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# **Culture Change:** **Leveraging the benefits** **of Diversity and Inclusion**

By Catherine McGregor



# Changing

**MCCA and Paul Hastings are embarking on a year-long project to examine how culture change works in regards to diversity and inclusion in a selection of legal departments and their organizations. The first case study focuses on Boehringer Ingelheim's US legal team.**

In this exclusive extract we consider the role of leadership and strategy in producing a more diverse and inclusive culture.

Culture change is an interesting phenomenon to study: when it works, it is a unique dance between the needs of the individual and those of the organization. Leadership is pivotal in aligning these two drivers and in ensuring there's organic interaction between both. Research into successful culture change suggests that the best leaders are fully aware of their influence in culture and how they can shape this.

## **LEADERSHIP AND CULTURE**

"For better and worse, culture and leadership are inextricably linked. Founders and influential leaders often set new cultures in motion and

imprint values and assumptions that persist for decades. Over time an organization's leaders can also shape culture, through both conscious and unconscious actions (sometimes with unintended consequences). The best leaders we have observed are fully aware of the multiple cultures within which they are embedded, can sense when change is required, and can deftly influence the process." (Groysberg, Lee, Price & Cheng, Harvard Business Review, January-February, 2018).

In changing culture to increase diversity and inclusion, leaders are similarly crucial. They set the scene and show that inclusion and diversity is a priority. They function as role models, whether that's a conscious choice on their part or not. Leaders can also demonstrate the pro-

professional importance of inclusion and diversity by changing the conversation around what success at work looks like, both internally and externally, and driving difficult conversations when that's not happening.

At Boehringer Ingelheim, the legal department has been guided over the last 14 years by a series of female general counsel. From 2005 until 2013 that was Marla Persky, who firmly set the initial focus for the legal team on the importance of diversity and inclusion to its culture. Marla was followed by Desiree Ralls-Morrison who is a woman of color. Eighteen months ago Desiree was succeeded by Sheila Denton.

For one of the inside counsel I spoke to, the development of the focus on inclusion and diversity has been analogous to an iceberg where only a fraction of the entirety is visible on the surface. This is partly a result of defining diversity differently and looking beyond merely the visible differentiations. Executive Director & Executive Counsel Employment & Government Investigations, Adam Price, explained: "While our demographics have changed above the surface, what's also changed is the background of what people bring to the company - it's more diverse. For example, the locations and background people are coming from, not just from law firms but also in-house people with non-traditional legal backgrounds. It's also the type of law firms people come from: it's a broader cross-section. That means that we demonstrate our commitment to diversity to be more than just how it looks; we also bring a real diversity of perspectives."

How the journey to inclusion and diversity at Boehringer's legal department has developed is also indicative of how the legal department's leadership has changed. Marla Pesky initially put the notion of diversity and inclusion firmly on the radar of the legal team. Gina Maz-

zariello, Vice President, Human Pharma Business Law, explains:

"We can look to the leadership role to understand evolution of diversity in the department. Marla was very outspoken and clear about a commitment to diversity and inclusion which really set us on the path of thinking about this strategically. Marla hired me as a junior lawyer and she had certain things she required in hiring; when we were interviewing for a new position that slate needed to be diverse."

Adam Price joined the legal team at around the same time as Gina Mazzariello, and comments, "The company has changed significantly in the last 11 years. They had started their diversity journey right around that time. There were many people who were 'home grown' with fantastic knowledge and insights, but the leadership saw they also needed to bring in new viewpoints and diversity of thought to add into the mix. Geographically, we started looking more broadly than the North East, advertising in different places for our roles and looking further than Ivy League colleges."

Thus the leader's articulation of the aspiration for culture change is significant in starting the journey for change, which becomes a positive loop and encourages buy-in throughout the group, according to Groyberg et al:

"As employees start to recognize that their leaders are talking about new business outcomes - innovation instead of quarterly earnings, for example - they will begin to behave differently themselves, creating a positive feedback loop." (Groyberg, Lee, Price & Cheng, Harvard Business Review, January - February, 2018).

## **ROLE MODELS**

The positive feedback loop created is also reinforced, in the case, by the diversity of the leaders in question as role models and leaders.

