



Chief Diversity Officers Today: Paving the Way for Diversity & Inclusion Success

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a Weber Shandwick consultancy

 **KRC RESEARCH**

Introduction

As evidence mounts of the positive contributions to company success from having diverse workforces, there is also a growing need for a leader to spearhead the diversity and inclusion (D&I) function and align that function with overall business strategy.

Data from the [Indeed Hiring Lab](#) shows a rising demand in D&I job postings, with an 18% increase between 2017 and 2018 and a 35% increase between 2016 and 2018. Yet to our surprise, we found relatively scant publicly available information about these increasing corporate roles and, in particular, the position of the senior-most D&I officer in a company, often titled Chief Diversity Officer (CDO). We decided to conduct our own research among D&I professionals to fill this void. The result is the following report, *Chief Diversity Officers Today: Paving the Way for Diversity & Inclusion Success*, which focuses on two significant areas of learning:

1. The roles and responsibilities of CDOs and the challenges facing them today
2. The best practices of D&I functions that are well-aligned with the business strategy of the firm

The findings come from a survey commissioned by global communications and marketing solutions firm Weber Shandwick and management consultancy United Minds in partnership with KRC Research.

Our survey of 500 senior-level corporate D&I professionals, which includes a subset of 168 CDOs, finds that although half of all D&I professionals strongly believe that internal support for D&I efforts is integral to the success of D&I, such support is not materializing on a large-scale basis, leaving corporate D&I functions short of achieving alignment. Even CDOs cite their biggest job challenge as making the business case for D&I, suggesting an uphill climb for alignment.

As our study shows, the consequences of “alignment” present the potential for high reward to company reputation, employee retention and even financial performance. It is rapidly becoming imperative that this opportunity be leveraged in order for companies to realize the returns on their growing D&I investments, which are sizable: McKinsey reports that about [\\$8 billion a year is spent on diversity trainings](#) in the United States alone. Perhaps this leads D&I professionals in our study to report widespread optimism for the future of D&I.

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It has long been understood that strategic D&I alignment requires organizational commitment from the top. While our study shows a strong correlation between alignment to overall business strategy and positive business results, the fact is that companies are not making the required investments to maximize the benefits of their D&I initiatives. Our study should be a call to action to companies to bring the D&I function in line with the organization's overall business goals and genuinely infuse commitment throughout the enterprise.

Gail Heimann
President and CEO
Weber Shandwick

What we did

Weber Shandwick and United Minds commissioned KRC Research to conduct an online survey of 500 individuals in the U.S. who are senior-level professionals responsible for diversity and inclusion at their organizations. The survey was fielded March 4–27, 2019.

Respondents were screened to qualify for the study as follows:

- Work full-time for organizations with annual revenue of at least \$500 million
- Are 18 years of age or older
- Spend at least some of their time on the job dedicated to diversity and inclusion
- Are the senior-most D&I professional, share the senior-most D&I responsibilities or report to the senior-most D&I professional in the company.

One-third of diversity and inclusion professionals (34%) identified themselves as “senior-most” in their function. For the purposes of this report, we label them Chief Diversity Officers (CDOs), although their titles vary widely.





The profile of today's CDO

Within our survey, we examined the professional background and job responsibilities of CDOs, those who hold the senior-most D&I position in their organization.

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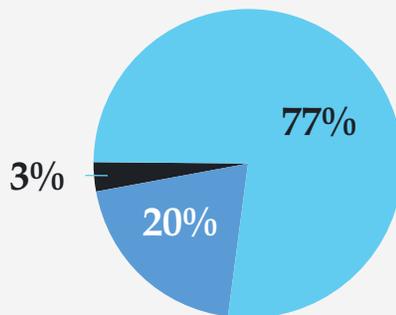
CDOs have been in their current position for an average of nearly eight years. Most were responsible for D&I in their previous job (77%) and were typically internal hires, transfers or promotions (74%).

Professional Background (Total CDOs)

Number of years in current position (Average)

