

CHRO Trends 2020

*Insights from
Fortune 200 Chief
Human Resources
Officer changes,
demographics,
and priorities.*



Author:

Zac Upchurch

Chief Operating Officer
Talent Strategy Group



CHRO Trends



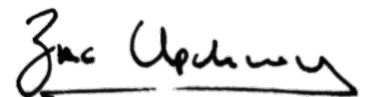
I am pleased to present the third edition of this Chief Human Resources Officer Report reviewing trends in the CHRO marketplace and introducing the thirty-six Fortune 200 Chief Human Resources Officers who came into the role in 2019.

Our analysis of the Chief Human Resources Officer draws enlightening trends:

- **CHRO Turnover Increases:** Nearly 19% of the Fortune 200 Chief Human Resources Officers turned over in 2019 representing a 16% higher turnover rate in 2019 versus 2018. A large contributor to the rising turnover rate for CHROs was the 40% increase in CEO turnover in 2019. The high correlation of CEO and CHRO turnover translates to an increase in CHRO turnover that we expect to continue into 2020.
- **Internal Succession Continues to Decline:** 2019 yielded the lowest rate of internal CHRO successors since this report's inception with 53% of CHRO appointments coming from internal successors. If the declining trend of internal successors continues, external successors will overtake internal successors in 2020.
- **Female CHROs are on the Rise:** 78% of new CHROs in 2019 were female representing the largest class of female CHROs since this report's inception. In the Fortune 200 overall, over two-thirds (67%) of CHROs are female, a 12% increase over 2018.

I wish to thank the contributors to this report and look forward to working with the new Chief Human Resources Officers to advance the role of the CHRO and field of Human Resources in 2020 and beyond.

Zac Upchurch



Chief Operating Officer
Talent Strategy Group

Read previous CHRO Trend Reports:

- 2018 CHRO Trends
- 2017 CHRO Trends

The Trends

The Fortune 200 welcomed 36 new Chief Human Resource Officers to the role in 2019. In total, these 36 new CHROs lead more than 4.3 million employees and oversee more than \$2.2 trillion in annual revenue. Our analysis of the 36 new CHROs illuminates seven trends with implications for existing and aspiring CHROs.

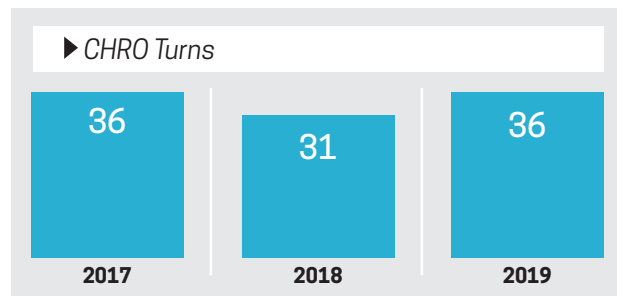
1.



CHRO TURNOVER INCREASES

Chief Human Resources Officers realized a 16% higher turnover rate in 2019 than in 2018. Nearly one in five (19%) CHROs turned over in 2019 implying organizations replace their CHRO every 5.27 years.

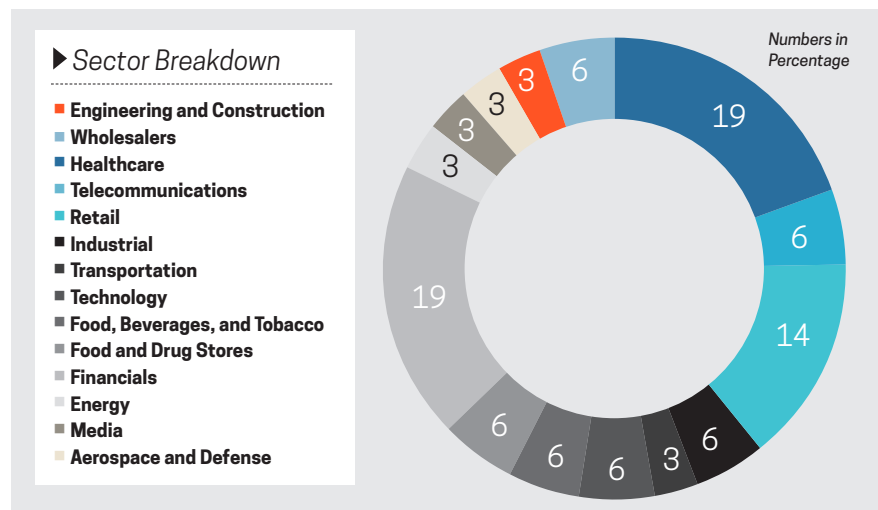
Larger revenue company CHROs were more likely to experience turnover than smaller revenue company CHROs. Within the Fortune 10 alone, there were 4 CHRO replacements. A CHRO in the Fortune 10 was more than twice as likely to experience turnover in 2019 as the average Fortune 200 CHRO. A CHRO in



