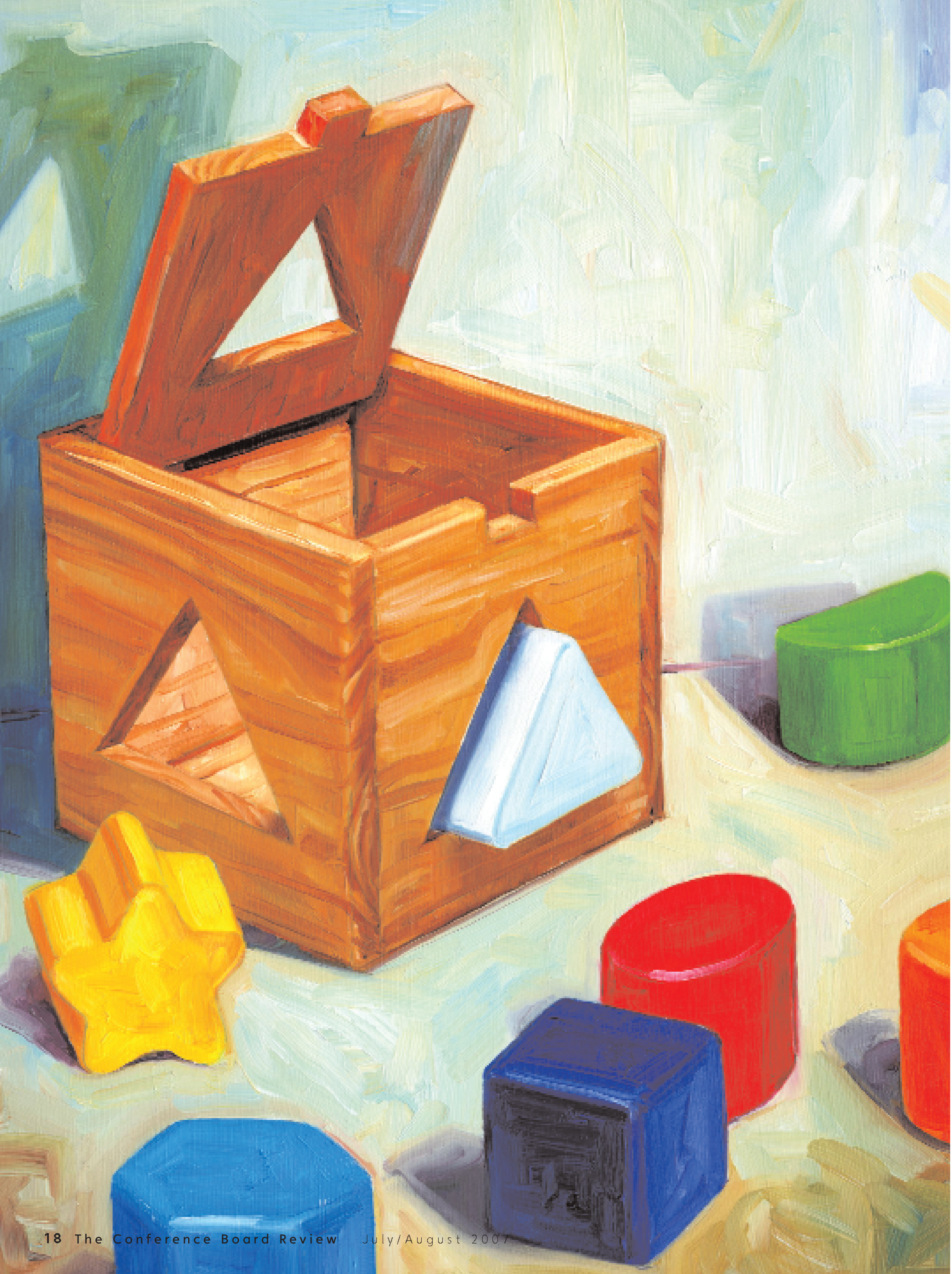


Fit vs. Fitness

Despite best intentions and anti-discrimination programs, we still hire people just like us.

By Susan Webber

No one would dream of calling you a bigot. You've been a vocal supporter of diversity, made sure your few fast-track women got good job postings, and have even privately counseled gays who were worried about their chances for advancement. Perhaps some of your close friends are black.

