



# The Power of “OUT”

Sylvia Ann Hewlett  
and Karen Sumberg

Center for Work-Life Policy

Study sponsored by American Express, Boehringer Ingelheim USA, Cisco, Credit Suisse, Deloitte, Google

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# contents

About the Authors	i
Acknowledgements	ii
Abstract	1
Introduction	3
Chapter 1: Out and Not Out: The Great Divide	5
Chapter 2: The Cost of Staying in the Closet	9
Chapter 3: Rejection and Fear	13
Chapter 4: Corporate Gems	17
American Express: PRIDE Network	17
Bank of America Merrill Lynch: Global Wealth & Investment Management LGBT Initiative	18
Boehringer Ingelheim: Inclusive Communications	19
Booz & Company: Relaunching LGBT Network	20
Booz Allen Hamilton: Creating an Inclusive Culture	21
Cisco: Tax Equalization True-up	22
Deloitte LLP: LGBT GLOBE Network ROI Tool	23
Deutsche Bank: Rainbow Group Americas Mentoring Program	24
Interpublic Group: Creating a Climate of Inclusion	25
Out on the Street	26
Appendix	28
Methodology	29
The Hidden Brain Drain Task Force	30

## INDEX OF EXHIBITS

<b>Chapter 1: Out and Not Out: The Great Divide</b>	
Figure 1.1: Out and not out at work	6
Figure 1.2: Ambition and aspiration	6
Figure 1.3: Feel stalled in their career	7
Figure 1.4: Satisfied with their rate of advancement and promotion	7
Figure 1.5: Career progression: LGBT employees who are out or not out at work	8
<b>Chapter 2: The Cost of Staying in the Closet</b>	
Figure 2.1: Feel isolated at work	9
Figure 2.2: Feel uncomfortable “being themselves” in the workplace	10
Figure 2.3: Think LGBTs are treated unfairly because of their sexual preference	10
Figure 2.4: Actively work to build external networks	11
<b>Chapter 3: Rejection and Fear</b>	
Figure 3.1: Think gays and lesbians should keep their lifestyle choices to themselves	13
Figure 3.2: Unsure about how to refer to an LGBT person’s significant other	14
Figure 3.3: Have a partner	14
Figure 3.4: Have children	15





# abstract

With the economy still struggling to climb out of the Great Recession, companies remain challenged to do more, create more and reach ever expanding and demanding markets with fewer resources. As most CEOs can attest, it has never been more important to attract the best of every tranche of talent and create a positive, nurturing climate to keep disruptive turnover low.

Unwittingly, however, many companies' own corporate cultures wind up stymieing those efforts. For gay and lesbian employees, estimated at roughly seven million in the U.S. workforce today, a climate that fosters inclusiveness and openness is critical both to the longevity of their tenures and their ability to perform well on the job.

As previous studies have shown, lesbian, gay, bisexual and transgender employees (LGBT) who feel they have to hide their identities at work suffer disproportionately from stress, malaise and dissatisfaction with their careers. In 2007, a University of Wisconsin study found a strong relationship between fear of the consequences of coming out, (e.g., being open with one's sexual identity at work) and a variety of physical stress-related symptoms. A 2010 Human Rights Campaign survey found those working in less-friendly environments reported being more depressed, distracted and exhausted than those who were out. Numerous other studies have found that hostility on the job negatively impacts productivity for all who witness it.

Until now, though, the direct line had not been clearly drawn between the corporate closet and the revolving door. Now, new research from the Center for Work-Life Policy quantifies the loss to U.S. companies that fail to create a workplace hospitable to their lesbian, gay, bisexual and transgender employees. Our data show the consequences of LGBT employees forced to keep their lives and loved ones a secret from colleagues.

The results are compelling, to say the least. The LGBT employees we surveyed, both in and out of the closet, are every bit as ambitious and motivated to succeed as their heterosexual peers. But those who are not open about their sexual orientation are far more likely to feel isolated on the job and uncomfortable being themselves at work. As a result, they are also far more likely to want to jettison the stress by leaving their current jobs and seeking out a more welcoming employer.

Given that fully 48 percent of the LGBT employees we surveyed were not open at work, the flight risk to companies is staggering. So, too, is the potential loss of market share. Recent figures have estimated the LGBT community's collective buying power has reached more than \$700 billion in the U.S. alone. Only those companies able to enlist their LGBT employees to aggressively pursue this demographic—one proven to be uniquely loyal to companies they perceive as more progressive—can secure a dominant position in the future.

Personal prejudice will always be a factor when individuals with different perspectives and backgrounds come together. The fact that LGBT employees can *still* be legally fired in 29 states for being gay is a testament to the work that remains on the cultural and political front. But as companies that have explored diversity initiatives have learned, it is the open exchange of disparate ideas that drives the greatest innovation and creativity. Those organizations that encourage *all* of their employees to bring their whole selves to work have the greatest opportunity for growth today and in the future.



## introduction

It's been nearly 15 years since Erika Karp came out at work, but she vividly remembers the pain of being closeted. Four years out of her MBA program, working in institutional equity sales at Credit Suisse First Boston, Karp did everything she could to keep her private life a secret. "It was very difficult. You have to devote a huge amount of psychic energy to being closeted—changing pronouns, switching names. I did that for years," she says. After meeting her partner, Sari, and realizing this would be a lifelong relationship, she decided something had to change. It took a full year of agonizing and strategizing with a trusted colleague to decide whether to reveal the truth.

"It was torture," she recalls. "You have to come to this decision knowing it can jeopardize your whole career." Finally, in 1995, she took the plunge and told three of her trading-floor colleagues, who quickly spread word around. "It was so liberating. From the time I came out on Wall Street, I became exponentially more productive and creative, more energetic and more motivated. I became a better broker and a better leader. I became better at everything I did." Karp credits that decision to come out with much of her career success: Today, she is managing director and head of global sector research for UBS Investment Bank.

But for many of the estimated seven million LGBT\* private-sector employees in the U.S. workforce today, the corporate "closet" is still very much a reality.<sup>1</sup> Despite considerable progress over the past decade on the corporate policy front—89 percent of Fortune 500 companies have protections based on sexual orientation compared with 51 percent in 2000—just under half, or 48 percent, of LGBT respondents in the Center for Work-Life Policy survey reported being closeted.<sup>2</sup> And given that many more likely did not self-report, that figure is modest, at best. A 2009 Human Rights Campaign survey found similar figures: 51 percent of LGBT employees were not "out" of the closet.<sup>3</sup>

The question is, does any of this matter to U.S. corporations? Is there a direct line between being out and profitability? Does a gay-friendly culture give an organization a competitive edge, improve efficiency or boost the bottom line?

Yes...on all counts, according to this new groundbreaking research conducted by the Center for Work-Life Policy. While LGBT employees have impressive

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\* Due to a small sample of bisexual and transgender individuals, we are unable to analyze those subgroups for trends and differences.

credentials and high aspirations, those who feel able to bring their full selves to work report higher levels of productivity, satisfaction and loyalty than those who are not.

On the flip side, corporate cultures that don't encourage openness and inclusiveness leave employees feeling isolated and fearful. LGBT workers worry that colleagues will judge them, that managers will penalize them, that their careers will stall as they bump up against the "pink ceiling." Their silence around the water cooler leaves them out of critical workplace networking and the kinds of friendships and bonding that lead to career-boosting opportunities. Workplace prejudice is persistent and pervasive according to a 2010 HRC study which found that 58 percent of LGBT workers hear jokes or derogatory comments about gay people. And those working in less-than-friendly environments report feeling depressed (34%), distracted (27%) and exhausted (23%).<sup>4</sup>

Indeed, LGBT employees who are not out are 40 percent less likely to trust their employer than those who are out. And those LGBTs frustrated with their current rate of promotion or advancement are three times more likely than those who are satisfied to plan to leave their companies within the next year. Among those LGBTs who feel isolated at work, closeted employees are nearly three-quarters (73%) more likely to say they plan to leave their companies within three years.

Add to that the lost marketing potential around reaching a consumer group with enormous economic clout, and the competitive disadvantage grows. A recent analysis of the U.S. LGBT market by research firm Witeck-Combs Communication put the community's collective buying power at a whopping \$743 billion.<sup>5</sup> Members of this group are more likely to spend their considerably higher discretionary income on products and services from those companies with progressive, supportive policies. Assuming a diverse workforce is better able to cater to a diverse market, no company can afford to miss out on the LGBT contingent.

The good news of this study is that there's much that companies can do to improve LGBT inclusiveness. The corporate world is already well ahead of public policy: While an individual can still be legally fired in 29 states for being gay, and same-gender couples have no federal right to marry, 97 of the Fortune 100 companies offer sexual orientation protections, and 57 percent of Fortune 500 companies offer domestic partner benefits.<sup>6,7</sup>

And that's just the beginning. Companies in the vanguard are exploring a host of innovative initiatives and policies designed to reach out to prospective LGBT employees, engage and retain existing LGBT talent, and actively tap into the unique perspective of this underserved population. In a globally connected, hypercompetitive world, those companies that find ways to exploit the richness of the LGBT cultures and communities are more likely to be winners in the race for key talent and key markets.

