

THE ROLE OF A CHRO IN CEO TRANSITIONS

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About the Author

Julie Cummings, SPHR, SHRM-SCP

Julie believes that building a great employee experience begins with prioritizing employee feedback and is achieved through strategic partnerships with the C-Suite. During a 12-year career at BKD CPAs and Advisors, she leveraged this philosophy to build an HR department from the ground up and operationalize the people function to provide high levels of internal service to employees and leaders. This included creating effective hiring practices, optimizing performance management programs, delivering a comprehensive total rewards package, and maintaining high levels of compliance.

In her more than 25 years of HR experience, she has remained committed to lifelong learning and advancing the human resources profession by serving in a variety of leadership positions for local and state HR associations as well as mentoring young professionals launching their HR career. She has received recognition with the Springfield Business Journal's Top HR Professional of the Year and Most Influential Women awards.

Julie is an active member of the Society for Human Resources Management where she holds the Senior Certified Professional (SHRM-SCP) designation. She also holds the Senior Professional in Human Resources® (SPHR®) designation from the HR Certification Institute®. Julie is a graduate of Missouri State University, Springfield, with an M.B.A. degree.

In August 2020, BKD announced that Tom Watson would succeed our then current CEO Ted Dickman. Tom and I worked closely together during my tenure with the firm, and when I heard the news, I couldn't have been more excited about the choice our governing board had made. However, while I was anticipating the change, it did not stop me from immediately beginning a mental list of what would need to be done during the next several months to do my part to prepare Tom to be the new leader of BKD.

One of the key driving factors for my confidence in Tom's leadership was his willingness to put people first, which was demonstrated through the projects we worked on together. As I reflected on these experiences, I realized that the effective working relationship we developed was an asset during the transition process. However, this didn't mean that I avoided having intentional conversations and ensuring that Tom and I were in sync on strategic HR priorities. In fact, I would argue that it was even more important to do so since we worked closely together so that assumptions weren't made, and unconscious biases didn't lead to miscommunication.

Whether you have a close working relationship with an incoming leader or not, it's always a good idea to have a plan of action to support a smooth transition. In this whitepaper, I'll walk you through a simple model for approaching a CEO transition. While I'll be using CEO as the role being referred to, you will find that **the principles I'll share can be applied to any C-Suite or senior-level leadership transition.**

Below is a high-level overview of the model:

01 Relate

Build the foundation for a great relationship by learning how to relate to the new CEO.

02 Educate

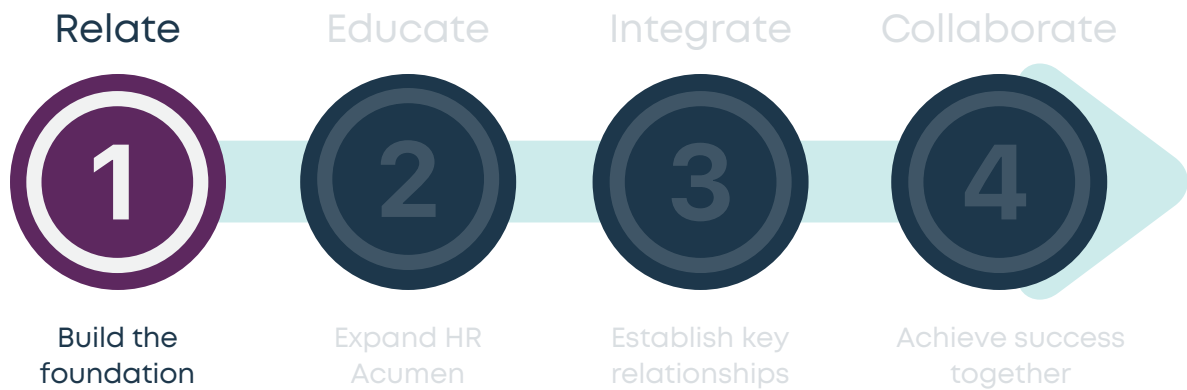
Accelerate the CEO-Elect's understanding of HR and key people challenges.

