Next Generation CHROs Success Mantras

Key findings from the ‘Learning to Fly’ study
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The CHRO Role Today

VUCA Environment and its Impact

- Signs of recovery from the ‘Great Recession’
- ‘Globalization’ adding customer and shareholder value
- Focus on ‘Talent Economy’
- ‘Risk Planning’ like never before

BUT

- Ever present talk of the ‘Next Crisis’
- Action of one country can impact global markets
- Global demand for skills and capabilities
- Nature continues to be unpredictable and uncontrollable

Volatile
Uncertain
Complex
Ambiguous

Constant Change
Evolving Expectations
Cautious Risk-Taking
The CHRO Role Today
Importance of the CHRO Role Has Been Established

CHRO is a critical stakeholder

Many organizations’ HR functions have responded to the challenges of the VUCA world, and there is recognition of the fact that the CHRO is a critical stakeholder in defining the strategy of a firm.
The CHRO Role Today
As the Importance Has Risen, So Have the Expectations

Is HR developing its own leaders to meet the expectations of a dynamic environment?

- Thorough understanding of business strategy and the link to human capital strategy
- Board presence and experience
- Confidant and advisor to the CEO
- Talent scout and developer of potential
- Insights based on data and analytics

- Lack of a clear plan to become CHRO
- Few cross-functional moves within HR
- Limited moves to other business functions or operations
- Need to balance relationship skills with data and analytics capabilities
- Limited Board exposure
Key Success Factors
What Background Gives You the Best Chance at Becoming a CHRO?

A majority of the CHROs are not career HR professionals

60% of the CHROs are hired externally, only 40% are home-grown

Did you know?

Career HR
Staff
Line HR
Consultant
Career Mix
Key Success Factors
What Does It Take to Be a Successful CHRO?

Different HR Experiences
Even career HR professionals took up multiple roles in HR in a planned manner.

Certain firms, like Pepsi, are actually breeding grounds for future CHROs by allowing them to plan their careers and seek experiences.

Global Mindset
It is important to be a part of (and hopefully lead) global initiatives, even if you are not placed abroad.

Business Experience
Taking up rotations / assignments in a line role helps build commercial and business acumen.

Business Exposure
Changing industries expands your horizons and also may get you to the CHRO position quicker.

Number of times CHROs changed their industries
- 0: 27%
- 1: 27%
- 2: 42%
- 3+: 4%

Indian Institute of Management Bangalore
Key Success Factors
Capabilities Needed by a CHRO Today…and Tomorrow

Emerging Capabilities of Future CHROs

- Data- and analytics-based decision making, using data as a means to establish credibility of the HR function
- Architect and assessor of the shift in organizational culture; ensuring alignment of HR programs to cultural imperatives
- Proactively mapping organizational capability needs to the future strategy of the firm
- Playing the role of an internal and external talent scout
Developing Future CHRO Capabilities
An Overview

1. Leading Up
   Understanding the expectations of the board and the CEO

2. Leading the Function
   Revisiting your HR strategy and reprioritizing HR programs

3. Leading Across
   Successfully working with C-suite peers

4. Leading Self
   Interpersonal skills found to be most important to success as a CHRO

5. Leading Externally
   Building relationships outside the organization
Developing Future CHRO Capabilities
Leading Up: Expectations of the Board and CEO from the CHRO

Adapt to work style of various members of senior leadership
Translate board/CEO expectations and strategies into HR outcomes
Ensure cultural alignment throughout the organization
Advise the board/CEO on HR implications of the current business environment
Advise board/CEO on executive compensation and succession planning

Importance of board exposure and executive compensation

- 84% of CHROs highlighted executive compensation as a key requirement
- 66% of CHROs had prior board exposure
Developing Future CHRO Capabilities
Leading the Function: Expectations from the HR function

- Flexible HR plans that allow for adaptability in VUCA environment
- Be your team's external champion
- Develop HR strategy with clear connections to business strategy
- Build the team, create alignment, and demand quality performance

Specific actions based on organizational context

- **Founders**
  CHRO is trying to establish/reestablish the relevance of HR in the firm

- **Transformers**
  CHRO is leading the organization’s transformation as a member of the executive team

- **Directors**
  CHRO’s role is to align, optimize, streamline, and prove that the HR function can perform efficiently and create even more impact
Developing Future CHRO Capabilities

Leading Across: Expectations of Peers in the C-suite

- Have an opinion on the strategy of the firm and the actions taken around it.
- Help peers drive business results both across the enterprise and for each LOB.
- Balance the role of a confidante to the CEO with being a peer of C-suite members.
- Develop common agendas with other C-suite peers.
- Understand people’s agendas but steer clear of politics.
- Coach other CXOs about their individual performance and style.

