

# The Chief Human Resource Officer: Shifting Roles & Challenges

**Executive Summary of the 1st Annual CHRO Survey by the Cornell  
Center for Advanced Human Resource Studies (CAHRS)**

High-performing companies tend to have several things in common. They groom top leaders from within, remove barriers to innovation, and successfully define their value proposition to customers and employees. As talent, knowledge, and leadership become the currency of competitive advantage for many of these companies, the Chief Human Resource Officer's (CHRO) role is more critical than ever to their success. Companies rely on their CHROs to not only understand the needs of the business, but to also expertly use HR tools and techniques—and drive performance by effectively, and consistently, analyzing and integrating the two. This isn't an easy task, and many would-be CHROs find the path to the top, or the transition once there, fraught with obstacles.

# The Modern CHRO Role

What does it take to be a successful modern CHRO? In 2009, the Cornell University Center for Advanced Human Resource Studies (CAHRS) conducted the first annual CHRO Survey to help answer this question and fill the gaps in knowledge of the evolving CHRO role—and how best to prepare for it. The survey focused on three general areas: how CHROs allocate their time to different colleagues, issues and roles, and the challenges that arise; how CHROs and CEOs prioritize the HR agenda, and concerns about HR's ability to deliver on that agenda; and the basic characteristics (demographics, education, experience, tenure) of today's CHROs, as well as how they landed in their current role.

## Roles of the Chief HR Officer

Strategic Advisor to the Executive Team:

**Focus on the formulation and implementation of the firm's strategy**

Confidante/Coach to the Executive Team:

**Counseling or coaching team members, or resolving interpersonal or political conflicts among team members**

Liaison to the Board of Directors:

**Preparation for board meetings, phone calls with board members, attendance at board meetings**

Talent Architect:

**Focus on building and identifying the human capital critical to the present and future of the firm**

Leader of the HR Function:

**Working with HR team members on the development, design, and delivery of HR services**

Workforce Sensor:

**Identifying and addressing workforce morale issues or concerns**

Representative of the Firm:

**Activities with external stakeholders, such as lobbying, speaking to outside groups, etc.**

Of the 148 CHROs culled from the 2008 Fortune 150 list and CAHRS partner companies, 39 percent (n=54) completed the survey—an unusually high rate for survey research, and particularly for a sample of senior executives.

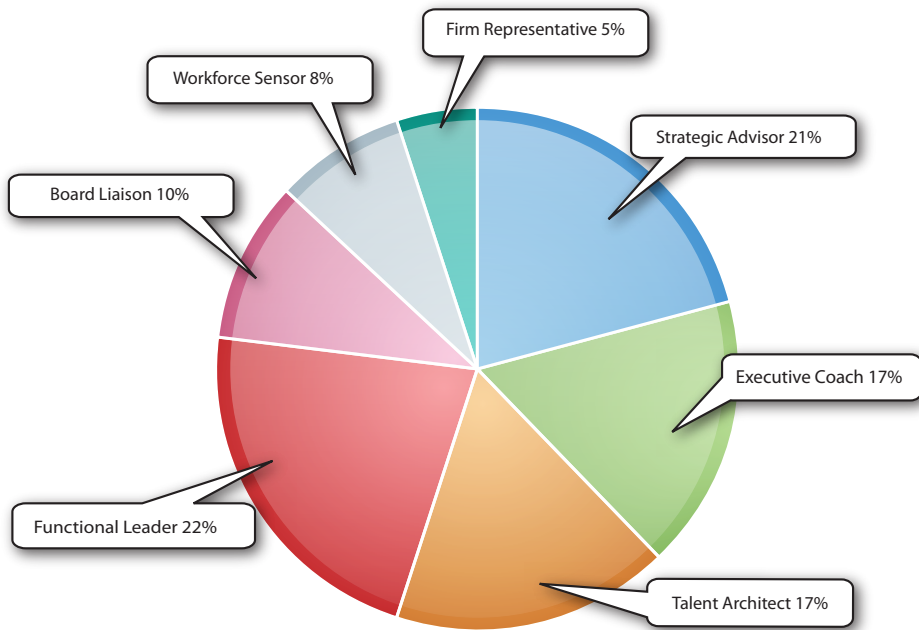
The responding CHROs took the survey seriously—spending an average of 30 minutes to complete it, and offering many extremely candid and detailed responses to open-ended questions.