# chapter 1

## out and not out: the great divide

Todd Sears's first journey out of the closet began during his senior year of high school, after he saw the Broadway production of Tony Kushner's "Angels in America" on a visit to New York City. By the time he graduated from Duke University he was all the way out—to his fraternity, his family, everyone. When he moved to New York after graduation to start work at an investment bank, it never occurred to him to hide his identity. "Then my first week on the job my boss called somebody else on my team a faggot," Sears recalls. "So I promptly went back in the closet."

But he was determined to be out in his private life, so he spent a full year shuttling between his two identities. The double life took its toll. "It created a lot of stress and exhaustion," he recalls. "There are so many things you can't say or that you have to lie about. And what if you see someone from work while you're out? Even when you're not at work, you're constantly on guard."

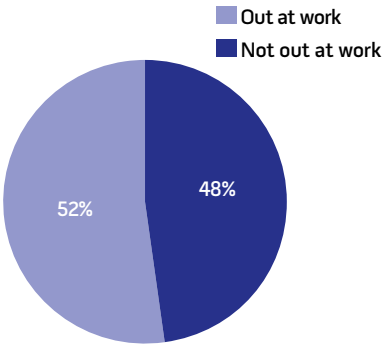
For a while Sears muddled through, putting in long hours as an analyst and keeping his private life private. "But I very quickly decided that this was not going to be a company I was going to stay with for a long period of time," he says. After only a year Sears found an open position at a small, boutique investment firm that specialized in media. This time, he came out to the firm's partners in his interview, and they were immediately receptive and encouraging. "I was definitely nervous to do it, but it ended up being a great thing for me; not only for me but for the firm." A newly motivated Sears brought a unique perspective to the table. In 2000, for example, when the two largest LGBT publications merged, Sears' firm was brought in to advise on the deal. "My being gay definitely helped us with that relationship," he says. He also helped cement the firm's relationship with another conglomerate media client whose CEO was gay.

When Sears took a position as senior financial advisor with Merrill Lynch, again as an out gay man, he quickly helped the firm target the largely untapped high-net-worth LGBT market through partnered events and sponsorships of LGBT non-profits. In exchange for Sears' financial planning seminars, Merrill Lynch got access to ultra-high-net-worth donors, many of whom were eager to hire a financial services firm that understood their needs and that was highly visible and active in the LGBT community. In his first five years there, as the first team on Wall Street to focus on the LGBT market, Sears and his team helped bring in over a billion dollars in new business (see p.18 for full description). Looking back now, Sears sees that the corporate world has come a long way since the '90s, but the pink ceiling is still very much a reality. "Entry level is one thing, but as you get up in the ranks, does it start to hurt your chances? That's the question."

Though Sears ultimately chose full disclosure, his initial retreat to the corporate closet is not at all uncommon. All too often, LGBT employees opt to put away

their family photos and hide their private lives when they perceive a risk to their careers. Overall, our study revealed that just under half of all LGBT employees, or 48 percent, are closeted at work.

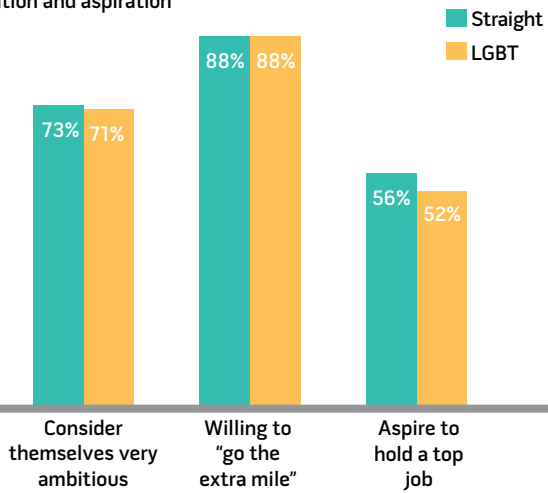
Figure 1.1:  
Out and not out at work



One-third, or 33 percent, are living double lives—out to their family or friends, but closeted on the job. And for many, simply being in an environment they perceive as threatening or hostile can take an enormous toll. In a 2007 study, “Making the Invisible Visible: Fear and Disclosure of Sexual Orientation at Work,” authors Belle Rose Ragins and Romila Singh, professors at the University of Wisconsin-Milwaukee, and John Cornwell, a professor at Loyola University in New Orleans, found a strong correlation between the fear of negative consequences of coming out at work with more physical stress-related symptoms, along with negative career attitudes and fewer promotions, than those who reported less fear. “The critical piece is the fear. It was the fear of coming out, the fear of negative repercussions—not being out itself—that was associated with stress and negative job attitudes,” says Ragins.<sup>8</sup>

That fear is often at odds with an ambition to excel that is equal to that of their straight counterparts. Fully 88 percent of LGBT employees are willing to go the extra mile for employers, the same percentage as straight employees, and 71 percent consider themselves very ambitious, compared with 73 percent of heterosexuals. Two-thirds of LGBTs are eager to be promoted, roughly the same as their straight counterparts. And although there are few out gay senior executives in corporate America today, LGBTs aspire to the executive suite at the same rate as straight employees.

Figure 1.2:  
Ambition and aspiration



Yet even for the most ambitious LGBT employees, being forced to stay in the closet—or feeling penalized once they do come out—can make the journey to a higher position feel like a boulder-strewn, lonely climb. It doesn’t help that they have to expend an enormous amount of energy simply keeping their stories straight, leaving less for doing the kind of work they need to advance. This was

the case for Jeffrey Siminoff, now Managing Director and Global Head of Diversity and Inclusion at Morgan Stanley, early in his career at another company. “For me, when people asked about my personal life, I always used ‘we’—though who was included in that ‘we’ or any equivalently vague reference was never specified. I was too exhausted to think about how I would actually talk about an important part of who I was as a person—and I wasn’t convinced that I openly could.”

Forced to lie about their private lives, they are excluded from the collegial banter about weekend outings and personal interests that forge bonds in the workplace. Without that networking, employees can easily feel disengaged and unmotivated. “Any time I’m not comfortable at work, I don’t do my best, I don’t impress anyone, I don’t do the best work I can,” says 29-year-old Nathan Knight, an associate with Booz & Company, recalling the six months he spent in the closet at The Home Depot before coming out.



Not surprisingly, those who can't be themselves at work for fear of being stigmatized are often less productive according to workplace advocate Louise Young, senior software engineer at defense and aerospace company Raytheon. In an effort to help win support for Raytheon's domestic partner benefits and non-discrimination policy, Young, the founder of their GLBTA (Gay, Lesbian, Bisexual, Transgender and Allies) employee resource group, devised a formula in 1996 to quantify the productivity lost by companies who fail to create a safe and inclusive workplace for LGBT employee. Her formula assumes, conservatively, that the number of LGBT employees in any workplace will be at least 5 percent and the amount of productivity associated with a safe and equitable workplace at 10 percent. For example, a company with a workforce of 1,000 employees would have 50 LGBT employees ( $1,000 \times 0.05 = 50$ ). If the average annual salary is \$40,000, the average loss in productivity per LGBT worker per year is \$4,000 ( $\$40,000 \times 0.10 = \$4,000$ ) and the total annual loss to the company in productivity would be \$200,000 ( $50 \times \$4,000 = \$200,000$ ).<sup>9</sup>

That may partly explain why closeted LGBT employees feel so much more constrained in their career paths than those who are out. More than half of those in the closet, or 52 percent, said they felt stalled in their careers, compared with 36 percent for out employees (and 49 percent of heterosexuals). At the mid-management level, where stalling is particularly acute, the disparity is even more dramatic. Fifty-one percent of those who are out say they feel stalled compared to 70 percent of those who are not out, adding to the already challenging journey to the top. Just under half are satisfied with their rate of advancement and promotion compared with nearly two-thirds of those who are out. And the gap widens even further for gay men: 54 percent of closeted gay men feel stalled versus just 32 percent of out gay men. And only 34 percent of closeted gay men feel satisfied with their rate of promotion versus 61 percent of those who are out.

That dissatisfaction with their pace up the corporate ladder makes it much more likely that LGBT employees will have one foot out the door. According to our research, those who are unhappy with their rate of promotion or advancement are at least three times more likely than those who are satisfied to plan to leave their companies within the next year. Among LGBTs who feel isolated at work—closeted LGBT employees burdened with the stress of daily secret-keeping and isolation from peers—are 73 percent more likely to say they intend to leave their companies within the next three years than those who are out.

Conversely, as Jeffrey Siminoff of Morgan Stanley told us, those working in an inclusive culture that makes LGBT employees feel they can bring their whole selves to work are the kind of employees any company would want—productive and happy.

