MBS Intelligence

Diversity in Food and Grocery

2019 Edition: An in-depth report from
The MBS Group, IGD and in association with PwC

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Forewords

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The business case for diversity and inclusion and has never been clearer. Studies have shown that more diverse and inclusive workplaces have a higher level of employee engagement, are more productive and are more profitable.

I'm therefore delighted that IGD has been working with MBS and PwC to understand how the food and consumer goods industry performs on this vital topic.

The response and interest in this project from across our industry has been fantastic; there's no doubt much is happening at an individual business level as well as collaboratively. However, this research also clearly demonstrates there is a need – and an appetite – to do a lot more.

Gender equality is a good starting point for any business embarking on its diversity and inclusion journey. The progress that has been made in this area and the wide range of initiatives already in place to nurture female talent is particularly encouraging.

But there are other levers of diversity beyond gender that can also help to create a diverse workforce – age, ethnicity, LGBTQ, social mobility and disability, amongst others. The research shows there is much more to do in these areas, to help businesses unlock new sources of talent for the future.

As well as data to help you benchmark your own business, this report includes inspirational case studies from Arla Foods, Coca Cola European Partners, The Kellogg Company, Procter & Gamble, Sainsbury's, Tesco, Tulip and William Grant and Sons. I hope they will encourage you to take diversity and inclusion forward.

IGD will continue to champion this important topic and make sure it stays high on our industry's agenda. We will take every opportunity to share best practice through our research, events and industry groups. We would love to hear from you if you would like to get involved, so please do get in touch.

IGD supports diversity and social mobility through its charitable initiatives, research and commercial events, including:

- Lifelong learning resources for everyone working in our industry
- A nationwide schools programme to help young people prepare for the world of work and understand the wide range of careers available in our industry
- This free research, published in partnership with MBS and PwC, to help companies benchmark themselves on diversity and inclusion
- The IGD Award for Diversity & Inclusion, recognising employers who have developed initiatives to support a highly inclusive working environment

Susan Barratt
Chief Executive Officer, IGD

We're delighted to have been working with IGD and MBS on assessing progress on diversity and inclusion within the food and grocery industry and gauging how businesses across the sector can move forward.

There's always been a compelling moral case for diversity and inclusion – why should the chance to succeed be confined to a favoured few? There's also an equally compelling business case – from broadening market reach to bringing fresh perspectives to strategic planning, the power of diversity and inclusion is something I see right across my work with colleagues and clients.

And while the case for diversity and inclusion is strong in all business sectors, it's especially so in an industry like food and grocery, where the customer reigns supreme. Amidst tightening margins and intensifying competition, diversity and inclusion can help businesses to get closer to customers, tap into underserved markets and keep one step ahead of fast-shifting consumer demand.

So, where is the food and grocery industry now on diversity and inclusion? If we look at the gender pay gap, an important indicator of progress, grocery scores much better than the UK economy as a whole. This reflects the important strides made in recent years. But the industry can't afford to be complacent. Our survey of industry groups shows that most still lag other sectors on key lead indicators of progress including leadership focus, alignment with business strategy and tracking against targets. The findings also suggest that diversity and inclusion is still seen as nice-to-haves in some grocery businesses rather than key priorities such as customer preferences and satisfaction.

How then can your business capitalise on the diversity dividend? High-level policies and isolated initiatives are useful, but can only go so far in moving the dial. What's clear from businesses that are making the strongest progress on diversity real impetus is that this requires the same board-level direction, organisation-wide push and regular reporting, intervention and incentives that would be applied to any other strategic priority. In short, diversity and inclusion are part of the organisational strategy and its cultural DNA.

I hope the research and recommendations provide useful insights into how to move the dial on diversity and inclusion within your business. If there are any aspects of the research you would like to discuss further, please feel free to get in touch.

Jon Terry
People and Organisation Consulting Partner
PwC UK

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For over 30 years, The MBS Group has been championing diversity in the food and grocery sector globally. Creating diverse leadership teams is not only right morally – but, particularly in our sectors, diversity is a commercial imperative. Simply, the leadership of consumer businesses need to reflect the wider population we serve – being representative of all decision makers in the consumer purchasing journey.

It is therefore a pleasure to partner with both PwC and the IGD to create this report – the first of its kind exploring the true state of diversity, in all its characteristics, across the entire food and grocery sector. We have huge respect and admiration for both PwC and the IGD – and the leadership they are showing in promoting more diverse and inclusive businesses – and we would be honoured if our research complements and adds to their existing leadership in this area.

Grocery and food is very much a data led sector – and it is our hope and belief that by providing our sector with a snapshot of diversity today, the findings will enable organisations to benchmark themselves against their peer group, and adjacent sectors / industries – and to act as a catalyst to change and development.

Additionally, we are proud that this report looks beyond the data to explore some 'best-practice' of what companies are doing to drive diversity and inclusion in their businesses. Undoubtedly there are some phenomenal initiatives, across a multitude of businesses – and their work and achievements need to be showcased widely.

The food and grocery industry can be proud of the progress it has made to date changing the dial in diversity – but it is clear from this report that there is still some way for us all to go.

There are too many people for me to thank individually, however, I would like to single out Jon Terry at PwC for his ongoing partnership and support – and Andy Higginson (President of the IGD) and Susan Barratt (CEO of the IGD) for ensuring diversity is top of the agenda for the entire food and grocery industry. I am also indebted to our Steering Group (Stewart Gilliland, Jo Whitfield, Johanna Dickinson and Anne Bordier) for guiding and directing this work. Lastly, I would like to thank my entire team at MBS – but in particular, Huw Llewellyn-Waters (the Director of our Global Consumer Practice) and Simon More – for going above and beyond leading the research and development of this project.

The MBS Group will continue to be an advocate of diversity and inclusion and I hope this report plays at least some small part in continuing to drive positive change across our sectors.

Elliott Goldstein
Managing Partner
The MBS Group

Executive Summary

This report is the first of its kind in the food and grocery industry. Drawing on data captured from over 200 companies, and conversations with more than 100 Chairs, CEOs and Human Resources Directors, it aims to paint a true picture of diversity and inclusion in the industry and to highlight examples of practices being implemented to achieve greater diversity.

Of those interviewed, 84% felt that their company is performing better today than they were five years ago on diversity and inclusion; however, less than half of companies have a coordinated D&I strategy or approach. An understanding of the importance of diversity and inclusion, as well as a genuine desire to do more, are in strong supply across the industry – however, this is sometimes coupled with a slight reluctance to talk openly about it for fear of being seen to be 'behind the curve'.

On gender, an average of 27.6% of Board roles are occupied by women. At Executive Committee level this drops to 22.2%, while 35.9% of Direct Reports (into the Executive Committee) are women. Compared with the latest Hampton-Alexander Review figures, food and grocery is ahead of the FTSE 350 cross-industry average at the Executive Committee and Direct Reports levels, though our sector is unlikely to reach the Hampton-Alexander target of 33% women by the end of 2020.

WOMEN IN LEADERSHIP ROLES

Level	FTSE 100	FTSE 250	FTSE 350	Food & Grocery
Board	32.4%	29.6%	30.6%	27.6%
Executive Committee	23.1%	18.6%	19.9%	22.2%
Direct Reports	29.3%	27.9%	28.3%	35.9%

Gender representation varies widely by function: whereas, in our sample, 9% of the most senior functional head of manufacturing or operations are women, the split is close to 50/50 in marketing while over 70% of the most senior HR roles are held by women. Consistent with all industries, the number of women in the most senior company roles of CEO, CFO and Chair is very low – all falling below 10%.

At 11.4%, the percentage of Board members in the food and grocery industry from a BAME background is very close to reflecting the UK working age population at large (12.5%). 5.7% of Executive Committee members and 7.1% of Direct Reports are BAME.

BAME REPRESENTATION

Board	Executive Committee	Direct Reports
11.4%	5.7%	7.1%

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Looking behind these headline figures, ethnic diversity varies considerably across individual companies; almost half of the companies we surveyed have zero BAME Direct Reports to the Executive Committee, whilst at the other extreme, one company had 80% BAME leadership at the Executive Committee level. In part, this reflects the varying levels of ethnic diversity in the UK at a regional level. Most companies do not collect complete data around ethnic diversity.

When asked to consider their wider senior leadership teams, 27% of interviewees were able to identify an openly LGTBQ leader within their business. 15% were able to identify someone with a physical disability, though no one was identified at the Executive Committee level, despite 19% of the working age population having a disability.

As most companies do not collect data on LGBTQ and disability, it is difficult to measure how accurately the food and grocery industry workforce reflects wider society. The most common approach to the LGBTQ agenda is to focus on promoting an inclusive working environment, often by working with external not-for-profit organisations. The approach to physical disability tends to be more reactive than proactive – particularly in dealing with injuries sustained in the more physical parts of the industry. However, relatively little is known about how effective the industry is at attracting candidates with a disability – especially given UK government figures showing a 30% employment gap between disabled people and the working population at large.

With a backdrop of an ageing population, the workforces of companies in the food and grocery industry are changing. It is now common for businesses to have three generations within the same teams, while constantly evolving advances in digital and technology are resulting in companies looking to new talent pools and reskilling existing employees to meet the challenge. At the leadership level, across a sample of more than 50 companies, the average age of Board members in food and grocery is 57 years old. This is slightly below the average across the FTSE 350 of 60 years old, while at 54, the average age of Executive Committee members is in line with the FTSE 350.

Nearly 70% of interviewees believe that food and grocery is one of the best industries for promoting social mobility, while two-thirds of companies reported that they are taking active steps to encourage it. Measuring success is difficult, though, as there is not only a lack of data in most companies but there is also a lack of clarity around how to define social mobility and what indicators individual companies can realistically assess progress against.

Nationality is an often-overlooked aspect of diversity, though – as evidenced by our research – it is sometimes confused with ethnicity. In the context of a looming labour shortage and the UK's changing relationship with the EU, this could be a useful lever for improving productivity. Across a sample of 50 companies across the food and grocery industry, 82% of Executive Committee members are British. This compares with an average of 73% across the FTSE 350. Of the remaining Executive Committee members, there is a strong bias towards EU nationals (13% versus 5% of nationals of non-EU countries).

At Board level, 64% of roles are occupied by British nationals within the industry (compared with 68% across the FTSE 350) and the split of EU and non-EU nationals is much more evenly weighted (19% and 17% respectively).

Through PwC's detailed maturity assessment survey covering diversity and inclusion strategy, leadership and the tone from the top, HR policies and processes, and other diversity and inclusion initiatives, this report also considers how the food and grocery industry's approach compares with other industries.

Analysis by PwC shows that the median gender pay gap within the food and grocery industry is lower than the UK economy as a whole (6.8% versus 9.6%); however, fewer than 10% of companies surveyed are prepared for ethnicity pay gap reporting if it is introduced in the coming years.

Ten steps for a more diverse and inclusive workplace

We've developed this simple checklist of common themes and learnings from our research and conversations with companies – we hope it will help you identify practical steps you can take to move diversity and inclusion forward in your own business.

1. Define what diversity and inclusion means for your organisation

- Be clear why it's important to you – for example: responding to skills shortages; addressing a gender pay gap; better reflecting your customer base
- Think about the levers of diversity you can pull – gender is often a good place to start, but ethnicity, social mobility or age may be more relevant to you
- Articulate what success will look like – you may want to do this for the whole organisation and/or specific business functions

2. Identify your strengths and priorities for improvement

- Be forensic and honest – most of the companies we talked to recognised this is a new area of management with a lot of work to do
- Use this report to help you – you can use the PwC model to frame your thinking, the benchmarking data to compare your own performance or read the in-depth case studies for practical inspiration

3. Lead from the top

- Approach diversity and inclusion like a change programme – you are more likely to make sustained progress if it is a priority for your entire leadership team, not just HR
- Create ownership – appoint a leader with a clear mandate and the authority to champion diversity and inclusion. If you cannot afford to create a dedicated role, this could be a development opportunity for one of your rising talent
- Develop and embed inclusive leadership – this may require a specific intervention to build a common understanding and set of behaviours among your senior leaders; the more advanced companies have set performance metrics relating to inclusion

4. Set targets and measure progress

- This was a common theme in our research with a strong consensus that 'what gets measured gets done'
- Communication of progress and transparency are also key

5. Foster an inclusive culture and mindset

- Create an environment where everyone can be at their best – simple changes such as a more relaxed dress code or more radical ones such as an office move can have a big impact
- Empower your internal champions – employee focus groups, internal networks and reverse mentoring schemes were often mentioned as powerful mechanics to drive change

6. Educate and support your line managers

- Equip your line managers to support their teams and take action – they need to be prepared to model the right behaviours, spot issues and face into sometimes difficult conversations
- Consider providing training on 'unconscious bias' – this is a practical step that many companies have found to have a significant impact and help shift behaviours

7. Identify and prioritise interventions

- These can be company-wide programmes or a toolkit of targeted interventions that line managers and employees can access (such as coaching and mentoring)
- Examples of interventions mentioned in our research include: strong discrimination policies, new recruitment practices, progression programmes, strengthened employer branding and communication, flexible working and support for parents and carers, benefit packages, physical changes to the equipment and office environment and agile working practices

8. Share success stories

- Identify and showcase positive role models – they are a great way to bring diversity and inclusion to life in your organisation and inspire emerging talent
- Celebrate success and progress – your own internal communication channels are a great way to do this or you could consider entering an industry award

9. Learn from others

- Learn from companies that are prepared to share their stories – the in-depth case studies in this report provide a starting point; you can also share experience with your peers
- Make the most of the wide range of business networks available in our industry – we've provided some suggestions at the end of the report

10. Keep diversity and inclusion high on your organisation's agenda

- Taking a long-term test and learn approach is often quoted by the more advanced companies as a key to success

Research findings

Purpose and methodology

With the understanding that 'what gets measured gets done', in this report we have set out to understand the status of diversity and inclusion within the UK food and grocery industry.

There are several initiatives and networks already working hard to improve diversity, both within and beyond the industry, but this is the first research of its kind to consider how the food and grocery industry specifically – and in its entirety – is performing in the UK. Our research is not intended to be judgemental, and nor is it designed to distract from those existing initiatives. Instead, our intention is to set out an honest view of 'where we are', as well as extolling examples of best practice for organisations across the industry – of which there are many.

To represent the industry as fully as possible, our research has spanned companies operating at scale across all sub-sectors in the UK – from grocery retail through to FMCG and manufacturing, and from wholesale through to logistics – and has centred around two key pillars.

1. Over the past few months, The MBS Group has captured data on and profiled the leadership teams of the 200 largest companies across our industry. Specifically, we have concentrated on the three highest leadership levels:
   - Boards (excluding Executive Directors), where applicable
   - Executive Committees
   - Direct Reports (in other words, all those who report into the Executive Committee, excluding administrative staff)

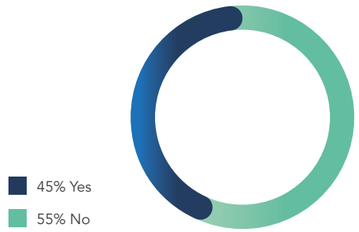
   In order to retain our focus on the UK industry, for international businesses we have looked at the most senior leadership team operating in the UK. So, for a global business headquartered in the UK, it will be the group leadership; for a global business headquartered outside the UK, we might have looked at the UK or EMEA leadership team, for example, whichever is the most senior team operating here.

