

The Future of Work podcast is a weekly show where Jacob has in-depth conversations with senior level executives, business leaders, and bestselling authors around the world on the future of work and the future in general. Topics cover everything from AI and automation to the gig economy to big data to the future of learning and everything in between. Each episode explores a new topic and features a special guest.

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Jacob: Hello everyone. Welcome to another episode of The Future of Work Podcast. My guest today is Karen Carter. She is the Chief Human Resources Officer and Chief Inclusion Officer at the Dow Chemical Company. Karen, thanks for joining me.

Karen: Thank you for having me. Really a pleasure to be here.

Jacob: Before we jump into all the fun stuff, why don't you give listeners a little bit of background information about the Dow Chemical Company? So, how big are you guys? What do you guys do?

Karen: Sure. No, I mean, again, real pleasure to be here. I mean, I've been at Dow now for almost 25 years. It's hard to believe. It will be 25 years in January, but the company's a lot older than me fortunately just a little bit. So we've been in existence for a little over 125 years. Revenue in excess of \$40 billion. And the way I would describe the Dow Chemical Company is really a combination of a science and technology organization. Really what our goal is, is to develop and deliver solutions that are essential to human progress. There are a couple of markets that we really focus on.

So they're things like consumer care. If you think about ingredients for prescription medications, vitamins, things like lotions and laundry detergent. Really what I would call the activating ingredients to things like that, of course for consumer care. Another one of our markets that's really large is packaging. I actually grew up in the packaging business. So if you think about things like how do we how do you keep your meat fresh. There's actually technology and the plastic that enables it to still be fresh a few days later. Or even packaging that's on a shelf. If you can imagine a food preservation. That's one of the big markets that we play in.

The last market that's pretty large for us is infrastructure. So things like roads and bridges and buildings, mega structures like stadiums. We really have a number of solutions that bring things like that to life. Again, I've been at the company for almost 25 years and I've seen us evolve over a number of those years as most recently we merged with DuPont a few years ago. And one of the unique things about the DowDuPont merger is the day we merged, we understood what our destination was going to be.

What I mean by that is that there will be three publicly traded companies that will spin out of the DowDuPont merger and the company that I will stay with, which will

ultimately become the new Dow, will be the first to spin and we are scheduled to spin in April. And so we're extremely excited about that. And when we do, we will be close to \$50 billion company, still maintaining our focus on those three markets. So consumer care, packaging and infrastructure.

And what's most exciting to me is that we've also articulated what our ambition for the company is going to be, which is really to become the most innovative, customer-centric, inclusive and sustainable material science company in the world. As you heard me articulate that inclusion is embedded into the company's strategy and the ambition for where we're headed. So I'm really excited about that.

Jacob: Yeah, that's very cool. And how many employees do you guys have? Or maybe I should say how many employees will you have after you spin off?

Karen: So today we have 50,000 and when we spin, we will have close to 37,000 worldwide. We're in a number of different countries around the world, over 100 different countries. And actually I've had the pleasure of living in a number of different places, including in Asia. And one of our biggest growth regions is and China and I spent a few years in Shanghai myself.

Jacob: Very nice. I had the opportunity to visit Shanghai as well. Very interesting city. Maybe you can give us a little bit of background information about you. So how did you get into this role and what does your role actually look like? Because you own all of HR. You also own all of inclusion. So what is a typical day like for you?

Karen: Yeah, so I got to tell you, over, again, over my 20-plus years most of my career has been spent on the business side. I've run a number of different businesses. Before I became the Chief Inclusion Officer, I actually was the commercial vice president for our packaging and specialty plastics business. It's over an \$18 billion franchise and I was responsible for the North American region. And then I had what I would call an out-of-body experience. Our CEO at the time, Andrew Liveris, had actually watched, it was a YouTube by Randall Stephenson, who is the CEO of AT&T and he was speaking at their ERG Conference and he was talking about race relations.

Our CEO was struck by that and he was actually in what I would call a legacy mode thinking about the things that were left undone. So he charted a few of us to go benchmark against AT&T and we met with their then CHRO, Chief HR Officer and Chief Inclusion Officer, Cynthia Marshall. We spent some time with her and her team and came back and made some recommendations to our CEO. One of those recommendations was we must name a Chief Inclusion Officer that reports into the highest level of the company.

Now, when we made that recommendation, I absolutely wasn't thinking about myself at all because I had just moved back to Houston to be the Commercial Vice President for our business and what I would call was a dream job for me. And then I got the call and he asked me to become our first ever Chief Inclusion Officer. My reaction was one of surprise, but also one of excitement because I knew how important this role was, but

because he was asking a business leader to do this job and to do it in a way that we run our businesses.

So with intent, with deliberation, with strategy and really incorporating it into the way we do business and not as an initiative and not as an HR policy or program. And so I did that job for a little over a year and was extremely proud of what the team delivered during that time and the momentum we had made. Now, we are not there yet and we still have a ways to go. And then I had another out-of-body experience because to be frank, I felt like I would do the Chief Inclusion Officer job for a few years and then I would probably go back and run another business.

So I got the call from our now CEO Jim Fitterling. And he said, "I would like to expand your job to still include the Chief Inclusion Officer responsibilities, but also to become the Chief HR Officer for the company and for new Dow." And again, I was surprised, but also excited at the same time because our company is at a very unique moment. Again, 124 years and now we are about to start a new company. You could call it even a startup.

So it's an opportunity for us to reflect on what's great about our culture, because you don't survive or thrive for over 100 years and not have some really great things about your culture, but also some things that we want to build in our new culture and some things that we want to leave behind. So I am now responsible for our people and I say people in that talent with purpose because we want to attract people that are not yet employees. We want to retain the best talent that we have today. And we also want to make sure that the people that become Dow retirees have a legacy that they are proud of and continue to represent our company well in the communities in which they live.

And so people is something that I'm extremely passionate about. I mean, if I think about the jobs that I've had over the years, the one thing that I have maintained central to my focus and central to my passion has been people because there's no way we can deliver results without our people. We talk a lot in Dow about our employee experience.

Jacob: Oh, I love that phrase.