03 Integrate

Help the CEO-Elect get integrated within key aspects culture of the organization as well as build key relationships with other HR Leaders and C-Suite executives.

04 Collaborate

Collaborate and partner on achieving people related objectives to build a relationship where you and the CEO-Elect can work together in harmony.



Step 1: Relate

Take a moment and think about two people you know who have a great relationship. Now ask yourself: “What qualities do those people possess that help strengthen their relationship?” Likely one of the first traits that will come to mind is active listening. People who are great at relating to others are skilled at doing more listening than talking, and that couldn’t be more important when it comes to relating to your new CEO.

The first step in any CEO transition is for the CHRO to build the foundation for a great relationship by starting with listening. This is especially important if the two individuals do not have history of working together or if the new CEO is an external hire. However, as I’ve shared before, if you do have an effective working relationship with someone, it is even more important to make sure you are intentional in taking this first step so that you don’t end up making any assumptions during the transition.

The priority for the CHRO in this part of the process is to set up a meeting with CEO-Elect with the following agenda items:

1. Understand their top strategic priorities and vision for the future
2. Get to know their communication and management style
3. Learn about their perception of HR

Understand their top strategic priorities and vision for the future

One of the quickest ways for HR leaders to relate with executive leadership in an organization is to demonstrate an understanding of their strategic priorities. By doing this, you can be a participant in boardroom conversations you are invited to instead of an observer. In your first meeting with the CEO-Elect, ask them what their strategic priorities are outside of people-related initiatives. Then ask about the vision for the organization's future. Once you have that information, you can then begin to tie in where HR initiatives can support the organization's strategic priorities and vision. This will help your relationship start off on the right foot.

Get to know their communication and management style

As with any new leader you will be working under, it is important to get a firm understanding of their verbal and written communication style as well as how they prefer to manage. To gauge this, here are some sample questions you can ask:

- When I'm proposing an idea, would you prefer I state the idea directly to start or begin with some additional context?
- Do you prefer to answer quick questions through email, phone, or an instant message?
- When we've agreed upon a course of action for a strategic HR project, how involved would you like to be in the execution?
- When attending meetings, do you prefer to have a firm agenda laid out ahead of time?

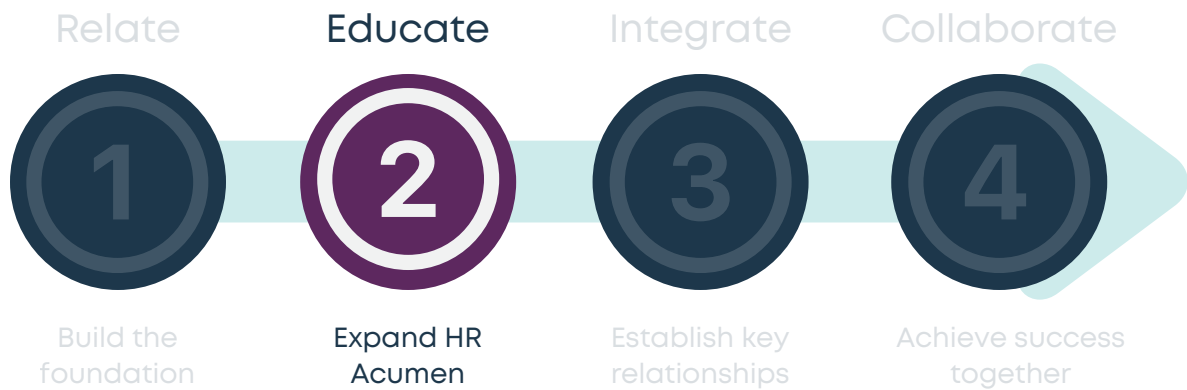
There are countless other ways that you can identify how your new leader likes to communicate and manage, but these are just a few questions to get you started.

