

The next-gen chief diversity officer.

An evolving profile of high-
impact D&I executives.

Disruption is upending every sector in every industry. In the wake of tumultuous change almost everything transforms, including what is needed and expected from leaders. New skills and mindsets are required from today's CEOs and other C-suite and functional leaders, and the same is true for the chief diversity officer (CDO).

These changing expectations of the CDO dovetail into another trend: the recognition (finally) of proof that greater diversity and inclusion (D&I) fosters corporate success. D&I enhances innovation, boosts productivity, helps capture new markets, and serves as a powerful magnet to attract and retain the best talent.

This would seem to bode well for CDOs who have their hands on the diversity levers and are positioned to help their organizations successfully meet the challenges of change—not just for the sake of protecting those who have been most marginalized but also for the sake of their companies that need the richness of the diversity to win in a world replete with unprecedented peril as well as opportunity.

Data shows, however, that D&I progress has largely stalled. Consider the Korn Ferry Market Cap 100, which tracks extensive demographic and professional data on the boards of directors of the largest companies in the US. Boards remain predominantly white (Korn Ferry, 2017). White males comprise 72% of corporate executives at 16 of the Fortune 500 companies (Fortune, 2017).



The business case.

In Europe and the United States, companies with higher levels of diversity among their executive board members had better ROE (return on equity) and EBITs (earnings before interest and taxes) than companies with little executive board diversity. The same study found that companies with gender and/or culturally diverse executive teams were 21% to 35% more likely to outperform the competition (McKinsey, 2018). Yet another study showed that diverse teams made superior decisions up to 87% of the time, twice as fast, and with half the meetings (Cloverpop, 2017).

Women make up 45% the S&P 500 workforce, but only 5.2% of the S&P 500 CEO positions (Catalyst, 2018). Blacks and Latinos barely show up in 3% to 4% of executive positions (Hispanic Association on Corporate Responsibility, 2016).

With figures like these, how can organizations hope to master change?

The urgency, then, for D&I leaders to have an impact has become even more compelling. As Gwen Houston, former CDO with Microsoft, acknowledged, “We’re in a dynamic time, and this work needs to be taken to a new level. How diversity leaders show up as leaders of people is so important.”

Yet, something is clearly holding our D&I leaders back. Is it that our times are too volatile and disruptive and require fresh and inventive ideas from our diversity leaders? And if so, how can they best address the new phenomenon of political diversity? Are they prepared to respond to societal shifts? Can they engage and facilitate courageous yet constructive conversations across the divides? Have they the ability to take a stance when certain events happen in the political and social worlds?

Our research shows some D&I leaders have risen above the challenge and are making a transformative impact. What sets them apart? It’s a critical question, because the answer has important implications for what should be expected of today’s CDO.

Understanding the next generation of CDO leadership that is required to drive success is the subject of this paper. To explore it, we leverage world-class Korn Ferry data, combined with a rigorous talent assessment of more than 60 D&I leaders, and qualitative insights captured through in-depth interviews with four identified “best-in-class” CDOs. This work will help individuals and organizations see how CDO requirements have changed, and enable them to evolve the role from a diversity champion to a truly capable and influential organizational leader.

Looking back at the past.

To appreciate the need for CDO leadership to evolve in new ways to meet next-generation challenges, it’s worthwhile to look back first. After all, companies have been investing in approaches to D&I for decades. They began with foundational practices; for Elizabeth Nieto, global chief diversity and inclusion officer of MetLife, when she first started in the field, the compliance piece of diversity work was the emphasis, focusing on areas such as sexual harassment and employment relations.

But a lot has happened since then. Social movements. Globalization. An economic crisis.

David Porter, former executive director of the Walter Kaitz Foundation, which is focused on increasing diversity in the cable industry, recognizes that much has changed. “I have seen this work evolve. When I started, most companies didn’t have CDOs. Today it’s a best practice.”

But has the nature of the role of the diversity executive changed, too?

Deb Dagit, president of Deb Dagit Diversity and former chief diversity officer of Merck, reflected on earlier years, when “the people who took on leadership roles tended to come out of race relations, EEO, and affirmative action.” It was natural, therefore, for many diversity leaders to be characterized by a passion to advocate, right wrongs, and fight injustice. And while Houston recognized that “we started out as activists,” she affirmed that other leadership attributes are more important today.

What are these other attributes that are enabling some CDOs to gain the confidence of their organizations now, and will equip the next generation of CDOs to successfully navigate the future?

“We’re in a dynamic time, and this work needs to be taken to a new level.”

