

THE IMPACT OF WORK FORCE  
DIVERSITY ON ACHIEVING  
BUSINESS OBJECTIVES

SURVEY REPORT

SURVEY OF MEMBERS OF THE  
MATERIAL HANDLING  
INDUSTRY OF AMERICA  
SEPTEMBER 2007

BY  
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Work Force Diversity is about achieving and maintaining a competitive advantage through an organization's work force. It is about the alignment and management of a diverse work force in achieving business objectives.

## Work Force Diversity

In the world-is-flat economy, the hallmark of a successful organization is increasingly its ability to respond to and satisfy a diverse marketplace — a marketplace with fewer geographic, structural, and temporal barriers. In this economy, market penetration, market share, and sales depend on a organization's ability to recognize and understand diverse customer needs.

To satisfy diverse customer needs and to translate these consumer needs into products and services an organization needs diversity in the experiences, skills, competencies, and perspectives of its work force. In this economy, diversity becomes a business imperative.

Work force diversity in this context is about more than compliance (employing representative numbers of employees in the various EEO protected categories) or about valuing diversity (valuing the individual differences each employee brings to the organization). It is about more than social and ethical obligations. It is about organizational success.

Work force diversity is about achieving and maintaining a competitive advantage through an organization's work force. It is about the alignment and management of a diverse work force in achieving business objectives.

### Highlights of the Material Handling Logistics Summit

In June 2007, HMIA held its first-ever Material Handling Logistics Summit. Participants in the Summit included equipment suppliers and end users, academics, and consultants. The purpose of the Summit was to discuss the trends and challenges faced by the industry, to assess the impact of these trends and challenges, and to identify initiatives to address these issues.

Of the top ten trends and challenges identified, the trend given the highest priority was the "Growing importance of demographics, labor, and people." The challenge identified: How do MHIA members "...attract, retain, and continuously develop people."

## Work Force Diversity Survey

A short electronic survey was conducted of 1,147 CEOs or their delegates or alternatives of MHIA member companies in September 2007. Fifty-five members responded.

The purpose of this brief initial survey was to collect data about key business issues and risks facing MHIA members, gain a better understanding of the implications of work force diversity for MHIA members in light of those risks, and identify the diversity efforts being made by MHIA members. The following discussion reports the findings of this survey.

### Responses to Survey Questions

*Question #1. Companies use metrics to assess their organizations' performance. What are the key metrics used by your organization?*

An organization measures what it treasures. Determining the metrics and measurements used by the organization provides information about which activities, processes, and outcomes it considers most important.

Table # 1 shows that financial metrics are among the key measurements used by MHIA member companies to assess organizational performance. Eighty-six percent of the survey participants measure their organizations' **net profits**; 77% measure **total revenue**; and 11% measure **earnings per share**. Two human capital metrics were also indicated: **productivity** (38%) and **quality of new hires** (9%).

The "other" category includes the following metrics: gross margin EBITDA, inventory turns, meeting customer expectations of quality service, meeting goals, on time deliveries, backlogs, late orders, daily sales, shipments, utilization, and winning back contracts.

**TABLE #1**  
**Key Business Metrics**

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
Net Profits	48	86%
Total Revenue	43	77%
Productivity	21	38%
Earnings per Share	6	11%
Quality of New Hires	5	9%
Other	10	18%

Note: Survey questionnaire allowed survey participants to indicate more than one metric.

*Question #2. Companies face numerous risks that threaten their ability to compete or that would negatively impact short-term and/or long-term growth. What risks are most threatening to your company over the next two (2) years?*

Table #2 shows that survey participants are particularly concerned about the economy. Eighty-eight percent indicated that a **downturn in the economy** was a threat. **The ability to attract and retain top talent** (39%) was the next most frequently cited risk.

“Other” risks indicated by survey participants include: the low cost structure of Asian built products (2 participants) competition from Chinese manufacturers, increased competition (the source of the competition was not indicated) , the growth of offshore manufacturing (2 participants), low cost competitors form overseas, increases in raw material costs (2 participants), the exchange rate, health care costs, steel prices, employee costs, new technologies, being scooped by an aggressive competitor, and poor quality.

**TABLE #2**  
**Key Threats and Risks**

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
Downturn in the Economy	49	88%
Ability to Attract and Retain Top Talent	22	39%
Inflation	6	11%
New laws and regulations	5	9%
Other	14	25%

Note: Survey questionnaire allowed survey participants to indicate more than one risk.

**Question #3:** *In the global market place companies are implementing strategies to increase the diversity of their work force. Has your company taken any steps to increase the diversity of its work force? If yes, what steps has it taken?*

As shown in Table #3, only 40% of survey participants indicated that their organization has taken steps to increase the diversity of its work force. Importantly, some participants further indicated that they have begun to align and link their work force diversity activities with their business objectives. Some of the steps being taken to increase work force diversity include:

- 1) Implementing diversity initiatives with the purpose of helping the company “to grow.”
- 2) Placing greater emphasis on diversity in the recruitment process and expanding the use of nontraditional hiring sources. Examples: “reaching out to different organizations at our local universities including HBCUs,” and using state job service agencies more frequently.
- 3) Hiring more women and minorities, including: the hiring of “bilingual employees,” “Hispanics into sales,” and more foreign employees.
- 4) The development and use of external and internal training programs — including working with local schools and community colleges to “develop relevant curriculum” — with the goals of attracting new hires from outside traditional industry channels and expanding career opportunities.
- 5) Greater recognition of work-life balance and greater flexibility in work schedules, including the use of telecommuting and allowing employees to work from home.
- 6) A formal use mentoring to encourage women and minorities to consider working in manufacturing and to help them succeed.

