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Introducing the Model of a World-Class CHRO: Chapter 2

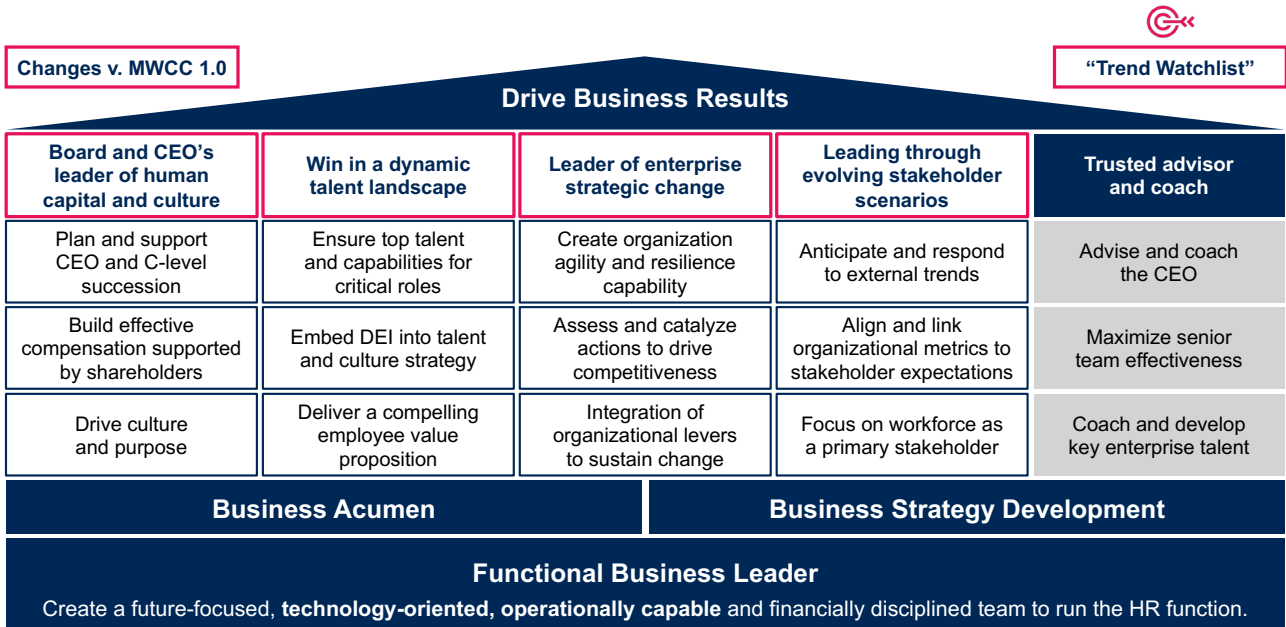


Abstract

The first Model of a World-Class CHRO, launched in 2017, established a global standard for excellence in chief human resources officers (CHROs). During the past five years, the business landscape shifted in numerous and unprecedented ways. These dynamics impacted the CHRO’s role, elevating what “great” looks like. In response to these shifts, the Global CHRO Board, in partnership with leading CHROs, refreshed the model to develop the Model of a World-Class CHRO: Chapter 2. Upholding the same goal for a world-class CHRO — driving business results — it keeps foundational elements from the original model, including functional business leadership, business

acumen and business strategy development. Four of the five roles, however, reflect a new lens with today’s context. Like the original model, this new chapter defines what its authors see as the high bar of how the CHRO role is performed today by leading practitioners, while staying applicable across industries, geographies and business cycles. The authors continue to offer this model as an “open source” resource for organizations based on widespread feedback about its utility since the original launch among CHROs, CEOs, boards of directors, universities and associations.

Model of a World-Class CHRO: Chapter 2



Research Methodology

The original model was developed in 2017 by members of the CHRO Global Leadership Board (CGLB), with support from a research team at Gartner. Its design was reviewed and validated in extensive interviews with CEOs representing large-cap companies across industries. The original model was designated as “version 1.0,” signaling the importance of continuous study of the CHRO role given the dynamic nature of business.

In 2021, given the numerous shifts in the societal and business landscape, the CGLB decided to refresh the model and create “Chapter 2.” This version intends to capture the evolving nature of the CHRO role while integrating new expectations of and opportunities for top CHROs.

