EgonZehnder

search 2.0

The Future of Leadership Appointments

A definitive guide to more-inclusive outcomes

Satyajeet Thakur

*To Amruta, my wife, and Sara
and Soha, my teenage daughters.
Thank you for your love, good humor
and patience.*

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Diversity has been a major focus for businesses over the last decade, and much progress has been made in representation among corporate boards, leadership teams and overall workplace populations. But now inclusion is the next step, ensuring that companies have a culture that values these new perspectives and enables them to be heard.

Inclusion is also the next step in executive searches. As a Leadership Advisory firm, we recognize that people are at the heart of what we do and that building a better future requires an unwavering commitment to inclusivity and diversity. While we have been steadfast in our support of diversity and inclusion, the scale and complexity of our challenges demand that we do better. At Egon Zehnder, we believe that success starts from within. It requires a willingness to question our assumptions, challenge ourselves and develop more inclusive approaches to leadership appointments, together with our clients.

That's why my colleague Satya Thakur, along with many others in our Firm, has developed an innovative approach to discovering and developing leaders that prioritizes inclusion. We understand that this journey starts with ourselves and that by embracing a truly inclusive approach, we can create sustainable and lasting impact that helps our clients and builds a better world for everyone.

> Success starts from within. It requires a willingness to question our assumptions, challenge ourselves and develop more inclusive approaches.

A Mindful Approach to Inclusive Searches

Ed Camara
CEO, Egon Zehnder

Diversity, Equity, and Inclusion are not just boxes to tick off on a checklist when searching for new leaders. Truly inclusive leadership searches require a balanced, mindful approach that acknowledges different perspectives and ideologies. Search 2.0: The Future of Leadership Appointments, written by my colleague Satyajeet Thakur does just that. This book challenges readers to shift their focus away from polarizing debates and instead find their own centers on DEI. Satya presents a thoughtful analysis of the pros and cons of various parts of the traditional leadership search process and offers pragmatic recommendations that, taken together, can result in dramatically improved inclusive outcomes.

In our Firm, we recognized that every consultant can play a role in driving better DEI outcomes, and we are already embracing many of the practices within this guide. We are calling on our clients to do the same, and not shy away from asking us probing questions on our search methods while being open to questioning their organization's approaches as well.

We hope that the examples and insights presented in these pages inspire you to approach DEI with mindfulness and balance to drive positive change in your organizations and communities.

Leading inclusively is a specific mindset, and one that must be met with thoughtfulness and balance. Rules and guidelines can only take you so far on this journey – you also need focus to fully deploy it in an organization. By referring to all sides of this potentially polarizing topic with positive intent and understanding, leaders can help guide real, lasting progress. Satya has struck this balance, inspiring others to pick up the practices outlined in this book and implement them in their day-to-day lives.

Embracing new realities

Cynthia Soledad
Leader, Egon Zehnder's Diversity and Inclusion Practice

For the foreseeable future, our life experiences will be organized into two categories – how we lived before 2020, and how we lived after. Early months in lockdown forced changes in workplace acumen as barriers of space and time between work life and home life melted away. Leaders stretched themselves to embrace vulnerability and humanity, acknowledging and supporting their employees as everyone struggled with lockdown, illness, caregiving, and technology issues. Many of us in the human capital profession applauded these changes and sought to enable them as quickly as possible to bring more resilience to organizations even as pressures mounted.

Then a wave of social unrest swept the world in the wake of George Floyd's murder and a second reckoning began. With their final stores of patience exhausted by the upheaval around them, under-represented employees in organizations globally raised voices of concern about the lack of diverse representation, inclusion and belonging at work. And their leaders, having spent months bringing more

and more humanity into the workplace, heard these concerns more clearly than ever before. The desire to change outcomes in diversity and inclusion was at an all-time high.

Fast forward three years from these events, and it is clear that getting to different outcomes in diversity and inclusion requires step-by-step changes in the talent systems that sit at every organization's foundation. Once again, we in the human capital profession feel called to enable change, and answering the call is my dear colleague Satyajeet Thakur. In these pages, Satya has beautifully codified best practices in inclusive talent selection, carefully considering each step in the talent selection process where possible bias could creep in and inviting us to intentionally interrupt those biases to expand the world of possibilities.

Business leaders face unprecedented challenges every day. The only way to arrive at equally unprecedented solutions is to explore the situation from all possible perspectives. This requires every dimension of diversity to be present around the tables where these problems are discussed and to actively welcome the multi-faceted debate. By putting the talent selection practices in place that Satya has so carefully laid out in this seminal work, I truly believe this most complete sense of diversity and inclusion in the workplace can be achieved.

From the Author

Satyajeet Thakur
Egon Zehnder

In early 2020, I felt the need to share my thinking on the topic of ethnicity in senior leadership through an article I wrote, "**Ethnic Diversity: From Rapid Response to Lasting Impact.**"

As an Indian immigrant to the UK, for too long I had kept my thoughts and emotions to myself, getting on with life and the pursuit of personal fulfilment and professional success, rather than expressing myself with any real conviction. Over the years, Satyajeet had become Satya (no one asked me, and I corrected no one). I wanted deeply to embrace Britain and to be embraced by it in return, to a point where I felt I was losing my Indianness. My accent changed subtly, in the desire to fit in—neither Indian, nor British. I faced microaggressions, but seldom racism, and I am sure I have been guilty of microaggressions of my own. Was I lost, not to be truly accepted either in my own culture or in my adopted country? Or was I, in fact, in the perfect place, enjoying the best of both worlds? Am I among the privileged global elites of London, or an underrepresented minority—or both?

The thought piece seemed to touch a chord and continues to trend strongly on Egon Zehnder's website and social media channels more than two years after it was originally published. Several hundred board directors and senior leaders have had the opportunity to engage on the subject.

One of the chapters, "**Equality vs. Equity: A Reimagined, Diverse and Inclusive Search Process**," seemed to garner particular excitement. I received interest from colleagues, clients, and candidates, who felt that I was onto something and wanted to know more. The chapter had been written as a stream of consciousness linked to how my worldview, personal story, and professional experiences had begun to converge in my own head, rather than as part of a master plan. The feedback presented me with a challenge. Was I serious (or crazy) enough to challenge some of the fundamentals of how leadership appointments take place today, despite the strides that have clearly been made in the diversity of leadership profiles at the top of our major organizations? I concluded that it was worth a shot.

Search 2.0 will question and stretch multiple established and entrenched industry practices. It may provoke, sometimes intentionally, but hopefully not bore nor disappoint.

We hope to give readers the tools and confidence to play their part as conscious participants in how leaders are appointed and empowered to reach their highest potential. If we manage to inspire others along the way, it may even serve as a guide for the future of leadership appointments.

Definitions

Diversity, equity, and inclusion, shortened to DE&I. These three terms are often grouped today. It wasn't always so and need not always be. For example, as organizations become more diverse and equitable, inclusion could become a viable sole, standalone objective. However, ground realities today likely necessitate at least an understanding of all three.

Diversity

Diversity is understood today in the human sphere to be linked to difference and/or variety, and the impact of this on the ways we think, act, cooperate, and relate to one another. You can only be diverse in relation to someone else. "I am diverse" only makes sense when viewed in terms of the group or individuals you are comparing yourself to. As no two individuals are alike, we are all "diverse" from one another to some degree, and it is only the degrees of diversity that vary between individuals. The sources of diversity are usually a mix of factors linked to our inherent makeup, qualities as individuals, and the circumstances in which our lives have evolved. Structural shifts also matter. For example, globalization and trade have created untold wealth in the world but may have also unleashed forces that make diversity both more visible and more precarious (e.g., dismantling of local customs, educational systems, languages, and ways of life). Each society has norms and priorities on who is considered diverse, and these evolve with the passage of time and changing circumstances.

Equity

Equity is a relatively new entrant into management vocabulary and is often used in contrast to the word *equality*. Both words share common Latin origins. Their modern management interpretations imply subtle but important differences. *Equality* means the attempt to create fair outcomes by equalizing opportunity across people, while *equity* means the attempt to create fair outcomes by recognizing that allowances need to be made depending on individual circumstances. It is not hard to see why purist approaches on either are problematic. We prefer to

see it as a continuum, with balance as the objective. Over-indexing on the side of equality could lead to the embedding of privileged access to opportunity and the cornering of economic rewards among the most fortunate. Over-indexing on the side of equity could lead to damaging the legitimacy of those making these decisions, legal challenges, and competing claims on who is most deserving. Individual circumstances vary, but in most cases, subtle rather than blatant supportive interventions are warranted to ensure the maximization of opportunities (rather than outcomes).

Inclusion

Inclusion is the act of valuing differences and enabling everyone to bring their distinctiveness to, and thrive in, any situation. It is also about encouraging a sense of belonging, without the pressure to conform. It is the desired sociological situation on which the realization of many of the potential benefits of diversity to individuals, organizations, and societies depends. The greater the diversity of a team, group, organization, or society, the greater the inclusion challenge, as individuals have less in common with one another. Diverse teams that are not part of well-functioning, inclusive cultures may still claim to be preferable to less diverse teams in a social benefit sense but may struggle to do so in any meaningful team performance sense. Cultures that are not inclusive could end up perpetuating one of two outcomes for a diverse individual: They never feel that they belong and are on the fringes, or they are sucked into the vortex of dominant cultural norms, losing their individuality in the pressure to conform. As with diversity and equity, there are no precise answers on optimal levels of inclusion, and all three terms need to be viewed as evolving in line with societal and organizational evolution.

Chapter Overviews

Find Your Anchor and Your North Star

The chapter Find Your Anchor and Your North Star contains my worldview and personal approach to DEI. The objective here is not so much to champion my views but to encourage readers to be curious about their own views and those of others.

Biases

Biases explains the concept, sources, and types of cognitive biases. It relies on the work done on this subject within the scientific and academic communities and relates it to senior leadership talent settings. It provides commentary both on the inevitability of biases and suggestions to mitigate them.

Underrepresentation

Underrepresentation explains and expands the named concept. It goes into aspects of structure and design of categories and gives a brief overview of the major categories, focusing on those that are typically not sufficiently discussed nor understood.

A Global Tour

A Global Tour is an overview of DEI across the globe. It contains Egon Zehnder analysis at board, CEO, and CFO levels for gender, ethnicity, and age across 12 countries. It also contains expert perspectives on the DEI situation in each, highlighting both common and unique challenges.

Search 2.0

Search 2.0 is the heart and soul of this project. At senior leadership levels, a search process is the mechanism through which external and internal leaders are appointed into key executive and nonexecutive roles. Search 1.0—the way leaders are currently chosen—has evolved earlier than and separately from the more recent emphasis on DEI. DEI aspirations have been bolted onto Search 1.0 without challenging some of the foundations, creating stresses and contradictions in expecting certain outcomes from a process that was not designed to deliver them. Analysis shows that it is external pressures generated through mandates and quotas, and by society, and the good intentions originating from individual creativity, sincerity, and effort that account for much of the progress on DEI, rather than it being enabled by the design of Search 1.0. Search 2.0 is the alternative. It conducts an open-heart surgery on Search 1.0 and injects DEI into its core, upgrading it to be fit for the future, as a natural ally and enabler of more inclusive leadership appointments and outcomes. As Search 2.0 has inclusivity as its foundational objective, it does not exclude any leader, and neither does it drive nor seek predetermined outcomes. It therefore could become the template for all leadership appointments in the future, not just ones where enhancing diversity is a priority.

The Search 2.0 Index

The Search 2.0 Index provides an online self-diagnostic tool for each organization to assess themselves against the challenges posed in this book. It requires no more than 20 minutes of individual time for each participant, and concludes in a downloadable automated report providing a total index score, sub-scores by categories, and a narrative to understand and engage in the findings.

Find Your
Anchor and
Your North Star

Find Your Anchor and Your North Star

This chapter is a glimpse into a variety of macro concepts that have influenced my thinking on DEI. (This is not an Egon Zehnder view.) Sticking my neck out may be unnecessary and fraught with risk, but what I hope to provide is encouragement for each reader to explore their **core beliefs** (their Anchor) and to cast their eyes over the horizon in terms of bringing their **ultimate aspirations** (their North Star) into focus, as a stepping-stone to understanding the same in others. Without doing this, DEI risks generating more heat than light. In no particular order, here is a glimpse into mine:

DEI initiatives and the commentary around them can make us feel adrift in a sea of activity, opinion, and stimuli, without a collective sense of grounding or direction. Each of us has our own views that guide our thinking and actions—some deeply held, some just good business. We find and associate with "tribes" that share those views to a lesser or greater degree. The process is subject to all sorts of biases (more on biases in the next chapter) at both the individual and group level, including in DEI teams. Not enough time or effort is allocated to listening, reflection, and the understanding of multiple perspectives. This **failure to seek common ground** can have consequences not dissimilar to the consequences in wider society, of the "left" and the "right" not seeing eye-to-eye,

entrenched in culture and cancel wars, at the cost of progress.

Some of the greatest human disasters have been caused by moralistic crusades, and therefore I worry about **excessive moralism**. It can lead us to think disproportionately in terms of right versus wrong, good versus bad, us versus them, as opposed to true versus false, the latter being associated with the scientific temperament. However, humans are not evolutionarily hardwired to be truth seekers. Our tribal and moralistic instincts go deeper into our history and can trigger higher emotional commitments, as compared to our rationalistic truth-seeking instincts. This paradox of what comes naturally to us versus what is good for us is forgotten at our peril.

The pursuit of **truth** is linked closely to the concept of **trust**. As it is not physically possible for any one person to verify more than a handful of truths through first-hand experiences or personal experimentation, we rely on or infer truth from a variety of secondary sources (e.g., textbooks, experts, elders, teachers, academic institutions, judiciaries, datasets, instruments of state, etc.). If the legitimacy of these mechanisms is allowed to atrophy, either through neglect or vested interests, this has a severe social cost, diminishing not just our trust in those individuals and institutions, but more seriously our ability to recognize and coalesce around what is true.

The equalization of genuine expertise with general opinion also has consequences. In the enthusiasm to encourage wide participation, equal airtime is often given to both (e.g., the "There is no such thing as a stupid question/answer" approach). Though fine

as a casual statement to encourage participation and create a safe environment for dialogue, the approach cannot be rationally true, and any debate or conversation that fails to recognize the difference between **expertise and opinion** suffers as a result.

Non-random samples of extreme, unjust, or unfortunate events, which journalism, social media, and corporate grapevines amplify, can create a feeling of being under permanent siege in a world that is collapsing around us. Tied to this is the human propensity to buy into utopian concepts of a future perfect state of affairs. The combination of **negativity about the current state and pining for a distant utopia** can trap us into unhelpful patterns of emotional distress and loss of confidence. It is easy in this situation to forget that the world is getting better, not linearly and not without reversals, but still undeniably so on all accepted dimensions of social and individual well-being for well over 200 years now.

Humans have a natural desire to belong through common interests, circumstances, or characteristics, and this can be a source of pride and self-esteem. A natural consequence is that we tend to exaggerate differences between "our" group and the "other" group and exaggerate similarities within our group. It is also easier to assign labels or make assumptions at an abstract level for all members of a group, and much harder to do so for individuals within that set. Clearly, humans are at their happiest when they belong in well-constituted groups, linked to evolutionary instincts that reward cooperation. Though belonging is rightly celebrated in our cultural fabric, making **individual identity** secondary to **group identity** may carry great risks to societies.

