

Research

# What CEOs want from HR

It's way more than HR, but above all  
it's integrity

Written by Nick Holley





# Background

Every year the Henley Centre for HR Excellence completes two pieces of original research. In 2014 we are looking at what your key internal stakeholders, CEOs, want from HR as a function and as individuals. Over the last few months we carried out a number of interviews with Chief Executives and their HR Directors (HRDs) to compare and contrast their views. We would like to thank all those from the following private, public and third sector organisations who gave their time to be interviewed: Aldermore, Amey, BMW, Cambridge NHS Trust, Danone, DCH, Dell, Faccenda, Hertfordshire NHS Trust, Holcim, Managers in Partnership, Mars, Mencap, Mercedes-Benz, National Grid, NHS Commissioning Board, NHS Employers, NIRAS, Old Mutual, Oracle, P&G, Papworth NHS Trust, St Mungo's Broadway, Suntory and Thames Reach.

You will find their anonymous quotes in italics throughout the report. You will also find quotes from online sources and published reports italicised and attributed in the endnotes.

We also carried out an online survey and received replies from 125 business and HR leaders to provide some quantitative data to back up the qualitative interviews.

The questions we explored were:

- 1 What do you look for from your HR function?
- 2 What do you look for from your HRD as a leader?
- 3 In terms of the HRD and where they personally focus, how do you see the balance between the following?
  - Running the HR function and delivering the HR agenda
  - Contributing more broadly to running the business as a member of your leadership team over and above their HR role
  - Being a personal confidante
  - Facilitating the top leadership team
- 4 How do you measure the success of your HRD and of the HR function?
- 5 What do you see as HR's biggest opportunity to increase its credibility and value in the eyes of the wider business?
- 6 How would you rate the importance and performance of HR in the following areas?
  - Getting the basics right – payroll, contracts, recruitment etc
  - Building a talent pipeline
  - Engaging your people
  - Managing performance
  - Building the capability of the organisation to deliver your strategy
  - Creating and sustaining the right culture
  - Managing transformational change
- 7 When appointing an HRD, what qualities and/or experience do you look for?
- 8 If you've sacked an HRD, what drove the decision?

## The key messages

CEOs expect you and your team to deliver the core HR processes really well, but they don't care about these processes beyond the fact they are done.

- *The day-to-day transactional... is managed out of sight, that all just works.*
- *I want to know management aspects just work but I don't need to know how and where.*
- *I expect the basics but they're a hygiene factor.*
- *I expect the HR person to make sure the HR function operates effectively. That's your day job; I won't delve into it or care about it, I expect it to work.*
- *'CEOs are interested in revenue growth, profitability, innovation and the ability to retain customers,' says Jeff Schwartz, principal in Deloitte Consulting's human capital practice and co-leader for Deloitte's global talent initiative. 'They are interested in business issues and talent issues, but not HR issues.'*<sup>1</sup>

They expect you to be getting on with the HR basics in the background but they don't want to be bothered by unnecessary detail. The only time they'll care is if there is noise in the system. If they are hearing from the business that the basics aren't being done, or doing them is getting in the way of people fulfilling their core roles, then they will become interested. So you'd better focus on doing the basics simply and non-bureaucratically, focusing on enabling the business rather than enabling HR, because their focus is on the business not on HR.

What they really want from the function and care about is your support in enabling the business strategy, building the people and organisational capability to deliver the business strategy. Indeed what they value most in an HR Director is the director bit, less so the HR bit.

- *It's essential. If you don't operate the HR function you've lost it, but it's your 'table stakes' – the barest minimum. You lose so much if this is all you do.*

They expect you to bring your HR functional expertise, but above all they expect you to be a 'corporate director' like any of their other direct reports. They expect you to contribute beyond your functional role. They don't want silence until a people-related issue is raised. They want you to be an active player counterbalancing the other players around ethical and long-term sustainability issues. The challenge is how to do this as part of the team and not being seen to stand apart from it.

They also expect a more personal element to your position. They are under huge pressure in what is often a lonely role. They need someone they can trust, whom they can turn to for confidential advice or just to be a sounding board. This brings us to the most important finding of our study, the most consistent theme. For HR to fulfil this personal role, integrity is the key. Of course technical expertise, strategic thinking and commercial awareness matter, but the absolute is integrity. Technical expertise, strategic thinking and commercial awareness give you the right to play as HR Director, but it's integrity that decides if you'll win the gold medal.

As a final point, the last question we asked was 'If you've sacked an HR Director what drove the decision?' The consistent answer was a failure of integrity. There were failures of technical expertise, strategic thinking or commercial awareness, but they can be addressed. Consistent failure here of course isn't acceptable but one failure of integrity is an absolute failure that none of the CEOs would

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tolerate. In other functions they are willing to accept the odd failure of integrity but they hold HR to a higher standard. In thinking about HR capability, is this a development need or an assessment need? Can you send someone on an integrity course? The question is: shouldn't you look for integrity when you're recruiting at every level but especially at HRD level; and if you do, how do you spot it if it's there or if it's not

# 1. What do CEOs look for from their HR function?

## 1.1 Doing HR

CEOs look for several things but the underpinning requirement is doing HR well, but from a business not an HR perspective.

They expect HR to execute a number of core people processes:

- Basic terms and conditions – contracts, pay (paramount in many sales-driven or financial services businesses), legal, compliance, disciplinarys, and collecting information and data efficiently.
- The employee lifecycle – recruitment, induction, retention, development (not just training but coaching, careers, succession, talent mapping, i.e. creating a culture where people are developed), and exit.
  - *It's easy to get excited about the organisational stuff we attach to HR but where I'd still want to start is with where we came from. If employees are our most important asset then we must do the individual stuff.*
  - *HR is the face of the organisation, new people come in for interview so HR are the first people they meet and form an opinion of the organisation from.*
  - *Our business is about people so to be successful we need very skilled and best people.*
- Employee performance – engagement and well-being.
- Culture – responsible for DNA, brand, values, behaviours, ethics, sustainability, and change.
  - *Beyond the classical function, HR are the culture gardeners; it's about values, it's about organisation, it's about behaviours.*
  - *HR is one of the few patrimonial functions on the executive committee that manages the assets; finance, quality and HR are accountable for assets not being damaged because of a breach of moral or ethical values or long-term sustainability.*
  - *I look at HR as an enabler for the business, translating the strategy into the culture and the way we get things done.*
- Organisational development – operating at an organisational not just individual level, building and reinforcing an organisation's uniqueness, ensuring the organisation is evolving as the context evolves.
  - *We see HR as a really critical part at the heart of strategy because it builds our uniqueness.*
- In his recent blog 'The Best HR Departments Don't Just Focus on People' Wayne Brockbank highlighted this organisational role that looks beyond just people:
  - *However, by focusing primarily on individual contributions,...by definition, succeeds in making the organizational whole **equal** to the sum of the parts. This overlooks the central contribution of organization to make the whole **greater** than the sum of the parts. It is this integrating and leveraging function of organization that creates sustained competitive advantage.*<sup>2</sup>

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## 1.2 Providing advice

CEOs expect you to support the business in making decisions and managing people. This advice goes both ways as they expect you to advise them on what is going on in the organisation. They don't want you sitting in your office. They don't want you relying purely on the employee opinion survey (EOS). They want you to be their eyes and ears, spending time in the organisation judging feelings and the climate.

- *Clinical objectivity and subjective insights – at times absolutely clinical in terms of how to relate to rules, processes and regulations but at other times the feel, the sense, the temperature... something less cold and clinical.*
- *I expect HR to understand, to have a proximity with the organisation, as I can be quickly disconnected from the base of the pyramid.*
- *Need to be good at talking to staff, picking up what people are feeling.*

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## 1.3 How HR does it

The critical message though wasn't just what needs to be done, but how CEOs want things to be done, so they want:

- The basics done efficiently and effectively; to be nimble and agile not bureaucratic and over-engineered.
  - *I expect HR to run a slick service around recruitment, retention, the basics.*
  - *The function has to deal with the mechanics smoothly or it's a constant nightmare if they go wrong.*
- If this is the case then there is room to do what they really care about, which is strategic enablement.
  - *Preoccupation in HR is spending a lot of time on basics but this eats up a lot of our team's time, which hinders us in doing more strategic things.*
  - *HR has the will to work on the strategic but to be honest they spend 70–80% on operational stuff.*
- HR to be the guardians of fairness and consistency, balancing the needs of, and managing conflicts between, managers and employees.
  - *Well regarded by managers and staff, a credible function especially given the nature of the work of HR.*
  - *Sometimes there is conflict between managers and employees and HR needs to stay neutral. This is a difficult balance.*
- HR to take accountability for their delivery. HR doesn't have to do them but it has to take accountability for ensuring HR processes are done well and ensure they are engaging with leaders and managers not only around how, but also why these processes matter.
  - *Responsive in giving managers on the ground ability to manage issues locally, not a central function that sucks everything up, but it enables managers to manage.*
  - *HR's role is to ensure the appropriate management capability with the right abilities and behaviours to get the most out of employees.*
  - *The key is to coach people to make good people decisions not make them for them.*
  - *Leaders have to take responsibility for people and organisation not HR. They lead the performance management process but don't do it all, but they are accountable for the process so the process is well respected.*

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- HR to deliver processes systemically, bringing all elements of the HR mix to create solutions, but also integrating with other functions, not being an island unto itself.
  - *You can't see it in isolation it needs to be integrated into the whole organisation.*
  - *People look for HR to take the lead on people, but they are integrated with other functions in achieving the objectives.*
- HR to align their processes with business goals and outcomes not inputs. HR needs to ensure they are the right fit not from HR's generic perspective but from the perspective of what is required to deliver the business strategy.
  - *I want HR to be part of the integrity of the whole, making the organisation as successful as it can be so sometimes they have to lower their profile for the sake of the organisation. HR has its own drivers and objectives but, the success of the organisation is the key.*
  - *It is a challenge to align HR ambitions with what we can afford and keep focused on the strategic rather than on the next new thing in HR.*
  - *Gap is around business acumen. I look for solutions to be broader than HR specialism, need to bridge across different functions. They bring to the table solutions that are very 'siloed' in their domain. In mind set they have to have an end-to-end view in creating relevant solutions.*
  - *The whole engagement with the senior management team around the business strategy is the vital role.*
  - *My ambition for the HR function is to move from being an HR partner to a business partner, someone who helps you build your vision.*
  - *HR has its own drivers and objectives but the success of the organisation is the key.*

This final point is the strongest message of all. CEOs want HR to be orchestrators of the business strategy not simply executing HR processes without any thought for the context. Like leaders in most fields they expect HR to be contextually grounded.