Karen: Yeah, our employee experience and how it impacts our customer experience and ultimately delivers on the bottom line. And so it really starts with our culture and it's a continuum for us. What kind of culture do you want to build? We talk about our culture in the context of trust, transparency, empowerment and accountability, and in that order on purpose. If I trust you, then I can be more transparent with you. If I'm transparent with you, then I empower you. If I empower you, then I can hold you accountable. And that leads to hopefully a better employee experience and industry-leading employee experience that ultimately impacts a better customer experience and then delivers shareholder value. And I have an opportunity to influence that. So that's why I'm excited.

Jacob: So I have a lot of questions for you based on what you just said.

I was actually looking at your LinkedIn earlier and I saw that not too long ago, I mean, you were responsible for Packaging and Specialty Plastics, Low Density Polyethylene and Slurry Polyethylene Packaging and Specialty Plastics. You were in value chain, building and construction. So how does somebody with that background end up in inclusion and human resources? Because I feel like in a lot of companies the tradition was a Chief HR Officer is somebody that has been in HR for 20. More and more we're starting to see companies actually bring in non-HR people to run HR, like business leaders who are running teams, who are selling, who are building the organization, not just people who have an HR background. So really curious what is kind of the thought behind that?

Karen: If I look at the leadership team that our CEO has built. Many of us that are even running other functions have had profit and loss responsibility. So that's one common thread you see across our leadership team. And that's primarily because it's about ownership and it's about accountability. And if I look at the organization that again, it's a privilege to lead, there are a number of different HR experts that teach me every day. But when I took on the job, what our CEO, Jim Fitterling, said to me is, "Listen, I'm not looking for you to be an HR expert. I'm looking for you to cultivate a high performance team. I'm looking for you to take our organization, be on the leading edge of transforming our culture into the company that we need to be, we have to be, we must be for the next 120 years."

And that requires leadership, that requires business acumen, that requires influencing skills, that requires passion quite frankly, and that requires someone who has had experiences in the company around the world with change management. So if you look at my resume on LinkedIn, you may not be able to read between the lines, but many of my jobs that I've had have all been about change, whether I'm growing a business or I'm turning a business around or whether I'm starting a business in an emerging region.

And so there are definitely some commonalities across my experiences. And that's where I find myself today, again, on the leading edge of helping to transform our company into who we need to be for the next 120 years. And again, this is legacy work for me. I'm creating hopefully a company that my granddaughters, Kennedy and Mackenzie, who are 8 and 11, the kind of company that they're going to want to work in the future, the kind of company that our retirees today and in the future can be proud of and again, the kind of company that our existing employees can be proud of, that they will recommend to their friends and their family.

So for me it really is work that matters and it's work that it makes a difference. And so the trend you're saying I think you'll continue to see, but it was absolutely by design and how our CEO really wanted to craft and create his leadership team for the next several years.

Jacob: Do you think it's important for people, whether it's in diversity and inclusion or in HR or other areas, to maybe not always be or not always have backgrounds in that space. I would imagine there are probably some challenges for you because you didn't spend all your time and HR, so maybe there are a lot of things that you need to learn, but there are also probably a lot of advantages because you're not bound by a lot of legacy thinking, traditional HR, old ways of doing stuff and you can view this function with kind

of fresh eyes. So do you think that it is important for people in that space to maybe have that business background?

Karen: Yeah. No, I don't. Listen, again if I think about all the jobs I've had, I never had them before. So even though I might have had business experience, I never had that job before. When I moved to Asia, when I moved to Shanghai several years ago, I've never lived in Shanghai before. I wasn't Chinese. I'd never worked in that business before. So I think it's about your approach. I do think it's good to infuse organizations with fresh thinking, fresh eyes. I think there's a number of ways that you can do that. It doesn't always have to be a person that's totally from the outside.

I think it's a mindset of continuous learning and how you approach opportunities, how you approach challenges. I will tell you one of the things that I do in every job that I've had, again, because there hasn't been a case when I've been the expert in any job that I've had and the first thing I do is ensure that I'm surrounding myself with the people that are the experts, but equally importantly, the people that are not going to tell me what I want to hear, but tell me the truth. So if I look around the table, and I'm the smartest one, there's an issue. I got to get some new people around the table.

If I look around the table, and there are people that are looking to please me and not help make us better, not me better, but help make us better, I've got to make some changes. So I'll tell you in every job that I've had I haven't been the expert, but I love to learn and I believe there are some business principles that you can apply to most challenges and collectively you can get to a better answer. That's why inclusion and diversity, by the way, is so critical, because it really is those diverse perspectives, those diverse opinions, those diverse experiences that ultimately help you lead to the best decisions and the best solutions. So I really don't think it's about proactively getting someone who's outside to provide that perspective, but it is about mindset.

Jacob: Yeah, no, that makes sense. Well, that's actually a good transition to talk a little bit more about what inclusion actually means. What does a Chief Inclusion Officer do? So, let's start again super high level. What does diversity and inclusion actually mean and what is your responsibility in that area?

Karen: Yeah, so let me start with the definition and very simply in Dow the way we talk about diversity is it's who we are. It's the collection of all of our unique differences. And we talk about diversity across multiple dimensions. So most people tend to migrate directly to race, gender, ethnicity and those things are important. But we also talk about other dimensions of diversity, those things that are required. So whether you're talking about military experience or cultural fluency, all of those things are critical.

We also talk directly about for example white males who are over 50. We include them in our definition of diversity because it's important for everyone to be in the boat. I'll tell you an example. We just launched one of our ERGs called PRIME that's targeted to employees that are 50 years and over. We have 10 employee resource groups around the world, but PRIME, our employees that are 50 years and over, is one of the fastest-growing employee resource groups we've ever had in the history of the company.

So it really is an all inclusive definition when we talk about diversity is being who we are. We show up with those attributes and then there are some that we acquire over time. So again, if diversity is who we are, collection of all of our unique differences, then inclusion is the intentional and deliberate action we take to create a culture that embraces, not just embraces, but also values those differences and that's why at Dow we lead with inclusion because you can have diversity, and we've had diversity over the years, but if you don't have an environment, a climate, a culture that really embraces and values those differences, then you won't be able to maintain it, the diversity and you ultimately won't be able to reap the full human and financial benefits of that diversity.

