



Opening Eyes and Efforts to Diverse Recruiting in Financial Services

The racial awakenings of 2020 have opened the eyes of banking executives and their boards to a reality that diverse employees have known and experienced for decades: the road to the C-suite for women and underrepresented minorities throughout financial services presents more challenges and hurdles than faced by their white and male counterparts.

A recent search for a chief risk officer at a Fortune 100 diversified financial services company is a prime example.

Extensive research identified hundreds of potential executives within risk, compliance, and ancillary roles who potentially met the minimal technical competences and experiences defined as necessary by US regulatory bodies, human resources, and the risk committee of the board.

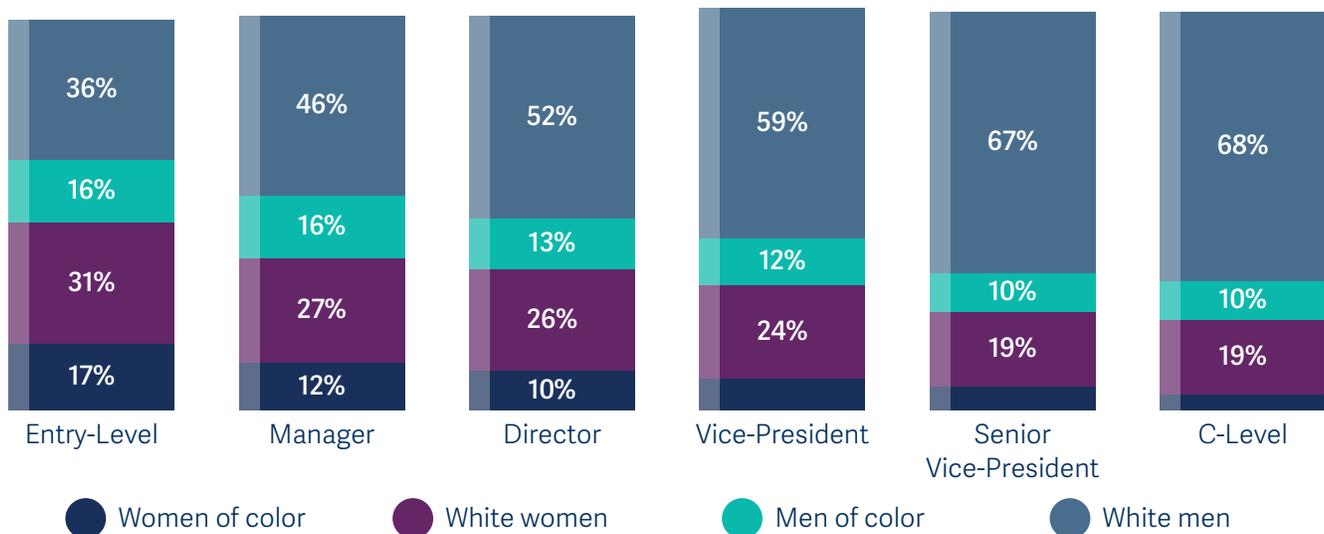
Of this target environment, more than 25 percent identified as female or non-white male. When all research was assessed and layered over the *minimum* career skills, technical qualifications, and experiences required by the client and regulators, the number dropped to 10 percent.

The solution is not to lower qualifications. Even if the regulators relaxed their qualifications to consider executives from companies one-eighth the size, or for a line of business credit risk executive to be promoted three steps at once, the chances of failure for that executive, the financial institution, and their customers, would be substantial.

This is not atypical. Data from the 2018 Women in the Workplace study shows the rapid drop-off of non-white males at every point of career progression in American companies. White men represent just 36 percent of entry-level employees, but 68 percent of C-level executives.

Men of color (who drop from 16 percent to 10 percent) and white women (31 percent to 19 percent) lose out as their careers move forward – but neither so badly as women of color, who represent 17 percent of entry-level employees, but only 3 percent of C-level leaders

TALENT PIPELINE BY GENDER AND RACE, 2018 USA



Source: LeanIn.org and McKinsey. Women in the Workplace 2018. Based off an examination of employee data of 279 US corporations.

Virtually every major employer throughout banking has targeted minority candidates in the recruiting process, hired diversity, equity & inclusion professionals to try and improve inclusion and belonging in the workplace, and had senior executives make public commitments to the value of a diverse workforce.

Despite these efforts, the challenges facing women and professionals of color on the way to the C-suite continues to be significant enough to get them to switch banks or drop out of the workforce all together.

Companies throughout financial services have solutions to diversity and inclusion in their hands, yet fail to successfully train, retain, and accelerate the development and retention of diverse executives who sit in their very ranks.

Improvements are not happening fast enough. This despite workplace diversity being one of the most important predictors of sales revenue, profitability, employee engagement, innovation and other key metrics, findings empirically verified throughout the years by researchers in academia and industry.

The casual recognition and token programs banks have taken these past decades need to be replaced by unvarnished conversations that result in a clear acknowledgment of the problems organizations are facing. You may think your company is doing enough, but studies show you are not, and what you are doing is not working well enough to really move the needle.

Rather than play the zero-sum game of stealing diverse talent from one another, financial services companies need to focus their energy and efforts on improving diversity and inclusion in their high middle management ranks. There is no excuse for failure.

WHAT CAN LEADERS DO TO IMPROVE EXISTING EFFORTS?



DON'T IGNORE GREAT OPPORTUNITIES.

Leadership teams often can hire a great diverse employee but pass because they don't have an immediate role to fill. This limited thinking and lack of creativeness stunts the building of inclusive cultures and strong diverse benches. Strong candidates will add value to your organization starting on day one. Additionally, these star diverse candidates – today one level below your convenient need – will be out of reach when you decide you are ready.



CREATE A DIVERSITY ACCELERATOR PROGRAM.

Too many organizations provide the same opportunities to every employee regardless of their needs and capabilities. A diversity accelerator program is a plan of action that focuses rapid training, education, and mentorship for high-potential diverse executives. These are easily designed, implemented, and executed with clear metrics around success, and they have been shown to deliver exceptional returns for all involved.



DEDICATE SENIOR MANAGEMENT TO MENTORSHIP PROGRAMS.

Companies often hire talent as the next generation of leaders, then fail to treat them like it. The unique path women and diverse males take to the C-suite are best shared by those who have blazed those paths before them; their battle scars, lessons learned, and pride of success are felt and believed on an intrinsically different level. These interactions also provide an opportunity to assess these up-and-coming employees and garner a clear understanding of their strengths and capabilities.



REVAMP YOUR RECRUITING PROGRAMS.

Passively waiting for diverse candidates to apply for jobs isn't enough – companies must actively seek out diverse talent where they are. Companies need to develop and implement diversity-specific recruiting programs designed to identify and attract high-potential executives before they reach the C-suite at your competitors. Aggressively recruit them to ensure inclusiveness throughout the company.

The exceptional challenges of 2020 have seen people come together and take action to redefine the workplace. The time is now for those solutions to include diversity and inclusion throughout all executive levels so articles like this one – and the year 2020 – are left forever to the history books.

AUTHORS

ROBERT VOTH co-leads the firm's global Consumer & Commercial Financial Services Practice, based in Chicago.

FAWAD BAJWA is a core member of the firm's global Financial Services, Healthcare and Technology teams and leads the Artificial Intelligence practice globally. He is jointly based out of Toronto and San Francisco.

ART HOPKINS is a senior member of the firm's Technology Officers Practice and Board & CEO Advisory Partners, based in Atlanta.

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