## 2. What do CEOs look for from their HR Director as a leader?

'I assume if you are an HRD you understand HR. If he can't run the HR function, why the hell is he an HRD.'

'First and foremost I look for the HRD to provide strategic advice about the people elements of business into the corporate management team. The great test of value is when the HRD can do that at a strategic level.'

'Of all directors, I need her to operate as a corporate director across the whole; if she's in an HR bubble it's no good.'

### 2.1 People leader

Obviously they look for all the things discussed in the previous section, for leadership around people issues:

- *I assume if you are an HRD you understand HR. If he can't run the HR function, why the hell is he an HRD.*
- *Someone who only comes from HR, you have a difficult conversation with them.*
- *The point this CEO was making was that his brain doesn't necessarily think about the critical employee issues the same way that HR does. So, he needs HR to be thinking about things that aren't part of his daily routine. He wants HR to take that leadership role and, in most cases, take care of these issues so he can focus on the business.<sup>3</sup>*

But they want more, much more. They expect an HRD to be a leader of the function and the people aspects of the business. They expect the HRD to:

- Lead the leadership team through the people and organisational elements of the business strategy.
  - *The HRD takes a lead organisationally in the same way the FD takes a lead financially, but it's not his responsibility to deliver the number*
  - *Happy for business to contribute to HR and HR to contribute to the business, the more vibrant the debate tends to be.*
  - *First and foremost I look for the HRD to provide strategic advice about the people elements of business into the corporate management team. The great test of value is when the HRD can do that at a strategic level.*
- Shape the leadership team's views so everyone on it recognises the centrality of people and organisation in achieving organisational objectives.
  - *She gives a clarity of advice as we move forward – most of it is unwelcome, all of it is unasked for, but she makes sure the organisation doesn't forget the people. She makes sure the people aspect is kept at the heart of all we do... and she never lets me forget that.*
- Ensure the leadership team doesn't see people and organisational issues as a bolt on or something that HR handles.
  - *In our top team there are various backgrounds, often strong technical backgrounds, that are laden with conventional wisdoms. What I want him to do is to sit on their shoulders and influence them to change their outlook on their people and work with them to continuously raise the bar on performance.*
- Keep the leadership team honest around these issues.
- Bring an external, challenging, professional viewpoint.

### 2.2 Corporate director

But over and above this, CEOs expect the HRD to be a corporate director, operating as part of the leadership team, taking accountability for the performance of the business and the delivery of the strategy.

- *Someone who is a corporate director first and functional director second.*
- *Of all directors, I need her to operate as a corporate director across the whole; if she's in an HR bubble it's no good.*

- *As a leader they need to be able to subsume the narrow needs of HR into the needs of the organisation.*
- *Sit as a business director who brings their specialism to the table but happy to step outside functional safety net and be a business leader.*
- *I expect her to contribute to the business, I hold her accountable for whole business performance.*
- *I expect my HRD to evaluate and contribute to the strategy process. The HRD is ideally positioned working on different timelines, commercial 1–2 years, HRD 3–7 years.*

They expect the HRD to contribute to the overall strategy and to challenge it around capability, cultural and ethical issues. For many of the CEOs interviewed, this wish is not always a reality.

- *Although there is clearly the need for HR to assist in the vital people dimension of corporate strategy only a bare majority of CEOs believe that the head of HR is a key player in strategic planning. However a significantly higher proportion (70%) wants the Head of HR to be a key player.<sup>4</sup>*

So what gets in the way?

- *The majority of HR professionals currently function in administrative roles...While these are important functions, they can easily occupy the majority of HR professionals' time and resources. Thus, the higher value-added initiatives may not receive adequate time and attention. The majority of HR professionals are hard-working and dedicated individuals who often feel overwhelmed with their administrative and largely tactical and reactionary workloads...The majority of HR professionals desire more credibility and influence with the CEO/president and senior management team but are seldom regarded as strategic business partners... The majority of HR professionals are unaware of a major paradigm shift that is occurring in their profession and the risk to their future careers...The CEO/president and senior management team are unaware of the potential contributions of the competent and strategic-oriented HR professional.<sup>5</sup>*

**‘What I’ve learned is it’s about the expectations I put on them; if I don’t give them the mandate they will stick in their core role.’**

- *Nobody has given them this expectation.*
  - *She does that, of course she pulls in the direction of the people agenda, not 100%, so this is a development opportunity but has anyone put that expectation on her? In the past no one has asked her to broaden that engagement with the wider business.*
  - *What I’ve learned is it’s about the expectations I put on them; if I don’t give them the mandate they will stick in their core role.*
- *Indeed from the desk research it is clear that some leaders don’t actually recognise HR is this role:*
  - *Many line managers don’t even understand what strategic HR actually means. They’re also unlikely to care how strategic their HR department is when HR can’t fill job requisitions in a timely manner or deliver the types of training programs needed by employees. HR executives need to ensure they get the transactional stuff right before they think about moving into the realm of strategy.<sup>6</sup>*
- *They are so preoccupied with the basics so there’s no time to talk strategically.*
  - *Their preoccupation is with the basics so hardly any time to talk strategically... they don’t have the focus.*

*'A significant proportion of respondents believe that their heads of HR are overly preoccupied with a narrow HR agenda.'*

- In some cases HR has tried to answer this by involving line managers in what have traditionally been HR tasks to free up time for the strategic, but this has produced a backlash where line managers are saying they actually value HR doing the HR aspects of their role.
- *As HR directors move away from the traditional 'hire and fire' function of what was once called 'personnel management' to focus on the more strategic elements of business development, line managers have voiced their concerns at having to take on people questions, and are consequently losing confidence in their HRDs... This is, of course, based on the perceptions of line managers. They believe where HR adds value is in the transactional – but this is not where HR departments achieve the best outcomes for the business. When HR directors become strategic, line managers will need the appropriate training to understand why and I don't think employers have been having these sorts of conversations with them...It is a reputation-management issue. It is about HR being really clear about what it does and publicising it to show the importance of areas such as organisational development and retention to increase their credibility.<sup>7</sup>*
- *A significant proportion of respondents believe that their heads of HR are overly preoccupied with a narrow HR agenda. Forty-one percent think their HR heads are 'too focused on processes and rules' and 37% say that they don't 'understand the business well enough.'<sup>8</sup>*
- They don't have a strategic capability.
  - *She didn't have enough to offer in discussions. When she didn't have enough she wastes time because she felt the need to contribute even when she couldn't.*
- They don't have the training or experience.
  - *And here's one more slice of telling SHRM data: When HR professionals were asked about the worth of various academic courses toward a 'successful career in HR,' 83% said that classes in interpersonal communications skills had 'extremely high value.' Employment law and business ethics followed, at 71% and 66%, respectively. Where was change management? At 35%. Strategic management? 32%. Finance? Um, that was just 2%.<sup>9</sup>*

So in some cases HRDs don't feel they need to contribute, while in others they feel they need to contribute but can't.

- *During research conducted by McKinsey and Company, corporate officers (CEOs/presidents and their direct reports) were asked, 'Do you believe that HR could be a high-impact business partner?' Eighty percent of the corporate officers said it was critical or very important that HR be in that role. However, only 12% believed they were actually playing that role within their respective organizations.<sup>10</sup>*

The challenge is CEOs want and need it, so how does HR step up to the role?

## 2.3 Role model

*'I also want HR to be a driver for transformation; so they can't only be support, I need them to lead.'*

CEOs expect the HRD to be a role model and thought leader, someone who can inspire confidence in managers in their ability to manage people and in a number of key internal stakeholders (staff, managers, board colleagues, exec and non-exec etc) and external stakeholders (customers, shareholders, unions, partners etc) in the organisation's ability to deliver high performance.

- *I also want HR to be a driver for transformation; so they can't only be support, I need them to lead.*

*‘One of our jobs is to provide feedback to the CEO himself about how his leadership style affects the executive committee,’*

## 2.4 Personal confidante

A majority of CEOs, though not all, looks for advice and support not only on people and organisational issues but on the personal ups and downs of leadership.

- *According to Professor Sparrow, the head of HR often acts as a valued listener and adviser for the CEO. ‘The relationship works best when the head of HR becomes an informal sounding board, offering practical feedback on the CEO’s thoughts,’ he says. ‘CEOs tend to be creative and full of ideas, but they sometimes need a reality check.’<sup>11</sup>*

They want more than simply passive support but challenge as a sounding board and honest broker who provides an unbiased view. They expect HRDs to be more of a challenger than other directors not only on people issues but also on their style and alignment. CEOs recognise that often they are the only person who will tell them the truth.

