



*DIVERSITY
COMMITTEE*

Diversity Resource Guide

August 2014

Diversity Resource Guide

Introduction

The Financial Planning Association's Diversity Committee developed the *Diversity Resource Guide* for two purposes:

- 1) To provide members of the Financial Planning Association (FPA) with an introduction to the key themes of Diversity and Inclusion (D&I) in the workplace.
- 2) To promote the positive impact that D&I can have on the growth of its members' practices.

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Key Topics

The Changing Approach to Diversity

Diversity vs. Inclusion

Defining Diversity

A Look Ahead...demographic trends

Wealth Creation Trends

The Power of a Diverse Workforce

Sources

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The Changing Approach to Diversity

- Historically, employers have approached Diversity & Inclusion (D&I) in a reactive or defensive manner.
- Driven by federal and state laws prohibiting discrimination in the workplace, companies tended to view Diversity through a lens of Compliance and Risk Management.
- Over the past two decades, however, leading firms have identified Diversity & Inclusion as a driver of their long-term growth.

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The Changing Approach to Diversity

- Increasingly, employers are promoting D&I in their workplace because of the opportunities and benefits it provides.
- Opportunities and benefits include:

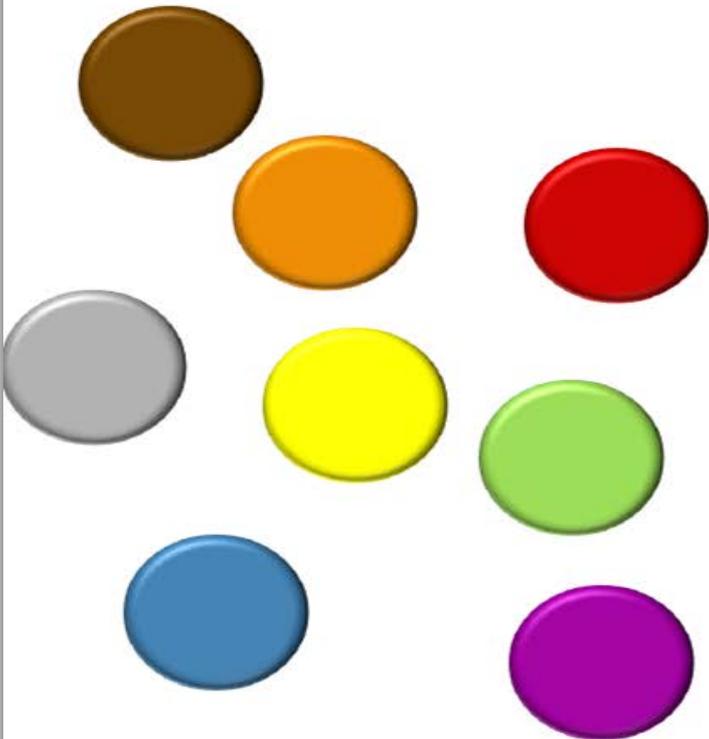
- ✓ Increased market share
- ✓ Expanded creativity and innovation
- ✓ Wider pools of prospective talent
- ✓ Deeper community engagement
- ✓ Improved Company reputation and recognition
- ✓ Higher teammate engagement and talent retention
- ✓ Growth in long-term shareholder value

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Diversity vs. Inclusion?

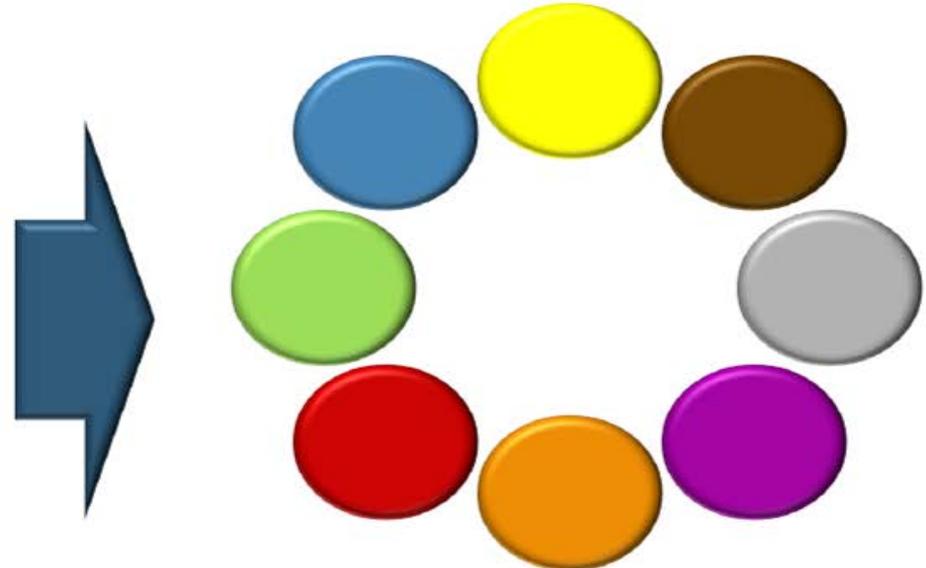
Diversity

describes who we are...