Model of a World-Class CHRO: Chapter 2 (Sprint Team)

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Introduction

1. About the CHRO Global Leadership Board

Established in 2017, the CGLB is comprised of more than 20 CHROs from many of the world's leading companies with expertise in HR, talent management and executive leadership. The Board's purpose is to lead a collaborative effort among the most distinguished and trusted global CHROs, offering the global HR community valuable business guidance. This movement is based on the core belief that peer-to-peer, cross-industry collaboration is key to optimizing individual and organizational success.

The Board's work fosters a community of thought leaders dedicated to advancing the HR community with an emphasis on defining a world-class CHRO, developing the workforce of the future and enabling business growth. This publication addressed the first focus by sharing the global standard for a world-class CHRO, with an eye toward how great heads of HR perform their roles and how successors to the CHRO role are developed. The latter focus areas aim to ensure that CEOs and boards understand how to manage disruptive business and labor market trends, and how to harness the power of analytics and processes by embedding talent data and culture insights into the everyday business decisions of leaders.

More information on the Board can be found at gartner.com/en/human-resources/research/chro-global-leadership-board.

2. A New Chapter for the World-Class CHRO

Why refresh the model now? Since its inception, the Model of a World-Class CHRO serves as a standard of excellence for CHROs — it is considered a “north star” for many CEOs, boards of directors, academic instructors and industry groups. However, as the world rapidly changed — with historic disruptions in business — so did the role of the CHRO. From rising stakeholder demands and shifting dynamics in the workforce to new ways of working and increased digitization, CHROs are facing a level of unprecedented change, altering the landscape in which they operate.

From the outset, the CGLB recognized that the Model of a World-Class CHRO could not remain static. In response to the significant level of change in recent years, the Board determined it was time to refresh the model to capture the evolving nature of the World-Class CHRO's role. The refresh work was led by Kevin Cox (CHRO, GE) and Carol Surface (CHRO, Medtronic), with substantial input and assistance from several members of the CGLB. Recognizing the strength of the original model, the core structure and foundation remains unchanged, while other elements of the model have been updated to reflect the new demands placed on heads of HR and the changing character of the roles that a world-class CHRO plays.

Like five years ago, current expectations of CHROs continue to vary widely across organizations and among business leaders. Today, boards of directors and CEOs are expecting more from CHROs than ever before as expectations transcend historical areas of focus on areas like succession, culture and compensation. Even within the HR function, a CHRO's direct reports aren't always certain of how the head of HR spends their time. A model for great HR executives creates visibility into all the aspects of the role. Relatedly, the model asserts a baseline of excellence to allow CHROs to innovate more quickly in the role — and the new chapter reflects the evolving competencies and expectations for today's World-Class CHRO.

The time is now for a second chapter of the model that reevaluates the key roles played by the CHRO — and sets the standard for what it means to be a world-class CHRO within those roles. Changing stakeholder expectations, transformations to the office and nature of work, diversifying workforces and labor dislocation all present new challenges for today's CHRO. Competition for critical talent has and continues to increase, and heads of HR are rethinking how they deliver HR services to their organizations. The next chapter of the model addresses the challenges CHROs face today, while anticipating the broader context of the near and midterm.

“I expect my head of HR to be a broad-gauge business executive, to not only lead HR but to speak up on business strategy issues across the enterprise.”

CEO, Financial Services Industry

3. How This Model Is Different

The Model of a World-Class CHRO: Chapter 2 recognizes functional leadership, business acumen and business strategy development as the foundational requirements of a world-class CHRO. It then lays out five core roles, or pillars, that are comprehensive but flexible. Each component of the model is aimed at a CHRO's primary goal: to drive business results.

First and foremost, this model is action-oriented, with curated guidance from CHROs representing the world's leading organizations. It includes the skills that a head of HR will need to succeed and covers the most important moments that can make a CHRO's career. Second, this model has global applicability, having been tested by CHROs at organizations headquartered across the world to ensure it is flexible enough to adapt to business, industry or regional variations, while still being rigid enough to be meaningful. Third, the adaptability of the model, reflected in this refresh, captures the dynamic character of the HR function, while demonstrating that the core structure of the model remains an enduring foundation for CHRO success. Finally, this model escapes the “HR echo chamber” through its validation directly with CEOs. Interviews with CEOs have provided a level of certainty that this model aligns to the value CEOs envision their CHROs providing. The model strives to use the language of CEOs and the language of the business that is intelligible to all business leaders and avoids HR jargon.