- *She’s a very effective prodder; I can’t ignore these issues, she doesn’t let them fester in the noble art of inactivity.*
- *‘One of our jobs is to provide feedback to the CEO himself about how his leadership style affects the executive committee,’ he says. ‘We both have a duty to tell him how it really is.’ This feedback is particularly important given the reticence of many employees to criticise directly those who are above them in the hierarchy. The head of HR may therefore be able to obtain more accurate insight into what the organisation as a whole is thinking about the CEO. ‘People might not want to tell me what I could do better,’ says Ms Dimes. ‘The head of HR gets a different answer than I would. He also meets a broader range of people throughout the organisation than I do, and they might tell him what I could improve.’<sup>12</sup>*

However, while CEOs expect HRDs to be a prodder, they also expect them to move beyond just giving advice to taking accountability – not ‘you should do this’ but ‘we should do this’. In many cases CEOs expect them to fulfil this confidante role across their leadership team.

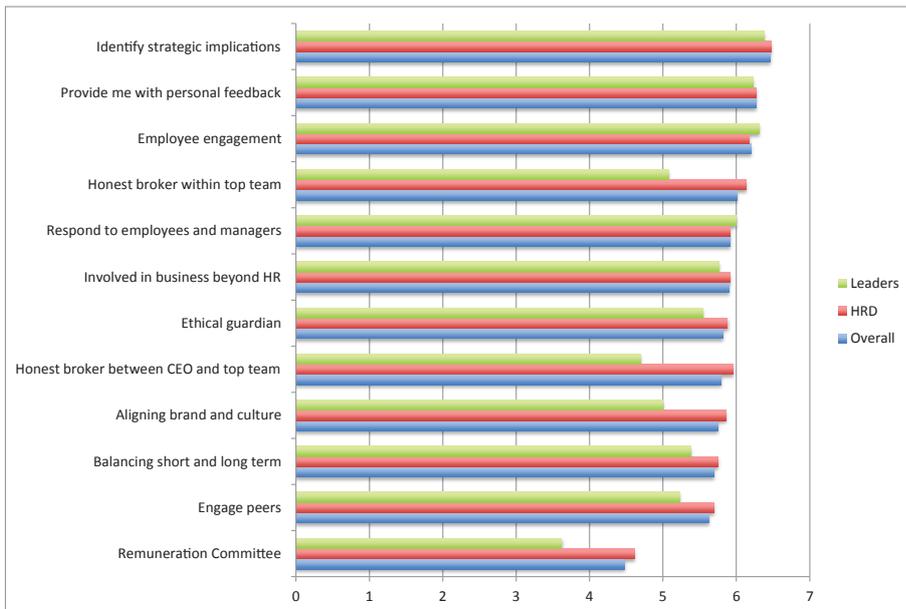
- *1 to 1, so forge a relationship with me, a confidante, someone I can trust and talk about issues with. Also a 1 to 10 relationship with exec committee members supporting them in their roles. Finally 1 to 100, truly leading the function to provide support to 10,000.*

The key theme here is that this isn’t part of the job description it is something that many HRDs had stepped into. Once a CEO had experienced it, it became an expectation, so it is critical to step into the space and earn the role even if it isn’t formally articulated or asked for.

- *He’s bright, young, energetic, on his way up and grabs any opportunity to contribute.*

## 2.5 The data

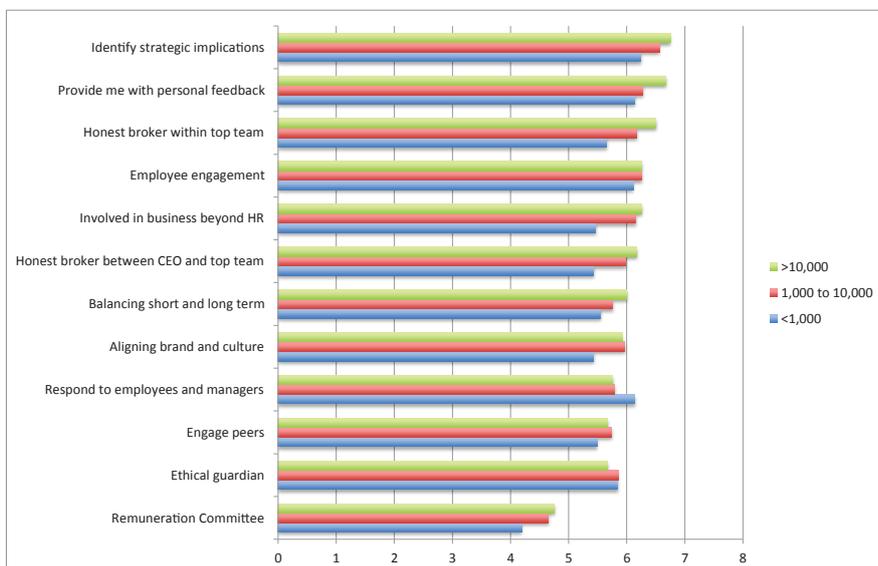
The online survey data reinforces these findings with a degree of consistency of views between HRDs and business leaders. ‘Identifying the implications of the strategy on organisational and people issues’ was seen as the number one priority followed by ‘Providing me with personal honest feedback’.



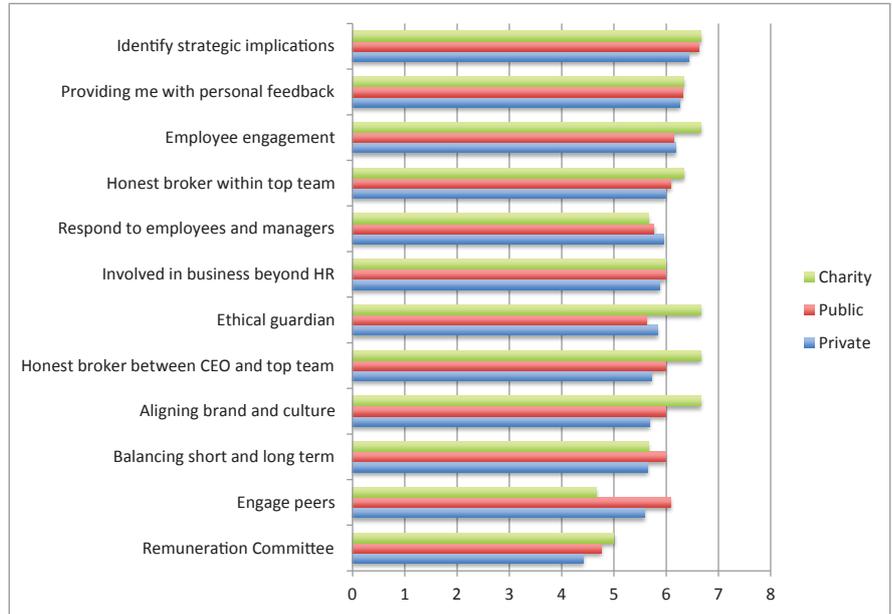
We asked a more detailed set of questions around the role of the HRD in the online survey compared to the more open-ended questions in the interviews. It is interesting to note how issues around the leadership team rather than the leader are seen as important by HRDs, but less so by CEOs. In the next section we will explore this in detail.

There are also some interesting findings when we compare different populations.

When we look at different sized organisations we find that ‘Responding rapidly to manager and employee concerns’ is the second most important role, whereas in the largest organisations it is the ninth. Indeed in the interviews the larger the organisation the more HR is seen as a strategic enabler for the organisation whereas in the smaller organisations it is often seen as a support function for management. This may be a function of the HR capability that smaller organisations can afford and their relative position, but we believe the importance of the strategic agenda shouldn’t be size dependent. The lesson perhaps is for HR people in smaller organisations to work even harder to fulfil these strategic needs and to grasp the strategic role with both hands, because it won’t be given to them.



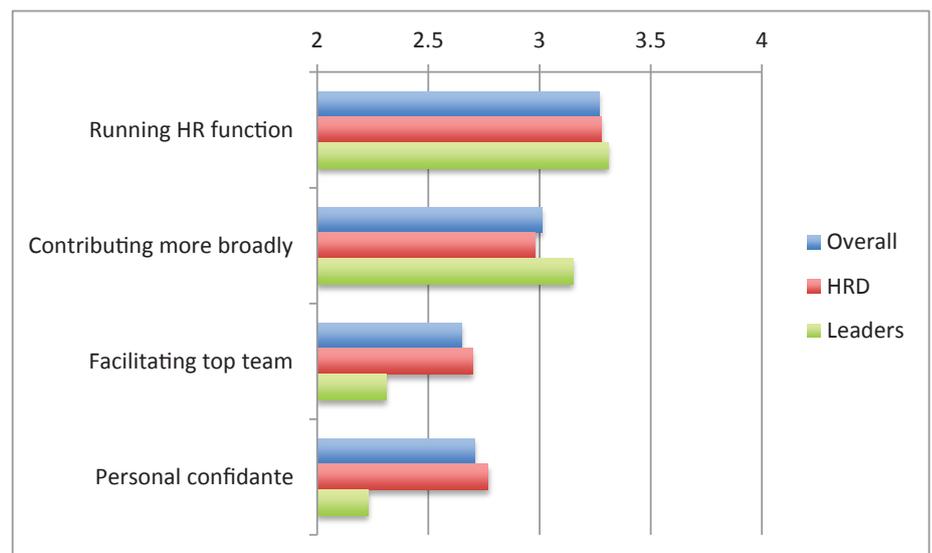
When we compare sectors there is very little difference between public and private sector organisations, but in charitable organisations there is a much stronger focus on ethics and culture, both being seen as the top roles for HR.



