



## It's time to diversify diversity

**Diversity matters—in teams and companies. In fact, recent research at McKinsey mirrors other studies of top management diversity around the world. McKinsey found that U.K., French, German, and U.S. companies ranking in the top quartile of executive-board diversity, as measured by gender and international differences, delivered returns on equity at least 50 percent higher and earnings before interest and taxes (EBIT) margins 14 percent higher than those in the bottom quartile. Not bad results, but they could be even better.**

Diversity makes a difference when it comes to getting strategic insights, which is what top management teams are tasked to do. New strategies, especially disruptive ones, demand creative thought. The research behind *The Innovator's DNA* (which I co-authored with Clayton Christensen and Jeff Dyer) found that the best innovators in the world consistently network for new ideas. They regularly talk with people who don't see the world as they do.

Richard Branson, founder of the Virgin Group, does this all the time. He started as a kid, when his mother would always have a house full of people from all different walks of life. No wonder Branson's equally diverse network as an adult has helped launch more than 300 different companies under the Virgin brand, including Virgin Galactic, at which an odd collection of expertise converged to make space tourism possible (including that of Peter Diamandis, a medical doctor by training; Burt Rutan, an aerospace engineer; and Mohamed Badawy Al-Husseiny, a venture capitalist).

Take a peek at the social networks of disruptive innovators and it's clear they carry diversity to a different level. Obviously, men and women think differently, as do people from different cultures, but diversity goes beyond gender and culture. For example, our eight-year research project on the most innovative leaders in the world found that talking with people across industry boundaries also spurs creative thought.

Indeed, talking across industries can often deliver greater strategic insight than talking with people from other countries. For example, PlayDoh (HAS) was created more than 50 years ago after a dinner conversation between an elementary school teacher and her brother-in-law, who manufactured soft putty for industrial purposes. The teacher was on the hunt for better modeling clay, and her brother-in-law suggested she try a can of his industrial-purposed putty. Two billion cans of PlayDoh later, it's obvious that their cross-industry

conversation worked.

Other key differentiators that can have a large innovation impact are: technical/professional training, political affiliation (right/left, conservative/liberal, Democrat/Republican, and so forth), age (jumping up or down two to three decades delivers valuable insight), religious affiliation, or socioeconomic status.

For each strategic challenge (or personal one, for that matter), tapping into a well of diversity makes a difference. But putting more diversity into diversity can deliver even better results—personal and organizational—than restricting diversity along well-worn (but well worth it) categories such as gender and culture.

Source:

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