

UC Berkeley Consulting

NAAIA 2022 CASE COMPETITION



About Us

UC Berkeley Consulting

- Student led
- Diversity and Inclusion management consulting team
- Team members:
 - Ozioma Anyanwu
 - Maya Dobson
 - Yosolaoluwa Olakunle

Meet the Team



Ozioma Anyanwu

Junior
Major: Microbial
Biology
Minor: Global Poverty
& Practice
Interests: Research,
Policy Reform



Maya Dobson

Junior
Major: Film
Major: Psychology
Interests: Mental Health
in POC communities,
Photography,
Videography,



Yosolaoluwa Olakunle

Junior
Major: Mathematics
Minor: Data Science
Interests: Finance, Data
Analysis, Project
Management, Software
Engineering, Marketing

Agenda

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Background

02

Cultural Issues within the
Workplace

03

Hiring Strategies

04

Measures to Retain
Talent

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05

**Measures to Attract
New Hires & Develop
Black Pipeline**

02

**The Impact on Success in
relation to Diversity**

Problem Statement

How might we increase Black employee hiring, development, advancement, and retention to achieve optimal success for Frontier insurance in growth and profit?

Frontier Insurance Background

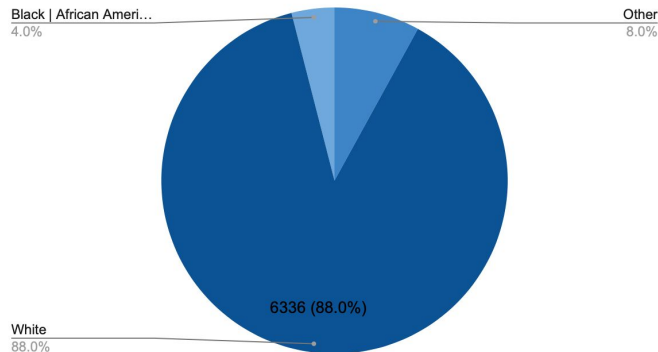


Background

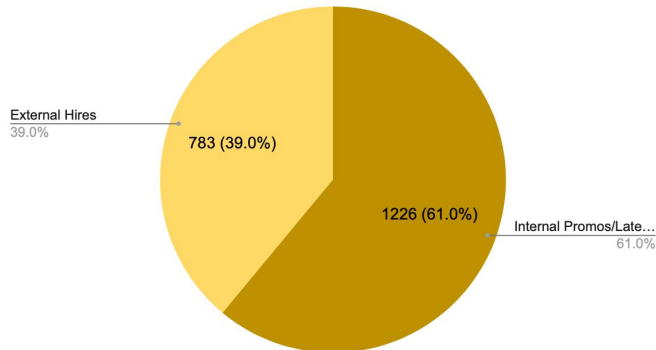
- Frontier Insurance, a commercial insurance carrier with a focus on Workers Compensation, Commercial Auto, General Liability and Commercial Property.
- Founded on March 19, 1938
- 7200 Employees
- Company pledged a renewed commitment to DE&I

