

FEDERAL RESERVE BANK
of CLEVELAND

Equal Employment Opportunity

PERFORMANCE REPORT 2023

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Executive Summary

The Federal Reserve Bank of Cleveland (Bank) remains committed to advancing diversity, equity, inclusion, and opportunity (DEIO) and achieving its public service mission within the Fourth Federal Reserve District. A key component of this commitment is a focus on sustaining Equal Employment Opportunity (EEO) efforts and ensuring compliance with EEO policies and procedures. The Bank's commitment to DEIO stems from the belief that a diverse workforce allows us to achieve our business objectives in a way that sustains public trust in our mission and operations; it spurs creative innovation and generates significant opportunity for all employees.

Employees remained at the forefront of the Bank's strategic priorities during the performance plan year. To this end, significant focus was placed on building the capability of leaders and positioning the Bank's talent overall in a way that ensures the Bank has the skills necessary and the appropriate organizational structure in place to successfully achieve the goals set forth in the Bank's strategic plan. Therefore, the Bank undertook a leadership assessment to ensure employees are in the roles in which they can best contribute to the Bank and succeed in their own careers. Realizing that, in the context of the employment landscape overall, high-performing employees' workplace expectations are changing, the assessment process sought to ensure that those with the most robust thought and people leadership capabilities were positioned to deliver on the Bank's strategic plan.

This past year brought some challenges, including meeting our 2023 budget commitments given the higher investment requirements for three high-priority, multiyear transformational programs: FedNow®, which modernizes payments; NextGen Cash, which modernizes the Federal Reserve's cash operations for safety and efficiency; and IT cloud migration, which increases the resiliency, safety, and efficiency of our IT infrastructure. To meet our approved budget without pushing costs into 2024, we made a series of necessary decisions, the most critical of which was to reduce staff. Along with the staff reduction, we changed our spending habits, reviewed all expenses, and reprioritized activities. Because we took these actions, we are now on track to meet our 2023 budget commitment. In addition, our 2024 budget submission also meets all expectations.

Despite budget challenges, the Bank's DEIO work took many important steps forward during the performance year, including shifts in Office of Diversity, Equity, Inclusion, and Opportunity (ODEIO) leadership and staff capacity and the development of a more robust and focused DEIO strategic plan to achieve the Bank's business objectives. These actions allowed the Bank to make notable progress in our talent, financial education, and supplier diversity initiatives.

To that end, the Executive Office reviewed and discussed the DEIO strategic plan that focuses on fostering an inclusive culture in which all employees at all levels feel a sense of belonging and engagement. Undergirding the DEIO strategy are increasing minority¹ representation, particularly within leadership levels; advancing equity in our workplace and community; and strengthening the Bank's organizational culture.

The Bank took an innovative approach to DEIO work with the development of the Inclusive Leadership Cohort. This small pilot engaged 12 white men from various departments across the organization to gain insight about DEIO efforts within the organization and educate them on the significance of allyship. This program recently concluded; the cohort's recommendations and information regarding lessons learned and additional ways this population can engage in DEIO work in the future are forthcoming.

In advancing diversity, equity, and inclusion together (ADEIT), the Bank continues to make progress toward its objective to have a workforce that reflects the communities we serve.

DEIO work is a journey, not a destination, and the Bank remains encouraged by past and current progress that has been recognized within the industry, including by the Greater Cleveland Partnership, NorthCoast 99, *Diversity MBA* magazine, and the Human Rights Campaign Foundation. These acknowledgments demonstrate to the marketplace, the business community, and Bank employees the Bank's ongoing commitment to excellence and to sustaining its inclusive culture.

The body of this report provides a detailed overview of the Bank's DEIO work, along with observations of success, challenges, and opportunities to strengthen DEIO capacity. Information contained in this report underscores the Bank's commitment to maintaining an exceptional EEO program and, through data and anecdotal examples, illustrates the Bank's dynamic year of performance.

¹ Throughout this report, "minority" and "minorities" refer to individuals who identify as African American or Black, Asian, Latino or Hispanic, Pacific Islander, Native American, or two or more races.



Leadership Accountability

Objectives

Demonstrated leadership engagement and accountability for DEIO is an expectation placed on the Bank's ELT, which recognizes DEIO as a strategic business imperative aligned to the Bank's broad EEO policies and procedures. To this end, the Bank continued to cultivate an inclusive environment, one that welcomes input and engagement from all employees, supports employees' achieving their potential, creates a deep sense of belonging among employees, and retains public confidence and trust in the Bank's mission.

The ODEIO, supported by functional partners across the Bank, has primary responsibility for the Bank's day-to-day DEIO work, including workforce diversity, supplier diversity, and financial education and outreach.

