How we speak about diversity matters – we do unintended harm when we ignore this

The language we use to describe ourselves and others has the power to attract, and alienate – the latter often unintentionally, and even when such descriptors come from a place of progress.

Last year we launched the Newton Venture Program, a new approach to train and develop investors in the venture capital sector, with a clear mission to tackle the industry's lack of diversity and representation. At the time, it seemed that being explicit was the way forward.

We knew we needed to encourage people from Black, Asian and minority ethnic groups to join us in disrupting the ecosystem. We knew we needed to tackle the lack of gender representation. We have read countless reports about the damage that a lack of diversity can have on startups, sectors and entire industries and we knew we wanted to help fix it. However, we hadn't realised the unintentional damage our choice of language was causing the very groups we were trying to support.

The openness to learn

By calling for BAME applicants, we were using an umbrella term that treats the numerous identities as one, wiping out individual identities in a single broad brushstroke. By reaching out to women to redress the gender balance, we unintentionally left out those who identified as neither female nor male, as well as those who identified as both.

When we looked to other leaders in diversity and inclusion for guidance, many converged on underrepresented. This also didn't work. The "under" in "underrepresented" implies less than when compared to the majority group — and we desired to communicate just the opposite.

We needed to attract, not alienate, so we shifted our language. We took responsibility for the role we have in shifting the dial and did something about it.

Overlooked and underestimated

Now, when we call for people from all walks of life to join our training programme, we call for the overlooked and underestimated. By moving away from underrepresented, we wish to more directly communicate who is failing whom here: the VC industry is failing a representative slice of society. It's not marginalised people who are failing to break into VC. This is similar to the movement away from "slaves" to "enslaved people" in the United States; the latter indicates their position was put upon them by others, rather than their chosen identity.

While "underrepresented" is an accurately descriptive term, it's too passive and static. It assumes the current situation is a default that cannot be changed. Our shift to "overlooked and underestimated" might seem nuanced (even trivial) to some, but to us it begs the question: who is doing the overlooking and the underestimating, and what can we do about it?

Diversity as a given, not a means to an end

Language is not the only mistake we made. At launch, we loudly broadcasted the business case for diversity, citing findings that showed how diverse teams perform better on dimensions like creativity, innovation, and financial returns. Companies with more than one-third female executives outperform companies with fewer than one-third, and wildly outperform those with none. Diverse

teams are smarter and more innovative because they _dodge the pitfalls_ of conformity via groupthink. The case is self-evident.

So, what's wrong with amplifying the business case for diversity? It turns out that organisations that boast how their diverse hiring practices lead to financial returns alienate the groups these businesses wish to attract. It continues to place the burden on marginalised groups to fix the problems for the majority.

Additionally, celebrating the financial benefits of diversity undermines a sense of belonging and retention within organisations. No one wants to feel like they're a transactional hire; it's disturbing that there must be financially motivated grounds to justify investing in people from different backgrounds. _Diversity_ should never be a means to an end; diverse representation should be an end in itself.

When we launched the Newton Venture Programme VC Fundamentals course in April 2021, we assumed we did not need to further address how to tackle the lack of diversity in VC. We felt our mission statement spoke for itself, and more than 50% of our learners came from underestimated and overlooked backgrounds. We were wrong.

Tackling system bias

We hadn't focused on addressing the systemic inequity and unconscious biases. We assumed change would automatically occur from simply having more diverse representation. In this, we failed our learners by not acknowledging the default processes and systems in place that would hold them back from thriving even after they landed their first jobs in VC.

In response, we've introduced a core module on "Establishing Investment Values and Allyship". This module has the specific objective of identifying biases within each stage of the investment process: from sourcing and selecting deals, to shaping the cap table, to helping companies scale and find follow-on funding, all the way through exit.

Sociology shows people are more likely to invest in people who look like them – and people typically solve problems that affect them. By making VC more representative of the world we live in, we will also increase the pool of people being served by the solutions that venture capital backs.

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