

TRUSTED ADVISER

THERE ARE STRATEGIES HR LEADERS CAN EMPLOY TO BECOME TRUE AND VALUED BUSINESS PARTNERS TO THEIR CEOs AND SENIOR MANAGERS.

BY BOB GANDOSSY AND ANDREW SOBEL

In the aftermath of Sept. 11, American Airlines' CEO Don Carty faced a crisis that few corporate leaders have ever confronted.

During this difficult period, Carty's executive vice president of human resources, Sue Oliver, served not just as a functional expert representing HR, but as a trusted top-management adviser. She participated in virtually every major business decision, from the difficult layoffs and cost-cutting that followed the decline in air travel to the revamping of security, and she was instrumental in helping to restore morale to a devastated organization.

In a very different industry that has faced its own difficult challenges, J. Randall (Randy) MacDonald, senior vice president of human resources at IBM, has played a similar role with recently retired CEO Lou Gerstner, one of the smartest and toughest bosses in corporate America. "You don't become an adviser who can influence the CEO overnight," MacDonald says. "At first, you do a lot of listening, get the lay of the land, observe, learn the business and then deliver with great quality. You focus on the business issues. You always act with persistence and determination, but you learn when to hold them and when to fold them and walk away."

Behind every great leader you'll probably find at least one great adviser. Alexander the Great's was Aristotle. President Franklin D. Roosevelt had the services of the trustworthy Harry Hopkins.

Today's CEOs have an equal or greater need for trusted individuals who can act as sage counselors and discreet sounding boards. Even compared to just 10 years ago, the pace of decision-making is faster, there are more strategic choices available, and the amount of information executives have to absorb has grown dramatically. Ironically, it's not easy for CEOs to find individuals who can fulfill this role. Outside professionals must tread a thin line between their own and their clients' interests, and corporate insiders also have their own agendas. Bob Galvin, the former chairman of Motorola, says, "When it comes to the CEO's direct reports, where you sit is where you stand. It is difficult to find truly objective insiders who can serve this important trusted adviser role to the CEO."

Human resource executives are in an ideal position to play the role of trusted counselor to top management. In fact, if you want to truly stand out from the pack, you've got to learn to play this role *and* do a standout job of managing the HR function itself. The HR head does not represent a particular business unit, nor a highly specialized staff function like investor relations. By dint of training and experience, he or she is also uniquely equipped to help the CEO with one of his or her most important and difficult tasks—identifying and cultivating leaders. Mike D'Ambrose, executive vice president of human resources for Toys 'R Us, echoes other top HR executives in saying, "One of my key roles is to help the CEO make judgments about people and develop our leaders."

How do you build this type of relationship and become a trusted adviser to the CEO? How do you go beyond your "HR expert" label to be viewed by top management as a critical

partner in making the corporation's most important decisions? To find out, we spoke with a dozen of the world's top HR heads. They have advised some of the smartest, most demanding CEOs in business today—Lou Gerstner of IBM; Ivan Seidenberg of Verizon; Michael Capellas at Compaq, which merged with Hewlett-Packard last year; and Don Carty at American Airlines—and they have both the scars and the wisdom to show for it. In addition, co-author Andrew Sobel interviewed 30 leading CEOs about their most valued, trusted advisers during the research for his book *Clients for Life*. Together, these conversations have given us a unique understanding of the ingredients of the trusted adviser role.

The bottom line: HR “experts” are a dime a dozen. Professionals who have great expertise and who are able to bring wisdom, insight and perspective to bear in the context of a trusted personal relationship, on the other hand, are irreplaceable resources who are highly valued by top executives.

Successful Strategies

The secret to the success of these leading HR executives, we discovered, lies in a blend of six strategies that can be developed and cultivated by other HR professionals.

It's not necessarily an easy prescription, but one that will serve you well if you aspire to evolve from an HR “expert” to a trusted partner to senior management.

These experienced hands talk about advising the CEO, but the principles they exemplify have served them throughout their entire careers, whether their “client” was an assistant plant manager, a division executive or the chairman.

These top HR heads also acknowledge that developing these relationships is a never-ending process. They must be continuously worked in order to add value and to maintain the appropriate balance—of CEO confidant versus member of the CEO's team, of directness and challenge versus respect and deference.

Become a deep generalist—a business adviser as well as an HR professional.

America has become a nation of specialists, and we revere the “expert.” It's no surprise, then, that some human resource professionals spend their entire careers digging deeper into their core specialty, driven by a corporate emphasis on specialization and a perception that this is how you get ahead. If you want to manage the HR function effectively and also be a trusted adviser to top management, however, you need depth and breadth—you need to become a deep generalist.

Randy MacDonald at IBM, for example, has always assiduously cultivated his business breadth: “I was always protective of my generalist background,” he says, “and I managed my career to acquire a breadth of experience. When I was the VP of organization development at GTE, for example, I also had responsibility for HR in several business units. I wouldn't accept certain positions if they weren't broad enough.”

