

DIVERSITY EQUITY & INCLUSION REPORT 2024



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FOREWORD

FOREWORD

Navigating the Complexity of DEI: Overcoming Multifaceted Challenges and Seizing Transformative Opportunities

DEI has become a cornerstone of the business world over the past decade. What began as a simple, nebulous idea that ‘diversity’ was a good thing has evolved into a complex and ongoing conversation about who has power, whose voices are heard, and how systems can improve to include more and more different perspectives. Today, the conversation is evolving even further, from DEI to DIB and beyond.

Where DEI Is Now

The concept of ‘diversity’ has expanded to DEI, or ‘diversity, equity, and inclusion’ in recent years. Each of these three words has come to represent a different element of the conversation. ‘Diversity’ describes heterogeneity, or a group (or, in this case, a business) comprising many different perspectives, backgrounds, and demographics, typically because of deliberate actions taken to achieve that representation. ‘Equity’ adds the dimension of fairness. Where ‘equality’ may still overlook some circumstances, equity considers how different people or groups come from different places. The third leg, ‘inclusion,’ is about how truly welcome different people feel and how appreciated their perspectives are within the broader picture.

According to research from the World Economic Forum and McKinsey & Company, progress is happening in DEI, but it’s slow and uneven.

Over the past five years, only one in three companies have made progress in diversifying their executive teams, while some have declined. Meanwhile, pandemic-era challenges had disproportionate effects on diverse teams and may have reinforced non-inclusive dynamics despite the attention paid to and money invested in DEI during that same period. At the current rate of change, it will be 151 years before

the global economic gender gap is closed, at least 29 years to reach gender parity on executive teams, and at least 24 years to reach parity in ethnic diversity on executive teams. This is not even counting areas like racial equity, LGBTQ+ diversity, and disability inclusion, where there is not even enough data to make such projections. [This widening gap between DEI commitment and impact is clearly noticed by employees, who have largely negative perceptions of leadership accountability for DEI efforts overall.](#)

In the same study, the Global Parity Alliance, a cross-industry group committed to advancing DEI, analyzed successful initiatives through its ‘DEI Lighthouse Program.’ Although programs varied in their approaches and results, the study found the following five core factors common to the most successful programs in place today:

1. A nuanced understanding of the root causes.
2. A meaningful definition of success.
3. Accountable and invested business leaders.
4. A solution designed for its specific context.
5. Rigorous tracking and course correction.

DEI conversations are happening, and that’s a good thing, but there’s still a long way to go. It will take serious effort that digs deeper than superficial numbers and wholeheartedly embraces every facet of building a positive, open, and inclusive workplace where everyone can belong.

Challenges in DEI Today

Even as many companies and individuals invest more and see the significance of DEI, there has been some pushback from certain sectors and even from the Supreme Court. In June 2023, [SCOTUS struck down the use of race-based affirmative action in college admissions in a six-to-three decision along ideological lines.](#) While this ruling is limited to college admissions, it has caused some consternation among

DEI professionals who are concerned it could lay the groundwork for similar efforts in the workforce.

Race-conscious admissions are highly effective in creating classes that accurately mirror the population's demographics. One Georgetown University Center on Education and the Workforce study found that admissions models that expand race consciousness rather than reduce or eliminate it are the ones that come closest to mirroring the population's true demographics. The [same study](#) found that, without race-conscious admissions, many institutions are unlikely to maintain even their current levels of diversity unless they completely rework the admissions process to eliminate privileged admissions and expand the applicant pool by an enormous factor.

Perhaps it is not surprising that many companies are struggling to retain DEI leaders in the long term, given the uncertain landscape. [The average tenure of a chief diversity officer or other diversity executive is just three years, indicating significant turnover.](#) Many face a common cycle of enthusiasm to start with, followed by a lack of on-the-ground support or lack of buy-in, and ultimately, departure due to burnout or scapegoating. Hiring a leader isn't an answer in and of itself; it's one step in an ongoing process. When organizations hire a chief diversity officer or other DEI leader but fail to support the work those leaders have been hired to do, it's no surprise they get burned out and frustrated and leave after a short tenure.

The high turnover rate of DEI talent should signal that too many organizations aren't providing the necessary support. Strong leadership is essential to making strides in DEI, but that leadership requires organizational backing to be more than the 'face' of an initiative.

Only with the proper support and an honest understanding of what DEI is and does, alongside realistic expectations and resources, can these DEI

leaders be expected to succeed in an emotionally fraught, stressful role.

Building a Foundation of Support

Getting such essential support can be challenging, and views on DEI work tend to vary along demographic lines. For instance, more women than men say increasing focus on DEI is a good thing, according to Pew Research; similarly, more POC than white workers and more liberals than conservatives say it's a good thing. The same research also revealed that only 34 percent of leaders say they have the resources they need to support DEI initiatives, and even fewer, 27 percent, say they know how to measure the success of said initiatives.

It's worth keeping this in mind in no small part because a commitment to DEI is partly a self-perpetuating cycle. If your organization is interested in diversifying the workforce and attracting diverse talent – i.e., the people who tend to say that DEI work and a diverse workforce are important to them – you must demonstrate they can feel safe, comfortable, and supported when working for you. Some organizations are decreasing the resourcing of the DEI function as it recedes from the forefront of cultural conversations, while some are trying to go back to “the way things were,” which is not likely to lead to long-term positive results.

DEI professionals must also combat some fundamental misunderstandings and misconceptions about what DEI work and its relevant roles look like. The limited number of such roles only adds to the confusion. In one CultureAmp survey, only 30 percent of surveyed HR professionals held a DEI-specific title, and [just under 40 percent of organizations reported having DEI-specific roles.](#) DEI cannot manage the kind of overall strategic shift that is necessary to create long-term, positive change when DEI is siloed and poorly explained.

It can be helpful to break things down into a handful of specific questions when evaluating how effective a DEI function is and where it may need further support and consideration, for example, the following:

- *Does our organization have a clear picture or goals for its DEI work?* What specific areas of concern need addressing? How are you measuring success?
- *Who does the diversity executive report to?* Does your CDO or other diversity leader report directly to a CEO or another executive? A 'direct line' to the top usually maximizes success rather than being categorized as a niche under someone else.
- *Is the scope realistic, and do your goals have adequate support?* Is the scope of the work clearly defined? Is it overly broad or appropriately tailored? What resources have you committed to the process, and what channels are available to discuss more support as needs arise?
- *Who is taking on the burden, and what example do leaders set?* Are other executives and leaders prioritizing and embracing DEI, or are they dismissive? Employees will take their cues from leadership.
- *How are you supporting your DEI leaders?* Are you ensuring DEI leaders have the support they need for mental and emotional well-being? How are you ensuring they can stick to the scope of their work without 'scope creep' pressure? Are they stuck being the 'one and only' person advocating for DEI work?

The Role of Executive Search Partners in Sourcing Diverse Talent

Although most support for DEI work must come from within an organization's culture, executive search partners can be valuable in accelerating your organization's progress toward achieving your stated DEI goals.

Companies truly committed to improving their DEI performance may want to consider partnering with executive search partners with a demonstrated track record of success in sourcing and placing diverse talent. These executive search partners come with 'ready-made' access to a deep, diverse talent pool, giving organizations more opportunities to identify diverse talent highly qualified for a wide variety of roles. Candidates are brought to hiring managers' attention through a few limited channels or employee referrals in other methods of sourcing, which tends to result in the same 'types' of people getting hired repeatedly. Conversely, intentionally seeking out diverse candidates and pipelines can lead to a less homogenous workforce. Seventy percent of employers report recruiting practices that explicitly include diverse sourcing, indicating there is a shift toward more equitable and diverse recruiting practices.

Working with experienced executive search partners also allows experts to identify talent more unconventionally. Human experience can give us insights in ways that algorithms and checklists never could, leading to recruiting more 'non-traditional' or diverse talent. Thus, it's important to be mindful when introducing new technology like AI into the recruiting process; it may seem more equitable, but it risks replicating existing biases. Consider the story of an early application of AI in hiring for Amazon, [where the algorithm 'learned' that men's resumes were preferable to women's due to ingesting a decade's worth of information that reflected prior male dominance in tech](#). Human recruiters look for potential, not just past performance, and they are skilled in seeing potential where a formula might not. That, in turn, can help improve diversity, which means there's a higher likelihood of drawing from non-traditional pools for even more innovation.

How can companies invest in a more diverse, equitable, and inclusive future? This requires work at every level. Invest in building relationships with more diverse sources of talent, like colleges and student affinity groups, and take the time to let such relationships develop organically rather than just launching straight into a 'hard pitch.' Similarly, partner with recruiting firms with a strong history of DEI work, placing diverse talent, and having relationships with diverse talent. Finally, ensure diverse talent, once hired, can be happy and successful, i.e., ensure the company culture is genuinely committed to being

inclusive so diverse talent will want to work there and have what they need to thrive.

DEI continues to face many challenges in today's world. Happily, many talented and dedicated individuals and organizations are fighting the good fight and working to move the needle in ways both big and small. Each organization's commitment to DEI is one more step in the right direction toward a future where we can all reach our greatest potential.

– *Ruben Moreno*
Founder & HR Practice Leader
Blue Rock Search

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Using DEI to Unlock Value

Over the past year as many companies have reflected on their well-intentioned DEI strategies that had been put in place, many have found that there hasn't been much progress made. In other words, their strategies aren't leading to DEI progress. This coupled with some setbacks, like how top DEI leaders have been leaving high profile companies like Netflix, Disney, and Warner Bros. Discovery in significant numbers, has caused many to wonder whether the push for DEI is dead. While diversity wasn't just a "trend" and definitely isn't dead, it is important to recognize why so many companies have had such difficulty implemented long lasting change in building a culture of diversity and inclusion. There are some key reasons why these DEI strategies have failed and taking a careful look at the state of DEI is crucial in order to build out a successful DEI strategy that results in marked and sustained progress within the organization.

In this report, Hunt Scanlon Media will provide you with insights directly from experts in the HR and diversity sector on this past year.

To stay competitive in this new talent landscape, it is clear organizations must prioritize inclusive talent management strategies that not only work to improve DEI on a short term, but also lead to long term cultural changes for maintained success. The core tenants of a successful DEI start with a culture of inclusion, or as Saul Gomez, director of IDEA at **TI Verbatim** explains, a foundation of psychological safety. This means that DEI strategies aren't just about checking boxes or adding diverse talent within the company, or even implementing a few workshops. It is about building a culture of belonging that permeates all levels of the organization so that individuals are celebrated for the diversity of thought that they bring to the table and appreciated for their differences. This way, when diverse talent is brought in, they are able to thrive and the company can unlock the true value they bring.

Once this foundation of inclusion and psychological safety is set, it is important to have a way to measure progress with pressure to meet those measurable goals, support from leaders, proper tools, and finally, a business case for DEI so that there are suitable resources for achieving these changes. This means setting DEI goals directly tied to the economic performance and results of the organization, understanding that DEI helps businesses achieve better success and then ensuring buy in from leadership and all levels of the organization in order to truly make sustained progress.

The state of DEI today marks a crucial shift in understanding that because DEI is not going away, corporations must instead find ways to push DEI initiatives forward in a way that truly promotes and celebrates a culture of inclusion and diversity of opinion thus unlocking the value DEI brings. Many experts found that in the past year there is increased interest in DEI and renewed vigor around creating initiatives that truly build and sustain progress. "Following

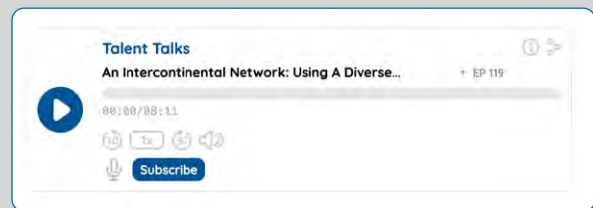
PODCAST

An Intercontinental Network: Using A Diverse Viewpoint To Get Ahead



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In this episode of Talent Talks, **Hunt Scanlon Media** host Rob Adams is joined by Diego Cubas the regional chairman of **Cornerstone Latin America**, an expert in international expansion. Diego sheds light on the need for a global network and synergy between regions in fostering innovation for international success. Listen Now!



the Supreme Court's decision, clients have shown increased interest in DEIB initiatives and diversity-focused searches," said Pam Noble, president, executive recruiting solutions & DEIB practice leader at **The Christopher Group**. "The ruling has raised concerns among clients, to ensure they reflect the populations, clients, and communities they serve."

After speaking with industry leaders and DEI experts, it is clear that companies must be intentional in how they shape their DEI strategies and many organizations might have to reevaluate their methods in order achieve the desired results. These strategies range from talent support to attracting diverse leaders to building a foundation for inclusion with psychological safety, all in order to leverage diverse talent to achieve a more successful, creative, and innovative company.

In the past few years, the long overdue topic of diversity, equity, and inclusion was brought to the forefront of national conversation, with the reckoning of George Floyd's murder and greater national understanding of how necessary the need for change

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truly was. This brought forth a flurry of activity and corporate pledges towards an increase in internal diversity at companies as well as a push for initiatives to support black focused initiatives. In fact, according to a recent report from **McKinsey & Co.**, in 2020 “some of the world’s largest companies dedicated more than \$66 billion in funds to the cause and in 2021 upped their commitments and made new ones to reach a cumulative amount of approximately \$200 billion in earmarked funding.” While this was a great first step in the wake of such strong emotional sentiments, emotion alone doesn’t sustain momentum.

In the wake of the Supreme Court’s reversal of Affirmative Action, as well as a recent cutting of thousands of chief diversity officers in the past year, many individuals have begun questioning the future of DEI. We spoke with DEI experts and industry leaders regarding the state of DEI in 2023-24 and how to approach building a successful strategy to build on the momentum first garnered in 2020 and reevaluate ways to improve organizations’ approach. A key starting point is building a holistic DEI strategy fully incorporated into a company’s everyday goals.

The Importance of Psychological Safety in the Workplace

When considering strategies for cultivating a diverse and inclusive workplace, one crucial factor that often gets overlooked – and is indeed a foundational principle of a successful DEI culture – is psychological safety.