Figure 1.3:  
Feel stalled in their career

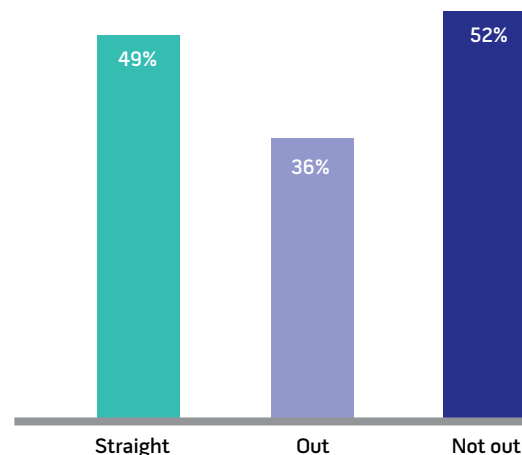
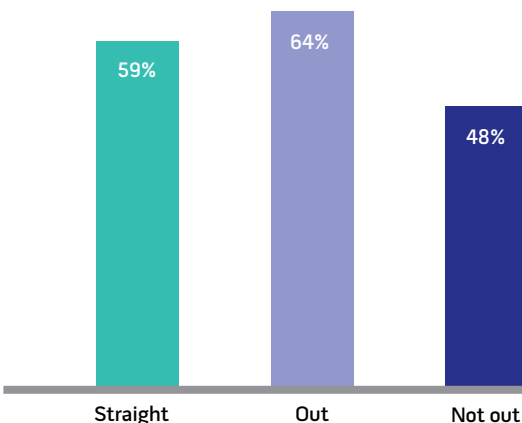


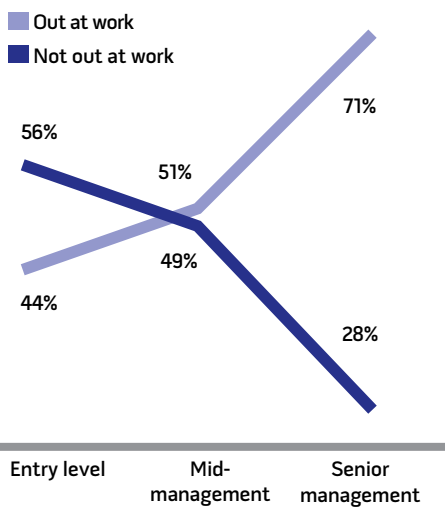
Figure 1.4:  
Satisfied with their rate of advancement and promotion



The bottom line: LGBT employees who stay on track and make it into senior management are much more likely to be out than closeted.

Like Sears, many up-and-comers will decide that they ultimately don't see a future at a company where they can't be themselves. Given the exorbitant cost of turnover for all companies across industries, that talent leak carries a high price tag. As we uncovered in *Off-Ramps and On-Ramps*, there are direct costs to finding a new employee—advertising expenses, campus recruiting, headhunting fees, and the “opportunity cost” of time spent interviewing and choosing the candidate. The indirect costs are also significant: the former employee's lost leads and contacts and the new employee's lower productivity during their initiation period. Peter Hom, professor of management at Arizona State University's W.P. Carey School of Business, estimates the cost of turnover ranges from 93 percent to 200 percent of the departing employee's salary.<sup>10</sup> “Now that we live in more inclusive times, where people know they can pick and choose employers, there's a high likelihood of costly brain-drain among LGBT top talent,” says University of San Francisco professor Nicole Raeburn, author of *Inside Out: The Struggle for Lesbian, Gay and Bisexual Rights in the Workplace*. “They will simply go elsewhere rather than work in a closeted environment.”<sup>11</sup>

**Figure 1.5:**  
Career progression: LGBT employees  
who are out or not out at work



## chapter 2

# the cost of staying in the closet

Nancy Di Dia first came out at work in 1996, the same year Congress passed the Federal Defense of Marriage Act and rejected the Employment Non-Discrimination Act. At investment banks like JP Morgan Chase, where Di Dia had worked for 24 years, LGBTs were largely invisible. “You still had to whisper ‘gay’ in the hallways,” she recalls.

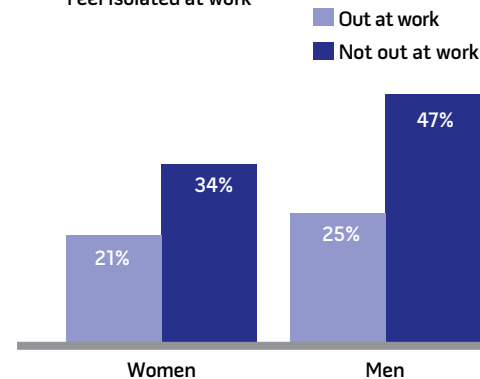
Having to hide her private life was difficult. She felt isolated and distant from her colleagues, and the secrecy of the closet was at odds with her personality and temperament. “I’m really a very open, honest, transparent person and I felt that my leadership was being impacted because I wasn’t bringing my whole self to work,” she says. “In order to be a successful leader, just the way others talked about their husbands or wives or kids or what they did on the weekend, I needed to have that human side of me at work. And I was tired of feeling excluded.”

After 15 years of hiding, Di Dia held her breath and—at a meeting of the bank’s National Diversity Council chaired by CEO Walter Shipley—she came out. “Everybody applauded and thanked me for my courage. I kind of cried inside because I was so relieved.”

Today, as executive director and chief diversity and inclusion officer of Boehringer Ingelheim, a privately held pharmaceutical company, Di Dia aims to make it easier for other employees to be themselves at work. She helped establish Working with Pride (an LGBT employee resource group) and expanded the company’s non-discrimination policy by adding gender identity and expression. “If we constrain the way people dress or identify, aren’t we constraining their ability to innovate and create new ideas? Innovation is very important to our company, so allowing people to be who they are and express themselves is critical.”

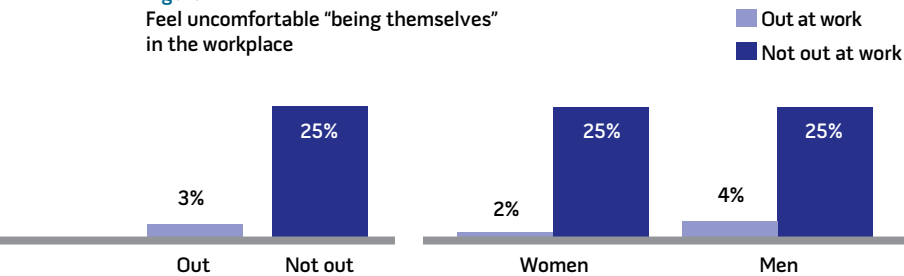
For closeted LGBT employees, who are forced to guard their every word for fear of accidentally disclosing their sexual orientation, self-expression is a luxury. They avoid Monday morning chatter about weekend plans and are careful to omit details when they do share, generally withdrawing from colleagues. The loneliness can be severe: Those who are not out at work are 75 percent more likely to feel isolated than those who are out. And men who are closeted are nearly twice as likely to feel isolated as those who are out.

Figure 2.1:  
Feel isolated at work



Closeted LGBTs are also—in equal percentages for men and women—eight times more likely to feel uncomfortable “being themselves” in the workplace than their out peers. Not surprisingly, those who are not out are much less comfortable bringing a significant other to an office gathering; 59 percent would feel uncomfortable bringing a date to a corporate event versus one-third of LGBTs who are out. “When LGBT people are in an environment that’s not inclusive, they have to spend an enormous amount of energy either remaining silent, which makes them appear aloof or unfriendly, or manufacturing a cover story,” says Raeburn.<sup>12</sup>

**Figure 2.2:**  
Feel uncomfortable “being themselves”  
in the workplace

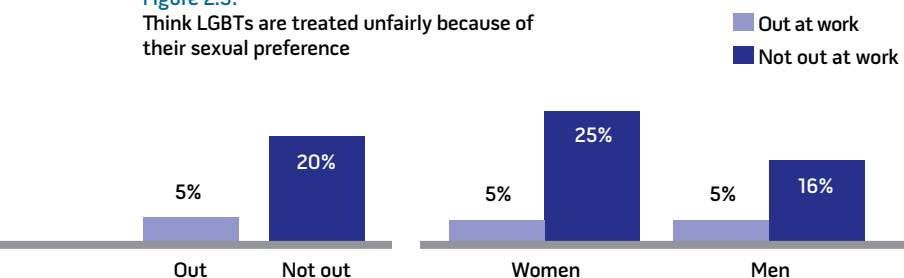


Jennifer Brown, president of workplace consultancy Jennifer Brown Consulting, agrees, noting that the extra effort LGBT employees expend to conceal or manage their identities at work not only detracts from the discretionary energy they can allocate to their jobs, but having to go through that process, sometimes daily, can drive a wedge in their relationships with their companies. “For an LGBT workplace population, it’s just another crack in the already fragile loyalty contract between this sizable employee population and its employers,” says Brown.<sup>13</sup>

According to the data, the bonds between employee and organization are shallower and more tenuous for closeted LGBTs. Just 21 percent of closeted LGBTs are very trusting of their employer versus 47 percent of those who are out. That wariness is particularly palpable for women: closeted lesbians are twice as likely to distrust their employers as out lesbians.

Closeted LGBTs also seem to perceive a much more hostile climate than their out peers. One in five of those who are not out think LGBTs are treated unfairly because of their sexual orientation, while only one in 20 of out LGBTs believe that. Closeted lesbians are even more likely to believe LGBTs are being discriminated against (25%) compared with out lesbians (5%).