But when you look around, your good intentions and actions have had little impact. Above a certain level in your company, the demographics haven't changed much in the last decade. Every promotion decision, individually, seemed justified, yet the aggregates would support a charge of bias. And across corporate America, your experience has been replicated at dozens of companies.

Why does this problem persist? Why, despite all the exhortations, training programs, acknowledgment of the business case, and headline-making litigation, is it so hard to get minorities and women into executive ranks? We can talk about the usual suspects: the limitations of the talent pool or pipeline, the fact that minorities of various sorts often don't get adequate mentoring or lack robust internal networks, that women face work/family conflicts. But these don't completely explain the phenomenon.

I believe that prejudice is still a factor—yes, even after all these years of soul-searching and anti-discrimination workshops, even in the most enlightened corners of the country. And it's not about only women and Hispanics and African-Americans.

I have seen it operate at institutions where I worked (Goldman Sachs, McKinsey & Co.) that devoted considerable resources to recruiting, hiring, and retaining top talent. If prejudice plays a role at firms that have long considered getting the best individuals crucial to their success, it isn't much of a stretch to imagine that it also takes place at companies less rigorous about personnel decisions.

Mind you, I don't mean the overt discrimination of forty years ago but, rather, subtler forms that can arise from seemingly rational behavior and can operate at an institutional level. Each established organization has a distinctive culture with barriers to anyone who doesn't fit.

Yet it is difficult to talk clinically about prejudice, in part because individuals are loath to see themselves as prejudiced, and in part due to institutional reluctance to admit culpability—better to deny the existence of a problem than to create liability.

Talent Versus Turban

I speak from experience. Some of these experiences have been comic, like the time when, as a college senior, I was turned down by Citibank because the recruiter said I reminded him of a top trader, a woman who had quit after a few years to pursue an acting career (mind you, I had never acted). And some eventually turned out well. To wit:

Once upon a time, I was starting up the U.S. merger-and-acquisition department at Sumitomo Bank and hiring a new MBA. However, I encountered resistance over my choice, and went to see the board member responsible for my unit. "I have

Robert Carter

Susan Webber is founder of Aurora Advisors, a New York-based management-consulting firm. Her last article was a review of The Halo Effect *in the March/April issue.*

found someone I want to hire," I informed Mr. Ono, "but they are giving me a hard time because he is Indian."

"We have Mr. Patel," he replied. "We have Mr. Gupta. Indian is not a problem."

"Some people do not like his turban," I commented.

Mr. Ono recoiled backward in his seat. I looked miserable. After a long silence, Mr. Ono finally said, "Well, I will meet him."

A week later, after his session with the candidate, Mr. Ono called and announced, "I have changed my mind. His talent overcomes his turban. We must hire him."

Indeed, this young man did very well. He was effective internally and well liked by clients, and he played a crucial role in sourcing a deal within his first eighteen months. He went on to be the head of corporate development for a Fortune 500 company during an acquisition program, a role that put him in front of its board on a regular basis.

But not everyone was inclined to take that risk. Contrast this with an experience I had at Goldman a few years earlier:

The Corporate Finance department, then one of the firm's two most prestigious areas, interviewed an extraordinary Harvard Business School student for a summer associate position. He had a remarkable personal story of how he had gone from India to Brazil and then gotten to the United States and HBS. He was also extremely bright, charismatic, articulate, and savvy (he had the dress code down perfectly). We recommended him enthusiastically as a summer hire, but the department head nixed it, saying, "What kind of campus representative would an Indian be?" Unsurprisingly, Corporate Finance chose not to extend him a full-time offer the following year. Private Placements, a lower-status area, snapped him up. He did very well in Private Placements and was offered a slot in the Technology area, where he became a partner.

One can legitimately argue that this was a good outcome. But it begs the question of whether he could have done even better in Corporate Finance or another client-facing area, if he were given a fair shot—and he almost assuredly would have had a bigger partnership interest had he been elevated from one of those departments.

Now, it's also true that Goldman, with its established reputation and relationships, had more at stake than Sumitomo. But these cases point up a fundamental issue: Are companies making unduly conservative choices based on their beliefs about what makes a successful candidate, when those may not be grounded in fact?

Some readers may dismiss these examples because they took place many years ago. And it almost goes without saying that these firms are more sensitive that they were back then. But I continue to hear stories like these, of talented people shunted aside in favor of others who are more conventional. The fundamental dynamics haven't changed, merely the organizational level at which they occur.

Poisoning the Well?