4. How to Use This Model

The Model of a World-Class CHRO is intentionally aspirational and represents the best demonstrated qualities of HR leaders. The key point is that leading CHROs never ignore any of these roles, even if they disproportionately prioritize one or two in a given year. Relatedly, the CGLB recognizes that HR leaders may find it impractical to simultaneously excel at every component of the model.

To navigate this challenge, we continue to encourage CHROs to discuss with their CEOs how they should prioritize the five core roles at the center of the model, based on the CEO's priorities and the strategic position and direction of the business. Based on feedback from the original model, the CGLB notes this as a useful practice as a part of annual goal setting and performance check-ins.

Additionally, there are several distinct use cases for the Model of a World-Class CHRO: Chapter 2. While this list is nonexhaustive, it is intended to provide clarity on how a world-class CHRO can leverage the model with their peers, direct reports, CEOs and other key stakeholders.

Use Case 1: Contracting with new CEOs

The model allows CHROs the chance to align on mutual expectations with new CEOs.

Use Case 2: Recontracting with current CEOs

The model provides a framework for CHROs to elevate with their existing CEO and continue to climb the value-added stack.

Use Case 3: Using the model in board of director contexts

This can include conducting one-on-one orientation meetings with new Board members.

Use Case 4: Developing likely CHRO successor(s)

The model can be used as a development tool, helping to point out gaps that may not be obvious.

Use Case 5: Adapting the model to BU/division heads of HR

These leaders may need to elevate their strategic contributions, beyond the tactical.

Use Case 6: Helping a CEO (or a search firm) go beyond the “comp and talent” CHRO job description

The model lends clarity to what can be expected from a CHRO.

Use Case 7: Educating the executive leadership team about the role of the CHRO

The model can be used to help peers understand the distinct roles CHROs play and what they prioritize.

5. The Model of a World-Class CHRO: Chapter 2

Foundation

Functional Business Leader

Running a credible, capable and fiscally responsible HR function is the bedrock upon which a CHRO builds their credibility. Leading a corporate function while simultaneously tending to the needs of the board, the CEO and peers on the executive leadership team require an exceptional supporting HR organization. Great CHROs must ensure they have high-performing HR leaders who capably manage talent acquisition, executive compensation and leadership development, to name just a few. Although it is logical for any career HR expert to be passionate about nurturing talent through carefully crafted processes, great CHROs recognize that leading the function requires selecting and motivating an excellent HR team to deliver business value. By enabling them to use data and technology, great HR functions can more efficiently manage HR systems and processes and inform strategies.

Business Acumen

For today's CHRO to be successful, business acumen — an understanding of the business model, financials, markets and customers — is never optional. HR leaders must understand how the business operates, delivers value to its ownership and upholds the promise of its brand and reputation to stakeholders — from customers to business partners to its own employees.

“Great CHROs speak out on any business issue. Anything that rises to the executive leadership team is fair game.”

Former CEO, Technology Industry

Business Strategy Development

Superior CHROs go beyond integrating HR and business strategy. They shape, influence and create the business strategy itself. Today's business headlines suggest, and in all likelihood demand, that CHROs provide a greater measure of leadership to CEOs, as they face scrutiny when culture falls short. World-class CHROs are viewed as business executives who happen to be HR experts, rather than HR experts supporting the business.

“HR leaders need to continually focus on the vital few roles that match that particular moment of the company. HR efforts should be highly situational within a long-term view.”

CEO, Agriculture Industry

The Roles

At the center of the model are five roles played by a world-class CHRO, and within each role are three activities that satisfy the role. The roles are designed to be coequal and should be weighted and reordered based on the CEO's priorities and the strategic position and direction of the business. But none of the roles can be neglected completely, and great CHROs ensure that pillars that have been deprioritized are covered by a strong member of the HR team. However, it is notable that world-class, influential CHROs are rated as competent in most of these pillars by their boards.

Board and CEO's Leader of Human Capital and Culture

Great CHROs guide the board and CEO's thinking on a range of talent topics. Wherever major strategic shifts in markets or society intersect with human capital, CHROs should be on hand to provide a point of view and strategy. Most recently, shifts in the nature of the workplace have intensified the Board's focus on human capital and culture, where world-class CHROs successfully provide thought leadership. Three components that define excellence in this pillar include CEO and C-level transitions, building effective compensation supported by shareholders and driving culture and purpose in organizations.