At its core, psychological safety refers to an environment where individuals feel safe to express their opinions and ideas without fear of negative consequences such as ridicule or punishment, instead creating a climate that encourages open communication, risk-taking, and learning from mistakes. When employees feel psychologically safe at work, they are more likely to contribute their unique

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INSIGHT

Blazing a Trail: Women in Leadership

EgonZehnder

Egon Zehnder sat down with Anita Dongre, a true icon in the Indian fashion industry and CEO/founder of Anita Dongre to delve into her upbringing and remarkable trajectory in a time when it was unconventional for women to pursue professional careers. Read the interview highlights:

Anita, tell us about being born into a family of six siblings – what values and experiences from your early childhood have shaped you?

I am grateful to have been born in and grown up in Bombay, which suited me as a contemporary and cosmopolitan city; but my grandparents lived in Jaipur, where I traveled to twice every year. Jaipur shaped me differently – the bazaars, the wildlife and watching Rajasthani women in their colorful attire. Staying with my grandparents' large joint families were priceless memories and helped shape my personality. I learned to share and empathize, thanks to my five siblings and 25 first cousins. I became a people watcher, observing my aunts and how they dressed. I truly enjoyed my childhood in Jaipur.

As the first woman to break the norm and step into the working world in your family, what early insights have you carried with you?

Ever since I was young, I realized that the true power was with those who earned money in the house. It made me subconsciously dogged to become a financially independent woman.

My family was very supportive overall, but when I shared that I wanted to start a career, the resistance came thick and fast.

I had pursued my design degree with the dream to create a career. Eventually, everyone had to give in, as I stayed strong and committed to my goals. It took adjustments on all sides, but I am glad I stayed the course. Today, my younger cousins leverage me as an example to pursue their own goals and dreams. That feels good and worthy.

In the world of fashion and design, has it become a level playing field for women?

The conditioning over centuries is for women to be less, to expect less, to be subservient and not ask for more. Even though I was always independent, there have been times when I was not assertive or made my voice heard. I think women today are on the journey toward changing that. Women now understand that we are as good as any man in terms of opportunities, salaries, and expectations in life.

You are coming up on completing your sixth decade soon. Are you excited for the next phase?

While there is a sense of fulfillment and joy, there is a lot more I want to do and achieve. But now I am surer of myself and have so much more clarity. I am lethal now, as I now have wisdom of a 60-year-old, and the enthusiasm of a 28-year-old!

perspectives and experiences. This sense of safety fosters creativity, innovation, and ultimately leads to better decision-making processes.

Building Trust and Encouraging Contributions

At the heart of psychological safety lies trust – a fundamental element for any successful team or workplace. When individuals feel safe to take risks and share their opinions – which might be different from those of others – they are more likely to contribute fully and bring forth innovative ideas. There are five elements to psychological safety: inclusivity, trust, and curiosity which build the foundations of psychological safety – and collaboration, and resilience, which sustain it.

When talking about diversity of culture, something

that often gets missed is not just considering who you are as a being but it's also about broad inclusivity and trust," said Saul Gomez, director of IDEA at **TI Verbatim Consulting**. "If we're not being inclusive of diversity, then how are we leveraging it? How are you capitalizing on it? It's worth asking, 'Are we maximizing what our talent pool has to offer?' At the end of the day, people want to feel included...and in order to leverage the diversity that organizations have, you need individuals to feel they are valued for themselves."

Embracing Out-of-the-Box Thinking

Psychological safety emboldens individuals to think outside the box, knowing that their unique contributions are not only welcomed but also valued.

Q&A

Heritage of DEI: Creating a Culture of Equity and Inclusion



Tracy
MacMillan



Christine
Angel

Hunt Scanlon Media sat down with Tracy MacMillan and Christie Angel, partners at **Broadview Talent Partners** to discuss their heritage of DEI and creating a culture of equity and inclusion.

Can you tell us a bit about Broadview Talent, particularly about your heritage of DEI?

Stemming back 30 years, DEI is intrinsic to our business and because of that, our commitment is a reality, not simply a well-intentioned endeavor. It is the foundation of our client service model and candidate relationship acumen. BroadView Talent Partners is a minority-owned business with a founder and managing partners who are nationally recognized for their expertise in DEI-related talent acquisition, retention, and leadership development.

DEI drives our innovative and winning strategies while helping us creatively problem-solve. In order to provide our clients with the best available talent in the marketplace, we are steadfast in presenting them with diverse candidate pools—which in many instances yields diverse candidate placements.

How do you think that this core DEI focus gives you an advantage in the executive search industry?

High demand for diverse talent has never been greater as organizations work to re-establish trust within the communities they serve by recruiting executive leadership that is representative of their demographics. As a firm that has DEI built into its heritage, brand, vision, and engagement processes, we know how important it is to have the range of human differences represented in our candidate pool. This includes but is not limited to race, ethnicity, gender, gender identity, sexual orientation, age, social class, physical ability, or attributes, religious or ethical values system, national origin, and political beliefs.

We strive every day to support this trend, bringing our clients a diverse pool of highly-qualified individuals to help their organization thrive. It has been our experience that clients who seek the best available talent in the marketplace will continue to draw on firms like ours to deliver these diverse pools.

What are some key pieces of advice for creating a culture of diversity and inclusion at a company beyond each individual placement?

Always embrace the mindset that DEI is directly correlated to your organization's commitment to its community, customers, and clients. Therefore, your leadership teams should be reflective of the community that is being served by your mission. Embracing diversity allows for a wide range of perspectives, skills, and experiences to come together, fostering innovation and creativity. Equity ensures that all team members have equal opportunities to contribute and be heard, promoting a sense of fairness and belonging. Finally, inclusion creates an environment where everyone feels valued, respected, and included, leading to enhanced trust, communication, and collaboration. If leaders can nurture each of these three areas within their overall culture, the organization will only become stronger, especially if there is someone leading the DEI charge and that individual has a seat at the C-suite table.

Any recent DEI placements you're particularly proud of as an organization?

H Beecher Hicks III, president & CEO, NBMBAA; Margaret Salazar, CEO, REACH Community Development; Craig Warren, CEO, Washburn Center for Children; Cinnamon Pelly, president and CEO of Pillsbury United Communities; Mohamed Omar, CAO, Washburn Center for Children; Mario Basora, chief executive officer, Future Ready Columbus; Shannon Isom, executive director, Community Shelter Board; Danielle Sydnor, CEO, Franklin County Rise Together.

"When organizations ask 'are you a cultural fit to it for the organization?' our response is 'Well, if we're being inclusive, we're being inclusive of the diversity and the differences that we have' so there isn't one cultural fit," said Mr. Gomez. "Inclusivity is the ability to have healthy levels of dissent, because when an organization is truly inclusive, bringing in different perspectives and different thought processes doesn't mean somebody's right or wrong, it's instead about learning and gaining a perspective that we might

not have had before." By embracing out-of-the-box thinking, organizations open themselves up to new possibilities and breakthrough innovations that can propel them ahead in the market.

Learning from Setbacks

In a psychologically safe workplace, setbacks and mistakes are viewed as opportunities for growth rather than occasions for blame or punishment. "It's really the ability to function within a team or workplace



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environment without feeling like you're going to be ridiculed or much less retaliated against, especially when pushing back or challenging the status quo," said Mr. Gomez. "Even to the point where the contributions that people make are seen and heard and valued, no matter how out of the box thinking contributions might be."

When employees feel supported during challenging times, they are more likely to bounce back with resilience and learn from their experiences. This growth mindset relies completely on trust between individuals and trust in the growth mindset of an organization. "Thomas Edison had this famous quote that says, something to the effect of 'I didn't fail 1000 times I successfully discovered 1000 ways of how not to make a light bulb,' and so we look at it that from that perspective," Mr. Gomez said. "There's value when we can pass on that knowledge to somebody else, if there is trust and the opportunity to fail forward that keeps somebody else from having to learn that lesson all over again. A crucial role in fostering this mindset is the leadership; by encouraging open dialogue about failures and promoting a culture of continuous learning, trust is built."

Nurturing Innovation and Creativity

Once trust has been built, curiosity to try new ways of thinking can blossom because, without fear of punishment, individuals can feel encouraged to think creatively and innovate. "You have to ask, do people at this organization feel emboldened? Do they feel like they have the latitude and autonomy to explore and ideate and innovate and be creative and break a couple eggs?" asked Mr. Gomez. "These are important questions in probing beyond merely DEI as a figurehead and learning how to build a team of collaborators who have the trust and grit in order to work past mistakes."

When employees feel safe to take risks, experiment

with new ideas, and challenge existing norms, they are more likely to generate groundbreaking solutions. Organizations that value psychological safety create an atmosphere that fuels creativity, enabling teams to push boundaries and drive innovation forward.

Sustaining Psychological Safety

In order to sustain psychological safety, and thus build a strong foundation for your organization's DEI efforts, members of the entire team as well as the leadership should be actively engaging in the practice. By collaborating together towards this shared objective, team members will also feel empowered to share their ideas and new perspectives can help maximize the potential of talent. "When leaders start modeling the behaviors that they wish to see in their organization, it gives permission and agency for other people to do the same," said Mr. Gomez. In the journey towards creating more inclusive and innovative workplaces, psychological safety serves as the cornerstone. By fostering this environment, we invite a diversity of ideas, iterations, and improvements, paving the way for sustained growth and success. As we move forward, let's commit to nurturing psychological safety in every interaction, meeting, and decision, shaping a future where every voice is valued and heard.

DEI Integrated Into All Aspects of a Company

At its core, building a values-driven company lays the foundation for any successful diversity, equity, and inclusion strategy. Companies need to create a holistic DEI strategy that defines and communicates the core values of the company, aligns the DEI strategy with economic performance – understanding that true DEI directly leads to unlocking value, and most importantly, making sure that the overall efforts result in true inclusion and a celebration of the diversity rather than merely hiring candidates to 'check off a box.'



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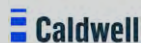
“By having diverse representation, inherently you have diversity of thought at the table,” according to Ruben Moreno, CEO of **Blue Rock Search**. “And there’s no one that’s ever going to argue that having diversity of thought at the table doesn’t lead to better business decisions. Nevertheless, in order to access the better business results that come through diversity, you must have a holistic strategy that becomes the fabric of who your company is and what your company does over the long term by building the strategy into the business plan, rather than thinking of it as a separate and distinct issue to address.”

By aligning actions with these values, organizations can foster an inclusive culture where everyone feels

valued and respected. But in order to establish those values, organizations must tie it to their business plan so that it is demonstrated as a priority. This way organizations can truly understand the needs of the community and under-represented groups they serve. “Knowing and serving those communities is really the way you can create a sustainable model from a DEI perspective... going to the employee base to understand them and make sure that the employee value proposition for those individuals works is what unlocks that business value,” said Mr. Moreno. “Because that drives the retention. And long term retention allows you to have a core base, a diverse base, to promote from.”

INSIGHT

Thoughts on Belonging with Virgil Fludd



Virgil Fludd, partner in the academic, non-profit, social enterprise and culture practice at Caldwell, shares his thoughts on belonging in the context of a corporate environment.

In the last few months, I’ve talked about fostering a sense of belonging, and about the importance that we as leaders have to demonstrate to ensure people feel like they belong. Some of the challenge is when you’re the “in-group,” you don’t feel compelled to accommodate others. They should come in and fit us. I don’t have to do or change anything. And that’s part of the challenge – you don’t have to...but you should.

That kind of thing is hard because it makes people feel uncomfortable that now they’ve got to do something that breaks the normalcy they’ve been accustomed to. And there’s a measure of defensiveness about there being something wrong with the way we’re used to doing things – that there’s something that needs to change.

I served seven terms in the Georgia General Assembly, pushing for progressive changes. One comment I heard multiple times was ‘Why do you want to change it? We’re fine, and by the way, you moved here, so you must have thought it was okay too so... we’re not changing’. Few people are comfortable with discomfort. Those few who are comfortable with discomfort need to be a bit more activated and uplifted so they can help people who aren’t comfortable with being uncomfortable get to that point.

There has been a lot of talk in the last few years about the importance of change and a desire to do things differently, but

while we have seen some positive change, the work isn’t done yet. There’s still so much more that needs to be accomplished. I attended a seminar on race relations a few years ago, where the speaker made the point that his blackness is always on his mind. How people perceive him, what he wears, how he speaks, how he comes across – is always on his mind. And that felt familiar – I think most black people think about their blackness every single day. There were white business leaders in the class that day who said they never thought about their whiteness – ever. So, if it’s not a load you’ve had to bear every day, it’s going to feel heavier, and it will get tiring. But it’s something that needs to be carried every day. And though the idea that you have to carry it every day is somehow exhausting, the reality is it’s exhausting for everybody. For underrepresented groups, it’s exhausting, but there are no other alternatives.

I think what it comes down to is taking a more thoughtful approach to everything we do. Yes, it’s a daily challenge, but the hard and tiring and uncomfortable things can be good for us.

Even still, I am hopeful about the future. I have to be. I listen to my two adult children talk about race, ethnicity, gender identity and religion in a much more aspirational tone. They are also more demanding of the institutions that they engage with – government, employers, service providers and corporate brands. They want to hold organizations accountable and are more accepting of people who are different from them. They work on making others feel like they belong, and I learn from them every day.

Reevaluating Traditional DEI Strategies

DEI challenges in organizations have traditionally been addressed through content-based approaches like networking and mentoring. However, today we are witnessing a shift towards structural responses that address inherent biases within organizations and talent placement as companies understand that mentoring alone won't fix the structural barriers in place. "Now, companies are looking at their recruiting process and saying, 'Wait, this process is inherently biased', and re-assessing how to make it more fair... using things like algorithmic search" to go after a more diverse pool of qualified candidates," said Tom Connolly, chief human resources officer at Kingsley Gate.

Furthermore, building out this holistic strategy includes not just bringing in diverse talent but also build out a supportive pipeline so that the diverse talent can eventually become leaders in the organization: "It's on leaders and boards to be very purposeful about the value that having a really strong DEI approach brings; it's not just about gender, it's not just about race, it's about cognitive diversity as well, and enabling those people to be accepted and actually have a journey through the companies," said Francesca d'Arcangeli, chief operating officer at **Kingsley Gate**. "And that's very much from the top, all the way throughout the organization. And it's our job as executive search consultants to ask and make sure that the companies we're working with are doing that."

