

Insider Outsider

Inclusion & Diversity in the
American Fashion Industry

January 2019



BFA

#FashionForInclusion

CFDA

PVH

THE DAGOBA GROUP
CONSULTING THAT MAKES A DIFFERENCE



America is a diverse country made of people from *all ethnic backgrounds, cultures and lifestyles*. Fashion is one of the few industries that touches all lives in some way. Yet, the **fashion industry** has so far struggled to reflect the country's *diversity* in its workforce across all levels.

The Council of Fashion Designers of America (CFDA) and PVH Corp., the parent company to brands such as *CALVIN KLEIN* and *TOMMY HILFIGER*, partnered to examine the roles of Inclusion and Diversity in the current state of American fashion. Our joint goal is to identify the issues and address needs to convert awareness into action. The emphasis pertains to all areas of inclusion and diversity, among them: abilities, age, gender, race/ethnicity and sexual orientation. We are calling on our colleagues, peers, and consumers to hold American fashion accountable to be inclusive and diverse.

Inclusion and Diversity (I&D) are inextricably linked. If diversity is the thread, then inclusion is the needle. An organization that wants to reap the benefits of Inclusion and Diversity requires skilled leaders to pull the needle of inclusion through the fashion system. Understanding the critical need to develop these skills, the CFDA and PVH retained The Dagoba Group, an integrated consulting practice. The partnership started with a leadership forum on October 29, 2018 to guide the industry towards inclusion in the workplace with best practices. With this industry briefing, we leverage the findings from the forum to inspire your organization to build your own inclusive and diverse culture.

The **creative** and **ethical case** for inclusion and diversity in fashion

The words “inclusion” and “diversity” are often used interchangeably without a consistent definition. The first step is to provide a focused definition for each.

Diversity:

The mix, simply a measure of difference

Inclusion:

A climate in which diverse individuals come together to form a collective whole, enabling and empowering individuals to make contributions consistent with their beliefs and backgrounds

Diversity of abilities, cultural backgrounds, gender, race/ethnicity positively correlates with increased productivity and innovation. There was discussion at the industry forum whether fostering an inclusive and diverse industry on a moral and ethical basis was a strong enough motivator for action. While participants generally agreed the ethical and moral case was powerful, there was an acknowledgment that a convincing business case will also get the attention and response from C-Suite executives and shareholders to accelerate change.

On inclusion

Doing the right thing and being business-minded do not have to be mutually exclusive. In fact, they can work in ways that are mutually reinforcing. With commercially-driven and for-profit companies, every busi-

ness decision should lead to profit. Inclusive organizations create more success and profit. Inclusion creates better careers and more earnings for more people and as a result, generates profit.

On diversity

Studies by McKinsey & Company in 2015 and 2018 found that organizations with a high level of racial and ethnic diversity in their senior management ranks were 33-35% more likely to be high-performing than their peers. Research has demonstrated that diverse organizations are more innovative. A Columbia Business School study focused on expatriate creative directors found that international and intercultural exposure helps the fashion business; that the uniqueness in their cultural experience had positive effects on their creative

process. Foreign talent is an example of diversity that can be part your definition. *Designing an Immigration System That Works*, a 2017 CFDA Study with FWD.us including over 160 industry professionals, found that “85% of the survey participants indicated that foreign talent is important to the growth and success of their businesses.”

Recently, the CFDA has added projects and programming focused on I&D. This year alone, the CFDA, in collaboration with Google, co-hosted the Black Fashion Founders Forum. The organization also collaborated with *Glamour* and McKinsey & Company and jointly produced a study on gender inequality in fashion titled *The Glass Runway*. Additionally, CFDA has worked on initiatives around body positivity and immigration.

Historically, inclusion has been more difficult to measure. In an inclusive work environment, individuals can comfortably express who they are and don't have to downplay their differences. Their voice is heard and recognized, and ultimately, this empowers them to make their best contributions and do their best work.

