

The 2011 CHRO Challenge: Building Organizational, Functional, and Personal Talent

Results from the 2011 Chief Human Resource Officer Survey
by the Cornell Center for Advanced Human Resource Studies (CAHRS)

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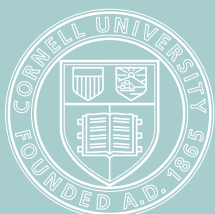
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Executive Summary

In its third year, talent was once again the guiding theme throughout the 2011 Chief Human Resource Officer (CHRO) Survey by the Center for Advanced Human Resource Studies at Cornell University. Nearly all of the 200 U.S. and European CHROs surveyed cited ‘talent’ as the top priority on their CEO’s agenda for HR. In addition, talent issues were some of the biggest challenges CHROs face in their role, particularly among those in the U.S. But it’s the lack of talent in the HR function that the CHROs surveyed said is the greatest obstacle to achieving the CEO’s agenda for HR. European CHROs consistently expressed greater challenges with and focus on the HR function relative to U.S. CHROs.

The CHROs surveyed also identified a number of best practices they use to increase their effectiveness as a CHRO. Of these, external networking was the most frequently cited. Finally, the data again reveals significant shortcomings in the HR talent pipeline. CHROs are being infrequently promoted from within (35 percent), particularly relative to their C-suite colleagues.

Like previous surveys, the 2011 report compares differences between U.S. and European CHROs in how they spend time with various stakeholders, in varying CHRO roles, and with the board of directors. Results from U.S. CHROs are very similar to those from the 2010 survey, indicating that the role seems to be returning to stability after the turmoil of the financial crisis. However, comparing results from U.S. and European CHROs indicates that European CHROs focus more time on their HR functions and less time on the board of directors.

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The Chief Human Resource Officer (CHRO) role has undergone tremendous change over the past decade. For the past three years, we have engaged in a stream of research exploring the nature of this shifting role—with particular emphasis on asking CHROs to describe the strategies they employ and challenges they face. The first annual Chief Human Resource Officer Survey was published in 2009, and like subsequent surveys, was made possible by funding from the Center for Advanced Human Resource Studies (CAHRS) at Cornell University. The 2009 survey consisted of responses from 56 of the U.S. Fortune 150 CHROs, while the 2010 survey covered responses from 72 CHROs from the U.S. Fortune 200.

Survey Methodology and Design

This year’s survey continues to broaden the sample in size and footprint. The survey was sent to 409 CHROs from the list of U.S. Fortune 500 companies, and to a list of 160 CHROs from some of Europe’s largest companies. The U.S. sample includes 172 completed surveys for a 42 percent response rate. Forty-four of the European CHROs completed the survey for a 28 percent response rate. Thus, in 2011 we are able for the first time to compare how European CHROs view their role relative to their U.S. counterparts.

The survey consisted of a combination of forced response and open-ended questions to collect information about: how CHROs spend their time; their board participation; challenges; and certain demographic characteristics. We organize this report around three major challenges that emerged from the survey: 1) the Organizational Talent challenge, 2) the HR Functional Talent challenge, and 3) the Personal Talent challenge. Finally, we present selected quantitative results regarding how CHROs spend their time in the formal aspects of the role.

The Organizational Talent Challenge

As in previous surveys, we asked CHROs to identify their chief executive officer’s (CEO) agenda for HR, allowing them to identify the top three issues. As firms begin to grow out of the recent economic crisis, talent has clearly emerged as the major deliverable CEOs demand of HR. This was evident in the 2010 survey, as talent was the more frequently mentioned item, but this year’s results show that it is a universal challenge.

As Table 1 shows, talent emerged as the number one priority for HR in the eyes of CEOs—nearly 100 percent of the U.S. and European CHROs surveyed identified talent as driving the CEO’s agenda for HR. For both, talent was the most frequently cited in the number one slot, and the most frequently cited across all three slots. In addition, succession planning showed up as the second most frequently mentioned. And although many people equate talent and succession planning as the same thing, some CHROs distinguished more clearly between the two. For these, talent is interpreted as the attraction, development, and retention of employees in the talent pipeline, while succession planning is seen as being a more specific process for ensuring replacement talent exists for all key positions. Thus, CEOs today clearly emphasize HR’s critical role in building and/or acquiring the talent necessary to drive short- and long-term success.

Table 1: *What issues CHROs say are on the CEO’s agenda for HR*

	Europe %	U.S. %
Talent	93	92
Cost Control	19	19
Succession Planning	29	19
Employee Engagement	10	18
Culture	20	17
Org. Effectiveness	26	7
HR Excellence	23	1
Comp. and Benefits	3	12
Exec. Compensation	3	10
Change	3	7
Performance Management	10	0
HR Alignment	13	19
Workforce Planning	13	3

In the U.S. and Europe, 19 percent of CHROs identified aspects of cost control as an important aspect of the CEO’s agenda for HR as well. Organization effectiveness (e.g., HR driving business success) and HR alignment (HR supporting the business strategy) are related, but possibly distinct items on the CEO’s agenda. European CHROs were more likely than those in the U.S. to cite ‘organization effectiveness’ as a CEO priority for HR, while U.S. CHROs were more likely to say their CEOs are focused on ‘HR alignment.’

Given its popularity in the HR community, it is surprising that less than 20 percent of CHROs surveyed identified ‘employee engagement’ as a CEO priority for HR. While not significantly lower than ‘cost control,’ this result may highlight that CEOs are not yet enlightened to the importance of engaging the entire workforce and are still focused more on reducing costs, even at the expense of engagement.

Finally, European CHROs were far more likely to identify ‘HR functional excellence’ as part of the CEO’s agenda for HR. As other results will show, this is as a consistent theme in Europe and area of difference with U.S. CHROs. European CHROs seem to consistently focus more on the HR function compared those in the U.S.

The results also show that the organization/people metrics CHROs consider important for assessing the health of their human capital are strongly related to the CEO’s agenda for HR. CHROs indicated that the metrics they found most important were those related to retention, engagement/climate, and succession.

Table 2: Organization/people metrics that CHROs consider key for assessing the health of human capital in their organization

	Europe %	U.S. %
Retention	48	58
Engagement/Climate	64	53
Succession	39	46
Bench/Pipeline	27	19
Bus/People Ratio	13	13
Rev/Profit/Customer	3	12
Internal/External Hire/Promote	10	15
Diversity	9	8

Both U.S. and European CHROs also place some importance on bench/pipeline metrics, with such measures being slightly more popular in Europe than the U.S. However, U.S. CHROs were more likely than Europeans to cite business results (revenue, profit, customer) as important metrics for the people side of their organizations. But both groups equally valued productivity measures, such as sales per employee ratios, as well as percentages of internal promotions/external hires and diversity.

