

What Does Good HR Looks Like?

While HR is responsible for roughly half of an organization's operating costs, most HR professionals don't have the skills to be true business leaders. Here are some ways to build the skills HR executives need to excel.

For years, HR professionals have been striving to become more influential leaders within their businesses. As the executive responsible for an organization's biggest asset -- its people -- the CHRO is squarely in position to influence business strategy. But while many have secured a coveted "seat at the table," the majority of HR leaders remain outside the inner circle of business decision-making.

Why is that? The reality is that most HR professionals don't have the skills to be true business leaders -- able to see the linkage between talent and business performance and balance business strategy with more tactical HR activities.

It is clear we need to build a stronger pipeline of HR leaders who can meet the needs of the future workforce and the future workplace. So let's examine what "good" HR looks like, and how to build the skills HR executives need to excel.

Today's CHRO

Today's HR leader is a business leader who happens to lead the HR function. He or she is responsible for roughly half of the firm's operating costs in the form of employee payroll and compensation, putting that role on at least equal footing with the heads of finance, marketing and sales.

Scott Sherman, executive vice president of HR at Ingram Micro, describes the change in HR this way: "The role of HR today is providing good solid business advice, as opposed to some years ago, when the role was basically, 'Here are the rules, the laws and the policies,' " he says. "Today, it's 'Here's how we operate the business. Here are the people that we have that serve our customers. How do we better engage our people so that we can satisfy our customers more passionately, more thoughtfully, more successfully?' That's what we as HR leaders do every day. "

To fulfill this role, the capabilities required of HR leaders have also evolved. An HR leader needs to know the business, how it makes money, and be able to advise and influence the C-suite and board on business and talent issues. To do that, he or she needs to be able to read financial statements and leverage data -- financial data, operational data, and talent data -- to make decisions. And, of course, the head of HR needs to be the leader of talent in the organization, alongside the CEO: building the talent and capabilities within the organization; acting as the steward and shaper of the firm's culture; and serving as the Chief Employee Experience Officer. (See Figure 1.) Sherman describes the responsibilities as follows: "The whole talent market has evolved and it's lightning fast. It's now a consumer market, so we have to have a consumer approach to talent. Our employees are our customers, and they buy work experience. And they buy leadership from us."

Unfortunately, the skills of many HR professionals have not kept pace with the evolving role. While most HR leaders understand HR issues and programs -- e.g. compensation, learning and development, employee relations -- they lack the ability to put together all the different disciplines into a unified body of thought and how it drives the business. In addition, as with other executive positions, CHROs need to hone their capabilities in leadership, influencing, cross-cultural intelligence, and critical thinking -- a complex mix of skills that cannot be acquired overnight.

As a result, many CHROs are being selected from outside of the HR function. A recent study by Willis Towers Watson finds that 55 percent of today's CHROs had at least one prior job outside of the HR function -- holding one or more positions in operations, finance, strategy or a line-of-business role. Perhaps even more startling was the finding that 1 out of every 5 CHROs had no prior experience

whatsoever in HR before they accepted the top HR job in their company. Imagine a CFO coming into that role with no prior finance experience? Given this, it's not surprising that the majority of business leaders in a Deloitte survey -- 72 percent in the U.S. -- say that reskilling HR professionals is an important priority for their organizations.

Figure 1: Capabilities needed by HR Leaders

Growing talent from the ground up

So how can HR professionals build the skills to be effective, business-oriented leaders? To date, the academic path for HR professionals hasn't emphasized hardcore business skills, and once HR practitioners enter the profession, they are rarely moved into line roles to gain an understanding of the business. Certification programs may build knowledge and skills in certain subject areas, but they fall short on developing the full breadth of required capabilities.

Starting at the university level, HR graduate programs should provide a mix of business and finance-oriented courses, strategy courses and internships, and they should promote HR as an attractive career path for grad students. The HR management and business schools within universities should share courses and encourage their students to work together.

New York University's School of Professional Studies, for example, offers a master of science degree in HR management and development. Two-thirds of the curriculum is geared to building foundational business skills, including business strategy, financial management, information technology and analytics. The remaining one-third of the curriculum is concentrated on HR specializations. Internships and capstone research projects are geared towards blending hands-on business and HR experience.

"At NYU, we are developing business professionals with a specialization in HR," says Anna Tavis, a clinical associate professor of human capital management at NYU. "We are constantly exchanging with the ecosystem of outside business and professional communities to provide students with real-world experiences. Our goal is to develop a generation of HR leaders who aspire to build the future and know how to excel in the present."

Therefore, if you are a current HR leader, look to build relationships with universities to foster a pipeline of HR talent.

Learning the business

Early and mid-career HR professionals should seek out mentorship programs, job rotations and a variety of projects. Sherman describes his early career experiences at Exxon, first as a recruiter and then as an HR generalist, which taught him how things worked in HR. "[When] I went into a sales assignment, that was one of my most formative experiences," says Sherman. "I learned how the business operated, how Exxon in that part of its business made money. But I also learned, really importantly, what it was like to be a customer of the HR function at Exxon, because I was one. I was a territory manager trying to generate revenue and profit for Exxon. But I was a customer of the HR function. And I think what CEOs want are folks that come with that business perspective."

Similarly, Anne Bodnar, chief human resources officer at Willis Towers Watson, describes her first role in operations in banking, which helped her to understand the intersection of technology and work process. She then spent eight years as a strategy consultant, working with a wide array of companies. "That gave me exposure to how talent and strategy matters in many different types of businesses," says Bodnar. "And I was able to really get a sense of the economics of the business, how different components drive business success in a global context. That really was incredibly formative in helping me bring a fresh perspective to the business context that we're operating in."

Diversity counts

Both Sherman and Bodnar emphasize the need for diverse experiences -- within HR, within the business, and within different cultures. At Medtronic, Sherman was appointed an HR leadership role in Europe.

"The opportunity to live in that mélange of cultures was fabulous," says Sherman. "It helped me to change my perspective as a person, and really helped me to grow. For top HR jobs, you have to have that experience working with Boards and different leaders."

Bodnar lived for extended periods of time in Paris, London and South Africa, which she says opened her eyes to new ways of living and working. "It helped me be culturally aware, not only in terms of my day-to-day travels, but in trying to understand and grasp how there may be different perspectives from the people who are part of our company, our candidates, our clients globally."

Most companies understand that talent plays a critical role in virtually every aspect of their success. Changing workforce demographics, globalization, the war for talent, automation and artificial intelligence, all of these will make the role of HR more prominent -- and more challenging -- in the days to come.

If we can broaden and deepen skills in HR to make HR people more business-oriented and agile, HR will play a larger role in helping business succeed -- and maybe we'll stop seeing all the "Why We Hate HR" articles.

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Wednesday, June 7, 2017