Now, I loathe the whole notion of "diversity"—the idea that a company must resemble a rainbow to satisfy various constituencies, from the EEOC to the NAACP. This isn't about diversity. In fact, the use of the word "diversity" hurts the very groups it is meant to help. The term carries the same baggage as "affirmative action": the implication that minorities and women can't succeed on their own and need quotas or other measures to assure they are represented in sufficient numbers. By implication, diversity is in conflict with merit-based policies.

"Diversity" has the effect of shifting attention away from the fact that companies may be too cautious in how they select and promote people. Conservatism leads them to stick with their tried-and-true profile, which in most cases is Caucasian and male.

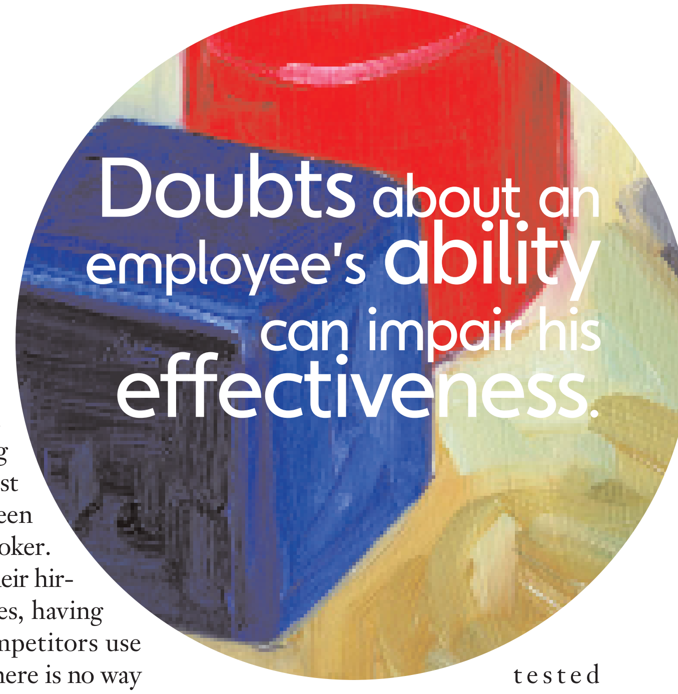
But we are still left with the question: If there are capable people in these underrepresented groups, why haven't companies taken advantage of the fact? With so many organizations competing for talent, surely this would have taken care of itself long ago. A couple of reasons:

Bias is more deeply rooted than most care to admit. Like it or not, prevailing social preferences are replicated in the corporate world. Height is correlated with higher starting salaries and greater likelihood of becoming CEO. Pretty people are better paid.

But we can consciously correct for these predispositions, right? Research suggests otherwise. A Harvard team, dubbed Project Implicit, has designed a series of tests to measure "implicit," meaning unconscious, prejudice. For each user, the tests strive to "reveal one's own hidden biases" by revealing "attitudes and beliefs toward social groups and politics." They take images of people from "in" and "out" social groups, such as young versus old, thin versus fat, straight versus gay. The participants first associate words with the pictures along conventional lines (e.g., a picture of a thin person and the word "good") and then are asked to flip associations (thin with "bad"). The system analyzes the test-taker's speed in making the associations—the longer it takes to associate "thin" and "bad," the stronger the indication of unconscious bias in favor of thin people.

Since its 1998 launch, Project Implicit has administered more than 4.5 million tests and has found roughly 90 percent of participants to harbor biases—including negative views of one's own ethnic group. And more important, *the scores don't change with repeated testing*. In other words, even knowing how the test works and having taken it before, people are unable to override their reflexes. (In *Blink: The Power of Thinking Without Thinking*, Malcolm Gladwell—himself half black—describes repeatedly taking the racial-bias test without being able to reverse his anti-black score.) Indeed, the only thing that appears to help test-takers surmount their predispositions is reading something immediately before the test that contradicts them.

What amounts to racial /ethnic/gender profiling operates in employment decisions. Employers project their views upon candidates. In one experiment, economists Marianne Bertrand and Sendhil Mullainathan sent five thousand résumés randomly given either a black-



sounding name like Kinesha or a white-sounding one like Preston. The result? Employers stopped reading at "Kinesha."