Finally, we asked CHROs to identify the most difficult aspect of their role (Table 3). U.S. CHROs, consistent with the organizational talent challenge, most frequently identified trying to build the leadership bench/talent pipeline as their greatest challenge. U.S. and European CHROs cited problems achieving balance as the second most difficult aspect of their role.

The balance challenge is not new for CHROs, but its manifestation seems to be changing. In the 2009 survey this tension was consistently expressed by CHROs as striking a balance between the need to reduce costs and the need to either maintain strategic capability or consistency with organizational or societal values. In 2011, the issue of balance seems more personal, with CHROs expressing concerns about role overload or role conflict. The concept of ‘role overload’ was reflected in what we labeled “time/personal” balance, and is exemplified by comments like “trying to find enough time in the day to get everything done.” ‘Role conflict’ centers more on how CHROs manage their time and attention—for example, when to focus on strategy vs. operations; the needs/demands of different stakeholders; or balancing the various CHRO roles.

Table 3: Most difficult aspects of the CHRO role

	Europe %	U.S. %
Building the Bench/Talent Pipeline	0	16
Achieving Balance	10	15
Time/Personal	10	7
Strategy/Operations	0	5
Stakeholders	0	3
Dealing w/Legal/Regulatory Issues	3	13
Dealing with the Board	6	11
Dealing w/Executive Team Issues	6	7
Executive Compensation	10	7
Change/Pace of Change	6	7
Transforming HR Function	32	6

The survey also revealed a striking difference between how U.S. and European CHROs perceive the challenges of the role. While U.S. CHROs saw delivering talent as their greatest challenge, European CHROs were most challenged by transforming their HR functions. This finding leads into our second highlighted challenge: HR functional talent.

The HR Functional Talent Challenge

As in past surveys, we asked CHROs to identify the major obstacles to achieving the CEO’s agenda for HR. The 2011 results mirror those of past surveys, with CHROs citing the competencies of their HR team as the number one obstacle to achieving that agenda. An overwhelming majority of U.S. and European CHROs identified this as a problem. Notably, as Table 4 shows, all but one of the European CHROs surveyed found this to be a challenge.

Table 4: *Obstacles to achieving the CEO’s agenda for HR, as cited by CHROs*

	Europe %	U.S. %
HR Competencies	97	58
HR Resources (funding, # of HR ppl)	25	34
Organizational Talent	19	25
Regulatory/Legal Constraints	6	13
HR Technology (systems)	25	10
Line Support	25	6
HR Processes	29	5

In the U.S., HR resources (including the number of HR staff and funding) was the second most cited obstacle to achieving the CEO’s agenda for HR, with aspects outside the HR function coming in third (organizational talent) and fourth (regulatory/legal constraints).

Yet European CHROs focused almost entirely on the HR function as an obstacle to achieving the CEO’s agenda for HR—identifying HR processes, resources and technology as major impediments. These CHROs also suggested that a lack of line support for HR negatively impacts their ability to deliver on the CEO’s HR priorities.

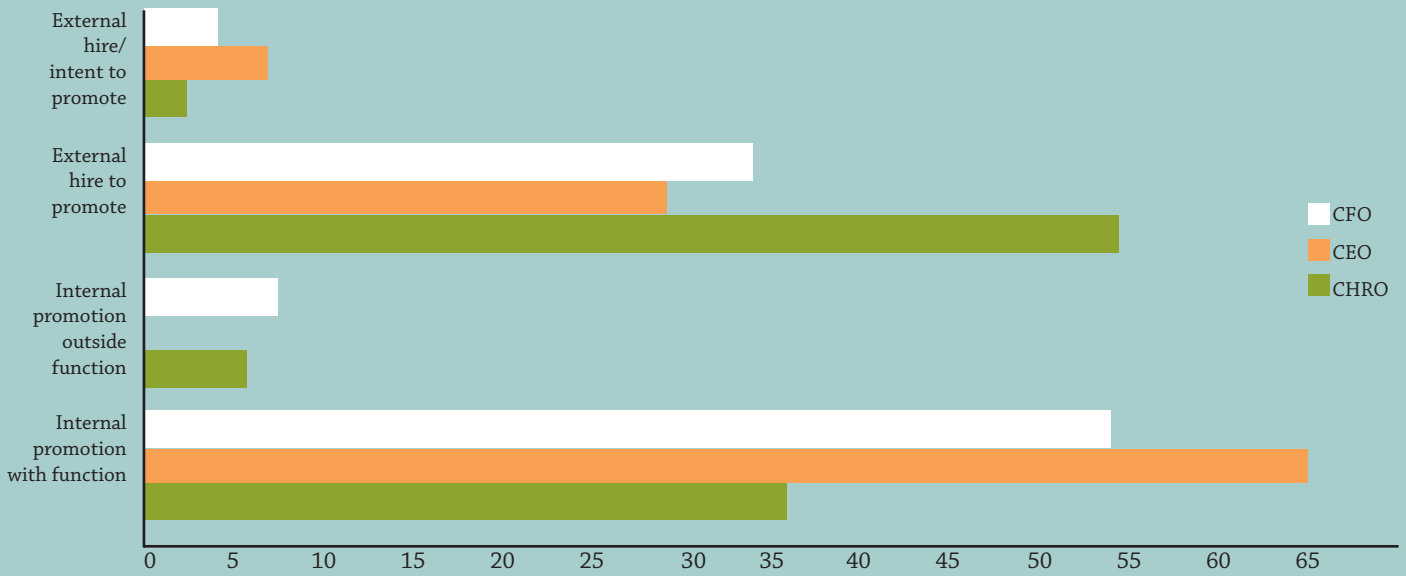
These issues are less clearly reflected in the HR metrics that CHROs indicated they use to assess the effectiveness of their functions. As shown in Table 5, a majority of both U.S. and European CHROs use internal customer surveys the most frequently; in fact, nearly all European CHROs do so. HR costs/cost ratios (e.g., HR costs/employee) were the second most popular metrics used by U.S. and European executives, with U.S. CHROs showing a slight preference.

Table 5: *HR metrics CHROs use to assess effectiveness of their function*

	Europe %	U.S. %
Internal Customer Surveys	97	58
HR Costs/Cost Ratios	25	34
People Costs/Cost Ratios	13	12
Turnover/Retention/Tenure	6	29
[in HR]	3	3
Employee Engagement	13	18
[in HR]	3	3
SLAs/Performance Against Objectives	13	21
Recruiting Efficiency	6	20
HR Process Completion	23	5

One final issue regarding talent within the HR function emerges when examining the path to the CHRO role. One metric CHROs use to measure the health of the people side of an organization is the percent of vacancies filled internally. High percentages imply that the organization successfully builds its leadership talent internally. By this standard, an organization that only fills 36 percent of its top roles internally would not be viewed as a “Best Place for Leaders.” If this is true, then ironically, the function responsible for leadership development is failing at developing its own leaders.

