversity-work/

The creativity and productivity benefits of diversity:

www.scientificamerican.com/article/
how-diversity-makes-us-smarter/

The financial benefits of diversity:

www.mckinsey.com/business-functions/organization/
our-insights/why-diversity-matters

The importance of decision making to business performance:

hbr.org/2010/06/the-decision-driven-organization

The operational friction of diverse teams:

hbr.org/2017/06/does-diversity-actually-increase-creativity

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