Gwen Houston, Former Chief Diversity & Inclusion Officer, Microsoft

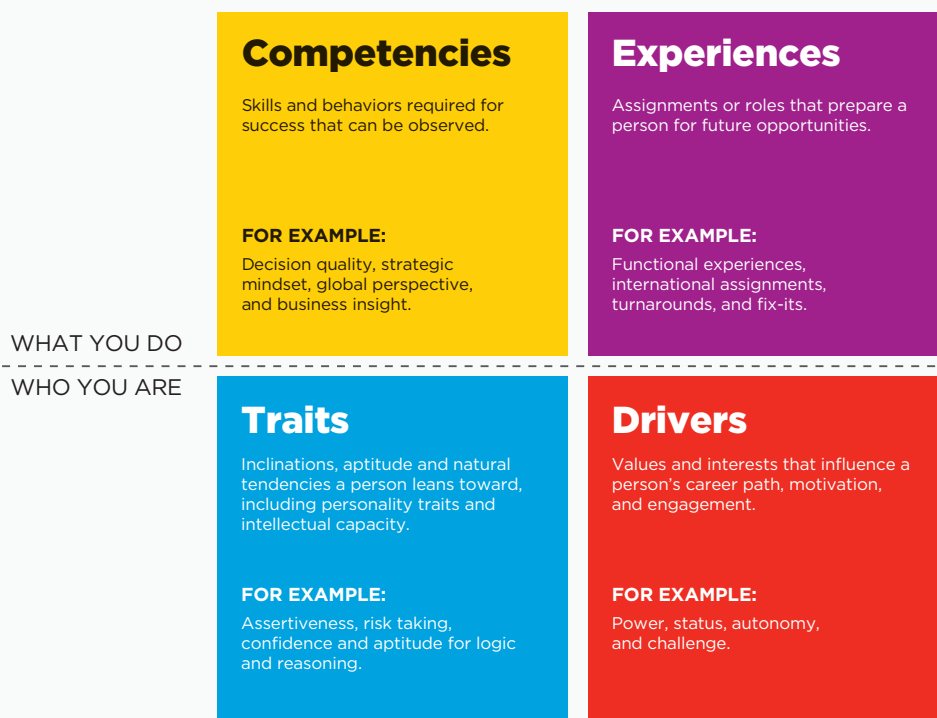
Understanding our research.

Korn Ferry studies have shown that leadership qualities have a bigger impact on business growth than market forces. We believe this would be true as well for diversity leaders: an organization’s ability to achieve breakthroughs in D&I that yield business results rely less on external forces and internal resistances than on the effectiveness and influence of the D&I leaders.

Our priority, then, was to identify a best-in-class profile for CDOs that would bring these capabilities to light. We leveraged our Korn Ferry Four Dimensions of Leadership model, which focuses on four talent dimensions: Competencies, Experiences, Traits, and Drivers. The qualities within each of these quadrants can be taken together to paint a complete picture or examined individually to focus on specific aspects of a person or an organization to determine what differentiates the transformative diversity leader from those who are treading water.

Korn Ferry Four Dimensions of Leadership and Talent

Korn Ferry’s Four Dimensions (KF4D) of Leadership & Talent is the talent intelligence engine that powers all our solutions and products. Based on millions of candidate profiles and leadership assessments in our database, it is our most credible tool yet for evaluating leadership talent.



The four talent dimensions are highly predictive of performance differences and can be correlated with key talent variables. As such, the talent dimensions reveal links between leadership performance and organizational outcomes. In the category of D&I, our research yielded rich insights into the role of the CDO and informed a new benchmark for diversity leaders that forward-looking companies can study and apply. Companies will benefit by understanding how its current diversity leaders stack up against this new benchmark. In addition, companies will gain insight into how to prepare for a smooth transition to the next generation to avoid losing hard-won ground.

Best-in-class is based in research and data.

With the Korn Ferry Institute, we evaluated successful 21st century leaders viewed through the KF4D model. This model reflects decades of research and is based on the world's richest data set with more than 7 million executive and professional candidate profiles and 2.5 million assessments. Our data spans every industry, job function, and leadership level from individual contributors to CEOs.

We conducted rigorous assessments of more than 60 D&I leaders, including 53 D&I executives and 14 individuals who we identified as best-in-class D&I executives. Our research concentrated on Competencies, Drivers, and Traits, which are the focus of this paper, since Experiences were not uniform and did not yield a consistent differentiator among the D&I leaders.

