

2003 Excellence in Practice Citation

Valuing Differences



Southern California Edison

Rosemead, California

Diversity Strategy

SUMMARY

An overview of a comprehensive diversity strategy that has been implemented to improve organizational effectiveness and enhance performance in a large company is described in this submittal. The design of the strategy and its associated elements promotes an inclusive and progressive workplace, and helps position the company as an employer of choice by maximizing talent, fostering teamwork, and tapping into the skills of an increasingly diverse work force.

Southern California Edison's diversity strategy has been tactically designed to integrate diversity goals established at individual business-unit levels with corporate business goals. Southern California Edison believes that linking diversity initiatives to organizational goals yields greater employee commitment and motivation.

The diversity strategy focuses on five key focus areas:

- Employee development
- Recruitment and retention
- Community partnership
- Work environment
- Communication and education

As part of the strategy implementation, each business unit is required to select from one or more of these key focus areas to create specific action plans for their business line. By establishing joint corporate and business unit responsibility for expanding and operationalizing diversity practices, a greater nexus is created between corporate goals, business unit action plans and the actual needs of the business units, and employees.

The company anticipates continued success as the strategy becomes further inculcated within the culture, and becomes both an explicit and implicit component of ongoing business objectives.

BACKGROUND

Original purpose. The company has had a long-standing commitment to promoting workforce and supplier diversity. This commitment includes constant focus on moving diversity initiatives from a stand-alone corporate-level endeavor to incorporating diversity as part of the day-to-day operation of the business.

In 1990, a 10-Year Comprehensive Equal Opportunity Pledge (“Pledge”) was adopted. The Pledge covered the following areas:

- Increasing diversity of the Board of Directors
- Increasing the number of women and minorities in the top 100 and 500 management positions
- Establishing an advisory council to advise on broad issues involving socio-economic and cultural issues
- Increasing contracts to minority and women-owned business to 30 percent of procurement spending
- Increasing philanthropic contributions to low-income, minority, and women-owned organizations
- Providing savings programs to low-income customers

The company made significant progress under the Pledge. With its expiration in 2000, the company recognized an opportunity to “raise the bar” and move diversity-related issues into the business goals and day-to-day planning of each business unit. Thus, the company created its diversity strategy to integrate corporate diversity goals with individual business unit goals. The strategy serves the company’s 13,000 employees whether they work among the professional ranks, as part of the field workforce, or in support organizations.

Resources committed. Under the diversity strategy, resources are committed at the corporate and business unit levels. One of its most notable resources is the company’s Equal Opportunity Compliance Department which employs an Equal Opportunity/Workforce Diversity Initiative Manager, a Compliance Manager, five diversity professionals, two analysts and an administrative assistant. Their mission is to provide effective and timely diversity and equal opportunity support to employees, supervisors, managers, and executives by means of communication, training, advice, investigation, analysis, and program design.

Exemplary application of sound learning. With implementation of the company’s diversity strategy, employee needs are met in a variety of ways in the five aforementioned focus areas. Listed below are just a few examples that not only drive the diversity mission, but also set its practices apart from those of other companies.

- Through our employee development initiatives, the company actively develops women and diversity candidates for leadership development programs and action learning opportunities.

- Company recruiters proactively engage in outreach efforts to a broad audience, including minority community groups and associations, to ensure awareness of job vacancies and to obtain resumes from potential candidates.
- A Supplier Diversity program reaches out to community businesses to help increase opportunities for women, minority, and disabled-veteran business enterprises to participate in company purchasing and contracting activities.
- Employee Relations and Equal Opportunity departments partner to ensure employees operate in a productive work environment that is free from discrimination. These departments work together to resolve workplace issues in a timely fashion. They also provide resources for information and advice to both managers and employees.
- The education and communication components of the diversity strategy are designed to raise awareness, encourage involvement, and highlight existing and/or new programs for building and strengthening a diverse workforce.

The education includes ensuring that all employees attend diversity training sessions on a routine basis (within six months of hire, every three years thereafter). Through self study and interactive discussions, employees gain an understanding of the company's commitment to valuing diversity in the workplace. What makes this training unique and powerful is that it is delivered by a cadre of impassioned employee volunteers (self-described "diversity champions") who are specially trained to be effective facilitators.

The company believes that diversity enriches the workplace and makes for a richer environment for creativity and innovation. Thus, routine targeted communications, using a variety of media reinforce this message to the entire employee population.