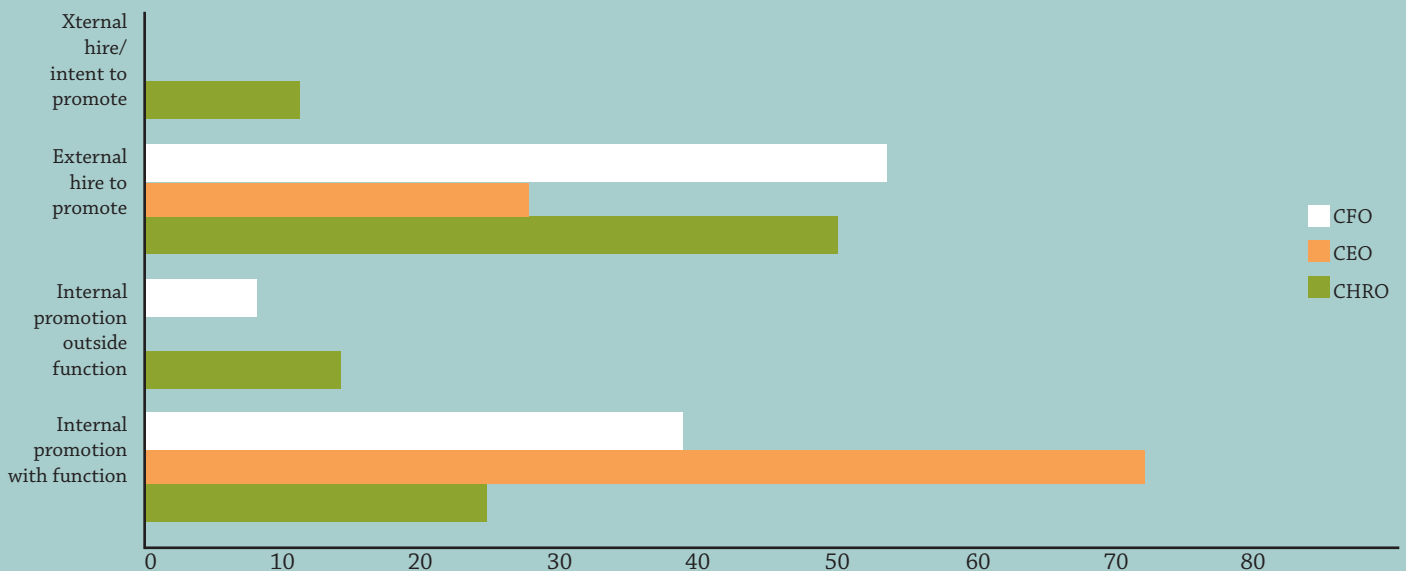
FIGURE 1. Path to the CHRO - U.S.



Our survey shows this seems to be the case for the HR function. Only 36 percent of the U.S. CHROs surveyed gained their position through internal promotion (within the HR function), while 54 percent were hired from outside the firm. Similar results were seen in our previous CHRO Surveys, yet skeptics questioned whether those results differed significantly from other C-suite roles. In response, this year we asked CHROs the same question about their CEO and CFO, and as Figure 1 shows, the new data indicates the HR function. CEOs and CFOs are internally promoted at much higher rates, and hired from outside at much lower rates—numbers almost exactly the reverse of those for CHROs.

The results for European CHROs suggest similar problems (see Figure 2). Only a quarter of CHROs were promoted internally within the function, compared to 72 percent of CEOs and 39 percent of CFOs. Thus, in Europe it seems that CFOs and CHROs are more similar in terms of percentage of outside hires, but that CHROs are still less likely to be internally promoted, with a greater percentage entering their roles by being promoted either from outside HR, or hired from outside to be promoted into the CHRO role within a specified timeframe.

FIGURE 2. Path to the CHRO - Europe



These results suggest that the HR functional talent challenge continues unabated. The function not only lacks the necessary talent to deliver on the CEO’s agenda, but it appears to also not be developing that talent internally.

The Personal Talent Challenge

A new question on the 2011 CHRO survey probed how CHROs develop in the role. CHROs were asked to indicate what practices they have used to make themselves more effective in the CHRO role. By asking this question, we expected CHROs to focus on how they learn, develop, etc. in terms of their own human capital. However, the actual responses we received indicate that a number of CHROs interpreted the question much more broadly than anticipated.

Table 6 shows that the most popular practice identified by both the U.S. and European CHROs is using external networks to develop and learn from others. These networks can be through professional societies, university partnerships, or personal relationships, but the focus is on tapping into external resources for new ideas and emerging practices.

Table 6: Practices CHROs have used to increase their effectiveness as CHROs

	Europe %	U.S. %
Learn from External Network	20	22
Business Focus	13	16
Build Internal Networks	10	15
Build Great HR Team	3	15
Self-Development Activities	13	9
Build Effective HR Processes	13	7
Maintain Integrity	10	7
Listen/Open to Challenge	7	6
Spend Time with Customers	0	3

U.S. and European CHROs said that staying focused on the business (e.g., learning how it makes money, asking questions about the business, etc.) is their second most important practice. Doing this also relates to building internal networks—another oft cited practice. Interestingly, given some of the previous results emphasizing greater focus on the HR function in Europe, building a great HR team was more frequently cited by U.S. CHROs than Europeans, and building effective HR processes was noted more in Europe than in the U.S. Other practices included self-development activities, maintaining integrity, listening/being open to challenge, spending time with customers. The sidebar provides a detailed list of examples of the kinds of practices noted for CHRO effectiveness.

CHRO Best Practices for Effectiveness

External Networking

- *Participating actively in CAHRS!! And actively networking with great CHROs who set the bar for all of us. I'm personally committed to be a life-long learner in the Art and Science of the HR function.*
- *Actively maintaining external networks with fellow CHROs has been a valuable tool to calibrate a sense of relative effectiveness for me and my HR team.*
- *I have built a strong CHRO network externally, across multiple industries, which I utilize to understand and share challenges and potential approaches/solutions to issues I'm dealing with. The diverse perspectives and knowledge shared by this group have been invaluable.*
- *Joining four university boards to gain new knowledge and provide balance to private sector.*

Business Focus

- *Getting to know the business and not being afraid to ask lots of questions about it. And based on what you learn, being willing to speak up and weigh in on an issues or decision, even when it may not be what is traditionally viewed as something that the HR person would be weighing in on.*
- *Making sure I truly understand the workings of our business and how we make money. This becomes the lens I see my role through, which keeps me relevant and hopefully adding value to the business.*
- *I have always been strong in the financial and quantitative areas regarding business analyses. Remaining business-focused preeminently has helped fuel my success. It has been necessary to partner with the CFO in particular, to assist him in developing concrete, practical initiatives affecting our balance sheet and portfolio. Learning from and leveraging outside resources for very technical and analytical support (law firms, McKinsey, Mercer, etc.) has helped make me a better CHRO.*