To understand how we pinpointed the 14 best-in-class D&I executives, we initially identified 11 outstanding D&I leaders, based on deep D&I expertise in our Executive Search and D&I Advisory Services consultancies. These 11 leaders had strong reputations and measurable proven performance. An analysis of the assessment data of these individuals validated their best-in-class status as they clustered around certain key attributes, proving that these leaders stood apart from the rest, and we labeled them “best-in-class D&I executives.” Using this data and with additive insights from four of the best-in-class D&I executives, we developed a best-in-class profile for CDOs as a benchmark. We then went back into the results of the group of 53, which we labeled “other D&I executives,” and identified three individuals who matched the best-in-class D&I executive profile and moved them into the best-in-class cohort (for a total of 14). While we are deeply familiar with a great many players in the field, the profile served as a tool that helped us discover best-in-class performers who had been outside our purview.

Identifying the requirements for a new generation of D&I executives.

Looking at key elements of data, we derived strong and valid predictors of successful D&I leadership based on areas of Traits, Drivers, and Competencies.

TRAITS

Personality traits are the natural inclinations or preferences that influence behavior.

In general, best-in-class D&I executives are achievement oriented—that is, go-getters who are comfortable presuming authority and readily take the initiative to drive the agenda.

At the same time, the best-in-class D&I executives do so in an interpersonally sensitive, tactful manner. They are likely to be sociable, approachable, and empathetic team players who enjoy influencing and motivating people by using a combination of social skills, logic, and data; when faced with disappointment or frustration, they remain tenacious in working toward long-range goals and maintain self-possession while under stress. It is no surprise, then, that they can doggedly work to establish relationships with people who are skeptical of, disinvested in, or even opposed to issues of diversity and inclusion.

Another aspect of traits is a focus on cerebral capabilities as observed through problem solving. As problem solvers, best-in-class D&I executives are flexible and intuitive, enjoy complexity, and seek a deep understanding of issues and their nuances. Houston affirms the importance of the problem-solving trait through her emphasis on analytics as a key skill. “When we think about CDO skills for the future, we cannot deny the importance of data analysis. We collect a lot of data, but volume is not as important as understanding what the data is telling us. We have to be good at this.”

At the same time, best-in-class D&I executives have a high tolerance for ambiguity such that they comfortably make decisions and forge ahead despite vague, incomplete, or even contradictory information. In other words, these are confident change agents who can “figure out what to do even when they don't know what to do.”

