

Compensation and Talent Governance Network

December 2022

CTGN

SUMMARY OF THEMES

Board responsibility for talent, workforce, and inclusive culture

With the trend of “quiet quitting,” talent remains a crucial focus for companies entering 2023. Organizations face challenges in attracting and retaining key talent, while evolving stakeholder expectations and the need for new leadership competencies are complicating traditional approaches to leadership development. Companies and their boards are striving to honor their commitments to diversity, while building cultures that foster inclusion and support employee mental health. On November 30, 2022, members of the Compensation and Talent Governance Network were joined by Lybra Clemons, chief diversity officer of Twilio, and Debra Hunter Johnson, president of Reciprocity Consulting Group, to discuss how boards and compensation committees can address the challenges these issues raise for their oversight of talent strategy. *For a full list of participants, see Appendix on page 4.*

Attracting and retaining talent

Sourcing, retaining, and building talent, especially diverse talent, is a perennial challenge. *“The hunt for diverse talent is still very real,”* said Ms. Johnson. But what it takes to attract employees is changing; potential employers need to communicate a positive culture, provide robust benefits, and offer flexibility. *“If you are not very nimble at selling your organization, you're at a competitive disadvantage,”* Ms. Johnson added.

Retaining and developing key employees is as difficult as finding them, if not more so, and requires organizations to think differently about retention. Ms. Clemons noted, *“What kept people at a company five years ago doesn't necessarily work now, and so we're getting as creative as possible.”* While compensation still matters, Ms. Clemons continued, retention is *“all about benefits”* such as company-wide breaks, mental health support, sabbaticals, and development opportunities. It's important, she added, *“that people feel like they are being heard and that they're cared for and that we offer as much support as possible.”* Building an inclusive culture is critical to retaining diverse talent. As one member said, *“We've all seen organizations where you bring in all this diverse talent, but the culture is not receptive, so they leave as quick as they come.”*

Building effective approaches to diversity, equity, and inclusion

Achieving genuine progress on diversity, equity, and inclusion (DEI) remains elusive despite sustained efforts to drive change. Members and guests discussed several elements contributing to this challenge:

- **Addressing root causes of disparities.** DEI efforts are increasingly moving beyond programs and initiatives that attempt to close gaps and remediate disparate outcomes. Mature approaches to DEI seek out and address root causes at both systemic and personal levels. The goal, Ms. Clemons said, is to identify the systems and processes that lead to disproportionate outcomes, while also working *“to shift the hearts and minds of our leaders to make different decisions. It’s about self-awareness and a personal transformation with the goal of making intentional, conscious, and deliberate decisions every day that promote equity at all costs.”*
- **Empowering and supporting the chief diversity officer.** It is critical that whoever is tasked with driving DEI has sufficient organizational influence, budget, and support from the CEO and board. *“The function has to have some teeth. It has to be clear that the role is global, that it extends across the organization,”* Ms. Johnson said. *“It needs to be embedded in the business, so that diversity leaders can influence work being done.”* Organizational structure and reporting lines matter. For example, said Ms. Clemons, *“I report to the CEO, and it makes a big difference. I sit on the executive committee, so I’m involved in every business decision, and my role is tied into the business and how we are growing and evolving the business. That gives the work I do more credibility, and it also allows me to influence and have conversations with the CEO and the board.”*
- **Taking a data-driven approach to measuring progress.** As organizations work to build more robust approaches to DEI, boards are looking for data that can help them evaluate outcomes. One member said, *“If the internal teams are not showing the board a lot of data cuts, where the truth comes out, it’s a problem. We look at a ton of data to identify where we may have missed groups, or where we may think we’ve made progress, but our numbers are the same as four years ago. We do a backward look to say, There was a lot of talk and a lot of initiatives, but it didn’t move the needle. I think you have to be very honest with that.”*

More granular data can surface challenges. A member recalled that one organization prided itself on gender diversity until *“they found out that they were not doing as well on racial diversity because they weren’t splitting the numbers. That’s now become a real focus: to scrutinize their goals and to measure them along the way.”* Members acknowledged that some elements of DEI are more difficult to measure than others: *“It’s critical for us as directors to track representation goals and progress toward them,”* one

member said. *“And I think we all know how to measure that. But the harder test is to measure culture and the inclusiveness of culture.”*

Evolving approaches to leadership development and succession planning

Participants also discussed how leadership competencies are changing and strategies for identifying and developing future leaders in their organizations.

- **Development starts sooner and extends throughout careers.** Ms. Johnson pointed out that the trend toward shorter employee tenures means that *“you can’t assume you have five years to build a leader—we’re trying to build leaders from day one on the job. The expectation of leadership development and training begins early on.”* At the other end of the career journey, one member said, *“Executive team members don’t think, ‘I’ve arrived. I’m done training. I’m a leader.’ I’m seeing more adaptability and more of a desire for executive coaching, which used to be seen as a something executives had to do. Now it’s considered a benefit.”* Members’ companies are increasingly reaching deeper into the organization to identify and develop potential CEO and C-suite candidates, particularly those from underrepresented communities, earlier in their careers.
- **The need for new leadership skills and attributes requires new approaches to assessment and development.** Ms. Johnson noted that *“leadership styles have to be more adaptive”* and new skills and attributes are becoming more essential. This includes the ability to collaborate and nurture other leaders, as well as an emphasis on character and ethics. One member noted that because of increasing prioritization of *“softer skills like trust, empathy, self-awareness, and the ability to listen to all different types of people, we’ve expanded our approach to do broader assessments to really understand the broader dimensions of a person.”* Members discussed how their companies are expanding their definition of necessary leadership attributes to include emotional intelligence, strong communication skills, and the ability to integrate diverse perspectives.

The views expressed in this document represent those of the Compensation and Talent Governance Network. They do not reflect the views nor constitute the advice of network members, their companies, or Tapestry Networks. Please consult your counselors for specific advice.

This material is prepared by Tapestry Networks. It may be reproduced and redistributed in its entirety including all trademarks and legends.



Appendix: Meeting attendance



Marcia Avedon
Generac Power Systems



Stephanie Coyles
Sun Life Financial



Jevin Eagle
Carter's



Lisa Gersh
Hasbro



Mirian Graddick-Weir
Booking Holdings



Jim Johnson
Ameren



Aylwin Lewis
Marriott International



Cheryl Miller
Tyson Foods



Darren Moskovitz
Meridian Compensation Partners



Meg Porfido
Kaiser Permanente



Virginia Rhodes
Meridian Compensation Partners



Natalie Rothman
Udemy



Laurie Siegel
Lumen Technologies,
FactSet Research Systems



Jerry Storch
Bristol-Myers Squibb



John Thompson
Norfolk Southern

Guests



Lybra Clemons
Chief Diversity Officer,
Twilio



Debra Hunter Johnson
President and Principal
Consultant, Reciprocity
Consulting Group

Tapestry Networks



Eric Baldwin
Principal, Tapestry
Networks



Marsha Ershaghi Hames
Partner, Tapestry
Networks



Laura Koski
Project and Event
Manager, Tapestry
Networks