

## CTPartners Board / Human Resources Roundtable The Working Session

University Club, November 2009

Three dozen business leaders, including many members of the Board of Directors Institute on Human Resources' working group, met recently to discuss the pursuit of excellence within human resources, as well as the need for boards to become more involved in human capital strategies. During this working session, convened by CTPartners and Booz & Co., the dialogue was probing, lively and insightful. The business leaders shared their management challenges, responses, and priorities. Timely and important issues were identified.

What's next on the agenda? The CTPartners 1st Annual Board of Directors Institute on Human Resources: Human Capital and the Board, which will take place on March 1 with the goal of taking this discussion – and its strategic insights – to the next level. For a hint of what's coming, consider some highlights from the recent discussion:

### **Q: What role should directors and HR professionals play in addressing risk?**


Managing a company's risk-taking culture should be a human resources issue, asserted John Biggs, former Chairman and CEO of TIAA-CREF and a Director of The Boeing Company. He also suggested that risk management must be embedded in day-to-day management, and not offloaded to risk committees. Yet Lon O'Neil, CEO of the Society of Human Resources Management, said that most HR officers currently do not view managing the risk-taking culture as an HR responsibility.

### **Q: How can boards and human resources professionals bring succession planning to the forefront, where it belongs?**

Mike Feiner, a professor at the Columbia Business School and the former Chief People Officer at Pepsi, noted that the succession planning process works best when there is rigorous and disciplined debate, and the CHRO can be best suited to play the protagonist, asking the tough questions. Yet Ken Kopelman, President of NACD New York, suggested that in the current economic environment, boards may question whether succession planning is worth the investment of time and money.

### **Q: Is human resources expertise relevant in the board room?**

If all senior executives bring human capital management skills to the table, is it necessary for a board to include an HR expert? Yes, responded, Dennis Donovan, CHRO at Cerberus Capital Management, adding, "In an environment where leadership is at a premium, you need to have a human resources expert at the table."



Launching a discussion of board composition, Lawrence Jackson, former CEO of Global Procurement at Walmart, noted that boards comprised primarily of CEOs can lack diverse viewpoints and find it difficult to effect change. Laura Kohler, Senior Vice President, Human Resources, at Kohler Co., noted that Kohler has two board members who were selected in part for their expertise in talent management.

**Q: Why is there such a shortage of superior human resources talent?**

Johnna Torsonne, CHRO of Pitney Bowes, suggested that the tendency of corporations to undervalue the contribution of human resources professionals will deter the best people from entering the field. Dan Kaplan, who heads the Global Human Resources Practice at CTPartners, noted that the range of talent among senior HR professionals seems wider than among all other senior functional leaders. Most in the room nodded agreement.

**Q: In a variation on the age-old chicken vs. the egg quandary, do CEOs and boards empower HR leaders only when they have superior HR talent?**

This theme recurred throughout the working session as some participants wondered, do HR leaders develop superior skills as a result of being empowered by their CEO and board?

**Q: Does your company have a human resources global enterprise strategy?**

Boards need to take a longer and broader view on human resources matters, one that goes beyond the relatively narrow focus of a Compensation Committee, argued Robert Amen, former Chairman & CEO of International Flavors & Fragrances. A corporate plan to, say, expand revenue in Asia also requires a multiyear human resources strategy to recruit, train, and retain the needed talent in that region. This should be in the board's purview.

**Q: Which human resources metrics deserve the most attention from boards?**

And why are these proven analytical tools underutilized by corporations? Orlando Ashford, CHRO at Marsh & McLennan, challenged HR professionals to use metrics to re-evaluate some of the conventional thinking of human resources management.

Human capital is a "key enabler of business success," said Robert Kamerschen, President of KAM Enterprises, Ltd., and a Director of R.H. Donnelley Corp. and MDC Partners. He added that significant board energy should be directed toward securing talent, which he called "the most sustainable form of business differentiation." Indeed, this mandate for boards and human resources professionals has never been more critical.