

# How Are Business Leaders Improving Diversity in Industrial Manufacturing?



Right now, in board rooms and HR departments across the country, business leaders are revisiting old diversity statements or implementing diversity initiatives for the first time. In doing so, they're quickly discovering that improving diversity in industrial manufacturing first requires understanding the current state of diversity in the sector.

Over a recent [six-quarter period](#), the National Association of Manufacturers discovered that the top concern of organizations was the inability to attract and retain a quality workforce. This may not come as a surprise since a large portion of the manufacturing workforce is in their 50s or older. Combined with the effects of the coronavirus, the

shortage of skilled talent in the industry is clear.

A lack of diversity amplifies this pain point. After all, manufacturing is traditionally a white and male-dominated field, and that perception discourages many diverse and female professionals from pursuing a career in the industry. Women may comprise [47.5% of the American workforce](#), but they represent less than a third of the manufacturing workforce. That imbalance is felt at the leadership level as well. Across industries, for every 100 men promoted/hired to managerial positions, [only 72 women](#) receive the same opportunity.

Allowing manufacturing's past image to continue into the future will only serve to increase hiring difficulties, leave roles open longer, and cost companies a great deal of money. The potential to improve representation and better utilize professionals of diverse backgrounds represents a great opportunity. That's why, after a year like 2020, manufacturers have woken up with a desire to go all-in on their diversity and inclusion initiatives, programs, and policies.

### **The Business Case for D&I Improvement**

Investing time, energy, and money in diversity and inclusion is often labeled as the "right" thing to do in American society, but more than good PR, these initiatives are *good for business too*. D&I opens up talent pools and brings new ideas into an old industry. The potential of this is exciting, but given the past of the industry, many manufacturers are starting from scratch.

It's interesting that the push for greater diversity comes at the same time manufacturing is experiencing tremendous digital transformation. More professionals skilled in technology are required to capitalize on the benefits of innovations like AI and automation, which amplifies the skills shortage even further. Manufacturers are recognizing that enacting fundamental change in their culture, image, hiring, and human capital management is necessary for success and that creating a diverse workforce is the way forward for all those fronts.

If any business leaders still needed convincing, [research proves](#) that companies with greater diversity innovate and grow more strongly than those with less diversity. For example, [in the last five years](#) companies in the top quartile for gender, racial, and ethnic diversity are more likely to have financial returns above their national industry medians. The numbers don't lie; manufacturers benefit from focusing on diversity and acting on that knowledge is critical in an industry that is quickly changing. Simply put, D&I empowers people and companies to become the most successful version of themselves.

## How Manufacturers are Improving Diversity

Unfortunately, diversity and inclusion efforts are not coming fast enough in manufacturing as a whole. Women and minorities still look to other sectors for employment before looking at the manufacturing industry. For example, one survey found that [64% of women](#) cited a lack of diversity, equity, and inclusion as the #1 issue preventing them from considering a career in the automotive sector. Despite [1.5 million women](#) currently working in manufacturing, there is still a wide gap and much progress left to be made. There is also much to learn from those manufacturers that are succeeding at improving diversity.

The companies leading the way are the ones that look at every part of their business through an inclusive lens. They're the ones challenging the current norms and recognizing that they must diversify their people to retain their edge over the competition. It's a mindset that has to start at the highest level of an organization with leaders who are as committed to fostering diversity as they are to their regular business operations. While specific D&I strategies will look different inside different manufacturers, they all require viewing D&I as a trackable business goal.

The journey to improving diversity is not one that will be completed in a few months or even a year, and it takes more than just a few employee training sessions. With that understanding, a starting point is holding authentic conversations with employees and applicants. Most hiring managers and executives can't understand what it's like to be on the other side of the fence until they talk to the women and minorities experiencing an unfair playing field. Uncovering that perspective is a crucial early step in shaping a manufacturer's specific D&I initiatives.