Successes

During the plan performance year, a new leader was appointed for the ODEIO. The transition came with the creation of a robust strategic plan that seeks to achieve the following broad goals:

- Foster an inclusive culture in which all employees, at all levels, feel a sense of belonging and engagement.
- Improve the economic well-being of the underserved communities within the Fourth District.
- Implement a robust workforce diversity effort with specific emphasis on strategic sourcing and the equitable talent management of underrepresented minorities.

In pursuit of these goals, ODEIO has continued to pursue innovative tactics and programs to support the entire workforce, with a specific emphasis on minority employees. This year saw the launch of the Inclusive Leadership Cohort, which was developed to

- Gain insights from white men on their perception of DEIO work and how to more effectively engage them in this work.
- Provide them learning opportunities centered on inclusion concepts with the hope that they will be active allies to minority and women employees throughout the organization.

The program followed a learning arc of, first, establishing common language in DEIO work and debunking myths about the discipline and, second, addressing topics such as bias, stereotype threat, fragility, cultural competence versus cultural humility, allyship, the purpose of employee resource groups, and fear. All sessions provided conceptual information and were followed by practical information for application within the circles of influence, whether in the Bank or in the larger community. This program facilitated participant vulnerability through providing a safe space within which to ask questions regarding DEIO concepts that would enhance their leadership and DEIO competency. The program will conclude in November 2023, and the cohort has agreed to meet routinely in an effort to hold each other accountable, diversify their circles of trust, engage in allyship, and support the work of ODEIO within the Bank.

In the final quarter of 2022, the Bank launched a series of employee focus groups that surfaced a particular theme among Black male employees, namely, that representation matters. Black male employees frequently asked questions and expressed concerns regarding the lack of men of color in senior leadership roles across the Bank and also expressed a desire for men of color to act as their mentors and coaches. To this end, the Bank, in partnership with a DEIO consultant, identified five Black male employees for coaching opportunities. Themes that have surfaced during these coaching sessions include that these participants

- Appreciate having a Black man in corporate America with whom to discuss their professional goals
- Gained insight and practical tools to help elevate their careers
- Enjoyed diversity of thought from outside of the Bank
- Understand ways to add value to the Bank and their departments
- Feel they have a safe space in which to be vulnerable and be vocal about opportunities

This year, the Bank strengthened relationships with colleges in the Fourth District and beyond, with a particular focus on historically Black colleges and universities, in order to recruit candidates for the Bank's annual summer internship program. To this end, Bank representatives attended more than a dozen career fairs, had tables at student centers, connected with faculty for classroom presentations, connected with campus organizations, and invited students to the Bank's informational webinar FedUniversity. Moreover, the Bank's college and university outreach strategy this year included a partnership with Esperanza Inc., a Cleveland-area nonprofit that provides free personalized mentoring, leadership building, comprehensive postsecondary education, and family support to Latinx students and families in Northeast Ohio. This partnership includes working closely with Esperanza staff to connect with students participating in their Líderes Avanzando (Leaders Advancing) program, which is a college-retention scholarship program for first- and second-year Latinx students aimed to increase college retention and graduation rates. The Bank's goal is to recruit at least one Esperanza student to intern during summer 2024.

The Bank's community engagement strategy has expanded significantly this year to be purposeful in the recruitment and retention of Latinx and Hispanic talent. One of the tactics the Bank employed was participating in AmMore Consulting's Latino Ready program. AmMore Consulting is a Cleveland-based consultancy dedicated to engaging the Hispanic and Latinx communities. Through a partnership with AmMore Consulting, the Bank's Latinx and Hispanic employee network group, Somos Uno

(“we are one”), hosted the first ever cultural connections event on June 14, 2023. This event, titled Networking with Latinx Professionals: Building a Bridge to a More Inclusive Cleveland, featured Marcia Moreno’s tailored presentation about the current state of the Latinx workforce in Northeast Ohio and beyond, followed by networking with Bank employees and members of the 100+ Latinos Cleveland Must Know list created by AmMore Consulting. Two of the Bank’s employees this year were recognized on this list, while two other employees had been recognized in previous lists.

The Bank continued to prioritize DEIO training, learning, and development to support strategic priorities. A new module in the training portfolio was rolled out this fall. The goal of this module is to assist employees at all levels with feeling a sense of belonging and engagement through training on using appropriate language and information on how belonging and authenticity is within reach for each employee. The course further helps employees create a framework of the three core components of belonging (comfort, connection, and contribution). Given the success of the pilot, the course will be added to the Bank’s 2024 curriculum.