Over- and underrepresented groups are contextual and evolve as demographics and group identities shift. Typically, overrepresented groups consciously or unconsciously make underrepresented groups feel less included. They also tend to hold the reins of incumbent power structures and through it secure a disproportionate share of economic rewards. Underrepresentation that is temporary and situational is less of a worry and is, in fact, a learning opportunity. For example, a modern executive during their business travels might find themselves in forums where they are a minority. They might feel excluded, even powerless in those moments, but the situation will resolve itself naturally. On the other hand, underrepresentation can be cruel, pervasive, and multigenerational. It is perhaps this **"permanence" of underrepresented status** that is truly toxic and morally unjustifiable.

Throughout history, people have refined their views through interactions and being exposed to alternative views. **Nuance and alternative views** are personally enriching and socially beneficial. These are harder to achieve in time-poor, overbusy, and headline-seeking societies. Linked to this, the **"Busy-ness Pandemic"** and the **science of sleep** are both worth looking into. These interconnected topics, of always being short on time and not being able to get seven to eight hours of regular sleep, have been shown to affect mental and physical health, and the quality of our relationships. In turn, this affects our ability to sense the world around us, as it becomes a blur of rushed activity, conducted under some amount of mental and physical fatigue, unchecked by the collective wisdom of trusted relationships and thoughtful conversations. A recipe for amplifying biases in decision-making?

Traditional **hierarchies and status theory** also interest me. Hierarchies are how humans have historically collaborated and gotten things done. In the past, individuals joined organizations at the bottom of a hierarchy and worked their way up. Status to individuals within hierarchies is conferred in a variety of ways, through the display of virtue, the demonstration of success, and the acquisition of capabilities, power, and more. There is a competitive interplay among sources of status. Someone lower down or even outside of a hierarchy can achieve status on account of the virtues they display that can compete with and exceed the status that someone may have gained through years of progressing within a hierarchy. Democratization of opinion and power, unencumbered by accountability over consequences, could be creating a set of leaders at the top whose power is greatly diminished, often justifiably, but without alternative accountability structures in place.

Technology is spoken about in frenetic tones—on the one hand as a modern malaise that can trap us into an echo chamber of factionalism and the prospect of artificial intelligence fraught with unknown pitfalls as human intelligence, intuition, and empathy get replaced over time by machines, further embedding social injustices rather than helping to eradicate them. On the other hand, it could be a panacea that will enable greater choice and transparency, and deliver exceptional insights, surmounting the challenge posed by human biases, computational limitations, and other frailties. I see technology as a net positive to human welfare, and even if one were to disagree with my conclusion, there is no way to put the genie

back in the bottle. The reasonable option is to engage constructively with technology and its potential to shape the world around us.

Concepts of **absolute (size of the pie)** and **relative (slice of the pie)** are informative and not always aligned. A particular group might have made great absolute progress but might still feel relatively worse off as compared to other groups who may have made even more progress. Similarly, when a setting is switched for an individual, these concepts can shift again. In my own case, growing up as male in an urban, Hindu, middle-class family in Mumbai conferred significant relative privileges compared to many of my fellow Indians. When I chose to come to the UK in my mid-20s, newly married, with little money in the bank and a massive student loan staring at me, I had effectively at that stage traded my relative position (in India) for what I concluded were better absolute prospects (in the UK). It is difficult to separate the two concepts, to conclusively argue for one against the other, and it is almost always more constructive to consider both.

The **"silent majority"** as a concept in contrast to "vocal minorities" on any political topic is well studied and commented on in our political systems. Might it exist in our companies as well? If one goes by the generally accepted optimistic definition, this would be a group of people who are reticent to express their opinions publicly and are likely to hold middle-of-the-road opinions on most matters. They may be intellectually malleable and open to persuasion by vocal minorities on either side of a debate but would

probably favor pragmatic progress on any topic as opposed to radical and unproven ideas. They are likely to stay away from the limelight, but how many organizations actively try to identify and court this cohort, and if not, why not, and at what cost?

Differentiating between **"aspirational"** and **"mindful"** philosophies is useful. Being aspirational is about evaluating past occurrences and future possibilities in the pursuit of better outcomes. Being mindful is about being in the moment, noticing and appreciating the present. Presented as alternatives, it is perhaps better to see them as complementary. Aspiration without mindfulness could be a recipe for a permanent state of restlessness, while mindfulness without aspiration could be a recipe for self-indulgence at the expense of achievement. Exploring the right balance and ensuring that the individual rather than the philosophy is in the driver's seat could be a viable approach.

Heterogeneous and **homogeneous** systems are different. Each has its advantages and drawbacks, and it is incorrect to portray one as "better" than the other on every dimension. At an aggregate level, greater biodiversity, for example, clearly leads to more resilient and stable ecosystems. In the human sphere, a similar phenomenon could be a possibility. The world over, the transition from homogeneity to heterogeneity in populations is a reality. Homogeneous populations rally around common markers (e.g., of geography, religion, folklore, common heroes and villains) in ways that heterogeneous populations may struggle to match. May heterogeneous populations also benefit from some form of emergent common belief systems

that they buy into and can rally around, to avoid the fragmentation of our societies? Are the benefits of heterogeneity a given among humans, or do they need to be shaped and fought for?

None of these musings are strictly related just to DEI, but they allow me to step back and contextualize. I accept that these views may not be shared by others, including the chance that others may hold opposing views. My views will be prone to my own biases, as the next chapter will no doubt reveal, which I have tried to reduce through the socializing process of this book. I hope, however, that they have given you a glimpse into my anchor and my north star, and more important, encouragement to find yours.

Biases

Biases

Having taken a risk in the previous chapter of putting out views that may be open to challenge, we now focus on areas where there is broad agreement from across a range of credible voices. Brilliant work has been conducted in the field of cognitive biases, and here we show its impact in senior leadership settings, drawing inspiration from the work of Nobel Prize winner Daniel Kahneman and others.

Protecting the brain's processing power has been important to our evolutionary history. The brain relies on "shortcuts" (intuitions, gut feelings, common sense, muscle memory, instincts, etc.) to conserve processing power. This happens through instantaneously linking situations to patterns from memory and applying stored solutions to upcoming decisions. People can misunderstand the nature of intuition and portray it as irrational. It isn't. It is a rational but unconscious process of making decisions that suffices for most daily decisions. Only a small minority of decisions deploy the conscious processing power of the brain.

Both our intuitions and analyses are more often than not correct and are essential to our survival and thriving as a species. However, both are also prone to errors. The study of these errors is the field of cognitive biases. There are close to 200 known

cognitive biases. The most common and relevant biases that we have observed in senior talent decision settings are listed below alphabetically. You may want to add to or shorten the list based on your own experiences. They don't all apply to every situation, and in some cases, they may even counterbalance one another. These are effectively the higher-order processing flaws that could impact a range of underlying decisions that can negatively impact DEI outcomes (more on this in the chapter on underrepresentation):

Affinity bias: The tendency to be naturally drawn to individuals with similar characteristics, backgrounds, and interests (e.g., alumni of the same university).

Ambiguity bias: The tendency to avoid options for which the probability of a favorable outcome is unknown (e.g., viewing diverse candidates as higher risk).

Anchoring bias: The tendency to disproportionately rely on one piece or a narrow set of information, usually received first or early, to guide decisions (e.g., receiving strong positive or negative commentary on someone).

Attractiveness bias: The tendency to associate more favorable characteristics with those who may look or dress in conventionally desirable ways.

Attribution bias: The tendency to overemphasize personal factors and underestimate situational factors when evaluating an individual (e.g., ignoring macro situations and benchmarks while evaluating performance, positively or negatively).

Authority bias: The tendency to attribute greater accuracy to the opinion of an authority figure unrelated to its content (e.g., the boss/expert knows best).

Conformity bias: The tendency to adapt our own opinions to fit with those of a group.

Confirmation bias: The tendency to selectively search for or interpret information in a way that confirms one's preconceptions (e.g., in final referencing for candidates).

Effort justification bias: The tendency to attribute greater value to someone's success if you have had a role in supporting them (e.g., when favoring internal candidates or those you have mentored or worked with in the past).

Egocentric bias: The tendency to place a higher emphasis on and belief in the accuracy of one's own perspectives than those of others.

Halo bias: The tendency for positive aspects in a profile to spill over and positively influence the view on other unrelated aspects (e.g., "They went to Harvard, they must be good.").

Horn bias: The tendency for negative aspects in a profile to spill over and negatively influence the view on other unrelated aspects (e.g., not hiring someone who worked for a company that had bad press).

Objectivity bias: The tendency to believe that one is more objective and unbiased than others.

Present bias: The tendency to favor lower immediate payoffs relative to greater later payoffs (e.g., "We cannot wait for a better candidate; we need to solve this now.").

Status-quo bias: The tendency to favor the default or incumbent situation in comparison to making a change (e.g., "They are not performing; let's give it six more months.").

Zero-risk bias: The tendency to prefer reducing a small risk to zero over a greater reduction in a larger risk (e.g., refusing to accept any compromise in prior experience at the expense of the much greater overall benefits another candidate could bring).

It is important to recognize that cognitive biases are unfortunate, unconscious, and unavoidable side-effects of what is an immensely helpful phenomenon—brains that have evolved to be highly efficient in the ways they process information. What then could be a good way to understand the root causes and begin to mitigate—if not eliminate—the negative consequences of these unintended biases? Kahneman distinguishes between System 1 (intuitive) activities, which are automatic, involuntary, and effortless, and System 2 (deliberate) activities, which are controlled, voluntary, and effortful.

The first avenue to improve decision-making is the strengthening of System 1. The quality of System 1 performance positively correlates to both accumulated expertise and the predictability of the situation before us. Confidence level in an intuition does not feature as a factor. Having a strong or weak intuition has been found to be irrelevant to its likely accuracy. Expertise can be built up in a variety of ways in line with individual experience, effort, and

capabilities, and will improve System 1 performance. Predictability is much harder to judge, and especially prone to error in DEI settings, as the candidate you may be interviewing may be unlike any other candidate you have recruited before.

In addition, especially in highly consequential decisions, by training System 2 to kick in and verify or override the intuitions developed by System 1, you get a further fighting chance. This is not to suggest that System 2 processes are bias-free. The full range of biases have been known to exist in both System 1 and System 2 settings. There is no way of knowing if System 2 outcomes will be superior to System 1 outcomes, as anyone who has regretted not following an intuition in the past and rationalized their way to an ineffective solution can attest to. There are plenty of materials on techniques to help you surmount biases, and a few of my personal choices in senior talent settings are in the adjoining chart.

Realistically, it would only be possible to deploy the full range of these proposed solutions to the most consequential talent and business decisions facing organizations. Deployed appropriately, they offer the possibility of mitigating (though not eliminating) individual and group biases from decision-making.

Pathway to reducing biases

1

Situational Expertise

There are three aspects to building expertise.

On subject area
Building up a body of past work on similar topics.

On pattern recognition
Honing the ability to spot whether a situation is similar to or different from past situations that are likely the source of your intuitions.

On biases
Knowledge of the various biases that may be coming into play.

2

Self-care:

Multiple studies have shown that stress, a lack of sleep, and being rushed correlate with heightened biases in decision-making. Greater self-control and mindfulness during crucial decision-making moments are likely to reduce biases and enhance outcomes.

3

Specific calibration:

Humans can accurately compare people on specific criteria but struggle to do so at an aggregate level. For example, "Are Judy's communication skills better than Max's?" will illicit an accurate response, while "Is Judy better than Max?" is an invitation to all manner of biases.

4

Collaboration:

Whatever we do, we will never be completely free of bias, and neither will any of the colleagues we work with. However, each colleague brings their unique strengths and limitations (including unique biases) to a situation. If corrected for group-based biases, group decisions have the potential to be superior to individual ones.

Underrepresentation

Underrepresentation

An understanding of biases and ways to surmount them leads us to the topic of underrepresentation, and addressing it is core to DEI. The concept often receives short shrift in the urge to address it.

When the composition of a senior leadership population diverges from a comparative set in the wider population, some form of underrepresentation arises. How such a "comparative set" is determined for a particular organization is unfortunately a question with no precise answers, though we can try to provide some directional clarity. For example, a comparative set of the general adult world population is likely to be an unrealistic and unreasonable aspiration for most organizations, for the obvious reason that their scale and scope is likely to be more limited. Logic would suggest that the comparative set should be of direct relevance to the organization under question. However, there could still be quite a few relevant claimants to being viable comparative sets e.g., customers, employees, population mix in their localities of operation, profile of people who typically work in that profession, societal expectations in their jurisdictions etc. The answers could and perhaps should be unique to each organization.

In addition, not all forms of underrepresentation are undesirable. Society may value certain intellectual,

experiential, moral, and social qualities in its leaders, and penalize ones they consider to be undesirable. It is conventional wisdom for society to require its leaders to be "better than the average" on criteria that are considered desirable. Most people would also agree that certain factors, such as natural ability, can have an impact that gives certain people advantages over others in particular fields of work. Society expects and allows for a certain amount of variance among individuals.

Problems arise when individual prospects are enhanced or depressed in systemic and structural ways. Causality is hard to pinpoint in each individual case, but when variances in outcomes are collated across a large set, patterns become evident. It becomes clear that individuals who do better or worse tend to share certain characteristics.

For underrepresentation to be identified and addressed, it first needs to be categorized. Some categorization is permanent or near-permanent (e.g., biological gender, ethnicity, and sexuality) across most adult lifespans. Some, such as age, are transient categories where individuals naturally move from one into the other. Some are graded in terms of degrees (e.g., disabilities or neurodiversity). Some may vary during a lifetime and may be linked to life stage and even personal choice (e.g., religious beliefs, marital status, gender identity, parenting status, socioeconomic circumstances, etc.). Intersectionality, i.e., identifying or being identified with more than one underrepresented category, can further amplify disadvantages that are faced by individuals.

A helpful continuum to bear in mind is that from a category to a group. A "category" is the sharing of certain characteristics with others. Each person in a category may or may not feel a sense of association or kinship with others who share those characteristics. A "group" implies a greater feeling of association or belonging. To what level are members of a category or a group willing to be perceived "as one"? What would be the likely consequences of these perceptions, and what would be the likely responses from those who belong to other categories or groups who may have different or competing interests? Some of these important nuances unfortunately get glossed over.

Ultimately, any form of endemic underrepresentation can be corrosive to the resilience and legitimacy of our societal structures. Causes can range from actively discriminatory (positive or negative) behaviors and practices to the biases that exist in individual and group-based decision-making. Social norms dictate the degree to which behaviors and practices are explicit, discreet, or even unconscious. For example, gender discrimination may be practiced at a discreet or unconscious level, while age discrimination could be more overt. Similarly, some actions (e.g., parents investing in enhancing the economic prospects of their children) are generally considered socially acceptable but doing the same for the children of acquaintances and distant relatives is increasingly equated with nepotism. Suffice to say, situations and attitudes shift over time as the sensitivities and sensibilities of societies evolve.

A Brief Overview of the Categories of Underrepresentation

On the "big 3" topics of gender, ethnicity, and sexual orientation, we only offer a highly summarized overview, as plenty of credible and excellent material exists on these three topics. The most widely understood category is **gender**. Gender representation in senior roles should eventually settle at ~50 percent. There is a debate on whether gender balance will always tend toward ~50 percent in every profession, as current data show that men and women seem to persistently and disproportionately choose certain professions over others. Such debates are interesting and have an impact on talent pipelines within each profession. However, they are not always directly relevant to senior leadership settings that call for the development of capabilities that both genders possess or can develop. This is especially true as the number of senior leadership roles is limited. It is not necessary to have a 50-50 intake at the entry level to aspire to a 50-50 representation at the top. Similar arguments hold true for both **ethnicity** and **LGBTQ+**. Though variances in terms of role preferences and career choices may exist, as with gender, ultimately the makeup of the senior leadership population should proportionally reflect that in wider society across these categories. Those with an opposing view may make an argument that aspiring to a higher proportion of leadership positions as compared to entry-level positions for any category of leaders is a distortion of meritocracy. However, this goes to the heart of the equity/equality continuum examined in the definitions. In our view, the benefits outweigh the risks in terms of the transformative effect of positive signaling, role-modeling, and inspiration that this

gives to the new generation of incoming leaders—as well as for the choices they make and the roles they aspire to.