Sadly, this form of prejudice often overlaps with the more logical "statistical discrimination," in which entire groups are viewed in broad stereotypes. And in aggregate, the stereotypes are accurate. Young men are bad risks as drivers and so face high insurance rates. Women in their 20s and 30s are likely to have babies, which is disruptive to an employer. But many individuals fall outside these patterns and suffer as a result.

Conservatism can lead to biased outcomes. There is a simple reason (beyond narcissism) why people like to hire in their own image: *They understand and can readily evaluate their backgrounds*. That's why the old-school tie isn't necessarily a cabal dedicated to self-promotion. Recruiters can probe course selections and extracurricular and social activities, and have an informed view of the candidate's character. An interviewer simply won't have the same comfort level with a candidate when he can't calibrate her accomplishments.

Columbia University professor Amar Bhide coined the phrase "novelty aversion" to describe how investors shun ventures that are unprecedented—notably, both Federal Express and Cisco found it difficult to secure early funding. It isn't much of a stretch to extend his logic to hiring and promotion. Both venture capitalists and corporations are in the business of picking winners—the former attractive investments, the latter talented employees.

This idea of novelty aversion helps explain Goldman's decision to relegate a talented Indian to a lesser role than he might have assumed. At the time, Goldman had no Indians in its investment-banking division. By contrast, McKinsey had a very successful Indian partner and had been hiring new Indian MBAs (including Bhide himself) for years before the Goldman incident took place.

This preference for the familiar also leads companies to adhere to the same hiring rules of thumb, *whether or not they are correct*. In many industries, one encounters a pattern of hiring certain types for specific roles. For example, former members of the armed forces are prized as drug detail men; trading firms take particular interest in candidates who have been successful at blackjack or poker.

Despite firms' faith in their hiring criteria (and many cases, having the comfort of seeing competitors use broadly similar screens), there is no way to know for sure that your decision rules are correct. Even if you went to the trouble of keeping tabs on candidates whom you turned down, you could not determine whether their success or failure elsewhere was a valid indicator of how they would have done with you.

Consider the experience of Oakland A's general manager Billy Beane, the hero of Michael Lewis's *Moneyball: The Art of Winning an Unfair Game*. The baseball industry has always measured players' skill and achievements by a handful of well-known statistics, but in recent years researchers have questioned the value of those traditional measures. To make the most of a limited budget, Beane used the new principles to sign low-salaried players whom his analysis showed were dramatically undervalued. The result: The team, with one of baseball's lowest payrolls, has placed first or second in its division each of the last eight seasons (and there's still time to turn around 2007).

Here, then, you have a business where the recruiting is unusually transparent, the basic rules have remained unchanged for decades, competitive encounters are in full view, and the incentives for success are high. This would seem to be the perfect environment for developing good decision rules, *yet the entire industry was largely wrong*.

The Power of Expectations

Expectancy theory tells us that perceptions can become reality. In a classic 1968 study, *Pygmalion in the Classroom*, Robert Rosenthal and Lenore Jacobson tested all of an elementary school's students for intelligence. They then chose a random 20 percent and told the teachers that they had "unusual potential for intellectual growth" and would "bloom" before the school year ended. By June, the students labeled as high-potential scored considerably better than their peers. Recent studies have confirmed the relationship between teacher beliefs and student performance.

It's reasonable to assume, therefore, that employer expectations will similarly influence an individual's job performance. That means that doubts about an employee's ability to do his job can impair his effectiveness. If he has a sales call that goes less than swimmingly, he'll notice if he is questioned about it. That leads him to wonder how well he is doing, which will make him less confident, which will in turn lead people to respond less positively to him. It's not hard to see how bias, even the unconscious bias studied by Harvard's Project Implicit, can lead to subtle, and sometimes overt, negative feedback toward "out" groups.

This often-unintended denigration is more pervasive than you might imagine. Consider the experience of Ben Barres, a Stanford professor of neurobiology who was known as Barbara until undergoing a sex change a decade ago. In a recent article in *Nature*, "Does Gender Matter?", he analyzes the validity of what he calls the "Larry Summers Hypothesis," that women are innately less predisposed to succeed in the sciences than men, versus the "Stephen Jay Gould Hypothesis,"

What Works—and What Doesn't

In "Best Practices or Best Guesses? Diversity Management and the Remediation of Inequality," Alexandra Kalev and her co-authors don't mince words about how to determine whether a company's diversity program works: "Whether a prescription for inequality is effective or not is inherently an empirical question. Current prescriptions are not based on evidence." The study, published in the August 2006 issue of *American Sociological Review*, looks at historical data and shows companies how to go about constructing an effective program—and how they can save money by eliminating an expensive remedy that doesn't produce results. Kalev, a 2005 Princeton Ph.D. and currently a Robert Wood Johnson fellow, spoke from her U.C. Berkeley office about the study

—MATTHEW BUDMAN

Pundits and researchers have been writing about diversity and diversity training for years. Were you surprised to find that no one had seriously set out to determine what works?

