

CHRO Trends

Class of 2018



Insights from 2018 Fortune 200 CHRO changes, demographics and drivers.



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CHRO Trends

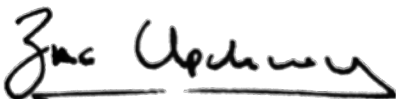
2018

I am pleased to present the second edition of the New CHRO Report reviewing trends in the CHRO marketplace and introducing the thirty-one new Chief Human Resources Officers in the Fortune 200 who came into role in 2018.

- **The emergence of the “War Time” CHRO:** The average stock performance of companies with a new CHRO was -15.76% in 2018. The pressure to perform and drive investor value remains high, and organizations that aren't receiving the desired results are making changes to their Executive Teams, including the CHRO. The CHROs that replace the incumbents are expected to be “War Time” CHROs – partnering with the CEO to drive new strategy and improved business results through people.
- **Female CHROs are on the rise:** 60% of Chief Human Resources Officers in the Fortune 200 are Female, representing a 3% increase from our [2017 CHRO Report](#). Of the New CHROs of 2018, 65% are Female which suggests this trend continues into 2019. Despite an overall decline in Female CEO representation in 2018, the CHRO role continues to add diversity to the Executive Teams of Fortune 200 organizations.
- **CEO turnover creates “at risk” CHROs:** Less than half (48%) of CHROs maintained their role within twelve months of CEO turnover. CHRO turnover is highly correlated to CEO turnover. Thus, CEO turnover can be viewed as creating “at risk” CHROs – CHROs who have a higher than average probability of turnover. In the case of 2018, a CHRO was three times more likely than average to experience turnover when there is CEO turnover.

I wish to thank the contributors to this report and look forward to working with the New CHROs of 2018 to advance the role of the CHRO and field of Human Resources in 2019 and beyond.

Zac Upchurch



Chief Operating Officer
Talent Strategy Group

The Findings

Our analysis uncovered surprising and challenging insights about the new Fortune 200 CHROs, including the positive support from female CEOs for female CHROs and the predictability of CHRO departure following a CEO change.

The 31 New 2018 CHROs represent nearly every large industry

The Fortune 200 welcomed 31 new Chief Human Resources Officers to the role in 2018. The New CHROs of 2018 represent more than 2.2 million employees at companies with more than \$1.6 trillion in annual revenue.

New CHRO Class of 2018



CEO Turnover Predicts CHRO Turnover

There is a strong correlation between CEO and CHRO turnover. Within twelve months of a Chief Executive Officer appointment, 43% of Chief Human Resources Officers at that organization turned over. An additional 9% of CHROs came into the role three months or less prior to a CEO transition. Less than half (48%) of CHROs retained their seat for more than 12 months following a CEO transition.



43% of CHROs
were gone →



32% of
“at risk” CHROs
left their role in
Q1 2019

and, 2019 already bears that out . . .

There were 25 CEO transitions in 2018 across the Fortune 200. If CEO turnover predicts CHRO turnover, the CHROs in these 25 companies have a high turnover risk during the twelve months following the CEO’s appointment. Proving this case, of the 25 “at risk” CHROs, eight (32%) left their organization in the first quarter of 2019.

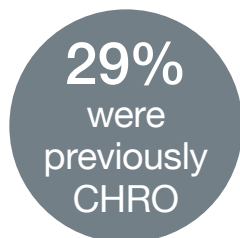
Who was Selected

There was little risk-taking by CEOs when they selected the Class of 2018, with the large majority of CHROs having prior CHRO experience or deep HR experience before assuming the role. There is an open question about why 19% of CEOs would selected leaders with little or no experience in this complex field

Most new CHROs have HR experience; surprisingly large minority don't

The most common path to a Chief Human Resources Officer role in the Fortune 200 is to previously have served in a CHRO role. Nearly three in ten (29%) of the new 2018 CHROs previously served as a Head of HR prior to assuming the CHRO role at the new company.