So we are essentially doubling down on the culture, continuing to ensure that we can attract and retain all of those many dimensions of diversity, but we have to have an environment and leadership that embraces and values that. So that's pretty critical for us. If you ask me what do I do as the Chief Inclusion Officer, my job is to create that environment for the company. There's a commercial but also I think somebody said it, that the world equally distributes opportunity, but businesses and companies don't necessarily distribute it that way.

So I have to make sure that on a daily basis I'm leveling the playing field for everyone. This is not about special opportunity. It is about equal opportunity. And it's not about equal opportunity for some of the people. It's about equal opportunity for everyone. And that's exceptionally critical because one of the questions I often ask people is, what does the best talent look like? If you were to draw a picture of the best talent. Because people say that all the time like, "We need the best talent. We want to attract and retain the best talent." Well, what does that look like? It looks like all of us. It looks like you. It looks like me. It looks like somebody that's 50 years and over. It looks like a millennial. It looks like gen Z. It looks like somebody that's brown. It looks like somebody that's not brown. It looks like all of us.

So my job in a nutshell is to ensure that we have an environment that gives everyone a fair chance, those processes, those policies, how we evaluate people, how we hire people. And there are a lot of best practices out there. And by the way, you will include or exclude, and if you're not focusing deliberately on including, you will ultimately exclude. It has to be an intentional and constant focus to ensure that you are working to reduce and ultimately eliminate your biases that we all have.

Jacob: Because that's actually an interesting point before you jump to your next idea. What are some of the typical biases that you think we see inside of organizations or have seen over the past few decades?

Karen: Yeah. So for example, a woman has a child, then therefore they're not going to want to travel anymore. Or someone goes out on maternity leave and we may assume that they're not going to come back. They're not going to come back and work. Or someone who didn't go to an Ivy League school can't be as qualified as someone who did as an example. Or someone who is 58 years old doesn't want to be developed anymore. Or someone who's a young male, who happens to be married to a woman and has a child doesn't want to take paternity leave. Or someone who has a disability can't do work.

Jacob: Assumptions we make.

Karen: There are some assumptions and the danger of making the assumption is in how you make decisions about people. The danger is in the impact of that. And there are a number of ways that you can work to reduce those. I mean, through technology you've probably heard about a number of those things where you can even eliminate names on resumes and how that changes things for people, as they evaluate resumes there's technology, artificial intelligence out there that can do that for you.

One of the things we do is we aim to ensure that on every candidate panel that we have, that it is diverse, but not just a panel of candidates, but also the panel of interviewers. There are assumptions we make about millennials, less committed. They're not going to want to stay in a job or they're not really looking for a career there. They want to go from this company to the next, to the next. When you're making a decision about that specific job that shouldn't even come into the consideration because I don't know what I'm going to do. You don't know necessarily what you're going to do. We should be hiring for the requirements of the job that we have in front of us.

When we're thinking about opportunities. I mean, I think about myself and moving all the way to Shanghai several years ago. I was married at the time with kids and actually with one grandchild and they could have made an assumption that said, "There's no way that that she will go. Her husband's working at another company and so they're not going to go." But instead what they said is, "We have an opportunity. We believe she's the best qualified. Let's offer it to her and then allow her to make the decision that's best for her."

Jacob: It's certainly a very different way of thinking about things. Why do you think now this is becoming such an important conversation? Because I feel like over the past few years diversity and inclusion has really become mainstream or is starting to. Lots of organizations are thinking about it, they're making investments in it. We're seeing more reports come out, more studies, but this wasn't necessarily with the same emphasis even five years ago. So is there something happening in the world that's really causing organizations to revisit diversity and inclusion and what this means?

Karen: Yeah. I don't know what's happening in the world, but I can tell you what's happening in our own company is the realization that it is a business imperative. That it's one of the levers that we can pull and to drive business value. That's a shift to be frank and the dialogue that we've had about inclusion and diversity over the past couple of years. What is that driven by? I can't really tell you. I don't know if it's because of the changing demographics in the US where this concept of majority and minority will cease to exist. We can debate if it's 2030 or 2050, but it's coming.

We can debate whether or not it's because we find ourselves in one of the hottest job markets that we've seen in 20 years and therefore you really don't have the luxury of excluding any portion of the workforce if you're really going to get the best talent. So I don't know what the driver is, but I'm extremely pleased that we find ourselves in a moment in time where industry is seeing this as a business imperative and not

something that's nice to have or the right thing to do, but ultimately the smart thing to do.

Because again, the goal is that we have to make it sustainable and not a program of the month. And I believe that the companies that do this right and do this well will have a competitive advantage. So that's why I'm pleased with the way that we have approached it by having a senior-level leader who's accountable at the highest level of the organization, not solely responsible for this, because in our entire leadership team all of the business leaders, all the functional leaders are accountable for inclusion and diversity.

Jacob: Are you able to share how they're accountable?

Karen: Yeah, no, absolutely. One of the things that we've done differently is yes, we have a strategy, but we also have a governance structure where we have a President's Inclusion Council that is led by our CEO and all of our top leaders are on that Inclusion Council. And they are responsible for the governance of inclusion and diversity for our company. We have a scorecard that ultimately they own. It is not an inclusion and diversity scorecard. It's a corporate scorecard. So it includes our financials of the company but it also includes inclusion and diversity metrics and we hold ourselves accountable to that.

But we don't just stop there. We also have a Senior Leaders Inclusion Council and that's made up of what people would probably call the clay layer, but these are those middle level managers that have high influence. So we drive inclusion and diversity through those folks as well. And then finally we have what we call the Joint Inclusion Council which is made up of our employee resource group leaders. And so the way we ultimately hold ourselves accountable is through that corporate scorecard that includes inclusion and diversity metrics. And that is relatively new for our company. I mean, we weren't doing that 10 years ago.

