

# FSP ERG Toolkit

## Introduction & Executive Summary

The Financial Services Pipeline (FSP) Initiative is a collaboration of Chicagoland financial services firms focused on increasing the representation of Latino and African Americans as part of their long-term human capital strategy and business objectives. This initiative recognizes that there is a lack of diversity in the Chicago area financial services sector, and this has a negative impact on the competitiveness and equity of the region. FSP executes on its goals to diversify the financial sector through critical research, programs, and various initiatives.

The initiative realizes that the commitment, passion, and proximity to employees that the Employee Resource Group (ERG) community has, which makes it uniquely qualified to serve in increasing and retaining diverse talent in the industry. Critics argue that ERGs defy the goal of Diversity and Inclusion (D&I) by creating separate groups. However, the FSP believes that people need to find people who look like them and have similar interests to reduce isolation and increase engagement. The D&I goals of an organization are achieved through the collaboration and education between ERGs and their communities.

Our hope is that this toolkit will help better guide you along your journey through battle-tested best practices from members of the FSP's ERG community. This toolkit aims toward creating a unified understanding of the purpose and benefits of Employee Resource Groups (ERGS) in the workplace. ERGs began as small, informal, self-started employee groups for people with common interests and issues. Also referred to as employee or business resource groups, among other names, these impactful groups have now evolved into highly valued company mainstays. An inherent element of the mission of an ERG is to promote the welfare of workforce culture and to establish mutually beneficial relationships between firm, its workforce, members of the ERG, and the communities it serves.

This toolkit is intended to provide general information for employers interested in establishing an ERG and can also offer support ERGs that currently exist. Please note that this is a working, organic document and is subject to change. If additional information is needed or you have subsequent questions, please don't hesitate to reach out to FSP at [FSP@chi.frb.org](mailto:FSP@chi.frb.org).

FSP companies are happy to provide additional details and support. Please contact [FSP@chi.frb.org](mailto:FSP@chi.frb.org) to be connected directly with a member firm.

# FSP ERG Toolkit

## Contents

<b>Section 1: Defining an ERG</b> .....	3
<b>What is an ERG?</b> .....	3
<b>ERG vs. Affinity Group</b> .....	3
<b>Developing a Governance Framework</b> .....	4
<b>Section 2: Establishing an ERG</b> .....	5
<b>Strategic Planning</b> .....	5
<b>Naming the ERG</b> .....	5
<b>Executive Sponsors</b> .....	6
<b>Senior Leadership Support/ Engagement Tips</b> .....	7
<b>Establishing Effective Partnerships</b> .....	8
<b>The ERG Leadership Team should consist of a Chair and Co-Chair:</b> .....	9
<b>Executive Sponsor</b> .....	9
<b>Manager/Supervisor</b> .....	9
<b>Financial Planning</b> .....	9
<b>Section 3: Launching an ERG</b> .....	11
<b>Creating a Charter</b> .....	11
<b>Goal Setting</b> .....	11
<b>Leader Succession Planning &amp; Off-boarding</b> .....	13
<b>Visibility/Exposure</b> .....	14
<b>Measuring Success</b> .....	14

# FSP ERG Toolkit

## Section 1: Defining an ERG

### What is an ERG?

Employee Resource Group (ERGs) by definition, are groups that connect employees through commonalities at the workplace. Those commonalties can come in the form of demographics, life experiences, or any other shared characteristics. ERGs are open to all employees and are designed to champion the needs of certain groups (for example, Women’s Group, PRIDE Group, Veterans Groups, Racial/Ethnic groups, etc.) Each group typically has a formal structure including leaders, periodic meetings, and objectives aligning to corporate goals, mission, purpose and values. There is a common misconception that ERGs may be perceived as exclusive. For example, a Women’s Network Group might provide the false impression that participation is limited to women. Rather, Women’s Network Group is typically focused on advancing women in the workplace and to do so, all colleagues are welcomed and are highly encouraged to join and support its mission.

ERGs can provide a safe place for employees to share interests, experiences and opportunities that could have an impact on or influence the firm’s culture. ERGs will have the opportunity to assist the organization by providing input to help to solve real issues and advance workplace culture.

