Tech Companies Want HR Execs in the C-Suite. Finding Them Is the Hard Part



Illustration by Danielle Davis.

By Mark Matousek

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Lynne Oldham was impressed when Stash CEO Brandon Krieg flew from Dallas to Santa Barbara just to have lunch with her. Oldham, who was then chief people officer at Zoom, was weighing taking the same job at Stash. And the personal touch sealed the deal—she started at the fintech startup in March.

“The gesture to fly to me was phenomenal,” Oldham said in an interview.

There's no doubt it's a candidates' market for top HR leaders, and some executive recruiters say chief people officer is the toughest job to fill right now. With searches taking longer and longer as the pool of experienced executives gets tapped out, that's leaving tech companies short-handed just when they could use the help the most.

The Takeaway

- Smaller tech companies are increasingly hiring C-level HR executives
- The candidate pool is getting tapped out and searches are taking longer
- Companies are offering higher pay, casting wider nets

HR executives used to sit a few rungs below positions like chief technology officer and chief financial officer, but many are now in the C-suite and even report to CEOs. Their rising profile comes as tech firms manage return to office plans, fight to hire and retain talent, adjust pay packages as stock prices sink, and respond to calls to become more diverse.

Chief people officers, who can command multimillion-dollar annual pay packages, are also taking on more outward-facing responsibilities, helping companies shape their public image and boost their appeal for potential recruits. And tech startups have started hiring senior HR leaders while the companies themselves are still relatively small, which has fueled fierce competition.

"A year ago, I would have said it was still harder to find a chief technology officer, but now I would say it's harder to find a great chief people officer," said Jennie Ellis, CEO of tech recruiting firm Bandwidth.

Meditation app maker Calm, for one, brought on a chief people officer in 2020 when it had around 100 employees. Where startups used to typically wait until they had around 200 employees before hiring for this kind of role, they are now doing so at as few as 20 to 50 employees, said Charlotte Clark, an executive recruiter for Daversa Partners, which made the Calm placement.

Recruiters are bombarding HR executives as a backlog of unfilled positions grows across the tech industry. It used to take around three months to find and hire a chief people officer for a tech company, recruiters estimated, but those searches are now taking at least four to five months. Recent searches at firms including Pinterest and seven-year-old aerospace startup Relativity Space have stretched beyond the five-month mark, people familiar with the searches told The Information. Relativity Space declined The Information's request for a comment. Pinterest didn't respond to a request for comment.

Diane Vavrasek joined New York–based Mojo, which is building a Robinhood-like sports betting app, as chief people officer in in February 2021. She said she received about one reach-out from an executive recruiter per week before the pandemic. Now she receives around four to five. The compensation companies offer has increased around 10% to 15% since the pandemic began, she said, and a higher percentage of roles—around 75%, up from around 50%—report to the CEO.

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Further complicating matters, Covid-19 has made it harder for tech companies to find HR leaders, as chief people officers exhausted by the enormous demands of the pandemic take sabbaticals or leave their roles to work part-time. At tech firms in the Fortune 200, turnover in the role rose to 26% in 2021 from 9% in 2019, according to HR consulting firm The Talent Strategy Group.

Wizard, a 38-employee e-commerce startup founded last year, has been searching for a chief people officer for six months, said CEO Melissa Bridgeford. The search has been challenging due to the large number of candidates who have recently taken a new job or stepped away from the workforce due to pandemic-related stress.

“The supply and demand is pretty out of balance,” Bridgeford said.

When HR software firm Culture Amp was looking to hire its current chief people officer, CEO Didier Elzinga likewise found that some candidates, exhausted by the demands of the prior two years, didn’t want a full-time executive role. Culture Amp hired former Salesforce executive Edweena Stratton in February after a search that lasted around a year, Elzinga told The Information in an email, noting the process was “never going to be quick or easy.”

Candidates are also becoming more selective. Some, having been burned by companies that gave them measly budgets to run their HR departments, will only consider jobs where they report directly to the CEO and can be confident they’ll have enough resources to succeed, chief people officers and recruiters say.

“Many of these roles aren’t set up for success,” said Golbie Kamarei, an executive coach at Kamarei Advisory who primarily works with chief people officers in the tech industry. “Chief people officers who have been in the seat before are evaluating opportunities through the lens of, will I have the resources I need to achieve the outcomes that are being asked of me?”

Hitting Dead Ends

For younger firms eager to bring in somebody with experience leading through different stages of growth, the search can be especially challenging.

When Sanjay Dhawan, CEO of SymphonyAI, a five-year-old enterprise artificial intelligence software startup, joined the company in January, he wanted a chief people officer who had guided a startup from early to late stage, as well as through an initial public offering. It was “really difficult” to find interested candidates with both of those qualifications, Dhawan said.

At one point, Dhawan asked the recruiting firm SymphonyAI had hired to expand its search to people who had worked as a company’s second-highest-ranking HR executive, but none met his standards. “This was one position where I was not ready to compromise at all,” Dhawan said. Ultimately, Dhawan was able to tap Jennifer Trzepacz, who most recently was an HR operating partner at Wildcat Venture Partners and had a range of experiences in top HR roles at both pre- and post-IPO

tech firms.

Some CEOs and recruiters have responded to the tough competition by raising compensation. Recruiters said pay for chief people officers, which has historically lagged behind that for other C-suite roles, has been catching up. But the gap hasn't closed entirely.

For example, Qualcomm's chief human resources officer, Heather Ace, was awarded around $5.7 million in total compensation for 2021, more than $1 million less than the company's five other named executive officers, according to Qualcomm's 2022 proxy statement. Uber's chief people officer, Nikki Krishnamurthy, made $5.2 million for 2020, more than $6 million less than the four other named executive officers who worked at the ride-hailing firm for the entire year, according to Uber's latest proxy statement.

And higher pay can only go so far in a hiring market that's tapped out, so tech companies may simply have to be more open-minded.

"What we try to do is coach our clients to think more about people who could be the chief people officer but have not yet done it," said Sally Thornton, CEO of Forshay, which recruits chief people officers and provides executives to fill that role on an interim basis.

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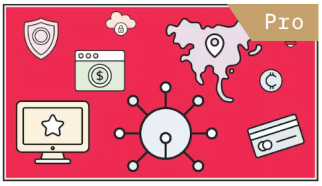
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