- The Company encourages and supports employees with common interests, cultural backgrounds and goals to gather and share experiences and social resources. Some of these groups have grown into more formal and organized "affinity groups," or networks. Collectively, they are a formal link between diverse employee constituencies and the company's diversity management, human resources, and senior management. Currently, there are eight such groups at the company that are formally recognized.

DOCUMENTATION

Needs Identification

1. *Describe the problem or need for which this practice is designed and implemented. How was this problem identified, and how was it determined that this practice is an appropriate response?*

Beginning in 2001, the company identified a need to create a more tactical and strategic approach to its diversity efforts. It had become clear through employee feedback and

surveys, as well as the number and volume of questions about diversity-related programs, that many employees were unaware of the broad range of company-sponsored initiatives that were in place to strengthen and promote diversity. It was important to senior executives that steps be taken to ensure employees understood the value the company places on the diversity of its workforce and the need to value the differences employees bring to performing their duties.

In addition, there was a strong desire to ensure that diversity-related efforts were actually fulfilling the needs of the business lines. A Diversity Strategy team was created to research best practices in diversity, identify the key areas that would later become the focus of the over-arching strategy, and to obtain input from senior business leaders that would support creation of a workable strategy to achieve desired results. The Diversity Strategy team met for several months to review data, synthesize and prioritize it relative to company needs, and finally to prepare recommendations for the senior executive team. Focus groups involving employees from multiple business units were used to gather information regarding a broad range of diversity issues.

The outline for the company's diversity strategy was presented to the senior executive team in late 2001. The senior executives agreed that the identified five key focus areas were appropriate to address the company's needs; they were enthusiastic about the flexibility of the strategy's design since it allowed them to place emphasis in the areas that their particular business unit needed improvement. They committed to selecting goals from these focus areas beginning in 2002.

Given the company's focus on meeting business goals and valuing employees, the decision was made to increase the role of the business lines in diversity planning, reporting, and accountability. The diversity strategy meets these needs by involving the business lines in the annual goal setting process, while maintaining some corporate control via the establishment of broad diversity focus areas: employee development, recruitment/retention, work environment, community partnership, and communication/education.

The process naturally creates alignment between corporate and business line goals since it requires an annual needs identification at both the company and business line level for diversity-related focus areas. The current Diversity Strategy necessitates that goals at the company and business unit level are now developed and planned for together as part of the established business planning process.

Design Values

- 2. Please describe how this practice takes into account the best interests of both the organization and the employees targeted.*

The company has a wide variety of employees, from staff and professional groups to union-represented field force employees. As a result, creating a balanced strategy that allowed business lines to identify their own diversity-related action plans elevated the

importance of diversity in line with the importance of other business goals. It also allows the business units to help drive the process by identifying key diversity issues in their particular work environments. Allowing for goals to be customized to meet business unit needs has generated meaningful programs throughout the company

For example, some business units have chosen to focus on enhancing recruiting efforts to reach additional women and minority candidates for non-traditional jobs. Others have decided to participate in mentoring programs with diverse college programs geared toward specific non-traditional, field operation jobs. Some business units are focused on ensuring their outreach/interaction with the community reaches diverse audiences, while others are working on ensuring that diverse groups of employees are developed for future promotional opportunities.

The strategy rollout included a strong focus on communication and education to raise awareness at the individual level. Each employee received a detailed publication that outlines the numerous ways in which diversity is valued and promoted within the company and what the company is doing to support them as individuals, such as development and mentoring opportunities, as well as information on how to step up their individual involvement in promoting diversity in the workplace.

Manager and supervisors received a special, targeted publication to assist them in understanding and articulating the business case for making diversity and inclusion a business priority.

New employees receive diversity training within six months of hire, and this helps to set expectations for individuals as well as to indoctrinate new employees into the diversity culture of the company.

A key element of the diversity strategy also includes employee development. The company believes that development must be viewed in the broad context of changing workplace realities for full utilization of talent, productivity and business impact. Accordingly, significant efforts are made to highlight and promote diversity throughout the development programs. All of the leadership development programs include a module on valuing diversity. Through the ongoing focus on diversity training, individuals are reminded both of the company's commitment to valuing diversity as well as their individual responsibility for creating and supporting a non-discriminatory, inclusive and affirming work environment for all.

Alignment

3. How is this practice in alignment with the performance identified, as described in your answer to question 1?

The values espoused at Southern California Edison are integrity, excellence and respect. The company has a long, proud history of demonstrating these values in a variety of ways, both operationally and with respect to its workforce. This is evidenced

by an outstanding reputation for fair dealing and integrity, numerous industry awards for excellence in operations and performance, and a wide variety of prestigious awards for its diversity initiatives. The diversity strategy put in place in 2002 provides a framework for and directly supports the company's values, goals and practices.

