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BUSINESS

# Demand for Chief Diversity Officers Is High. So Is Turnover.

Frustrated by talk but little action and a lack of resources, many diversity executives find themselves rotating through C-suites



Sharon Hall, the longest-serving Black partner at executive-recruiting firm Spencer Stuart, has noticed a cycle: CDOs are appointed to a role, only to discover that corporate promises fall flat.

PHOTO: SPENCER STUART

By [Chip Cutter](#) and [Lauren Weber](#)

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It's one of the hottest jobs in America—and it has a revolving door.

U.S. companies are rushing to hire chief diversity officers or elevate existing leaders to the position in the midst of pressure to address racial divisions and inequities within their

organizations.

The role has long been marked by high turnover, with many in the position, known as CDO, leaving over a lack of resources, unrealistic expectations and inadequate support from senior executives, according to current and former CDOs.

They also move because they are in high demand, according to recruiters, who say average tenure is about three years.

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People attracted to the position “see themselves as change agents” yet often end up disillusioned, said Pamela Newkirk, author of “Diversity, Inc.: The Failed Promise of a Billion-Dollar Business.”

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“When they get in these institutions, they can find they don’t have the ability to effect change,” she said.

In recent weeks, the real-estate firm [CBRE Group Inc.](#), [CBRE +1.09% ▲](#) [General Electric Co.](#) [GE +2.59% ▲](#) and the in-demand video tool company [Zoom Video Communications Inc.](#) [ZM +0.35% ▲](#) all named new diversity chiefs, while [Facebook Inc.](#) [FB -0.47% ▼](#) promoted its

existing CDO, Maxine Williams, to report directly to Sheryl Sandberg, the social-media giant's chief operating officer.



Maxine Williams, chief diversity officer at Facebook, now reports directly to Sheryl Sandberg, the company's chief operating officer.

PHOTO: FACEBOOK

Christie Smith was [Apple Inc.](#)'s [AAPL +4.22% ▲](#) head of inclusion and diversity until she left the company recently, making her the third person to vacate that role after less than three years in the job. In a recent LinkedIn posting, Ms. Smith said that in working on diversity issues for 30 years she has “seen firsthand the systemic racism that exists in many organizations.” Chief Executive Officer Tim Cook said in a recent video that there is “more we can, and must do” to hire and support Black colleagues.

The former head of diversity at [Morgan Stanley](#) [MS +2.94% ▲](#) sued the bank last month, saying it hadn't done enough to promote people of color and that it fired her in December for pushing it to move faster. The bank has rejected the allegations.

Executive recruiters said that there has been a surge in inquiries in recent weeks from companies looking to hire CDOs and that many have jumped from one job to another for greater compensation and influence.

“It's incredible,” said Tina Shah Paikeday, leader of the diversity and inclusion advisory practice at Russell Reynolds Associates, adding that the recent focus on social justice in the wake of the killing of George Floyd while in the custody of Minneapolis police has boosted interest in the role.

Roughly half of S&P 500 companies employ a chief diversity officer, according to Ms. Paikeday, and a 2019 study by Russell Reynolds found that 63% of diversity chiefs in the S&P 500 had been appointed or promoted to their roles within the past three years. They work on a wide set of priorities, from bringing about more-equitable hiring and promotions to weighing in on product decisions. They are often tasked with addressing multiple categories of diversity, such as race, sexual orientation and gender.

The median base salary of a chief diversity and inclusion officer at U.S. companies with more than \$3 billion in revenue is \$350,000, according to research from the global consulting firm Mercer. The median total compensation, which also includes bonuses and long-term incentives, is \$600,000.

Sharon Hall, the longest-serving Black partner at the leadership advisory and executive recruiting firm Spencer Stuart, has worked on diversity issues for 20 years and has noticed a cycle: CDOs are appointed to a role, only to discover that corporate promises fall flat.

