



Practical ideas for the newly appointed CDO

Chief Diversity, Equity, and Inclusion Officer:
The first 100 days

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Introduction

Corporate diversity, equity, and inclusion (DEI) leaders experience equal parts pressure and gratification. Demands to prove DEI's value to the business and move faster than the organization is ready are offset by the personal gratification of improving employee experiences and the community.

Maintaining balance is no small feat given that many chief diversity officers (CDOs) and similarly titled top DEI executives are new to their roles, their companies—or both.

As the attention to DEI matters intensified over the last two years, many corporations invested in efforts to better support their workforces and identify where they need to improve their cultures. However, there's a mismatch between high demand for seasoned DEI executives, and the low number of talented individuals who've had access to leadership and development opportunities. Less than one in five CDOs have prior experience leading enterprise-wide DEI strategies.¹

This often leaves new CDOs with a steep learning curve and, given the spotlight on DEI, a short runway to meet expectations. While it can be hard to resist calls to create an immediate impact, CDOs who make a thoughtful, deliberate start to their tenures can experience better results down the road.

Based on feedback from KPMG-hosted CDO peer exchanges over the last 12 months and interviews with DEI executives and advisors, we have developed an approach new CDOs can take to improve opportunities for their companies—and themselves—to succeed.

¹ Russell Reynolds Associates, "Positioning Your Chief Diversity Officer For Top Performance" (2021)

Chief diversity officers are in high demand

CDO hires grew 111% in 12 months through August 2021 as a proportion of total C-suite hires. That's greater than the 84% growth in the prior year, making CDOs the most-hired executive.*

52% of S&P 500 companies have a CDO, up from 47% in 2018.** As more companies create or elevate the CDO position, many hires are new to their roles.

18% of chief diversity officers in 2021 had prior CDO experience, down from 26% in 2018.**

*LinkedIn, "From diversity to data, these 10 roles are rising fastest in C-suite hiring" (September 29, 2021)

**Russell Reynolds Associates, "Positioning Your Chief Diversity Officer For Top Performance" (2021)

Getting your arms around the role: The big picture

The urge to jump right into tactical work is strong but it's worth pausing to understand the environment and pressures surrounding DEI and the CDO position.

Leaders in diversity, equity and inclusion have unique influences on their roles, including an evolving set of responsibilities and multiple stakeholders with very different needs and expectations. These factors take time and effort to uncover, especially for CDOs who are new to their organizations.

In order to gain the most comprehensive perspective, CDOs need to understand where details and points of view gel and differ. For example:

- To start, why was a CDO hired or role created? What does the company leadership think they need, and what does the CDO think is truly needed?
- Similarly, what was the job description for the hiring process, and what is the actual job? Is management expecting an "influencer," or a "doer" who will be held accountable for change?

- What kind of human capital and other resource support can the CDO access? And what kind of personal support, inside and outside the company, should the CDO put into place?
- Who are the allies who will help champion and implement DEI initiatives, and who are the challengers who don't yet see the value? Where does company leadership fall among these two groups?
- Finally, does the employee experience correspond with how the company perceives itself and its culture?

Getting to the truth in the middle allows a new CDO to begin with eyes wide open. With this context, they can better manage the challenges of the job and enjoy the rewards of a career that has tremendous meaning and impact.



A CDO's plate is full from day one, and there are no quick fixes. Improving corporate diversity, equity and inclusion is like running a marathon. It takes hard work and time, and it's both personally taxing and fulfilling. New CDOs need to pace themselves, they need to balance a sense of urgency with the patience to lay the groundwork for lasting change.

Elena Richards
Chief Diversity, Equity & Inclusion Officer
KPMG US

Taking action: The building blocks

The crux of what a new CDO should aim for in the first 100 days centers on developing relationships and gathering information. The following are steps to achieving these interconnected goals.

Take a listening tour

Meeting with a variety of stakeholders across the company helps new CDOs meet two objectives: to learn from and build trust with colleagues and employees, and to inform the DEI strategy. Questions they might ask include:

- How does the company define DEI?
- What are the most critical DEI matters at the company?
- How would you describe the company culture and level of support for DEI?
- In what ways does the company's culture help or disrupt efforts to introduce change?
- How successful were past DEI-related efforts?
- What are your personal experiences?