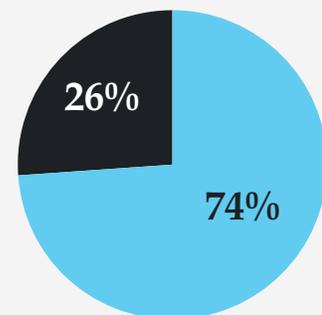


Amount of time in prior job was dedicated to D&I



● All/Most
● Some
● Not much/None

Internal/external hire

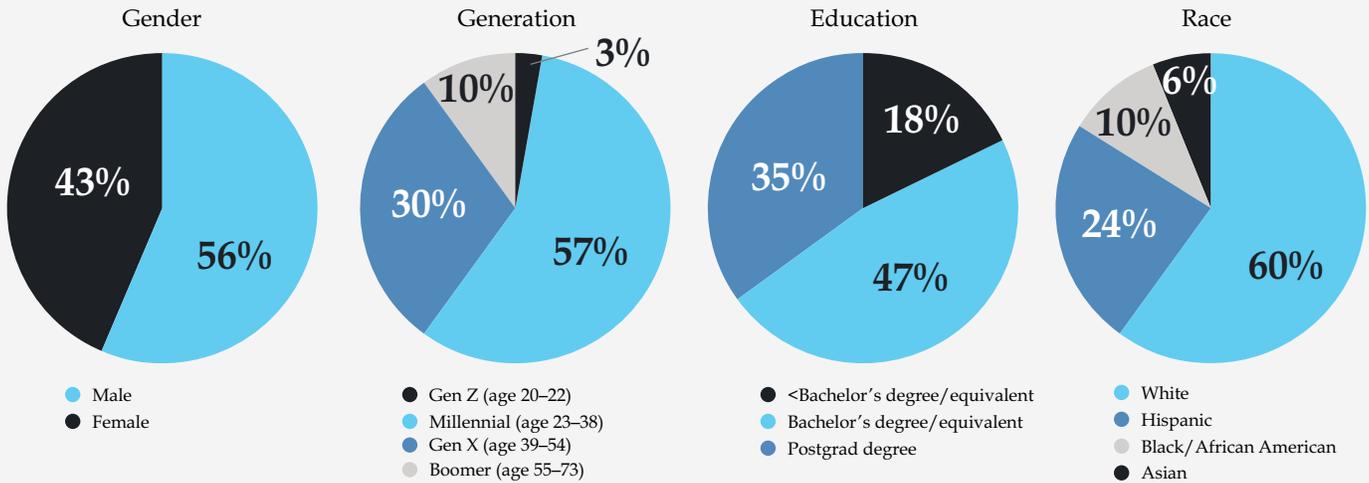


● Hired from within company
● Hired from outside company

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Demographically, CDOs in our study skew male (56%), Millennial and Gen X (87%), college-educated and higher (82%), and white (60%).

Demographics (Total CDOs)



Percentages do not add up to 100 when respondents chose "Prefer not to respond" or "Other"

Interestingly, CDOs' direct reports are more than twice as likely to be Boomers than CDOs are (22% vs. 10%, respectively). This may be a red flag that there is a gap in the pipeline for CDOs. Direct reports to CDOs are also significantly more likely than CDOs to be women (59% vs. 43%).

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CDOs have multiple reporting lines, with an average of 2.1 people they report to. They most typically report to a C-suite executive (69%), with four in 10 reporting to the CEO (39%).

Title of Person CDO Reports to Directly	Total CDOs
Any C-Level position	69%
Chief Executive Officer	39%
Chief Human Resources Officer	17%
Chief Operating Officer	13%
Chief Financial Officer	13%
Chief Communications Officer/Head of Corporate Affairs/Head of Public Relations	11%
Chief Compliance/Ethics Officer	10%
Chief Corporate Social Responsibility Officer/Chief Sustainability Officer	10%
Chief Legal Officer	9%
Chief Marketing Officer	7%
Business Unit Head	23%
Board of Directors, Executive Board/Council	29%
Corporate Foundation, Social Impact Council	8%
President	8%

Percentages add to more than 100 because 36% of CDOs report to more than one person

2.1
Average number of people CDOs report to

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CDO interactions with leadership are frequent, averaging at least one per month with the CEO and slightly fewer (10 per year, on average) with the Board of Directors.

12.5

Average number of annual CDO interactions with CEO

9.6

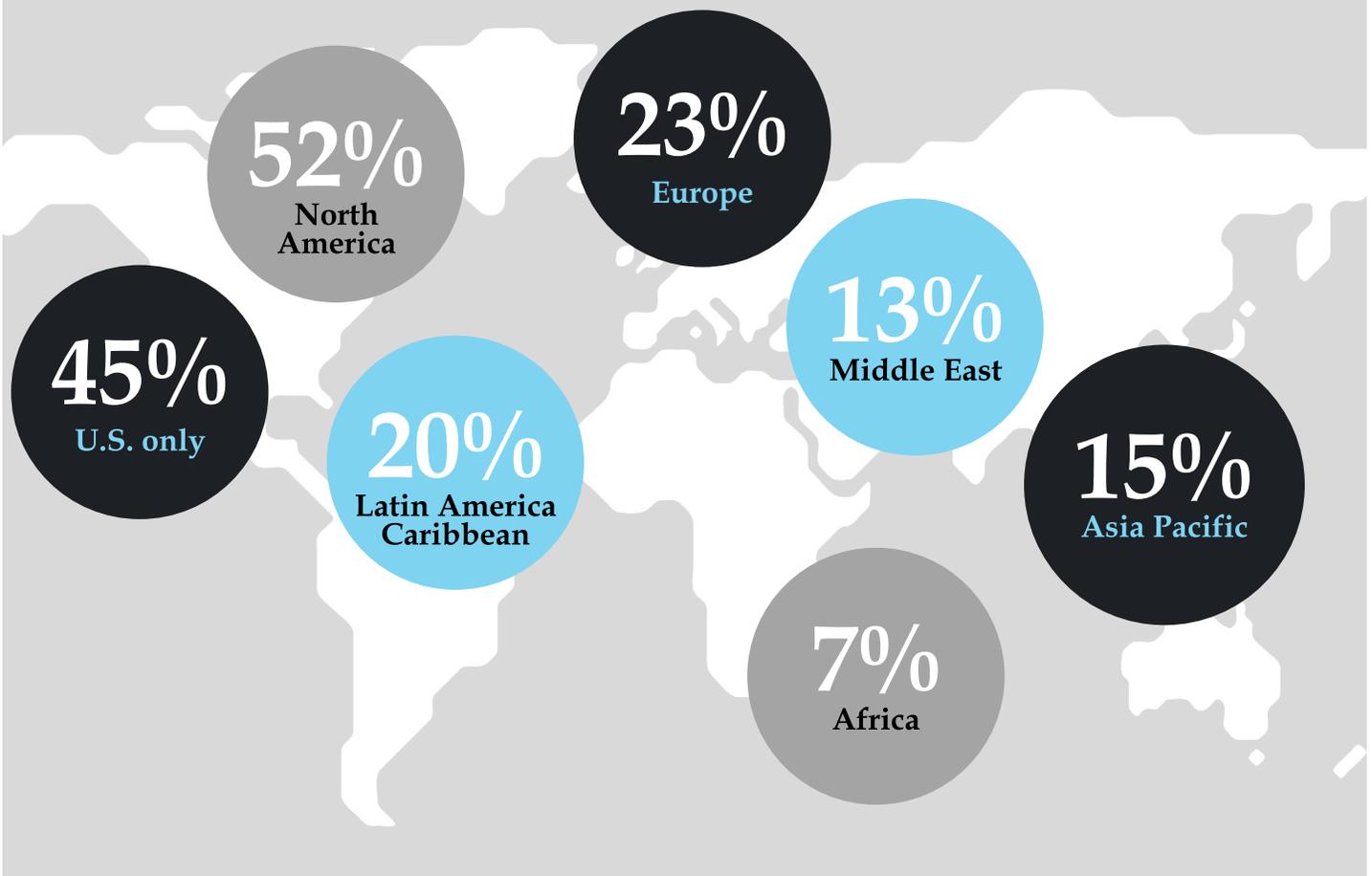
Average number of annual CDO interactions with Board of Directors