Steve King, head of HR for Hewitt Associates (not an easy job—being the HR chief for a firm of HR consultants!), says, “I don't really think of myself as an ‘HR guy.’ I actually have a masters in economics. My interest in the business itself, and how we really make money, helps me win credibility from business leaders. By understanding the business, you will get your best clues about your people issues.”

How do you become a deep generalist? Fight hard to get broad exposure early in your career. Invest time to become intimately familiar with your company's strategy, organization and operations. Read general business publications, not just HR magazines. And get out of your office—make sure you spend ample time in the field. One HR leader requires HR staff to be out of the office—in the trenches—at least 50 percent of the time. “If you're not out of the office 50 percent of the time meeting with leaders, managers, employees—even our

customers—then you're not doing your job," one vice president claims. "It's the only way to really understand the business," he adds.

Listen deeply—then act.

When a journalist asked the great Spanish artist Picasso what he thought of mainframe computers, Picasso replied, "Computers are useless. They can only give you answers." Indeed, when we think of ourselves as experts possessing an authoritative body of knowledge, we are inclined to tell and to provide answers. Trusted advisers, however, begin by asking great questions and listening. Ezra Singer, executive vice president of human resources for Verizon, puts it this way: "You have to listen well and let people air their views. Remember that an initial 'No' doesn't mean no forever."

Several HR heads recalled their early days as labor negotiators, and how those experiences trained them in the art of listening. "I can remember sitting through the first four hours of a meeting without saying a word, just listening and trying to understand the other side's point of view," recalls IBM's MacDonald. Yvonne Jackson, former senior vice president of HR at Compaq, uses listening as an important means of building her knowledge base about the company: "I hold frequent meetings with employees at our field locations. I ask three questions: What do you do? What's the one thing that keeps you up at night? What do you like about Compaq? These sessions, in conjunction with survey data, give me a clear sense of the culture and of what works and doesn't work."

To listen well, you need self-knowledge, a bit of humility and a learning attitude. If you don't understand your own hot buttons and biases, you'll never be able to accurately tune in and listen empathetically. And if you don't feel you truly have something to learn from others, you'll shut them out.

Once you've listened, though, you've then got to formulate a strong, well-reasoned point of view. As D'Ambrose of Toys 'R Us says, "A trusted adviser is not neutral—you're more than just a sounding board. In the end you have to have an opinion and the courage and the ability to express it."

Always make the business case.

"Value-added" and "measurable results" have become mantras for CEOs who are under ever-more pressure from shareholders to deliver revenue and profit growth. Not surprisingly, our top HR heads have all learned to put HR programs and policies solidly in the context of how they will help achieve business results.

Before joining Toys 'R Us, D'Ambrose was previously Citigroup's HR chief under John Reed and Sandy Weil. "At Citigroup," he says, "I developed a real bottom-line orientation—I learned to quickly focus on those things that would improve our financial performance and drive the business forward."

"Some students of HR don't understand how companies make money," he adds. "They don't know how to read a balance sheet." Verizon's Singer comments, "My job is not to introduce lots of new programs, but to tie everything I want to do to our business objectives." John Raffaeli, senior vice president of human resources for The Thomson Corp., a global e-information and solutions company with 40,000 employees, echoes these comments, adding, "I recall once I hadn't yet understood the bottom-line impact of a benefits proposal I made in a large budget meeting—I hadn't put it firmly in the context of a business case. It didn't fly because I hadn't yet done the necessary homework. When I came back with solid facts about the positive business impact, however, it was easily approved. What gives me credibility are the facts."

How do you ground yourself in the business? Tom Bouchard, who recently retired as IBM's HR head, says flatly, "You have to really work to stay in touch with the business. All corporate HR staff, for example, should regularly be rotated into the field." A good start is to

give yourself a solid grounding in your company's strategic, operational and financial objectives, and to thoroughly examine both the hard and soft impacts of every recommendation that you make to management.

Talk straight with integrity and conviction.

Walter Wriston, Citibank's legendary CEO during the 1970s and now a member of half a dozen boards, talks about the role of the trusted adviser as honest broker and grounding agent: "The CEOs of large corporations tend to get insulated from reality. You have your own jet, people make your coffee and those around you hesitate to give you the tough messages. You need advisers who will tell you exactly how things really are."

Another CEO, the head of a large bank, said, "I divide all the professionals I work with into two groups: those who do exactly what I tell them to, and those who are truly independent. Those are the ones I really value."

Toys 'R Us's D'Ambrose recalls a seminal experience in this regard: "Right after college, I worked for Ingersoll-Rand at a major nonunion site. I learned quickly that the only way I could have influence was if I was very direct—if I always told the truth and was direct with it. People liked to talk to me because of this. 'Straight talk' became my secret weapon."

Many people mistakenly believe that shooting straight will hinder your progress inside the organization. Most of these HR leaders believe the opposite is true. Shooting straight and having bold confidence is a prerequisite to being a trusted adviser. Thomson's Raffaelli says, "In your relationship with the CEO, you must have the freedom to say what you need to say—what *you* want to say, not what *he* wants you to say." You also have to be willing to admit your mistakes. Tom Bouchard adds, "You also must have the guts to walk in and say, 'Hey, we screwed up in Peoria.' "

By being open and honest with your boss and demonstrating consistent integrity—reliability, discretion and strong values—you'll also build trust, which is the foundation of any successful advisory relationship. Be the CEO's confidant and the team confidant.

