

CHRO: The First 90 Days

A CTPartners Perspective

The Chief Human Resources Officer position is one of ever-increasing strategic relevance for corporations today, in all business sectors and regions around the globe. For any newly installed CHRO, the challenges and opportunities are significant.

While professionals elevated to the position of CHRO have clearly demonstrated superior management skills and HR expertise, the role of CHRO will present additional responsibilities. Among them, a CHRO should expect to interact regularly with the board of directors and CEO on such matters as executive compensation, succession planning, corporate governance, and the HR strategic initiatives that will dovetail with corporate goals. The CHRO also frequently fosters communication, and indeed builds bridges, between the board and the CEO as well as other company officers, in support of their key efforts to create and sustain enterprise value. And the CHRO must adopt an externally facing posture as well, networking with other CHROs and industry groups to keep abreast of the evolving best practices in human resources management.

Whether the CHRO is new to the corporation or was promoted internally to the post, many of these duties will be new to the first-time CHRO. And while the internally promoted CHRO has the inside track when it comes to familiarity with the company and its business model, this “local knowledge” should not sidetrack the CHRO from thoughtful and strategic planning about how to address this new role.

Clearly, a new CHRO’s focus will be centered on long-term corporate goals and HR’s role in supporting those goals. But for both first-time CHROs and those who have held the role at another company, the first 90 days on the job is a critical time period for gathering information, making first impressions, and setting a tone that will best facilitate a strong human resources leadership tenure.

Before Day One

Prior to stepping into the position, an incoming CHRO will want to devote ample time to becoming familiar with the company and its competitive situation. When possible, informal meetings with C-Suite colleagues can be valuable. And as the CHRO crafts an initial 90-day action plan, a walk-through meeting with the CEO could be an extremely useful initial step.

First Things First

During the first 90 days, before turning to strategic matters, the new CHRO should, as one expert put it, “make sure the trains are running on time.” That is, attend to the fundamental “people processes” that are the HR administrative basics of recruit and reward. Also, learn whether there are any hot-button items that require immediate attention or ongoing legal issues to review. Only after confirming that these basics have been properly addressed can the new CHRO turn his or her attention to higher level issues such as performance management and talent development.

Of course, this is not the time to go looking for trouble. Avoid getting pulled into controversial matters, and similarly, resist the urge toward early hiring and firing that could generate controversy. This is a time best spent building credibility.

Gauging CEO and Board Priorities

As a C-level executive, the new CHRO must establish a mutually valuable working relationship with the CEO, other C-team colleagues, and the board. Indeed the incoming CHRO’s most important relationship is with the CEO. Top matters to address with the CEO would include HR issues that intersect with the board such as executive compensation, company-wide compensation and benefits costs, and succession planning. HR’s role in supporting corporate initiatives also should be discussed. Presumably, the conversations conducted with the CEO during the hiring process will have offered a first-look at the CEO’s priorities. Ask whether any existing documents outline priorities for HR (see sidebar, “*CEO Priorities for HR*”).

With CEO approval, the new CHRO also should begin building relationships with board members, starting with the compensation committee chairperson. Top board concerns will in many ways mirror the topics discussed with the CEO, with executive compensation figuring as a key board concern (see sidebar, “*Working with the Board*”). One caution: If for any reason the CEO discourages interaction with the board, stay away. Appearing to go around the CEO to access the board is a quick way to get the boot.

As executive compensation will likely be new and complicated terrain for the CHRO, meeting with any external compensation consultants used by the company is also in order. It is not uncommon for the company and the board to retain



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separate compensation consultants. The CHRO also should undertake a review of recent compensation committee materials and agenda items as he or she will want to quickly get up to speed on compensation matters.

And the value of building strong relationships with other C-team executives should not be overlooked. These peers can facilitate the onboarding process for an incoming CHRO and they will most certainly become central relationships during the CHRO's tenure at the firm.

CEO Priorities for HR

Getting to know the CEO and understanding his or her priorities may be the most important task of the CHRO's first 90 days. The CEO typically expects to lean heavily upon the CHRO for support with such board-related matters as executive compensation and succession planning. Additionally, frank conversations with the CEO about the dynamics of the board can allow the CHRO to work to enhance the relationships between the directors and the CEO and other C-team executives. Facilitating meetings for directors with senior executives outside of the boardroom can be one step that will both assist directors and help further the CEO's agenda (see sidebar, "Working with the Board").