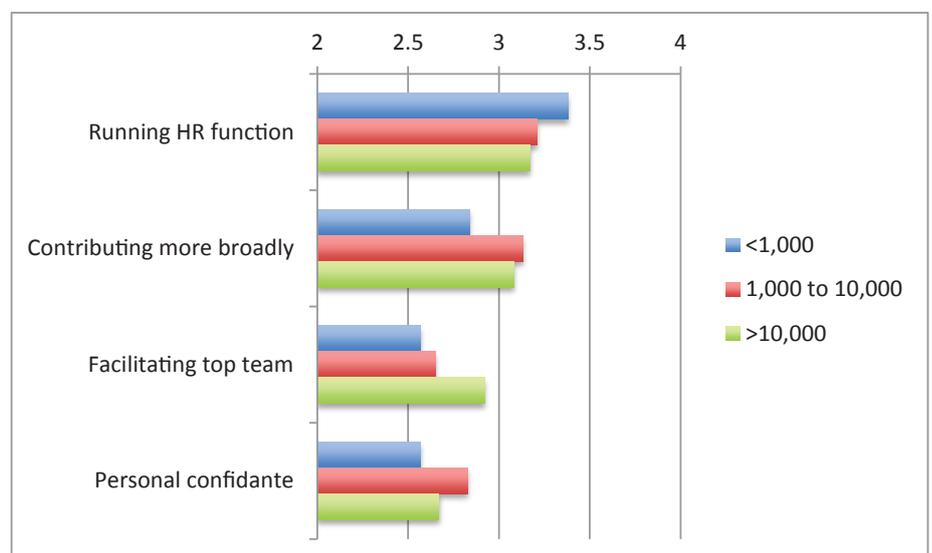
### 3. In terms of the HR Director and where they personally focus how do you see the balance between the following?

- Running the HR function and delivering the HR agenda
- Contributing more broadly to running the business as a member of your leadership team over and above their HR role
- Being a personal confidante
- Facilitating the top leadership team

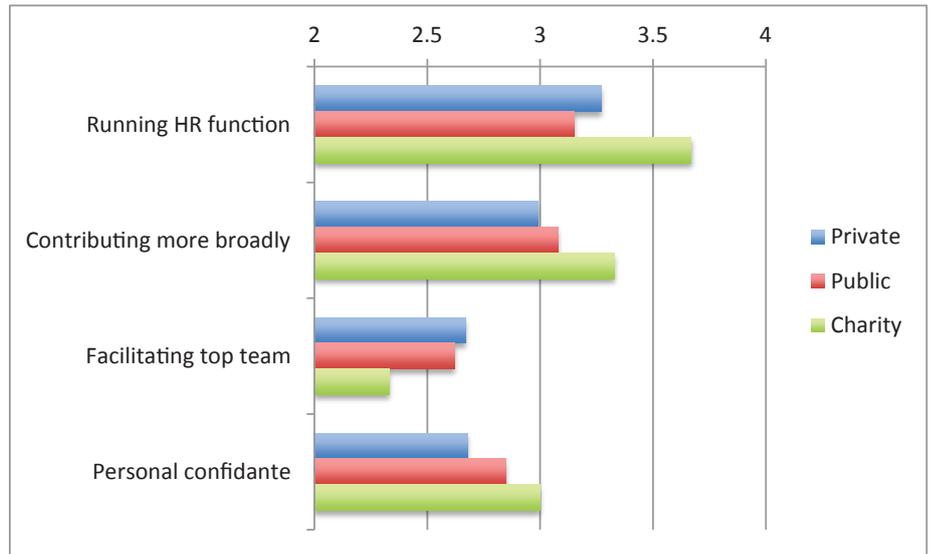
The data shows that leaders value the organisational more than the interpersonal elements of the role. As can be seen from the interviews, this seems to be because the organisational elements are a constant, while the interpersonal are situational; so sometimes they matter more, sometimes less. Everyone ranks running the HR function highest, but leaders value the broader contribution to a greater extent than HR does.



Again if we look at populations, smaller organisations again focus on the functional, while the largest weight all four roles more equally.



In terms of sectors, private and public organisations have similar scores while running the HR function ranks strongest for charities, and facilitating the top team ranks lowest.



In the interviews the key is that the top two responsibilities (running the HR function and contributing more broadly) are constant but the other two (facilitating the top team and personal confidante) are situation dependent.

- *It fades in and out depending on the situation and time and on the relationship we build between each other.*
- *Management is an interaction between person and context so HRD will do all of them and where we are depends where she focuses.*
- *Varies by time if everything running well it's about contribution to the business. At times we're dysfunctional and it moves into facilitation, then it works well and it drops away again.*

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If everything is running smoothly, the first two responsibilities dominate but where there is dysfunction the role switches into the others, into a more facilitative mode. Indeed, the balance between the top two can vary depending on need.

- *A year ago she was focused on leading an HR people strategy today she's part of a corporate team driving the organisation forward after a merger.*

The most contentious is facilitating the top team. It is very hard to facilitate and be part of the top team so you have to be empowered by the CEO or the rest of team to do it or you have to earn the right to challenge their effectiveness. If you are successful as a personal confidante to the CEO it is more likely that she will see you in the facilitation role.

- *Facilitating the leadership team is very important. I give the HRD the mandate to facilitate the group so they co-operate better. She is the glue of the executive team, she needs to be connected to every person where they stand, where there are issues between them.*

'his head of HR can act as a vital bridge tween the CEO and the executive committee.'

- *Dinesh Paliwal, CEO of Harman International...reveals that his head of HR can act as a vital bridge tween the CEO and the executive committee. 'He not only needs to align people from different backgrounds, different nationalities, and with often very different personalities', he says. 'But he can also clarify my ideas to those who haven't fully understood them, and perhaps, in a very sensitive way, make me aware if one [member] of the executive committee has a personal issue that is temporarily affecting their work'.<sup>13</sup>*

Many CEOs see this as their role and are unwilling to delegate it, so it depends on the style and type of CEO, but others realise their senior team may be more comfortable talking to their HRD than to them. It can therefore be a formal or informal role, a direct role or sometimes a partnership with the CEO to create a functioning top team.

- *My style is when I have something to tell someone I do it; I don't delegate this.*
- *As CEO I can delegate authority but not responsibility; I can delegate authority for my team to my HRD, but mindful responsibility lies with me.*

As one person highlighted, the challenge is when the issue is the CEO. You have to be very brave and very politically savvy to step into this role when it's needed but not asked for, but if HR is accountable to a broader set of stakeholders than just the CEO then it has to be willing to take the risk.

There are very few CEOs who don't recognise and value the confidante role, but the recognition comes from a number of different angles:

- *There are issues that aren't 100% obvious to me.*
- *I'm not aware of the shadow I cast.*
- *It's a lonely job.*
- *I get lots of advice and opinion but I don't trust it all.*
- *I am focused on so many things I can miss things.*
- *I turn to the HRD at certain times for certain advice.*
- *I want to understand how I'm perceived.*
- *I want to think how to adjust my style.*
- *I need a balance between a personal and professional confidante. My chairman has been a professional confidante but can't be a personal confidante.*
- *I want ears on the ground.*
- *I want someone to be watching my back.*
- *I came through finance and a lot of these personal issues just aren't my forte.*
- *A personal coach in terms of my attitude and behaviour.*
- *When communicating to a broader audience I'm looking for feedback, e.g. stop joking every five minutes.*
- *If I'm not clear that I'm not doing well enough I expect my HRD to tell me.*
- *Give me very honest feedback on how I'm perceived in the organisation.*
- *Challenge me and push me out of my comfort zone.*
- *Feedback, even rude feedback, is the only way I can move my ass. I need to be pushed.*
- *I've got a problem with a senior guy – not sure what I should do, what do I need to do, what options do I have?*

'I need a balance between a personal and professional confidante. My chairman has been a professional confidante but can't be a personal confidante.'

## 'HR earns the personal confidante role.'

In many cases it isn't a deliberate request to be a confidante it often just happens because of a specific need or because of the personal qualities of the HRD.

- *The last two don't come naturally to most HRDs I've worked with, if I don't give them the mandate they will stick in their core role.*
- *Others are essentials; HR earns the personal confidante role.*
- *When I coach HRDs I will ask if the CEO confides in you, if they are confiding in someone else why isn't it you?*

In most cases it is personal qualities that earn the role rather than being a part of the HRD job description.

- *Comes from being a confidential trusted adviser who can whisper in the right ear at the right time.*
- *Better if it is HRD but so long as it's happening it doesn't have to be you, it's not about you, it's about the needs of the CEO.*

It is also interesting to note the variety of personal qualities that CEOs say lead to them using their HRD in these roles: direct, clear, neutral, no personal agenda, objectivity, courage, listening, patience to wait before responding, reflection, layered, more rounded response vs shoot from the hip, thought provoking, climate sensor, charisma, chemistry, interpersonal stuff! It's interesting to note none of them mention HR expertise, it is all about the personal qualities but the most common among them are integrity, trust, complete confidentiality and honesty. In reflecting on all the interviews this is a common theme in so many of the conversations and is an absolute non-negotiable. HR needs to be seen to be above game playing, without a personal agenda, focused on the organisation not on themselves. We come back to this theme when we look at personal qualities and why CEOs sack HRDs.

## 4. How do CEOs measure the success of their HRD and of their HR function?

In the same way as CEOs expect multiple layers from HR, so they measure it in multiple ways. What is interesting is that many of these measures aren't things traditionally measured in HR but are related to a much broader organisational agenda.

### 4.1 Some of these measures relate to processes

A minority of CEOs are interested in HR processes such as talent development, performance management, recruitment, succession planning, disciplinarys, tribunals, compensation (especially in financial services) etc or the delivery of specific projects against KPIs set at start of year, but the majority view was that HR needs to measure these things but they aren't things CEOs are interested in.

### 4.2 Some of these measures relate to quantifiable outcomes

What are of greater interest are the outcomes of what HR is trying to achieve.

- *There are very concrete measures... I hold HR accountable not their sole responsibility but it falls back on HR.*

Some of the CEOs, particularly those from a finance background, are interested in numbers, i.e. quantifiable outcomes, not in isolation but measured against competitors and sector, and not just direct competitors but competitors for talent. Which metrics depend on what is required for the organisation to succeed.

