Boston Consulting Group partners with leaders in business and society to tackle their most important challenges and capture their greatest opportunities. BCG was the pioneer in business strategy when it was founded in 1963. Today, we help clients with total transformation—inspiring complex change, enabling organizations to grow, building competitive advantage, and driving bottom-line impact.

To succeed, organizations must blend digital and human capabilities. Our diverse, global teams bring deep industry and functional expertise and a range of perspectives to spark change. BCG delivers solutions through leading-edge management consulting along with technology and design, corporate and digital ventures—and business purpose. We work in a uniquely collaborative model across the firm and throughout all levels of the client organization, generating results that allow our clients to thrive.

Established in 1983, New York City’s Lesbian, Gay, Bisexual & Transgender Community Center empowers people to lead healthy, successful lives. The Center celebrates diversity and advocates for justice and opportunity. Each year, The Center welcomes more than 300,000 visits to our building in the West Village neighborhood of Manhattan from people who engage in our life-changing and life-saving activities. To learn more about our work, please visit www.gaycenter.org.
Today’s LGBTQ workforce has undergone a fundamental, generational shift, both in how it defines itself and what it expects of workplace inclusion. The LGBTQ workforce is far more racially diverse and more likely to include women, transgender employees, and people with more varied sexual orientations than in the past, particularly among younger generations. Of LGBTQ employees under age 35, 28% are people of color who identify as women, versus just 2% of those aged 55 or older. Consequently, the diversity, equity, and inclusion programs in place at many companies, while beneficial, are no longer sufficient.

Together, BCG and New York City’s Lesbian, Gay, Bisexual & Transgender Community Center, a nonprofit service and advocacy organization, surveyed 2,000 LGBTQ employees and 2,000 non-LGBTQ (straight) employees across the US. The goal was to understand the experiences of today’s LGBTQ workforce and how companies can create more inclusive workplaces. The results show that despite significant investment and decades of hard work, organizations still need to do more. Consider that 40% of LGBTQ employees are closeted at work and 75% have reported experiencing negative day-to-day workplace interactions related to their LGBTQ identity in the past year.
A NEW LGBTQ WORKFORCE HAS ARRIVED—INCLUSIVE CULTURES MUST FOLLOW

40%

Share of LGBTQ employees who are not out at work

A Workforce in Hiding

Of those who are out, 54% remain closeted to their customers and clients.

Employees in this situation simply cannot be their authentic selves during working hours—and cannot do their best work.
Diversity and inclusion (D&I) leaders must focus on culture change in order to improve employees’ interactions with colleagues, direct managers, and leadership—what we call the “1,000 daily touch points.” Negative touch points are costly: employees who experience more negative touch points are 40% less productive and 13 times more likely to quit a job.

The evolving makeup of the LGBTQ workforce and its multifaceted composition present challenges to changing organizational culture—but in this complexity lies the solution. Future D&I efforts aimed at LGBTQ employees must acknowledge multiple personal attributes in addition to sexual orientation and gender identity. Demographic factors (like race, generation, and immigrant status) and life factors (such as caretaker status, religiousness, managerial level, and income) mean that each LGBTQ employee has a different life experience. Successful culture change will take a “segment of one” lens to acknowledge each employee’s unique life context and needs. This is a new approach for many US companies but one that is critical to create truly inclusive workplaces.

Moreover, it is not just LGBTQ employees who are attuned to an organization’s culture. Straight Gen-Z and millennial employees—who will soon make up the majority of the workforce—also care deeply about inclusion and are more likely to advocate for it than previous generations. In that light, there are clear benefits for companies that get it right: improved financial performance, stronger innovation, less attrition, and a more engaged workforce.

