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# Inside the Mind of the Chief Human Resources Officer

## Introduction

Jennifer Weber, chief human resources officer (CHRO) for Lowe's Companies, Inc. has all the qualifications you might expect from a top-level HR executive – and then some. Before joining Lowe's in 2016, Weber was executive vice president of external affairs and strategic policy for Duke Energy Corp.; a position she took after 20 years as an HR consultant and practitioner, including CHRO for Duke Energy.

Moving out of HR for a season was "daunting," Weber told attendees at a 2015 conference.<sup>1</sup> However, it was ultimately an opportunity that allowed her to test her mettle and prepare for a role at a larger company.

Based on the traditional expectations of CHROs, Kathleen Hogan was a surprising choice for the top HR role at Microsoft Corp. Before being hired in 2014, she was corporate vice president for worldwide services and chief operating officer for worldwide sales. She never held an HR position, yet Microsoft CEO Satya Nadella saw her "as the right person to push our cultural transformation" regardless of functional experience.<sup>2</sup>



<sup>1</sup> <https://www.youtube.com/watch?v=5ABGs1zstn0>.

<sup>2</sup> <https://news.microsoft.com/2014/11/10/microsoft-evp-lisa-brummel-to-retire-at-end-of-year>.

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## Route to the Top

As these recent case studies show, companies are increasingly looking for well-rounded HR leaders with a range of experiences across departments and business units. That is in large part because HR has become a cornerstone of leading organizations: a team that drives culture as a competitive advantage, helps the CEO stay in touch with employees, and girds the company for success in the ubiquitous “war for talent.” In fact, a recent *Harvard Business Review* article suggests the CHRO may have more influence than any other direct report to the CEO.<sup>3</sup>

With this new profile come new routes to the top. The classic path to CHRO is a linear series of upward moves come within HR: Recruiter to HR generalist to HR business partner to regional head of HR, and so on. While many CHROs are still successful on that path, Russell Reynolds Associates’ analysis of Fortune 100 CHRO biographies reveals that a large percentage are increasingly taking on non-traditional leadership roles along the way.

More than one in four has held a general management role in a business unit, 21 percent have held a leadership role in finance, and 10 percent a sales or marketing role. Nearly 30 percent have held a significant international leadership assignment – likely a reflection of the growing global nature of large organizations.

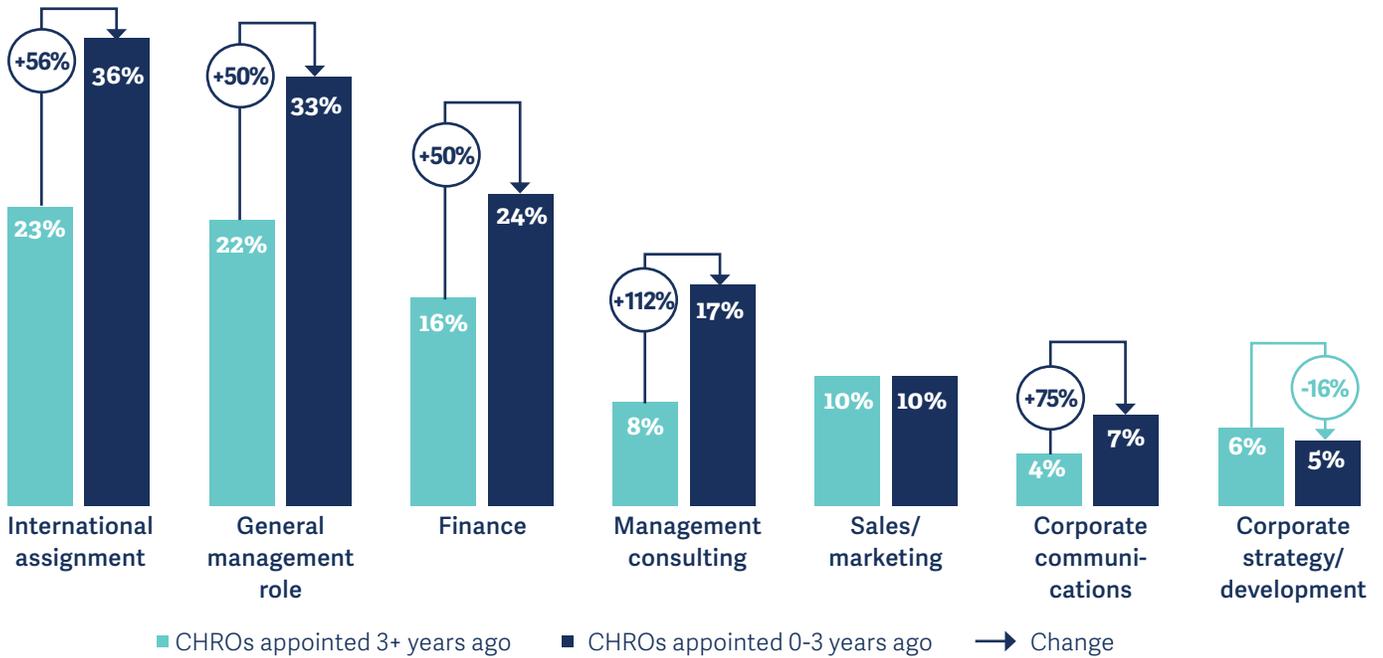
### F100 CHROs – Non-HR Leadership Experience