“I get the call, ‘Oh, Sharon, I just got this great chief diversity officer job, it’s going to be wonderful. They’re looking for so much change,’” Ms. Hall said.

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'If everybody were perfect, then you wouldn't need us,' said Korn Ferry's new chief diversity officer, Michael Hyter.

PHOTO: KORN FERRY

She advises them to stay in touch with her and keep their résumés updated in case business priorities change. "They'll call back in 36 to 48 months and say, 'My God, how did you know?'" Ms. Hall says. "They're looking to get out."

Those who have held the position of CDO said it is taxing on many levels. "It requires an emotional muscle unlike any role I've ever worked in," said Joy Fitzgerald, the chief diversity and inclusion officer at [Eli Lilly](#) [LLY +5.24% ▲](#) & Co. "You're dealing with polarizing topics, and these topics and issues are very nuanced. There are not a lot of best practices you can point to that are easy or quick. You have to be comfortable knowing that the norm is managing discomfort."

How organizations structure reporting lines affects the role, Ms. Hall said. If a CDO reports to the general counsel, the role is often focused on compliance issues. Those reporting to the head of human resources may pay more attention to recruiting, while diversity executives in marketing might be more attuned to protecting a company's image.

The greatest opportunity for broad influence comes when a diversity chief reports directly to the CEO, she said.

Longtime diversity executives said the space can suffer from rhetoric when it is specific goals that matter. Gerri Mason Hall is the chief diversity and social responsibility officer for the Americas at [Sodexo](#), [SDXY 1.80% ▲](#) a food service company. Her team sends out a scorecard to managers every month, listing the rates of hiring, retention and promotion by gender and race, among other things.

She has a team of 10, reports to her CEO and said organizations tend to be successful when they treat diversity goals the way they do other business priorities that result in better profits. "What is the company trying to accomplish?" she asks. "Is it really you just want to put on a show?"

The coronavirus pandemic only complicates diversity work. If fewer people leave their jobs in a retrenching economy, it may be tougher to change the makeup of an organization through more diverse hiring, for instance. Facebook's Ms. Williams outlined an ambitious goal in 2019 to have women, Black, Latino and other underrepresented groups make up 50% of its workforce within five years.

"We didn't set these goals knowing Covid was coming," she said. "Where you hire from, what types of jobs you hire from, all of that is going to now be different."

Diversity executives said they hope the current public attention on race will help their ability to be more effective. And many said they feel they have already been able to have an impact, despite the challenges. In her seven years at Facebook, Ms. Williams said, her team has repeatedly tried different tactics, with some working better than others. A pilot in 2015 to ensure job openings had a diverse slate of candidates proved successful and has since been rolled out across the company.

"We've spent these years building, testing, learning, trying and deploying, and where we are now is in this phase of getting to consistency," she said. "We kind of know what we

need to do; let's do it consistently.”

Newly appointed CDOs said they have been upfront about the challenges. When the executive search and advisory firm [Korn Ferry](#)'s [KFY +1.41% ▲](#) new CDO, Michael Hyter, was asked by employees in a recent town hall about the size of his team, he responded: the entire company.

“If everybody were perfect, then you wouldn't need us,” he said. “The objective is to help people grow versus expect people to just bow down and comply.”

One of the toughest demands of the job, many CDOs said, is persuading other executives to make diversity a priority. Mr. Hyter, who has worked in various roles at Korn Ferry since 2012, said leaning on existing internal relationships within a company can help. He is reporting to the CEO.

Kelley Johnson, a former CDO at [J.C. Penney Co.](#) [JCPNQ -5.25% ▼](#), who now runs a coaching firm focused on issues of inclusion, said she speaks with CDOs in many sectors who say that support from their companies and peers is lacking.

Their “departments are often the smallest, they're often the least-resourced from a budget perspective, staffing levels,” she said. “And yet they are responsible for influencing and creating wholesale systematic change.”

—*Tripp Mickle contributed to this article.*

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