

WHAT MAKES AN EXCEPTIONAL HR LEADER?

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What really matters for today's Human Resources Leaders is to have broad experience managing challenging HR assignments. Taking on the tough stuff is the best way for an HR professional to demonstrate real value to companies. While deep understanding of business is still essential, taking a role outside HR is no longer a pre-requisite step in the career paths of exceptional HR leaders.

In the Europe, Middle East, and Africa (EMEA) region, there has been a recent shift in the challenges faced by top corporate executives and the skills needed to manage those challenges. The fallout from the global financial crisis is still affecting most sectors.

Euro and political instability, lack of access to capital, and low consumer confidence are all major concerns. Meanwhile, digital innovation and the rapid growth of social media have accelerated the rate of change and radically altered the competitive dynamics of many industries. Companies must now work harder than ever to maintain customer loyalty.

In such a volatile marketplace, executives no longer can run the business by simply setting the priorities and implementing the strategy. Instead, as articulated in a Korn/Ferry Institute research paper last year, the core skill in the current business climate is the ability to deal with ambiguity (Tapper and Manson 2012).

EMEA-based businesses face further pressures, including wage inflexibility and rigid labour markets, in the face of competition from other parts of the world. Getting the best from people has emerged as a key source of competitive advantage. Companies that can engage their employees successfully and retain top talent are more likely to survive difficult times. Inevitably, this has thrust the role of Human Resources Leader (HRL) firmly into the spotlight.

Finding executives who can steer businesses through complex change has also become a critical requirement for companies, especially large corporations with globally dispersed workforces. As highlighted in another Korn/Ferry Institute research paper last year, HR executives score particularly highly in an attribute called Change Agility, which is the

ability to cope effectively with the discomfort of rapid change, and the ability to lead others effectively through change. HRLs are invariably in the pivotal role of change manager, whether a company is expanding overseas, restructuring, or party to a merger or acquisition.

To discover what other skills characterise effective HRLs, Korn/Ferry partners conducted structured interviews with senior executives at companies across Europe and representing many industries. With the insight of our interviewees, we discerned what characteristics are needed, how they are acquired and developed, and how executives can manage their career track to become exceptional HRLs.

Mission-critical qualities for an exceptional HRL

What makes an exceptional HRL? That was the question Korn/Ferry put to 36 senior HR and business leaders across the EMEA region.

Although any successful HRL must get the basics right in terms of recruitment, learning and development, reward, organisational development and employee/industrial relations, a clear set of qualities emerged as the most important for differentiating the exceptional from the merely competent.

By far the most important characteristic according to the majority of our respondents is 'Understanding the Business'. How often do you hear of a Finance Director or a Marketing Director needing to improve his or her knowledge of the business? As one of our interviewees commented, business acumen is something that HR people are inclined to 'beat themselves up about', to the extent that they are prepared to take on non-HR roles to acquire it or to avoid the charge of not having it.

Other leadership characteristics selected by the respondents require the individual to have highly developed soft skills, such as conflict resolution, negotiation, influence, team building, change management, communication, and motivation. Although hard skills can be learned through solitary study, soft skills are honed through experience and interaction with others, a process that might be accelerated by a highly tuned emotional intelligence. It is a paradox of the HR role that to be expert in soft skills, you must be mentally very tough, with outstanding judgement, resilience, and tenacity.

The answers we collected reflect how the role of the HRL has evolved in recent years. Since leading HR guru David Ulrich first wrote about the business partner model, the HRL role has become even more business focused. Put simply, HRLs who bring value to the business are more valued by the business.

The seven 'mission critical' characteristics of an exceptional HR Leader

Understanding the Business

Beyond a baseline knowledge of how businesses operate and compete, this characteristic requires knowing the industry, market, regional context, and challenges your business is facing.

You need to understand the risks that business leaders face.

—Banking HRL, UK

Inspiring Others

Motivating others to high levels of engagement and performance is key here. This also includes motivating different types of people, communicating a compelling vision to varying constituencies, and building highly effective teams.

Seek out a role where you are leading the change, where you have to communicate the new direction and motivate people to want to make the journey.

—Fashion retailer HRL, UK

Acting with Honour and Character

This involves acting in line with a set of values and beliefs, practicing consistency between words and actions, and being direct and truthful.

The HR Leader must be a role model for the values of the organisation.

—Technology HRL, France

Dealing with Trouble

Courage—to deal with a crisis, provide difficult feedback, confront performance problems, and stand up for unpopular or innovative ideas—lies at the heart of this characteristic.

