



Cornell University
Center for Advanced Human Resource Studies

From Bunker to Building:

**Results from the 2010 Chief Human
Resource Officer Survey
by the Cornell Center for Advanced
Human Resource Studies (CAHRS)**

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Executive Summary

The financial crisis that began in 2008 sent chief human resource officers (CHRO) to the bunkers with their C-suite colleagues as executive leadership teams tried to strategically navigate the treacherous competitive terrain. The 2010 Chief HR Officer Survey, from the Cornell Center for Advanced Human Resource Studies (CAHRS), reveals that as the economy begins a slow recovery, CHROs are gradually moving from “bunker” to “building,” reaching back out to those lower in the organization—both the business and HR talent—in an effort to reestablish the connections necessary to retain talent and build HR capability. They are spending more time with their HR reports and high potential talent, and are allocating more time to the roles of HR Leader and Talent Strategist/Architect.

This building perspective places *talent* as the key theme running throughout the results. Talent tops the CEO’s agenda, talent processes top the innovations in HR, and lack of HR talent is one of the key obstacles to achieving the CEO’s agenda for HR.

Executive pay also still tops the list of topics on which CHROs spend time with the board of directors (BOD). CHROs are not usually members of their company’s board, and seldom of other companies’ BODs. But they are increasingly finding service on other types of boards (professional societies, non-profits, university trustees, etc.). For many CHROs, this service helps them better deal with their role as lead resources to committees of the company’s BOD.

Finally, in terms of career paths to the top HR job, 68 percent of CHROs spent some time outside of HR in their careers (up from 54 percent in 2009), usually between three and five years. However, internal development still seems to be a problem for HR, as only 38 percent of CHROs were promoted to their position as a result of formal succession within the HR function, while almost half were hired from outside the company.

Survey Background & Research Methods

In 2009, researchers Patrick Wright and Mark Stewart, with funding from the Center for Advanced Human Resource Studies (CAHRS), began conducting the annual Chief Human Resource Officers Survey. The 2009 survey was sent to CHROs at the U.S. Fortune 150 companies, as well as to ten other CHROs at CAHRS partner companies. That survey focused on understanding how CHROs were allocating their time to different stakeholders and roles, as well as identifying their chief executive officer's (CEO) agenda for HR and strengths and weaknesses with regard to HR. This year, the survey asked the same questions about time allocation, but focused on the CHRO's role with the board of directors (BOD) and innovations that had been developed within their functions. In addition, the survey sample was expanded to the U.S. Fortune 200 list.

RESEARCH METHODS

The researchers first identified the names and contact information for the CHROs at the 2009 U.S. Fortune 200 companies. The list also included eight CHROs at CAHRS partner companies, for a total sample of 207 (Berkshire Hathaway did not have a traditional CHRO, and so was omitted). In March 2010, L. Kevin Cox, EVP of Human Resources at American Express Company, sent an email to this list encouraging them to participate in the survey. The following day, the Cornell University Survey Research Institute (SRI) sent an email invitation from Patrick M. Wright, William J. Conaty GE Professor of Strategic HR, to these CHROs asking them to participate in an online survey about their role. Of the 207 invitations, 16 were returned with invalid email addresses. The survey site remained open for four weeks, with three reminder email messages going out to CHROs who had not yet responded. Of the 191 successful invitations to participate, 75 completed the survey for a response rate of 39 percent, which is equal to the 39 percent rate for the 2009 survey. Again, such a high response rate is extremely rare, indicating strong support for this effort.

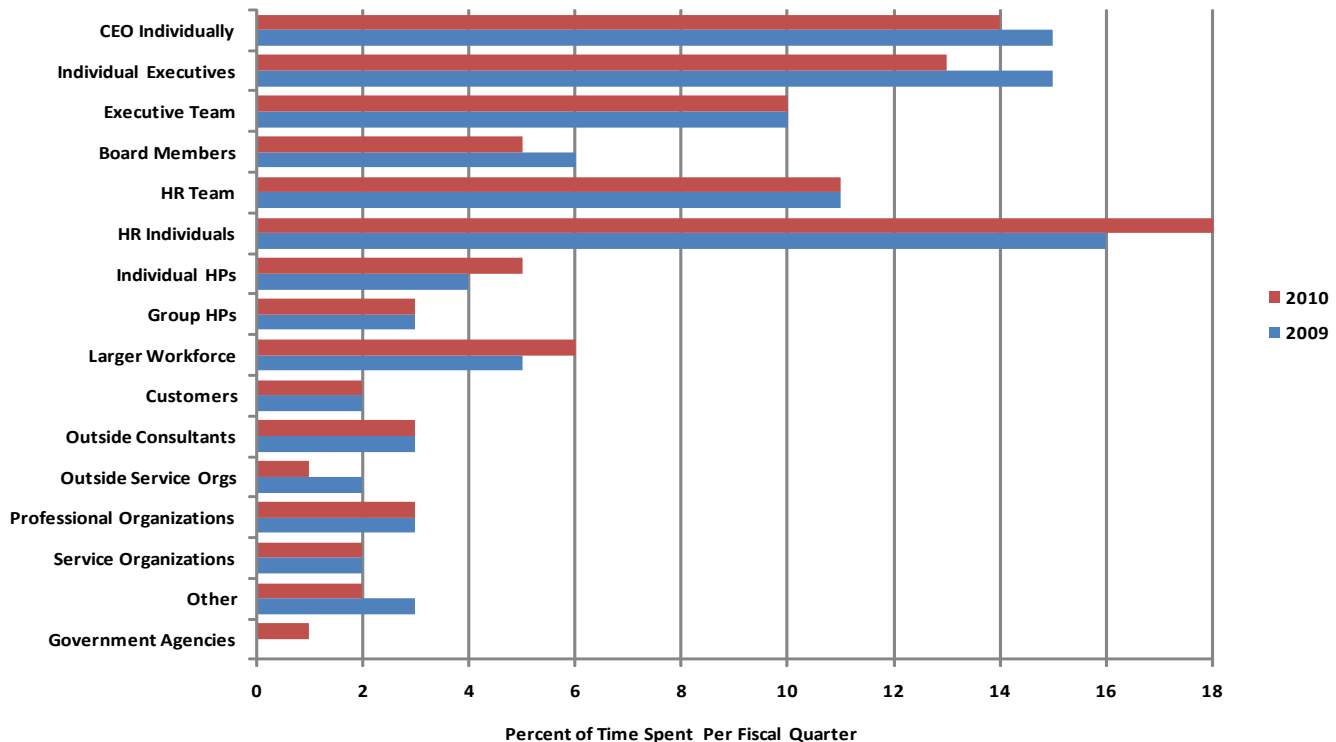
The 2010 survey covered four main areas. First, a section examined how CHROs allocate their time to different stakeholders, members of the executive team, and CHRO roles. Regarding the roles, the survey also asked CHROs to evaluate the relative impact of each role on the business and their relative effectiveness in each role. The second section examined CHROs' role with the BOD—both within their firm and their participation as board members for other organizations. Third, the CHROs were asked to describe any innovations within their HR functions that they felt were best practices. Finally, the survey examined a number of demographic characteristics of the CHROs and their companies.

CHRO Roles and Impact

The 2009 survey was conducted at the height of the economic meltdown triggered by the collapse of the subprime mortgage industry. The results of that survey indicated that CHROs had “hunkered down” in the C-suite to strategize how to deal with the crisis. It was suggested in the 2009 report that CHROs may need to get out of the C-suite and reestablish their relationships throughout the rest of the organization.