- Engagement, EOS data
- Attrition
- Diversity
- Career progression, pace and quality
- Talent ratios and pipeline
- Sickness and absence
- Union negotiations (especially in the public sector)
- Well-being
- Leadership and broader organisational capabilities, especially the top two to three capabilities needed to deliver the business strategy
- Winning business due to differentiation

What doesn't work for CEOs are massive packs of HR Management Information that don't relate to their agenda.

### 4.3 Some of these measures relate to qualitative outcomes

The more engaged and sophisticated CEOs use much subtler measures, in many cases based on their subjective sensing of the climate in the business and towards HR.

- *It's sensing it's about trust not just hard measures.*
- *Based on lots of decisions I form a picture.*

**'It's sensing it's about trust not just hard measures.'**

'Measure function on credibility of the function; is it well regarded?'

'I know it's doing badly when I hear from employees, managers, or – even worse – external.'

'Risk is – it's seen as a task to be done as opposed to a way of working. HR is a way of thinking about people and it's everyone.'

To many CEOs, the data that HR gives them is of no interest and in some cases raises questions about HR's credibility rather than enhancing it – why are they telling me irrelevant things, don't they realise they don't matter, don't they realise it makes me question why they focus on pure HR issues and not on what is relevant to the business?

- *Focus has to be qualitative not quantitative. One of the things we implemented were processes that failed qualitatively.*

Some of these measures relate to HR.

- Credibility, perception of HR as administrative or enabling.
  - *Need to move role to enable managers to manage people not overload them with HR processes and systems that are aimed at making HR's life easier; function needs to be seen as an enabler.*
  - *Measure function on credibility of the function; is it well regarded?*
  - *She tried to do too much.*
- Lack of noise in the system and unsolicited feedback.
  - *Almost the converse – no noise coming from the business, no big issues, not being taken to court – that's good.*
  - *Function is about how many interventions from me for it to perform. If once per week doesn't feel great so work by exception. I measure function by not hearing from it.*
  - *I know it's doing badly when I hear from employees, managers, or – even worse – external.*
- In many cases HR leads but doesn't 'do', so how does the HRD drive accountability within everyone so that processes aren't just there to be done but are part of how work is done?
  - *He's not accountable for the whole business but I expect him to animate it.*
  - *It's about clarity of responsibilities she leads and is accountable but only within context of us all.*
  - *Measure it through the engagement of the management team – very subjective but it's a judgement you can make where individual has trust of wider management team, not only in their HR skills but in how they interact and how decisions are made especially with greater weighting on the people element.*
  - *Risk is – it's seen as a task to be done as opposed to a way of working. HR is a way of thinking about people and it's everyone.*
- Role models the values of the organisation; how he holds himself, how she behaves.
  - *HRD needs to be modelling corporate values and behaviours.*
  - *Not just a hired HR gun but committed to organisational objectives.*
- Personal contribution as a leader around the table.
  - *If they don't say anything it's not good.*
  - *Way she goes about it, completely straight forward, prods me. Can be insufferable, b\*\*\*\*\* woman, she's right again. In my heart of heart, you know she's right.*
  - *How well she works with the FD; if they are co-ordinated and tight it's very powerful.*
  - *Consistent calibre of contributions, taking on proactive leadership role in top team.*
  - *How she works with top team; do they turn to her for advice?*

‘It’s not about being liked but are her views respected?’

- Acceptance but not at all costs.
  - *It’s not about being liked but are her views respected?*
  - *Ask tougher questions more often and be more tenacious with those questions.*
- Contribution to solving disputes.
  - *Also did he go too far, was he neutral or did he get too involved with employees?*
- Quality of the relationship with the CEO as a confidante.

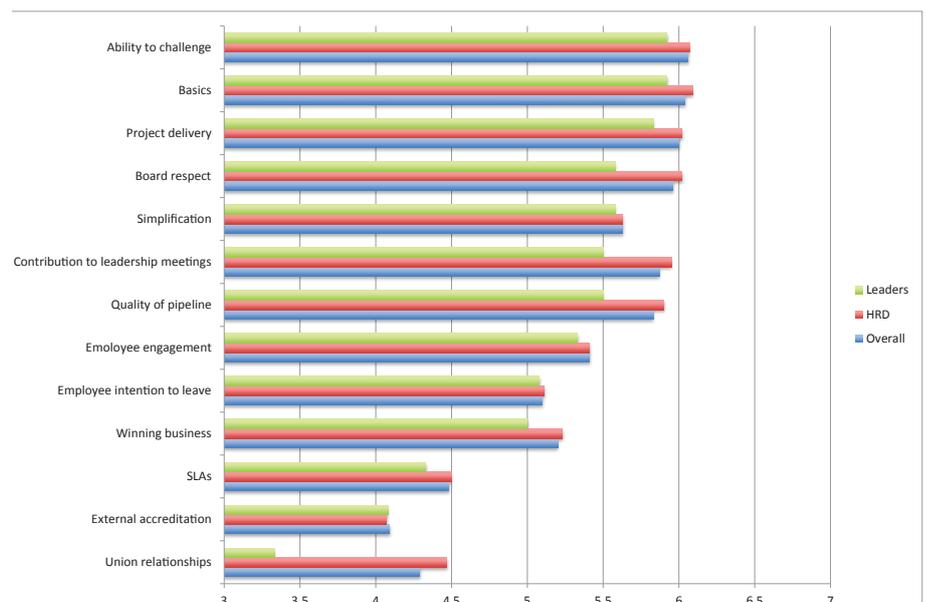
Some of these measures relate to the wider people and organisational agenda.

- *HR impact on business.*
- *Engagement – not EOS scores, but the overall mood, how aligned and engaged people are.*
- *A shared responsibility with rest of leadership team so shared measures on overall performance of the business but also how we achieve them.*
- *If we’re achieving our objectives by employing psychopathic pirates then that’s no good.*
- *Bringing strategic HR issues to management committee: culture, growth, transformation, social, strategic issues that support strategic decisions.*
- *Ability to question the organisation around ability to survive and grow not just perform today.*
- *Accountability not just for HR but wider.*
- *Her strength is: give her two glasses of wine and she’ll wax lyrical about the business not about HR.*

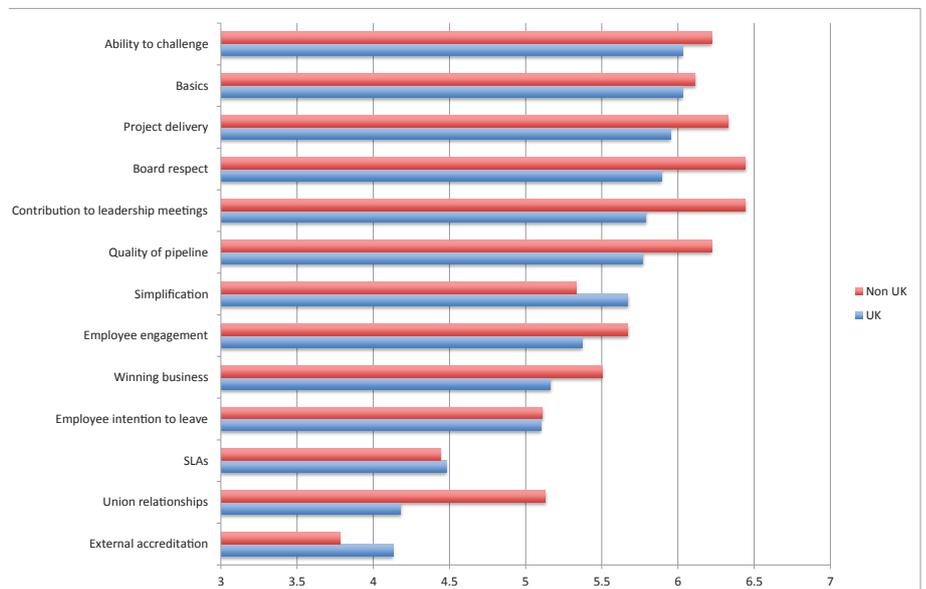
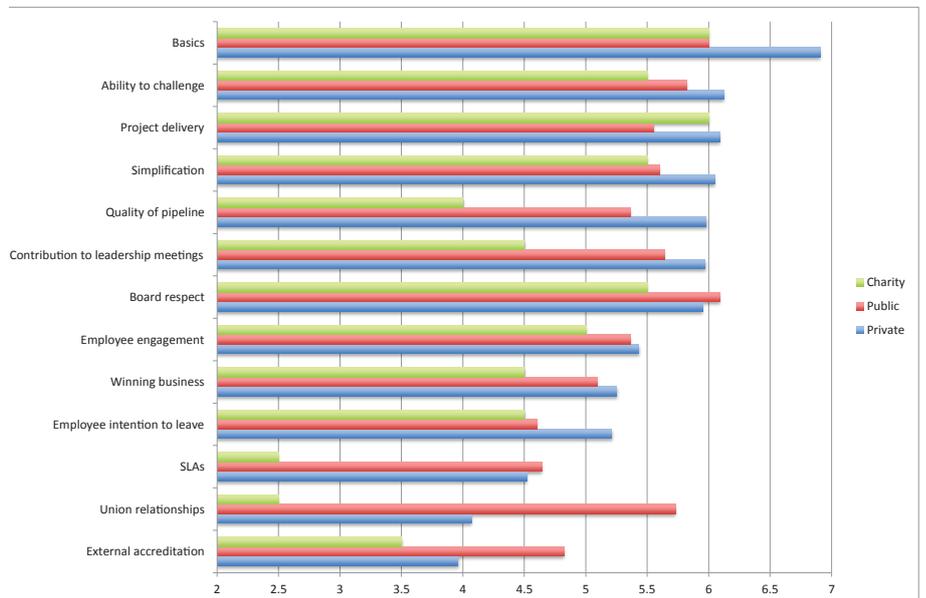
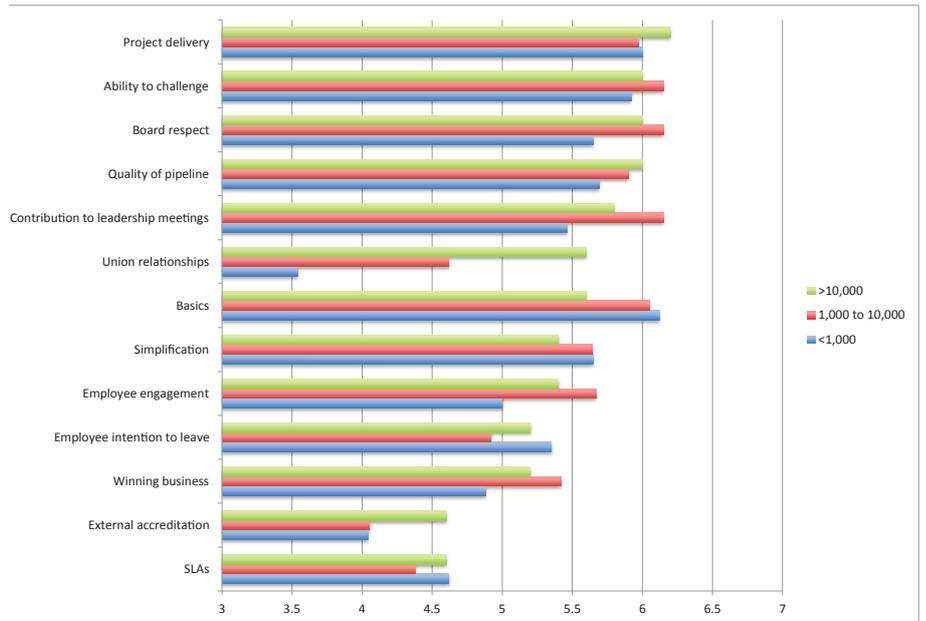
‘Her strength is: give her two glasses of wine and she’ll wax lyrical about the business not about HR.’