A Top Down and Bottom Up Approach

A collective effort is crucial in successfully driving DEI initiatives within organizations so that DEI is embedded in company values and is carried out by everyone rather than one individual with limited resources and impact. When reflecting on the flight of many chief diversity officers, this talent often left

because the whole organization's diversity efforts were placed on the shoulders of a single individual without the resources or power to enact company-wide cultural change. "Organizations need to keep pushing and ensure there is an effort made by everyone in the organization – not just HR or a DEI officer," said Kasey Kaiser, partner, healthcare technology & life sciences, digital health & employer technology at **Direct Recruiters Inc.**

"Make sure DEI-related initiatives are ingrained in company core values, not just a quota and afterthought. Create an inclusive environment, empower people, and make sure company actions align with leadership's words," Ms. Kaiser said. "Continue conducting trainings, and benchmarking progress. Create a mentorship program to ensure there is an effort for growth and training. Research has proven that having people with seats at the table who have different perspectives leads to company growth...but it takes a conscious effort to make progress."

In order for DEI efforts to make an impact, they must be integrated throughout the day-to-day operations of an organization. "Leaders need to look at diversity not as a vertical, not as one person's role or one person's area of responsibility, but as a horizontal and something that needs to be everyone's responsibility and touch every part of the organization," said Julio Suárez, managing director at **DRi Waterstone**.

Ben Warner, VP of talent at Acertitude continues on a similar thread, explaining that the only way to help carry out the DEI initiatives each company envisions is for each employee to be considering how they can each individually integrate DEI into their daily lives and role at the company. "Sustaining momentum for DEI initiatives within organizations requires a strategic and concerted effort," he said. "To achieve this, organizations and diversity leaders should consider creating tangible DEI



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projects and activities that actively involve colleagues. Overall, sustaining momentum for these efforts not only fosters a culture of inclusivity, but also demonstrates a genuine commitment to DEI practices. The end goal is to create meaningful and lasting change within the organization.”

Tracking Progress / Measuring Results

A core aspect of implementing long term change to your organization and successfully carrying out the DEI strategy is understanding how to effectively track and evaluate your organization’s progress towards creating a diverse and inclusive work culture. These metrics are pivotal in understanding the true reach and progressive impact of the DEI efforts and in informing ongoing strategies for long-term, sustainable success as well as holding oneself accountable to how each individual action plays into the change made at an organization.

To effectively track progress and drive results in DEI efforts, organizations must leverage data-driven strategies for how to measure change:

Establish Baseline Metrics

Understanding where an organization stands regarding diversity representation is critical. By establishing baseline metrics related to gender, race, ethnicity, age, and other relevant factors, companies can identify areas for improvement and set realistic goals. “Many companies are holding themselves accountable by establishing metrics to monitor progress and ensure continual improvement,” said Clinton Browning, partner and head of Dreamscape at **Daversa Partners**. In the same way that results oriented goals drive progress in every other aspect of business, tracking towards a goal for DEI progress can lead to those same desired results.

Some organizations have actually created a standard metric for companies to use to assess their baseline

Q&A

Questions For Sergio Monsalve, An Early-Stage Investor Focused On Human Enablement Technologies



Sergio Monsalve spearheads investment strategy for **Roble Ventures**, a firm he founded with the express purpose of helping entrepreneurs increase equity via human enablement technology. It is all part of a new ecosystem which is quickly gaining traction in the world of human capital investment.

Mr. Monsalve's investment strategy is centered around DE&I – initially by investing in diverse firms – but on a larger scale by investing in technology that empowers a new wave of human potential across society. “We believe that this is not just a smart way to invest, but a movement to bring some much-needed empathy and human-centric benefits back into venture capital,” he told ExitUp in a recent conversation.

When Mr. Monsalve isn't busy adding to his impressive investment portfolio he serves as a professor and mentor to young entrepreneurs at his alma mater, Stanford University. He is an expert in both human capital and the technologies which will unlock our full potential. The following are excerpts from a recent discussion with Mr. Monsalve.

Sergio, talk to us about the importance of human enablement technologies in today's world.

The technological miracles we've created have simultaneously empowered and necessitated the creation of human enablement technology. When you take a look at corporate America you see a three percent unemployment rate, but there are hundreds of thousands of jobs that are left unfilled because people lack the skills necessary for the next generation of jobs. If you look at the number of unfilled positions and fill them, you come up with a negative

unemployment rate. In order for this system to function optimally and equitably we must empower people from all walks of life to participate in the new economy. Enter human enablement tech.

How can human enablement tech increase equity for the individual?

The unprecedented rate at which our new system has taken form has led to increased economic inequity. While a rising tide does lift all boats, in this case they aren't all lifted at the same pace. Those with the right connections who are digitally able have gained comparatively much more. This happens all the time when there's a boom, the haves get more and the have nots less. By investing in human enablement, we hope to create a more equitable system. This will ensure that a greater share of society gets their fair share of the economic benefits of the digital transformation. Learning can no longer be limited to our early lives. The new system will require everyone to reskill throughout their lives or become obsolete.

What do you look for when investing in an entrepreneur?

There is an art in being a great entrepreneur, you need to be incredibly persistent but also adaptable, traits which are almost orthogonal to each other. People who are able to find this counterbalance are truly one in a million. That's why a ton of our time sourcing is spent making sure we've found people who are able to walk that tight rope. Some of the greatest companies have come from bad ideas, or from obvious ideas, and succeeded entirely because of the people managing them. In venture three ingredients are critical: capital, ideas and people. Relatively speaking, capital and ideas are abundant in comparison to finding the right people.

Source: ExitUp

from a DEI standpoint, this way companies are comparing their progress and current standing using the same measuring system. The Council for Advancement in Support of Education created their own DEI index as a way to measure DEI. “It's a concept that could be used across any nonprofit environment,” said Deb Taft, chief executive officer at **Lindauer**. “The idea is that one considers a set of measures and understands what the leadership looks like, where investments are being made, who's receiving professional development, what are the networks and the portfolios of the fundraisers.” These are all key indicators of true investment into DEI and what it takes to get those changes across the finish line.

When organizations have a measurement system for finding the baseline and tracking progress, they have completed a key step towards instituting change. Once these metrics are established, regular reporting on DEI metrics ensures accountability and transparency within an organization. And, more importantly, sharing this information with employees fosters trust that the DEI goals aren't just a lofty idea, instead allowing for collective ownership of the company's diversity progress.

Measuring Your Entire DEI Strategy

Similar to evaluating the overall DEI strategy to make sure it encompasses both content and structural

DEI initiatives, organizations must take a similarly holistic approach to measurement. “Organizational leaders must proactively evaluate not only their hiring processes but also evaluate promotion and retention policies,” said Carlos N. Medina, vice president for equity and inclusion and senior consultant at **Academic Search**. “This evaluation aims to eliminate biases and establish a truly equitable workplace where opportunities are accessible to all.” Once a company evaluates these processes for biases, this helps organizations understand where their biases exist in order to address them and, more importantly, measure progress in removing them from the hiring and retention process.

With measurement also comes more qualifiable ways of tracking this progress through your leadership and ways for leaders to promote such progress. Leaders can participate in additional informal means of measuring progress such as random check-ins with entry level people to get a sense for their pain points or carrying out ‘lunch and learns’ to encourage collaboration between teams. This also helps reinforce, to the broader organization, that the leadership team is bought into a culture of inclusion.

By establishing baseline metrics, organizations can identify areas for improvement and set realistic goals; regular reporting and sharing of DEI metrics fosters accountability, transparency, and collective ownership of diversity goals within the company. With a holistic approach to measurement ensuring that the evaluation encompasses all facets of the DEI strategy, including hiring, promotion, and retention policies.

Leadership’s Role in Sustaining DEI

Leadership is one of the fundamental keys to creating a diverse, equitable, and inclusive workplace. Hiring and attracting diverse leaders – both at the C-suite and board level – drive DEI initiatives and set the tone for how they should be carried out. “It’s also



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critical that top leaders push down through the organization to develop the team, and especially mid-level managers who are hiring, doing performance management, creating day to day context for employees, as mid-level managers are often the ones carrying out the DEI efforts and tracking progress,” said Ms. Taft.

Choosing the right talent to steer the company is key because they create the culture. “Leadership communicates expectations, behavior, and norms,” said Lionel Anderson, principal at **JM Search**.

“Taken together, these three elements undergird an organization’s culture. And culture determines the success or failure of any meaningful diversity and inclusion effort.”

“When leaders prioritize diversity and belonging, they not only align the organization with its mission but also foster an inclusive atmosphere that benefits both employees and the communities they aim to support,” said Ms. Noble. “Ultimately, top leadership holds the transformative power to embed DEIB at the core of the organization’s culture.”

Reflecting the Company’s Mission / Clientele

Not only does a leader help shape the internal culture, but they also reflect the organization to the world. If the entire leadership team lacks diversity, any external statement on a company’s dedication to diversity weakens. “Candidates want to see evidence of the board commitment to DEI based on its makeup,” said Crystal Stephens, senior director at **Boardwalk Consulting**. “If the board is diverse, it is a positive sign that the organization holds diversity as a key priority. A diverse senior management team also reflects a commitment to DEI.”

This is particularly the case at the non-profit level. “Because so much of a non-profit’s work is dedicated to philanthropic initiatives within diverse communities,

INSIGHT

Working Women and the War for Talent



BAIN & COMPANY

Women have spent centuries forging a path in society and the workforce, with much progress: Most countries have extended the right to vote within the last 100 years, and women's labor force participation has expanded rapidly since the midcentury. But the harsh reality is that women remain scarce in top leadership roles today: They held fewer than five percent of CEO roles globally in 2020.

As companies grapple with current talent shortages, women can be a key part of the solution. Despite different starting points and cultural contexts, every country has an opportunity to bring more women into the workforce, in order to meet talent needs and advance women's empowerment. Understanding the differences — and similarities — between women and men at work is critical for addressing gender parity and winning the war for talent.

Five imperatives for leading firms:

Be wary of averages

In order to attract and retain the best workers, while also ensuring that the right people are in the right jobs, leading firms are adopting a more tailored approach to worker needs. For some workers, that will mean ensuring that their work is aligned with their passion. For others, that may mean offering flexibility paired with career progression.

Actively fight traditional gender bias with diverse role modeling and sponsorship

Gender bias can hold workers back from their full potential. Firms can actively challenge bias by elevating diverse role models, ensuring equal access to sponsorship, promoting allyship, and embedding concrete bias mitigation efforts. Our research shows that mentors with different backgrounds or identities than their mentees are equally as effective as mentors with similar backgrounds or identities. Bias mitigation efforts in recruiting and

promotion are also crucial. These can include redacting information from résumés during the review process, ensuring job descriptions are inviting to all, clarifying subjective or ambiguous success criteria, and requiring bias trainings for interviewers, managers, and promotion reviewers.

Instill inclusive practices as an antidote to gender imbalance

Creating an inclusive work environment boosts team performance and improves worker retention, especially among women. We define inclusion as the feeling of belonging in one's organization and team, being treated with dignity as an individual, and being encouraged to fully participate and bring one's authentic self to work every day. Bain research shows that fewer than 30% of women and men feel fully included at work, so there is plenty of opportunity for improvement.

Inclusion is necessary to maximize retention, performance, and innovation. It unlocks the power of a diverse workforce. There are three highly critical steps to boost inclusion for all. Promote growth, through instilling stronger rituals around professional development, coaching, and sponsorship. Facilitate connection. Signal commitment, with clearly defined and communicated diversity, equity, and inclusion ambitions.

Unlock new talent pools through reskilling and returners programs

Women are more likely than men to off-ramp and take an extended leave mid-career, often due to family obligations. And while roughly 90 percent of women want to return, only 40 percent actually do. Nearly three-quarters of women trying to return to work after a voluntary leave have trouble finding a job. Workers who have taken extended leaves represent a promising talent pool but may need to learn new hard or soft skills to reenter the workforce. In addition, reskilling or upskilling current workers can improve retention and develop a pipeline of diverse talent into management positions.

the leadership must reflect the individuals the organization is helping," said Greg DeShields, executive director of tourism diversity matters at **Searchwide Global**. "Non-profits often work towards addressing social issues and promoting positive change in communities. Leaders must create a culture of diversity, equity, and inclusion with ongoing commitment and effort. When leaders prioritize and actively champion these principles, they lay the foundation for an environment where everyone can thrive and contribute their best. When the leadership

reflects the individuals that an organization's clients, they can also approach the solution in a more creative and often more empathetic way because their experiences and identity are more likely to reflect those of the client."

Most importantly, not only must leaders initiate and carry out the DEI efforts, but they must also be willing to listen and adapt so that their strategy truly helps increase DEI at the organization, according to Siobhan Doherty, partner & regional practice head, social impact and environment, Americas

at **Perrett Laver**. “The willingness of leadership teams to actively listen and have, often challenging, conversations with their teams and stakeholders is critical to achieving greater inclusivity,” she said. “Top leadership should not only make verbal commitments but also demonstrate their commitment through their actions and behaviors. Their actions should align with their professed dedication to diversity and inclusion. This entails actively participating in D&I initiatives, receiving training, and maintaining openness to feedback and ongoing learning.”

Leadership goes beyond simply occupying a position; it encompasses shaping internal culture and reflecting an organization to the outside world. Effective leaders set the tone by establishing organizational values, inspire motivation by creating a sense of purpose, nurture talent through development opportunities, build trust as a foundation for success, and lead through change with resilience and adaptability. By understanding the profound impact of leadership in these areas, organizations can cultivate strong leaders who drive positive organizational culture and foster success.

Maximizing Success Through Talent Support

Bringing in diverse and qualified talent is a great way towards increasing diversity at an organization, but if a company doesn't build out a support system, then it will be difficult to change the culture towards one of inclusion. “Candidates drawn from a varied mix of backgrounds are increasingly gravitating towards companies that foster a genuinely inclusive culture,” said Mr. Browning. “They want to be part of organizations where their unique voices are amplified, their individual contributions valued, and their identities respected. They're looking for employers who not only invite diverse viewpoints but actively seek them out, creating a level playing field for all employees, irrespective of their backgrounds.”

Organizations and leadership must ask themselves if they have processes in place to set up their talent for success to truly unlock their value. According to Dan Nevez, vice president of executive search at **Campbell & Company**, some helpful questions to ask include whether DEI goals are embedded and fully integrated into your organization's general measures of success. If not, how might they be? How can you infuse principles or frameworks that propel DEI efforts forward into the activities your staff is already doing every day? How are you setting realistic expectations, providing appropriate support, and a responsive timeframe for onboarding? While every new hire needs proper support and clear expectations in order to succeed, it becomes increasingly necessary when trying to increase diversity and inclusion at an organization. Part of the reason so many chief diversity officers left so soon after their roles were created, is that they weren't given the proper support to achieve any of the goals expected of them.