How do you deal with crises? As an HR professional, ensure you leverage the energy behind the trouble to add value. Crises are a perfect breeding ground for excellence.

—Oil and gas EVP HR,
The Netherlands

Making Complex Decisions

This competency is about solving tough problems using available and changing information. This skill encompasses balancing analysis with intuition and wisdom and requires the application of multiple problem solving techniques.

Learning how to lead and manage change (e.g., acquisition, merger, integration) is a great learning experience. Change always has many facets and learning to manage it develops strategic thinking, organisational savvy, stakeholder management, and problem solving.

—Pharmaceutical HRL, Russia

Getting Work Done Through Others

This involves getting the best out of people, delegating the right work to the right people, setting goals, providing clear direction, following up, and supplying the coaching necessary to ensure other people's success.

Organisational design (OD) roles help you become organisationally skilled, i.e., how you structure an organisation to get the best out of people.

— Medical science HRL, UK

Evaluating and deploying people accurately

Evaluating and deploying people accurately requires having a keen eye for talent and the ability to assess strengths, weaknesses, and potential in order to place the right people in the right roles.

It's about really knowing the people; understanding what makes them tick. People grow in different ways; you need to be flexible to their different needs.

—Oil and gas EVP HR, The Netherlands

Key developmental experiences for HRLs

Many of the skills identified as most important for HR leaders are difficult to develop. This means that in order to possess the requisite skills at the executive level, future leaders need to begin working on them early in their career. One way to do this is to seek out key career experiences that encourage the acquisition and application of new skills as well as the improvement of already acquired ones. Specific career experiences instil and hone specific skills. See the table below which highlights Korn/Ferry’s recommendations for how to build mission critical characteristics.

Table 1
Developmental experiences to build HR Leaders

Characteristic	Key Development Experiences	Developmental Difficulty
1. Understanding the business	Lead a project team	Easier
2. Inspiring others	Lead a turnaround	Harder
3. Acting with honour and character	Take on a big, complex job	Moderate
4. Dealing with trouble	Lead a group through a crisis	Harder
5. Making complex decisions	Formulate a business strategy	Moderate
6. Getting work done through others	Experience both sides of the business: support function and P&L oversight	Easier
7. Evaluating and deploying people accurately	Manage significant people or talent issues	Moderate

Many of the mission critical characteristics relate to ‘soft skills’ that an exceptional HRL brings to the executive team, including the ability to inspire others, act with honour and character, and deal with trouble. Yet the most important characteristic of all is the ability to understand the business.

A decade ago we might have expected the same answer. What has changed is business leaders' opinion on how HR executives can acquire commercial credibility. No longer is it necessary to take a role outside HR. Instead there are now many opportunities to gain it from within the function, by carefully choosing the right assignments and forming the right alliances within the business.

In this research, we have found that what really matters for today's HRLs is to have broad experience managing challenging HR assignments, particularly in roles that involve leading transformational change or managing conflict. Taking on the tough stuff is the best way for an HR professional to demonstrate real value to the business.

Ideally, this broad experience should incorporate a wide range of HR disciplines, industries, and geographies. International experience is now an essential requirement for anyone who aspires to a top HR role in global companies, especially ones in which future growth is likely to come from emerging markets.

The current European economic outlook is challenging and uncertain. CEOs and business leaders will increasingly rely upon the skills and support of their HRL to manage complex change and ensure that the business can respond flexibly to new challenges and opportunities. The ability to act as trusted counsel and advisor to the CEO is now essential for an HRL to be considered exceptional. Performing this role as an effective sparring partner requires significant courage and personal integrity. Those who can get it right are rare and greatly in demand.

How do you build your career to become an exceptional HRL?

Having identified the seven mission-critical characteristics of an exceptional HRL, what experience does an HR professional need to acquire them? Although no two career paths are the same, our interviewees' opinions suggested some common routes.

You don't need to run a business to understand business. For many years, HR professionals have been encouraged, as part of their career development, to take a non-HR role to improve their business understanding. We found widespread evidence of this thinking, especially from HRLs in developing markets, where there is perhaps less appreciation of the wider contribution that HR can make to the business.

“An excellent HR Director needs to be the eyes and ears of the organisation. Business understanding is absolutely secondary. It is about understanding and managing the human asset.”

Oil and gas CEO
The Netherlands

“I don’t believe there is just one track; someone who has risen from the ranks assuming diverse roles and building experiences across multiple organisational roles, preferably in different regional roles and countries, will develop a more solid HR career.”

