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## The Journey From Function Head to CEO's Valued Adviser.

Here's your road map

There are certain business functions that are often perceived by CEOs as company cost centers. Two prominent ones would be Human Resources and Legal. Heads of these functions often complain that their opinions are sought only when needed.  Advice is accepted grudgingly.

This woeful complaint changes when heads of functions are also perceived by their CEOs as valued business advisers.

These leaders have made what we call “The Journey.”

The purpose of this preliminary research is to understand how Chief HR Officers (CHROs) make The Journey.  Is there a road map for success that could be used by other CHROs and other function heads?

We believe there is.

**Research Procedure**

The authors plus our Atlanta partner Patrick Lynch ([www.frontiergroupusa.com](http://www.frontiergroupusa.com/)) first identified CEOs who regarded their CHROs as “valued business advisors by rating them 8+ on a 0-10 scale asking, “I see my CHRO as a valued business adviser.”  These CEOs were asked a standardized list of open-ended questions where we could dig deeper into their perceptions.

We then interviewed the CHROs and also used a standardized set of questions using an open-ended format.

The CEO questions were:

1.       When did you know your Chief had crossed the line from being perceived by you as head of the function to also being perceived as a valued business adviser?

2.       What are your characteristics that allowed this to happen?

3.       What are characteristics of the Chief’s business experience that allowed this to happen?

4.        What about the Chief’s personal characteristics that allowed this to happen?

5.       What are the industry characteristics that allowed this to happen?

6.       What are the reporting relationships that allowed this to happen, e.g. CHRO reporting directly to the CEO versus reporting to a CAO or CFO?

7.       Are there other CEOs who might be interested in participating in this confidential survey that will be turned into an article for publication?

8.       What questions have I not asked that I should have asked?

The CHRO questions were:

1.       When did you know you had crossed the line from being perceived by your CEO as head of the function to also being perceived as a valued business adviser?

2.       What are the CEO’s characteristics that allowed this to happen?

3.       What are characteristics of your business experience that allowed this to happen?

4.        What are your personal characteristics that allowed this to happen?

5.       What are the industry characteristics that allowed this to happen?

6.       What are the reporting relationships that allowed this to happen, e.g. CHRO reporting directly to the CEO versus reporting to a CAO or CFO?

7.       What questions have I not asked that I should have asked?

In total there were four matched sets of CEO/CHRO interviews. Additionally there were four interviews where only the CHRO was interviewed.

Our interviews uncovered important themes around CEO [Personality](https://www.psychologytoday.com/basics/personality), physical space, how to help newly hired/newly promoted CEOs, and how to blur boundaries.

 **CEO Personality**

The Big Five Personality factors are a well researched framework to understand human personality. (Barrick & Mount, 1991). The Big Five Personality Factors are:

Being curious, creative, and open to new ideas (Openness).

Being organized, systematic, and punctual. ([Conscientiousness](https://www.psychologytoday.com/basics/conscientiousness)).

Being [outgoing](https://www.psychologytoday.com/basics/extroversion), sociable, talkative (Extraversion)

Being tolerant, sensitive, and trusting (Agreeableness)

Being anxious, irritable, and moody ([Neuroticism](https://www.psychologytoday.com/basics/neuroticism))

Using the Big Five as a framework, it was observed that high levels of Openness to New Ideas was critical for both CEOs and CHROs. If one or both parties lacked high levels (8 or higher on a 0-10 point scale) of Openness, the Journey would never begin.

Both parties need high levels of Openness.

Below is one CEO’s [philosophy](https://www.psychologytoday.com/basics/philosophy):

“One of my[*management*](https://www.psychologytoday.com/basics/leadership)philosophies is ‘Give employees enough rope to hang themselves…..or turn it into climbing ropes.’ I like to challenge colleagues at all levels to live up to their potential and to give them space, tools time to set clear, big objectives. “

In describing a trusted CHRO this CEO said:

“He understood that just because something had been done a certain way in the past that does not necessarily mean it should be done that way in the future.  It was his openness and his ability to listen.  He didn’t come in gangbusters.  He came in open.”

Another CEO said this:

“The number one characteristic that is important for me: curiosity to learn beyond one’s comfort zone.  I keep telling my[*team*](https://www.psychologytoday.com/basics/teamwork)that I expect each member of the team to understand what is going on in every function in the business.  (My CHRO) was curious to learn more and more about what is going on in the company.

