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THEY'VE GOT TALENT

Some employers are finding talent shows offer big returns in employee engagement and morale, though the practice does have its critics.

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Human Resource Executive®

Pam Kimmet, head of HR for Coca-Cola Enterprises, with members of the executive leadership team, including CEO John Brock, far right.

As CHROs ENTER INTO A WHOLE NEW STRATEGIC DOMAIN AT THE TOPS OF ORGANIZATIONS, LEARNING HOW TO BUILD RELATIONSHIPS WITH THEIR EXECUTIVE TEAMS BECOMES PARAMOUNT.

Trust at the Top

BY MAURA C. CICCARELLI

In this rollercoaster economy, employees can make an organization sink or swim. Is it any wonder, then, that chief human resource officers are increasingly being called upon to serve as trusted strategic business advisers, coaches and confidantes to the entire executive team, and championing approaches and initiatives to ensure human capital can best serve the business goals? Are CHROs really ready for that expanded executive-team role that is solidly based on trust?

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Trust at the Top

**EXPERTS WEIGH IN ON WHAT'S WORKING, AND WHAT ISN'T,
AS CHROs GRAPPLE WITH THEIR INCREASING PRESENCE IN THE
C-SUITE AND THEIR NEED TO FULLY CONVERSE AND ENGAGE.**

continued from cover

With the profession in flux, there's much to be learned from a new breed of CHRO who has direct impact on business strategy. Take Pam Kimmet of Atlanta-based Coca-Cola Enterprises Inc., who joined the company in 2008 as senior vice president of human resources after 25 years at Bear, Stearns & Co. Inc., Lucent Technologies and Citigroup. Last year, when she was asked to contribute a chapter on building a better relationship with the CEO for a book entitled *The Chief HR Officer: Defining the New Role of Human Resource Leaders*, she broadened the scope to include the entire senior leadership team.

"You can build the strongest relationship on the earth with your CEO, but if you don't have good lateral relationships, you're not going to be as effective as you can be," she says. "The biggest stumbling block [is when] people say they want to derive their power from their relationship with the CEO. You derive power to get things done and make a positive difference by having legitimate relationships with all of your senior colleagues.

"When you can have the magic of a team trusting each other and enjoying working well with each other," she adds, "there is no better professional or personal experience. I know that sounds really hokey, but it's really true."

Getting to that place of trust is the challenge for many CHROs who built their career on functional experience moving up the HR ladder. They find themselves stuck in a credibility gap, unable to relate to and articulate business concerns that would resonate with their fellow top officers. Their relationships in the C-suite seem to be suffering from the trust factor—or lack thereof.

So the question is, How do CHROs and rising HR executives build those strong relationships?

According to experienced CHROs, academics and consultants, the key is to develop the business knowledge and interpersonal skills needed to be effective on the executive team, and know how to avoid pitfalls and traps along the way.

Changing Roles

According to the 2011 *Chief Human Resource Officer Survey* conducted by the Cornell Center for Advanced Human Resources Studies, CHROs reported spending around 14 percent of their time with the CEO, 13 percent with individual executives and 9.5 percent with the executive team as a group. These connections comprised the largest component of their day after time spent with HR individuals (18 percent). That tells you how important those executive team/CEO connections are to today's CHRO.

As for roles in 2011, CHROs reported spending around 18 percent of their time as strategic adviser to the executive team and 16 percent as counselor/confidante/coach to the executive team.

As study co-author Patrick M. Wright says, the change started happening in the late 1990s after a study by McKinsey and Co. that coined the term "the war for talent" and spawned a book of the same name. That same year, 1997, the role human resource executives would play at the top of companies was further fleshed out in Dave Ulrich's book, *Human Resource Champions*.

"It used to be that the CHROs were not part of the team, or if they were, they would have had limited scope largely around the counselor/confidante/mentor role," says Wright, professor of strategic human resources at Cornell University's School of Industrial and Labor Relations in Ithaca, N.Y.

"From an evolutionary standpoint, the role has moved from strictly personnel management to a legitimate part of the business and legitimate member of the C-Suite," adds retired General Electric Co. Senior Vice President of Human Resources William J. Conaty, co-author of *The Talent Masters: Why Smart Leaders Put People Before Numbers*. The CHRO is "someone the CEO relies on for the human capital side as much as [he or she relies] on the CFO for the financial side.

"While the perception of the function has changed, it still has a way to go," he adds. "There are still CEOs who look at HR as an administrative/background personnel function and then there's the CEO who looks at it as a whole piece of the business' effectiveness," Conaty says. "If the CEO has high expectations for the function, then you'd better have an HR leader who can stand up, weigh in and fill that critical role."