Technology HRL
Turkey

“A close working relationship with your CEO enables you to get under the skin of the organisation, understand the risks and strengths and gain a solid business understanding.”

Oil and gas CEO
The Netherlands

Opinions differed on the best alternative role to acquire commercial acumen. For some it is about gaining first-hand customer knowledge from a sales or customer service perspective. Others suggest it is about having held a P&L responsibility, for example as a general manager.

However, there is also a strong, emerging view, particularly expressed by the chief executive and operations officers (CEOs and COOs) we interviewed, that for an HRL to understand business, it is not necessary to run a business. In fact, there are risks inherent in taking on a non-HR role. As one CEO expressed it, direct experience of any one role could give an unbalanced view of how business works. Instead, it is more important for an HRL to have a breadth of business understanding. Similarly, the speed of change in the business world can make a one-off experience quickly lose its relevance, and line management experience in one industry may not be transferable to another.

Forming close working relationships with the CEO, COO, and CFO provides many opportunities to be close to business decision making and to become immersed in the reality of the business. As one respondent said, “You need a curiosity about how the organisation adds value.”

In today’s uncertain and volatile economy, in which talent issues are further up the agenda, there are greater opportunities to form such relationships. So long as this trend continues, HRLs will no longer need to ‘win their spurs’ by spending time in general manager roles.

Develop a broad HR skill set. HR executives should develop a broad range of skills and avoid staying too long in any role that requires a limited skill set, such as industrial relations, compensation and benefits, or learning and development.

The most important skills to develop pertain to managing the relationship with the senior leaders of the business, such as business partnering and acting as confidant, coach, and counsel.

Among our interviewees, it was interesting to note that in more developed markets such as the UK and France, organisational development was a highly ranked skill set, whereas in developing markets, talent management tended to be more highly rated.

Become a trusted counsel. The central role that talent and organisational issues play in executing strategy creates a natural and mutually beneficial partnership between the CEO and HRL, irrespective of whether the HRL is a member of the executive board.

So much of business success is about getting the right people with the right skills in the right jobs at the right time. Similarly, the people strategy must drive specific organisational behaviour, whether it's innovation, speed to market, customer service, or commercial agility.

The need for regular contact between CEO and HRL serves both agendas and creates the opportunity for the latter to become a trusted counsel. This enables the HRL to add tremendous value to the business, both by ensuring that people issues are at the heart of the business strategy and also by helping the CEO to develop his or her own full potential as a leader.

Getting it right requires personal integrity, objectivity, and the ability to provide constructive feedback and keep confidences. The trusted counsel position is why being an HRL can sometimes feel like a lonely role; although a CEO can confide in the HRL, that person must then keep his or her own counsel.

For someone who aspires to be an exceptional HRL, it is essential to learn how to form a close partnership with the CEO and to do so early in the role.

Seek out tough challenges to lead business change. Wherever and whenever possible, those who aspire to the top of the HR function should step out of their comfort zone and seek out the big challenges. When the going gets tough, the exceptional HRL stands out as someone who is energised by the challenge and has the capability to see it through.

A reputation for solving thorny and arduous problems is the best kind of personal brand for an HRL to develop. The job provides many opportunities to demonstrate mastery of difficult issues involving people and to lead transformational change. Examples include handling mergers and acquisitions, outsourcing, divestments, difficult union or pension issues, and restructuring.

As our research suggests, compared to other professionals, HR professionals score more highly on change agility. Furthermore, this aptitude increases with seniority. Top HR executives rank among the most 'change agile' executives in the majority of organisations, which enables them to transcend the 'people person' tag by driving strategic change, as well as coaching other senior executives to create and manage change.

“The HR function has been transformed by the war for talent. In the past, we sought to develop seasoned HR professionals with a broad range of skill sets as a key pillar of the business. Today, HR leadership is more strategic. With the growth of regional shared service centres, the HR function is now more about organisational development, with a particular emphasis on talent acquisition and development.”

Transportation HRL
France

“It’s about having the right conversation with the CEO, building a relationship of trust based on constructive challenge.”

Retail Reward Director
UK

“Some years ago, our MD challenged his Marketing Director: ‘Tell me what people outside here think’ and to me (his HRL) said, ‘Tell me what people inside here think’. This has really stayed with me.”

Utility HRL
UK

“Nothing is constant. One has to be ready for change and even personal failure at any time.”