And it's embedded in there by design because again, if it was separate then it would be relatively easy to say, "Well, we don't need to do that anymore." But our corporate scorecard is something that is published on a quarterly basis. And again, I&D metrics are embedded in that. I'll give you an example. One of the things that we track and measure our is the participation in our employee resource groups. Why do we do that? Because research would indicate that participation in employee resource groups leads to higher employee engagement and that positively impacts the bottom line. And as a matter of fact, our own data, our internal data demonstrates, reflects that as well.

So when our CEO on a quarterly basis gets up in front of the today 50,000 employees and talks about our financial results, he also talks about the participation in our employee resource groups in the same conversation as a business imperative. And he is also challenged every people leader in our company to participate, not only challenged, he set the expectation, his expectation, that every people leader in our company and our organization participate in at least one employee resource group of their choosing.

So that's the integration with our business strategy, business expectations at the highest level of the company, but driving that down and across our organization. Our manufacturing function, which is the largest function in the company. They have their own I&D strategy called Destination Inclusion. Our largest business in our company, Packaging and Specialty Plastics, they have their own inclusion strategy called Inspire Inclusion. Our supply chain organization, which has more than 5,000 employees, they have their own inclusion and diversity strategy that is bolted into the corporate strategy called We Deliver, We Belong.

So that is the ripple effect. That's how it's cascading down and across the organization. It's not driven by Karen S. Carter, the Chief Inclusion Officer. We've set the framework with our corporate global I&D strategy, but it lives and breathes in the businesses and the functions where people work. And that for me has been the difference this time around. And you asked me earlier about what do I do and I wanted to just requote it because I remembered it now. The world equally distributes talent, but it doesn't equally distribute opportunity, and that's important for me to repeat that because when I wake up every day and come to work, I see my job as helping to drive that equal opportunity for all of our employees, because again, the world does equally distribute talent, but it doesn't it, it doesn't equally distribute opportunity.

But we humans we have not only the opportunity, but in my mind, the obligation, the obligation to level the playing field because when you do that then truly the best talents has the opportunity to demonstrate their value, and we need the best talent at the end of the day to drive the best business results.

Jacob: Yeah, and I love that you mentioned it's a business imperative because obviously you want the most creative ideas, you want people to help you uncover opportunities, figure out the direction of the company. So these are all crucial things and you can't do that just by assuming it's going to all be done by one type of an individual. I'm really interested to learn a little bit more about some of these metrics and how you hold people accountable for it. So do you have for example when you look at inclusion percentages that you're looking at four different types of employees. How do you know that you're being diverse and inclusive. Obviously, the resource groups are great. But what if it's just the same type of an employee, to use your example, all 50 year old males that are in those resource groups. So you can get high percentage, but it's still all the same type of person. So what are some of the other things that you might look at?

Karen: We have both what we call leading indicators and lagging indicators. We absolutely on our corporate scorecard track and measure things like US minorities, the percentage of US minorities in our company. We also track and measure not just the total percentage of women in our company, but women in leadership. And we're targeting specific areas of our company where we feel we have under-representation. So we participated in the McKinsey Diversity Matters study. We've participated in a number not awards, but other indices, if you will, to identify our gaps, and that's where we're focusing by design with intent.

We look at the percentage of our employees that have taken the unconscious bias training. That's really important to us. We look at hiring rates. We look at attrition rates,

and we look at the attrition rates between groups of people. So not just what's the total attrition rate, but we look at attrition rates between groups of people. We also have a global employee opinion survey that we conduct on an annual basis and we look at the totality of those results, but we also look at the results within groups of people to see if there are statistically significant differences.

So there are a number of things that ... And by the way, we also have what we call an LES survey. The survey also that we conduct on an annual basis for our people leaders so the people that report to them have an opportunity to evaluate them on an annual basis, and inclusion and diversity is embedded in that survey. At the end of the year when people are evaluated for their performance, part of their performance is predicated on how they did on that LES survey and how they did in relation to their inclusion and diversity.

So it really is woven into every part of our business from the corporate scorecard that clearly people are held accountable for because those are the results. So the what also and the how is extremely critical and that's why we embed inclusion and diversity into our global employee opinion survey, into our leadership effectiveness survey, that LES survey. That's why we look at hiring, attrition, retention at very specific groups of people where we have under-representation. And it's not just a US thing for us. It's global as well.

Supplier diversity is another aspect of our corporate scorecard where we are looking at our spend with certified suppliers women-owned, veteran-owned, minority-owned, LGBTQ suppliers. I'm actually, very proud of the results there because we've seen a 100% increase year on year. Now, the certified concept is a US based concept, but we are scaling supplier diversity around the world. And so that is our next phase and what we are planning to do in 2019.

And the reason we focus on supplier diversity is because it ultimately reduces your total procurement costs. It is a business imperative for us. Again, it is not a nice thing to do. It is the right thing to do and the smart thing to do for our business. That is the point. At Dow people are held accountable for what they deliver and that's why we embed it into the way we operate. Just like we hold ourselves accountable for safety, we hold ourselves accountable for inclusion and diversity.

Jacob: I love that it's a part of the, I think you mentioned bonuses, that's kind of tied to diversity inclusion, but it also seems like you guys have a lot of data that you're collecting on this, probably more so than most other organizations. I mean, you're looking at diversity and inclusion across many, many different facets and supply chain and you mentioned retention. So this isn't just sort of like, let's do it, let's put some things down on paper. You're actually seriously looking at some data that you guys have internally to make sure that you're moving in the right direction.

Karen: Yeah. No, I mean, data and analytics. We have the data, but we apply analytics so that we can get the insights and we can define the actions we're going to take to address the gaps that we have. So it is a scientific approach and we don't get into analysis, paralysis

because it's easy to do that, but we actually have someone that sits on my team, [inaudible], he's amazing and he is the analytics leader for inclusion and diversity.

A matter of fact, his sole purpose is to tease out the insights and then find the actions that we can take to make sure that we are addressing the real gaps in a sustainable way that's going to make a difference. And so when we go before the President's Inclusion Council on a quarterly basis, that's what he presents. He's not just presenting the data. He's presenting the insights that are going to lead to the actions that we need to take.