DEI goals cannot be achieved if you don't provide the support necessary for your employees to rise to the challenge. “Non-profit businesses can ensure they are ready to embrace women and diverse candidates by creating a culture that values and respects differences and is inclusive and supportive,” said Christie Angel, managing director at **BroadView Talent Partners**. “Candidates need to see and feel that the organization is a place where they belong, not just fit in. In addition, the nonprofit board and/or organization's leadership should consider a social onboarding program or leadership consultant to help candidates they recruit to connect with their own community while building their networks.”

The same is true around removing barriers that prevent diverse talent and women from moving up in the organization or rising into leadership positions.

INSIGHT

How CPG Companies Can Advance Gender Diversity in C-Suite P&L Leadership

SpencerStuart

The CPG industry is upheld by the buying power and influence of women, literally. Research indicates that by 2028, women will be responsible for 75 percent of consumer spending. Yet just three of the top 50 CPG CEOs are women, with one just appointed in June 2023. Beyond the CEO role, **Spencer Stuart's** Consumer Products Leadership Index, published in April 2023, shows that just 23 percent of C-suite leadership roles are held by women in CPG companies and only 14 percent of the C-suite P&L roles reporting to the CEO are held by women.

This jarringly uneven representation in the C-suite was recently called out by Clorox's CEO, Linda Rendle, at the 2023 Consumer Analyst Group of New York event. Others in the CPG industry are vocal about the need for change at the top. Stakeholders including board members, employees and customers are also putting pressure on CPG companies to diversify their leadership teams and build a deep bench of talent with more women candidates. The push for greater diversity is not just because it's the right thing to do: research links greater gender diversity at the top with above-average profitability, better decision-making, more creativity and other benefits. There is much work to be done.

Our experience shows that one of the most effective approaches companies can take to increase diversity in the CEO pipeline is to build a more diverse talent pool at the critical entry point to P&L general management (GM) roles. Female executives who manage a P&L early in their careers have a better chance of being considered for C-suite-level P&L leadership opportunities.

The GM role is complex, demanding and often exclusive of women

To understand why some companies have struggled to diversify their GM pool, it is helpful to consider the responsibilities of the role, the traditional career path to the position and why the traditional "requirements" companies set for promotion to GM can serve as a barrier to women. Historically, CPG companies have favored GM candidates with strong sales, commercial and/or marketing pedigrees. This makes sense, given the mandate of P&L roles is to drive profitable growth by meeting consumer needs more effectively than the competition, yet the requirement for sales experience and a commercial pedigree can reinforce gender imbalances.

How leaders are building gender diversity in the GM talent pipeline

We found that the companies with the highest levels of women in P&L leadership roles tend to have a holistic, systematic and

intentional approach to building gender diversity in the GM pipeline. These organizations are also committed to constant improvement and refinement, even after they hit their gender diversity targets.

Establish accountability at the leadership level and constantly measure DE&I metrics

In this age of data and analytics, most CPG companies likely have solid reporting tools and capabilities to measure sales, gather customer data and track the outcomes of market initiatives. These kinds of capabilities can and should be applied to talent management processes that address gender diversity.

Make assessing leadership potential part of the talent management process

Companies that are further along in their diversity journey were more likely to stress the importance of strong leadership capabilities and behaviors such as agility, resilience, confidence and humility alongside experience. They realize that to diversify their P&L pipeline, they cannot simply select people who fit traditional GM talent profiles. Instead, they must make evaluating candidates based on leadership potential part of the hiring equation and do so earlier in their careers.

Have career conversations early and accelerate development

Timing is everything when it comes to having career conversations. Several CHROs we spoke to said that by waiting too long to have intentional career discussions with female executives with GM potential they run the risk of the women self-electing out of consideration because of familial or other personal obligations, especially if mobility is required. HR leaders know that it's often easier for people to make cross-functional or geographic moves earlier in their careers, and from a business perspective, the risk of cross-functional moves is less.

Provide visibility and support through sponsorship, mentorship and role modeling

Research shows that sponsors may be more effective at helping women advance their careers by extending their professional networks, advocating for them when opportunities arise and providing exposure to executive team members who make hiring decisions. Advocacy by senior leaders is particularly important for up-and-coming leaders, which can lead to promotions and stretch assignments, research finds. Success tends to build on itself. One company that is earlier in its diversity journey found that as women are moving into more senior roles, they are reaching out to help other women succeed.

When considering leadership at an organization it is important to reflect both on the current leadership's approach to DEI as well as how the company sets up the pipeline for future leaders. "Creating a culture

that is diverse, inclusive, and focused on succession planning can help more women reach the top of their organizations," said Mr. Gomez. "By investing in the proper development, and professional growth

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of women, and by removing the glass ceilings, and the labyrinth that affects gender in leadership, organizations can better prepare to be more inclusive workplaces. Organizations have the responsibility to create opportunities that support a growing population, remove organizational barriers, and create a workplace environment where women can reach their full potential.”

Embracing diversity within organizations is not only a moral imperative but also a strategic advantage. However, it’s crucial to acknowledge and overcome challenges leaders face not only around attracting diverse talent but helping them succeed. By implementing effective strategies at the top level to support new talent in their growth and inclusion, organizations can truly unlock their full potential and create a thriving environment for all.

Using AI As a Tool for Promoting DEI

Generative AI continues to be a key topic of conversation throughout industries and the search industry is no different. While there are plenty of potential applications for this novel technology, using it as a means of promoting diversity at organizations as well as assisting with DEI initiatives more broadly is definitely a widely held belief. Nevertheless the overarching sentiment of industry experts is that AI is still a tool so it must be used with awareness and care rather than seen as a solution or a replacement to humans.

AI's Limitations With DEI

AI has become an integral part of our lives, revolutionizing industries and transforming the way we live and work, and the same can be said for the search industry and for DEI initiatives within organizations. “Depending on which side you ask, AI will lead to either a data-driven meritocracy or

a DEI crisis,” said Jin Ro, chief product officer at **ON Partners**. “In an ideal model, AI provides a wide aperture to a larger and more diverse pool of candidates where the best fit would emerge based solely on merit and fit.”

“Nevertheless some limitations exist with this tool that must be considered when using it,” Mr. Ro said. “There are built in social biases. AI models are only as good as its training data. Additionally, there is no recognition of recent events where a situation might require nuance or care. Finally, the internal workings and process are unclear to the user so it is difficult to parse through the source of the output. But despite these limitations, AI still has incredible potential to help recruiters find a wider pool of talented and qualified talent.”

AI is still an early tool and figuring out the balance for where the AI is used and where recruiters make decisions is a key part of the success. “We are still at the very nascent stages of what AI can do and the impact it will have on the hiring market in general,” said Dana Feller, founder & managing partner **Hudson Gate**. “AI, when programmed properly, is exponentially more accurate and efficient at targeting profiles than a human is. However, once a profile has been identified by AI, I still believe that the most sought-after candidates will expect to be contacted by a human being – not by an AI bot. And more importantly, profiles identified by AI should also be looked over by humans, with AI helping aid recruiters in finding a broader pool of talent rather than replacing human’s role deeper into the process.”

In order to fully take advantage of AI’s capabilities when it comes to DEI and unlock new methods for increasing diversity, it is important to understand that AI is a tool to help recruiters rather than a technology that replaces them. “AI can help identify gaps and suggest improvements, but the final decision

INSIGHT

What Does the College Affirmative Action Ruling Mean for Corporate DE&I?



On June 29, 2023, the U.S. Supreme Court declared that considering race in college admissions practices violates the U.S.

Constitution. Even though the case arose in academia, many believe that opponents of diversity, equity, and inclusion (DE&I) workplace initiatives will use the Harvard case as a lever to contest DE&I programs in the workplace. Indeed, attorneys general from thirteen states have already threatened legal action over corporate diversity practices. And attorneys general from twenty-one states have responded with their points of view on corporate DE&I practices.

In addition to the Harvard Supreme Court case, another court recently found that California legislation mandating diversity on boards is unconstitutional. And a legal challenge on the NASDAQ diversity requirement is underway.

While we recommend organizations seek legal counsel on these issues, we share business guidance on recommended DE&I practices in an evolving socio-political landscape below:

- Focus on equity, defined as fairness for everyone, rather than diversity-related targets.
- Include clear business reasons for diversity in board job specifications, such as lived experience that would contribute to the understanding of markets and diversity of perspective.
- Include and engage members of both majority and minority groups in your DEI programs.
- Equip DE&I leaders with the skill set to navigate legal complexity and focus on business outcomes as they determine whether to continue or modify existing DE&I programs, policies, and related metrics.
- Systematically review DE&I-related communications as part of ESG and external reports and tailor regional communications inside global organizations as legislation varies widely around the world.

often requires human insight,” Mr. Browning said. “Moreover, creating an inclusive culture extends beyond the hiring process, requiring human-led initiatives and ongoing commitment. In essence, while we lean on AI to mitigate bias and enhance our recruitment strategies, the true diversity of our society in our workforce will always require the irreplaceable human touch.”

Culture Testing and Shaping Using AI

Using AI to source a larger qualified pool of talent is one of the many great value propositions that the technology enables when it comes to DEI and something that has already helped recruiters find exponentially larger numbers of potential candidates through broader and less orthodox definitions of who might fit the role. Nevertheless, there are many other ways the talent industry can use AI as a tool to promote DEI, including cultural testing. “Leveraging AI to analyze data to understand themes and trends is essential to conducting an effective culture or climate assessment,” said Mr. Gomez. “Using AI and subject matter experts is crucial to better understanding organizational culture, optimizing organizational policies, and enhancing organizations’ processes to ensure workplace inclusion.” When organizations want to measure their current DEI as well as track progress, AI can be a valuable tool to help and might even be a way to eliminate biases humans have when assessing the culture of an organization.

Beyond cultural assessments, AI can be used to identify other areas where biases within the daily operations or practices of an organization might exist. “We may find that AI can aid us in eliminating gendered language from job descriptions and other materials to create more inclusive hiring,” said Mr. Medina. “AI might also be used to analyze data such as pay rates, promotions, and performance evaluations to determine if there may be bias within these practices. As long as there is human oversight to look out for biases to the AI’s training, the possibilities are endless and the potential is high in using these tools to increase DEI efforts.”

As we navigate the path forward with AI within the human capital, it is vital to consider both the promises it holds as a data-driven meritocracy and the potential risks it poses to diversity, equity, and



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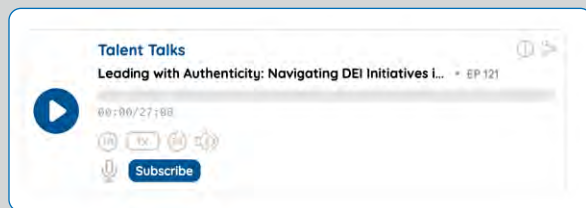
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PODCAST

Leading with Authenticity: Navigating DEI Initiatives in Corporate America



In this episode of Talent Talks, host Rob Adams is joined by Ken Wilcox, partner at **H.I. Executive Consulting (H.I.E.C.)**. Ken shares insights on the origins of diversity, equity, and inclusion (DEI) initiatives, and strategies for maintaining momentum in this crucial area. They discuss the importance of open communication, proactive actions to rectify past mistakes, and the impact of diverse executive teams on company performance and culture. Ken emphasizes that leadership is key in driving DEI initiatives and offers practical advice for leaders looking to approach these initiatives with authenticity and genuine understanding. Join the conversation and gain valuable insights into fostering a more inclusive workplace.



inclusion through hidden biases. By approaching this technology as a tool with its own limitations and flaws, we can harness the power of AI and ensure it works for the betterment of DEI practices rather than the perpetuation of exclusion. It is our collective responsibility to shape AI systems that reflect our values and contribute to a more inclusive culture.

Leveraging Inclusive Talent to Unlock Value

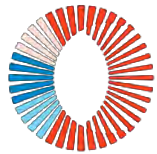
Finally, the most important piece of the puzzle when it comes to DEI is to remember that at the end of the day, while an organization may have leadership that cares about DEI or they may have the best AI tools, or even a solid quantifiable assessment of their current DEI standing, it is incredibly difficult to make these goals a reality if the company doesn't align their DEI perspective with their business goals. It has already been proven time and time again – in studies

from Deloitte that diverse organizations are twice as likely to exceed revenue goals, BCG that diversity increases the capacity for innovation, and others– that organizations with a diversity of viewpoints which are appreciated and leveraged are more profitable than homogenous ones.

“From a talent perspective, if you take the combined critical mass of diverse underrepresented groups, you would not ignore them as a marketplace to serve with your products, whatever they may be,” said Mr. Moreno. “So take that same math and say, why would I ignore them as a potential source of talent?” Understanding how to bring in this diversity of talent and then fostering a culture of psychological safety and inclusion to support their diversity of viewpoints is how you can take that source of talent and unlock their value.

In an increasingly interconnected world where innovation is paramount for success, collaboration has emerged as an invaluable tool for unlocking the full potential of talent, which lies in its ability to amplify individual talents, foster innovation, and drive long-term success.

Nevertheless, despite this evidence and sound logic, companies must go through the steps to align their DEI strategy with their business goals in order to have the entire organization truly prioritize DEI and a culture of psychological safety as an initiative. This means from an economic standpoint, as Kris McFeely managing director of executive search and **Campbell & Company** explains: “When it comes to cultivating DEI, these efforts can only flourish over the long term if folks in the C-suite value and prioritize them from a business perspective. Just like nonprofit leadership determines what an organization literally values – where it spends its resources of time, talent, and treasure – leaders must actively champion the DEI work happening in their organizations.”



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This can be a challenge as it is not always easy to prove the immediate "return on investment" that increasing DEI at an organization provides, despite proof of long term financial and cultural benefits. "Leaders need to translate how DEI successes contribute to profitability and hiring," said Louis Montgomery, partner at JM search. "I highly recommend DEI practitioners to find a career coach or executive coach—someone who understands this space and recognizes the long-term perspective required."

