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# Equity & Opportunity

2020 CEOI WORKING GROUP REPORT

The racial justice protests that swept the U.S. this year have triggered dozens of corporate commitments around improving diversity, equity, and inclusion (DEI)—along with millions of dollars in pledges to support changes to recruitment and career development processes. Even prior to these social justice uprisings, the business case for cultivating a diverse workforce was becoming clear, but 2020 has brought a new sense of urgency.

“What is going to be different this time? How are we going to execute together and make real change?” asked Antonio Neri, CEO of HPE, and Equity and Opportunity working group co-chair, during the proceedings. Now more than ever, progress requires authentic CEO-level championship, a focus on cultivating inclusive corporate cultures, and deep transparency about the impact of diversity programs. It's time to turn dialogues into decisive action—even if those plans aren't perfect.

## CULTIVATE AN INCLUSIVE CULTURE

**RECOMMENDATION 1: *Commit to a regular program of candid conversations around race and equity.***

In early September, retailer Kohl's, at the direction of CEO and working group co-chair Michelle Gass, published a new framework for DEI centered on its employees, its customers, and the communities in which it does business. The new statements were shaped by task forces formed in the spring at her direction, and they will be applied to recruiting and employee development, marketing tactics, product decisions, and supported at the community level. “We've used the last few months and all that's happened as a catalyst for change,” said Gass.

The commitments were shaped by task forces that included a broad cross-representation of employees in the field, community members, merchants, and other stakeholders—there were more applicants than Kohl's could accommodate, she noted. One of Kohl's board members is actively engaged in its diversity and inclusion council. Pointing to that process, Gass urged other CEOs and business leaders to spend

far more time listening to what’s needed to create a more inclusive culture. “We should not assume anything,” she said. “We should really listen carefully.”

HPE, which already publishes detailed data on employee diversity, has likewise prioritized “open conversations” through listening tours with Black workers. One thing that became clear during this process—many managers and executives are uncomfortable having these conversations, Neri said, which is a concern that must be addressed.

Other working group participants echoed the conviction that creating a spirit of unconditional inclusion is fundamental for any diversity and equity initiative to be successful. Or, as one working group participant put it, “Diversity is a fact, inclusion requires an act.” Another CEO noted, “You can’t get people to listen and understand if they are on the defensive.”

Central to that process is building trust that “words on paper” will be translated into meaningful action, the working group agreed. While it’s impossible to mandate trust, one participant shared that their company’s employees sign an “honor pledge” to signal their understanding of an inclusive corporate culture.

Among the ideas suggested by the working group to cultivate a more inclusive culture:

- Hold town halls
- Invite regular, candid conversations in small groups
- Focus on training that addresses bias mitigation and interpersonal practices
- Engage outside speakers
- Hold culturally relevant offsites (for example, one working group participant spoke of walking as a team across the Edmund Pettus Bridge in Selma, Alabama)
- Set up creative mentorship and sponsorship programs

## **MEASURE EQUITY AND DISCLOSE THAT DATA**

**RECOMMENDATION 2: *Commit to regularly collecting and publishing key diversity and equity data.***

It’s not enough for business leaders to include more diversity in their workforces without a parallel commitment to ensure that the pay and the opportunity for promotion are equitable. While some FORTUNE 500 companies share specific data about race, gender, or ethnicity, far fewer disclose corresponding information about how their organization handles pay or career advancement on the basis of those factors.

Many working group participants suggested that it’s time for business leaders to double down on discussing and measuring the equity of their internal policies, in order to start changing them for the

better. “Transparency is important because we want to hold ourself accountable and publish the data,” said Neri. “You are taking a stance and showing the progress or lack of progress, and you can continue to emphasize what else we need.” At the very least, companies should conduct a race and equity pay gap analysis for internal consideration, one working group participant noted.

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—Antonio Neri, CEO, HPE

**SUGGESTED RESOURCES**

**Paradigm for Parity**

**Catalyst**

**U.S. Equal Employment Opportunity Commission**

**Diversity Resources**

This topic spurred debate, with some working group members observing that metrics will be very different from industry to industry, which makes it difficult to set a specific agenda for progress for the CEO Initiative as a whole. Others noted that targets (not quotas!) for diversity will—and should—vary depending on regional and community demographics, so what looks right for one division of a company might not be appropriate elsewhere. There is little precedent about what constitutes a meaningful goal, but the group said it’s important for companies to establish one. “In what other business realm do we not start with a target?” Neri asked.

Suggested actions;

- Collect/publish diversity numbers
- Investigate pay and promotion equity
- Collect/publish equity data across a wider spectrum of stakeholders

**MAKE THE CEO AND SENIOR MANAGERS RESPONSIBLE FOR BUILDING MOMENTUM**

**RECOMMENDATION 3: *Commit as an executive team to the practice of discovery, while developing, assessing, and amending key programs.***

Several working group members spoke about the need to play up the business case for diversity and for putting the CEO at the center of these strategies, rather than assigning these programs solely to the human resources or marketing teams. Consider making diversity and equity commitments part of holistic corporate social responsibility programs, one participant suggested, since doing so makes such commitments more visible to internal and external stakeholders. And the CEO shouldn’t be

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afraid to “ask the dumb questions,” suggested another participant. “You have to have that tenacity, that resilience. You also have to recognize there are going to be bumps on the way. There are going to be naysayers. You have to have a thick skin,” echoed Gass.

Uniting leadership around creating solutions and making them accountable for results—as part of compensation—is one missing link for DEI programs today, according to the working group. Managers and business leaders must feel inspired to uphold commitments, and they’ll need training and other tools so they can become comfortable advocates. “We have to go to the source of the decisions,” noted one human resources executive. And recognize that there will be mistakes along the way. “Have grace, there are going to be missteps,” counseled another working group participant.

Recommended practices

- Unite leadership team around creating solutions
- Form task forces for idea and data collection
- Engage external stakeholders in regular convenings

Considering the accelerated pace of technology adoption triggered by the global COVID-19 pandemic—and the heavy impact of layoffs on women and people of color—it’s especially important to address inequity more aggressively as the economy recovers, the working group noted.

One way to build momentum is to underscore the value of DEI to the bottom line. Kohl’s, for example, is having deeper conversations about how increasing diversity internally could open the potential for more market share in underrepresented demographics. “Diversity is good for business,” echoed Neri. “I am a strong believer: a diverse company in terms of gender, racial [makeup], thought makes a company a much stronger competitor in the marketplace.”

2020 CEOI Equity & Opportunity Working Group Members

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The Fortune CEO Initiative, launched after an extraordinary 2016 meeting at the Vatican, was created to convene, engage, and reflect the purpose-driven missions of corporate leaders who are committed to addressing societal challenges as part of their core businesses. Our CEO members believe in a simple proposition: that companies can and should do well by doing good in the world.

And today, Fortune CEOI members challenge all corporate leaders to adopt the following actions in four key areas: making technology a force for good, addressing the urgency of climate change and human impact on the environment, ensuring a more equitable society, and preparing our global workforces for the challenges of the future. Core to all of these efforts is collaboration—across the spectrum of business, with governments and nonprofit groups, and even with industry competitors. And so, as part of this year’s CEOI goals, we are committed to providing a guide and resource for helping companies collaborate at scale.