Our company has made excellent progress over the last several years toward building a culture that values the distinctive skills, life experiences, and perspectives that make individuals unique. Our strategy promotes both the company and its individual business units developing actionable, measurable goals that are supportive of diversity on an annual basis. Progress toward these goals is reviewed by our chief executive officer and president on a quarterly basis. This process provides a clear alignment between corporate values and goals and individual business units' goals. Again, the main objective of the strategy is to increase focus on managing diversity in the practical, day-to-day aspects of operations and strategic planning at the business unit level.

4. Please describe how this practice integrates other training, learning, and performance improvement practices, and aligns itself with organizational goals to achieve the desired outcomes.

The company has a variety of programs designed to address the five focus areas and the need to value diversity. The diversity strategy gathered these programs under a framework that provides guidance for business lines, gives them the ability to utilize existing programs to support their diversity efforts, and provides the opportunity to create specific action plans to meet their unique needs. Here are some of the ways in which the company's diversity strategy integrates training, learning and performance improvement to achieve organizational goals.

- Training — in addition to addressing EEO laws and policies in our diversity training, the company's diversity values are emphasized throughout. Training with respect to the "building and managing a diverse workforce" competency has been integrated into the leadership development programs. One key leadership development program includes a four-day workshop on valuing diversity. The company also promotes diversity through sponsorship of educational grants, formal and informal mentoring initiatives, and action learning programs that focus on demonstration of our diversity competency.
- Performance Improvement — the company has committed to holding managers and supervisors accountable for demonstrating the "building and managing a diverse workforce" competency by including it as a measure of performance. This further reinforces our commitment to "walking the talk" with respect to diversity.
- The Diversity Initiatives Manager routinely reviews the company's diversity practices to ensure they are not only effective, but to make certain that the company is truly employing best practices. That includes participation in surveys, attending diversity-related conferences, and benchmarking with other "best in class" organizations regarding diversity practices.

5. *What evidence is there of partnerships within and outside the organization (e.g. with senior management, frontline supervisors, unions, external training suppliers, consortia)?*

Senior management views supplier diversity and workforce diversity as key elements of the way we conduct business. We have achieved a great deal in the areas of supplier diversity and workforce diversity over the last ten years. This includes significant improvements in the areas of increased workforce diversity, supplier diversity, and in community relations. The company has won awards as a diversity employer of choice, for its effective use of diversity suppliers, and has achieved notoriety for its representation of diversity candidates in top positions.

In addition, strong partnerships exist not only between senior management and the eight affinity groups but also among the affinity groups themselves. The company's ongoing commitment to community activism and volunteer activities has also been widely praised in the diverse community we serve. Further, several of the company's key training suppliers are WMDVBE businesses. The company has a long-standing, esteemed history of both employee and company contributions to diversity causes such as minority scholarship and professional foundations. We have also played an active role in partnering with an internationally recognized internship program to bring talented diversity candidates into entry-level jobs.

Another example of diversity partnership includes the company's employee-volunteer speakers bureau. Speakers routinely deliver speeches to a variety of audiences, including students, seniors and civic business groups to educate and build partnerships in the community.

Senior management has made diversity discussions a mandatory part of our business review process. This has resulted in managers allocating resources to provide special developmental training outside of what is provided at the corporate level. Business units are making a concerted effort to utilize certified women- and minority-owned businesses in all areas of professional services and products. Additionally, the established affinity groups have proven invaluable resources in the company's outreach to diverse communities.

Evaluation Strategy

6. *How is this practice evaluated? What factors are included in your calculations (e.g. time, costs, staff count, lost phone calls, customer satisfaction)? Are the financial costs of this practice calculated? If so, how? How often is this practice evaluated?*

Company-level diversity practices are evaluated during the annual goal review cycle, along with other business goals. The success of specific diversity initiatives set by the business units are also measured during the business review cycle. All business units are required to report their diversity goals updates to both the company CEO and president on a quarterly basis. During the quarterly reviews, the business unit head is

required to articulate specifically what they have done to further diversity within their respective work groups. Therefore, the effectiveness of the strategy is being evaluated at the highest levels within our company.

Many employee issues stem from misunderstanding of policies, and/or lack of awareness of employees' issues and concerns, thus limiting employee performance. Through the diversity strategy, the company has provided additional awareness and information to its managers and supervisors concerning common issues or themes voiced by employees, resulting in easier, more effective and positive issue resolutions. Moreover, while not quantified, we feel that these types of resolutions have benefited us by allowing more effective use of time and resulted in a reduction in personnel turnover.