It's especially critical for consulting organizations. "At Accenture, where the people are our product, HR and finance have to be completely joined at the hip," says CHRO Jill Smart, who is based in New York. "When the finance operations are [making their financial forecasts], that translates for me directly as the resource of talent."

As a member of the executive team, Smart regularly provides a talent-resource forecast, knowing metrics are what win over doubters in the C-suite. (See sidebar for more details.) Her forecast can't be done just once a quarter because it constantly evolves as the company's clients and the economy evolve.

"Folks on the operating committee have no interest in HR, per se," says Peter Cappelli, professor of management and director of the Center for Human Resource Management at the Wharton School of the University of Pennsylvania. "For them, it's about making money. It's about cost and performance. All the stories and arguments have to be phrased in those terms."

For example, when introducing a new HR training program, making the argument in business terms is more effective, he says. "I don't think [many



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—PAM KIMMET, SENIOR VICE PRESIDENT OF HUMAN RESOURCES FOR COCA-COLA ENTERPRISES INC.

To prepare for that leading HR role, getting experience understanding the challenges of the business is a key factor for C-suite success, says Conaty. At GE, one of the first things he did was work with CEO Jack Welch to develop a new vision for the HR function. That vision led to a robust leadership program that gave all HR managers eight-month assignments in a cross-functional role in the finance operation. For example, HR folks would get hands-on experience in corporate audit and would help analyze five or six different operations’ specific business challenges, issues and opportunities. They learned, he says, the key financial levers and how HR impacted them.

Building Relationships

Once you’ve mastered understanding the business, then it’s time to work on the softer—but no less significant and strategic—side of relationship building. That starts with trust.

“[As] a senior HR leader, [you have] a set of products and services that you have to make certain your function

is delivering effectively,” says Coca-Cola’s Kimmet. “You’re also a member of the senior leadership team and that requires you to build the trust and confidence with your colleagues that you are intimately knowledgeable about the business and that you are willing to be part of the team.”

In his research, Wright of Cornell has found that trust is at the root of successful team relationships.

“The CHRO has an increasingly special relationship with the CEO. One of the reasons for that is that the CHRO is the only executive not gunning for the role of the CEO,” he says. “That relationship is much more transparent and trusting because [CEOs] don’t have to worry that [their] HR person is taking their job. Just

CHROs] are very good at it. As a result, they’ve gotten themselves into a hole and they are getting into cost arguments.”

That’s why CHROs should make the long-term argument that professional training is a short-term investment toward increased quality in the long-term.

Adds Kevin Cashman, senior partner of Korn/Ferry International’s Leadership and Talent Consulting business, and a member of its CEO and board service practice, based in Minneapolis, “As an HR leader, you have to have a CEO/general management/enterprise leadership mind-set, meaning you have to think business strategy all the time versus thinking as a specialist. You have to think across the whole enterprise and begin the process of really transcending HR leadership and moving into enterprise leadership.”

about every other role is someone with ambition to get that CEO role.”

Kimmet advises CHROs to be authentic and genuine, and not political, to gain the trust of fellow executive-suite members. “I have seen people be very political and try to use information that colleagues share with them in ways that further either their own agenda or someone on the senior leadership team’s agenda by forming factions or camps or different political maneuvers. And, every single situation I witnessed that occurring in has never ended well.”

It has ended, she says, with broken trust: The HR person became less effective because people came to believe they couldn’t take a serious issue to the CHRO and trust that it would be handled appropriately. “If that breaks down for you as an HR leader, then you’re not able to deliver on the value of what you’re supposed to do for your CEO,” she adds.

Building trust doesn’t mean avoiding direct confrontation with CEOs and the rest of the team, however.

“Don’t compromise your directness,” says Cashman, who wrote the book *Leadership from the Inside Out*. “Spend the emotional equity you’ve built through the relationships to get deeper trust. That trust gives you the right to give them the tough feedback and the information they need to move forward. That’s caring directness. Ultimately, senior leaders respect that the most. They’re getting information that they’re not getting elsewhere and that really adds a lot of value to them.”

When you look at companies that made poor strategic decisions, says Wright, you’ll find that, 60 percent to 70 percent of the time, it is the hubris of the CEO who thought he or she could make the merger work or that it was rank opportunism to earn a bigger bonus or create a “legacy” for the company and their resume.

“One of the major responsibilities of the CHRO is to be able to identify when executives are beginning to move into the dark side ... of being self-interested rather than organizationally focused,” says Wright. “At GE, Bill Conaty was the guy who threw the darts at the CEO at meetings. He had to model that it’s OK to confront the CEO but to maintain the reputation for being independent. That’s one of the reasons why people keep talking about courage being so much more important in the HR role than it once was. You have to be willing to take a stand and ask, ‘Is this really about the organization or is it about you?’”