In addition, ERGs can provide employees and the Company with the following benefits:

- Support the firm’s commitment to foster an inclusive work environment
- Foster another line of communication between firm’s leadership and staff
- Create an open dialogue to raise awareness, build trust, increase respect, and bridge gaps
- Provide cultural awareness and professional development opportunities for employees
- Provide leadership opportunities for individuals who may not have leadership opportunities available to them in their normal job functions

### ERG vs. Affinity Group<sup>1</sup>

Affinity Groups are often the starting point for most ERGs. These groups tend to first start off similar to a social club. It is driven by individuals and is inward looking. From the business perspective, the primary benefit is employees expanding their personal network. Affinity Groups can grow as the group seeks sponsors from a department like Human Resources/D&I or acknowledgment from the company, it moves to become a recognized group. While still inward looking, the networking opportunities begin to span more levels. The groups become focused on career advancement for its members (professional development) and education (etiquette and awareness) for their coworkers. Most groups begin mentoring programs (formal or informal) at this point, as well as visible community outreach.

Affinity Groups mature into Employee Resource Groups (ERGs) with sponsorship from Human Resources/D&I and an executive. With this support, the mentoring becomes more formal, in part because the ERG is used by the company to meet talent acquisition and retention goals. Well run, the

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<sup>1</sup><https://www.mentorresources.com/mentoring-blog/bid/111584/from-affinity-group-to-employee-resource-group-erg>

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ERG becomes a place for the development of emerging leaders. ERGs can help also help the employer focus on groups of employees that may be at risk of leaving the firm and become part of the solution to the high turnover.

## Developing a Governance Framework

Governance Framework is needed for all organizations who currently have or will have ERGs. A framework provides clarity around what is expected for the ERGs, guidelines for them to abide by, required structure of leadership, etc. It also defines a consistent operating model for each ERG, providing structure for D&I or other responsible party to effectively manage each group in a transparent and fair way.

### As a best practice, documented components of the framework should include:

- **Overall D&I Strategy:** What is your organization trying to accomplish? What's the strategy that the ERG needs to align to?
- **Defining ERG:** How does your company define an ERG and its purpose?
- **Company's expectation of ERG:** What kind of impact do you want ERGs to have on your organization?
- **Policies:** What are operating rules/guidelines you want the ERGs to abide by?
- **Charter:** How does the ERG want to organize themselves and operate?
- **Formal Structure:** What is the structure of leadership of the ERG?
- **Executive Sponsor Responsibilities:** How do you expect the ERGs to utilize their executive sponsor, what should the relationship look like and what responsibilities should the executive sponsor have? What group ultimately approves sponsors?
- **Funding/Budget:** How will the ERG are funded? How are they expected to manage the funds? How funds are spent? What is the process for tracking, reporting and approving expenditures?
- **Membership:** Who can be a member? What does membership mean?
- **D&I/ERG Partnership Expectations:** How will ERGs & D&I department interact?
- **Employee Data Requests:** How will you manage requests for data from ERGs? What type of data can you share or not share?
- **Activities Supported and Not Supported by Organization:** What activities/initiatives are supported? What is not? What are the boundaries in which ERGs can operate?
- **Cross-Reference with other Organization Policies:** How will organizational-wide policies apply ERGs?

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## Section 2: Establishing an ERG

### Strategic Planning

The success of a new ERG most often depends on a small nucleus of dedicated and interested employees. It takes commitment from these individuals to ensure the group organizes itself in such a way as to guarantee continuity. ERGs are an exciting way for employees to support and become involved with D&I initiatives. These grassroots groups are a way for employees with a common identity and allies to come together for networking, development opportunities and broadened exposure to other business functions. ERGs work with leadership to enhance business results, foster an inclusive environment, and promote company success in the marketplace and community. It is important to identify the interested parties and create a project plan early in the process.