Build Internal Networks

- *I meet formally with the CEO every week to ensure alignment and communication of the strategic focus of the HR function to the overall company. I also have formal meetings set with each member of my executive peers. This allows us the time to focus on long-term initiatives vs. just the day-to-day issues.*
- *Making time in my daily schedule to have drop-in meetings with the executive team members. These informal, impromptu meetings have a more open and reflective tone, so they have considerable impact.*

- *Feedback is very difficult to get from the CEO unless he's unhappy about something. Therefore, self-confidence is everything. I've found that my self-confidence is highest when I feel my CEO and compensation committee chairman are well informed. Have breakfast or dinner with CEO at least once a month with check-ins as needed. Same with compensation committee chair. Not always easy to find calendar time which is probably the biggest challenge but it's no excuse for not keeping them informed.*

Build Great HR Team

- *Empower senior HR leaders; decentralize decision-making where possible through streamlined approval requirements and organization structure*
- *Employing a terrific executive assistant, a very strong direct staff, and -- every few years I consciously fire myself, develop fresh spec's for the CHRO position for the current challenges, and rehire myself with those expectations.*
- *I have surrounded myself with some of the best lieutenants in the HR business. My team consists of only top subject matter experts who are outstanding performers. This allows me to focus on Board and executive team issues.*

Self-Development

- *My focus on and development in the areas of economic thinking and financial acumen have served me well.*
- *I work with a coach regularly. Also, I go through a 360 degree process every year for feedback.*

Build Effective HR Processes

- *Management Resource Review (performance reviews and succession planning); and HR Services (shared services group) are both best-in-class. We are very data-driven in decision-making and launch our new products and initiatives using phase gate process used to launch new company products...has made our launches very successful.*
- *We built workforce planning best practices, leveraged our recruiting model, and implemented a shared services model for all transactional HR work.*

Listening/Challenging

- *Since I became a CHRO I have started listening much more to my team and to the business leaders. I find I get the best results when I slow down and hear as many points of view as possible. I have also joined several CHRO associations.*
- *Constantly challenging my assumptions. We have all learned formulas and practices through our careers that have worked and helped us get to our current role. However, the work environment, the working population and regulation are shifting rapidly. We have to stay open to new approaches, new*

ways of delivering value to the business and our employees. I stay close to what's going on around me and future trends so that I can stay open. I create an environment where I challenge my team to 'scare' me a bit with their innovative approaches to HR.

Maintain Integrity

- *Remain an honest broker. If you are seen as too close to the CEO you limit your ability to actually do the HR work required to grow the organization.*
- *Actually I have two: 1. Establish a clear voice as "conscience" of the firm and 2. Pick my spots.*
- *Being totally and continuously transparent. The perception that the CHRO does not have a hidden agenda or unseen motive results in great dialog, engenders trust and confidence, and provides access to more info and insight.*

Spend Time with Customers

- *I participate in customer meetings. Getting to understand the end customer is a huge advantage in understanding our business and anticipating future needs.*
- *Continuing to spend time with customers and other key stakeholders (particularly in Emerging markets) to significantly improve my knowledge of the external marketplace forces impacting our industry and developing a better understanding of what it will take to grow the business.*

Figure 3 organizes these best practice techniques. In the left circle are techniques that help CHROs develop their knowledge base, either about the business or about HR. The focus is on learning new things or staying abreast of emerging trends. In the right circle are practices that reflect taking action inside the organization. These practices focus on how CHROs increase their effectiveness as evaluated by others through ways in which they perform their role. Finally, internal networking falls in the middle, as it integrates the learning and doing. Through their strong internal networks, CHROs are able to access information about activities inside the firm and to also leverage those relationships to get things done.

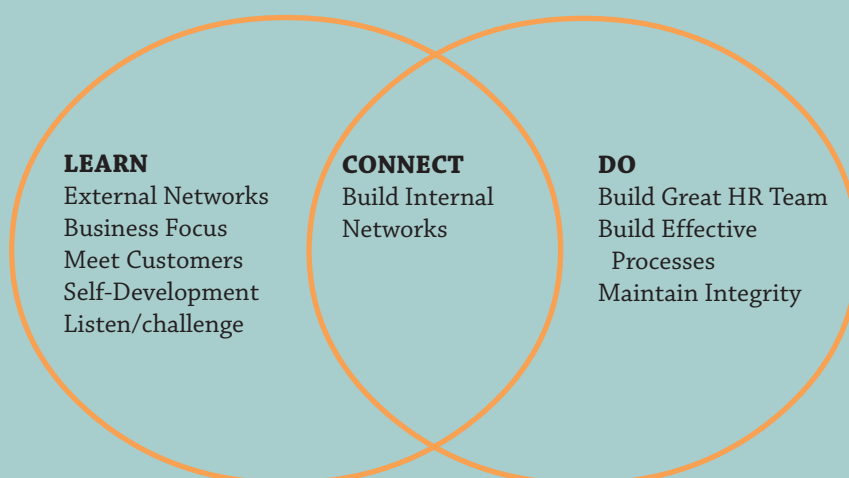
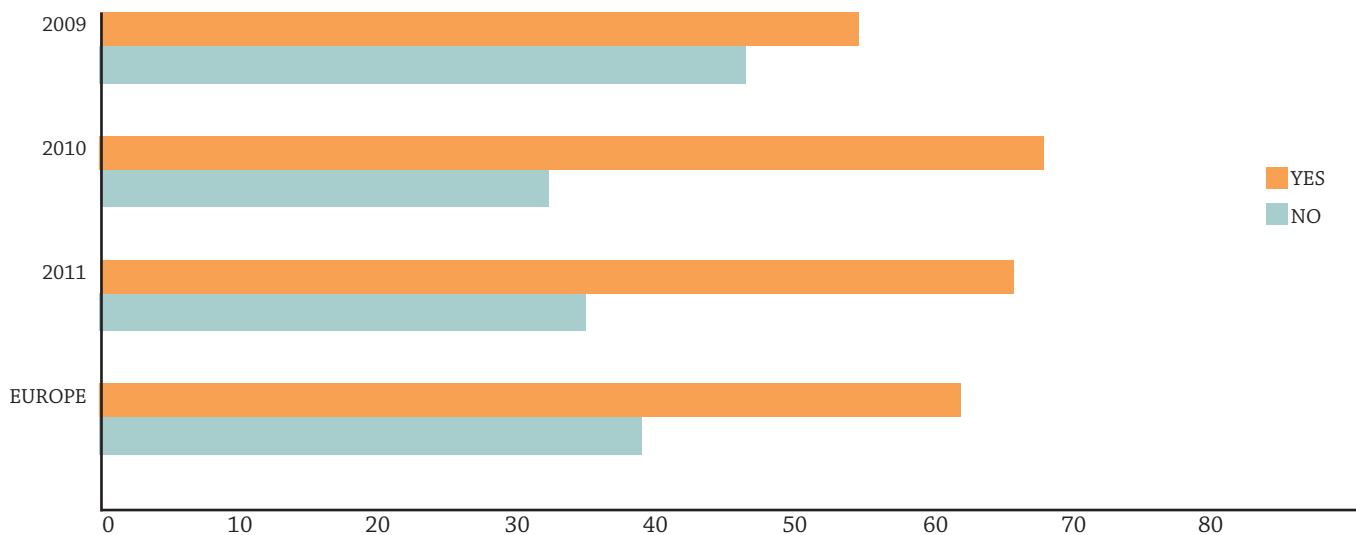


