

# *The HR Head as Trusted CEO Advisor*

## **Six Strategies for Becoming a Valued Partner to Senior Management**

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IN THE AFTERMATH of the September 11, 2001, terrorist attacks, American Airlines' CEO Don Carty faced a crisis that few corporate leaders have ever confronted. During this difficult period, Carty's executive vice president of human resources, Sue Oliver, served not just as a functional expert representing HR but as a trusted top-management advisor. She participated, as part of American's executive team, in virtually every major business decision affecting American's people, from the difficult layoffs and cost-cutting that followed the decline in air travel to the revamping of security, and she was instrumental in working with the rest of the management team to restore morale to a devastated organization.

In a very different industry that has faced its own difficult challenges, J. Randall (Randy) MacDonald, senior vice president of human resources at IBM, has played a similar role with recently retired CEO Lou Gerstner, one of the smartest and toughest bosses in corporate America. "You don't become an advisor who can influence the CEO overnight," MacDonald says with understatement. "At first, you do a lot of listening, get the lay of the land, observe, learn the business, and then deliver with great quality. You focus on the business issues. You always act with persistence and determination, but you learn when to hold them and when to fold them and walk away."

Behind every great leader you'll probably find at least one great advisor. Alexander the Great's tutor and counselor was Aristotle, ancient Greece's famed philosopher and scientist. King Henry VIII chose as his chief advisor Thomas More, who precipitated his own demise when he stood by his principles and publicly defied his royal client; President Franklin D. Roosevelt had the services of the trustworthy Harry Hopkins as well as the great General George Marshall. Today's CEOs have an equal or greater need for trusted individuals who can act as sage counselors and discreet sounding boards. Even compared to just 10 years ago, the pace of decision making is faster, there are more strategic choices available, and the amount of information executives have to absorb has grown dramatically.

Ironically, it's not easy for CEOs to find individuals who can fulfill this role. Outside professionals must tread a thin line between their own and their client's interests; corporate insiders also have their own biases and agendas. Bob Galvin, the former chairman of Motorola, comments that "When it comes to the CEO's direct reports, where you sit is where you stand. It is difficult to find truly objective insiders who can serve this important trusted advisor role to the CEO."

Human resources executives are in an ideal position to play the role of trusted counselor to top management. In fact, if you want to truly stand out from the pack, you've got to learn to play this role *and* do a standout job of managing the HR function itself. The HR head does not represent a particular business unit, nor is it a highly specialized staff function like investor relations. By dint of training and experience, he or she is also uniquely equipped to help the CEO with one of their most important and difficult tasks—identifying and cultivating leaders. Mike D'Ambrose, executive vice president of human resources for Toys 'R Us, echoes other top HR executives in saying, "One of my key roles is to help the CEO make judgments about people and develop our leaders."

How do you build this type of relationship and become a trusted advisor to the CEO? How do you go beyond your “HR expert” label and become viewed by top management as a critical partner in making the corporation’s most important decisions? To find out, we spoke with a dozen of the world’s top HR heads. They have advised some of the smartest, most demanding CEOs in business today—Lou Gerstner of IBM, John Reed and Sandy Weil of Citigroup, Ivan Seidenberg of Verizon, Chuck Lee formerly of GTE and Verizon, Michael Capellas at Compaq, and Don Carty at American Airlines—and they have both the scars and the wisdom to show for it. In addition, co-author Andrew Sobel interviewed 30 leading CEOs about their most valued, trusted advisors, during the research for his book, *Clients for Life*. Together, these conversations have given us a unique understanding of the ingredients of the trusted advisor role.

The bottom line is that HR “experts” are a dime a dozen. Professionals who have great expertise *and* who are able to bring wisdom, insight, and perspective to bear in the context of a trusted personal relationship, on the other hand, are irreplaceable resources who are highly valued by top executives.

The secret to the success of these leading HR executives, we discovered, lies in a blend of six strategies that can be developed and cultivated by other HR professionals. It’s not an easy prescription, but it is one that will serve you well if you aspire to evolve from an HR “expert” to a trusted partner to senior management. These experienced hands talk about advising the CEO, but the principles they exemplify have served them throughout their entire careers, whether their “client” was an assistant plant manager, a division executive, or the chairman.