2. To get under the skin of the challenges affecting the industry, and what it is doing to respond to them, The MBS Group conducted in-depth interviews with more than 100 CEOs, Chairs and HR Directors.

In this chapter, we analyse how the industry is tackling diversity and inclusion at the strategic level, as well as how it is performing in seven key areas of diversity: gender, ethnicity, LGBTQ, disability, age, nationality and social mobility.

Do we have the right diversity and inclusion strategies?

COMPANIES WHO HAVE A COORDINATED DIVERSITY AND INCLUSION STRATEGY



Just less than half of companies interviewed as part of our research self-report that they have a coordinated diversity and inclusion strategy, plan or approach in place. While this headline figure demonstrates that there is a long way to go, there is certainly a genuine level of engagement in the topic. Almost universally, the importance – and benefits – of diversity were well recognised across the industry, and it is met with genuine intent to do more.

Disappointingly, a small group of companies were unwilling to engage with this research, instead pointing us towards vague statements on their company websites or in annual reports, but in the main we detected a real appetite to grapple with the challenges and opportunities of diversity and inclusion.

As a starting point, many of those interviewed commented on the widespread gender imbalances within the food and grocery sector, with several making reference to the impact these had on equal pay. Across the board, the barriers to success on D&I were considered to be industry-wide problems, rather than organisationally-specific. Whilst there was also a general acceptance that gender pay gap reporting has shone a spotlight on gender diversity, so far it appears to have had more success raising awareness than it has in providing solutions. One respondent commented:

> *I'm conscious that we still use quite old language about equal opportunities policies and so on. The new legislation has forced us to get under the numbers and understand the composition of the workforce better, though.*

There was a clear narrative running through several of the interviews that, despite admitting that there were gender imbalances through the industry, some struggled to understand the need for a coordinated D&I strategy. Instead there is often a focus on individual policies such as taking a zero-tolerance approach to discrimination or, for example, reactively widening doorways to accommodate wheelchairs. This was applicable even to some of those that claimed to have a D&I strategy.

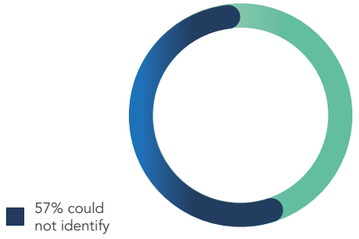
> *Though we always had policies in place, they had more of a reactive approach. Bullying, harassment and opportunities were taken seriously. But when we looked for proactive steps to promote D&I, there was no depth and certainly no strategy.*

This was a recurring theme, with many stating that their 'strategy' is often limited to taking a reactive approach, preferring to tackle 'bad behaviour' rather than think proactively about the strategic impact D&I might have on overall organisational performance.

On the other hand, companies that are more advanced on D&I are working hard to ensure that it is baked into wider business goals, such as embedding it into the company's overall strategy or values – therefore ensuring it is part of the metrics leaders are measured against and incentivised on throughout the organisation.

Role modelling is a well-recognised tool for improving diversity and it was striking in our interviews that this is perhaps also true at a company level in the food and grocery industry. When asked who they believe is operating at a 'gold standard' on diversity in the industry, more people were unable to name a single company than those who could. Of those that were able to name a company, no clear themes emerged and very often those that were named were operating in a different part of the industry and are therefore perhaps difficult to replicate.

INTERVIEWEES WHO COULD IDENTIFY A COMPANY WORKING AT 'GOLD STANDARD' ON D&I



It seems clear that very few companies in the industry have a truly developed and strategic approach to D&I that others might look up to. Although the majority have started with an initial focus on gender diversity, few companies have progressed far beyond this.

For companies that are early in their D&I agenda, there is a great deal of interest in progressing further, but this keenness is often coupled with a general sense of nervousness to talk about it openly. Despite having good intentions, many of those we interviewed appeared slightly defensive or cautious of saying the wrong thing – perhaps due to a widespread fear of appearing 'behind the curve'. It was apparent in our conversations that not being able to openly talk about diversity is holding some companies back.

> *If you were to ask my CEO if there have been any significant changes [on D&I] over the past two years, they would say 'no' – because to say yes would imply we were in the wrong before.*

When we drilled down into the practices of those companies reporting to have a D&I strategy it was interesting to see that, generally, it was sponsored – or at least championed – by the CEO or MD (61%). For 32% of companies, it was sponsored by the HR department with only 7% claiming sponsorship elsewhere in the organisation (for example, the communications team). For suppliers, pressure from retailers looking at the diversity of employees in their supply chain has forced 'senior leaders to sit up and pay attention.'

While it is important that diversity and inclusion is a priority for the leadership team and that they in turn set the tone throughout the organisation, companies seeing positive change are making progress by engaging the grass roots. When asked about how they had developed their strategies, many companies shared examples of focus groups, surveys and inviting people to write in with personal stories. Several shared experiences of this – although one respondent pointed to the importance of strategically sourcing relevant ideas and avoiding 'turning into agony aunts receiving grumbles and complaints.'

Across the board, however, those that had sourced opinion and comment recognised the value this had brought in engaging the workforce in the importance of D&I.

> *Within the company, we're open to discussing diversity and inclusion needs. Two colleagues set up the 'see what you can see' initiative. They went to all leaders and asked how D&I is important to them, and if they had personal stories to share across the business. In under a week, 20-25 people signed up and released media about themselves, their family or their parents. They felt open enough to talk about their personal life and challenges in a genuine, transparent way.*

An important element of any strategy is how results are measured and reported. Although many of the organisations surveyed regularly publish information on the gender pay gap and the diversity of the Board and Executive Committee, lots admitted to finding it difficult to collect data on D&I. One commented:

> *It's hard to really understand what diversity we have. It's easy to work out gender, and to an extent ethnicity, but beyond that we have no data.*

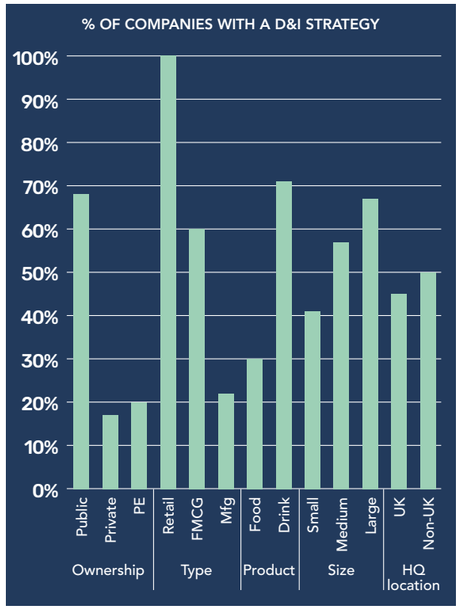
Another shared a similar view, suggesting that this had impacted on their ability to establish a strategic approach to D&I:

> *It was apparent, very quickly, that we didn't have any robust data we could build a strategy on. This year we've taken action to get it. We need to see the shape of our organisation in terms of ethnicity, religion and sexuality. Then we can work out if there are differences in engagement, training development and recruitment etc. Afterwards, we can track the data of those applying and their success rate through process.*

Finally, 84% of those interviewed believe their company is doing better on D&I today than five years ago and 80% believe D&I is sufficiently high up on their own personal agenda.

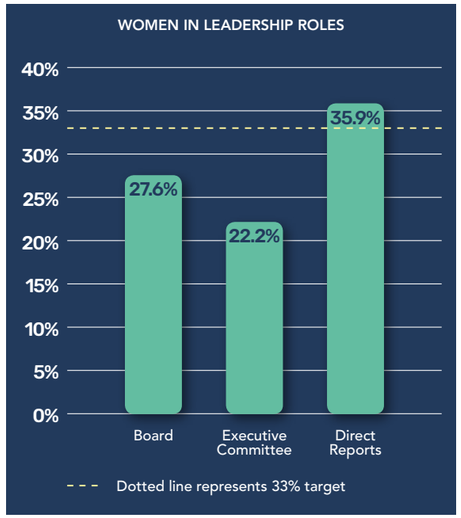
BENCHMARKING WITHIN THE INDUSTRY

Most promisingly, 100% of all retail businesses we interviewed have a specific D&I strategy in place. We found that bigger businesses, and those publicly owned, are more likely to have a D&I strategy than smaller businesses or those private equity backed. In terms of product, food companies significantly outperform those in the drinks category.



Gender

HEADLINE FIGURES



The Hampton-Alexander Review sets out a target for all FTSE 350 businesses to reach 33% female representation across their Boards, Executive Committees and Direct Reports (into the Executive Committee) by the end of 2020. While the UK food and grocery sector contains a number of FTSE 350 constituents, most companies do not fall under that categorisation and as such are not subject to this level of scrutiny. Nonetheless, it is a useful benchmark against which we can assess the performance of the industry.

Most encouragingly, amongst the Direct Reports community, the industry is already above the 33% target and this demonstrates that if companies adopt the right approach, there is a strong pool of talent that can rise up to the Executive Committee and, over time, Board level roles.

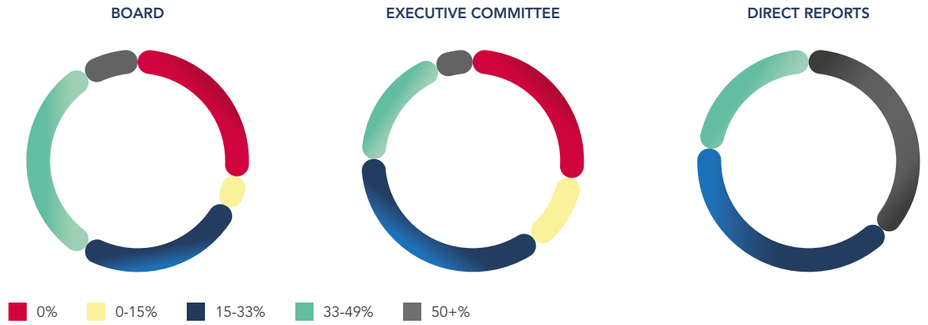
Compared to the performance of companies across the FTSE 350, as reported in the 2019 Hampton-Alexander Review, female representation at Board level is a few percentage points lower in food and grocery (27.6% versus 30.6%). Considering how many non-listed businesses there are in the industry, it is perhaps surprising that the figures are as close as they are.

At the Executive Committee and Direct Reports levels, however, food and grocery is performing particularly strongly against the cross-industry benchmark as shown in the table below.

HOW FOOD AND GROCERY COMPARES TO THE CROSS-INDUSTRY 2019 HAMPTON-ALEXANDER REVIEW FINDINGS

Level	FTSE 100	FTSE 250	FTSE 350	Food & Grocery
Board	32.4%	29.6%	30.6%	27.6%
Executive Committee	23.1%	18.6%	19.9%	22.2%
Direct Reports	29.3%	27.9%	28.3%	35.9%

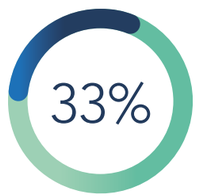
BENEATH THE SURFACE – COMPANY BY COMPANY PROGRESS



While the headline figures look encouraging for the industry as a whole, it is also important to consider how the picture looks at a company-by-company level. It is notable, for example, that more than a quarter of the UK Boards we profiled comprised no women at all. At the Executive Committee level, this figure rises to nearly a third. While all companies have some female representation at the Direct Reports level, 10% of interviewees were unable to identify a single *notable* female leader across their wider leadership team.

COMPANIES WITH NO WOMEN AT BOARD LEVEL

COMPANIES WITH NO WOMEN AT EXECUTIVE COMMITTEE LEVEL



COMMENTARY

While powerful and high-profile initiatives like the Hampton-Alexander Review and its forerunner the Davies Review have helped drive meaningful progress over a sustained period, they have shone the light most brightly on a relatively narrow set – the very top leadership teams of listed businesses.

The most significant impact of the introduction of mandatory gender pay gap reporting in 2017 has been to extend the focus much more widely. Not only has it broadened the reach to include most companies of scale operating in the UK, but it has also brought to the surface how gender inequalities look across companies' workforces as a whole.

Being highly visible and transparent in nature, gender pay gap reporting has helped elevate the importance of gender diversity on many companies' agendas. Moreover, by forcing companies to ensure they have a handle on the data, it provides the framework and the baselines needed to drive further progress.

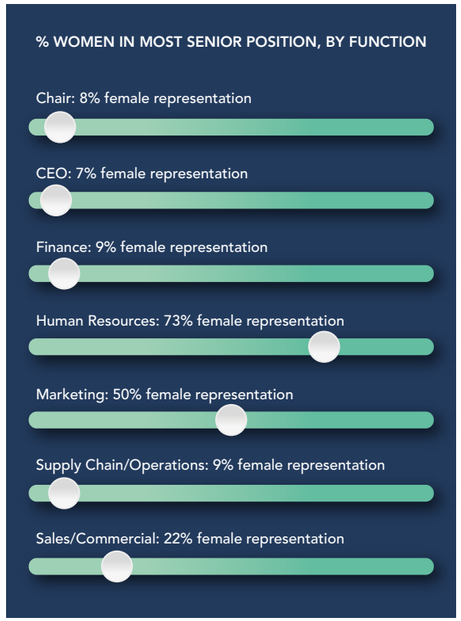
Availability of data is a distinct advantage for tackling gender diversity – it is easy to define, collect and understand. Combined with the pressure of pay gap reporting, it is an obvious place for many companies to start when it comes to improving D&I and indeed this came through strongly in our interviews.

Companies translating understanding into action are harder to come by. A third of businesses interviewed have developed only very rudimentary plans for addressing both their pay gaps specifically and gender diversity more broadly. A small number of organisations have made no plans at all so far. And there's no quick fix: one company considered to be at an advanced stage in its

gender diversity strategy reported that it will still take nine years to close their pay gap.

A functional lens

While there are reasons to celebrate how the food and grocery sector is currently performing on gender diversity, there is clearly a way to go. It seems clear from our interviews that one way of unlocking further progress is to look at it through a functional lens. Almost all companies reported that there are some functions where gender diversity is much more difficult to achieve, and this is borne out in our research.



The barrier to successful recruitment and retention of women was discussed in detail with respect to specific job functions. Those functions considered to be more challenging in terms of gender parity included manufacturing, operations, supply chain, IT, accounting, physical and manual labour, engineering, warehousing, driving, factories and traditional STEM roles.

A handful of businesses have taken an active role in sponsoring school and university students to take on STEM subjects, while others reported that they have turned to international pools of talent – particularly from Russia and Poland – to introduce more women from a STEM background to their workforce. Meanwhile, the fact that manufacturing is becoming increasingly automated is opening up the opportunity for more flexible working in some factories.

HR, on the other hand, was correctly identified by interviewees as a function that faces a diversity challenge 'the other way', with many more females holding these roles. Marketing tends to be well balanced between men and women.