The confluence of current events amplifies the urgency for an updated approach to D&I. COVID-19 and the associated economic downturn disproportionately affect the health, wellness, employment, and economic security of people of color, women, caretakers, part-time workers, employees with physical and mental health conditions, and employees with nontraditional family arrangements. The recent demonstrations for racial equity acutely amplify structural biases impacting people of color’s health, wellness, and ability to “show up” at work. These identities cut across the LGBTQ workforce and reinforce the need to take a segment-of-one lens to D&I strategy. Short-sighted organizations will stay silent or double down on old approaches. Organizations should use this moment as an opportunity, however, to invest in new tools in order to create organization-wide accountability, redesign working models, and change cultures to become more inclusive and accessible.
LGBTQ rights have advanced dramatically over the past 20 years, and much of corporate America has been central in shaping public opinion and boosting LGBTQ diversity in the workplace. The bulk of these efforts have been focused on developing equitable HR policies and benefits and setting up employee resource groups (ERGs). These actions have generated positive results: according to the 2020 edition of Human Rights Campaign’s annual Corporate Equality Index, 65% of all companies evaluated have a perfect score of 100. Among large companies, the numbers look even better: the average score for Fortune 500 companies that participated is 90%. All these companies have nondiscrimination policies in place regarding sexual orientation and nearly all (98%) regarding gender identity. Moreover, 91% have made public commitments to the LGBTQ community and 88% have trans-inclusive benefits.

This is meaningful progress compared with a generation ago. Yet despite these efforts, the unavoidable fact is that most LGBTQ employees do not feel truly included in the workplace.
In March 2020, we partnered with an experienced practitioner of inclusion and community building, NYC’s LGBT Community Center, to survey more than 2,000 LGBTQ and 2,000 straight employees working in the US across industries and company sizes. (Some transgender people can identify as straight, but for the purposes of this discussion we are using the general term “straight” to refer to non-LGBTQ employees.)

The dissatisfaction among LGBTQ respondents with the current state of LGBTQ inclusion is clear:

- 40% of LGBTQ employees are not out at work, and 26% of these individuals wish they could be out.
- 36% of out employees have lied or “covered” parts of their identities at work in the past year.
- 54% of employees who are out at work remain closeted to their clients and customers.
- Worst of all, 75% reported experiencing at least one negative interaction related to their LGBTQ identity at work in the past year, with 41% experiencing more than ten types of such interactions.

These numbers illustrate the difference between diversity (in which a company hires people from different backgrounds) and inclusion (those people feel free and encouraged to bring their authentic selves to work). The gap between the two carries a steep price in terms of engagement. According to our research, LGBTQ employees who are out feel psychologically safer, more empowered to speak up, and more able to take creative risks. (See Exhibit 1.) Quite simply, employees who feel that they need to hide a crucial part of their identity while at the office cannot do their best work.

A key issue is that the earliest D&I initiatives were aimed at establishing antidiscrimination and nonretaliation policies. Subsequent efforts that focused on benefits parity, ERGs, and recruiting processes were designed to level the playing field. These programs tended to cover formal interactions but did not address daily, informal interactions. Nor were they meant to activate the entire workforce around inclusion. In that way, those policies and initiatives were critical but are no longer enough to create an inclusive workplace or change the behaviors and biases of majority groups.

Despite meaningful progress in some areas, the unavoidable fact is that most LGBTQ employees do not feel truly included in the workplace.

Additionally, ERGs, though helpful, have tended to have a disproportionally high number of gay, white men, who in the 1990s and early 2000s were the most visible out cohort among the LGBTQ workforce. Today, some ERGs have yet to adapt to the LGBTQ workforce’s changing makeup and address its biggest challenges. (See the sidebar “Employee Resource Groups Must Evolve to Continue Championing Progress.”) If companies are to create more inclusive cultures, they need to understand how the makeup of the LGBTQ workforce is evolving and the unique challenges these employees face.

