



Why Leaders Should Give HR a Seat at the Table

Michelle M. Smith, CPIM, CRP
Author. Speaker. Strategist.

Leaders understand the significant competitive advantages of attracting and retaining exceptional employees, yet the talent practices in most of their organizations are remnants of a bygone era that does little to actually achieve that goal.

And at the center of this challenge sits the HR team, who are under increasing scrutiny for their lack of effective, proactive talent strategies or enterprise business perspective. The rant against HR continues, but for HR professionals seriously committed to changing the narrative, there's promising news ahead.

Talent-Driven Organizations

Ram Charan, one of the world's leading advisors to CEOs, makes a compelling case for CEOs to bring CHROs into their inner circle in his new book, *Talent Wins: The New Playbook for Putting People First*.

Charan and his co-authors make the argument that leaders should focus on building and leading a "talent-driven organization" to ensure they can recruit, deploy, and develop employees to deliver greater value to customers—and to do so better than the competition.

The experiences of CEOs at talent-driven companies suggest that meeting those challenges requires a distinct set of mind-sets, being as focused on talent as they are on strategy and finance. They need to make talent considerations an integral part of every major strategic decision and ensure their talent focus is woven into the fabric of the entire company.

Becoming a Talent-Driven Leader

There are four key priorities for the CEO. The first two are moves the CEO must make to secure alignment at the top of the organization. Misalignment at the top is trouble for any company, but it's disastrous for talent-driven ones, where HR and finance must work in tandem and the CEO must oversee a complex, fluid structure.

With that foundation in place, CEOs should turn their attention to the two most critical aspects of leading a people-first company: securing and developing key talent; and ensuring that talent is truly integral to every major strategic decision across the organization.

1. Lead with a Central Brain Trust

The talent-driven organization needs a central brain trust, and the authors argue that it should consist of the CEO, CFO and CHRO because deploying financial and human capital together is the key to success.

Workforce allocation is as powerful as financial allocation to make sure companies have the right talent to meet the challenges of the future. By putting talent and finance on equal footing, the threesome will change the way and sequence in which critical issues are discussed by tying talent to *every* item on the agenda.

The CHRO of a talent-driven organization must be a great business person, not just a great people person. What you want is a CHRO who's a problem solver, so line experience should become a central pillar of the career path of any HR executive who shows real leadership potential. And just as the CHRO must understand the key financial drivers, the CFO must understand the human drivers of value creation.

2. Align the Board of Directors

Transforming to become a talent-driven organization requires a top-down revolution. CEOs who drive this kind of change must have the alignment of both senior leadership and the board of directors.

CEOs need to help the board understand that talent is *the* value creator and therefore belongs at the top of its agenda, rather than an afterthought. Every meeting of the board must include a discussion of the health of a wide swath of top talent. It's a profound change, but most directors will welcome the shift.

A critical move in driving this mind-set shift is to transform the mandate and scope of the compensation committee into a group focused on the recruitment, deployment and development of talent to look more holistically at how to maximize the quality and effectiveness of talent throughout the company.

3. Constantly Develop Your Top Talent

In almost every organization, success depends on a small core of employees who deliver outsize value, and the success of the talent-first CEO largely depends on how well they leverage these employees. The CEO, CFO and CHRO must pinpoint those employees who drive tremendous value, use every tool at their disposal to develop their critical team members, and ensure the company is constantly creating the next generation of leaders.

When an organization doesn't have the skill sets or the innovation firepower it needs for the future, it's up to the CHRO to recruit talent who can generate innovative ideas and to ensure the company has analytics software to track the progress of these key executives, and even evaluate their likelihood of success at each step of their career.

4. Unleash Talent and Strategy with Agility

When talent-focused CEOs launch new initiatives, they make sure to have the right talent on hand before going too deeply into strategic and financial planning. Agile, team-based organizations are the best way to ensure they constantly and nimbly match the right talent to the right strategic initiatives.

Leading a talent-first organization is something that must be managed incrementally. The steps it requires—alignment at the top; continual development of talent; a commitment to link talent and strategy; and an agile, flexible corporate structure are each important. But built one upon the other, they trigger a multiplier effect that can exponentially increase the value that talent delivers to the organization.

And that is the great promise of leading a talent-first organization: seeing new ideas lead to even better new ideas, watching the creative thinking that's been enabled amplify itself across divisions and varying levels of seniority and expertise, and reaping the benefits of explosive value that arises from expected, and unexpected, parts of the organization.

Michelle M. Smith, CPIM, CRP is a highly accomplished international speaker, strategist, and author on performance improvement. She speaks and writes about what she knows first-hand—as a former executive of a Silicon Valley start-up, a Fortune 100 global conglomerate, and as a researcher and strategist. Internationally renowned as a respected authority on leadership, workplace culture, workplace trends and employee engagement, Michelle passionately shares new insights and tools for leaders to confidently, effectively and strategically lead their organizations to success.