These top HR heads also acknowledge that developing these relationships is a never-ending process. They must be continuously worked to add value and to maintain the appropriate balance of CEO confidant versus member of the CEO’s team, of directness and challenge versus respect and deference.

### **Strategy One: Become a Deep Generalist— A Business Advisor as Well as an HR Professional**

America has become a nation of specialists, and we revere the “expert.” It’s no surprise, then, that some human resources professionals spend their entire careers digging deeper into their core specialty, driven by a corporate emphasis on specialization and a perception that this is how you get ahead. If you want to manage the HR function effectively and also be a trusted advisor to top management, however, you need depth *and* breadth—you need to become a *deep generalist*.

Randy MacDonald at IBM, for example, has always assiduously cultivated his business breadth: “I was always protective of my generalist background,” he says, “and I managed my career to acquire a breadth of experience. When I was the VP of organization development at GTE, for example, I also had responsibility for HR in several business units. I wouldn’t accept certain positions if they weren’t broad enough.”

Steve King, head of HR for Hewitt Associates (not an easy job—being the HR chief for a firm of HR consultants!), says, “I don’t really think of myself as an ‘HR guy.’ I actually have a master’s in economics. My interest in the business itself, and how we really make money, helps me win credibility from business leaders. By understanding the business, you will get your best clues about your people issues.”

How do you become a deep generalist? Fight hard to get broad exposure early in your career. Invest time to become intimately familiar with your company’s strategy, organization, and operations. Read general business publications, not just HR magazines, and get out of your

office—make sure you spend ample time in the field. One HR leader requires HR staff to be out of the office— in the trenches—at least 50 percent of the time, “If you’re not out of the office 50 percent of the time meeting with leaders, managers, employees—even our customers, then you’re not doing your job. It’s the only way to really understand the business.”

## **Strategy Two: Listen Deeply—Then Act**

When a journalist asked the great Spanish artist Picasso what he thought of mainframe computers, Picasso replied, “Computers are useless. They can only give you answers.” Indeed, when we think of ourselves as experts possessing an authoritative body of knowledge, we are inclined to *tell* and to provide *answers*. Trusted advisors, however, begin by asking great questions and listening. Ezra Singer, executive vice president of human resources for Verizon, puts it this way: “You have to listen well and let people air their views. Try to understand the reasoning for an initial ‘No’ and see if there is a way to reach common ground. Remember that an initial ‘No’ doesn’t mean no forever.”

Several of our HR heads recalled their early days as labor negotiators, and how those experiences trained them in the art of listening. “I can remember sitting through the first four hours of a meeting without saying a word, just listening and trying to understand the other side’s point of view,” recalls IBM’s MacDonald. Yvonne Jackson, former senior vice president of HR at Compaq, used listening as an important means of building her knowledge base about the company: “I hold frequent meetings with employees at our field locations. I ask three questions: What do you do? What’s the one thing that keeps you up at night? What do you like about Compaq? These sessions, in conjunction with survey data, give me a clear sense of the culture and of what works and doesn’t work.”

To listen well you need self-knowledge, a bit of humility, and a learning attitude. If you don’t understand your own hot buttons and biases, you’ll never be able to accurately tune in and listen empathetically. If you don’t feel you truly have something to learn from others, you’ll shut them out. Once you’ve listened, however, you’ve then got to formulate a strong, well reasoned point of view. As Toys ’R Us’ D’Ambrose says, “A trusted advisor is not neutral—you’re more than just a sounding board. In the end, you have to have an opinion and the courage and the ability to express it.”

## **Strategy Three: Always Make the Business Case**

“Value-added” and “measurable results” have become mantras for CEOs who are under ever-more pressure from shareholders to deliver revenue and profit growth. Not surprisingly, our top HR heads have all learned to put HR programs and policies solidly in the context of how they will help achieve business results.