“D has been in HR most of her[*career*](https://www.psychologytoday.com/basics/career)but she has taken the time to expose herself to how we do things in life cycle management and customer service.”

A CHRO said of the CEO:

(The CEO) is keenly interested in people’s capabilities and their development. He really immerses himself. He values different perspectives.

**Implications:**

If you are a CHRO job candidate consider asking this question of the CEOs current and former direct reports:

“On a scale of 0-10, how open to new ideas is this individual? 0 means “not open” and 10 means “very open.”

Make the following assumptions in interpreting the scores.

If the score is 8-10, it means “open to new ideas.”

If the score is 7, it leans to being open.

If the score is 0-6, it means closed-minded.

If you talk with five people or more people and you get 20 percent or more giving the CEO “closed-minded” scores, take that as a warning that there will be no Journey for you. You will be perceived as head of the HR function.

Remember, effective CEOs know how to be charming when it suits their interests.  Job interview are like first dates. Do not accept what you hear in the interview.

Do your research about Openness to New Ideas.

**CHROs Gain Advantage**

**By Helping Newly Hired/Newly Promoted CEOs**

**Manage the Board.**

In two instances, the CHRO was an incumbent and a newly hired or a newly promoted CEO came on the scene. Both CHROs began the relationship by describing their experiences with Board members. And starting the relationship at the Board level helped cement the initial perception that this CHRO has more value to me than simply head of the HR function.

All CHROS work with members of the Compensation Committee. There are three core Board Committees (Compensation, Audit, and Nominating & Governance).  Given that there are usually five to seven members of a Board in a for profit company, Board members are usually assigned to serve on two Committees at a time plus they rotate Committees over the years. CHROs who work with the Compensation Committee for several years thus have insights into the working style of all Board members.

CHROs never forget that Boards hire and fire CEOs.

Once a relationship has begun from a Board management perspective, the CEO will see the CHRO as a valuable adviser.  In two cases, the CEO asked the CHRO to sit in on Board meetings to provide the CEO a second opinion about the Board dynamics after the meeting.

 The CHRO has made the Journey!

**Physical Presence and Access Availability**

In a world that often celebrates telecommuting, one critical dimension was physical presence.

CHROs in our study often had offices adjacent to the CEO’s office. And close physical presence could make a big difference:

“My office was next to the CEO’s office. When he would come out to talk to another VP he would pass my open door. I always made a big point in keeping my door open. Sometimes the CEO would come in, sit down, and go over what he was planning to say. He would use me to rehearse his ideas and to get feedback before he made the journey down the hall to another VP. I do think my physical presence made a difference.”

One CHRO said that her company has an open office design:

“I sit right next to the CRO. Previously, the last HR head sat with her team in the HR section. We have our own section. Once I arrived, I said I wanted to change the arrangements. I sat next to the CEO.

“This arrangement makes it easy for the CEO to have spontaneous conversations with me about a range of business issues, and not just HR.   Had I been sitting with my HR team, the CEO would only come by to talk about HR issues.”

Another CHRO said:

I was the next office over from (the CEO). He had quick office access to me.   And that helped. He could just pop in and bounce ideas of all sorts, knowing it would remain confidential. When we moved to new offices, we designed it the same way: my office was next to his.

It was also critical that the CHRO have access to the CEO in order to cement the relationship as valued advisor. This access could be standing meetings or openness to make calendar time available.

**Implications**:

When office space is being designed, do not be [shy](https://www.psychologytoday.com/basics/shyness) about expressing a strong desire to have an office next to the CEO. Other colleagues may make their case for why they should have an office next to the CEO. Remember this cliché’: “the squeaky gear gets greased.” Stand your ground on this matter!

If your HR team is on another floor or in another building, you are going to miss critically important spontaneous “let me bounce an idea off you” events. Keep your team in place. Try to do your work in an empty conference room near the President’s office and keep the door open.

If you live in another city and are telecommuting, you have a problem. At best you may be seen as a competent functional head. You may never develop the close emotional ties required to become a valued business adviser.

**Emphasize Your Non-HR Business Experience**

HR leaders tend to have similar career trajectories: after formal schooling, they might go into general HR or one of the specialty HR functions like compensation, benefits, training, organization development, etc. At some point they become HR generalists. They may have diversity from an industry perspective but they often have had one career within the HR function.