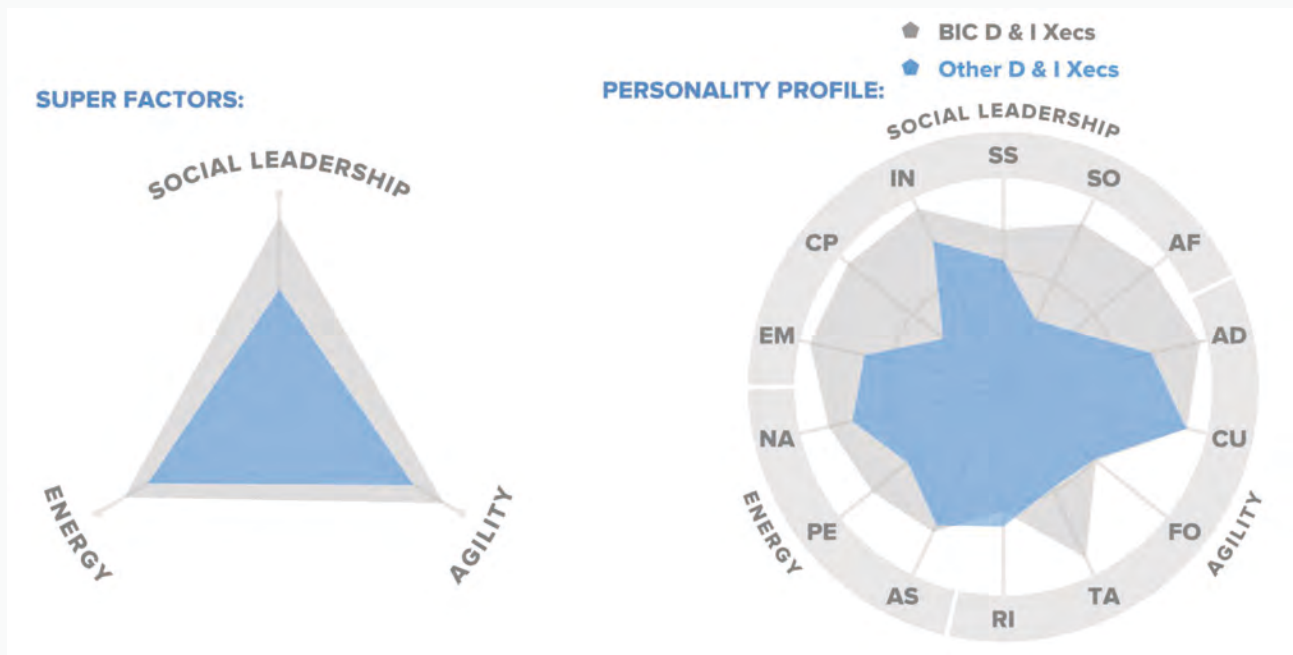


“A best-in-class CDO has to have courage and high organizational savvy. You’re exposed to different people, different levels and different cultural backgrounds in an organization. It is, therefore, very important to be able to understand the different nuances if you want to have real impact.”

Elizabeth Nieto, Global Chief Diversity & Inclusion Officer, MetLife



Figure 1
Comparing traits: Best-in-class D&I executives and other D&I executives.



Super factors key:

Figure 1 compares the traits of best-in-class D&I executives (gray) with other D&I executives (blue).

The Super Factors triangles provide a high-level overview of how these groups differ. The primary difference lies in Social Leadership, with those traits being more pronounced for the best-in-class group.

The circumplex graph on the right provides personality profile details regarding the specific components of each Super Factor: Social Leadership, Energy, and Agility.

Personality profile key.

Social leadership

- EM: Empathy. Being attuned to others' feelings, motivations, and concerns.
- CP: Composure. The ability to stay calm and poised in stressful, difficult, or ambiguous situations.
- IN: Influence. The ability to motivate and persuade others.
- SS: Situational Self-Awareness. The ability to stay attuned to one's own experiences, motivations, and reactions in the present moment.
- SO: Sociability. The natural inclination to engage with and interact with others.
- AF: Affiliation. A preference for aligning with a larger team or organization toward a common goal.

“One day, [my CEO] talked to me about Black Lives Matter and asked if he should make a donation. I appreciated his question, but I thought he had missed the point and gave him two books (on race and social justice) to read instead. He read them, and then assigned them to his leadership team. What’s more, he raised the question: How can we use our technology to rectify this social issue? That was a big shift.”

Gwen Houston, former Chief Diversity & Inclusion Officer, Microsoft

Agility

- AD: Adaptability. Comfort with unanticipated changes of direction or approach.
- CU: Curiosity. The extent to which a person is likely to tackle problems in a novel way, see patterns in complex information, and pursue deep understanding.
- FO: Focus. Preference for organization, procedure, and exactitude.
- TA: Tolerance of Ambiguity. Comfort with uncertain, vague, or contradictory information that prevents a clear understanding or direction.
- RI: Risk-Taking. A willingness to take a stand or take chances based on limited information.

Energy

- AS: Assertiveness. The degree to which people enjoy taking charge and directing others.
- PE: Persistence. A tendency toward passionate and steadfast pursuit of long-term goals, in spite of obstacles, discouragement, or distraction.
- NA: Need for Achievement. A tendency to work intensely to achieve and exceed difficult standards.

For example, top-performing CDOs know how best to respond to an instance of retail racism that becomes national news, how to turn a CEO’s specific question into a teachable moment, and what action to pursue when a playbook hasn’t yet been invented. What does this look like? For instance, following a highly visible racial incident, when the CEO asks, “Where should we make a donation?” to show the company’s diversity commitment, top-performing D&I leaders wouldn’t answer by simply naming a deserving nonprofit. Instead, he or she would guide the CEO and the leadership team to expand their thinking about race and the hidden role of bias in the company’s operations and policies, and thereby facilitate fundamental organizational changes.

DRIVERS

While personality traits tend to emphasize social influence, drivers reflect a person’s motivation and engagement. In the cases of the best-in-class D&I executives, they were largely motivated by opportunities for collaboration.

This means they enjoy group decision-making and building consensus. They value interdependence and seek to be in a role that requires them to pay attention to team morale, and to encourage and support the efforts of others.

At the same time, best-in-class D&I executives are fiercely independent self-starters who approach their work with an entrepreneurial mindset. In other words, they are independent thinkers who want the freedom to blaze new paths but do so in a “behind the scenes” manner that emphasizes engaging with and empowering others.

