

# CHRO Trends

## Class of 2017

An analysis of how today's HR  
leaders climbed to the top

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# CHRO Trends

## 2017

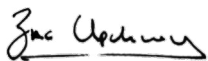
I am excited to introduce the first edition of our Talent Strategy Group CHRO Report, reviewing trends in the CHRO marketplace and introducing the Class of 2017 CHROs.

**One common thread for CHROs exist: the Chief Human Resources Officer is feeling significant pressure to perform.** 2017 saw thirty-seven new CHROs introduced to the Fortune 200 – from financial companies like Prudential (Lucien Alziari) to technology firms like Apple (Deirdre O'Brien), a 48% increase from 2016. This trend continues into 2018 where in the first quarter of 2018 alone, ten new CHROs have taken over the role within the Fortune 200.

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

- **Tenure of Chief Human Resources Officers Is Low:** The average tenure for a Fortune 200 Chief Human Resources Officer is less than five years. The CHRO's tenure in role is 35% less than the CEO counterparts.
- **CHRO Succession Planning Needs Improvement:** 68% of Chief Human Resources Officers were hired internally, from within the organization. In nearly one out of three situations, the CHRO is hired externally. The War for Talent on great CHROs is alive and well, and to ensure continuity in Human Resources, organizations need to better develop their internal talent to take the top role.
- **HR Domain Expertise Reigns:** 80% of Fortune 200 Chief Human Resources Officers had more than five years of experience in HR before being promoted to the top role. Domain expertise still reigns. However, experimentation with the CHRO role remains abundant with over one in five organizations hiring a CHRO without domain expertise.
- **The Chief Human Resources Officer is a Champion for Diversity:** 57% of Fortune 200 Chief Human Resources Officers are female, helping add diversity to traditionally un-diverse Senior Management teams.

I wish to thank the contributors of this report and look forward to working with the Class of 2017 to advance the role of the CHRO and field of Human Resources in 2018 and beyond.



Zac Upchurch

Chief Operating Officer  
Talent Strategy Group

# The Trends

## 1 CHRO Turnover

In 2017, Chief Human Resources Officers within the Fortune 200 realized a 19.9% turnover rate implying organizations replace CHROs on average every 5.03 years. Turnover for CHROs in the Fortune 200 was 48% higher than in 2016.

**Organizations  
replace CHROs**  
on average once every

**5** years

## 2 Human Resources Background

**Nearly 1 in 5 CHROs**



**don't have domain experience**  
at the time of their appointment

Slightly over twenty percent (20.5%) of Chief Human Resources Officers had less than five years of Human Resources experience prior to being appointed the top job. Thus, nearly one in five CHROs don't have domain experience at the time of their appointment. That ratio remains mostly unchanged with the Class of 2017 where 22% of appointees did not have experience in a Human Resources role prior to their appointment.

## 3 Tenure

The average Chief Human Resources Officer in the Fortune 200 has been in role for 4.39 years. In comparison to CEOs of the same organizations that had an average tenure of 6.84 years, the CHRO is less stable than the CEO role. The longest tenured Chief Human Resources Officers have 15-17 years of service.

**The longest tenured CHROs**  
have served in their role for between

**15 & 17** years

## 4 Internal vs. External Succession

Nearly one out of three (32%) Chief Human Resources Officers are externally hired to replace vacant CHRO roles. In the Class of 2017, 70% of hires were internal while 30% were external suggesting a mostly unchanged trend for CHRO succession. Compared to CEOs who have an 85.7% internal succession rate<sup>1</sup>, the CHRO can better groom senior talent and have a ready list of potential internal successors developed for the role.



**hiring externally selected a CHRO**  
who served previously in that role

For external hiring, experience in the Chief Human Resources Officer role is highly desirable. When hiring externally, 67% of organizations hired a Chief Human Resources Officer that previously served as a Chief Human Resources Officer.

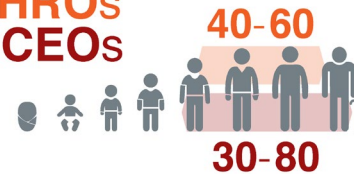
<sup>1</sup> The Conference Board (2017). *CEO Succession Practices*. Retrieved from [www.conference-board.org/csuite-succession](http://www.conference-board.org/csuite-succession)

## 5 Age of CHROs

The average age of a CHRO in the Fortune 200 is 54 years of age. The average age of the Class of 2017 is 52.5 years of age. There is less volatility in age across the CHRO role in comparison to the CEO role. Whereas the youngest CEOs are in their early thirties and oldest CEOs are in their eighties, the youngest CHROs are in their forties and oldest in their sixties.