**TABLE #3**  
**Taken Steps to Increase Work Force Diversity**

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
Yes	22	40%
No	33	60%

Question #4: *Supplier diversity is linked to work force diversity. Has your company taken any steps to increase the diversity of its suppliers and/or use of subcontractors?*

As shown in Table #4, only 33% of survey participants indicated that their organization has taken steps to increase the diversity of its suppliers and/or subcontractors. While for many participants the use of suppliers and subcontractors is motivated by cost considerations, others are influenced — particularly in their use of women and minority owned businesses — by the diversity supplier requirements established by their customers. A few survey participants indicated that they were “proactive” in the use of minority suppliers; that they include “affirmative action language into purchase contracts”; or that they considered the use of local suppliers “in areas closer to [their] global customer base.”

**TABLE #4**  
**Taken Steps to Increase Supplier Diversity**

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
Yes	18	33%
No	36	67%

Question #5: *Do you agree with the statement: Work force diversity will increasingly be a factor in determining my company’s ability to compete in the global marketplace?*

Almost 70 % of the survey participants agree or strongly agree that work force diversity will be a factor in determining their ability to compete in the global marketplace. See Table #5.

**TABLE #5**  
**Diversity a Competitiveness Factor**

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
Strongly Agree	5	9%
Agree	31	56%
Disagree	16	29%
Strongly Disagree	3	5%

Question #6: Do you hold your managers and supervisors accountable for their performance in helping your company achieve its diversity goals?

As noted in Table #6, fifty-one percent of the survey participants do not have work force diversity goals. Of the 26 companies with diversity goals, 78% hold managers accountable for their performance.

**TABLE #6  
Holding Managers Accountable**

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
Yes	20	38%
No	6	11%
We do not have Diversity Goals	27	51%

### Survey Participant Demographics

Question #7 – Geographic Distribution:

Survey participants were asked to identify the state of their company’s headquarters. Forty-five percent of the participants are headquartered in six states: Illinois, Indiana, Michigan, Ohio, Pennsylvania, and Wisconsin. Additionally, three participants indicated that they are headquartered outside of the United States.

**TABLE #7  
Geographic Distribution of Headquarters**

<b>States</b>	<b>Number in Each State</b>	<b>Percent</b>
Michigan, Pennsylvania, and Wisconsin	5	27%
Ohio	4	7%
Illinois and Indiana	3	11%
California, Georgia, Iowa, Kentucky, Minnesota, Missouri, New Jersey, and Texas	2	29%
Arkansas, Delaware, Louisiana, Maine, Massachusetts, Nebraska, New York, North Carolina, Tennessee, Utah, and Virginia	1	20%

Questions #8 and #9 – Locations

Thirty participants (55%) indicated that they have locations in more than one state; nineteen participants (35%) have locations outside of the United States.

Question #10 – Number of U.S. Employees:

Survey participants were asked to indicate their size measured in the number of employees in the United States. As shown in Table #8 the majority (75%) have fewer than 250 employees.

**TABLE #8**  
**Number of Employees In the United States**

<b>Categories</b>	<b>Number</b>	<b>Percent</b>
Under 20 employees	3	5%
20 to 49 employees	6	11%
50 to 99 employees	16	29%
100 to 249 employees	17	30%
250 to 499 employees	5	9%
500 to 999 employees	4	7%
1,000 to 4,999 employees	4	7%
4,999 to 9,999 employees	1	2%
10,000 or more employees	0	0

Question #11 – Employees in Other Countries:

Survey participants were also asked if they had employees in other countries. Twenty-one companies (38%) indicated that they have employee in other countries.

Question #12 – Industrial Classification:

Survey participants were asked to indicate their primary industrial code or classification. The vast majority indicate either 34XX , Manufacturing – Fabricated Metal Products, or 35XX, Manufacturing– Machinery, Except Electrical. Additional classifications include: 25XX, Manufacturing – Furniture & Fixtures; 76XX, Services – Miscellaneous Repair Services; management consulting; and a software company.

Question #13 – Gross Sales

Survey participants were also asked to indicate their size measured in Gross Sales. Twenty-four participants provided gross sales figures. As shown in Table #9, half those participants have gross sales of less the \$50 million.

**TABLE #9**  
**Gross Sales**

<b>Categories</b>	<b>Number</b>	<b>Percent</b>
Under \$10 million	6	25%
\$10 to \$49 million	6	25%
\$50 to \$99 million	3	13%
\$100 to \$499 million	5	21%
\$500 to \$999 million	1	4%
\$1 billion or more	3	13%

### The Impact of Work Force Diversity

Question #14: *What work place diversity issues are currently impacting your company?*

This open-ended question allowed participants to provide information about the work force diversity issues affecting their companies. Participant responses included:

- 1) “The ability to deal with foreign languages and standards.”
- 2) “The ability to hire qualified employees.”
- 3) “Cannot get talent from normal sources.”
- 4) “...finding candidates who traditionally might not look to manufacturing as their career choice.”
- 5) “Lack of response from minority suppliers.”
- 6) “Lack of trained workers with basic skills in math, blue print reading, industrial skills, and fabrication skills.”
- 7) Language skills, accent barriers, limited English proficiency.

## Information about Laurdan Associates, Inc.

This survey was conducted for MHIA by Laurdan Associates, Inc., a veteran-owned, human resource management consulting firm specializing in HR audits, employment practices liability risk management, HR metrics, strategic HR, employee surveys, and HR management issues. For more information, go to [www.laurdan.com](http://www.laurdan.com) or contact Mr. Ronald Adler, president-CEO, 301-299-4117 or [radler@laurdan.com](mailto:radler@laurdan.com).