Inclusion

describes how we work together...



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Defining Diversity

- Legal issues related to discrimination have many in the business community focused on protected classes:

- ❖ Race & Color
- ❖ Gender
- ❖ Age
- ❖ Ethnicity
- ❖ Military Service
- ❖ Disability

- However, the full power of Diversity & Inclusion builds upon the traditional scope of protected classes.

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Defining Diversity

No individual can be defined by a single identifier:



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Defining Diversity

Every individual will bring to the workplace:

- 1) Diversity of Experience
- 2) Diversity of Thought

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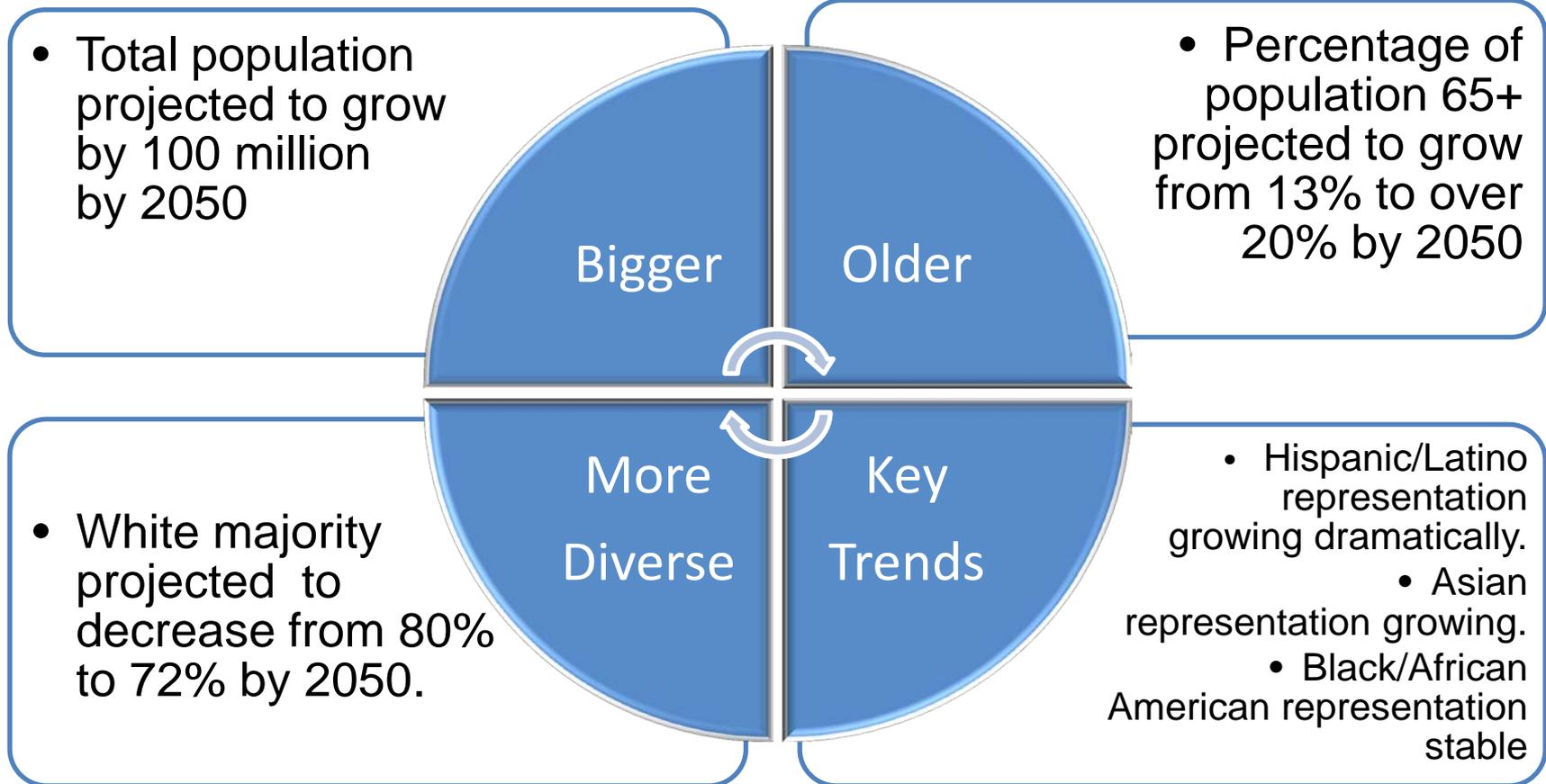
A Look Ahead.....demographic trends