FIGURE 3.
Building personal talent

Another aspect of building personal talent is the past experiences that have positioned CHROs to take on the top seat. For instance, many have suggested that one way of building knowledge of the business is to have HR professionals work outside of HR earlier in their careers. In interviews with CHROs over the years, most have consistently said that while working outside of HR at some point during their careers is helpful, it is by no means necessary. They emphasize that the important competency is knowledge of the business, and this can be achieved in a number of ways. However, our 2011 survey results may call this into question.

We asked CHROs again this year whether they had worked outside of HR at some point in their career. Consistent with results from 2010, a majority of U.S. and European CHROs have done so. These results may indicate that working outside of HR not only develops business knowledge, but also builds a personal credibility with peers—showing that you not only understand the technical aspects of the business, but can also relate to the pressures of having profit/loss responsibility. Certainly, CHROs embrace such accountability regardless of their background, but it may be that having this background increases one’s personal credibility, at least until peers observe such accountability over time.

FIGURE 4. Percent of CHROs working outside of HR during their career



The three challenges CHROs face—delivering talent to the organization, building talent in the HR function, and developing one’s personal effectiveness—are not new and are never-ending. In many cases, meeting these challenges requires hitting a constantly moving target. In the final section of this report, we focus on how CHROs allocate their time to various constituents, to different aspects of the role, and their activities in relationship to the Board of Directors.

Formal Aspects of the CHRO Role

As with past CHRO surveys, respondents indicated the estimated amount of time they spend with stakeholders, participating in various CHRO roles and with the board of directors (BOD), as well as the roles they play with the BOD and on external boards.

FIGURE 5. Time spent with stakeholders

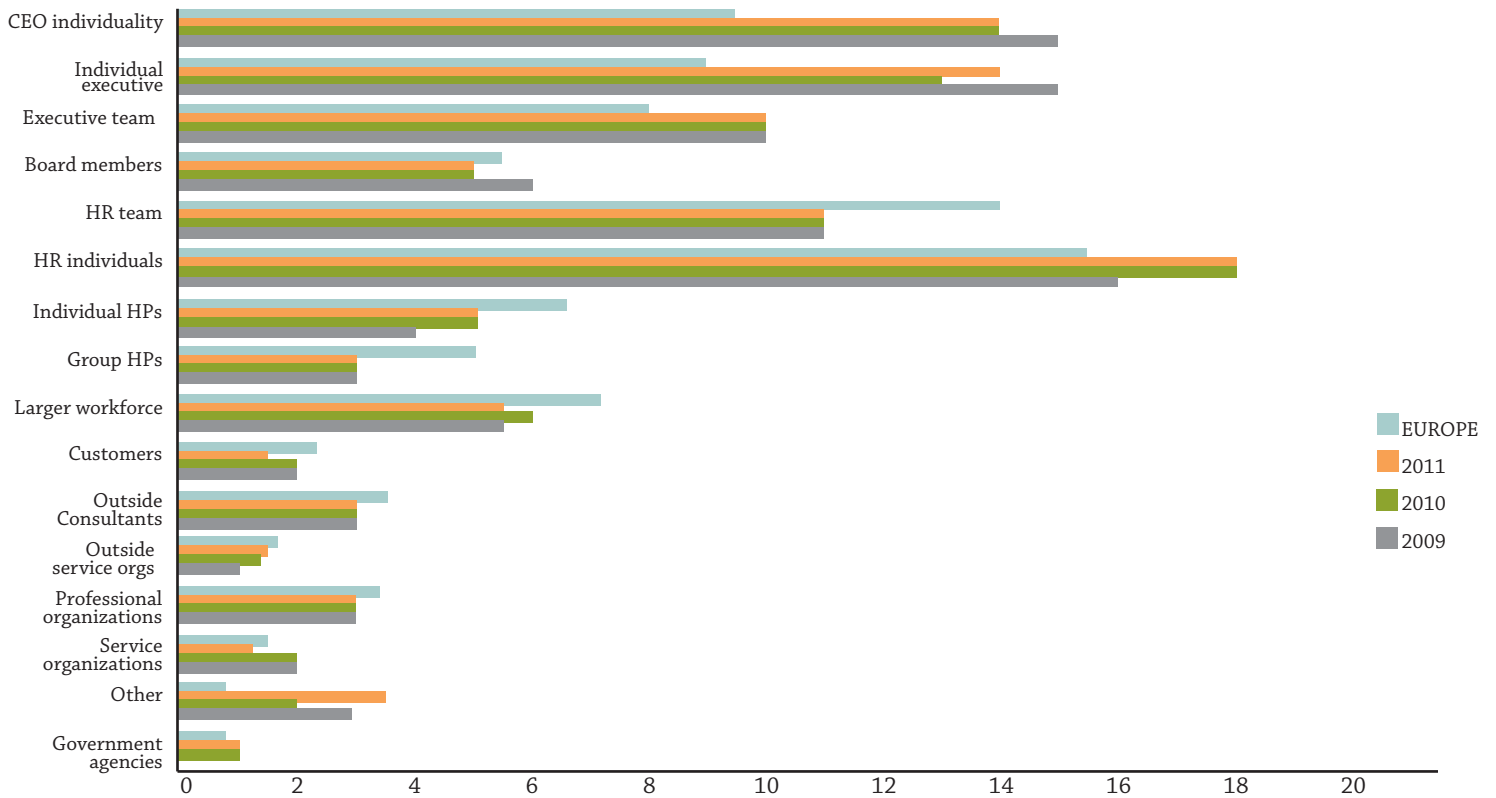


Table 8: Roles of the CHRO

Strategic Advisor to the Executive Team

(activities focused specifically on the formulation and implementation of the firm’s strategy)

Counselor/Confidante/Coach to the Executive Team (activities focused on counseling or coaching team members or resolving interpersonal or political conflicts among team members)

Liaison to Board of Directors (preparation for board meetings, phone calls with board members, attendance at board meetings)