During the performance plan year, we carried out a robust schedule of programming through targeted outreach and programming that emphasized college and career readiness, personal finance, STEM (science, technology, engineering, and math) fields, financial literacy, and economics. Through collaborations with community, nonprofit, civic, education, and business organizations, the Bank has created a strong network of partners that has enabled the expansion of its regional engagement. One such program is our ongoing partnership with the Saint Martin de Porres Corporate Work Study program. Bank staff provided educational workshops and professional development opportunities for the students on subjects such as preparing for the work environment and professionalism. The Bank also partnered with DePaul Cristo Rey High School to host two students, supporting the school’s work-study program in Cincinnati.

The Bank participated in the Ohio Department of Education High School Tech Internship 2.0 pilot program, which provides Ohio employers with the opportunity to create a recruitment pipeline by hosting high school interns in tech-related roles. The Bank hosted two students who performed job duties similar to those of entry-level technology professionals. Additionally, the Bank participated in the Clermont Chamber of Commerce Work-Readiness program, which provides opportunities for high school juniors and seniors to learn about careers, and in the United Way of Greater Cincinnati Unite for Teen Financial Literacy Day.

Once again, the Bank collaborated with Northern Kentucky University to conduct Danny Dollar Academy (DDA), a financial literacy program, reaching 5,500 fourth- and fifth-grade students in Ohio, Mississippi, Alabama, Massachusetts, New Jersey, Indiana, and Kentucky. DDA promotes financial literacy, civic responsibility, smart financial decisionmaking, and entrepreneurship through a curriculum that accompanies the children’s book *Danny Dollar Millionaire Extraordinaire: The Lemonade Escapade*. As part of the program, participating schools received a suite of standards-aligned financial literacy and English language arts curricula and access to a series of videos that explain important financial literacy concepts; attended a virtual question-and-answer session with the book’s author, Ty Allan Jackson; and participated in an in-person author visit. The award-winning standards-aligned curricula were developed by the Bank.

The Bank's Cincinnati Branch participated in the Susan Sargen Student Enterprise Program through the University of Cincinnati Economics Center. The program is a nationally recognized elementary school program that teaches students about entrepreneurship, critical thinking, and financial literacy through an onsite school store, classroom business, and market day. Participating in the Warrensville Heights Schools, Garfield Heights Schools, and Cincinnati Public Schools Summer Scholars programs allowed Bank staff to speak with elementary and middle school students about important financial literacy and career readiness topics. The Bank also facilitated professional development at the Ohio Education Technology Conference, providing educators resources aligned to the Ohio's financial literacy model curriculum.

Daylong workshops presented by the Bank also gave students the opportunity to build their college- and career-readiness skills through exposure to career pathways. The Bank continued to host its annual STEM program, rebranded YOU Make IT Better, reaching high school students throughout the Fourth District from majority-minority high schools and helping them explore Bank careers in STEM fields. As part of this virtual offering, Bank staff with career backgrounds in STEM fields from the Information Technology Services, Information Security, Cash Operations, and Treasury Services Departments guided students through hands-on activities and shared their experiences and expertise. More than 200 students have participated in the program, which was conducted during the academic year, with nine sessions taking place during the period covered in this report.

The Bank hosted the Council for Economic Education's National Personal Finance Challenge (NPFC) 2023 finals. The goal of the NPFC is to improve young people's financial literacy and to foster broader economic inclusion. More than 15,000 students participated in regional and state NPFC competitions, and, in 2023, roughly 51 percent of those competitors were minority students.

The Bank hosted the Economic Scholars Program, a free research conference for undergraduate students in economics that aims to build an environment wherein students can cultivate imaginative research and gain valuable experience presenting in a professional conference environment. The program served as a recruitment event for internships, research analyst positions, and full-time employment at the Bank. While the program is open to all students, it places emphasis on recruiting women and minority students, including those who attend historically less-resourced universities and colleges. Twenty faculty members and 164 undergraduate students participated, hailing from colleges and universities within the Fourth District.

The Bank hosted a Women in Economics symposium in November 2022 that aimed to encourage high school and undergraduate students to pursue careers in economics by discussing the successful career paths of economics professionals and raising awareness of the need for diversity and inclusion in the profession. The Bank also participated in several state and national conferences that have reached more than 2,000 education professionals, students, and families. The Bank serves on the Federal Reserve Education ECONnections Committee, which provides professional development sessions to educators across the United States. In 2023, the Bank participated in an event at which Bank representatives discussed financial literacy resources with educators as part of the Bank's Financial Literacy Month campaign. Bank staff also volunteered at the American Heart Association's STEM Goes Red Day at Cleveland State University and collaborated with a variety of community, education, and commercial institutions to host several educator workshops throughout the Fourth District. These workshops covered a variety of topics: the Federal

Reserve's education resources and programs, careers at the Federal Reserve, opportunity occupations, and the history of money and central banking in the United States.