Learn about their perception of HR

If you've been an HR leader for any length of time, you understand that there is a wide spectrum of beliefs on what an HR Department does. In your initial meeting with the CEO-elect, ask some pointed questions to get an idea of their view of the value that HR brings to the organization. You can ask questions such as:

- From your perspective, what is the role that HR plays in the growth of the organization?
- How can the HR Department increase our perceived value among leaders in the organization?
- What role does HR play in developing talent within the organization?
- In your opinion, how can HR influence employee engagement & retention levels within an organization?

By asking these questions and having these items on your agenda for your first meeting with the new CEO, you will be able to walk away with a greater understanding of where your differences are and where you will need to work to influence them as you implement new people initiatives.



Step 2: Educate

When you take on a new role, regardless of the organization, there will always be a learning curve. Even if you already have internal knowledge, a new role will often include collaborating with different departments that you have limited experience working with. The transition for a new CEO is no exception to this, which is why the CHRO has an opportunity to play a key role in expanding the new CEO's HR acumen.

It is important to emphasize that before you begin the process of educating on the HR function, it will be critical that you understand the individual's communication style as well as their overall perception of HR. Having this background knowledge will help you tailor your approach so that your efforts are well-received, and progress is made towards building a trusting relationship.

Here are four strategies you can use to expand your new CEO's HR acumen:

1. Provide an overview of your key HR strategies
2. Accelerate their understanding of key people challenges
3. Expose them to key HR functions
4. Provide guidance on how the new CEO can gain credibility with employees

Provide an overview of your key HR strategies

Once you've established an initial foundation for your relationship with the new CEO, it's time to share a more detailed overview of your key HR strategies and focus areas. This could include the following:

- Workforce trends and projections to accommodate organizational growth
- Recruitment marketing strategies to remain competitive in the talent marketplace
- Engagement insights and action plans
- Strategies for performance improvement and feedback programs
- Plans for evolving compensation and benefit plans for your workforce

All the above strategies should be centered around the common theme of strengthening the overall employee value proposition (EVP) to attract and retain top talent.

Get to know their communication and management style

As you provide an overview of your key HR strategies, these conversations will likely lead to discussions regarding key people challenges, which is another important aspect of a senior leadership transition. As you frame up these challenges, it will be important for you to talk in terms that will resonate with them by connecting the benefits of addressing people challenges to the organization's sustainability.

An example of this could be the correlation between employee engagement and performance. Consider framing an employee engagement challenge in the following way:

We're seeing lower employee engagement across our workforce, which could be attributed to X, Y, and Z reasons and may also be contributing to low performance. This is a challenge that will need to be addressed to avoid high levels of turnover and impacts to our financial performance.

Framing people challenges in this manner will capture their attention and gain their buy-in quicker when it comes to addressing these challenges.

Expose them to key HR functions

Remember, your new CEO has likely not had direct experience within an HR department as these hires generally come from the business side of the organization. Therefore, you will need to be intentional in exposing them to key HR functions. There are several ways you can accomplish this, but here are a few to get you started:

- Invite the new CEO to a meeting with your senior HR leadership team
- Ask for their input on specific HR initiatives and leverage this as an opportunity to educate
- During 1-on-1 meetings with the new CEO, reserve time to discuss specific HR functions and related projects

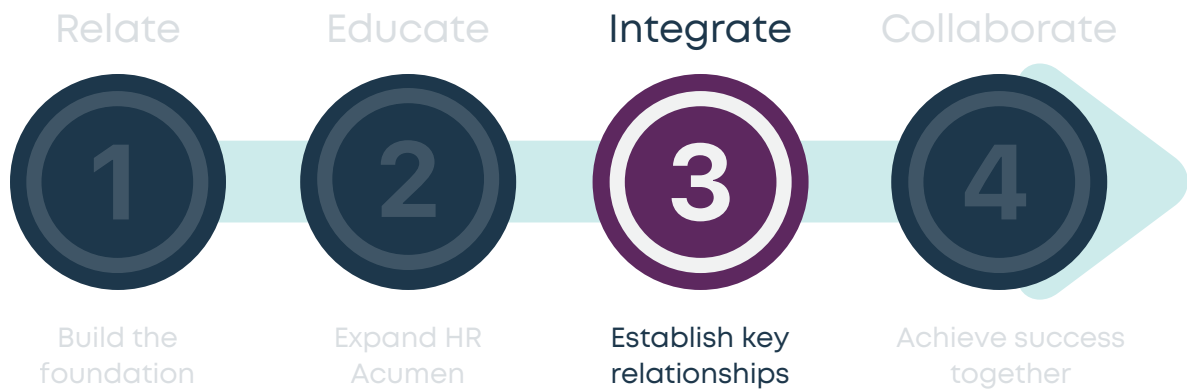
Provide guidance on how the new CEO can gain credibility with employees