When asked to describe the characteristics of their most trusted advisers, many corporate leaders we have spoken to first mention discretion. Big-picture thinking skills and objectivity are high on their lists, but often not as high as the ability to keep confidences. HR heads face a dilemma in this regard: They must simultaneously be the trusted confidant of the CEO and also of other line executives. How else can they understand the organizational dynamics and politics that are at work, or the developmental needs of these top managers? If they don't have strong relationships with the CEO's direct reports, how can they be helpful to the CEO when it comes to questions of succession planning and leadership development?

Gerrit Klaasen, the head of HR for Philips Electronics' \$6 billion Medical Systems business, offers some wise advice in this regard: "You are in a peculiar role here—as a member of the management committee, you have to have good relationships with the other executives, yet there are times when you also have to talk about them with the CEO. It works if you have complete integrity. In any conversation I have, both sides know that I cannot repeat what is said. Sometimes I will add, 'Did we have this discussion or not?' If it's an issue that I feel must eventually reach the CEO, I will say, 'I advise you to open this up now.' But it's their decision."

See the big picture—don't trip over the blades of grass.

Any competent HR professional can provide top management with solid analysis. It's the person who can also bring big-picture thinking to the table, however, who is truly invaluable. Big-picture thinking—synthesis—is the ability to see patterns, to discern connections, to create new ideas out of old data, to reformulate problems and to grasp the essential issues in complex situations. Many of our top HR heads are moving in this direction and spending more of their time on this type of problem-solving. American Airline's Sue Oliver, for

example, tells us, “Right now, perhaps 10 percent of my time is focused on my strategic, advisory role, and I am going to grow that proportion to 25 percent. This includes coaching and advising individual executives, setting the agenda for key management meetings and retreats, and participating in critical business decisions.” Verizon’s Ezra Singer adds, “Where I really add value is around strategic issues—leadership development, making the workforce more productive and so on.”

How do you develop big-picture thinking skills? First, you’ve got to become a deep generalist, which is the very first strategy we outlined in this article. Knowledge breadth gives you the ability to make connections. There are other techniques that you can use as well. Here are a few to consider:

- Use simplifying frames to help highlight the key issues.
- Strive to understand multiple perspectives—tap into the points of view of each major constituency.
- Get your hands dirty—make sure you have a firsthand understanding of the details of the problem at hand, as opposed to just a 50,000-foot view.
- Take time for reflection. Creative insight most often develops during a period of rest and reflection that follows intense work.

As Mike D’Ambrose tells us, “When I was 16, I had a New York City fireman as my football coach. I still have something he said on my desk: ‘Don’t trip on the grass blades on the way to the goal line.’ I am always looking for the big idea. I am always thinking about how an event may impact our company. If you want to be viewed as a partner to the CEO, you’ve got to act like one.”

What does this all mean for you if you’re not yet the head of HR for your company? Clearly, the six strategies outlined here can be effectively applied right at the very start of your career. In addition, we asked our top HR heads what specific advice they would give to young professionals who aspire to play this valuable trusted adviser role with management. Here is a summary of their recommendations:

- Build credibility early on by consistently delivering. You’ll never become a trusted adviser if you don’t do a great job at your core function.
- Don’t specialize too early—get as many experiences as you can early on. Learn how to tie your HR knowledge to other disciplines like sales, marketing and operations.
- Take chances—go out on a limb occasionally, and be willing to admit your mistakes.
- Don’t just talk about the problem—always come up with solutions.
- Be available. Schedule lunches with people without setting any particular agenda.

You’ve got to invest in relationships to make them grow.

- Be assertive in defining and shaping your role. Take on assignments that are outside the scope of what you were asked to do.
- Seek out organizations and leaders who care about the HR function.
- Get outside! Invest time getting to know your firm’s operations and people.
- Assiduously cultivate your reputation for integrity and being a straight shooter. Never point fingers, and don’t badmouth people.

Finally, trusted adviser relationships are often forged during crises—what we call breakthrough moments. Almost all of the top HR heads we spoke with could recall one or two critical events that provided the opportunity to take their contribution, and their relationship with top management, to the next level. For some, the catalyst was a major acquisition; for others, such as Sue Oliver at American Airlines, it was a crisis precipitated by external events. Recognize these moments and be prepared to meet the challenge.

As companies increasingly scrutinize the contribution of every business unit and every function, human resource executives need to demonstrate their value day in and day out. By

utilizing these strategies, you'll earn the trust and respect of top management and truly distinguish yourself.

Robert Gandossy, author and global practice leader with Hewitt Associates, co-edited the upcoming book, *Human Resources Management in the 21st Century*. Andrew Sobel is president of Andrew Sobel Advisers Inc. and co-author of *Clients for Life: Evolving from an Expert for Hire to an Extraordinary Adviser*. He is the author of the upcoming book *Making Rain*.