Mike D’Ambrose, currently executive vice president of human resources for Toys ’R Us, was previously Citigroup’s HR chief under John Reed and Sandy Weil. He says, “At Citigroup I developed a real bottom-line orientation—I learned to quickly focus on those things that would improve our financial performance and drive the business forward.” He adds, “Some students of HR don’t understand how companies make money. They don’t know how to read a balance sheet.” Verizon’s Singer comments, “My job is not to introduce lots of new programs, but to tie everything I want to do to our business objectives.” John Raffaelli, senior vice president of human resources for The Thomson Corporation, a global e-information and solutions company with 40,000 employees, echoes these comments, adding, “I recall once I hadn’t yet understood the bottom-line impact of a benefits proposal I made in a large budget meeting—I hadn’t put it firmly in the context of a business case. It didn’t fly because I hadn’t yet done the necessary

homework. When I came back with solid facts about the positive business impact, however, it was easily approved. What gives me credibility are the facts.”

How do you ground yourself in the business? Tom Bouchard, who recently retired as IBM’s HR head under Lou Gerstner, says flatly, “You have to really work to stay in touch with the business. All corporate HR staff, for example, should regularly be rotated into the field.” A good start is to give yourself a solid grounding in your company’s strategic, operational, and financial objectives, and to thoroughly examine both the hard and soft impacts of every recommendation that you make to management.

### **Strategy Four: Straight with Integrity and Conviction**

Walter Wriston, Citibank’s legendary CEO during the 1970s and now a member of half a dozen boards, talks about the role of the trusted advisor as honest broker and grounding agent: “The CEOs of large corporations tend to get insulated from reality. You have your own jet, people make your coffee, and those around you hesitate to give you the tough messages. You need advisors who will tell you exactly how things really are.” Another CEO, the head of a large bank, commented that “I divide all the professionals I work with into two groups: those who do exactly what I tell them to, and those who are truly independent. Those are the ones I really value.”

Toys ‘R Us’ D’Ambrose recalls a seminal experience in this regard: “Right after college I worked for Ingersoll-Rand at a major nonunion site. I learned quickly that the only way I could have influence was if I was very direct—if I always told the truth and was direct with it. People liked to talk to me because of this. ‘Straight talk’ became my secret weapon.” Many people mistakenly believe that shooting straight will hinder your progress inside the organization. Most of these HR leaders believe the opposite is true. Shooting straight and having bold confidence is a prerequisite to being a trusted advisor. Thomson’s Raffaelli says, “In your relationship with the CEO you must have the freedom to say what you need to say—what *you* want to say not what *he* wants you to say.” You also have to be willing to admit your mistakes. Tom Bouchard adds, “You also must have the guts to walk in and say, ‘Hey, we screwed up in Peoria.’ ”

What enables you to be a straight-shooter? You have to be willing to take risks. Underneath your straight talk has to be integrity and conviction—you have to be clear about your principles and willing to stick to them. Senior corporate executives can be pretty strong-minded individuals, and convincing them of your point of view requires dynamic communications, persistence, and a rock-solid belief system.

By being open and honest with your boss, and demonstrating consistent integrity—reliability, discretion, and strong values—you’ll also build trust, which is the foundation of any successful advisory relationship.

### **Strategy Five: Be the CEO’s and the Team’s Confidant**

When asked to describe the characteristics of their most trusted advisors, many corporate leaders we have spoken to first mention *discretion*. Big-picture thinking skills and objectivity are high on their lists, but often not as high as the ability to keep confidences. HR heads face a dilemma in this regard: They must simultaneously be the trusted confidant of the CEO and also of other line executives. How else can they understand the organizational dynamics and politics that are at work or the developmental needs of these top managers? If they don’t have strong relationships with the CEO’s direct reports, how can they be helpful to the CEO when it comes to questions of succession planning and leadership development?

Gerrit Klaassen, the head of HR for Philips Electronics' \$6 billion medical systems business, gives us some wise advice in this regard: "You are in a peculiar role here—as a member of the management committee you have to have good relationships with the other executives, yet there are times when you also have to talk about them with the CEO. It works if you have complete integrity. In any conversation I have, both sides know that I cannot repeat what is said. Sometimes I will add, 'Did we have this discussion or not?' If it's an issue that I feel must eventually reach the CEO, I will say, 'I advise you to open this up now.' But it's their decision."