**Topics to consider during strategic planning are as follows:**

- Identify the interested parties (HR, Finance, D&I, D&I committees, CEO and other key decision makers and influencers)
- Linkage to D&I Strategy
- Get D&I Team commitment
- Tell the story of why ERGs add value
- Identify Target Group or Groups
- Define what an ERG is
- Determine how ERG fits into organizational goals
- Linkage to values
- Share the benefits of having an ERG
- Employee
- Company (Brand)
- Community
- Return on investment
- Discuss goals (What do you want the ERG to do?)
- Create a more inclusive environment
- Increase diversity representation in organization
- Create an environment where everyone can thrive
- Educate and Inspire

### Naming the ERG

The name of the ERG is an integral part of the identity of the group. The name should clearly communicate the group's mission and be interesting enough to make someone want to learn more or join. When considering your mission, consider the needs of the community and the constituency you seek to help. Ask yourself the following:

- Who does the group seek to serve?
- What value will the ERG bring?

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- What is its potential impact?

## **Soliciting name recommendations:**

- Solicit name recommendations from relevant stakeholders (e.g., communication teams (external and internal), legal, board members, senior leadership, and potential members) to ensure the name is representative of potential constituents/members.
- Be open to utilizing different methods for solicitation such as in-person meetings, polling, and surveys to diversify your outreach.
- If acronyms are used, ensure that their pronunciation is in alignment with the group's name (i.e., Women's Impact Network or WIN is pronounced /win/ not /win/)
- Consider narrowing down potential names with ERG leadership, then reach out to broader audience to finalize between two or three choices.

## **Communicating the new ERG to staff:**

- Once the name is finalized, communicate the new ERG and/or new name to staff and the organization.
- When communicating the ERG, consider different platforms such as flyers, paraphernalia, and your organization's intranet.
- Remember to include the mission of the group in communications.

## **Executive Sponsors**

Executive Sponsors dedicate their time and efforts to positively impact ERGs, so what's in it for them? Most Executive Sponsors take on the sponsorship role because they are intrinsically motivated and passionate to see ERGs succeed. However, there are several benefits Executive Sponsors gain from being in the sponsorship role.

Some of these benefits include:

- Increase level of engagement
- Acquire knowledge on work issues affecting employees at all levels
- Broaden cultural competency
- Enhance personal satisfaction
- Expand network

The role of the Executive Sponsor is to guide and coach the leadership of the ERG to be successful in achieving their stated goals and supporting the goals of the organization. D&I should support the Executive Sponsors by providing them with coaching and sharing both internal and external best practices.

## **Executive responsibilities should include:**

- Supporting development of the ERG strategy

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- Meeting regularly with ERG Chair and Co-Chair to offer guidance, support and coaching, especially in the alignment of ERG strategies to company objectives
- Attending ERG meetings as frequently as possible, and maintain ongoing communication with corporate senior leadership
- Providing input and make recommendations on the ERG strategic plan
- Ensuring proposed activities support the growth of ERG members or support the financial growth of the company.
- Assisting with budget decisions and planning and ensure the ERG stays within budget
- Serving as a liaison between the ERG and company leadership
- Conducting a year-end review and provide feedback on the ERGs annual performance
- Providing feedback on ERG leadership performance
- Participating in the selection and transition of the subsequent Executive Sponsor
- Assisting with the procurement of additional funding for events if the event requires more funding than the budget allows
- Assisting with the recruitment and selection (succession planning) of new Chairs and Co-Chairs

Sponsor criteria is also an important factor in structuring your ESNG. Take into consideration their level, experience, and influence/engagement in the organization.

## **The following should be considered when selecting an Executive Sponsor:**

- Candidates should be Vice Presidents or Officers (depending on firm) or higher due to the level of – BUT WHY strategic influence required to support ERGs
- Leverage Executive Committees, Human Resources, and D&I teams for decision making
- Sponsor does not need to be a member or representative of the ERG affinity

## **Senior Leadership Support/ Engagement Tips**

ERGs are important resources that are often underutilized. Often times, this is because they do not have support of senior leadership within their organization. When there is a good partnership between ERGs and senior leadership, the company benefits from improved retention rates, develops a sense of community and increases diversity awareness.

## **Why are senior leaders important to an ERG?**

Senior Leaders can:

- Help garner support for initiatives
- Provide guidance in achieving goals
- Help with alignment to Business priorities
- Provide credibility to the ERG or its causes
- Provide resources to get things done
- Create coaching and mentoring opportunities for rising leaders
- Have influence and authority to drive change

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## What are tips for engagement with senior leadership?