(Among CDOs with tenure of one year or more)

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Most CDO responsibilities span international borders, with 55% having responsibilities that extend beyond just the U.S.

Regional D&I Responsibilities (Total CDOs)



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CDO job priorities vary widely. They most commonly anticipate their next 12- to 18-month priorities to be equal parts recruitment and retention of diverse talent; D&I training, learning and development; and fostering a diverse and inclusive culture (33% each).

D&I Priorities for Next 12–18 Months

Total CDOs

Recruiting and retaining diverse talent	33%
Diversity and inclusion training, learning and development	33%
Fostering a diverse and inclusive workplace culture	33%
Establishing organizational diversity goals	24%
Better alignment with the company’s overall business strategy	24%
Communicating diversity and inclusion activities to employees	23%
Employee career advancement and succession planning	20%
Demonstrating ROI for diversity and inclusion or proving the business case	20%
Mentoring or counseling employees	17%
Communicating diversity and inclusion activities to stakeholders outside the company	17%
Ensuring suppliers and vendors are diverse	16%
Adhering to government and compliance policies	13%
Overseeing Employee Resource Groups (ERGs) or affinity groups	13%

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Many factors weigh heavily into CDOs’ performance evaluations. CDOs report that the top three most important measurements of their success are employee engagement (73%), retention rates (62%) and recruitment (61%). Accountability to the company’s overall financial performance comes in at a strong fourth place (58%).

Very Important to Measuring Personal Job Performance

Total CDOs

Employee engagement	73%
Employee retention rates	62%
Employee recruitment	61%
Overall company financial performance	58%
Employee career advancements	58%
Subjective assessment by the CEO or other organizational leaders	54%
Results from employee surveys and culture audits	51%
Number of requests for speaking engagements you or your team receive	51%
Formal awards, recognition and rankings for diversity and inclusion	48%
Turnout at diversity and inclusion-hosted events	46%
Media coverage of diversity and inclusion activities	44%

More than four in 10 CDOs are evaluated on factors that require collaboration with marketing and/or communications professionals, whether that is internal or external support. From speaking engagements (51%) to media coverage (44%), CDO performance measurements extend far beyond engagement, retention and recruitment and depend on a close working relationship with those who can successfully get the right visibility for D&I.

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CDOs rely considerably on external partners to achieve D&I goals. They report that their three most important external partners for achieving their D&I goals are recruiters (56%), communications and marketing organizations (55%) and industry peers (53%).

Very Important External Partners in Achieving D&I Goals

Total CDOs

Recruiters	56%
Communications, PR and marketing agencies and services	55%
Industry peers	53%
D&I membership organizations or associations	52%
Management consultancies	50%
Academia	48%
Media	46%
National government officials	46%
Community/nonprofit organizations	45%
Community or national advocacy groups	42%
Investors	41%
Local government officials	40%

Skills and experiences for CDO success

The survey asked respondents to identify professional experiences that they consider important for D&I leadership success.

Top Professional Experiences Most Important for Success as a D&I Leader (Total CDOs)

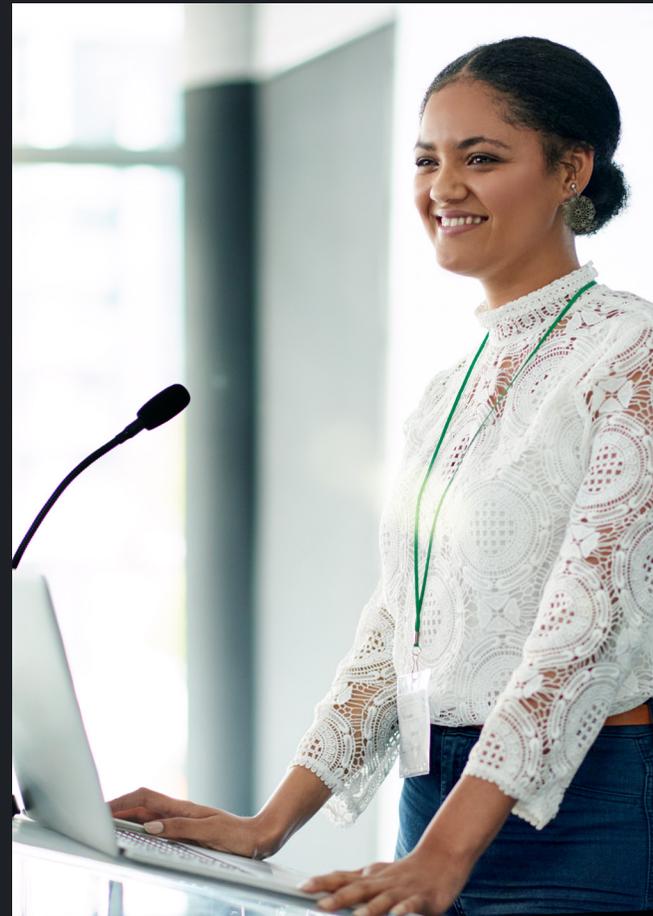
#1 Human resources (34%)

#2 Extensive D&I background (29%)

#3 tie Local community work or activities (22%)
Global work (22%)

#4 Senior-level leadership (21%)

#5 Technology or digital (20%)





Challenges faced by CDOs

The survey explored the challenges that CDOs face in the context of achieving D&I goals. Challenges ranged from personal job challenges to those that are rooted in the company.

