

The Chief Diversity Officer Today: Inclusion Gets Down to Business
Billy Dexter, Heidrick and Struggles; 2010

This study by Heidrick and Struggles assesses the role of diversity executives among Fortune 500 companies. Overall, diversity officers drive business success and performance by communicating the importance of diversity, being leaders, and creating and maintaining partnerships in diverse markets.

- Diversity trends that have become significantly more important to companies include the growing recognition of the business value of diversity, its importance for innovation, and its role in creating a vibrant and productive company culture
- Success in global markets and increasingly diverse markets requires diverse leadership
- Diversity is no longer limited to hiring practices but is a strategy in the marketplace
- Leading companies understand the importance of communicating in diverse markets
- Significant growth in minority populations means increasingly diverse markets and diverse entrants into the workforce
- **Evolution of the role of Chief Diversity Officer (CDO)**
- The role of the CDO has shifted as companies recognize the importance of diversity
- The CDO brings diverse ideas and perspectives to marketing and product development
- The CDO develops and provides diversity and inclusion training and looks at talent acquisition and retention
- Diversity is now being seen as tied to business performance through increased revenues, market penetration, and employee retention
- **Seven essential competencies for a CDO**
- Business acumen (creating diversity strategies), leadership (communicating diversity), change management (business value from diversity), results orientation (moving the organization through change), building and maintaining credibility (building strategic partnerships), ability to influence (persuading other leaders about diversity), commitment to diversity (maintaining expertise of diversity)
- **The CDO as a strategic business partner**
- The CDO consults and coaches senior executives about the importance of diversity to help them develop business strategies, retain talent, and create an inclusive culture
- The CDO understands what diversity means in other countries making the CDO particularly important for companies with international stakeholders
- **Finding the right diversity officer**
- Diversity officers themselves are diverse: of the Fortune 500 companies analyzed, 65% are female; 37% are African-American, 19% Caucasian, 4% Hispanic, and 2% Asian; education levels are also diverse and are in a wide variety of disciplines
- There is little disparity between the percentage of these diversity officers developed internally versus those hired externally
- Logistics companies find the most success with diversity officers and this sector has been on the forefront of diversity efforts for a long period
- Successful integration of diversity requires Board and CEO commitment to diversity and inclusion; senior leadership's understanding of diversity as central to business; and a CDO with the competencies demanded by the position

Key Stats:

“Of the 490 companies analyzed, 307 have an executive role designated for diversity. Strikingly, the higher a company ranks on the Fortune list, the more likely it is to have a diversity officer” (p. 2).

“A report of the Census Bureau in May of 2008 sharply focused attention on the changing demographics of the US market. The Bureau found that more than one-third (34%) of the US population consists of people who identify themselves as being of ‘minority’ racial or ethnic heritage, an increase of 11% from 2000” (p. 2).

“Our analysis of the Fortune 500 found that 65% of diversity officers are female. In terms of ethnicity, 37% are African-American, 19% Caucasian, 4% Hispanic, 2% Asian, and 39% unknown. Their educational backgrounds are varied, ranging from MBAs to JDs, to undergraduate and graduate degrees in a wide range of disciplines. Of a sample of 182 diversity officers, the terminal degree for 73 is a bachelor’s, for 87 it is a master’s, and for 22 it is a doctorate. Interestingly, there is little disparity between the percentage of these diversity officers developed internally versus those hired externally” (p. 6).