As the CHRO, you are in a great position to influence the new CEO on the best way to gain credibility early with employees. Any major leadership transition is accompanied with some level of anxiety among employees, so the more opportunities the new CEO can have to build their personal brand internally, the more success they will have. Here are some specific ways you can build the CEO's brand:

- Organize an all-employee town hall (or multiple town halls if you have a large organization)
- Ask the new CEO to appear in an organization-wide video announcing a new HR initiative
- Announce a new HR initiative through an email "From the CEO"
- Seek out opportunities where the new CEO can be a guest speaker during taskforce or committee meetings

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Simply put, any time that you have an opportunity to get the new CEO in front of employees, take advantage of it.



Step 3: Integrate

While the official effective date Tom’s transition was June 1, 2021, work began in 2020 to prepare him to hit the ground running when this date arrived. During this time, his decision-making responsibilities increased as he was onboarded to the role of the CEO and integrated into specific groups and projects as the new leader of our firm. As this was taking place, I asked myself this question:

“How can I help Tom build trust and confidence with our employees as the new leader of BKD?”

While Tom’s presence as a Regional Managing Partner was prominent in our organization, this was a new role with an enhanced spotlight, and I recognized that it would be critical for him to have the best opportunity to gain quick wins with our workforce. As a result, we worked to strategically integrate him into various communications and meetings.

In this section, I’ll provide three strategies for integrating a new CEO or other executive leader into an organization. There are many, many other ways that you can integrate your CEO or other senior leader into the organization, but these are just a few of the strategies I’ve found success in as I navigated significant leadership changes during my tenure at BKD.

Engage the CEO in HR Communications

Any time you have an opportunity to get your CEO involved in the distribution of HR communications, I would highly encourage you to do so. When I was CHRO at BKD, we made some significant policy updates that had an impact on our overall culture and instead of simply sending out an email, we produced a video with Tom and I sharing the message together. The benefit of including the CEO in these types of communications is that the leader improves his or her HR acumen and there is greater support from employees with the top executive delivering the message.

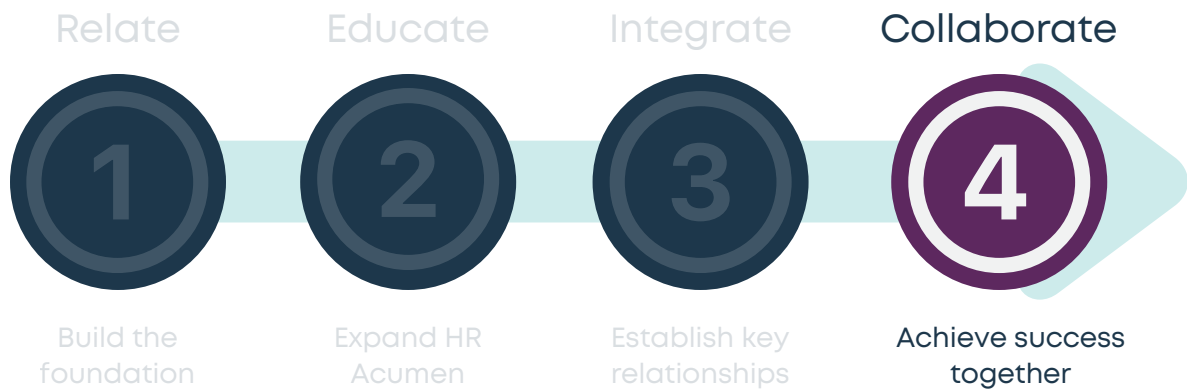
Organize Town Halls for Specific Employee Groups