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As the legal team became more diverse, the fact that the general counsel over the last 14 years was diverse has been an important reinforcement factor.

Sheila Denton, the current General Counsel, feels that this series of female leaders has had a significant effect: “As long as I have been here it’s been a female General Counsel. Personally, my experience of having a female General Counsel allowed me to be more comfortable and more open about the challenges of being a working parent and balancing the needs of flexibility in the workplace. This backdrop created an environment where you can strive for and achieve greater work life balance, setting a tone within the legal department that has continued to today.”

Karem Friedman, a Hispanic lawyer who is Director & Senior Counsel, Human Pharma Business Law and who has been with the company for six years, feels the role modelling from the leadership and their commitment to the promotion of diversity has definitely had a tangible effect on culture in the legal team for minority attorneys such as herself.

“From my perspective, it sets the tone but also gives you someone to emulate in many ways. That’s why it is important to me that our department has continuously had strong female leaders that I consider role models. This was particularly true for me when

Desiree, a female of color, became our general counsel. It made me proud to be part of Boehringer Ingelheim’s culture and made me feel that it was a role that I could aspire to.”

But in thinking about culture change and role models - what’s the connection? Role models function as markers and can help the individual in navigating an organizational culture. It’s particularly the case in guiding new employees, to assess whether they truly have cultural fit. If you cannot see people, particularly in leadership, who look like you or embody experiences that are similar to yours you may question whether you can be successful.

One of the downsides of cultures where there isn’t diversity is the fact that leadership and therefore what’s defined as success at work can be tied up with one identity set.

Diverse role models can be an arbiter for change, showing that it is possible to be successful and look different and be authentic. The last part of being able to be an authentic leader is fundamental to changing culture: if diverse candidates are only acting as role models or being designated as successful if they mimic the majority, then culture change will not happen. What will be achieved will be mere mimicry of culture change or ‘window-dressing.’ As success is generally defined explicitly and implicitly by leadership in companies, the leader

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becomes significant as a role model and driver for inclusion, whether they are themselves diverse or not.

## CULTURAL MAPPING

Research in culture change, such as that undertaken by Groysberg et al, suggests that a key aspect in beginning culture change is defining the current state of affairs to determine what needs to change. For Sheila as a General Counsel of fairly new tenure, stepping into the role afforded opportunity but also a chance to take stock of the culture as it stood generally and in relation to inclusion and diversity. "When you grow up in the organization, it's a different perspective than when you join from outside," Sheila explains. "With every new role, you have to approach it with your new responsibility mindset. I needed to lead with my General Counsel hat and lens rather than other hats I had worn in my previous roles at Boehringer. As a new leader I had to challenge myself personally. The number one need was just to reflect, listen and observe."

It's important for leaders to situate culture change for inclusivity within the wider context as Sheila notes. "Before I had returned (from the global headquarters in Germany to assume the General Counsel role) the US organization was in a period of transition. That uncertainty had leveled off, but when you are part of a changing industry like pharma, there will always will be

some uncertainty. One of the key challenges is maintaining a culture where it's OK to feel uncomfortable with the uncertainty and the process of change - all that is significant in creating change for diversity."

For Sheila it was "fundamental that I have a sense of where we are now, to really observe and let my leaders be leaders." What this exercise in observation and listening led Sheila to conclude is that there was a lot of activity in inclusion and diversity but that it needed direction and strategy. And that this was also a great opportunity to further empower the all-female leadership team to work on driving this.

## STRATEGIC DIRECTION

A key building block regarding culture change is setting a vision and then a strategy to achieve that. As business expert Simon Sinek has stated in his seminal book *Start With Why*, setting a vision or a 'why' inspires those you work with but will also become a key metric for finding more of the right people to work with. For Sinek and many other thinkers who consider organizations, a significant factor in successful change is that employees are bought into the sense of 'why' and have purpose, passion and trust.

That's backed up in reality: research by Robert Quinn of the University of Michigan and Anjay Thakor of the University of Washington in St Louis detailed in *Harvard Business Review* what happened when a CEO who was struggling with

employee engagement in his call centers visited a company who wasn't. Gerry Anderson, CEO of DTE, was asked to visit USAA's call centers by their CEO Joe Robles, a board member at DTE.