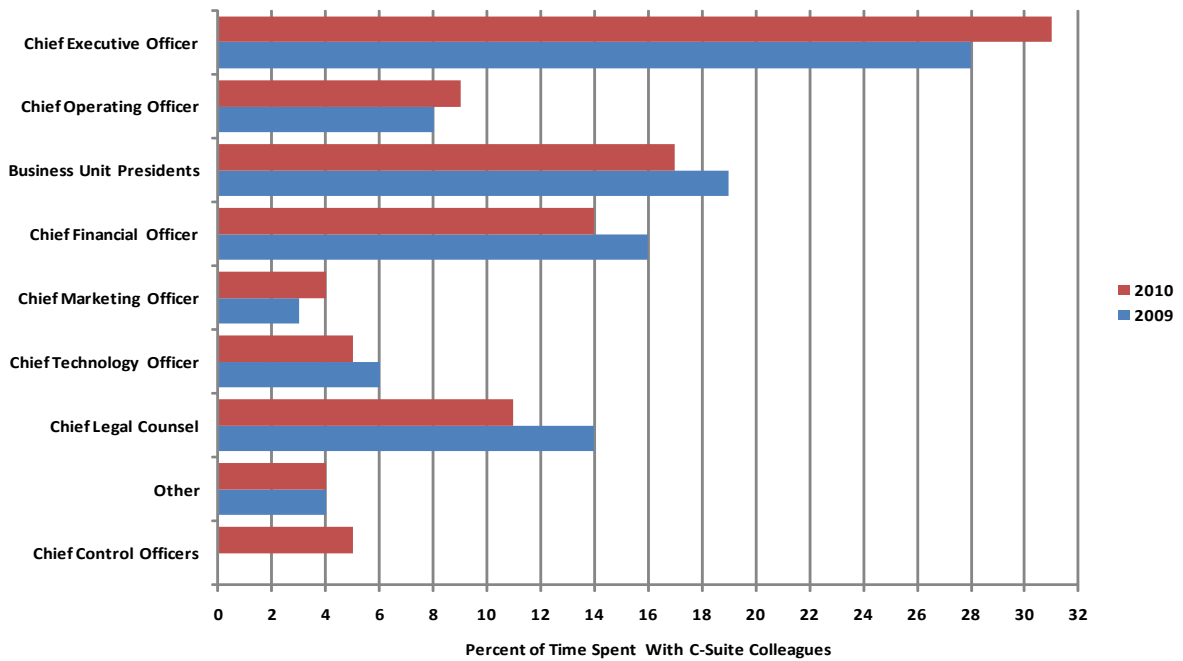
The 2010 survey results indicate that CHROs have done just that. As can be seen in Figure 1, CHROs have been spending the most time with their HR reports, the CEO, and other C-suite colleagues. But compared to 2009, they are allocating more time to the former group and less time to the latter two. In addition, the results indicated a slight uptick in the time CHROs are spending with individual high potential (HP) employees and the larger workforce, suggesting the need to rebuild relationships that may have been neglected.

Fig. 1: How CHROs Allocate Their Time Among the Following Individuals/Groups



In addition to changes in time spent outside the C-suite, CHROs seem to be reallocating their time within the C-suite. As Figure 2 shows, CHROs reported an increase in time spent with the CEO, up from 28 percent in 2009 to 31 percent in 2010. In the 2010 survey, a new C-suite member was included, the Chief Control or Risk Officer. CHROs reported spending approximately 5 percent of their time with this individual. However, it is important to note that the rank orderings of time allocation among C-suite members remained relatively unchanged—with the most time spent with the CEO, Business Unit Presidents (19 percent), CFO (14 percent), and Chief Legal Counsel (11 percent).