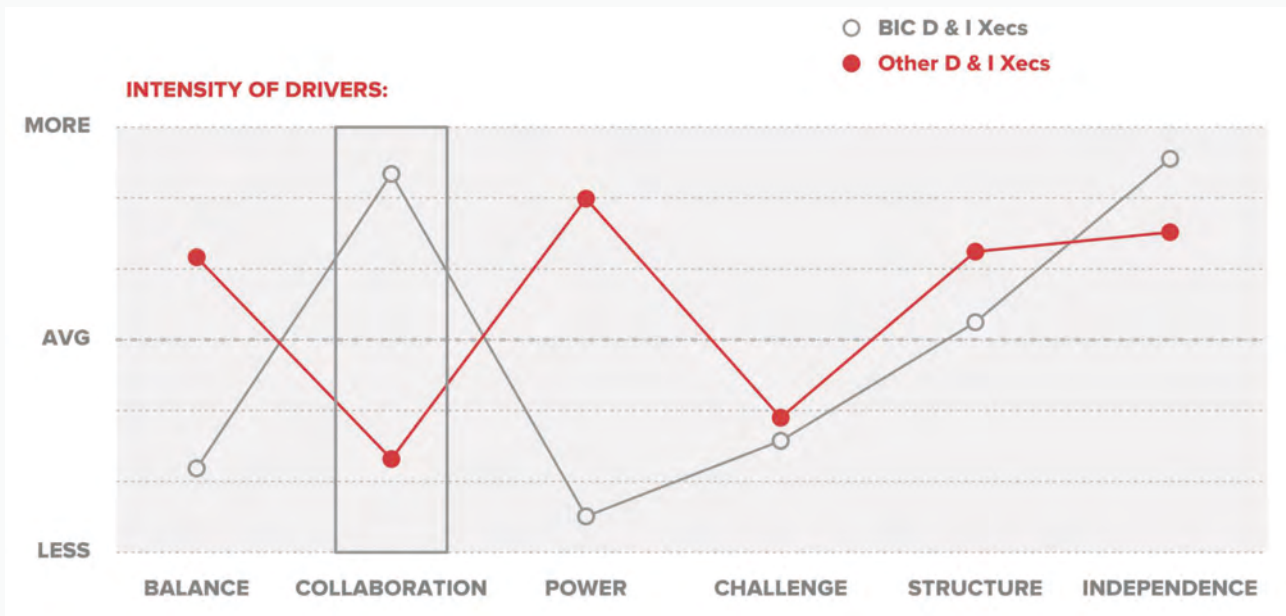
“A CDO needs to partner with others first. The CDO needs to make connections with countries and local experts.”

Deb Dagit, President
Deb Dagit Diversity



Figure 2

Comparing drivers: Best-in-class D&I executives and other D&I executives.



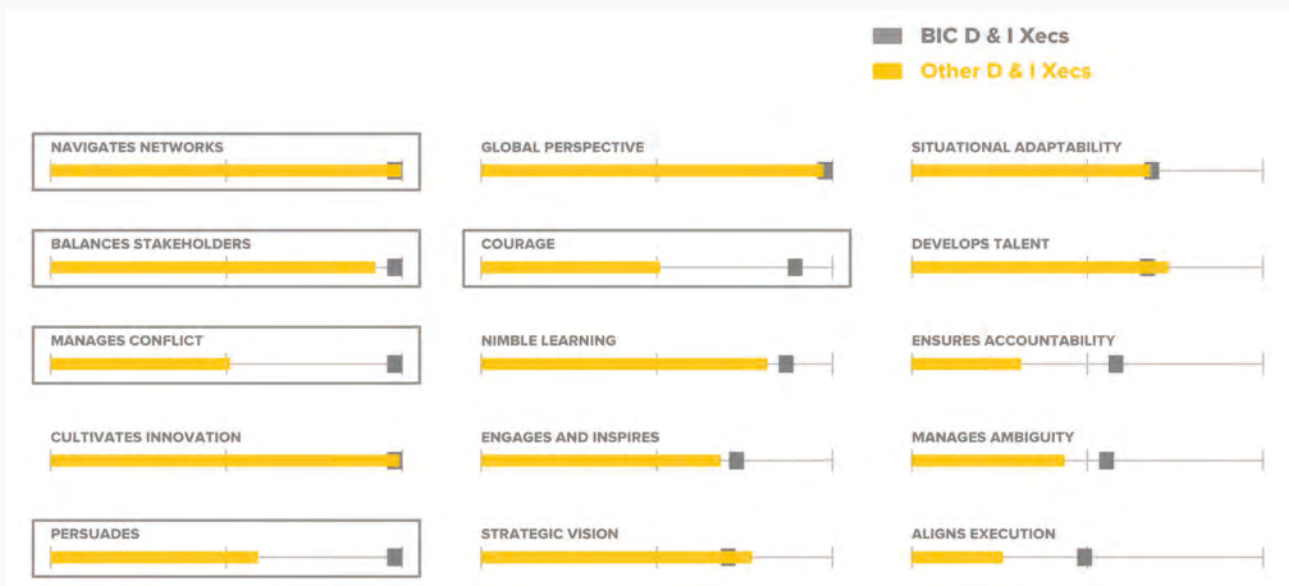
While the other D&I executives were also quite independent and entrepreneurial, they were the least motivated by collaboration. Said another way, they were most motivated by opportunities for prestige, status, and visibility within the organization. They sought to expand their scope of responsibility and advance their individual

