

Diversity & Inclusion Best Practice Recommendations for Contractors

The Office of Minority and Women Inclusion (OMWI) is pleased to present the following guide for diversity and inclusion best practices and resources for companies doing business with the CFPB. Included in this document are resources meant to help companies jump-start diversity and inclusion efforts, as well as links to material highlighting the benefit of diversity in the workplace.

OMWI and the CFPB are committed to helping our contractors demonstrate a “good faith effort to include women and minorities” as required by Section 342(c)(3) of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The term “minority” refers to any African American, Native American, Hispanic American, Asian-Pacific American, or Subcontinent-Asian American according to Title 12 Section 4.62(b). Any companies or resources referenced herein are suggestions and are not endorsed or sponsored by the CFPB. If you have any questions about the resources provided below, please contact OMWI_GFE@cfpb.gov.

Internal: Diversity Strategy & Policies

The development of robust diversity and inclusion (D&I) strategies and policies is foundational for success in all areas, from the creation of an inclusive workplace environment to success in business outcomes. Key features include established D&I infrastructure, legitimate accountability systems, and transparent operational practices. Minorities, women, and all other underserved communities, such as those with disabilities, must be *meaningfully* included. Ultimately, entities committed to D&I constantly strive to improve in every area possible.

Strategy Recommendations

- **Start by creating an inclusive environment for the right reasons.** Businesses that implement D&I policies simply because they experience pressure to do so will not feel the benefits of a diverse and inclusive workplace. This requires becoming comfortable with discomfort as everyone grows in the learning process of developing inclusive mindsets. This environment will ensure all employees are best supported to produce the highest quality work for the business. Find tips for creating a workplace that truly prioritizes inclusivity [here](#).
- **Perform barrier analyses.** These investigations seek to understand what barriers impede

employees from being able to reach their fullest potential. They often expose unintentional roadblocks and implicit biases. Some barriers are cultural such as using language that promotes a sex binary, thus excluding gender diverse employees. Some are structural like limits on parental leave and inflexibility in work conditions for pregnant employees. Others are physical; for example, inaccessible office spaces. It is important to dismantle as many of these barriers as possible. Check out these two sources from the U.S. Equal Employment Opportunity Commission to get started on your own barrier analysis: [Questions to Guide the Process](#) and [Tips for Small Agencies](#).

- **Incorporate regular feedback within your organization.** First, your organization must have a culture where employees feel safe providing feedback to supervisors and where supervisors can respectfully provide feedback in response. Establishing lines of communication early and often is the best way to get ahead of problems before they become too big to handle. One way to overcome the discomforts of feedback, which can often be taken personally, is by providing means for anonymous feedback via surveys. Additionally, feedback means nothing unless it is actually addressed. Suggestions must be acted upon or, if they are denied, justifications for that denial ought to be made public. In all cases, feedback is a two-way street that brings everyone into the conversation, thereby creating a more inclusive environment. Find more information about why feedback matters [here](#).
- **More tips**
 - Consider hiring a [Chief Diversity Officer](#) who can help centralize D&I policies.
 - Create and publish both a [diversity statement](#) and a list of [core values](#) that represent your business priorities.

- Actually talk to minority representatives and women about their experiences and what they need instead of assuming.

Policy Recommendations

- **Maintain accountability to D&I standards at all levels.** Adapting to an inclusive environment is no easy task. People tend to be resistant to change even if it brings about positive consequences. If not everyone is committed to D&I, then growth will stagnate, which is why having an accountability structure built into D&I policies is vital. This accountability must happen at every level as well. Top executives should have just as much buy-in as the rest of a company's employees. Holding coworkers accountable for their words and actions can be incredibly uncomfortable for many. Please see the linked article [here](#) for a number of tips to institute a culture and system of accountability respectfully.
- **Allow for flexible work arrangements that balance the needs of the company and of employees.** The needs of all demographics are not the same, nor are the needs of individuals within any given demographic. In a post-pandemic business environment, many companies have begun to experience both the benefits and challenges of allowing workplace flexibility. Flexible schedules have overall been shown to promote inclusion by supporting employees with caregiver obligations or accessibility limitations, for a few examples. Employees tend to have higher job satisfaction and better overall wellbeing when they have the autonomy to work how, when, and where they need to. See [here](#) for more benefits and [here](#) for what a flexible workplace can look like.
- **Use disaggregated data when assessing the diversity of your workforce.** Data that do not

