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Lessons from a veteran diversity advocate

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The former CEO of Kaiser Permanente describes the formative experiences that led him to champion gender diversity, and reflects on the ways that diversity benefits both leaders and organizations alike.

A couple of months after coming to Kaiser Permanente, in 2002, I sent a letter to all our employees saying that diversity would be one of our strengths, and I worked closely with my teams to build a set of processes to follow through on that promise. I'm proud that today, fifty-nine percent of the company's employees are minorities, the majority of its workforce is women, and four of the company's eight regions have women presidents.

Along the way, we were fortunate enough to win several awards for diversity,[1] and often CEOs from other companies wanted to know what we did that was different. I told them it's mainly about the messages you send. For example, let's say you start a middle-management job at a new company; you pull out the annual report and take a look at the pictures of the C-suite. If every single one of them is a black woman, what does that tell you about your chance of making it to the top if you don't fit that profile? Aspiring people in the company who see that are discouraged. And it's not just about who's there to begin with, because people derive messages from every promotion. It's also a question of who do you advance up the chain, who do you celebrate?

[1] For example, we were rated number one among DiversityInc's Top 50 Companies for Diversity in 2011, and were named the number one employer three years in a row by *Diversity MBA* magazine; in 2012, we became the first inductee into their Diversity Hall of Fame.

Birth of a zealot

My policy decisions at Kaiser and elsewhere were largely informed by my early experiences. I joined the National Organization for Women as a charter member in 1966, so I've been a zealot for a long time. One experience really stands out: Back in my high school days, I worked for a local bank as a clerk, processing checking accounts. And there were four smart, competent women who basically ran the bank. They set up the processes; they opened the vaults. They did all the work.

And there were a few men in the bank whose judgment and performance were less impressive, though not all of them were weak. Now, I knew how much money everyone was making, and I saw that the men were getting paid much more than the women. It was crazy. So I told the women, "I've got to say something about this," and they said, "Oh, my God, no. This is a very good job for a woman; we don't want to lose this. Keep your mouth shut." That experience gave me an early sense of women's competence in the workforce—and the injustice they faced. I came to realize that you have to change the internal rules of an organization, at every level, to create a sense of meritocracy and guard against discrimination, unconscious or not.

The rule of two

What I did at Kaiser was to make sure that for all the senior positions (vice president and up), there were three people in development as a potential successor, and my rule was that no more than two of the three could have the same characteristics. It wasn't an issue of meeting a quota; the idea was that diversity needed to be reflected in each person.

The rule allowed us to identify some very strong candidates who wouldn't have been on the radar screen otherwise. It might be a woman or a minority candidate who was understated in terms of personality or disposition, but very strong when given a closer look.

When you look at who gets promoted in companies, it's often somebody who ran a project, because they get visibility. But there are other great leaders who are almost invisible, because they celebrate other people; they lift up the whole team. My advice is to look for areas of the company, often led by women, where things are running smoothly and there haven't been any crises. It's an indication that there's someone there who's worth nurturing and working with, because it takes an equally important skill set to do that.

A different way to lead

I think we have two basic management styles ingrained in us, and there are men and women who exhibit both. It's not divided by gender. But on the whole, women tend to manage through collaboration, and men instinctively tend to take on an alpha role—a "hunter/gatherer" distinction if you will. I started out as an alpha type myself, but I changed over time after working with women who had a different style. For example, when I was CEO at HealthPartners in Minnesota, we had about three dozen clinics and a couple of hospitals, and we decided to build a huge clinic in downtown Minneapolis. So a couple hundred doctors and a thousand employees were going to have to move from four different sites into this one mega clinic—essentially over a weekend.

A month or so before the move, I called in my colleague and said, "Show me the plans; show me the strategy." And she said, "I can't." And I said, "What do you mean? Who's going to be on site; who's going to run this thing?"

Here's what she did: She took each of the departments over to the new site and walked them through it. And she said to each of them, "You know what you've got. You know what you need to do. I want each of you to plan your move, and I'll give you whatever resources you need." And I thought, "Wow, that's definitely not going to work."

But when the time came, there was no chaos, no anarchy. Over that weekend, she flawlessly moved over a thousand people in multiple medical departments by allowing each of them to oversee their own logistics. And all along, she kept saying, "George, trust the group process, trust the group."

And that's when I started asking myself, "Why did that work, and why was it so alien to me?" You have to be open to another perspective, a better way of tackling a problem. But you'll never see it in action or reap the benefits if your organization is mostly filled with people of the same gender, race, or background.

George Halvorson was the chairman and CEO of Kaiser Permanente from 2002 to 2013. This commentary was adapted from an interview conducted by **Thomas Fleming,** a former *McKinsey Quarterly* editor; McKinsey Publishing's **Holly Lawson,** who is based in McKinsey's Chicago office; and Lareina Yee, a principal in the San Francisco office.