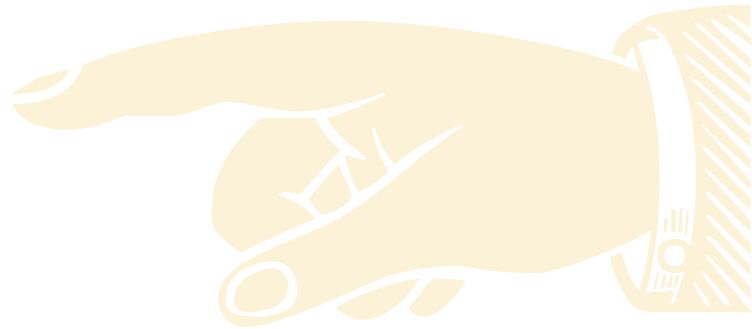


HOWDY, PARTNER

BY TIM BENTLEY

What being a strategic resource
for your CEO *really* means.





In the olden days,

human resources directors were often viewed as obstructionists whose job it was to tell the CEO and others “no.” Corporate bureaucracy often found itself headquartered in the HR department, and rarely did the HR director have a seat at the table when senior management got together to strategize about the company, its direction and how to get from point A to point B.

The bad news is that it’s still that way in many companies. In many workplaces, nothing has changed from decades ago.

But the good news is that, at least in some situations, HR directors are beginning to “get it,” and CEOs, as well, are working with their HR directors to bring them on board to help in shepherding the company toward its goals.

“I’ve been doing executive development and teaching with HR leaders for almost 20 years now,” says management expert Theresa Welbourne, founder and CEO of eePulse, Inc., “and the need to be ‘strategic’ has been an unending mantra. But when I ask what it means to be strategic or what a strategic HR team does differently, the dialogue slows down rapidly. CEOs want something more from HR, and HR wants to be strategic, but the talk has been vague.”

Welbourne, who is also an adjunct professor of organization behavior and human resources management at the University of Michigan Business School, argues that there are two phases in reaching a strategic partner relationship with the CEO.

Just about every HR department today has been through – and continues to go through –

cost-savings efforts. But Welbourne says that’s more about being reactive than being strategic. “Being strategic means going beyond cost savings,” she says. “It takes real guts and a proactive mentality to be strategic. We have to do some-

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thing new. CEOs want to grow their businesses, not just reduce expenses. The real question is, how can HR help the CEO grow the business?”

Welbourne maintains the answer is by reaching deep into the employee pool to ultimately best help the CEO reach his or her goals. “HR is the link to the employees,” Welbourne notes. Employees are the link to the daily workings of the organization. They are the people who respond to customers. They know what the competition is doing.

“What if HR could harness all the knowledge of employees in a way that allowed HR to provide

business data to the management team they didn't have before?" she says. "I'm convinced that the path to being strategic is to see people as a resource of business information and then access that data, organize it and provide it to the executives who make business decisions. Instead of HR being the harbinger of bad news, HR could have the information about the next new thing that will drive growth."

It's possible, says Welbourne. She's seen it work, but there's still a huge resistance. "It's a big leap in thinking," she says. "HR has been beat up, and the continuous focus on cutting costs has driven most creative and risk-taking behaviors underground."

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ED STEINBERG



Absent that creativity and risk taking, HR departments will continue to be stymied by the image of old. In a survey Welbourne is conducting with more than 30,000 business leaders about confidence in business units within their companies, HR has lower scores than any other occupational group.

"If the HR folks are the most negative, and the CEOs are the most positive, I don't care how much you want to be strategic, human nature is such that positive people really don't like being around negative people" says Welbourne. "That means the CEO is likely to avoid HR."

Dr. John Sullivan, a professor and head of the human resource program at San Francisco State University, is downright blunt in his article, "HR People are from Mars; CEOs are from Venus," located on www.drjohnsullivan.com. Concludes Sullivan, "If HR professionals are to become business leaders and eventually CEOs, they need a radical change in focus, thinking, language and in the way they act. HR needs to study the success patterns within organizations to see what it takes to develop power, influence and to get resources."

"In most organizations, you'll find a significant dichotomy where CEOs act, think and talk dramatically different than HR professionals. If we are to lead the organization, we must begin acting like CEOs. That means doing the hard things first and doing whatever it takes to give us a competitive advantage in people practices over our competitors."

"HR people have come a long way toward becoming business partners. They must continue up the ladder to the next rung, and become business leaders. The key to reaching that goal is for every HR professional to 'think and act like a CEO.' HR needs to stop thinking like an overhead function. It needs to adopt a 'HR competitive advantage' strategy and drive corporate change, productivity and profitability. And do it at Internet speed."

Still, there *are* examples of HR managers being true partners with their CEOs. It's all about embracing the mission of the CEO – to win for the company. The challenge for the HR director is to understand that mission and determine the best ways – within the law – to help the CEO's winning strategy succeed.

Ed Steinberg, vice president of HR for Synigy, a 420-employee firm that advises companies on performance management, believes that through time and results he's been able to establish a two-way trust between his department and the CEO. "You have to believe in the CEO's vision and he has to believe you have the skills and abilities to implement that strategy," says Steinberg.

He notes that CEOs are always going to be focused on results, while HR departments often are more focused on process. "It's as simple as using your expertise to get to the goal that the CEO is laying out for you in the most legal way possible. CEOs don't care about the rules, they care about



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TERESA WELBOURNE

the results. The HR director should keep the CEO out of the newspapers and out of jail, but do everything possible to help the CEO reach the strategic goals of the organization.”

Likewise, Dale Petty, chief administrative officer for Austin-based Tocquigny Advertising, has, among other duties, handled the HR function while his company more than doubled in size. He’s been involved in HR at Tocquigny and other companies for more than 15 years. In fact, Petty was the 28th employee when he joined more than two years ago, and today the payroll stands at more than 90.

“In today’s world, there’s an HR professional who has more business acumen than the old-line HR person who may have come up within the organization from the administrative staff,” he says. “But you have to earn the respect. You have to show you know how to read a P&L [statement], you know how business operates, you know how to make money and you realize the importance of it. There are definitely some in HR who are well qualified to sit at the executive table and talk about the business,” says Petty, who has a bachelor’s degree

in management and a master’s in business.

Michael Hiller, vice president of administration, lending, for Stanford Federal Credit Union in Palo Alto, Calif., agrees that proving your worth to the CEO is key to becoming a strategic partner. “As the competencies grow,” says Hiller, “respect grows. I think HR people have to be conversant with all issues of the corporation.”

The CEO, of course, has to be willing to have HR become a strategic partner. While that’s not always the case, the savvy CEO will invite the HR director to sit at the executive table.

“The CEO has to make sure that the human resources director sits in whenever strategy is being discussed,” says Bob Carr, vice president for human resources and strategic planning at the Society for Human Resources Professionals.

Carr notes that the very nature of HR departments in the past reflects the difficulties in having the CEO encourage a strategic partnership.

“A good deal of HR in the past has included being the ‘soft and fuzzy’ area of the company,” he says. “It’s been, ‘Send them down to HR and they’ll handle it.’ And in fact, you used to see HR directors and employees coming from social sciences backgrounds. [Now] you’ll see that more and more HR directors have business, economics and marketing. HR is often being asked to help drive the business. It requires demonstrating a sound understanding of the business and business model and how people can contribute to it.” ■

Tim Bentley is an Atlanta-based freelancer.