careers. While this may feel for many of them as the way toward greater impact, it was not. As the best-in-class D&I executives demonstrated, the key to influence was about enabling others through collaboration.

COMPETENCIES

Our research indicated that traits and drivers alone do not ensure diversity leader success. Competencies, those observable skills and behaviors that an individual will need to succeed in his or her position, are also critical. Put simply, competencies indicate what an individual can do.

Figure 3
Comparing competencies: Best-in-class D&I executives and other D&I executives.



The best-in-class D&I executives had particularly strong relationship management and thought competencies, evidenced through managing conflict, persuasion, and courage. The best-in-class group also showed themselves to be quite good at modifying their style and demeanor to suit the interpersonal situation and audience to effectively work with a diverse range of people.

This means they are exceptional at building networks, connecting with people, and connecting people with each other to share information and resources to accomplish goals. These results compare to comments made by Porter, who stressed that “people who aren’t good in this role are too judgmental. Instead, you’ve got to be flexible to other people. You’re a role model and you want to show people how to be flexible to others.” The competency strengths also seem to align with the value that Dagit placed on communication and social media skills.

Best-in-class D&I executives must work through others to accomplish goals, and often do so by changing minds so that priorities, policies, and procedures will be altered. They also create a climate of trust in which people are willing to experiment and innovate to achieve the organization’s objectives. The element of trust extends in multiple directions, including to the CEO. As Porter comments, “Trust happens in different ways...In whatever way it happens, it takes time and the CEO needs to feel that the CDO is truly aligned with him or her to speak on the CEO’s behalf—which is the ultimate goal.” Lastly, best-in-class D&I executives are astute talent observers who excel at developing people to meet both their career objectives and the organization’s goals.

Regarding thought competencies, best-in-class D&I executives are strategic big-picture and holistic thinkers adept at viewing situations through a global lens, anticipating and appreciating the varying needs of all parties and stakeholders invested in outcomes, and cultivating an organizational culture that facilitates experimentation and innovation. Nieto described successful diversity leaders having “an awareness to what’s happening around us. For instance, immigration is an area of tension around the world. As I gain that knowledge I can bring it back to the organization.” This also corresponds to Houston’s observations that diversity leadership must be “globally astute.”

Other D&I executives showed many of the same strengths as best-in-class D&I executives. However, the latter group was notably better at managing conflict with a minimum of noise, behaving courageously by stepping up to address difficult issues and saying what needs to be said despite resistance, and delivering their message with compelling and persuasive arguments. That is, they can build consensus even in the face of difficult disagreements; they can speak truth to power; and they can communicate in a manner that changes minds.

This differentiator of courage is in line with Houston’s observations that diversity leaders

“A key ability for a CDO is to influence others. And a best-in-class CDO builds followership.”

Elizabeth Nieto, Chief Diversity & Inclusion Officer, MetLife

“cannot be afraid of the truth.” Likewise, Nieto affirms that a diversity leader “has to have courage and high organizational savvy.” Dagit, who frames courage around feedback, says: “If you see that a person is saying one thing and doing another, you have to have the courage to speak up. It makes the job really tough. In fact, I always say this job needs a hard hat and a construction vest. It’s hazardous duty!”

According to our research, best-in-class D&I executive competencies are in relatively low supply and are not easily acquired. Yet, they can be developed through a combination of persistence, opportunities for practice, and timely, candid feedback from mentors and colleagues.



Comparing best-in-class D&I executives to best-in-class CHROs and CEOs.

Another analysis of the best-in-class data revealed compelling parallels with top-performing chief human resources officers (CHROs) and CEOs.

We took our data set with millions of executive and professional candidate profiles and leadership assessments and compared our best-in-class data to CHRO and CEO profiles. With respect to top-performing CHROs and CEOs, the alignment was profound.

Best-in-class D&I executives might be slightly more sociable than CEOs, and marginally more analytical and data driven than CHROs, but by and large, all three have very similar personality trait profiles.