Sales was singled out as a particular challenge for gender diversity within the food and grocery sector, though there is a view that some progress has been made over the last five to ten years. At the more junior level, some companies considered field sales a 'golden opportunity' for recruiting diverse talent from outside the sector.

Nonetheless, this change does not appear to have trickled through to the highest leadership roles in the function, where our data suggests nearly four out of five of the most-senior sales/commercial leaders are men. Moreover, the prevalence of different bonus and incentive structures in sales can mean it has an overweight impact on gender pay gap reporting.

There is also a particularly severe shortage of women at the most senior corporate level within the industry, with less than 10% of Chair, CEO and CFO roles held by women. The evidence shows that this is a cross-industry issue. For example, across the FTSE 350 just 4% of CEOs are women according to the 2019 Hampton-Alexander Review – something it highlights as an issue that extends internationally too.

A sector lens

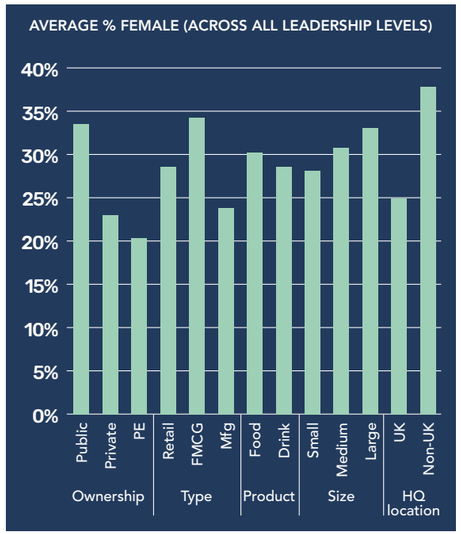
Gender diversity also varies when you dissect the food and grocery industry by sector. Meat and fishery are two sectors that tend to be especially challenged on gender diversity, with reports that they are still seen as 'macho' or labour intensive. Gender stereotypes were similarly reported in the bakery sector, where companies are tackling a perception of men being in the more physical side of the business and women in the more decorative side. Anecdotes such as these pop up throughout the industry – but there are encouraging green shoots of progress. In the meat industry for example, the need to adapt to rising consumer interest in veganism and plant-based alternatives has driven a shift in gender diversity.

Gender identification

For a significant minority of interviewed businesses, gender identification is emerging as a challenging area of interest, matching the increased discussion of the topic in general media and public discourse. While it appears to be in the consciousness of HR leaders, progress is relatively nascent in terms of proactive initiatives. Companies that are taking concrete steps include a retailer that has rolled out training on gender pronouns and how to discuss and address those who identify in different ways – ultimately seeking to create a safe space to talk about gender identification. A food manufacturing business is actively engaging in a project to consider how gender identification is affected in the most operational areas of its business, often viewed as a more 'traditional' environment.

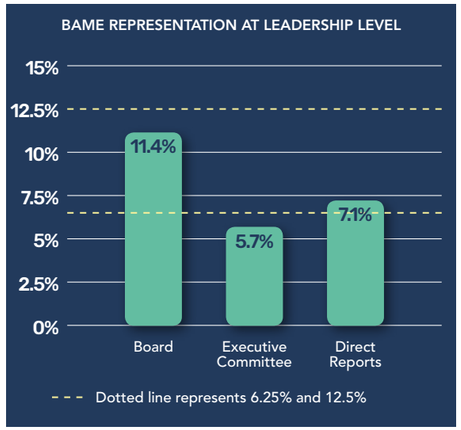
BENCHMARKING WITHIN THE SECTOR

Non-UK based companies are leading the way on gender diversity, with 37.8% female representation in their leadership teams compared with 24.9% in those headquartered here. Publicly listed companies outscore those privately held or private equity backed, with 33.5% female representation compared to 23.0% and 20.0%, respectively. FMCG is the best performing sector in the food and grocery industry, with 34.2% representation.



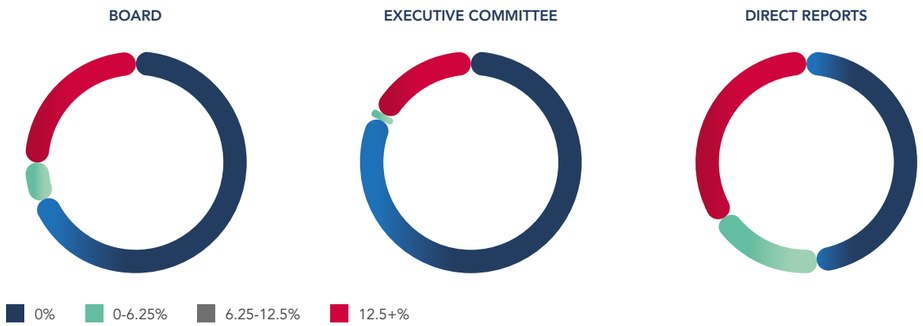
Ethnicity

HEADLINE FIGURES



The McGregor-Smith Review into Race in the Workplace provides baseline figures for the UK population against which we can compare BAME (black and minority ethnic) representation in the food and grocery industry. It states that 12.5% of the UK working age population is from a BAME background, while 6.25% of business leaders are across all industries. At Board level, the food and grocery industry almost reaches the UK-wide working age population, while at 7.1%, BAME representation at the Direct Reports level is above the cross-industry average for leaders.

BENEATH THE SURFACE – COMPANY BY COMPANY PROGRESS



There is a note of caution attached to these headline figures, however, as many companies simply do not capture the relevant data to understand the ethnic makeup of their leadership teams or wider workforce. It is possible – indeed likely – that those companies that do collect the data are at a more advanced stage on diversity and inclusion generally.

Looking behind the headline figures, it is clear that there is a wide discrepancy at a company-by-company level. Nearly half of businesses have no BAME representation at the Direct Reports level, and 83% of companies have no BAME representation on their Executive Committees.

COMMENTARY

It was evident in our interviews that for most companies, ethnic diversity is a much less well-developed area of their D&I approach, especially compared to gender. One of the biggest stumbling blocks is the lack of reliable and complete data.

While a number of companies reported that they do capture ethnicity data as part of their recruitment process, this does not provide an accurate reading of the workforce as a whole. The fact that the government is likely to introduce mandatory ethnicity pay gap reporting provides an important incentive for companies to get a grip on their data, but it seems that few are taking a proactive approach at this stage.

A second major stumbling block to ethnic diversity we found in our interviews was a lack of understanding around how to define it. This appeared, at least in part, to be a symptom of a wider nervousness about 'saying the wrong thing' and it was clear that many people simply do not feel comfortable talking about ethnicity in their business. Across a significant minority of interviewees, there appeared to be a misunderstanding about the difference between 'ethnicity' and 'nationality'.

In this sense, our findings accord with research by Business in the Community. In its 2015 Race at Work survey of nearly 25,000 UK employees, one of the key findings was that employers were not comfortable talking about race – particularly compared to gender, age and sexuality. In response, they produced a pocket guide called 'Let's Talk About Race', written by Sandra Kerr OBE, which encourages employers to be more confident in discussing the topic, as well as avoiding questions and statements likely to avoid offence. "Where do you come from? No, where are you really from?" is one such question it encourages people to avoid, and which chimes with the confusion around ethnicity and nationality experienced in our interviews.

Also discouraged is the assumption that one BAME individual can speak for the BAME population at large. In our interviews, companies that were more advanced on ethnic diversity often had created and empowered network groups across the workforce to promote and understand the issues affecting ethnic diversity in the workplace.

Is the food and grocery sector attractive to people of all ethnic backgrounds?

In the 2018 Business in the Community 'Best Employers for Race' index, only two out of a total of seventy companies came from the food and grocery industry. We often find that sectors such as professional services, the public sector and financial services dominate such lists, in part due to a perceived cultural preference among certain ethnic groups for these career paths.

As an industry, therefore, there is an opportunity to ensure that food and grocery is seen as an attractive place to advance your career no matter your ethnic background – particularly given the positive findings in our research.

Internally, some companies highlighted cultural awareness events, such as activities around Black History Month and Diwali, as being effective. Drawing attention to BAME role models has also proved to be a successful tool in increasing the attractiveness of businesses in the industry.

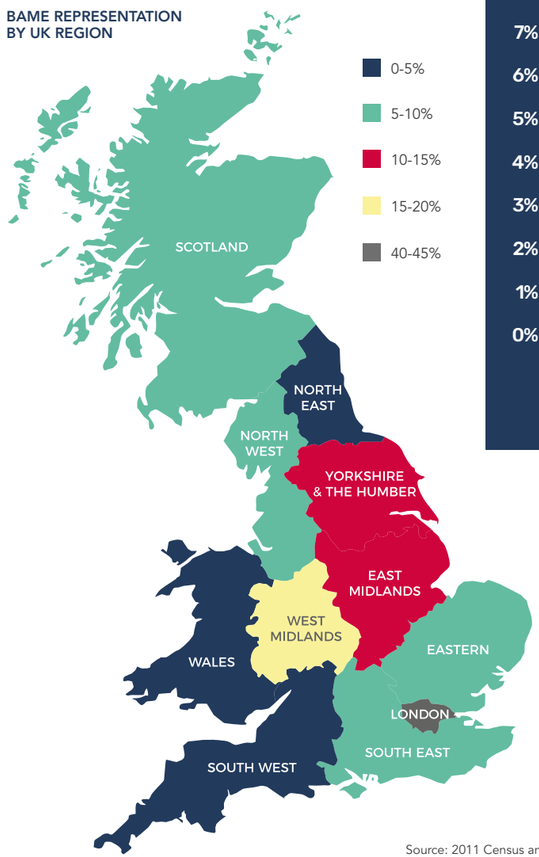
As with gender diversity, though the data is less clear here, sales is perceived to be one of the least diverse functions from an ethnicity perspective. Similarly, as one retailer reported, BAME representation appears to be much higher at a more junior level, but it is not always converting into senior leadership roles.

Importance of the local population

One point that was made frequently in our interviews is that ethnic diversity can vary quite significantly around the UK – and accordingly, it is likely that the level of ethnic

diversity within a company will be to some extent determined by where its workforce is based. Multi-site businesses – whose operations can be spread right across the UK – see this most clearly.

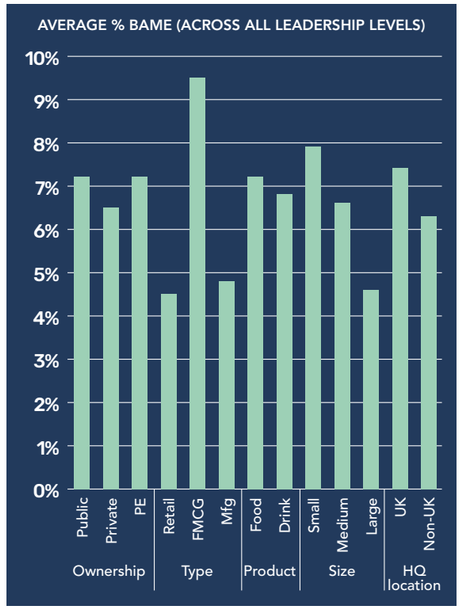
According to the most recent Census data, for example, the non-white population of London is upwards of 40%, whereas in Wales it is little more than a tenth of that (4.4%). As was highlighted by one of our interviewees, it would be unreasonable to hold a company based in the Highlands of Scotland to the same standards as one based in London. This was a point that many manufacturing businesses raised, given that they tend to be based outside major cities.



Source: 2011 Census and 2011 Scotland's Census

BENCHMARKING WITHIN THE INDUSTRY

FMCG companies lead the way on ethnic diversity with 9.5% BAME representation on their leadership teams – twice as much as businesses from the retail and manufacturing sectors. Alcohol companies performed particularly poorly, with only 4.8% BAME representation. In terms of size, the smaller companies we interviewed had a more diverse ethnic makeup than the larger ones.



LGBTQ

According to 2017 Office of National Statistics (ONS) figures, 6.8% of the UK population do not identify as being heterosexual. However, a subsequent Government Equalities Office (GEO) National LGBT survey highlighted that 70% of respondents avoid being open about their sexual orientation in certain settings and, in particular, 19% are not open about it in their workplace. The survey reveals generational shifts in attitudes, which could mean that more senior staff – who tend to be older – may be less likely to be open about their sexuality. However, our interviews clearly suggest that sentiment has changed dramatically in the last 15 years.

A lack of usable data is one of the key barriers to understanding how the food and grocery sector at large is performing in this aspect of diversity, as well as individual companies. Though some companies have used surveys to help build a picture, there is really no reliable way to measure the sexual orientation of workforces or leadership teams. Indeed, in some circumstances trying to do so could be counter-productive from an inclusion point of view.

In our research, we found a little over a quarter (27%) of interviewees could identify someone within their wider leadership team who is openly LGBTQ. Because companies do not collect this data specifically, it is virtually impossible to assess how the industry compares to the wider population. Anecdotally, it seems that companies tend to be either very progressive or not very advanced in their approach to LGBTQ diversity; few appear to fall in the middle ground.

Largely because of the data challenge, it was clear in our interviews that when it comes to LGBTQ, proactive companies are focussing on inclusion. Accordingly, awareness events such as Pride and working closely in partnership with external organisations such as Stonewall tend to dominate how companies in the industry address the LGBTQ agenda.

A few businesses did acknowledge that LGBTQ is sometimes not viewed with equal priority in different parts of their business – for example, in a factory environment as compared to the head office.

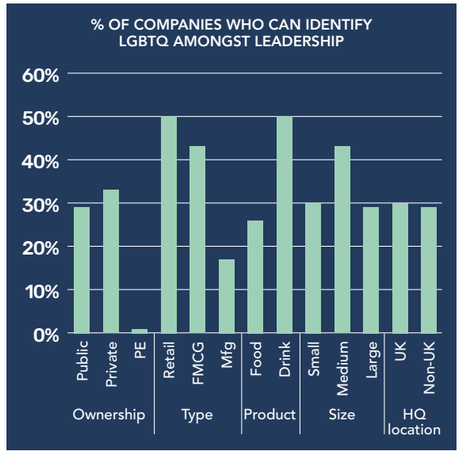
For less advanced companies, as with many other areas of diversity, a more reactive approach is in evidence. The GEO National LGBT survey highlighted that 23% of people within the LGBT community have experienced a negative reaction to their sexuality in the workplace. Ensuring policies are in place to protect the workforce against discrimination is therefore an important first step.

Overall, most companies we spoke to reported that they are doing something in this area of diversity, but few have reached a point where it forms part of a coordinated D&I strategy.

The difficulty to measure progress in LGBTQ diversity should not be an excuse for complacency. It is notable that in the Stonewall Top 100 Employers list of 2019, there are no companies from the food and grocery sector. Outside of government and not-for-profit organisations, the list is dominated by companies in the legal sector and professional or financial services.

BENCHMARKING WITHIN THE INDUSTRY

The LGBTQ community is best represented in FMCG-type businesses and alcohol companies specifically. While only 15% of fresh food companies could identify an openly LGBTQ colleague in a leadership position, a promising 67% of those from an alcohol business could. There is particular work to be done in private equity-backed businesses, where there was a significant lack of openly LBGTQ leaders.



