iab.
EDUCATION
FOUNDATION

The Diversity Dividend and the Looming Skills Gap in the Interactive Media Industry

iab.

There is a widespread perception that the world of interactive media is elitist, mostly male, and does not reflect the general workforce or society at large—and the numbers bear this out. In Silicon Valley, for example, 58 percent of workers are white, and 64 percent are male according to self-reported data from major technology, advertising technology, and digital media companies. And when looking at the percentage of employees that are black or Hispanic, the numbers are in the single digits.

If the digital marketing, media, and technology industries are to continue to see double-digit year-over-year growth in the years ahead, there are four troubling trends they need to overcome:

- Gender and racial imbalance
- Overall lack of cultural and economic diversity
- Growing skills gap
- Disparity between people creating the products and consumers

Not only are these looming legal and talent problems for the entire industry, but they also represent a massive missed business opportunity.

Industry Outlook

Over the last few years, the advertising agency world has been hit with lawsuits, expensive multi-year proceedings, and negative media and public perception about the lack of diversity in their businesses, with no real or positive change to show for it—and the same thing is now happening in the digital marketing and technology industries as well. On the regulatory front, a storm is also brewing. The Office of Federal Contract Compliance Programs (OFCCP), the civil rights arm of the U.S. Department of Labor, routinely audits companies but has stepped up its scrutiny of tech and digital media/advertising companies. The OFCCP has broad powers to audit, impose fines, obtain back pay, and require companies to put affirmative action plans in place, and it wants to ensure that taxpayer dollars go to companies that are fair employers.

This is not just a fairness issue, it's a business issue. A McKinsey study of 366 public companies in the U.S., Canada, U.K., Brazil, Mexico, and Chile, called Diversity Matters and released in February 2015, found businesses with the most gender diverse leadership are 15 percent more likely to report financial returns above their national industry median. Companies in the top quartile for racial and ethnic diversity are 35 percent more likely to have financial returns above their respective national industry medians.

"This isn't about forecasting, this is about who is in school now, who is going to be starting companies, applying to work at your companies. If your company is not speaking to this talent, it's going to be your loss."

– Freada Kapor Klein, *Ph.D., Founder of the Level Playing Field Institute and Co-Chair of the Kapor Center for Social Impact*

Diverse Companies Outperform

15% more likely to outperform

Gender-diverse companies

35% more likely to outperform

Ethnically diverse companies
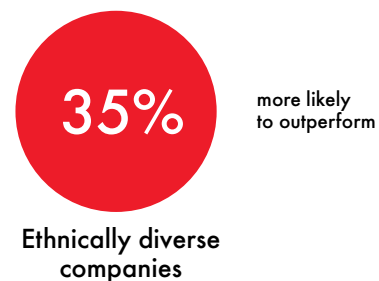
Results show likelihood of financial performance above the natural industry median. Analysis is based on composite data for all countries in the data set. Results vary by individual countries.

Source: McKinsey analysis

The diversity gap also affects every company looking to attract top talent and compete effectively. The 2014-2015 academic year was the first year that students of color numbered more than 50 percent of all students enrolled in elementary and secondary schools. In 2020, that number will be nearly 55 percent (U.S. Department of Education, 2014). The young adults being trained in our schools do not look like our current workforce.

The Current Landscape
U.S. School Students 2014–2015 Academic Year

	1997	2014	2020 (projected)
WHITE	63.4%	49.7%	45.3%
PEOPLE OF COLOR	36.6%	50.3%	54.7%
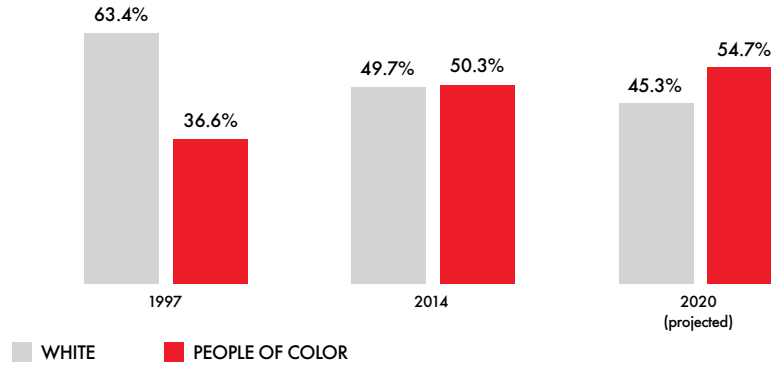
Source: U.S. Department of Education, 2014

The people using interactive products also don't look like the people making them. According to a Pew Research Center Internet Omnibus Survey released in February 2015, black Twitter users over-index compared to the population. Pinterest users are largely female. Instagram users are disproportionately female and a large percentage of Instagram users are also black. On LinkedIn, a higher percentage of users are black than is represented in the population. To be competitive in a fast-changing global marketplace, the industry needs to look like its customers—and it doesn't.