Fig. 2: How CHROs Allocate Their Time Inside the C-Suite

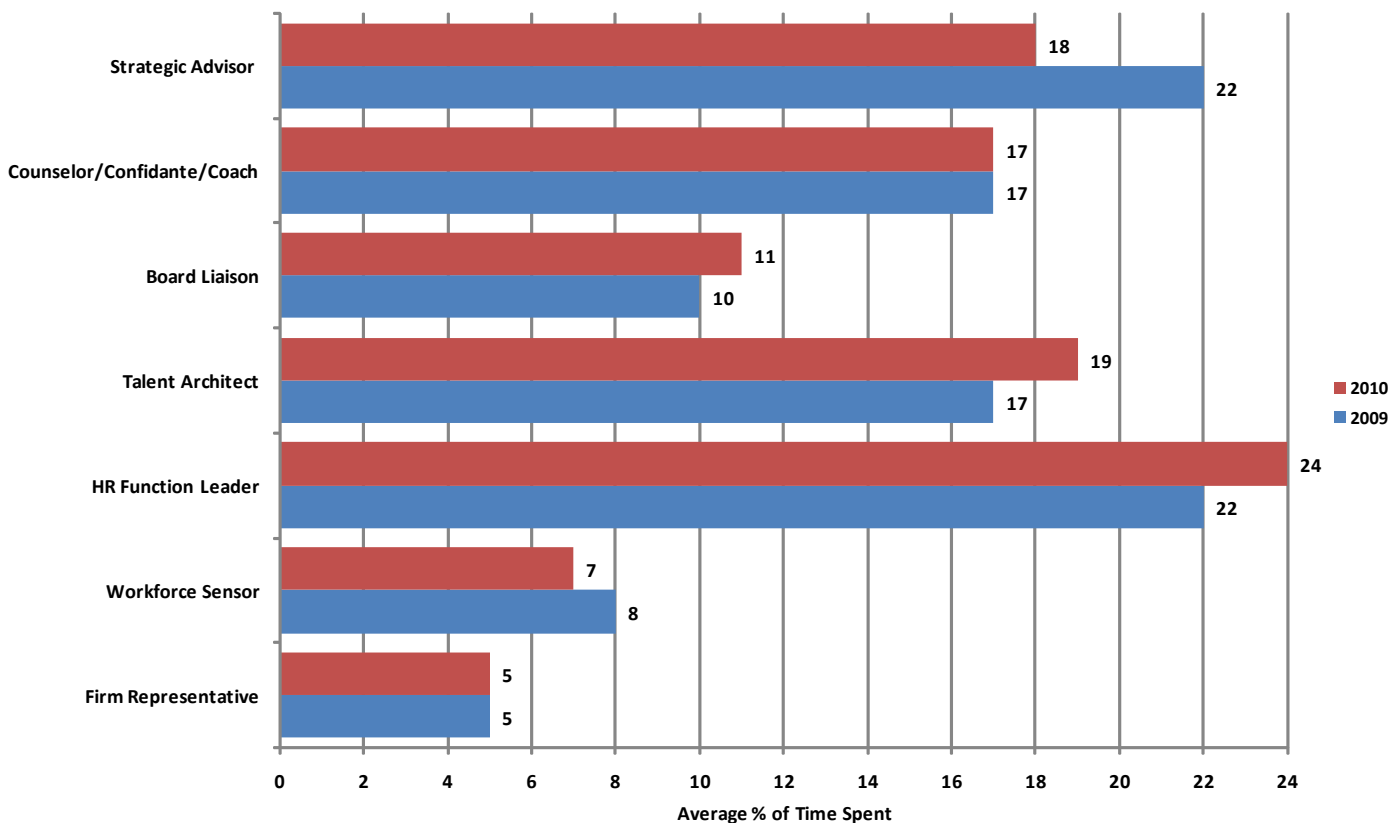


Roles of the Chief HR Officer

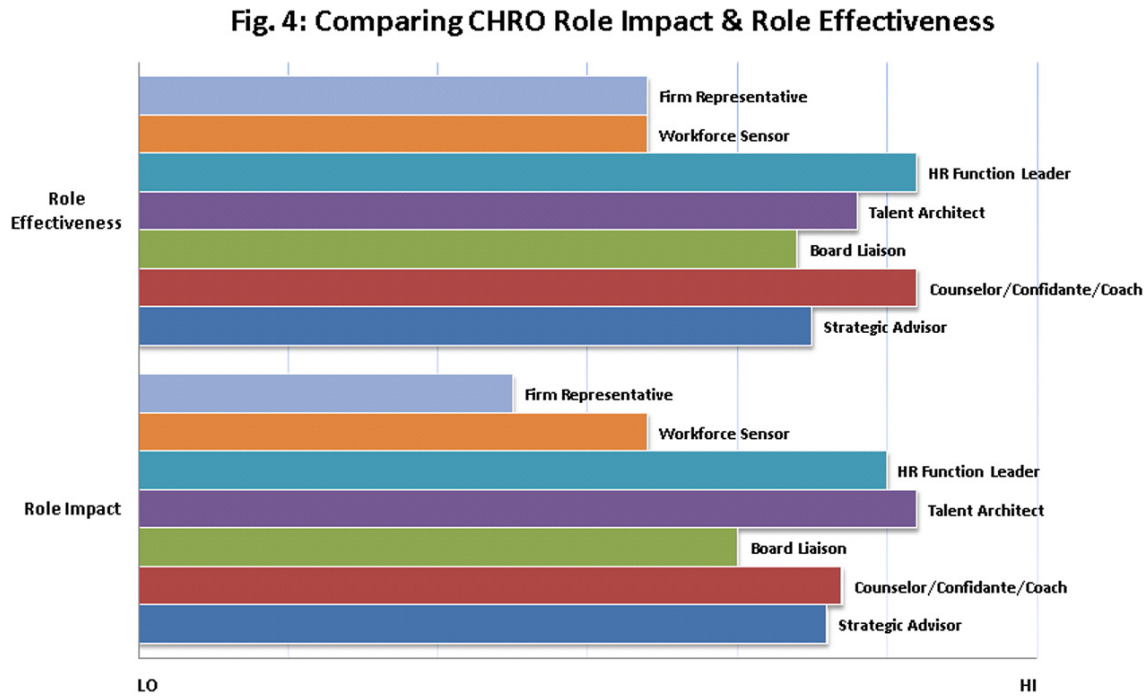
Strategic Advisor to the Executive Team:	Leader of the HR Function:
Focus on the formulation and implementation of the firm's strategy	Working with HR team members on the development, design, and delivery of HR services
Confidante/Coach to the Executive Team:	Workforce Sensor:
Counseling or coaching team members, or resolving interpersonal or political conflicts among team members	Identifying and addressing workforce morale issues or concerns
Liaison to the Board of Directors:	Representative of the Firm:
Preparation for board meetings, phone calls with board members, attendance at board meetings	Activities with external stakeholders, such as lobbying, speaking to outside groups, etc.
Talent Architect:	
Focus on building and identifying the human capital critical to the present and future of the firm	

We again asked CHROs to indicate the time they spent in each of seven roles (see definitions on page 8). As can be seen in Figure 3, the results regarding the time spent in CHRO roles similarly support the transition from C-suite to the rest of the firm. While the Leader of the HR Function role received the most time in both years, this time has increased to almost 24 percent from 22 percent. The Strategic Advisor role, which accounted for 22 percent of CHROs' time in 2009, has decreased to 18 percent in 2010, while the Talent Strategist/Architect role has increased to 19 percent from 17 percent in 2009. These results also seem to indicate that the apparent "bunker" mentality that was necessitated by the financial collapse is beginning to transform to a "building" mentality—both building the talent of the firm and the capability of the HR function.

Fig. 3: Percent of Time Spent in CHRO roles



The 2009 survey included an open-ended question asking CHROs which role they felt had the greatest impact on the business and why. In the 2010 survey, this question was converted to ask them to indicate the relative impact of each role on a 7-point scale. Note that this was a question about the impact of the role *in general*, rather than about CHROs' individual impact. Further, the CHROs were asked to rate their own relative effectiveness in performing each role. Figure 4 illustrates a comparison of these two ratings.



In the 2009 survey, the Strategic Advisor role was the one most frequently noted as having the greatest business impact, followed by Counselor/Confidante/Coach and Talent Strategist/Architect, respectively. However, the 2010 results reveal a different trend that is somewhat consistent with the transition from bunker to building. The Talent Strategist/Architect role received the highest impact rating, with a mean of 6.2. Also, no CHRO rated this as less than a 4 on the 7-point scale. This role was followed by Leader of the HR Function, with a mean of 5.9 and no rating less than 3. The Counselor/Confidante/Coach and Strategic Advisor roles virtually tied at 5.7 and 5.6 respectively, and these four roles far outdistanced the impact ratings for Board Liaison (4.9), Workforce Sensor (4.3), and Representative of the Firm (3.4). In other words, in 2010, it seems that building talent and rebuilding the HR function have taken preeminence in terms of business impact.

Interestingly, these ratings do not mirror those of relative effectiveness. While Talent Strategist/Architect had the highest impact, it was only the third highest in terms of CHROs' relative effectiveness (5.8). HR Leader was second highest in terms of impact, but not surprisingly, it received the highest ratings in terms of relative effectiveness (6.2). Counselor/Confidante/Coach was third in impact, but a very close second in effectiveness (6.1).

To further explore these relationships, the researchers computed the relationship between the impact and effectiveness ratings for each of the seven roles. These correlations are shown below (higher correlations describe stronger relationships):

Role:	Correlation
Talent Strategist/Architect	.5
Leader of HR	.5
Counselor/Confidante/Coach	.6
Strategic Advisor	.8
Board Liaison	.6
Workforce Sensor	.8
Firm Representative	.8

The correlations suggest that for some CHRO roles (e.g., Strategic Advisor, Workforce Sensor, and Firm Representative), there is a close relationship between a CHRO’s effectiveness and his/her impact, suggesting that their skill set matches the requirements. However, for the Talent Strategist/Architect and HR Leader roles, the match between skills and requirements is not as tight.

It may be that some CHROs see the importance of having the right talent in the right places, but may not perceive themselves to be great judges of talent. Similarly, some may see the need to transform the HR function, but not feel completely competent about doing so.

Also, in an effort to determine if and how the CHRO role is expanding in terms of taking on non-HR responsibilities, the survey asked CHROs about areas outside of HR over which they have responsibility (see Table 1). Note that CHROs did not define these areas, so the results only capture the titles/areas given. Therefore, the rank orderings may be slightly misleading. For instance, “Community Affairs” might include Corporate

Social Responsibility and External Communications. Or in one firm “Environmental Affairs” may be a separate function, whereas in another it falls under Corporate Social Responsibility.

What emerges from this analysis is that while the most frequently noted category was “None,” 44 of the 70 CHROs have at least one area of responsibility beyond HR. Of these, Communications is the most prevalent, followed by Aircraft/Aviation.

