

I was born in America, but have been a Briton by choice for 20 years. For my family, London is very much our home and my children are growing up in a city that is diverse, vibrant and thriving – a city that is, in fact, made up of a network of villages which each offer a different life.

Precisely because it has never been any one thing, London is strong and adaptable, a heterogeneous and open-minded place that welcomes change. Neighbourhoods are divided along intangibles: your tolerance for hipness, affinity for bike rides, how much you miss your suburban garden, and your taste for fair trade espresso or a cup of tea.

Over the last two decades, I have seen London transform itself time and time again, embracing challenges and opportunities, and exemplifying resilience. Economically, London is a powerhouse – attracting [more foreign investment projects and more billion-dollar foreign subsidiaries](#) than any other city in the world and [generating £408.5bn or 23.4% of the UK's GVA](#) in 2016. It is the hub of globalisation and a European focal point poised between the economic strength of the US and the powerful growth of Asia. So, how do we ensure that London continues to thrive?

For over 15 years, McKinsey has been an advocate of greater gender, ethnic, and cultural diversity in the workplace and our research shows that inclusiveness is a powerful driver of our growth. Our reports: [Why diversity matters](#), [Power of parity](#), [Delivering through diversity](#) and [Women in the Workplace](#) offer clear evidence that both intrinsic and acquired diversity present significant opportunities for the economy and companies alike.

Every firm can make their own choices about how to nurture and manage a diverse talent pool – referring to five crucial characteristics that underpin inclusive growth:

- 1. Committed and diverse leadership team:** Inclusive growth starts with a compelling CEO vision, for which managers are held accountable. Lip service simply does not work. It is also very clear that companies with diverse profiles across their leadership team see the most positive results.
- 2. Understanding why diversity adds value:** It's vital to understand *how* diversity adds value to your company, sector, or city. Diversity isn't just about representation and seeing many faces around the table. It's about explicitly linking diversity to organisational priorities.
- 3. Policies and practices:** Inclusive environments can only thrive if they recognise that diversity is business-critical, not an ancillary social engagement programme. Leadership teams must establish, uphold and monitor policies to nurture everyone's unique skills and ways of thinking.
- 4. Respectful and inclusive culture:** Everyone needs to feel welcome and inspired by their colleagues. While culture is intangible and easy to ignore, it often keeps talent from reaching its potential.
- 5. Clear and measurable targets linked to outcomes:** Leaders need to define the data which tells them how diverse and inclusive they are today and then track progress against known goals.

As organisations and as cities, we can no longer view diversity as optional window dressing. In 2018, the most successful companies do many things well and all use diversity as a source of competitive differentiation.

London can also maintain its edge as a modern city by being smarter. A new report by McKinsey Global Institute (MGI) gives an exciting glimpse at this future, showing huge opportunity for [smart technological applications in eight domains that drive quality of life](#).

“Smartness” is not just about installing digital interfaces in traditional infrastructure or streamlining city operations. It is also about using technology and data purposefully to make better decisions and deliver a better quality of life. **MGI Smart Cities report**

Our challenge for a Smart London is to take these powerful technologies, our diverse talent pool, and growing array of skillsets into our increasingly agile ways of working, and convert them to innovation and economic development. That is the formula for unlocking growth, and is crucial for maintaining London’s place as a global economic leader, as well as a driver of economic prosperity for the whole UK.

I am confident that the transformation isn’t over. In the next twenty years we will see new challenges, and it’s possible that the city will change more than it has in the last twenty. As ever in its history, London will be remade again and again.

***This is an abridged version of my Honor Chapman Memorial Lecture on ‘How inclusive leadership leads to inclusive growth’*

Sources include: [CBI London](#) and [London & Partners](#)**