"Familiar with the culture of most call centers, Anderson expected to see people going through the motions. Instead he watched positive, fully engaged employees collaborate and go the extra mile for customers. When Anderson asked how this could be, Robles answered that a leader's most important job is "to connect the people to their purpose." (Quinn & Thakor, Harvard Business Review, July-August 2018).

In the legal department at Boehringer, a key area of focus now for leadership is the development of a strategy for diversity and inclusion. The desire to organize the legal department's work around a strategic vision is driven by Gina Mazzariello and Andrea Lockenour, but a catalyst was the change in leadership with Sheila Denton assuming the General Counsel role. For Gina it was important that the various activities and ways of approaching issues were clarified around a vision and strategic statement as a means to further consolidate and enhance the work that was already happening.

## A Word from Paul Hastings **By Seth M. Zachary, Chairman**

The legal industry is still struggling to leverage the benefits of diversity and inclusion.

It's not because of a lack of knowledge. Many firms understand that diversity is no longer about ticking a box or only a matter of responding to client demands.

These firms understand that diversity and inclusion stimulates innovation. The lack of more significant improvement is not due to a lack of will. There are firms, like ours, that are working with clients, schools, organizations and publications like MCCA to accelerate the pace of change. The challenge law firms face is understanding the way forward—and taking it. That path to progress is systemic cultural change. This should begin with firms weaving diversity and inclusion into the fabric of their cultures.

Cultural change does not come naturally to law firms. Lawyers like precedent and prefer to deal in the tangible. But to harness the value and innovation that diversity and inclusion stimulates, firms will need to embrace cultural change.

So the challenge ahead for law firms is to fully ingrain diversity and inclusion into the culture of their firms and their overall business strategies, so that it can be embodied by their people. It is only through meaningful engagement and maximizing the contributions of each member of our firms that we can truly integrate diversity as a natural part of law firm culture.

At Paul Hastings, we don't pretend to have solved this challenge. However, we believe that through partnering, researching and talking with our clients and other experts we're sparking dialogue to move the needle. We hope that sharing this dialogue through MCCA will help more firms to be cultural change agents.

The journey ahead will have some bumps. The ride may be uncomfortable. But as more firms connect diversity and inclusion to their cultures, the rewards will be great.

Gina explains: "Sheila and I discussed that we do a lot of activities that focus on diversity and inclusion, some of it left over from when Marla started this and some of it just things we do. Going forward, we agreed to put together a real strategy where we want to spend our money and put our time and our vision."

This conclusion was one that Sheila had also come to as a result of her culture mapping exercise when she assumed the General Counsel role. "I felt like our culture was kind and collaborative but also felt that, as adept as we were, we also weren't connecting the things we were doing in inclusion and diversity: asking what we were doing and what does it mean?" For Sheila, the why, the how and the what of diversity needed to interconnect. "By tying this to a strategy or a mission, people understand the 'why' rather than go through the motions."

Gina has been working on this with Andrea Lockenour, who joined Boehringer last year from GlaxoSmithKline. The first stage of the strategy journey has been articulation of the vision as Gina explains:

"We wrote up a draft vision statement about what diversity means to the legal department and brought that to leadership. Our goal is to craft a vision statement that encompasses a definition of diversity that is broader than just protected classes. It's really got to be rooted in valuing diversity; fostering diversity and seeking out diversity in all its forms. That all works towards the inclusion piece, which is key. Once we have the statement agreed, we are going to develop a road map for activities and where we will focus our efforts, what outcomes we want to see, etc."

For Sheila it was key to question the strategic and operational value of activities in inclusion and diversity. "We realized we had a lot of activities linked to certain individuals or certain groups

in legal. What we started asking was 'how does it all fit together?' and 'what does it achieve?', then we needed to ask 'is it achieving what we want to achieve?'"

What's been fundamental for Sheila, Gina and Andrea in setting the strategic direction is that inclusion and diversity is not related to the status of 'nice to have'. Sheila asserts that this has been crucial. "Creating an inclusive culture and a strategy for that is a leadership team priority. It's something we discuss in every leadership meeting: what we want our D&I culture to be and what it is right now."