<sup>3</sup> <https://hbr.org/2017/05/why-more-executives-should-consider-becoming-a-chro>.

Looking at CHRO appointments across time, it is clear these trends are even more pronounced among more-recently appointed HR leaders. We observe a 56 percent increase in international experience among newer CHROs compared with longer-tenured ones, for example, and similar upticks in general management and finance experience.

**Non-HR Leadership Experience**



While general management roles can give CHROs a broader view of the organization, our analysis suggests that leading specific areas of human capital – such as Learning and Development (41 percent), Compensation (36 percent), and Diversity and Inclusion (10 percent) – are also an essential element of a career in HR. While a small majority of Fortune 100 CHROs have served as a regional or divisional head of HR, it is clear those roles are by no means a required stop on the route to the top.

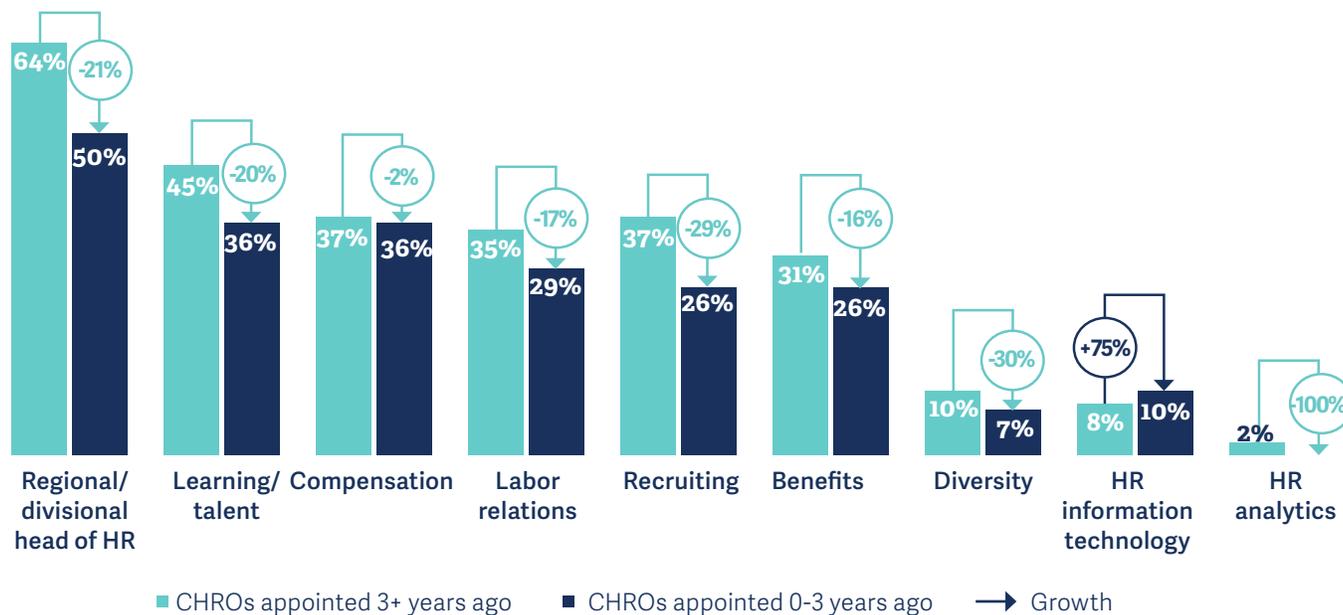
**Fortune 100 CHROs – Traditional HR Leadership Experience**