#### 4.4 The data

The data reinforces the message. Once again getting the basics right is critical but outcomes such as engagement, pipeline, retention and winning business, as well as leadership behaviours such as challenge, respect, contribution and simplification are seen as critical by leaders. Measuring HR through SLAs and external accreditation matters less.



Looking at populations the message is similar but unions become more significant in larger organisations, public sector organisations and non-UK businesses.



‘The key learning point is that HR needs to think about what it measures and how it uses these measures.’

The key learning point is that HR needs to think about what it measures and how it uses these measures. HR can measure itself on things that don't matter to its stakeholders but if it does, it needs to think about how it uses those measures, because if it shares them with a CEO who doesn't care it might undermine its credibility.

## 5. What do CEOs see as HR's biggest opportunity to increase its credibility and value in the eyes of the wider business?

Three key themes come out of the interviews: commerciality, simplicity and talent.

### 5.1 Commerciality

The biggest theme (unfortunately we would say 'as usual') is the commercial angle, not just understanding business but understanding the specific details of the business. If, as we saw earlier, CEOs want HR to contribute beyond HR, then HR's opportunity is to adopt a business-centric rather than an HR-centric view of the world, their role and what they do.

- *Can't do performance evaluation if you don't understand the business so close to managers and close to the business. Otherwise we talk two languages, HR language and business language, so we're not meeting each other.*
- *If HRD has a leading role here then HRD becomes someone really important in the organisation. In my different experiences some can do it, some are shy, lack self-confidence to talk about business.*
- *The real question is about how close the function is to the business; bright professionals in the function but do they really understand the business?*
- *In my perfect world every senior person in HR function should have two years in a line role.*
- *I sent my HRD to INSEAD on a finance course; don't want you thinking about the people context you've got a great brain. It's made a difference personally in terms of confidence.*
- *The issue for HR is until you really deep dive into it it's difficult to see the relationship between what they do and impact on the business. If you have an executive committee that struggles to see the need for calibrated appraisals and talent reviews I'm not sure the function does a great job of explaining why it's important to be aligned and calibrated.*
- *HR won't get going till HR has renewed its status in the strategy debate.*
- *By expecting more business acumen than ever from human resources, CEOs have challenged HR leaders to redefine their roles and their contribution to an enterprise. How often is the vice president of human resources involved in discussions of new markets, acquisitions, and shareholder value? Not often enough.<sup>14</sup>*
- *If HR is not embedded in the organization, it is not successful. It needs to be visible. It needs to understand the business better in order to bring greater value to the table. HR can become too narrow, too specialized—it needs to be broader in its approach to the business.<sup>15</sup>*

'In my perfect world every senior person in HR function should have two years in a line role.'

### 5.2 Simplicity

Earlier we saw that CEOs value what HR brings including the basics, but they want it done slicker and quicker. So the second opportunity is delivery and responsiveness. If HR doesn't operate at the right speed or relevance the danger is people will bypass HR, which opens the organisation up to risk. In group companies this also means acting as an effective interface with the group,

'You know what's happening, the water finds its way downhill, so you bypass HR due to speed and relevance.'

accepting that membership of the group brings benefits and responsibilities but that it is the local HR's responsibility to ensure the group understands what is value added and what is unnecessary bureaucracy.

- *Need to come up with solutions and present them back against real issues. Unfortunately by not doing that HR is being bypassed as they are seen as too unresponsive or irrelevant to real issues.*
- *You know what's happening, the water finds its way downhill, so you bypass HR due to speed and relevance.*
- *I expect HR to be slicker and quicker, perception isn't always fair but it's a bit slow and lacklustre in innovative thinking.*
- *For us it's being able to align UK strategy with European strategy in a cohesive way. We work as a European region but respect that there are significant differences. Added value is how these differences are minimized.*
- *Most of us are where we are because we enjoy what our companies actually do for our customers each day, and we view HR as taking us away from this. Spending a half day discussing a family medical leave issue or a 401K [pension] problem takes me away from the parts of the business I enjoy most. So anything that my HR team can do to minimize wasting my time on HR is appreciated. Any CEO worth his salt knows how important her/his associates are, so we will make time for it, but we look to you all to make sure that the time we spend is impactful and efficient.<sup>16</sup>*

### 5.3 Talent

Several of the CEOs talk about talent as their number one concern, so HR needs to play a key role at every stage in identifying the specific talent constraints on the business both now and for the future. HR can then facilitate an organisational approach to addressing these constraints that goes beyond the function itself and really engages leaders in their role. Indeed ensuring that the business is deeply engaged in the whole people and organisational agenda is critical as, for most forward-thinking CEOs, simply seeing it as an HR agenda as opposed to an organisational agenda misses the point. This means taking a lead in having tough conversations with the business not simply providing a service to the business.

'HR needs to be talent management, talent management, talent management.'

- *It's all about talent. If you've got c\*\*\* talent the business will fail; if top talent there's the chance to succeed.*
- *HR needs to be talent management, talent management, talent management.*
- *In our business it's about facilitating the right training and pipeline of talent because we are expanding by 30% per annum.*
- *We are adding lots of people and our success depends on them being right ones.*
- *HR doesn't work on its own. Only when it engages the rest of the business so biggest challenge is engaging their peers in how to deal with HR in a professional manner so the issue is HR's marketing of itself.*
- *Sometimes wished HR asked tougher questions and more tenacious than business will sit up and take notice that they are on my case.*
- *The bee in my bonnet is being able to have crucial tough conversations. As I come to the end of my executive days I think of talented individuals, no one said 'you have to address this or you won't make it'.*

'Sometimes wished HR asked tougher questions and more tenacious than business will sit up and take notice that they are on my case.'

## 6. How do CEOs rate the importance and performance of HR in the following areas?

- Getting the basics right – payroll, contracts, recruitment etc
- Building a talent pipeline
- Engaging your people
- Managing performance
- Building the capability of the organisation to deliver your strategy
- Creating and sustaining the right culture
- Managing transformational change



### 6.1 Basics

The chart compares what leaders and HRDs rate as important against how they rate HR’s performance (where 1 is weak and 10 is strong). It is interesting that getting the basics right is the most important, indeed leaders even see it as more important than HRDs do, but they also rate HR’s performance lower.

- *If you don't get this right, difficult to talk about anything as they don't trust you.*
- *We have too many discussions in this area; if you get this right you get rid of a lot of conversations that aren't value added.*
- *They are appalling; they even filled my own P11D incorrectly.*
- *It's not good having a great graduate programme if you pay people wrong, credibility is undermined if you do nice fluffy stuff but don't do basics.*
- *Done really good job in HR getting good business partners but calibre underneath them is poor. People aren't up to speed, need better grass roots people.*
- *If I lose payroll for one month I don't have an organisation. It's a Rubik's Cube if you don't have one square right you don't have anything.*
- *Very demanding of this and rare they always get it right.*
- *They underperform because they overweight processes, which disengages people.*

**‘It’s not good having a great graduate programme if you pay people wrong, credibility is undermined if you do nice fluffy stuff but don’t do basics.’**

‘They underperform because they overweight processes, which disengages people.’

- Ability to manage subcontractors is an issue.
- If you don't get them right it undermines the credibility of the function and wider organisation, nothing p\*\*\*\* people off more.
- Reason is sheer volume, not resourced to do the job; great people working hard, but swept away by sheer volume and managers aren't trained well enough to deal with basic HR issues which pressurises HR more.

## 6.2 Talent

The next most important is building a talent pipeline and there is a common view on importance and performance with ‘could do better’ perhaps being the message. It is interesting to note some of the issues in the comments, which are less around top talent and more about an inclusive view of talent.

‘Growth architects who help managers and directors fill their pipeline, not to do it himself but expect him to put process and training in place so it's done in each department.’

