

## Why your top HR executive should be on the board

Chris Seabourne states that one of the main reasons why there should be a dedicated HR professional on the board is to ensure that people are always at the top of the agenda.



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So much has been written and spoken about HR management in the last 30 years that it is easy to forget why the job was invented in the first place. A plethora of jargon has surrounded the function from its earliest days and this has certainly not helped clarify its role.

The phrase 'human resources' was perhaps not the most promising of starts with its

overtone of using people in the same way as one might a seam of iron ore or a packet of paper clips. This has been followed by 'human capital', 'talent management', 'organisation development', and 'organisational effectiveness'.

"Because most of the people you have hired are bright, they start to notice that there is a growing gap between the words spoken about them by their leaders and what is actually happening to them every day." Ultimately a company lives or dies according to the quality of the people who work for it. Most companies want to make the best of the people they employ and most people want to be recognised by others and be fulfilled in their work – this should form a virtuous circle of mutual dependency.

However, the forming of this circle requires effort on both sides. Too often people-related issues are neglected as senior management fight fires in the market or problems in production. Because most of the people you have hired are bright, they start to notice that there is a growing gap between the words spoken about them by their leaders and what is actually happening to them every day. Soon they will consider leaving you for your competitor or worse, they will stay and moan about you and the company, and miss their performance targets. Of course none of this applies to you or to your company.

You have people right at the top of your agenda, you're winning in the war for talent; you have models, plans, programmes, values and events which place people at the heart of everything you do. You've even won awards for it.

### Questions, questions

So why should you be worried? Well, ask yourself a few simple questions: what is the real difference between you and your competitors? No, the real difference, not the stuff you tell your customers. Could it be your people? What percentage of your costs are employment-related? I'll bet it's a big number. How much time do you spend on people issues at monthly board meetings? I'll bet it's a small number. Is your top HR executive even on the board?

I've come to believe that there is an inverse ratio between the number of times a CEO says "people are our most important asset" and the amount of time and attention he or she devotes to the subject. It's a case of protesting too much.

This shouldn't come as a surprise – most successful business people got that way because they understood how to spot commercial opportunity or how to extract value from goods and services. They didn't sign up for managing people with all their unpredictability and free will.

But why should you worry? Well, the demand for well-educated, experienced and capable executives is going to exceed supply for a long time to come. This is happening just as businesses in so-called developing markets have gained a decisive cost advantage in labour-intensive industries.

"The HR executive's job is to ensure that the interests of the employees and those of the shareholders or owners coincide." As a response, European and North American-based businesses have already concentrated their efforts

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on services and on products with a high intellectual property content and this process will accelerate in the years to come. This shift requires a steady and reliable supply of talented business executives. This is where HR comes in.

### Shared interests

The HR executive's job is to ensure that the interests of the employees and those of the shareholders or owners coincide. He or she uses their experience, training and knowledge to advise management on the best ways to achieve business success through employees.

Because they occupy a specialist role, they can devote time and attention to these issues in a way that executives leading other functions will find difficult – the CFO has enough on his plate trying to keep the share price up without worrying about what the employees are thinking; the CMO is trying to figure out a way to convince his customers that brand x is really much inferior to your shiny new product (that cost a fortune to develop, by the way) and the COO spends all of his time wondering when you are going to do the decent thing and retire.

So if, for example, it is decided that shareholder interests are best served by growing the business quickly, HR will help by identifying managers who are equipped to manage growth, design and establish processes which are appropriate to the scale and complexity of the business, and advise on ways to maximise employees' potential and output. Note, the HR executive is there to advise and influence, not to replace management or burden the company with unnecessary bureaucracy.

That's why HR should be on the board, to complement the other skills that are already present and to ensure that people are always at the top of the agenda; they are, after all, your most important asset – at least that's what you keep saying...

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