Not only does creating a company-specific business case for DEI help the organization prioritize these changes from a resource perspective, but it actually helps to spur movement on a granular level; If an organization's talent understand that making the choice towards diversity and equity and inclusion will help the company perform, it becomes an easy decision to make on an individual level. "The CEO and leadership team need to speak about the business imperative of having a diverse workforce – why it matters and how each individual can make an impact," said Janice Ellig, CEO at **Ellig Group**. "This should be a regular topic at town hall meetings, in company newsletters, and in department meetings. This will increase comfort about the topic and create greater ownership by all – starting with the CEO and cascading down the organization. Not only does it make the choice easy, but each individual then feels personally responsible for imbuing DEI efforts into their daily work when it is aligned with business goals."

As organizations navigate the evolving landscape of work, it is imperative to prioritize diversity, equity, and inclusion as a way to unlock the true value of their talent. Inclusive talent management strategies that work towards immediate and long-term cultural changes are essential for maintaining success in

attracting top talent and driving business growth. By building values-driven companies where individuals feel safe and encouraged to bring diversity of thought to the table, tracking progress using data-driven

strategies, and integrating DEI with business priorities, organizations can create a future where everyone feels valued, respected, and empowered to thrive.

PULSE SURVEY FINDINGS

PULSE SURVEY FINDINGS

While the topic of DEI has been at the forefront of everyone's minds in the past few years when companies made pledges and added workshops and chief diversity officers, more recently there has been much skepticism about the success of these endeavors.

In the past year, many are finding the work to be slower and more difficult to implement, in fact most chief diversity officers have left their organizations after finding that the work they've been trying to implement is met with backlash, lack of funds, or even just the uphill battle of implementing cultural changes. This has caused companies to reevaluate their current approach, double down on efforts, or shift their strategies.

Often at the front of these culture changes are recruiters and HR professionals, who work to place the individuals spearheading these changes or carry out the cultural initiatives to promote DEI.

Hunt Scanlon Media conducted a survey on the state of DEI with input from 218 industry experts. Respondents delved into their company's DEI strategies, progress made, and industries still behind from a DEI perspective. The findings of this survey are poised to offer a valuable compass for recruiters and HR professionals as they navigate the continued goal of increasing DEI at organizations around the world.

The approach to diversity, equity, and inclusion has undergone rapid transformation in recent years, driven by a national and global push for change, evolving talent needs reflecting an understanding that diversity of viewpoints and experiences brings with it economic success, and political shifts.

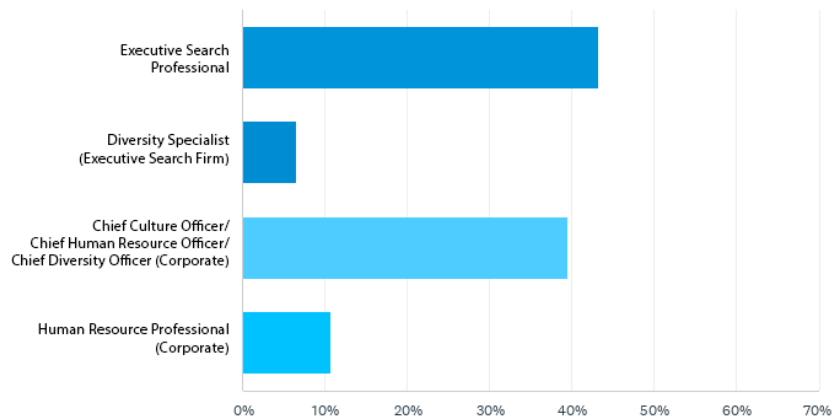
In this survey, Hunt Scanlon engaged with professionals spanning executive search, talent acquisition, and human resources to gain a holistic perspective on the state of DEI within their industries. The insights gathered encompass a wide array

of topics, including the top priorities for DEI within organizations, effectiveness of achieving DEI goals, the impact of search firms in achieving DEI goals, and industries which have made the most progress.

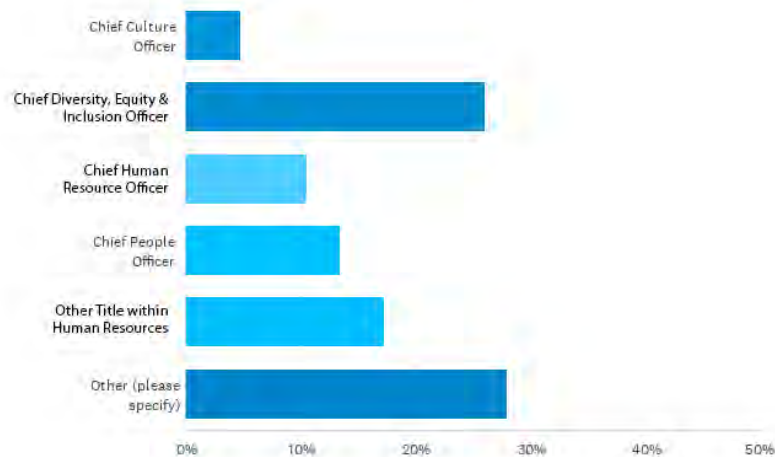
The survey's findings explore challenges as well as top priorities around DEI, key takeaways that can help industry leaders reflect on their own DEI approach and understand the state of progress and what still needs to be done. The survey findings are as follows:

Demographics

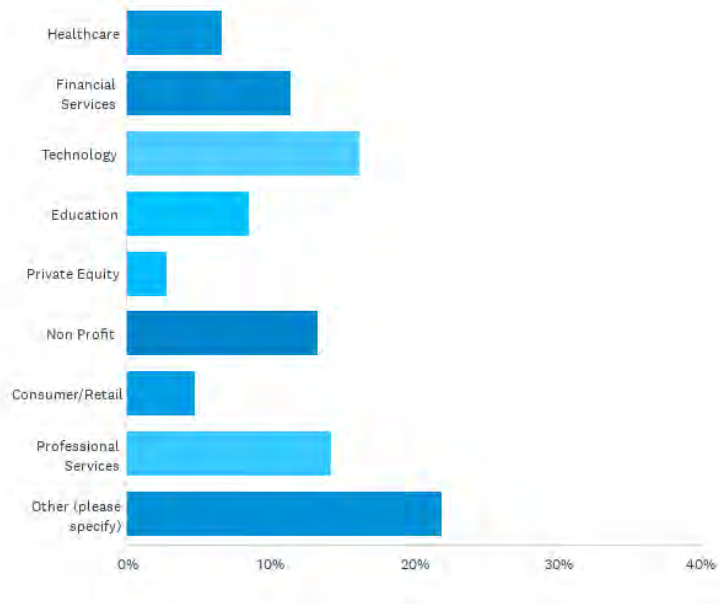
Which of the following best describes your role?



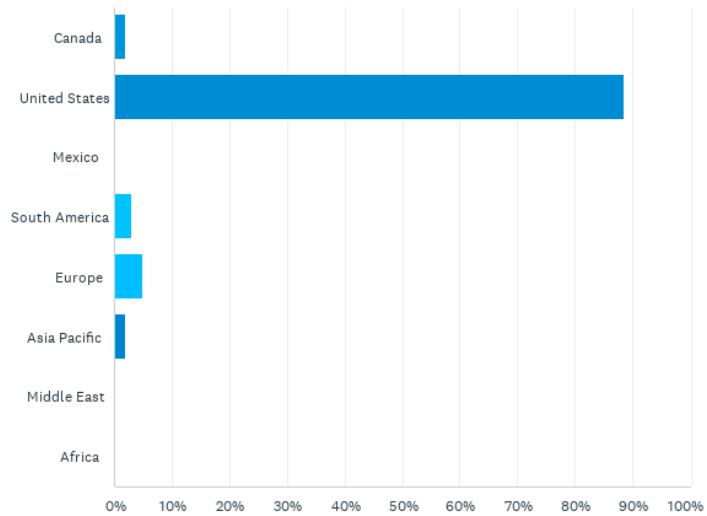
What is your specific role?



What industry do you work in?



What industry do you work in?

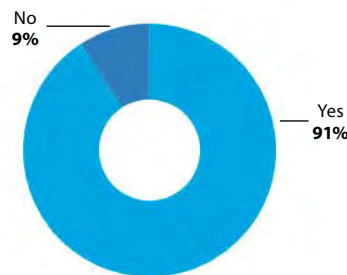


DEI Overview

Does your company have a DEI strategy? (corporate)

Corporate respondents were asked to evaluate their company and its implementation of a DEI strategy. The results revealed a clear picture, with over 90 percent of participants affirming the presence of a DEI strategy at their organization. This overwhelming response highlights the growing importance and recognition of diversity, equity, and inclusion in the corporate world. It is encouraging to see companies proactively addressing these vital issues and striving for a more inclusive work environment.

These optimistic figures point to a broad acceptance that a strategy must be put into place in order to achieve changes within organizations and build a culture of diversity, equity, and inclusion. Nevertheless, while awareness and recognition has grown, there is still a lot of work to be done when it comes to implementation. What's more, a strategy must include all levels of an organization—from management to front-line employees—in order for it to be successful.

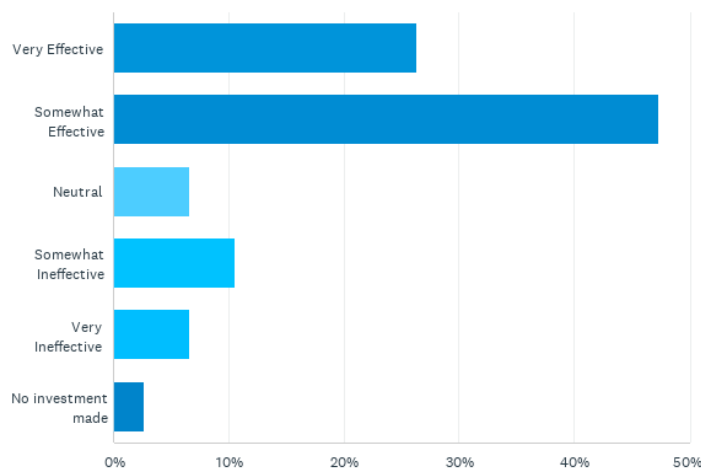


How effective has your company been at investing time and resources into DEI initiatives? (corporate)

Despite a broader implementation of DEI initiatives, corporate respondents are still aware that merely having a strategy in place doesn't mean that it is achievable without time and resources invested into making the plan a reality. This comes back to the wave of chief diversity officers leaving their positions so soon after many were created: they found they were given insufficient resources to enact any of the DEI goals they were expected to achieve. In fact, only 26 percent of respondents found that their strategy was being followed by very effective investment of time and resources.

Nevertheless, it is still quite promising that many companies are effectively investing the time and resources into their initiatives in order to garner results. In fact, 73 percent of respondents found that their company was either somewhat or very effective in their DEI investments.

These findings highlight the importance of not only having a DEI strategy but also allocating sufficient time and resources to execute it effectively and reminds corporations that making a tangible commitment helps drive that progress. Because while there is progress to celebrate, it's crucial for companies to continually assess and improve their DEI efforts. By regularly evaluating the impact of their investments and adjusting strategies accordingly, organizations can create a work environment that truly embraces diversity and fosters inclusion for all employees.



What are your top priorities with regards to DEI initiatives in 2023 & 2024?

When asked their top priorities with regard to DEI initiatives for the upcoming year, there was a breadth of answers from corporate respondents, reinforcing both the many issues to address as well as the multitude of ways a company can approach DEI at their organization.

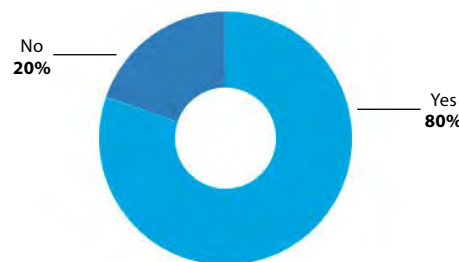
One specifically pointed out “increasing the hiring pool of diverse individuals through community partnerships and engagement,” as a key goal of their organization. Another mentioned their main priority was to “foster an inclusive culture where differences are leveraged to innovate and enable our mission,” a belief at the very core for what DEI stands for and why studies continue to find that diversity promotes financial success.

The three key priorities repeated most frequently by respondents were to build a culture of inclusion and belonging throughout their organization, building gender and racial representation in their company’s leadership team, and coming up with a way to measure progress to build accountability on a leadership level and throughout the organization.

Respondents stressed the need to regularly assess the effectiveness of DEI initiatives, collect data on diversity metrics, and refine strategies based on the insights gained. This iterative approach allows organizations to adapt and maintain their progress in fostering diversity, equity, and inclusion. Overall, these additional priorities shed light on the multifaceted nature of DEI efforts and the necessity of leadership and a culture of inclusion needed as a foundation for maintained change.

Is DE+I a major focus for your company when considering a new hire?

When asked about the importance of DEI in the hiring process, corporate respondents overwhelmingly emphasized its significance with over 80 percent responding that DEI is a major focus in hiring. However, it is crucial to remember that attracting qualified candidates with diverse viewpoints, encompassing gender, culture, race, and more, is merely the first step. Equally vital is the establishment of a supportive and inclusive culture that strives to retain and empower diverse talent. DEI initiatives extend beyond recruitment to include fostering a culture of trust and inclusivity, establishing mentorship programs, and cultivating a diverse leadership pipeline. With these considerations, organizations can truly thrive and drive meaningful change.



BY THE NUMBERS

How Important is Having a Diverse Team to Your Company?

On a scale of 1-10, corporate industry professionals rank having a diverse team at **6.7** in terms of how important it is at their company.

While this score does not lean extremely towards a belief in diversity within the team, it signals a general consensus within the industry that diversity is important not just within leadership but also within each broader team. This slightly positive leaning is a noteworthy indicator that respondents still believe in the importance of DEI, especially in the context of recent skepticism around DEI and fears that the initiative was just a trend; though many chief diversity officers have left and retention for the position is down, belief in DEI overall is still high.

This question gets to the heart of DEI and what reports from top consulting firms have continued to find: organizations with diversity lead to greater levels of performance and financial success. With a diversity of viewpoints comes greater room for innovation and creative problem solving, as well as a broader customer base to target. It is evident from the response that while many experts in the industry agree with this sentiment, there is still a little way to go until professionals overwhelmingly believe in DEI.

BY THE NUMBERS

How Much of an Impact Does DEI Have on Your Talent Strategy?