Before this, little research had examined the defining characteristics of today's CHROs, or the shifting roles and challenges of the position in relation to the board of directors, C-Suite, and workforce at large.

To lay the groundwork for this first survey, Patrick M. Wright, the William J. Conaty GE Professor of Strategic HR at the Cornell ILR School, and CAHRS researchers spent the past four years systematically studying the CHRO role. They used a combination of interviews with CHROs (over 40), CEOs, brainstorming groups, and archival data to gather intimate details of the CHRO role and identify the demographic characteristics of CHROs at the highest-performing companies.

Beyond providing one of the first quantitative examinations of the modern CHRO role, the survey also pinpoints its more nuanced challenges—and where inexperience and lack of internal preparation are letting down potential candidates for the top HR job.

Percentage of Time Spent in CHRO Roles



**45%**  
Percent of time CHROs spend with senior business executives

**27%**  
Percent of time CHROs spend with the HR team

## Balancing Act: CHRO Roles

Based on prior research, Wright has classified seven roles played by CHROs in today's global organizations. In the first annual CHRO Survey, CHROs were asked to indicate the amount of time they spent with certain constituents, playing certain roles, which roles they felt had the greatest impact on the business, and for which roles they were least prepared when they took on the CHRO role.

### Impact and Integration

Almost 80% of the CHROs surveyed chose three roles as having the greatest impact on the business: Strategic Advisor, Confidante/Coach, and Talent Architect. Not coincidentally, CHROs spent almost equal amounts of their time in these roles (21%, 17% and 17% respectively).

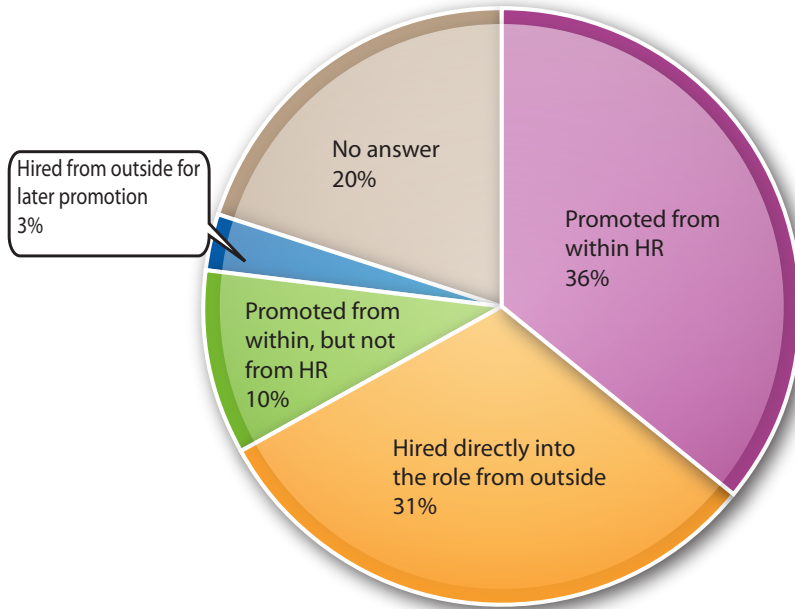
Although CHROs spent the most time (22%) as Functional Leaders, they didn't consider this role to have a great impact on the firm—only 5% of CHROs cited it as such. In addition, 35% of the CHROs surveyed said they're spending less time in the functional leader role during the economic crisis.

The CHROs surveyed spent almost three quarters of their time (72%) with either senior leaders (45%) or HR team members (27%), with the rest allocated sparingly to a variety of other constituencies. This focus on executive team members has been accentuated by current economic conditions.

CHROs spent the most time in individual meetings with the CEO, other executives, and HR leadership team members (about 15% each). Of their senior executive colleagues, CHROs spent the most time with the CEO (30%), business unit presidents (19%) and the CFO (16%).

But the survey data alone can be misleading. While CHROs ranked time spent in their various roles, and the strategic impact of each, written comments and follow-up interviews revealed a deeper truth. These showed that success as a modern CHRO comes not from performing one role well, but from being able to successfully integrate all (or at least many) of these roles simultaneously.

