

Navigating the C-Suite

Leadership Imperatives for HR

RIGHT VIEWPOINT™

Often, I hear from HR professionals who say they “want a seat at the executive table.” Our research shows that only one-in-three HR professionals regularly influence strategic decisions in their organization. And disturbingly, as many as one-in-four heads of HR do not have a seat at the executive table. To earn that seat, an HR leader needs to develop C-suite-level thinking and contribute to the *business* conversation, not just the *HR* conversation. This involves framing questions differently and presenting a business case for all recommendations. This is how you separate yourself from your colleagues and how you elevate your value to the organization and its leadership.

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Recent research¹ found that high-performing organizations have the head of HR reporting directly to the CEO. Only 67% of low-performing organizations had their reporting lines set up this way. Not surprisingly, the high-performing organizations reported a stronger and more productive connection between business strategies and HR strategies when the head of HR reports directly to the CEO.

CEOs sometimes forget that people create the only real sustainable competitive advantages that an organization has. It's up to HR to ensure the CEO realizes the value of these assets and commits to investing in a talent strategy aligned with business objectives. Lack of a talent strategy is the number-one impediment to executing on business plans. It is HR's role to step up and convince the C-suite how important this is. Why? Because there are countless examples of how the business strategy falls down and goals are missed if talent is not aligned.

¹ Conducted by the Institute for Corporate Productivity, as reported in *Talent Management* Industry News, September 11, 2009.

UNDERSTANDING THE C-SUITE

If you are an HR leader and want to earn a seat at the executive table, you must position the HR function so your colleagues in senior management realize the value and full impact of how people strategies contribute to the business. You need to understand each C-level executive and relate your function's activities to his/her strategic imperatives. One of the unique opportunities about being in HR is that your responsibilities infiltrate every aspect of the business. Why? Because it takes talent to get the job done. As stated earlier, the collective talent of our workforces is the only sustainable differentiator that will provide competitive advantage over time.

So, who comprises the C-suite? These are the top level executives in your organization—those who have seats on the Executive Board. Specifically:

- The Chief Financial Officer (CFO), who views the business through the prism of financial performance and shareholder value creation.
- The Chief Operating Officer (COO), who is focused on execution of the business strategy and operational effectiveness and efficiencies.
- The Chief Executive Officer (CEO), who runs the overall business strategy and is ultimately accountable for performance.

GETTING TO KNOW THE CFO

To align with the CFO, you must be comfortable with the language of business. Understand the financials and know what the different terms mean. This includes such things as:

- What are the organization's top profit drivers? In other words, how do we make money?
- What are the expectations of our shareholders?
- How do we perform versus our competitors?
- How are investments in the business measured and prioritized?
- And ultimately, how will a talent initiative or project impact the bottom line and show a tangible return? For instance, why does the company need to have a retention strategy? Is it a competitive necessity? Are there profit implications? What are the cost factors?

So, instead of saying:

"All of our competitors are focused on staff retention."

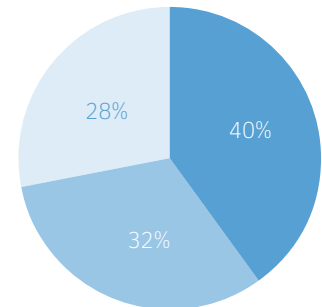
You could say:

"Average turnover is at 15% for our industry, but for us, it's at 20%. That's costing us on average \$150,000 per employee. If we use the run rate of the involuntary turnover we've experienced in the last 12 months, that's a total cost of about \$75 million². Simply getting to the industry average of 15% will save us \$18.75 million per year."

² Example is based on an organization with 2,500 employees with 20% turnover x \$150,000 (1.5 times salary) = \$75 million.

DOES HR HAVE A SEAT AT THE EXECUTIVE TABLE?

In your organization, is HR given a seat at the executive table?



- 40% - HR regularly influences strategic decisions
- 32% - HR sometimes participates in strategic discussions
- 28% - HR does not have a seat at the table

Source: Right Management online poll of 267 HR professionals conducted in November 2009.