**Figure 2.3:**  
Think LGBTs are treated unfairly because of  
their sexual preference



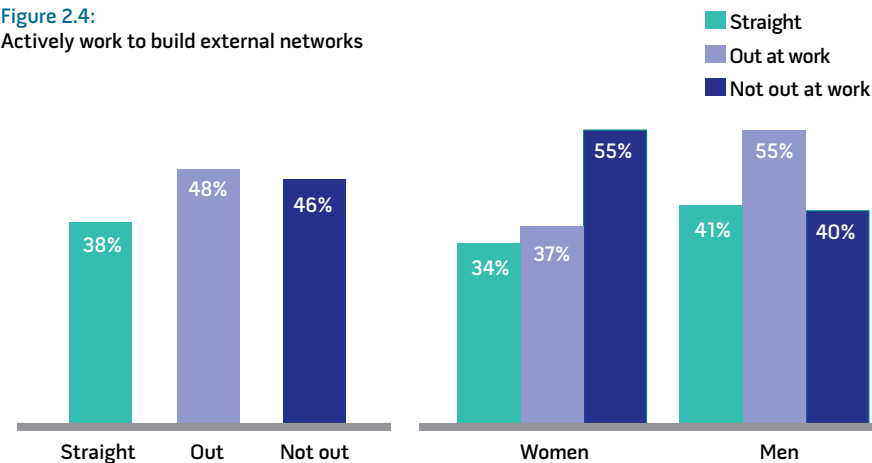
Data from a 2010 HRC survey back that up: Of those who perceived a positive climate of openness in their workplace, only one-quarter were not out or out to only a handful of colleagues, while 29 percent were out to everybody or to more than half. Contrasting that, of those LGBTs who perceived a negative climate, half were not out to anyone or to only a few, while just 9 percent were out to everyone.<sup>14</sup> This perception

of homophobia and inequity exists in spite of some compelling corporate statistics: 97 percent of Fortune 100 companies and 89 percent of Fortune 500 companies formally prohibit discrimination based on sexual orientation.

As noted earlier, isolated and closeted LGBT employees are more likely to flee their companies either to the safe haven of a more welcoming company or to an

entrepreneurial venture or non-profit organization. As previously mentioned, among LGBTs who feel isolated at work, closeted LGBTs are 73 percent more likely to say they intend to leave their companies within three years than those who are out. Perhaps owing to a lack of access to informal social networks inside the organization, closeted lesbians are far more likely to be actively building external networks (55%) than their out peers (37%).

For those who stay, at least temporarily, the personal isolation and detachment from their teams translates into less engagement, less risk-taking and less enthusiasm on the job. “The impact is incremental, but it really adds up,” says Brown. “LGBT employees are taking that extra energy they could have used to come up with the next big idea, or to save the company money, or sharing their pride in the brand they work for in the external marketplace, and instead they’re carefully managing their own personal truth and image. The missed opportunities might be at the micro level, but they become significant when you look at the size, potential buying power, and influence of this community to be brand ambassadors, agents for change, and revenue generators.”







## chapter 3

### rejection and fear

Ten years ago, as a young up-and-comer at Whirlpool Corporation, Mark McLane wasn't eager to come out on the job. He was open about his life with just one friend, Don, who had recruited him to the Midwestern manufacturing company, and he wasn't sure how his full disclosure would be received by the rest of his colleagues. "Being part of the invisible minority was easier than confronting barriers that may or may not exist in a manufacturing environment," he recalls.

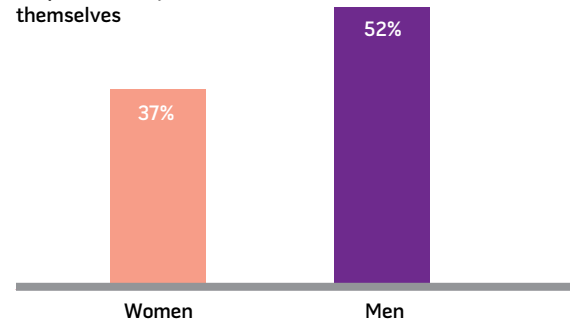
After several years of energy-sapping secrecy, McLane and his partner Carlos, were invited to a barbecue at Don's home where a number of Whirlpool executives were expected to attend. Since McLane was also godfather to Don's daughter who knew his partner as "Uncle Carlos," he couldn't justify going alone. He decided the social gathering would be a good opportunity to finally find out if Whirlpool, which had employee resource groups and was engaged in diversity and inclusion practices, could "walk the talk." "I said, 'If we're not fully accepted now, then this won't be the place for us to remain.'"

He was pleasantly surprised by the positive response; in fact one executive immediately encouraged McLane to take a leadership role in the Pride Network, Whirlpool's LGBT employee resource group. Ultimately that move led to his transition to chief diversity officer. McLane, who today is director of diversity and inclusion for Booz Allen Hamilton, says Whirlpool's culture wasn't as conservative as he'd been led to believe. "They're modest, not conservative—the modesty looks like conservatism," he says. "I don't think a conservative organization would have had an out executive as their chief diversity officer."

Still, McLane could be forgiven his anxiety, particularly given that Michigan, where Whirlpool is headquartered, is still one of 29 states in which an employee can be fired for being gay, lesbian or transgender. Indeed, even the most "progressive" companies in states which are more gay friendly offering domestic partner benefits and non-discrimination policies have a hard time achieving deep cultural change across the organization in the face of long-standing stereotypes across the nation. More than four in 10 straight men and women (44%) think LGBTs should keep their personal lives to themselves, with more than half of straight men (52%) preferring they do so. Not surprisingly, support for same-sex marriage fares no better: 48 percent of heterosexual men and women oppose gay marriage.

Like other minority stereotypes, misinformation and a general lack of familiarity are often at the root of sexual orientation bias. A 2009 Gallup poll found that those who did not personally know someone who was gay or lesbian were far

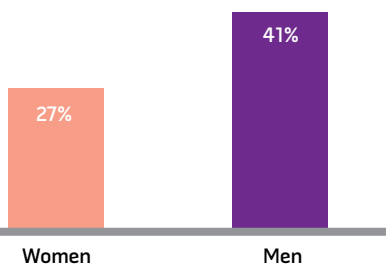
**Figure 3.1:**  
Think gays and lesbians should  
keep their lifestyle choices to  
themselves



more likely to be opposed to equal rights for LGBTs: 72 percent of that group were against legalization of same-sex marriage, while only 47 percent of those who did know someone gay or lesbian opposed marriage.<sup>15</sup>

Even those who do know LGBTs may not have enough information. They often are unaware that LGBT employees with domestic partner benefits pay, on average, \$1,069 more in taxes than do married couples with the same coverage (according to a 2007 report by the Center for American Progress and Williams Institute), for one example (see page 29 for more detail on the cost of being LGBT).<sup>16</sup> “When I started to explain the inequities from both a societal perspective and just a living and income perspective, people were blown away,” says Di Dia of her experience educating colleagues after she came out. Just over one-third of all straight men and women we surveyed, or 34 percent, said they were unsure about how to refer to an LGBT person’s significant other, an insecurity that can easily strike up artificial barriers between coworkers.

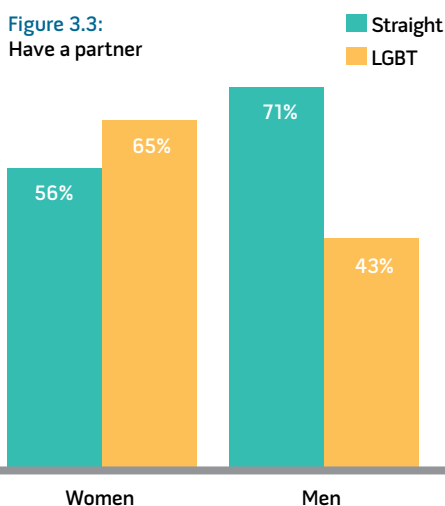
**Figure 3.2:**  
Unsure about how to refer to an LGBT person’s significant other



LGBT employees, for their part, feel the chasm. In a 2010 HRC survey, of those LGBT employees who were not out to everyone at work, 51 percent said they didn’t want to make other people uncomfortable and 39 percent feared losing connections and relationships at work. Only 46 percent felt comfortable discussing their social lives in general and even fewer, 35 percent, were at ease talking about their spouses or relationships.<sup>17</sup>

Despite perceived differences, LGBT and heterosexual employees share many of the same lifestyle characteristics and family dynamics. More than half of all LGBTs, or 52 percent, are married or are living with a partner, compared with 64 percent of straight men and women, and lesbians are more likely than straight women to be partnered (65% versus 56%). Just under one-quarter of LGBTs have children, compared with 55 percent of straight employees, but the gap narrows for women: 47 percent of straight women have children versus 39 percent of gay women. And 64 percent of LGBT employees working full time have a partner who is also employed full time, which is similar to their straight peers (59%).

**Figure 3.3:**  
Have a partner



The fact that workplace discrimination persists despite the high numbers of Fortune 500 companies with LGBT-friendly policies underscores how difficult it is to change attitudes and behavior on a personal level. The repeal of “Don’t Ask Don’t Tell” (DADT) may ultimately help move the country forward, says Joe McCormack, founding partner of McCormack & Associates, a search firm specializing in diversity recruiting. “How can any company justify discriminating against gay and lesbian people if the largest employer in the U.S.—the Department of Defense—no longer does?” says McCormack, who served in the U.S. Navy and now sits on the board of the Service Members Legal Defense Network, a nonprofit dedicated to repealing DADT.<sup>18</sup>

The military may end up changing the attitudes of tens of thousands of enlisted men and women. “People who join the military from rural or less-progressive areas are going to find that their experience is vastly different from the stereotypes they held when they joined

the service—and they’re going to take those impressions home with them when they leave the service,” says McCormack, adding that the military will also have to deal with some of the issues critical to LGBT equality, for example, domestic partner benefits, base housing, and social events with spouses. “As trivial as those things sound, they are going to have implications for the society as a whole.”