the Fortune 50 was twice as likely to experience turnover than a Fortune 150-200 CHRO.

The Financial and Health Care sectors combined represented 39% of the CHRO moves in 2019

with seven (7) CHRO moves each. A CHRO in the Financial or Health Care sectors was 3.5 times more likely to experience turnover than a CHRO in other sectors.



2.



CEO TURNOVER DRIVES CHRO TURNOVER

For the second year in

a row, there is a high correlation between Chief Executive Officer and Chief Human Resources Officer turnover. 2019 was a significant year for CEO turnover with a 40% increase in CEO turnover compared to 2018. This increase in CEO turnover resulted in a larger turnover of the CHRO role. Of the thirty-five new CEOs who came into the role in 2019, 40% have replaced their

Chief Human Resources Officer.

An internal CEO successor was 2.5 times more likely to replace the sitting CHRO in 2019 than an external CEO successor. When replacing the CHRO, an internal CEO successor was more likely to look from within the company than an external CEO successor. An internal CEO replaced the sitting CHRO with an

Internal CEOs are

2.5x

more likely to replace the sitting CHRO in 2019 than external CEOs.

internal CHRO successor 64% of the time while an external CEO replaced the sitting CHRO with an internal CHRO successor only 33% of the time.

3.



INTERNAL CHRO SUCCESSION DECLINES

Internal successors represent a majority (53%) of new CHROs in 2019.

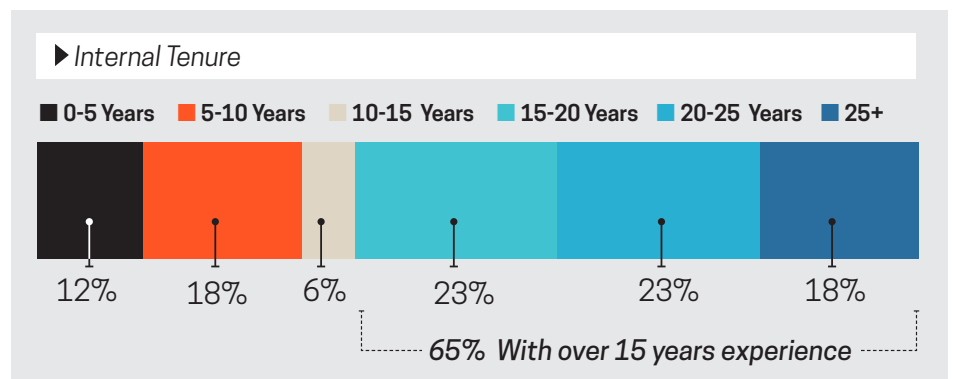
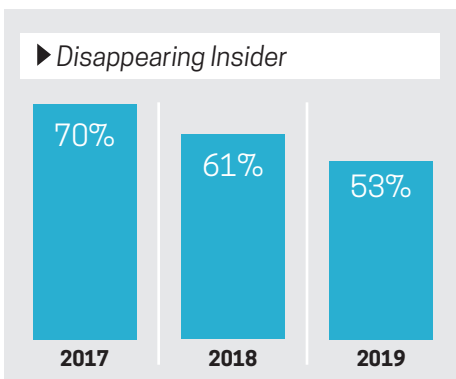
However, there has been a steady decline in the selection of internal successors for the Chief Human Resources Officer role in the Fortune 200. In 2017, 70% of CHROs were internal successors compared to 61% in 2018 and 53% in 2019. If the trendline continues to decline into 2020, a majority of new CHROs will be external successors for the first time since this report's inception.

The pathway for a first-time CHRO role still pre-

dominantly flows through internal succession with 85% of first-time CHROs coming to the role through that path. For internal successors, tenure within their organization still reigns supreme. Two-thirds of internal successors had 15 or more years of tenure within their company before promotion to the Chief Human Resources Officer role.