On a scale of 1-10, corporate industry professionals rank the impact DEI has on their talent strategy at a **6.3**.

This score is generally positive but represents a slight and notable contrast from the response to the importance of hiring diversity at organizations. While a slim difference, it is a reflection of a disconnect between organizations having a broader DEI talent strategy and merely considering the diversity of an individual during hiring.

Additionally, while there is a slight trend towards DEI having an impact on talent strategy, it is not much higher than 50 percent. This reinforces the importance of having a DEI approach that encompasses a broader talent strategy to not only be around recruitment and hiring practices but also ongoing training, career development, and employee support initiatives.

Moreover, a narrow focus on diversity solely during the hiring process may inadvertently lead to tokenism, where individuals from underrepresented groups are hired to meet a quota, without addressing deeper systemic issues.

To address this, organizations must take proactive steps to create a culture of belonging and support, where diverse employees are empowered to thrive and contribute their unique perspectives. While the score indicates a positive outlook, it also highlights the need for organizations to embrace a comprehensive DEI strategy that goes beyond hiring alone in order to cultivate a more inclusive, equitable, and successful workplace.

Measuring DEI

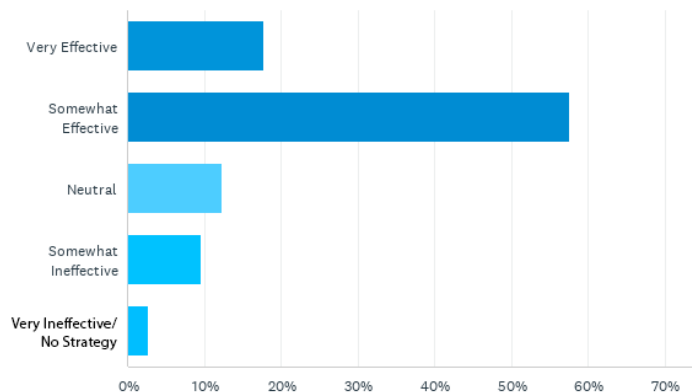
How effective has your company been in achieving DEI initiatives and goals?

Despite a broader implementation of DEI initiatives, corporate respondents are still aware that merely having a strategy in place doesn't mean that it is driving the intended results. In fact, only 17 percent of respondents found that their strategy was very effective in driving the intended DEI successes.

Nevertheless, on a more positive note companies are still finding that their company has been somewhat successful in achieving the DEI goals set forth. In fact, 57 percent of respondents found that their companies were somewhat effective in achieving the DEI initiatives they set in place.

These findings highlight the importance of continuous evaluation and adaptation of DEI strategies and measuring towards a goal. It is crucial for organizations to prioritize not just the existence of a strategy, but its actual impact and outcomes. By regularly assessing and adjusting their approach, companies can ensure that their DEI efforts are truly meaningful and drive positive change. This also underscores the need for shared responsibility in promoting DEI. It's not just about the leadership or HR team; every individual within the organization has a role to play in fostering an inclusive environment. By actively participating in and championing DEI initiatives, employees at all levels contribute to the overall success of the organization and help create a more inclusive workplace culture.

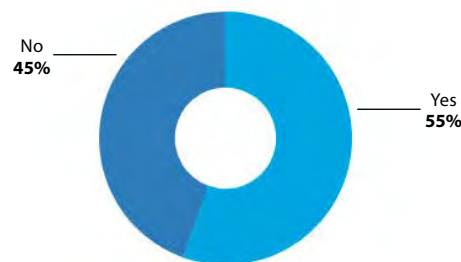
Ultimately, the data suggests that while progress is being made and companies are on the right track, there is still work to be done to feel that they are very effective in achieving DEI goals set forth. Companies must remain dedicated and continuously strive to improve their DEI strategies to yield more impactful and sustainable results.



Have you worked with an executive search firm?

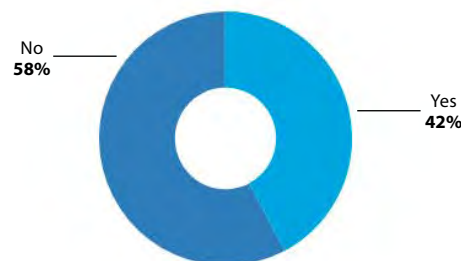
When asked about their experience with executive search firms, corporate respondents showed a fairly even split. Only a slight majority (55 percent) reported having previously worked with an executive search firm. This suggests that while many organizations have successfully executed their DEI initiatives internally, there is still potential for collaboration with external firms to identify leaders capable of driving these initiatives forward.

This partnership can bring fresh perspectives and expertise to further accelerate progress in achieving DEI goals, if the executive search firm has a proven track record of success when it comes to DEI focused initiatives. More importantly, this response should be a wakeup call to search firms; there is still great potential out there for business opportunities. With 45 percent of the market having had no experience using a search firm there is an untapped market, particularly when it comes to DEI initiatives.



If answer to last question is yes, was the executive search firm effective in meeting your DEI needs?

When it comes to meeting DEI needs, the corporate respondents' feedback on the effectiveness of the executive search firm was quite negative, with nearly 60 percent expressing dissatisfaction. This highlights the void of diversity within search firms and the critical significance of having DEI at the search firms since that is what translates to greater DEI at companies, because diversity at search firms enables both to more successfully understand the broader DEI picture. It also serves as a reminder that companies should exercise caution and carefully consider which firm they choose to fulfill their executive search requirements.



Making an informed decision in this area can have a profound impact on their DEI efforts and overall success. Furthermore, executive search firms should look at these results as an external motivator to push their own DEI initiatives both internally and in regards to their approach to executive search when placing candidates at other corporations in order to better meet the needs of their clients.

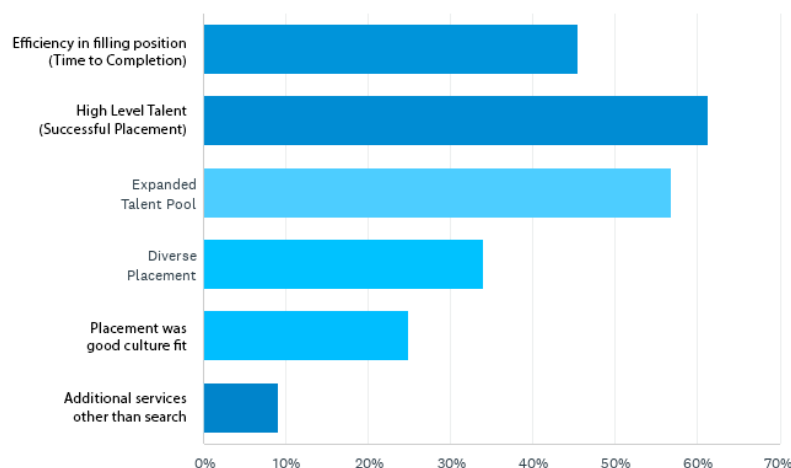
What were the biggest benefits in working with your search partner?

While respondents hadn't been overwhelmingly positive in terms of their experience with executive search firms, respondents still found a multitude of benefits for partnering with them.

Most importantly, 61 percent of respondents found that the biggest benefit of partnering with a search firm is that it led to a successful placement with a high level of talent.

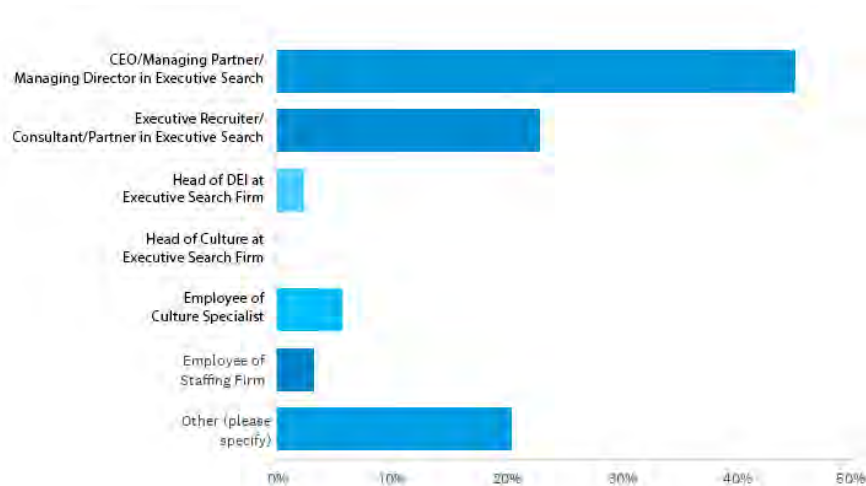
The second highest benefit search firms brought, according to 56 percent of respondents, is that search firms provided an extended talent pool. This is a great way to promote diversity at an organization; if a search firm provides an extended talent pool, organizations might get exposure to diverse talent they might have not considered before who may provide the different perspective needed to help the organization thrive.

The third most common (45 percent) benefit respondents felt search firms provide is the efficiency in placing talent. Finding the right talent who is able to add to your culture, hit the ground running, and take your organization to new heights isn't an easy thing to find. The search can be long, expensive, and difficult and partnering with experts with a broad network can make it seamless so that companies can focus on the day-to-day parts of running their business.

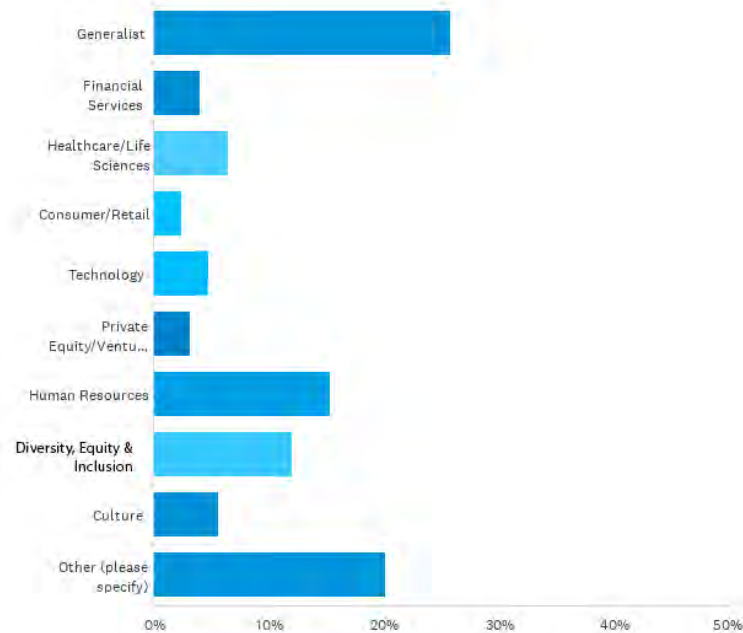


Respondent Demographics

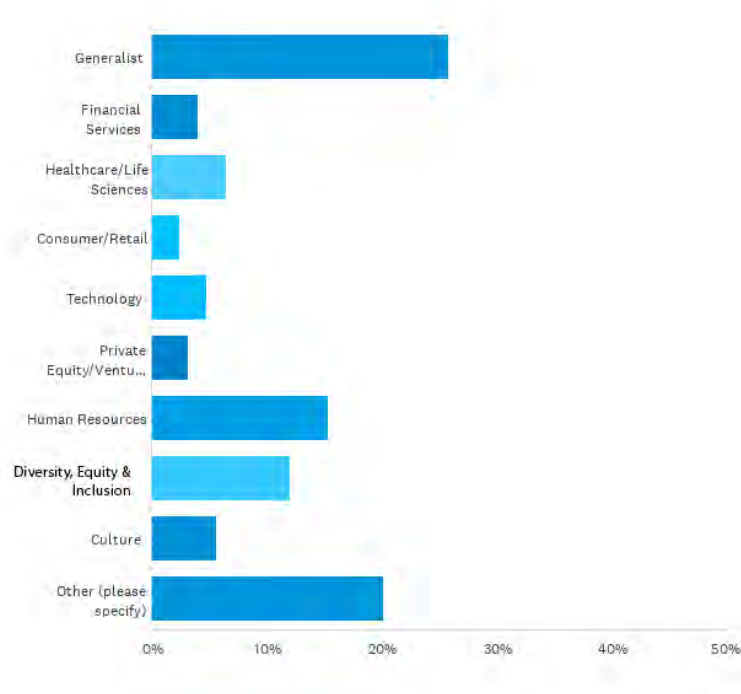
What is your role?



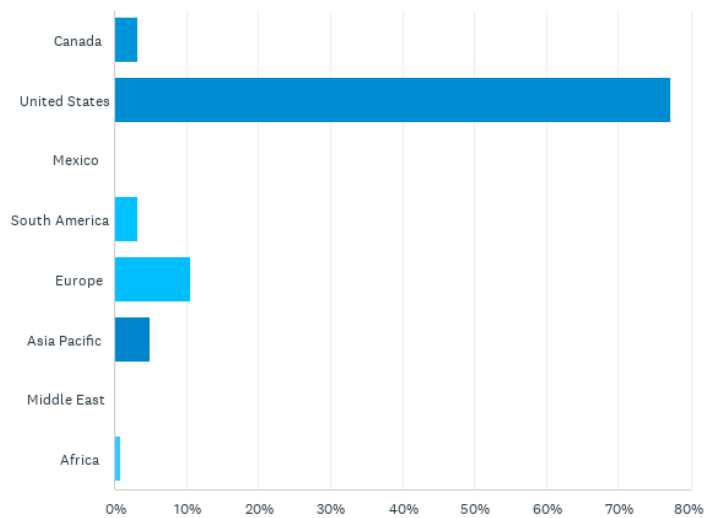
What is your role?



What is your specialization?



Where are you located?

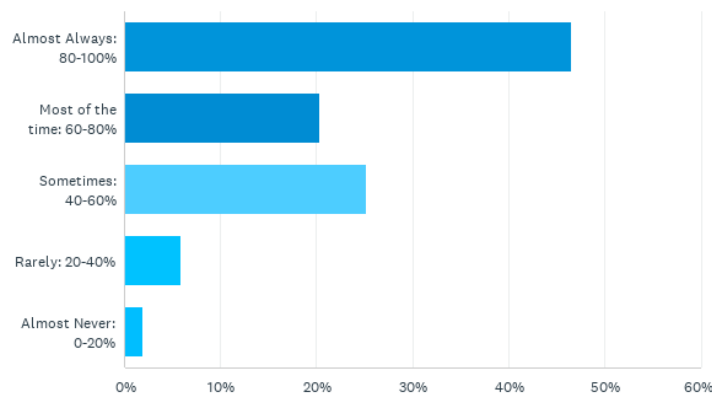


How often does DEI impact your search process?