On the other hand, some topics are invisible or ill understood. For example, some of the most egregious forms of underrepresentation are those of **micro-minorities**. Because they are too distributed and too contextual to different parts of the globe to be meaningfully indexed, it is difficult to comprehend the level of challenges they face. However, we encourage readers to look long and hard not just at the "major minorities" but also the micro-minorities in their situations (i.e., the minorities who may have been ignored or marginalized by mainstream society and are too small in proportional numerical terms to have a powerful voice or capture the popular imagination). Examples could be native, aboriginal, or tribal populations, or other ultra-marginalized categories that are not part of mainstream economic conversations.

Age deserves special attention because it is a form of discrimination openly practiced in senior executive leadership ranks in most countries, typically starting in the early 50s and becoming particularly acute after the mid-50s. An organization is entitled to expect physical and mental fitness from its senior leaders for them to be able to execute their roles effectively. Physical fitness is linked to genetic makeup and how well one has taken care of their health over the years. It is flawed to assume that a 49-year-old will be automatically "better" than a 56-year-old, unless a qualified physician's report certifies the same. Similarly, on mental capabilities, studies have shown that fluid intelligence (the ability to solve novel

problems) starts declining from early adulthood with the aging process. Meanwhile, crystallized intelligence (the ability to deduce solutions using previous experience) continues to grow with age. A younger candidate may have higher fluid intelligence but lower crystallized intelligence, and an older candidate the opposite. There is an urgent need for introspection by clients and consultants along these lines.

Disabilities are often overlooked in senior leadership discussions. The category itself is different by nature than others that are more binary. In the UK, the definition covers any long-standing illnesses, conditions, or impairments that reduce one's ability to carry out day-to-day activities—including different types of mental and physical manifestations, from diabetes to depression. Severity is a further subcategorization. Other nations may have different ways of defining and capturing information. In aggregate, as a percentage of the population, the numbers could be staggeringly high. Organizations would benefit from understanding the categorizations and subcategorizations relevant to them, have a point of view on their organizational goals, and find a strategy that works for them across the globe. Today, the lack of data and talent intake of people with disabilities at the entry level severely restricts the talent pipeline into senior roles. On the other hand, if you develop a disability during your career and are already in relatively senior roles, there may be insufficient support in the workplace. Fortunately, there are senior leaders with disabilities who are role models, and it is encouraging to see them increasingly coming together as powerful champions for change.

Neurodiversity also lags in terms of appreciation and awareness. It refers to people whose brains function differently and who experience and interact with the world in different ways. These differences manifest in the way they think, learn, behave, and relate to others as compared to a neurotypical individual. It is associated with people on the autism spectrum or with dyslexia, dyspraxia, or ADHD. As a category, however, it is often included in disability statistics, which is a misconception. Adding to the complexity, senior leadership roles require complex collaboration, influencing, stakeholder management, and communication skills, which may not be the natural strengths of all neurodiverse individuals depending on the nature and extent of their neurodiversity. Much more needs to be done in the coming years to elevate the level of awareness and inclusion, and the development of alternative leadership pathways for neurodiverse leaders.

Religion has been a sensitive topic in the corporate world. Religious identity is more akin to a group than a category, perhaps more so than gender, ethnicity, sexual orientation, or others. There are also historical, social, political, legal, and even constitutional differences in how nation states view both majority and minority religions that are too complex to explore here. In practice, in most modern global organizations, there is an expectation that religious affiliation and identity will be downplayed in the interest of ensuring a cohesive workplace atmosphere. Social aspects of religiosity are sometimes encouraged and even jointly celebrated by colleagues across different faiths. However, most organizations are hesitant to discuss and embrace religious identity in an inclusive way— including for those who don't profess any faith.

A final category to highlight is one that holds great promise, but which can also be deceptively elusive: **socioeconomic status**. In theory, senior leaders from around the world shouldn't hesitate in placing socioeconomic criteria at the heart of their DEI strategies. It offers the tantalizing possibility of maximizing societal benefits, given it is one of the most equitable actions that could be taken. The benefits would naturally extend to those in several of the categories described above who are statistically disproportionately likely to be socioeconomically disadvantaged. However, the topic is barely on the fringes, if at all.

The name of the category itself makes it clear that it is twofold. Social disadvantage and economic disadvantage are not the same. Although often positively correlated, there could be situations where the two diverge for an individual. It is possible that over time the category naturally splits into two as it moves up the maturity curve in terms of depth of understanding and sophistication of interventions. For the foreseeable future, it is probably best to continue to treat it as a dual category. As it is, definitions have been tricky, data-gathering even more so, and there is also the issue of timing. Socioeconomic circumstances are not static and can evolve during a lifetime. In addition, the onus of a socioeconomic situation starts to shift from being completely beyond one's control (e.g., pre-adulthood) to being at least partly determined by personal factors (e.g., post-adulthood). Most socioeconomic analyses tend to focus on conditions during pre-adulthood to determine relative advantage or disadvantage. Criteria related to education, income, and occupation are broadly utilized. On education, commonly used factors

are the type of primary and secondary schooling received by the individual and whether one or both of their parents went to university. On income, it can be the income of each parent, the total income of the household, and the number of dependents in the household. On occupation, it is the type of occupations of the parents or guardians (e.g., working class, professional, etc.) as per the occupation classifications in a country. Location criteria have also merited attention (e.g., urban, rural, economically challenged location, even post codes, etc.), and aspects like structure of the family unit are also relevant. However, many of these factors aren't easy to track and have different levels of robustness in terms of data quality, reliability, sources, and response levels.

For example, the Social Mobility Commission in the UK found that *"What was the occupation of your main household earner when you were aged about 14?"* was the most reliable question in terms of being able to compare people across countries and age brackets, and elicited the highest response rates. Better and more-varied criteria will undoubtedly evolve as awareness and seriousness about the issue grows. Organizations that do not embark on a purposeful and ambitious journey to bring socioeconomic status from the fringes to the core of their DEI efforts can no longer claim to be leaders in the space and will likely find themselves increasingly and justifiably on the back foot.

This completes our whistle-stop tour of underrepresentation, although this is a subject where it is nearly impossible to be comprehensive and do justice to every category deserving of attention. The various forms of underrepresentation differ not just from a numerical standpoint, but also in terms of structure, awareness, complexity, and societal attitudes, which in turn drive the appetite for action (or inaction).

A Global Tour

A Global Tour

DEI can sometimes feel like a Western concept, linked to overcoming entrenched privilege and correcting the injustices inherent in Western societies and their economic and political systems. These limiting narratives should be challenged. Injustices and inequities exist in every society and region of the world and need to be addressed with equal vigor. Only with a global perspective can we begin to appreciate the depth and breadth of what DEI is about, as well as the different starting points and trajectories of each society, region, and country.

There are common threads around the world. For example, women are underrepresented in top roles globally, and change often doesn't happen until external pressures, such as mandates and regulations, kick in. Without the same degree of attention or enthusiasm, people with disabilities, older leaders in executive ranks, and those who come from disadvantaged socioeconomic backgrounds have suffered in comparison. The same can be said for the LGBTQ+ community, though progressive attitudes in some countries and cultures have led to recent progress. Race and ethnicity, religion, national identity, and political identity are highly contextual, and the only thing we can say with certainty is that those belonging to a majority in any setting seem particularly advantaged compared to those in a minority.

Underlying causes behind underrepresentation could be the same or different in each country and range from patriarchal structures, to active discrimination, to a lack of knowledge or common definitions, depending on the topic. A lack of inclusion of diverse talent is a persistent theme as well.

Below is an overview of DEI across Board, CEO, and CFO talent pools in 13 regions.

For gender and age, the charts and narrative are based on Egon Zehnder's analysis of publicly traded companies with a market cap of €8 billion+ in 13 regions . A total of 1,368 companies are included in the dataset, 649 (~47 percent) of which are in the United States.

For ethnicity, the charts and narrative are based on Egon Zehnder's analysis of the 25 largest listed companies by market capitalization in each of the 13 regions. A total of 325 companies are in this dataset.

Though not exhaustive, these findings can, at least directionally, help companies ascertain where they stand, and should stand, on DEI and apply the necessary global and local interventions to accelerate progress.

Currently, reliable data collection is only available on gender and age, and to a lesser extent, on ethnicity. Data for other categories is not yet systematically available, so we miss opportunities to discuss LGBTQ+, religious, socioeconomic, disabilities, neurodiversity, and other underrepresented categories with precision.

Gender

On boards, at an aggregate level, France leads the way on gender by some distance, followed by Italy and the UK. The top three, however, only account for 10 percent of the companies in the dataset. The next five—Australia, Canada, the Netherlands, Germany, and the United States—are all above 30 percent female representation and together make up 60 percent of the companies in the dataset, with the United States having the predominant representation. The bottom five in the gender tables represent 30 percent of the dataset, all below 20 percent gender representation, with China the lowest at 11.9 percent.

For CEOs, the numbers are dismal. France again leads, and is the only country at over 10 percent, while Japan, Italy, and Brazil all draw a blank.

For CFOs, the numbers are much better than for CEOs but are still significantly short of parity, and with large variances in performance across countries. China and Australia impressively lead the way, with both above 40 percent. Every other country is below 30 percent, with five countries below 10 percent, and India and Japan performing particularly dismally at 3 percent and 1 percent, respectively.

In summary, the data make clear that on gender, the progress in nonexecutive ranks far exceeds that in executive ranks. The CEO statistics are particularly poor, but the progress on the CFO front, though inconsistent and predominantly in a few countries, offers hope for the future, both in terms of countries being able to learn from one another and to show what is possible in executive ranks.

Female representation – global statistics

Regions	Board	CEO	CFO
Australia	36%	9%	40%
Japan	14%	0%	1%
China	12%	9%	42%
Hong Kong	16%	5%	24%
India	19%	8%	3%
Italy	40%	0%	13%
Germany	31%	4%	29%
Netherlands	33%	8%	9%
France	45%	11%	9%
United Kingdom	38%	8%	15%
Brazil	18%	0%	9%
Canada	35%	4%	16%
United States	30%	7%	20%

*From a dataset of 1368 companies, over 8 Billion Euro market capitalization across the 13 regions in east to west format above, as of December 2022

Age

Japan has the highest average age of board members, and China the lowest, though interestingly, both these countries also have the highest difference when it comes to the average age of their male and female board members, at approximately four years. European countries overall seem to have younger board members, with none making it to the top half of the draw in terms of average age. Given the commentary on age discrimination in the previous chapter, it is important to not draw any simplistic conclusions on where countries find themselves in this dimension. Each country, and each company within that country, would need to evaluate what the barriers may be for younger or older board members in their unique context.

On the CEO front, Japan, at an average age of 62.7, and Brazil, at 51.9, present a gap of close to 11 years—some of which could be explained by the demographics in each country, but our expert interviews also suggested that social attitudes and discriminatory practices could be at play. Some European countries may also have a case to answer. For example, demographic trends are unlikely to support Germany and the UK having the average age of their CEOs materially lower than in the United States. Again, rather than passing judgment on any country, this analysis should serve as a springboard for each company to analyze its situation.

In terms of CFOs, Japan and Brazil continue to provide the bookends of this analysis, with an age gap on average that is ~10.5 years. The other countries in our analysis are more bunched up, with 10 countries having an average age gap of no more than 1.6 years, which could offer some scope for further analysis with regard to what the CEO data tells us.

Average age profiles – global statistics

Regions	Board	CEO	CFO
Australia	61	56	53
Japan	64	63	58
China	56	53	49
Hong Kong	61	57	54
India	61	57	53
Italy	58	58	53
Germany	57	55	53
Netherlands	59	56	54
France	59	57	54
United Kingdom	60	56	53
Brazil	58	52	48
Canada	64	56	53
United States	63	58	53

*From a dataset of 1368 companies, over 8 Billion Euro market capitalization across the 13 regions in east to west format above, as of December 2022

Ethnicity

The first thing to remember is that the dataset for ethnicity is smaller than for gender and age (325 companies compared to 1,368 companies). Furthermore, ethnicity as a concept is highly contextual to each country and the makeup of its population, and even as an avenue for analysis, we found varying degrees of resonance and prioritization, which create limitations in terms of the conclusions that can be drawn from the information. Even in countries where ethnicity is on the agenda, the reasons for it being on the agenda vary from social equity and justice to the global nature and demands of the business.

Despite these caveats, some interesting lines of inquiry are possible. For example, do the ethnic demographics and global nature of the businesses in Germany, France, Canada, Australia, and the Netherlands make the 5-7 percent ethnic diversity on their biggest corporate boards a sustainable state of affairs? Isn't the inevitable trend going to result in them having to catch up with the United States and the UK, which have made the most strides in this area? Should companies in those markets be proactive about this or wait for societal pressures and regulations to demand responses?

Similarly, on the CEO and CFOs fronts, the lack of ethnic diversity in countries with large ethnic minority populations may be unsustainable and in need of analysis and intervention in terms of the long-term executive talent pipelines in those countries.

Ethnic Diversity – global statistics

Regions	Board	CEO	CFO
Australia	7%	8%	8%
Japan	10%	4%	6%
China	6%	0%	7%
Hong Kong	16%	21%	22%
India	9%	8%	0%
Italy	2%	0%	0%
Germany	5%	4%	0%
Netherlands	7%	0%	8%
France	5%	0%	4%
United Kingdom	22%	16%	16%
Brazil	1%	0%	0%
Canada	6%	4%	28%
United States	28%	16%	16%

*From a dataset of the 25 largest companies by market capitalization in each of the 13 regions in east to west format above (325 companies), as of December 2022

Expert Insights by Country

In addition to the data, expert interviews revealed the following additional nuances, presented in an east-to-west order, starting in Australia and ending in the United States.

Australia is at an interesting juncture. They have a successful 40-40-20 framework applied to board recruitment, seeking a minimum of 40 percent each of men and women on a board, with 20 percent flexible depending on the needs of the situation. More women are serious contenders for top jobs than ever before, including multiple successful C-suite appointments. The conversation is overwhelmingly geared toward those with a white ethnic background. Within this, those with Anglo-Saxon heritage are in more advantaged positions than those with Southern European heritage. Australia is proud to have some of the best conversations on LGBTQ+ in senior executive leadership. Ethnic diversity (non-white) is a major blind spot when it comes to knowledge, representation, and conversations. Additionally, it is unsustainable, as Australia's demographics rapidly evolve. There is a small talent pool of Indigenous senior leaders, but most Australian senior leaders find the topic uncomfortable to engage on, to the detriment of supporting the community. Socioeconomic diversity is not yet on the agenda but is expected to grow in importance. Professional services firms are ahead of the corporate sector on both ethnic and socioeconomic diversity, driving positive results.