Social Media Use by Gender

	Facebook	Instagram	Pinterest	Twitter
MALE	66%	15%	8%	17%
FEMALE	76%	20%	33%	18%
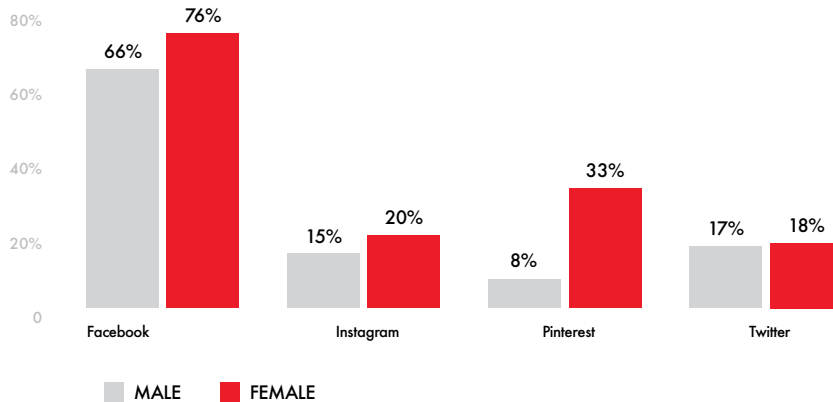
Source: Pew Research Center, 2015

Social Media Use by Ethnicity
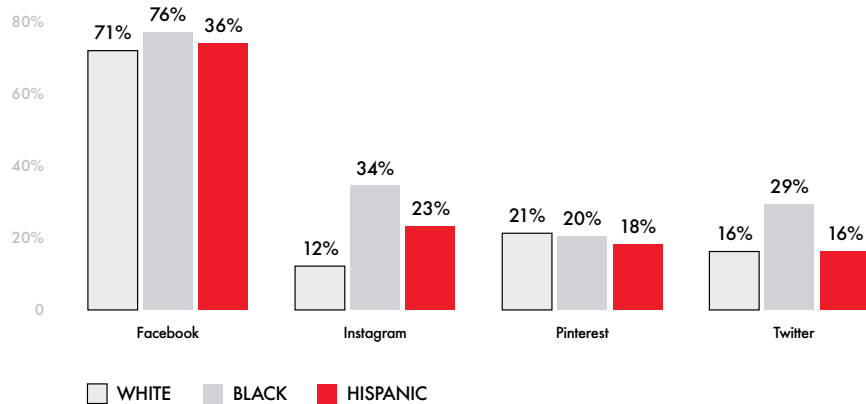
Source: Pew Research Center, 2015

> "For the first time in U.S. history, the majority of K-12 students are minorities; this is our future workforce. Collectively as an industry we need to connect with all of our customers, and ensure that our workforce reflects the world in which we operate. The establishment of iDiverse will put the pipeline of talent in the digital media and marketing arena on a path of growth in lockstep with our audience and build a strong and robust ecosystem."
>
> **– Tim Armstrong**, *Chairman and CEO of AOL*

Finally, a growing skills gap is keeping these students from joining the talent pool that our industry so desperately needs.

The IAB Education Foundation commissioned a study with professional services firm EY (Ernst & Young) in May 2015 to better understand the expected job change and growth in the digital advertising space. The study primarily focused on roles related to sales, sales support, ad operations, marketing, and data analytics and management.

The findings were insightful: An estimated 25,000 total jobs will be added to the industry across departments in the next two to four years, representing growth of 47 percent. The study also found that experience and skills in the data analytics and technology space are essential across departments and there is more demand for forecasting and translating stories behind the data to clients. A deep background in math, business, and especially technology and programming will be essential for success in these roles.

Contrast that with what today's students are learning, however, and it's clear that the skilled worker shortage is only set to worsen. In our public schools, just 3 percent of African Americans, 8 percent of Hispanics, and 18 percent of women even take the AP Computer Science Exam (U.S. Department of Education, 2014). The talent pool is not keeping up with increasing demand.

If we simply stay the course, it's a recipe for disaster.