### The Path to the CHRO Role



**54%**  
Percent of CHROs who held roles outside of HR

**44%**  
Percent of CHROs not promoted from inside HR

#### PROMOTION VS. EXTERNAL HIRE

Across a number of areas covered in the survey, the glaring weakness identified in HR revolves around the talent of those in the function. The CHROs surveyed identified this as the major impediment to being able to deliver on the HR agenda.

The fact that 44% of the CHROs surveyed were not developed internally strongly suggests that developing the HR talent pipeline is a major challenge facing the profession.

According to the survey, 31% of CHROs were hired directly into the CHRO role from the outside, 10% were promoted from within the firm but outside of HR, and 3% were hired from outside to later be promoted into the role.

This practice—bringing in outsiders as potential successors 12-18 months before the actual transition—has become very common in the last few years.

### Becoming a CHRO: Career Paths

Overall, the CHROs surveyed are highly experienced in HR (over 70% have 20 plus years in the profession), but many are relatively new to the role (less than two years as CHRO). But aside from putting in their time, how did these CHROs achieve their positions?

#### Promotion Path to CHRO

As the CHRO role has become more important—and in many cases tied more closely to the CEO—CEOs have begun demanding more from their CHRO. One of the interesting issues raised by CEOs and executive search consultants specializing in HR searches is the difficulty finding qualified successors. They often complain about an insufficient talent pipeline for the CHRO role. Based on discussions with U.S. executive recruiters focused on senior HR roles, it seems that often when a new CEO steps in, they soon want to bring in a new CHRO that is “his/her own.”

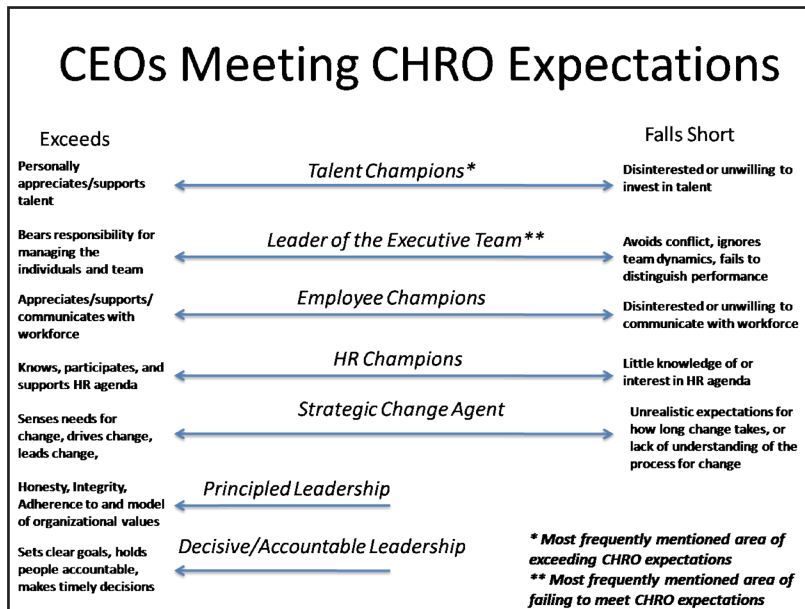
Whether due to a lack of internal talent or simply a desire to choose a CHRO, many CEOs search outside the organization for the “best available”—usually an executive who already has experience in the top HR job. This suggests large companies may frequently resort to poaching existing CHROs from other companies to fill their talent needs at the CHRO level.

#### Experience Outside of HR

Another key aspect of the professional backgrounds of CHROs is whether they held roles outside of the HR function at some point in their career.

Anecdotally, a number of CHROs suggest that while useful, HR professionals don’t necessarily need to work outside of HR to be successful CHROs. Instead, they propose that while experience outside of HR can provide a deeper understanding of the business and add to an individual’s credibility, these objectives can also be met during a career spent entirely in HR.

That said, a majority of the CHROs surveyed (54%) worked outside of the HR function at some point in their career.



63%

CHROs who say talent tops CEO's agenda for HR

## The CEO Relationship

The CHRO survey also took an unprecedented look at how today's CHROs work with their CEOs. In particular, one section of the survey asked CHROs to identify CEOs' strengths and weaknesses with regard to HR.