Exhibit 1 - Being Out at Work Leads LGBTQ Employees to Feel Safer, More Empowered, and More Creative

<table>
<thead>
<tr>
<th>Feel 2x greater psychological safety</th>
<th>Feel 1.5x more empowered</th>
<th>Feel 1.5x more able to take creative risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>“There is a culture in which it is safe to speak up without fear of retaliation”</td>
<td>“My manager recognizes my full potential and lets me use my strengths”</td>
<td>“I feel safe making mistakes and trying again”</td>
</tr>
<tr>
<td>![Bar Chart](source: BCG LGBTQ Employee Survey 2020.)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Responses include people who answered “strongly agree” to the statement shown.
Employee Resource Groups Must Evolve to Continue Championing Progress

Employee resource groups (ERGs) are affinity organizations in which specific types of company employees can come together to network, support one another, and lobby corporate leadership for policy changes. Most midsize and large companies have several ERGs, broken out by gender, ethnicity, sexual orientation, and other life experiences and characteristics. Over the years, ERGs have led efforts to secure leadership commitments to D&I, recruit LGBTQ employees, expand benefits, and advocate for greater inclusion—resulting in significant progress for many LGBTQ employees. (BCG’s first such group to support LGBTQ employees dates back to 1998.)

Yet some of these groups have unintentionally replicated biases that appear in society. In the early years of the LGBTQ rights movement within corporate America, there were more gay, white men than lesbians, transgender individuals, people with other sexual identities, and LGBTQ people of color who were out and visible in the workplace and held political capital. As a result, ERGs and their leadership unintentionally tended to consist disproportionately of gay, white men. Some ERGs have yet to evolve—in terms of leadership representation and organizational goals—but young LGBTQ employees today are more diverse and are mobilizing for shared accountability and culture change. They are less likely to join an ERG to affirm their increasingly intersectional identities. (In fact, in our survey, many declined to be identified by a single demographic category, and among Gen-Z respondents, ERGs were the D&I initiative with the least impact on inclusion.)
The bottom line: ERGs are a valuable tool that has delivered significant progress for LGBTQ employees. But as the workforce and its needs change, ERGs must evolve to reflect the full range of LGBTQ perspectives and remain relevant in future D&I efforts.
Two Important Generational Shifts

Our research identified two central trends. First, the makeup of the LGBTQ workforce has changed dramatically, highlighting the need to evolve traditional approaches to D&I. Second, young straight employees are increasingly attuned to LGBTQ issues, signaling a much larger audience who cares about inclusion.

Our survey found that LGBTQ employees account for a larger share of the overall workforce. That stems from a significant rise in the number of women identifying as LGBTQ (along with a smaller increase in men identifying as LGBTQ). Among all respondents, 54% of LGBTQ employees are women. And that trend is even more pronounced among younger respondents: women make up 71% of the LGBTQ population aged 25 to 34 and 78% of those aged 18 to 24.
Today’s younger LGBTQ workforce is more racially diverse than older LGBTQ cohorts, too. The majority of those aged 18 to 24 are nonwhite (53%), versus just 7% of those aged 55 or older. Similarly, 34% of the Gen-Z LGBTQ workforce is Hispanic, while only 5% of those 55 or older are Hispanic. That trend is likely to continue as the workforce becomes more ethnically diverse with each successive generation.

The number of women identifying as bisexual has also risen dramatically. In our sample, 57% of Gen-Z and 47% of millennial LGBTQ women identify as bisexual. (See Exhibit 2.) The survey also found a marked increase among all genders in the number of people who identify as multiple sexual orientations or as orientations other than gay, lesbian, or bisexual. Previous D&I efforts were built to meet the needs of an LGBTQ workforce that looked very different. As a result, current D&I infrastructure must evolve to keep pace.

In addition, young straight employees also care more deeply about inclusion than their older straight colleagues. Straight employees under 35 (Gen-Z and millennials) are 1.6 times more likely to know LGBTQ colleagues, 3.6 times more likely to join ally programs (where available), and 3.0 times more likely to find value in their LGBTQ colleagues being out, compared with older non-LGBTQ employees. Straight Gen-Z and millennial workers are also significantly more likely to recognize discriminatory comments and actions against their LGBTQ colleagues. Young employees—the future of the workforce—are both watching and making career decisions on the basis of culture, including LGBTQ inclusion.

