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author

Career management

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What stops HR professionals from reaching CEO level? And is the top job something that they want?

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Chief executive officers regularly pay tribute to the value that HR professionals can add in organisations. But how much is that a true reflection of the genuine situation? On the ground – and often in the boardroom – many HR directors complain that they're not taken as seriously as they deserve.

"HRDs feel that there's an increasing importance to their role – and, in fact, there's absolutely no doubt that CEOs are forming a link between talent and growth," says Sue Brooks, director of Ochre House, an international talent management consultancy based in London. "The problem, though, is that it's HR people themselves who are struggling to respond to that link."

Many HR professionals, she argues, are preoccupied with 'personnel process' issues, bogged down in administrative work around payroll, benefits and compliance: "There's a reluctance amongst HRDs, who may well love the opportunity to deliver value, to make that step-change, as they tend to be highly risk-averse. Outsourcing and offshoring of transactional tasks are vehicles which could help achieve that for them – but many are waiting for the CEO or the finance director to take the lead."

Clive Newton, a managing partner at international consultancy Korn/Ferry, says HR professionals have long been worried about their reputation – but that their role has shifted to focus more on value-add aspects, principally talent management: "It's now the job of HR to get the right people into the right jobs at the right time – and ensuring that there's a pipeline of talent."

One of the outcomes of recent skill shortages is the lack of leadership coming through the ranks, which is where Newton believes that HR can make a difference. "Chief executives might typically spend a third of their time with HR, talking about who they have on board, whether they can be promoted and what the risks are," he says. "CEOs can't afford not to understand who the talent is; nor can they have that talent walking out the door. HR definitely has an influential role to play."

CEOs who have reached their present role via routes that include regarding HR as simply administrators may take convincing of the potential they have to add value. As Newton says: "If they've not grasped it yet, it's unlikely that they ever will. On the other hand, if they've arrived from a more enlightened organisation, then they'll want to embed talent management into the HR function of their new business."

For HRDs to earn the respect of CEOs – on a par with, say, finance directors – they may need to be more highly concentrated on money matters. To put it bluntly, finance directors are generally taken more seriously than their HR director counterparts because their knowledge and skills are tangible, often difficult for people outside of finance to understand, and usually backed up by a widely recognised qualification, such as an accountancy or treasury specialisation. It does an HR director no harm at all to take steps to learn the necessary financial language and expertise, even if it is at a relatively basic level, for two reasons: first, it places them on an equivalent footing in

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the boardroom when the discussion turns to financial issues; and, second, it could help to concentrate the minds of the HR function on using financial data as illustrative proof that their people strategy has merit for the organisation.

"The numbers really count," says Robbie Wheeler, HR director of Aramark UK, a global food services company. "HRDs need to think about profitability and revenue growth; they can help to bring organisational focus in respect of industrial relations, pay and rewards, and productivity. Those all have tangible financial benefits if they're controlled well."

"What's more difficult to quantify is the work HR does around talent selection; those tasks are less quantifiable in the short-term but, in the long-term, they're critical for longevity. If the HRD role is perceived as a business partner as well as a functional head, then it can be very much the case that they can shape the strength of debate at board level."

With the rise of the business services sector, there is also more of an emphasis within many companies on people skills, 'soft skills' and personal effectiveness – which is having a positive impact on the extent to which HR professionals' influence is growing. Says Wheeler: "Within business services, the people who companies field are key differentiators and the focus that HR can bring to development – ensuring consistency of key skills and attitudes and attracting and retaining star talent to perform at their peak, day in, day out – those roles should be at the heart of the business. But there are still big gaps in the number of high-calibre HRDs who can demonstrate those competencies."

HR people have attained CEO positions before – but they've been few and far between. Meanwhile, the accountancy profession actively promotes the view that accountants are potential CEOs, and this has now become the widely accepted view. The Institute of Chartered Accountants of England and Wales (ICAEW), for example, makes much of the fact, in its marketing to potential



graduate trainees, that more and more chartered accountants are achieving top roles in business. Making finance director is by no means the pinnacle of one's career as an accountant in business – yet it still seems unrealistic that one day the HR profession could make a similar claim. Why is it such a pipe dream?

"It's an incredibly exciting time to be in HR," says Brooks. "Most of the HRD community recognises that there needs to be a lot of rethinking about how the HR profession should prepare itself for the challenge ahead. The thing is, though, that HR isn't trying to attract that type of talent. Professional bodies are not preparing people for top-level positions. HR professionals are being encouraged into specialist areas too quickly – which means they're not being given commercial business skills. There isn't the aspiration to become a CEO that more chartered accountants are demonstrating. HR needs to adopt the language of business and ensure their people spend time in different business functions."

