

Getting to the Dance: Alexis Herman on the Journey of Diversity and Inclusion

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Toyota's corporate culture is built on the Toyota Way: respect for people and continuous improvement. Diversity and inclusion — a driving force behind workplace equality and a catalyst for innovation — serves as a building block for these pillars.

Alexis Herman, chair of Toyota's Diversity Advisory Board, has been a leading voice in promoting inclusive workplaces in the U.S. for over forty years. Herman, who served in the Carter and Clinton administrations, including as Secretary of Labor, helped establish flextime schedules and sexual harassment regulations and measures in the workplace that are staples of diversity and inclusion today. But the pivotal experience cementing her resolve as a leader came well before her career in government and corporate sectors, when as a 15-year-old student in Mobile, Alabama, Herman was expelled from her all-black high school after she confronted the archbishop of her local Catholic diocese about the school's exclusion from a public event. This experience taught Herman a valuable lesson in risk-taking that she brings to her leadership at Toyota.

We caught up with Herman to ask for her perspective on leadership, innovation and the state of diversity and inclusion.

Secretary Alexis Herman, as told to Toyota Motor North America:

On Taking Risks

When I got expelled, I had one teacher come up to me and say, "Alexis, you did the right thing." It was really my first leadership lesson in risk-taking. I recognized that in order to evolve you have to be willing to step outside of your comfort zone. I learned from that experience that it's important to get into the habit of taking risks, because the more you do it, the less you feel those butterflies in your stomach and the more confidence you start to build in yourself. You can look at a situation where you know you have to take a risk, and you can say to yourself, "I've been here before, and it worked out."

Toyota may not call it risk-taking, but it's a company that fosters a culture of innovation. You can't have an innovative culture without being willing to take risks or experience some failures in the process. In fact, that's part of diversity and inclusion. It's about taking risks just to embrace someone who is different from you, to step outside of your comfort zone and to learn from other experiences.

On a Diverse Workplace

When women first started joining the workplace in great numbers, the question was asked, *Why are all of these women all of a sudden coming into the workplace?* However, my big mantra as Director of the Women's Bureau was that the question should not be why, but *how?* How are we going to help women in the workplace? So, I helped create the first flextime rules in the workplace, because women needed more flexibility. But guess what? It didn't just benefit women — men wanted flexibility, too. I learned that many of the support systems for women, and innovations for diversity in general, benefit everyone.

That being said, the reality is that every generation brings its own set of concerns and issues. Today, you've got millennials, and their issues and concerns are very different from when I came into the workplace. For example, 63 percent of millennials today care more about a company's community engagement, societal engagement and issues of diversity and inclusion than they do about its profit margin. You have to ask, *How do we really become a values-based company?* Well, at Toyota we talk about respect for people and diversity and inclusion.

As for the future, I'm excited about a term called ESG, which stands for environmental, social and governance policies. For the first time, our institutional investors are starting to grade companies this way. It's called an ESG

index scoring. Guess who's driving that? Millennials. They're saying, "It's great to see the margins in the profits grow, but we also want to know about the values of those companies." This is great, but we still have work to do, whether it's pay issues for women or being treated as equals in the workplace. We have to listen anew to the concerns of women, people of color, the disability community and all of these communities we want to include and be open to hearing their points of view.

But it's important to establish a definition of diversity. I never talk about diversity without also talking about inclusion, because it's about diversity *and* inclusion. People ask what the difference is, and I explain that when we first started on this journey, diversity was about representation and demographics. It wasn't about how we ensure a culture of inclusion. So, we have to ask, *What kinds of jobs do women and people of color have? Are they getting the promotions? Are they in the leadership ranks? Are they helping to interpret the Toyota culture?*

A good analogy is this: Diversity is about being invited to the dance but inclusion is about being asked to dance. So when you are invited and are also asked to dance, and you get to do your thing, that's when you know you have diversity and inclusion working together.