The Bank participated in the Urban League of Greater Cleveland Summer Bridge Academy. The five-week program for minority young men from various Cleveland Municipal School District and Cleveland's inner-ring-suburb high schools provides college and career readiness development within a structured mentorship format. Students learned about various careers, educational paths, soft skills, and personal finance skills to incorporate into their futures, guided by Bank staff.

The Fed Future Professionals program, a Systemwide initiative designed to create a high school-to-career pipeline for positions at the Federal Reserve, completed its second year. This program evolved from an idea proposed by Bank president Loretta J. Mester, who recommended the System put more effort behind enhancing the growth and development of our future economics and finance workforce from an earlier age. During the school year, representatives from the Bank and four other Reserve Banks provided live virtual professional development sessions and biweekly one-on-one mentoring to 13 high school trainees. These sessions were followed by an eight-week summer rotation guided by Bank mentors in the Research, Treasury Services, Supervision and Credit Risk, and Audit Departments and the Systemwide initiative Fed Communities. The program supports the System's goal of developing a diverse pool of future interns and employee candidates in the economics and finance fields throughout the System.

The Bank collaborated with Junior Achievement of Greater Cleveland to host the Junior Achievement Stock Market Challenge. The annual program welcomed 281 high school students to learn about the stock market, savings, and investments during in-classroom programming that culminated in a daylong competition against other high school students. The Bank hosted the event, and employees were judges and volunteers facilitating student engagement.

Challenges

The Bank, like many other organizations, continues to pursue women and minority talent, particularly in roles that require deep technical skills such as software developers, scrum masters, coders, product ownership, and others. Therefore, cultivating and sustaining relationships with professional associations that can help connect us to diverse talent in STEM disciplines remains a priority.

Retention of women and minority talent continues to be a priority, as well. The Bank has experienced success with opening up transparent and consistent communication lines with minority employees to maintain connection and understanding how they experience the Bank. In turn, the Bank works with employees to enhance the climate and culture to ensure all feel included and a deeper sense of belonging.



Talent Acquisition

Objectives

The Bank continued to employ its proven recruitment strategy through the work of the talent acquisition team, which acts as a recruitment partner to the Bank's hiring managers while expanding the Bank's presence in the community and through promoting a sustained culture of high performance, engagement, and inclusion. The Bank also persisted in efforts to maximize technological resources such as its web presence with refreshed recruitment messaging, resources, and information to communicate the Bank's inclusive culture and broaden the Bank's appeal to a varied audience. A specific emphasis was placed on niche skills such as software developers and cybersecurity experts in a highly competitive and evolving market.

Successes

The Bank's efforts yielded many positive results:

- Created a manager recruitment toolkit to sustain an efficient process
- Increased minority representation in candidate pools by strategically engaging with external organizations
- Leveraged competitive market intelligence to deepen the talent pipeline
- Participated in career fairs (virtual and in person) hosted by historically Black colleges and universities and professional organizations such as Black Achievers, the Sadie Collective Conference, and National Hispanic MBA
- Increased recruitment of candidates in data sciences and quantitative analytics, a historically challenging discipline for hiring minorities and women
- Continued the diversity talent development initiative, which was created in 2021 to develop a data-driven strategy to bolster minority talent

Relative to hiring, over the reporting period, the Bank received applications from 495 individuals across demographics who met the requirements of the positions for which they applied. Of these 495 individuals, 208 applicants (42.7 percent) were minority applicants.

The gender breakdown was 40 women (50 percent) and 40 men (50 percent).

The Bank hired two employees into officer positions. Six employees were promoted into officer positions or into higher officer positions; of these, three are women and two are minorities. Nine people left officer positions (one woman and four minorities).

	Nonminority		Minority		Total	Male		Female		Total
	#	%	#	%		#	%	#	%	
Total applicants	287	58	208	42	495	294	59	207	41	501
Referred to hiring manager	281	59	199	41	480	284	58	202	42	486
Interviewed	206	58	149	42	355	209	58	149	42	358
Offers accepted	45	56	35	44	80	40	50	40	50	80

*Applicants who did not disclose their gender and/or ethnicity have been excluded from the applicable counts.