TABLE 1. CHRO RESPONSIBILITIES FOR AREAS OTHER THAN HR

None	26
Communications (internal or both)	20
Aircraft/Aviation	13
Facilities	8
Security	7
Foundation/Giving	6
Administration	6
Corp. Social Responsibility	5
Community Affairs	5
Real Estate	3
Corporate Affairs	3
Government Affairs	2
Medical Services	2
Environmental Affairs	2
Ethics	2
Marketing	2
Payroll	2
Six Sigma	2
Diversity	2
Procurement	2

Most Challenging Aspect of the CHRO Role

In 2009, again, in the midst of the financial crisis, the CHROs reported that the most challenging aspect of their role was balancing the need for cost cutting against either the need to continue investing in people (e.g., leadership development), or the need to maintain their organization's values. As companies emerge from that crisis, the nature of the CHRO challenge seems to be changing as well. In fact, very few CHROs mentioned such a balancing issue in the 2010 survey. The table below provides some examples of the challenges described by the CHROs:

"Strategic Advisor—making sure that the strategy is converted into action. The pressure of earnings, especially in the current economic environment, creates an ongoing debate and conflict."

"Ambiguity of dealing with Board members from meeting to meeting. Team dynamics of the senior leadership team reporting to the CEO."

"Increasing appropriate time demand on the "counselor/confidante/coach" role at the same time HR global footprint is requiring stronger leadership to match business enterprise global growth strategies."

"Dealing with a Board that is more interested in avoiding public scrutiny and criticism than doing what's right to run the company."

"Thinking holistically and being truly integrated; having the senior executive team thinking of the company portfolio first and their function second. Within HR, having my direct leaders thinking of the HR portfolio and employee/manager experience first and their functions second."

"The shifting tides of executive compensation provide the most consistent challenges, working between the board, CEO, independent consultant, shareholders, and my compensation team. It's complex, technical, and in the spotlight. Good work means survival; mistakes get you fired."

"Counselor/Confidante/Coach due to the internal dynamics of the team and interpersonal style of the CEO."

"Managing the nuances of senior level succession. It requires credibility, trust, and the ability to provide direct coaching."

"Creating a true sense of ownership among the senior leaders regarding their roles as "Chief Talent Officers." Recognizing that having the right people in critical leadership roles is not an HR thing or responsibility, but rather, it is a business imperative and must be truly owned by the leaders of the respective businesses/functions... Creating this type of mindset around leadership and talent is the biggest challenge I face."

"Ensuring that the executive team demonstrates that their commitment to people and development is more than talk and that it is supported with real actions. We are a tight margin business and when results are tough, the development budget is often the first to be cut. Then they're surprised when we don't have the right people ready for roles."

"...my relationship with the CEO is one that has been challenging to develop to the degree I would like. I believe that what makes it challenging is the difference in our personality types. We simply look at the world and approach things differently."

In 2010, CHROs reported four issues as topping their “most challenging” lists. The first issue deals with the larger process of building strategy. The following examples illustrate this challenge:

“Strategic Advisor—making sure that the strategy is converted into action. The pressure of earnings, especially in the current economic environment, creates an ongoing debate and conflict.”

“Helping our company decide how to migrate from a domestic/international business to a global business.”

The next two issues seem related, in that both tend to focus on the CHRO’s role with regard to other members of the executive leadership team.

Many CHROs suggested that their biggest challenge was building a talent culture (in particular getting senior leaders to embrace their roles in growing talent). One CHRO best described this challenge when stating:

“Creating a true sense of ownership among the senior leaders regarding their roles as Chief Talent Officers. Recognizing that having the right people in critical leadership roles is not an HR thing or responsibility, but rather, it is a business imperative and must be truly owned by the leaders of the respective businesses/functions... Creating this type of mindset around leadership and talent is the biggest challenge I face.”

While that statement focused on getting senior leaders to lead, the same number of CHROs suggested that relationships among senior leaders

were causing great challenges. As would be expected, the CHROs did not go into detail, but an example would be one who stated:

“Counselor/Confidante/Coach due to the internal dynamics of the team and the interpersonal style of the CEO.”

A more specific example was:

“...further, given some of our strategic priorities, some of the most needed change is at the senior-most levels in the firm. Will be interesting to see if the CEO will call the question on certain individuals and practices.”

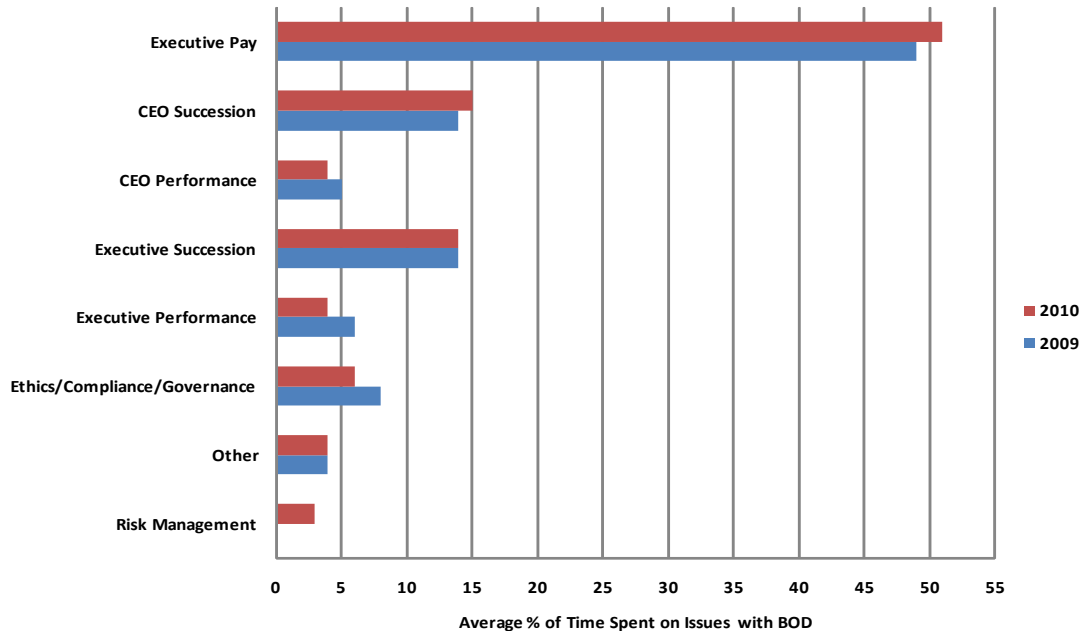
Finally, a number of CHROs articulated their biggest challenge revolved around leading and/or transforming their HR functions. The following examples illustrate the kinds of comments describing challenges within the HR function:

“Operational aspects of being the leader of the HR function—especially related to gleaning the best metrics and routines so that I can create even more capacity for the other hats I wear.”

“Transforming the thinking of internal HR professionals to better align HR strategy and delivery with broad business objectives.”

In summary, the 2009 survey seemed to indicate that, with their firms in crisis mode, CHROs felt challenged by the potentially unintended consequences of the massive cost cutting taking place. In 2010, CHROs’ major challenges represent movement from reactive to operational—even strategic—postures.

Fig. 5: Percent of Time Spent Working with the Board of Directors on Various Issues



CHROs and Boards of Directors

After seeing the 2009 survey results, a number of CHROs suggested that the 2010 survey try to gather more information regarding CHROs and their relationship with the board of directors (BOD)—both with their own BOD, and other boards on which they might serve.