Average age of

**CHROs**  
vs. **CEOs**



## 6 Gender Diversity

The Chief Human Resources Officer role is a diverse role where 57% of CHROs are female to 43% male. Compared to CEOs of the same organizations, the CHRO role is nearly ten times as likely to have a female in role than the CEO (9.63 times as likely). Organizations use the Chief Human Resources Officer role to instill greater diversity among the Senior Management Team.

The CHRO role is nearly

**10X**

as likely to have a female  
in the role versus CEOs

The trend towards gender diversity for the Chief Human Resources Officer role continues into the Class of 2017. For CHROs hired in 2017, two-thirds of the incoming CHROs were female.



replaced their CHRO  
within one-year of starting

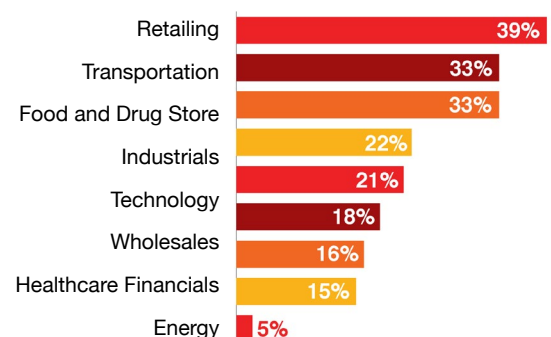
## 7 Tie to CEO Departure

Chief Human Resources Officers at an organization experiencing change at the Chief Executive Officer level are 67% more likely to experience turnover than the average Chief Human Resources Officer. 33% of new CEOs in 2017 replaced their CHRO within one-year of the CEO coming into role.

## 8 Industry Trends

Chief Human Resources Officers in volatile industries found their jobs equally volatile compared to the general marketplace. The most volatile industry to be a CHRO in 2017 was the Retailing industry where 39% of organizations welcomed a new Chief Human Resources Officer. Transportation and Food and Drug Stores were a close second holding a 33% turnover rate in 2017. The Energy industry proved to be the least volatile for CHROs in 2017 with turnover at 5%.

### 2017 Succession Rate



## 9 Hiring Date

The most popular start date for the Chief Human Resources Officer is January representing 17% of the current F200 CHRO start dates. September and October represent the most stability for those in the CHRO role representing 4% of start dates each.



# The Class of 2017

The Class of 2017 comes into the role of Chief Human Resources Officer with unique conditions. In speaking with various members of the Class of 2017, issues on the CHRO agenda include:



**Transform Human Resources:** Reposition Human Resources to drive impact to the business, directly measured by increased performance to the business.



**Courageous Advocate and Trusted Advisor:** Cultivate a meaningful presence amongst the CEO's Executive Team. Partner with the CEO and CFO to drive business results through finances and people.



**Manage the Board:** Build board sponsorship, plan for CEO succession, manage and drive the Board's talent agenda.



**Evolve the HR Business Partner:** Drive impact in HR by evolving the role of the HRBP. How many HRBPs should the organization have? What level of support should they provide to the organization? And how do we facilitate the shift from a tactical HRBP workforce to a strategic HRBP workforce that delivers on this promise?



**Acquire and Retain the Best Talent:** The talent marketplace continues to heat up and the War for Talent is alive and well. In a talent marketplace that favors the employee, the CHRO is focused on ensuring the organization acquires, retains, and maximizes the performance of the best talent. Chief Human Resources Officers drive significant impact to the business through the above priorities and others. The Class of 2017 will bring a fresh perspective to the role based on their diverse background and objectives.



# Meet the TSG Fortune 200 Class of 2017



**67.6%** are women



**32.4%** are men



was the most  
**popular**  
month to  
start

The **average**  
**age** of the  
2017 CHRO  
Class is

**52.5**

There is less volatility in age  
across the CHRO role in  
comparison to the CEO role.



**78%**

of new  
CHROs in  
2017 had a  
**background**  
in HR

with over 5 years of  
domain expertise



**32%**

of which  
were  
**previously**  
CHROs



was the most  
**popular**  
industry for  
new CHROs  
in 2017

Compared to CEOs who have an 85.7% internal  
succession rate\*, the CHRO can better groom senior  
talent and have a ready list of potential internal  
successors developed for the role.