Disability

Like LGBTQ, disability is an area of diversity where it is difficult to measure progress by looking at the data. One business interviewed had discovered that 25% of its workforce has a physical or mental disability – but most companies simply do not know their figures. In our research, 15% of businesses interviewed were able to identify someone within their wider leadership team who is physically disabled. However, it is striking that we are not aware of a single person with a physical disability working in any Executive Committee position across the industry.

Official numbers show that 19% of the working age population in the UK is disabled, as defined by the Equality Act 2010. Government figures also show that there is a 30% employment gap between disabled people and the working age population at large.

What scant data we do have suggests that more can be done to understand whether such a gap exists in the food and grocery sector, and whether or not there are systemic issues that prevent physically disabled individuals joining the sector and advancing to the most senior leadership levels.

Amongst those companies we interviewed, physical disability is generally not an area of diversity that is being treated as a priority or looked at proactively. However, one company that has been taking a proactive approach is Procter & Gamble, whose progress in this area is covered in more detail in the Views from the Industry section of this report.

Many parts of the food and grocery sector can be physically labour intensive and at a reactive level, there is a clear sense from our interviews that ours is an industry that looks after people who sustain physical injuries in the workplace. Similarly, employers are working hard to ensure that they comply with their legal obligations to make adjustments in the workplace or in hiring processes. The question that needs to be asked is how effectively the sector is attracting those candidates in the first place – especially given its reputation for being physical. Indeed, almost all respondents in our research could not recall ever interviewing a physically disabled candidate.

Of course, not all forms of disability are visible, and a number of companies are taking practical steps to consider how well set up they are from a neurodiversity point of view – in particular in their hiring processes. This is an area that is gaining momentum in wider business discourse and can help ensure diversity of thought.

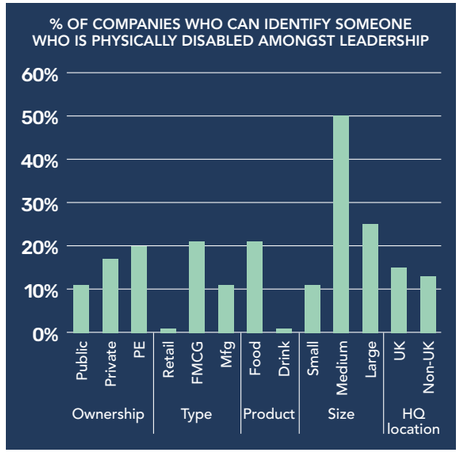
As defined by ACAS, neurodiversity refers to the different ways the brain can work and interpret information. It is estimated that more than 15% of the UK population are neurodivergent – a term that encompasses attention deficit disorders, autism, dyslexia and dyspraxia. Companies we spoke to are focusing on reducing stigmas around neurodiversity and ensuring line managers are better able to get the best out of a neurodivergent workforce, in turn opening up a talent pool that might otherwise be overlooked.

We heard numerous anecdotes about how neurodiversity has increased teams' problem-solving abilities, as well as an increased awareness of employees who are diagnosed later in life. That said, it is undoubtedly an emerging area of focus and some people we interviewed urged caution against 'jumping on the bandwagon' too quickly, before the topic is better understood.

Although our interviews did not specifically focus on wellbeing, mental health was frequently raised as an important part of the inclusion agenda. Here, companies seem to be taking a much more proactive approach, often working with external partners such as the charity MIND. Mental health ambassadors and trained colleagues are said to be just two powerful tools that companies are employing.

BENCHMARKING WITHIN THE INDUSTRY

The food category is making the most progress when it comes to disability representation, with 21% of the companies we interviewed reporting to have a physically disabled person on their leadership team. There is more work to be done in the retail sector, which trails behind manufacturing and FMCG in disability representation.



Age

As part of our research, we looked at the age profiles of the Boards and Executive Committees of around 50 companies with publicly available data and benchmarked it against the FTSE 350 as a whole. At Board level, we found the average age of current members in the sector is 57, slightly below the cross-sector average of 60. The age of incumbents varies drastically, from 26 to 85 – although the numbers at either end of the age scale tend to be due to family-owned businesses.

The average age to take up a Board level role in the industry is 56.

Looking at Executive Committee level, the average age is broadly in line with the FTSE 350 average (54 versus 53), with an age range of 32-62. The average age to take up a role at this level in the industry is 47.

Many companies are seeking to find ways to bring younger people onto their Boards and wider leadership teams to ensure they are being guided and governed by people who understand the customer of the future.

Looking at the wider workforce, age diversity appears to be low on the list of priorities when it comes to D&I – but is certainly in the consciousness of HR Directors in particular. There are many ways in which it is impacting businesses.

An ageing population presents challenges and opportunities for businesses but, in the physical parts of the industry in particular, there's a general sense that succession planning has been poor. Meanwhile, as one HR Director reported to us, individual businesses are now often made up of multiple generations within the workforce, which can impact on the company dynamic.

In an environment of constantly-evolving technological change – particularly in digital – and fast-changing consumer habits, companies are looking to new talent pools and reskilling existing employees to meet the challenge. As well as bringing native digital skills, younger employees also appear to be highly engaged with the D&I agenda, often coming with high expectations for their employers to take it seriously.

As with all areas of diversity, there is a need to consider how attractive the food and grocery industry – and companies within it – look to a young talent pool. Many of those we interviewed expressed concern that the food and grocery industry is less attractive today than it was 20 years ago, compared with other sectors such as tech.

Social mobility

Food and grocery has long been thought of as one of commerce's more meritocratic industries. The idea of entering an industry on the shop floor and making it through the ranks to CEO is one that has always been alive and well in key parts of the industry – whether that's the shop floor in retail or in food manufacturing. As such, there is a sense that the industry is good for social mobility – and our sentiment trackers revealed that this view was reflected by industry leaders (68% agreed that the industry is one of the best sectors in the UK for enabling social mobility).

But is the industry taking a proactive approach to social mobility? In our interviews, two-thirds of companies self-reported that they are actively taking steps. However, given that 58% of companies do not have a coordinated D&I approach or strategy, the efficacy of these initiatives is less well known.

A number of the initiatives that companies talked about included admirable social and community outreach programmes – ones that can help improve social mobility in the wider community. However, these might more naturally fall under the banner of CSR activities, rather than D&I, as their primary purpose is not to improve social mobility directly within the company's own workforce.

A significant part of the challenge in improving social mobility is not only capturing the relevant metrics, but also setting out what you are attempting to measure in the first place. There is no clear, singular definition of social mobility – something that materialised as a strong pushback in our interviews.

Recommended indicators of social mobility can vary quite widely – and are very difficult to measure at company or industry level – such as birth weight, school meal eligibility and state versus private education.

One indicator we incorporated into our research to test the industry's promotion of social mobility is higher education. Here we found that, where we know a CEO has a degree, 53% studied at an elite Russell Group university. Furthermore, 47% have a Masters or MBA qualification too.

To test the theory that the industry facilitates the development from shop floor to CEO, we profiled a sample of five retailers and five manufacturing businesses and looked at the backgrounds of their CEOs over the last 30 years. We found that over that time period, 19% of retail CEOs and 12% of manufacturing CEOs had started their careers on the shop floor. Moreover, across this small sample, those ratios have remained broadly consistent throughout the 30-year period.

Those companies that are proactively seeking to boost social mobility within their own workforce are taking a number of interesting steps. A frequent example is to increase the use of apprenticeships, either as a supplement to or a move away from traditional graduate schemes. Other initiatives are targeting specific demographics, such as former offenders, the children of prisoners, ex-military personnel and the homeless – often working in partnership with external agencies and not-for-profit organisations.

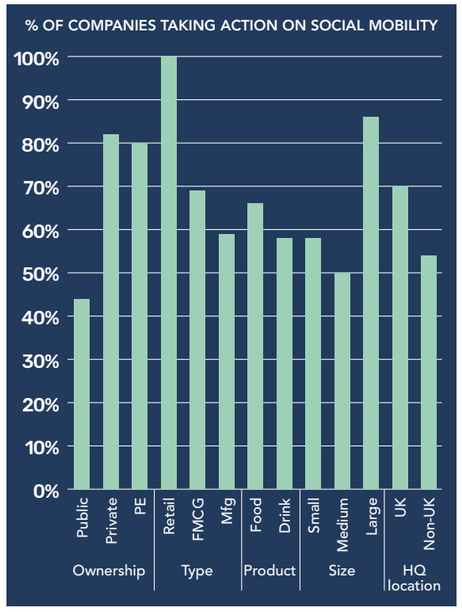
One business that – a decade ago – had a hiring policy that saw them only hire those with a first-class or upper-second class degree from Russell Group universities, now recognises that it has over-indexed on university-educated talent and is now using an internal survey to find out

how many employees went to university and, additionally, how many are the first generation in their family to attend university.

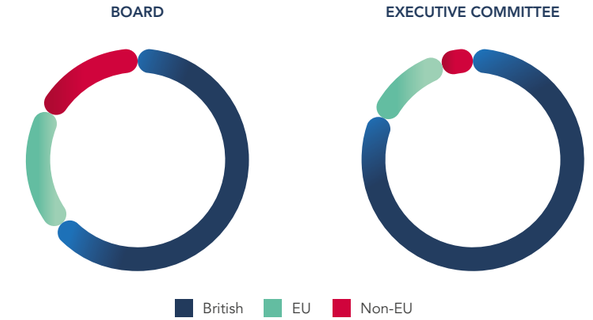
Unconscious bias training is a very useful tool that many companies are adopting, while blind CVs are also becoming increasingly popular. There are also a number of programmes seeking to find young candidates who exhibit strong leadership qualities but would be unlikely to make it through traditional corporate assessment centres. Here again, interviewees mentioned partnerships with organisations such as Smartworks, which offers clothing and coaching for women attending interviews, and Girls Out Loud, which provides mentors to inner city schoolgirls to build their resilience and confidence.

BENCHMARKING WITHIN THE INDUSTRY

Promisingly, social mobility initiatives are common across the industry, with 100% of retail companies self-reporting to be taking action on social mobility, compared with a (still encouraging) 69% of FMCG companies and 59% of manufacturing companies.



Nationality



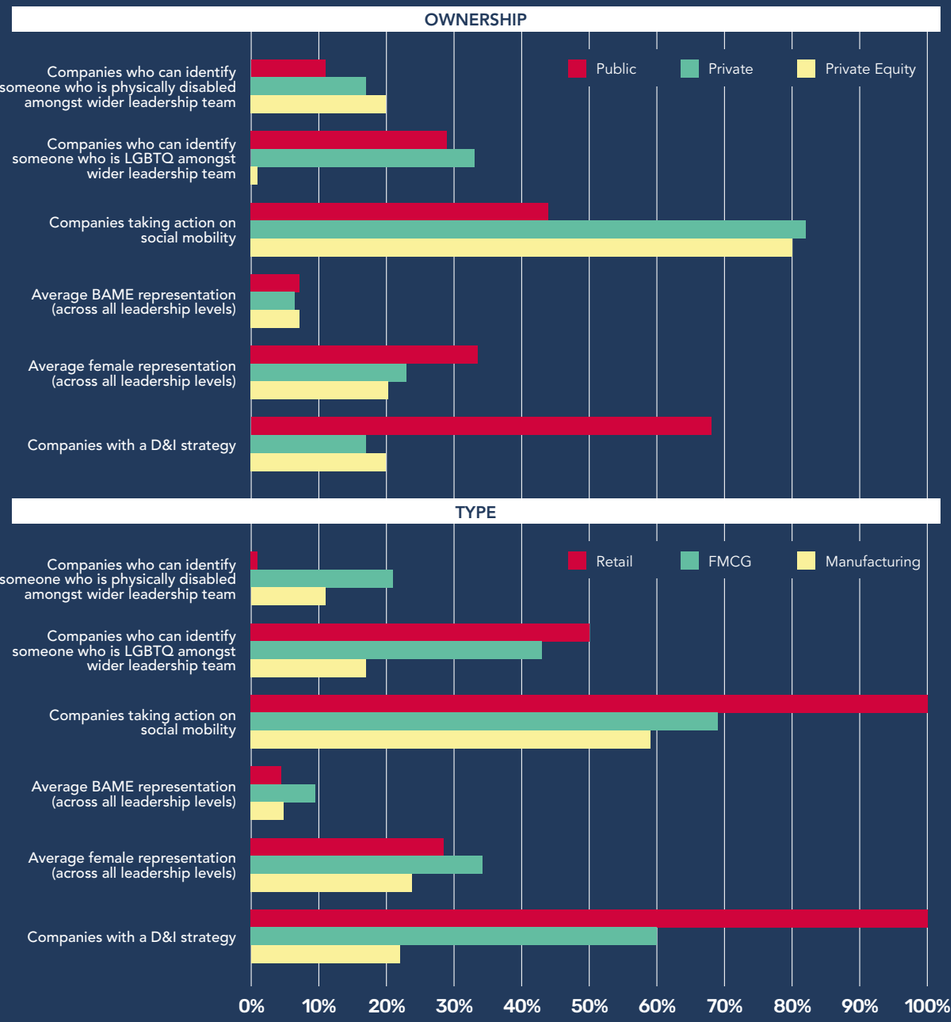
Nationality is an aspect of diversity that is often overlooked, but in the context of a looming labour shortage and the UK's changing relationship with the EU, it could be a useful lever for driving future productivity and encouraging diversity of thought.