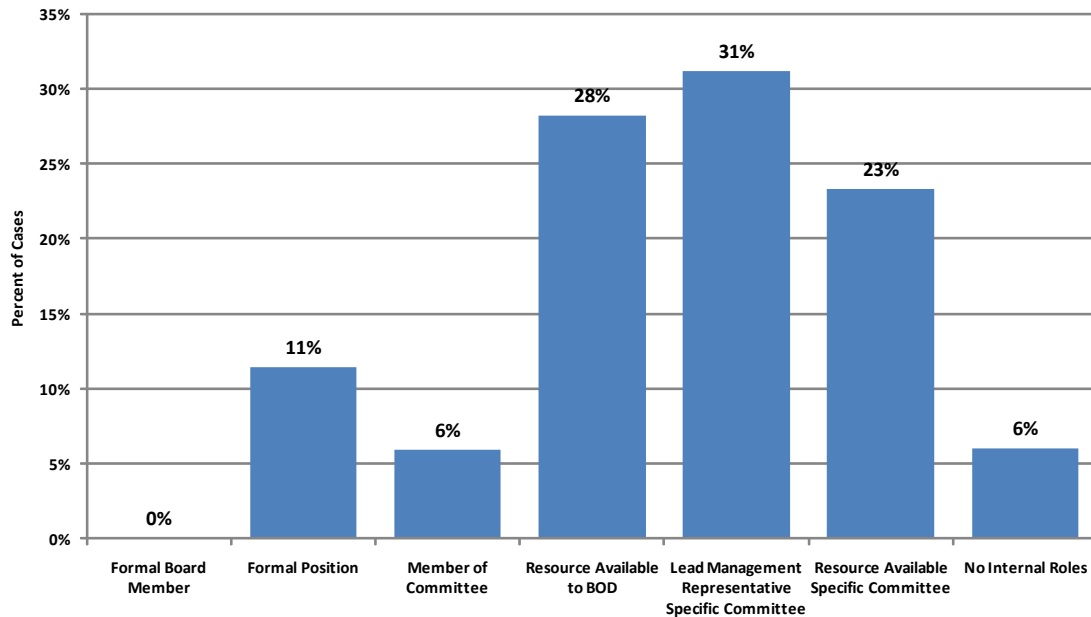
To explore this, CHROs were first asked to indicate the time they spent on certain issues with the BOD. The results are largely unchanged from 2009 (see Figure 5). Executive pay is again the topic that dominates, comprising 51 percent of CHROs' time with the BOD. The CHROs reported minor drops in time spent on "CEO Performance" and "Executive Performance," but these differences are negligible and likely due to the addition of "Risk Management" as another option this year.

Second, CHROs were asked to indicate the various roles they play with their own BOD. Nearly all

CHROs (94 percent) reported working in some way with the BOD. As Figure 6 shows (page 16), it appears that CHROs serve largely as a resource available to the board, but tend not to hold any formal positions. Not surprisingly, not a single CHRO was a formal member of their company's BOD, but 11 percent hold a formal position (e.g., secretary to a committee) and 6 percent are members of committees. While few hold formal positions, BODs certainly rely on CHROs as important resources, as 31 percent reported being the lead resource to one or more committees, 28 percent a resource to the board, and 23 percent a resource to one or more committees.

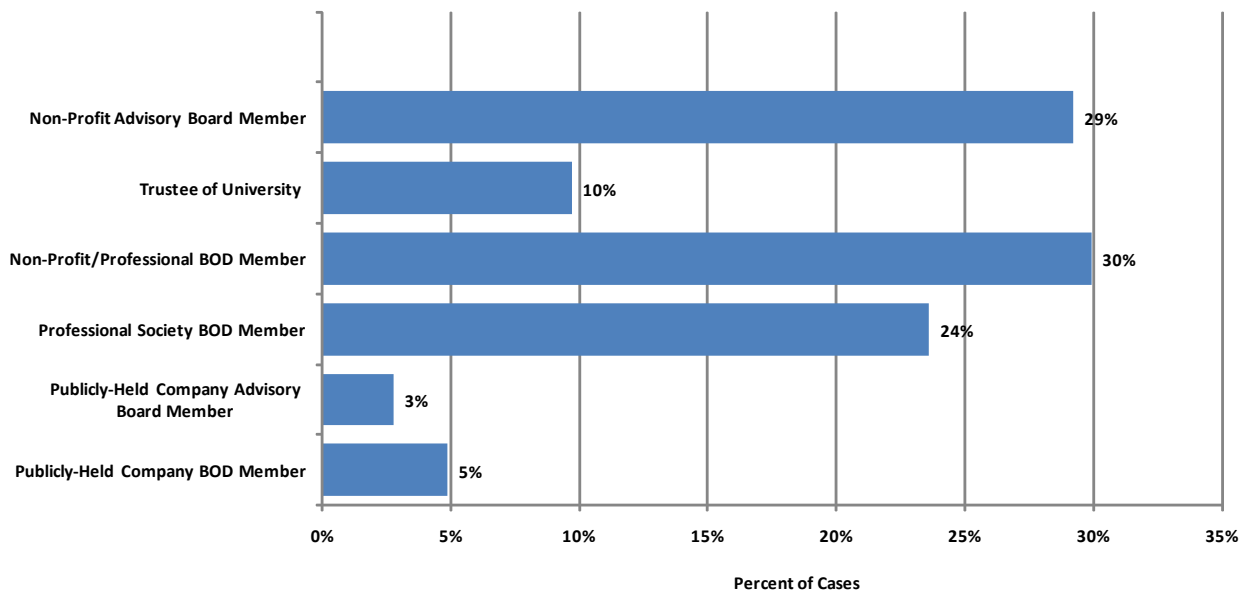
While CHROs are only beginning to serve on BODs of publicly traded companies, many serve on other types of boards. The survey also sought to examine what other kinds of boards CHROs serve on, and to assess what they learn from those experiences that help them deal with their own BOD. Nearly 80 percent of the CHROs reported serving on some type of external board.

Fig. 6: Roles Played by CHRO with Own Boards of Directors



Regarding their service on other boards, Figure 7 shows what percentage of respondents indicated they served in each of the roles. Topping the roles, 30 percent reported being members of non-profit boards (e.g., art museum, United Way) with legal fiduciary responsibility, and 29 percent reported being members of non-profit Advisory Boards (with no legal fiduciary responsibility.) In addition, 24 percent reported serving on the BOD of HR professional societies. Finally, only 5 percent of CHROs serve on the BOD of another publicly-held company.

Fig. 7: Roles Played by CHRO On Outside Boards of Directors



In terms of what CHROs learn by serving on an external board, it seems there are a number of skills gained by serving as a board member. In particular, most CHROs noted that the change in perspective gives insight into what types of information should be presented and in what way. The focus is on balancing the need for enough detail so that board members feel they know what is going on, without overloading them with more than can possibly be digested. While the inset below presents several examples of what CHROs learned, one illustrative quote was:

“Information is presented and digested in a different way as a board member. Advice is an artform—board members perfect that skill, which is useful for a CHRO.”

“Heightens awareness of what information is relevant to share and the importance of keeping directors connected in between meetings with key issues and management.”

“Chairing the Compensation and Benefits Committee of a publicly-held company helped me enormously to anticipate the kinds of questions our C&B Committee and full Board will ask, and it has helped me prepare Board materials.”

“It has made me much more aware of the importance of what information is presented to the board, how it is presented, and the need for extreme focus and clarity around the purpose for anything presented for consideration.”

“You see the company through a different lens. Your perspective becomes more objective and less parochial.”

“Really works the other way around for me. My work with our board helps me to focus on key issues and bring a firm and helpful discipline to their agendas as well as asking better questions.”

The HR Function: The CEO's Agenda and HR's Obstacles to Achieving It

The survey asked CHROs to indicate the top three items on their CEO's agenda for HR, and then the top three obstacles to HR actually achieving that agenda. Regarding the CEO's agenda for HR, the most frequently mentioned area was, by far, anything related to talent. Fifty of the CHROs listed the phrases *talent*, *leadership*, *succession*, etc. as the first priority, and of those that did not list it first, almost all listed it second or third (and a few listed it as all three). It was difficult to distinguish these terms, as many times the phrase used was “leadership talent” or “leadership succession” or “talent succession.”

