



# CEO PERSPECTIVES 2016

**WHAT WE KNOW - WHAT TO EXPECT - WHAT TO DO**

Greetings,



A spark plug as you know, emits a very small spark that literally creates an explosion in the chamber of an engine, pushing the piston down, turning the crankshaft then the drivetrain which in turn moves the vehicle forward.

My intent in preparing this report is to provide you with the spark-the catalyst, if you will, to explode your ability to meet your objectives for your business, customers, employee's and yourself in 2016.

As an executive recruiter with over 25 years of experience as a senior executive, entrepreneur, author, strategist and coach I get a rare opportunity to have a ringside seat meeting with some of the top CEOs, CFOs, Presidents, COOs and CHROs to hear their perspective and see what really is occurring within organizations.

They share their insights as they battle the pressing issues getting in the way of achieving their strategic objectives, having the right leaders to meet the challenges of the 21st century and attracting top talent.

I will reveal to you what these top executives have shared with us about the issues they are facing. More importantly, I will leave you with insights to resolve these issues with actionable information you can begin to implement today.

To your continued success,

A handwritten signature of the name "Rich".

Rich Grehalva,  
Executive Advisor & SME Partner  
Wheless Partners



# Contents

Introduction | 4

## Section 1 - What We Know

What Does A CEO Do? | 6

The Strategy Paradox | 7

What Continues To Keep CEOs Up At Night | 8

The Law Of Supply And Demand For Top Talent | 10

Top Talent Is A Concern; Leadership Is Critical | 11

## Section 2 - What To Expect

What to Expect from the Economy in 2016 | 14

If The Strategy Is Working; Why Is The Execution Suffering? | 15

## Section 3 - What To Do

Metrics Is The Language Of Business | 18

What's Missing From Your Strategy? | 21

The Position Needed Now! | 23

Final Thoughts | 26

# Introduction

The speed of business has only quickened. You now must make decisions more swiftly than ever. This is one of the reasons we have seen the growth of analytics and big data. To give leadership insights to guide your decisions because, you need results fast.

Big data and analytics gives us the ability to uncover hidden patterns, unknown correlations, market trends, customer preferences and other useful business information. The findings can lead to more effective marketing, new revenue opportunities, improved customer service, operational efficiency, competitive advantages over competition along with other business benefits to be used to make better decisions.

In preparing this report to describe what we have learned about the issues of achieving strategic objectives, having the right leaders to meet the challenges and attracting top talent. We've taken the approach used with Descriptive, Predictive, and Prescriptive Analytics.

Beginning with Descriptive analytics, this is useful because we can learn from past behaviors, and understand how they might influence future outcomes. This provides insight into the past and answers: "What has happened?" For this report it is about, "**What We Know.**"

Next is Predictive analytics the ability to "Predict" what might happen. These analytics are about understanding the future by providing leaders with actionable insights based on the likelihood of a future outcome. Predictive Analytics, is understanding the future and answers: "What could happen?" For this report it is "**What To Expect.**"

We end with Prescriptive Analytics which gives us possible outcomes to "prescribe" a number of different possible actions to guide leaders towards a solution.

**Bottom line:** This is about predicting not only what will happen, but also why it will happen and providing recommendations regarding actions that will take advantage of the predictions. This gives advice on possible outcomes and answers: "What should we do?" For this report it is "**What To Do!**"

# WHAT WE KNOW



***“Because the purpose of the business is to create a customer and keep a customer, the business enterprise has two, and only two, basic functions: marketing and innovation. Marketing and innovation produce results; all the rest are costs. Marketing is the distinguishing, unique function of the business.”***

**-Peter Drucker**

# What Does A CEO Do?

This is a question I asked in a recent interview with Joel Trammel a highly successful CEO of multiple companies and the author of *The CEO Tightrope: How to Master the Balancing Act of a Successful CEO*. He says: “it comes down to five core responsibilities”:

**1. Own the Vision** - The CEO must own the vision, a phrase used here to indicate the CEO’s personal relationship to the mission, vision, and values of the company. He must be able to communicate this—where the company is going and why—at the appropriate level for three key stakeholder groups (employees, customers, and shareholders), and ensure that everyone within the organization is clear on how the direction impacts his or her job and daily responsibilities. Other people may help create the strategic vision, but the CEO must tell the story of that vision in a way that is clear, engaging, and exciting. And everything the CEO does must support the vision.