Ensure there is clarity regarding:

- Senior leaders availability or preferred level of engagement for ongoing support
- Expectations for the level of support you need
- How you can support business initiatives or activities; provide value proposition
- What your “request” or “ask” is when engaging Sr. Leadership
- Meeting cadence (Executive Sponsors)
- Senior leadership’s support of a cause before using their name or involving them in matters
- The role they play at an event: (equip them with the appropriate material or speaking notes)

## Establishing Effective Partnerships

An essential aspect in establishing an effective partnership, internal or external, is identifying the potential impact an employee resource group aims to achieve.

- Internal Partners may include: Other ERGs, Business Lines, Senior Leadership, etc.
- External Partners may include: Vendors, Universities, Non-profits, etc.

## Leverage strategic objectives:

- Identifying a strategic objective gives the opportunity to gauge prospective partners based on the mission and value set forth by each organization.
- Once an objective is identified, it is integral to understand the objective of your potential partner to produce an effective outcome.
- When considering partners, consider the following questions:
  - *What impact will this partnership provide?*
  - *What audience will this partnership benefit?*
  - *What current relationships can result in a potential partnership?*
    - i.e. personal relationships, business relationships
  - *Does our mission and value align?*

## Foster relationships:

- An integral aspect of an effective partnership is continuing the relationship after an event is completed.
  - *Elaborating on the successes and disappointments of the event results in a collaborative and compelling environment.*
- A great way to foster a relationship is to continuously engage with your partner on events they host in order to show your unyielding support.
- Leverage the strengths of your partner for future engagements.
- The following are potential questions to discuss when thinking of ways to foster relationships:
  - *What events can I attend to support other resource groups?*
  - *What upcoming events do I have that I can involve others in?*
  - *Are there any potential contributions I can provide going forward?*



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## **Establishing a Formal Leadership Structure**

Prior to submitting an application to create a specific ERG, interested employees should establish a Chair and Co-Chair for the group. Leaders will be responsible for guiding the new ERG through the two-year formation phase. This includes serving as the lead resource for other employees interested in joining the group. Most importantly, the Leadership Team will be responsible for leading the group consistent with goals.

### **The ERG Leadership Team should consist of a Chair and Co-Chair:**

- Chair—Manages the Leadership Team by allocating resources to achieve group objectives in compliance with ENG standards and creating an effective team through coaching. Also responsible for the budget, development, implementation, and administration of group programs, initiatives, and annual strategy.
- Co-Chair — Supports the Chair in providing general management and oversight of the group

## **Executive Sponsor**

Members of the ERG will suggest an Executive Sponsor to provide support and to ensure that the group contributes to overall corporate objectives. This is done by attending meetings, programs, or events sponsored by the ERG and being a voice of the ERG's. The sponsor does not have to share the same affinity or personal characteristic as the ERG they agree to sponsor.

## **Manager/Supervisor**

Managers are expected to support inclusion efforts. Managers should encourage their employees to get involved in ERG activities and discuss leadership opportunities within these groups. Managers are also expected to accommodate employees' reasonable requests to participate in ERG activities when business demands permit them to do so. Employees should not be subject to adverse treatment for electing to participate in ERG activities. Likewise, as participation in ERGs is completely voluntary, employees who elect not to participate in ERG activities should not be subject to any adverse treatment.

## **Financial Planning**

Employee Resource Groups come together for networking, development opportunities and broadened exposure both internally and externally. Activities and events are selected by the group and support the ERGs overall mission and objectives. ERGs will be expected to adhere to their budgets. The budget should be agreed to before the calendar year by interested parties to allow for planning. If additional funding is needed, the ERG should discuss needs with their Executive Sponsor and D&I team.

### **Suggested actions for financial planning are below:**

- Create Annual estimate of funds needed to support goals and objectives
- Plan desired events (Premier Events, volunteer events, T&D events, networking, external speakers, internal speakers, panel discussions etc.)

