



## How diversity impacts a company's bottom line

An excerpt from a wide-ranging interview between Lata Reddy, senior vice president, Inclusive Solutions, and Authority Magazine.

*In a wide-ranging interview with Authority Magazine, Lata Reddy, senior vice president, Inclusive Solutions, talked about everything from how inclusion and diversity affects Prudential's bottom line to the celebrity she'd most like to share a meal with. What follows is an edited version of that conversation.*

### **The project I'm really excited about right now is ...**

New work we're doing to create a measurement and learning system to help us understand, with precision, what it takes to drive innovation for social and business impact. How to measure the business impact of addressing societal challenges is very difficult. We're building a completely bespoke framework that we can use to evaluate our efforts and determine whether they're leading to change.

The racial wealth gap is a good example. That directly connects to Prudential's purpose, which is to make lives better by solving the financial challenges of our changing world. We start by asking ourselves: What

are the components of the racial wealth gap? Things like the lack of quality affordable housing. Lack of high-quality education. Lack of pathways to quality jobs. Then we determine if we can play a meaningful role in those areas. In some cases, it will be through a financial input, in others it will be through our own people, or a product or solution, or creating access to a specific industry. All of this will result in outcomes that we want to be able to measure with confidence.

Sometimes we will have a demonstrable financial impact. Other times we will have an intangible impact—for instance, on employee engagement, which leads to productivity, risk mitigation, reputation and brand building. And then others will be almost entirely for societal benefit, but are also vital to how we sustainably operate.

### **Five ways increased diversity can help a company's bottom line:**

Let's be clear: Increased diversity on its own won't impact anything. Inclusion is a necessary precondition, and equity is an essential component. They must be ingrained into every aspect of a business's activities. This plays out in multiple ways.

1. An inclusive culture where everyone feels a sense of belonging will see significantly higher levels of employee engagement. We see this at Prudential through the data we capture on our own employee sentiment. And stronger employee sentiment leads to greater employee retention.
2. Diverse teams help companies improve the quality of policies, programs and products. Individuals' lived experiences bring unique perspectives that round out how ideas are generated. We have connected with our business resource groups (volunteer employees who are members and allies of various diverse communities) to help inform things like the employee onboarding process and the ideation of new products and solutions.
3. Embedding an inclusive mindset can generate innovative approaches. As part of our company's ongoing transformation, we asked all our employees to submit ideas to fuel our initiatives. We are embedding inclusion and racial equity from the moment those ideas are submitted into our idea portal. This will help us meet the needs of diverse customers, which leads to higher customer satisfaction and retention, and greater product adoption. And we can enable greater financial inclusion and address systemic societal issues.
4. Authentic inclusion creates brand and reputational value. Increasingly, companies are being judged on how they engage on social issues and how they are embedding diversity and inclusion into their business. In some cases, we are even being ranked against our peers on this. To generate that brand and reputational value you must walk the talk. For example, this past year we have been embedding racial equity commitments into our talent practices and have been transparent on how we're working to level the playing field with our hiring and promotion processes. This helps us retain top talent, who then generate innovative ideas and do great work for the company.
5. Taking inclusion outside our four walls and into the communities where we operate creates huge upside. Our global headquarters is in Newark, New Jersey, where we have been heavily investing to help close the financial divide and create opportunities for diverse business owners and residents. We have a symbiotic relationship with the community—if they are thriving and prospering, we too can thrive and prosper.

### **My best advice on managing a large team:**

Truly get to know and understand your team. Acknowledge their intersectionality. We can't put people in one neat little category. Nor can we make sweeping generalizations about "communities" as if everyone in them is the same. We need to understand that we lead multifaceted existences. Role model being your authentic, intersectional self at work. And actively practice inclusive leadership. That's how you can get the most out of your team.

### **To help employees thrive, you must ...**

Listen to your people. That means creating opportunities for them to share their thoughts, and then really listening to what they have to say. It also means valuing their lived experience. We need to give more credence to this.

I'd also say that it's vital to care for the financial wellness of your associates. Financial strain can come from many sources, whether it's dealing with an unexpected medical emergency, caring for extended family or

paying off student debt. We can't assume everyone is financially resilient. At Prudential, we're doing a lot of work to understand the financial wellness of our employees.

**It'd be fun to share a meal with ...**

Padma Lakshmi—especially if she were the one to prepare it. We've chitchatted in the past, but I'd love the chance to tell her that I admire the way she's opened the door to diverse cultures through food and I appreciate the way she uses her platform to advocate for social justice.

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