Despite its leadership on multiple economic fronts, **Japan** is not yet a leader on DEI. Progress has been made on gender diversity, which is now seriously pursued in all walks of life from politics, where 30 percent of the parliamentarians are now women, to top corporations. Boards, driven by regulation, are now increasingly diverse from a gender perspective. At an executive level, apart from a few functions such as marketing, there has been limited progress. Though many companies now have ~40 percent of their graduate pool as female, the proportion of female leaders in middle management remains stubbornly low, and drop-out rates high, creating a pipeline issue for progressing into C-suite roles. There is now a better sense of community developing among top female leaders helping one another progress. External pressure seems to be driving DEI actions, and hearts and minds still need to be won around the mostly male C-suite. Traditional gender roles still predominate, with men hesitating to take parental leave. Social mobility and disabilities are not addressed but need to be. International talent (non-Japanese) is welcome on boards and in the C-suite, and this shows in the statistics, but not at levels below that in a substantive way.

Greater China (including **Hong Kong**) does not yet have emerging norms on DEI, and the level of engagement varies dramatically from the nonexistent to the advanced, and in line with global trends on others. The Mainland Chinese, Hong Kong Chinese, and Taiwanese geopolitical dynamic is pronounced, with each community facing significant disadvantages and feeling marginalized in the other geographies. Gender diversity on boards is progressing on the

Mainland, and upcoming "comply or explain" rules for 2024 of at least one female board member are expected to help this further. DEI is seen as a luxury, and there is no appetite for what is often described as "diversity for the sake of diversity." However, sector diversity, business model diversity, and generally bringing unique capabilities that can give a company an edge is highly sought after as local markets get highly competitive, growth slows, and Chinese companies internationalize. Female representation is strong in middle and upper-middle management, but the C-suite is still overwhelmingly male, though changing rapidly as talent comes through. Age discrimination is a major problem on the Mainland, amplified by a rapidly aging society. Social mobility on the Mainland is more progressed than in most countries in the West. Success stories on social mobility are celebrated, especially in the technology sector, and become part of folklore, inspiring the next generation in the process. Rapid urbanization and increased intergenerational wealth are leading to some embedding of privilege, which the government is trying hard to counteract. In Hong Kong, on the other hand, social inequities are drastic, and social mobility is low and has been difficult to shift.

India is relatively early in its journey on DEI, with some good progress. Gender is the primary focus, and there is an increasing expectation that at least one female candidate be considered for every senior role. However, the sincerity is often superficial and lacking in a genuine collective desire to make a difference. For example, there is an unwillingness to tweak the role location to accommodate diverse talent, despite ample evidence of both the possibilities of hybrid working and knowing that female candidates have

historically chosen to refuse intercity relocations due to personal commitments. Regulation has driven good success on female board diversity. The public sector has done better than the private sector on female representation. Multinational companies also do much better than Indian corporates on gender diversity. There are stray voices on LGBTQ+, religious diversity, disabilities, and regional diversity, but little substantive senior leadership conversations. Age discrimination is a major concern. Socioeconomic diversity is not yet well understood, and entrenched networks of leaders from higher socioeconomic strata who are alumni of top schools are heavily overrepresented in top ranks. Historically, strong women's leadership support networks, formal or informal, have been missing, though this is starting to change rapidly. Inclusion remains an issue for all minorities, including for female leaders.

Italy has progressed well on gender diversity on boards, driven by supportive legislation. Progress has been halting in terms of senior executive ranks but is slowly starting to change for the better. CEO roles remain a glass ceiling that may be beginning to crack for promising female leaders but is yet to shatter. With Italy's relatively low ethnic diversity in its population, ethnicity is not a topic that has any serious traction, though at ~4 percent of the total population, it is still a case of underrepresentation from a senior leadership standpoint. LGBTQ+ conversations are increasingly making their way into senior leadership discussions, though still lagging those in most major European countries. Socioeconomic diversity is expected to increase in importance in the coming years and has not yet been actively discussed in corporate Italy, although it is playing out more actively

in Italian politics and civil society. As population decline starts to be felt more acutely throughout the economic, social, and political systems, age is also likely to become an increasingly important factor in management discussions and leadership decisions.

In **Germany**, most of the conversation is around gender, though at a lower tempo compared to other European countries. Genuine emotional commitment and excitement around DEI is also an issue, though moving in the right direction. DEI competes with other priorities in business and is not yet seen as an enabler. In functional hires, especially in HR and legal, greater progress is being made. There is still a formality, awkwardness, and lack of proactivity, suggesting low comfort levels. Social mobility, ethnic diversity, and age discrimination are all major issues and are not being addressed with the urgency they deserve, and which society will inevitably demand. There is an openness to international diversity, with Dutch, Austrian, and Danish candidates being highly sought after. Inclusion of diverse talent, including female leaders, continues to be a major issue. Despite leading the world on so many dimensions of global leadership, German senior talent conversations remain a persistent underperformer on DEI.

In the **Netherlands**, gender is the biggest topic and has been so for the past 15 years. Despite the country being one of the wealthiest and most socially progressive in the world, traditional gender roles for women have been historically entrenched in Dutch society, which has meant that the progress of women into senior positions has lagged that of several European countries. Bias in the treatment of female leaders continues to be a major problem,

including in top ranks. New rules mandating 30 percent female representation on boards have led to progress. Cultural/ethnic diversity (e.g., Turkish, Moroccan, immigrants from former Dutch colonies, and newer ethnically diverse immigrants) is starting to enter management conversations. Age discrimination continues to be a major issue. LGBTQ+ conversations are not well developed but growing in importance. The country is proud of being highly egalitarian, where anyone with the talent and desire can get a fantastic education, while at the same time being a small, networked country where the "old boys' networks" of deep friendships and shared life experiences still predominate. Fluency in the Dutch language still confers a significant advantage in securing top roles, despite most large Dutch companies being international with only a small portion of their revenues and customers linked to the Netherlands.

In **France**, gender is by far the most advanced topic. Progress on gender has been promising, supported by government regulation at both the board and executive team level, pushing companies to achieve 30 percent gender diversity soon and 40 percent by 2030. Inclusivity remains a major concern. The tracking of ethnic diversity is illegal, yet there is enthusiasm and progress. Measuring ethnic diversity is achieved by companies in multiple ways by targeting more international diversity or by engaging with ethnically diverse talent through more informal leadership networks, using name and physical appearance markers. LGBTQ+ is starting to be discussed at the top table, but this is still in early stages. Age discrimination is significant, as in other markets. Even on gender, a level of proactiveness is missing, with only a small portion of companies

considering gender diversity a top priority, beyond the regulation-driven actions at the top. DEI is still viewed as "harder work" and only to be pursued when the situation demands it rather than as a core principle. Anti-bias interview training is a major blind spot, and diverse candidates are generally seen as higher risk and feel less well treated, and are sometimes even disrespected, as part of the process. Offers of hybrid work do not seem to extend into senior ranks, where being present in the office is still expected.

The **United Kingdom** is, in many ways, leading Europe in DEI in senior leadership. Gender and ethnicity are both well advanced in terms of conversation and progress. LGBTQ+ is also increasingly part of the conversation, though not yet of intentional progress. As with the rest of the world, age discrimination is a major issue. Active exclusion of white men from consideration, especially for senior nonexecutive roles, poses a growing problem, as in Canada and the United States, likely due to a combination of societal and regulatory pressure for action on diversity and overcorrections on the part of individuals and organizations. The quality of conversations on DEI has massively improved over the past decade on gender, and in the past three years on ethnicity. Support networks, especially on gender, ethnicity, and LGBTQ+, are well established and growing in confidence and impact, and there are promising early-stage initiatives underway on disabilities and neurodiversity. Socioeconomic diversity is an increasingly prominent topic in the national discourse, and the government is actively championing a "leveling-up" agenda that is in line with this. However, it has not yet seriously entered the corporate consciousness.

Brazil has made good progress on DEI in recent years. Gender, as in other countries, is the category with the most conversations and progress. Demanding greater gender diversity in board, C-suite, and middle-management positions is now a well-embedded part of the conversation with some positive, though inconsistent, results. Inclusion of diverse talent is a major issue, with little knowledge or appetite in how underlying corporate cultures and behaviors need to change in order to make diverse talent feel included. LGBTQ+ conversations have picked up in recent years, though progress has been limited in senior ranks. Ethnic diversity, especially the severe underrepresentation of ethnically Black leaders, is a major blind spot for the country and is not seen as politically or socially sustainable. There is increased conversation on this subject but little to show in terms of results. Age discrimination can be blatant, with the economic prospects of those over 55 seeking new roles severely dented as a result.

In **Canada**, for close to a decade now, "comply or explain" legislation on gender has led to great strides in gender representation. The country has a significant and rapidly growing Asian minority from multiple Asian countries, that is only now starting to find voice in senior leadership conversations. Indigenous groups who have historically owned the land remain severely marginalized and poorly represented in senior settings, though pools of talent do exist and need to be better supported. Client conversations on DEI are generally of an excellent standard, both nuanced and savvy, and have already moved well beyond gender and are covering a multitude of other DEI topics. Positive discrimination (i.e., only wanting to consider diverse candidates

for roles) is a creeping problem that has grown over the years. LGBTQ+ and socioeconomic topics have historically not received much voice but are increasingly being discussed.

By many standards, the **United States** is the most advanced nation on DEI in the world. Gender, ethnicity, and LGBTQ+ are all active topics for the board and C-Suite, involving good quality conversations and progress. Socioeconomic diversity, neurodiversity, and disability-related conversations are not well advanced but are starting to be debated and are expected to find space in the coming years. On socioeconomic diversity, the lack of common standards and definitions is hindering progress. Religion and political beliefs are not well tackled by Corporate America. Especially in terms of political beliefs, those with minority political views in any given situation can feel marginalized. Potential discrimination against white men—especially in nonexecutive roles and increasingly against white women in specific roles (e.g., for DEI-related roles)—may be a growing problem, likely for reasons similar to those in the UK and Canada, and needs to be addressed. Age discrimination is less prevalent than in Europe and the UK. Leaders still struggle to talk about diversity and individual identity and link it back to leadership decision-making.

We hope this tour has given you a global overview of the current state of play in major geographies of the world, allowing you to appreciate where each country may be coming from and where it is going as you formulate your global DEI strategies.

Search 2.0

The Concept

Search 2.0

We now come to the heart and soul of this piece: **Search 2.0**.

Societies, countries, and organizations progress or regress on DEI through a combination of forces: top down (e.g., through expectation-setting by relevant authorities) and bottom up (e.g., through the shifting of norms and through efforts by individuals or collectives). These forces sometimes reinforce and sometimes counterbalance each other. Let's call this the macro perspective.

At senior leadership levels, a "search" is often the mechanism for appointing external or internal leaders into key executive and nonexecutive roles. Therefore, each individual leadership appointment is where these macro forces collide in practice.

The way leaders are chosen today, which we call **Search 1.0**, has evolved earlier than and separately from the recent emphasis on embedding a DEI component into recruitment. DEI aspirations have been bolted onto Search 1.0 without challenging some of its foundations. This has led to stresses and contradictions in expecting certain outcomes from a process that was not designed to deliver them. Here, we will lay out the entirety of the process, break it down into its fundamental parts, suggest ways in

which they could be reimagined, and build it back up into an upgraded and joined-up whole: **Search 2.0**.

This guide provides directional clarity and a definitive point of view throughout, but the precise solutions will be unique to each organization, their business and culture, and their geographical and societal realities. Every organization will be at a different starting point and may have different views on the pace of transformation needed, hierarchy of priorities, and aspired end states. Changes in mindsets and cultures takes time, and both victories and defeats are an inherent part of the mix.

Are you *guaranteed* a diverse candidate hire once you move over to Search 2.0?

We hope not, as that would not be a *truly* inclusive search process. Can a process be called inclusive if it excludes any individual who does not possess a minority or majority characteristic or whose conclusions are loaded in favor of certain preordained outcomes?

Instead, our hope is to get to the core of the choices before us—where realities collide with aspirations, where the collective anxieties and fears of consultants, clients, and candidates lead either to loss of courage or desperate actions, and where seemingly level playing fields get distorted in favor of, or against, certain outcomes.

An In-depth Look at Search 2.0

A search can typically be deconstructed into four categories of activities, consisting of 20 steps that determine its outcome. These steps are not strictly sequential and are often conducted in parallel. They are sometimes codependent too (e.g., candidate calibration, psychometrics, and referencing typically happen in parallel and reinforce one another).

Some steps may not feel new to an experienced practitioner—that's because they aren't. What's different is how we think about the decisions made along the way—choices are consciously, unconsciously, or subconsciously made at each step and influence outcomes in ways big and small.

Anatomy of a Search

A. The Participants

1. Candidate databases
2. Candidate access and consulting firm culture
3. Consultant team
4. Consultant DEI sensitization
5. Client team

B. The Plan

1. Client DEI sensitization
2. Search strategy
3. Role specification
4. Rule 1: "No interviewing without diversity"
5. Rule 2: "No active or positive discrimination"

C. The Execution

1. Anti-bias and inclusive candidate profiling
2. Diversity statistics
3. Lived experiences
4. Candidate engagement
5. Candidate interviewing

D. The Selection

1. Candidate calibration
2. Referencing
3. Psychometrics
4. Terms and Conditions
5. The first 180 days

Let us look at each aspect in some detail:

Candidate Databases (A1)

In the upper echelons of senior executive and nonexecutive searches, talent pools are often multinational, increasingly multicontinental, and sometimes even truly global. In addition, clients often want to consider candidates not just from their own industry sectors, but from sectors that are more advanced in certain dimensions of business than their own. This holds especially true in functional searches (e.g., in finance, human resources, and marketing).

On the DEI front, gender categorization has been consistently tracked globally, though even this may need to be revisited given the recent discussions and changing perspectives on gender identity. Beyond gender, other diversity characteristics are inconsistently tracked across the globe, and their definitions can vary (e.g., ethnic diversity, which is geographically situational). In addition, national and international regulations often dictate what data can be tracked at a country level and what can be shared across global databases.

The expansion of the candidate universe offers the opportunity to greatly enhance candidate choice, but it also adds complexity in the ability to compare and calibrate candidates across large swaths of the economic system, across geographic, industry, and functional boundaries.

Most search firms have an ever-expanding database of individuals, driven by the explosion in availability of data and information and computing power. These are complemented by public databases and subscription-based databases. True differentiation comes from the connectivity between these data pools and in deploying intelligent processing tools (increasingly artificial intelligence and machine learning), and in following protocols to distill the information into insights that add value in a search, without compromising individual privacy, choices, and freedoms.

Every client should want to at least briefly look under the hood of and test their consulting firm's practices and capabilities in candidate database management (and their own, if not using a consulting firm), especially the quality and resilience of the search and sorting engines. How is the power of the data going to be channeled to serve the client? Clients can mistakenly assume that all consulting firm candidate databases are constructed similarly and lack differentiation.

A1 Candidate Databases

Sources of candidate information and insights:

Publicly available information

Subscription based information

Proprietary insights with consulting firm

Checklist

Seamlessly integrated

Structure and categorization

Processing and sorting methodologies

Investments in Artificial Intelligence and Machine Learning

Approach to privacy, choices and freedoms

Candidate Access and Consulting Firm Culture (A2)

After checking the veracity of the candidate pool, the next step is to access it. This is impossible for an individual consultant to achieve in isolation unless there is a highly specific or localized search need. If a senior search need is solvable solely on the individual network of a single consultant, that alone should be reason to question how an assignment was scoped. It may also hinder your DEI objectives and be detrimental to the quality and quantity of candidates that you wish to have access to.

A firm's credentials of similar work in the space, and its culture and systems of collaboration, are the twin turbocharging mechanisms that amplify candidate access.