Major stops on the tour

The C-suite. The leadership team's definition of DEI success will further clarify expectations so that the CDO can start off on the right foot. These conversations also provide insight into how much executive management knows (or doesn't know) about DEI. CDOs can then build a foundation of shared knowledge, including how DEI aligns with and supports the growth strategy. This also is an opportunity for the CDO to begin helping management set the right tone at the top.

Business lines. Business leaders are a primary source of information on growth priorities and the "temperature" of the employee base. For the widest perspective, CDOs should meet representatives from multiple management levels and worksites. Different office

locations and countries have their own nuances, cultures, and needs for CDOs to consider.

Employee resource groups (ERGs) and/or diversity councils.

Information gathering should cover a cross-section of ERG leaders and members. In the absence of organized ERGs, CDOs can coordinate meetings with various under-represented groups.

The finance team. The chief financial officer (CFO) and others in the finance organization—especially those responsible for financial reporting—are increasingly important colleagues for CDOs given DEI-related disclosure requirements and demands from stakeholders.



If I were sitting across from a new CDO, I would say understand the role of a CDO and then understand your role—they're not necessarily the same thing. What is the responsibility of this position? What support does this position have, and what support do you have? You're going to need both to be successful.

Zoe Thompson
Principal, Advisory
People & Change
KPMG US



Behavioral change takes time. Business organizations want to see change happen fast, and DE&I is not fast, it's a process.

DEI leader
Technology

Human resources. Of course, the chief human resources officer (CHRO) and HR are close partners on nearly all DEI matters. The relationship depends in part on the organizational structure, including whether the CDO is a peer or rolls up to the CHRO.

Peers. Colleagues at the same management level provide nuanced information and honest reality checks the CDO doesn't always hear from the management layer above. Depending on the company's size and organizational structure, these valuable sources can include:

- Chief learning officer to help uncover gaps in employee training, particularly in tying DEI to the business
- Chief talent officer for insights into the company's reputation as an employer
- Chief communications officer, especially for the company's DEI narrative
- Chief marketing officer to understand the brand and customer mindset
- Chief sustainability officer, ESG leader or other members of the corporate responsibility team for

linkage with community impact, charitable contributions, etc.

- Chief procurement officer, who knows how the company's values are reflected in the supply chain

Prepare for a few surprises

Strong support for a diverse and inclusive culture may come from individuals or teams where it's least expected. The company also may have DEI strengths and successes that are not widely known.

Another common revelation mentioned by several CDOs is that top management often thinks certain DEI initiatives are already in place when they're not, such as workforce education requirements and data collection for key metrics. In other cases, executives or others in the company may misunderstand the CDO role and the purpose of DEI—for example, that it only relates to new employee hiring practices. Discovering the gaps and misconceptions early gives the CDO an opportunity to correct the issues.

Following the listening tour, the CDO can begin to synthesize different perspectives and start to formulate how to reconcile varying opinions and demands.





Some people think the CDO has a magic wand to make us all more culturally aware and make it a great place to work, and we don't. What we can do is to help orchestrate change management around DEI, but it requires every single person in the company to get on board. It's important to know who's going to help you move the pendulum.

CDO
Financial services

Form an inner circle of allies and trusted sources

During the listening tour, CDOs build relationships and uncover the natural leaders and influencers they can leverage. They're going to need the extra hands because implementing the DEI strategy is a change management process, one that involves multiple disciplines and an enterprise effort.

Enlisting company leaders and natural partners

DEI initiatives are most effective when they are blessed at the very top. In a perfect world, the chief executive officer and other company leaders take ownership for creating a diverse, equitable and inclusive workplace, personally engage employees in participation, and communicate the business case.

Even with varying degrees of C-suite involvement, the CDO still has plenty of traditional allies to lean on starting with HR and ERGs, and likely other helpful and willing collaborators the CDO should seek out. Some may be colleagues who also are highly invested in DEI and want to see initiatives succeed. Others could

be long-tenured employees who have the institutional knowledge to tell a more complete story. Not only do they know the company's culture and DEI history, but they can point to the people and processes to thoughtfully navigate the environment.

The CDO's complete inner circle ideally represents a cross-section of colleagues who can help bring DEI to life. In addition to those previously mentioned, these include:

- Business enablement groups, such as technology and learning and development
- Sales and business relationship leads to describe what clients think and want
- Procurement and supply chain managers to gauge supplier/ vendor diversity
- Legal, risk management, and compliance professionals to vet ideas and determine metrics

Finally, sometimes the key to influencing people is the messenger, more than the message. CDOs can call on a variety of individuals across the company to discuss DEI with skeptical employees who may be more open

to influence from those with whom they identify, have a relationship, or hold in high regard.