It is often assumed that diversity is enough. However, without inclusion, diversity is ineffective. Leaders are prone to struggling with inclusion as it is often a learned skill. Even in organizations with the best intentions, diversity and inclusion leadership development is often siloed instead of being integrated in other leadership skill-training.

“We have been witnessing a long overdue change in fashion where people at all levels of the industry are increasingly tuned in to the need for inclusion and diversity. As an organization, we keep an ear to the ground and work with our designers on topics that are important to them on both a personal and professional level. We are committed to seeing this through, both as the governing body of American fashion and as an employer, with the mission to create an industry that is diverse, inclusive, and equitable.”

Steven Kolb
CEO & President, CFDA

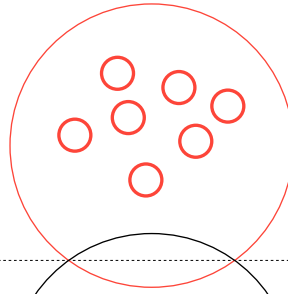


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Dynamics of identity groups in organizations

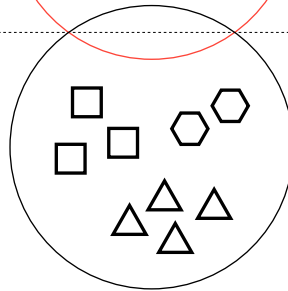
Insider groups

- Set and fit the norms
- Often don't see their "group-ness"
- Benefit from unconscious bias
- Given benefit of the doubt, contributions heard
- Can be well intended



Outsider groups

- Fit into/assimilate into the norms
- Very aware of group identity
- Negatively impacted by unconscious bias
- Can be seen as "the exception" with contributions overlooked
- Focus on cumulative impact



"The current state of inclusion and diversity in fashion is focused on visibility. It's the diversity of race and ethnicity that we see on the runways, magazines, and in overall brand coverage. This year alone, there has been an explosion of diversity on magazine covers, with a record number of American fashion magazines featuring non-white cover stars on their September issues.

It's exciting to see more racial and ethnic representation highlighted through these mediums, but visibility alone is not the solution to advancing diversity and inclusion in fashion. The industry must recognize and prioritize efforts to support greater diversity on the business side: the financiers, the chief executives, the heads of fashion houses, the senior level magazine editors, and business leaders. There is a lack of opportunity and access for people of underrepresented backgrounds in the fashion industry. It's a systemic issue tied to the homogeneity of industry leadership. Until fashion leaders across all categories become more diverse, we will continue to only progress at the surface level."

Erica Lovett
Manager, Inclusion &
Community, Condé Nast

Embedding inclusion and changing culture

The CFDA and PVH's Inclusion and Diversity forum focused on two key dynamics that need to be understood and managed, in order to create sustainable change. There was an active discussion on "insider-outsider" groups that create an uneven power dynamic.

Insiders possess more systemic power but they have less awareness of the dynamic and their impact as insiders. Outsiders have more awareness of the dynamic but can find it challenging to assert influence and create change. The important perspectives brought by outsiders, which are often central to creativity and innovation, can be lost.

These insider-outsider dynamics are fed by unconscious biases. The fields of neuroscience and social psychology have helped us understand how implicit and ubiquitous bias can be. At the forum, all participants had an opportunity to reflect on their unconscious biases and how those biases impact interactions and decisions that all of us are making all day long. While we are all subject to operating from uncon-

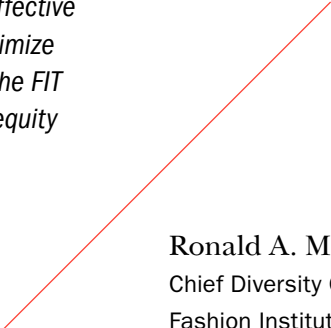


PVH

“The mission of the [Fashion Institute of Technology’s] Diversity Council is to help students, faculty, administrators, and staff fulfill their personal and professional potential by creating a climate of inclusion and equity within the FIT community.

The Council has established several sub-committees charged with developing initiatives to promote a culture of diversity, equity, and inclusion.