include identity factors and demographics tell a limited story and actually promote inequity. The more specific data are, the more useful they become. However, many traditional data collection techniques overlook the importance of disaggregation in favor of generalizations. While collecting disaggregated data can be more complicated, it is a worthwhile investment and should be a priority in support of future policy development. Read more about the need for disaggregated data [here](#).

- **More tips**

- Offer inclusive benefits and wellness programs to best meet the needs of all your employees.
- Be as transparent and public as possible about D&I efforts so your priorities are clear to consumers and also as an added level of accountability.
- Include diverse perspectives from multiple job levels in the drafting and implementation of D&I policies to increase their relevance and impact.

Development: Recruitment & Succession Planning

Entities wishing to improve their diversity must broaden their search for new employees to a wide array of job search platforms, including job fairs and institutions of higher education that traditionally serve underrepresented communities. A public commitment to diversity and a proven track record in fair, equitable hiring practices will help the entity become even more attractive to a wider range of skilled applicants.

Recruitment Recommendations

- **Use job boards with a D&I focus and use inclusive language in postings.** There are a number of platforms that cater to minority and

women job seekers, which can be a valuable tool for businesses struggling to access certain demographic groups when recruiting. [PDN Recruits](#), [Women Who Code](#), [Diversity](#), and [Pink Jobs](#) are good platforms with which to start.

Regardless of where you post job listings, you must be sure to use inclusive language to attract the most diverse range of applicants. Tools like [Gender Decoder](#) can help catch subtle bias in job ads. Furthermore, adding an equal employment opportunity statement to reinforce that your business does not discriminate in hiring is yet another way to promote inclusion. Read more about how to write inclusive job listings [here](#).

- **Implement diverse panel interviews during the hiring process.** Having interviewers from a wide range of backgrounds, identities, and demographics can help minimize implicit bias during the hiring process. It also signals to applicants that the company values D&I. Generally, having diverse perspectives in the process means better, more-informed decisions will be made as well, which can only mean good things for the success of the business. Revamping the hiring process is the first step in investing in the future of diversity in your workplace. Find more details about creating diverse interview panels [here](#).

- **Recruit at job fairs and universities that cater to traditionally underserved communities.** Another way to recruit for diversity is to be proactive about attending job fairs and institutions that focus on minority and underrepresented demographics. Establish contacts with historically black colleges and universities ([HBCUs](#)), Hispanic-serving institutions, women's colleges and organizations, trade schools, vocational groups, and community colleges to tap into a more diverse hiring pool. Additionally, most colleges and universities have a number of

professional organizations that serve specific demographics, which is also a valuable resource. Services like [DiversityX](#) can help you locate job fairs near your location or online.

- **More tips**

- Ensure your public affairs and communications teams keep diversity in mind in their products.
- Aim for diversity in your internship programs to help jumpstart a pipeline of diverse future employees.
- Use hiring or staffing agencies that have a reputation for actively seeking qualified minority and women applicants.

Succession Planning Recommendations

- **Implement *mentorship programs for minority and women employees.*** These can be relatively informal relationships that connect individuals with managers who identify similarly and can provide career and professional development advice. Mentorship improves retention through investment in employees and can also be a recruitment factor. These relationships benefit the mentor as well as the mentee. It encourages mentors to act as role models and improves both job performance and satisfaction. Mentorship is a valuable tool for all employees, not just minorities and women. Learn more about the benefits of mentorship and how to create meaningful programs [here](#).
- **Intentionally remove bias from *performance review processes.*** While many employees feel discontented with their performance reviews, minorities and women tend to be [unfairly disadvantaged](#) during these processes. This cultivates a sentiment of having to outperform just to meet the average and offset this bias. Ensuring fairness in performance reviews can make the whole process more meaningful and valuable.