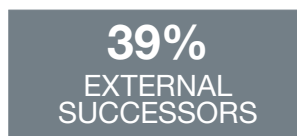
About one in five (19%) new CHROs in 2018 did not have a significant background in Human Resources prior to taking the top role. This statistic is essentially unchanged from the 2017 level of 20%. The tenure of the outgoing CHRO was 35% shorter for organizations that appointed a CHRO with a non-HR background than organizations with a CHRO holding an HR background.



Nearly 1 in 5 new CHROs were not deep HR experts before being appointed. None of these companies had a CFO who did not have deep financial experience when appointed.

Primarily internal successors or those with prior CHRO experience

Nearly two-fifths (39%) of 2018 Chief Human Resources Officers were external successors versus 61% internal successors. When going externally for CHRO succession, organizations value expertise in the CHRO role. About two-thirds (68%) of external successors previously served as a CHRO and the vast majority (92%) hold a deep background in the field of Human Resources.



— 68% were CHROs
— 92% have a deep HR background

Who was Selected

Gender skews increasing female; female CEOs support female CHROs

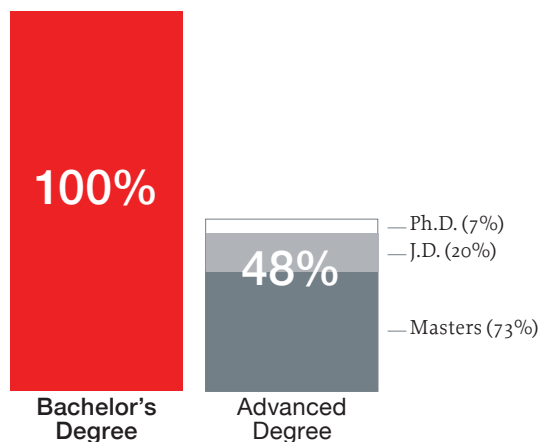
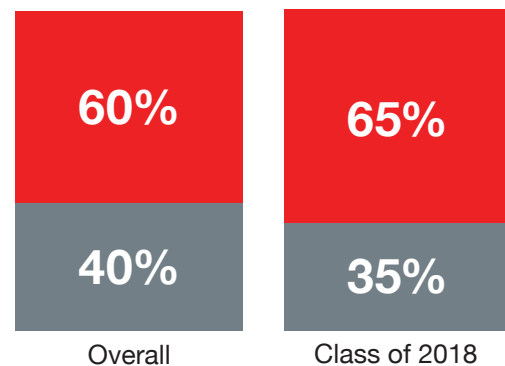
While the number of women Chief Executive Officers decreased from 2017 to 2018, the Chief Human Resources Officer ranks added women. Nearly two-thirds (65%) of New 2018 Chief Human Resources Officers are female. Across the Fortune 200, 60% of CHROs are female, an increase from 57% in 2017.

Based on 2018 data, female CEOs select female CHROs the vast majority of the time. A female CEO is 23% more likely than a male CEO to appoint a female CHRO. Three-fourths (77%) of CHRO appointments by female CEOs are female compared to 61% of CHRO appointments by male CEOs.

What percent of the time did each appoint female CHROs?



Gender balance of Fortune 200 CHROs



Advanced education very prevalent

100% of the New CHROs of 2018 obtained a bachelor's degree or equivalent. Nearly half (48%) hold an advanced degree(s). Of those with an advanced degree, the most popular degree was a Masters (73%) followed by a J.D. (20%), and finally by a Ph.D. (7%).

The most popular undergraduate degree for the New CHROs of 2018 was Business Administration with 29% of CHROs majoring in this area. There was not a common denominator in university representation.

The Transitions

New CHROs enter during financially challenging periods

Many of the Chief Human Resources Officers of 2018 come to their company during times of tumultuous company performance. The stock performance of a 2018 New CHRO company, on average, underperformed by more than 2.5x that of the Dow Jones Industrial Average and S&P 500 indices.

The average 2018 stock performance of a New 2018 CHRO company was -16%. Of the thirty-one companies that had a new CHRO in 2018, only seven (23%) had positive stock performance in 2018.