For external successors, previous experience in the Chief Human Resources role is critical. When a

company went external for a Chief Human Resources Officer, the vast majority (82%) of the time the company selected an individual currently serving as a CHRO. This reliance on previous CHRO expertise has created a secondary market for sitting CHROs to increase the size and scope of their role. In 100% of external successor cases, the CHRO transferred to a company that was larger than its predecessor company.



4.

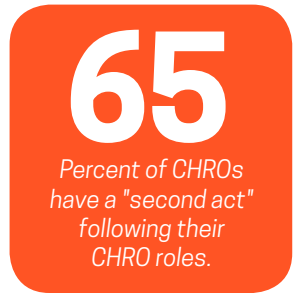


THE CHRO'S SECOND ACT

There were a number of high-profile succession plans that played out in 2019 and the beginning of 2020 for the

Chief Executive Officer role. With these succession plans, there is the emergence of the CEO's "second act" as an internal Executive Chairman. Examples include Mark Parker (Nike), Bob Iger (the Walt Disney Company), and Ajay Banga (Mastercard). The internal Executive Chairman role allows the CEO to relinquish some operational control while protecting their strategy and legacy.

So, too, is the case for Chief Human Resources Officers. An analysis of the predecessors to the new Class of 2019 CHROs yielded that CHROs have a "second act" after serving as a CHRO. While 35% of the departing CHROs outright retired, 31% of the departing CHROs took on a new or bigger role within the company – most notably a Chief Administration Officer role or Advisor to the



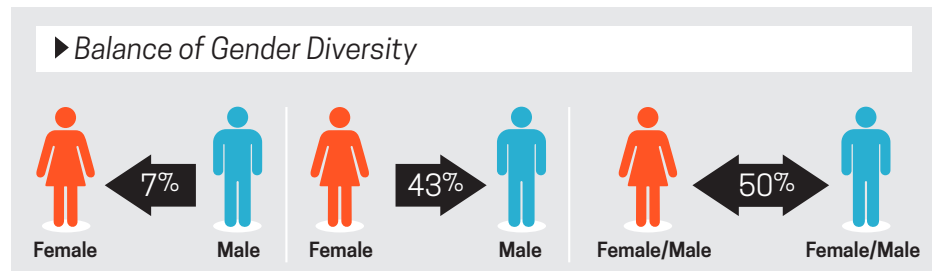
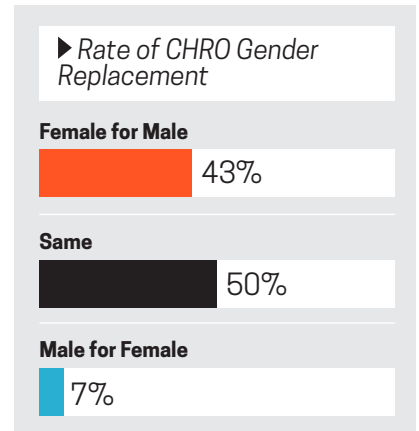
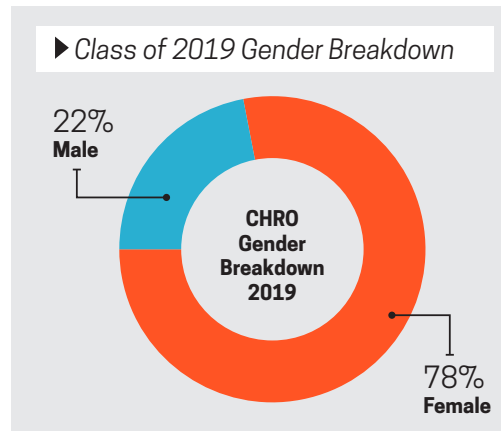
CEO role. An additional 12% took a lateral move into a business role. The remaining are actively searching for their "second act" or serve as consultants.

5.

FEMALE CHROS ON THE RISE

While the CEO role in the Fortune 200 saw a decline in female representation, Human Resources continued to see an insurgence of female Chief Human Resources Officers. Over three-fourths (78%) of the new CHROs in 2019 were female. This figure represents the largest percentage of female CHROs since this report's inception.