IT HR Leader
Turkey

Gain international experience. Global companies must understand the markets they serve, so it is increasingly important for business leaders to acquire international experience, particularly if the future growth of the business lies in emerging markets. For HR professionals working in multinational companies, this has become a requirement. Early exposure to the challenges and complexities of working in a different culture is excellent preparation for the sensitivities required when managing a diverse, multinational workforce. It also demonstrates that you are prepared to ‘step out of the ivory tower’ and gain business experience on the front line. Adding an additional language also can underline cultural dexterity.

Exceptional HRLs understand how cultural homogeneity impacts commercial agility. Self-replicating teams can become complacent, happy to do things as they have always done them, and then fail to see new threats and opportunities ahead. By championing diversity and inclusion, the HRL also encourages dialogue that includes differing points of view, which in turn promotes more robust decision making.

Focus on the people. A good HRL never loses sight of the unique perspective that he or she brings to the business—and the board—as a champion of people power. The gap between what people currently do and what they are capable of doing is often the difference between mediocre and extraordinary performance.

An exceptional HRL should communicate a vision that inspires and energises leaders throughout the business to release that stored potential.

Employee engagement is a demanding area that requires high levels of emotional intelligence and a willingness to take risks and experiment as well as to learn quickly from mistakes to arrive at a solution that works. It is an endeavour in which extensive networking may help uncover approaches that have effected changes in other organisations.

How HRLs can accelerate their career strategy

Exceptional individuals are now reaching the levels of Group HR Director and Chief Human Resources Officer (CHRO) earlier in their careers than their predecessors. Yet the list of skills and experiences required to attain the top role is lengthier and more complex than ever. How should this influence the career choices of an ambitious HR professional?

According to our investigation, the answer is that enterprising HR professionals should pursue the broadest experience in roles that truly test their ability to deal with tough challenges and to lead successful business change. Every career move should be assessed in terms of how the experience will develop the previously outlined skill sets and enable them to demonstrate that they have the character of an exceptional HRL.

When evaluating options, it is important to consider how a career choice broadens understanding of business in general, as opposed to any one particular industry or sector. Someone with international experience in a consolidating market should consider taking a role in an emerging one. Someone who has always worked in a product based industry might benefit from working in a service based one. Similarly, if a person's experience is limited to blue-chip corporations, he or she might benefit from experiencing life in a start-up or a private equity company. Roles that 'tick off more than one box' will inevitably accelerate an individual's career progress.

HRLs should not become preoccupied with gaining a seat on the executive board, or with seeking a non-HR role as the only credible route to get there. More important is to become skilled in forming close and trusted working relationships with senior business leaders. This is the most effective way both to accelerate learning about the business and to make a greater impact on its success.

Leading HR at times may create a sense of isolation, which can be managed effectively through reaching out to the wider HR community. HRLs should develop their networks internally and externally, drawing on consultancies as appropriate. Social networking in the HR space provides rich opportunities to be part of a broader conversation through blogs, online conferences, and other media. Regular interaction of this kind is valuable to feel engaged in the profession while widening career horizons and spheres of influence.

So long as talent remains the key differentiator for many global companies, exceptional HR Leaders will continue to be in great demand. And indeed, currently they are in seriously short supply. Although all aspiring HR professionals should be comfortable moving at a quick pace in their career, they can also afford to be patient. Those who take the time to develop the right experiences will have sustainable careers when they finally reach the top of their profession.

“Good HR leaders take risks, stepping out of their comfort zone as much as they can. ... The best leaders are always the ones that continually push themselves through increasing levels of hardship.”

Telecoms HRL
Turkey

“Learning how to appreciate different cultures, languages and styles of working teaches you to be more situationally sensitive.”

Logistics HRL
UK

“It is now widely recognised that successful employee engagement drives performance.”

Media COO
UK

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Methodology

Korn/Ferry partners and principals conducted a series of structured interviews with senior HR professionals at Director, Senior Director, Regional/Global Head, and VP levels, as well as a sample of COOs and CEOs. The thirty-six interviewees worked within many different industry sectors and in both developed and developing markets across the EMEA region.

The purpose of the research was to understand the key qualities of an exceptional HR Leader and how best to acquire them. As part of the process, interviewees selected the characteristics they considered to be most important from the Korn/Ferry Leadership Architect suite, a proprietary tool based on extensively validated research into leadership excellence. In addition, interviewees offered insights on their own experience and observations of the HR role in practice.

EMEA HR Practice Key Contacts

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