Challenges

As 2024 approaches, the Bank’s plans include continuous improvement of recruiting efforts such as updating its presence on clevelandfed.org and LinkedIn to establish a more targeted approach to attracting minority applicants.. Doing so will strengthen the Bank’s ability to engage with and track candidates and broaden the Bank’s geographic reach. In terms of capacity building, the Bank will deepen its understanding of the shifting composition of the workforce, changing technology, and skills gaps and will consistently engage in proactive, passive-candidate conversations to establish a pipeline for future positions. Lastly, the Bank will continue to use Gartner’s diagnostic resources for diversity recruiting to ensure the Bank is performing at the best-in-class level.

The budget will continue to limit our ability to hire. The Bank consistently assesses staffing levels and distribution to ensure operations remain optimal. Bank employees remain committed, enthusiastic, and agile in assuming additional responsibilities as we address and overcome budget and hiring challenges.



Development and Training

Objectives

The Bank remains committed to the growth and development of employees through investments in internal and external development opportunities, coaching, experiential programs, and career development discussions.

Successes

In 2023, the Bank introduced several new workshops based on the organization's evolving talent needs. Specific courses presented by Bank staff include Coaching Conversations on the Fly, Resolving Conflict in the Workplace, and Signature Presence: Being the Leader of You. In addition, the Bank broadened and restructured its mentoring and coaching programs to include new features to enhance participants' experience. The Bank's formal mentoring program, currently in its sixth year, continued to attract employees at all levels of the organization and provided opportunities to expand internal networks and learn from others. Each year, those who are interested in serving as a mentor or in becoming a mentee are matched based on stated interests, and each pairing generally lasts for 12 months. Both mentors and mentees are provided with guidance and tools to support a positive mentoring experience, including the launch of an interactive SharePoint online page that features training links, articles, videos, statistics, and program documents such as a mentoring toolkit. The 2023 Bankwide mentoring initiative established 94 new cross-functional mentoring pairs, an increase in number of nearly 50 percent year over year. Participant survey data suggest that the program adds value to both mentors and mentees, and program participants overwhelmingly agreed that they would recommend the program to their coworkers.

The Bank also offered a structured coaching program that included multiple types of coaching opportunities for employees at all levels. Internal career coaching incorporated a variety of assessment tools and was geared toward understanding thinking styles, developing personal strengths, and applying the Bank's core competencies. External coaching was also available for employees and used a variety of assessments and focused on enhancing self-awareness and communication skills and building positive relationships. In partnership with an external consulting firm, the Bank's formal officer coaching program, launched in 2018, continued to expand as additional officers were appointed.

The fourth cohort of the Bank's leadership development program, the Connected Leadership Experience, commenced in November 2022 and concluded in October of 2023. Participants engaged in workshops focused on cultivating a growth mindset and in experiential opportunities such as job shadowing, personality profile assessments, individual coaching, and action-learning projects with various nonprofits to address nonprofits' business needs. The 19 participants, 10 of whom are minorities (52 percent) and 11 women (58 percent), were selected via an application process and comprised individual contributors, managers, and officers with varied backgrounds and lengths of tenure at the Bank. The program's fifth cohort will launch during the first quarter of 2024.

In 2023, the Bank introduced two new cohort-based programs. OnDECK offers development through education, exposure, experience, one-on-one coaching, competency assessments, in-person workshops, and on-demand learning to support employee development and build core leadership capabilities across the organization. Participants comprise new and emerging leaders nominated by their direct managers and functional ELT members. The current cohort represents 10 functions across the Bank and comprises 18 participants, five minorities (28 percent), and seven women (39 percent). The New Manager Learning Network program provides support for new managers, hired externally or promoted internally, via a forum to build community, educate, and share best practices. The initial cohort comprised 23 new managers, seven minority participants (30 percent), and 17 women (74 percent). Both cohort-based programs are designed to educate, inform, and provide networking opportunities for current and future leaders at the Bank.

The Bank also launched the career-progression planning initiative to encourage more in-depth career-development discussions with employees and action planning to aid professional development, with a specific focus on minority talent. Process data, from talent reviews, succession planning, stay interviews, trending research on talent acquisition, and so on, have shown a strong desire for career planning, including a documented plan for growth and development. The planning initiative began with a focus on high-retention-risk employees. Data analysis highlighted four specific categories within the Bank's retention-risk population: special interest, minority, high potential, and high performance. We continue to introduce additional groups of employees to the career-progression planning process in a phased approach, ensuring strong minority representation within each group. Career-progression plans are completed by the employee and manager, followed by facilitated conversations with a human resources partner. The planning initiative is supported by an internally built application that documents an employee's progression plan each year and provides a manager dashboard of completed plans. Using this model, the Bank has a central portal for documenting career discussions and progress and is better positioned to align employee career interests with business needs.