We were positively surprised—though it's very difficult to get this data, which is one reason why researchers have not studied what works. We were lucky—or proactive—enough to get government data about organizations' workforce composition, the best information available because it is annual and self-reported. And we interviewed people in the organizations. A lot of time and money was invested in this research.

To cut to the chase: What common corporate practices *don't* work? Is there anything organizations are doing that they should just stop?

Diversity training is the most common corporate practice that we examined, and it simply doesn't bring more women and minorities into management. We actually were not surprised by this finding, because there are many studies by social psychologists showing that diversity training has conflicting and confusing effects on workers, with a negative effect on workers' attitudes. So we weren't surprised to look at the aggregate picture and see that diversity training really doesn't matter in terms of hiring and promotion. Plus, it's very, very expensive.

Do you expect a backlash from diversity trainers?

It'd be very interesting for me to discuss these things with diversity trainers, because they obviously think that it does work. A couple of days ago, I sent the study to a diversity trainer here at Berkeley, and I wonder what she'll say!

An article in the November issue of *DiversityInc.* rejects your study as "narrow."

Yes, they didn't like our findings. According to them, we got the business case for diversity wrong, because we say that training doesn't work. What *they* got wrong is that we find things that *do* work, that are much more cost-effective, and that ours is the only study that actually looks at the bottom line of diversity efforts—whether they end

which attributes the underrepresentation of women to acculturation. Barres comments on his own experience: "By far, the main difference that I have noticed is that people who don't know I am transgendered treat me with much more respect: I can even complete a whole sentence without being interrupted by a man."

Another illustration: When I was at McKinsey (admittedly, years ago), the women who were being considered for partner almost without exception were told in their annual reviews that they had a "style" problem; some were sent to Roger Ailes for coaching. The presumption seemed to be that they would have trouble establishing and maintaining client relationships. Yet in fact, some of these very women in subsequent jobs had lead account responsibility for the very same sort of client!

Once the younger women heard about these pervasive "style" concerns, they increasingly distrusted the review process and wondered if their efforts would be rewarded. These concerns were demotivating—and may well have led some of the women to try less hard (why bother?) and thus confirm the negative views.

Yet the partners in those days would almost certainly have been dumbfounded had they been told that their "style" concerns about women were tantamount to prejudice. No doubt they saw their comments as constructive and valid criticism and their use of outside coaches as a sincere (and costly) effort to help.

The reality is likely to have been more complex: that they had a notion of what a good consultant looked and acted like, and that notion, having been developed over many years on a pool of male talent, was at odds with how women appeared and behaved. It's a variant of the *Moneyball* issue: The partners had a methodology that appeared to work, in part because no other one had been tested! But the perceived risks argued against putting too many people who did not fit the mold (and that mold just happened not to correspond with "female") in front of client executives.

And yet well-intentioned efforts to level the playing field by favoring minorities have a mixed track record. In Australia, companies with women directors give them high marks, yet only half of the large companies have women on their boards, versus 90 percent in the United States. Moreover, when the favored minority group does not show its chops quickly, the net result can be negative. Both able and perhaps not-so-able candidates who rise up increasing diversity or not.

Your study takes as a given that the goal of diversity programs should be to increase hiring and promotion of women and minorities. *DiversityInc.* says that your study "measures diversity-related progress by only one indicator: racial composition." Is it really all about numbers?

At the end of the day, the numbers should go up. If training increases opportunity and climate and diversity-friendliness, after a year or two—or three or four—it should translate to numbers going up. This is exactly why we wanted to look at thirty years of data and get a long-term perspective. If you increase cultural awareness among your white male employees and don't change anything else, then you have, well, a not-diversified company with a lot of cultural awareness.

You argue that the key is to "establish responsibility for diversity." What's the best way for a company to make that happen?

We examine three ways: having an affirmative-action plan that is annually evaluated, checking the numbers in your company vis-à-vis the labor market you recruit from; having an active diversity committee; and having a full-time staff person. And these three things are highly effective. If you don't have someone in charge, diversity goals and programs get diffused.