One way to begin to revamp the process is by identifying your reviewing team's biases through tools such as Harvard University's Implicit Association Test ([IAT](#)). Developing and consistently adhering to objective standards and communicating those clearly is also an important step towards improving.

- **Foster the creation of *affinity groups and/or employee resource groups (ERGs).*** Not only do these groups provide an outlet for employees who identify with each with a safe space in the workplace, but they also offer a wealth of knowledge for the business itself. They can inform decisions, provide insights key markets, and be an attractive recruiting factor for interested job applicants. ERGs also provide a unified platform with the backing of legitimacy for individuals or groups to raise concerns about or suggest improvements to a company's business practices. Read more about affinity groups [here](#).
- **More tips**
 - Prioritize merit-based hiring and promotion processes with [blind resumes](#), using tools such as [Pinpoint](#) or [Textio](#) to anonymize documents.
 - Bolster review boards with [validated assessments and standardized worksheets](#) to introduce even more objectivity.
 - Hire and promote from within as much as possible, for all staff members.
 - Implement regular staff-wide [D&I trainings](#) to improve education in the workplace concerning these policies.

External: Outreach & Supplier Diversity

Entities committed to D&I should encourage inclusive practices proactively even beyond the walls of the office building or virtual environment. This



engagement can be anything from efforts to make your community more equitable by offering services to traditionally marginalized groups to holding subcontractors to the same D&I standards your entity expects of itself.

Outreach Recommendations

- **Create *products and services for marginalized communities*.** An important extension of truly caring about D&I is engaging with the community when possible. This demonstrates a commitment beyond simply conforming to the expectations of the day. Methods of outreach include providing career services to underrepresented communities, engaging in philanthropy, and partnering with local non-profits to reach underserved consumers. Businesses could also offer products such as down payment assistance, housing counseling, small dollar loans, and/or credit repair services to these communities. If nothing else, your business can encourage and support your employees' involvement in volunteer efforts. Volunteerism can actually encourage greater [employee engagement](#) as well.
- **Conduct a *demographic analysis of your consumers*.** Understanding your market better helps you tailor your products to the needs and wants of your consumers. Just as understanding the value of diversity within the workforce can unlock potential growth, so can understanding the diversity of your customer demographics. Furthermore, doing so encourages greater intentionality when implementing D&I initiatives across the board. Paying attention to cultural differences is simply good business. Learn more about the benefits of analyzing customer demographics [here](#).
- **Highlight employees and *let them tell their own stories*.** It is one thing to say that D&I principles are important, but it is much more convincing to *show* their importance. Employee

testimonials are a great outreach tool to demonstrate that your organization's D&I policies are not just words on a page. People are swayed by authenticity. Hearing the stories of people with whom they identify can help them picture themselves at your company. Authenticity is of the utmost importance here, so testimonials are only a good option if you have put in the work to create a positive workplace environment. Check out [these tips](#) for the best ways to use testimonials to promote D&I.

▪ **More tips**

- Take advantage of [social media](#) to connect with your local community by sharing updates about your business and creating a forum for dialogue.
- Mitigate socioeconomic barriers such as transportation costs and childcare when organizing events.
- Create an environment of curiosity by hosting English as a Second Language classes or cultural and language exchange events.

Supplier Diversity Recommendations

- ***Hold high standards when awarding contracts as much as possible.*** If you have committed your business to D&I principles, you should expect the same of your subcontractors. If there are subcontractors that have underdeveloped D&I programs, this is a great opportunity for your business to invest in the relationship and provide advice and support for them to improve. The goal is for everyone to become champions of D&I for the right reasons and to experience the benefits of pioneering inclusion within an organization. In some cases, your subcontractors may be required to also achieve **Good Faith Effort compliance**, which is another reason to maintain high standards when awarding contracts.