Plan and Support CEO and C-Level Succession

World-class CHROs know that CEO and C-suite succession are among the most important conversations they have with the board — and are unique conversations that differentiate them from other executives. Succession requires the construction of a future-facing scorecard, objective evaluation of peers for key roles and, uniquely in the case of CEO succession, valuable input on who their own leader should be. As boards increasingly expect executive succession to be an evergreen process that occurs well in advance of an expected (or unexpected) succession event,¹ world-class CHROs prepare for this role by constantly seeking out and developing new talent to fit top-level roles — they are analytical, calling on a combination of evidence and experience when evaluating potential leaders for fit.

“I received a meaningful leadership lesson from a hotel cleaning woman who greeted me cheerfully and told me she was there ‘to make sure I feel at home every day.’ She had transformed her job into something much more noble that had nothing to do with cleaning hotel rooms, drawing energy from always thinking about the next customer she would help to feel at home while on vacation, something to which we all aspire.

Every company needs to invest energy in helping employees transform every activity they do into that nobler purpose. The first mission of any company is to define what it does beyond generating a good profit. The purpose is something that leaves a unique fingerprint in society. If you define a meaningful, impactful purpose, you will have much less trouble attracting and retaining the best talent.

Defining a purpose is critical for an FMCG company because today we need to attract people who are experts in e-commerce, profit revenue growth management, not only marketing. But people with these skills are targeted by every industry. Without a purpose that is completely different and defines our value in society, we can never compete across industries. Our employee value proposition talks about our unique economic and social project — our mission to bring health through food to as many people as possible, our commitment to humanism and our strong sustainability agenda ... and we inject elements of that purpose into all of our people processes, from recruiting to compensation to performance management.”

Roberto Di Bernardini, Chief Human Resources Officer, Danone

Build Effective Compensation Supported by Shareholders

Compensation, not only for executives but for the entire organization, is a dominant discussion for CHROs in the boardroom. World-class CHROs link expertise in compensation to their understanding of business strategy, translating it into a performance management and rewards system that creates business value for shareholders. These CHROs counsel the board as to when it's appropriate to listen to shareholders or when to be contrarian — effectively framing this discussion is critical.

“Any VP of Compensation can follow the recommendations of advisory firms, but a CHRO has the unique understanding of what the organization is trying to accomplish.”

Former CEO, Professional Services Industry

Drive Culture and Purpose

While CEOs own organizational culture, CHROs are their partners in building a culture that drives performance, working together to tie organizational purpose and culture back to business strategy. Almost all CEOs believe in the importance of culture — it is expected that 71% of CEOs will increase their investments in people and culture development in the immediate future.² Discussions of culture and purpose are vital and must not be deferred until moments of crisis, especially as external trends and business disruptions are subjecting culture to more scrutiny from stakeholders. A world-class CHRO knows how to partner with their CEO to align workforce to organizational culture, holding people, programs and processes accountable.

For today's CHRO to be successful, business acumen — an understanding of the business model, financials, markets and customers — is never optional. HR leaders must understand how the business operates, delivers value to its ownership and upholds the promise of its brand and reputation to stakeholders — from customers to business partners to its own employees.



“A CHRO who thinks hard about culture is underappreciated; it requires so much time to understand what culture even is.”

Former CEO, Communications Industry

¹ 2021 Gartner Board of Directors Talent Survey

² 2022 Gartner CEO and Senior Business Executive Survey

Competencies and Defining Moments

 Competencies	 Defining Moments
<p>Cultural visioning</p> <p>Ability to partner with the CEO and executive peers to craft both the organization's unique purpose, based on the broader business strategy and social context, and a culture that will deliver on that purpose for customers</p>	<p>Managing a CEO transition</p> <p>Managing a major leadership transition, from the development of a succession process and the identification and development of successor candidates to the exit and onboarding of the new CEO</p>
<p>Process design</p> <p>Ability to harmonize HR processes to be consistent with organizational purpose and culture and influence leaders to align business processes with the culture</p>	<p>Leading independent board interactions</p> <p>Engaging board members in meetings and individual interactions on sensitive issues that require navigating tensions between the CEO and board (i.e., CEO performance conversations)</p>
	<p>Crafting a new mission/vision/values</p> <p>Leading work to establish a new mission, set of values or vision for the organization to better compete in the market after a large-scale integration, business transformation or leadership transition</p>