The CHRO also will want to discover other CEO priorities, beyond the traditional board-related duties. In conversations with top HR professionals, one recalled scoring a quick win with the CEO by transitioning out an employee that the CEO regarded as a particular irritant to the management team. Another noted the CEO's great interest in upgrading internal talent management systems, so this CHRO focused a good portion of his early efforts on winning management team and board buy-in for high-level talent management systems.

Clearly, the CHRO also must talk through corporate goals with the CEO, and determine which HR initiatives are necessary to support those goals. And if the CHRO has been hired to elevate the HR function from a simply administrative role to that of a strategic partner, the CHRO will need to be especially diligent in gaining a strong understanding of the company's business proposition and marketplace situation. Introducing high level HR to a company requires ongoing and explicit communication about how HR activities link with company goals. It also requires strong salesmanship. That's true during the first 90 days and thereafter.

The Talking (Listening) Tour

A central activity of any CHRO's first 90 days is the talking campaign, which might more accurately be described as the listening tour. Quite simply, the CHRO should talk with (and listen to) just about everyone, starting at the top of the company and working down through the organizational hierarchy. These conversations serve multiple purposes. They allow the CHRO to build relationships with key individuals throughout the company and to learn the business, from the inside out. These talks also will help the CHRO further redefine the framework and vision he or she created for the HR team after the hiring process interviews. And they let the CHRO know how key questions are being answered in the minds of employees, such as: Why join this company? Why stay? Along the way, these conversations also will serve to build the CHRO's credibility throughout the organization.

To effectively serve as a strategic partner on the senior executive team, the CHRO needs a complete understanding of the company business model, its operational challenges, and its competitive position in the marketplace. That knowledge will, in turn, inform the CHRO's decisions about HR initiatives and key priorities. Starting with the C-Suite colleagues and selectively working down through the organization by level and strategically important positions (possible mantra: 90 people in 90 days), the CHRO should talk with people to learn about the specifics of their roles, to explore departmental and business unit goals, and to see how well HR is serving their needs. Visits to other company locations, factory tours, and rides with the delivery truck driver can all be part of this listening campaign that should take the CHRO to the front lines of the business. Even internally promoted CHROs will benefit from these conversations, if only by building credibility, defeating the potential complaint that HR just does not understand the business.

If possible, visiting one or two company clients also can be appropriate, since gaining the customer perspective on the company's services can be invaluable. This should, of course, be facilitated with CEO approval.

Assessing the HR Team

Another key activity for a new CHRO is assessing the HR team. This includes evaluating both the team members and the department structure relative to the ability to meet the newly refined corporate and HR goals. This will involve spending time with team members to understand their history and current career focus. The CHRO will want to dis-

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cern whether individuals are strategic or tactical by nature. Additionally, through various conversations, the CHRO will want to learn how each individual is regarded by subordinates, peers, and primary clients. If problems with some HR team members do become evident, the CHRO should not feel compelled to resolve the problem within 90 days, but should remain aware of the issue.

Identifying a No. 2 or “go-to” person on the HR team would be ideal for the CHRO, but that is not always feasible within the first 90 days. And the CHRO should be on the lookout for disgruntled HR team members, including, perhaps, the failed candidate for the CHRO post. Employees who are no longer fully committed to the HR team and its newly redefined goals may require careful attention and perhaps, eventual transition out of the company.

The CHRO also will want to become familiar with the technology resources available to the department and how those resources interact. Reviewing all HR reports for the past six months and the annual survey results is also a good practice.

Good Advice

Beyond addressing the strategic goals described above, the new CHRO also will want to consider these tips from those who have been there:

Have an HR plan on day one The CHRO’s hiring interviews and early research should have presented good information about company needs and goals. With this input, the CHRO should have formulated an early framework and vision for HR initiatives that respond to corporate business and financial goals, prior to stepping into the role. This plan will serve as the CHRO’s launch pad, but will be modified throughout the first 90 days.

Make a wait-and-see list During the first 90 days, make a list of items that seem to require change, but don’t make those changes yet. After 90 days, revisit the list. With the CHRO’s increased company knowledge, some items will now make sense in their current form; other items will still require attention.