Some successes in the area of diversity are measured through the use of metrics while others are evaluated on the basis of increased awareness and communication about the value of diversity. Our commitment to diversity goes beyond numbers alone; we devote time and resources to implementing our strategy because we believe it is the right thing to do.

Since the company began emphasizing the importance of diversity, significant increases have been made in the representation of women and diversity candidates in top positions. In addition to our minority workforce increasing by 12 percent in the last 10 years, minority and female representation in executive-level positions have gone up three-fold within the last 10 years. Moreover, larger numbers of women and diversity candidates are being included in development opportunities such as leadership programs and educational grants.

A measure of our strategy's success is evidenced by recognition received from several national publications and the increased size and diversity of our applicant pool for open positions in the company. We feel the diversity strategy has helped to position our company as an "employer of choice" and a "partner of choice" among an increasingly talented, informed, and diverse population.

Results

- 7. What specific participant behaviors are observed as a result of this practice, and how do these behaviors contribute to the goals of the practice? Are the impacts of these behaviors short-term or long-term? How do these behaviors differ from the results of previous practices?*

Employee Development:

Business unit leaders who encourage and provide leadership opportunities have developed a pool of new leaders that have a common, core foundation of leadership competencies. These competencies include the ability to provide vision, coach, lead change, empower, and the willingness to embrace diversity. When vacancies occur in senior management positions, there is dialogue among the executive team regarding

possible replacement candidates and their short- and long-term development needs. Diversity is always a chief consideration in these discussions.

Recruitment and Retention

As of May 2003, our Staffing organization participated in more than 50 community events, including career fairs, professional conferences, networking, and college recruitment activities. Staffing has created specific strategies to increase the overall representation of minorities and women in the job applicant pools. They have also established college summer hire programs, which includes working with at least two diversity-student intern programs. These diversity outreach activities are designed to assist with the recruitment efforts to fill current vacancies and to build an extensive diversity network to provide job candidate feeder pools to meet future workforce needs.

Community Partnership

A key component of our strategy is to reflect the diversity of the marketplace in terms of suppliers with whom the company conducts business. In 1979, the company formalized the Supplier Diversity Program to provide opportunities for women-, minority-, and disabled veteran-owned business enterprises (WMDVBE) to participate in its purchasing and contracting activities on a competitive basis. The program has three major objectives:

1. To increase opportunities for small businesses and WMDVBE businesses to participate in the company's products and services contract activities.
2. To increase both the dollar amount and percentage of products and services procured from WMDVBE's and the level of WMDVBE representation on a qualifiable list of commodities and services utilized by the Company.
3. To assist both WMDVBE associations and individual WMDVBE's to better understand the company's general business, procurement practices, and procedures through consultations, business development workshops, seminars, trade shows and special events.

The company has taken an aggressive approach in the development and implementation of community outreach activities to support its Supplier Diversity Program. For instance, this includes providing on-going financial and in-kind support to over 20 leading WMDVBE trade associations, and supporting company employees to take an active leadership role in the development and program activities of these organizations. Additionally, the company actively participates in various WMDVBE trade fairs and conferences.

These events provide opportunities for WMDVBE's to become educated about the company's Supplier Diversity Program, procurement opportunities, business development, and technical assistance programs that are available to them. The

education also focuses on directing potential vendors, along with vendors we currently conduct business with, to become WMDVBE certified. Many of the vendors we have contracted with for several years may classify as WMDVBE's but have not been formally certified. The certification is conducted by an independent entity who verifies company and personal documents confirming that the business applicant is at least 51-percent owned by either a minority-, women-, or service disabled-veteran owner. The certification provides an opportunity for these businesses to be added to the company's WMDVBE database which our business units are encouraged to utilize when contracting vendors.

For internal purposes, the Supplier Diversity Program led to the company unveiling its "Partners in Supplier Diversity Program". This program aims to increase the internal awareness of the company's commitment to employing women-, minority-, and disabled veteran-owned businesses (WMDVBE) in the area of procurement.

Each business unit in the company is represented by a "Partner". The Supplier Diversity department works with each "Partner" on an ongoing basis to increase WMDVBE utilization through department goal setting, plan implementation, and results monitoring. Periodic audits and reports are generated by the Supplier Diversity department for the purpose of measuring the effectiveness of the program. The results are conveyed to individual business units as well as to the company president and other senior managers.

