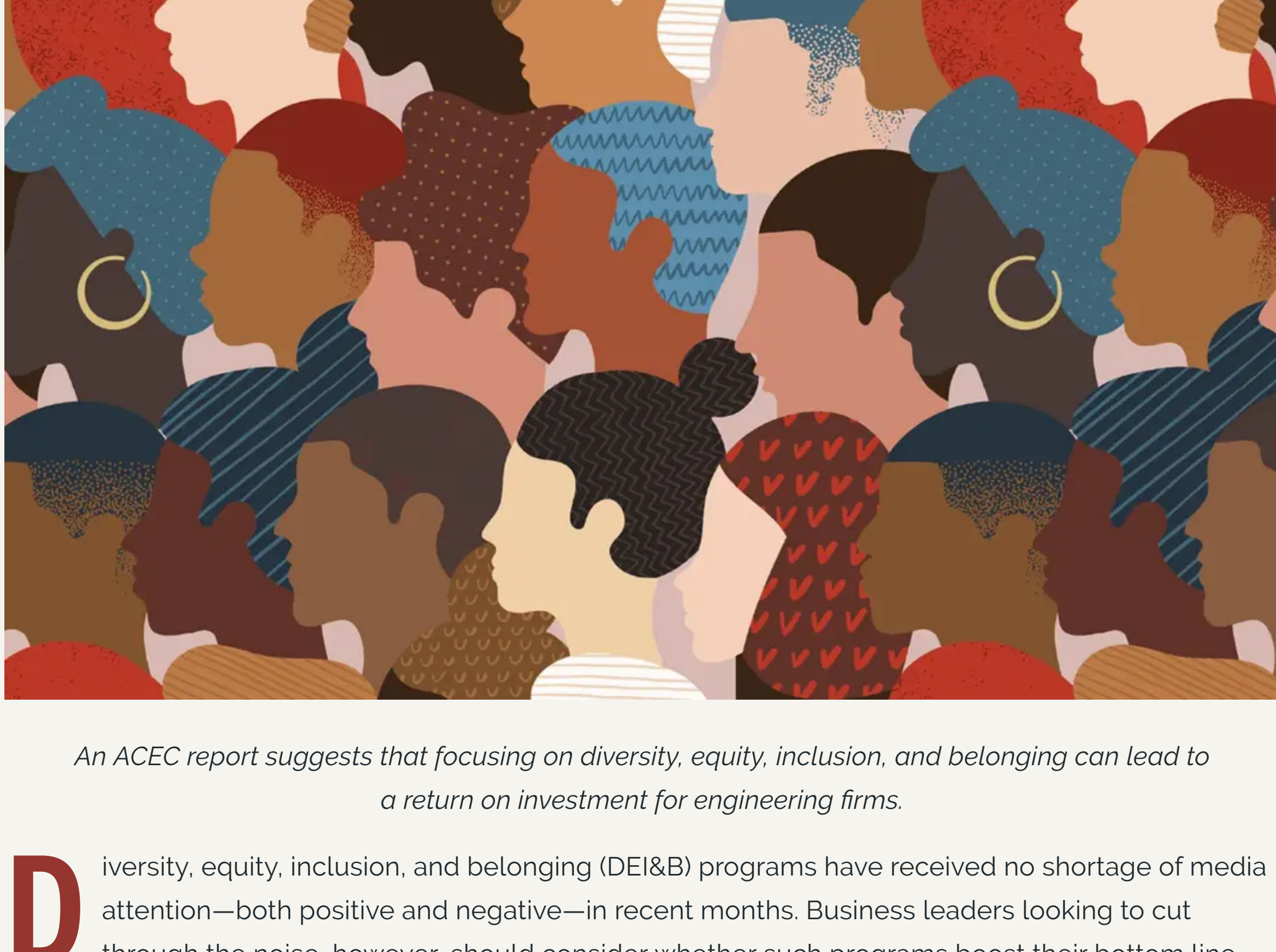


THE BUSINESS CASE FOR DEI&B PROGRAMS

Beth Braverman | January 23, 2025



An ACEC report suggests that focusing on diversity, equity, inclusion, and belonging can lead to a return on investment for engineering firms.

Diversity, equity, inclusion, and belonging (DEI&B) programs have received no shortage of media attention—both positive and negative—in recent months. Business leaders looking to cut through the noise, however, should consider whether such programs boost their bottom line.

A new report by ACEC indicates that DEI&B efforts can do precisely that for engineering and design firms.

The report, *The Impact of DEI&B Programs on Engineering Firms—A Case Study*, was commissioned by ACEC and conducted by the Institute for Association and Nonprofit Research (IFANR). The preliminary findings highlight the experiences of 13 firms across the United States that have been using ACEC's Diversity Roadmap benchmarking tool. And they represent a strong step toward quantifying more broadly the financial impact of DEI&B programs on engineering and design services firms, says Joe Bates, president of IFANR and the report's lead researcher.

"There is a lot of research indicating that DEI&B does impact financial success, but there wasn't any specifically targeted to our community," says Lisa Brothers, PE, president and CEO of Nitsch Engineering and leader of ACEC's Business Case for DEI&B subgroup. "So these industry-specific case studies really qualitatively—but not quantitatively yet—suggest that there's a correlation between DEI&B and financial success and point to the need for broader research."

The Impact Of Following A Roadmap

ACEC developed the Diversity Roadmap as an industry-specific tool to help firms assess their DEI&B maturity.