Execute a stakeholder analysis

Companies have a universe of internal and external stakeholders impacted by and influencing their corporate DEI efforts. One of the very first actions a CDO needs to take is an analysis of these key groups.

The scope of a stakeholder analysis varies by company and industry, as well as by the CDO's defined responsibilities. And because CDOs may rarely (if ever) interact with a number of the stakeholder groups, they will have to lean on functional leaders, client-facing employees, and other key colleagues who are closest to those audiences. A sample analysis could include:

The C-suite and employees.

Conversations between CDOs and company leaders can help both parties connect business drivers with the DEI's value to both the top and bottom line. CDOs also can gain deeper understanding of the culture and desire for change by working closely with the CHRO and HR team.

Customers. Both business and retail consumers are basing more of their buying decisions on whether companies demonstrate DEI values.² Additionally, organizations with government clients may have to follow diversity and other guidelines that the CDO should understand with the help of the legal department and government relations contacts.

Communities. Residents and small business owners can be greatly impacted by companies operating in their midst. Corporate investment in diverse local suppliers, support for DEI in area non-profits, schools, and other institutions, and similar activities build goodwill and attract talent—in addition to being the right thing to do. New CDOs can learn a lot about the company’s history and reputation among residents and area organizations from the community relations, corporate social responsibility, and/or the corporate foundation staffs.

Shareholders. Investors increasingly expect companies to establish, measure and report goals related to environmental, social and governance (ESG) matters. Activist investors in particular are using these issues in proxy resolutions to influence management and other shareholders. Among 435 resolutions related to ESG filed during the 2021 proxy season, 25 percent targeted workplace or board diversity, and 17 percent focused on human rights or decent work (fair pay, working conditions, etc).³ Finance, investor relations and/or ESG and sustainability leaders track investor sentiment and activity and can apprise the CDO.

Government. International and U.S. organizations and agencies, including the Securities & Exchange Commission, are developing standard ESG reporting requirements and starting to monitor corporate actions and progress. Given new and evolving

standards that touch on DEI matters, the CDO will have to work closely with the General Counsel, CFO, and their staffs to update metrics and reporting.

Board of directors. Boards have increased their oversight of DEI given heightened shareholder and regulator focus, and some have established dedicated ESG committees that encompass DEI. The CDO would benefit from understanding if company leadership is under any pressure from the board regarding DEI. They also should be aware if the makeup of their own boards meet diversity best practices.

Each stakeholder group’s definition of success may differ. Finding the commonalities among them helps CDOs develop and promote universal goals and metrics.



Years ago, diversity was more about compliance and HR. Now we’re in a climate where people are expecting businesses and companies to show up a little bit differently. Now it’s about ESG, and it’s about shareholders and your board of directors. So you have to think a little bit more broadly than just workplace diversity.

CDO

Aerospace and defense

² Insider Intelligence, “Consumers expect brands to be inclusive” (November 25, 2020)

³ Harvard Law School Forum on Corporate Governance, “Proxy Preview 2021” (May 2021)



The reality in first 100 days is that you have to gather data. You can't drive the strategy unless you understand the culture, the people, and where you're starting from. What's the lay of land, where is the company on this journey?

DEI leader
Technology

Understand the company's external reputation through a DEI lens

As attention to DEI grows, the CDO's role becomes more and more outward facing. In many instances, CDOs represent their companies in the media, at conferences, in community meetings, and in other instances when the company has a DEI message to deliver outside its walls.

Even when CDOs aren't speaking on behalf of the company, their expertise is needed. They may prepare executives to opine on human rights, employee wellbeing, and similar topics, many of which became headlines during the pandemic and heightened social activism. At a moment's notice, the CDO also needs to inform corporate responses to inquiries from media, investors, employees, and communities.

Most topics and issues can be anticipated. CDOs should think about whether their companies could get swept into diversity or other conversations due to their industries, locations, management decisions, or other factors. New CDOs should get up to speed on how their company's diversity, equity and inclusion efforts are measured and viewed from the outside through a host of sources, including media coverage, diversity and CSR reports, alumni, and advocacy organizations.

Finally, CDOs should check that the company's crisis communications management plan includes DEI concerns and anticipates responses for multiple scenarios.