Jacob: That makes a big difference. You also mentioned that you keep leaders accountable. So what happens if ... So, let's say I'm a leader at the Dow Chemical Company. I'm held to certain standards for diversity and inclusion. I don't meet them. Are there some sort of repercussions for that? Could I lose my job? Do I get a lower bonus? I mean, let's say I'm one of those leaders that I'm kind of like, "Hey, this is okay, but I got so many other things to worry about. I don't have time to focus on this." What do you do or what happens to those types of leaders who really don't put this as a priority?

Karen: Yeah, it's a great question. Let me tell you. I've talked about the opportunity we have right now going into a new company and one of the things is that we are focusing on leadership and not just people leadership, but leadership. So yes, people that have people reporting to them, but there's also a layer of leader that have an impact on employees even if they don't have people reporting to them. So there's three things that we are revisiting in the context of leadership. One, how are we selecting them in the first place. So align with what you're talking about.

Are these leaders aligned with our core values? Are these leaders aligned with our focus on inclusion and diversity? The second thing is, are we setting the expectations appropriately, to your point. This is what we expect in terms of the behaviors and your actions, not just on inclusion and diversity, but as it pertains to people in general. The third thing is, how are we equipping them for those that want to, that are aligned with that, that are signing up for that, how are we equipping them to demonstrate those behaviors? And then finally, how are we ultimately holding them accountable?

What I will tell you is that because I&D is incorporated into everything that we do, it does impact their rating and it does ultimately impact their job. There really is no way to get around it because it is part of the evaluation. It's part of the scorecard. If you have red, yellow or green on your scorecard, that's how you are evaluated. What gets measured gets done in our company. So that's why 18 months ago, when we said, how do we ensure that this is sustainable, it has to be integrated into that company scorecard.

Jim talks about, our CEO talks about closing the say-do gap. There's nothing worse, there's nothing worse than people, your leadership saying one thing and doing something else. And that is absolutely why are we taking this approach and embedding it into and through everything that we do.

Jacob: I love that. I love that approach. Earlier on you also mentioned technology that can help and I'm also really interested in that. I think one of the things you mentioned is removing names from resumes. But I'd be really curious and I'm sure listeners would be very curious to know what sort of technologies are you guys leveraging or what technologies have you seen that are out there, that are interesting and valuable in the diversity and inclusion space that can help with these things?

Karen: So a couple of things. I mean, one of the things that we are planning to do is to use a People Portal going forward and it's based on Workday. So a lot of people have implemented workday, a lot of the Fortune 100 and Fortune 50 companies has implemented Workday. So remember that I talked about a culture of trust, transparency, empowerment and accountability. So what Workday is going to allow us to do is to be much more transparent with information directly to employees, but then it's also going to allow leaders of leaders to very quickly see and measure the decisions that their leaders are making.

So what do I mean by that? I want to look at the last 50 hires that you've made and the diversity or the lack thereof of those hires. I want to look at the last 50 promotions that you made and the diversity profile of those. Today that's a little more difficult for me to do, but in a system like Workday, you can see that very quickly. I'm also able to look at the talent available in a much more systematic way and the diversity of that talent as well. So we are really working to empower our leaders with data at their fingertips to make better decisions and then through that empowerment and through technology, they will ultimately be able to be held more accountable as well.

Digitalization is a drive in our company. The other example I will give you is we are about to launch an employee resource group tool where every employee in our company, all 37,000, 38,000 new Dow employees will have access to joining an employee resource group right on their mobile phones. If you think about 60% of our organization that sits in a manufacturing environment, they may not have their own Dow workstation, but clearly most people have a Smartphone and what we're really aiming to do is get as many people involved in those employee resource groups. Not only in one that they naturally identify with, but also as an ally.

And I want to come back to that point because that's really important in the context of how we approach employee resource groups. But this digital tool will make it easy for them to see events around the world. It will also, one of the things I'm really excited about is it will allow us to pulse people that participate in an ERG, but also get feedback from people that participate in an employee resource group. Why is that important? We have a consumer solutions business that makes ingredients for hair products, for example, for people with textured hair.

It will be very easy for them to go out and pulse our employee resource groups and do a focus group with people that have naturally curly or textured hair to test a new product that they want to launch. That's adding to business value through our employee resource groups and that will be at their fingertips. So they will be able to see all the events. They will be able to connect. They will be able to join, et cetera. So I'm really excited about that. Let me come back to this ally concept because it's really critical.

We have 10 employee resource groups and I can tell you that they are all the way from our when a Woman's Innovation Network, also our Asian Diversity Network, our African American Network, our GLAD Network, Gays, Lesbians and Allies at Dow, our Hispanic Latin Network, disabilities employees, et cetera. There are 10 of them. I talked about PRIME. Our other newest employee ERG is called RISE. It's for employees that have less than eight years of experience.

So obviously, those are targeting a certain demographic, but for every employee resource group we say that you also should be targeting allies. Why? If you look at our Gays, Lesbians and Allies at Dow Network, it is our largest ERG at Dow. The majority of the participants in GLAD do not naturally identify with the network. They are allies. People join as an ally because either they want to learn or they want to support. And our goal at the end of the end of the day is to convert them to advocates, to move from an ally to an advocate because then they can go back into the organization, but not only into the organization, back to their families and their communities more aware, more knowledgeable and able to articulate some of the challenges but also the similarities, not just the differences, but the similarities that we all have and we believe that's extremely powerful.

So when you look at our 10 employee resource groups one might say, "They're either exclusive and/or you're not really representing all dimensions of diversity." But essentially we've seen extreme growth not only in our company, but also change in our culture because of the allies. We've moved to a place where we are driving across ERG collaboration. Most of our events are hosted by one more than one ERG. We are strongly encouraging people to join an ERG that they don't naturally identify with again so that they can learn, support and ultimately advocate for.

That is the phase that we are in, in terms of ERGs and we've seen a major difference. We've seen a major difference. Our executive sponsors for all of our employee resource groups are at the top of our organization. So our CEO, as an example, is the executive sponsor for our African-American Network. He has been learning in that process and for sure is an advocate and not just an ally.

