THE CEO'S BIGGEST AWAKENING

AMID COVID-19, RETHINKING THE ROLE OF CHROS

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We are now five months into the COVID-19 pandemic, with millions affected by the virus daily.

Nearly 400 businesses are shutting down every day. Roughly 38 percent of employers are reporting layoffs or furloughs. Seventy percent of Americans are working from home or on a modified schedule to accommodate social distancing measures. This crisis is proving to be the greatest business challenge since World War II. Let that sink in for a moment. No other major event has affected people in the U.S. this way since the 1940s, not the Great Recession of 2008 or the Sept. 11 terrorist attacks of 2001. No event has threatened human life on such a global scale in our lifetime.

What are the captains of industry saying? When all this started, I was fielding roughly 30 calls a week from fellow CEOs looking for the best way to protect their people and businesses and do so in a way that will enable their organization to come out stronger after this is over. It was clear a tough road lay ahead of them when balancing the needs of staff with the needs of shareholders.

For a few organizational leaders, however, the COVID-19 pandemic has presented an opportunity to adapt, often with ingenuity. SHRM research released in early April on the business impact of the crisis revealed that 17 percent of employers were shifting their operations to a new revenue stream and bringing on new staff. Two examples are CVS Health, which is hiring 50,000 displaced workers to support a rapid medical response business line, and beverage giant Bacardi, which is building an affordable line of antibacterial products for Latin American markets.

1 https://shrm.co/CBA-EXSM
In my role as CEO of the Society for Human Resource Management (SHRM), I have focused on this same issue, as we evolve our own business model to respond to the pandemic proactively. The task ahead keeps me up at night, but luckily, my enterprise has been able to reinvent itself while stabilizing its existing lines of business.

I ponder what makes an enterprise truly successful in moments of crisis. Certainly, having a great CEO helps, as my former boss Barry Diller, president and chairman of media and Internet company IAC, would say. When I served as IAC’s chief HR officer and group president for several ventures, I found out the key to success in extremis is bigger than the shrewdness of the CEO; the key is the CEO’s team, to which the CEO belongs. How does that team handle crisis?

To ready us for better leadership in stressful survival-oriented situations, Diller would work us like a hot bench of judges grilling a team of lawyers. In 1999, as the Y2K crisis caused anxiety about systems failing worldwide, no one was a greater asset to a CEO than the chief technology officer. In 2008, when finding financial capital was more difficult than finding the remains of missing Teamster boss Jimmy Hoffa, the CFO stepped up. While those challenges appeared grand at the time, nothing compares to the current impact of COVID-19.

The nature of the calls from my CEO colleagues has shifted, from protecting the organization’s business and human interests to exploring the organization’s very ability to survive and reinvent itself. All of their questions reflect a desire to sustain the enterprise and the people who comprise it, only now most ask one simple question: “Do I have the right CHRO?”

An article published in *The Economist* in March 2020 highlighted the rise of chief people officers/CHROs in a COVID-19 world. Today they are tasked with reimagining the work, how the workers perform it and what a safe workplace looks like. Domino’s Pizza chairman David Brandon recently told me that enterprises rise and fall based on the ingenuity of their CHROs. Why? Because the CHRO serves as the chief reinvention officer, exploring how the workforce relates to consumers, exploring which skills that workforce can ply in novel ways.

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The organizations that are thriving in this era of uncertainty are led by CHROs who exhibit a gift for reimagination. Not only that, they have the tools they need to envision—and implement—a totally new way of doing business with their human resources. Just as CFOs have had to think of new ways of generating revenue or capital by exploring diversified portfolios, CHROs are taking diversified operations and thinking of new ways to generate revenue in a sustainable way.

SHRM’s chief knowledge officer, Alexander Alonso, Ph.D., SHRM-SCP, has studied this very phenomenon. Over the last 10 years, he has interviewed about 60 CEOs to find out what they consider to be the characteristics of the ideal CHRO. Some described what was wrong with CHROs in general, almost lamenting the need for HR and people management at all. But others described true leaders in HR who epitomized the reinventive spirit. As Dr. Alonso notes in his qualitative research, these CEOs wanted something they rarely encountered.