**2. Provide the Proper Resources** - CEOs are responsible for providing two types of resources to the organization: capital and people.

**3. Build the Culture** - Culture is how things get done in an organization: how people communicate, how leaders build and develop teams, and how coworkers collaborate—or don’t. It defines the employee’s experience, and it heavily influences the customer’s experience. It is important to understand that every organization has a culture and values, whether or not they are explicitly recognized, and that it’s best to

proactively define and communicate those elements rather than leaving them to chance.

**4. Make Decisions** - Decisions are the fuel on which every organization runs. The quality and speed with which decisions are made determine the productivity of the organization.

**5. Deliver Performance** - The CEO is ultimately responsible for the performance of the company, so he or she must take an active role in driving it. He or she has to be in touch enough with the core business functions to ensure proper execution.

He or she is the interface between internal operations and external stakeholders, which means that he or she has to ascertain the expectations for performance from different stakeholders (shareholders may be concerned about stock price while the community is concerned about job creation), interpret those expectations for internal teams, and then drive and refine metrics that reflect the true performance of the business—because you get what you measure.

***The Bottom Line:*** Being a good CEO means doing the hard work of aligning teams, moving the company forward, and balancing, balancing, balancing every day. It requires constant vigilance.

## The Strategy Paradox

What we do to attract more customers, continue to innovate, create top line growth, ensure profitability, attract top talent, satisfy shareholders and stakeholders is through the development and execution of the company's annual strategy plan.

CEOs will spend enormous amounts of time, resources, money in discussions with their teams, boards, customers, consultants and suppliers to develop the fiscal year strategy with the tasks needed to ensure success in the coming fiscal year.

The strategy is of vital importance in laying out the performance objectives and how they will be achieved. Once the plan is approved CEOs will communicate what it is to all employee's with the intention of gaining alignment throughout the organization. If they know it and understand it then, the goal is they will support it and commit to getting their tasks done.

Yet, in a Harvard Business Review study, author Jimmy Leppert noted that even in high-performing companies, where the strategy had been communicated and documented, found when they presented their employee's with six choices only 29% of them could identify their company's core strategy.

The effort of the CEO to communicate, document and share the strategy resulted in 7 out of 10 employees not being able to pick out their own corporate strategy.

### ***So what caused the disconnect?***

According to Robert Kaplan and David Norton who developed the Balanced Scorecard found, only 7% of employees today fully understand their company's business strategy and what is expected from them in order to help achieve the company goals. This means employees are working in silos and the majority of them go in different directions.

***The Bottom Line:*** This certainly does not imply all strategies are failing because many of them are highly successful. Yet, what many CEOs experience are:

- Changing the tactics to reduce scope
- Missed deadlines
- Expense overs runs
- Reduced revenues
- Missed opportunities
- Customer dissatisfaction
- Reporting to the board disappointing delays or results.

CEOs will continue to look for answers in finding better ways to gain visibility into having actionable information sooner as opposed to

***"When the CEOs talk strategy...70% of the employee's Don't Hear it or Remember it."***

after the fact.

# What Continues To Keep CEOs Up At Night

The familiar question of “What keeps you up at night?” revealed a pattern from CEOs across multiple industries with the same issues competing for their time and attention.

**1. Customer Relationships** - CEOs recognize the growing importance in an ever growing competitive climate the need to differentiate themselves from competitor offerings and relationships. They expressed the need to focus on serving the “whole customer,” solving customers’ problems through cross-disciplinary approaches.

IBM reported that 54 percent of CXOs believed they need to place greater focus on customers as individuals. In the PWC study, changes in customer behaviors are believed to be a top disruptive influence by 61 percent of CEOs. All the studies express agreement about the changing expectations of customers and the need for senior leaders to be customer-centric.

**2. Top Talent** - CEOs remain concerned about the availability of top talent and skilled workers.

The Conference Board CEO Challenge®, with over 1,000 respondents in their 2015/2016 study once again identified human capital as their top challenge.

According to the PWC study, 73 percent of CEOs are concerned about the availability of skilled employees. 64 percent of CEOs said this is a priority focus area for them over the next three years.