GETTING TO KNOW THE COO

The COO wants to execute the strategy with organizational alignment—effectively and efficiently. This person is focused on systems, strategies and processes. He/she wants to know about your recommendations for recruitment processes; what systems do you have in place to attract talent? Also, once you have found talented employees, how do you engage them, compensate them, and retain them, and then help others to exit at times? The COO wants you, as the HR leader, to be focused on integrating and streamlining initiatives within the context of the broader organizational structure and systems.

The COO also wants you to be able to understand, articulate and reinforce the core brand messages about the company and integrate this into the new employee onboarding systems. How can you help employees to understand how to live the external and internal brand attributes and values? He/she wants you to embed this in your organization's culture and reinforce it when attracting, developing, retaining and transitioning employees.

GETTING TO KNOW THE CEO

The CEO's priorities and areas of importance most often directly correlate to his/her own evaluations and bonus criteria as dictated by the Board of Directors. Conversations around performance criteria are a great way to have good business conversations with the CEO and to get aligned with him/her to discuss how top-level goals best get translated and cascaded down through the organization.

Be aware and stay in tune by reading the CEO's speeches, the annual report, press releases and other important company communications. Any plans you have must be related to what is important to the CEO and how you can help or influence these priorities in some way.

A recent study³ found that 60% of CEOs identified revenue growth as their top objective. The top three growth strategies they will deploy to achieve this include strategic partnering, customer strategies and geographic expansion. What are your CEO's top priorities?

In tough economic times, the core elements of business survival—people, strategy and financials—must all be equally represented.

Here are some examples of what the CEO wants from you as the head of HR:

- What is your strategy to develop the top 100 leaders for greatest impact?
- Is there a succession plan in place for all levels of leadership?
- Who is hiring whom, how and why?
- How are you distinguishing the essential from the expendable?
- How are your initiatives reducing costs, increasing profits, growing market share and enhancing mindshare?
- Have you successfully made the case for investing in talent management and development?

³ Frost and Sullivan in partnership with *BusinessWeek*, September 16, 2009.

HR ACTION PLAN

How comfortable are you with understanding the C-suite? Is this how you normally think? Do you need to know everything? No! You can partner with others and get those skills. But it's important that you understand and can talk to the linkage—that is, the linkage of aligning talent strategy with business objectives. It all starts with good business conversations and understanding all perspectives of senior leadership. Have a seat at the table with your colleagues and you'll find that through your leadership and influence, the HR perspective will begin to impact and influence the business conversation!

FOUR TIPS TO KEEP YOUR CAREER ON TRACK

Keep your career on track by regularly revisiting these questions and making sure you have well-prepared and actionable responses.

1. Do you know what you contribute?

Maintain positive visibility so the key players in your organization know who you are and how you contribute to the business. Creating results is the most important career strategy of all. Maintain high performance standards and consistently be a positive contributor.

2. Would you be the ideal candidate if you applied for your current job today?

Evaluate whether you would get your current position if it were open. Quantify and qualify your accomplishments, both at work and outside. Be familiar with industry trends, salary ranges, your market value, and establish strong relationships with senior managers and networking contacts.

3. If your job disappeared tomorrow, do you have a career plan?

Keep active with your network and maintain an up-to-date resume. Know your prospects and the value you bring to an employer, including your current employer. Develop a career plan so you always have a clear line of sight about where you are going and why.

4. Are you learning?

Maintain an ongoing commitment to development. Anticipate your organization's future needs and match your development to those needs. Take advantage of learning opportunities, including training courses, industry conferences and professional groups. Be proactive in seeking out new projects that will help you to learn, grow and expand your competencies.

About the Author

George P. Herrmann is Group Executive Vice President of the Americas for Right Management. He is responsible for ensuring quality excellence and overall revenue and profit growth for all lines of business across Right Management's human capital life cycle service offerings in North and South America.

About Right Management

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