At the System level, the System Leadership Initiative has resumed the in-person delivery of its leadership development academies, Thrive and Trailblazers, for high-performing managers and officers. The Bank's ELT nominates key talent for each academy. In 2023, three cohorts across the System engaged in these immersive experiences to develop capabilities needed to lead in a dynamic environment, develop broader perspective on System strategies, and build networks with System peers. In 2023, a total of 16 Bank employees comprising 10 women (62 percent) and four minorities (25 percent) participated in the academies.

Challenges

The Bank continues to encourage employees to own their careers and empower themselves with the resources and information necessary to advance in the organization. To this end, the Bank has improved efforts to promote learning and development opportunities, especially to minorities. Furthermore, the Bank has strengthened connections between talent management partners and managers in helping employees pursue advancement opportunities. The OnDECK program and the career progression planning initiative are two examples of how the Bank has worked to bolster accountability in learning and development.



Talent Management

The Bank is proud of the work that has been done in strategically collaborating with leaders to cultivate a more inclusive climate, one that fosters allyship and accountability, particularly in assisting minority talent to identify expanded responsibilities. This work enriches the Bank's culture by helping ensure that minority employees feel and are seen, valued, and included, sentiments which will lead to a more engaged workforce overall and more successful outcomes for all employees.

Workforce Planning Process and Results

The Bank has 322 minority employees, and 263 (81.7 percent) of them are in individual contributor roles; moreover, a number of these employees are longer-tenured individual contributors in the Bank's operations functions. In an effort to address how to support minority employees growing their careers, the Bank has convened minority employees to gather data insights, which have revealed that the Bank has had better success in advancing minority employees from individual contributor roles to management and supervisory roles in areas of the Bank outside operations rather than in operations. As such, the Bank has focused on ensuring that the advancement of minorities has been a key theme in its succession and workforce planning meetings. For employees in our operations functions who desire a career path leading to management, the Bank is working with operations managers to provide increased flexibility for employees to pursue development opportunities and to attend Bankwide events in order to cultivate relationships with other functional leaders across the Bank.

Succession Planning Process and Results

The Bank engages in a quarterly strategic workforce-planning process developed in a partnership between the Bank's human resources personnel and the executive officers of each function. The purpose of this process is to enable leadership to proactively address skills gaps through hiring or targeted development, anticipate future staffing needs based on evolving business strategy and talent movement, and inform engagement action planning. The process allows for a frequent and strategic review of a business function's human capital metrics, talent needs, and associated risks. The quarterly process includes data gathering and analysis, emerging workforce needs and risks, and continual monitoring and adjustment as necessary. The process occurs as follows:

- Review current workforce composition (attrition, internal transfers, promotion activity, people leadership demographics)
- Review current headcount and adjust anticipated headcount for the calendar year

- Monitor talent acquisition activity and progress
- Identify and track significant changes to organizational size, structure, or leadership ranks for the calendar year
- Identify and track talent-development needs and job-family structure and compensation-level needs
- Identify and plan for closing skills gaps to achieve the business strategy, including current-state plans and future-year projections
- Identify critical job openings, planned leadership moves, and talent-retention risks; action plan for both individual talent-retention risks and holistic business-retention risks

The Bank's sponsorship program continued to play a pivotal role in the Bank's succession planning efforts. The program focused on elevating the visibility of high-potential minorities to bolster their career development and trajectory. (Note: sponsorship is strictly for minorities; non-minority women are not included. Also, the goal is not necessarily to have all sponsored employees become officers). The Bank continued into the fourth year of its formal executive sponsorship program; in 2022, 31 high-potential minority employees were paired with executive sponsors.

Executive sponsors are expected to maintain a proactive role in expanding the sponsored employees' visibility and exposure to an expanded network across the Bank and in involving the sponsored employees in experiences that enable advanced development. Surveyed program participants indicated their sponsors had been helpful for their development, and all participants indicated the program met or exceeded their expectations.



Supplier Diversity

Objectives

The Bank remains committed to increasing opportunities for minority- and women-owned business enterprises (M/WBEs) to participate in the provision of goods and services. The Bank's request for quote and request for proposal policies include a deliberate step in the procurement process to ensure the inclusion of diverse suppliers (one minority-owned business enterprise, or MBE, and one women-owned business enterprise, or WBE).

The Bank monitored the number of contract opportunities available to potential M/WBEs for projects that are \$35,000 and greater to ensure the Bank has a strong pool of diverse suppliers for these contract opportunities. As a corporate member of the National Minority Supplier Development Council and the Women's Business Enterprise Council Ohio River Valley (WBEC ORV) and through its affiliation with the Ohio Minority Supplier Development Council, the Bank was able to strengthen its supplier sourcing capability. Additionally, the Bank is working with Plexus LGBT and Allied Chamber of Commerce and the National LGBT Chamber of Commerce in its supplier sourcing efforts.