**“Skills shortage has been a low-level worry since we began the surveys but in the past few years it has rocketed up the agenda. Three-quarters of all CEOs ranked it as the biggest threat to growth – a 10% jump from last year and an astonishing 46% increase from six years ago.”**

PwC Global Survey

The executives definition of diversity encompassed diversity of all types. In the PWC study, 85 percent of CEOs whose organizations have adopted a strategy for increasing diversity and inclusiveness said it has enhanced business performance.

**3. Leadership Skills** - CEOs have indicated a significant decline in the confidence in leadership and the leadership skills gaps is a top concern. Common causes for the leadership shortage concerns included recruiting wars for talent, the retirement of large numbers of baby boomers, changes in the nature of work, and poor organizational practices identifying, selecting, and developing talent.

The Conference Board CEO Challenge® asked about the strategies to address the human capital challenge, 4 of the top 10 strategies CEOs focused on improving leadership development programs, enhancing the effectiveness of senior

management teams, improve the effectiveness of frontline supervisors and managers, and improve succession planning.

CEOs know their organizations cannot retain highly engaged, high-performing employees without effective leaders who can manage, coach, develop, and inspire their multigenerational, globally dispersed, and tech-savvy teams.

**4. Operational Excellence** - The struggle of creating predictable and repeatable processes to increase effectiveness and efficiency while meeting the need for adaptability, flexibility, and creativity to address customer needs and still remain competitive.

CEOs to have the adaptability and flexibility for organizational restructuring to align needs, structure, and talent. No surprise is a top capability for CEOs is to be strategic with flexible thinking and knowing when to adjust strategies.

**5. Cybersecurity** - 61 percent of CEOs stated a concern with cybersecurity as one of their top issues.

**6. Big Data and Analytics** - The majority of executives agree that big data will play a valuable role in the organization's future, as 48 percent of those surveyed believe big data is a useful tool. The biggest priorities were increasing sales (84%), improving efficiency (78%) and building customer loyalty (73%). The most important priorities for implementing big data, according to those surveyed are customer insights and targeting (42%), financial planning and analysis (32%), sales and order fulfillment (29%).

Because we count a number of Fortune 500 clients when asked "What are your company's biggest challenges?" This is how they answered:

- 1 - The rapid pace of technological innovation 72%
- 2 - Cyber security 66%
- 3 - Increased regulation 61%
- 4 - Shortage of skilled labor 34%
- 5 - Management diversity 25%
- 6 - Competition from a start-up 20%
- 7 - Shareholder activism 20%
- 8 - Competition from China/developing countries 4%

### ***Drucker Was Right***

"The purpose of the business is to create a customer and keep a customer" He also said: "...the business enterprise has two—and only two—basic functions: marketing and innovation" We see the challenges CEOs are facing such as customer relationships, understanding how best to understand their needs with Big Data along with analytics, creativity, innovation and competitive threats have not changed since Peter Drucker first said this so many years ago.

***The Bottom Line:*** Clearly, what appears most from our conversations with CEOs, CFOs, COOs, CHROs and is mentioned in all of the studies and survey's can be found in two areas impeding the ability to succeed:

- 1 - **Top Talent** with the critical skills needed to meet the objectives of the CEO strategy.
- 2 - **Leaders** with the skills to motivate, communicate and lead critical strategic change initiatives.

# The Law Of Supply And Demand For Top Talent

The term “War for Talent” came from a late-90’s McKinsey study that surveyed 77 companies and almost 6,000 executives. The report alerted businesses to a coming talent shortage and recommended companies make this a priority. The most important corporate resource over the next 20 years would be talent and they would need to develop strategies for recruiting, retaining, and developing key employees.

## ***The report, as it turns out, was right.***

In October 2015, for the 19th consecutive month, recruiting difficulty reached four-year highs. The Society of Human Resource Management’s (SHRM) LINE’s recruiting difficulty index measures how difficult it is for firms to recruit candidates to fill the positions of greatest strategic importance to their companies.

## ***Talent shortages is quickly going from bad to worse.***

If some of the estimates are correct we are just six years away from an unprecedented skills and experience gap. Consider this, by 2020, employers forecast to be short as many as 18 million college-educated workers. Baby boomers will be retiring in record numbers over the next 10 to 20 years, this means the situation will continue to get worse.

Companies must look to retain the talent they have as part of their overall strategy however there is a problem. Gallup’s annual pulse on the American workplace says 7 in 10 U.S. workers are not engaged or are actively disengaged in

their work, this is a very bad indicator for any organization looking to win the talent war.