Look for low-hanging fruit Concentrate initially on easy, noncontroversial activities, to score quick wins. What can be fixed quickly and successfully? Wins with positive financial

Working with the Board

Opening a dialogue with board members should be a key early step for a new CHRO. In fact, after gaining approval from the CEO, the CHRO should travel first to meet the chairperson of the board compensation committee at his or her office. This has proven to be a valuable best-practices strategy. The conversation should be friendly and philosophical rather than tactical, geared toward learning the chairperson’s thinking and priorities.

Similar conversations eventually could take place with other board members. One goal will be to learn if directors see any controversies surrounding executive compensation. Does the board appropriately address succession planning and corporate governance issues? What role could the CHRO play in facilitating those activities? At this early stage, solutions are not yet required, but an understanding of the issues is critical.

Executive compensation sits at the top of the list of board priorities. Accordingly, the new CHRO will want to quickly get a handle on the company’s compensation and benefits policies, while also gauging the compensation issues and resources of the firm.

Other best-practices strategies that the CHRO may want to initiate during this period could include those that offer independent directors multiple contact points with the company and interactions that go beyond the boardroom. Directors generally appreciate opportunities for informal dinners or meetings with senior executives and high-potential talent. Additionally, the CHRO can offer facility tours to interested board members. These endeavors also can build the CHRO’s relationships with board members.

One item the CHRO may want to put on the “To Do” list: Seek an outside board position, whether it is with a public or private company, or a nonprofit organization. Such a move would require CEO approval and might best be addressed during the CHRO’s second year in the role. But clearly, first-hand experience as a board member would offer the CHRO a valuable perspective for future board interactions.

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results will make an important statement about business partnership.

Avoid early hiring and firing Don't stand in the way of personnel changes already in the works, but do avoid initiating potentially controversial staff changes. However, in some cases, employees may expect to see action taken on employees who obviously deserve to be released.

Don't be office-bound The CHRO should quickly establish the notion that he or she will not be office-bound. Traveling and interacting with colleagues across the company, as well as clients as appropriate, will increase credibility for the HR team. But this needs to be accomplished without creating any sense of neglect for the headquarters HR team.

Be a master of change management and communication Change is difficult, so people resist change. During the first 90 days, for even the smallest changes, create a change management plan that involves all stakeholders. Clearly and consistently communicate all workplace changes to those directly impacted and all others with even a minor interest.

Determine how HR is perceived within the company This will educate the CHRO's decisions when mapping out HR initiatives and any structural changes for the HR team.

Respond to the fire, but remember the 90-day goals Yes, first focusing on HR employment processes will seem off-topic if the company is, for instance, in financial crisis or in the midst of an acquisition. But after addressing this early firefight, be sure to return to the 90-day agenda, or the opportunity for laying HR groundwork could be lost. And be prepared; this may become increasingly difficult to achieve as the weeks pass.

Spend time wisely People will be watching the new CHRO's activities carefully, and perceptions are important at this stage. To those watching, time spent on an activity often signals its level of importance. Additionally, strive to set a work ethic example that is sustainable.

Cautions

Too, consider these missteps to avoid during the first 90 days:

Avoid offering opinions During the early days on the job, the

CHRO should rarely make statements and offer few opinions. Instead, ask questions or pose options. The CHRO also should fight the urge to prove his or her qualifications for the job.

Sidestep controversy Later in the CHRO's tenure, once credibility has been well-established, there will be plenty of time to address controversial issues.

Don't talk about the former employer No one really wants to hear how things were done at another company.

Remember the hiring goals If the CHRO was hired to boost the company's recruiting efforts, for instance, then the CHRO should not dedicate the first months to, say, upgrading performance reviews.

Quickly identify the "untouchables" Every company has them. Don't waste early goodwill by challenging one of these individuals.

Don't disparage predecessors or processes Respect the best efforts given by employees in the past. And as an adjunct, there is no need to describe why the new CHRO's particular skills were sought for the position. Such discussions are most likely to cultivate hard feelings.

Don't over-commit too soon It's easy to build high expectations for HR during those early conversations and first days on the job. Be careful not to build those expectations too high and over-commit.

Beware rapid change While many HR changes may have been discussed during the hiring interviews, it's important to first understand the company culture and its tolerance for change. Some management teams and companies thrive upon rapid change. For others, enacting changes too quickly is a serious political misstep.

For any new CHRO, attention to these best practices should help launch a long and productive tenure.

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