Gather data and define metrics for progress

Among the CDO's first asks should be a data dossier with at least five years—up to 10 if available—of qualitative and quantitative company information, including human capital reports, employee engagement and pulse surveys, exit interviews, and any internal or external benchmarking.

Next, the CDO can develop a more complete DEI report card by incorporating data from external sources. For example, third-party benchmarking resources including Seramount, DiversityInc, the National Organization on Disability, and the Human Rights Campaign can be used to target opportunities for improvement relative to competitors.

Throughout the analysis, CDOs should look out for trends or events that could cause data anomalies, such as an economic recession or fallout from COVID-19.

Avoiding “analysis paralysis”

Collecting and processing so much information can quickly overwhelm a new CDO, so it's easier to start with the basics—workforce representation, retention and turnover (e.g., waterfall analysis), demographics, and time in role—and to focus on the data that most directly reflects the company's needs and goals.

For examples to help develop the company's metrics, CDOs can reference DEI frameworks from global investor, government, and other organizations. If DEI initiatives are already in place when a new CDO arrives, it's important to understand how they were formulated, operationalized, and communicated. This information can be used to anticipate stakeholder response and avert a “rinse and repeat” cycle of ineffective efforts.

The combined listening tour, stakeholder analysis, and data gathering will help formulate the right strategy, confirm the right data to track, and determine which metrics to use—everything the CDO will need to produce a DEI report down the road.

Create a business case for DEI aligned to company strategy

The positive impacts of a diverse and inclusive workforce on business success have been widely discussed. However, the CDO is far more likely to gain buy-in from executives if they can personalize the business case to the company and its strategy.

As a starting point, CDOs can establish how diverse and inclusive company cultures:

Encourage innovation. Diverse and inclusive teams can develop unique ideas leading to creative products and services that stand out in the marketplace and appeal to a broader set of consumers.

Expand access to talent. Recruitment strategies that consider DEI can uncover new pools of potential employees and at the same time appeal to the majority of the workforce who seek diverse companies. Employees gave companies that prioritize DEI a Workforce Happiness Index score of 75, compared to 63 from those who don't see their companies doing enough.⁴



Communicate your needs to run that program immediately. It's not free labor, there's no way for a CDO to do the administrative work, the analysis, and the reporting. Like any other strategically grown department, you need the same support.

CDO
Financial services

4 CNBC, “CNBC and SurveyMonkey Release Latest Workforce Happiness Survey” (April 30, 2021)

Fuel higher productivity. DEI initiatives promote communication, idea sharing, teamwork, and engagement across organizations.

Improve profitability. Companies have an opportunity to increase growth, expand customers and markets, and drive shareholder value, according to several studies and measures. For example, the Morningstar Women’s Empowerment Index, which includes companies with strong gender diversity policies, outperformed the broad U.S. Market Index over one and three years through January 31, 2022.⁵

Enhance corporate reputation. Eight out of 10 executives whose companies have aligned DEI efforts to business strategy strongly agree that diversity and inclusion is an important driver of reputation.⁶ Commitment to DEI enhances the brand and can lower corporate risk through leading employment and management practices.