Compared with previous generations, straight employees under age 35 are:

- 1.6 times more likely to know LGBTQ colleagues
- 3.6 times more likely to join ally programs
- 3.0 times more likely to find value in LGBTQ colleagues being out

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A NEW LGBTQ WORKFORCE HAS ARRIVED—INCLUSIVE CULTURES MUST FOLLOW

Exhibit 2 - Bisexual Employees Account for a Larger Share of the LGBTQ Workforce, Especially Among Younger Workers

A New Approach Grounded in Intersectionality

As the survey results show, the LGBTQ workforce is not a static or monolithic group with a single set of experiences and needs. But many organizations still categorize LGBTQ employees as a siloed cohort when crafting their D&I strategies. As a result, the needs of large portions of a company’s LGBTQ workforce are underrepresented, and these people do not feel included.

Instead, we believe effective D&I strategies must be grounded in intersectionality—the independent and overlapping social categorizations that can amplify discrimination and disadvantage. In addition to sexual orientation, gender identity, and race, our research uncovered a set of contextual factors that cause distinct experiences for LGBTQ people. The following factors and life stages cause the most statistically differentiated needs among LGBTQ employees: their generation, caretaker status, and “religiousness” (how important religion is to them). Other important identities are their managerial level, income, employment tenure, location (urban versus nonurban), and immigration status. When crafting D&I strategy, organizations need to consider each of these identities and all the permutations of how they may overlap for an individual—what we call a “segment of one” lens to D&I.
This approach may seem complex, but it is necessary to unlock inclusion and can be scalable if the right tool kit is deployed. It does not require creating countless subgroups for each possible intersection or tailoring HR policies. Rather, D&I leaders and ERGs should equip their workforces with a fluency in intersectionality, helping them understand all the possible contextual life factors of their LGBTQ colleagues and the experiences these unique identities create.
D&I leaders and employee resource groups should equip their workforces with a fluency in intersectionality.
Where Culture Breaks Down

Applying a segment-of-one lens to D&I requires that leaders shift their focus from policies to culture in order to address an employee’s 1,000 daily touch points. “It’s not the benefits, conferences, and ERGs that drive differentiated outcomes,” said the chief marketing officer of a global professional-services company interviewed during this work. “It’s the employee’s everyday touch points.”

Our research shows that breakdowns in these touch points are a major barrier to inclusion. These breakdowns are comments or actions that highlight prejudice, demonstrate a lack of empathy, or make an individual or group feel isolated or unwelcome. Among survey respondents, 75% of LGBTQ employees experienced at least one such comment or action in the past year at work, and 41% experienced more than ten. These encounters stymie the feeling of inclusion.
With so many companies making commitments to diversity and working to build robust D&I policies and programs, why do these experiences continue to occur? We believe they persist because most employees do not understand all the potential dimensions of their colleagues’ identities. This leads to inaccurate or insensitive beliefs, actions, and comments (for example, assuming LGBTQ colleagues do not want children or discouraging LGBTQ colleagues from leading a client meeting because they lack “presence”).

Comments like these are universally hurtful but resonate with LGBTQ people differently according to their unique identities. For example, we asked LGBTQ employees whether a colleague had ever assumed their family structure or parenthood status because of their LGBTQ identity (making a comment such as “Gay people do not have kids, right?”). More than twice as many LGBTQ parents reported experiencing such an incident (55%) as did LGBTQ non-parents (26%). This difference in reported exposure likely occurs because comments dismissing LGBTQ parenthood do not resonate as deeply with nonparents. If parenthood is not part of their identity, they are less attuned.