As the next chapter details, there are a host of steps companies can take to make their environments more diverse, inclusive and welcoming, not the least of which is buy-in from the corner office. “The most important factor is the commitment of the CEO,” says McCormack. “He or she has to hold people accountable for diversity training, inclusion and promotion.” When a company’s senior leadership is excited about diversity, that enthusiasm and energy flows down through the rest of the organization. Last November, when GLOBE, Booz Allen’s LGBT forum, celebrated its 10-year anniversary, CEO Ralph Shrader delivered the keynote. It was a fitting address given that Shrader, then a senior executive, was the original executive sponsor of the forum when it was founded. “He said, ‘When I was asked if I could be here this evening, I knew I couldn’t be anywhere else,’” McLane recalls. “It’s that level of commitment that shows how important diversity and inclusion are across all tenets of diversity within an organization.”

For all the perceived cultural differences, LGBT individuals seek the same career opportunities and the same freedom as their straight colleagues to focus on the company’s goals and their own creativity and ambition free from reprisal for who they are. For some companies, it will take time to cut through skepticism borne of decades-old stigma. “People are cynical. They think their organizations just kind of talk the talk and check the box,” notes UBS’s Erika Karp.

To really walk the walk, companies will have to move past diversity for its own sake toward viewing it as critical to the bottom line, whether the goal is to recruit top talent from every available employee group or to reach the most diverse swath of potential customers. “The demographic and financial power of diversity is massive,” says Karp. “When it comes to creativity, collaboration, entrepreneurship, profitability—diversity is an economic imperative.”

It’s an imperative that will become more urgent as the Millennial generation, the 70 million Americans born between 1979 and 1994, pours into the workforce. With many of its members coming out in their teens, rather than in their 20s or 30s, “the entire population has the expectation that they are going to be able to bring their whole selves to work,” notes McLane. Whether they’re LGBT or straight, he says, “they’re not going to work for a company that doesn’t allow their friends and colleagues to bring themselves to work. That’s part of their litmus test for coming into an organization.”

Figure 3.4:  
Have children

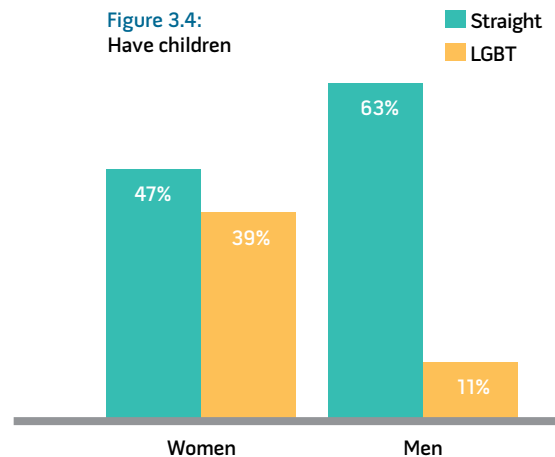
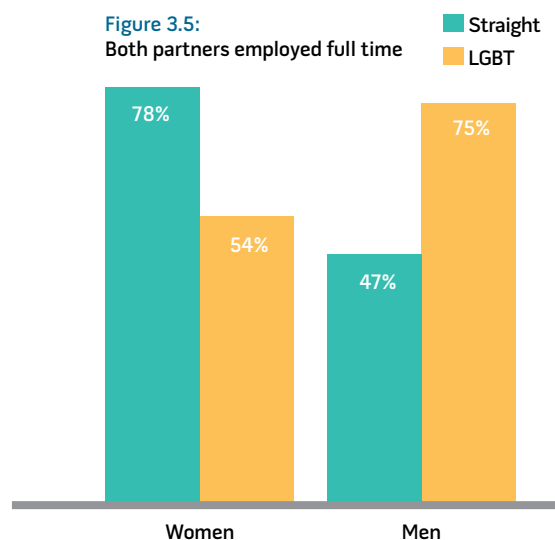


Figure 3.5:  
Both partners employed full time



Corporate leaders who understand that imperative, and actively and genuinely pursue an ROI-driven strategy (return on investment) for inclusiveness, will be rewarded with loyal employees who are engaged and connected to the organization and its mission on a far deeper level and for many years to come.



## going global: anti-gay bias around the world

As prevalent as homophobia is in some parts of the United States, it is hardly a U.S. phenomenon. Anti-gay bias spans the globe. Indeed, in many countries discrimination runs deep, and individuals who choose to be out in certain parts of Africa, the Middle East and Asian countries and territories risk steep penalties, prison time, and in some cases, death.

Given the global expansion of companies (more than half of GE's revenue comes from outside the U.S.), an international assignment is a critical part of an executive's career journey. A gay employee might feel comfortable being out in the progressive New York office, but likely won't feel safe being out as an expat in Dubai, Malaysia or Singapore, just three of the 76 countries around the world where homosexuality is illegal. Only 49 countries have legal protections against employment discrimination based on sexual orientation. Homosexuality is still punishable by death in five countries, including some parts of Nigeria and Saudi Arabia.<sup>19</sup> Even in more tolerant countries, LGBT employees face varying degrees of hostility; in London, for example, February 2011 figures showed a 28 percent rise in anti-gay attacks over the prior four years.<sup>20</sup>

International companies seeking to create and implement inclusive policies for LGBT employees have to work that much harder to understand the disparities abroad and figure out how to best narrow the gap between cultures and provide equal opportunities for growth—an area that Steve Richardson, president of Diverse Outcomes, knows well. "As companies look to roll out partner benefits or other LGBT-specific supports and programs globally, they will be confronted with the reality that in some countries admitting you're gay is a criminal act. There should be more education around business travel and the implications for the gay community. I certainly traveled to places where I wasn't comfortable. Being educated on the norms and practices in a particular place for a gay businessperson would have made a difference." The Center for Work-Life Policy will explore this in a forthcoming report on LGBT in the workplace.

## chapter 4

### corporate gems

#### **American Express: *PRIDE Network***

American Express has long been committed to developing a diverse and welcoming environment for its employees, regardless of sexual orientation. Launched in 1990, its PRIDE network is directly connected to retaining top talent and attracting a powerful LGBT consumer base.

“In order to be successful, we must foster an environment of diverse thinking and innovation— we look to our affinity group members to do that,” notes Kerrie Peraino, Senior Vice President International Human Resources and Global Employee Relations. “The LGBT consumer has enormous buying power and we see them as a target consumer base.”

Recognizing the value that employees have regarding diverse consumer perspectives, American Express works with the PRIDE network to develop new business ideas and vendor relationships. In 2010, American Express introduced a specially designed card decal highlighting its partnership with Stonewall, an organization dedicated to addressing the needs of gay men, lesbians and bisexuals, a concept developed and nurtured by members of the PRIDE network. As an annual sponsor of the Stonewall Brighton Equality Walk in the United Kingdom, American Express seized the opportunity to team up employees representing its Global Merchant Services sales and marketing teams with local PRIDE members to visit prospective merchants along the walk route. The city of Brighton boasts a strong community of LGBT citizens and is also a popular weekend destination for the LGBT population. This dynamic encouraged a different conversation for our sales team; one based on commonality and shared support for LGBT equality. As a result of this effort, American Express tripled the amount of merchant offers, signed new merchants, and received numerous referrals.

Not only does the PRIDE network enable American Express to differentiate itself in the marketplace, but it produces returns on the talent side as well. For Peraino, employee engagement is critical and directly connected to whether employees feel they can be themselves. “Employees need to bring their whole self to work or we’re not going to get the value of our talent base,” states Peraino. “The impact they bring to the table drives the innovation that we can then translate and deliver to our customers. We don’t want them to check their identity at the door.”

Leadership buy-in, regular meetings, and frequent communication between the network and the organization are key elements that contribute to the network’s success. Each chapter of the network has a local senior leader serving as an executive sponsor. A global sponsor provides insight, direction, and support for the entire network.

American Express' inclusion efforts have paid off both internally and externally. Unlike many LGBT affinity groups, the PRIDE network boasts a global presence, with eight chapters welcoming more than 1000 members in four countries around the world – even in countries not noted for being friendly to LGBTs. “The fact that we have PRIDE networks in Mexico means that we’ve created a truly inclusive and welcoming culture,” says Peraino.

Within the marketplace, the accolades keep coming: The Company has earned a perfect score on the Human Rights Campaign Corporate Equality Index since its inaugural participation in 2005 and received a GLSEN (Gay, Lesbian and Straight Education Network) award in May 2010. Within the past year, the UK organization improved its top 100 ranking in the Stonewall Equality Index by 43 percent, now standing at 33. When it comes to its LGBT inclusive policies and practices, American Express has a lot to be proud of.

#### ***Bank of America Merrill Lynch: Global Wealth & Investment Management LGBT Initiative***

In 2001, Todd Sears left investment banking to join Merrill Lynch as a financial advisor. The key to success as a financial advisor is the ability to find creative ways to identify and build relationships with clients of means. Both personally and professionally, Sears knew the financial challenges and constraints the LGBT community faces: Because of federally defined interpretations of marriage, gay and lesbian couples deal with tax issues on both the federal and state levels, titling questions, and gifting problems. He was also well aware of the significant market potential of LGBTs—as well as the fact that Wall Street firms still continued to ignore the gay and lesbian market.