“On all of those metrics, there was a pretty good correlation between higher diversity scores and having improved financial performance. It all comes back to making the business case for firms that don't believe in DEI&B or think it's just a social movement.”

JOE BATES
PRESIDENT
INSTITUTE FOR ASSOCIATION AND
NONPROFIT RESEARCH

"Participants can use the Diversity Roadmap tool to see where they stand as far as their goals, and it gives them an action plan to continue to make progress toward their DEI&B goals," Brothers says. "I feel strongly that the tool can help firms develop greater intentionality around their DEI&B goals, and this research looks at the impact of following that Roadmap."

Bates says that ACEC decided to start with a case study to determine whether enough evidence of a financial impact exists to merit further study to

measure that impact.

The research found that organizations that were further along the Diversity Roadmap achieve better financial metrics, including net service revenue and gross service revenue, as well as earnings before interest, taxes, depreciation, and amortization, than those just starting their journey.

"On all of those metrics, there was a pretty good correlation between higher diversity scores and having improved financial performance," Bates says. "It all comes back to making the business case for firms that don't believe in DEI&B or think it's just a social movement."

The report also found that those further along on the Diversity Roadmap realized other benefits, including increased talent retention and lower turnover, more productive employees, stronger problem-solving capabilities due to diverse perspectives, and earning a competitive edge in winning clients that prefer companies with strong DEI&B commitments. Nonfinancial benefits included fostering a more welcoming culture and a purpose-driven company and a focus on continuous improvement.

Future research could compare firms with DEI&B programs to those that have no DEI&B programming.

"It's really hard to tie an ROI to DEI&B programs," Brothers says. "That's part of why we did this case study. This is just the tip of the iceberg, though. We need a bigger, more robust quantitative study."

Growing Interest

During the past 10 years, some of the study's participating firms began to develop an awareness for diversity in hiring practices. But for many of these firms, transformational events in 2020 provided a true catalyst to focus on DEI&B. The deep social, political, and economic impacts of the COVID-19 pandemic, plus the continuing social and racial justice movements in the United States, have made dedication to DEI&B an imperative in society as a whole—and in business.

Other participating firms' DEI&B focus resulted from the hiring of a CEO or president who was particularly dedicated to DEI&B, feedback from staff on a lack of diversity, and the general cultural shift toward greater equity and inclusion in the U.S.

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LISA BROTHERS, PE
PRESIDENT AND CEO
NITSCH ENGINEERING
LEADER
ACEC'S BUSINESS CASE FOR DEI&B
SUBGROUP

Participating firms had goals such as fostering a workplace culture of inclusiveness, collaboration, and community and increasing diversity in recruitment, hiring, and retention. Midsize and larger firms had additional goals, such as increasing the recruitment of women and other historically underrepresented groups, evaluating equity in their promotion policies, and implementing anti-bias learning opportunities. The largest firms were also

interested in strengthening community outreach.

Most firms, but especially small and midsize organizations, have no financial metrics tied directly to DEI&B programs and rely instead on anecdotal observations about improvements in workplace culture.

Headwinds To Progress

The case studies also highlighted some of the challenges that firms faced while implementing their programs.

"The larger firms, which, by their nature, have more diverse opinions and people of all political spectrums, did have to handle resistance from certain employees," Bates says. "There was this anti-woke backlash among certain employees."

Such backlash has grown louder over the past year, amid a divisive political climate and a chorus of critics who believe companies are overemphasizing DEI&B programming. Brothers says this will likely reinforce a divide: Firms interested in DEI&B will continue to lean into it (as long as the law allows), and those that aren't interested will keep ignoring it as the external pressure to implement such programs subsides.

Starting At The Top

One of the driving factors in an organization's DEI&B success is executive buy-in, Brothers adds.

"If the people at the top care about it, that will trickle down," she says. "They will make sure that it's essential to all pieces of the organization, and it will become a fundamental business strategy."

Brothers adds that she has seen the impact of DEI&B first-hand at her firm.

"Why wouldn't you want to have a company where everyone feels like they can show up authentically and do their job and be equally rewarded for their job performance?" she says. "Isn't that what we all want?"

Bates says that while the initiatives varied among the firms, they all stressed that they do not have hiring quotas and are evaluating individuals based on their abilities, while also trying to ensure that they are building a diverse workplace. The path to achieving that goal might include hosting diversity-focused webinars, supporting diversity-focused employee resource groups, and engaging with local schools to help underrepresented students recognize a potential avenue to an engineering career.

"The most important takeaway from this research is that we did find a connection between financial performance and increased diversity scores from the Diversity Roadmap," Bates says. "There is a business case here. It's not just firms saying they want to do what's right morally or socially."

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Beth Braverman is a business writer based in New York. She has worked for Money magazine and The Fiscal Times and has written for Newsweek, CNN Business, and CNBC.

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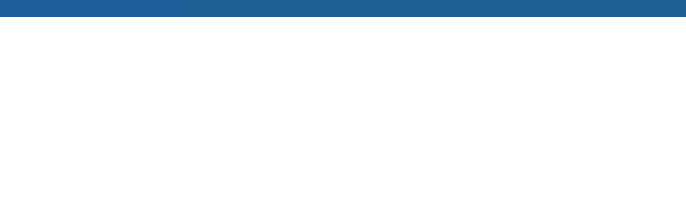
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