Talent Architect/Strategist (activities focused on building and identifying the human capital critical to the present and future of the firm)

Leader of the HR Function (working with HR team members regarding the development, design, and delivery of HR services)

Workforce Sensor (activities focused on identifying workforce morale issues or concerns)

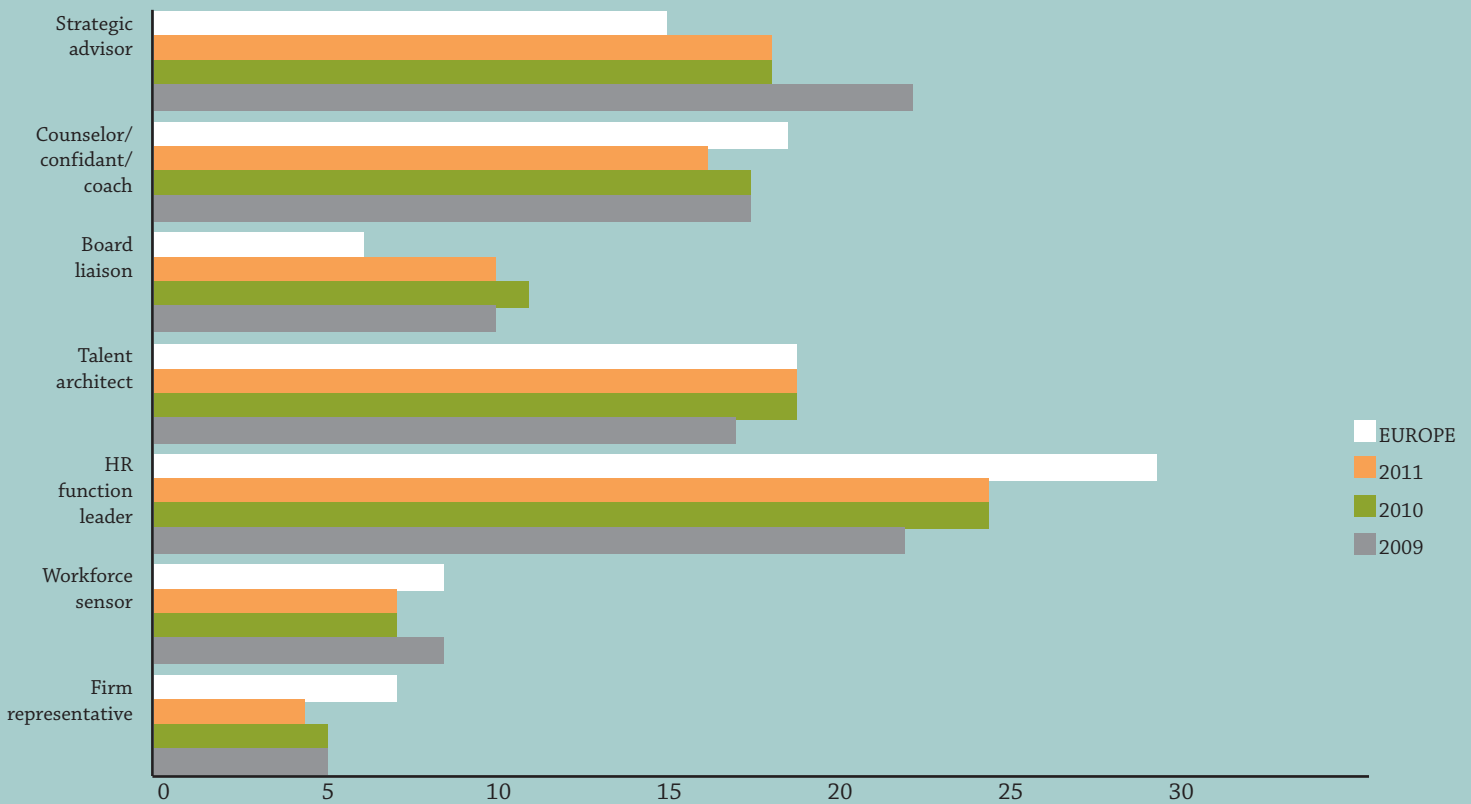
Representative of the Firm (activities with external stakeholders, such as lobbying, speaking to outside groups, etc.)

Time Spent with CHRO Stakeholders

Two main observations emerge from this data. First, with regard to the U.S. sample, it seems that the role has begun to stabilize after the discontinuous change resulting from the financial crisis. In most cases the time spent in 2011 is almost exactly the same as that spent in 2010, and where there is divergence, it is less than 2 percent. It may be that these results begin to reveal how CHROs tend to spend their time under normal business conditions.

Second, the data reveal that European CHROs allocate their time quite differently than those in the U.S. They spend significantly less time with the CEO individually and individual executives, and more time with government agencies, their HR team, and the larger workforce. Given the institutional differences in Europe versus the U.S., the time spent with government agencies is not surprising. Consistent with previous results, the clear difference in European CHROs seems to be in the direction of working with their HR team.

FIGURE 6. Time spent in CHRO roles



CHRO Roles

CHROs also reported the time spent in the various CHRO roles (see Table 8 for descriptions of the roles, identified from previous CAHRS research). Figure 6 shows that within the U.S. sample, CHROs' time allocation to roles in 2011 seems stable, almost identical to those reported in 2010. They spend the most time as HR Function Leader followed by Talent Architect, Strategic Advisor, and Counselor/Confidante/Coach.

Also similar to previous results, European CHROs allocate their time differently compared to their U.S. counterparts. Again, they report spending more time as HR Function Leader and Firm Representative, and less time as Board Liaison and Strategic Advisor.

As we did for the first time in 2010, we asked CHROs again this year to assess their own impact and effectiveness in the different roles (Figure 7). The results show that, like last year, in 2011 U.S. CHROs believe they have the greatest impact as Talent Architects, followed by HR Function Leaders, Counselor/Confidante/Coach and Strategic Advisor. The European CHROs report almost the exact same relative impact ratings, albeit a bit lower for Strategic Advisor and Counselor/Confidant/Coach, a bit higher for Firm Representative, and much lower for Board Liaison.

Regarding their effectiveness in various roles, CHROs from Europe and the U.S. identify leading the HR function as their greatest strength (Figure 8). U.S. CHROs rate their effectiveness in the Counselor/Confidante/Coach role as a close second, followed by Talent Architect and Strategic Advisor. However, European CHROs rate themselves a full point lower than their U.S. counterparts on effectiveness in the Counselor/Confidant/Coach role and as Board Liaisons.