From 2018 to 2019 alone, female representation in the Fortune 200 role increased 12% from 60% to 67.3% overall. This increase is largely due to a number of outgoing male CHROs being replaced with female CHROs in 2019. Of the outgoing CHROs, 50% were



replaced with a person of the same gender (male for male or female for female), 43% saw a female replace

a male CHRO, and just 7% saw a female CHRO replaced by a male CHRO.

6.

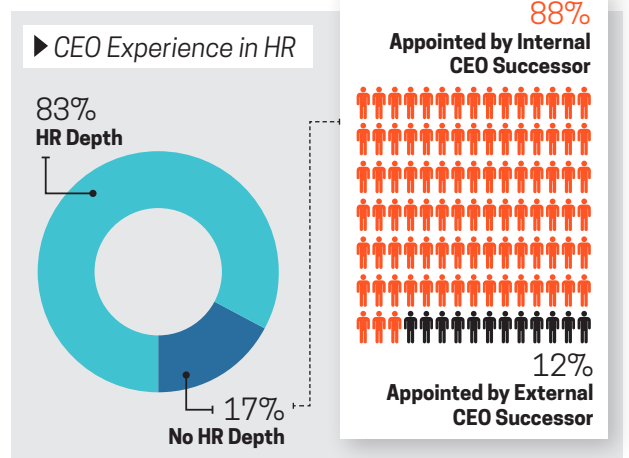


HUMAN RESOURCES EXPERIENCE DOMINATES

More than four out of five (83%) of new CHROs had significant domain experi-

ence in Human Resources before taking on the top role in Human Resources. Still, 17% of Chief Human Resources Officers come into the role with limited to no domain expertise in Human Resources. This percentage is statistically unchanged from 2017 where 20% of new CHROs came into the role with limited or no Human Resources domain expertise.

An external CEO successor is less likely to appoint a Chief Human Resources Officer with limited to no experience in the domain.



The vast majority (88%) of CHROs appointed with limited to no experience

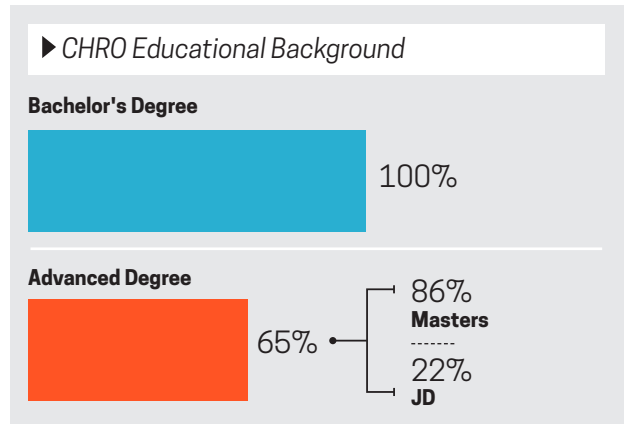
in Human Resources were appointed by internal CEO successors.

7.



ADVANCED EDUCATION IS PREVALENT

100% of the new CHROs of 2019 obtained a bachelor's degree or equivalent. Advanced degrees were 35% more common in 2019 than 2018 with 65% of Chief Human Resources Officers holding one or multiple advanced degrees. Of CHROs with an advanced degree, 86% held a master's degree or equivalent and 22% held a legal degree (JD).



The New 2019 CHROs

In conversation with various members of the 2019 CHROs, issues on top of the CHRO agenda include the attraction and retention of top talent, increasing HR and managerial accountability and capability, and navigating the paradox of maximizing for today versus investment in tomorrow to drive enduring business results. An overview of the top issues facing these CHROs include:

- **Attraction and Retention of Top Talent:** The focus on top talent is greater than ever. The United States (and more generally, the world) is sustaining one of history's longest bull markets. With this bullish macroeconomic environment comes an increased demand for talent as companies compete for more than their fair share of exceptional talent. According to the Conference Board in their C-Suite Challenge, a primary internal stressor for senior executives is the attraction and retention of top talent. The 2019 CHROs view the attraction and retention of top talent as the primary priority for their first year(s) in office. In fact, many went so far as to brand themselves as talent-first Chief Human Resources Officers.
- **Build/Evolve HR and Manager Capability and Accountability:** After an initial audit of their HR organization, many of the 2019 CHROs lamented that their HR processes and technology, while often complex, were sufficient. However, they concluded that Human Resources and managerial capability and accountability left much to be desired. The new CHROs of 2019 outlined aspirations to assign hard accountabilities for HR practices to HR and managers. In addition, these CHROs reflected on a desire to build capability in HR and managers at scale to meet the increased HR standards. For HR, this means creating an impactful HR Operating Model with a shift towards more strategic HR team members and HRBPs. For managers, this means building capability around foundational elements like setting goals, providing performance-enhancing feedback and coaching, and developing successors.
- **Managing Paradox – Maximizing for Today versus Investing in Innovation for the Future:** The vast majority of 2019 CHROs we spoke with used the word “disruptive” to describe their current business environment (or said that disruption was imminent) – disruption from new competitors, technologies and AI, economies (market cycles and political instabilities), generational changes, different ways of working. And with the bull market, the expectation shareholders have for exceptional short-term results is magnified. For these 2019 CHROs, a key concern is in balancing operational excellence and efficiency of today with the investment in emerging capabilities and business models that maintain or increase the market share of their business in the disruptive world of tomorrow.

↓ CHRO Class of 2019

Company Name	CHRO	Title	Insider/ Outsider	Diversity	CHRO Prior?
UnitedHealth Group	Patricia Lewis	EVP and CHRO	Outsider	Female	Yes
McKesson	Tracy Faber	EVP and CHRO	Insider	Female	No
AT&T	Angela Santone	SEVP, Human Resources	Insider	Female	Yes
AmerisourceBergen	Silvana Battaglia	EVP and CHRO	Outsider	Female	No
Costco Wholesale	Patrick Callans	EVP, Administration & HR	Insider	Male	No
Verizon Communications	Christy Pambianchi	EVP and CHRO	Outsider	Female	Yes
General Electric	Kevin Cox	CHRO	Outsider	Male	Yes
Anthem	Leah Stark	EVP and CHRO	Outsider	Female	Yes
Target	Melissa Kremer	EVP and CHRO	Insider	Female	No
United Parcel Service	Charlene Thomas	CHRO	Insider	Female	No
Intel	Sandra Rivera	EVP, CPO	Insider	Female	No
PepsiCo	Ronald Schellekens	EVP and CHRO	Outsider	Male	Yes
Albertsons	Mike Theilmann	EVP and CHRO	Outsider	Male	Yes
AIG	Karen Ling	EVP and CHRO	Outsider	Female	Yes
HCA Healthcare	Jennifer Berres	SVP and CHRO	Insider	Female	No
New York Life Insurance	Carla Rutigliano	SVP, HR and Corporate Affairs	Insider	Female	No
American Express	Monique Herena	Chief Colleague Experience Officer	Outsider	Female	Yes
Allstate	Carrie Blair	EVP and CHRO	Outsider	Female	Yes
World Fuel Services	Fernando Casadevall	CHRO	Outsider	Male	Yes
Coca-Cola	Lisa Chang	SVP and CPO	Outsider	Female	Yes
Abbott Laboratories	Mary Moreland	EVP, HR	Insider	Female	No
Twenty-First Century Fox	Kevin Lord	EVP, HR	Insider	Male	Yes
Rite Aid	Jessica Kazmaier	EVP, CHRO	Insider	Female	No
Northrop Grumman	Ann Addison	CVP and CHRO	Outsider	Female	Yes
Dollar General	Kathy Reardon	SVP and CPO	Insider	Female	No
DXC Technology	Mary Finch	EVP and CHRO	Outsider	Female	Yes
Gilead Sciences	Jyoti Mehra	EVP, HR	Insider	Female	No
AutoNation	Coleman Edmunds	EVP, General Counsel and Corporate Secretary	Insider	Male	No
CBRE Group	Darcy Mackay	CPO	Insider	Female	No
Whirlpool	Carey Martin	CHRO	Insider	Female	No
Bank of New York Mellon	Jolen Anderson	Global Head of HR	Outsider	Female	No
Fluor	Stacy Dillow	EVP and CHRO	Outsider	Female	No
Avnet	Ken Arnold	SVP and CPO	Insider	Male	No
Performance Food Group	Erika Davis	SVP and CHRO	Outsider	Female	Yes
Gap	Michele Nyrop	EVP and CPO	Insider	Female	No
Jones Lang LaSalle	Mary Bilbrey	CHRO	Insider	Female	No

About the Research

We produced this information by analyzing the Fortune 200 organizations (based on the 2019 Fortune 500 list) and publicly available information for Chief Executive Officers and Chief Human Resources Officers. We additionally spoke with many Chief Human Resources Officers and their teams within the Fortune 200 to validate data where publicly available information was not available.

