

ADVANCED BOARDROOM
EXCELLENCE



HR ON THE BOARD?

Advanced Boardroom Excellence



HEADHUNTER'S VIEWPOINT

A CONVERSATION WITH LISA GERHARDT, PARTNER, HUMAN RESOURCES PRACTICE,
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THE CHALLENGES FACING THE BOARDROOM

Big issues at the moment include Brexit, of course, but different sectors face different challenges.

Disruptive technology, online competition and financial challenges are all issues of the moment. Talent is always in short supply and there are demographic issues that affect skills shortages in some sectors.

THE ROLE OF THE HR DIRECTOR

HR is addressing the issues around employer brand – it has to because there is so much more visibility now. Organisations look after that part of their talent strategy with varying levels of sophistication, but it is a strategic imperative within HR. Recent research suggests that top objectives for HR are change management, leadership and high-potential development, engagement and retention, culture.

HR is there to bring these issues to life for the board. It needs to collate and use the data to make the case for robust EVP and talent strategies.

In terms of HR and the board, I'd say that 99 per cent of the time HR will be on the executive committee. Occasionally you see HR reporting to the COO, but that is not seen as acceptable to the HR population, and it often denotes an organisation that is not forward thinking and is not thinking about the people agenda. A good HRD will want a role that reports to the CEO.

A good HR leader has a massive role to play as an executive committee director or as an NED, probably maintaining a really strong relationship with the CEO. The HRD is the one who can hold up a mirror to the leadership team and probably has a level helping of EQ, and so can act as the conscience of the organisation. Most NEDs tend to be taken on because they have experience relevant to the Remco, and that tends to be the reason why boards think they need an HR person.

An HR leader should be able to facilitate a high performing board. The HRD has a big contribution to make as part of the board support team and as the person holding the organisation true to its purpose and intent because an organisation's strategy is only deliverable through its people. If leadership is side tracked under pressure away from this purpose then the organisation will suffer and could lose good people. Its culture could also be damaged.

The contribution of HR at board level is absolutely indispensable, although it is not always seen that way. These days savvy HR leaders, perhaps because they need to prove they are as valuable as other board members, are much better at data analytics and demonstrating the value of their function.

HR leaders are a lot more commercial now than perhaps they were historically, although sometimes they are not as externally focused as other functional leaders. They understand the internal dynamics and challenges but don't always have a depth of understanding of the competitive external environment. It is still not that common to find HR leaders who are externally focused and understand the risks and changes in the market, and have a strategic overview of the whole environment.

An HRD looking for a non-executive role needs to demonstrate very strong commercial awareness, ideally having had some sort of operational or commercial role in some other function. That is really helpful and adds credibility. Good financial acuity is not always on HR's agenda but people in the function need to be able to understand this area. They also need to understand the external market.

Taking on additional responsibility beyond HR is a good way to prepare for a board role. HRDs need to demonstrate the sophistication to manage difficult and complex stakeholders, as well as the EQ needed for decision-making, and to Influence, support and have an impact with the CEO, which is what most aspire to.

Organisations face challenges on all fronts, in particular the different shape of the workforce we will see in the future, which will impact on strategy. We need HR leaders who can lead in dynamic and challenging environments. The people agenda is predicated on the overall strategy.

HR should articulate what the talent strategy for the future should be, to position the organisation in the new world of work. Business models are changing, and changes in markets and technology will bring HR more to the fore.

Take AI and how that is going to be used in our organisations, with predictive analytics, there are a lot of big decisions to be made about how you use the data and manage the issues thrown up by the algorithms. Will CEOs know how to use that data and understand the people implications? Such wide reaching changes in the environment will affect culture and engagement.

The people agenda often falls behind the curve when there is pressure on prices, competition and new entrants into a market. Under pressure, the board tends to go to the point of most pain and deal with it, in other words to focus on fire fighting. In the future HR will have much more data to use to demonstrate the quality of employees' performance and how they make a real difference to effectiveness and productivity.

An MBA is a useful qualification for an HRD. I wish there were more commercially savvy HR leaders on boards to be able to contribute to more than the typical HR agenda. Good HR leaders have a whole myriad of skills and expertise that they can bring to the table and more chairs should think about that broader HR expertise and the value great HR can add.

Savannah is a global executive search and interim management firm.