Perhaps no other C-Suite role has undergone the level of transformation experienced by the Chief Human Resources Officer (CHRO) position during the past decade. This change has been shaped by a multitude of factors ranging from cost-cutting initiatives, to corporations increasingly placing talent management at the top of the business agenda, to boards relying ever-more heavily upon CHROs to help navigate today’s complex regulatory environment.

The net result has been a rapid broadening of responsibilities for the CHRO and the HR team, and with this, expanding requirements for new levels and areas of expertise for CHROs. Gone is the office-bound HR chief administrator. Today’s best-in-class CHROs are much more public figures and influence leaders who collaborate with the C-team to shape corporate strategy, interact regularly with board members, and help define corporate branding and culture. They communicate frequently with company employees and others in the growing population of company stakeholders. Meanwhile, the list of their responsibilities just keeps growing.

Most certainly, this role continues to evolve. While CHROs of such stature may be the exception rather than the rule today, the growing demands of the global marketplace will increasingly command the highest level of expertise from the CHRO of the future. The talent piece of the business equation is simply too important for companies and their stakeholders to accept anything less.

**Forces Driving Change**

Improvements in internal processes, the development of centers of excellence, and the trend toward outsourcing of payroll and other HR tasks all have contributed to the evolution in HR and the responsibilities of the CHRO. With essential tasks well in hand, the CHRO has the time to focus on an expanded range of corporate issues.

While outsourcing and process improvement have facilitated change in the CHRO role, growing business demands increasingly necessitate the change. Companies have come to recognize superior leadership talent as one of the few sustainable, long-term competitive advantages, so talent management expertise accordingly has moved to the forefront.

Heightened regulatory complexity, growing public scrutiny, and other challenges for boards have placed a premium on the CHRO role as corporate governance advisor. And today’s global marketplace simply requires the most cost-effective utilization of talent.

The final change force in an organization’s move to superior HR is a board of directors and a CEO that want a best-in-class CHRO. Only with board and CEO support can a CHRO drive the initiatives and assume the leadership role that maximizes the ability of HR to support corporate strategic goals and build enterprise value.

**Evolving Responsibilities**

The CHRO role today has moved away from its largely administrative roots in a variety of ways, most obviously in the CHRO’s current stature as a business partner. In conversations with CHROs and other industry observers, one CHRO noted that today’s Chief Human Resources Officer is a business leader who happens to be performing HR work, not solely an HR technician in a business setting. Another leading professional called the description of a CHRO as a business partner passé, arguing that CHROs must be business leaders, not merely partners.

Terminology aside, CHROs must possess a complete understanding of the company’s business model, operational and competitive challenges, and its finances. There is educated debate within the HR profession regarding the value of line management experience for HR professionals (see sidebar, “The Line Management Debate”). But there is no debate regarding the necessity for sharp business acumen. Some of today’s most well-regarded CHROs have a financial or consulting background. Top CHROs are expected to collaborate with C-team colleagues on a wide range of corporate issues, and to be prepared to lead their share of these initiatives, not simply partner with others. This trend should only amplify in coming years. Gone indeed are the days when HR opinion was sought only for “relationship” matters.

Meanwhile, generic HR plans no longer are acceptable. All HR initiatives must dovetail closely with corporate goals, and be presented in terms of expected return on investment. “Nice to have” is no longer an option.
An increased corporate emphasis on executive talent management is a welcome change for CHROs, but it presents new challenges nonetheless. Beyond developing and maintaining the corporate talent bench amid an increasingly dynamic talent environment, the CHRO also must provide the company with an outside perspective regarding industry standards, ensuring that leadership, the talent bench, and the overall workforce remain on par with, or superior to, those of competitors.

The CHRO's advisory role also has expanded. While the CHRO has long served as the oil in the senior leadership machine, the CHRO now serves a larger population in that role, most especially including the board. Fostering communication and building bridges among C-Suite and boardroom leaders as they pursue corporate objectives is a key activity for CHROs.

Significantly, the parameters of corporate governance responsibilities for CHROs have widened tremendously. Directors rely heavily upon CHRO guidance to properly address and resolve compensation matters amid growing public scrutiny. Succession planning is a CHRO-directed priority for many boards. Topics such as employment rules, new reporting requirements, social responsibility initiatives, risk mitigation, and other board matters benefit from CHRO input, and increasingly necessitate it. The CHRO must be both an effective advocate and gatekeeper when dealing with the board.

CHROs also find themselves responding to many constituents and to myriad outside influences. Social media and today’s unparalleled information access can create a steady stream of events that may require corporate attention. CHROs simply are more visible today, communicating both internally and externally with more frequency than some of their C-level colleagues. Often, the CHRO becomes almost an ambassador of the company brand, and needs the self-awareness and platform skills required for that role.

Add in the rapid pace of business today, and the need to create a globally consistent HR program across a multinational corporate base, and it is clear that the CHRO role has changed dramatically in just a few short years.

**Significant Challenges**

These divergent responsibilities present new challenges for the CHRO. Among the matters posing some of the greatest challenges for the CHRO role:

**Establishing Credibility**: A CHRO simply cannot function effectively with the C-team, board, and other constituents without first having cultivated trust and confidence for the CHRO's judgment and capabilities (see sidebar, "The Soft
Skills”). In cases in which the CHRO only recently has been invited to boardroom or C-Suite discussions of a broad range of business topics, scrutiny of CHRO performance and credibility will be even greater.