### Shifting Winds?

Comparing the backgrounds of recently-appointed CHROs to those appointed three or more years ago, there is a decline in almost all traditional HR experiences. Only half of those appointed in the last three years have been a regional or divisional HR head, for example, compared with 64 percent of those appointed in earlier years.

#### Traditional HR Leadership Experience



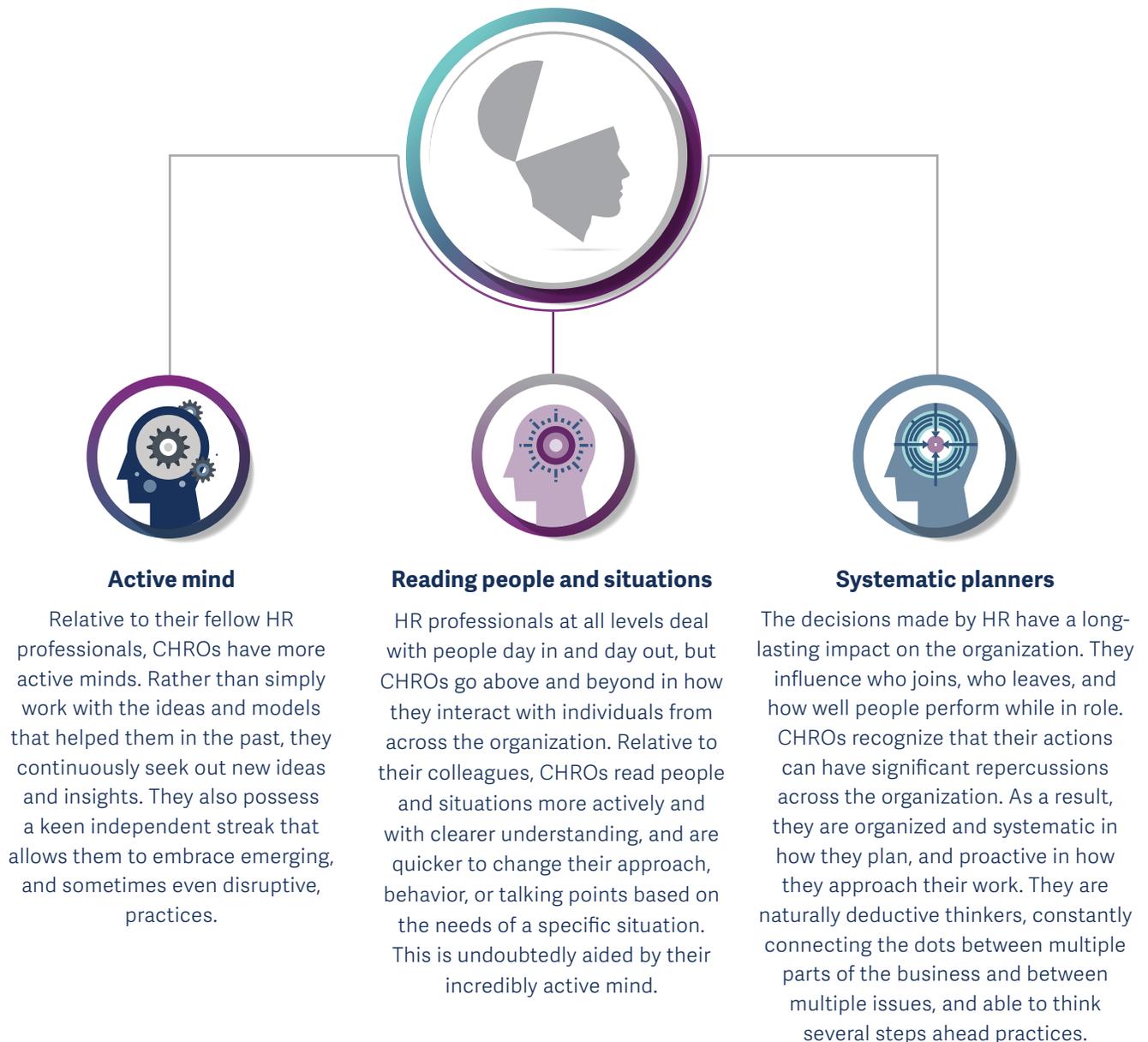
A notable exception to the trend away from HR leadership roles for CHROs is the uptick we observe in those leading HR Information Technology efforts. While the numbers are still small, this increase likely highlights the growing emphasis many organizations now place on HRIT systems, such as employee information databases, payroll systems, benefit administration, and performance support tools. If so, it is likely that an increase in HR Analytics – which showed a large percentage decline on small numbers – will soon follow.

