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By Vanessa Gavan

# Reinventing HR



HR has evolved more than any other function since the advent of industrialisation. To extract maximum value from HR investment and ensure talent strategies support business growth, CEOs need to not only understand HR's need for transformation but to help drive it.

**H**istorically, HR has struggled to demonstrate value to the C-suite, but today its ability to add value should be clear. It would be a rare CEO who does not regard people as a major asset or understand how their acquisition, development, and retention are strategically important. Effective talent management is so essential that eight out of ten CEOs say it is the key to competitive success.

However, many CEOs believe their HR teams lack the skills and competencies to meet the challenges of twenty-first century workforce management and do not see the HR function as demonstrating a return on investment. A 2014 report by Deloitte highlighted 'improving the skills of the HR function' as a top talent issue for CEOs, with four out of ten reporting their HR teams were underperforming. >



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A fundamental shift is required to address the gap between what CEOs need and what HR is providing. It involves redefining what makes a good HR professional and reviewing HR's structure, strategies, and practices to bring them up to date with the way the world is evolving. Think strategic, agile, outside in, data savvy, insightful, co-creative, market led, innovative, connected, authentic, and personally invested. These are the words that come to mind when I think about the future of HR.

Wherever your HR department is on the transformation journey, it is essential for every CEO to be supportive, involved, and proactively driving its change.

What can CEOs do?

In today's business environment, HR's real value lies not in transactional functions—in fact, there are probably many transactional functions performed today that offer little or no value as they are currently delivered. Its value lies in HR's role as a strategic business contributor that can offer value to the corporate business strategy, that can interpret it to translate the future human capital needs, and bring simplicity and focus to the right structures, talent, and culture that will successfully deliver both short- and long-term business growth plans.

There are several ways CEOs can help the HR function transition to this new role.

1. Set the tone and expectation for HR to deliver strategic value

HR professionals have been regarded by the C-suite as reactive, administrative, people-oriented business partners. This goes back to the evolution of HR being in payroll, workplace relations, and other administrative people functions. In most environments, they account for a tiny percentage of what is and can be delivered to the modern business. If you are not describing your head of HR and those around them as proactive, commercial, market-led people strategists, I suggest your



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HR leaders need a new remit. By championing the non-transactional work and strategic capabilities of the HR team at every opportunity, CEOs can encourage other executives to realign their views.

2. Facilitate collaboration and get HR leaders close to the markets they serve

HR's role is cross-functional, yet it often resides in a silo, leading to a lack of understanding about its capabilities and a perception it is removed from business realities. One way to break down barriers is to give senior leaders from other functions a hands-on role in people-centred decisions: not just on the steering committee but as part of the project team. Think laterally about secondments and moves from the business into HR and vice versa. This will build personal

credibility for the HR team, promote a market-led culture, and provide a commercial, whole-of-organisation focus.

3. Create a diversified team with key capabilities

The world of HR is so complex that it is impossible for every practitioner to be strong in all the required areas (see box), so appoint someone to create a multiskilled HR team. Task them with assessing the HR skills and departmental structure required to execute current and future business plans, and map out a strategy to address gaps in leadership, analytics, recruitment, transformation, and other key areas. This will no doubt involve some focused upskilling of current staff, recruiting specialists, or forming centres of excellence within the team.

What to look for in your HR function

- Leadership acumen:** Knowing what good leadership means and having the ability to coach current and future senior executives to have a clear purpose and be better leaders
- Strategic insight and partnership:** Able to form a 'big picture' view of the business and align HR strategies with business strategies in a way that turns human capital into a competitive advantage
- Commercial awareness:** Having the qualifications and experience to marry HR expertise with business understanding in order to comprehend how an effective talent strategy can create value
- Technological prowess:** Able to leverage the ability of social media and emerging technologies to reshape recruitment, engagement, and people management
- Innovation and courage:** Willing to explore creative approaches to attracting, developing, and retaining the best talent in a highly competitive local and international marketplace; willingness to take calculated risks to move the business forward
- Data insight skills:** Comfortable with data, statistics, and the associated technologies, and knowing how to apply HR analytics to better understand the business's talent needs, risks, and opportunities
- Transformation capabilities:** Skilled at devising, implementing, monitoring, measuring, and revising complex transformation programs to ensure they deliver the desired results
- High-level technical expertise:** A team of specialists with in-depth expertise in key areas such as organisational development, talent strategies, organisation design, data analytics, acquisition, and strategic employee communications and engagement
- Market and customer led:** Networked and switched on, able to share local and global labour market trends and industry insights that go beyond pure HR and support an outside-in approach to people management; connected to the customer

4. Encourage professional development

Only 8 per cent of HR leaders think their teams have the skills to meet today's challenges, yet the professional development budget is often the first area to be reviewed. Empower your HR leader to prioritise L&D within their own function in order to empower the whole business. Commit to the required investment, and not only will your business benefit from having a team of high-impact HR professionals; it will become the employer of choice for HR's best and brightest.

5. Empower HR to be brave and innovative

With its origins in early industry and aspirations to best practice, HR can be prescriptive. I have worked across industries and levels and have seen countless HR

people get caught up in the latest fad or trend. Now that new employee expectations, technologies, and trading environments are challenging established norms, encourage your HR team to be brave, to try some bold moves, and to be a positive disruptor. Empower them to experiment with innovative approaches, however radical they sound. Netflix, for example, allows limitless leave and eschews formal performance reviews, and has gone from strength to strength.

6. Sponsor change supported by other leaders

A proactive, multiskilled, and collaborative HR function can be threatening for managers used to dealing with reactive administrators. CEOs can help HR to build a compelling business case for change that lines up with the organisation's vision. It should articulate exactly how HR can be a competitive advantage, how its

activities align with strategic business goals, and how success will be measured by insightful data and metrics that relate to competitive advantage. Leverage the skill sets and support of others in the leadership group to support the change agenda.

7. Invest in technology

Non-transactional areas such as recruitment and development are being transformed by emerging technologies supporting talent analytics, mass data integration, and other new disciplines. By encouraging investment in these systems, CEOs can enable HR to add real strategic value, improve performance, and provide robust, data-based reporting. •

**About Vanessa Gavan**  
For over 15 years, Vanessa has consulted to a range of leading Australian and international organisations to enhance business strategies, improve executive leadership capability, redesign organisational structures, and deliver operational performance solutions. As an entrepreneur and business leader, Vanessa has lived through every business life cycle and has refined her abilities to inspire, deploy, and motivate people to achieve great things.