Employees who experience more discrimination are less innovative, less productive, and less empowered.

Another example: some LGBTQ people in the workforce must deal with colleagues who passively refrain from networking with them. Yet the prevalence varies by seniority level. Only 16% of nonmanagers reported experiencing this versus 35% of junior managers and 50% of senior managers. Similarly, 55% of religious LGBTQ employees have had colleagues discuss religious views on LGBTQ issues, whereas only 31% of nonreligious LGBTQ employees reported experiencing this. The types of negative experiences that most resonate with an employee highly depend on that employee’s holistic identity.

Creating an inclusive workforce requires addressing these breakdowns. But only 43% of straight employees reported witnessing this type of off-hand discrimination at work in the past year. Similar to the difference in awareness between LGBTQ groups, the lower awareness among straight employees suggests not that these events are not happening but that they are simply not noticed by the majority. Worse, only 34% of straight employees always intervene when they see such an encounter, leaving LGBTQ employees often unsupported.

These incidents show that culture matters. Employees who have negative experiences at work related to their identity are less innovative, less productive, and less empowered. They are also more likely to leave their current job because of culture and less likely to accept a job offer at companies that they perceive to have a noninclusive culture. (See Exhibit 3.) Without addressing these cultural problems, companies are not reaping the full benefits of diversity.

This issue is even more striking when employee age is considered. Overall, as Exhibit 4 shows, non-LGBTQ respondents are less likely to notice everyday discrimination than LGBTQ respondents, but awareness is significantly higher among Gen-Z and millennials. The cultural awareness of younger generations reinforces the need for companies to address culture or risk losing younger employees—regardless of their sexual orientation or gender identity.

The challenge is real. Culture change is difficult, and many of these breakdowns can be addressed only through an intersectional lens. Moving beyond a monolithic view of the LGBTQ community requires new tools to increase awareness, modify norms, and implement enforcement mechanisms in order to embed these changes.
Exhibit 3 - Discrimination Negatively Impacts the Performance of LGBTQ Employees and Diminishes the Organization’s Ability to Attract and Retain LGBTQ Talent

How frequently have you experienced discrimination in the past year at work?

<table>
<thead>
<tr>
<th></th>
<th>Never</th>
<th>Infrequently</th>
<th>Routinely</th>
</tr>
</thead>
<tbody>
<tr>
<td>LGBTQ</td>
<td>25%</td>
<td>34%</td>
<td>41%</td>
</tr>
</tbody>
</table>

People who experience more discrimination

- **Are less innovative**
  - "I feel safe making mistakes and trying again" (46% vs. 39% vs. 33%, 1.4x)

- **Are less productive**
  - "I always want to do my best whenever I’m at work" (62% vs. 61% vs. 46%)

- **And are less empowered**
  - "My manager recognizes my full potential" (53% vs. 49% vs. 35%)

Recruitment

- **Are 7x more likely to have declined a job offer because of company culture**
  - "I have decided not to apply or declined a job offer because I believed the company did not have an LGBTQ-inclusive culture" (70%)

Retention

- **Are 13x more likely to have quit because of company culture**
  - "I have resigned from a job because I believed the company did not have an LGBTQ-inclusive culture" (59%)

Note: Responses include people who answered "strongly agree" to the statement.
Exhibit 4 - Younger Employees Are More Attuned to the Organization’s Culture

LGBTQ employees are 1.7x more likely to witness discrimination than straight employees

In the past year, have any of the following instances of discrimination at work happened to someone around you?

