

Successful Organization Who Lead in DE&I Have A New 'Superpower'



Author: Aniela Unguresan
Founder, EDGE

I [shared](#) a platform recently with Kevin Murphy, Partner at Bain & Company and an acknowledged expert in change. In the summer of 2021, Kevin was the co-author of an article in the [Harvard Business Review](#) discussing 'Change Power' – which was then a new concept to enable organizations to measure, quantify and build their ability to change.

What was especially important about organizations that had 'high' change power, he noted at the time, was that they had 'better financial performance, stronger culture and leadership, and more engaged and inspired employees'.

Permanent change is the only permanent thing that exists in this im-permanent world and having the power to adapt to unforeseen risks when the unthinkable happens is the trait of an organisation that is sustainably successful. 'Changeability' was and is, Kevin says, a new 'superpower'.

In devising its new 'Change Power Index', Bain looked at nine different elements that drive changeability, and categorized them into three segments: leading change; teaming for change; and organizing change. What was most important, however, was 'to find the critical few' elements within these segments that

could have the biggest impact. This in turn led to a closer look at the underlying drivers of change power.

What was especially intriguing was the intersectionality between 'change' and Diversity, Equity and Inclusion (DE&I). DE&I correlates with all nine of the elements identified, with the strongest statistical connection to the element of 'purpose'. When an organization can unify around shared commonalities, leaders are better able to align and advance meaningful organizational change.

In the three years since the article was published, and the 'Change Power Index' created, [Kevin has identified an even stronger and more tangible connection to DE&I](#). Among the companies given the highest DE&I score by Glassdoor, change power is 80% higher than their competitors. Bain looked at companies with high change power and similarly high DE&I scores and the impact those strengths had on overall performance and results. The findings are significant.

Every 0.1-point improvement in DE&I ratings for a company (on a 5-point scale) was linked to a corresponding 13% increase in the absolute change power score on average. Previous research had found change power to be associated with a two-times improvement in EBIT margins, two-times in total shareholder return, and up to three-times in revenue

growth. CEO and senior leadership ratings were also up by a quarter (25%).

“Causality,” Kevin says, “is difficult to prove, but the relationship here is hard to ignore. Doing DE&I well correlates with better change power, which in turn is linked not only to company performance but also leadership and employee engagement.”

Based on our experience of working with global organizations who are EDGE Certified, the results confirm something we have long suspected: organizations who embrace DE&I perform better than those who do not across virtually every measure. It supports their compliance with relevant legislation and reporting and gives them the competitive advantage.

EDGE has been committed to strengthening the business case for investing and continuing to invest in DE&I from the very beginning. We are now extending our partnership with Bain to work with five EDGE Certified organizations to complete the assessment

for the Change Power Index and correlate the results with their DE&I performance. In doing so, we can provide them with ‘a clear, actionable view’ of the factors that determine an organization’s ability to transform itself when it counts.

We're here to support you on this important journey.

Request your EDGE Empower demo [here](#).
Learn more at www.edgeempower.com.