Having done similar work before allows for differentiated access to the talent pool for a particular search, as well as a deeper understanding of "best in class" clients, candidates, and trends for a particular role. The flip side of having strong credentials is an "off-limits" issue—a firm not being able to access a particular leader or set of leaders because a prior or ongoing business relationship prohibits this access. The gray area is whether such "off-limits" candidates can be identified if not approached. Unless a search firm has contractually signed up to not identify candidates and informed a client accordingly, a client should always be well within its rights to ask for the identification of such candidates and try to approach them directly themselves. The client ultimately needs to make a judgment call between the benefits of having credentials and the restrictions it may impose

in terms of off-limits situations, in terms of consulting firm choice.

A2 Candidate Access & Consulting Firm Culture

Factors that drive distinctive candidate access

| Direct prior dealings with the candidates, or people trusted by the candidates | Credibility gained through prior work in the area or a close adjacency | Culture and incentive mechanisms within consulting firm that may enhance or inhibit access |

Culture and systems of collaboration within the consulting firm are less evident and less well understood by clients but can have an impact on candidate access. Here, the financial plumbing of a firm is important. How do consultants get paid for individual assignments? For example, do they get paid commissions, and does that create natural conflicts of interest in their willingness to share insights on candidates with colleagues? If so, how will these conflicts be surmounted? How do the annual performance awards and profit-sharing mechanisms work? Do they create an "uber-

accountable superstar" culture or an "all for one, one for all" culture? What serves your interests more in any given situation as a client? (At Egon Zehnder, our model leans toward the "one global P&L, all for one, one for all" approach.) It is important for clients to recognize the consequences of culture and systems on candidate access and to make conscious choices in that regard, rather than assuming that it is a largely inconsequential decision.

Distinctive candidate access goes beyond the ability to reach a candidate to differentiated nonpublic insights about candidates that can only come from the credibility, intimacy, and trust that has been built up with them over time by individual consultants within a firm. The ability to share that access with their colleagues and clients in the most value-enhancing and responsible way is what makes the difference between knowing about a candidate and being able to bring them to the table to discuss an opportunity.

Consultant Team (A3) and Consultant DEI Sensitization (A4)

While the individual consultants on a project shouldn't be treated as a "one-stop shop" for all candidate access and wisdom, the consultant team is still a crucial part of the overall puzzle.

Prior experience on similar work matters—pattern recognition and accumulated experience provide advantages that must be respected and baked into the thinking on ideal team member composition. However, two other factors could also be important:

- **Personal characteristics of individuals on the consulting team:** Research has shown that access to and acceptance into networks that share a certain characteristic (e.g., gender, ethnicity, sexuality, disability, age, socioeconomics, national identity, regional identity, religious identity, etc.) are positively correlated to possessing that characteristic yourself. The term for this in sociology is *homophily*—the tendency of people to seek out those who are similar to themselves, more than they would seek out those who are not similar. Multiple academic studies have shown this to be statistically relevant, not just in adulthood and professional settings, but for certain characteristics from childhood. This seems to be the reality of how we connect and build our networks and should be material to the desired makeup of a consulting team. This is also linked to the cognitive biases explained in the previous section.

  Consequently, if you are looking to enhance access to and relatability with a particular underrepresented candidate pool, having members of the consulting team who share that characteristic could be beneficial. Though research on this is at an early stage, current Egon Zehnder analysis shows that female consultants on average end up presenting more female candidates for interviews than male consultants do. Searches led by female consultants outperformed searches led by male consultants by 25 percent in terms of presenting at least one female candidate to the interview stage across the Firms' global searches.

- **Personal values, viewpoints, and intellectual curiosity of the consultants:** Those who engage seriously in the DEI dialogue

irrespective of their personal characteristics seem to fare better than those who don't in the diversity of hiring outcomes. Current Egon Zehnder analysis has also found a positive correlation between engagement in DEI knowledge, language, capabilities, and participation with a higher proportion of diverse hires. Consultants who are designated as DEI champions made 20 percent more female candidate hires than the wider consultant pool, irrespective of their gender.

The ideal team composition could be one with sufficient experience, sharing the desired personal characteristics, and/or with sincere passion, knowledge, and capabilities in DEI.

The DEI conversations of the future will require more nuance and the ability to handle greater complexity. Over time, diversity definitions will move beyond the current predominance of thematic asks on gender, ethnicity, and sexual orientation toward more comprehensive and inclusive approaches and definitions. No individual consultant could hope to have personal characteristics to match those definitions.

Client Team (A5) and Client DEI Sensitization (B1)

The client team is a crucial part of the triumvirate in this set-up. Egon Zehnder analysis shows that if more than 40 percent of the client team is female, there is a 40 percent or more chance of there being a female hire on the project. The sweet spot seems to be a client team that is 40-60 percent female, which roughly equates to 47 percent female hires. On the other hand, 80-100 percent female client teams equate to about 40 percent female hires, and 0-20 percent female client teams equate to 29 percent female hires.

Beyond the points made earlier about consultant team composition and DEI knowledge, which still apply here, additional factors come into play when the client hiring team is not diverse and does not have a successful track record of attracting and integrating diverse talent onto the team. In such a case, we'd recommend providing additional support to the client team and bringing different client voices (beyond those directly involved in the hiring decision) into the decision-making and influencing structures from the get-go.

There are two basic options to the structure of this support: in the foreground (part of the interviewing, project management, and decision-making process) or in the background (in an advisory capacity). Though the former, more "direct action" support may seem more impactful and tempting, tokenistic inclusion without long-term investment in the success of a diverse hire can do more harm than good and feel inauthentic to candidates.

In any case, the tone of any involvement needs to be thought through. This can sometimes seem to be introduced as part of a "policing" of the hiring team, without proportional accountability over outcomes. But the objective is to act as a bridge to deeper appreciation of diverse candidates, picking up on subtleties and bringing differentiated perspectives that may aid better decision-making and relationship-building, without hijacking the process.

Finally, it is worth emphasizing the superiority of pursuing DEI goals in a team construct as opposed to an individual endeavor. Whatever your personal characteristics and your own investments in self-awareness, knowledge, and skills about seeking better DEI outcomes, it is a fallacy to assume that this could lead to the complete elimination of all cognitive biases and barriers to diversity. It is far better to accept this reality and appreciate the advantages of pursuing DEI goals as part of a team. These team members will bring their individual biases, but these are likely to be different from your own and could lead to better discussions and outcomes.

A3 – B1 Team Composition – Best practices

Ideal criteria for constructing consultant & client teams

Prior experience in similar work

Overlap of personal characteristics with desired candidate pool

Knowledge, capabilities and passion for DEI

The Search Strategy (B2)

The search strategy is where the best-laid plans meet the reality of choices you are willing to make and the trade-offs you are willing to accept. Clients are incentivized to seek bull's-eye, plug-and-play solutions to maximize the success and minimize the risks associated with critical senior hires. Consultants have a tricky balance to achieve—not expanding the search criteria too much to avoid unnecessary confusion and wasted effort, but not contracting it so much that candidate choices are diminished. The collective result is a search strategy that is often more precise and prescriptive than it needs to be.

The mathematical consequences of precise search criteria on the diversity of the candidate pool can be drastic because of the law of small numbers—the reality that underrepresented candidate pools are not numerous in senior leadership ranks. This is best explained with a real example:

Take a search for the CEO of a company in the oil and gas sector, with over £1 billion in revenues, headquartered and publicly listed in the UK.

If the search strategy is designed to hit each of those <u>five</u> criteria (oil and gas experience, revenue over £1 billion, prior CEO experience, prior publicly listed company experience, prior UK headquarters experience), just one female candidate would make your list.

Now, let's flex the search strategy to expand the pool of female leaders who can be considered for this role. Relaxing just the geographical criteria to include

Europe and North America would give you four female candidates, extending to seven if you include the rest of the world. Depending on the degree of flexibility the client is willing to deploy, by relaxing just the geographic criteria alone and nothing else, we have managed to enhance the number of female leaders by **700 percent**.

Now, let's assume that the client situation does not allow any flexibility in geographically expanding your search criteria because experience with being UK-headquartered and having experience in a UK-listed company is deemed critical. Relaxing the sector criteria in that instance, while keeping everything else the same, could give you 17 female leaders to consider, an increase of **1,700 percent**.

A hybrid flexing of criteria is also possible. Say the client is unwilling to compromise on oil and gas experience, publicly listed company experience, and the scale (revenue) of the business. However, they are willing to partially flex on geographical criteria (e.g., considering Europe in addition to the UK but not any farther, and may be willing to consider any current C-suite leaders as opposed to just CEOs). Even this limited flex on just two dimensions (geography and seniority) dramatically increases the number of female leaders that you can consider to 25, an increase of **2,500 percent**.
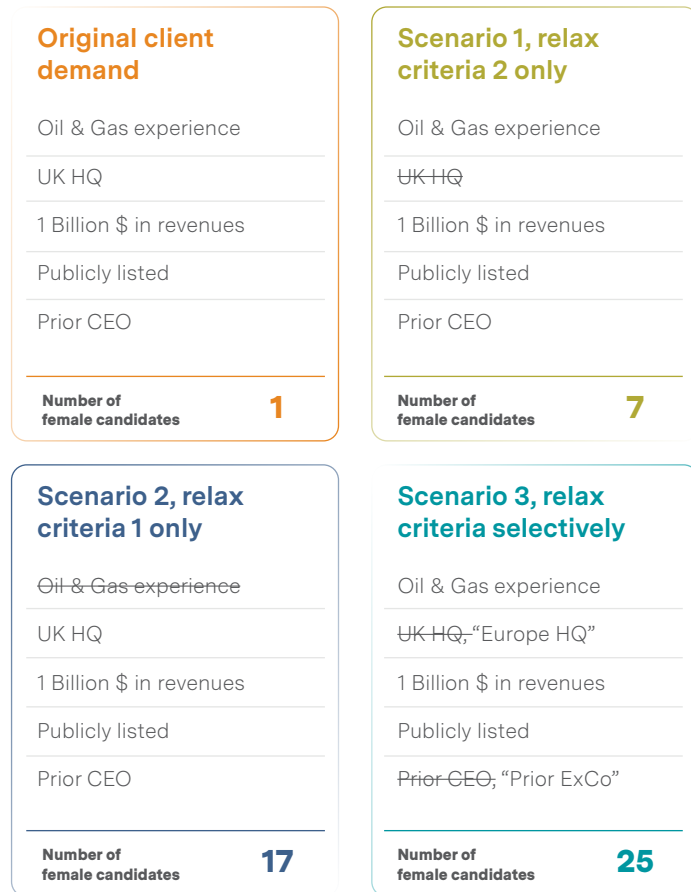
The numbers are open to two counterchallenges. First, the leaders who emerge in this way are not all automatically realistic candidates. Second, such an approach of selectively expanding the search criteria to include more underrepresented candidates may be open to criticism of positive discrimination.

On the first challenge, this may be true. But it is too early in the process to make that judgment and would be akin to ruling out options before knowing what the options are.

The second challenge is more interesting because it is likely that you would want to flex your search criteria only for underrepresented talent pools that are relevant to your objectives and not more universally across the entire candidate universe. However, this would not be discriminatory if the underlying philosophy were applied to all underrepresented pools to ensure that the long list had a good overall representation (i.e., inclusive, not exclusive, in its approach). For overrepresented groups, tighter criteria are justified, as they would be sufficiently represented in a long list anyway. If they are not sufficiently represented, the expansion/relaxation of criteria to an appropriate level ought to apply to them as well.

B2 The Search Strategy

Case study on how candidate pools can be enhanced

Original client demand
Oil & Gas experience
UK HQ
1 Billion $ in revenues
Publicly listed
Prior CEO
Number of female candidates   **1**

Scenario 1, relax criteria 2 only
Oil & Gas experience
~~UK HQ~~
1 Billion $ in revenues
Publicly listed
Prior CEO
Number of female candidates   **7**

Scenario 2, relax criteria 1 only
~~Oil & Gas experience~~
UK HQ
1 Billion $ in revenues
Publicly listed
Prior CEO
Number of female candidates   **17**

Scenario 3, relax criteria selectively
Oil & Gas experience
~~UK HQ,~~ "Europe HQ"
1 Billion $ in revenues
Publicly listed
~~Prior CEO,~~ "Prior ExCo"
Number of female candidates   **25**

Based on market analysis valid at time of publishing

Role Specification (B3)

Often, the starting point of substantive candidate interactions will be a **role specification**. This description of the opportunity is a platform to attract the best candidates if done well and to alienate them if done poorly. Apart from extraordinarily high-stakes appointments, where the role specification goes through a formal creation and review process, most notably during CEO successions, they are often hastily compiled by either the consultant, client, or both.

Cognitive biases can flow through to our writing styles. For example, masculine forms of words are often chosen (e.g., he/chairman). Some words may trigger others, evoke an emotional reaction, or cause offense. However, being overly cautious about the use of language aids neither good writing nor the DEI cause. Overenthusiastic DEI policing can create documents so devoid of expression that they create a deflating rather than uplifting experience for the recipient. The primary goal of role specifications should be to engage in a sincere way as opposed to primarily managing risks.

Good writing that conveys clarity of thought, passion, empathy, and an accurate and compelling vision is the most important differentiator. Role specifications don't need to be works of art, but they need to withstand scrutiny and generate excitement. As your knowledge of DEI improves, that tone will flow through into the role specification. A good role specification should contain information that gives the reader an understanding of the past, present, and prospects of the organization. It should touch

upon the vision, purpose, and values. It should set the scene that has resulted in the creation of the leadership opportunity and set the role within the organizational structure and reporting lines. It should go on to describe the objectives of the role and elaborate on the experiential, competency, and personal criteria that will drive candidate evaluation and choice. It should finish with important administrative details, such as the role location, travel needs, opportunities for hybrid working, and other aspects that may be material to raising and ascertaining candidate interest levels.

Once you have written a good role specification, an important consideration is to recognize that there is a large, increasing, and reliable body of scientific evidence to demonstrate that different people think differently, process information differently, and write differently. Much of this work has historically been focused on gender differences. These studies are increasingly addressing racial and ethnic differences, differences in socioeconomic circumstances, and differences between cultures and languages (e.g., where English is not the first language). These differences may become more muted with the accumulated lived experiences and exposure to senior management writing styles.

Your writing style is likely to be unique to you and linked to your own gender, educational background, language skills and training, ethnicity, nationality, and professional setting, to some degree. Your style may be interpreted differently by those who don't share those characteristics with you. A large majority of these differences will be harmless, and dramatic changes in writing style may not be necessary nor
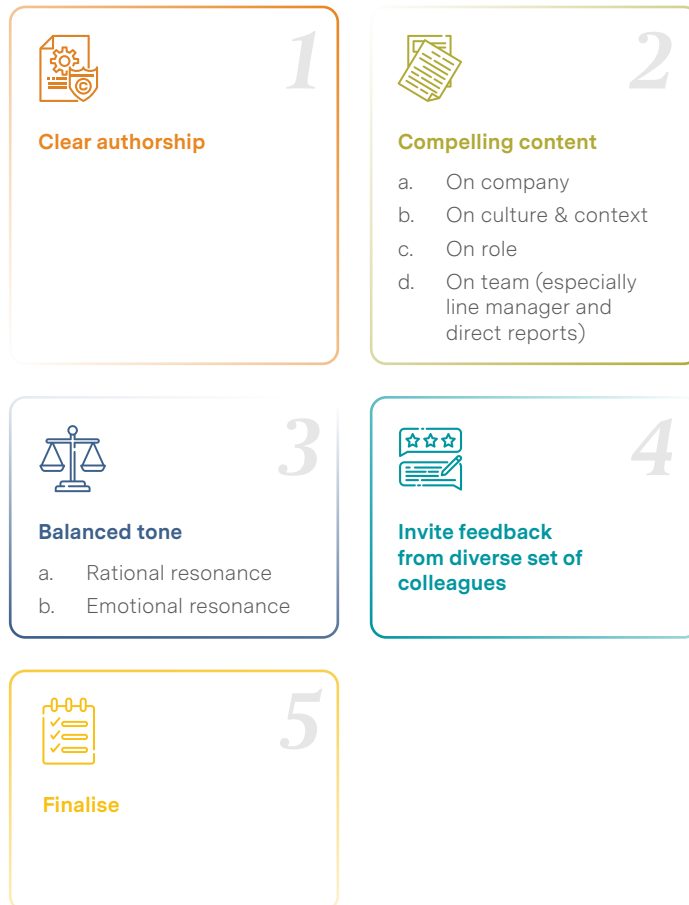
advisable. In some cases, however, your writing may get "lost in translation," not feel relatable, or in some cases, even alienate the people you want to engage. We recommend circulating your draft role specification between the consultant and client teams, soliciting input, and expanding this circle of input if the teams are not diverse themselves, with the overarching goal of ensuring that it is pitched correctly in terms of the audience that it intends to attract.