- LGBTQ
- Straight

<table>
<thead>
<tr>
<th>Age Group</th>
<th>LGBTQ Yes (%)</th>
<th>Straight Yes (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-24</td>
<td>91%</td>
<td>85%</td>
</tr>
<tr>
<td>25-34</td>
<td>82%</td>
<td>60%</td>
</tr>
<tr>
<td>35-44</td>
<td>72%</td>
<td>48%</td>
</tr>
<tr>
<td>45-54</td>
<td>62%</td>
<td>33%</td>
</tr>
<tr>
<td>55-64</td>
<td>57%</td>
<td>25%</td>
</tr>
<tr>
<td>65+</td>
<td>54%</td>
<td>23%</td>
</tr>
</tbody>
</table>

But awareness is much higher and more aligned among younger employees, both LGBTQ and straight

Some existing D&I solutions are now considered table stakes—they are a foundation, not a finish line.
Five Initiatives to Begin Creating a More Inclusive Culture

Management teams may be overwhelmed to learn how much more they need to do in order to create a more inclusive culture for LGBTQ employees. But they can make faster progress by applying a data-driven approach. We asked LGBTQ employees for their assessment of various benefits, programs, and policies. Below are the five initiatives that emerged in our research as being the most effective in creating inclusive workplaces—in no small part because they directly target the needs of intersectional communities. What’s more, in a time of economic uncertainty, these initiatives also tend to be less costly to implement than traditional measures such as benefits, ERGs, and conferences. Accordingly, these solutions should be priorities for most US companies.

The solutions shown to be the most effective ones provide tools to activate and embed culture change. (See Exhibit 5.) They help organizations increase awareness of LGBTQ issues and identities, offer incentives for culturally competent behavior, and foster accountability. They shift the burden of inclusion from the minority group to all employ-
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Note that the solutions that were found to be less effective—such as LGBTQ benefits like health care coverage for same-sex partners, bias-free hiring processes, and ERGs—are still important and should remain in place. But they are considered table stakes by many employees. In that way, they are a foundation, not a finish line.

**ALLOW LGBTQ EMPLOYEES TO SELF-IDENTIFY**
Companies should allow employees to self-identify as LGBTQ and select their pronouns on internal systems, including during the hiring process. This not only sends an explicit signal about inclusion to the entire workforce and applicants but enables data collection on LGBTQ employees. Self-identification is an important foundation for measuring the success of D&I initiatives. Specifically, this data allows employee surveys designed to “pulse check” feelings of inclusion and pain points over time to determine the efficacy of D&I efforts and reprioritization, if necessary.

**OFFER INTERSECTIONAL ALLYSHIP TRAINING AND PROGRAMMING**
Ally programs raise awareness and create shared accountability to drive inclusion. They are very effective in educating straight people and equipping them with the tools to intervene, shifting the burden to the entire workforce and away from the minority community. (See the sidebar “The Power of Ally Programs.”) Applying a segment-of-one lens to these programs requires facilitating conversations and connections in a way that does not stop at an employee’s LGBTQ identity but includes the diverse set of backgrounds and traits—caretakers, immigrants, part-timers—that collectively make up each employee’s unique identity.

Similarly, mentorship programs with a segment-of-one lens can connect individuals according to a set of identities beyond just their shared LGBTQ status, such as immigration status or degree of religious observance.

**Ally programs are very effective in educating straight people and equipping them with the tools to intervene, shifting the burden to the entire workforce and away from LGBTQ employees.**

**MEASURE MANAGERIAL PERFORMANCE**
Most companies understand the importance of gathering input from employees about their direct manager, but few rate manager performance in terms of D&I. This is a critical miss, given that managers have the biggest impact in shaping an employee’s 1,000 daily touch points. Accordingly, organizations should capture such feedback, specifically about inclusion, to ensure that it leads to improvements in

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**Exhibit 5 - Building Inclusive Cultures Is the Third Step in D&I Maturity**

