



A Russell Reynolds Associates Series

Leadership for a Changing World. Articles in our *Leadership & Talent* series address key issues companies face in creating effective talent management strategies—to identify, develop and retain successful leaders and leadership teams.

Delivering Global Talent in a High-Velocity World— What CEOs Look for in a CHRO

The CHRO's responsibilities have expanded to include the creation of competitive advantage by attracting, developing, and retaining top talent. Instead of hiring an employee relations manager to run the functions, CEOs look for a leader who can anticipate business problems and deliver human capital solutions that produce measurable results.

In today's business world, the requirement for a strategic business leader in the role of CHRO has not changed. What is different is the velocity of global competition. CEOs want the most creative, innovative talent, and the new CHRO must be able to find that talent—not just in his or her own country but on every continent; align them with the company's culture and values; and over months, not years, lead diverse people in the international settings to execute as a unified team.

HR Disciplines That Create Efficiency and Competitive Advantage

Even in today's HR, however, the need to run efficient operations remains at the forefront of every CHRO's responsibilities. When a talent officer spends all her time managing operations, the CEO loses a leader who can focus on human capital strategies and the value that talent development brings to the business.

For example, by staying connected to the sales and marketing leadership of a company that is losing market share, the CHRO stays aware of the opportunities and challenges for personnel. The CHRO has the capacity

to perform the analytics on the sales force and produce recommendations, supported by data, detailing whether the team is too small or underperforming. If a better talent pool is the answer, the CEO looks for a CHRO who can then recruit the new talent within the economics of that business and train and deploy the new team into the marketplace.

Experienced Leadership that Demonstrates Attention and Informed Courage

CEOs want a CHRO who has operated at the board level and contributed to the financial and cultural success of previous organizations.

Success in providing value to a CEO comes from understanding what he means versus what he says. The CHRO has the abstract reasoning to take in the CEO's ideas and quickly develop a thesis around the solution sets that will affect the business, and his ideas resonate with other leaders.

The CHRO who is a respected leader also possesses the courage to offer solutions. When the CEO says, "I want to double the share price of the company," the CHRO needs to be able to provide an informed answer: "Exactly

how do you expect to do that? I've looked at our equity and it's fully priced. Our P/E ratio is above that of our main competitors. The only way we can do this is through a merger. That's the only way we can double the share price."

A Culture that Empowers the Team

Building a culture starts with communicating a clear business strategy to every person in the organization so they understand how to contribute. The CHRO provides the right words and venues for the CEO to articulate what success means to an organization.

The personal style in which the CHRO cultivates a culture determines if the efforts produce results. The culture of the company and the cadence of activities within a company are directly correlated to the life cycle of what that company produces.

In retail for instance, the pace is quick; decisions and changes happen quickly. When the CEO of a retail company says she wants an HR officer who can drive change, that person has to be nimble and adaptive. Conversely, if a company has a large capitalization and long-cycle product, if the CHRO tries to make changes too abruptly,

the HR chief will damage relationships and his ability to strengthen the overall business.

Should a Great CHRO be Raised or Recruited?

HR, which owns succession in a company, should be thoughtfully building succession within its own group.

When the right successor to the CHRO doesn't exist within HR, companies often put an internal, non-HR executive into the role. If a CEO is not convinced that an HR officer is sufficiently connected to the business, she often places an executive without HR training into the CHRO seat, surrounding that leader with subject matter experts. This approach can broaden an executive's experience, provide deeper insight into the entire company, and help prepare the person for a possible succession into the CEO's office.

The two most powerful reasons CEOs hire outside their organization is that no successor is ready or a company

has become too insular. When an organization needs new ideas and change, an external candidate, whether for the top HR job or one of the top lieutenants, can fill the technical, experiential, or relational gaps in the leadership team and provide the spark of new perspective.

The Measurement of a CHRO's Success

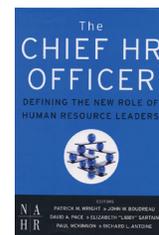
Ironically, one of the greatest marks of a CHRO's performance is recruitment of an organization's people by outside companies. Companies with strong CEO and HR leadership—organizations like General Electric and Goldman Sachs—become known as talent academies, and these alumni become highly sought-after candidates. The more aggressively other companies try to recruit people, the better the proof is that a CHRO is fully developing the organization's employees.

The role of CHRO is to deliver global talent, keeping pace with the high velocity at which needs and opportunities arise in today's organizations. The

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result of CHROs whose human capital solutions match what CEOs look for, is in fact, simple to measure: they grow investor wealth.



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