**Gauging Future Talent Needs:** Assessing the company’s strategic model and business direction to determine its future executive talent needs is an ongoing challenge. Many companies are devoting greater attention to leadership succession planning, but CHROs need diligence and creativity to maintain leadership continuity and retain a strong talent bench amid an environment of increasing churn of leadership talent.

**Developing Top Leaders:** As the responsibilities of all top leadership roles expand and become more complex, developing executives for C-level positions has become increasingly difficult. Has the rising candidate for the CEO role engaged in all of the needed experiences and gained the necessary perspective? When and how should the board become involved? Succession for the CHRO role itself is equally challenging. Rising HR division heads likely will be missing the board interaction piece that is so critical to the CHRO role. Generalists may lack some HR technical skills. Similar challenges are present when addressing leadership development across all C-level roles.

**Preserving Focus on HR Technical Expertise:** As CHROs are increasingly involved in a broader range of corporate initiatives, it is important for the CHRO to retain an active focus on HR technical matters. The pull to business strategy and advisory concerns, and the reliance upon outsourcing and centers for excellence for some HR responsibilities, should not be allowed to diminish the function’s technical expertise.

**Operating Cost-Effectively:** The ever-present drive for greater cost effectiveness has led HR departments to move away from custom HR programs and instead to utilize standardized programs for training, leadership development, and other HR concerns. Self-serve and turnkey systems fulfill many employee needs. Yet concurrently, CHROs are charged with pursuing a talent strategy and engaging in HR initiatives that specifically reflect and clearly support corporate goals. These dual objectives understandably present challenges.

**The Soft Skills**

The recent transformation of the CHRO role has greatly increased corporate reliance upon the executive’s soft skills. That is thanks to the broadening population of constituents served by the CHRO, as well as to the CHRO’s larger presence in the boardroom, among other factors.

Superior CHROs often are described as likable, even charismatic, with the ability to work across various teams and diverse stakeholder populations. Their ability to lead and unite can be used as a “force multiplier,” to borrow one CHRO’s term for such capabilities. When facing discord or roadblocks for an initiative, the best CHROs are described as shifting to an alternate gear, abandoning the current approach, but proceeding with a new tactic to pursue the goal.

CHROs also play an increasingly important role in relaying feedback to the CEO and other senior executives. Having earned the trust and confidence of board members, the CHRO can serve as a conduit for board comment regarding top-tier executives, while avoiding escalating the matter to the level of direct board comment to an executive. Receiving and appropriately delivering such information is critical. Indeed, the ability to facilitate productive connections across all levels of the corporation has never been a more valuable skill for the CHRO.

**Managing Process:** While in many ways improved process has liberated the CHRO to take on broader management responsibilities, controlling those processes remains a sensitive task. What is the proper amount of process that will ensure consistency without stifling new ideas? When process interferes with the need for fast action, how should it be addressed? And when the human element leads a process off track, does it mean that the process is not working?
Providing Leadership: Effective CHROs increasingly must be influencers, with the gravitas and know-how to manage the political aspects of the role. They must have the ability to read organizational needs accurately. Far removed from the old office-bound administrator model, CHROs more frequently are found leading change efforts and interacting with their wide range of constituents.

Expertise Required

One expert’s assessment of the skills required to be effective as a CHRO today and in the future is both succinct and on target. A best-in-class CHRO needs the confidence and conviction to stand up and have his or her point of view heard, as well as the intellect and knowledge to have a well-formed opinion regarding business matters, and the judgment to know which battles are worth fighting.

Beyond those elemental skills and the necessary human resources and leadership talent management expertise, success as a CHRO today also requires the perspective to prioritize and drive only those initiatives that advance company goals, perhaps abandoning traditional HR activities of questionable value. The CHRO needs the industry knowledge and business expertise to devise an HR strategy that is tightly aligned with corporate profitability and long-term objectives.

The CHRO must have strong coaching skills, as the senior team will look to the CHRO as a sounding board and advisor for matters ranging from customer behavior to C-Suite relationships. The board also is an important constituent for CHRO attention, as well as stakeholders ranging from advocacy groups to regulators. Change management expertise increasingly is required, along with the presentation skills and social media know-how that are necessary tools when leading new initiatives or change efforts.

On the Horizon

How will the CHRO role and HR function further evolve in the years ahead? Some predict that the continued trend toward outsourcing HR tasks, relying upon internal centers for excellence, and utilizing specialized consultants for matters such as compensation will significantly alter the nature of HR responsibilities. These trends could reduce the emphasis on many traditional HR duties and heighten the focus on executive talent management and advisory as the primary HR leadership terrain.

CHROs also will need to seek stable footing in balancing the pull toward a broad range of business partnering responsibilities versus retaining the focus on HR technical expertise. An increasingly complex regulatory landscape, among other factors, makes accurate and careful HR stewardship and guidance on corporate governance matters a business imperative.

Internal HR team leadership development also will be a growing challenge. Some CHROs worry that over-specialization has narrowed the development of future HR leaders at the same time that the CHRO role has become increasingly broad.

And in the future, the already broad audience of CHRO constituents may become even broader. Having earned their place in the boardroom, some CHROs would like to take their message directly to shareholders. The goal is a well-articulated presentation of the impact of corporate culture and talent management on business performance, tied directly to bottom-line results.

Unquestionably, the expectations for CHROs will continue to rise in the years ahead. But the ability for the CHRO to contribute and make a meaningful impact upon corporate performance will rise along with those expectations.

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