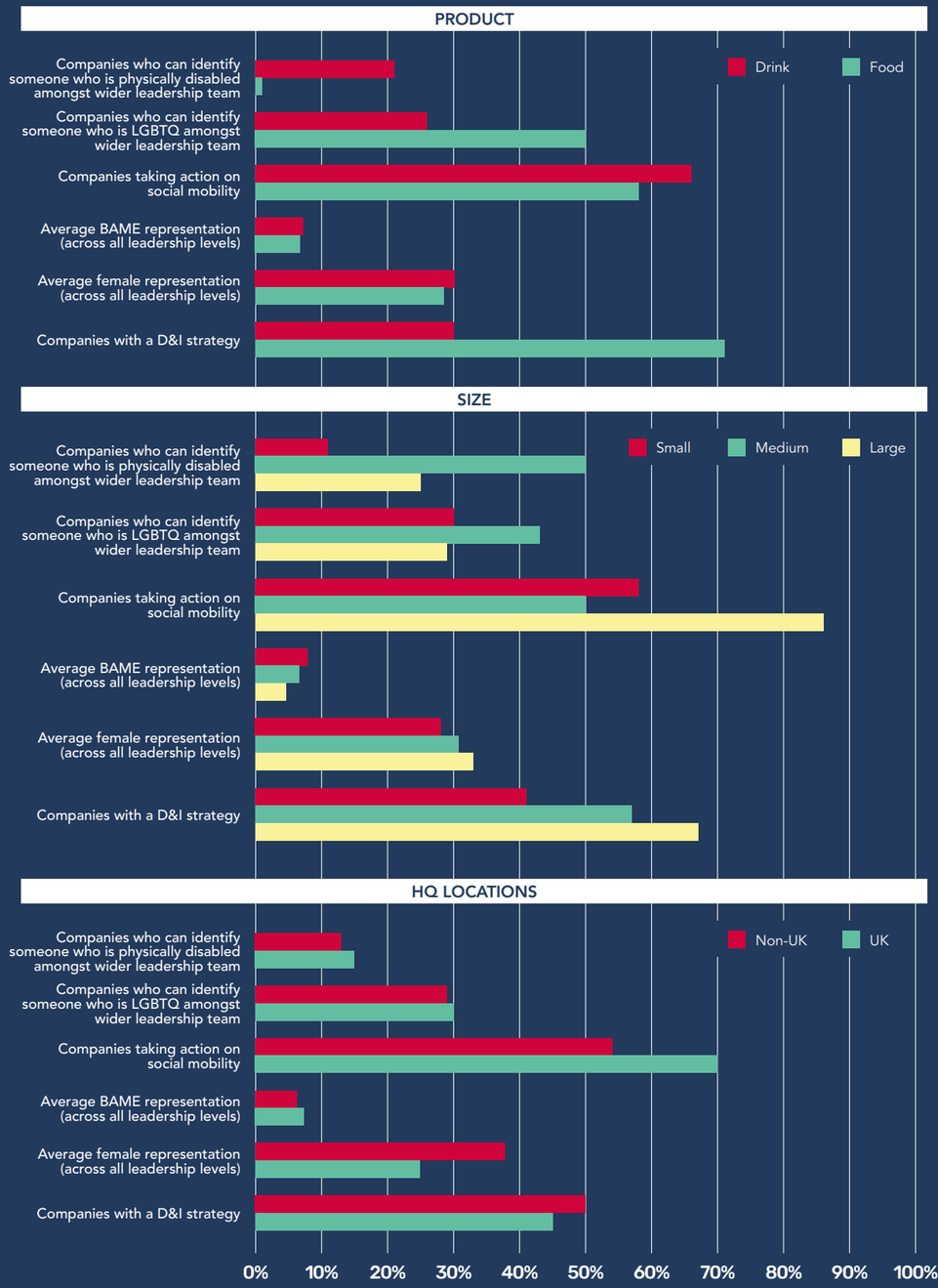
Across a sample of 50 companies with publicly visible Boards and Executive Committees, our analysis shows that almost 10% more Executive Committee members in the food and grocery industry are British when compared to the FTSE 350 Executive Committee population as a whole. Less than a fifth of Executive Committee members are non-British, markedly lower than at Board level where the figure is just over a third.

During our interviews with industry leaders we came across some confusion between ethnicity and nationality. Across all our interviews we found that there was a scarcity of data available to develop a full picture of the nationalities that run through a business. As companies begin to consider how they will collect the data to underpin mandatory ethnicity pay gap reporting when and if it comes into force, they may also take the opportunity to consider nationality data.

Benchmarking within the industry

Individual companies face unique diversity challenges, and there are many ways to consider the data we collected. By segmenting our findings by ownership, type, product, size and headquarter location in this section, we hope the data will allow companies to benchmark their own diversity performance.





Hiring for diversity

Pockets of best practice for hiring with diversity and inclusion in mind can be found right through the food and grocery industry. However, progress is not universal and it is clear that there is much more that most companies can – and want to – do. Hiring is one of the key drivers of progress. This chapter outlines some of the ways in which companies are seeking to achieve more diverse workforces and leadership teams through hiring.

BRIDGING THE GAP THROUGH CREATIVE HIRES

It is rare in today's economy for successful leaders to have remained in one function throughout their career. Being able to adapt well to fast-changing conditions with a broad commercial viewpoint is one of the potential benefits of a leader who has worked in multiple functions. Where leaders will be working with a team of domain experts, it can sometimes be an opportunity to take a flexible approach to candidate's prior functional experience. This is one method that some companies are using to ensure they hire from a more diverse shortlist, as well as a useful technique for developing high-potential future leaders.

Alternatively, there are many roles and functions where it can be advantageous to consider candidates with relevant functional expertise attained in an external or adjacent sector or industry. For example, some companies in the food and grocery industry are taking a lateral approach to junior field sales hires by looking outside the sector to widen the talent pool. Such hires can bring a fresh perspective. In functions or sub-sectors where diversity is especially challenged, taking an open mind to such creative hires can be an effective way to make progress.

INNOVATION IN RECRUITMENT PROCESSES

As well as being creative about candidate choices, there are numerous opportunities for reshaping existing recruitment processes to improve the balance of candidates coming through the pipeline.

Insisting on balanced shortlists is one of the tools a number of companies have implemented in recent years to boost gender diversity. Several companies report that they are deriving real success from this approach. Hires continue to be made based on merit, but the process is forcing both hiring managers and external partners to think creatively. Across many functions, there is no compelling reason for internal and external recruiters not to achieve a balanced shortlist.

However, there is a risk to this method in the functions that continue to be heavily male orientated, such as engineering, ecommerce and sales. Firstly, if the same women are frequently approached for 'every role going', it can lead to fatigue amongst the candidate community – and as such be counterproductive in the long term. Secondly, there's a risk that companies are merely 'robbing Peter to pay Paul' – in other words, while it may improve gender diversity within one company, if the candidate pool is not being widened then it will not drive any systemic benefits across the industry at large.

Another approach adopted by several companies is the use of blind CVs. While they are often used as a method to avoid unconscious bias around gender and ethnicity particularly, some are now extending this approach to cover where candidates have studied, in an attempt to tackle social mobility.

In order to attract a more diverse pool of candidates in the first place, an increasingly popular trend is a focus on the use of language and imagery in recruitment drives – right from entry/graduate level through to senior leadership positions. Companies are experimenting with the language they use in adverts, job descriptions and even job titles to try to generate interest from candidates who might otherwise not apply.

Coupled with an open-minded approach to working patterns (for example, flexible working, part-time and job shares), challenging the status quo is important if you are looking to produce a different result.

Companies seeking to be particularly bold might consider looking to relatively newly introduced legislation in the US. Across multiple cities and states it is now illegal to ask any candidate for their current or previous remuneration details. Candidates can choose to disclose this information voluntarily and potential employers are generally allowed to ask their salary expectations, but it is a big departure from hiring norms.

The legislation is designed to prevent hiring processes entrenching existing pay disparities that we know occur in the workplace – disparities that are often felt most by women, those of minority ethnic background and so on. We are all accustomed to using salary as a guide to determine the scale, scope and seniority of a candidate's experience to some extent. More often than not, it is a useful indicator – but often enough, it is not. Even without going to the lengths of the US legislation, companies can work hard to ensure their recruitment processes do not over-index on salary data, which could prevent otherwise viable candidates from being wrongfully rejected.

Finally, it is important to assemble – and train – the right team for all hiring processes. Especially in areas of the business that are less diverse than others, it can be hugely beneficial to ensure experts are involved in the process. Including HR professionals, for example, can help protect against managers hiring in their own image. Meanwhile, unconscious bias training is a reasonably simple but highly effective tool that many companies have deployed with real success.

FROM TOP TO BOTTOM AND BEYOND

As with all areas of diversity and inclusion, setting the right tone at the top of the organisation is vital. Similarly, there is rightly a lot of attention on how well businesses' leadership teams reflect the societies they serve.

But companies cannot expect to solve the issue at Board level alone. To ensure a diverse pipeline of future leaders that is sustainable in the long run, steps need to be taken at all levels. Companies interviewed for this report have highlighted how effective it has been to be open about how they are performing on diversity internally and to seek the input from and listen to the feedback and ideas of the whole workforce – even when a company is at a nascent stage in their D&I journey. Practically, such input comes in the form of steering committees, focus groups, forums, employee networks and volunteer ambassadors made up of staff at all levels and functions.

There is a further opportunity for companies to engage with potential candidates externally. Unlike professional services and the public sector, which frequently dominate 'top employer' lists, it is notable that the food and grocery industry has not yet developed a reputation as an attractive sector to work in from a diversity and inclusion perspective. With tackling this perception high on the agenda of several high-profile businesses in the industry there may well be more opportunities to make progress across it.

Putting D&I strategy into context

Diversity and inclusion in the grocery sector

THE NEXT BIG LEAP: SPEEDING UP PROGRESS ON DIVERSITY AND INCLUSION

As a grocery business, your workforce is likely to be exceptionally diverse. But is this diversity reflected in your leadership team? How inclusive is your workplace?

And what about the customers you serve? Are your products and how they're marketed sufficiently inclusive? Are you realising the full commercial potential of diversity and inclusion?

Drawing on a PwC survey of suppliers and supermarket groups from across the grocery industry, this section looks at where businesses are moving forward, what more needs to be done to make diversity and inclusion a reality for both customers and employees and, crucially, how to speed up progress.

THE BOTTOM LINE: THREE BIG REASONS WHY DIVERSITY AND INCLUSION ARE BUSINESS CRITICAL

Less than 40% of the grocery businesses in our survey say that the primary objective of their diversity and inclusion strategy is achieving business results. The others could be missing out – looking at diversity and inclusion through a commercial as well as people lens is a huge, but still largely untapped, opportunity to boost sales and customer advocacy.

1. Get closer to your customers

Grocery is an industry that touches almost everyone's lives and in which success is all about understanding customers' tastes and delivering a compelling experience.

This is also a market where customer expectations are shifting and becoming more complex all the time. Examples range from the increase in plant-based diets and demands for curbs on plastic packaging to the growing popularity of discount supermarkets among AB consumers.

Boosting diversity and inclusion is an opportunity to truly connect with your customers by creating a workforce, leadership and culture that reflects and better understands the people you serve in all their diversity. Diversity and inclusion can also help bring in people with fresh ideas and experiences and foster a culture that enables innovation to thrive.

While the hugely diverse grocery workforce reflects its customer base, the leadership doesn't. For example, despite women driving 85% of consumer purchasing decisions within the UK, they make up only 22.2% of executive teams.

It's therefore important to consider what more your business could do to create the leadership pipelines and role models that can boost the diversity of your leadership. And a key part of this is having the strategic impetus and associated data and executive accountability needed to drive real movement.

2. Boost market share

Quality, service and value are your watchwords. But could some customers be less well served than others?

For example, research indicates that three-quarters of disabled people and their families have left a shop because of poor customer service.[1] With one in five consumers in the UK having a disability, can your business afford to lose this custom?

Further concerns over inclusion centre on areas ranging from gender differentials in pricing[2] to the lack of diversity in the programmers developing the artificial intelligence systems increasingly used in customer profiling[3].

By stepping up the focus on inclusion in your product development, customer engagement and sales strategies, you could potentially boost market share.

3. You're in the spotlight

In the same way that consumers are gravitating towards environmentally sustainable businesses, many want to spend their money with diverse and inclusive companies.

In turn, people want to work for diverse organisations, where everyone can fulfil their potential. A PwC survey of more than 4,000 people from around the world found that over 60% of women looked at the diversity of the leadership team when deciding to accept a position with their most recent employer, as did almost half of men[4].

Diversity and inclusion are also a growing part of the conversation within your business, from whether opportunities to move up the organisation are genuinely open to all to the extent to which difference is embraced and people can bring their whole selves to work. And this is a conversation that your employees are having with their friends and family, many of whom could be customers or potential recruits.

Gender pay reporting has put the diversity of many businesses under an unprecedented spotlight among customers, existing employees and potential recruits. PwC analysed the gender pay disclosures of 129 grocery businesses. At 6.8%, the median pay gap in the grocery industry is better than the UK economy as a whole (median of all median pay gaps of 9.6%)[5]. Yet, this midpoint figure masks the lack of women in the most senior positions – people within the business are likely to be acutely aware of this.

In addition to gender pay, it's likely that ethnicity pay gap reporting will soon become a legal requirement and further highlight the lack of diversity within leadership. Do you know how your business is likely to rate? Worryingly, less than 10% of the organisations in our survey currently calculate their ethnicity pay gap.

GAINING AN EDGE: RESEARCH DEMONSTRATES WHY DIVERSE AND INCLUSIVE BUSINESSES PERFORM BETTER

Diverse businesses create better outcomes.

Diverse businesses create better business returns.

Diverse teams are more innovative and create more value.

Diverse businesses are more attractive to potential and existing employees.

Firms where diversity and inclusion are a business priority improve their reputation and brand.

Source: Diversity is the solution, not a problem to solve, PwC, 2018

[1] Purple: Changing the conversation, Help me spend my money, accessed 29 October 2019 (https://wearepurple.org.uk/help-me-spend-my-money/)

[2] Fawcett Society media release, 5 September 2016 (https://www.fawcettsociety.org.uk/news/sexist-pricingin-our-supermarkets-revealed)

[3] Dazed, 17 April 2019 (https://www.dazeddigital.com/science-tech/article/44059/1/artificial-intelligence-istoo-white-and-too-male-says-a-new-study)

[4] Winning the fight for female talent, PwC 2018 (https://www.pwc.com/gx/en/about/diversity/internationalwomensday/female-talent.html)

[5] The median pay gap is calculated by comparing the difference in pay between the middle-ranking woman and middle-ranking man in the same companies.

THE ACID TESTS: HOW DIVERSE AND INCLUSIVE IS THE GROCERY INDUSTRY?

To find out how far the grocery industry has come and what more needs to be done, PwC surveyed 39 suppliers and supermarkets.

The survey questions were designed to help gauge maturity of grocery businesses across four key dimensions:

1) Diversity and inclusion strategy

2) Leadership and tone from the top

3) HR policies and processes

4) Other diversity and inclusion initiatives

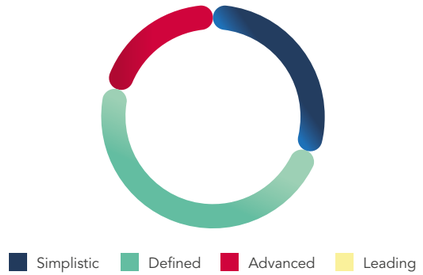
The result is a progress evaluation from simplistic to leading in each of the four dimensions:

1. Diversity and inclusion strategy	2. Leadership and tone from the top	3. HR policies and processes	4. Other diversity and inclusion initiatives
Gauging the extent to which formal strategies and policies are in place, associated metrics are published and individuals are identified as being responsible.	Gauging the relative passion for and direct involvement of the leadership team in promoting diversity and inclusion, and building them into the management of the business.	Gauging the extent to which key HR policies/ practices such as career progression for diverse individuals and the collection of diversity data are in place.	Includes networks for underrepresented groups, awareness training in areas such as unconscious bias and involvement in industry campaigns.

RATING PROGRESS

What kind of progress would be needed to achieve a leading score in each of the four categories, how does the grocery industry rate and how does it compare to other industries we've surveyed?

Diversity and inclusion strategy



Among the key defining factors of a 'leading' business would be a clear diversity and inclusion strategy, which is embedded within overall business strategy. This would be supported by targets and tracking against them. In an example of business strategy and inclusion coming together, a telecoms group has built empowering women in emerging markets into its strategic vision. This includes gearing its services to help women communicate independently and improve access to healthcare and mobile banking.

This is the strongest dimension for the grocery industry. Around 20% of the organisations in the survey rate as 'advanced', though most are still only 'simplistic' or 'defined'.