Win in a Dynamic Talent Landscape

World-class CHROs distinguish themselves by their ability to identify future trends, opportunities and disruptions to the business and shift their people strategies to seize opportunities. Research indicates that the pace of change in the talent landscape is ever increasing, as organizations continue to face new competition and new opportunities. Simultaneously, the shift to different ways of working, difficulties in retention and recruiting, and the enduring importance of diversity, equity and inclusion (DEI) place ever-greater demands on the CHRO to create an engaging and effective talent strategy — staffing the right people in the right roles at the right place and time to drive business outcomes. Talent and business strategy discussions are not distinct but concurrent and complementary; CEOs and organizations rely on the CHRO's vision for finding, managing and developing employees to accomplish their strategic goals as boards anticipate that it is in this role that CHROs will spend the most time.³ Ensuring top talent and capabilities for critical roles, embedding DEI into talent and culture strategy, and delivering a compelling employee value proposition (EVP) are three primary distinctions of excellence in this aspect of the role.

“As business leaders and CHROs, our top focus is creating and maintaining diverse, high-performing teams that drive business results. Continued success depends on the unique capabilities and innovation of our people working together, coupled with the resources and tools they need to succeed. Human Resources must align that strategic approach with the business to build a talent framework that leverages the strengths of each person. Every teammate should be in the right role and on the right team to drive success and achieve extraordinary results. CHROs must have multifaceted knowledge about business priorities and an understanding of teammates' capabilities and potential while implementing individual and enterprise development strategies.”

Michael D'Ambrose, EVP and Chief Human Resources Officer, Boeing

Ensure Top Talent and Capabilities for Critical Roles

CHROs are often personally involved in identifying the handful of roles most critical to an organization's success — and engaged in the process of filling them. Recent years have seen up to a 43 percent increase in attrition, and hiring demand has spiked to its highest levels across virtually every function.⁴ In addressing this, CHROs need to be able to identify overlooked, but valuable, existing roles, as well as new roles that will be crucial in the future to build a pipeline of top talent.

“The design and development of a talent vision is crucial. A CHRO needs to understand and assimilate the context and direction of the organization to develop the strategies to implement that vision.”

Former CEO, Manufacturing Industry

³ 2023 Gartner HR Priorities Survey

⁴ 2021 Gartner Hybrid and Return to Work Survey, Gartner TalentNeuron™ Analysis



Embed DEI Into Talent and Culture Strategy

Great CHROs recognize that DEI initiatives must be integrated into every aspect of their organization's people strategies. While most organizations cite diversity and inclusion initiatives as strategic priorities, shifts in the talent landscape, such as tighter labor markets and recent social justice crises have intensified calls for more comprehensive DEI strategies. Sixty-eight percent of surveyed board directors desire more support from CHROs in plans to maintain or increase organizational diversity.⁵ At the same time, 60% of employees believe their organizations are already doing enough to drive DEI outcomes.⁶ World-class CHROs must balance stakeholder demands to build an employee-centric approach to DEI- aligned talent and culture strategy.

Deliver a Compelling EVP

Evolving workplace dynamics have increased pressure on businesses to develop compelling employee value propositions that go beyond benefits and financial rewards. In response, a world-class CHRO seeks constantly to develop, maintain or enhance their organization's EVP. Attrition is a growing challenge for organizations, as are recruiting difficulties. At the same time, employees are demanding a more human-centered approach to EVP that speaks to the entirety of their work experience, while, in several industries, flexibility in both location and schedule have become foundational.⁷ World-class CHROs balance these dynamics to shape the employee experience in line with the promised EVP and desired culture to drive engagement and high performance.

Competencies and Defining Moments

 Competencies	 Defining Moments
Business decision making Ability to apply holistic understanding of the organizational business model, financial data and external trends to make effective decisions on the current and future talent needs of the business	Driving executive decision making around a key trend affecting the enterprise Proactively monitoring macro and micro trends (e.g., changing nature of work or the workforce) and directly influencing key business outcomes and resulting people decisions around rewards, talent development and talent acquisition
Evaluating key talent Ability to continuously scout out, assess and recruit key talent from diverse sources to add to the leadership bench	Delivering capabilities for a business transformation or new business acquisition Identifying when a new business strategy requires a material shift in people strategy (i.e., turnaround, new market strategy) and then developing, designing and implementing the human capital plan that is needed to meet the business demands for capabilities in the right place and at the right time
Talent management expertise Ability to stay current on and apply the most effective talent management techniques to solve the organization's human capital challenges	