The ACA (the ICAEW's qualification) is widely acknowledged as providing one of the best business educations available – which makes it difficult for any other professional qualification to muscle in. But Newton says that, in any case, people entering HR have different motivations: "They're typically concerned about developing other people and looking after the human side of things," he says. "It's difficult to imagine someone going from HR to CEO – and people in HR don't tend to ask for that kind of progression, so they don't equip themselves for it."

Heidi Waddington, managing director of recruiters Hays HR, says the greater internal slant of HR has impacts on the opportunities that become available to them. "Finance is externally focused at a higher level, towards investors and analysts, as well as measuring the business – which is also what the CEO's job revolves around. So that gives accountants a high profile and affinity, whereas HR people don't talk numbers – it's all about policies and communicating those at board level well. HR professionals don't tend to think in bottom-line terms."

It's been floated that the high proportion of women in senior HR roles may contribute to attitudes towards HR in male-dominated boardrooms – but Wheeler is adamant that this isn't the case.

"There are many strong role models of HR influencers who are women," says Wheeler. "But it's interesting to look at the skill sets of those women who have achieved senior roles; much of it is about having a go-for-it attitude. Nobody's going to hand it to you on a plate, so anyone in HR – man or woman – needs to ask themselves: how am I going to exert influence in this organisation? What are the skills needed to become part of key senior teams and what do I need to do to acquire them? That could mean studying for a qualification in a different discipline or going on a course to become capable of understanding financial detail. Whatever it is, the HR person has to be

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proactive and do it, regardless of gender.”

Looking ahead, Brooks sees acceptance of more tolerant HR practices, such as flexible working and homeworking, being more warmly embraced and proactively driven by CEOs, reflecting less scepticism about HR's role. But she says HRDs she talks with are nevertheless concerned that as a profession, they may continue to be hampered by time spent in areas that are more operational.

“Many are not responding to the opportunity that the strategic direction around talent is taking,” she says. “They're worried about being sidelined. Offshoring and outsourcing can deliver tremendous benefits – but HR people have to lead that step-change and push the agenda themselves.”

But Newton believes that mechanisation or removal of routine administration should make it increasingly easy for HR to focus on strategic work rather than personnel transactions: “They'll have the time and space to focus on value-add tasks, which will become more crucial as the talent management crisis worsens.”

Credibility, then – but getting to the very top? “The development of HR people would have to be significantly heavier,” he says. “To develop CEOs, they need international experience – probably a language too – as well as a variety of line roles behind them, P&L responsibility and experience in other functional areas. To acquire all that – and then still be comparable with other candidates – is a lot to ask.”

It seems as if it's down to HR professionals as individuals to manoeuvre themselves into position and to demonstrate as often and as loudly as possible their worth to the organisation. As Wheeler concludes: “If you can't contribute to strategic decisions around what makes your employer grow, make money and make investments, then you don't deserve a place at the top table.”



Case study

Career management

James Strong, the former CEO and Managing Director of Australian airline Qantas, is one of the relatively few chief executives who started out their professional life in HR. Currently chairman of Woolworths, Rip Curl Group and the Australian Council of the Arts, Strong was CEO of Qantas between 1993 and 2001 and chief executive of Australian Airlines between 1985 and 1989.

Strong's early career saw him working on a huge construction project in the mining industry, where he worked in all aspects of HR including remuneration and succession planning. As time went on his role widened to embrace international trading for raw materials, which slowly drew him towards a more general business role. He consciously took steps to learn more about the operations and finance side of the business, often by shadowing executives in those disciplines, in order to improve his general business skills.

Strong believes that his experience in managing the people side of the business won him valuable credibility for his later career. “I think in many ways HR people are in a position to be seen as people who are very good at selecting people and building teams and so on, which is extremely important in a CEO role,” He told Australia's *Human Resources* magazine. “I really have always been surprised that there aren't more people who come up to CEO level through that way.”

“The biggest task for any CEO is to build a team of people around them, because I think we all know that you're not going to be able to do everything yourself at any stage. So it's about building a terrific team of people. And if you've been a HR specialist, that should be something that you're very familiar with – watching people, evaluating people, identifying the qualities that you think are outstanding or vital.”