Our survey also raises questions about how broadly organisations view diversity and inclusion. Most say that their main focus is attracting and retaining talent. However, fewer than 40% see the primary objective as achieving business results. Talent is clearly a critical element of diversity and inclusion strategy, but the commercial considerations shouldn't be underestimated.

The sense that most grocery businesses don't see as diversity and inclusion as first order strategic imperatives with bottom-line implications is further reflected in the limited collection and analysis of data in key areas. For example, fewer than 30% of organisations collect and analyse data on discrepancies in promotions by gender, race and/or other dimensions of diversity. If diversity and inclusion were seen as business imperatives in the same way as sales, margins or customer satisfaction, there would be more data to help understand the issues and inform thinking.

Leadership

Among the key defining factors of a 'leading' business would be ensuring a senior member of the executive team is directly responsible for setting and managing diversity and inclusion policy, rather than delegating this. To support this, diversity and inclusion metrics are built into performance assessment. For example, an insurance group includes performance against diversity targets in its long-term incentive plan balanced scorecard, alongside factors such as customer protection.

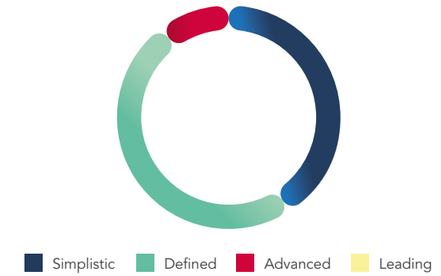
Encouragingly, there are some participants in the survey who rate as 'leading', though most are still 'simplistic'.

Barely 10% of the organisations taking part have a board member who is responsible for primary direction and oversight of diversity and inclusion, underlining the lack of top-level focus. In most cases, leadership

of the diversity and inclusion programme is delegated to people further down the organisation, though nearly 30% admit that it isn't clear who if anyone is in charge.

As the public face of change, senior leaders can add huge impetus and credibility by communicating on progress on diversity and inclusion, explaining why it might not be happening in some areas and charting the road ahead. Yet more than 60% of organisations feel that their business leaders communicate about diversity and inclusion either very infrequently or on an ad hoc basis at best. Fewer than 20% say that their leaders communicate whenever they are discussing business strategy and goals.

HR policies and processes



Among the key defining factors of a 'leading' business would be the development and effectiveness of talent identification, recruitment and progression programmes for underrepresented groups. For example, the board within an investment management group actively reviews the advancement of people from underrepresented groups within its talent pipeline as it looks to strengthen diversity and tackle potential barriers.

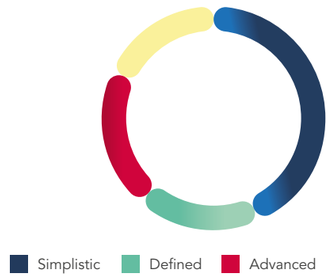
This is the weakest area, with only around 10% of participants rating as 'advanced' and none as 'leading'.

Fewer than 30% of the organisations in our survey have programmes in place to recruit diverse candidates, provide targeted development opportunities for diverse employees or develop a pipeline of diverse leaders.

The findings highlight a concerning lack of knowledge about what is actually happening within the business. Without this, it's difficult to set relevant objectives and policies on the one side and be able to identify problems and intervene to address them on the other. For example, more than 70% of organisations don't believe that diversity is a barrier to progression in their organisation.

Yet, it's difficult to see how they can be so sure when fewer than 30% collect and analyse data on discrepancies in promotions by gender, race and/or other dimensions of diversity.

Other diversity and inclusion initiatives



Typical initiatives would include networks for underrepresented groups, awareness training in areas such as unconscious bias and involvement in industry campaigns. 'Leading' businesses are typically characterised by award-winning programmes and the level of take-up and buy-in within their organisations.

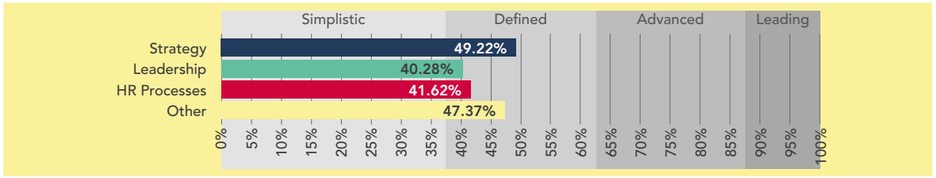
A significant proportion of organisations rate as either 'leading' or 'advanced'. However, more than 40% are still 'simplistic'.

Policies on suppliers underline the gaps. Supply chains within the grocery industry are highly interdependent, which gives companies significant opportunities to influence policies across the sector by making diversity and inclusion an important condition for doing business with them. Yet, barely half of organisations consider supplier diversity at all and most on an ad-hoc basis.

This lack of focus is also reflected within the organisation. For example, most organisations either don't have diverse employee networks or don't know whether they do.

Overall rating

So how does the grocery industry compare to other sectors overall? At 45%, the participants in our survey are in the low-mid 'defined' category. This is some way behind the par rating of around 70% for other industries we've surveyed. But our survey also reveals pockets of strong progress and best practice. The priorities ahead are therefore looking at how to clear the barriers in your particular business and how to apply the key accelerators in areas such as business buy-in, embedding and accountability (we look at the foundations for taking diversity and inclusion to the next stage in the next section).



Defining maturity

These definitions have informed the development of the rating criteria we used in the analysis. The definition of each maturity level is set out below:

LEADING

Diversity and inclusion initiatives are perceived internally and externally by the various stakeholders as essential to driving business performance and people strategy. In such organisations, inclusion is embedded throughout all aspects of the employee and customer experience and is clearly articulated under the corporate strategy.

ADVANCED

Diversity and inclusion initiatives are perceived internally and externally as highly integrated with the talent lifecycle and employees begin to view diversity and inclusion as a core competency. Such organisations are typically at early stages of integrating diversity and inclusion initiatives into their corporate strategy. Nonetheless, such preliminary steps are generally disclosed and celebrated.

DEFINED

Diversity and inclusion initiatives are perceived internally and externally as basic with some alignment with the talent lifecycle. Employees understand basic diversity and inclusion concepts as well as the business value. Such organisations are typically at the very early stages of articulating their plan internally and externally.

SIMPLISTIC

No or very basic diversity and inclusion initiatives are perceived internally and externally to be in place. If present, these practices may be ad hoc and/or solely driven by the need to comply with regulatory requirements. Such organisations do not tie diversity and inclusion practices to business needs or the employee lifecycle.

THE WAY FORWARD: HOW CAN YOU TURN DIVERSITY AND INCLUSION INTO A SOURCE OF COMMERCIAL ADVANTAGE

The experience of companies making the most progress in grocery and the business world as a whole highlights the importance of ensuring that diversity and inclusion get the same direction and accountability that would be applied to any other strategic priority. In practice, this comes down to five key pillars for accelerating change.

1. Align with your business strategy

Treating diversity and inclusion as business critical is the starting point. You can then build them into the fundamentals of strategic management, not just talent selection and progression, but also business planning, marketing and operational management.

Priorities would include ensuring that diversity and inclusion are on the business planning agenda from the outset. This would be supported by diverse customer data and key performance indicators (KPIs) to inform decision making, track performance and drive improvement and innovation. For example, how much data do you have on what disabled people want from your business and any gaps in service? How are you responding to this data? Do you have the people who can relate to these customer experiences and develop strategies around them?

2. Provide clear direction and promote accountability from the top

Senior leadership and board members set the tone for the organisation as a whole. Real impetus requires more than just statements of intent. It's important to ensure that someone within the leadership team is given the job of making it happen, and held to account. This can be supported by building diversity and inclusion metrics into individual performance objectives and incentives as part of an organisation-wide accountability framework.

3. Set realistic objectives and action plan

Translate the headline objectives into an action plan that sets out measurable goals and how they will be achieved in practice.

If you've identified unconscious bias as a barrier to advancement, for example, the resulting action plan might include steps such as reviewing job descriptions to ensure the language is inclusive and providing training for interviewers.

Similarly, when developing or marketing new products, it's important to look at whether some communities are being underserved, what needs are being unanswered and what customers find frustrating. It's also important to think about who designs and markets the products. Are there unconscious biases and, if so, how can they be overcome?

4. Measure progress with real data

What gets measured gets done. Data-driven decision making is far more credible than guesswork and leaders can use this data to prioritise and stage targeted interventions.

5. Tell it as it is

Tell it as it is by showing the gaps, what the business is doing about them and the objectives to achieve. It's useful to bring in examples to demonstrate impact on people, profit and customers.

Even if an organisation is upholding a well-managed image externally, employees know how it feels behind closed doors and the truth will eventually come out. Similarly, no amount of marketing can change the impressions of communities that feel frustrated or underserved.

Conclusion: Are you on track?

From influencing customer advocacy to bringing in new ideas, forward-looking businesses are coming to see diversity and inclusion as key strategic issues and sources of differentiation rather than simply matters for HR.

And the links between a diverse and inclusive workplace, your brand and the bottom line are now stronger than ever. Customers are putting their money where they feel an affinity and opting for organisations that can provide an inclusive and relatable experience.

Our survey finds that some of the important foundations are in place. Yet if the acid test of commitment and progress is whether diversity and inclusion are business imperatives or nice-to-haves, the grocery industry as a whole has some way to go.

As you strive to go further on diversity and inclusion and realise the business benefits, we believe that there are five key questions to consider:

1. Are the business benefits of diversity and inclusion clearly articulated within your organisation?

2. Are diversity and inclusion treated as business priorities and, if so, how?

3. Is there a clear strategy and action plan, with robust objectives and measures in place?

4. How accountable are you for progress against diversity and inclusion goals?

5. How transparent and open are you with your people about where you are on the diversity and inclusion journey?

If you can give diversity and inclusion the priority and impetus they deserve, this is an opportunity to transform your performance and prospects in a tough, but increasingly open grocery marketplace.

Views from the industry

Ash Amirahmadi

Managing Director, Arla Foods UK

Could you give us an introduction into Arla, D&I and where you are positioned within that?

Arla is the third-largest food company in the UK, probably most well-known for our brands including Lurpak, Cravendale and Anchor. We are a farmer cooperative which is quite unique as a business, with 11,000 farmers across the company. And we're cooperative by nature, too - there's a sense of belonging very quickly, and of being a very values-focussed business.

We are still quite early into our D&I journey, but we have a clear strategy, both for the UK and globally. We're measuring our progress and seeing improvement in a number of metrics. The really important part is enabling and creating an environment where people feel confident to express their ideas, to challenge and to create – that, for me, is the most exciting part of diversity and inclusion.

We come from an extremely male orientated, middle-aged place. Personally, I'm someone of mixed race and cultures, and after 25 years of working in business, I have experienced my fair share of unconscious bias. In turn, this has made me aware of my own bias, which is very important as a leader: it has to start with you.

As you embark on your journey, what are your areas of focus for D&I?

My main focus is leadership and developing leaders to be empathetic. At Arla, there's a leadership team of 12, plus a group we call The Change Leadership Forum. This consists of 45 people, not just the top leaders, but those who report into the leadership team and have the most impact on our company as a whole. If you can engage those 45 people, change becomes a lot easier. We find a more varied range of views within The Change Leadership Forum, and the D&I agenda very much sits there.

By monitoring our recruitment and talent development processes, we can measure progress and see what needs improving. After focussing on training, we realised we had a competency gap - particularly around understanding of diversity and inclusion. I'm inspired by the ADKAR model laid out in the book by Jeff Hiatt. The book argues that whenever you want to create change, you must first raise awareness and then spark desire. People can't ignore desire. I would say a lot of the work we've been doing over the last 18 months is about driving knowledge and understanding, before we work on how to make changes. This is often called the "Knowing-Doing Gap".

One of the key gaps in understanding is around unconscious bias regarding gender. I have a lack of awareness and an unconscious bias about female leaders, and we're working on that as a company by thinking about the language we use in meetings. Language is incredibly powerful – even if there is no intent, biased language can be damaging to female leaders.

We also have an LGBT group, a representative committee who generate ideas for the business in a head office forum. It has been a very interesting exercise consulting people on LGBT policies. For example, one of the things the company had done was change the stationery and put up rainbow flags around the offices. But group members from across the company came back and told us that this was more symbolic than real. What people really want is an environment where people are confident to speak their views and encourage others to be open if they choose.

We don't have a specific mental health policy in Arla, but it is definitely an area of focus. Personally, I'm passionate about mental health; I even published an article on my own experiences.

When it comes to driving change within a company, it's all about providing opportunity to people throughout the business – not just the senior leadership team. Eighteen months ago, I set one of our senior leaders the task of looking into how to make our UK business more positive about change. After about a month, she reported back to me. She didn't find anything ground-breaking, but she found that the group most likely to embrace change is the group we interact with the least. On the back of this we set up a change leadership forum made up of circa 40 middle managers and the results have been that we have been able to deliver and embed change in a more effective way by giving the forum a voice and permission to lead change. As such, it's vital we give everybody in the company opportunity, regardless of position, age, gender or ethnicity.

I believe in this for two reasons. Firstly, because it's the right thing to do. Arla should operate and reflect the outside world, in terms of age and population. Today it doesn't. Secondly, because it drives improved performance. We can evidence that increased inclusivity is driving improved results.

Any examples that you could share of D&I success stories?

One very recent example was in the UK headquarters in Leeds. Leeds is a very multicultural city, but at the most senior levels, there's still an obvious lack of diversity around gender and ethnicity (in middle management it's not so much about gender, but we're still lacking ethnic diversity). We recently employed someone from a BAME background to run our customer business unit. Initially, he found it very difficult. He didn't have a typical FMCG background and had a lot of imposter syndrome. We selected him based on thorough assessment, and we knew he would be a change agent once he adjusted. What's been interesting is that since he's been with us, he's recruited a very mixed team - and that team has started to see fantastic results. Now the challenge is recognising the team without labelling it as 'the diverse team'. This should be the norm.

Any parting advice?

I believe diversity and inclusion starts with a mindset. Does labelling people – gay, female, Iranian, male – really drive change? Of course, you need measuring systems - metrics and data points - but it's all about the environment you create and the mindset from which you approach your work.

Leendert den Hollander

Vice President and General Manager, Coca Cola European Partners (CCEP)

Catherine Gillespie

HR Director, Coca Cola European Partners (CCEP)

Could you give us a broad introduction of what D&I looks like at Coca Cola European Partners?

At CCEP, we've shifted our focus from diversity to inclusion – we refer to "I&D" not "D&I". It may seem simple, but it sharpens our focus on the environment we are creating. We define our inclusive culture a place where 'Be yourself, Being Valued, Belong' is a reality. Our change was very intentional: with "I over D", inclusive culture comes first. This means with everyone, not just our leadership. We're building a philosophy that means you can't opt out of being part of the team; that's how we define our culture. Coca-Cola is one of the most inclusive brands in the world, cutting right through culture, age, gender and location, and we want our business to reflect our customer base.

What are your key I&D elements?