The focus here was not on CEOs' general strengths and weaknesses, but rather in which HR areas the CEO either exceeds or does not meet the CHRO's expectations. With 80% of the CHROs surveyed responding to this section, the results provide one of the first broad examinations of how CHROs view their CEOs.

### CEOs place talent as a top priority for the HR Agenda.

- A majority of CHROs (63%) said talent is one of their CEO's top priorities for HR.
- Other top CEO priorities identified for HR include increasing cost efficiency and/or delivery effectiveness of the HR function (24%), compensation/benefits (20%) and executive succession planning (20%).
- Cost control and employee engagement were mentioned as a top CEO priority for HR by only 19% of the CHROs surveyed.

### CHROs cite talent gaps in the HR function as a major obstacle to delivering on the CEO's priorities and meeting strategic objectives.

When asked to identify the biggest obstacle for them to be able to deliver on the CEO's priorities for the HR agenda, CHROs' most frequently cited concern was the talent within the HR function:

- While most comments referred to the function's lack of business acumen, some CHROs cited other problematic characteristics: lacking "inner toughness" in rough times, inadequate change management skills, and risk aversion.
- CHROs also cited a lack of resources as an obstacle to delivering on the CEO's priorities. Inadequate time, people, technologies, and money limit the extent to which the function can provide the capability necessary to deliver on the HR agenda.

### HR areas where CEOs exceed or fall short of CHRO expectations.

- CEOs exceed at being 'Talent Champions': They appreciate the strategic importance of talent, and recognize they must invest their personal time and effort in the attraction, development and retention of talent.
- CEOs fall short at being 'Leader of the Executive Team': Surprisingly, one of the main differentiators between those CEOs who exceed versus fall short of CHRO expectations revolves around the CEO's personal responsibilities as the leader of the executive leadership team. Nearly one third (31%) of the CHROs who responded said their CEOs fell short of expectations in some aspect of this area.
- Interestingly, 45% of CHROs develop their own HR objectives without clear communication from the CEO.



**50%**  
Percent of CHROs who  
felt least prepared for the  
Board Liaison role



#### DEVELOPING THE NEXT GENERATION OF CHIEF HR OFFICERS

The reason often given for an insufficient CHRO pipeline is that the CHRO job is vastly different from those that report into it—leaving direct reports with no idea how to effectively fill the role. To help close this gap, the Center for Advanced Human Resource Studies (CAHRS) offers a unique executive program to better prepare top HR talent for a future CHRO role.

The program, *The Modern CHRO Role & Strategies for Success*, brings participants face-to-face with the daily realities of the CHRO position. Current CHROs, board members and CEOs at large public firms share their experiences in a highly interactive, flexibly structured format.

Topics include executive pay, board roles and relationships, and managing the CEO relationship—with particular emphasis on the challenges CHROs face and suggestions for overcoming them. Participants must be nominated by their senior HR leader to attend.

#### The Gaps: Is your next CHRO ready?

Balancing and integrating roles is tricky, especially for new CHROs. But one role in particular seems most challenging for those new to the position: Board Liaison. Over 50% of the CHROs surveyed said they felt least prepared for dealing with the board of directors when they took over the top HR job.

In essence, the CHROs suggested that it's difficult, if not impossible, to gain experience with the board prior to stepping into the CHRO job—making the transition significantly more challenging.

#### Not Ready for the Spotlight

The next highest percentage of CHROs surveyed said they weren't well prepared for the role of Firm Representative. Not surprisingly, this is also the role in which CHROs reported spending the least amount of time.

As a member of the executive team, CHROs also face the harsh glare of public and legal scrutiny—requiring much greater discretion. This transition can be difficult, even though many HR professionals are experienced at handling sensitive information.

#### Most Challenging Part of the Job

A final, open-ended question on the survey asked CHROs to identify the most difficult or challenging part of their jobs.

Although CHROs' answers fell into four categories (talent development in a time of crisis, employee engagement in a time of crisis, board conflict, and leading HR), two larger themes emerged.

Those themes, not surprisingly, relate to balance—balancing competing demands and balancing values.