You may receive feedback along the lines of "female leaders may not respond well to this characterization," "non-native English speakers may not fully comprehend the meaning of this section," "the role specification is too rational and lacks emotional resonance," and so on. This does not mean that the commentary is correct in every instance. Readers have biases just as much as writers do. But it is still worthwhile to do this as it gives you a glimpse into how information is processed differently by different people.

"A camel is a horse designed by a committee," as the saying goes. Don't crowdsource the role specification; retain primary authorship with one person and acknowledge the feedback and integrate what feels appropriate.

B3 Role specification

A 5 step house-keeping check-list for a good role specification:

1

Clear authorship

2

Compelling content

a.   On company
b.   On culture & context
c.   On role
d.   On team (especially line manager and direct reports)

3

Balanced tone

a.   Rational resonance
b.   Emotional resonance

4

Invite feedback from diverse set of colleagues

5

Finalise

Rule 1: "No Interviewing Without Diversity" (B4) and

Rule 2: "No Active or Positive Discrimination" (B5)

Every client and consultant team that is sincere about DEI should have no problem agreeing to two cardinal rules, but it turns out that these are trickier than most people imagine.

Rule 1: A client interview process should not commence unless the candidate slate is diverse. What *diverse* means will be situational to each client. Agreeing to this binary step is an essential moment of truth. Not as a roadblock, but as an iterative dialogue between the client's diversity objectives and the search strategy—one or both may need to loosen to propel a search toward intended outcomes. Multiple iterations of the search strategy may reveal that a client has reached the limits of the flex they can offer in expanding the search criteria. Candidate feedback may also reveal that clients just don't have the culture or the market reputation to attract the candidates they seek. This dose of realism may be a bitter pill to swallow, but it is ultimately the right approach, and it may be necessary to reset ambition to a more achievable level as a result. On the other hand, it could be the case that relaxing the search criteria allows you to get to the diverse mix of candidates you seek.

Rule 2: No active or positive discrimination on ethical, moral, or legal grounds. Especially in the U.S., Canada, and the UK, senior leadership recruitment is treading

on dangerous territory, replete with mandates to only hire individuals from underrepresented minority groups into certain roles. Ironically, the most discriminatory requests are often in chief diversity & inclusion officer searches, where clients feel obligated to not appoint a man or a white woman into the role on account of the signal that would send to the organization. If this is what DEI championing is to come down to, isn't there a need for greater introspection on the part of DEI proponents, and shouldn't we be open to justified criticisms regarding virtue signaling or worse? Clients are understandably under tremendous pressure to act on diversity, and consultants are under tremendous pressure to respond and provide solutions. External pressures from various governance groups, shareholders, employees, stakeholder groups, and media is also significant and top of mind. These pressures could result in active discrimination against majority groups and positive discrimination in favor of desired minority subgroups on individual search mandates. Consultants and clients know this all too well. Implicitly or explicitly, discriminatory mandates are not documented, and at best are alluded to as preferences to avoid acknowledging what they truly are: discriminatory.

This is a moral and intellectual challenge with no simplistic answers. In some instances, it may be tempting to justify it as acceptable collateral damage to fair and due process or the only route to progress in a system where the odds have been so onerously stacked against underrepresented groups. However, if you cannot document a preference explicitly or cannot say to a candidate openly that they are being interviewed or not being interviewed precisely for a personal characteristic they do or do not possess,

you are most likely falling foul of the spirit of DEI— and most likely also of the law of your land. A short list of 100 percent ethnically diverse candidates or 100 percent female candidates does not qualify as a diverse short list, nor is it an inclusive act.

For full transparency, we had a debate on this very topic in our firm. A colleague said, "Quotas may be wrong, but they work." Statistically speaking, that's true. Every country that has set quotas or quotalike recommendations for diverse hires has seen dramatic improvements in their diversity statistics. Effectively, we get into a zone where there is an implicit or explicit societal "permission" condoning positive discrimination. It is often positioned as a temporary corrective mechanism in the best long-term interests of society.

All hope is not lost. Egon Zehnder analysis shows that as long as a short list is diverse, it materially increases the chances of a diverse hire, beyond what would be suggested by probability alone. For example, our analysis shows that having just one female candidate on the interview slate creates a 30 percent chance of a female hire, increasing to 45 percent when there are two and 60 percent when there are three.

Victory claimed on the back of discriminatory practices by DEI champions could be a pyrrhic victory and detrimental to long-term legitimacy. Once you discriminate in favor of a particular minority group, you don't just discriminate against the advantaged majority group; you also discriminate against all the other disadvantaged minority groups you fail to consider.

B4, B5 The need for clear rules

DO NOT ENTER

No interviewing unless candidate slate is diverse
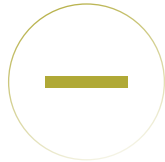
No active exclusion of any candidate belonging to any "majority" or "minority"

STOP

No positive discrimination (predetermining outcomes in favor of those with a particular personal characteristic)

A search process that has embraced the principles laid out thus far should be well set up to deliver good outcomes. However, the second half is where good intentions meet the cold light of day for the entire cast of characters—clients, consultants, and candidates. It is the zone where the many good and well-intentioned decisions begin to either bear fruit or unravel. Far from being a time to relax and take your eye off the ball, the following steps call for heightened awareness, as this is where the action truly happens.

Anti-Bias and Inclusive Candidate Profiles (C1):

In the early stages of a search, one-page summary candidate profiles are the industry standard. They are the starting point for comparing and prioritizing a long list of candidates toward a shorter list of the most promising ones to actively start contacting.

A review of global practices revealed that typically at least seven and up to 10 pieces of information get explicitly or implicitly revealed about the candidate on these profiles. Not all these revelations are necessary or helpful to high-quality decision-making, and some could be discriminatory. The 10 are the photo, name, age, nationality, location, languages spoken, educational qualifications, executive roles in reverse chronological order, nonexecutive roles in reverse chronological order, and compensation. Both in terms of layout and content, the status quo is problematic.

On layout, most of us are trained to read from left to right, and from the top to the bottom of a document. Where things appear on a page and how much attention is relatively given to them is an active choice and does have consequences. It follows that the most crucial information about a candidate should be toward the top left of a profile. If it isn't, it can lead to disadvantages against candidates based on information that is less relevant or irrelevant for success in a role. For example, age, nationality, location, photograph, and languages spoken often appear before and above the most recent work experiences, while the latter should have the highest weight.

On content, the problem falls into two categories—including information that shouldn't be included, especially at an early stage, and not including information that should be included as soon as it's available and viable to do so.

One of the most problematic topics is age, which is either directly recorded as allowed in some geographies or can be easily guessable through the listed year of graduation. Whether obvious or subtle, this perpetuates the age discrimination that is rampant in senior management discussions today.

Another is the photograph (typically a headshot). What is it serving at this stage beyond encouraging biases, which could include favoring those with more conventionally agreeable and attractive features at the expense of those who do not share these features? Some might argue that showing a photograph is a convenient way to imply racial and gender diversity without having to "say it." However, there are other, better ways to ensure diversity without resorting to photographs. Attractiveness bias is a likely risk at the interview stage anyway, but it is easy to avoid at this stage by withholding photographs from profiles.

As for nationality and current location, unless it is relevant to a visa situation in terms of the ability to accept a role, at minimum these two pieces of information do not merit a place on the top left of a profile, and depending on the purpose they are serving, should be either left out completely or relegated to the bottom right of the layout.

There is an argument to be made for candidate profiles to be nameless/anonymized. While there may be merits to this argument, especially for entry-level, mass recruitment roles, it is not the best solution in senior management settings, unless there are strong grounds to believe that actively discriminatory factors are at play and that using names could make the situation worse. Anonymizing names in senior, more bespoke, low- volume settings can dehumanize a discussion, make it unnatural, be distracting, and can crucially reduce the quality of the dialogue about the candidate between the client and consultant.

Language skills are a legitimate line of inquiry. On the one hand, being bilingual or multilingual could confer advantages that a client is entitled to seek, and it is often a reliable proxy for increased diversity. However, if not relevant for success in a particular role, this information could be seen as unnecessarily discriminatory against monolingual candidates at an early stage. Both the client and the consultant should be clear on whether language skills are crucial to succeed in the role before including them. In any case, they are unlikely to be the most important criteria for any role and should find space only to the bottom right of the page.

Regarding compensation disclosure, data protection regulations prevent compensation information from being recorded on a candidate profile in most countries. Our recommendation is that compensation details shouldn't be included in candidate profiles, even if allowed by law. For instances where clients insist on this information, and are legally allowed to seek and record it, prudent data management will still dictate that this information ideally be communicated

verbally. Recording this data in electronic communications may not be fully secure and may pose a risk that people not directly on the team can access it. Doing so could also impact the discussion on candidates whose compensation levels are above or below what the client is expecting and willing to pay for the role. Compensation information is highly relevant to the ultimate workability of a candidate. However, it may not be valuable at this stage of the process. For candidates significantly above the compensation guidelines, a consultant should have a strong reason to include them for discussion or should rather keep them out. Similarly, if candidate compensation is significantly below guidelines, it may unnecessarily make the candidate appear less senior than is justified by the rest of their profile.

Education qualifications can to some degree signal quality (e.g., reputation of university), relevance (e.g., knowing that a candidate is a Ph.D. in a subject that is core to the client's business), and achievement orientation from a young age. All of these are relevant. At the same time, they receive disproportionate prominence. There is no justifiable argument for someone's education qualifications to be placed above their recent executive career in the hierarchy of how information is conveyed or discussed. It places prominence on outcomes from two or three decades ago as compared to more recent progression and achievements in one's career. Career history should clearly trump education history in terms of placement on the written profile. In addition, graduation years should be avoided as these are a well-trodden backdoor to approximating age.

Career history and executive and/or nonexecutive experience is by far the most important information about a candidate and should by clearly highlighted in the candidate profile. Depending on the search, one can come before the other and vice versa. The reverse chronological order of the most recent experiences first and providing the location of each of these experiences are valuable and should be included. Ensuring that only the most relevant and material roles are included (irrespective of whether they elevate or hinder someone's candidacy—a bad career decision would still classify as relevant and material) reduces clutter and improves focus. Enforcing a cut-off in visible dates for roles far back in one's career can also be introduced to eliminate any final vestiges of age bias. For example, for all candidates across a long list, the last 20 years can be detailed more precisely, while anything beyond 20 years ago can be quoted in summary, without mentioning dates, while including basic helpful information in terms of the companies worked for, location, and types of roles.

Adjusted for all of the above, your new, improved one-page candidate profiles are largely unbiased and focus on key decision-making criteria for candidate prioritization. If you wish to go from good to great and enhance the diversity and inclusivity of the candidate slate, the profiles must also, where possible, contain information from publicly available sources, complemented with data sourced with the approval of the candidate that brings to life aspects of their diversity and lived experiences that may otherwise not be apparent or visible, but which could be beneficial and differential to the client. This also helps highlight aspects of personality and diversity that are not possible to capture otherwise in a professional

experience narrative. Each candidate profile could include a personal commentary section—with the understanding that these insights and information will be further enhanced during a project.

There are two caveats to this recommendation: First, depending on the nature of the personal candidate information you have become privy to, it may still be prudent to provide verbal rather than written commentary in some instances, even when having the candidates' permission to disclose. Second, if this information is not available on everyone in the candidate slate, it might lead to inconsistency and potential bias against those whose personal information is lacking. On balance, we'd advise including personal commentary on profiles only if it can be consistently and comfortably documented without risking embarrassment or distress to anyone—even if you have permissions in place to share.

C1 Anti-bias and inclusive client profiles

	General principles	**Suggested categorisation**
Primary information	To the top and to the left of a profile	1. Name 2. Executive career details 3. Non-Executive career details
Supplementary information	To be placed such that it is read after the primary information	4. Educational qualifications 5. Language skills
Discretionary information	To be included subject to relevance To the bottom and to the right	6. Current Location 7. Nationality
Discriminatory information	Could lead to conscious or unconscious biases. To be kept off the profile	8. Photo 9. Age (or proxies e.g., graduation dates/early career dates) 10. Compensation

Diversity Statistics (C2):

Tracking diversity statistics is vital. If a client wishes to attract a specific underrepresented category to a position, this should be actively discussed. The client and the consultant should then agree on viable diversity markers to track (or the best proxies for those markers). Each progress update should include these diversity statistics on a rolling basis so the evolution of the statistics can be monitored and corrected as necessary, to avoid candidates falling disproportionately off the radar.

The available statistics could be directional at early stages of a project. That is not a bad thing. In fact, in the interest of facilitating desired outcomes, Egon Zehnder would encourage the making of logical assumptions regarding gender, ethnicity, and national origin at an aggregate level where concrete data is not available—so long as they do not result in a specific candidate being attributed a characteristic without their approval. Precision is not necessary, especially in early stages, and having directionally accurate data is superior to flying blind. The moment a candidate's name and profile are discussed, curious minds will have naturally started making assumptions about them anyway. It is better to do this centrally, in aggregate form, with the appropriate caveats.

As the consultant engages candidates as part of a process, assumptions must be replaced with accurate information. The goal is to ensure the candidate has agreed to be considered "diverse" before any diversity categorization is attributed to them. This is not always immediately possible. In this case, both the client and the consultant must agree that the "assumption" at the

long list stage has now turned into "to be determined" at the short list stage. Counterintuitively, the quality of diversity statistics may appear to temporarily deteriorate at the midpoint of a process (e.g., a 30 percent approximate aggregate female diversity in the long list stage with 30 candidates might become "to be determined" at the onset of an interview process with just five candidates). This state of uncertainty doesn't need to last long: A well-constituted consultant and client team should be able to create the necessary psychological safety to aid open sharing of this information, and reputable consulting firms and clients will secure signed data reporting and data protection permission from candidates.

In any case, the absence of candidate-approved diversity categorization shouldn't be a cause for panic. Just because a candidate has not yet given permission to be considered diverse, it doesn't mean that they should not be interviewed or that they are not diverse. A refusal or delay to acquiesce is a refusal or delay to being categorized, not a negation of one's diversity. Similarly, new information that is material to discussions might enter the frame over time. For instance, you may learn that a candidate comes from a particularly socioeconomically disadvantaged background while belonging to an overrepresented ethnic or gender group, or that they identify as LGBTQ+ when this information was not previously publicly available, or that they are of mixed race and this may be relevant to the client, etc.

The possibilities are endless, and it's important to keep an open mind, begin tracking statistics early (recognizing they won't be perfect and will evolve throughout the process), and regularly update them as you gain more insights on candidates.