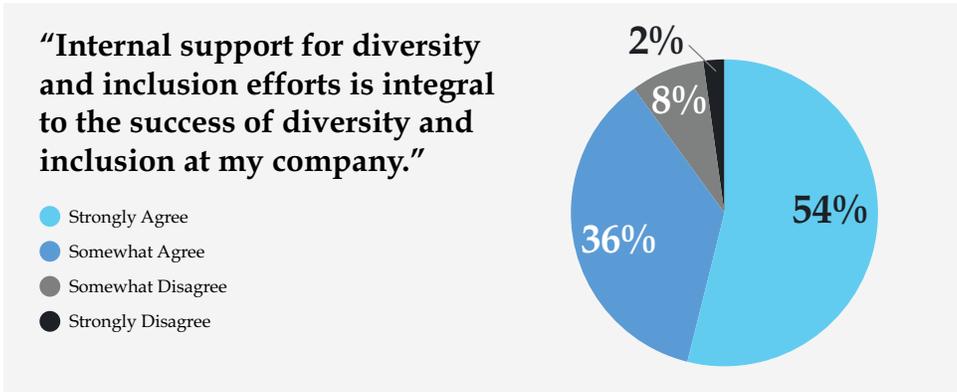
CDOs say that their top personal job challenge in achieving their D&I goals is making the business case for D&I (27%), followed closely by externally communicating D&I values and outcomes (26%).

Challenges CDOs Personally Face in Achieving D&I Goals	Total CDOs
Making the business case for diversity and inclusion	27%
Making diversity and inclusion values or outcomes visible externally	26%
Budgetary constraints	24%
Limited staffing	23%
Lack of integration with other functions/ diversity and inclusion is siloed	23%
Leadership demands for diversity and inclusion	22%
Undefined or inaccurate metrics for success	20%
Ambiguity of roles or responsibilities	19%
Lack of adequate C-suite support	18%
Not aligned, or not well-aligned, with the overall business strategy of the company	15%

Organizational culture is the top challenge at the company level standing in the way of achieving D&I goals (32%), followed by events external to the company (30%) and most probably affecting wider society. Notably, fatigue over D&I is a top three challenge cited by approximately one in three CDOs (29%).

Challenges Standing in Way of Company D&I Goals	Total CDOs
Organizational culture	32%
External cultural/societal/sector shifts	30%
Diversity and inclusion fatigue	29%
Customer demands for diversity and inclusion	29%
Employee engagement	29%
Structural changes in the company	27%
Change in the company leadership	27%
Employee demands for diversity and inclusion	26%
Organizational crises	26%
Diversity and inclusion crises and issues	22%

Support from internal stakeholders is perceived as necessary for overcoming these many challenges. More than one-half of CDOs (54%) strongly agree with the statement, “Internal support for diversity and inclusion efforts is integral to the success of diversity and inclusion at my company.” Only 10% disagree.



While this sentiment may not sound surprising, CDOs are faced with a different reality. The reality of the D&I function is commitment to such internal support is often lacking. Our survey identified several factors among the broader D&I professional group, the full survey sample including CDOs, that point to areas of deficiency when it comes to ensuring D&I activities are embedded in business goals. For the D&I function to be successful, some glaring issues need to be remedied:

- **Not all D&I functions have a dedicated leader.** Only 34% of surveyed D&I professionals hold the CDO/senior-most D&I position in their organization.
- **D&I is a part-time job for many.** 40% of all D&I professionals report that just some of their time on the job is dedicated to D&I. Only 28% are fully dedicated to D&I, indicating a lack of resources and commitment from the top to allow for full-time focus.
- **Alignment is not a top priority.** Only 18% of D&I professionals choose “better alignment with the company’s overall business strategy” among their top three D&I priorities for the next 12 to 18 months. And, according to a study from Russell Reynolds, “A Leader’s Guide: Finding and Keeping Your Next Chief Diversity Officer,” only 27% of chief diversity officers say business strategy is a driver of D&I strategy.

Our survey shows that D&I functions in corporate America generally need stronger internal support for their success. The next sections of our report demonstrate how aligning D&I to the overall business strategy reaps rewards and provide guidance on how to achieve alignment.

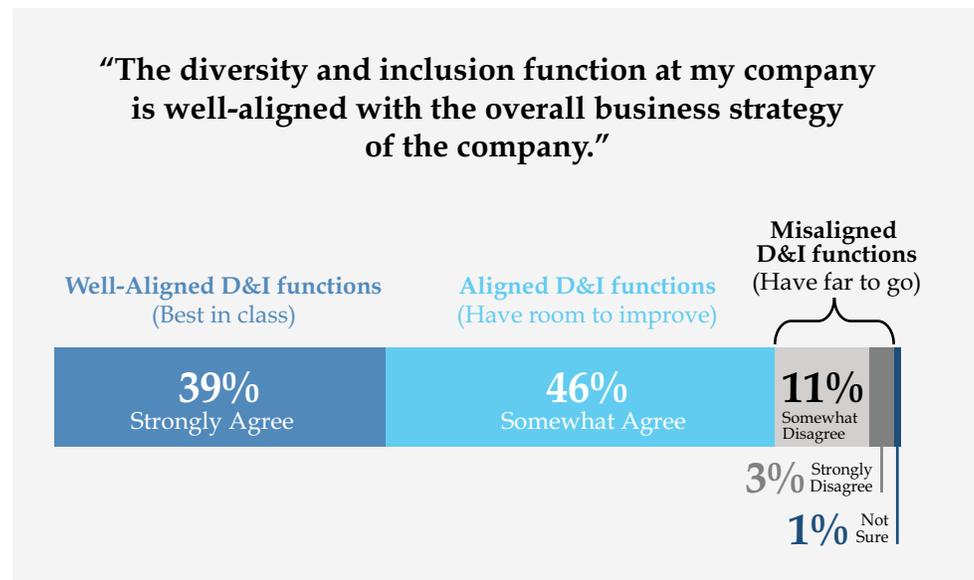
The business case for D&I alignment with company strategy