Is it all about carrots and sticks, about incentivizing individual managers to hire and promote women and minorities?

We don't consider organizational responsibility for change to be a carrot-and-stick approach. It's not about any individual's responsibility—it's about creating organizational oversight, where these things are being checked upon. Evaluating managers is not effective: *If you make efforts to diversify your group, we will give you a higher evaluation*. That doesn't help increase diversity in the long term. Even if I decide to look good on an evaluation by hiring a black woman, I need to make sure there is no bias in the distribution of projects and tasks and no harassment and that all the opportunities are transparent. No one individual can do it—even if that individual likes diversity training! So having organizational oversight—someone who can actually come up with a plan and monitor it—is where we think success lies.

But doesn't it come down to the individual level? It's still individual managers making decisions on hiring and promotions.

While we can promote change in their decisions, we can also promote change in how the new hires are being incorporated, in how the company is handling promotion decisions, in making the criteria more transparent. The change that is required is at the system level. It's more than any specific individual. It's about creating an organizational environment that will be able to not only hire but *keep* these people.

to executive levels will suffer from the suspicion that they might not have gotten there on merit, and that suspicion can undermine their performance.

The Illusion of Meritocracy

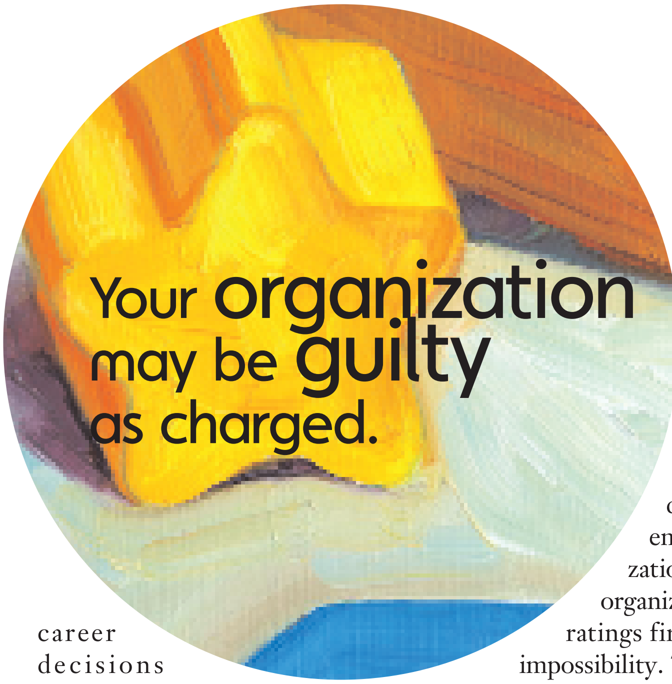
OK, so diversity programs may not serve the people they are designed to help. One of the reasons is that these initiatives are assumed to undermine merit-based hiring and promotion. Indeed, as Barres points out, citing research, "When it comes to bias, it seems that the desire to believe in a meritocracy is so powerful that until a person has experienced sufficient career-harming bias themselves they simply do not believe it exists." But the idea that an organization can be truly meritocratic is, alas, a fiction.

On a practical level, the best a company can hope for is that, taken as a whole, the people it hires and promotes are "better"—as defined by the company—than the people it rejects. On an individual level, the role of luck, combined with inherent shortcomings of performance-appraisal systems, make it impossible to have confidence in the fairness and accuracy of any particular staffing decision.

Let's consider an extreme example of the role of luck: Felix Rohatyn. Granted, it may seem counterintuitive to ascribe the success of someone with an undeniable record of talent and accomplishment to luck. Rohatyn has been America's preeminent investment banker for over forty years; he has continued to command loyalty at the top-executive ranks and has withstood challenges from two generations of younger talent. Even after an absence of eight years, when he served as the U.S. ambassador to France, he came back to robust demand for his services, and his boutique firm stood as high as No. 2 in the M&A league tables. In 2006, he joined Lehman Brothers as a senior adviser to its chairman, which was seen as a coup for the firm.

Yet Rohatyn came to the United States as a Jewish émigré, graduated from Middlebury College, and secured a position as a gold trader at Lazard Frères. He managed to become Andre Meyer's protege, then the firm's senior partner and himself a protean force in the world of finance. Although Rohatyn might have done well regardless, it is hard to imagine him reaching the same pinnacle of success without Meyer's sponsorship.