IAB Education Foundation

To address these pressing issues and increase the diversity pool for the overall health of the industry, IAB has brought together all sectors involved in recruiting, training, and hiring talent for the interactive media industry—including public and private companies, educators, employers, and non-profits. The IAB Education Foundation formally launched in the fall of 2014 with Tim Armstrong, Chairman and Chief Executive Officer of AOL Inc., as Chairman of the Board, setting the vision for the Foundation.

The IAB Education Foundation's mission is simple: To promote an increasingly skilled and diverse workforce and grow the media and marketing capabilities of companies by developing a professional and diverse workforce that reflects the customer through education, training, and certification.

Objectives of the IAB Education Foundation

- Work with industry partners to create prequalification programs for entry level positions
- Work with other non-profit groups that represent these constituencies to provide the pipeline of employees
- Develop curriculum and teaching capabilities with college, university and online education providers
- Create and administer certification examinations
- Provide placement services

The IAB Education Foundation's objectives benefit the entire industry with:

- A ready pool of candidates that are pre-qualified
- Lower costs of corporate recruitment, training, and retention
- Access to continuously-updated training and basic certification programs
- Industry advocacy to spur workplace diversity and continuous education
- Shared library of best practices and diversity resources across the industry

The IAB Education Foundation is a 501(c)(3) nonprofit corporation, enabling it to take tax-deductible contributions. It is developing curricula and certification programs in fast-growing areas of employment within digital media and advertising companies, including digital advertising sales support, marketing, advertising operations, and data analytics. The Foundation will be funded from a variety of sources, including corporate and individual supporters, foundation donations, workforce development grants, and IAB itself. Under the leadership of Michael Theodore, Senior Vice President, Learning and Development at IAB, and General Manager of the IAB Education Foundation, the foundation will also serve as a professional society open to the hundreds of thousands of people now employed in the U.S. digital media and advertising industry.

Training underrepresented constituencies including women, minorities, people of color, economically disadvantaged students, the LGBT community, veterans, older workers, and people with disabilities will provide the industry with a significant pool of qualified workers.

Voices United Listening Tour

As a first step to addressing these pressing issues, the IAB Education Foundation led Voices United, a diversity workshop and listening tour dedicated to hearing from companies about this rising challenge in the industry. The first event took place in December 2014 at the AOL offices in downtown New York City. A second event in Washington, D.C., followed in January 2015 hosted by Microsoft, and a third in San Francisco in March 2015 was hosted at the Bloomberg offices.

"It's a paradox that the most diverse communications medium in history remains one of the least diverse industries in terms of the people we employ and the people we reach out to. It's getting a little better but it's not as good as it should be—and that paradox is unsustainable."

– Randall Rothenberg,
President and CEO, IAB

iab.

Voices United Diversity Tour

New York City, December 12, 2014
Washington, D.C., January 15, 2015
San Francisco, March 12, 2015

Read the highlights from each event at: iab.net/educationfoundation

Tim Armstrong, Chairman and CEO of AOL, chaired the cross-country listening events and Freada Kapor Klein, Ph.D., Founder of the Level Playing Field Institute and Co-Chair of the Kapor Center for Social Impact, led each session with a presentation that addressed both the recruiting part of the pipeline problem as well as the "leaky pipeline" of talent retention. The question-and-answer sessions at the events gave audience members the opportunity to offer their thoughts on how to address the industry challenges.

Overall, several themes emerged from the three listening tours.

Collectively the industry needs to:

- **Invest in Diversity Programs –** Diversity programs reduce recruiting costs and churn
- **Increase and Fix the Talent Pipeline –** Attracting more diverse candidates (recruiting) and addressing the "leaky pipeline" problem (retention) are both necessary for long-term improvements
- **Address Hidden and Unconscious Biases –** This needs to happen in the hiring and recruiting processes—and in performance management
- **Develop Entry- and Mid–level Training Programs –** Training is key to ensuring qualified candidates
- **Conduct More Research –** The industry needs to quantify the diversity and skills gap, and establish baselines for measuring success
- **Encourage Diverse Role Models –** Showing that people from diverse backgrounds can thrive is essential to retaining and encouraging top talent
- **Avoid a Mirrortocracy –** Employee referral bonuses mean new hires will mirror the current workforce—creating a mirrortocracy, not a meritocracy
- **Develop Scalable STEM Education Programs –** This requires cooperation across the industry—and is essential

Additional specific recommendations for the Foundation included:

- Create a media campaign aimed at low-income youth of color to raise awareness about tech jobs and career paths
- Develop internship programs for underserved constituencies
- Support hidden bias studies throughout the industry
- Establish recommended diversity guidelines
- Share best practices—including simple measures like removing names and schools from resumes in the hiring process

- Help companies open their doors for career days or hackathons to generate interest among school-age children about opportunities in the industry
- Encourage and reward companies that develop underrepresented talent
- Promote diversity accomplishments through videos, interactive essays, and other media created by the new hires
- Create a database of non-profits offering diversity/workforce programs that offer companies ways to participate on many levels

Publisher, ad tech, and agency executives actively participated in a lively exchange around these topics. There was broad consensus that when curricula and certification programs in fast-growing areas of employment are introduced, the excuses about lack of skills and the rationalization for not hiring candidates from diverse backgrounds go away.