⁵ 2022 View from the Board of Directors Survey

⁶ 2021 Gartner September Human Deal Benchmarking Survey

⁷ Gartner TalentNeuron™ Analysis

Leader of Enterprise Strategic Change

Increasingly, CHROs have facilitated larger and more rapid changes in their organizations, and world-class CHROs recognize that their functions are catalysts of change — the average employee endured 10 enterprise changes in the past year.⁸ World-class CHROs are catalysts for leading strategic enterprise change efforts in response to business needs while ensuring change efforts are not “change for the sake of change.” Relatedly, CHROs must assess the capabilities required for the organization to lead change effectively and develop the frameworks and mechanism to ensure impact.

Create Organization Agility and Resilience Capability

In an environment where change is a constant, CHROs need to ensure that leaders are held accountable for driving change, while building capabilities to support organizational agility. With agility comes resilience — the more CHROs empower business leaders to respond to change, the better employees can withstand transformation, whether from outside or within the organization.

Assess and Catalyze Actions to Drive Competitiveness

CHROs are responsible for identifying when change is needed and catalyzing that change efficiently and sustainably, challenging the status quo when necessary. This requires a world-class CHRO to assess the external trends that are enduring, which may influence major shifts in the enterprise model. It also requires CHROs to proactively advocate for organizational change.

“During my tenure as CHRO of various organizations, leading enterprise change continues to be a significant part of my role. In developing this pillar of Chapter 2, we wanted to enforce the key point that a world-class CHRO does not catalyze ‘change for the sake of change.’ However, my job requires me to identify and drive important cultural shifts to the status quo, while holding our leaders accountable. Sometimes, these changes are popular — other times, they are not. As CHRO, I need to lead all change with courage, and coach company leaders and HR teams to do so as well.

At GE, we are transforming our culture through leadership behaviors, performance management, and the integration of lean. By driving change through these levers to influence behavior, we are aiming to make a positive impact on our culture and our performance. The result has been valuable to our current efforts to build three industry-leading, global, investment-grade public companies focused on the growth sectors of aviation, healthcare and energy. As our teams work through these critical priorities, they are leading change through a historic and exciting phase.”

Kevin Cox, Chief Human Resources Officer, GE

“HR credibility is built when its leaders come up with ideas that will move the business forward, that on their face have nothing to do with HR.”



CEO, Financial Services Industry

⁸2022 Gartner Workforce Change Fatigue Survey

Integration of Organizational Levers to Sustain Change

CHROs use many levers to drive and reinforce change, such as compensation, talent strategy and metrics — a world-class CHRO understands how to order, prioritize and integrate them to sustainably maximize performance, as well as drive culture change and transformation. Properly managing these levers ensures changes are enacted with minimum disruption and maximum buy-in.

Competencies and Defining Moments

 Competencies	 Defining Moments
Customer orientation Ability to articulate the case for enterprise change in terms of the evolving expectations of the organization's customers and the implications on the workforce	Designing a strategy to enable an organization to implement the right structure for future business needs Building an infrastructure that enables fundamental changes in the way work gets done in the organization to drive employee engagement and organizational performance
Adaptive leadership Ability to quickly and flexibly deploy HR resources to manage change and sustain change momentum when issues arise	Leading a bold experiment Seizing an opportunity for bold and courageous leadership, such as the launch of an innovation center or incubating a radically different business inside the enterprise to evolve talent and support growth
Motivational leadership Ability to communicate a compelling/inspiring vision and clear goals to all employees in a transparent way so they understand the complete rationale for change	Implementing a large-scale change to compensation or benefits Implementing a new compensation or benefits strategy that carries significant workforce risk, such as shifting from a defined benefits to a defined contribution plan or launching a voluntary separation program

Leading Through Evolving Stakeholder Scenarios

A world-class CHRO must act as a sense-maker, advocate and champion for the workforce in dynamic, evolving stakeholder environments, navigating conflicting interests. More than ever before, CHROs are expected to help CEOs and boards respond to internal and external stakeholder pressure. Great CHROs anticipate and respond to external trends, align and link organizational metrics to stakeholder expectations, and advocate for the workforce as a primary stakeholder — balancing how to best satisfy stakeholder demands while driving results and employee engagement.