When there's longer CHRO tenure, CEOs look outside

Organizations with a long-tenured outgoing Chief Human Resources Officer were more likely to go external to find the replacement than organizations with a less tenured CHRO. Organizations that chose an external CHRO successor have an average outgoing CHRO tenure of 7.25 years versus organizations that selected an internal successor where the average outgoing CHRO tenure was 4.75 years.

The average tenure for an internal successor before being appointed CHRO is 17 years. This suggests that companies may value cultural or company-specific knowledge when they choose internal successors or that they are unwilling to take risks with less experienced candidates.

1 in 6 CHRO's left their company

In 2018, Chief Human Resources Officers within the Fortune 200 realized a 17% turnover rate. This implies that, on average, organizations replace their CHRO every 5.9 years. The 2018 turnover rate represents a decline from the 2017 rate of 19.9%.



CHRO Class of 2018

Company Name	CHRO Name	Title	Insider/ Outsider	Gender	CHRO Prior?
ExxonMobil	Tracey Gunnlaugsson	VP, HR	Insider	Female	No
General Motors	Kimberly (Kim) Brycz	SVP, Global Human Resources	Insider	Female	No
Ford Motor Company	Kiersten Robinson	Group VP & CHRO	Insider	Female	No
Cardinal Health	Ola Snow	CHRO	Insider	Female	No
Fannie Mae	Elcio Barcelos	SVP & CHRO	Outsider	Male	No
Wells Fargo	David Galloreese	SEVP, HR	Outsider	Male	Yes
Citigroup	Sara Wechter	Head of HR	Insider	Female	No
Freddie Mac	Jacqueline Welch	SVP, CHRO, & Chief Diversity Officer	Insider	Female	No
Marathon Petroleum	Fiona Laird	CHRO	Outsider	Female	Yes
Procter & Gamble	Tracey Grabowski	CHRO	Insider	Female	No
Intel	Matthew Smith	SVP, CHRO	Insider	Male	No
Pfizer	Dawn Rogers	EVP, HR	Insider	Female	No
Goldman Sachs Group	Dane Holmes	EVP, Global Head of Human Capital Mgmt.	Insider	Male	No
Merck & Co.	Steven Mizell	EVP, HR	Outsider	Male	Yes
TIAA	Sean Woodroffe	SEVP, CHRO	Insider	Male	Yes
Publix Super Markets	Marcy Benton	VP, HR	Insider	Female	No
CHS	Mary Kaul-Hottinger	SVP, CHRO	Outsider	Female	No
3M	Kristen Ludgate	SVP, HR	Insider	Female	No
WarnerMedia*	James Cummings	EVP, CHRO	Insider	Male	No
Northwestern Mutual	Joann Eisenhart	EVP, CPO	Insider	Female	No
Mondelez International	Paulette Alviti	EVP, CHRO	Outsider	Female	Yes
US Foods Holdings	David Works	EVP, CHRO	Outsider	Male	Yes
Union Pacific	Beth Whited	EVP, CHRO	Insider	Female	No
Kohl's	Marc Chini	SEVP, CPO	Outsider	Male	Yes
Western Digital	Lori Sundberg	EVP, CHRO	Outsider	Female	Yes
Community Health Systems	James Hayes	SVP, CHRO	Insider	Male	No
Visa	Jennifer Grant	EVP, CHRO	Outsider	Female	Yes
Synchrony Financial	DJ Casto	EVP, CHRO	Insider	Male	No
CDW	Elizabeth Connelly	SVP, CHRO	Outsider	Female	No
WestRock	Vicki Lostetter	CHRO	Outsider	Female	No
CBS	Laurie Rosenfield	CPO	Insider	Female	No

*Note TimeWarner was purchased and is now known as WarnerMedia

About the Research

We produced this information by analyzing Fortune 200 organizations (based on the 2018 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 Author 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. He can be reached at zac@talentstrategygroup.com.



The Talent Strategy Group helps the world's largest and most successful companies to better manage their talent. We advise on HR and talent transformations, talent process design, HR leader capability assessment and skill-building, line leader development and related services. More information is available at www.talentstrategygroup.com