## Inside the Mind of the CHRO

To better understand CHROs, Russell Reynolds turned to our proprietary database of psychometric profiles of nearly 9,000 executives, and compared information on current CHROs against more junior human resource professionals, as well as other C-suite executives. The data shows that CHROs are unique, demonstrating psychometric traits clearly different from their colleagues.

### STANDING OUT WITHIN HR

Only a small percentage of HR professionals will ever become a CHRO. What separates these individuals from their HR colleagues?



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## STANDING OUT WITHIN THE C-SUITE

HR professionals deal with a diverse array of constituents and stakeholders throughout their career, including essential partnerships with business unit heads and those who lead other functions. Once an HR professional rises up to the CHRO spot and enters the C-suite, they have the added challenge of finding their place on the executive team. Based on an analysis of CHROs and other CxOs, it is clear that CHROs have unique psychological traits that they bring to the table.



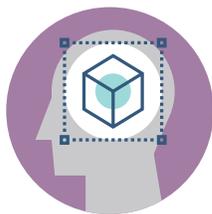
### Independence of Thought

As mentioned earlier, CHROs have active minds. They are stronger deductive thinkers than their peers; constantly seeking out new ideas, and connecting dots between various parts of the organization, between different people, and most crucially, between different opportunities. They read people and situations well, and can develop a clear-eyed assessment of what is really going on. Notably, they possess an independence of thought that is especially valuable in the C-suite, reducing their likelihood of falling victim to groupthink.



### Practical Empathy

Not surprisingly, as the member of the executive team most focused on people, CHROs are naturally more caring, more sensitive, and more supportive than their fellow leadership team members. They are naturally more responsive to “people problems” in the organization. They can bring to debates and discussions an especially valuable understanding of how a specific decision or action will be interpreted by the workforce, and what the impact will be on morale and retention.



### Stabilizing Influence

Lastly, and perhaps most importantly, CHROs are a stabilizing influence on the executive team. These are individuals who have spent their careers dealing with heated, emotional situations, and they understand how to make people feel listened to and engaged with. CHROs have some of the strongest active listening skills among members of the C-suite, making them especially valuable sounding boards and advisors within the senior ranks.

## What's Next for CHROs?

Research on successful executives is increasingly showing that leaders who thrive at the senior-most levels of organizations are able to manage competing sets of competencies – pairs of psychological traits that, on their face, seem to contradict each other. They can be both pragmatic and disruptive, reluctant and risk-taking, vulnerable and heroic, and connecting and galvanizing. We call these four pairs of traits Leadership Span.

Leaders who can “span” are able to be high-level, long-term performers, more so than their peers. They are able to flex and adjust for changing circumstances, inside and outside their organizations. They can change and grow as their companies, markets, competitors, and customers shift.