Sears knew that if his new business were to succeed, he would have to secure Merrill Lynch's presence in the LGBT community and ensure LGBT-friendly policies and procedures were in place. Knowing that many wealthy gays and lesbians contribute generously to LGBT civil rights organizations, he created a two-part business plan that included business development for himself and a new market identity for Merrill Lynch by focusing on strategic partnerships with non-profit organizations that serve the LGBT community. Merrill Lynch already supported such major arts organizations as New York's Museum of Modern Art and Lincoln Center for the Performing Arts. Sears created an engagement model to leverage these existing relationships, as well as new ones, that included hosting financial planning seminars for domestic partners and major donor appreciation events with major donors of the LGBT nonprofits. The model helped the partner organizations in their mission of education, and gave Sears access to their members as a potential client base.

Sears also co-authored the firm's first series of LGBT brochures and the domestic partner seminar for the firm, eventually conducting over 400 domestic partner seminars and donor appreciation events all across the country. In addition to structuring over 20 LGBT nonprofit partnerships for the firm, he structured a research partnership through which Merrill Lynch funded four LGBT white papers on domestic partner financial planning with the Williams Institute of UCLA School of Law. One of these white papers, which calculated the additional tax domestic partners pay on benefits, was used in 2009 in Congressional testimony.



The marketing program in the New York metro area was so successful that within two years, it expanded to include a core team of ten financial advisors in six cities, becoming the first national team on Wall Street to target the gay and lesbian community. Internally, the team also educated over 250 other Merrill Lynch financial advisors serving LGBT clients around the globe. In under five years, the team attracted over \$1 billion in assets to Merrill Lynch as well as launched the first two national planned giving programs in the LGBT community in the country. Their efforts were recognized by the Human Rights Campaign with the 2007 Corporate Equality Award and the 2008 PFLAG Corporate Leadership Award.

Bank of America Merrill Lynch's Global Wealth & Investment Management has continued to grow the LGBT business, which includes hundreds of advisors across the country that offer integrated, comprehensive and personalized wealth structuring solutions for a broad range of LGBT clients, including single LGBT individuals, same-sex spouses, and domestically partnered and civil union couples.

### **Boehringer Ingelheim: *Inclusive Communications***

At Boehringer Ingelheim, creating a culture of inclusiveness is all in the details. The 125-year-old, family-owned, global pharmaceutical company achieved a perfect score for LGBT inclusion from the Human Rights Council for three years in a row thanks to its focus on language and visible company policies to develop a culture that encourages self-expression.

In order to create a culture of inclusiveness, Boehringer Ingelheim focuses on what affects the everyday experience of their LGBT employees. By changing the language around benefits that goes beyond "husband" or "wife," introducing same-sex civil unions and marriages to benefits so people could self-identify appropriately, and by adjusting everyday communications, Boehringer Ingelheim has created an atmosphere that allows people to feel welcome regardless of sexual orientation. "When we send out invitations indicating an upcoming event, instead of stating, 'All husbands and wives are welcome,' we say, 'Please bring your partner or significant other,'" says Nancy Di Dia, Executive Director, Chief Diversity Officer. "Being mindful of language demonstrates in subtle ways that a company is inclusive." Also critical is making sure that overall company policies align with inclusion. Mindful of this, Di Dia was successful in ensuring that gender identity and gender expression were included in the employee non-discrimination policy.

An overall consistent company stance is also vital to projecting a message of inclusion throughout Boehringer Ingelheim's operations, whether or not they are located in states with less progressive laws. "Irrespective of if the state offers equal civil rights protections for LGBT employees in the workplace, the important thing is the stance of our company; and that these employees are being treated fairly. We as a company do not permit discrimination or harassment of our LGBT employees," states Di Dia.

Commitment of senior leadership helps cement this stance. "Having senior leadership talking about that commitment in a critical way really demonstrates that it's not just lip service," notes Di Dia. "When we win awards for our Diversity

and Inclusion efforts, we spotlight them and the CEO both internally and externally supports and acknowledges the success and achievement.”

For Boehringer Ingelheim, creating a culture of inclusion is crucial from a business standpoint as well. Not only is there a tremendous LGBT consumer base, but without addressing LGBT individuals in clinical trials or marketing, a huge number of patients may not have access to adequate treatment. “If we don’t address the LGBT community, we will be missing a very loyal group that we could reach and serve” notes Di Dia. “It’s a missed marketing opportunity and it’s a missed segment of our communities.”

For Di Dia, allowing self-expression is critical to fully tapping into innovation. “Innovation is very important to our company,” says Di Dia. “Allowing people to express themselves—they’ve got to be able to be who they are to reach their full potential.”

### **Booz & Company: Relaunching LGBT Network**

When Chris Fleming joined Booz & Company as a management consultant, the company was in a state of transition. It had split from Booz Allen Hamilton in 2008 to focus on private-sector and international consulting clients, and acquired Katzenbach Partners, a U.S.-based consultancy, the following year. During this time of evolving identity, Booz reached out to its employees with the message “we need and want to be a little different—let’s build something great.”

Booz & Company already had an LGBT networking group, Spectrum, which focused on LGBT recruiting events such as *Reaching Out MBA* and *Out for Undergraduates Business Conference*. However, Fleming and several other LGBT employees at the firm thought Spectrum could be a more powerful resource. They began to lay out an ambitious plan for the year ahead and reached out to company management to request a budget three times greater than the previous year’s. The approval and enthusiastic support they received was tangible proof that the company supported fostering a more inclusive environment and was an important turning point for the group.

Financial resources were not the only challenge. Because Spectrum members are geographically dispersed they see each other sporadically, making it difficult to build a cohesive community. Spectrum used part of its newly expanded budget to host an off-site weekend retreat, where members had the opportunity to get to know one another and to define goals as a group: formalize the internal architecture of Spectrum, build awareness of and involvement in Spectrum across the firm (including straight allies), increase LGBT candidate presence in the recruiting process and achieve a favorable HRC Equality Index rating. Fleming recalls, “We realized we have this common identity and common set of goals, and the dedication and resources to achieve them.”

Spectrum members then worked with George Appling, the group’s senior sponsor and an openly LGBT partner at Booz & Company, to spread the word. George sent an e-mail to all employees across North America announcing the re-launch of Spectrum, articulating its goals, and inviting employees to join as either members or straight allies. This approach to increasing the group’s

exposure paid off. Within minutes, the firm's North America managing partner replied to all staff voicing his support. Several senior partners followed suit, and over the next few days, over 100 straight and LGBT Booz employees expressed their interest in getting involved with Spectrum.

Because Spectrum was re-launched less than a year ago, it is still creating its identity. Spectrum members work closely with recruiters to reach out to prospective LGBT employees. "We try to impress upon candidates that we are at an inflection point, and are building something great, which they can be part of," explains Fleming. In addition to hosting community events for LGBT staff, building ally engagement, and planning recruiting events, Spectrum organizes monthly phone calls for its members to brainstorm initiatives for the community and the firm.

Fleming credits Booz with creating and nurturing an environment that encourages employees to bring their full selves to work. "I came in as a junior member, and am still relatively junior," says Fleming, who is now president of Spectrum. "But when I picked something I wanted to do, which was to grow Spectrum, I got support at every step of the way, from senior partners to folks in Human Resources to internal staff." Fleming hopes that others will feel empowered to take what's meaningful to them and incorporate it into their work lives. "It's broader than just LGBT," he explains. "The firm allows us to take the things we're passionate about and do great things."

#### **Booz Allen Hamilton: *Creating an Inclusive Culture***

Mark McLane knows first-hand the strain of being an LGBT employee who wasn't out in the workplace. "You have to watch everything you say and how you say it—you have to be excellent at the pronoun game," he says, recalling his own experience of being closeted at work. "You spend a lot of time and energy orchestrating a façade," he explains, "energy you could put into being a more focused employee or a better friend." So when Booz Allen Hamilton, a leading consulting firm, asked him to be its Director of Diversity and help the company to continue to grow as an employer of choice for LGBTs, he knew that the challenge lay in creating an environment in which they could bring their full selves to work. If they didn't feel comfortable being out of the closet, after all, they wouldn't be able to maximize their potential.

At the time, Booz Allen Hamilton already had policies that promoted equity for LGBTs, such as domestic partner benefits. However, McLane saw room for improvement. "I see you have 86 percent on the Corporate Equality Index," he said to senior company leaders, citing a benchmark of workplace equality for LGBTs. "But why don't you have 100 percent?" Understanding the importance of the CEI rating, they responded "That's one of the first things we want you to help us achieve."

Under McLane's guidance, Booz Allen Hamilton instituted a mix of programs in recruitment, workforce development, and engagement at the grassroots level to reinforce the message that LGBT employees are welcome and valued. The language used by the company—whether on its website, by recruiters, or in its written policies—is deliberately chosen to consistently reflect this message of inclusion for LGBTs. "Using the words 'spouse' and 'partner' interchangeably

tells people that everyone is welcome,” McLane says, “and that we define family very broadly, just as we do diversity.”

To increase Booz Allen Hamilton’s visibility in the LGBT community, it advertises special hiring invitationals focused on the LGBT population at pride events such as Out and Equal, Reaching Out MBA, and pride celebrations in various cities. In addition, GLOBE, the company’s Gay, Lesbian, Bisexual, and Transgender Employees resource group, is actively involved with the greater community—for two years running, it has been the #1 fundraiser in the AIDS walk in Washington, D.C. And with over 50 percent of BAH hiring done through internal references, GLOBE members are encouraged to leverage their networks to bring in resumes of prospective employees.