- The United States is experiencing dramatic demographic shifts.
- These shifts will change the consumer landscape for all industries including financial services.
- The U.S. is getting:

- Bigger
- Older
- More racially diverse
- More ethnically diverse
- More socially diverse

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A Look Ahead.....demographic trends



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A Look Ahead.....demographic trends

Confusion about Hispanic/Latino Representation

- Federal government does not track “Hispanic” or “Latino” as one of its six categories of “Race.”
- Hispanic/Latino is considered an ethnic/cultural distinction beyond race and is reported separately.
- 15.1% of census respondents identified themselves as being of Hispanic/Latino origin.
- 48% of those respondents identified themselves as “White” while 42% identified themselves as “Some Other Race.”
- Hispanic/Latino now the largest minority in U.S.
- Representation projected to grow from 15.1% to 30% by 2050.



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A Look Ahead.....demographic trends

Increasing Buying Power

	1990 Buying Power	2014 Buying Power (Projected)	Increase Between 1990 and 2014
African American	\$318 billion	\$1.1 trillion*	246%
Hispanic	\$212 billion	\$1.3 trillion*	513%
Asian American	\$117 billion	\$695.5 billion*	495%
Native American	\$19.7 billion	\$82.7 billion*	320%
White	\$3.8 trillion	\$13.1 trillion *	245%
(LGBT) Lesbian, Gay, Bisexual, Transgender	Not avail.	\$835 billion**	

*Source: The Multicultural Economy 2009, Selig Center for Economic Growth

** Source: The Buying Power of Gay Men and Lesbians 2008, Witeck Combs Communications

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A Look Ahead.....demographic trends

Reurbanization

- For the first time since 1920, most U.S. urban areas grew faster than suburban.
- Reasons: quality of life; commuting costs; staying single; smaller families; older Americans looking for more services.
- Large national retail chains are creating new versions of themselves to appeal to the unique needs and lifestyles of urban citizens and capture this growing segment.

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A Look Ahead.....demographic trends

Education Achievements

- On average, College Graduates will earn **85% more** than those without advanced education.
- Women now earn the majority of Bachelor's, Master's, and Doctorate degrees in the U.S.
- Over the past decade, there has been double digit growth in the percentage of Bachelor, Master, and Doctorate degrees earned by minorities.

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Wealth Creation Trends

Rise of the “Sheconomy”

Chief Purchasing Officer
+ Expanding Income Earners
+ Social Media
POWER

- American businesses striving to improve how they serve female customers and promote their products to them.
- “Get the guy right and you've made a sale; get the woman right and you have a customer.”

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Diversity of Thought

“A lot of people in our industry haven’t had very diverse experiences. So they don’t have enough dots to connect, and they end up with very linear solutions without a broad perspective on the problem. The broader one’s understanding of the human experience, the better design we will have.”

- Steve Jobs

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The Power of a Diverse Workforce

- Products and prices can be duplicated, but client relationships and unique solutions cannot.
- Talent is the differentiating factor.
- Weaving Diversity & Inclusion into your business strategy can help you build a workforce that will **out-think, out-service, and out-sell** your competition.

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The Power of a Diverse Workforce

Out-think

- Financial Planners are in the “solutions” business
- Studies and surveys support the argument that diverse teams solve problems faster than homogeneous teams.
- Diverse teams have greater capacity to generate new ideas and identify new opportunities.
- If your business strategy is built on new products or new markets, a diverse team can be an advantage.

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The Power of a Diverse Workforce

Out-Service

- Fully engaged employees feel included and valued at their firm.
- Fully engaged employees see their personal values closely aligned with their firm's values.
- Inclusive cultures have more engaged employees.
- Inclusive firms have more productive employees.

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The Power of a Diverse Workforce

Out-Sell

- The population of the US is changing.
- These changes provide new opportunities.
- Does your workforce reflect your client base?
- Would a more diverse workforce provide new business opportunities for your practice?

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“There are not more than five musical notes, yet the combinations of these five give rise to more melodies than can ever be heard.

There are not more than five primary colours, yet in combination they produce more hues than can ever been seen.

There are not more than five cardinal tastes, yet combinations of them yield more flavours than can ever be tasted.”

— [Sun Tzu, *The Art of War*](#)

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