2021 Demographics

Race Statistics



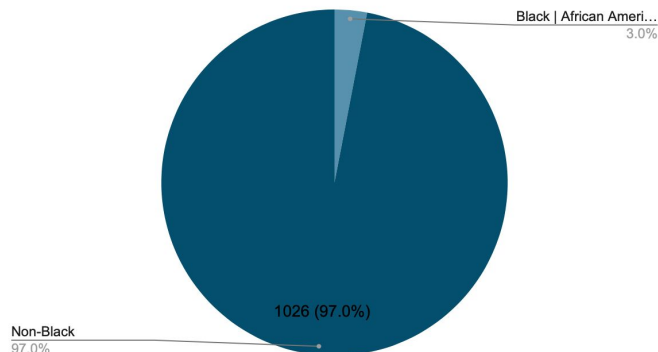
Hiring Statistics



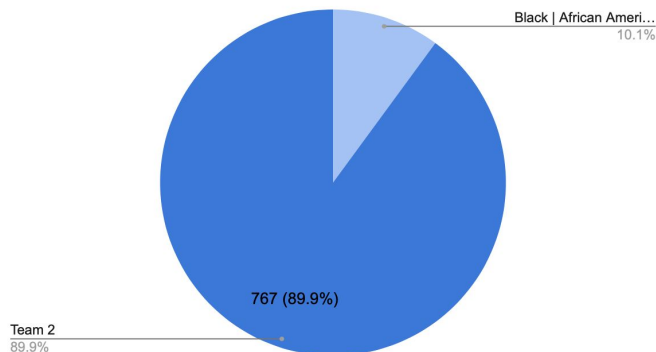
Looking at hiring statistics:

- Out of 1226 Internal Promotions or Laterals around 61 were Black and out of 764 External Hires 78 were Black.

Managers of People



Turnover



Looking at Turnover rates:

- Out of 853 exits, 86 were Black, meaning there turnover rate for 2021 in Black employees was around **30%**.

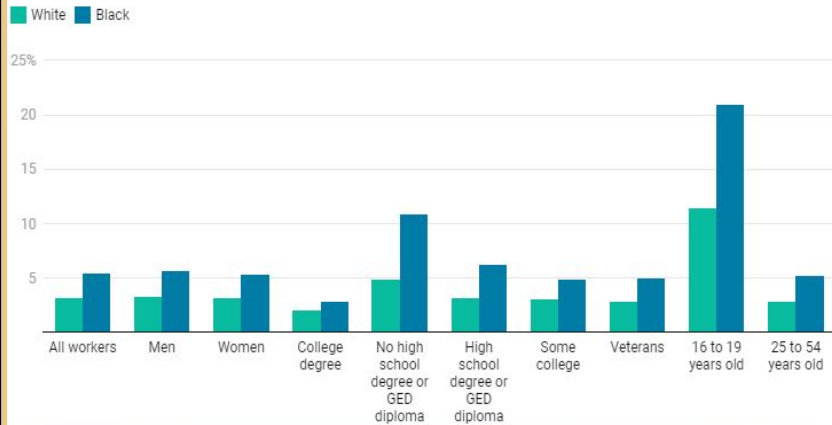


Cultural Issues within the Workplace

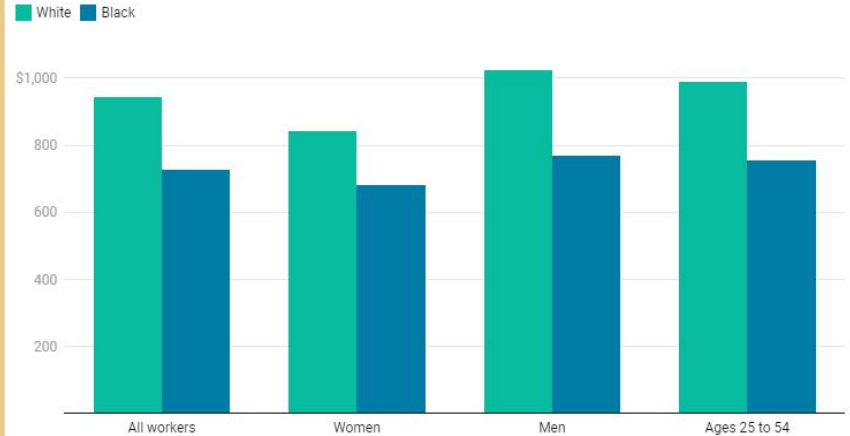
Systemic Issues

- Black workers face systematically higher unemployment rates, fewer job opportunities, lower pay, poorer benefits, and job instability. These issues stem as a result of
 - Black individuals having less access to education due to financial barriers
 - The discrimination of black individuals (racism)
 - The lack of education non-black counterparts have on the Black experience
- For the case of Black women, their intersectionality of race and gender has an increased negative effect in employment, pay, and work experiences.