One of the enablers to 'Be Yourself, Be Valued, Belong' is our Inclusion ambassador network '#JustBe'. #JustBe is a network of 100-200 volunteer Inclusion ambassadors. These people are passionate change makers who drive inclusion at all levels of the business. Our Inclusion ambassador network has opened up Inclusion as a topic for all parts of our business to embrace, in particular it has been especially good for supply chain, where #JustBe ambassadors are raising awareness of what it means to be Inclusive and driving change locally.

We are also bringing to life an Inclusive culture through building Inclusive Leadership and Management capabilities. Right from embedding this in our leadership and management learning curriculums to holding skip layer inclusion discussions, where leaders connect individually with their direct reports' teams to discuss Inclusion and understand any barriers. This scheme allows more junior colleagues to connect with the leadership team and offers valuable insight into how team members feel about their life at CCEP. These regular 30-minute chats help to break up any sense of hierarchy in the business.

In addition to this, we have implemented a reverse mentoring initiative, where the leadership have all been matched with a mentor from the #JustBe ambassador group; the pairings are diverse which creates a richer discussion and insight into how diverse talent is experiencing the culture (my mentor is a frontline team leader working in production at Sidcup).

Metrics and analytics are also key to driving our I&D strategy. Measuring company statistics at different levels, functions and locations provides the understanding we need to continue to facilitate change across gender, ethnicity and multi-generation metrics. We run an engagement survey every six months – and we're seeing significant improvement throughout the business when it comes to our Inclusion and Belonging scores. There's still a long way to go – but being aware of the key figures is the place to start.

How does I&D make its way into your hiring process?

When hiring, we ask ourselves: how many people are actually applying for jobs? Do we have enough people applying? Is that application pool diverse enough? And what percentage of diverse talent makes the conversion to offer? When hiring, you must insist on a 50/50 gender split in candidate shortlists, with no exceptions. Difficult in the supply chain? Doesn't matter, keep trying. I also think that culture fit is dangerous: we hire for 'culture add' not culture fit. Ultimately, it's important to hire on the grounds of what's best for the team.

We have also moved away from graduate employment to encourage social mobility and scaling our apprenticeship programme is really helping with this. There are, of course, specific challenges associated with hiring school leavers, but it's something I feel very passionate about: employees don't need a university degree to be an asset to the team. There is lots of untapped potential in sales specifically, and by hiring on attitude you can foster a diverse, creative team that gets results. Generational considerations are also made in our hiring process. You must ask the question: which new capabilities will we need in five years? Older candidates bring experience, but it's sometimes vital to bring in a fresh pair of eyes.

Are there any industry specific difficulties you face?

There are sector specific barriers which stop people from entering the industry in the first place. This is especially true of women, who might see manufacturing as a male dominated space. There are sector specific myths about the industry that need to be debunked. For example, lots of people still think that working in FMCG means spending nights in a dark and remote factory. They presume that flexible shifts or working from home aren't an option, but this is no longer always the case. Driving inclusion and encouraging people from all sections of society to enter the industry, means undoing these perceptions.

How have you extended your I&D strategy beyond gender?

Our focus has shifted to become more inclusive of other areas of diversity such as culture, heritage, LGBTQ and disabilities. We are constantly doing development sessions and deep dives – in mental health, for example – to see how we can improve. Data isn't always held on all these areas so it can be challenging to understand who we are attracting and how we can improve further. Also, people are often reluctant to talk about ethnicity and nationality, thinking they're making a mistake by bringing it up. However, there's nothing wrong with speaking about ethnicity if you're not meaning to offend – it's better to ask the question than to not talk about it.

Finally, what is your advice for the industry to further the I&D agenda?

Make inclusion mainstream. Switch the mindset of the organisation so that inclusion becomes a philosophy people can't opt out of.

Oliver Morton

Managing Director, Western Europe, Kellogg Company

Samantha Thomas-Berry

Vice President, European HR, Kellogg Company

What does D&I look like at Kellogg's?

D&I has been a real focus across the organisation globally, as well as regionally in our European business. The main question for us has been how do we make our D&I strategy clear and intentional? As such, we currently have three key areas of focus. Firstly, we signed a pledge in Amsterdam to move towards 50/50 gender balance. Secondly, we considered cultural inclusion and how we can support that throughout Kellogg's Company. Lastly, we're focusing on LGBTQ+ inclusion through partnering with the right external organisations.

Where has the most senior sponsorship come from?

Regionally, our Area President for Europe is a huge ambassador of D&I and he personally signed a CEO pledge to achieve 50/50 gender parity by 2025. However, our commitment to D&I extends right across our full Europe leadership team. Of course, we have some markets that are ahead of others, but the best way to achieve true D&I is by sponsoring at the highest level of the company. At Kellogg's Company, it's a key metric that we all discuss.

Tell us about your strategy for gender inclusivity

We've made great strides in this area. Through intentional talent choices, gender diversity has seen a 34-44% increase at Kellogg's. By creating the right opportunities, providing senior female leaders with mentors and focussing on skills-building (both practical and in confidence), we have been able to make progress. We're going beyond just having a conversation, and taking action is having real results. To get to 50/50, we have to consider flexible working, for example.

What areas have you found more difficult for D&I?

We have never really focussed on LGBTQ+, so the reality is that we are still learning. It is the area in which we have been least intentional, but we are passionate about changing this and keen to move along. So far, progress is patchy here; the UK is more advanced for example. We do have an employee network of LGBTQ+ employees called K-Pride and Allies, which creates a network of LGBT employees, and we are seeing team members driving change from the bottom up.

What are the unique challenges you have faced as a business in terms of D&I?

There is nothing especially uniquely challenging to our business. When we connect with other companies, many of which are more mature in certain areas, we are all essentially grappling with the same issues. My own view is that diversity and inclusion is an opportunity to share stories. It's amazing what happens when we have broad groups discussing issues in a vulnerable way. It's powerful, yet simple – and it opens up so much dialogue. The key is keeping it real: real conversations and real learning. We are similar to our competitors, particularly in the difficulties around achieving diversity in ecommerce. Like many companies in the space, attracting talent is easy, but attracting diverse tech talent is difficult.

How did your recent office move affect D&I?

Our new office has a completely different feel, and we're excited to see how this site attracts different demographics of people who change the culture at Kellogg's Company. We are constantly updating ourselves, and we aim to continue. The office move has had the biggest impact on our culture. It's now in the heart of the community that make up our customers and people now come into work in a different way and we've seen the change come through in the way they work. Employees are more engaged, more focused and there is a noticeable shift in the attitude and feel of the place. Every morning I get that excited feeling of stepping out of the lift. We must aim to replicate that feeling across the board.

How does your 'Breakfast for Better Days' initiative drive social mobility?

We believe all children deserve the best start to the day which is why Kellogg's supports breakfast clubs in vulnerable areas across the UK. In sponsoring these clubs, we offer a lifeline to working parents and children who may not have breakfast otherwise. This year, for our 20th anniversary, we doubled our investment in our breakfast club programme. We got teachers to bring in children from the winning clubs of our annual Breakfast Club Awards into Parliament, it was a really fantastic experience that melted my heart. We're very passionate about it here at Kellogg's and it also strongly improves our ties to local communities. Our employees also get involved by donating their time to helping these community initiative through our Breakfasts for Better Days volunteering programme.

How do you communicate D&I in Kellogg's?

Having real conversations with your team and creating the right environment for those conversations to take place is paramount. The whole team must feel safe, supported and provided with a high level of trust. On a practical level, we use the Yammer app to encourage instant online conversation across the teams and host regular events to raise awareness and provide inspiration on key topics relating to D&I. What we've been left with is a community of make-it-happen individuals who trust and are open with each other.

Any parting advice?

Advice can be dangerous as I don't know it all, but my question is: how do we unleash the opportunities that our differences offer and ensure that everyone feels like they belong? How do we nurture, invest and embrace those differences? It's exciting when you think of it like that. We must work hard to attract the best, most diverse talent we can, instead of just recruiting people like ourselves.

Sumaira Latif

Company Accessibility Leader, Procter and Gamble

Could you give us a broad introduction of what D&I looks like in P&G?

Diversity and inclusion is at the heart of everything we do. We touch the lives of five billion consumers across the globe and we want to make sure we reflect the diversity of such a broad audience in the best way we can. Whether it be gender, race, disability or sexual orientation, we aim to mirror society's diversity inside our company. The Dean of Harvard University once said: "Diversity is inviting someone to the party and inclusion is asking them to dance." That really resonates with me, and so focussing on inclusion is a commitment for us at P&G.

Have there been any significant D&I changes in the last couple of years?

We have seen real change in our disability inclusion strategy. Top senior leaders have taken a very intentional interest and made an effort to understand what they need to be doing to make change happen. Moreover, any offices being built are now totally accessible, and existing buildings are being adapted to ensure they are inclusive for everyone, for example the front door of our US office was removed and replaced with an automatic door so everyone can get in.

We're also looking at our advertising. We're developing adverts with subtitles for the hard of hearing, and ads with audio description for blind customers. We've worked closely with broadcasters to make this happen and we're proud that our communications are now so much more meaningful for our disabled community.

Have you got any examples of how inclusive thinking relates to business success?

My inspiration comes from Apple, who put accessibility at the heart of the company. An iPhone can talk to you if you're blind and the text can enlarge if you've got bad eyesight. Specific settings on an iPhone cater to every group, driving accessibility and inclusivity. Now, 86% of disabled people own an iPhone. If Apple can do it, why can't we?

Tell us about the discoveries you made during the Diversity and Inclusion in Grocery 2019 event at Wembley Stadium

The Wembley event was a wonderful insight into the grocery industry. There was a real focus on women in STEM, flexible working hours and challenging unconscious bias – those are the big things that need to be worked together in the industry. I loved hearing the personal stories of so many female leaders, discussing how mentoring schemes boosted their confidence and flexible working hours allowed them to excel in their career.

Are there any experiences which helped form your approach to D&I?

As a disabled woman from an ethnically diverse background, I brought many personal insights to the company which have led to positive change. For example, when I started at P&G I found it hard to navigate the websites, because they haven't been designed in an accessible way. Now, we have a policy to ensure accessibility across all our sites. It's great being able to share my experience in a comfortable environment and see my views driving progress. P&G is a very receptive place and turning ideas into actions has made me feel incredibly empowered in my disability.

Are there any unique challenges you face as a business?

As a company driven by innovation, we need to ensure our talent pipeline is the best of the best, while also consisting of young talent from diverse backgrounds. Ensuring diversity in STEM is critical. I have a STEM background and as a woman I'd like to bust the myth that there are no women in STEM.

To hire diverse people, we need to make sure that our avenues for recruitment are diverse. We need to look beyond the typical universities that we normally recruit from. We're partnering with Bright Network to tap into the diverse student network across the country instead of just the people coming from top universities. Ultimately, we should hire people regardless of how and where they study.

How do you incorporate men into your D&I initiatives?

At P&G, we promote MARC: Men Advocating Real Change. We feel that bringing everyone to the table is more powerful than working in narrow teams of women or LGBT. We've also introduced a policy for new fathers, who can now take an 8-week leave after having a child. On top of giving men a chance to spend time with their children, it encourages empathy and understanding surrounding the difficulties women face at work in having children.

Do you have any parting advice to leaders?

Once people have the right tools to do their job, they're so much more passionate. Personally, I really struggled for the first six months at P&G. I wasn't able to deliver as the talking system I used didn't match P&G's system and it got to the point where I wasn't being productive at all. When this was recognised and I was given the tools to do my job, I had so much drive and passion because there were no more barriers.

My advice? Talk to one another. Learn and understand the different aspects of D&I. Make friends who are diverse, understand what their challenges might be, share your challenges, be comfortable talking about your own journey so that people learn what barriers exist.

Clodagh Moriarty

Chief Digital Officer, Sainsbury's

Could you give us a broad introduction of what D&I looks like at Sainsbury's

We want Sainsbury's to be the most inclusive retailer. Internally, we want each colleague to be themselves at work and make the most of their potential. D&I is also a priority for customer experience: from product ranges, to providing accessible store environments, to our online services. We want to both celebrate and respect the differences of our colleagues and customers.

What is the main focus of D&I?

There are many! The one I'd like to touch on is inclusive leadership - it's at the heart of creating sustainable D&I, whether in recruiting, coaching, promoting or managing. We've been bringing leaders through inclusion programmes and introduced bonus-linked targets associated with inclusive behaviors. We've set a 40% female representation target for the top 250 leaders, across operating board and level below.

Flexible working is also important to a large cohort of our colleague base. I love my job (it's arguably the best job in the world!) but I've also got two children who I love more. I need to be able to balance being the best at work and seeing my children. So, because of that, despite being part of the leadership team I don't work Fridays. It means I can spend significant time with my children - I don't miss sports days or nativity plays. It's a good day at work if I can role model that message of balance across the organisation.

Have there been any significant successes or changes in the last couple of years?

Being there for our customers is core to who we are. We launched sunflower lanyards to give to customers who may have hidden disabilities, like autism or dementia. It's a discrete symbol that can signal to colleagues that a customer may need more support. We've also won awards, such as the BITC's Top 100 Employers for Race and have attained Disability Confident Leadership status, the highest accolade of the Government's Disability campaign.

What are the unique challenges you have faced as a business in terms of D&I?

Data is a really big part of the puzzle - ensuring we have the right data and use it in the right way. We have some very good information on gender, age and ethnicity. Other areas of D&I are sparser, like sexuality orientation, gender identification, disabilities or caring responsibilities. We are actively encouraging colleagues to share their data with us so we can identify areas where there's an opportunity to improve.

What does the industry need to do to further the D&I agenda?

We've got to keep acting together as a sector. By highlighting other organisations and industries who are making strides we can promote learning, stealing and sharing with pride. On the other hand, we have to call - and fix – behaviours that aren't aligned to diversity and inclusion.

Simon Roberts

Retail and Operations Director, Sainsbury's

What is your main focus of D&I?

As the ethnicity, religion and belief board sponsor my specific focus is in this area for diversity and inclusion.

One particular focus for me is ensuring talented BAME colleagues have the opportunities to fulfil their potential and progress to senior levels. This morning we spent time together reviewing Black History Month.

This year we were more overt in our support for BHM both internally and externally which demonstrates our clear commitment to providing an inclusive environment for everyone. I've been struck by leaders who want to lead with better understanding and have more inclusive conversations - whether that's by celebrating world cultures or cooking food together. We've had some encouraging results. We have a target of 10% across 250 top leaders to be BAME by 2021 and we've reached over 7%. We're not focused on the target alone, but it's very clear that we must set ourselves ambition to drive change.

Where has the most senior sponsorship come from?

Mike our CEO is passionate on inclusive leadership. Not just because it's the right thing to do, but because it also makes business sense for us.

What are the unique challenges you have faced as a business in terms of D&I?

Recently I've spent some quality time with black colleagues and discovered that they see a real lack of confidence-building role models. Only by listening can you get clear understanding of what matters. I feel enthusiastic and challenged by what we can do better every day, and BAME development is something I'm incredibly passionate about.

Do you think there any specific D&I challenges particular to the retail sector?