Now, for most people, it's well nigh impossible to pick apart the importance of ability versus good fortune. Yet early



career decisions and moves often have an arbitrary element (a young person takes a rotation into a new area that takes off, or has a bad run of assignments and gets discouraged) that can influence later career success.

Other factors can thwart an organization's meritocratic efforts (many of these observations derive from a 1992 paper by Patrick D. Larkey and Jonathan P. Caulkin, "All Above Average and Other Unintended Consequences of Performance Appraisal Systems"). Many people, for instance, run up against conflicts between individual and organizational interests. Implicitly, any employee's job is to serve his boss, when his check is actually being cut by the company. If the employee views his role as being different than his boss sees it, the boss's view prevails, *whether or not it is correct*. In an extreme case, if the boss wants the employee to run personal errands, and the employee refuses, he runs the risk of getting a negative review.

There's the *Peter Principle* conundrum that the skill requirements at one level may bear little relationship to the demands of the next. You've heard the old chestnut, "Promote your best salesman, and you lose a good salesman and gain a lousy manager." But this situation puts bosses in a real bind. If you promote the person who is best in a department, his skills may fall woefully short of the requirements of his new role. But if you promote the person you deem best suited for that job, and not the top performer at his current role, you will demoralize his former peers, create resentment against him (undermining his authority and effectiveness), *and* raise questions about your judgment.

And then there are difficulties in ranking employees across organizational units. Even though organizations want consistent ratings firmwide, it's a practical impossibility. There are considerable barriers to a manager giving his staff member honest and useful feedback that lead to inflated ratings. They have an ongoing relationship; and thus both sides do not want the review process to create friction. Yet most employees have an inflated view of their achievements, which predisposes them to doubt, perhaps even resent, a truthful appraisal. And since the assessment of a job of any complexity is largely subjective, it's difficult for the boss to defend a rating that is at odds with the employee's self-assessment. In addition, managers consider themselves at least partly responsible for their subordinate's performance. Thus a low rating reflects badly on them.

The consequences are profound. It means that the typical defense against the failure to achieve diversity, that the company was in fact hiring and promoting based on achievement, is hollow. These systems not only are subjective (inherent to most ratings) but also often lead to capricious, even unfair results.

And there is evidence that subjective processes set a higher bar for minorities and women. For example, a 1997 *Nature* paper by Christine Wenneras and Agnes Wold, "Nepotism and Gender Bias in Peer-Review," determined that women seeking research grants need to be 2.5 times more productive than men to receive the same competence score. In 1999, MIT published the results of a five-year, data-driven study that found that female faculty members in its School of Science experienced pervasive discrimination, which operated through "a pattern of powerful but unrecognized assumptions and attitudes that work systematically against female faculty even in the light of obvious good will."

So here you have the worst of all possible worlds. You want to achieve diversity, if for no other reason than to forestall lawsuits and present a better face to your customers. Yet you have long believed the main reason is that you haven't been able to find enough "talented" members of the various groups to fill out your managerial ranks. But your performance-appraisal system is subjective and probably unreliable, and the complex nature of organizations means that who rises is largely arbitrary, and it is likely that "out" groups are subject to higher performance standards. All this to say that women and minorities' frustration at their failure to achieve reasonable representation may well be completely justified. Your organization may be guilty as charged.

Making Change Happen

The obstacles to achieving fairer outcomes are daunting. Individual and institutional biases are insidious and deeply rooted. Trying to promote diversity may only make it harder for the target populations. And merit isn't all it's cracked up to be.

But corporate leaders can take perverse comfort: There's a reason why their efforts to promote diversity have shown little success. Not only is this a deeply rooted problem—until recently, there has been little knowledge of what worked and what didn't. "For years, I have been struck by defenses of different types of diversity programs in the absence of any kind of literature suggesting what worked and what didn't," says Harvard sociologist Frank Dobbin. "Even the most popular programs haven't been examined. You'd go to an HR manager or vice president of personnel, and they'd say, 'We do this because it's a best practice,' and they have no idea whether it really works in their organization—or anywhere else."