In addition, the company offers LGBT employees the option to self-identify on its post-employment form. By including LGBT status on the survey, which also captures gender, ethnicity, disability status, and veteran status, Booz Allen Hamilton achieves three goals: It informs incoming employees that the company tracks its progress in recruiting and retaining its LGBT population; it sends the message to LGBT employees that they can bring their full selves to work; and it reinforces to all employees, both LGBT and straight, that the policies for the LGBT population are just as important as programs around other constituent groups.

The results of these efforts: To date, Booz Allen Hamilton now has a perfect 100 percent score on the Corporate Equality Index. The firm continues to be well ahead of the curve; for example, its increasingly comprehensive policies for transgender employees include coverage for surgery and hormone therapy.

Last year, GLOBE celebrated its 10-year anniversary. Started with only six members, the event was chaired by the CEO and attended by over 150 LGBT members and straight allies. One story cited by McLane illustrates how BAH has established itself as an employer of choice for LGBTs: During the Q&A portion of the celebration an employee stood up and said, “I’m out, and I’m ex-Air Force. I came to this company because of its reputation, and found it to be true and correct. Now I tell everyone I know at the Air Force that when they leave, and they’re ready to come out, Booz Allen Hamilton is the place to be.”

#### **Cisco: *Tax Equalization True-up***

Not many people realize that a fundamental inequity in the United States tax code penalizes lesbian, gay, bisexual, and transgender (LGBT) employees who want to extend their insurance benefits to their partners. When an employee’s spouse is recognized by federal law, the cost of the premiums—for health and dental coverage and life insurance—is deducted from the employee’s pre-tax paycheck. For same-sex partners, however, the cost of coverage is taken out after taxes. This inequity applies across the United States.

“People in same-sex partnerships who enroll their partner in benefit coverage potentially end up taking home thousands of dollars less each year than those who have federal recognition of their marriage,” explains David Posner, Inclusion & Diversity Manager at Cisco.

Although some states grant legal marriage rights to LGBTs, the state-level equal rights and protections are not extended at the federal level. To create equal footing for their LGBT employees, Cisco rolled out a program in January 2009 which supports equalization for employees who have declared their same-gender marriage, domestic/civil union partnerships. It calculates a “true up” of the take-home pay of these employees and compensates them accordingly. “We were one of the first companies to pass this at all levels of the organization in the U.S., from executive vice president to individual contributors,” says Posner.

With over 140 employees participating in this program, the cost to the company is worth “the positive impact” on morale and retention, according to Howard Whitehead, Manager, Global Benefits.

On employee resource group message boards and discussion forums, “employees freely state their pride in working for a place like Cisco that would do this proactively,” says Posner. “Anecdotally, people have said they stay at Cisco because they’re treated so well.”

Most telling, the program illustrates Cisco’s culture and core values. “At Cisco, our culture is one in which we support one another and can enhance peoples’ lives—both personally and professionally,” says Posner.

#### **Deloitte LLP: LGBT GLOBE Network ROI Tool**

When it comes to diversity and inclusion, Deloitte LLP is clearly walking the walk.<sup>21</sup> The organization has received a variety of recognition including *DiversityInc.*’s Top 10 Companies for Executive Women, Top 10 Companies for Asian-Americans, and Top 10 Companies for People with Disabilities; *Working Mother’s* 100 Best Companies for Working Mothers and Best Companies for Multicultural Women; *BusinessWeek*’s Best Places to Launch a Career; and *Fortune*’s 100 Best Companies to Work For. The organization, which has subsidiaries that deliver audit and risk, financial advisory, tax, and consulting services, recently demonstrated this commitment yet again by developing a tool to quantify the benefits of LGBT diversity.

In 2009, Deloitte’s commitment to LGBT diversity was already well established: It had received a perfect score for three consecutive years on the Human Rights Campaign’s Corporate Equality Index, a benchmark of workplace equality for LGBT professionals. Deloitte also continued to sponsor the Out & Equal conference and involvement in other LGBT events such as Reaching Out MBA and the organization’s Gay, Lesbian, Bisexual, or Transgender Employees (GLOBE) business resource group was thriving. However, Orlan Boston, Deloitte Consulting LLP principal and national leader of GLOBE, wanted something more: a way to quantify the return on investment (ROI) from GLOBE activities.

Demonstrating the quantifiable and tangible results of diversity is the “gold ring” of diversity and inclusion initiatives. A formal tool to measure ROI would allow Deloitte to analyze how its LGBT activities enhance recruitment and retention of LGBT professionals, create new business opportunities, and benefit the greater LGBT community.

With the support of the organization, Boston led a team of GLOBE business

resource group members that created a powerful yet simple ROI tool based on the results of a survey sent to GLOBE members. It included straightforward metrics such as financial contributions to LGBT organizations from both Deloitte as an organization and its professionals, the amount of time that professionals spend volunteering for LGBT organizations, and revenue generated from new clients as a result of involvement in LGBT networks.

The results of the ROI tool and methodology were astounding: In 2009, the tool showed that every dollar invested by Deloitte and its professionals in LGBT activities resulted in a return of twenty dollars—an ROI of 2,000 percent. The following year, the ROI doubled to 4,000 percent. In 2010, GLOBE was re-introduced as GLOBE & Allies, in order to make it clear that membership is encouraged for all Deloitte professionals. With such clear evidence of the economic benefit of investing in LGBT activities, Deloitte is now applying the tool to other Business Resource Groups.

The impact of the ROI tool, however, extends beyond Deloitte's economic gain. The organization is sharing its experiences around LGBT issues with four other professional services organizations, along with sharing the ROI tool and helping them to develop their own. "We felt it was important to take off our 'competition hats' and put on 'community hats' to tackle these issues," Boston explained, proof that when it comes to commitment to diversity and inclusion, Deloitte is clearly walking the walk.

#### **Deutsche Bank: *Rainbow Group Americas Mentoring Program***

Rainbow Group Americas, Deutsche Bank's affinity group for lesbian, gay, bisexual and transgender employees, has a proud and effective presence within the German bank's 77,000-person workforce. But despite its success in creating a dynamic community, the RGA felt it could do more to help junior staffers build a closer connection with LGBT leaders and a deeper sense of engagement with the bank. To that end, in early 2009 it launched the RGA mentoring program.

The program encompassed four goals, explains Corbin Wong, a member of the RGA Steering Committee. First and foremost was to provide LGBTs at the assistant vice president level and below with senior mentors. The mentoring relationships would provide a forum for junior staff to voice their concerns about being LGBT in the corporate environment and to receive guidance on their career development. Above all, the program would increase exposure of the bank's LGBT community and enhance its environment of inclusion.

The program began in the U.S. with 12 pairs of LGBT mentors and mentees, some of whom were LGBT and some of whom were straight allies. The pairs were matched according to their responses to a survey which asked questions about professional goals and business interests. To improve the program's success, both groups received training, clarifying their commitment and defining their responsibilities. Mentees and mentors were encouraged to meet informally before the official kick-off meeting, a potluck banquet prepared by the mentors.

The original plan called for the pairs to meet monthly but many got together more frequently. One pair scheduled a weekly conference call. The RGA

checked in every six months to measure results and also hold group get-togethers, with activities ranging from guest speakers to bonding activities such as a customized scavenger hunt and a work-out session from the Mind Gym on “Having Presence.”

Tony Pruitt, a Vice President in the bank’s Private Wealth Management division, was asked to mentor a young woman in Australia. She wasn’t completely out at work and, without the existence of a Rainbow Group in Asia Pacific, felt “that she was the only LGBT employee in Sydney.” The mentoring relationship gave her a sense of inclusion within the company and the confidence to fully come out at work. As a result, her manager subsidized her participation in the RGA’s annual Out and Equal conference in the U.S. in October 2009 and she has since helped establish a Rainbow Group for her geographical region.

Some 14 mentees have now gone through the program and RGA is recruiting a new class in the U.S., as well as connecting with the Rainbow Group in the UK and matching some to its members with LGBT employees in India. The feedback has been uniformly positive. “It’s so good to have a professional role model,” one mentee shared. Another felt “a greater sense of connection” with the bank. As further endorsement, half of the original mentor/mentee pairs want to continue to participate in the program, clear proof of success.

#### **Interpublic Group: *Creating a Climate of Inclusion***

Six years ago, Interpublic Group (IPG ) chairman and CEO Michael Roth tasked his Chief Diversity & Inclusion Officer Heide Gardner to deliver a unified message of diversity that included the LGBT community to the company’s 41,300 employees. As one of the world’s premier advertising and marketing service companies, IPG competes to attract top creative talent, and having LGBT inclusion built into the company’s DNA could be a key differentiator in the marketplace.

IPG modified its diversity and inclusion training programs to integrate sexual orientation into the broader conversation about diversity. “It was the first time there was a formal mandate to look at how at the corporate level we can facilitate the leveraging of LGBT talent,” Gardner explains. Materials were rewritten to include scenarios themed around LGBT issues and talking points were incorporated into all diversity messaging. Every presentation on diversity included LGBT topics.

In 2008, Multicultural Employee Resource Groups for Excellence (MERGE) was launched to provide development resources and support for specific IPG communities globally, as well as to support agencies’ marketing services. Through MERGE, business resource groups (BRGs) are aligned, unified and mutually supportive. Current BRGs include the IPGLBT (for gay, lesbian, bi- and transgendered employees), the Women’s Leadership Network, an African-American employee resource group, among others. “We don’t look at the status of LGBT as a simple one,” Gardner says, acknowledging the multiple layers of a LGBT employee’s identity. “No one is monolithic, and allies are a key audience, too.”