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- Brainstorm all potential costs (catering, speaker, transportation, giveaways, room, photographer, videographer, volunteer gifts, etc.)
- Compare estimated costs to budget and adjust as necessary
- Track actual spend in excel or alternative budget software
- Review budget quarterly against plan to determine if on track or off track
- Revise budget as needed
- Provide training or guides
- For events featuring ERG Executive Sponsor or Executive Allies consider having them fund their events if there are budget concerns.

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## Section 3: Launching an ERG

### Creating a Charter

A charter should provide a succinct vision and mission that everyone on the team supports. The charter should also be a yardstick that can be held up against any activity considered or pursued by the team.

Once the ERG has been created, all members should come together, before tackling any specific deliverables, to create the charter. In this way, all members get a voice, which can help assure their support and buy-in, and increase accountability.

The purposes of a team charter include:

- Getting the buy-in of all team members
- Holding team members, including leadership, accountable to all the same principles
- Spelling out roles and responsibilities in a clear, measurable way
- Defining operations, including ways to adapt to change, address roadblocks, and even define actions like attendance
- Demonstrating the team’s purpose and mission transparently to others in the organization
- Providing clarity and reducing confusion in cases where conflicting asks or projects arise.

#### Charters may include:

- Name of ERG
- Vision/Mission
- Goals/Objectives
- Membership Guidelines
- Leadership Structure
- Roles and Responsibilities
- Elections for Leaders
- Meeting Structure
- Funding/Budget
- Metrics/Measurement
- Amendment Procedures
- Grievance/Conflict Policies
- Impeachment
- Communication Procedures and Channels (e.g., voting)

### Goal Setting

The mission and goals should be established in collaboration with the ERG Advisor (usually someone in HR or D&I), the Executive Sponsor(s) and with ERG members and should be linked to specific goals of the organization. The mission defines the overarching purpose for which the group was established. The goals should clearly articulate specific activities and timelines. Together, they should communicate both the organization and the group’s core values and common interest.

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- **The following should be addressed when setting the goals:** What are the core values of the group? How is this group different from other groups in the company? What steps need to be taken to achieve the group’s mission? What are the short and long-term goals? How do these goals support a line of business and/or the Enterprise? What resources are needed for each goal? Who will take the lead in the implementation of each goal? What are reasonable and achievable timelines? Identify and understand any gaps that exist within the organization that the ERG can help strategize around to support a solution for the Business (Organization).

## **Goals should also align with the benefits ERGs bring to organizations and employees:**

- Employee benefits include:
  - ERGs provide employees a collective voice to elevate unique issues or concerns.
  - Members participate in activities to build leadership capabilities, elevate personal brand and develop new skills.
  - Participants gain invaluable visibility and exposure to senior leaders throughout the organization.
  - Employees access other lines of business, build internal and external networks and enjoy a sense of community within the organization.
  - Members build skills to influence organizational culture by promoting diversity and inclusion in the workplace and providing all employees an opportunity to learn from difference.
- Organization benefits include:
  - ERGs work closely with the D&I (or HR) to support enterprise D&I strategies and goals, including recruitment, development and retention of talent.
  - The work of ERGs drives a diverse workforce and creates an inclusive environment leading to better business outcomes.
  - Members of ERGs develop leadership skills increasing the talent pipeline for the organization. .
  - Participation in ERGs offers a sense of community and deeper connection to the organization leading to increased employee engagement.
  - Members support customer acquisition and other enterprise strategies by providing insights on markets, products and employee experience.
  - ERGs build reputational capital for the enterprise by participating in community events and developing relationships with community organizations, leaders and influencers.

## **Leadership Development for ERG Leaders**

ERG leaders are required to lead a leadership team and a whole organization of volunteers, mostly through influencing others. Being in a visible role will allow individuals the opportunity to develop skillsets and showcase those skills to a larger audience. However, often times ERG leaders are put into place without additional leadership development or support to help them thrive as leaders. It is a best practice to create structure to ensure ERG leaders get continuous leadership development. This is a tangible way for an organization to give back to these individuals who are volunteering their time.