Successes

In 2023, the Bank is committed to increasing its five-year average to 23.5 percent, an increase from 20.2 percent from 2022. Through July 2023, the percentage of dollars of M/WBE spend was 22.1 percent against the objective of 23.5 percent. The percentage of opportunity of M/WBE spend was 100 percent against the objective of 75 percent or greater.

To this end, to build relationships and deepen the database of M/WBEs, the Bank invited groups to provide capability presentations and network with representatives from various areas of the Bank. Furthermore, representatives from the Bank routinely participated in various community-based events targeted at M/WBEs to increase networking opportunities. The Bank developed active relationships with the Greater Cleveland Partnership, the local chamber of commerce, focused on equity and inclusion of minority individuals and businesses in the Northeast Ohio regional economy; the Women's Business Enterprise National Council; and the National Minority Supplier Development Council. As a result of these efforts, the Bank continued to make strides in support of its supplier diversity mission to maximize the overall level of participation by certified M/WBEs in the Bank's contract opportunities.

Outreach Activities

The Bank's procurement team engaged in a variety of community activities to further the Bank's EEO efforts:

- **October 2022, January 2023, and April 2023.** Attended the WBEC ORV's WBE presentations during which WBEs present their business capabilities.
- **February 2023.** Participated in the National Minority Supplier Development Council's matchmaking event at which the Bank met with MBEs to learn more about their capabilities and include them in upcoming procurement opportunities.
- **February 2023.** Attended the Contractors Assistance Association's Black History Month event at which Black-owned general construction companies shared the importance of relationships, reciprocity, and return.
- **March 2023.** Attended the Women's Business Enterprise Council's national conference at which the Bank met with WBEs for inclusion in future procurement opportunities.
- **March 2023.** Virtually attended the Ohio Minority Supplier Development Council's annual conference at which best practices for supplier diversity programs were shared.
- **March 2023.** Attended the Hispanic Cultural Center's annual gala that provided an opportunity to network with Hispanic-owned businesses.
- **May 2023.** Invited the Spanish American Committee to the Bank to identify partnership opportunities with the Bank.
- **Monthly.** Attended the Plexus monthly meetings during which business topics concerning the lesbian, gay, bisexual, transgender, and queer (LGBTQ) community are discussed.

The Bank continued its tier II reporting of diverse spend for contracts of more than \$100,000 to establish a more comprehensive view of the Bank's M/WBE business spend. Tier II spend is an enhancement to the Bank's existing efforts aimed at increasing meaningful opportunities for M/WBEs to promote economic growth in the Bank's region. Language was included in the Bank's request for proposals that addressed the integration of tier II suppliers and the responsibility of the prime supplier in this regard if awarded the contract.

To develop partnerships with small businesses within the Fourth District, the Bank created a new role in April 2023 to focus on supplier diversity and to strengthen the Bank's internal and external outreach efforts. This role is focused on building relationships with local and national supplier diversity agencies, developing and implementing a supplier diversity communications plan, and working with internal partners on matching diverse suppliers with upcoming procurement opportunities. The Bank also continued its supplier mentoring program and is preparing to launch the third cohort in the second half of 2023. Throughout the year, the Bank worked with three other Reserve Banks to create mentoring communities of practice, the objective of which is to strengthen the mentoring programs within a Reserve Bank District and prepare a mentoring playbook for the System.