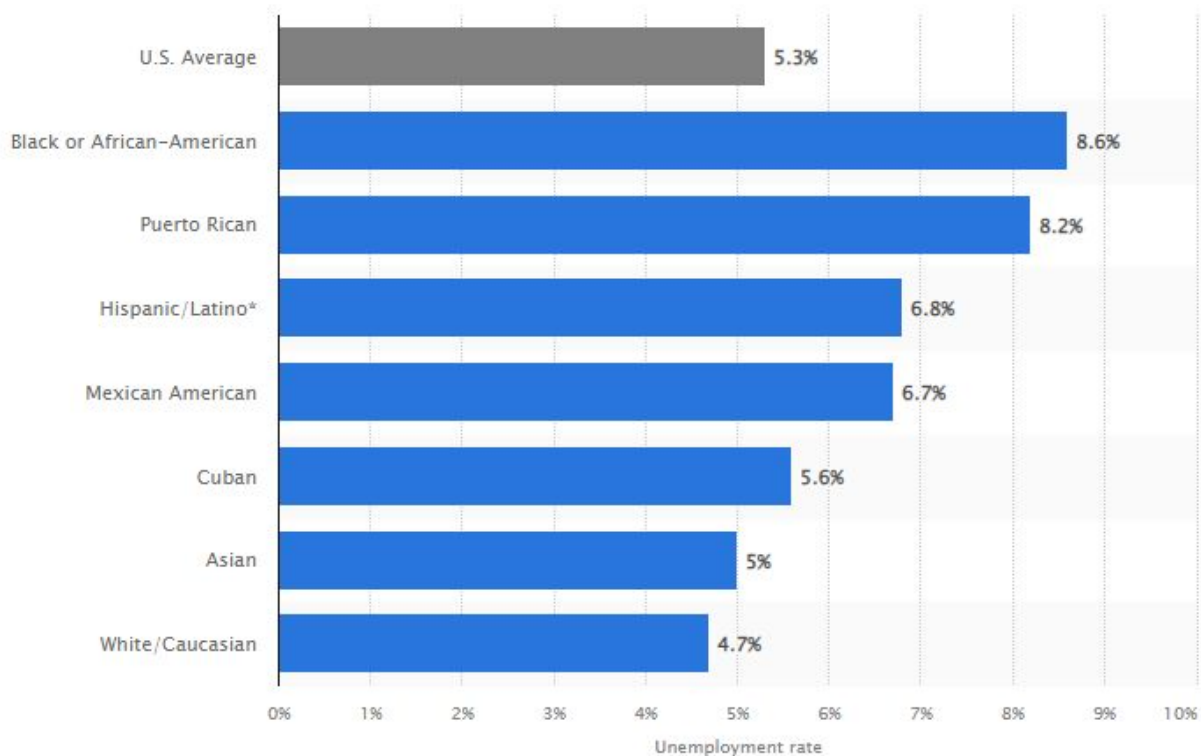
U.S. unemployment rates by race across multiple subpopulations, October 2019