Anticipate and Respond to External Trends

CHROs serve as convenors of responses to external trends by anticipating when external issues will affect the organization and its workforce, raising them to the board's attention and recommending the next action to take. Increasingly, organizations expect their CHRO to represent the brand with external stakeholders, while diversity and inclusion, social responsibility and sustainability are front of mind for investors, activists and employees. While not the exclusive domain of the CHRO, this is a role that needs to be prioritized and visible. Relatedly, if an organization's reputation or brand comes under threat, world-class CHROs are key partners to the CEO to guide the response, using the firm's purpose and values to guide action. Great CHROs excel at this by creating a dialogue with other business leaders and developing joint plans to capitalize on opportunities and minimize negative impact.

“The past two years have been incredibly dynamic, and companies have had to respond to external trends like never before. Our role as CHRO has been amplified — creating greater expectations for driving business results while anticipating and answering to evolving stakeholder interests in meaningful ways.

At Medtronic, our multiyear CEO succession planning process resulted in the promotion of our CEO who was appointed at the onset of the pandemic and subsequent social unrest. During this pivotal time, we began a transformation that included evolving our strategy, operating model, culture and incentives, and acquiring new talent and capabilities to win. As CHRO, my focus was not only on leading enterprise strategic change and driving culture and purpose — but also on advising our CEO and executive committee with guidance to respond to the rising expectations of our employees, customers, communities and shareholders.

I share this example to highlight how all the pillars of the model are intrinsically linked, with the role of the CHRO leading through evolving stakeholder scenarios more important than ever. In today's interconnected world, the ability of an organization — and therefore its CHRO — to demonstrate value across all stakeholders will ultimately determine long-term success.”

Carol Surface, EVP and Chief Human Resources Officer, Medtronic

Align and Link Organizational Metrics to Stakeholder Expectations

Great CHROs use metrics in a way that captures the needs of various stakeholders, manages expectations and signals progress on organizational priorities. In fact, there is an increasing need to ensure organizational metrics are responsive to the growing list of stakeholder expectations.⁹ Case in point: 73% of board directors want their CHROs to increasingly help the board leverage human capital metrics to support decision making. A world-class CHRO ensures these metrics accurately reflect the needs of the business, prioritizing the most relevant measures, and communicates decisions and strategy to internal and external stakeholders.

Align and Link Organizational Metrics to Stakeholder Expectations

World-class CHROs most successfully work to understand and incorporate employee voice, while effectively balancing business results and competing stakeholder demands. As employees increasingly look for their interests to be championed, it becomes ever more vital for CHROs to lead here. In this way, great CHROs consider the effects of change on employees, lead with a compelling vision and clear goals, and work with employees to achieve favorable business results while delivering on the culture promise.

Competencies and Defining Moments

 Competencies	 Defining Moments
Judgment Ability to effectively and succinctly frame complex cost-benefit analyses to advise the board on major human capital decisions, recommending the best potential course of action	Managing executives through a sensitive/crisis situation Managing a sensitive, high-risk event that jeopardizes the reputation and brand of the organization
Proactivity/trendspotting Ability to anticipate future human capital problems the board must address, develop mechanisms to surface and manage the problems in advance, and monitor for further action by the board	Managing impact of digitalization Managing the organization through the pressures and demands of evolving workplace technologies, such as artificial intelligence, social learning and data analytics — and proactively anticipating the impact on culture and employee effectiveness
	Leading a cultural transformation Designing a long-term initiative to drive a turnaround of the culture and engagement across an organization

⁹ 2022 Gartner View from the Board of Directors Survey

Trusted Advisor and Coach

To outsiders, making it into the CEO's inner circle makes this role perhaps the most glamorous of the five. There is strong consensus between CEOs and CHROs that this is one of the most critical roles a CHRO can play.¹⁰ World-class CHROs must build credible trust with the CEO, while also ensuring strong partnerships with their peers. In addition, they provide deep insight into the dynamics of the leadership team and give helpful feedback but do not become a crutch to the leadership team. They need to be impartial in the face of high-stakes conversations and situations and be prepared to defend positions that may be controversial. Great CHROs achieve excellence in three aspects of this role: advise and coach the CEO, maximize senior team effectiveness and coach and develop key enterprise talent.

Advise and Coach the CEO

The CEO-CHRO relationship is unique among all executive partnerships. The CHRO is an advisor to the CEO on not only human capital issues, but everything from business strategy to the leadership style and effectiveness of the CEO, acting as a critical sounding board. At the same time, the perceived independence of the CHRO must be balanced against the reality of their role as a direct report. World-class CHROs are often the executives most willing to confront their CEOs with uncomfortable truths and can advocate the CEO take a different position on a key issue.