In total, 190 organizations had a sitting, identifiable CHRO at the time of this report. The trends above highlight those 190 organizations of the Fortune 200. Some organizations, such as Berkshire Hathaway, do not have a sitting Chief Human Resources Officer. In those situations, we did not include the company in the analysis.

ABOUT THE AUTHOR AND TALENT STRATEGY GROUP



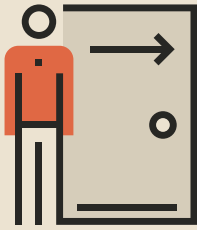
Zac Upchurch
Chief Operating Officer, Talent Strategy Group

✉ zac@talentstrategygroup.com | [@ZacUpchurch](https://twitter.com/ZacUpchurch)

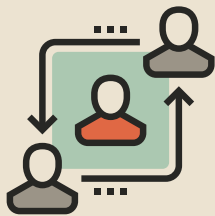
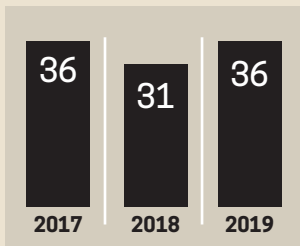
Zac directs the daily operations of the Talent Strategy Group, including strategy, research, and finance across all lines of the TSG business. He frequently consults with the Boards and Executive Teams of the world's most advanced organizations on Human Resources and Talent Management with a focus on the intersection of people and organizations, and enabling the full potential of both. Zac graduated Summa Cum Laude from Arizona State University with a Bachelor's of Science in Economics. He can be reached at zac@talentstrategygroup.com.



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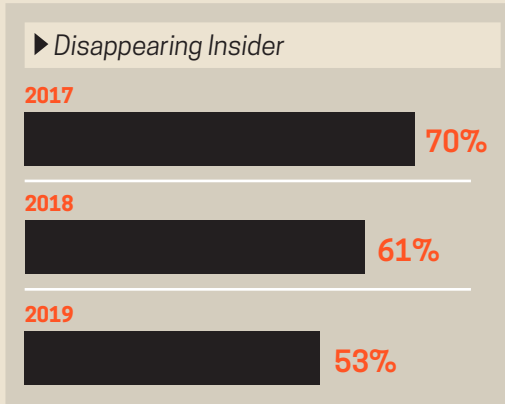
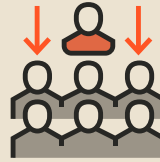
1. CHRO TURNOVER INCREASES



2. CEO TURNOVER DRIVES CHRO TURNOVER

Internal CEOs are **2.5x** more likely to replace the sitting CHRO in 2019 than external CEOs.

3. INTERNAL CHRO SUCCESSION DECLINES

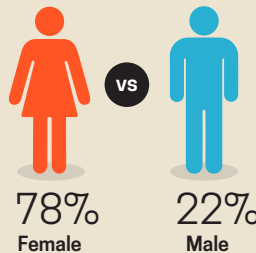


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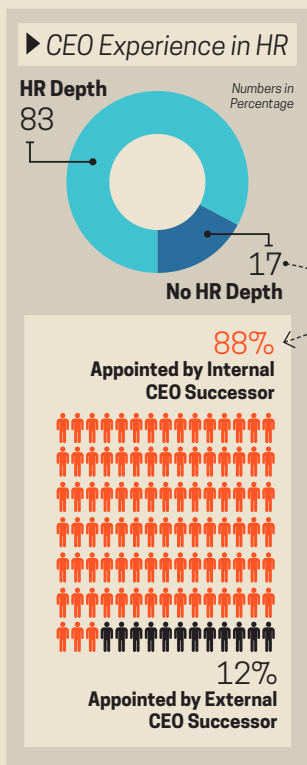


65
Percent of CHROs have a "second act" following their CHRO roles.

5. FEMALE CHROS ON THE RISE



6. HUMAN RESOURCES EXPERIENCE DOMINATES



7. ADVANCED EDUCATION IS PREVALENT