Several of these characteristics will be critical for CHROs in the future:

As companies position themselves for innovation, CHROs will need to be more **risk taking** and **disruptive**. This isn't to say that they take their eyes off the risk management aspects of their job, or make foolish and ill-advised moves, but that they think about how HR can enable disruption, and how the company can support new hires who are perhaps significantly different than the typical employee. Being risk taking and disruptive builds on their natural proclivity to push back against group think.

As organizations enter into more alliances, and transform themselves from single monoliths into networks of organizations who share common goals, CHROs will need to help the organization become more **connecting**. Existing efforts to build networks within the company will need to shift to focus on building networks across organizations. HR professionals will need to rethink their approach to helping employees come together on common goals, even if they don't share common employers. Being connecting builds on their tendency to be good listeners and to make the workforce feel heard and represented in the corner office.

### Differences Between Male and Female CHRO Backgrounds



Male CHROs are more likely to have general management experience...

**31%**

**22%**

But female CHROs are substantially more likely to hold an MBA...

**26%**

**61%**

And more likely to hold a degree from a top-25 ranked program.

**28%**

**44%**

## Considerations for CEOs?

Given the growing complexity of the role, CEOs face a number of vexing questions when selecting a CHRO: Are we looking for a CHRO who will reinforce our existing culture, or help create a new one? Do we want a CHRO with experience outside of HR? Should we look for candidates with experience in emerging areas, like HRIT and HR Analytics?

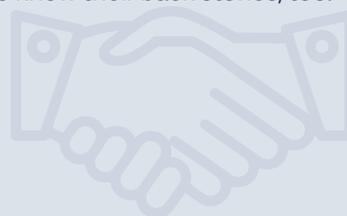
While not all CHROs will have such non-traditional components to their career paths as Weber and Hogan, almost all modern CEOs are looking for CHROs who can wear multiple hats:

### A Strategic Challenger

Every executive who moves up to the C-suite faces the challenge of switching from a laser focus on tactical and performance issues in one part of the business to a broader focus on strategy for the whole enterprise. They also need to be able to push back against ideas and proposals when appropriate. CHROs need to demonstrate not only this strategic mindset, but also a fluency in business operations, product offerings, competitive forces, and market dynamics – issues they might not have been exposed to earlier in their time in the organization.

### A Thoughtful Role Model

A CHRO is often perceived as the human face of the executive suite; someone who should be well-attuned to the attitudes and morale of the workforce. This is the executive most likely to not only know employees by name, but to know their back stories, too.



### A Culture Creator

Hand-in-hand with being a thoughtful role model, CEOs also expect a CHRO, perhaps more than any other C-suite member, to be a culture carrier. CEOs recognize the truth in the phrase “culture eats strategy for breakfast,” and understand that who the company is significantly impacts what it can achieve. CHROs play an essential role in creating and nurturing a strong corporate culture; one that lets people perform at their best while achieving strategic objectives.

### Disruptors and Innovators

If an organization is going to be innovative and disruptive, its senior leaders must be, too. CHROs can help not only position the workforce to be successful in the future, but help grow and develop fellow C-suite members to be able to lead the organization in the future.



<sup>4</sup> <https://blogs.microsoft.com/blog/author/kathleenhogan/>, <https://blogs.microsoft.com/blog/2016/04/11/ensuring-equal-pay-equal-work/>

## Conclusion

Does your CHRO succession plan or search criteria match the commercial needs of your business? Our research discovered that companies increasingly look to appoint business leaders with general management, finance, and international experience.

When Microsoft CEO Nadella publicly stated his intention to create a culture that embraces diversity and inclusion, Hogan was ready to oversee the expansion of parental leave benefits, an increased 401(k) match, and adding Martin Luther King Day to the roster of company holidays. More importantly, she was the leader capable of changing the culture. In 2016, she announced new data on pay rates by race and gender, illuminating the progress the company had made toward equal pay across all categories.