“Helping senior leaders coalesce into a high-functioning team is what I’m looking for most in a CHRO.”

CEO, Retail Industry

“Several years ago, we were breaking into a new business area. There were a lot of moving parts, and we needed a very niche talent, which we were able to find and hire. But not long into this person’s tenure we received some conduct concerns. We conducted an investigation, and it was a situation we could have dismissed as a “culture issue” or “misunderstanding.” There were ten good market reasons for us not to deal with it; what the person did wasn’t unlawful, this person was really hard to find and not easily replaced, etc. But this person was not transparent or forthcoming in the investigation, and we knew we had to move forward quickly. So, we decided to sever the relationship. We took a short-term blow that was painful, but we grew our credibility in the long term.

How you execute when the business is under pressure is one of the most important parts of this job. It’s times like these where you must be arm-in-arm with your business leaders and look not just at what the rules are or what the business parameters say, but how your response aligns with your culture. You have to build a relationship of trust, advocacy and mutual respect on the little things first, so you can be the canary in the cage when it really matters.”

**Martha Delehanty, Chief People Officer,
Commvault**



Maximize Senior Team Effectiveness

World-class CHROs ensure an organization is getting the most from its leadership team, through both individual coaching and a keen understanding of how to build effective senior teams. Great CHROs do this by providing balanced, objective and honest counsel to senior leaders. They are often called upon to hold senior leaders accountable, while acting as unparalleled listeners, maintaining strict confidentiality and unwavering ethics at all times.

Coach and Develop Key Enterprise Talent

Great CHROs use their coaching skills to develop key leaders across the enterprise, including those on the executive team and promising talent elsewhere in the organization. World-class CHROs scout out the next generation of talent with a keen eye for rising, high-potential leaders who might otherwise be overlooked. CHROs personally invest in the success of these individuals, providing development assistance and helping to connect them with other leaders and opportunities.

Competencies and Defining Moments

 Competencies	 Defining Moments
Emotional intelligence Ability to identify areas of personal strength and weakness in one's own role and seek out diverse feedback and points of view to manage one's own emotions and those of others	Engaging executives in critical dialogue on leadership needs Engaging and influencing senior leaders and board members to think about the organization's future leadership needs, using data-driven decision making to build a comprehensive succession plan that is implemented
Speak objectively Ability to provide balanced and impartial counsel to senior leaders while maintaining strict confidentiality and unwavering ethics within a politicized work environment	Courageously advocating a contrarian position with the CEO Recognizing significant business risks of CEO action or inaction on a human capital issue (e.g., firing a top performer) and respectfully but firmly advocating for the CEO to take their course of action
Persuasion Ability to engage the board, CEO and peers on important, controversial issues and build a compelling case to change their minds when necessary	

¹⁰ 2021 Gartner Board of Directors Talent Survey

A Continuous Evolution: Trend Watchlist

As the business landscape evolves, so do the dynamic trends that impact the CHRO's role and the broader HR function. This has never been more pronounced than in the past several years. In response, the CGLB has created a new component of the Model of a World-Class CHRO: The Trend Watchlist. The presence of the watchlist builds additional flexibility into the model and will enable CHROs to anticipate major trends, access insights and develop capabilities in response.

The Capstone: Driving Business Results

This aspect of the model remains constant. When performing each role, a world-class CHRO always focuses on the ultimate goal: driving business results. When CEOs judge the value of their HR leaders, they ask what the CHRO can do to drive business results, and just as critically, what work the CHRO can stop. CHROs who can answer those questions demonstrate the difference between leaders who achieve functional excellence and leaders who drive great business outcomes.

Conclusion

The Model of a World-Class CHRO: Chapter 2 builds on the original model, recognizing trends and key changes in the HR function over the past few years. Designed as an open-source tool supported by research, the model aims to build awareness of the potential for CHROs to play a much broader role in their organizations to achieve business results. At the same time, in the context of a dynamic business landscape, there is no single path forward for CHROs to become “world class,” as they each face different expectations from their CEOs, boards and executive and HR teams on how their time is spent. The key for world-class CHROs is to work within their business contexts and with their CEOs to prioritize the model's roles based on the needs of the organization.

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