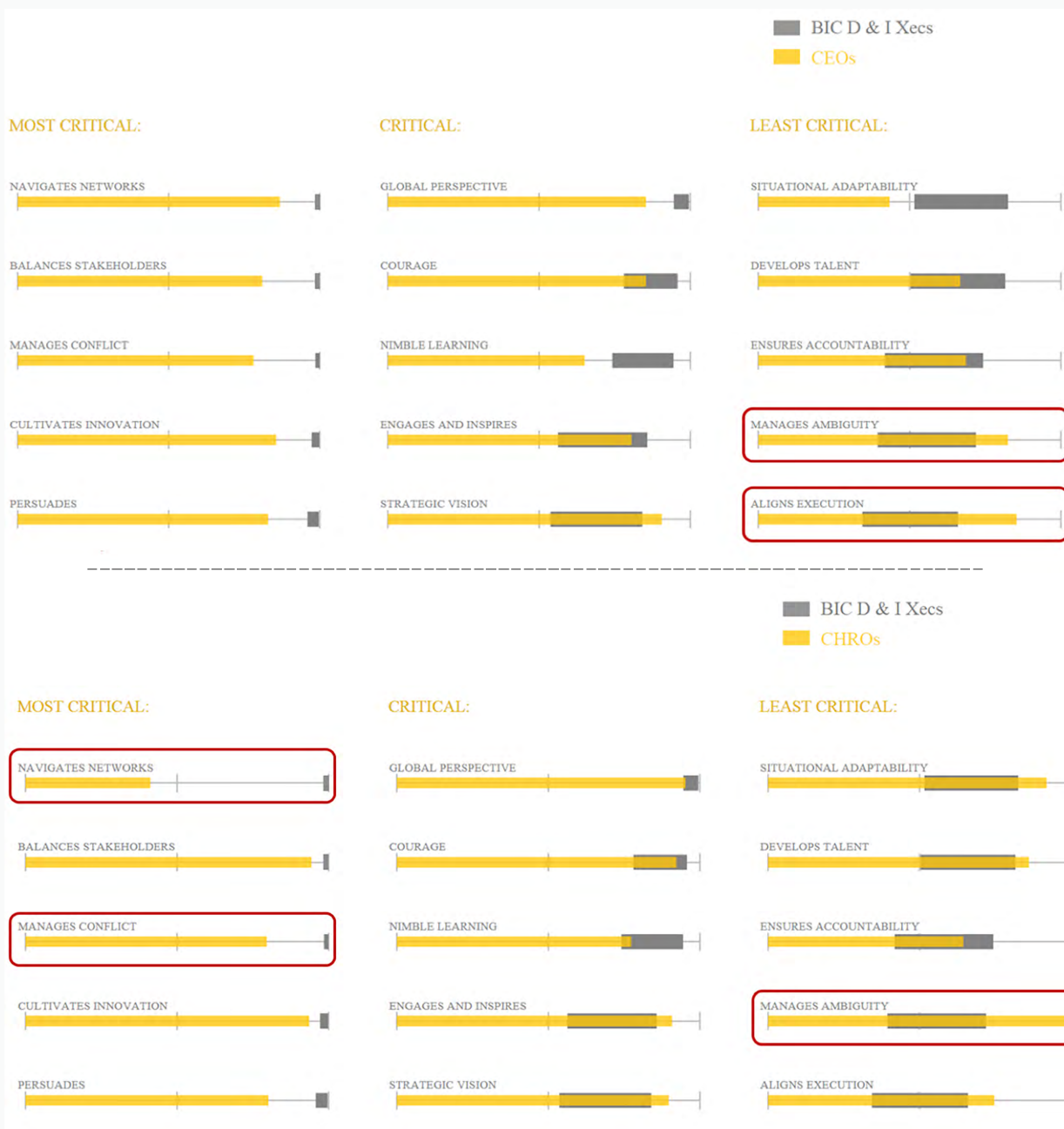
Figure 4



As the data shows, the three sets of leaders are much more similar than different in their competencies, as well. This is not surprising given that best-in-class D&I executives operate at the highest leadership level of an organization in influential ways.

Where they do differ appears to be in competencies that best-in-class D&I executives don't tend to use: CEOs and CHROs, both of whom have broader mandates than diversity leaders, are more skilled in managing ambiguity, making plans, and allocating resources. Best-in-class D&I executives, on the other hand, have stronger interpersonal strengths in navigating networks and managing conflicts, compared to CHROs.

Figure 5



"The CEO needs to feel that the CDO is truly aligned with him or her to speak on the CEO's behalf—which is the ultimate goal."