The average  
2017 **stock**  
performance of  
organizations  
replacing  
CHROs was

**16%**



**32%**  
were hired  
externally



**68%**  
were hired  
internally

# CHRO Class of 2017

Name	Company	Title	Insider or Outsider?	Diversity	In Top HR Role Prior?
Deirdre O'Brien	Apple	Vice President People	Insider	Female	No
Raghu Krishnamoorthy	General Electric	Senior Vice President and Chief Human Resources Officer	Insider	Male	No
Robin Leopold	JPMorgan	Executive Vice President and Head of Human Resources	Insider	Female	No
Tim Hourigan	The Home Depot	Executive Vice President of Human Resources	Insider	Male	No
Jacquelyn Wolf	Anthem, Inc.	Executive Vice President and Chief Human Resources Officer	Outsider	Female	Yes
Susan Podlogar	MetLife, Inc.	Executive Vice President and Chief Human Resources Officer	Outsider	Female	No
Ruth Fattori	PepsiCo	Executive Vice President and Chief Human Resources Officer	Insider	Female	Yes
Lucien Alziari	Prudential Financial, Inc.	Senior Vice President and Chief Human Resources Officer	Outsider	Male	Yes
Jennifer Mann	The Coca-Cola Company	Senior Vice President and Chief People Officer	Insider	Female	No
Kamy Scarlett	Best Buy	Chief Human Resources Officer	Insider	Female	No
Cheryl Johnson	Caterpillar, Inc.	Chief Human Resources Officer	Outsider	Female	Yes
Susan Cicco	MassMutual	Chief Human Resources & Communication Officer	Insider	Female	No
Rob Kerrigan	Energy Transfer Equity	Senior Vice President, HR & Administration	Insider	Male	No
Kate Gebo	United Airlines	Executive Vice President Human Resources and Labor Relations	Insider	Female	No
Midili Smith	Publix	Senior Vice President of Human Resources	Insider	Female	No
Monique Matheson	Nike, Inc.	Executive Vice President, Global Human Resources	Insider	Female	No
Kimberly Kuryea	General Dynamics	Senior Vice President, Human Resources and Administration	Insider	Female	No
Ken Black	Rite Aid Corporation	Senior Vice President and Chief Human Resources Officer	Insider	Male	No
Thomas Gaissmaier	21st Century Fox	Executive Vice President and Chief Human Resources Officer	Outsider	Male	No
Patricia Teague	USAA	Executive Vice President of Human Resources	Insider	Female	No
Charles Bendotti	Philip Morris International	Senior Vice President of People and Culture	Insider	Male	No
Danielle Kirgan	Macy's	Chief Human Resources Officer	Outsider	Female	Yes
Gretchen Zech	Arrow Electronics	Senior Vice President and Chief Human Resources Officer	Insider	Female	Yes
Julie Ainsworth	Sears Holding Corporation	Chief People Officer	Outsider	Female	No
Lucy Lee Helm	Starbucks	Executive Vice President and Chief Partner Officer	Insider	Female	No
Thomas Plath	International Paper	Senior Vice President, Human Resources and Global Citizenship	Insider	Male	No
Sandi Karmann	Tenet Healthcare and USPI	Senior Vice President and Chief Human Resources Officer	Outsider	Female	Yes
Betty Click	Dollar Tree and Family Dollar	Chief Human Resources Officer	Outsider	Female	Yes
Sherrye Hutcherson	Union Pacific	Senior Vice President and Chief Human Resources Officer	Insider	Female	Yes
Bruce Johnson	Jabil	Senior Vice President, Chief Human Resources Officer	Insider	Male	Yes
Lisa Britt	Thermo Fisher Scientific	Senior Vice President, Chief Human Resources Officer	Outsider	Female	Yes
Diane Cafritz	Carmax	Senior Vice President and Chief Human Resources Officer	Insider	Female	No
Brent Hyder	Gap, Inc.	Executive Vice President and Chief People Officer	Insider	Male	No
Eric Severson	DaVita	Chief People Officer	Outsider	Male	Yes
Eric Trodden	WellCare	Senior Vice President and Chief Human Resources Officer	Outsider	Male	No
Debra La Tourette	SYNNEX	Senior Vice President, Human Resources	Insider	Female	No
Julie Duffy	Textron	Executive Vice President, Human Resources	Insider	Female	No



## About the Research

To arrive on this information, we analyzed Fortune 200 organizations (based on the 2017 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 staff within the Fortune 200 to validate data where publicly available information was not available.

In total, 187 organizations had a sitting, identifiable CHRO at the time of this report. The trends above highlight those 187 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 them in the analysis.

## About the Authors and Talent Strategy Group

### Zac Upchurch

Chief Operating Officer, Talent Strategy Group



Zac directs the daily operations of the Talent Strategy Group, including strategy, research, and finance across all five 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.

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### Marc Effron

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Marc helps the world's largest and most successful companies improve the quality and depth of their talent. As the Founder and President of the Talent Strategy Group, he leads the firm's global consulting, education, executive search, and publishing businesses.

Marc co-authored the Harvard Business Review Publishing best-selling books *One Page Talent Management* and *8 Steps to High Performance*. He founded and publishes *Talent Quarterly* magazine. He graduated with an MBA from the Yale School of Management.

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### Talent Strategy Group



The Talent Strategy Group builds talent within the world's leading companies. Using the philosophy advanced in our Harvard best-seller *One Page Talent Management*, TSG provides consulting, leader development, executive search and insights with science-based simplicity.

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