

Next step for HR leaders - the CEO seat?



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The importance of managing human resources has been discussed for many years, but the past decade has seen significant progress in CEO and senior business leader recognition of its importance.

This has been driven by a number of factors, including an increasing scarcity of talent, increased regulatory oversight and an increased use of employee engagement metrics by equity analysts to determine the value of companies.

Executive compensation, succession planning, and leadership development – are hot buttons for CEOs and boards across all industries in Asia.

According to The Conference Board CEO Challenge 2011 study of 700 CEOs around the world, Asian CEOs said that the most critical challenge they face is talent – attracting it, retaining it and rewarding it – in a time of rapid economic development and change.

Even boards are beginning to sit up and take notice. At CTPartners' second Annual Board of Directors Human Capital Institute forum earlier this year, the resounding agreement amongst board directors was that "Human Resources is beginning to break the old perception of its role as administrative rather than strategic. Boards are recognising the value of HR's cross-organisation perspective in critical areas like succession planning and talent development. Companies are hiring Chief Human Resources Officers with high-profile business experience and skills."

Such factors have caused CEOs to ask more of their CHROs and many have increased their investment in human resource professionals and the infrastructure that supports them. If human resource professionals rise to the challenges that are being placed in front of them, they will transform the perception of their value once and for all. As one CHRO put it, "Its not a question of being at the table, we have been at the table for a while now. The challenge is knowing what to do next."

As the expectations on CEO's increase, the expectations of CHRO's are also on the rise. Where they can articulate the impact of Talent Portfolio Management on the organisations bottom line and significantly drive these results, the CEO seat will seem to some the natural next step.

Good news for the HR profession as a whole, but it will certainly put pressure on some HR leaders to raise their game. How can HR leaders prepare themselves? Today's crop of HR leaders have CEO potential. For the first time, they just may be the generation that makes it to that highest corporate office. To do so, however, they must be well-grounded in all aspects of the business.

Find some coaches

The first step is to engage in strong, individual coaching from a combination of savvy business executives and seasoned HR directors. The former is needed because HR leaders must understand their core business inside and out, backward and forward from balance sheets to import- export projections to every data point in between. They must be able to speak the numbers and know the product and the customers. After all, it is expected that they will be going before their board of directors, or its sub-committees, with increasing frequency and with greater complexity. This cannot be over-emphasised.

CEOs regularly get coaching, as do COOs and CFOs. Why not the heads of HR as well? Sounds simple, but the reality most likely has been that there's been no budget for the heads of HR to get the same high-calibre professional development as others in the C-suite.

Be proactive with your CEO

HR heads also need to be proactive in periodically taking the pulse of the organisation. This means you will need to be part of the business planning and decision making around management and leadership issues. Issues like governance and regulatory compliance, board composition, including non executive Directors, succession planning, senior hiring, compensation, employee engagement and performance.

Be proactive with your CEO and acknowledge the challenges you both will be facing. Seek the support you need to be at the top of your game if you are going to advise him or her on how to stay on top of his or her game.

Set up an advisory board

You can also build an advisory board of successful HR leaders whom you can turn to for advice and guidance during the tumultuous times ahead. If HR leaders are doing this for each other, their own professional stock within the company – and throughout the greater business community – can only go up.

Issues of human capital can no longer be brushed aside. HR and particularly issues of talent management are finally front and centre – and with this turn of the tide, the profiles of HR leaders within their organisations have grown. One day soon, we could start seeing successful CHROs succeed their CEOs.