David Porter, Former Executive Director, Walter Kaitz Foundation

The complete picture of the next-gen CDO.

In summary, best-in-class D&I executives are naturally curious and innovative leaders who demonstrate sociably engaging behaviors and excel at building collaborative relationships, tactfully winning people over with compelling arguments, fostering a culture that supports innovation and experimentation, and tolerating ambiguity and change. They don't get lost in the weeds and possess the learning agility to make decisions when faced with unfamiliar or novel problems that don't have a clear playbook of obvious answers.

Counterintuitively, they are much more similar to current C-suite leaders than to diversity activists of years ago.

Over the past two decades, organizational sophistication regarding issues of diversity and inclusion have greatly evolved. Similarly, the nature of the CDO role has evolved.

Across all those years, diversity leaders have sought to bring about positive change, but their specific goals and approaches tended to differ.

Diversity leaders in the "early days" were typically activists aiming to right organizational wrongs, such as blatant discriminatory hiring and promotion practices, by instituting policies, procedures, affirmative action programs, and focusing on compliance with such changes. They also focused on prodding organizations to "celebrate diversity" through one-off diversity training programs.

As a result, those diversity leaders were usually solo activists waving a flag for diversity within an organizational context of marginalization and tokenism. They were often in a role that required them to "go it alone" as they fought for respect, leadership visibility, and credibility.

Today, however, the best-in-class D&I executives operate in organizational environments that consider diversity and inclusion as business imperatives. The rapid diversification of the population, the globalization of business, the fragmentation of markets, the exponential increase in the sharing of diversity-related experiences, observations, ideas, and opinions across social media, and the shifting role of CEOs from bottom-line leaders to societal influencers have all contributed to the evolution of how companies take into account diversity and inclusion. As a result, current best-in-class D&I executives serve less as solo activists and more as collaborative change partners who work with others to evolve their organizations.

Given the profound evolution of the D&I leadership role, today's diversity leaders may find it useful to reconsider what they will need to become top performers in the coming years. One approach is to compare their own traits, competencies, and motivational drivers with those that are characteristic of best-in-class D&I executives. They might ask themselves: Do I have the predisposition to shift from being an activist, striving for visibility and who fixes problems, to a team player who works behind-the-scenes to alter the way that business operates? Do I have the capability to initiate and nurture relationships, collaborate in all directions, and maintain my composure no matter the circumstances? In fact, they may want to ask whether they have the skills and inclinations to be a C-suite-level leader.



Achieving the D&I breakthrough.

As numerous studies have proven, there is a connection between the diversity of our organizations and organizational performance in the highly diverse, multicultural marketplace. From the diversity of our boards linking with shareholder value, to the diversity of our management yielding higher performance, to diverse teams delivering our products and services faster and better—all measures make the case. “The opportunity for the CDO to be a beacon of light, especially at this time, is huge,” says Houston.

Yet, to date, the ability of organizations to become significantly more diverse and inclusive have disappointed. And as we are faced with mounting change across governments and policies, industries and generations, and the pressure to stay ahead of demand for technology and innovation, diversity and inclusion has never been more crucial. But this will require a new cohort of leaders—the next generation—with the right Traits, Drivers, and Competencies.

To set up this next generation of diversity leaders for success requires a profile to target. Our research, both quantitative and qualitative, provides that profile of the best-in-class D&I executive, which is crucial to any company looking to thrive in today’s dynamic world or any individual looking to grow and develop into a top-performing D&I leader with executive impact.

“I love my job because I see the impact we are having on helping our society evolve. I can help improve my organization. I can help employees and their families. I can touch the communities where we do business.”

**Elizabeth Nieto, Global Chief
Diversity & Inclusion Officer, MetLife**

Leveraging this research can help any organization identify the precise areas where strategy and diversity leadership talent are aligned—or where there are opportunities to close the gaps.

With the right diversity leadership so critical for measurable and effective change, organizations can’t leave to chance that their CDO is up to the task. The stakes, when it comes down to candidate selection, demand greater certainty.



Contributors



Andrés T. Tapia

Senior Client Partner, Global Diversity & Inclusion



Louis Montgomery

Practice Leader ,
Human Resources and
Diversity Officers,
Professional Search



Karen H.C. Huang, PhD

Senior Manager, Search
Assessment

Resources

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About Korn Ferry

Korn Ferry is a global organizational consulting firm. We help clients synchronize strategy and talent to drive superior performance. We work with organizations to design their structures, roles, and responsibilities. We help them hire the right people to bring their strategy to life. And we advise them on how to reward, develop, and motivate their people.