



Thinkpiece: HR as Business Leader

HR's responsibility to recruit and develop the right team of leaders is critical to business success – shirk it at your peril.

By **Seth Kahan**

TALENT DEVELOPMENT AND ACQUISITION is a make-or-break success factor for those organizations leading the way in business innovation. HR leaders have the upper hand and are uniquely positioned to make an ROI difference in this kind of business strategy.

This means a clarion call for both recruiting top-tier performers and developing those HR leaders who are eager, understand business rules and have the capacity to take on challenges.

Bringing in high-level managers with an innovation mindset can challenge the best organization dynamics, requiring the rewiring of business processes and disrupting the status quo among the senior leadership team, but so much is at stake it is well worth the investment.

HR can help with this rewiring, but it can also be the disruptor that triggers the need for internal change. That doesn't mean it shouldn't be done. On the contrary, now is the time to do it. HR's time has come as a business leader in every sense of the word.

Just 20 years ago, in the early '90s, Chief Information Officer (CIO) was considered a third-tier title at best. Most CIOs were mired in arcane technology with a simple mandate: Just keep things running and don't screw up finance. IT was considered by most to be a necessary evil to help the numbers team. Never at that time would a CIO direct or develop organizational strategy.

But all of that changed in the next decade. With the rise of dot-coms came myriad applications that influenced every part of the organization — from budget to procurement, from project supervision to data analysis. And, of course, IT became the primary way that companies interfaced with their most important stakeholder, the customer. Soon the CIO was directing from below so the organizational leadership shifted to include a CIO at the top.

By 2008 more than one-third of organizations have the CIO reporting directly to the CEO with as many as 46 percent in some sectors such as business services. With the rise of knowledge work, information is at a premium. Data mining and market analysis drive the strategy and tactics of worldwide organizations.

As global, decentralized, multicultural companies compete, IT systems are differentiators in the enterprise's arsenal. Today the CIO is at the top and will stay there for the foreseeable future.

Along the same vein, HR was once thought of as the hiring, orientation and birthday party crew — but not anymore, not in today's interconnected, globally competitive world.

Smart organizations are realizing that strategic talent recruitment and human capital development are the new differentiators, giving them the edge when it comes to innovation. As a

consequence, bringing HR to the senior strategy team is gaining currency.

The wisdom to embrace strategic HR demonstrates not just that people are the central resource for an organization, but that their calculated, mission-driven development and ability to innovate are at the center of competitive excellence.

Strategic HR brings innovation to life by:

- Knowing and operating the people market.
- Identifying and courting talent that will bring competitive strategy to life and bringing along the Rolodex to construct strategic partnerships.
- Pulling together the think tanks, brain trusts and skunk works that can develop new capacity and bring it to market.
- Providing the insight at the C-level

- Due diligence in the complex, multinational marketplace where a misstep can be lethal to an organization.
- Prowess and excellence in strategic human capital development resulting in professional superiority.
- Official recognition by the preeminent North American organization, HR Certification Institute.

In 2005, *Fast Company* published Keith H. Hammonds' article, "Why We Hate HR," which instantly became a cult classic even inside HR circles.

He clearly articulated what we all hope for, " 'strategic partners' with a 'seat at the table' where the business decisions that matter are made," placing it side-by-side with the sad truth, "...most human resources professionals aren't nearly there."

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required to leverage human capital.

HR certification is the recognized seal of eminence, demonstrating not just individual expertise for those who hold it, but organizational dominance for those companies that embrace certification by virtue of what it denotes:

- Currency in the rapidly changing business environment because of the recertification requirement.

"They have no seat, and the table is locked inside a conference room to which they have no key."

But today the sands are shifting as the Knowledge Economy settles in to stay, talent reigns supreme and innovation is no longer optional. ■



Seth Kahan is a trusted advisor to over 60 CEOs and author of the bestseller, *Getting Change Right: How Leaders Transform Organizations from the Inside Out*. He has written for *Fast Company*, the *Washington Post*, and American Express *OPEN Forum*. This article is an excerpt of his coming book, *Getting Innovation Right*, due out January 2013.