

Prioritizing People: Focusing on Talent Needs for an Emerging World

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By Benito Cachinero and Tim McNicholas

Early on during this pandemic, CEOs told us repeatedly they needed to prioritize their people. Their CHROs became their right hand in the charge. While forward-thinking leaders have long stressed that organizational resilience and performance are directly tied to employee resilience and performance, the pandemic has brought that learning into sharp relief. With increased CHRO involvement, more companies are coming to embrace strategies that leverage the growth possibilities inherent in better reconciling and integrating the polarities of people management and business performance. Planning ahead, CEOs know that their talent strategies will determine whether they win or lose, and they are leaning on their CHROs, asking: What else can we do to have a positive impact on employees and make a difference now that will yield a future return?

Time is of the essence. As the world begins to open up, large scale shifts are expected that will keep altering the relationship between how people work and advance and how business gets done and succeeds. In a new report, Microsoft predicts more disruption as the world moves into a hybrid work model (where some employees will return to the workplace and others will keep working remotely, at least for a portion of their time). Leaders need to pay better attention, the report warns, and to make the adjustments necessary to meet employees where they are. “The data is clear,” explains Jared Spataro, CVP at Microsoft, “People are struggling. And we need to find ways to help them.” Many (especially the younger generations) are feeling overworked, exhausted, and disconnected, all of which is affecting health, networking, innovation, and productivity overall.

Some leaders are already responding. Jane Fraser, newly in her post as CEO of Citigroup, just reached out to the bank’s 210,000 employees to establish “Zoom-free” Fridays and introduced a hybrid work model that will allow many employees to work from home two days a week. “Chill out a bit, OK?” Fraser encouraged.

Similarly, David Solomon, CEO of Goldman Sachs announced active measures to address the mental health of junior bankers after their own new survey data indicated a need.

There is good news afoot. The shared vulnerability of a very tough year has made work more human, bringing greater authenticity and inclusivity into company culture. Employees want more of it, and may be in a position to more actively seek it soon. Microsoft estimates that 46% of workers plan to leave their employer this year. If ever there was an opportunity for companies to drive a robust talent strategy, now is it.

The best CHROs are actively spearheading plans to both meet their employees’ expectations and to attract new talent. As Leena Nair, the CHRO of Unilever has put it: “This is a time of reinvention. Let’s not waste it. Every leader ... needs to be bold and reimagine how things are done.”

Focusing on the Employee Experience

“Human experience is more important than ever before,” David Rodriguez, the CHRO of Marriott stressed in a recent interview with us. “We should focus on it as a number one priority and invest in the relationship with the employee at an emotional level.” Employee well-being is no longer understood as being about balancing work with life but about integrating them. When people feel valued and cared for, they do their work with stronger intrinsic motivation, a deeper sense of meaning, and a greater level of engagement. And when a company is able to successfully design well-being into work, it becomes embedded across the entire organization and drives human performance.

“Do you have people inspired about your business? Do they care about your business?” Rodriguez continued. What matters is whether the values live. Are they part of the company DNA—really

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being brought to life with observable actions, communication, and in the behaviors celebrated? Too often goals are articulated but rarely put into action. CHROs are working to integrate measures to make their company values and purpose more palpable and binding for employees.

Increased communication across organizational ranks also needs to keep growing, to allow leaders to identify issues, listen to employees' questions and suggestions, and build relationships. These changes foster more clarity and create more trust and sense of belonging.

At every level, candidates have been paying sharp attention to how companies have responded over the last year. Those that have been anchoring their culture with their values as well as their Diversity, Equity & Inclusion objectives have been building a base that is attractive to the best talent. In a new survey from the HR Policy Association of more than 390 CHROs from the largest companies in the US and globally, most respondents said that diversity and inclusion and cultural transformation are top objectives (82 and 71 percent respectively). Over the next year, top CHROs will be actively leading multiple initiatives to build thriving organizational cultures that celebrate difference and expand their diversity, support independence and out-of-the-box thinking, ensure psychological safety, and have a decidedly rooted focus on equity and inclusivity overall.

Renewed Attention to the Talent Strategy

At the base of these important areas of ensuing concentration, the most critical and consequential responsibility of CHROs over this next year will be to own the talent solution side of the business—that is, providing for the right talent today to exceed business expectations and, simultaneously, for developing the right future talent required to continue to increase the value of the enterprise.

CEOs and CHROs need to come together to really look at the norms and sacred cows of their talent processes. Even if they think they are good at them, now is a time to look again—to challenge

everything. This re-evaluation requires several interlocking approaches, all supporting each other:

- Being **clear about the most critical business capabilities and professional skills** that the organization needs today and will need in the future to make sure differential focus in developing and acquiring them is applied.
- Ensuring a **relentless dedication to talent development** by seeking the early identification of promise, maintaining a keen focus on unleashing individual potential, and supporting progress through work experiences and leadership development.
- Having a **talent acquisition strategy** that generates the continuous availability of strong, diverse, and growth-oriented talent and that is representative of both the customer and the communities in which it operates.
- Having a **clear map of critical roles and experiences** in the organization to make sure that the highest potential leadership talent get assigned to the highest return assignments.
- **Maintaining a robust and generative pipeline for succession** by driving an ongoing internal culture of assessment and development that maximizes retention and business continuity across succession appointments.

As the ever prescient Peter Drucker pointed out years ago: “Of all the decisions an executive makes, none are as important as the decisions about people because they determine the performance capacity of the organization.” Even Drucker could never have predicted the organizational upheaval and uncertainty that we have been living through, but the merits of concentrating on people decisions has been clear through it all. CEOs will need CHROs to stay in the spotlight to guide their organizations towards the most proactive talent solutions over the important year ahead. The culture and capabilities that generate from a people-centered approach will provide real and enduring sources of business advantage.

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