Jacob: You've given so much insight and information around this. I'm like taking notes here as you're going through it. All right, so we talked about a lot of different things and kind of how you're even making this happen inside of the Dow Chemical Company. I'm really also curious to hear about any results or impact this has had. You've touched on some things, but have you been able to see how this is impacting the company? Does it impact the bottom line? Is it impacting engagement? What have you noticed as a result of your heavy investment and priority for diversity and inclusion?

Karen: Yeah, so there's a couple of things. When I look at the increase we've had, and this is just within the last year, 1.2% increase in women and US minorities. Now, that might seem small to you, but any statistician will say from a diversity metric that is not small. We've had an 11% increase in ERG participation. And these numbers are just through third quarter. So that's a net increase of over 4,000 employees in employee resource groups. Why is that important? If I look at our most recent global employee opinion

survey that was just in September, one of the things that we asked people as they go through the survey is whether or not you participate in an employee resource group.

We have an overall satisfaction number for the global company that's in the low 70s. When you extract just the people that said that they participate in at least one ERG, their overall satisfaction number is over 80%. That matters. That's money. We seen 100% through third quarter increase in supplier diversity. We've logged over 1,000 volunteer hours through our inclusion and diversity efforts. And one of the things that I'm most proud of and we don't target awards, but we've targeted a couple of external efforts as key performance indicators of whether or not we're making progress. So that external benchmark is incredibly important.

What I'm extremely proud of is we've made the DiversityInc Top 50 for the first time ever within the last 12 months and we've also for the first time ever become US Certified with Great Places to Work and that's really around their trust index survey. So those are just a few of the key performance indicators I can tell you that I'm extremely proud of. The last one I'll mention because remember that continuum that I talked about, culture, employee experience, customer experience and ultimately the bottom line. In Latin America recently we launched a program where we are going to mentor customers and suppliers and Latin America on inclusion and diversity.

Over the next several months one of our employee resource groups in that region is going to host a mentoring session with our key customers as well as our key suppliers. So we are not doing this just to make our own company better. We really have an ambition and a desire to make the communities better in which we live and work. And hopefully ultimately to make industries better through these efforts because we know the positive impact that we can have, and we can have an even bigger impact if we work together.

Jacob: Do you have a sense of where you think most companies are when it comes to diversity and inclusion? I mean, obviously you guys are doing a lot of work, at least from what I know, I would definitely consider you on the advanced spectrum, but you probably also talked to a lot of businesses, a lot of business leaders. Where do you think we are collectively in the business world when it comes to this initiative?

Karen: I think, and by the way, we have a long ways to go. There's a lot of other companies that I admire. If you just even look at the DiversityInc Top 50, there are a number of companies on there and the good thing about DiversityInc is you can actually go out and look at best practices and understand what other companies are doing and leverage those. I would say from a maturity perspective over the years we've talked a lot about diversity and inclusion. I think we've talked about it a lot. I think we've made some good strides, but you got to question why don't we have more female CEOs, as an example? Why don't we have more CEO's that are persons of color, for example? Why don't we have more CEO's that are willing to self identify either as having a disability or being openly gay? Why is that? In my view, have we made progress over the years? Yes, but how we made enough? I don't think so.

Jacob: Still a long way to go.

Karen: We still have a long way to go because again, it's not just about the rhetoric. It's about the results.

Jacob: Yeah, I couldn't agree more.

Karen: It is about the results.

Jacob: You also mentioned something a little bit earlier and you talked about the role that the leaders might play. So for organizations that are listening to this that want to drive diversity and inclusion efforts, how important is this kind of leadership support? Not just at the top, but also mid-level managers, mid-level leaders. I mean, inside of the Dow Chemical Company, are you finding that a lot of leaders are embracing this, supporting this, helping push these across their respective teams and how crucial is that leadership support?

Karen: Critical. It's critical. Someone asked me earlier today, what do you attribute the momentum and the progress that you've made to? And I said, "It's really two things." It's our organization was ready for it. So they were ready to catch the ball, but it was the leadership that gave them permission, the leadership that told them it was okay and demonstrated through their behaviors that it was okay. Do we still have leaders that wonder? Yes. Do we still have some leaders that challenge and say, "Is this worth it?" Absolutely. Over time though, that is getting fewer and fewer for a couple of different reasons. We targeted that group from the beginning.

So we said, "It's important for leaders at Jim's level to set the stage, to provide the framework and for sure have the strategy, but also hold people accountable, hold people accountable, but we've got to attack that middle layer." And that's why we have three parts of our governance structure. Remember, I talked about the Senior Leaders Inclusion Council. That's absolutely what their role is. It's why Jim said, "Every people leader across our organization, every people leader," and we have over 2,000, "every people leader will be a member of an employee resource group." Imagine. Imagine what it feels like it for your leader to say, "I support you participating in employee resource group." But imagine how powerful it is when you show up to an event and your leader is sitting there.

Jacob: Yeah, that's pretty cool.

Karen: That's the difference. That's closing that say-do gap. One of our one of my colleagues has leaders are the guardians of the culture. Absolutely, because that's where I live and breathe as an employee. That's where my employee experience manifests itself, is with that leader. So you absolutely have to convince to a certain degree what the business case is for I&D, but then you got to move quickly to here are the behaviors, here's the strategy, here are the expectations, here are your responsibilities, and then ultimately here's how we're going to hold you accountable.

We've been fortunate that we could move past the business case pretty quickly, but we spent time on that. Even though a lot of people said, "We're past that. You don't need

to do it." No. We spent a lot of time on the business case from the beginning. We are a science company. So we talked about the financials. We talked about the human brain and how we are wired to exclude versus include and why it's got to be a deliberate, intentional march every day to make sure our actions are including versus including.

So we took the time, a lot of time up front to be clear in articulation about why are we doing this and why this is not about getting people that are not qualified unfair chances. We tackled the concept of privilege. We talked about how if I win, it doesn't mean you lose. We had courageous conversations around some pretty difficult topics, but they had to be on the table. We allowed people to express respectfully their opinions and what they were thinking because we had to do that. We had to have the family discussion in order to move to a different place.

