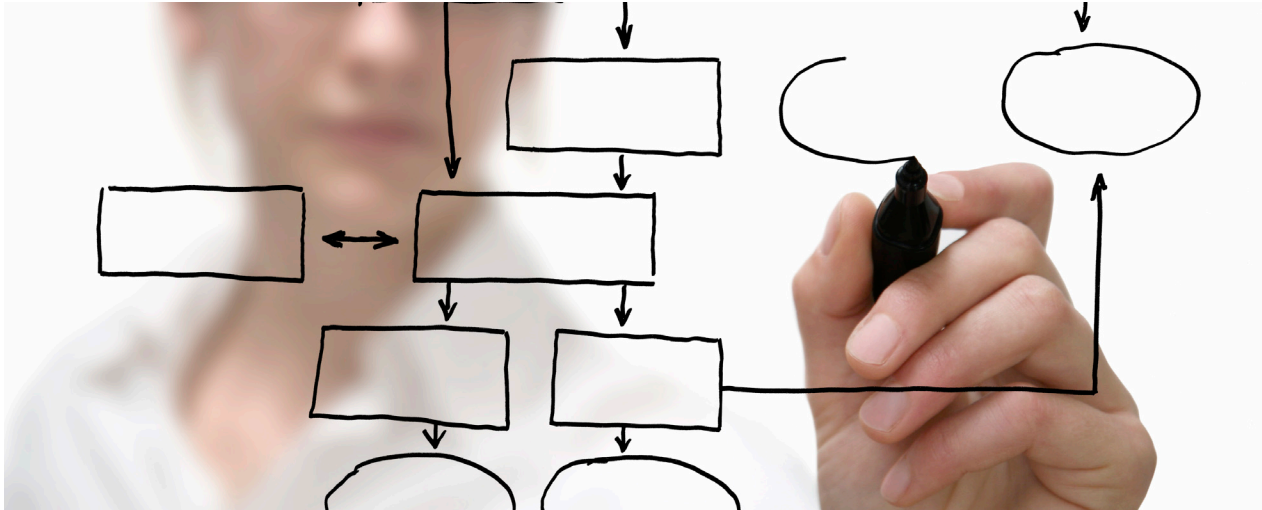


# CEOs and Human Resources: Creating New Organizational Value



By Alan C. Lindsay

It seems like every week we hear a number of similar concerns regarding HR from CEOs;

- “I’m concerned whether my HR group really has the strategic thinking and business acumen to harness human capital effectively in meeting our business challenges. I need a HR partner with forward-facing solutions.”
- “Even with all our cost-cutting, I’m afraid we may not be able to grow, or even survive, until the economy improves if we don’t manage our workforce more carefully.”
- “Sure, our balance sheet is now stronger than ever, but after two years of navigating turmoil, I’m nervous that we don’t have the right alignment of people, processes and technology, to take advantage of new opportunities as the economy rebounds.”

Each of these concerns is a request for HR to step up and deliver even greater value to the business. The implications are that HR will need to demonstrate new competencies in business acumen, strategic agility and the ability to facilitate change within the organization. To the CEO, the concerns center around the ability to rebound and take advantage of an improving economy.

## Setting The Stage

In recently published studies, CEOs interviewed across various industries in the U.S. pointed to their top ten business concerns as being:

1. Sustained and steady top-line growth
2. Excellence in execution
3. Consistent execution of strategy by top management
4. Profit growth
5. Customer loyalty/retention
6. Finding qualified management talent
7. Top management succession
8. Corporate reputation
9. Stimulating innovation and enabling entrepreneurship
10. Speed, flexibility and adaptability to change

The logical question I ask myself is, “What part of these challenges does HR not directly contribute too”?

## Identifying Gaps

Today may be the very moment for HR and the CEO to take a step back and ask ourselves where HR’s strengths lie. A potential quick analysis might look like this:

1. Is HR seen narrowly as an administrative policy police whose concern is conformity to procedures?
2. Is HR engaged at the senior management level developing strategies to ensure pipelines of the best and brightest position candidates?
3. Is HR focused on providing the skills associated with the businesses growth and profitability for senior management personnel?
4. Is there a workforce strategy design to provide pipelines of workers for hard to fill positions?
5. Does HR have a succession planning process in place to identify replacements ready to fill leadership positions?
6. Are HR systems in place that facilitates rapid response to changing business needs?
7. Is HR compliant with regulations that will avoid expensive lawsuits or union problems?
8. Does HR have a systematic process to support growth through M&A that can avoid potential cultural collisions?
9. Are processes in place to identify cultural differences during the M&A process?
10. Does HR lack of strategic thinkers in HR key positions?
11. Do HR systems link individual goal performance to key business unit objectives?
12. Does HR have a strategy and process to identify and retain key employees?

These and other questions are not always effectively answered by HR alone. Joint meetings are valuable with the CEO, President, and/or Chief Operating officer to evaluate both the current state and any potential gaps in HR systems and capabilities. Audits and internal surveys can also open the way to improving both processes as well as the communication between the business units and HR.

A rebounding economy may be the perfect time to evaluate and align HR to strategic business objectives. Much has been written about the critical need to ensure that HR can provide the “right people, at the right place, and at the right time” with the right capabilities and at the right cost to meet the competitive challenges that will surely come with an economic rebound.

One additional opportunity that may also be valuable: Get connected at the business unit level. While the strategic direction of the organization provides a roadmap that HR can link to, it's the business units themselves that need your professional support to achieve their goals and objectives (which, hopefully, link directly to the strategic objectives of the business, of course).

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Conduct structured interviews with the business unit leaders. Find out specifically what they have to accomplish and by when. Discuss their anticipated impediments and their major concerns for the deliverables they've promised to the organization. Understand the metrics for their performance in key areas such as speed, quality, growth, profitability, or other. Then go back to your team and convert their needs into the deliverables for HR. What needs to change? How must HR adjust their capabilities for each unique business unit. What external partnership may be needed? The Sales Department will be different than operations. Finance will have different needs than Plants.

## A Final Word

And now the fun begins. Armed with your fresh view of strategy, business unit needs, and how HR is perceived by the organization, you can begin to analyze your own internal processes, build process maps, and identify processes or system changes to accommodate your new understanding of your internal customers. Now you can move forward with a new HR value proposition ... more on this in my next article.

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