The campus has embraced the college’s Diversity, Equity, and Inclusion Strategic Plan and all of the activities. The plan has three major goals: ensure effective and appropriate representation of New York’s diverse populations; optimize the personal, academic and professional potential of all members of the FIT community and their sense of inclusion at FIT, and create a diversity, equity and inclusion management system within FIT.”



Ronald A. Milon
Chief Diversity Officer,
Fashion Institute of Technology

scious biases, those biases frequently support an unlevel playing field that exacerbates and maintains insider and outsider power dynamics.

Consider the potential positive or negative impact of group identity as one aspect when planning staff development or talent acquisition. It’s critical to be aware of the impact of group identity, while at the same time still relating to and managing team members as individuals.

There are a multitude of reasons why people gravitate towards those with similar backgrounds and interests.

As a company, PVH made a commitment in 2014 to put a focus on inclusion and diversity with all the key stakeholders at the table, from traditional human resources and legal partners to supply chain and design. PVH Chairman and CEO Emanuel Chirico decided to emphasize Inclusion and Diversity as a global priority among the company’s 35,000+ associates. It was purposely called I&D, not D&I, with the belief that an inclusive culture would be organically diverse. It is a tenet of the company to create a workplace environment where every individual is valued. To that end, the company launched several global and regional I&D councils

as well as Business Resource Groups supporting associates who identify as LGBTQ, African American, women and working parents. Each chapter of the councils and BRGs is organized and led by associates and executive sponsors from various areas of the company stretching across levels, disciplines and locations. For example, the activity of the LGBTQ groups evolved to broaden company support and sponsorship of Pride events around the world.



PVH

“We’ve built an inclusive environment where every individual is valued, which is a win-win for both our business and our associates. Inclusion and Diversity isn’t a function that checks a box; it’s part of our DNA and central to how we do business. I&D touches all of our PVH core values – individuality, partnership, passion, integrity and accountability – in different ways. It’s important that we not only talk about those values, but live them, support them in others and evolve with them as the face of the world changes.”

Dave Kozel
EVP & Chief Human Resources Officer,
PVH

"I use my brand to challenge the representation and inclusion of Black women throughout fashion. I try to do this with whom I employ, hair stylists, makeup artists, to who is wearing my work. I do my best to create a diverse, creative environment with a crucial selection of artists leading the teams that contribute to my brand and image.

Diversity and inclusion in fashion is shifting in a more positive and progressive way. Although the rate has been slow, I can still appreciate the fashion industry's acknowledgement for change and the necessity of inclusion. I have been seeing a more diverse range of people behind the scenes and within positions of power that then can inform critical decisions around creating diverse narratives and visuals throughout fashion. This shift will create an exciting output of fashion film, editorials, articles, collections, runways, and presentations with a range of narratives and experiences."

Shanel Campbell
Womenswear Designer



Industry-forum findings

Insights from the questionnaire:

71%

of represented companies are in business 15 years or more. **79% of attendees** come from companies with a board of directors and/or oversight committee.

41%

of respondents rated their organization a **3 out of a possible 5** when evaluating the level of diversity (difference) within their organization.

36%

of respondents rated their organization an **average score of 3 out of 5** when evaluating the extent to which diverse groups feel able to make their fullest contribution (inclusion).

62%

of respondents rated their organization's commitment (or lack thereof) to an inclusive workplace as a **3 out of 5**, when considering the impact to the success of the organization.

56%

of respondents have taken a **professional class** or **workshop** related to I&D in the workplace.

Key:

1 - low impact

5 - high impact

A pre-forum questionnaire sent to approximately 50 executive-level attendees from over 30 fashion companies, concluded that the industry rates itself as average when evaluating Inclusion & Diversity efforts.

These statistics are simply not enough. If the fashion industry is going to lead in Inclusion & Diversity, additional and multi-faceted efforts will be required. These efforts should include individual-level programs such as inclusion training, as well as organizational-level efforts focused on an organization's policies and practices, both internal and external.