Companies constantly face the rational tradeoff between reducing costs and building capability. These challenges weigh heavily on CHROs' shoulders, especially when resources are tight. The challenge of balancing values is most salient when CHROs have to make decisions—often in the name of cost reduction—that they feel might violate some organizational or societal value.

# The Modern CHRO Role & Strategies for Success: A One-of-a-Kind Executive Program

## The Impetus

- Since Enron/Tyco, Sarbanes-Oxley, TARP and the ensuing financial crisis, the role of the chief human resource officer (CHRO) in large publicly traded companies has changed. Companies are less willing to let the next in line (internally) move up without significant exposure to executive compensation at the SEC reportable level and interaction with board of directors.
- Discussions with Cornell Center for Advanced HR Studies (CAHRS) Advisory Board about the difficulty finding candidates (internal or external) fully qualified for the new demands of the modern senior HR officer role.
- Acknowledgement that the one-day NAHR CHRO Academy is valuable, but often comes too late to help those enrolled. By the time a new CHRO can attend the NAHR's Academy, companies have already taken a leap of faith.

## The Audience

This program, developed jointly by CAHRS and NAHR, is aimed at seasoned HR executives with at least 15 years of experience within HR and who could be eligible for a top HR job within a few years. Candidates entering HR at this high level from another function are considered on a case by case basis.

## The Nomination Process & Guidelines

- Program applicants must be nominated to attend by their senior HR officer and content is appropriate for the pool of candidates who have potential to hold a future CHRO role, as well as for named successors to the CHRO.

- To avoid current senior HR officers having to name a successor in order to nominate attendees, companies can send up to two people per program, and the program is offered each year.
- All participants are required to complete a comprehensive non-disclosure agreement regarding the content and details of the program.

## The Format and Faculty

- A two-module series, this program brings attendees face-to-face with the daily realities of the CHRO position. Senior HR officers, board members and CEOs tell their own stories in a highly interactive, flexibly structured format.
- Taught by a mix of current and retired CHROs, CEOs and board of director members from large, publicly traded firms, and top Cornell ILR School HR Studies professors; supplemented by industry experts in critical topic areas. Activities include an individual action learning project between sessions.

## Upcoming Dates

Class of 2011

- Session One | Nov 3-4, 2010 (NY, NY)
- Session Two | March 22-24, 2011 (NY, NY)

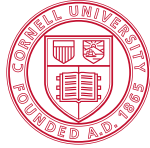
Visit [www.ilr.cornell.edu/execed](http://www.ilr.cornell.edu/execed) for more information.

## What program alumni are saying:

"The most valuable program I have ever attended. Assuming a CHRO role without the insights, practical advice and support system provided by this program would be a major mistake. Utterly indispensable for anyone who aspires to the CHRO role."

"One of the best courses I have participated in. Great learning environment. I was really able to connect with my classmates and the CHROs that presented. This course really makes you think about the CHRO role, your own preparedness, and challenged what you thought you knew about sitting in the top seat."

"This is one of the best executive education programs I have attended. You learn from the presentations and the attendees. The attendees are peers in respected companies and you are able to engage in robust dialogue both in the classroom and outside of the classroom. I feel like I have developed a new network of respected colleagues to brainstorm with in a safe environment."



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Amgen	Ingersoll Rand
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Archer Daniels Midland Company	Johnson & Johnson
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Bausch & Lomb	McKesson Corporation
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Citi	Procter & Gamble Company
Coach Inc.	Royal DSM N.V.
Coca-Cola Enterprises	Royal Dutch/Shell Group of Companies
Comcast Communications	SK Group
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Cornell University	Terex Corporation
Corning, Inc.	Texas Instruments, Inc.
Darden Restaurants	Tyco Electronics
Dell Computers	Tyco International Inc.
Diageo	United Airlines
Eaton Corporation	Verizon Communications
Fidelity Investments	
GAP Inc.	

**About the Cornell Center for Advanced Human Resource Studies (CAHRS)**

The Center for Advanced Human Resource Studies (CAHRS) is an international center serving corporate human resources leaders and their companies by providing critical tools for building and leading high-performing HR organizations. CAHRS' mission is to bring together partners and the ILR School's world-renowned HR Studies faculty to investigate, translate and apply the latest HR research into practice excellence.

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