However, with a rough categorization, *talent* received 33 first place mentions (the most in first), 11 second place (the most in the second category) and two third place mentions. *Succession* and *leadership* came next, with 21 and 13 overall mentions respectively. Other priorities listed by ten or more CHROs were “cost containment/management” (11), “compensation/rewards” (10), and HR organization/processes” (10).

Regarding the top three obstacles to achieving the CEO's agenda, CHROs saw their current HR functions as the major obstacles. First, 28 noted resource constraints within HR (not enough people, no money to build systems, etc.) as one of their top three obstacles. Second, 27 referred to a lack of skills within their HR professionals, and five CHROs mentioned the difficulty in hiring or retaining good HR talent. Finally, 12 CHROs listed some aspect of legislation or regulation as being an obstacle to achieving the HR agenda.

Innovations in HR

The 2010 CHRO survey also identified some areas where HR functions seem to be innovating. The CHROs were asked to describe what their HR function has done that they would consider both an innovation and a best practice, and why they perceive it to be one. Again, echoing a trend toward growth, the most frequently mentioned area of innovation was around leadership and/or talent processes.

The answers to this question reveal that *managing talent* is the area in which CHROs report their functions are implementing the most innovative or best practices, with eighteen CHROs describing innovations in this arena. Nine CHROs described innovations with regard to the *delivery of HR services*, eight with regard to *performance management*, and seven each regarding *health and wellness programs* and *employee engagement*. In an effort to provide some concrete examples of these innovative best practices, following are some of the more thoroughly described innovations:

TALENT

“We have integrated our talent management processes with the business planning process. As each major business area discusses and sets their three-year business goals, they will also be setting their three-year human capital goals and embedding those human capital goals within their business plan. Achievement of these goals will be tracked through our management processes.”

“Introduced a leader-led talent management initiative, the implementation of which is being led by one of our high potential leaders. The Advisory Committee supporting this effort is staffed by our 4 senior heads of our businesses. They report their progress to the operating committee which includes the CEO, Vice Chair, the domestic and international country heads, and the head of human resources. The goal is to get “skin in the game” and force our leaders to own and help lead the culture change needed to build a more performance-based culture and mind-set.”

“We have instituted talent workshops on a global basis. We conducted 85 worldwide last year and they have become an ongoing process each year. These workshops are conducted by the senior business leader for each area covered and are highly interactive. They are designed to identify high potentials in each area, as well as establish succession plans for each person discussed in the session. (continued p. 18)

The past year we had succession plans in place for over 4,000 employees worldwide. In these sessions we go down to the manager level and sometimes even key contributors. We also have worked with an outside vendor to create a global system where all our data is online and accessible to managers. We also have created live profiles online for all of our employees which are used for internal searches when positions become available.”

HR DELIVERY

“When we had a downsizing this past year, we in-sourced career outplacement and trained our recruiters—many of whom were in jobs that would have been eliminated—to conduct the resume writing and job hunting sessions and work with affected employees on finding new employment. The effort was a huge success. Our laid off employees felt they were given VIP treatment and we were able to save a number of jobs in HR that can now be redeployed as the market turns around and staffing volume goes up. Also, the recruiters who worked in the outplacement center reported very high job satisfaction. They learned new skills and helped fellow employees at a difficult time. Our cost per employee for outplacement was about 25% of what it would have been if we used an external vendor...”

“With respect to driving a stronger focus on building the right environment, we took a bold step and established a centralized employee relations organization globally operating out of two locations in a call center setting... While it has only been fully operational for about 9 months, we are already seeing incredible benefits and getting very positive feedback. We know what the workforce issues are, we can identify “hotspots” based on call volume that would have either been disaggregated or hidden from view to leaders at my level. We are resolving issues in a consistent and timely manner. We are documenting the resolution and keeping good files on each employee/manager. It is also more cost effective and the people doing the work really enjoy the camaraderie of being together and having the ability to easily share their knowledge and grow their capability through routines that allow them to take advantage of their physical location.”

PERFORMANCE MANAGEMENT

“For CEO performance review with the Board of Directors, I conduct a 360 feedback and analysis of the CEO and present to the board directly as an input into CEO review, without the CEO in the room. Board then takes that feedback, along with the CEO performance document that I’m responsible for creating and they deliver their review. I follow up with the CEO to explain feedback and work with CEO staff and CEO on any follow-up team actions.”

HEALTH/WEALTH

“I believe the design of our medical plans and integration with our wellness program is both innovative and a best practice. We have been a leader in the movement toward consumer-driven medical plans that emphasize personal responsibility. We have a nationally-recognized wellness program that helps create a culture of personal responsibility for one’s health.”

EMPLOYEE ENGAGEMENT

“We have developed a unique employee value proposition that we refer to as Healthy Work Environment. We essentially take the feedback from our employee engagement survey and roll out “chapters” each year based on the feedback. Among other things, we have established our own minimum wage, provided free benefits and 401k contributions to our lower paid workers, eliminated “at will” employment and mandatory overtime, established peer review for major employment decisions and a number of other changes. We know it is having an effect, because this past year 85% of our 190,000 employees responded to our survey and provided us with almost 500,000 written comments.”

“Creation of a Team Member Net Promoter score which equates to a measurement of customer satisfaction called Net Promoter Score. This index measures employee promoters and detractors of the company. This is a different look at employee engagement. We are also measuring understanding and acceptance of our company values.”

Fig. 8: CHRO Tenure

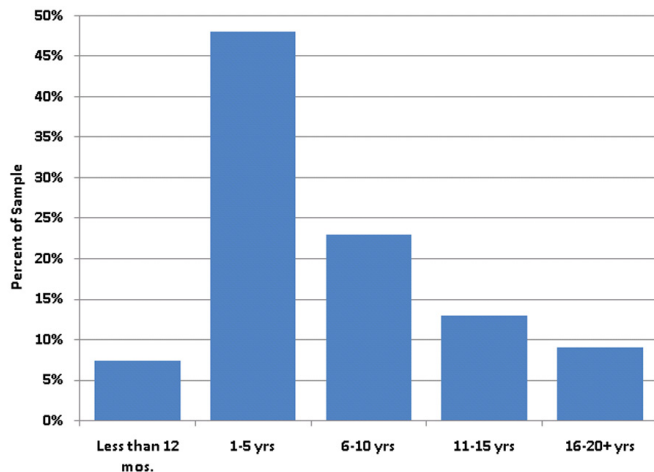
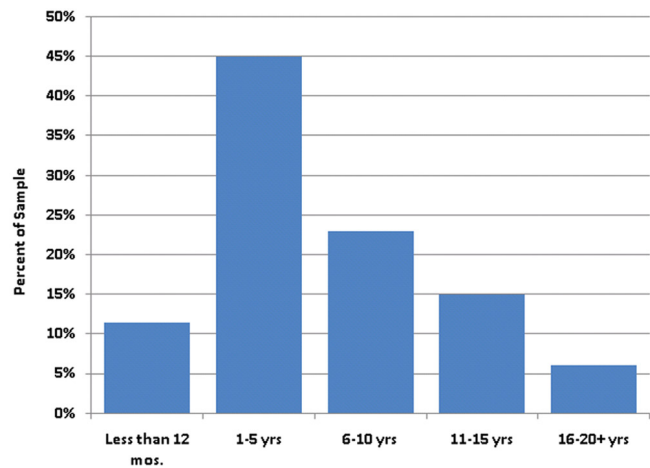


Fig. 9: CEO Tenure



CHRO Demographics & Career Trajectories

TIME IN THE ROLE

CHROs participating in this study had an average tenure in the CHRO role of five years. In addition, CHROs were asked to indicate their CEO's tenure in that role; the average of which was also five years. The distributions of tenure in the CHRO and CEO roles are displayed in Figures 8 and 9, respectively.