There was a slight tendency for CHROs in our survey to have non-traditional careers that allowed the CEO to think of them as not a typical HR professional.

Being different increased credibility.

One person had been a military officer in a combat situation during wartime. One person started her career in accounting. One person had a stint in manufacturing operations. Another had an engineering degree and had begun her career as an engineer before moving into HR.

One CHRO said the following:

When I started my career, I didn’t have any HR training. That turned out to be good. I taught myself how to think about the business first and then how the HR issues related to the business.

**Implications:**

There is a tendency to [stereotype](https://www.psychologytoday.com/basics/bias) HR people as having deep HR experience but narrow business vision. If you have a non-traditional background, emphasize it.  Even after you begin employment, you may need to reinforce your prior non-traditional background.

HR leaders who are at earlier phases in careers might request management development assignments in manufacturing operations, sales, [marketing](https://www.psychologytoday.com/basics/consumer-behavior), or finance or accounting. A one year assignment in a different function will position you as having useful business perspective for many years to come. Such an experience might be an alternative to going after degrees or certificates within the HR function, e.g. M.S. in Organization Behavior or a Certificate in [Coaching](https://www.psychologytoday.com/basics/coaching).

**Blur Boundaries**

"One CHRO had worked with his team to develop a management development program. He then turned it into a SaaS that was offered to company customers as a product for sale. This was part of a deliberate act on his part to show the CEO that he was not only the guardian of the risk or cost side of the Basic Accounting Equation: he also was interested in adding economic value to the company.

Another CHRO would routinely examine the balance sheet and income statements that are published. She would focus on one ratio or figure that has nothing to do with human capital and she would ask questions about that one thing in C-Suite meetings. This helped her blur the boundaries: She was interested in the company as a business rather than interested in how the HR function related to the company.

An example might be, “I notice that the R&D cost or Revenue ratio has remained stable for the last years while I see that our biggest competitor is increasing that same ratio over the last three years. What does that mean for our future?”

One CHRO said:

"I have asked to sit in on meetings that have nothing to do with HR. I want to learn about the business and be perceived as wanting to learn about the business. I want to be involved in the business and not just HR."

**Implications:**

When in a conversation, consider saying “If I put on my business hat, this is how I react to your idea…” Then say, “When I put on my HR hat, this is how I react to your idea…”

The symbolism of saying you wear two hats communicates that you understand that the needs of the business and the needs of the HR function might not always be in synch. For example, HR has a mandate to insure that HR policies be equitably administered. On the other hand, there might be business reasons why the business might take a calculated risk in violating its own policies.

Give yourself permission to spout contradictory opinions as long as you make it clear which hat you are wearing.

**Reporting Relationships**

In no case in our sample did a valued business adviser NOT report directly to the CEO. As one CEO said about the idea of a CHRO reporting to a CFO:

HR should never ever report to the CFO. Finance is about looking backward and adding the numbers then measuring the past. HR is about managing the present and looking forward.

**Implications:**

When there is a conflict between the CEO’s words and the organization chart, believe the chart. If being a valued business adviser to the CEO is important to you, be prepared to walk away from opportunities where you do not directly report to the CEO.

**Summary and Conclusions**

The Journey from head of function to also being the CEO’s valued business adviser can be exciting and rewarding. In our experience, most CHROs think it is good enough to be head of the HR function. That is the source of credibility and value to the organization.

This research has been a conversation with those CHROs who have made a Journey most CHROs do not contemplate.

In making that Journey, there are some clear landmarks to guide you.

If the CEO is not open to new ideas, avoid working for this person; learn how to blur functional boundaries; help newly hired or newly promoted CEOs manage their Boards of Directors; emphasize your non-traditional background, be forceful in where your office is in relation to the CEO’s office; use the “wearing my hat” framework as a way to express yourself as a business professional and as an HR professional at the same time.

The findings of this survey are consistent with our own coaching work with the CHROs on their Journeys.

It is important to [stress](https://www.psychologytoday.com/basics/stress) the limitations of this preliminary research.

The number is small so there is always a danger of over generalization. The focus is on Chief HR Officers so the conclusions may not apply to Chiefs of other functions.

We did not get any sense of differences in industries but our sample size was too small.

Most CHROs we work with are content to be head of a function.  Our findings apply to the more courageous CHROs who wish to make an exciting Journey.

We have provided them with a roadmap.

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