Challenges

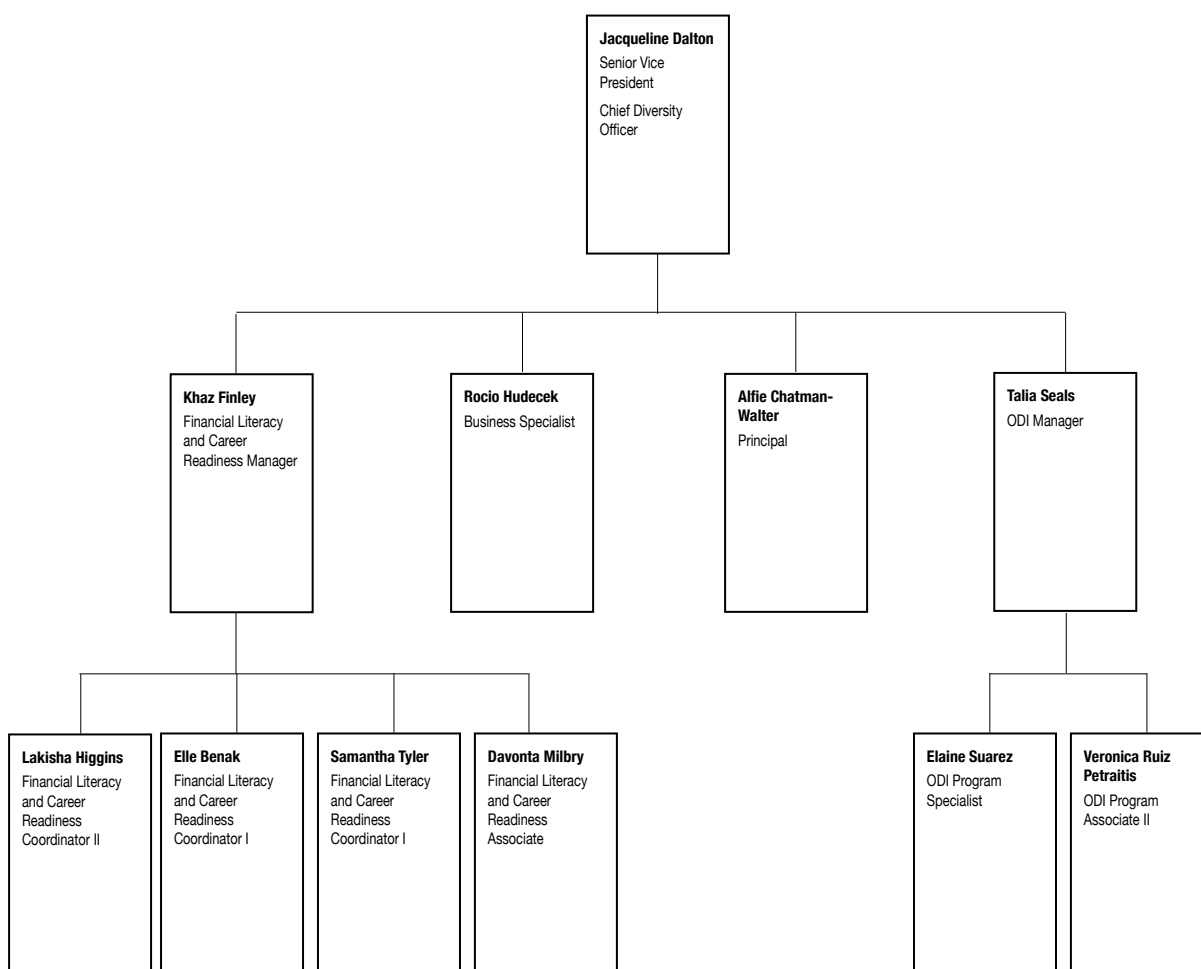
While the identification and engagement of diverse suppliers for specialized commodities and services has been an ongoing challenge, the Bank continued to strengthen its external partnerships in order to broaden its scope of local suppliers. The Bank's Procurement Services Department continued to partner with its key stakeholders across the Bank in strategic planning sessions to assist in increasing the number of opportunities given to M/WBEs. The expectation for prime contractors to report on anticipated tier II diverse supplier spend should position the Bank to drive additional diverse supplier spending and greater economic inclusion in the business community.

The Bank will continue its efforts to educate suppliers on conducting business with the Bank, ensure effective communication to build internal and external stakeholders' awareness about the value of supplier diversity, and ensure that effective reporting is in place to monitor the overall participation of MBEs and WBEs in the Bank's purchases of goods and services.

A holistic procurement dashboard including System total spend, cost savings, and top spend categories is currently being produced by the National Procurement Office (NPO). In addition, Reserve Bank-level and System-level supplier diversity data such as the number of women-, minority women- and minority men-, veteran-, and LGBTQ-owned businesses and businesses defined as green (sustainable) are showcased on the dashboard. The MBEs are further defined using the following classifications: African American, Asian American, Hispanic, Native American, and other. The dashboard includes community benchmarks from past city or county disparity studies. These data are refreshed on a quarterly basis and shared with the Conference of First Vice Presidents on a quarterly basis.

Office of Minority and Women Inclusion (OMWI) Council leadership has been working with the NPO to refine and automate the good-faith-effort questionnaire to provide precontract awareness that suppliers may be asked to complete the questionnaire, to improve tracking of the questionnaire, and to ensure OMWI directors or their designees have access to submitted responses for review and evaluation. Additionally, the council has asked for a formal tier II program in the contract environment. Reserve Banks continue to manually include these two processes in their business-inclusion efforts. As a member of the leadership team, and on behalf of the council, the Bank will continue to pursue these matters.

EEO/Diversity and Inclusion Organizational Chart





FEDERAL RESERVE BANK
of CLEVELAND