But culture change generally and strategy around inclusion is not a finite destination: it's a continuing journey. That message of change being a continuous process is something that the leadership team in legal at Boehringer has taken to heart. As Sheila explains, "Looking at our strategy around inclusion and diversity is something we should do every couple of years. We need to keep asking why do we do it, and what is it achieving? Only then can you instill a culture where people feel empowered asking things and expressing themselves."

A focus for the leadership team is considering events that may have grown up organically, perhaps due an individual's personal passions, and to figure out how this can be part of a holistic strategy. Sheila gives the example of the legal team's annual pro bono program where they spend a day working with community groups, non-profits and charities in the local area.

"We have full day of discussions for local non-profits on topics such as how to fund raise, legal issues with boards, etc. Now, the full day event is almost formulaic. But now we are looking at it and asking "it's great but why do we do this and what does it mean?" in a more holistic and strategic approach."

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### **MORE THAN ASPIRATION**

“Culture is a group phenomenon. It cannot exist solely within a single person, nor is it simply the average of individual characteristics. It resides in shared behaviors, values, and assumptions and is most commonly experienced through the norms and expectations of a group—that is, the unwritten rules.” (Groysberg, Lee, Price & Cheng, Harvard Business Review, January-February, 2018).

As Groysberg, et al note in their HBR study, culture is a shared responsibility and how it really becomes true culture change and embedded is through day-to-day behaviors and norms. Directional thinking and pronouncements as well as serving as a figure head or role model are all important focus points for leaders in changing culture. Leadership cannot be based only on high level pronouncements; it has to cascade down to the day-to-day reality of all individuals in the department. For Karem Friedman, the experience of having two children while working

in Boehringer Ingellheim’s legal department was a strong indicator of cultural realities for working mothers.

Karem was a couple of months pregnant with her first child at the time of her interview. For Karem, how Boehringer handled her pregnancy after she shared the news was indicative of the culture in the team: “They were so gracious and supportive, despite the fact that the other attorney they had hired at the same time was also pregnant! It’s a testament to the agile and accommodating culture of our department. Our leadership handled it very well and we worked together to ensure the department had the appropriate support during my leave.”

Karem has just had her second child; now with longer tenure at Boehringer Ingelheim and more comfortable in her role, it did feel easier. She remembers that as a first time mother: “There’s always the unknown, leading to so many questions, including whether I would have flexibility? But the way Boehringer handled my first

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pregnancy made it clear to me that I was working for a company that had a really great culture for working mothers."

What's been significant for Karem is this culture is being handed down, not just through strategy and initiatives, but via everyday interactions, particularly from women leaders in the department who are supportive and also able to share practical tips of how they have coped as working mothers. She explains: "One time I mentioned to a mentor how difficult I found it to deal with a sick infant. She immediately shared her personal experiences with similar situations and told me how she worked through it by making up lost time at night or on weekends. It was very valuable to me to have females in leadership roles telling me, "You're not the first one to encounter these challenges and here's how to overcome them."

For Sheila, as a leader, it is important to connect what they do with how they do it. To get the widest buy-in, diversity cannot exist in a vacuum but has to be connected to real world imperatives. Groysberg et al writing in Harvard Business Review suggest cultural change strategy is best defined not in terms of culture change per se but organizational change priorities. It should be framed not as a culture change initiative, but in terms of real-world problems to be solved and

solutions that create value.

For Sheila, thinking about this in her own team has wider ramifications than just the day-to-day of working in the legal department. There is the commitment to hiring more diverse candidates with different perspectives and life experiences but also requiring more diversity from external suppliers such as law firms. "If you're not looking at it both within your own function but also in the profession more broadly, you are not going to have the same impact," Sheila explains. "You have to consider the ramifications of why, what and how throughout everything you do."

For Sheila a significant focus of her leadership is fostering a culture of creativity and innovation where people can ask questions. She feels that goes hand in hand with diversity.

"In legal, we are in a unique position with the company because not only do we understand the importance of the result of a more diverse culture, but we're in a unique position to get the company to figure out how you get to the result. That's what makes the creative lawyering really interesting - who helps you get there? It's your legal team. But also for our lawyers, seeing the bigger picture of what thinking about inclusion makes to the company and, indeed, society, only fuels that journey with more energy."