The prevailing perception is that CEOs do not value HR—or at least that’s what HR professionals tell themselves to rationalize their own shortcomings. (Hell, I wrote a whole book about this back in 2009—*The Trouble with HR: An Insider’s Guide to Finding and Keeping the Best People*—as a call to action for reimagining the HR profession from top to bottom.)

So here we are in a pandemic, and organizations are struggling almost as much as their workers are. My CEO friends are reaching out, still wondering what makes a great CHRO and what makes one not-so-great. Whenever they call, I respond with something Dr. Alonso calls the “little and big Rs of HR,” which are outlined in the two figures below. To sum up: The CHROs who succeed tend to focus on the right things, and the CHROs who fail tend to focus on the wrong things.

Let’s take a look at the failing CHROs and their “Rs” first:

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**CHROS FOCUSED ON THE WRONG THINGS**

1. **RULES**
   CHROs who fail emphasize rules over solutions

2. **ROLES**
   CHROs who fail develop an instinctual approach to solidifying their role, necessitating constant validation

3. **RELATIONSHIPS**
   CHROs who fail prioritize relationships above results or data

4. **RIGHTEOUSNESS**
   CHROs who fail need to be right at all times without accounting for other perspectives

**Rules.** They approach every problem with the notion of following rules rather than thinking about how to design a solution; later, they assess compliance in terms of whether rules were followed.

**Roles.** Every discussion of an issue starts with the dreaded “who’s-in-charge-here” determination of roles and responsibilities. If your CHRO makes such an unspoken call for validation in order to solidify their own authority, run.

**Relationships.** While relationships are important, they are the pitfall of weak CHROs. Data is more important. Not every problem-solving opportunity has to begin with relationships and their dynamics.

**Righteousness.** There is endless debate over who is right and good, forgoing core collaboration that accounts for other perspectives.
This focus on the four “wrong Rs,” described above, is more the norm than any of us would like to admit, reflecting the experiences of three out of four CEOs, based on Dr. Alonso’s interviews.

A special number of CEOs, however—fewer than one in four—are fortunate enough to have CHROs on their team who apply very different “R” principles. These are described below, along with examples of how these successful CHROs are doing the “right things” during the COVID-19 crisis:

**CHROS FOCUSED ON THE RIGHT THINGS**

**Results.** The basis of every activity is to deliver results for the organization, which, in turn, delivers results for people. Today, this means the CHRO’s emphasis is on helping people stay gainfully employed, receiving benefits and leveraging relief programs.

**Reconnaissance.** Data and information are leveraged to advance organizational objectives. Today, this means that application of core analytics enables the CHRO to make decisions about efficiency, effectiveness and entrepreneurship.

**Resourcefulness.** Decisions are based on evidence and concepts of design thinking. Today, this means that the CHRO can think abstractly about new problems and their underlying issues, has the tenacity needed to tackle them and the ingenuity to resolve them.

**Reimagination.** Each day starts with an understanding of people matters and an eye toward reinventing the business in the face of competition and existential threats. Today, this means the CHRO is reimagining how a stock operation could yield revenue in new, unexpected circumstances, viewing the talent landscape across the enterprise with a labor economist’s eye to repurpose and reskill the workforce and meet market demands.
Identifying proper CHRO skillsets, as Dr. Alonso has done in the figures above, is something I once believed was a purely academic exercise. Now I am resolute in my belief that such systematic identification is a core imperative of sustainable enterprises.

There are those who point toward technology or infrastructure, claiming HR is not even a profession—the know-it-all, turtleneck-wearing “thought leaders” of the world. But if recent conversations with my peers are any indication, HR isn’t just a profession—it is the difference-maker when deadly enemies darken our doors.

**In the era of COVID-19, choosing the wrong CHRO might be a CEO’s biggest regret.**

Johnny C. Taylor, Jr., SHRM-SCP, is President and Chief Executive Officer of SHRM, the Society for Human Resource Management. With over 300,000 members in 165 countries, SHRM is the largest HR professional association in the world, impacting the lives of 115 million workers every day.

As a global leader on the future of employment, culture and leadership, Mr. Taylor is a sought-after voice on all matters affecting work, workers and the workplace. He is frequently asked to testify before Congress on critical workforce issues and authors a weekly column, “Ask HR,” in USA Today.