One of the best ways to create an environment of trust and confidence with a new leader is to hold a town hall, where employees are encouraged to submit questions that can be answered by the new leader. While we did not do this initially with Tom, we did conduct a town hall with our National Office Employees and our new COO at the time, Abe Cole, and employees shared that they genuinely appreciated the opportunity to get to know Abe on a personal level, learn his vision for the firm in his role, and get their burning questions answered.

Invite the CEO to HR Team Meetings

Everyone loves an important guest speaker at their meeting, especially when they are in a position such as the CEO. In the Fall of 2020, we invited Tom to speak with our Talent Acquisition team and gave this group an opportunity to get their questions answered. Not only did our recruiters appreciate hearing his perspective, but Tom also got the opportunity to learn more about our HR team and what is needed from his leadership to attract top talent.

Getting your new CEO integrated into the organization is a crucial step in the transition process. Depending on the circumstances of the transition, this may happen well before the individual is officially in the role or within a few months afterward. If you are in an HR leadership role, you have a great opportunity to provide the new CEO with a unique vantage point and perspective and be a contributor to their long-term success.



Step 4: Collaborate

Throughout this whitepaper, I've discussed how the CHRO can be an influential part of a major leadership transition. I've shared strategies for creating a connection, educating on the HR function, and integrating the CEO into the organization. Once these steps have taken place, a relationship has been formed between the CEO and CHRO that creates the opportunity for collaboration on a strategic level.

At this stage, the question becomes: How do you best collaborate with the top leader of an organization on people initiatives? The short answer is that each scenario will be unique, depending upon the circumstances. Speaking personally, at the time of the announcement, Tom and I had been colleagues at BKD for quite some time and had developed an effective working relationship. Tom understood my priorities for our people, and I also took the time to understand his strategic priorities in his role as a Regional Managing Partner and then as a CEO. This type of relationship enabled me to approach him with new ideas and bring him in easily when we launched a major HR initiative.

There are four guiding principles that can be applied across the board to collaborate effectively with your new CEO or other senior leader:

1. Understand the business
2. Connect the dots to their strategic priorities
3. Speak their language
4. Ask for their input and implement it

Understand the business

First and foremost, it is critical that you have a deep understanding of the business you are operating in. This includes the core business model, operations, competitive landscape, and organization strategy. When you understand how the business works, you can work with your CEO more effectively and have productive conversations about how people initiatives will influence the overall success of the organization and increase its competitive advantages.

Connect the dots to strategic priorities

In the first section, I shared the importance of learning the new CEO's top strategic priorities and vision for the future. When collaborating with the CEO, connect the dots back to these priorities when you are collaborating with them on HR initiatives. Here's an example of how you might frame up the connection between an HR initiative and a strategic priority:

"I know the organization is looking to expand and has some aggressive growth goals in the next fiscal year. I think to accomplish this, we will need an increasingly diverse workforce that can provide a variety of perspectives and connect with a wide range of clients. As a result, we'd like to put together a specific HR strategy to attract diverse talent to our organization."

Speak their language

Along the same theme of connecting the dots to strategic priorities, it is important to speak in terms that the new CEO will resonate with. The highest executive within an organization will likely be focused on the following key elements (along with others):

- Revenue growth
- Business expansion
- Profitability
- Shareholder returns

When you are working with the CEO, it will be important to incorporate these concepts into the planning process when you are discussing your goals and aspirations with people initiatives.

Ask for their input and implement it

One of the most important aspects to building a connection with a senior leader in an organization is to actively seek out their input. By doing so, you are communicating that you understand the value of a different perspective and are open to feedback. Secondly, and more importantly, strive to implement their feedback into your strategy and initiatives. As an HR leader, this will help communicate a sense of unity between you and the CEO to your team, which supports your credibility and will gain buy-in from your team.