It’s also about developing relationships that go beyond the C-suite meetings. Smart of Accenture relates that it’s important to spend time with other executives, not just when there’s something to discuss such as payroll or bonus plans.

“Set up an hour a month that is just to talk about what’s on your mind, what’s keeping you up at night,” she



Metrics Rule

As many HR leaders have discovered in recent years, metrics have become a critical part of their job and contribute greatly to their place at the executive-team table and their abilities to converse and relate in meaningful ways.

In *The India Way*, Wharton professor Peter Cappelli compared the HR data collected by U.S.-based companies against how Indian companies approach metrics.

“Indian companies measure tons more than U.S.—retention, turnover, morale, absenteeism, training, etc.,” he says.

But why aren’t U.S. companies measuring as much? According to Cappelli, “It’s a different skill set for the HR department. There’s a tendency for people to go into HR if they have an interest in psychology.” In other words, he says, they are not data-oriented. However, successful CHROs have embraced metrics as part of their required skill set.

At Infosys, an IT consulting firm based in India, Senior Vice President of Human Resources Nandita Gurjar says she tracks gross margin of her company’s people costs around the world. That means analyzing what percentage of locals they will hire in a particular geography and what the processes around hiring visa-dependent people are.

Another metric is the average retention age of their employees. “We watch to see if the retention age is dropping or increasing. We want to make sure people stay longer in the organization” because that leads to higher productivity, more value to their customers and, in the end, higher revenue.

They create a five-year model of the employee-experience pipeline and that helps Gurjar gauge whether they have the right culture that will continue to attract the right people. Her “people dashboard report” shows the conversion rates for hiring in various areas such as North America and details what HR is doing right and not doing right, which is critical because not hiring enough people on time will hurt the trust its clients have in Infosys.

Although all the data is business-related, that doesn’t mean softer areas such as culture and values are not addressed because, as she says, they are “not touchy feely topics”—instead, they lead to real conversations about how the company may need to fix a culture in a particular area because the behavior is not aligned with its professional values and doesn’t contribute positively to the bottom line.

says. “It’s the time for big-picture thinking, not related to a fire drill or something that’s date-driven.”

Kimmet’s chapter in *The Chief HR Officer* sums it up nicely in these major categories:

- Get to know your boss, senior colleagues and your team by spending time talking with them about the business in formal and informal discussions; don’t forget to talk about the personal to find mutual connections.
- Establish clear expectations about work style, communication preferences and role definitions.
- Deliver on your commitments regarding key deliverables and project timelines.
- Demonstrate trust by keeping the right partitions on information, never

violate confidences of any executive team member and develop guidelines with the CEO on how the information you two discuss is shared.

- Be open and honest and willing to have tough conversations; demonstrate courage in this area to do your job effectively and serve your team or the company appropriately.
- Maintain a balanced perspective in your role as the “organization’s conscience.”
- Regularly check in and solicit feedback, especially from your boss, to help calibrate your own sense of the relationships you’re forming.

Learning the business and developing the skills to implement strategies such as these will depend a lot on whether the CHRO sees himself or herself as complete or still a work in progress.

“It’s a difficult question whether leaders are born or can be made,” says Nandita Gurjar, senior vice president and group head for human resources at international IT company Infosys, based in Bangalore, India.

The first skill set is to be a good people person, but not to the exclusion of other skills, such as understanding the business and communicating metrics, which are important in Gurjar’s people-focused industry. “If I hear someone say, ‘I’m in HR because I love people so much,’ that sends up a red flag for me.”

Adds Cashman, “From 360 research done around the world, coaching and developing people was rated at the lowest competency, but is rated in 360 assessments as the most important. If you are the CEO of talent, better be a master of coaching people upward, across and downward.”

When It isn’t Working

Some relationships just don’t work, no matter how hard you try. Kimmet says it could stem from other executives not respecting the role you serve, not wanting to spend time on HR issues, or viewing you as competition—especially if they stake their C-suite position on their own relationship with the CEO.

“I prefer being direct,” she says. “I may ask others who that individual respects how to get things on a different footing. I try to never run to the CEO—that is inappropriate and abusing your relationship.”

And, if it’s a case of a person who isn’t working well with lots of people, then that’s an issue HR knows how to address through its own processes.

Conaty advises CHROs to get out of the mind-set that they are going to become the most technically competent HR person and instead “make sure that you’re expanding your horizons to the point where you’re really getting inside the head and shoes of the business leaders and providing support.”

A final piece of advice from Cashman is an adaptation of a quote about change from the Buddha that was later popularized by Gandhi: “Become the leader you wish to see on the senior team.”

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