FIGURE 7. Impact of CHRO roles



FIGURE 8. Effectiveness In CHRO roles



Participation with the Board of Directors

While CHROs do not spend the bulk of their time with the BOD in the Board Liaison role, most of the time they do spend is allocated to executive compensation (Figure 9). U.S. CHROs also report spending significant time with the board around executive succession and CEO succession. In contrast, European CHROs report spending more time on executive succession and other issues, such as: “HR Information and education,” “Training them in HR,” “Onboarding new external Board members,” “HR policies,” “Workforce Qualification issues,” and “Discussing strategic/tactical business needs, proposals, solutions, and advice on HR matters.”

FIGURE 9. Time spent on issues with the board

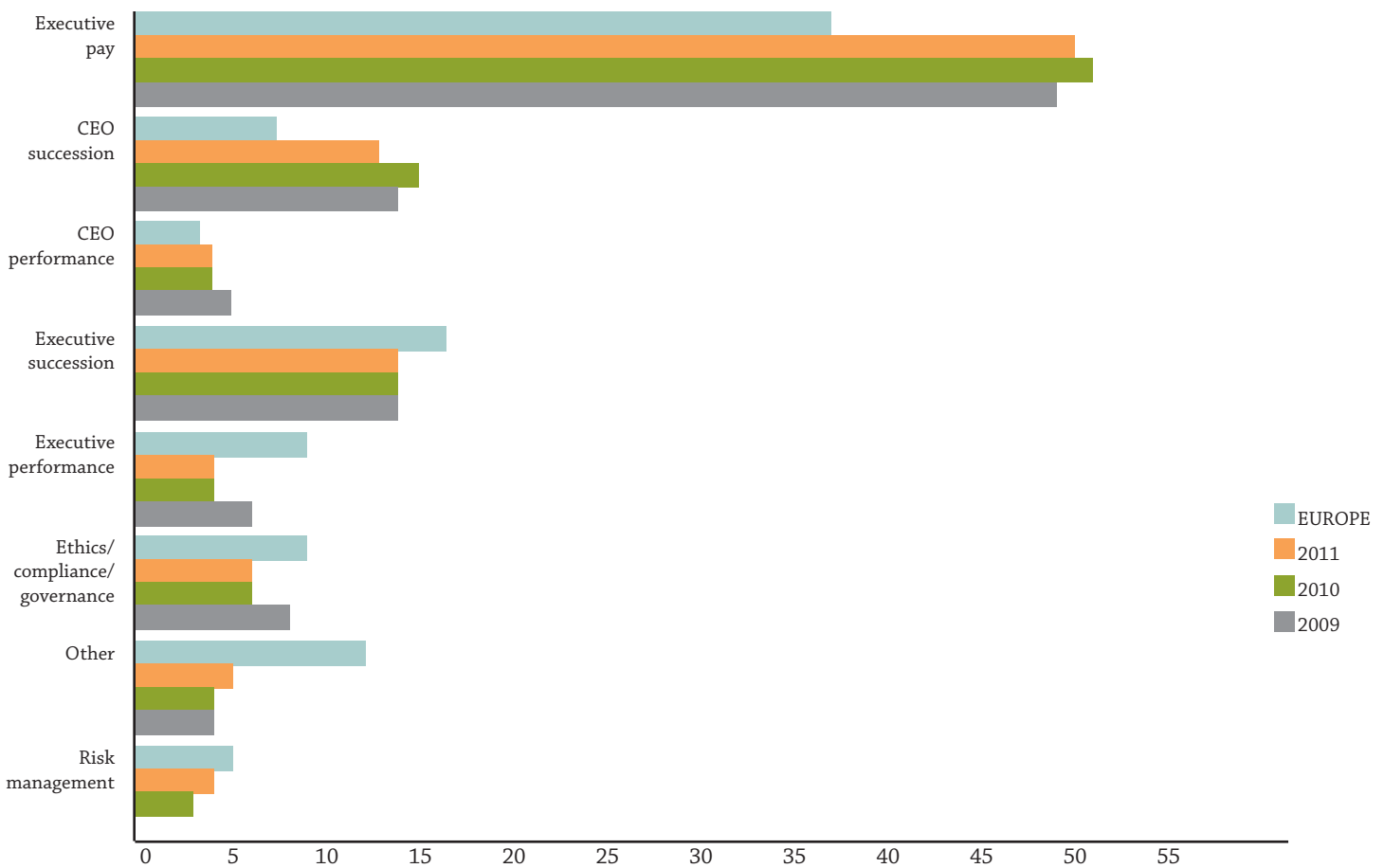
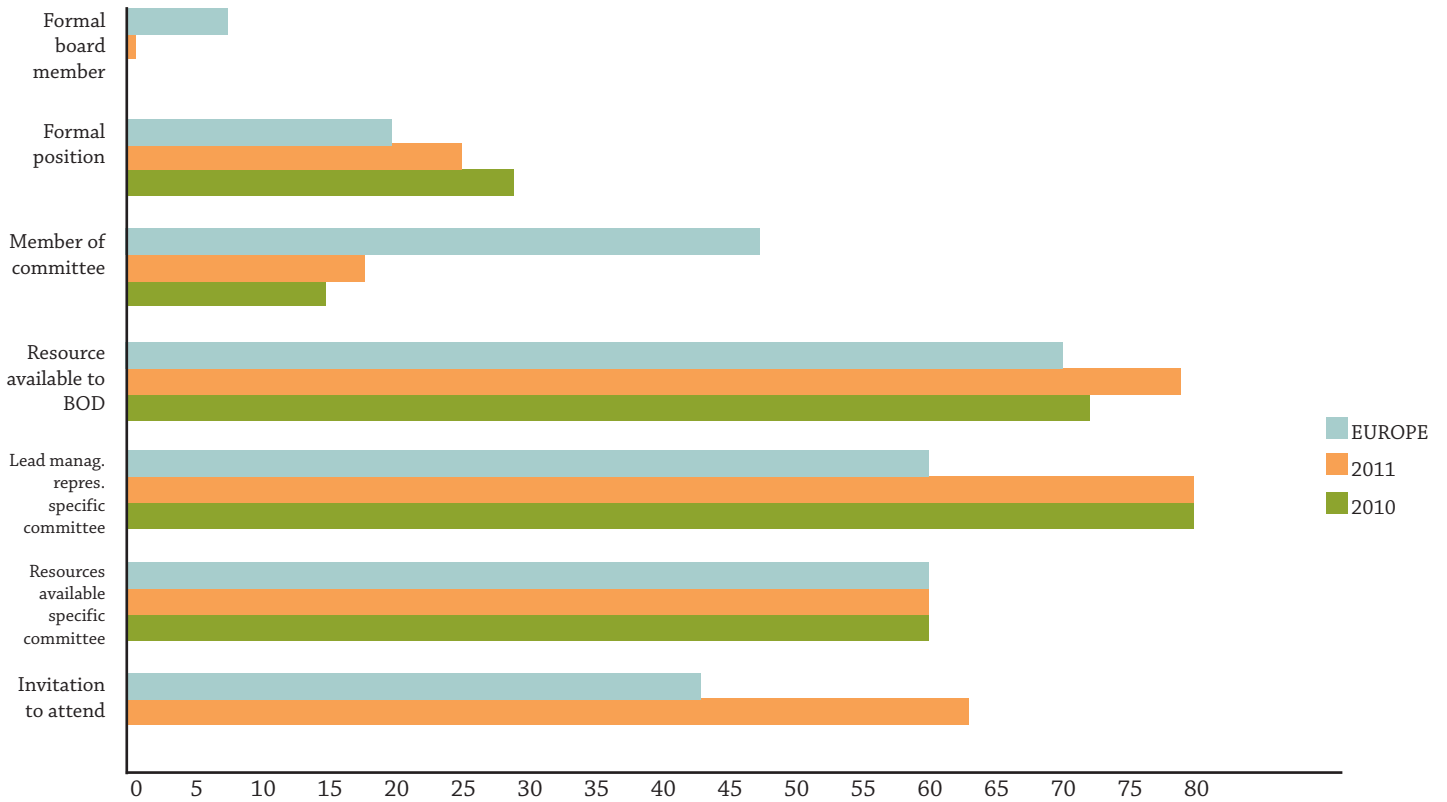


