



YOUR CHIEF DIVERSITY OFFICER MIGHT SOON BE PLANNING THEIR EXIT – AND IT’LL BE A COSTLY LOSS

If your company is one of the many that hired a chief diversity officer in recent years, I have some unfortunate news for you: your CDO is likely already eyeing an exit.

The average tenure for a CDO is 3.4 years, according to research from management consulting firm Russell Reynolds Associates. CDOs are known to have some of the shortest incumbencies among their C-suite peers, and experts say the costs associated with their high turnover extend far beyond finances.

“The cost of turnover for these individuals is exponential,” says Tina Shah Paikeday, global head of the diversity, equity and inclusion practice at Russell Reynolds. She’s a firm believer that the type of change needed to make progress in DEI requires a multi-year journey—a prolonged period of time that many diversity heads aren’t afforded.

~60% of CDOs who held their roles in 2018 have since vacated their positions, her company’s research shows. And the majority of them have left the CDO track altogether. Their departure from the field has created a knowledge gap of sorts. Just 18% of CDOs in 2021 said they had previous diversity experience, down from 26% in 2018.

Despite the turnover, companies are still investing in the role and building out diversity teams at a rapid clip, compared to pre-pandemic. Seventy-one percent of S&P 500 companies have a DEI officer, and 91 new DEI officers have been appointed since February 2021, according to Paikeday’s most recent analysis.

Aarti Shyamsunder, global head of diversity, equity and inclusion at Accenture’s YSC Consulting, says she wouldn’t know where to begin calculating the financial loss of a CDO, but the repercussions transcend the direct bottom-line impact.

“It’s not just the cost of replacing a hire,” she says. “It’s about the message that it sends out, the loss of reputation, the suspicion or fear that it might cause, especially in minority group members’ minds. With all these sorts of intangible costs, it’s impossible to put an amount on it.”

What’s more, high CDO turnover could understandably make employees question whether the company truly values DEI as a core business strategy. Shyamsunder says employees are fast to pick up on leadership signals, which she defines as “daily ways of signaling your commitment to change and the culture that you want to bring about.” Any incongruence between leadership’s stated values and actions can erode trust.

To retain DEI heads, companies will need to provide the space, resources, and support they need to succeed. That includes setting realistic expectations for change and the time it takes to hit certain goals. New DEI leaders often spend the first six months embarking on listening tours, collecting workforce data, and laying the groundwork, so they can better understand the organizational landscape and build key relationships for transformation work, says Paikeday.

“The level of trust that is required to affect change on topics that often trigger heightened emotions takes time to build, especially when individual behavior change will be required,” she says. “Some chief diversity officers are builders and will naturally move on to the next role after a couple of years formulating and rolling out strategy, while others are the change-makers for the long haul.”

It’s the latter profile that’s critical to affecting long-term and sustainable change.

By Amber Burton and Paolo Confino. First published in CEO Daily & CFO Daily.