Next Steps

The first phase of Voices United is complete and the Foundation's efforts to implement many of the ideas shared at all of the tour events are already well underway including:

- Developing relationships with national and regional nonprofit organizations that represent underserved constituencies and emphasize STEM or similar interests
- Exploring relationships with traditional educational institutions (Community colleges in NY and the SF Bay Area, among others) and online education providers to deliver entry-level job training
- Surveying the needs of IAB member companies to serve as employers of graduates from these programs
- Creating a first-ever entry-level digital job certification to be administered at the conclusion of training
- Providing a library of best practices as well as tips and strategies for retention
- Conducting additional research to measure levels of diversity across many different under-represented groups in the digital advertising and technology industries
- Forming a number of task forces among diversity and workforce development experts, digital advertising and ad tech companies, academics, and other interested parties to work on issues of recruitment, retention, and other related issues

We want to take all of the excuses away. It's no longer allowed to say 'we want to hire the best candidate available' and then take no responsibility for who's in the pipeline and how the pipeline is filled.

– Michael Theodore,
Senior Vice President, Learning and Development, IAB, and General Manager, IAB Education Foundation

The nationally-recognized organization Year Up is the Foundation's first nonprofit partner with training set to commence soon.

› A Process for Driving Diversity

IAB is uniquely positioned to advance diversity via workforce development through training and as a repository for best practices for culture change.

NON-PROFIT ORGANIZATION	COMMUNITY COLLEGE/ONLINE PROVIDER	IAB EDUCATION FOUNDATION	DIGITAL ADVERTISING COMPANIES
Diverse Pool Recruiting	Training	Certification and Vetting	Hiring

The Foundation's certification and education programs are set to make the following goals a reality:

- 50 percent gender/racial/other job candidate diversity by 2020
- 25+ percent total employee diversity by 2020 across all jobs and roles
- 25 percent improvement in retention of diversity employees by 2020
- 2,000 entry level candidates trained and tested in Y3 of Foundation

With industry support, the IAB Education Foundation will be well positioned to deliver a customized program that provides trained, tested, and vetted entry-level employees for ad ops, marketing, and sales support positions. In recognition of the focus on improving diversity levels and offering new opportunities to a significantly broader constituency, all Foundation activities related to these programs, as well as recruiting, interviewing and placement services, will come under the new name of iDiverse. The Foundation will also offer ongoing training and mentoring through the iDiverse industry initiative.

In short, the iDiverse initiative is uniquely positioned to connect the stakeholders that understand the looming skills gap and human capital problems facing the interactive media industry—so we can all work together to solve them.

For more information visit **iab.net/educationfoundation**

Voices United

Companies that participated in the Voices United diversity workshop and listening tour:

New York
AOL
AppNexus
BET
C/I
CPXi
CUNY
Facebook
Flashtalking
Ghostery
Huge
Kapor Center for Social Impact
LinkedIn
Manifest Digital
MediaMath
Microsoft
NBCUniversal
Nork-Apex Strategic Advisors
NY Daily News
New York Post
PubMatic
PulsePoint
Seeking Alpha
Tapad
The Huffington Post
The Mission Continues
The New York Times
ThriveV
Tumblr
UM
Undertone
Xaxis
Year Up

Washington, D.C.
American Dream Cars
AOL
Association of University Centers on Disabilities
CBS
Comcast
Discovery Communications
U.S. Equal Employment Opportunity Commission
Intermarkets
Marcus Graham Project
Microsoft
Minority Business Roundtable
U.S. Department of Labor - OFCCP
Salient
The Christian Post
Venable
Yahoo!

San Francisco
AdRoll
Adsnative
ad:tech
B Media Collective
Bloomberg Media
BrightRoll
CBS Interactive
ClearSlide
DWA
Facebook
Google
Hack in the Hood
Martini Media
Pandora
Paywright
Premiere Solutions
Quantcast
Rhythm Media
Salesforce Marketing Cloud
Seal Cove Financial
Square
Tapjoy
Virool
Yahoo!
Year Up
Yelp