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From what we have learned, companies with the most successful D&I functions commit the resources to D&I and ensure it is integrated into the culture and larger business strategy of the organization, including Human Resources. Alignment doesn't happen by accident. It is fostered deliberately through leadership, CEO support, financial accountability and strategic communications.

Tai Wingfield
SVP of United Minds
and Weber Shandwick's
DEI lead

To understand the state of alignment today, we examined a continuum of D&I professionals based upon their report of strategic alignment with their companies' overall business objectives. To do this, D&I professionals were asked about their agreement with a statement on their alignment, and responses were divided accordingly.



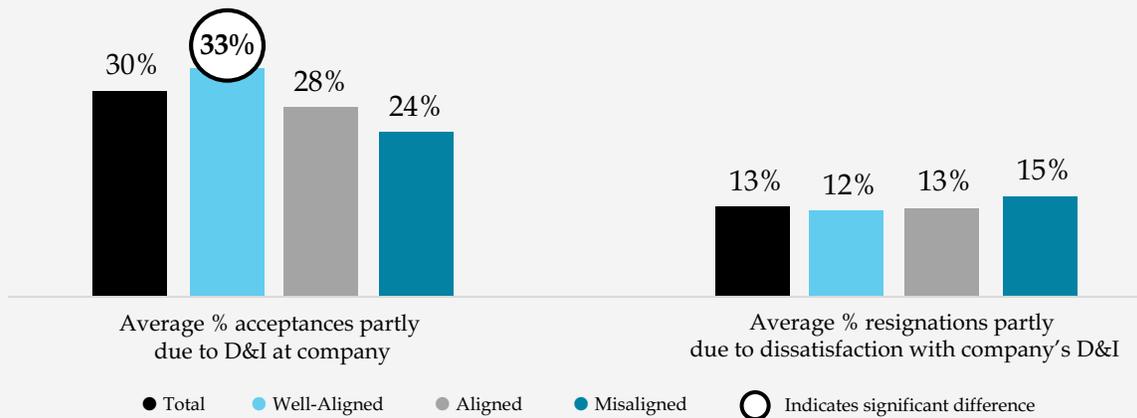
The group of D&I professionals who strongly agree (39%) with the statement, “The diversity and inclusion function at my company is well-aligned with the overall business strategy of the company,” are called “Well-Aligned” in our study. Their activities and behaviors serve as the model for best in class D&I functions. The largest segment, accounting for 46% of D&I professionals examined, somewhat agrees with the statement. They are called “Aligned,” and this level of D&I function has room to improve upon its alignment with business strategy. The “Misaligned” segment (14%) has great lengths to go to achieve alignment. They are a stark contrast to their Well-Aligned counterparts.

In an era where competition for quality talent is relentless and company work cultures are often in the spotlight, organizations need to consider the benefits of alignment and the risks of misalignment, affecting their workplace, reputation and financial health. Our study identified the following business results based on the level of alignment:



Alignment has a tangible outcome on talent acquisition. Our study estimates that D&I activities have an impact on 30% of new hires and 13% of resignations, on average. However, Well-Aligned companies have a significantly higher rate of acceptances (33%) than Aligned and Misaligned companies. Misaligned companies experience lower rates of acceptances (24%) and the highest rate of attrition (15%).

Company's Impact of D&I Efforts on Resignations vs. New Hires



Total U.S. Businesses

3,480,000

Reported number of quits in February 2019
Source: U.S. Bureau of Labor Statistics

x 13%

% resignations partly due to dissatisfaction with company's D&I
Source: Weber Shandwick

= 452,400

Estimated number of quits in February 2019 partly due to dissatisfaction with company's D&I

x \$15,000

Conservative estimate of the cost to lose a U.S. worker
Source: Work Institute

= \$6,786,000,000

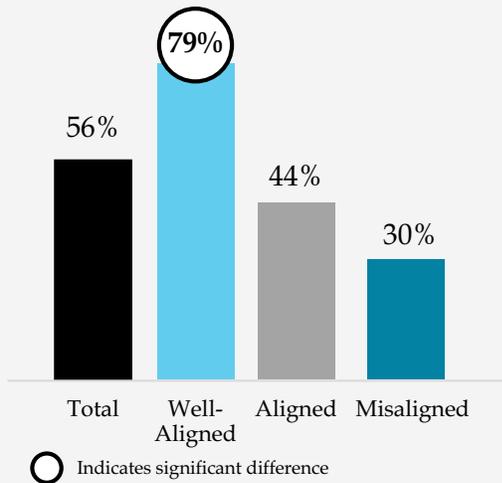
Estimated cost of losing a U.S. worker due to dissatisfaction with company D&I efforts

We hypothesize that these self-reported rates of resignations are low. However, they still have significant financial consequences. Applying data from the U.S. Bureau of Labor Statistics (the [monthly "Quits" rate](#)), the [Work Institute's estimate of the cost to lose a U.S. worker](#), and our finding above, we estimate that the cost to total U.S. businesses of losing employees due to dissatisfaction with company D&I efforts is nearly \$6.8 billion per month.