The company has made substantial strides in providing opportunities for WMDVBE's to participate in its purchasing and contracting activities on a competitive basis. From 1979, when the Supplier Diversity program first originated, to Dec. 31, 2002, WMDVBE utilization has increased from 0.8 percent up to 30 percent. These efforts help build long-term relationships which can serve as valuable links between the company and various communities.

Work Environment

As a result of our diversity training and outreach programs, available data indicates that employees are three times more likely to address equal opportunity or diversity issues through our internal process rather than through outside agencies. The trust shown by employees to confide and direct their issues to our internal Equal Opportunity department is a testament to the effectiveness of the company's diversity strategy.

Communication and Education

The commitment to facilitate mandatory diversity training on a regular cycle, distributing diversity information booklets to employees and managers, as well as publishing routine diversity-related articles in the company newsletter has increased the number of internal diversity facilitators and the level of employee participation among affinity groups. Diversity training course evaluations indicate that the use of internal employee facilitators has increased the overall effectiveness of the training, and in turn, increased

employees' awareness that valuing differences can help the company leverage the talents of all employees.

8. *What was the impact of the practice on your organization? Are the impacts of these behaviors short-term or long-term? Wherever possible please include actual figures related to the practice.*

Our company is committed to workforce diversity and equal employment opportunity. We evaluate our employment practices and programs with an eye toward building a work force that reflects the pool of qualified women and minorities in our labor market. We have made solid progress over the last several years.

- Minorities make up 44 percent of our current workforce compared to 32 percent just over 10 years ago.
- Females make up 28 percent of our current workforce compared to 25 percent just over 10 years ago.
- Last year, 49 percent of hires were minorities and 36 percent were females.
- In the first six months of this year, the hiring rate for minorities has increased to 54 percent.

More and more minorities and females are holding leadership positions in the company. For example, minorities make up 22 percent of the company executive payroll as compared to seven percent just ten years ago. Females also make up 22 percent of the company's executive payroll as compared to five percent just over ten years ago.

Now that the business units are accountable for their diversity efforts, a stronger push is anticipated towards increasing the numbers listed above.

Shared Learning

9. *What have been some of the specific lessons learned from designing and implementing this practice for the purposes of continuous internal improvement? Please discuss whether and how this practice might be transferred and replicated both internally and external to your organization.*

There were several lessons learned with the design and implementation of our corporate diversity strategy. First, we learned the importance of making sure there was representation from multiple departments from the conception of the strategy. This included representatives from our Human Resources and Equal Opportunity departments who understood both the importance and impact of the tenets of our diversity strategy: employee development, recruitment and retention, community partnership, work environment, and communication and education. These representatives, known as the Diversity Core Team, still meet on a monthly basis to discuss updates to the strategy and to discuss ways to enhance the awareness of the importance of valuing diversity, both internally and externally.

Second, we learned the value of engaging focus groups to evaluate the proposed strategy framework, and to offer comments for improvement. We utilized two internal focus groups comprised of managers, supervisors, frontline employees, and employee affinity group members across the company. Furthermore, we made sure that there was a good mix of work experience, gender, and geographical work locations to get a well-rounded perspective. As a result, we were able to devise a comprehensive strategy that would resonate with our vast employee base.

Third, we saw the need to communicate, early on, with our officers about the strategy. There were one-on-one meetings with our officers to ascertain their feedback. Ultimately, we presented the strategy in a meeting with the company president and other officers, culminating in the approval of the corporate diversity strategy.

Fourth, one of the most important lessons learned besides the aforementioned, was the need to have metrics — both qualitative and quantitative — to ensure that each of our business units were being held accountable. Initially, each of the business units created action plans around one of the five focus areas of the strategy. Now, the business units are required to select two or more of the focus areas. Moreover, they are required to report out their action plan progress to the CEO and president on a quarterly basis. It should be noted that between the quarterly reviews, the business units are required to report their planned updates to the Manager of Diversity Initiatives to ensure that quality action plans and discussions take place with the CEO and president.

Transfer and Replication

The practice of designing, implementing, and managing a corporate diversity strategy can be easily transferred or replicated both internally and externally. To do so, a business unit, organization, or company must first ensure the following:

- make a strong commitment to such an undertaking
- ensure an inclusion of ideas and suggestions from all stakeholders
- key leaders and decision makers must have total 'buy-in,' demonstrate their commitment, and strategically discuss the strategy
- a clear understanding of the goals, rewards, and consequences at all levels;
- successes should be celebrated
- there should always be room for improvement – never be satisfied with your current accomplishments.

Because after all, when it comes to valuing differences, the possibilities are endless.

Contact

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