Today's CHRO is a strategic partner, operational expert, thoughtful role model, and a curator of culture. They produce tangible results that reinforce and advance CEOs' strategies. While not every CHRO will have the same opportunity Hogan did to make headlines, effective ones are ready to make measurable impact CEOs can highlight with the Board and every employee.

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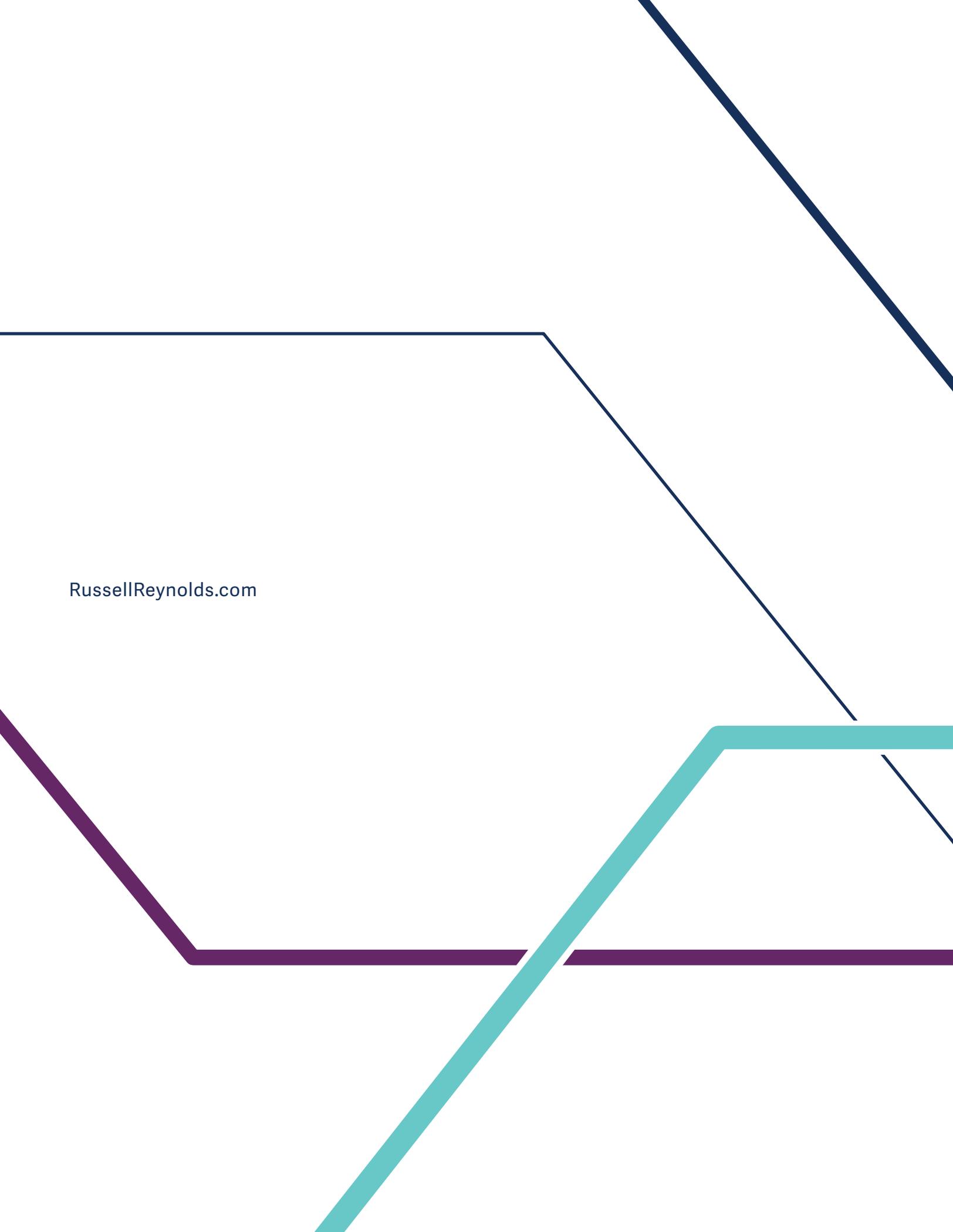
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