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Alignment positively impacts company reputation. Eight in 10 executives in Well-Aligned D&I functions (79%) strongly agree that D&I is an important driver of company reputation, significantly higher than those of executives in Aligned D&I functions (44%) and Misaligned D&I functions (30%).

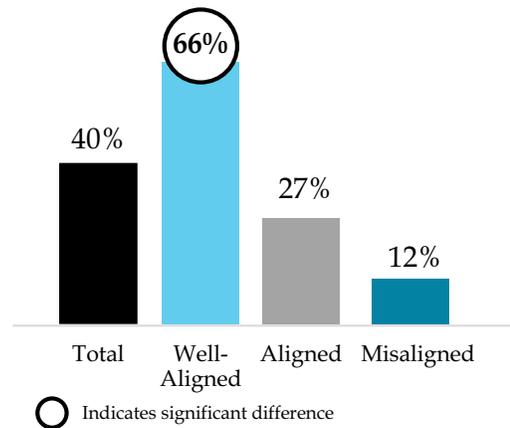
Strongly agree that D&I is an important driver of company reputation



-3-

Alignment positively impacts company financial performance. Two-thirds of executives in Well-Aligned D&I functions (66%) strongly agree that D&I is an important driver of financial performance. Again, this rate is significantly higher than those of executives in Aligned D&I functions (27%) and Misaligned D&I functions (12%).

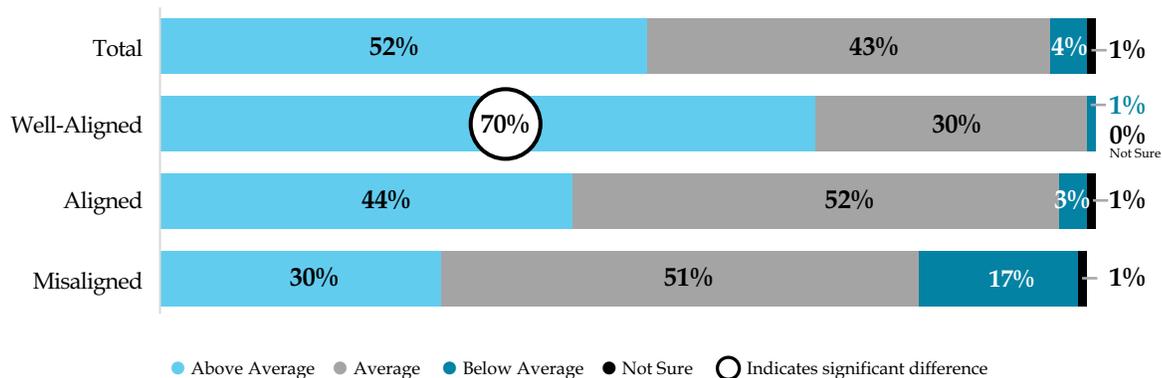
Strongly agree that D&I is an important driver of financial performance



-4-

Alignment creates a competitive advantage. The survey asked D&I professionals to assess their departmental efforts relative to those of their competitors. Those in Well-Aligned D&I functions are significantly more likely to estimate their efforts as above average than Aligned and Misaligned (70% vs. 44% and 30%, respectively).

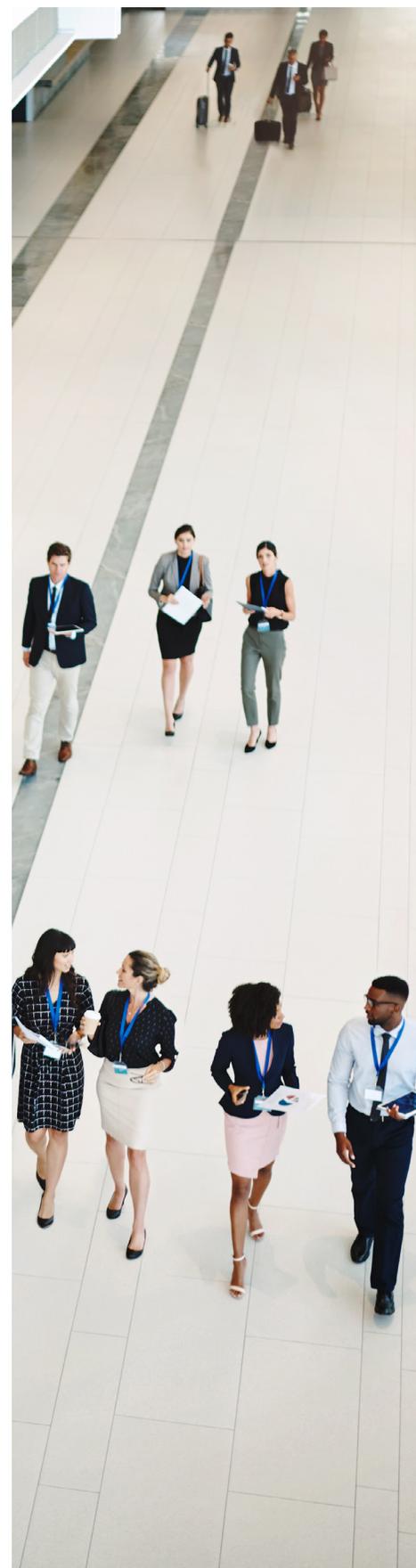
Department's D&I efforts compared to those of other companies in industry



Activities and behaviors that set Well-Aligned companies apart

Best practices for alignment and success are gleaned by comparing the behaviors of Well-Aligned D&I functions to Aligned and Misaligned functions and identifying where Well-Aligned differ most dramatically. We found six key differentiators that form that basis for identifying the best practices of Well-Aligned D&I functions:

- 1-** Well-Aligned D&I functions are significantly more likely to have a dedicated D&I leader (43% vs. 28% and 25%, respectively).
- 2-** D&I professionals in Well-Aligned D&I functions have many more annual interactions with the CEO and Board – more than once a month (15.1 times a year) on average with the CEO and nearly monthly (9.9 times a year) with the Board. Most likely related, Well-Aligned D&I functions are significantly more likely to have a CEO who considers the D&I position to be a “must have” (68% vs. 30% and 13%).
- 3-** Well-Aligned D&I functions are exceedingly more likely to have very diverse C-suites (45% vs. 18% and 17%) and Boards (43% vs. 18% and 14%).
- 4-** Most professionals in Well-Aligned D&I functions report their companies have employee resource groups (76% vs. 69% and 57%) and executive D&I councils (81% vs. 64% and 49%), both at significantly higher levels.
- 5-** D&I professionals in Well-Aligned D&I functions are significantly more likely to say their job performance is measured based on their company’s financial performance (74% vs. 51% and 45%).
- 6-** Professionals in Well-Aligned D&I functions are significantly more likely to consider both corporate marketing and corporate communications/public relations as being very vital to achieving the company’s D&I goals (63% vs. 30% and 22% for corporate marketing and 72% vs. 41% and 38% for corporate communications). They are also significantly more likely to be making internal D&I communications a top priority for the next 12 to 18 months (32% vs. 23% and 22%).



Differentiating Behaviors of D&I Functions	Total	Well-Aligned	Aligned	Misaligned
Survey respondent is the senior-most professional in company responsible for D&I	34%	43%	28%	25%
Average number of interactions with CEO annually (among those with one year or more of tenure)	10.9	15.1	8.2	6.9
Average number of interactions with Board of Directors annually (among those with one year or more of tenure)	7.8	9.9	6.6	5.1
Strongly agree that “The CEO of my company views my position as a must have rather than a nice to have.”	42%	68%	30%	13%
Rate leadership team/C-suite as very diverse	28%	45%	18%	17%
Rate Board of Directors as very diverse	27%	43%	18%	14%
Company has Employee Resource Groups (ERGs) or affinity groups	70%	76%	69%	57%
Company has an executive D&I council or similar type of senior-level committee	68%	81%	64%	49%
Overall company’s financial performance is a very important job performance criterion	59%	74%	51%	45%
Rate corporate communications or public relations as a very vital function to achieving company’s D&I goals	53%	72%	41%	38%
Rate corporate marketing as a very vital function to achieving company’s D&I goals	42%	63%	30%	22%
Communicating D&I activities to employees is a top-three-rated D&I priority for the next 12–18 months	26%	32%	23%	22%

Blue bold indicates significant difference

Prior to conducting this survey, we spoke with several CDOs about their own experience with D&I. In their words...

“ We have a close partnership with the Marketing and Communications group for both internal and external purposes. We develop our D&I marketing plan in partnership with them. Their partnerships externally help expand our visibility for D&I and CSR. We do sponsored research with these partners.

“ There are new pressures (such as Black Lives Matter, #Me Too, etc.) around communicating D&I topics because they’re a problematic area for companies. It’s starting to dawn on people that this is an area they need to effectively communicate. A company’s identity internally is not so different than its identity externally anymore and companies need to recognize that this divide doesn’t exist and therefore communications is important.

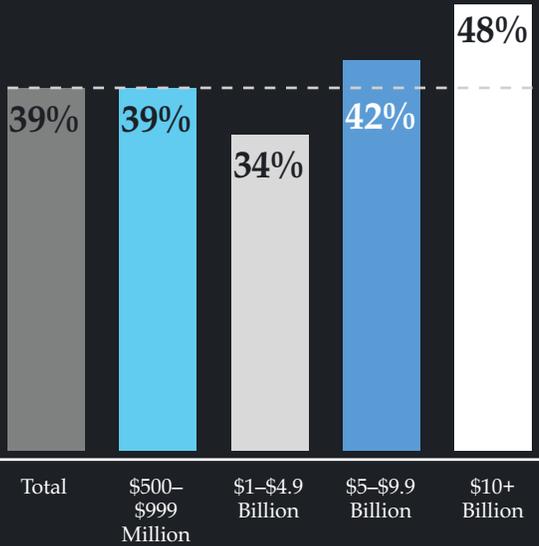
Communications – both external and internal – are particularly important in attracting and retaining Millennial employees. Previous Weber Shandwick research conducted with Institute for Public Relations (IPR) revealed the importance that Millennials place on D&I when considering a new job: 47% of Millennials consider the D&I of a workplace an important criterion in their job search compared to 33% of Gen Xers and 37% of Boomers. Millennials are also quite at ease discussing D&I issues, with 64% agreeing that “I am comfortable discussing diversity and inclusion in the workplace” vs. 57% of Gen Xers and 54% of Boomers. Increasingly, the corporate communications department will be an integral partner with the D&I team as Millennials expect a workplace culture that is diverse and inclusive.

What kinds of companies have Well-Aligned D&I functions?



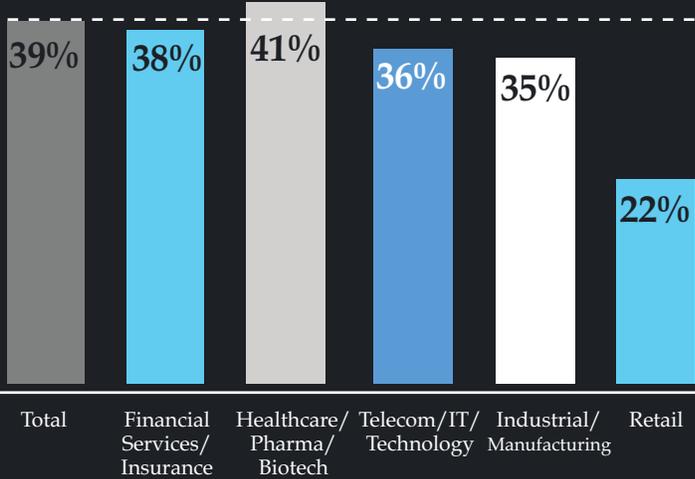
Highest revenue-producing companies are the most likely to have Well-Aligned D&I functions (48%), although not on a statistically significant basis.