Median usual weekly earnings, third quarter 2019



Unemployment rate in the United States in 2021, by ethnicity

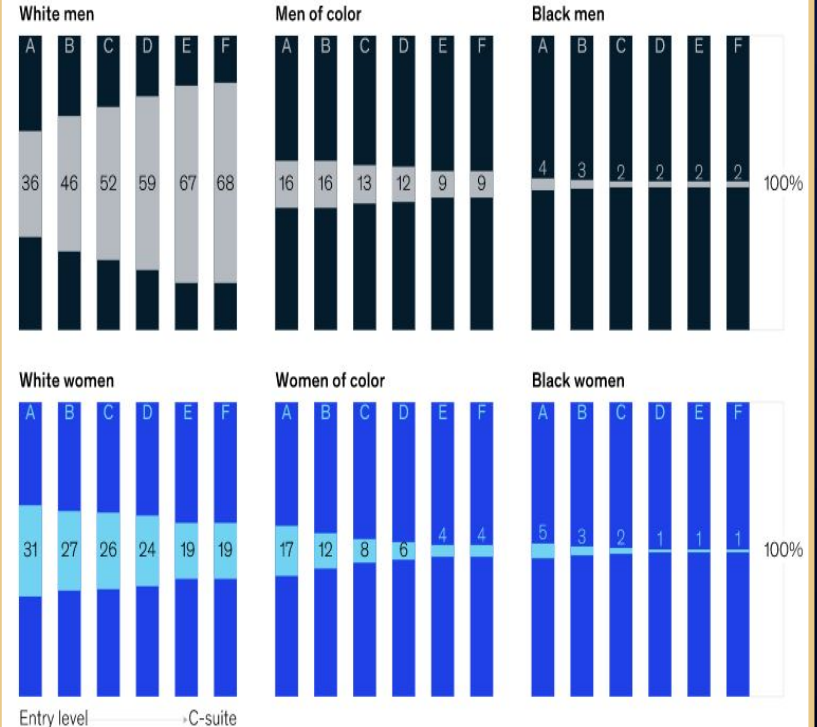


Cultural Issues in the Workplace

- Black workers are overrepresented in low paying entry level jobs, and underrepresented in high paying senior and executive level jobs
 - Black workers make up 12% entry level and percentages decrease as the ranks increase to Fortune 500 CEO spots where black people on make up around 1%
- Black men \$0.71 and Black women \$0.63 of every dollar paid to white men
- Common trends are the discrimination of Black individuals and the underrepresentation of Black individuals in jobs with high job growth opportunities, but with overrepresentation in jobs such as entry level healthcare, food and retail services

Share of professionals by role category, %¹

A Entry-level professional, B manager, C senior manager/director, D vice president, E senior vice president, F C-suite professional



Hiring Strategies

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Diverse Hiring Panels

- **Diverse interviewing panels** are a crucial way to show prospective new hires that diversity is represented across various areas within your company
 - *Cisco Systems* DEI policies pushed for diversifying their interview panel and research concluded that the new panel had improved the likelihood of hiring African-American/Black candidates by as much as **70%**
- Diversifying the interview panel as provides an opportunity for new hires to see themselves as someone who would be welcome and included within the company
 - *The Verna Myers Company* diversified their interview panel and seen the diversity of new hires increase, with **31.9% in 2014 to 45.1% in 2016** of people of color

Proactive Outreach

Provocative outreach is a progressive step in the right direction of increasing Black hires
What does this look like:

- **Team up with HBCUs** recruitment programs, creating a pipeline of qualified diverse talent to the company
 - HBCUs produce almost 20% of all the African American college graduates in the country
 - Companies such as Amazon, Apple, Microsoft have several partnerships and programs with HBCUs as a way to increase their efforts in African American Hires

- **Connecting with Black Professional Organizations** from different concentrations
 - Creating new relationships with different Black Professional organizations such as the National Association of Black Administrative Professionals National, the Association of African Americans in Human Resources, etc.

Defining and Upholding Diversity and Inclusion

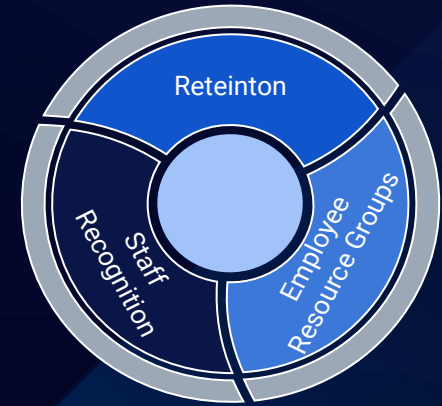
- To better address the racial gaps within the workplace and in hiring, the company needs to go beyond a statement when defining and implementing diversity and inclusion. This can look like:
 - **Support:**
 - Incentivize additional support from managers to Black employees, so employees have the knowledge, opportunities, and tools to excel (sponsorship)
 - **Education:**
 - Within the organization employees and staff need to be educated on the issues regarding Black people and employment (underrepresentation, wage gaps, racism, etc.)
 - Staff should be educated on the black the experience (culture/holidays, hair, etc), so employees feel more comfortable and recognized in the workplace
 - **Transparency:**
 - Being clear on how much an employee would make and what qualifications they need to excel at the companies (decreases bias from managers and reinforces trust from black employees)