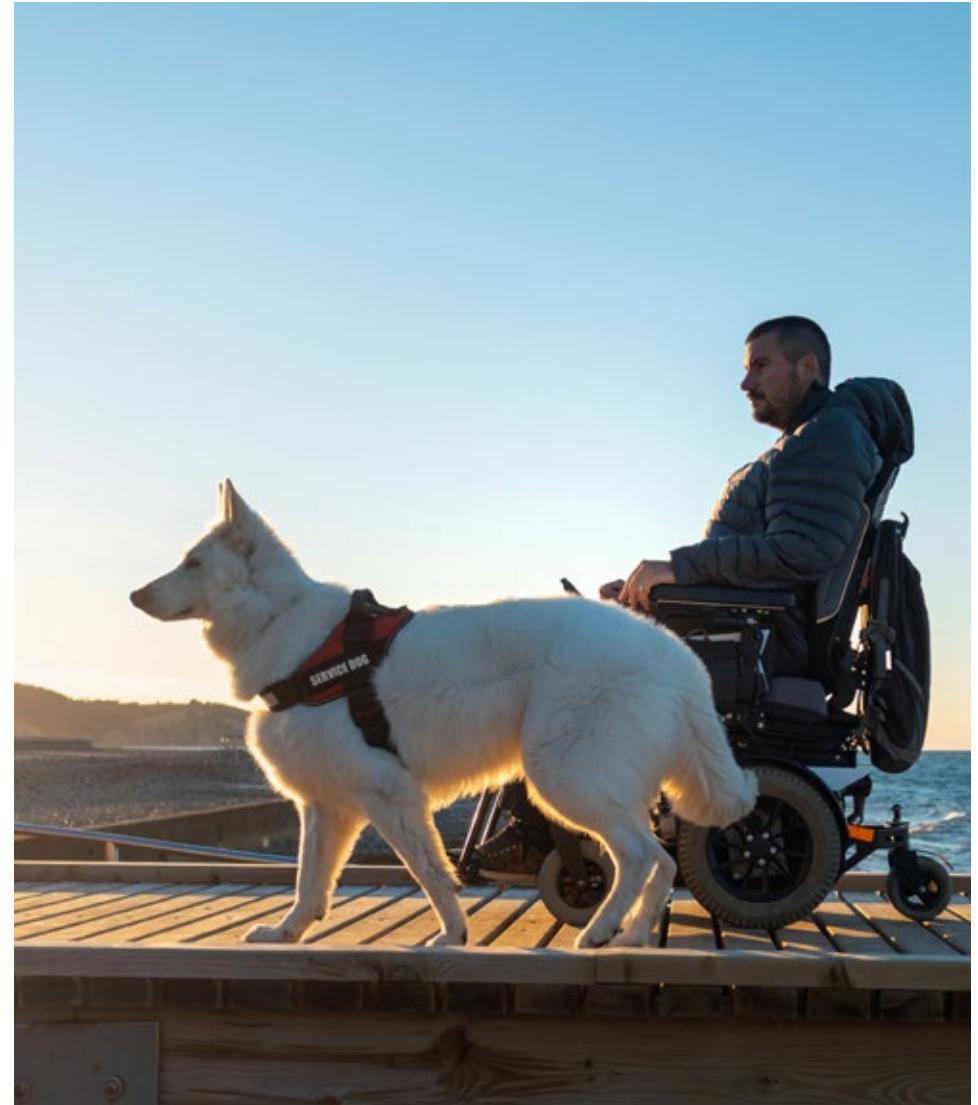
With these general DEI attributes as the foundation, CDOs can tailor the business case for DEI with company-specific goals, measures, and inherent strengths and challenges. For example, data

may show room to expand the colleges from which the company recruits to include more minority serving institutions (MSIs). Perhaps the company outperforms competitors on DEI statistics but the word isn’t getting out. Or ERG leaders have outstanding business relationships yet to be tapped to grow the company.

Assess and design the DEI organization

The strategy—along with the scope and responsibilities of the CDO—should inform the DEI organizational structure, at which point CDOs can determine if there’s capacity to execute.

CDOs should review shared resources, which can include employee communications, media relations, and marketing support; training; data analytics dashboards and other technology platforms; and external consultants. ERGs also can serve as an extension of the DEI function, depending on their structure. Assuming CDOs direct the ERGs, they can determine what will work best for the strategies they’re putting into place.



⁵ Morningstar, “In the Pursuit of Equality, Gender Lens Investing Can Help Tip the Scale” (March 2, 2022)

⁶ Weber Shandwick, “Chief Diversity Officers Today: Paving the Way for Diversity & Inclusion Success” (2019)

For CDOs who inherit staff, it's important to meet them one on one to evaluate their strengths and glean nuanced details. Personal interaction also helps a new leader gain the trust of the team.

Act quickly

New CDOs should ask for what they need right away, as they're more likely to get requests fulfilled at the beginning than further down the road. It's also harder to take away resources once they are already in place. CDOs appointed internally from the ranks may have to take the extra step of reminding leadership that DEI can't be a one-person show.

The earlier that new CDOs can identify skills gaps, the faster they can get the right team and training in place. Mission-critical roles should be identified and filled quickly. At larger organizations, these might include a data analyst, ERG leader, or chief of staff.

Practice self-care

CDOs have never been in more demand, or under more pressure. Every event or news headline in which a diverse community is harmed feels like a setback; it can feel personal. And it's okay to step away.

Gathering all resources at the start of the job is an important first step to protecting time and well-being in the future. Once the DEI structure is in place, the CDO should identify a strong backup or two on the team, or among other internal external resources.

CDOs also need their own "board" or support group of people who understand the work, whether it's to bounce ideas around, practice messaging, or just vent. And when the work seems never-ending and positive change just out of reach, it's important to remember that progress takes time, especially on matters so deeply important far beyond the company walls.