C2 Diversity Statistics

Agree metrics

Track evolution

Disclose assumptions

Gender, Ethnicity, National Origin, LGBTQ+, other...
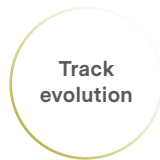
Publicly available info and reasonable aggregations* at long list phase (pre engaging of candidates)

Candidate approved information at short list phase (post engaging of candidates)

Especially with publicly available information/ reasonable aggregations

"reasonable aggregations" is defined as "Statistics that are likely to be directionally accurate at an aggregate level without attributing a categorisation to any individual"

Lived Experiences (C3):

"Lived experiences" is a new phrase that has made its way into the realm of leadership appointments. Intuitively understood to mean an individual's "personal story," not enough attention has been paid to how best to learn about it, what to make of it once you do, and how to apply it back to leadership appointments.

Understanding lived experiences is a promising pathway to explore what an individual would add to the diversity of teams and organizations. Today, the profession (including consultants, clients, and candidates) is several iterations away from embracing lived experiences in an integrative way, but there is only upside to considering it as part of a search process, priming the system for greater impact over time. Lived experiences can be defined as:

"The firsthand or direct experiences of an individual, which give them unique knowledge, insights, and perspectives that individuals who have not had those firsthand or direct experiences would typically not have."

Lived experiences as defined above have been integral to leadership appointments and well understood for several decades, if not for centuries (e.g., how someone was picked to lead a voyage across the oceans or to lead an army to raid enemy territory). Similarly, in modern professional settings, having worked in China for a few years, having left a major corporation to join an entrepreneurial venture, being a successful investor on the side, having moved sectors, functions, and more, are all part of lived experiences. As senior executives spend most of their waking hours at work, it should come as little surprise that much of their lived experiences happen on the job. Clients and consultants are highly experienced in identifying and highlighting such unique experiences, and doing so can improve the perceived attractiveness of a candidate for a role when seen against someone who does not have those experiences.

Rather than introducing a new concept, we need to expand the definition of lived experiences to cover a larger time span—from birth to today—covering both the personal and professional life, as opposed to primarily focusing on professional aspects. Getting this holistic understanding of a candidate's personal defining moments is not easy. It takes trust and a psychologically safe environment that is built over time.

The next step is understanding how those lived experiences inform the individual's perception of the world around them, how they approach a situation, how they make decisions, form relationships, and build alliances. Distilling the information on lived experiences into leadership insights around the individual is a step that is currently conducted informally and could constitute the next frontier of this effort.

The final step is to appreciate the power these lived experiences will have within the setting that this new leader will enter, alongside other leaders and their own lived experiences. Without a grasp of the entirety of the lived experiences on a leadership team, it is hard to understand collective strengths and gaps, and even harder to determine when a particular aspect of someone's lived experiences should be called upon to enhance the quality of a collective decision. Leaders already do this in terms of professional lived experiences. For example, good leaders will know which member of their team to deploy, to rely on, or to seek advice from for a particular business situation. Over time, they should do this with increasing confidence on the entirety of lived experiences. That

is when the true power of diversity will be unleashed for the greatest common good.

C3 Lived Experiences

Level 1

Explore Professional Lived Experiences

Level 2

Explore Entire Lived Experiences (including personal)

Level 3

Understand how Lived Experiences influence Leadership approach

Level 4

Understanding collective impact of Lived Experiences, as part of a team

Candidate Engagement (C4):

You can fall into the trap of adequately involving the consultant and client teams to handle DEI appropriately as part of a search yet fail to do the same with candidates. Just as a diverse candidate may feel unfamiliar to the client, the specific opportunity and the client setting could feel unfamiliar to the candidate. The perceived risk of an unfamiliar situation works both ways. In addition, even the most credible, global companies find themselves behind where they ought to be in terms of historically underrepresented talent pools. Top diverse talent is in exceptionally high demand, and it's important to reflect on what makes a client distinctive and appealing to diverse candidates. Organizations need to adapt their talent mindsets to this reality and make improvements to how they enhance their visibility, intimacy, and reputation with diverse candidate pools. One example is through participation in relevant networks and groups outside of a search.

It is important to strike a balance between where a client is on their DEI journey and what their goals are, because there may be a gap. So rather than painting a vision on DEI that is divorced from reality, it is better to talk openly about the successes, failures, learnings, and the journey that the team is on—and how it will support a new leader's success and integration once they join.

The situation is different if the candidate comes from an internal pool. Here, familiarity with the client and its culture may be less of an issue, although there still may be some anxiety, for example, if this is the first time a glass ceiling is being shattered at a particular

level of the organization for an underrepresented minority candidate. Seen from a client's perspective, there needs to be recognition that simply being a net importer of diverse talent is not a viable or responsible long-term strategy. Every organization needs to play its part in the development of diverse talent pipelines of the future, and as part of that, they risk losing some of their best diverse leaders to better or faster career progression opportunities outside of the company. The cultural and reputational benefits of being regarded as an exporter of diverse talent (and not just an importer) outweighs the short-term pain caused by the export. It is only through this collective action and the spirit shown by multiple companies that both the quality and quantity of diverse talent pipelines will change in more sustainable ways.

Within a search, support to all (not just diverse) candidates should broadly be in three areas:

1. **Positioning the role in the most honest and compelling way.** This goes beyond the role specification and extends to an open discussion on the different perspectives, criticalities, and trade-offs that were discussed in its making. For every candidate, knowledge of the entirety of the client objectives, including DEI, helps frame their preparations and expectations.

2. **In-depth discussion both on the client's decision-makers and on the culture.** Understanding the personalities involved, their attitudes, priorities, and backgrounds, makes a difference, especially to candidates who might find the characters unfamiliar. Understanding the client's culture can help a candidate ensure that it resonates with their own personality and

professional aspirations, and lends itself well to a long-term stint with the company.

3. **Fine-tune the interview approach.** For individuals who meet the criteria on diversity, avoid overplaying the diversity elements or you risk them becoming overwhelming and one-dimensional. At the same time, don't underplay them to a degree that they stay superficial or remain unspoken. Ultimately, all candidates, regardless of background, should be prepared for both the breadth of criteria required by the role specification and be willing to go to the depths of each criterion (including on diversity) to bring to life their candidacy to the client. Even for candidates who do not meet the diversity preferences, this mindset is crucial, as it allows them to share their own distinct lived experiences in a way that the client may find compelling, which may also turn out to be underrepresented in a client setting.

C4 Candidate Engagement

Three aspects to helping candidates prepare:

Role

The role spec, background and context

Client

Personalities & Culture

Self

Self-awareness, Depth and breadth of prep across professional and personal topics

Candidate Interviews (C5):

A standard interview template and formulaic approach to recruit graduates and other junior level positions is typical. The volume of applicants and the need for consistency necessitates this. However, as leaders become more senior and the volume drops, there is an opportunity to deploy a wider range of bespoke interview techniques to utilize more time in decision-making and to deploy a wider range of decision-makers. But the result is an interview process that is left predominantly to senior decision-makers, losing consistency. A good interview process at the senior level must cover a range of topics (e.g., personal background and lived experiences, business experiences, key achievements, competencies, future potential, identity, personality traits, purpose, and confidence). Clients should challenge their consultants to demonstrate that thorough interviewing is taking place along these lines before candidates are presented. The outcome of this consultant evaluation should be documented in a confidential report or similar document that provides an assessment of each candidate on the interview topics that have been agreed to, consistent with the role specification, and including an elaboration on concerns, gaps, or areas to further probe.

The past two decades have seen an explosion in career choices and pathways that make the comparison of experiential journeys among candidates increasingly unreliable as a decision-making tool. A particularly promising avenue for assessment is along the dimensions of future potential, evaluating for curiosity, insights, engagement, and determination. Egon Zehnder

analysis has shown this assessment to be positively correlated to future progression potential. Furthermore, this framework is distinct from prior work experiences and offers the possibility of equitably leveling the playing field in evaluating a diverse slate of candidates for a role, not instead of work experience but in addition to it. This can help avoid the vicious circle of not hiring underrepresented diverse candidates because they have insufficient prior work experience on account of being underrepresented.

Biases can occur throughout a search but may become acute during an interview process—for example, *affinity bias,* which is the tendency to favor people who share common characteristics with the interviewers. This is not restricted to topics such as gender, ethnicity, nationality, or sexual orientation. It extends to a whole variety of factors, including attending the same school or university, working in the same company, growing up in the same city, liking the same sporting team, etc. Because an individual is underrepresented, they are statistically less likely to share multiple characteristics with the people evaluating them, potentially putting them at a disadvantage. The more personal and personality-based elements of their profile may seem less relatable to their interviewers. In addition, underrepresented candidates often have had life circumstances that have caused them to spend a disproportionate amount of energy and time fitting into majority cultures, communities, and organizations, aspiring to emulate their characteristics, worldview, and mannerisms, also sometimes called code-switching. Their formative experiences may have resulted in changes to their self-image and ways

of interacting with the world that are important to understand. It is also likely that for an equivalent position, a candidate who is underrepresented would have had to face a more challenging route to the top that ought to be factored in, demonstrating enhanced resilience or determination.

Clients can rely on a mix of "this is what I have done in the past" and "this is what I think this situation demands" to determine the content of their interview. The setup of client interviews (e.g., location—hybrid, in person, virtual), having familiarized yourself with the candidates' confidential report, the number of rounds, gap between rounds, time given to each interview, panel versus individual interviews, should different aspects be covered in different rounds, should different interviewers cover different aspects, are all pieces of the puzzle. While experienced interviewers might balk at the idea of being told how to interview, its art and craft is a separate skill set that is distinct from the wider leadership capabilities of the interviewer. Egon Zehnder recommends the creation of an interview guide linked to the role specification that provides a framework to guide the interview (e.g., a minimum set of questions that each interviewer should cover). Scope and time should still be left over for individual interviewer interest areas. The consequences of not having a guide are that you are likely to end up with fascinating pieces of insights about a candidate, but these are unlikely to be comprehensive, consistent, and in sync with the requirements of the role specification. They make it hard, if not impossible, to calibrate the relative strengths and gaps among candidates. This creates a vacuum in which decision-making can become overly reliant on individual impressions of candidates and

removed from the stated requirements of the role. It can also impact DEI outcomes and be more prone to individual biases.

The objective is an interview process, across consultants and clients, that asks the right questions and collects high-quality insights about candidates across the full spectrum of criteria that are essential for success in the role. It includes an emphasis not just on professional experiences, but the entirety of the candidate's profile, to bring to life distinctive aspects of their diversity and lived experiences.

C5 Candidate Interviews

Top 10 interview evaluation areas

1. Lived experiences
2. Business experiences
3. Key achievements
4. Competencies
5. Future potential
6. Personal identity
7. Personality traits
8. Purpose
9. Values
10. Confidence

Elements of interview process/ structure

The Players i.e., who is involved, who is in charge of process, who are the final decision makers.

The Format i.e., number of rounds, who is involved when, time allocation per interview & between rounds

The Location i.e., online, hybrid, in-person?

The Content i.e., what is covered, by whom, and when?

Candidate Calibration (D1):

The post-interview calibration becomes an important point of holistic discussions on the relative strengths and gaps that each candidate presents to the selection panel. The following two steps, **Referencing** (D2) and **Psychometrics** (D3), are usually initiated in parallel and integrated into the candidate calibration.

Calibration meetings are a regular feature of most senior searches; however, they follow a loose script of each interviewer sharing their interview findings and impressions, containing a mix of helpful but often incomplete perspectives. At this stage, the list of interviewed candidates quickly breaks into two—most of the list unanimously gets ruled out quickly, and a consensus typically develops around one leading candidate. In a small minority of cases, a strong alternate candidate could emerge.

Awareness of potential biases is particularly important here. The "boss" or the "loudest voices in the room" can often quickly and conclusively sway a discussion, and so could other aspects, such as obsessing about a candidate's minor negative point while ignoring all the other strong aspects of their candidacy. The list of potential individual and group biases at play could be enormous, which is why consultant and client teams should hold a brief session on biases before the calibration session.

Beyond this, injecting a modicum of discipline and a mindset shift into how these calibration discussions are conducted is important. The creation of a calibration guide reminds interviewers of the range of selection criteria that were detailed in the role

specification, rather than focusing on a narrower set of arbitrary data points for selection. This allows for a more comprehensive discussion of trade-offs and candidate comparisons against the criteria originally agreed to by the selection panel. Attendees should be encouraged to have their summary calibration and preferred candidates prepared individually before they enter the meeting, even if they don't reveal this immediately, as a reminder to themselves on how consistent this may be with the actual calibration discussion. This could allow for a richer debate on differing views, rather than a common dominant view quickly emerging during the meeting.

One of two phenomena tend to emerge if this is not done—*securing diversity* becomes the overwhelming tone, leading client teams to discount other vital pieces of information that can drive success in the role, or *vital experiences* become the altar on which many a diversity objective gets sacrificed as collective risk aversion kicks in.

Accepting that there will invariably be biases that drive us toward certain outcomes, and giving the process a chance to correct these through inputs from referencing and psychometrics, is a better approach then prematurely jumping the gun for or against a candidate.

Calibrations should ultimately lead to candidate rankings rather than eliminations. We recommend against making candidate calibration a spreadsheet exercise. The objective of calibration is to ensure that all factors that were deemed important are being discussed. It is not to deconstruct individuals into their constituent factors and add up their individual

scores. Humans are a package of all those quantifiable and unquantifiable factors that may interact in interdependent virtuous or vicious ways. Calibrations should aim to support informed decision-making and reduce biases, not substitute accountability and leadership judgment over decisions.

We further encourage clients to not stick solely to the script in terms of what was said by the candidate in the interview. What were your own intuitions as individual interviewers? What were the nonverbal cues that you picked up? What made you curious? What made you nervous? Our intuitions and analyses are both impacted by biases. Tabling them and discussing them as part of the group help you confirm or reject these aspects with greater confidence, as other interviewers similarly provide their own perspectives.

D1 Candidate Calibration

Input to Candidate calibration

1. The role specification
2. Awareness of potential biases
3. Assessment report from consulting firm
4. Notes from candidate interviews
5. References and psychometric summary, if / as available

Calibration template

	Strengths	Gaps	Questions, intuitions & worries	Ranking
Candidate name 1				
Candidate name 2				
Candidate name 3				
Candidate name 4				

Referencing (D2):

Referencing predates the search profession. At the most basic level, it captures hygiene elements, such as confirming the education and career qualifications and other material claims on the CV. It is often an effective way of checking if a candidate has the leadership experiences and reputation to succeed in the role.

However, aspects of purpose, identity, confidence, style, diversity, lived experiences, personality traits, cultural factors, and derailers, which are important to ultimate success, are not adequately captured as part of the referencing process. In addition, a big risk in referencing is *confirmation bias*—the tendency to search for, interpret, favor, and recall information in a way that confirms or supports one's prior beliefs about an individual. This applies to all candidates, including diverse ones, but may be slightly different in terms of what is being confirmed (a relative strength or a relative weakness). The problem is acute in later stages of a process where a candidate has clearly emerged as the front-runner at the end of interviews, when both the client and the consultant team is heavily invested in securing them for the role.

A reliable way to reduce confirmation bias is to take references on multiple candidates along the way (aka pre-referencing). Egon Zehnder recommends that some references be taken on an individual before they are engaged in the process. Pre-referencing also carries some risk, as it is subject to *anchoring bias.* Once a candidate is engaged as part of a process, trust now becomes a factor in the taking of any further references. With a "live" candidate, generally references should only be taken in consultation with the candidate. It is important for a candidate to know

that neither the consultant nor the client would go "behind their back" in taking references that could cause embarrassment or break confidentiality.