So Dobbin, along with U.C. Berkeley researcher Alexandra Kalev and University of Minnesota sociologist Erin Kelly, conducted a major study, resulting in a recent paper, "Best Practices or Best Guesses? Diversity Management and the Remediation of Inequality," published in the August 2006 issue of *American Sociological Review*. The authors collected data on 708 organizations from 1971 to 2002 and examined the impact of different types of diversity programs on managerial composition. (See "What Works—and What Doesn't" on page 22.) Their conclusions offer guidance for getting minorities and women into the managerial pipeline:

What produces results: making specific managers responsible for improving hiring and promotion. Committees and task forces—with members representing various backgrounds, managerial levels, and business units—have the greatest impact. Diversity departments are also helpful but not quite as effective; their impact appears to be primarily upon recruitment and hiring practices.

One reason for the success of task forces may be their ability to identify the obstacles in a particular organization. For instance, Deloitte & Touche, which in the 1980s had been successful in attracting and promoting women to the partnership, saw the proportion of women admitted to the partnership fall in 1991. Rather than assume the problem away, chairman and CEO Michael Cook investigated. A team interviewed men and women at all levels, including high-caliber women who had quit. The findings differed dramatically from their assumptions, which led the firm to implement a number of new programs. By 1998, the firm had increased the number of women in senior positions three-fold.

Mentoring and networking are moderately beneficial. According to the researchers' data, company-sponsored networking programs help white women the most; mentoring works for black women; and neither appears terribly effective at improving the managerial prospects of black men.

Diversity training appears to hurt more than help. The researchers' statistical analysis showed only one modest benefit and two negative effects across all groups. This is consistent with other studies, one of which found that courses may actually foster bias, another that diversity training actually reduced the promotion of minorities.

Since the federal data that Dobbin, Kalev, and Kelly compiled lumps all managers into a single category, the researchers weren't able to look specifically at minorities and women in corporations' top ranks. But as Dobbin notes, "You won't see progress at the top until you've solved the problem at the lower levels."

Some additional commonsense suggestions:

Make getting the right people a top-level concern. Most organizations give lip service to the importance of staffing, but serious discussion of personnel issues is often quickly shunted to HR. Top executives need to demonstrate, through their questions and allocation of effort, that shifting the company's profile is a priority.

Get on a first-name basis with your prejudices. It is hard to compensate for preconceptions in the best of circumstances, but it's impossible if you choose to remain ignorant. Encourage your staff to take the Harvard implicit-bias test (or any similar, well-validated test) that gets at unconscious prejudice. Work with your lawyers to see if you can survey for bias on a broad-scale, anonymous basis so you can see how the bulk of your managers view various groups.

Shift the focus away from diversity per se. "Diversity" is a two-edged sword. It's better to challenge your staff broadly to bring in new types of talent. For example, the trend in recruitment for mid-level and senior staff has been to hire people who have done pretty much the same job at another company. Unless your competitors have a superior playbook, you might do better to bring in people from other industries that are facing similar challenges. Or you can experiment with more equitable ways to level the playing field. For instance, Areva, the French nuclear-energy company, requires managers to pick women when candidates of differing genders are rated equally.

Survey the underdogs. Many women and minorities can cite examples of how they feel they were treated unfairly in the workplace, yet management often remains clueless until the problem rises to the level of litigation. Understanding the obstacles they face can give you a much clearer picture of the nature of the problem and how to remedy it. The participants need to be assured of confidentiality (which means using external parties to conduct any research), and one-on-one interviews are preferable, since they give the richest data (and the devil often lies in the details).

Listen. In the stone age of the 1980s, DuPont took note of the fact that female employees who participated in a rape-prevention program asked for a course that could help them with day-to-day workplace issues. The resulting workshops, titled "A Matter of Respect," bring together mixed groups with a male and female facilitator to discuss videotaped examples of gray-area behavior. The program's success (it now encompasses other issues relating to workplace diversity) has as much to do with management's commitment as to the program design and robust supporting elements (for example, 24/7 hotlines). DuPont frames its objectives positively, around the importance of treating others well.

Look at ideas and models from outside your firm. Most companies are loath to step outside their institutional experience. Yet successful examples at other well-run firms can help executives overcome "novelty aversion," including in the area of staffing.

Rather than move on to more tractable situations, executives must dig deeper into the complex and persistent attitudes and behaviors that keep "out" groups outside the executive suite. To use an expression from Venezuela, "They have changed their minds, but they have not changed their hearts." When your reflexes conflict with your best interests, stepping outside your comfort zone is the only way to achieve real progress.