Promoting agile working can be a challenge. In an environment where presenteeism is a factor culturally and very long trading hours are the norm, we must re-think what leadership is about, and encourage job shares, different methods of working and connectivity through technology at senior and junior levels.

What does the industry need to do to further the D&I agenda?

Retail is going through unprecedented change in its history. People are shopping differently and there are different players in the market. To be successful in any customer facing business you've got to have colleagues who understand that change. Never has it been more important to have teams doing the right thing for customers. So why would you not have the most diverse and inclusive team?

Natasha Adams

Chief People Officer, Tesco

Alessandra Bellini

Chief Customer Officer, Tesco

What is the main focus of D&I at Tesco?

We have 440,000 employees at Tesco, and we embrace differences in people, personality and style. Our overall focus is highlighting that everybody is welcome here.

When it comes to D&I, we've built three strategic pillars. The first pillar is maintaining a strong foundation. We have so many colleagues across so many different countries, and we want to focus on ensuring everyone understands the importance of D&I in their own company, and how this relates to their peers and their customers. Our second pillar we call 'the opportunity to get on'. This is a broad concept which aims to ensure everyone has the tools they need to excel in their role, regardless of background, religion, sexual orientation etc. Each person has to decide for themselves what 'getting on' means. This also incorporates things outside work, for example learning new skills, developing new hobbies and pursuing interests. The third pillar is 'living the purpose'. This consists of our core value about treating people how they want to be treated. Only then can we unlock the value of our workforce.

What does the industry as a whole need to do to further the D&I agenda?

As a sector, I think we've got to come together more. We have to help people understand the richness of careers in retail, to encourage more people from different backgrounds to enter the industry.

How does age come into play at Tesco?

We're proud to have fantastic representation across the board. Our stores provide opportunity to welcome people of all ages into Tesco. Our youngest store member is 16, and our oldest is 92.

Have there been any major changes to D&I in the last couple of years?

I think we are benefiting from a combination of things. Internally, we've always been a place where people are welcome; in any store in any location, Tesco represents the community it serves. It always has. Our current executives are incredibly passionate about D&I and they're committed to living the values about everyone being welcome. Externally, the level of transparency required within the grocery space helps organisations look in the mirror and creates a challenging conversation. Aside from that, external factors are not a particularly strong driver and we start initiatives of our own accord. For example, we spoke about the gender pay gap before regulation came in. We also take a very broad perspective on gender where externally there is a very narrow representation. We're making good progress and I think there is a good level of energy and effort there, which is at its strongest. We're really setting the tone this year in terms of embedding inclusion everywhere. We have a long way to get (BAME is not where we want it to be) but we're doing lots to get underneath that and unlock potential. We try to dig deep and understand the ways in which people are choosing to live their lives; it forces you to get underneath those challenges. It's a combination of all those things coming together, and we're really excited by the energy we're putting into the space.

How has D&I played a role in your career?

Alessandra: Personally, I've always spoken about being different. I'm from Italy and I've always been fortunate enough to see differences as a source of richness. Growing up in Italy and being a foreigner helped me take a new perspective and not always chose the obvious option. I feel fortunate to work in different countries and within very different cultures. Being different helps. My passion stems from the fact that I want people from different backgrounds.

Have there been any other D&I initiatives that have been of particular focus to Tesco?

One of the big focuses is having an inclusion lens on everything. We ask ourselves; how do we get underneath the systems and processes in the organisation to really understand how we communicate? How are we being received? Are we being inclusive? Are we excluding ourselves from a diverse talent pool? We've reconsidered policies and objectives regarding different lifecycles. How do colleagues feel in a certain lifecycle, whether it's during a promotion, having babies and transitioning in life, surrounding sexual orientation or speaking a second language - how does all that feel for a colleague? That's been massively helpful for us and we're continuing to move forward.

We also asked ourselves, how do you own your own career? We created a community for high potential women to learn in, it's the same content but created especially for women to network and grow with mentors. Now it's on our talent plan and the next cohort kick off has 55% BAME. We're really thinking about how we can be inclusive systematically and push visible symbols across the business. How can we push people through who in the existing system aren't getting on the same way. That requires us to hold mirrors up. If BAME numbers don't begin with two, three or four – we've got a problem. I think it's a reflection on the short-sighted, operations driven nature of the industry. We operate on a quarterly fashion, but we have to take a leap of faith through investing now, we'll reap the benefits in two or three years' time.

Rachel Baldwin

Vice President Human Resources, Tulip

What does D&I look like at Tulip?

For me, I want to make sure we have the best person in each role and provide the right environment and support for them to work at the best to their ability. I don't support positive discrimination; I wouldn't want to be hired just because I'm a woman. Instead of using quotas, we give opportunities to the individual who can rise to the challenge – regardless of gender or anything else. Ticking boxes is not the right thing for us, and we always look at inclusion over diversity.

What is your main D&I focus?

For us, it's the gender pay gap. There's a lot of confusion and misunderstanding about the gender pay gap and what it means, but we are focussing on bringing more women into the business from the outset. Operating in an industry which has a traditionally male dominated history and heritage, we have to consider where we advertise our open positions, our methods of recruitment and our unconscious bias. What words can we use to make the industry more appealing?

What are the main challenges for D&I at Tulip?

Often headhunters think we only need to recruit people from the meat industry. And whilst they might be the right candidate, we also need to balance the mixture from industry background and gender perspective. We also have the challenge of how attractive the meat industry is as a career. Previously, we were able to use the Danish Crown (our previous parent cooperative) as a point of attraction. We've recently been acquired by Pilgrim's Pride, which I believe will be hugely positive for driving D&I. Pilgrim's ethos is all about being the best through its people. Its strategy is driven by its values which are genuinely on the top of the agenda. One of their key strategies is around internal promotion and we need to focus on hiring apprentices and graduates. We've got to nurture, protect and promote them through the business; that will be hugely beneficial and take us to the next step. It's about treating people in the right way and creating that internal development.

What is Tulip's wider perspective on D&I?

For sites where there is diversity locally, but it's not represented within the company, we need to ask ourselves why not. Is it a problem with the meat industry or perhaps religious issues working with meat? How are we being perceived by our applicants?

At the moment, we partake in two main groups within the industry. Firstly, Meat Business Women is a not-for-profit group of speakers who do speed-networking events. It brings together women from all parts of the industry, even our competitors, and people often share their personal experiences. It connects women to enhance their skills and confidence. They launched the "Ones to Watch Prize" and the winner receives a £4,000 prize and funding to partake in courses. At Tulip we had 15 nominations for women from senior male leaders, it was great to see them recognising women lower down in the organisation. The response back was fantastic regarding who should be nominated. Nominations came in from different levels, functions and positions. It was a really positive event. It doesn't need to be all about women supporting women, but everyone supporting everyone, no matter their sexuality or ethnic background. We're also a part of the Women in Meat Awards by Meat Management. The award shortlists women from across the spectrum and it's fantastic to form relationships within industry.

Industry experience is important for you, but are there any specific areas where you can compromise to allow greater diversity?

It's difficult because knowledge of meat is incredibly important to lots of parts of the business. If you're working directly with meat you need to have butchery skills and an in-depth knowledge of yield. But skills are more transferable in other areas such as HR and commercial. We don't intentionally think: 'do we need someone with meat or non-meat experience?'. We aim for a balanced candidate shortlist.

Could you tell us about your mental health initiatives?

We've partnered with the charity MIND to encourage mental health awareness in our company. MIND seemed appropriate because in our industry, jobs can be low pay and people do face significant challenges. Our company is also very male dominated, and it's worth asking how comfortable people are admitting that they're struggling, either at work or at home.

Mental health problems are harder to spot that physical illnesses, and we're working to create an environment where it's ok not to be ok. We signed a pledge saying exactly that in 2018.

We've also implemented voluntary "Mental Health First Aiders". There's a training programme for the scheme, and just as with normal first aiders, everyone knows who their mental health first aider is on site. These people are trained to support, and to signpost to professionals where necessary. It's all about encouraging conversation and letting people know it's ok to talk about their problems.

Any advice to further D&I for leaders in the industry?

I'm not a huge fan of D&I labels - it should just be the way we do business. We have to ask ourselves: are we supporting everyone to develop and progress? Are we promoting ourselves in the right way externally? Are we attracting as wide a pool of candidates as possible? We will always choose the best people for the job, but we want to know that we have done everything we can to make sure everyone had the equal opportunity.

Rita Greenwood

Regional President Europe, Middle East & Africa, William Grant & Sons

Could you give us a broad introduction of what D&I looks like in William Grant & Sons?

We are very much at the start of our D&I journey. Our first step was to define what a D&I programme would look like for us. Rather than doing that at an Executive Board level, we wanted to do this together with our colleagues - so set about building a D&I Steering Group. We were overwhelmed by the response and had over 100 volunteers come forward to be involved. The Steering Group now drives the direction of the programme, and fifteen colleagues meet quarterly to share plans and progress. Two elements remain at the heart of our programme – ensuring diversity of thought amongst our colleagues, which we recognise as a critical enabler to our long-term success, and our vision: A Home Where Rare Characters Thrive. At William Grant & Sons we talk about our colleagues as Rare Characters, and we want to create an environment where everyone can be their best self, just like you can at home.

While D&I is a company-wide priority, key sponsorship comes from the top: our CEO Simon Hunt was present at our first meeting and fully endorses the programme. We have three executive sponsors: myself, the Chief People Officer and our Group Operations Director.

What is the main focus of D&I at William Grant & Sons?

We identified four key areas. Firstly, understanding D&I and considering how we communicate that to our teams. Second, achieving gender balance. Third, agile working. Lastly, mental wellbeing and neurodiversity.

Each area of focus has a sub group run by volunteers. The groups execute annual engagement plans for our colleagues across the world, encouraging us to make public pledges to improve our wellbeing, or to celebrate International Women's Day, for example.

We have also looked at our policies to ensure we are attracting a range of candidates. We have assessed our parental policies, considered how we can enhance our agile working strategies, and reviewed the format and language used in our job specs. For example, if a job spec calls out a travel requirement, it might put off candidates with caring responsibilities, when in reality a role with travel once a month is very manageable.

Personally, I'm passionate about unconscious bias, and believe it to be a big issue across all areas of diversity. It's been a personal journey for me - I remember recognising my own bias when a candidate was wearing jeans in an interview and jumping to conclusions before realising they were a fantastic candidate.

What are the unique challenges you have faced as a business in terms of D&I?

It can be difficult to take risks, particularly in recruitment, when you're operating at speed and need to make solid decisions quickly. As a business undergoing transformational growth, everyone is busy, and it's sometimes difficult to think outside of the box.

This is particularly relevant in recruiting for STEM functions, where we don't find a large pool of female talent naturally. It is our responsibility to continue to break down the perceived barriers which act as roadblocks to diverse teams. We're making progress here, though: we have a fantastic, dynamic female individual who is undertaking a ten-year apprentice to become a master distiller, for example.

Tell us about your mental health and wellbeing strategy

The Mental Wellbeing steering group has incredible momentum and it's the topic that colleagues are most passionate about. In our first Steering Group meeting, everyone spoke about mental health in terms of stress levels, but as we know, mental wellbeing is a much bigger subject so we've chosen to focus on that more holistically and specifically to also call out neurodiversity as an area of focus.

The mantra for the team is to TALK, TRAIN, TAKE ACTION, and we're incredibly proud to have trained 100 Mental Wellbeing Champions across our global business, who now act as the first port of call if anyone needs support. In addition, we now have volunteers running yoga and mindfulness sessions at sites across the world to improve our colleagues' overall mental and physical wellbeing.

Tell us about your global growth journey and what this means for diversity?

As part of our growth we are opening new offices and connecting with new customers and consumers all over the world. For us to succeed in our business ambition, our team must represent our consumer base. When we open a new office for example, we bring in local talent and have found some great thinking and fantastic energy from those new recruits. We encourage all our EMEA-region colleagues to celebrate local culture, and to share their experiences to improve cultural understanding.

What does the industry need to do to further the D&I agenda?

I'd recommend all businesses to engage the wider team and take colleagues on the D&I journey with you. We have found such strength and momentum coming from across our organisation. Priorities might come from the top, but volunteers have surprising ideas which go a long way. My motto is: engage, engage, engage – evolve, evolve, evolve. D&I can't be purely an HR or Head Office initiative. Role model from the top and watch behaviours trickle down through the organisation. Mentoring schemes can help – I've seen people blossom like flowers within their day jobs because of the D&I initiatives they have become a part of. You can unleash so much potential in your team when you engage the whole business.

Existing initiatives in the sector

Many food and consumer goods businesses run internal programmes to promote diversity and inclusion. Here we signpost industry initiatives which businesses can also join to help them with their D&I strategy. This is not an exhaustive list!

The Grocery Girls
https://www.grocerygirlsuk.com/

Founded by Jo Whitfield, CEO of Co-op Food, The Grocery Girls is a social enterprise focused on increasing female representation in senior roles, by coaching, inspiring and empowering women so they're ready and able to grab hold of leadership positions. It also works to challenge bias and help everyone in the industry understand the importance of a diverse workforce.

Diversity and inclusion in grocery
https://www.diversityingrocery.co.uk/

This is a collaborative initiative anchored around an annual event and a mentoring scheme. It champions the power of inclusion to bring out the best in people working in the industry.

LEAD Network – Leading Executives Advancing Diversity
https://www.lead-eu.net/

The mission of the LEAD Network is to attract, retain and advance women in the retail and consumer goods industry in Europe through education, leadership and business development.

Women in the food industry
https://www.womeninthefoodindustry.com/

This initiative aims to be a place for each and every woman in the food industry to tell their story, to be heard and be given equal respect.

Meat business women
https://meatbusinesswomen.org/

This is a professional networking group for women working in the meat industry. Its objectives are to 1) develop the image, culture and landscape of the meat industry to make it more attractive to female talent, 2) nurture new female entrants into the sector through networking, education and mentoring, 3) improve networking

The Social Mobility Pledge
https://www.socialmobilitypledge.org/

Championed by Justine Greening MP, the Social Mobility Pledge recognises employers which demonstrate their commitment to access and progress talent from all backgrounds, and highlights their work towards improving social mobility. The aim of the Social Mobility Pledge is to encourage business to play their crucial role in boosting social mobility in the UK and highlight which businesses and employers are going the extra mile.

IGD – www.igd.com

IGD supports diversity and social mobility through its charitable initiatives, research and commercial events.

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About Us

About IGD

IGD is a research and training charity which sits at the heart of the food and grocery industry. As a charity we exist to upskill people working in or looking to join the food and grocery industry. We also manage initiatives driven by research and best practice relating to science, technology or economics in the food industry. IGD has a trading subsidiary that provides commercial services. The profits from these commercial services fund the charity. For more information, visit **www.igd.com**

About PwC

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About The MBS Group

For more than 30 years, The MBS Group has been a leading sector-specialist executive search firm advising all consumer-facing industries, with a particular focus in the food and grocery industry. Clients consider us to be the partner of choice when searching for critical leadership roles that make a difference. We work at board level and on executive positions across all functions of strategic importance. For more information, visit **www.thembsgroup.co.uk**

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