I can't tell you how many notes and emails I got from people that said, "Hey, we've been talking about diversity for years, but as a white male, as an example, nobody's ever spoken directly to me in this context. I didn't think you were talking about me or to me." It's also about African-Americans. It's also about people that are from Asia and people that are from the Middle East. It's about all of us. So we are not minimizing or excluding, no pun intended, any part of our population. We elevate those parts of our population that are underrepresented and talk about them.

Jacob: Yeah, which is crucial. Which is crucial.

Karen: I'd say, why don't we have more women? Right, which is crucial. Why don't we have more women in these kinds of jobs? Why don't we have more African-Americans at this level in our company? But it's not an exclusion of any other group.

Jacob: Got it. Got it. Okay, that makes more sense. Before we wrap up, I just had two last questions for you before I ask you just some kind of fun questions about yourself. First question is, what advice would you give to employees, and these are non-senior level employees. These are maybe individual contributors, entry-level employees who believe in diversity and inclusion, but who also believe that their organization is not doing enough. Any advice for what they can do to kind of push these efforts forward inside of their company?

Karen: Yeah, a couple of things. I think at Dow because of the grassroots even if we didn't want to do it, we wouldn't have a choice. Because the grassroots efforts have totally taken over. They've totally taken over. And so the more that you can elevate your voice and make your voice known around your expectations, companies will deliver. So this is no longer at Dow about even the clay layer or the top layer. It's not. I mean, it has taken on a life of its own. I would say that keep pushing it as a business imperative, keep setting the expectation, keep articulating it in the context of not something that is a nice to do, but a must do and it will happen.

And I will tell you, there are companies out there that are already doing this and in the absence of a robust strategy that's really authentic and matters, you've got to find a place, because those places exist, find a place that does deem it important, because I

will tell you that those companies are going to be sustainable, those are the companies that are going to win in the end.

Jacob: Well said. And what about advice for leaders? So people that are in those roles where they're responsible for other people, that want to drive diversity and inclusion. What advice would you give those folks?

Karen: People are our most precious resources. At Dow we have billions of dollars of capital in the ground, still in the ground, manufacturing plants, et cetera, but people are absolutely most precious resource. And as leaders, we have an impact whether it's positive or negative we get to decide on a daily basis. I'll go back to something that I said earlier. This really is about equal opportunity and not special opportunity. It's important for all of us, me as a leader, to think about the actions that I'm taking and are they excluding or including?

Things as simple as I have a team of staff meeting. Did everybody have an opportunity to voice their opinion? Looking around my stuff and saying, who's not in the room, meaning, is it diverse? Thinking about my leadership style and if that's really cultivating an environment where people feel safe. And not only heard, but that their opinions are valued. Something as simple as team building activities. Is it something that everyone feels like they can equally contribute in or not? We're about to go on holiday here in the US and I am instituting an email moratorium because I want people to have permission to disconnect and disengage.

Question yourself and the actions that you take. And remember, I tell people all the time. I hire my people leaders like I would hire babysitters for my granddaughters because it's just that critical.

Jacob: Yeah. I love that you have that email moratorium over the holidays. I think that's fantastic. And I'm sure employees appreciate it as well.

Karen: As long as I live by it, right?

Jacob: Yes. Yes. As long as you live-

Karen: It's about what I do and not what I say.

Jacob: Yeah. Yep, totally. Well, I had just kind of fun rapid fire questions about you that I wanted to ask, but before I jump into that, is there anything else that you want to say about diversity and inclusion or HR or anything else that you want listeners to know about or walk away with before I jump into some of the fun questions?

Karen: I would say that I absolutely love being in this space and after working on the business side for more than 20 years, I never knew I would. It is perhaps the first time in my career ... Not perhaps. It is the first time in my career that I am the most happiest and my goal has never been to be successful. My goal has always been to be happy because I believe that success follows joy. And why am I so happy? I get the opportunity every day

to come into this company and think about how I can positively influence 38,000 people.

And that's legacy work. That's what inclusion and diversity is all about. That's what human resources is all about. I am just extremely excited about all the things that we're going to deliver with and through our people and I would say that if we were to do this podcast in five years from an industry perspective, we are going to be well ahead on the inclusion and diversity. We don't want that just to happen in our company. We really want it to happen across industries because that's when we ultimately are going to win.

Jacob: I'm sure it will, especially if we keep going in the direction that a lot of companies are going in. So let's hope that that will happen and you'll definitely be a guest in five years. Hopefully sooner than five years. It'll be fun to check in certainly in the future. Okay, so I have just a couple fun rapid fire questions for you to wrap up. And the first one is, what has been your greatest business failure?

Karen: Greatest business failure. People always ask me that. I'm like, I never thought about it that way because I just look at challenges as opportunities. Failures. Failure. I know the longer you think about it people think you know you've had them.

Jacob: If you view as opportunities, that could be why it's so hard to answer.

Karen: Well, I tell you the biggest challenge I had was when I moved to Asia. You think about it. I mean I moved to Shanghai with 18 million of my closest friends and I had a responsibility for all of Asia and India, didn't speak the language, sat on a board in Japan, didn't speak Japanese. Culture was different. Going to the [inaudible] store was an adventure. That was probably the biggest challenge that I've had, but it was the most fun I've had too because I was stimulated by all of the opportunities to learn. So I would say that that was my biggest challenge.

Jacob: Which is fair enough. That works.

Karen: Okay.

Jacob: And as somebody that's been to Asia, I can definitely ... And I was only there for a couple of weeks but it's definitely challenging to navigate when you first get there.

Karen: I cried when I had to come back by the way.

Jacob: Oh, really? You loved it that much?

Karen: Oh, I loved it that much. I cried. I cried.

Jacob: Well, that's ... Yeah, I mean, I can understand why. It's one of those places when you visit you kind of understand once you're there. Next question for you, what has been your most embarrassing moment at work?