When participants were asked to choose three words they most closely associate with **the state of diversity** in the fashion industry, responses included:

just getting started
limited, trying, late
lacking, needed, potential
awareness, education, community
uneven, actionable, pipeline
evolving, growing, trying
inadequate, unjust, reform
underrepresented, energized, changing

When participants were asked to choose three words they most closely associate with **the state of inclusion** in the fashion industry, responses included:

access, opportunity, collaboration
mixed, unaware, myopic
support, conversation, openness
novelty, shortsighted, tokenism
minimal, stagnant, misunderstood
not enough yet
awareness, acceptance, progressive
invisible, incalculable, invaluable

“It’s the right thing to do. Diversity and inclusion are essential to what we do and what we teach. Our curriculum encourages students to consider fashion as a system that is affected by and affects a wide range of stakeholders. A focus on human-centered design methodologies ensures that students are constantly thinking about the impact of their work – and fashion more broadly – on diverse populations. For example, we run a course called Open Style Lab that facilitates practices of universal and inclusive design. Students work in teams to interview individuals with disabilities to understand their needs and ultimately co-design outcomes whereby broadly, we ask that students examine fashion through their own lens, which results in work and ways of thinking that reflects diverse backgrounds and identities.

We recognize that there is still a lot of work to do to make the fashion industry more diverse and inclusive. This means not shying away from difficult discussions and recognizing historical and ongoing imbalances in terms of who is seen, heard, and designed for.”

Jason Kass
Associate Dean, School of Fashion,
Parsons School of Design



Conclusion: envisioning and framing **positive change**

An organization seeking to foster a more inclusive culture needs to understand the compelling creative and ethical business case that connects to short- and long-term opportunities. Inclusion and diversity must be aligned with and integrated into the overall business structure, mission statement and core values.

Motivation at the individual level that aligns with the organizational business case is a path toward sustainable change. **A long-term meaningful solution needs the support and courage of top leaders who prioritize its enforcement.** This commitment is across the board from entry-level staff to executive leadership.

The goal of providing leaders with inclusion training is to eradicate unconscious bias. In this context, one is rewarded based on individual merits rather than leadership affinities, social connections, or implicit biases.

By taking a critical look at their company culture, leaders will be able to assess best ways to navigate within the corporate structure. **Acquisition and talent management systems can determine if there are biases that may impose barriers to some and a bridge to others.**

The fashion industry has access to a wealth of diversity, a far reach, and therefore, an opportunity to leverage each and set an example for Inclusion and Diversity. **Leadership and understanding of this will solidify our position as business stewards, creative thinkers and a strong, enticing home to top talent.**

By doing so, we, as the American fashion industry, can build a future that is better for business, **better for creativity, and better for people.**



BFA



“At Ralph Lauren, we don’t think of diversity and inclusion as a set of programs, but a way of working. Nor is it a social obligation as much as a business imperative that drives competitive advantage. We are privileged to have an incredibly diverse consumer base, and we work to ensure that diversity is reflected in our own business and that everyone working for and with Ralph Lauren feels welcome, safe and comfortable. We want to create a sense of belonging for all so that they may thrive and deliver their best. We believe this produces better results for all of our stakeholders, and this is a belief that is shared and championed by Ralph, our CEO, and our entire executive leadership team.”

Stuart Jackson
Chief Diversity Officer, Ralph Lauren

CFDA and PVH are committed to holding ourselves and others in the fashion industry accountable to both realize that change is necessary and that there are actionable steps to effect that change. We realize that there is an urgent need to address Inclusion and Diversity in the current state of American fashion. **We need to do better at embracing differences and change.**

In 2019, the CFDA will continue the work we have been doing in the area of Inclusion and Diversity. The focus of the work will be on **Peer-to-Peer Mentorship, Business Networking Opportunities, Educational Programming and Leadership Skillset Training.**

At PVH, we will enhance our **education and awareness programs**, as well as amplifying our **I&D Councils and Business Resource Groups**. We will continue to **collaborate with external partners to help foster a collectively inclusive and diverse environment in our own workplace and across the industry.**



GETTY IMAGES