

Fostering a Productive CEO/CHRO Relationship



The relationship between a CEO and CHRO is, arguably, the most unique in the corporate world. When fostered strategically, the dynamic between the person at the helm of the company and the head of Human Resources can drive a business to greater heights. However, when that dynamic is one of misalignment or blurred responsibilities, it can singlehandedly take an organization down unproductive paths.

CEOs and CHROs Have a Unique Dynamic

Many key executives report directly to the CEO. For example, consider the Chief Financial Officer. This is typically someone with a highly specialized background in finance who has grown through the management ranks into the executive level. When CEOs and CFOs interact, the dynamic is one where the CEO relies heavily on a CFO's extensive knowledge of financial best practices. The CEO sees a clear line between responsibilities for their role and the CFO's role, and understands he/she must rely on the CFO to ensure financial processes and decisions support the overall strategy.

Oftentimes a CEO's leadership team is viewed as a three-legged stool between the CEO, CFO, and CHRO. Unfortunately, the relationship between the CEO and CHRO is not as clear-cut, causing confusion and frustration.

[One study](#) found that only 11% of CEOs view their HR chiefs as anticipators, able to forecast talent needs and provide the insights that support business planning. When HR is viewed as reactive and not strategic, CHROs are not given opportunity to demonstrate how their expertise can add value. Too often, this becomes a self-fulfilling prophecy relegating HR to an administrative, rather than strategic, function.

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Why are CEO-CFO relationships generally more productive than CEO-CHRO relationships? Many CEOs have spent meaningful time in P&L roles where they've gained a strong foundation in sales, marketing, finance, and operations. Some have even held significant staff roles in those functions. Very few have ever rotated through HR. Ironically, however, many CEOs fancy themselves as HR experts with an innate ability to identify, select, and develop talent. Some do excel at this, but many do not. It's a delicate situation for CHROs to address. It takes courage, finesse, and credibility to become a trusted advisor.

Mary Barra, Chairman and Chief Executive Officer of General Motors, is a rare example of a CEO who spent meaningful time in HR. From 2009 through 2011, Mary served as Vice President, Global Human Resources. Her earlier experience included stints in engineering, manufacturing and product development. Shortly after becoming CEO, Mary took a page out of her HR playbook when she decided to change GM's archaic 10-page dress code policy to two words – "Dress Appropriately."

On the surface, this might appear to be a mundane issue for a CEO to focus on. In reality, it was a brilliant move to send a clear message on empowering people to lead. Ironically, the HR department posed the biggest hurdle.

In a recent article in [Entrepreneur](#), CEOs are said to want four things out of HR: to match talent resources with company strategy, to help attract the best and brightest, to deliver excellence in the onboarding process, and to foster employee engagement.

It's interesting to note that, in Entrepreneur's above four points, there is no mention of compliance, policies, cost-per-hire, or other baseline tactical issues. Over the years, CFOs have earned a "seat at the table" by focusing on the more

strategic issues while delegating day-to-day tasks such as accounting, controls and financial reporting. The truly exceptional CHROs have been able to do the same, however, their numbers are few. Many CHROs are still considered by the CEO to be administratively minded, and that's why they are unable to attain or keep their seat at the table.

Moving Forward Collaboratively

There is another interesting phenomenon between the CEO-CHRO relationship. While most CEOs express a desire to have a strategic CHRO on his/her team, very few really understand what that truly means. In some cases, they have had limited interaction with a strategic HR leader and can't comprehend how that function will impact business. These CEOs often have a difficult time assessing CHRO abilities and actual performance. In other cases, the CEO understands the value of a strategic HR partner, but the organization is not ready for that type of transformational leader.

Naturally, every company has its own unique dynamics that shape the relationships within it, especially between the CEO and the CHRO. Jack Welch, former CEO of GE, is often credited with embracing the value of HR and changing the way the function is viewed. During his tenure as CEO, GE's CHRO was Bill Conaty who had a great deal of business and financial acumen. As a result, Welch involved Bill in most major business decisions.

Not every CEO will utilize the HR function to its fullest potential. For those who do, however, the results will be significant assuming the CHRO is up to the task.

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