- We focus on the top end of the organisation and underinvest in the front line. We need much more effort on front line education... if we have any money left let's pump it into the front line management.
- Over focus on leadership, need to broaden and deepen it, less about directors of the future more about supervisors of the present.
- Still not getting good people coming through the organisation.
- When I took over Nordics, Eastern Europe and Russia I found I needed to fire four out of five GMs and half of local management committee; what the \*\*\*\* had they been doing in HR when I have to fire them?
- Growth architects who help managers and directors fill their pipeline, not to do it himself but expect him to put process and training in place so it's done in each department.
- One gentleman in particular said that the thing that keeps him up at night is knowing that he'll have enough of the specialized talent that he needs to support the incredible growth the company is experiencing. He wants to know that his HR people are doing everything they can to solve this problem with him.<sup>17</sup>

## 6.3 Engagement and performance management

These are also of clear importance though the issue isn't necessarily with HR itself. With engagement leaders think HR's performance is lower than HR does, especially where, by being overly bureaucratic, HR can actually contribute to disengagement.

‘Less is more, one side of A4 has more impact than a five-page spread sheet.’

- Think it's HR creating the framework helping managers with skills but not their job.
- More a facilitative role than a direct ownership role.
- They don't do it but help facilitate the process.
- Responsibility of the business not HR.
- EOS isn't immediate enough for action, need to engage line managers as well, need to take temperature with them more often.
- How you're treated by HR, as a function, is a key to how engaged people feel.
- HR struggles with what we are really trying to achieve. I want crucial conversations done well but we make it complicated.
- Less is more, one side of A4 has more impact than a five-page spread sheet.
- Input good, outcome the jury is still out, we overdo process.

## 6.4 Culture and change

In the case of creating and sustaining the right culture and managing

'Just so much more work to do, it's like painting the Forth Bridge. Key is embedding it in senior leadership team'

'Building capability is the key function of HR but many people in HR see the role as helping managers be better people managers – but the real role is to build the capability of the organisation.'

'I've got an HR function that wants to be everyone's friend.'

transformational change, HR's view on role and performance is overestimated compared to that of their leaders. In the case of importance, once again it's likely that it's about HR's role to facilitate rather than do. In the case of performance, again it comes down to the gap between HR's words and its actions.

- *Don't see them managing it but being part of it. Managing it is my role.*
- *Whole leadership team responsibility not just HRDs.*
- *Just so much more work to do, it's like painting the Forth Bridge. Key is embedding it in senior leadership team, they have right and duty to lead, sleeves rolled up, need people to step into it.*
- *Could do more here in our situation; it's close to critical but need heavy support from managers.*
- *Part of organisation not role of HR but make sure management behaviour isn't outside culture. Not a believer that HR shapes the culture but helps develop people within the framework.*
- *Didn't have all HR who are self-confident enough to lead change, supporting but not leading, down to leadership skills and focus.*
- *It's permeating everything HR does, should be culturally sound, but whole organisation's responsibility to deliver it, huge tensions between work on values and living those values, especially by HR that creates a gap between what's espoused and what happens.*
- *Worked with HRD who was just incredibly competent but a cow, so undermined whole culture very capable but unpleasant to work with.*

## 6.5 Building the capability of the organisation to deliver its strategy

Admittedly, the survey result is disappointing on this point, as we see this as a core role of HR but the leaders we surveyed disagree. In the interviews, CEOs rate this as more important but in their comments about performance they question HR's ability to think strategically, so perhaps the issue is they don't think HR can do it, so they don't see the relevance of it to HR's role. Whatever, we see this as a critical and an area where HR needs to up its game.

- *It's outside their comfort zone from education perspective they lack the skills.*
- *Building capability is the key function of HR but many people in HR see the role as helping managers be better people managers – but the real role is to build the capability of the organisation.*
- *Not because they perform poorly but there is so much more HR could do to support strategy. I need to support him to see the potential and ensure he has credibility.*
- *I could make more use of them in this area.*
- *Outgrown people, good in one or two places but should have understood this faster should have been more drastic in making changes but HRD didn't call this out loud enough.*
- *It's just complete chaos around HR function, so distracted, so reactive, so overwhelmed, so lose credibility, so people stop listening to them.*
- *I've got an HR function that wants to be everyone's friend. Had 20 years of growth never had to grasp the nettle, now it's tougher they don't have the grit or determination to deal with issues or don't have the capability. They hope we'll get back to softer stuff.*
- *Not convinced where HR is on the big stuff where they flow into business strategy.*

- *Second, their performance in areas outside the confines of the HR function is often deemed to be unspectacular. Whereas more than two-thirds of CEOs think their head of HR is doing a good job at managing the HR function, only a minority believe that he or she is achieving a similar level of performance in strategic issues such as 'succession planning', and just over half say the same about 'developing key talent.'*<sup>18</sup>

## 7. When appointing an HR Director, what qualities and/or experience do CEOs look for?

### 7.1 Intelligence

CEO's expect intellect, not in an academic sense, but in having a strong grounding that can then be applied in a pragmatic way to business issues.

- *Well educated, degree, good masters, because our managers are cowboys so they ride a horse and shoot at the same time, but this needs to be balanced.*
- *There's an academic side, not spout-out academics, but have to have an anchor around what they know.*
- *I look for the way they think, intellect, someone who understands the business dynamics, how to link business strategy to organisational behaviour.*

### 7.2 Commitment

Commitment to the organisation not HR is the key. HRDs have to think about the organisation first, what they can do to make a difference rather than what they can do to enhance HR's reputation. This means understanding the specifics of the business, its external context, dynamics, strategy, drivers, the heartbeat of the business, the link to behaviours, translating how the company will look in three to five years into culture and what this all means for HR but from this organisational context.

- *I would start with: do they have clear understanding of strategy and what drives business performance? Do they understand heartbeat of business they've been in?*
- *Still have HR who are a little too HR; need to be even more anchored in the business issues.*
- *CEOs expect HR leaders to sit at the mahogany table initiating ideas to make companies more productive. They do not want a trendy fad or catchy training program.<sup>19</sup>*
- *Don't just copy 'best practices.' While admitting that it's nice to hear what other companies are doing, CEOs expressed skepticism about other companies' 'best practices' being useful because of the huge variances in businesses and cultures, and the low probability that another organization will get the same results. Instead, they challenged HR to refine and improve differentiations in performance within the organization and to find customized solutions for their businesses.<sup>20</sup>*

### 7.3 HR experience

CEOs expect a functional competence especially relevant experience when operating in some industries or contexts, such as financial services or sales. They don't expect their HRD to be deep experts in all aspects of HR but they need to be expert enough to say we need to check this and to build a team that can find the answer.

- *First is someone who is a professional from HR function, wouldn't put someone who didn't have HR qualification. It's the stamp of quality, table stakes.*
- *Wanted someone who had technical competence in remuneration and therefore can be a partner with me.*

'Still have HR who are a little too HR; need to be even more anchored in the business issues.'

- *With HRD, bit like FD, looking for a degree of professional knowledge. I'd expect them to understand their subject and discipline in detail and know where to ask when they don't.*

## 7.4 Delivery

It is critical to be able to operationalise everything we have talked about, which means not only having a vision but being able to deliver it. They are looking for people:

*'Assume experience and functional competence are there, but if I need to hire they need to have vision and be able to operationalise it not just into HR but into other parts of the business.'*

- who are results oriented
- who take accountability
- who have drive
- who know how to manage a team to deliver
- who will innovate to keep ahead of the race
  - *Assume experience and functional competence are there, but if I need to hire they need to have vision and be able to operationalise it not just into HR but into other parts of the business.*
  - *The will to innovate so we keep ahead of the race.*
  - *Delivery achievement; my approach if you deliver and have firm foundation can do blue-sky thinking; look for someone who has actually achieved personally or part of a team.*

## 7.5 People orientation

They also expect HR people to balance their commerciality with a strong belief in and understanding of people, not just the theory around behaviours, change, diversity, culture and motivation but strong emotional intelligence. Not just applying the theory to the organisation and what HR does but to their own behaviour as role models.

*'Don't know if it's very different to any other director but maybe expect more leadership and more emotional intelligence than rest of management committee.'*

- *Don't know if it's very different to any other director but maybe expect more leadership and more emotional intelligence than rest of management committee.*
- *Biggest one for me is someone with highly skilled level of emotional intelligence, self-aware, self-management, really balanced, outstanding people skills, personally self-confident, cultural fit as much as HR experience.*

## 7.6 Credibility

As a corporate director, CEOs are looking for the HRD to be credible with their board colleagues, which is partly down to their knowledge but also their style.

- Collaborative, empathetic, proximity and team orientation.
  - *Last thing is empathy, team behaviour to sit in with top team and take out their personal objectives, they're secondary vs performance of colleagues.*
  - *Have to have the trust of the management team, have to have the sixth sense they just know people and have experience to make the right call and share this experience with the management team.*
- Great communications skills, which means listening as well as clarity.
  - *Hub of communications is through the HR team so look for excellent communications.*
  - *Real passion and engagement and very open.*
- Curiosity, a willingness to try to understand and explore things while reserving judgement.