From there, leadership can make cultural change throughout the organization a priority. That means more than just revising company values and putting out a press release – it means creating specific training programs, new policies, and quantifying goals for hiring, promotion, compensation, and other factors. For further inspiration, leaders can work with several organizations created precisely for fostering change in the industry.

## Tangible Examples of Manufacturing Diversity Initiatives

One group encouraging positive D&I momentum in manufacturing is the [CEO Coalition for Change](#). Created in 2021, it's a group of automotive CEOs committed to making meaningful strides in diversity, equity, and inclusion in order to leverage diverse talent, engage workforces, and create economic opportunity in communities. Cheryl Thompson of the nonprofit Center for Automotive Diversity, Inclusion & Advancement (CADIA) says that the bold action taken by the CEO

Coalition for Change can help create sustainable change. For her part, Cheryl is committed to CADIA's goal of [doubling](#) the number of diverse leaders in the automotive industry by 2030.

Another organization driving diversity in the industry is the National Association of Manufacturers. During 2020, its Board of Directors unanimously approved a milestone [Pledge for Action](#). This pledge makes a commitment to taking 50,000 tangible actions to increase equity and parity for underrepresented communities and creating 300,000 pathways to job opportunities for all people of color by 2025. Succeeding on these benchmarks will ensure the manufacturing industry reflects the overall U.S. workforce by 2030.

What about individual manufacturers themselves? [JBT Corporation](#), a publicly-traded Chicago based global diversified industrial manufacturer, recognizes that the industrial manufacturing sector is lagging behind other industries when it comes to diversity. Jason Clayton, EVP, Chief Human Resources Officer at JBT, described what they are doing at an executive level to respond to this and foster D&I initiatives within their organization. Their recently formed DEI Council is composed of 14 company leaders who are spearheading the creation of employee resource groups, both for minority groups and women. They also have a robust scholarship program, aimed at bringing diverse talent in at the ground level—this is complemented by their focus on leadership development, with the goal of training up a more diverse workforce for their leadership teams. Finally, like many other companies, they are implementing a diversity scorecard in order to track and hold themselves accountable as they continue to improve in their D&I efforts.

Another well-known large Chicago area-based manufacturing company that has been setting the example for DEI for nearly a decade is [Illinois Tool Works](#). Katie Lawler, SVP, Chief Human Resources Officer at ITW, explains how their D&I efforts are not new and, in fact, have been reshaping the company since 2012. Importantly, she explains, that these efforts are not a standalone initiative; they are deeply integrated with their talent strategy and a critical component to the success of the company's long-term enterprise strategy. With an emphasis on transparency and accountability, Diversity and Inclusion is fully integrated into the leadership fabric of the organization. ITW's Diversity & Inclusion (D&I) Council, comprised of senior leaders, creates the D&I framework and ensures the business has the tools and resources necessary to build a global, diverse workforce and inclusive workplaces. To shape diversity, ITW focuses on building a diverse talent pipeline, particularly with individuals who are early in their career. From there, talent development allows them to promote from within at the leadership level. As a result, ITW has doubled the number of women and minorities in leadership roles over the years and continues to set their goals higher.

2020 has clearly brought renewed attention to the issues of racism and discrimination. In an effort to reaffirm its

commitment to diversity, inclusion, and respect, ITW has initiated its “Do More” Agenda. This initiative further promotes and supports more inclusive economic growth and opportunity in underserved communities. ITW also joined a new coalition of 37 leading companies to form OneTen, a 10-year initiative to train, hire and advance one million Black Americans into family-sustaining jobs with opportunities for advancement.

These tangible examples are proof that industrial manufacturers can have a significant impact on the industry at large. As 2021 continues, it’s clear that companies will have an important decision to make. Will they put real effort into diversity and inclusion, or will they wait and see how more of their competitors’ programs fare? Only one of these options leverages the significant opportunity at hand. By leading the way in their own industry, manufacturers can influence and set the tone for the future of business in America.