Unique relationship with the CFO:

- CHRO and CFO handle the two most important kinds of capital: human and financial capital.
- Unique roles to advise from a point of impartiality and objectivity.
- Boards and CEOs expect the CHRO and CFO to present a common agenda.
Developing Future CHRO Capabilities

Leading Self: Expectations of the Organization

- Use different soft skills to tackle difficult situations
- Be resilient, especially when things don’t go as planned
- Have the courage to stand behind his/her decision and justify it
- Make decisions and take responsibility for their success or failure
- Be curious and have a learning mindset

CHRO Top Functional and Behavioral Competencies

- Thinking Strategically: 4.0 (86%)
- Business Knowledge: 3.7 (84%)
- Driving Change: 4.0 (84%)
- Organization Effectiveness: 3.7 (84%)
- Executive Compensation: 2.9 (65%)
- Leadership Assessment and Development: 3.8 (65%)

CHRO Self Rating: 84%
Developing Future CHRO Capabilities
Leading Externally: Expectations of the External World

- Be an ambassador for the firm
- Bring an outside-in perspective for HR
- Interact and present with policy makers
- Develop strong linkages with academia

Regulators: Bane or boon?

- Since recession, the regulatory oversight has increased
- Regulators monitor the risk culture of organizations, but the processes can be cumbersome
- Some organizations use regulators as sounding boards for risk processes
Developing Future CHRO Capabilities
Suggested Actions for CHRO aspirants

- Assess your “fit” into an organization before joining it
- Structured Translation of business strategy into HR
- Gain board exposure to get direct interaction with the board
- Coach peers to handle their own issues
- Maintain a network to keep abreast of changes
- Self-awareness is key
Introducing Next Generation CHRO Programme

**Learning Journey**

1. **Prepare for Future Readiness**
   - Chart your development journey across behavioral and functional areas
   - Gauge impact of macro-trends and disruptions on business and HR

2. **Aon Hewitt Mentorship**
   - Work with best-in-class HR advisors to accelerate your development journey
   - Sharpen understanding of business value chain to identify linkage to people initiatives

3. **Drive HR Transformation**
   - Design and execute a business-aligned human capital strategy
   - Lead a strategic initiative to create a tangible impact in your organization

   **Strategic Projects**
   - Reconfigure HR operating models in response to dynamic business demands
   - Drive change such as globalization and acquisitions by leveraging data, tools and technology
   - Shape your legacy by aligning your vision for the function to the organization context

   **Shape your Agenda**
   - Steer the transformation journey of an HR organization
   - Shape your legacy by aligning your vision for the function to the organization context

**Exploring Within**

**Connecting Around**

**Connect Business with HR**
Introducing Next Generation CHRO Programme

Dates and Registration

- Prepare for Future Readiness
  - 23-25 June, 2017

- Connect Business with HR
  - 28 August – 1 September, 2017

- Drive HR Transformation

- Shape your Agenda
  - 4 - 5 December, 2017

Last date of Registration: 20 May, 2017

To know more about the Next Generation CHROs Program, visit our [website](#)
About the “Learning to Fly” Study

The “Learning to Fly” study was a collaboration between the Talent, Rewards & Performance practice and the Aon Strategic Advisors and Transaction Solutions practice. The Aon Hewitt CHRO study originated from our latest HCLC leadership conference, and chronicles the journey to becoming a CHRO—the most senior HR leadership position. Forty-five CHROs were interviewed, surveyed, and assessed by consultants over the course of 16 weeks (late 2014 to early 2015).

CHROs were asked to discuss how they came into their role, give advice for future leaders, and describe how emerging trends over a three- to five-year horizon will impact their CHRO role in the future.

About Aon Hewitt

Aon Hewitt is the global leader in human resource solutions, with over 30,000 professionals in 90 countries serving more than 20,000 clients worldwide. Aon Hewitt empowers organizations and individuals to secure a better future through innovative talent, retirement and health solutions.

About Indian Institute of Management Bangalore

The Indian Institute of Management Bangalore (IIMB) has been ranked No. 1 Business School in Central Asia by Eduniversal, a French Consultancy Group for the eighth year in succession. IIMB is ranked No. 1 in the India Rankings 2016 in the Management Education category under the National Institutional Ranking Framework (NIRF) by the MHRD.
Join us in the Journey!
Next Generation CHROs Program
To know more about the programme and to register, visit our website