Indeed, CDOs need a moment to reflect on the benefits of a career that has such meaning and impact. They change lives by giving other people a voice, the space to be their authentic selves, and the tools to understand and support their friends and family.





New CDO...

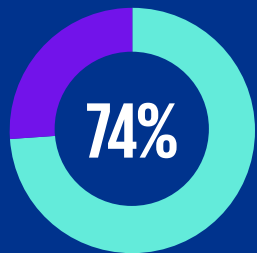
Most new CDOs are named by their current employers.⁷

Immediately following George Floyd's murder in May 2020, there was a spike in corporate CDO appointments.⁸ Many in the crop of new CDOs were promoted as a transfer from other roles at their current employers.

Insiders certainly have some significant advantages compared to brand-new employees: established relationships, a pulse on the culture, familiarity with corporate processes and procedures, and knowledge about the history of DEI efforts.

What they may lack in specific DEI program knowledge they can quickly make up for through:

- Self-study, including certification programs and classes
- Networking through professional organizations
- Attending sponsored programs and conferences



Internal/external hire

- Hired from within company
- Hired from outside company

⁷ Weber Shandwick, "Chief Diversity Officers Today: Paving the Way for Diversity & Inclusion Success" (2019)

⁸ Russell Reynolds Associates, "Positioning Your Chief Diversity Officer For Top Performance" (2021)

...at a new company

CDOs hired from the outside have a few extra steps to take in their first 100 days.

Candidates interviewing for DEI jobs will have done their due diligence on a prospective employer's business and industry. And presumably they will have details about expectations for the role, and measures of success. However, the employer's organizational structure is just as important for understanding how to navigate the first 100 days.

Most CDOs report to top management, commonly the CEO, CHRO or COO,⁹ and as one recruiting executive told *The Wall Street Journal*, these reporting lines can affect the CDO role:









- Direct reporting to the CEO can offer opportunities for broad influence.
- Reporting to the CHRO may include a significant focus on recruiting.
- Organizations focused on compliance could place the CDO under the general counsel.
- Other CDOs with direct or dotted lines to marketing may prioritize external messaging.¹⁰

CDOs new to their companies also need to establish their credibility from the get-go. One way is to demonstrate company and industry knowledge, which helps to earn the respect and trust of business leaders, with an end goal of smoothly implementing DEI initiatives at the operating level.

⁹ Weber Shandwick, "Chief Diversity Officers Today: Paving the Way for Diversity & Inclusion Success" (2019)

¹⁰ *The Wall Street Journal*, "Demand for Chief Diversity Officers Is High. So Is Turnover." (July 13, 2020)

The new CDO's 100-day plan at a glance

-  **Take a listening tour**
Gather the information needed to inform the DEI strategy, building trust among colleagues and employees along the way.
-  **Form an inner circle of allies and trusted sources**
Enlist leaders and influencers across the company who are equally invested in bringing DEI to life.
-  **Execute a stakeholder analysis**
Working with colleagues, develop a comprehensive list of internal and external audiences impacted by the company's DEI efforts and look for common goals and metrics.
-  **Understand the company's external reputation through a DEI lens**
Become familiar with how the company is viewed from the outside, and prepare to consult internally or even speak externally on DEI matters.
-  **Gather data and define metrics for progress**
Collect at least five years of company information, incorporate external data, and use third-party benchmarking resources to develop the metrics necessary for producing a future DEI report.
-  **Create a business case for DEI aligned to company strategy**
Tailor a business case specific to the company with examples of how a DEI-focused culture can improve innovation, talent, productivity, profitability, and reputation.
-  **Assess and design the DEI organization**
Review staffing and resources with the DEI strategy and role expectations in mind. Ask for necessities to fill the gaps in the early days, when requests are most likely to be met.
-  **Practice self-care**
CDOs have an extraordinarily rewarding if highly demanding role. Have backup if there's a need to step away, and a support group to lean on.

Contact us



For information on KPMG's Diversity, Equity and Inclusion efforts, contact:

Elena Richards
Chief Diversity, Equity & Inclusion Officer
KPMG US
elenarichards@kpmg.com



For information on KPMG's DEI Advisory practice, contact:

Zoe Thompson
Principal, Impact ESG, Social Strategy Leader
KPMG US
zthompson@kpmg.com

For resources and perspectives to help advance boardroom conversations on DEI, visit [Diversity, Equity and Inclusion](#).

kpmg.com/socialmedia



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