Proven Measures to Retain Talent

Strategies for Retention

- **Employee resource groups:** Community-center care events
 - funded by the organization to facilitate community and sense of belonging
 - **Black Employee Research Groups:** Gather feedback directly from active Black employees in the company and implement this feedback into your racial equity interventions, providing an opportunity for Black employee voices to be heard
- **Regular Staff recognition**
 - CNA Insurance DEI policies factor the influence of workplace culture in relation to retention, comprehensive reward programs
 - Regular staff recognition celebrates the employees, providing the opportunity to show that they are being valued in their current position



Strategies for Employee Development

01

Company Wide Mentorships

- Creating an opportunity for top-down communication
- Preparing them for future leadership roles by creating connections with other employers
- *Harvard Business Review* concluded that mentoring programs boost the representation of Black, Hispanic, and Asian-American workers from **9% to 24%**.

02

Developmental Programs

- Programs focused on both Soft and and Skills
- Creating a culture of ongoing learning
- Leadership training focused for Black employees

Strategies for Promotion

Mapping for opportunities for upward mobility

- Often there is an unclear pathway into senior leadership, creating a clear route ensures retention/promotion of Black talent within the company
- Employees can now hold an active role in their journey towards promotion within the company

Mentorship/Sponsorship

- Employees can be paired with higher level employees who can guide their steps to future higher level positions within the company
- Mentoring with prospective candidates for promotion



Measures to Attract New Hires & Develop Black Pipeline

Attracting New Hires

Creating a wider variety of entry level positions

- Many jobs require multiple years of experience, shifting from traditional methods of education
- Begin to offer Jr. level positions as a way to bring in new Black hires from different backgrounds
- Expanding job opportunities creates more spaces for potential Black hires to fill

Ensure opportunities for upward mobility

- Rather than lateral movement between separate companies, provide mapping of potential opportunities for growth within the company, this both attracts new hires and increases employee retention

Establishing a Black Pipeline

Creating intern to employee opportunities

- Partnering with HBCUs and Black Student Organizations on college campuses, creating opportunities for students to intern while in undergrad, providing opportunity for future full-time employment after graduation
- Studies show that Fortune-500 companies retain over **80%** of their interns as entry-level hires and full-time employees hired from an intern program are **20%** more likely to stay time

Partnering with Black networking groups

- Professional organizations offers a space for advancement within one's profession, this is through sharing current opportunities happening within the profession
- An opportunity for both new and experienced talent to learn about the company and current open positions

Lack of Diversity's Impact on Success



Estimated Cost to Frontier

Studies have shown that there is a strong correlation between diverse executive + board positions and overall company success:

The data suggests diversity correlates with better financial performance.

Likelihood of financial performance above national industry median, by diversity quartile, %

Ethnic diversity



Gender diversity



Gender and ethnic diversity combined



Source: McKinsey Diversity Database

One study confirmed that “companies in the top quartile for racial/ethnic and gender diversity were respectively **35 and 15 percent more likely** to have **financial returns above their respective national industry medians**”

- Every **10%** increase in racial and ethnic diversity amongst leadership leads to a **0.8%** rise in earnings

Estimated Cost to Frontier

Frontier could lose an estimated **2.4%** of revenue if they do not raise their diversity to the goal of 30% at staff, management, executive, and Board levels by 2030

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Questions?

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Thank You



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