Anecdotally, it appears that one of the great developments in the importance of the CHRO role is the desire for a CEO to have his or her own person in the role—someone she or he chose and with whom they feel comfortable working. To further examine this theory, and the similarity of the distributions of CHRO and CEO tenure, the researchers computed a correlation between the two. If CHRO tenure is increasingly tied to CEO tenure, then one

would expect a strong correlation between the two measures. However, the correlation was only .05, indicating very little empirical relationship between how long a CEO and CHRO have been in their roles. Therefore, this particular anecdotal theory of CHRO tenure is not supported by the survey data.

PROMOTION INTO THE ROLE

The CHROs were also asked how they had been promoted into the role, largely to get a sense of how well companies are handling succession planning for the CHRO role. The answer, in short, is not good. As can be seen in Figure 10, only 38 percent of CHROs attained their position due to a formal internal succession process within HR. In fact, 42 percent of CHROs were hired directly from outside the company, with an additional 7 percent being hired from outside the company with the understanding that they would be promoted into the role. Finally, 12 percent were promoted from within the company but outside of HR.

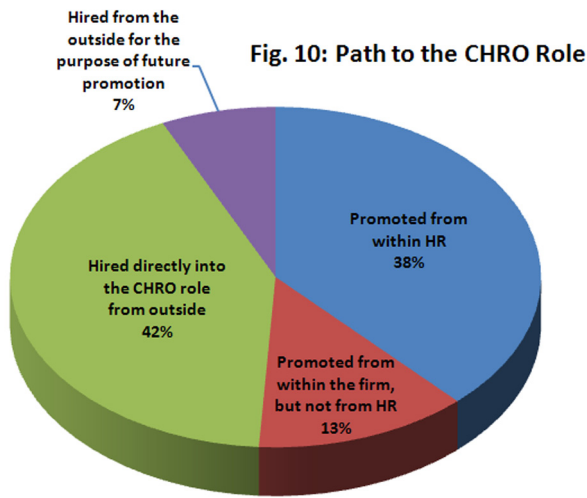
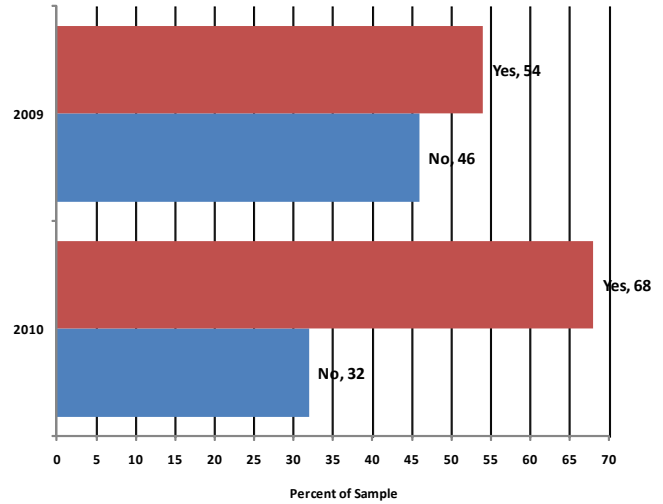


Fig. 11: Percent of CHROs Who Held Roles Outside the HR Function



While the latter figure can often represent a larger philosophy of management (“We just need good business leaders to lead HR”), the fact that in half the cases companies had to go outside to find a CHRO suggests that internal succession and development processes could be improved dramatically.

EXPERIENCE OUTSIDE OF HR

The credibility of a CHRO in the mind of other business leaders is necessary in order for the CHRO to be effective. One way to gain such credibility is through a CHRO working outside of HR at some point in their career. Thus, the survey continues to ask whether or not CHROs have such experience. In the 2010 survey, nearly 68 percent of CHROs reported having held a role outside of HR at some point in their career (Figure 11). This represents a dramatic increase from the 54 percent of CHROs who reported this in the 2009 survey.

For those CHROs who indicated they had worked outside of HR, the survey also asked about the amount of time they had spent in a non-HR role. Figure 12 shows the obvious differences between HR professionals who rotated out of HR and CHROs with no previous HR experience who had taken on the HR role. Regarding the former, it would appear that the median time was just over three years, with a range of one to six years.

Fig. 12: Length of Time Held Role Outside the HR Function

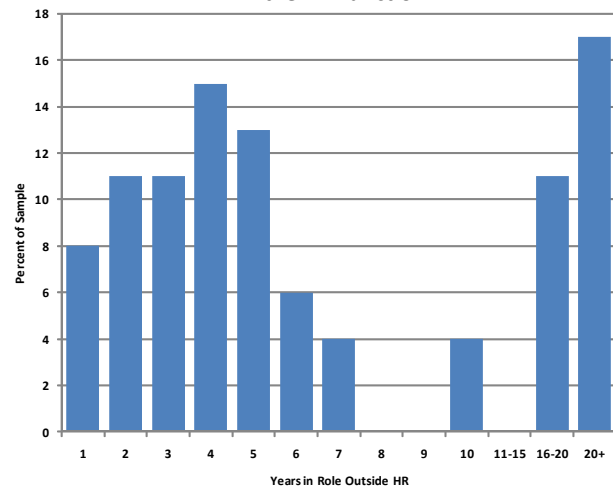


Fig. 13: Undergraduate Degrees of CHROs

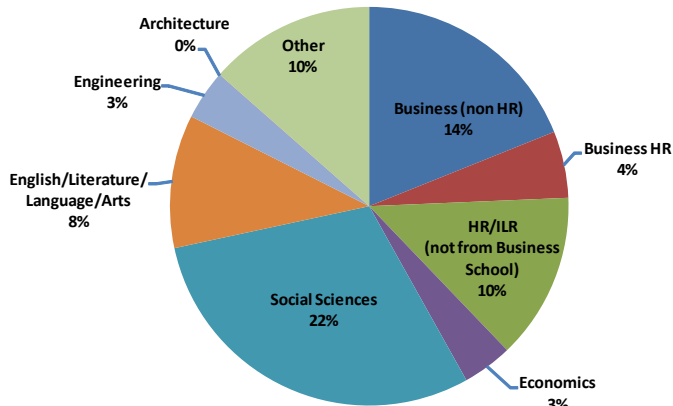
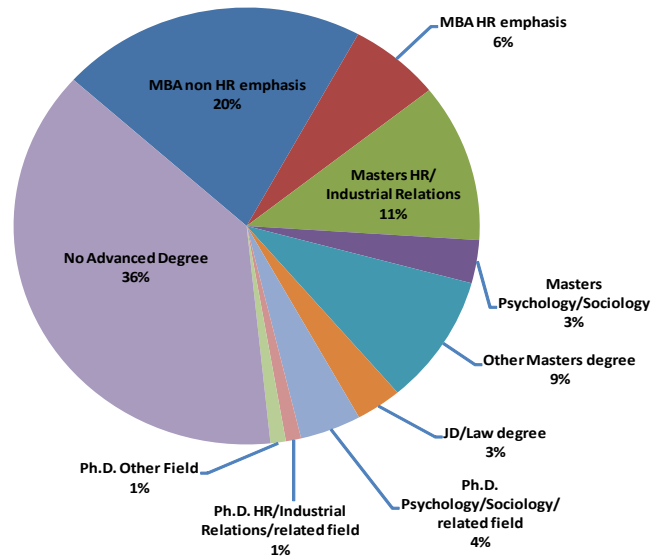


Fig. 14: Graduate Education of CHROs



EDUCATIONAL BACKGROUND

The 2010 survey again examined the educational backgrounds of CHROs at the highest-performing U.S. companies. Regarding undergraduate degrees, there is simply no consistency to report that would suggest a common theme. As can be seen in Figure 13, the most frequently cited academic degrees were in the social sciences (which included sociology, psychology, history, etc.) which accounted for 22 percent of the CHROs, followed by 14 percent with some form of undergraduate degree in HR and 14 percent having a non-HR undergraduate business degree.