The head of HR cannot be a lone-ranger advisor to the CEO—to be truly effective, they have to build trusted relationships upward, laterally with peers, and below with subordinates. They can only do this if they have consistently demonstrated rock-solid integrity and discretion.

### **Strategy Six: See the Big Picture—Don't Trip Over the Blades of Grass**

Any competent HR professional can provide top management with solid analysis. It's the person who can also bring big-picture thinking to the table, however, who is truly invaluable. Big-picture thinking—synthesis—is the ability to see patterns, to discern connections, to create new ideas out of old data, to reformulate problems, and to grasp the essential issues in complex situations. Many of our top HR heads are moving in this direction and spending more of their time on this type of problem solving. American Airline's Sue Oliver, for example, tells us, "Right now, 10 percent of my time is focused on my strategic, advisory role with other company leaders, where I have the opportunity to function as a sounding board and strategist on cross-functional issues and leadership development. I intend to grow that proportion to 25 percent because the greatest value added in my current role is to promote the future success of American through the creativity and vision of its leaders." Verizon's Ezra Singer adds, "Where I can really add value is around strategic issues—leadership development, making the workforce more productive, and so on."

How do you develop big-picture thinking skills? First, you've got to become a deep generalist, which is the very first strategy we outlined in this article. Knowledge breadth gives you the ability to make connections. There are other techniques that you can use as well. Here are a few to consider:

- ▲ Use simplifying frames to help highlight the key issues.
- ▲ Strive to understand multiple perspectives—tap into the points of view of each major constituency.
- ▲ Get your hands dirty—make sure you have a first-hand understanding of the details of the problem, as opposed to just a 50,000-foot view.
- ▲ Take time for reflection. Creative insight most often develops during a period of rest and reflection that follows intense work.

As Mike D'Ambrose tells us, "When I was 16, I had a New York City fireman as my football coach. On my desk, I still have something he said: 'Don't trip on the grass blades on the way to the goal line.' I am always looking for the big idea. I am always thinking about how an event may impact our company. If you want to be viewed as a partner to the CEO, you've got to act like one."

What does all this mean for you if you're not yet the head of HR for your company? The six strategies outlined here can be effectively applied right at the very start of your career. In addition, we asked our top HR heads what specific advice they would give to young professionals who aspire to play this valuable trusted advisor role with management. Here is a summary of their recommendations:

- ▲ Build credibility early on by consistently delivering. You'll never become a trusted advisor if you don't do a great job at your core function.
- ▲ Don't specialize too early—get as many experiences as you can early on. Learn how to tie your HR knowledge to other disciplines like sales, marketing, and operations.
- ▲ Take chances—go out on limb occasionally and be willing to admit your mistakes.
- ▲ Don't just talk about the problem—always come up with solutions.
- ▲ Be available. Schedule time with people without setting any particular agenda. You've got to invest in relationships to make them grow.
- ▲ Be assertive in defining and shaping your role. Take on assignments that are outside the scope of what you were asked to do.
- ▲ Seek out organizations and leaders who care about the HR function.
- ▲ Get out of the office! Invest time getting to know your company's operations and people.
- ▲ Assiduously cultivate your reputation for integrity and being a straight shooter. Never point fingers and don't badmouth people.

Finally, trusted advisor relationships are often forged during crises—what we call *breakthrough moments*. Almost all of the top HR heads we spoke with could recall one or two critical events that provided the opportunity to take their contribution, and their relationship with top management, to the next level. For some, the catalyst was a major acquisition; for others, such as Sue Oliver at American Airlines, it was a crisis precipitated by external events. Recognize these moments and be prepared to truly stretch yourself to meet the challenge. You may find your relationships transformed as a result.

As companies increasingly scrutinize the contribution of every business unit and every function, human resources executives need to demonstrate their value day in and day out. By utilizing these six strategies, you'll earn the trust and respect of top management and truly distinguish yourself.