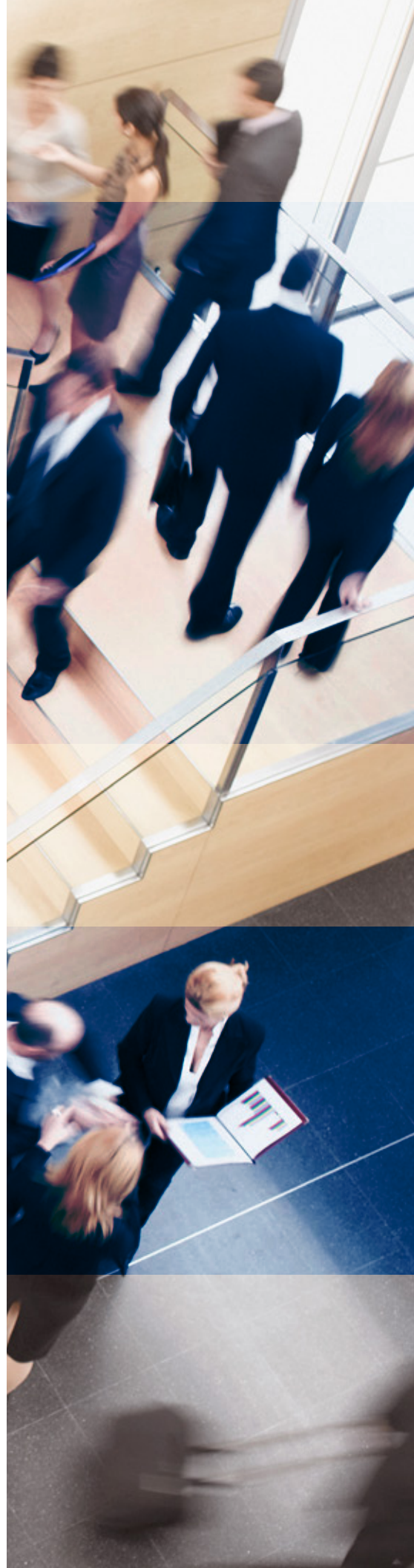


Six Lessons CEOs Can Learn from HR-Forward Companies

Technology and evolving employee expectations are redefining how work is done — and how organizations think about talent: Less hierarchy. More flexibility. Unconventional career paths.

Like everything else within the business world, the field of human resources (HR) has changed dramatically over the last several years. In advanced organizations, chief human resource officers see digital disruption not as a difficult challenge but as an opportunity: they are partnering with business leaders to drive strategic initiatives and ensure that HR complements the transformational agenda.

To provide some additional context for CEOs thinking about the role HR should play in the organization, we highlight the most important people trends we're seeing in innovative companies and what they mean for the profiles of HR leaders.



CHROs by the numbers*

Common paths on the way up

40%

Employee/Industrial
Relations

33%

General Management
Experience

33%

Rewards

22%

Talent Acquisition

1. MAKE SURE YOUR HR LEADER KNOWS THE BUSINESS

Interestingly, many CEOs believe the most effective CHROs come from non-HR backgrounds. But among companies hiring HR leaders, Spencer Stuart research found the number of CHROs with no HR experience has increased by only one percentage point over the past five years, from 13 percent to 14 percent. At the same time, a majority of HR leaders (58 percent) are gaining business experience outside of HR to increase their knowledge of the company's strategic priorities. One way to jumpstart an HR leader's business experience is to provide an opportunity to play point in a large M&A transaction, in order to provide a real-time look at internal operations.

2. PARTNER WITH HR TO DRIVE STRATEGY

The digital revolution has produced dramatic changes in the workplace: There is less hierarchy, more people work remotely and millennials bring a new mindset. In addition, companies in the old economy now find themselves needing to infuse their organizations with new skill sets and talents. These new workplace realities create different expectations, so forward-thinking CEOs and CHROs stay abreast of evolving workplace trends. One size no longer fits all, and savvy HR leaders offer a curated experience that recognizes individual interests and skills.

While data is obviously important, innovative companies also stress the importance of the "human touch" and help maintain authentic relationships. Ensuring that employees feel properly acknowledged for their aspirations and creativity boosts morale and helps maintain loyalty.

3. ENSURE YOUR HR DEPARTMENT RUNS SMOOTHLY

Operational mastery doesn't have the eye-catching immediacy of, say, digital or analytical knowledge, but even the most innovative companies place a high premium on strong operational expertise. The CHRO needs to be a strategic leader, but other tactical and day-to-day responsibilities must run fluidly, as well; to put it simply, the trains need to run on time. A knowledge of HR technology, for instance, can reduce headcount and improve efficiency in the long run.

4. BUILD THE STRENGTH OF YOUR EMPLOYMENT BRAND

All companies should realize they need to create an environment that attracts strong talent, which entails building an employment brand that employees can connect to. An engaging workplace leads to high morale and increases retention, which helps maintain institutional knowledge and means less money is spent on recruiting and training.

* Spencer Stuart Fortune 100 Research

CHROs by the numbers*

Average tenure is

5 Years

53%
are female

44%

of internal promotions
spend more than 10 years
with the organization

34%

have lived/worked
outside the U.S.20%
have board experience18%
are diverse

Creating an inventive total rewards platform is another way companies enhance their brand: In addition to competitive salary (of course), innovative companies offer unique benefits, including incorporating gamification elements into performance plans and peer-to-peer rewards.

5. LEVERAGE HR DATA TO SUPPORT STRATEGY

Big Data has impacted every aspect of business, and innovative companies want their HR leaders to use this mountain of information to inform strategic goals and key decisions. Indeed, this is a booming trend: according to a recent Deloitte human capital study, 70 percent of organizations believe people analytics are a high priority. Data can provide insight into employee churn, help companies quantifiably analyze their own cultures and find the best talent. So, companies can use workforce analytics to determine the type of talent they need, which schools are producing it and where the desired skill sets and talent can be found.

6. SEEK OUT A CHRO WHO OFFERS CANDID FEEDBACK

CEOs look to trusted CHROs to provide candid, truthful insight into strategic matters. Because they have contact with everyone from top leaders, middle management and front line employees, CHROs learn a great deal about dynamics throughout the company. A key responsibility for the CHRO is ensuring the company is developing the next generation of leadership. But one area that can be challenging even for the most experienced CHROs is **CEO succession planning**, particularly as the transition nears. The best CHROs gain the trust of the board and the CEO, who understand the stakes of CEO succession planning, and navigate the sometimes-challenging dynamics to help the organization stay on track.

It can also be difficult to balance the communication between the CEO, board, shareholders and employees, but a valuable CHRO manages these relationships and provides trusted insight. It's important, though, that CEOs are open and receptive to honest, appropriately delivered feedback.

CONCLUSION

CEOs at HR-forward companies are looking for CHROs who create HR functions that anticipate and evolve along with the ever-changing business world. Top CEOs have data-fluent, trustworthy CHROs who engage with strategy and culture, create a strong brand, navigate the corporate hierarchy and run a smooth operation. By partnering with a creative HR leader, CEOs will find human resources to be a valuable asset in developing and implementing strategies for managing change.

* Spencer Stuart Fortune 100 Research

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