When asked how often DEI impacts their search, 46 percent of search respondents found that it almost always impacted and 20 percent found that most of the time DEI impacts their search, with 25 percent finding that it sometimes impacts the search process.

This is a significant number, showing that DEI is definitely an important factor in the search process. It is worth noting that there is some inconsistency in answers between search and corporate professionals with corporate saying it has a serious impact on talent 80 percent of the time. This might be based on the corporate professionals being interviewed and their specific roles or perhaps touch back on the way search companies seem to be falling short of corporate DEI expectations (60 percent saying they were not satisfied).

While search respondents are still leaning heavily towards DEI impacting the search process, clearly there is still progress to be made, particularly in response to what the corporate world is demanding.

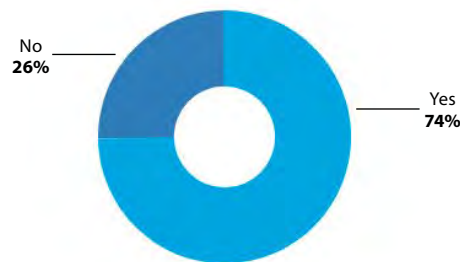


Do you expect culture and diversity to be a top priority of all companies in 2023 and 2024?

When asked whether recruiting respondents expected culture and diversity to be a top priority for all companies in the coming year, 74 percent said yes. This is a significant finding, given recent broader uncertainty around the future of DEI it is evident that DEI was not just “a trend” but is here to stay.

While diversity itself is crucial, the focus on culture speaks to the need for a deeper transformation within organizations. It is not enough to simply check boxes or meet quotas. True success in DEI initiatives lies in fostering an inclusive culture that embraces and harnesses the unique perspectives and experiences of individuals from diverse backgrounds, genders, races, and experiences. By creating an environment of inclusion and belonging, organizations can fully appreciate and leverage the value that diverse perspectives bring to the table.

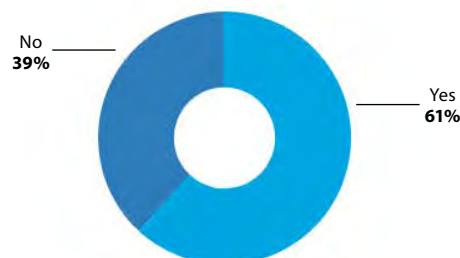
This ongoing shift towards prioritizing culture and diversity serves as a powerful reminder that building a more inclusive future requires more than a surface-level approach. It requires a fundamental change in mindset, systems, and practices that align with the core principles of equality, respect, and fairness. Only then can we create workplaces where everyone feels valued and empowered to bring their authentic selves and contribute to collective success.



Does your firm offer DEI services?

When asked whether their firm offers DEI related services, 60 percent of recruiting professionals responded yes. While a positive lean, this shows a somewhat significant gap between where industry professionals expect DEI to play a role in recruiting over the next year and how many can actually provide these services adequately. Furthermore, it reinforces what corporate respondents felt in terms of the dissatisfaction of search professionals meeting their DEI needs.

It is crucial to recognize that DEI is not just a passing trend; it is a permanent and growing area of demand. Many search professionals have yet to develop comprehensive and effective DEI services. On a positive note, this presents a clear opportunity for search firms to address the needs of their clients, foster DEI within organizations, and potentially attract new clients who are seeking to enhance their own DEI strategies. By prioritizing the development of robust DEI services, search professionals can not only meet current demands but also contribute to the ongoing evolution of a more inclusive and equitable workforce.



BY THE NUMBERS

How Important is Culture to Your Organization?

On a scale of 1-10 recruiting industry professionals rank culture as a **8.2** in terms of importance to their organization.

At Hunt Scanlon, it is still a strongly held belief that culture is key and when there is a strong culture in place, everything else follows. This can be said for hard work, collaboration, and for successfully integrating a culture of diversity, equity, and inclusion into an organization. In many early DEI initiatives, companies appointed a chief diversity officer and tried to bring in diverse talent, but these initiatives often fell short of the goals.

By nurturing a culture that embraces collaboration, organizations pave the way for greater DEI. It's not just about checking boxes or meeting quotas; it's about creating an environment where every individual feels valued and included. When collaboration is deeply ingrained within an organization, trust is built, barriers are broken, and a sense of belonging flourishes.

While the importance of DEI may not be universally agreed upon, the connection between DEI and a strong culture cannot be denied and, as the responses show, professionals are aligned on the importance of culture. Cultivating a culture where everyone's voice is heard and celebrated lays the groundwork for meaningful progress and a more inclusive future.

BY THE NUMBERS

How Important is DEI to Your Clients?

On a scale of 1-10 recruiting industry professionals rank DEI as a **6.8** in terms of importance to their clients.

This is a positive leaning response; however, it is ranked lower than expected based on the conviction of respondents that DEI will play a significant role in recruiting in the upcoming year. One possibility for this response is that many feel DEI is crucial to their clients but not as a replacement for high-level talent. Nonetheless, the fact that it ranks fairly high on average underscores the importance of DEI as a key area for corporations. Recruiting firms must continue to prioritize DEI in order to meet their clients' needs.

As DEI remains a top priority in the corporate world, it is vital for recruiting firms to recognize its significance. The commitment to diversity, equity, and inclusion continues to shape recruitment strategies, ensuring alignment with clients' expectations. Although this response ranks slightly lower than anticipated, it signifies that DEI is still an essential consideration. By acknowledging and addressing the importance of DEI, recruiting firms can effectively contribute to meeting client demands and fostering inclusive workplaces.

What are the biggest challenges you have faced when trying to make diverse placements?

When asked the biggest challenges they have faced when making diverse placements, there was a breadth of answers among recruiting professionals' responses. One pointed out that while more than 65 percent of their placed candidates are women and/or BIPOC individuals, "a significant challenge we face in recruiting for diverse executives is the high demand and competition for these leaders within the financial services industry.

As such, ensuring continual diversity within leadership teams will require organizations to have a holistic long-term approach that includes succession planning, executive coaching, as well as internal training and promotion." This challenge serves as a reminder that DEI isn't just about placing "diverse" talent at the lower levels but having a culture in place to retain them and also a pipeline to foster growth.

Another respondent pointed out that a key challenge they faced was that their current practices and talent criteria serve as a barrier to bringing in diverse talent, even if they may be highly qualified for the role. Additionally, in an age where the expectations for a role are changing rapidly, this can even serve as a benefit because the talent can bring a fresh perspective and an adaptability that can serve the corporation well.

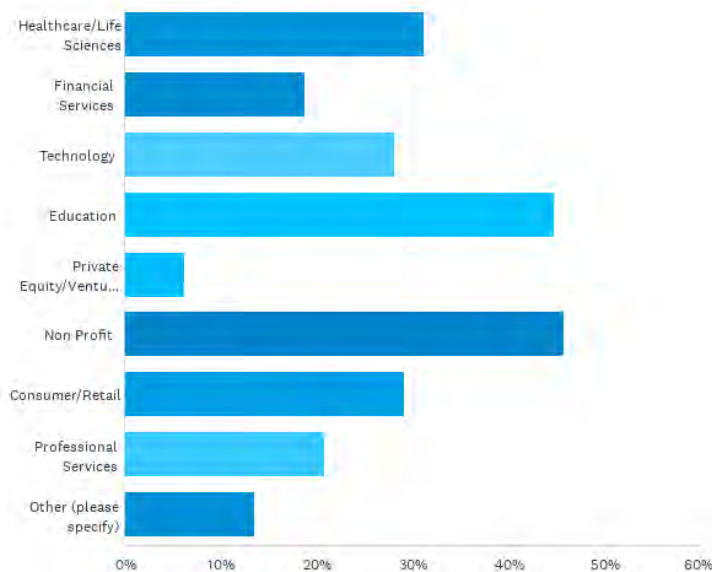
Nevertheless, the most commonly stated challenges were finding diversity at executive levels with experience to match the job description or the war for diverse talent in top roles, implicit biases within the search committee and the hiring organization, and the political climate of some geographic locations. These all show that while strides have been made, DEI is a challenging initiative and recruiting professionals and corporations will have to make continued efforts to find successes.

Which industries have made the most progress in terms of a diverse and inclusive workforce?

While it is clear that many industries have made strides in terms of DEI in the workforce, respondents were pretty split between Non-profit (45 percent), education (44 percent), and healthcare (31 percent). These sectors have traditionally had more diversity than other industries, so it is not completely surprising.

In fact, Diversified Search Group, the only female-founded and run top 10 search firm, focuses specifically on those sectors. They were some of the first areas that accepted women in higher corporate roles. It is great to see that they have continued to make strides, considering that all industries have work to do. This aligns well with their prior DEI precedent.

However, it is important to note that the journey towards DEI is ongoing for every industry. Despite progress made, there is still work to be done across the board to ensure equal opportunities and inclusion for all individuals. Acknowledging the advancements made so far and recognizing the areas that still require attention is key to fostering an environment of inclusivity and equality in the corporate world. By continuing to prioritize DEI initiatives, industries can work towards a future that is truly representative of all individuals and their talents.



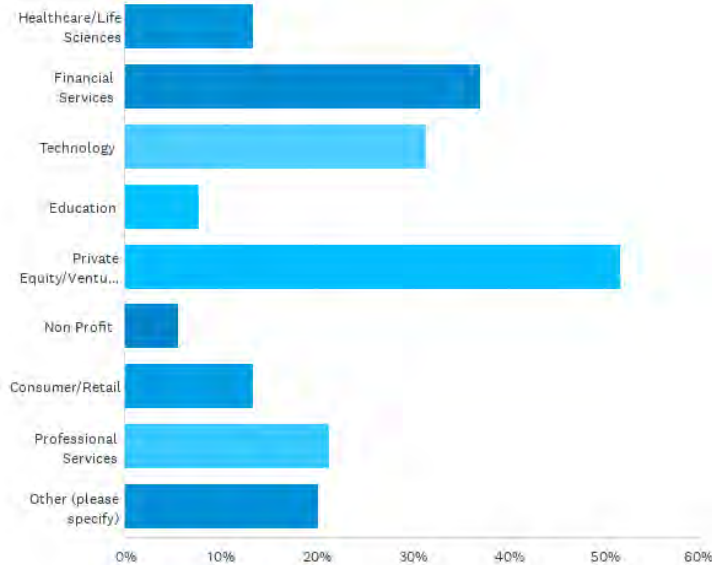
Which industries have made the least progress in terms of a diverse and inclusive workforce?

When it comes to industries that have made the least progress in terms of achieving a diverse and inclusive workforce, private equity/venture capital (53 percent) undoubtedly takes the lead. Historically, this industry has been predominantly occupied by white males and is often considered difficult to penetrate.

One respondent even mentioned the challenges they encounter when trying to recruit diverse candidates and explain to PE leadership the existing barriers within the firm that hinder diverse talent from joining. Following closely behind private equity/venture capital are financial services (36 percent) and technology (31 percent). These industries have long been known for their white male dominance, which explains why they continue to struggle in terms of diversity. Despite implementing DEI initiatives, it is evident that there is still a significant journey ahead before these industries can achieve a truly diverse and inclusive workforce.

It is crucial to acknowledge that although strides have been made through the implementation of DEI initiatives, there is still much work to be done in order to foster a completely diverse and inclusive workforce within these industries. Achieving a truly inclusive environment requires continuous effort and a deep commitment from organizations to dismantle existing barriers and biases.

By understanding the challenges that hinder diversity, these industries can better address the root causes and create systemic changes that promote equal opportunities for all individuals, regardless of their background. Only through collective action can we pave the way towards a future where diversity and inclusion are the norm, rather than the exception.



INDUSTRY VIEWPOINTS

VIEWPOINTS

Hunt Scanlon keeps tabs on an ever-expanding executive search and talent management sector that far exceeds where the industry was just a decade ago. Today, Hunt Scanlon tracks some 17,000 executive search consultants at more than 4,000 recruiting firms in North America and another 4,500 overseas, spanning Europe, Asia, Africa and the Middle East, and everywhere else in between.

To round this year's DE+I study, we invited two firms with a focus on diversity, equity and inclusion to share their market insights. Francesca d'Arcangeli, COO and Tom Connolly, CHRO of Kingsley Gate, discuss what it takes to implement successful DEI initiatives and Odgers Berndtson Partners Lauren Kincaid and Catherine Bass Black and Principal Ann Wheeler discuss diversity and gender equality in the PE sector.

So, if you're interested in hearing from the industry's most trusted and respected leadership advisory professionals, we encourage you to take the time to read these outstanding Viewpoints.

THE KEYS TO MAKING CORPORATE PROGRESS IN DEI

Francesca d'Arcangeli, COO and Tom Connolly, CHRO of Kingsley Gate, Discuss What it Takes to Implement Successful DEI Initiatives



Francesca d'Arcangeli



Tom Connolly

Francesca d'Arcangeli is chief operating officer at Kingsley Gate. In this role, she is responsible for worldwide operations. The regions, search operations, and human resource functions report directly to her. Ms. d'Arcangeli has over 25 years of leadership experience and is a leader in international executive search. She has a track record in multi-territory and international searches for senior cross-functional roles, including board, C-suite and operational leaders, particularly in Industrial manufacturing, heavy industries, and FMCG.

Tom Connolly is the chief human resources officer for Kingsley Gate. He leads human resources globally and drives firmwide global human capital strategy. Mr. Connolly was previously the CEO at GattiHR, where he was instrumental in expanding the firm's geographic footprint and its practice areas to include executive search, workforce analytics and HR technology and advisory services.

Ms. d'Arcangeli and Mr. Connolly recently sat down with Hunt Scanlon Media to discuss what it takes to implement successful DEI initiatives.

Tom, how does diversity fits into your role as CHRO?

Tom: There's sort of two hats that I wear with respect to diversity. I'm effectively the chief diversity officer here. That's an explicit responsibility in my job description, and that really has three levels of analysis. One is to make sure that we're doing everything possible for Kingsley Gate to be diverse and inclusive. Second, is to make sure that our training and development really helps all of our partners, researchers, and recruiters understand their role in helping our clients with that objective. And then thirdly, we operate Ignite AI, which is a division of Kingsley Gate focused on the high velocity, high volume search at the bottom of the career ladder. And that's a business that reports up to me.