Specifically for diverse candidates, we recommend an altered referencing approach that covers a diverse pool of referees over a wider span of time. As mentioned earlier, diverse candidates may have experienced more profound identity shifts during their personal and professional lives due to the pressure to fit into their surroundings. Understanding their personal and professional journey and evolution, and getting to the core of what makes them tick and what makes them different, are well worth the effort. They provide the nuance that can confirm, eliminate, or mitigate worries about diverse candidates that can change their relative position in a selection pecking order.

For practical reasons, final detailed references must wait until the end of the project, when a particular candidate has emerged as the preferred choice. These references are conducted by the consultant team and sometimes directly by members of the client team. Excellent referencing requires experienced interviewing and trained listening and observation skills to pick up on both verbal and nonverbal cues. It should only be conducted by individuals, ideally more than one, who have the experience, curiosity, time, and acute listening skills required to gain both a depth and breadth of understanding about the candidate, while avoiding the natural pitfalls presented by biases.

D2 Referencing

Referencing Best Practices

| Referee training, including acute listening skills and anti-bias training | Pre-referencing where possible | Range of topics beyond experiences, including personality and leadership style | Cover a wide enough time span to spot evolution, especially for diverse candidates |

Psychometrics (D3):

Compared to referencing, psychometrics is a relatively modern and underutilized option in search. Used well, they can improve depth of insights on candidates.

For this to work, it is important not to position the psychometrics process as a decision-making tool or screening test. This implies that individuals have "right" or "wrong" psychometric traits for a job or situation, or at minimum have "less desired" or "more desired" traits. There may be some merit to this line of thinking in precisely defined and task-oriented roles (e.g., having high-rule consciousness might be valuable in an aspiring trainee accountant, or not getting energy from interpersonal interactions might be a problem for a call-center executive in terms of their long-term success in those roles). Complex

senior leadership roles, on the other hand, necessarily require an interplay between multiple different psychometric traits and predispositions that a leader has. There are different degrees of self-awareness and coping mechanisms that leaders have learned to deploy with increasing conviction over the years. All of these are important in understanding the leader better. Using psychometrics with the end goal of decision-making is an unsound and intellectually flawed approach, and used poorly, they can destroy rather than build trust with candidates.

Psychometrics in senior leadership should be positioned as exploratory surveys to build insights. When well conducted, candidate psychometric debriefs can profoundly shift trust, comfort, and insights between participants in a positive way, and can be the difference between making or not making a diverse hire. What is important is whether your consultant team has a clear philosophy on what they are trying to achieve through these surveys, whether they are trained in their application, and how they hope to tie the insights back to informing the wider candidate evaluation.

It is possible to enable even greater benefits of candidate psychometric surveys by discussing them in relation to the psychometric profiles of the individuals whom the candidate would be dealing with should they accept the role. The surveys take less than 60 minutes to complete, and results are stable over relatively long periods, so they need to be administered only occasionally rather than during each hiring process. Powerful additional insights are possible when candidate psychometric profiles are viewed with those of their client counterparts.

D3 Psychometrics

Psychometrics Best Practices

| Clarity on objectives (e.g., understanding personality, not judging it) | Choosing appropriate psychometric surveys and associated training | Debrief with candidates to explore survey results | Comparing candidate psychometric profile with team psychometric profile for maximum impact |

Terms and Conditions (D4):

All of your efforts thus far have likely led to the most suitable candidate willing to accept the role, subject to agreeing terms and conditions (T&Cs).

A typical offer combines both financial and nonfinancial criteria. When making a financial offer—base salary, bonuses, long-term incentives, pensions, and other allowances—it's critical to ensure there is no pay gap on account of diversity. A diverse candidate, either because of a relative lack of knowledge about the company or because of having a different cultural attitude toward negotiation, may be willing to accept a compensation package that puts
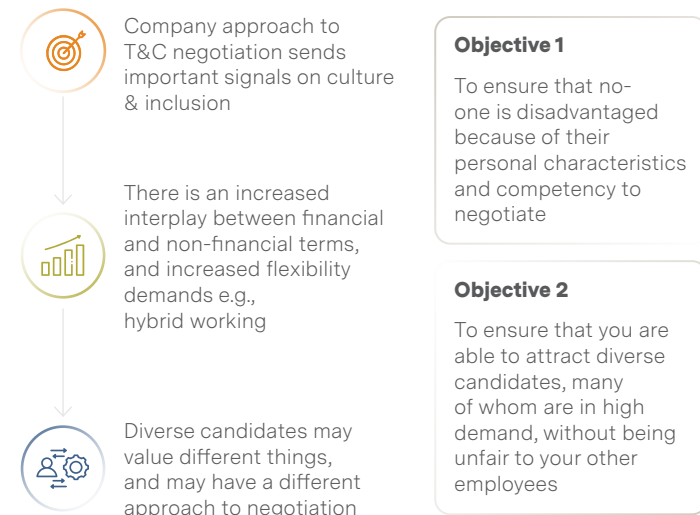
them at a disadvantage. In many Western countries, there are growing expectations that organizations disclose and address pay gaps. In countries where these expectations don't exist, committing to pay parity at every level and eliminating anomalies and disparities can be an attractive differentiator for diverse talent. There is no ethical reason consistent with DEI policies that would justify differentiated pay levels for any role based on an individual's diversity characteristics.

Terms and conditions are not restricted to financial matters alone. The role location, opportunities for hybrid working, vacation days, parental policies, flexibility on hours of work, retirement policy, are just some of the criteria candidates have told us they care about. Perspectives on the relative importance of these criteria will vary depending on personal circumstances, including diversity characteristics of a particular candidate, and this intelligence is not thoughtfully integrated into the candidate value proposition. A client should consider the interplay between financial and nonfinancial components. We are not suggesting that each contract be bespoke, as it could create a lack of consistency that could be detrimental to the organization's culture. We are also not suggesting that a candidate who requests significant flexibility on nonfinancial components should face no trade-offs in the financial offer, and vice versa. However, what we do recommend is that organizations fully understand the consequences of trying to impose one-size-fits-all solutions across financial and nonfinancial criteria in the way they construct the offers. At a tactical level, it can be the difference between a candidate accepting or

not accepting the offer. At a conceptual level, it is about inclusiveness. A "zero flexibility" policy on terms and conditions is a signal about the expected homogeneity of a culture and a desire for conformity, which is somewhat inconsistent with some of the core principles of DEI—and of the need to welcome diverse talent with diverse needs and asks.

D4 Terms & Conditions

T&Cs not a "one-size-fits-all"

Company approach to T&C negotiation sends important signals on culture & inclusion

There is an increased interplay between financial and non-financial terms, and increased flexibility demands e.g., hybrid working

Diverse candidates may value different things, and may have a different approach to negotiation

Objective 1

To ensure that no-one is disadvantaged because of their personal characteristics and competency to negotiate

Objective 2

To ensure that you are able to attract diverse candidates, many of whom are in high demand, without being unfair to your other employees

The First 180 Days (D5):

You have made a diverse hire. Now consider the difference between seeking *integration* and seeking *assimilation.* Integration is inclusion into a team, organization, and culture without the pressure to conform and lose one's distinctiveness or individuality as part of it. Assimilation implies an absorption into these same constructs, but with the loss of or denial of one's own distinctiveness or identity. Individuals and organizations should seek integration, not assimilation. However, it's impossible and even unnecessary to precisely determine the degree to which someone is integrated versus assimilated. It is a continuum, and where an individual will eventually land can vary depending on their own personality, tenure in the organization, and topics they feel confident or passionate about. It's also dependent on the host individuals, team, organization, culture, and ways of working, and how they might evolve with the addition of the individual into the mix.

Most major companies have onboarding programs to help individuals settle in. They also increasingly have special programs to aid the inclusion of diverse leaders by plugging them into relevant support communities or networks. Onboarding programs are about the "work," while DEI programs are about the social aspects of integrating into a company, and the two are often designed and delivered by different teams. What is needed is a combined program of *accelerated integration* that does not treat the work and social aspects of integration as separate, but as

interlinked and mutually reinforcing. Our *HBR* article "**New Leaders Need More Than Onboarding"** offers a good starting point for what such a customized program could look like for a new leader.

Every new leader should have a plan, signed off on by their line manager and HR, taking ownership of their own integration into the company. Self-authorship is an important component of ultimate impact, satisfaction, and integration. A program is likely to have elements on self-awareness, the team, wider stakeholder groups, the culture, and elements of taking charge purposefully in terms of quick wins, operational impact, and strategic alignment. The first 180 days are crucial in this regard and should involve check-ins at 30 and 90 days to ensure that the leader is landing and integrating in line with expectations, issues are flagged, open items are aligned on, and necessary interventions and support are introduced as needed.

The *minimum* objective is to seek retention, development, and performance outcomes from diverse leaders that are consistent with the rest of the organization in every material sense. The *aspired* objective should be to increasingly experience the enhanced value that making a diverse hire enables—it starts once the new individual feels included, enabling positive benefits across the whole range of activities that constitute the running of a business (e.g., in the way conversations are held, decisions are made, the organization is led, customers are approached, commercial outcomes are sought, society and stakeholders are engaged, etc.).

The natural progression of this integration across multiple diverse leaders is the evolution of new norms, news ways of working, and eventually a new culture that would be different were it not for the inclusion of the diverse leaders.

D5 The first 180 days

Fundamentals of Accelerated Integration program

Self-authored by leader, signed off by client	Incorporate both business and social aspects of integration and desired impact	Check-in and course corrections at 30, 90-day mark

This concludes the section on **Search 2.0**.

It represents our latest cutting-edge thinking. No client or consulting firm is pursuing or achieving all these aspects to peak possibilities and impact in a globally coordinated and consistent way. That will take time—not just months, but most likely several years. New innovations, technology offerings, and breakthrough thinking may further refine the framework over time.

However, even incremental improvements across one or some of these steps today have been shown to have a positive impact on leadership appointments.

As better practices build up and start reinforcing one another across multiple leadership appointments, clients, and consulting firms, transformative and systemic change could be within our collective grasp.

Our sincere hope here is to shine a light on these possibilities before us, and to inspire others to begin the journey, with us, in earnest.

Search 1.0 vs. Search 2.0

A comparison

	Search 1.0	Search 2.0
The Participants	1. Candidate databases assumed to be largely undifferentiated	1. Candidate databases provide differentiated insights
	2. Impact of consulting firm culture on candidate access not understood	2. Consulting firm culture enhances candidate access
	3. Prior experience dominates consultant team staffing choices	3. Experiences + personal characteristics both inform consultant staffing
	4. Assuming DEI skills (or lack of) of consultants won't impact outcomes	4. Evaluating for DEI passion and knowledge in consultant staffing
	5. Hiring (Client) team chosen solely for relevance to hiring decisions	5. Hiring relevance + diversity both inform hiring (Client) team make-up
The Plan	1. Prior hiring experiences guide hiring team actions	1. Prior experience + DEI sensitization guide hiring team
	2. Search strategy precisely defined to acquire crucial experiences	2. Search strategy expanded to be inclusive and enhance choice
	3. Role specification unrealistic, not customized or well socialized	3. Role specification compelling, balanced and socialized
	4. Strong efforts to ensure a diverse candidate slate	4. Interviewing doesn't commence unless candidate slate is diverse
	5. Increasing tendency to only consider diverse candidates	5. Ensuring a "no active or positive discrimination" policy

	Search 1.0	Search 2.0
The Execution	1. One-page candidate profiles are not anti-bias checked or inclusive	1. One-page candidate profiles are anti-bias checked and inclusive
	2. Diversity statistics not agreed upon, narrowly defined and poorly tracked	2. Diversity statistics agreed upon and consistently and prudently tracked
	3. Lived experiences explored inconsistently or in isolation	3. Lived experiences tied back to leadership and team impact
	4. Candidates supported to ace interview	4. Candidates given feedback on role, client culture and self-awareness
	5. Interview approach inconsistent and constraints driven	5. Interviewer training and interview experience a point of differentiation
The Selection	1. Candidate calibration rushed; elimination focused	1. Candidate calibration nuanced; strengths and trade-offs focused
	2. References taken late, and subject to confirmation and other biases	2. References taken throughout process, by trained reference takers
	3. Psychometrics not taken or used as an evaluation tool	3. Psychometrics used to enhance awareness of traits and preferences
	4. T&Cs not customized, and suggest conformity expectations	4. T&Cs avoid pay gaps, and customized to attract diverse talent
	5. Work & social integration separate and on agreed templates	5. Joined-up accelerated integration authored by leader

Invitation to the Search 2.0 Index

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We are also excited to launch the Search 2.0 index. Every organization that cares about DEI and leadership for a better world is invited to participate, to take stock of where they currently stand in terms of embracing best-in-class practices in line with the challenges posed under Search 2.0.

One designated person from each organization can apply to participate. The application can be made via a simple web form on the Egon Zehnder Search 2.0 microsite at www.egonzehnder.com. Egon Zehnder will then approve and provide the designated person with further details and links to allow them and their colleagues to participate.

We welcome applications from across the world.

Large multi-national organizations e.g., conglomerates, private equity companies etc. may in some cases want to make multiple applications if they want to explore how they are doing across a particular region, division, or portfolio company, for example.

A minimum of 5 completed responses will be required from any organization to receive a valid index score. We recommend that designated persons invite participants based on the degree of their influence and relevance in senior leadership appointments. The index questionnaire should take no more than 20 minutes of individual participant time to complete.

Each organization will receive an automated Search 2.0 Index report 3 weeks from the approval of their application to participate.

The report will contain summary participation statistics, a total index score (maximum score of 100), which in turn will be broken down into 4 sub-category scores (maximum score of 25) and 20 individual scores (maximum score of 5). In addition, there will be a segment on currently prevalent biases and current focus areas in terms of underrepresentation, and associated commentary for all the above.

The Search 2.0 Index report will provide organizations with a clear line of sight in terms of where they stand, and what may be getting in the way of progress. We recommend participating in the survey at least once, and preferably annually, for the next five years, to track progress, celebrate successes, learn from shortcomings, and embed improvements. Participation is currently free of charge, in the interest of disseminating the ideas and approaches proposed in Search 2.0 to the widest possible global audience.

We hope the index serves not as the culmination, but as the starting point of many valuable DEI endeavors over the coming years. Once the findings are discussed internally, organizations may want to take a deeper dive and discuss ways to unlock superior performance, and compare progress with relevant global benchmarks, guided by expert practitioners.

Your Egon Zehnder Team

Search 2.0

powered by EgonZehnder

Our personal worldviews and core beliefs guide our thoughts and feelings on leadership appointments. These are subject to all manners of cognitive biases, and influenced by our own group affiliations. Efforts towards greater diversity are too reactionary, and often dependent on pressures from various stakeholder groups. Most organizations find themselves caught in a vortex of addressing a narrow set of diversity priorities and fighting the battles of today, rather than being future-proof, thoughtful and comprehensive.

Tackling all of the above and much more, **Search 2.0** is the new gold standard.

Applicable across roles, industries, ownership structures and geographies, it provides societal and situational perspective and conducts an open-heart surgery on each step involved in leadership appointments. With inclusivity at its core, it doesn't exclude any leader or seek predetermined outcomes.

Search 2.0 sets the bar for all leadership appointments, not just those focused on diversity enhancement.

Get ready for the upgrade!

About the Author

Satyajeet Thakur is a Partner with Egon Zehnder based in London. He also serves as a Non-Executive Director on the Board of the Royal Air Force of the United Kingdom.