## **The following best practices are suggested to ERGs:**

- Identifying each leaders current state

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- Develop a plan on what type of leadership development opportunities they can access
- Create a safe space to allow leaders to practice their skills and receive feedback from their team
- Assessment of impact after duration of program
- Provide 1-on-1 coaching with the leaders

## Other examples of development may include:

- To support individual growth, think about providing assessments for your leaders such as Hogan, DiSC, or IDI assessments.
- Provide access to internal leadership development programs.
- Individual development goal(s) may be set for each leader that is shared with the ERG leadership team, D&I and their direct managers. It may also be helpful to link firm competencies to ERG leaders for inclusion in performance review.
- Create opportunities for learning. Frame the work of ERG leaders as learning opportunities and be intentional around what is it they are learning through the work.
- Set specific expectations around visibility with organizational leaders. When will there be time for them to demonstrate their leadership and competencies?
- Keep the conversation open. Check in with ERG leaders to continuously understand if they are getting what they want from their experience? What more can be done? Are we going in the right direction?

## Leader Succession Planning & Off-boarding

Given the significant commitment to and experience gained through involvement in ERGs, it is critical that organizations focus on both effective succession management and off-boarding efforts. The professional development, expanded network and visibility as well as impact to both the organization and the community make ERG leaders dynamic sources of talent worthy of a focused retention and development effort. Therefore, in order for ERGs to continually elevate and evolve their impact on the organization, it is important that those assuming leadership roles have ample time to onboard and leverage the institutional knowledge from previous leaders. As a result, the following are recommendations and suggested areas of focus to build a sustainable succession planning and onboarding program.

### Areas of focus include:

- Identify areas of current and future needs and skillsets
- Where can you find talent?
  - Volunteers
  - Committee members
  - Colleagues
  - Current ERG Leaders
- To attract talent, define the value proposition
- Create sound plan for the transferring of knowledge
  - Build a transition plan

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- Establish shadowing opportunities for existing leaders
- Train and provide resources (e.g., ERG structure, templates, key contacts)
- Establish proper relationships. Successors should meet the existing team and executive sponsor/champion before entering a role
- Leverage passion and experience of outgoing leader by:
  - Conducting an exit survey, ideally in-person with ERG Officer/Executive Sponsor and/or D&I.
  - Providing exposure to future opportunities aligned to development plan or passion
  - Collaborating with Talent Management to add to internal slates for open roles within the organization based on fundamental experience gained such as people leadership, P&L (profit and loss) budget oversight responsibilities, strategic delivery, etc.
  - Utilizing as a mentor/ advisor to ERG leaders for a set timeframe or ongoing
  - Invite to focus groups or think tank with the ERGs/D&I

## Potential sources:

- Article – [“Managing People: The Right Way to Off-Board a Departing Employee”](#)
- ERG Succession Planning – [Diversity Best Practices](#)

## Visibility/Exposure

The impact of ERGs span through and beyond the employees of an organizations, therefore, affording ERG members and leadership access and exposure that are otherwise not readily available. ERG leaders should look to take advantage of these unique opportunities to expand their networks and further develop the leadership skills needed to bolster career advancement.

## Some key areas of exposure to pay close attention to are:

- Visibility with senior leadership and key decision makers as representatives of the ERG community
- External relationships with stakeholders and business partners established through programming events
- Opportunities to interact with business areas outside of your own
- Access to leadership training and discussion forums sponsored by ERGs

## Measuring Success

Ultimately, the viability and sustainability of your ERG depends on its effectiveness or success; and just like any other project team or contributing employee, ERGs are held accountable for their performance. There is no question that ERG leaders dedicate a lot time, energy, and money into strategic planning and delivering on their efforts throughout the year; therefore, it is very important to ensure your ERG continues to move in the right direction and is focused on the right things. One way to accomplish this is by calibrating and measuring your ERGs success.

## Recommended methods of measuring ERG success are below:

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- **Pre and post event surveys.** Confirm if events had their intended impact and met the expectations of the attendees through pointed questions.
- **Focus groups.** Test assumptions and research potential ideas to a more targeted, smaller segment of stakeholders.
- **Real-time feedback.** Talk to ERG members and event attendees one-on-one while topics are fresh in their minds.
- **Attendance.** Measure advertising and marketing effectiveness by comparing invited guests vs. attendees.
- **Measuring beyond numbers.** Identify other metrics outside of attendance numbers which can define success.