The Wall Street Journal has had a couple articles about challenges to diversity, equity, and inclusion, including many DEI leaders leaving their positions, and the Supreme Court affirmative action ruling. Have you found this to be the case?

Francesca: There are two parts of this, so I'll take the leadership part. We haven't seen people leave their jobs, it's actually that many organizations will be looking for people who can help them navigate their approach to DEI and whilst simultaneously maintaining the DEI agenda put in place. But there will be implications in terms of how companies continue to ensure they've got that flow of diverse candidates coming through and how they enable

them to be identified and brought into the company without the same pipeline of diversity that affirmative action may have provided.

Tom: I would add two points. While the US is our largest country operation, we have 30 others, so we have a multitude of stages of development around DEI. If you actually read the opinion, what they say is that you cannot exercise affirmative action on the basis of race alone. Nevertheless, you can exercise affirmative action in respect to disadvantaged communities where the economics don't work for being able to go to an elite school in the United States. I think the best thing that we can do as an executive search firm, in respect of what's happened at colleges with the Supreme Court's ruling, is to be able to create equitable career opportunities for people. So, the affirmative action ruling doesn't change our mission with respect to DEI at all. It may change way with which we have to look at disadvantaged communities, to be a more nuanced and multi-dimensional view.

What can companies and diversity leaders do to keep the momentum for DEI going?

Tom: Some of the technology that we're building here is really focused on moving from traditional searches towards algorithmic searches, using AI and other tools, not to make decisions, but to be able to reach the right communities and make sure that we're presenting qualified candidates

from every possible corner. The progress that's been made in tech over the last couple of years has given us a real opportunity to do find a broader reach of candidates. We're also seeing in our clients a commitment to DEI strategies involving more than just content – How many workshops can you run? How many mentoring programs? – as well as reexamining the underlying structure of the way they do things to see if there's inherent biases in the way they recruit, for example, that might limit the candidate pool in some way. We're also working with several of our clients now on building in algorithms that reach every community and different ways of presenting candidates so that there is a more equitable approach there. And I think a lot of the tech that we're developing here has a positive influence on that.

Francesca: I think it's important for leaders to keep it on the agenda and look at how they're enabling CDO's as well as individuals at the organization to be successful. It's about retention and helping talent actually thrive in the organizations that they're in. It's a self-perpetuating exercise, enabling people of diverse backgrounds to not just be accepted, but also have a journey through the companies.

How does leadership show that they're committed to DEI initiatives?

Francesca: Companies have programs that are about mentorship, they have buddy systems, they have a facility to talk to people off grid to be able to have a cohort of support and the support network, there are all sorts of different mechanisms that that can manifest itself. And actually, it's important for candidates to ask the question, what does the company have in place to support them and help them grow and help people to be successful. And again, it's about really enabling a culture that can allow DEI to really thrive. There's a lot of talk. And what we need to do is to make sure that there is the mechanisms in place to enable people to be successful. Tom, do you want to add to that?

You've mentioned that Kingsley Gate is in 30 countries and that those programs differ. How do they vary?

Tom: There are some countries where they're pretty far behind on this issue. Of course, there are some countries still where we operate, where the LGBTQ community is just not recognized and, in fact, is still criminalized. There

are places where there are structural barriers and cultural barriers that are still pretty high for people of color, disability, different nationalities, and different religions. We think it's our responsibility, if we choose to operate in those countries to do everything we can to move the country's perspective forward on that. What we find is often when the demographics begin to shift, and there are real talent shortages and real challenges, then there's an opportunity to fill that gap with someone who's more diverse, so we just have to make sure that we stand at the ready to do that.

Could individuals be missed on LinkedIn or other platforms?

Tom: We know that it happens, which is why we have to go after multiple data sources. The aggregate pool of information that we use to make sure that we don't miss has 750 million records. So yes, if you focus on just LinkedIn, you're going to get technical and professional folks at a certain level in their career, and it's not going to be at a level where you're going to be able to engage every community. We cast a really broad net with our algorithms and go far further than that, when we're doing those kinds of search engagements for our clients. Otherwise, you will miss those communities.

When it comes to gender diversity at the CEO level, companies are still lacking. What are some things companies can do to change this?

Francesca: Yeah, I think there's enablement but also the realization that women need a certain environment in which to succeed. It's companies that have a very inclusive approach, that actually are able to truly develop and grow candidates into the next CEO or succession plan for the CEO. So the more that can be done to help these companies to realize that, and also for women to be purposefully developed through their careers in an environment that is sort of accepting and inclusive of life's realities, the more women will be in a position where they are up for CEO.

Have you seen any challenges posed regarding hiring transgender talent?

Tom: I have two experiences, one is a policy matter and then other the other, a personal. From the policy matter,

we're gender blind. On the other hand, it can be quite obvious in an so my job is to show here is to make sure that that doesn't bias us. One of the things that I've absolutely learned and been gratified by with using Ignite AI, is that when a few of our recruiters were worried about presenting candidates that were clearly in transition, or trans, we found our clients to be wide open to the issue. So it's one of those things where officially we can't ask the questions and unofficially when we understand that somebody is trans, or they're in transition at some level, we have found our clients to be quite receptive. And it's about finding the right person for the role, and it hasn't, it hasn't been an issue for us.

Let's talk about private equity and VC firms, how are they doing these days when it comes to DEI?

Francesca: I don't know if you've seen in London, but the PE community has actually launched a program, which is 1000 Black interns really driving the agenda for not only their own investment community, but also the portfolio companies. So there's purposeful movement to really have that top of the agenda in PE and VC hires.

Tom: I spent the first 25 years of my career inside investment banking, and I saw them being the sort of tip of the spear on moving old line investment banks, where it was all about pedigree to understanding if a trader can do the job, if a salesperson can do the job, then that's the person that you want. That's the asset. As VC and private equity developed inside those organizations, and then became independent organizations in their own right, they really have

led the way on having diversity in not only their own firms, but in the operating companies that they invest in.

What are candidates looking for when they come in to talk to your clients to feel comfortable knowing the organization will be a good fit?

Tom: I think we very definitely see there was there was an astuteness in diverse candidates, largely born of experience, that they can read a company at a very subtle and nuanced level. They really get a get a feel for the tilt of the organization. A lot of organizations have built good front end pipelines for attracting more diverse candidates, because you can do that just by hunting in the right places. The real challenge, though, is that when that diverse candidate gets there, making sure their cultural practices are going to be respected. Companies have to ask themselves, are candidates going to be appreciated for their differences? Or is the whole idea here to just sort of normalize them into a single funnel? When companies are focused on experiential diversity as much as demographic diversity, they get better outcomes. When experiential diversity is recognized, candidates feel that in the interview process, and are more inclined to join a company.

Francesca: Our job is also to push our clients on what their DEI approach is. How are they enabling candidates to be successful? What are the signals that demonstrate that short, medium, and long term, so we can help our candidates understand that as well. It's a journey companies are on a journey but it's about enabling that journey to take place as successfully as possible.

THE IMPERATIVE OF WOMEN IN PRIVATE EQUITY: PE'S GUIDE TO ACCELERATED DEIB MATURITY AND COMPETITIVE EDGE

Odgers Berndtson Partners Lauren Kincaid and Catherine Bass Black and Principal Ann Wheeler Discuss Diversity and Gender Equality in the PE Sector



Lauren Kincaid



Catherine
Bass Black



Ann Wheeler

Lauren Kincaid is a partner at Odgers Berndtson. She has a track record of transforming organizations to improve performance and shareholder value. Her 15-plus year human resources career spans retail, FMCG, construction, manufacturing and aerospace industries; from large multi-nationals to Silicon Valley funded start-ups. Having lived and worked in the U.S., Europe and Australasia, Ms. Kincaid has a global perspective and an ability to operate across multiple industries, geographies, and cultures.

Catherine Bass Black is a partner in Odgers Berndtson's industrial, consumer, board, and leadership practices. She leads the U.S. automotive practice group. She has combined expertise in global team leadership recruitment, talent mapping and intelligence, recruitment and retention strategy, succession planning, and organizational change management.

Ann Wheeler is a principal at Odgers Berndtson in the firm's U.S. leadership advisory practice. Her work focuses on helping organizations ensure they have the right people in key roles, through executive hiring and developmental assessments, onboarding support, implementation of organizational change, and both individual and team coaching. Dr. Wheeler has spent the past 24 years partnering with organizations in a variety of industries, including DOD and aerospace contractors, major manufacturing and industrial companies, pharmaceuticals, financial services, credit unions, retailers, and other national and multi-national organizations.

The three recruiters recently sat down with Hunt Scanlon Media to discuss how diversity and gender equality is taking center stage in the private equity sector.

As with many sectors, the urgency of diversity and gender equality is taking center stage in the world of private equity (PE). But why is having diversity in leadership roles, particularly women, so vital in private equity and PE organizations' portfolio companies? The answer lies not just in numbers – although the metrics do speak volumes—but in a more inclusive vision of success.

The Challenge of Gender Disparity

Recent findings by Lean In and McKinsey shed light on a glaring discrepancy: for every 100 men promoted from entry-level to manager, only 87 women achieve the same. This statistic, dubbed the 'Broken Rung' phenomenon, ensures women continually lag behind their male counterparts when it comes to representation and seniority. In a typical corporate structure, this results in men occupying 60 percent of manager-level positions, while women trail with 40 percent. The implications extend further as this disparity creates a shrinking pool of women available for promotion to even higher leadership roles.

The PE world exacerbates this problem. While one out of every two entry-level roles in PE is held by a woman, this figure plummets to 1 in 10 at senior levels and, alarmingly, to 1 in 100 for women of color. This vast underrepresentation is not reflective of a lack of talent but a structural flaw that needs urgent attention.



Such findings aren't just alarming; they point to a missed opportunity. Diverse leadership teams have consistently

shown to be more resilient, innovative, and socially responsible.

Why Diversity Matters for Continued Success

Before we dive into solutions to the gender gap in private equity, let's talk about why diversity matters in the PE world in the first place. Diversity, particularly at the leadership level, is not a mere box-checking exercise. There's a clear link between diverse leadership and ESG (Environmental, Social, and Governance) metrics, suggesting that diverse boards and leadership teams demonstrate greater social responsibility.

But don't make the mistake of thinking diversity is just a social imperative; it's a strategic one. Even as early as 2018, McKinsey found that companies in the top-quartile for gender diversity on their executive teams were 21% more likely to have above-average profitability than companies in the fourth quartile. For ethnic and cultural diversity, top-quartile companies were 33 percent more likely to outperform on profitability.

PE firms have an outsized influence. Their decisions, strategies, and ethos ripple through their portfolio companies, impacting multiple sectors. Given their influential position, PE firms have a responsibility, and indeed an opportunity, to champion DEIB (diversity, equity, inclusion, and belonging).

Roadmap to Gender Equality in PE

From both social and revenue perspectives, it's clear that investing in diversity is worth it—and, truthfully, required of companies that want to remain innovative and in-line with consumer values. For PE firms specifically, diversity is becoming imperative, as financiers and institutional investors are putting increasing emphasis on board-level diversity.

So, what actions can forward-thinking PE firms take to bridge this chasm? To navigate and thrive in light of mandates and clear upside, PE firms must:

1. **Redefine leadership paradigms:** PE firms have traditionally concentrated their talent investment on the CEO and CFO of a portfolio company. However, progressive firms understand the criticality of having an

inclusive culture and diverse talent. For this reason, the emerging "magic triangle" in relation to influential C-suite roles expands traditional focus to include the Chief People Officer (CPO).

It's also the CPO (and team) who are going to address the 'broken rung' phenomenon referenced above through improved recruitment, development, and promotional practices.

2. **Prioritize DEIB at all levels:** While leadership diversity is essential, DEIB should be a foundational element at every level of the organization, from entry-level roles to the boardroom.

This requires addressing the Broken Rung predicament: Companies must proactively nurture career paths, promotions, development, and sponsorship efforts for women, at all levels of seniority. This entails fostering a culture where talent, irrespective of gender, is not just recognized and rewarded, but developed as well. PE firms must work diligently to ensure their promotional practices are unbiased and opportunities are equally accessible.

3. **Encourage inclusion efforts and diversity beyond mandates:** Private equity firms, having a good amount of influence on their portfolio companies and the marketplace at large, can move the needle in a helpful way by deploying resources like playbooks and toolkits to encourage diversity beyond mandates. In fact, PE firms often bring in Odgers Berndtson's organizational design team, OrgShakers, to develop those types of tools for them. This allows portfolio companies to enact best practices suited to their unique challenges, thereby driving systemic change.

4. **Collaborate & learn:** Foster collaboration among portfolio companies, allowing them to share successes, learn from challenges, and collectively evolve.

When the companies within a portfolio vary greatly across factors like size, maturity, experience, and level of previous investment, sharing of best practices is a great way for PE firms to generate value. We are often asked to facilitate these workshops to bring an external perspective in addition to the internal examples.

When it comes to knowledge sharing within portfolios, a rising tide really can lift all ships. DEIB is no exception.

Improve Diversity Faster to See Results Faster: “Leapfrog” to Higher DEIB Maturity

Companies across the spectrum of industries are at different stages in their DEIB journey. In order to decide which DEIB methods and roadmap are right for you, you must first be honest about where you (or your portfolio companies) are.

To aid firms in gauging their diversity maturity, we’ve developed a four-stage maturity model:



Say you find yourself at the Diversity 1.0 stage. Some good news: PE firms need not traverse this spectrum linearly. In fact, we recommend that you try “leapfrogging” stages as a strategy to make meaningful DEIB progress quickly. You can “leapfrog” stages, outpacing competitors and realizing both value and social responsibility faster.

For instance, regardless of where you are starting, an organization that focuses on creating an inclusive culture (e.g., inclusive leadership, inclusive policies and practices), tactics that live within the third stage of the maturity model, will see their diversity statistics improve faster than if they were to focus on diversity targets and statistics alone.

The importance of DEIB, once seen as a progressive ideal, is now a business necessity. For private equity firms, it’s not just about gender equality but about harnessing the unparalleled value that a diverse leadership team brings. Private equity firms, with their vast influence, are perfectly poised to lead this change, ensuring that the new normal is one of inclusivity, equity, and boundless potential.