Karen: Well, I've have had a lot of those. Now I'm waiting because I got to think about which one. Let's see. Most embarrassing. I'm looking at Allison because there's been several. It's always ... I don't know if it's embarrassing, I'm an extremely open book at work. I tell people what I think and how I feel all the time and I always use these sayings like that my grandmother used to say, the older I get, the more I find myself saying those, but I'll tell you recently I was at an event speaking at a customer event and I think I had just come off like a 12-hour flight or something from Korea.

So I gave this speech and quite frankly it was just really horrible. It was so bad. It was like so bad. And I came off the stage and I looked at Allison, who's my communications director. I was like, "How did I do?" And she was like, "Let's get out of here." She was like, "Let's just like leave." And I was like, "Yeah, I think that was like a 5 out of 10." She was like, "Yeah, let's just leave. Let's just leave." I try to show up 100% every day. I tell my team that all the time. They deserve the best in me and you can't always be the best if you are like sleep-deprived and you've been on the road and you've been doing that a lot. So I would say that that wasn't great.

The other one I'll just quickly mention, I'll never forget, speaking of being a woman in this industry, the chemical industry. In my last job I was really proud about being in that Commercial Vice President role in one of my first customer events that I went to someone want someone mistook me for the girlfriend of one of my ... Actually one of my direct reports. And so we're standing there together and I've studied all the customers, I'm ready, I know all the products, I'm gonna have the best professional response. And then somebody comes up and says, "Hey, I didn't know you had your girlfriend here." There was no way that he could fathom that I was the Commercial Vice President.

Jacob: Oh, wow.

Karen: Isn't there a lesson in that? Isn't there a lesson in that?

Jacob: It seems like there certainly is. That must have been quite a ... I would have loved to been a fly on the wall during that conversation.

Karen: You would have thought I would have had a quick comeback, but I was so shocked and surprised by the response that I really didn't.

Jacob: Yeah, that's a good one.

Karen: I don't mind being embarrassed at work. Let me just say that. I think we should all be a bit more vulnerable because it demonstrates to employees how human we all are. And I wouldn't be authentic if I told you I never had an embarrassing moment in my 25 year career. I would say I've had, I wouldn't say many, but I've had a few. I've had a few.

Jacob: The last last few questions for you. What is your favorite business or non-business book?

Karen: Oh, gosh, I have a few. It's not a business book, but I love Brené Brown. I love Brené Brown. There's a couple of books that I'm reading right now and one that I just got. She's done a couple of things, Daring Greatly, but right now what I'm reading is Dare to Lead. I'm reading that one. I'm going to read that one over the holidays. She just did a podcast not too long ago on this whole concept of daring. Are you playing to win or are you playing not to lose?

I'm thinking about this as I'm kind of going into the fourth quarter of my career and really daring to be who I am every day. And as I'm evangelizing to other people, bring your whole self to work. I challenged myself recently and said, "Have I been doing that? Have I really been bringing my whole self?" It's one thing to get on the stage and tell everybody, "Bring your whole self to work." But have you been doing it? I mean, it was like a moment of self-reflection and when I was really honest with myself, I hadn't been. I hadn't been.

But I got to tell you that when I took on the Chief Inclusion Officer job, and now this job, my leader, the CEO, said to me, "I hired you to do this job because of who you are. Because of who you are." And that was a turning point for me and it liberated me to say, "I don't have to be anybody else and I don't have to minimize who I am because I'm already good enough. Can I improve? Absolutely, but I'm already good enough." And I got to tell you, I'm extremely proud of my background, of being raised by a single parent, who's the bravest woman that I know on the planet. My dad died when I was 12, grew up with humble beginnings and I'm proud of that.

I'm proud of being a business leader who's also a woman of color, who also happens to be 48 years old. I'm proud of all of that. And it was just an epiphany for me and so I tell people, "Don't wait as long as I did." It's about daring to lead, but it's also about daring to be who you are. The ability to bring your whole self to work every day is less about the environment and it's more about your own personal confidence in doing that. So, I really like to read Brené Brown. She challenges me to be reflective and introspective, which is why generally over the holidays I do that, but that epiphany for me, have I been bringing my whole self to work every day has really been a turning point.

Jacob: I like that one. That's a good one. All right, and maybe last question for you, because I know we've already gone well over the hour, is that if you were doing a different career, what do you think you would have ended up doing?

Karen: Bartending.

Jacob: Bartending?

Karen: Absolutely.

Jacob: So you make a mean Margarita then?

Karen: I can't yet, but it's like my dream job. She's like cringing over there, like, did she just really say that on the podcast? But it's a true statement. Bartending. I've always wanted

to be a bartender. Why? Because you have the ability to talk to people. First of all, it's science and I'm not a scientist. I really think bartending is science. It really is. It's like science. So it'll be my way of becoming a scientist without going to all that school, and the opportunity to talk to all sorts of people. People give me energy and I love talking to people, hearing about their hopes, their dreams, their wishes, and I think that is the thing. I want to go to bartending school and I want to be a bartender at some point.

Jacob: You totally should. Maybe at the next Dow Chemical Company conference they'll have you behind the bar making all the drinks for everyone.

Karen: Okay. Okay, seriously, I have a list of 50 before I turn 50, a list of 50 things I want to do before I turn 50 and I've got two years. I'm now adding that to the list. I want to bartend a Dow event.

Jacob: There you go.

Karen: Boom. There it is.

Jacob: And you got to tell everybody where that idea came from now.

Karen: I'm gonna tell them. I'm gonna tell them.

Jacob: I love it, being a bartender. That's awesome. Well Karen, thank you so much for taking time out of your day. Where can people go to learn more about you, Dow Chemical Company, anything that you want to mention about your diversity and inclusion efforts, feel free to plug anything that you want people to know about.

Karen: Well, they can for sure go to Dow.com. Of course, I'm on LinkedIn and they can also follow me on Twitter. So any of those things they can do, and my Twitter handle is @KarenS_Carter.

Jacob: Perfect. Well, again, thank you for taking time out of your day. I really appreciate it.

Karen: My pleasure.

Jacob: Yeah, it was a lot of fun. And thanks everyone for tuning in. My guest, again, has been Karen Carter. She is the Chief Human Resources Officer and Chief Inclusion Officer at the Dow Chemical Company, and I will see all of you next week.