<table>
<thead>
<tr>
<th>Establish D&amp;I policies</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Adopt LGBTQ nondiscrimination policies</td>
</tr>
<tr>
<td>• Publish statements supporting LGBTQ equality</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Build infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Establish an LGBTQ employee resource group with executive sponsorship and funding</td>
</tr>
<tr>
<td>• Reach out to LGBTQ candidates during hiring</td>
</tr>
<tr>
<td>• Offer equal benefits to LGBTQ employees</td>
</tr>
<tr>
<td>• Build gender-neutral bathrooms</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Drive inclusive culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Allow LGBTQ employees to self-identify</td>
</tr>
<tr>
<td>• Offer intersectional allyship training and programming to raise awareness</td>
</tr>
<tr>
<td>• Measure and offer incentives for managerial performance on specific inclusion KPIs</td>
</tr>
<tr>
<td>• Designate a confidential ombudsman</td>
</tr>
<tr>
<td>• Establish pronoun guidelines and train employees on pronoun usage</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Establish data collection</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Necessary to drive culture change</td>
</tr>
<tr>
<td>• Table stakes to Gen-Z and millennials</td>
</tr>
</tbody>
</table>

The Power of Ally Programs

One noteworthy aspect of our research is the effectiveness of ally programs in fostering inclusion. Ally programs connect members of majority and underrepresented groups—straight and LGBTQ employees—to talk through issues in the context of a safe, supportive community. Participants tend to be far more aware of cultural issues and willing to stand up for LGBTQ employees when problems arise.

According to our research:

- Straight participants in these programs are twice as likely to recognize discrimination compared with employees at companies that do not have such a program in place.
- Allies are 3.3 times more likely to intervene when they witness such an event or comment.
- The simple existence of an ally program matters. Even straight employees at companies with an ally group who choose not to participate in it are more likely to recognize discrimination and more willing to speak up compared with employees who work at companies that do not have an ally program.
company culture. Moreover, companies should set the right incentives for inclusionary behavior, such as pegging a manager’s bonus to measured progress against equity and inclusion KPIs. Conversely, managers who allow exclusion to persist within their teams should face negative ramifications.

In addition, managers should be trained on how to drive inclusion and allyship with an intersectional lens. Proper training on intersectionality, along with incentives to embed positive behavior, will equip and encourage managers to proactively model inclusive behavior with their team members and increase their awareness of discrimination. Strong managers set the tone and can credibly intervene if culture breaks down.

The cultural awareness of younger generations reinforces the need for companies to address culture or risk losing younger employees—regardless of their sexual orientation or gender identity.

Designate a Confidential Ombudsman
Many LGBTQ employees who experience an incident related to their identity receive a second insult when they report it and nothing happens. Worse than an individual incident, which reflects the uninformed or prejudiced mindset of a single employee, flawed reporting processes send an implicit signal that the company as an institution does not care. To improve, companies should create processes that put some “teeth” behind their intentions to build a more inclusive culture. More specifically, they should designate an ombudsperson along with anonymous procedures coordinated by HR. It is also important to consistently inform employees of these processes in order to signal that the procedures are important and effective.

Establish Pronoun Guidelines
Companies should issue clear guidelines about the use of pronouns, stipulating that employees can expect their colleagues to use the pronouns they use. Companies should strive to use gender-neutral language and incorporate it into formal communication (for example, during introductions and at the beginning of team meetings). This approach shifts the burden away from LGBTQ employees and instead creates an expectation of inclusion that applies to the entire workforce.

Companies have made significant progress in building a more diverse workplace for LGBTQ employees, but the next step is to create a more inclusive culture. Recent events have reexposed existing biases affecting people of color, women, caretakers, and other segments of the LGBTQ community. Corporations should take this opportunity to meaningfully address these biases. That means understanding the evolving makeup of the LGBTQ workforce and advancing beyond table-stakes D&I policies to culture-changing initiatives applied with a segment-of-one lens. As BCG research has established, that approach will lead to better business performance and stronger innovation. Even more important, it’s simply the right thing to do.
It’s not the benefits, conferences, and employee resource groups that drive differentiated outcomes. It’s the employee’s everyday touch points.

—Chief marketing officer of a global professional-services company
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If you would like to discuss this report, please contact one of the authors.
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