

The Social Taxonomy - part two of GGI's interview with Romeo Effs

Today we publish the second part of our interview with Romeo Effs, founder and chief executive of governance, organisational health and executive coaching consultancy Lumorus. In the first part of the interview, published on Monday, Romeo focused on the S - or 'social' - in ESG, noting the way it was moving beyond the topic of diversity to

embrace sustainability and inclusion. He also introduced the ESG social taxonomy, a tool designed to help organisations develop strategic actionable plans to address sustainability issues. In part two, he turns his attention back to diversity and inclusion.

Romeo: Let's go back to the whole notion of people from an ethnic background. I think we've been dancing around the race issue for too long. When I say stuff like this, people tend to see me as being very controversial, but the truth is that the whole idea of diversity was created to kind of push down the race agenda. The race agenda was what started the whole notion around the equalities commission. I wrote a book about this, you know, *Enthusiasm Unchained*. People from an ethnic background need some additional support in the workplace. The reason for that is because there are a lot of psychological disadvantages that we have to deal with in a society like the UK.

I was brought up in Jamaica; when I go to Jamaica



or any other predominantly black country, the feeling of safety and comfort is completely different. Because when I'm in the UK, I have to be conscious all the time of how I look, how I speak and what I say. Am I being judged? What are the stereotypes? Am I going to be stopped by the police? You know, all that kind of stuff. In a place like the UK, we have to be chameleons, right?

The other thing we need to understand is that an organisational culture, say the culture of the NHS for argument's sake, is a box the NHS has created to define how I want the people that work for me to operate. But as a Black person, I live in a community with a totally different culture. I have to bring some of that with me when I go into the space of the NHS. Can I bring all of it? Absolutely not. I have to choose what I bring. And sometimes it means that I have to completely change the way I act, behave and speak in order to fit into this box that the organisation says I need to fit in.

These organisational cultures are usually created by straight white men who developed this thing called executive presence. As a Black person going in, you have to conform to that executive presence, just as you do as a woman, or someone from an LGBTQ+ background. If you don't, the leadership, most of whom will usually be straight white males, then start judging you because you're not behaving in the way that they perceive you should be. So the reason I believe that those from an ethnic background suffer a lot from burnout is because we have to deal with not being our true authentic selves in our place of work.

The second bit is not just micro aggression, which is more visible, but micro instabilities that we have to deal with. These micro instabilities might be people saying something to you that just didn't feel right, or you're having a conversation with someone and they're not giving you eye contact, or you're the senior person on the team and you're going with your team, and they're actually looking at the white male in the team and having the conversation with them rather than you.

I call that death by a thousand cuts because every time you feel you have that gut feeling, that's a cut, and you just keep getting those cuts, and those things then get embedded in our psyche, and it's trauma. So we get more stressed and burnt out quite easily. It's a complex thing but what I can tell you is that, if you pick someone who is Black and put them in an African country or a Caribbean country for a few months, it feels completely different to them.

Daniel: That's really fascinating. What would you say needs to be done as part of this social element of ESG to create a better environment to offset the kind of things you're talking about - to create psychologically safe spaces?

Romeo: A lot of organisations tend to focus on the elements of diversity that they can see and touch. So, how diverse is our organisation? How many women, how many LGBTQ people, how many disabled people, or people from an ethnic background, and what's the retention rate? When it comes to the inclusion and belonging bit they say 'OK, we probably need to do some training, or run a focus group'. However, it has to go much deeper than that. Organisations need to understand that their culture is made up of individuals who have been domesticated and socialised outside of that culture. So we have to then find out how open and empathetic individuals are to difference - not just in terms of people, but in terms of ideas and the environment they're going to find themselves in.

When you create a team or a culture that is open and empathetic to difference, that's when you create psychological safety, because people within that team or culture feel a sense of safety; that they can speak up, that they can make suggestions or challenges, without the fear of being ridiculed, or looked down on. We have this tool that we've built over the last 24 months with neurobehavioural scientists, neuropsychologist and data scientists that measures these social elements - how open and empathetic your organisation is and how psychologically safe do your staff feel; how included they feel. It's amazing what you can do with capturing psychological science data and sharing it with organisations. When we do this with organisations, we see a massive transformation in their organisational health because now they don't only have diversity data, but they also have inclusion data that they can overlay to see how their teams are performing.

Daniel: What should leadership teams of organisations be measuring with regard to this? And how do they then use that data? Also, should they report on it?

Romeo: When we work with companies, especially around the social taxonomy, we create something called a balanced scorecard. On that scorecard are the eight elements I mentioned to you before: ethical supply chain, local community impact, conflict, health and safety, employee relations, diversity and inclusion, data protection and social justice. They decide which of those are important to them as an organisation. Then they measure them. In each of those elements, there are certain key areas that they need to report on.

There's also benchmarking - where's the rest of the industry on these measures, and where are our competitors? It's absolutely important for organisations to report this because it helps to build trust, protect your brand and build your reputation across your customer base. There's a lot of research that has been done by firms like Accenture showing that trust is eroding in institutions. It's not just businesses, it's government institutions, the NHS, the court system etc. The more you share where you are at and where you are trying to get to with your wider stakeholders, the more transparent you are, the more you develop trust, and build brand and customer loyalty.

Transparency is also about admitting when you have got it wrong. It's right to say 'yes, we got this wrong, but this is what we're going to be doing to keep moving'. We have to understand that this is a journey we're on. As you progress along the journey, things are going to go wrong and you're going to have to deal with it - you know, heal it and then keep going again. There is research out there that McKinsey did showing that companies that report this are more profitable; their bottom line performance improved by anywhere between 30% and 38%.

Daniel: That kind of research is so important, because I feel like what happens with both reporting on the social and environmental element of ESG, is that organisations tend to act more cautiously and they fear that if they aren't where they feel public perception thinks they should be, which they rarely are, then the PR backlash isn't worth the transparency of reporting. I think there's a lack of courage. But I think that's a kind of a false notion. Actually, you build trust by showing that you are on a journey - by acknowledging that you're not perfect - but also by setting out a plan to get to where you feel that you should be.

Romeo: Absolutely, I think most companies think of PR as, you know, spin doctoring. And spin is how we make sure that when we come out of this, we still look shiny and nice and clean, right? But courage comes with vulnerability and vulnerability has been given a bad rap. When you're vulnerable, it's not weakness it's actually the foundation of courage, it's leadership. Because when you can stand up and admit that you have got something wrong, when you can stand up and admit that you are weak in a particular area, when you can stand up and admit that you don't know the answer, that is showing leadership. And for me, that's where you get far more respect, and far more buy-in.

So companies need to understand that even if you're on a trajectory and something goes wrong, don't try and hide it, don't try and sugarcoat it, don't try and spin it. Just admit it: yes, we got this wrong and we are sorry. This is the journey we're on and a detour happened. So we are going to pull our socks up, clean up the mess and try again. And we want

all of you - our customers, our friends, our suppliers, the public we serve - to be on this journey with us. We want you to tell us what you think we can do to get better? Where do you think we went wrong? What are some of the things that we can improve? That kind of mentality is what I think builds an organisation's culture and reputation in a way that delivers on the 'S' in ESG.