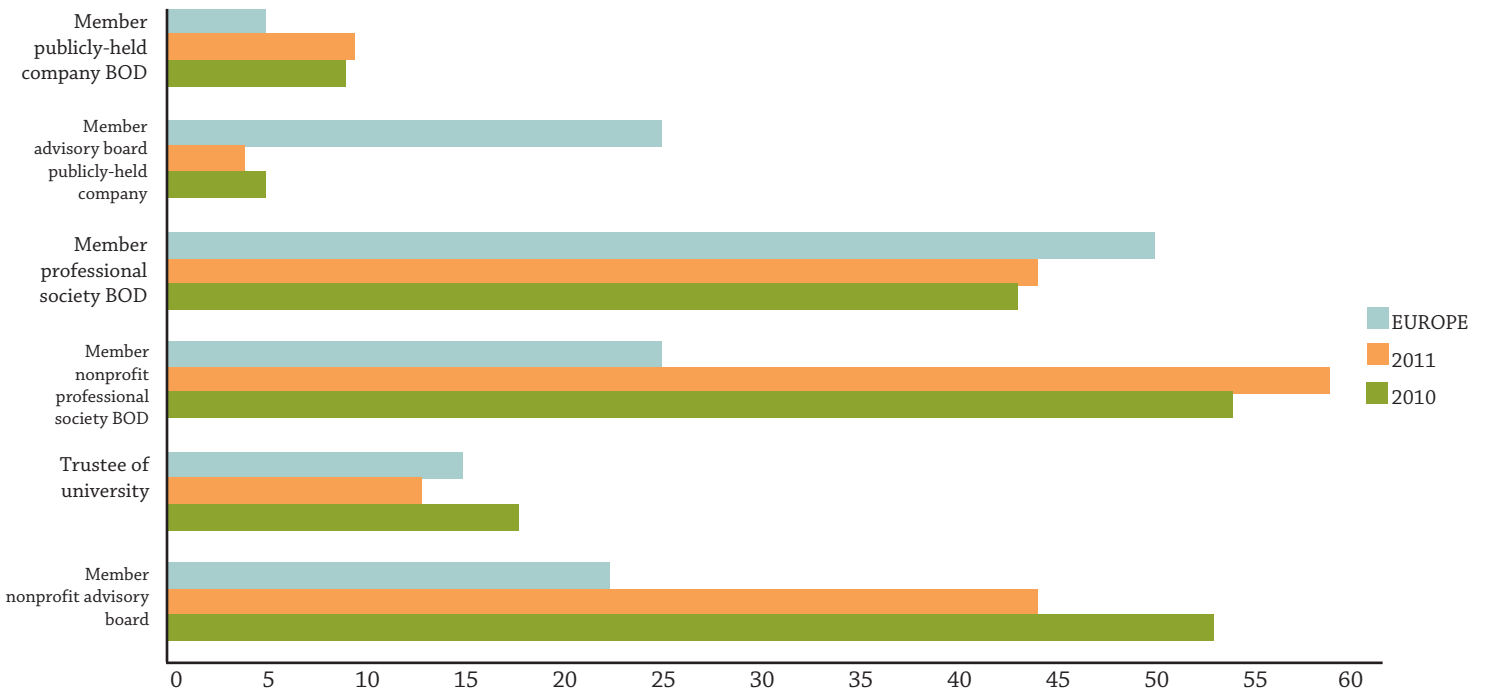
Figure 10 depicts the various ways in which CHROs relate to the BOD. Interestingly, the data show that 47 percent of the European CHROs reported being a formal member of committee compared to only 18 percent of U.S. CHROs. This year we also asked CHROs whether they were formally invited to attend all board meetings (i.e., their attendance was expected absent unusual circumstances). A majority of the U.S. CHROs responded affirmatively, compared to 42 percent of the European CHROs.

FIGURE 10. CHRO roles on the board



Finally, CHROs were asked to report the types of external board activities in which they participated (Figure 11). The data show that both U.S. and European CHROs are active in a board capacity across a number of public, non-profit and professional organizations. U.S. CHROs were more likely to be members of non-profit/professional boards with fiduciary responsibility (59 percent), while European CHROs were more likely to be members of a professional society board (50 percent).

FIGURE 11. Types of CHRO board activity



Given the increasing requirement for CHROs to actively participate with the board of directors, these activities seem to be one more way they can develop their personal talent. The 2010 survey revealed that CHROs noted that such activities are extremely valuable for developing a better understanding of the pressures board members are under, and consequently, what they may expect of the CHRO. It may be that these positions on other boards will prepare the way for more CHROs to sit on corporate boards of directors.

Summary and Conclusions

As the CHRO role evolves over time, incumbents should feel extremely optimistic. The importance of talent to CEOs has and will continue to provide an opportunity for CHROs to act as valued leaders in the business. This fact should be tempered by the reality that the HR function has its own talent challenges to be addressed. CHROs see the level of functional competence as an obstacle, suggesting that greater effort must be invested in finding new and innovative ways to build HR functional capability.

CHROs' exposure to and interaction with the board of directors continues to increase, requiring CHROs to develop new knowledge and skills. Finally, to deliver organizational talent, build great HR teams, and meet the emerging requirements with the board, CHROs must continually develop their personal skill sets.

Carl Frost, one of the early organization development consultants would suggest that we, as human beings, are constantly in a process of "becoming." He would then issue the challenge: "Are you managing what you are becoming?" Today's CHROs face immense and changing pressures as they lead within organizations in the process of becoming. This report suggests that the larger challenge for the modern CHRO is to effectively manage that process for the organization, function, and ultimately, his or herself.

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