Among other programming, the IPGLBT partnered with human resources to create guidelines to help an employees' successful gender transition in the workplace. As a result, in 2010 and 2011, IPG received a top rating of 100 percent from the Human Rights Campaign and was named one of the best places to work for LGBT talent, the first and only company in its peer group awarded this honor.

IPGLBT produces programs to highlight the revenue the LGBT marketplace can generate. For example, Tony Wright, an IPGLBT member and chairman of IPG agency, Lowe + Partners, led a program on gender, sexuality and advertising and invited the company's Unilever client to participate. In conjunction with MERGE, IPGLBT members participate on a Growth Committee focusing on cross-agency collaboration and return on investment.

During MERGE-sponsored company-wide Inclusion Awards, Draftfcb President and CEO, Laurence Boschetto disclosed his LGBT status to provide support to LGBT employees. Perhaps most importantly, leaders from IPGLBT sits on a corporate-level CEO Diversity council in a position to give agency CEOs crucial feedback to keep the company on task.

Building the foundation for diversity can be especially challenging for a holding company responsible for multiple operating units that compete with one another and have unique organizational cultures. Gardner credits strong buy-in from the very top. "Michael Roth has committed resources and our department has grown. He personally chairs the CEO Diversity Council, has attached CEO incentives to inclusion and fully supports the employee resource groups," says Gardner.

Most recently, IPG launched a network wide Climate for Inclusion Survey that will track how many employees identify themselves as LGBT and to make sure the group has visibility and support. Although the results are not in yet, the message is clear: "LGBTs have the potential to drive business results," Gardner says. "The idea is to promote an inclusive environment that supports intellectual curiosity and innovation. That is the heart of inclusion."

### *Out on the Street*

Todd Sears was openly gay throughout college and in his life in general. But within weeks of earning a coveted job at an investment bank, he promptly went back into the closet. The reason? He heard his boss call a co-worker a derogatory term for gays That was the start of a 10-year personal and professional journey for Sears that closely tracks the transformation of Wall Street into one of the more welcoming industries for LGBT employees.

The business case for promoting inclusivity speaks for itself: An estimated five to ten percent of the U.S. population is gay. LGBTs are generally better educated, earn a higher income than the average U.S. citizen, and have larger discretionary incomes. In 2010, the estimated buying power of the LGBT population in the U.S was a whopping \$743 billion with a loyalty that is unmatched in any other market. And that loyalty extends to companies that support LGBT employees, making gays and lesbians desirable hires for forward thinking firms.



Sears himself recognized the powerful connection between diversity and the bottom line early on. In 2001, at Merrill Lynch, Sears built the first private banking team on Wall Street to serve the LGBT market, with a focus on addressing domestic partner financial planning and nonprofit endowment management. In just under five years, the team had brought in over \$1B of assets from clients across the country and managed the endowments of 31 LGBT nonprofits. The initiative was recognized by HRC with its highest honor, the Corporate Equality Award, as well as honored by numerous other organizations. But Sears felt more could be done to engage senior leadership throughout the financial services industry.

On March 30, 2011, Sears's commitment culminated with the first annual LGBT Leadership Summit for the Wall Street community, which he named *Out on the Street*. The first year of the annual summit was hosted by Deutsche Bank, and sponsored by Bank of America Merrill Lynch, Barclays, Citi, Goldman Sachs, and Morgan Stanley, with the agenda shaped with input from senior leaders from the firm. *Out on the Street* was a one-day, invitation-only event for senior executives (vice president and above) on Wall Street. The roster of speakers included prominent executives from the sponsoring firms such as Seth Waugh CEO of Deutsche Bank Americas, this report's author Sylvia Ann Hewlett, and Dr. Brad Sears, the Executive Director of the Williams Institute, a national think tank on sexual orientation law and public policy. Discussions at the summit centered around leveraging LGBT diversity to enhance business development and maximize business impact, as well as recruiting LGBT talent and the changing corporate culture of Wall Street. Despite an initial limit of 125 attendees, over 170 executives attended, still leaving over 60 on the wait list.

By bringing high-ranking executives together to candidly explore the opportunities and challenges faced by LGBT employees on Wall Street, *Out on the Street* provided a forum for open conversation and insight on how to move forward, "a gathering which probably would not have been possible 10 years ago," says Sears. "The level of support for the summit from the very highest levels of these firms, speaks volumes to how far Wall Street has come, and I think provides a blueprint for other industries and ultimately (and hopefully) our federal government, to follow."

However, despite the strides taken to promote inclusion on Wall Street, nearly half of LGBT employees remain closeted at work—something which can have a huge impact on productivity and engagement. As Mark Stephanz, Vice Chairman of the global financial sponsors group at Bank of America noted at the event, the "amount of energy one expends on just hiding is incredible." To continue to address and work towards solving this issue, Sears has made *Out on the Street* an annual event, with the 2012 summit to be hosted by Brian Moynihan and Bank of America. His goal is to ensure that inclusion remains a "top priority of all leaders, not just LGBT leaders." While conversation is critical, Sears says, "the conversation must quickly be followed by action."

# appendix

## Financial Burdens of Same-Sex Couples in the U.S.

In 1996, Congress passed the Defense of Marriage Act (DOMA), which bars federal recognition of same-sex marriage. DOMA also reinforces that states are not required to recognize a same-sex marriage granted in another state.

As a result of DOMA's definitions of "spouse" and "marriage" that exclude same-sex couples, federal benefits that are granted to opposite-sex married couples do not apply to same-sex couples. In 2004, the Government Accountability Office identified 1,138 federal statutory provisions in which a person's marital status is a factor in determining or receiving benefits, rights, and privileges.<sup>22</sup> By not receiving these benefits, which range from certain Social Security payments to health insurance coverage to veterans' pensions, gay couples generally have higher lifetime costs than straight couples.

These costs vary, depending on a couple's income, state of residence, and other circumstances. When examining Social Security benefits, for example, the Human Rights Campaign estimates that the average retired same-sex couple in 2004 was denied \$5,528 in spousal survivor benefits.<sup>23</sup> In a similar analysis, a 2009 report by the Center for American Progress found that an average same-sex couple, legally married in their state of residence, will be denied \$8,225 per year in survivor benefits after retirement upon the death of the higher-earning spouse.<sup>24</sup>

Looking beyond Social Security benefits, *The New York Times* in 2009 compared the lifetime costs of a hypothetical gay couple compared with those of a hypothetical straight married couple, and found the gay couple would pay more overall.<sup>25</sup> In the best-case scenario, the couple's lifetime cost of being gay was about \$41,000. In the worst-case scenario, the cost of being a gay couple exceeded \$467,000.<sup>26</sup>

In 2011, President Obama directed the U.S. Justice Department to stop defending the act, which has been repeatedly challenged as unconstitutional. However, DOMA is still in place. Currently, same-sex couples can legally marry in Washington, D.C. and five states: Connecticut, Iowa, Massachusetts, New Hampshire, and Vermont. Three other states (Maryland, Rhode Island, and New York) recognize the marriage licenses of same-sex couples from other states.<sup>27</sup>

# methodology

The research consists of one survey, ten focus groups, and numerous one-on-one interviews.

The national survey was conducted online in January and February 2010 among 2,952 U.S. women and men between the ages of 21 and 62 and currently employed in certain white-collar occupations, with at least a bachelor's degree.<sup>28</sup> Data were weighted to be representative of the U.S. population of college graduates on key demographic characteristics (age, sex, race/ethnicity, household internet access, metro status, and region). The base used for statistical testing was the effective base.

The survey was conducted by Knowledge Networks under the auspices of the Center for Work-Life Policy, a nonprofit research organization. Knowledge Networks was responsible for the data collection, while the Center for Work-Life Policy conducted the analysis.

In the charts, percentages may not always add up to 100 because of computer rounding or the acceptance of multiple response answers from respondents.

# the hidden brain drain task force

Founded in 2004, this private sector task force has emerged as a thought leader in diversity and talent management, driving ground breaking research that crosses the divides of gender, generation, geography and culture. The 67 global companies that comprise the task force—representing four million employees and operating in 190 countries around the world—are united by an understanding that the full utilization of the talent pool is at the heart of competitive advantage and economic success.

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Sylvia Ann Hewlett and Lauren Leader-Chivee

Center for Work-Life Policy, September 2011

Sponsors: American Express, Boehringer Ingelheim USA, Cisco, Credit Suisse, Google

### **For LGBT Workers, Being “Out” Brings Advantages**

Sylvia Ann Hewlett and Karen Sumberg

*Harvard Business Review*, July/August 2011

Sponsors: American Express, Boehringer Ingelheim USA, Cisco, Credit Suisse, Deloitte, Google

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Sylvia Ann Hewlett and Ripa Rashid

Center for Work-Life Policy, July 2011

Sponsors: Deloitte, Goldman Sachs, Pfizer, Time Warner

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The Center for Work-Life Policy is a nonprofit think tank based in New York City. CWLP's flagship project is the Hidden Brain Drain Task Force—a private sector task force focused on global talent innovation. The 67 global corporations and organizations that constitute the Task Force, representing four million employees and operating in 190 countries around the world, are united by an understanding that the full realization of the talent pool is at the heart of competitive advantage and economic success.



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