Well-Aligned by Company Revenue



Industries represented in our study have similar levels of alignment. The strong exception is Retail — only 22% have Well-Aligned D&I functions.

Well-Aligned by Company Industry*



*Reporting industries with sample size of 50 respondents or more.



Guidelines for aligning D&I to business strategy

Best practices for aligning D&I functions to company strategy are derived from the actions and behaviors that distinguish Well-Aligned departments from others. We offer six guidelines for alignment and support them with anonymous examples of practices by U.S. companies that are known for their D&I alignment.

Guideline

In-practice examples

#1 Appoint a D&I leader

- Companies have D&I leaders. Titles vary but are usually prefaced with “Chief.”
- Companies often have regional D&I leaders, plus a global lead.
- D&I leaders may be part of CSR or HR functions, but they are clearly identified by a D&I title.

Guideline

In-practice examples

#2 Establish a line of sight to the CEO

- CDOs often report directly to the CEO.
- A Chief D&I Officer in the U.S. reports directly to a U.S. chairperson.

Guideline

#3 Be diverse from the top

In-practice examples

- CEO participation in **CEO Action for Diversity and Inclusion**, a CEO-driven business commitment to advance diversity and inclusion in the workplace.
- A new CEO is the former chair of the same company's Global D&I Steering Committee.
- CEO and executive leadership team serve as the Diversity Management Steering Committee and report to the Board of Directors.
- Boards are comprised of 33%–50% women.

Guideline

#4 Make D&I part of the culture

In-practice examples

- Employee resource and business resource groups (ERG/BRG) are commonplace.
- Some have a D&I council, Office of Diversity, mentorship programs, advisory council.
- D&I is often tied to managerial performance review. One company publicly states, "Diversity and engagement are components of the strategic objectives in our executive compensation plan." Another states, "40% of a manager's scorecard is devoted to inclusive behaviors."

Guideline

#5 Connect D&I to company's overall business success

In-practice examples

- D&I is clearly identified as a fundamental component of the growth strategy.
- One company specifically names D&I in each of its growth pillars: customer-centricity, talent nurturing, operations efficiency and corporate responsibility.

Guideline

#6 Integrate D&I with Marketing and Communications

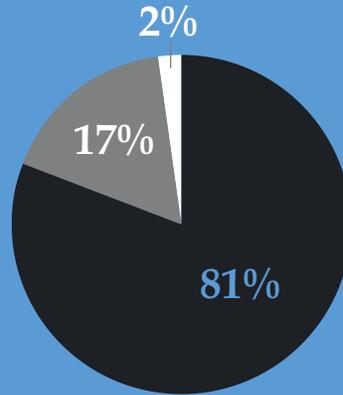
In-practice examples

Companies leverage their marketing and communications in a variety of ways:

- Thought leadership reports
- Conferences
- Internal resource guides
- Campaigns that coincide with national or global events
- Blogs
- Webcasts

Outlook for D&I

CDOs have a very positive outlook for the D&I function and expansion of the CDO position in corporate America. Eight in 10 (81%) are optimistic about the future of D&I, and half (51%) predict that in the next five years, most U.S. companies will have a CDO position.



“Generally, how do you feel about the future of D&I in corporate America?”
(Total CDOs)

- Optimistic
- Pessimistic
- Not Sure



“Most companies in the U.S. will have a Chief D&I Officer in the next five years.”
(Total CDOs)

The future of the D&I function in D&I professionals’ own words

“

I expect my leaders will proactively engage and be leaders in diversity and inclusion initiatives — from recognizing the composition of the C-suite, to budgeting and providing resources, to using inclusive language, to attending internal events.

“

Looking forward to a strong corporate culture that invests in diversity and inclusion as one of the greatest competitive advantages a company can maintain.

“

The senior D&I professional will work strongly in areas of Learning & Development and Recruitment in order to embed a culture of D&I into each business unit and site.

For more information about *Chief Diversity Officers Today: Paving the Way for Diversity & Inclusion Success*, or our other thought leadership studies, please contact:

Gail Heimann

President and CEO
Weber Shandwick
gheimann@webershandwick.com

Andy Polansky

Executive Chairman
Weber Shandwick
apolansky@webershandwick.com

Jack Leslie

Chairman
Weber Shandwick
jleslie@webershandwick.com

Sara Gavin

President, North America
Weber Shandwick
sgavin@webershandwick.com

Micho Spring

Chair, Global Corporate Practice
Weber Shandwick
mspring@webershandwick.com

Kate Bullinger

President
United Minds
kbullinger@webershandwick.com

Tai Wingfield

Senior Vice President, United Minds
DEI Lead, Weber Shandwick
twingfield@webershandwick.com

Judith Harrison

Senior Vice President, Diversity & Inclusion
Weber Shandwick
jaharrison@webershandwick.com

Emil Hill

Executive Vice President, Client Experience
Powell Tate
ehill@webershandwick.com

Jill Tannenbaum

Chief Communications and Marketing Officer
Weber Shandwick
jtannenbaum@webershandwick.com

Leslie Gaines-Ross

Chief Reputation Strategist
Weber Shandwick
lgaines-ross@webershandwick.com

Mark Richards

SVP/Management Supervisor
KRC Research
mrichards@krcresearch.com

 /WeberShandwick

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 /Company/Weber-Shandwick

 /WeberShandwickGlobal