**'She is extremely confident, someone who's not scared to go places; I don't want a prissy person.'**

- *Have to be able to reserve judgment, be able to challenge own assumptions... can't let our own views and biases rule.*
- *Something I value is creativity and initiative, often got sense you knew what an HR person would say before they said it. I like creativity and initiative.*
- Resilience, independence of thinking, self-confident, degree of humility, say what they think.
  - *She is extremely confident, someone who's not scared to go places; I don't want a prissy person.*
  - *Degree of self-confidence, not tries to take over, not 'it's all about me' but 'I'm here because I deserve to be'.*
- Ability to challenge own and others assumptions, prevailing thinking, not yes-men.
  - *Give advice and be listened to versus being dogmatic. Times when this is the advice you must do versus this is the range of wiggle-room option.*
  - *Whole thing is you steer but no one realises you're got the hand on the tiller.*
  - *I appreciate people who say what they think not hint at something.*
  - *Look for someone who can challenge, forthright, strong.*
  - *An independence, a willingness to challenge prevailing culture at board level and system wide, where others are delivery oriented in debates they apply the challenge. Others are saying how do I make this happen vs why are we doing it.*
  - *But, it's up to HR leaders themselves to be more assertive in having their voice heard around that table. When asked what he'd do if he was head of HR, one CEO stated: 'I'd pound the table more. HR issues get ignored in the heat of the battle'<sup>21</sup>*

One last enjoyable comment on this topic:

- *Actually someone who's fun not someone who's boring; some of them are just so tedious, highly competent, but want someone who you can warm to.*

## 7.7 Complementarity

Complements the leader and the business

- *Someone who complements my leadership skills. I am open-minded, enthusiastic, want someone who steps back, talks less, who is complementary – to look at same thing with a different eye.*
- *Key is someone who can operate in our situation of growth.*
- *Can I see that person fitting in here, can't write it down, can I see this person succeeding here.*
- *Five years ago needed someone good at HR stuff particularly about putting in place self-service, it was in a mess, didn't know how many people we had, so this was the priority. Now maintain it, but far more around talent agenda.*

## 7.8 Integrity

This is number one from the interviews: honesty, integrity, handles confidentiality, discrete, trustworthy, model for values.

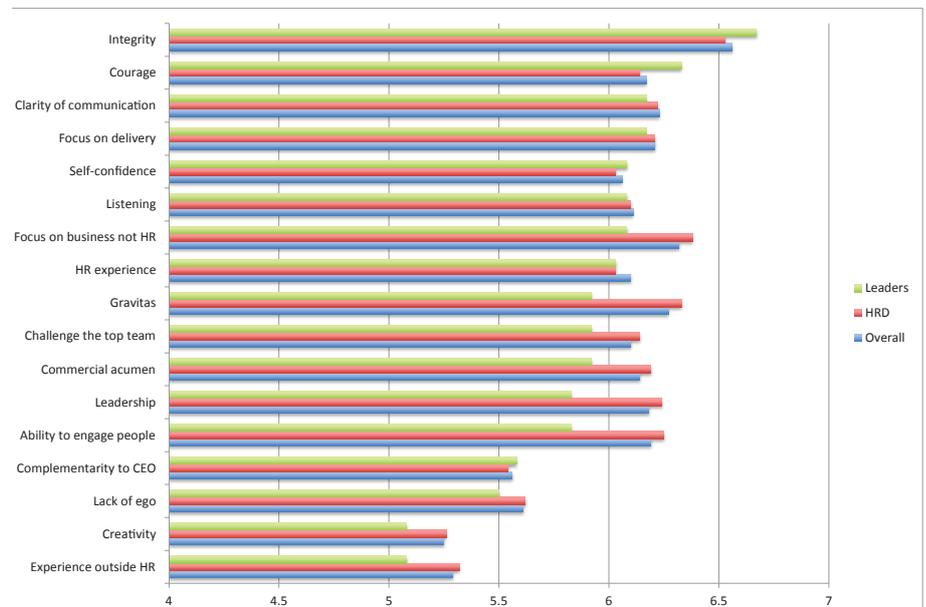
- *I need to have complete trust with my HRD. He or she will have a personal agenda but integrity, confidentiality.*
- *Need to be confident when we talk it will stay between the two of us. If I can't trust them it would be a very strong negative.*

- *The ego dimension is, I would say, a sin when you're a director not specific to HR; they are seeing a purpose, paid a high salary to achieve this; anyone who puts their ego first is in big trouble. Ego in leadership roles is a real barrier to performance.*
- *Integrity is an absolute; can have no shadow of a doubt due to high ethical part of the role.*
- *It's also about how we deal with people – honesty and integrity.*
- *I would look for loyalty, respecting confidentiality and handles confidentiality in a good manner.*

In summary HRDs need:

- *The brains of Einstein. – The charisma of Kennedy. – The negotiating skills of Kissinger. – The marketing skills of Iacocca. – The hide of a rhinoceros. – The soul of Mother Teresa. – The stamina of Jackie Joyner-Kersey.*<sup>22</sup>

Integrity is also number one in the data. It is interesting to compare the views of leaders and HR but in all cases, including looking at different populations, the message is clear: integrity is the top factor that CEOs look for. It's also interesting that for CEOs it's behaviours rather than experience that make the top six: integrity, courage, clarity, focus, self-confidence and listening.



'All very well having these nice discussions but if you can't deliver that's no good.'

'HR is about engaging people so HRD who thinks he's the most important part of the puzzle loses what is his role.'

## 8. Why do CEOs sack their HRDs?

### 8.1 Doesn't deliver

CEOs want people who understand the business and drive great solutions but if you can't actually make them happen in the real world then they'll bring in someone who can.

- *All very well having these nice discussions but if you can't deliver that's no good.*
- *They did the sexy stuff and none of the basics, they delegated without accepting accountability.*
- *Far too many who sound impressive but reality is they don't deliver.*
- *That was a different reason had visionary thinking and able to have broader discussion and good at HR-related topics but when it came to execution a gap.*
- *We had a case in the end too many issues in the basics, mistakes in contracts, too many time-wasted conversations.*

### 8.2 Can't step up

In some cases leaders recognise that while their HRD was good at one level, as the company grew or changed they simply couldn't keep up. These were often difficult conversations. They hadn't done anything wrong; they just no longer fitted the need.

- *When we started employed an HR admin lady who made sure the payroll worked but we outgrew her.*
- *It was a function of the agenda. The individual didn't have the capability to step up again. We had taken our game up a notch. She was successful in the old agenda. I would give her a reference, not a failure, it just depends what you wanted from them.*
- *Dealing with more complexity on broader scale, once we got six variables to think about vs four they lost the capability to think at that level on a broader scale.*
- *One of the reasons was mutual; he really understood need for thought leadership but he couldn't develop the function into something top notch.*

### 8.3 Lack of integrity

Once again, where integrity is the key in recruiting so it is the most common issue when we asked why CEOs sacked their HRD.

- *What would be a disaster is if you found that your HRD is the problem not just underperforming but where they were working against the organisation.*
- *HR is about engaging people so HRD who thinks he's the most important part of the puzzle loses what is his role.*
- *In my job for three days, my HRD took two and a half hours talking about himself. Came out of the room and said he won't be there in three months. Told me how right he was and how wrong his fellow directors were.*
- *From a character point of view I always felt she had a side, questioned if she was being straight forward.*
- *I wouldn't tolerate gossip and wouldn't tolerate someone acting out of fear, who was too weak for the job.*

- *The incumbent was disengaged, devious, political. Someone who didn't have a genuine interest in people, who was out for their own interest, their own ego. In the end senior management team had had enough of her politicking and back stabbing and she went.*
- *She went behind my back to trustees, which was incompetent in not recognising the consequences of her actions.*
- *He was making use of his insights in a way that lacks confidentiality.*
- *She was someone who was repressed, unconfident, controlling, which paralysed the organisation and choked it because she wouldn't let go.*

## Conclusion

We often hear HR professionals complain that their CEO and their organisation aren't good customers of HR, that they don't get HR or that they don't give them a seat at the table. In our interviews and survey it was clear that the vast majority of the respondents want to be good customers of HR, that they do get HR and they do want HR to take on a more strategic role. Equally the majority was frustrated in how far HR came from living up to this. Perhaps when people start complaining they need to look at themselves in the mirror first. As an HR professional, you need to:

- listen to your CEO about what he or she wants and then challenge them on what they actually need
- get the basics right before trying to be strategic
- engage with the business agenda to ensure what you see as strategic is truly strategically relevant
- focus on upskilling your strategic and commercial skills
- focus on delivering this more pragmatically, concentrating on 'fit for purpose' rather than 'world class'; you need to make simplicity a watchword for HR or you will alienate not only your CEO but also the whole business
- take accountability for its delivery even if you don't have to deliver it
- have the self-confidence to challenge effectively for what is right
- finally, do all this with unquestionable integrity

**'In a world of massive change and declining trust in business it's good to hear that CEOs value integrity more than anything else.'**

Personally, we find this final conclusion reassuring. In a world of massive change and declining trust in business it's good to hear that CEOs value integrity more than anything else.

If we ask the 'so what?' question there are clear implications for enhancing HR talent and capability, who we recruit into the function (and who we don't) and how we develop them to be the HR directors of the future. The research points to three key areas: integrity, delivery and credibility.

### Integrity

Integrity is the key, but as we asked at the beginning, can it be taught? It is critical that you look for it when you recruit and then constantly reinforce it in every conversation you have with every HR professional in your team. It needs to be a key criterion for promotions. It is also critical that you don't let people in who have no integrity or let them survive. It is a virus, which CEOs clearly will not tolerate, so it needs to be stamped out.

### Delivery

Delivery is something we can assess and teach. It's about focus, discipline and follow-through. It's about balancing your teams with thinkers but also with doers and recognising and valuing the doers as much as the thinkers. It's about developing project management and prioritisation skills and techniques. Above all it's about delivering things that are relevant to the business, which are simple and pragmatic and not over engineered.

## Credibility

Credibility isn't something you can develop in isolation, it's about understanding what makes you credible in your CEO's eyes and developing these elements.

Having said that there are clearly some common elements:

- HR skills
- Key personal qualities: courage, curiosity, collaboration, confidence and communication
- Intellect – both IQ and EQ
- Commerciality: applying all these elements in the context of the business's needs, to make a difference to performance and sustainability

These are all things we can highlight in assessment and development by raising awareness of the importance of the elements, which are most relevant in our organisational contexts.

CEOs want HR to play a key business role. It's up to you to recruit and train your people and yourself so you can play it.

'CEOs want HR to play a key business role. It's up to you to recruit and train your people and yourself so you can play it.'

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