- **Make efforts to *subcontract to minority-owned, women-owned, and small businesses.***

Pursuing supplier diversity has a [two-pronged effect](#) of contributing to the dissolution of systematic injustices as well as boosting your company's performance. Most importantly, working with minority- and women-owned businesses is a contract requirement for larger Federal awards and thus is a best practice for all prime contractors to develop their subcontracting networks. Use these resources to find [minority-owned](#) and [women-owned](#) businesses.

- **Share best practices for the greater good.**

Upholding D&I standards creates a better operating environment for everyone involved. As your organization develops its own policies and strategies, be sure to share any and all lessons learned—be that with subcontractors or peers. It is also important to always stay curious and pursue self-improvement. Diversity and inclusion are never “achieved.” There is always room for growth, but it can be easy to stagnate when conversations about D&I are not being had or when organizations have become too comfortable. Be open to both sharing and receiving advice as your organization goes through the continual process of growing towards diversity and inclusion.

- **More tips**

- Know the [FAR 19.704 subcontracting plan requirements](#).
- Make it easy for your company to be found by diverse suppliers by using a supplier portal.
- Formalize your “[Why?](#)” for pursuing supplier diversity by disseminating specific motivations, such as increasing sustainability and finding the best suppliers, staff-wide.
- Regularly [audit your supply base](#) to keep track of any diversity gains or losses.

Additional Resources

Books

- *Reinventing Diversity: Transforming Organizational Community to Strengthen People, Purpose, and Performance* by Howard J. Ross, 2011
- *Flex: The New Playbook for Managing Across Differences* by Jane Hyun and Audrey S. Lee, 2014
- *The Difference: How the Power of Diversity Creates Better Groups, Firms, Schools, and Societies* by Scott Page, 2008
- *We Can't Talk about That at Work!: How to Talk about Race, Religion, Politics, and Other Polarizing Topics* by Mary-Frances Winters, 2017
- *The Leader's Guide to Unconscious Bias: How to Reframe Bias, Cultivate Connection, and Create High-Performing Teams* by Pamela Fuller, Mark Murphy, and Anne Chow, 2020

Articles

- Amélie Lamont, [A Guide to Allyship](#), 2020
- Harvard Business Review: [Why Diversity Programs Fail](#), Frank Dobbin and Alexandra Kalev, 2016
- Winters Group, [Moving Beyond Equality: Perspectives on Achieving Inclusion Through Equity in Our Organizations & Beyond](#), 2018
- Harvard Business Review: [Diversity and Inclusion Efforts that Really Work](#), David Pedulla, 2020
- LinkedIn: [Language Matters: How Words Impact Men and Women in the Workplace](#), 2019
- Lever: [The Diversity and Inclusion Handbook](#), Sarah Nahm, 2017
- Diversity Officer Magazine: [Cultural Competence: The Nuts & Bolts of Diversity & Inclusion](#), Mercedes Martin and Billy Vaughn, 2014
- McKinsey and Company: [Why Diversity Matters](#), Vivian Hunt, Dennis Layton, and Sara Prince, 2015



Videos

- [How to get serious about diversity and inclusion in the workplace](#), Janet Stovall, TED Talk, 2018
- [Practical diversity: taking inclusion from theory to practice](#), Dawn Bennett-Alexander, TED Talk, 2015
- [Why diversity initiatives fail](#), Khalia Newell, TED Talk, 2017
- [How to overcome our biases? Walk boldly towards them](#), Vernā Meyers, 2014
- [Color blind or color brave?](#), Mellody Hobson, TED Talk, 2014
- [Don't Talk, Do](#), Korn Ferry Panel Discussion, 2020
- [Talk is Cheap](#) —Ariel Investments' Mellody Hobson on corporate America's responsibility to fight inequality, CNBC, 2020
- [Answering your questions on race in the workplace](#), PBS NewsHour, 2020

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