Regarding graduate educational credentials (see Figure 14), the first finding was that 64 percent of CHROs had some form of graduate degree. Specifically, 26 percent of the CHROs have MBAs, of which 6 percent have an HR concentration. In addition, 11 percent have Masters degrees in Human Resources/Industrial Relations.

Fig. 16: U.S. Fortune 200 CHROs by Gender

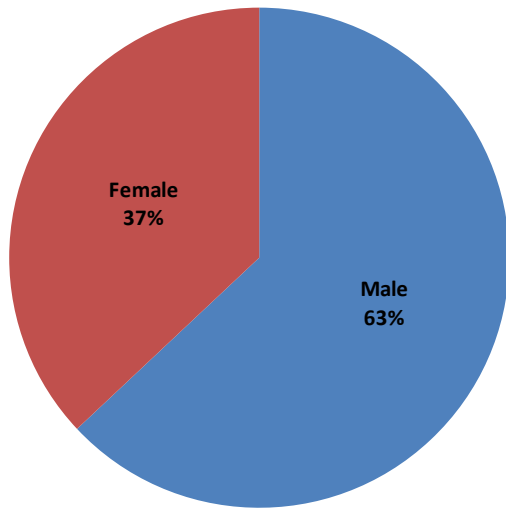
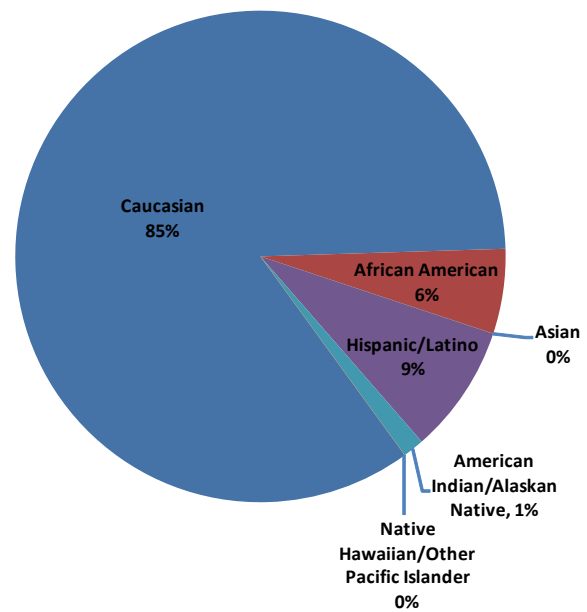


Fig 17: Racial Composition of U.S. Fortune 200 CHROs



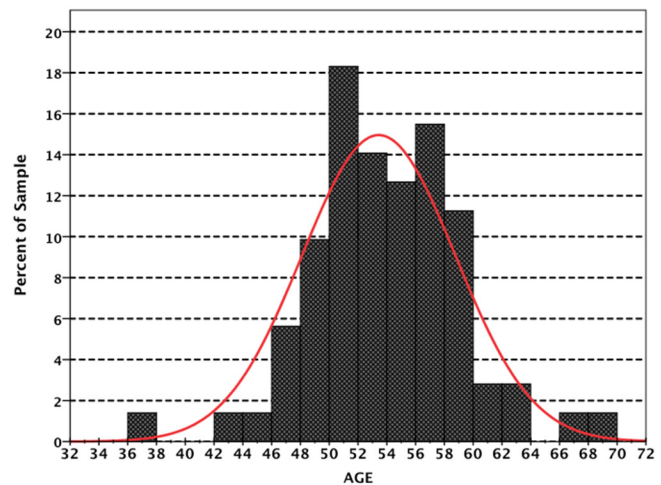
AGE, GENDER, AND RACE

In examining the age, gender and race of CHROs, it is safe to say that CHROs at the U.S. Fortune 200 firms are largely middle-aged white males.

As can be seen in Figure 15, the mean age of the CHROs surveyed was 53.44 years, with a range from 37 to 69 years.

As for gender, the vast majority of CHROs (63 percent) are male, with 37 percent female. While not equal, these numbers reflect very positively compared to the gender make-up of other C-suite positions.

Fig. 15: Age Distribution of U.S. Fortune 200 CHROs



Finally, approximately 85 percent (84.5%) of CHROs are Caucasian, 9 percent (8.5%) Latino/Hispanic, 6 percent (5.6%) African American, and 1 percent (1.4%) American Indian or Alaskan Native.

Not surprisingly, the demographics of CHROs have not changed significantly from 2009 to 2010. While the population is largely white males, the diversity that exists in this role tends to exceed that of other roles at that level in the organization.

Summary and Conclusions

This report has summarized a large body of results based on CHRO responses to the CAHRS 2010 Chief HR Officer Survey. In distilling the data, several key themes emerge:

FROM CUTTING TO PREPARING FOR GROWTH

The first theme focuses on rebalancing what had gotten out of balance a year ago in response to the financial crisis. While a full economic recovery may still await, CHROs are increasingly focused on rebuilding the talent and relationships that may have been slightly neglected during the height of the financial crisis. They are spending more time with high potentials and HR team members. They are spending more time as talent strategists and HR leaders. In contrast, they are spending less time as strategic advisors and with their C-suite colleagues (other than the CEO).

In addition, last year's survey revealed CHROs' significant frustration with the cost cutting taking place for fear that it may threaten the long term capability and value systems of their firms. The 2010 survey reveals that CHROs are less concerned about such balance, and more concerned with meeting the increasing demands that accompany growth or the preparation for growth.

IT'S ALL ABOUT TALENT

As part of this preparation for growth, talent has emerged as the key focus for CHROs. It is by far the number one item on the CEO's agenda for HR, and CHROs are spending more time as the Talent Strategist/Architect and more time with their firms' high potentials.

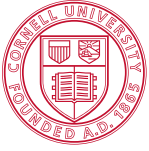
Again, the 2010 survey shows that most of the recent innovations in HR are aimed at talent development and management—further evidence for this revived emphasis on growth. Talent—of the business, as well as of those in HR—is also often mentioned by CHROs when assessing obstacles to achieving the HR agenda.

GROWING THE CHRO ROLE

The CHRO role is growing in both importance and responsibilities. CHROs play important roles as resources to the board of directors, particularly around executive pay issues. They are members of non-profit boards, and these roles aid them in more effectively handling their own board relations. In addition, the vast majority of CHROs report their roles expanding to include responsibilities for a number of functions outside the traditional bailiwick of HR.

DEVELOPING HR TALENT REMAINS A CHALLENGE

Finally, while talent in the business emerges as a key priority, talent in HR remains a key challenge. The survey continues to show that a much smaller than expected percentage of CHROs are the product of internal HR development and succession processes. Concurrently, a lack of talent in HR remains one of the top two obstacles to achieving the HR agenda as cited by CHROs.



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