Today’s economy is defined by global competition, abundant capital, and a young, flexible workforce. The demand for new hires is growing dramatically, while the supply is shrinking.

This means employees have more bargaining power than ever before. It is truly a candidate’s market and experienced baby boomers, gen Xers, and millennials all have new expectations for their work, and companies cannot expect to win them over without updating their tired tactics.

***The Bottom Line:*** Creatively attracting and retaining top talent is a strategic imperative for businesses who want to thrive in today’s competitive climate, and more importantly, tomorrow’s. Ed Michaels, a director who helped manage the McKinsey study, succinctly summarizes,

**"All that matters is talent. Talent wins."**

***"The supply of talent is shifting at a time when demand is increasing.  
63% of CEOs said availability of skills was a serious concern, With half of CEOs planning to hire more people over the next 12 months, competition for talent will be intense."***

*Source: PwC*

## Talent Is A Concern; Leadership Is Critical

The World Economic Forum on the global outlook for 2015 identified the lack of leadership as the No. 3 challenge over the next 12–18 months. Out of 1,767 respondents to the Survey on the Global Agenda, 86% agree there is a leadership crisis in the world today.

The KF Real Word Leadership global survey of 2015, generated more than 7,500 responses from 107 countries, with broad representation from markets such as North America, the UK, continental Europe, Australia, and Asia.

Three in four of the leaders who responded are engaged in their organizations' business functions; the rest are in human resources. The key findings are:

- Only 17% of those surveyed are confident their organization has the right leadership to deliver on its strategic priorities.
- More than half of executives rank their leadership development ROI as "fair" to "very poor" and they would throw out and rework half of their current leadership development approach if they could.
- On average, 50% of first-level, mid-level, and high-potential leaders are not active in driving change.
- Developing leaders to drive strategic change is the highest priority for

**"86% of respondents think there is a leadership crisis."**

World Economic Forum 2015 Global Outlook

executives, yet nearly half of the respondents reported that managing through strategic change is the number one shortcoming of current leadership.

In The Conference Board CEO Challenge®, more than 1,000 respondents indicated that human capital remains their top challenge. When asked about the strategies to address the human capital challenge, 4 of the top 10 strategies CEOs selected are focused on leadership: improve leadership development programs, enhance the effectiveness of senior management teams, improve the effectiveness of frontline supervisors and managers, and improve succession planning. The 10 strategies are:

- 1 - Provide employee training and development
- 2 - Raise employee engagement
- 3 - Improve performance management processes and accountability
- 4 - Increase efforts to retain critical talent
- 5 - Improve leadership development programs
- 6 - Focus on internally developed talent to fill key positions
- 7 - Enhance effectiveness of frontline supervisors and managers
- 8 - Improve effectiveness of frontline supervisors and managers
- 9 - Improve corporate brand and employee value propositions to attract talent
- 10 - Improve succession planning for current and future needs

CEOs also were asked to identify the leadership attributes and behaviors most critical to success as a leader. The top five prominent in every region globally were:

- 1 - Retaining and developing talent
- 2 - Managing complexity
- 3 - Leading change
- 4 - Leading with integrity
- 5 - Having an entrepreneurial mind-set

The CEO Challenge looked at what must be done. For the first time, the Global Leadership Forecast asked leaders to assess their own readiness to execute these tasks. Their self assessments are sobering. For instance, never were more than 50 percent “very prepared” to address any of the challenges.

In fact, in the human capital challenge, only 27 percent of leaders reported they were “very prepared” to be the kind of leader that creates an optimal workplace where employees deliver their very best. HR leaders’ appraisal was even more harsh: Only 9 percent indicated their leaders were “very ready” to address the human capital challenge.

**Bottom Line:** Organizations that continue to focus only on short-term goals will find themselves at a serious disadvantage if they continue to postpone longer-term strategic initiatives like managing succession and developing high-potential talent for future leadership positions.

# WHAT TO EXPECT



We just examined multiple key areas of “What We Know”  
This information is useful because we can learn from past behaviors, and understand how they might influence future outcomes.

Now we move to “What To Expect” understanding what could happen with insights based on the likelihood of a future outcome.

# What to Expect from the Economy in 2016

Economists surveyed by the Wall Street Journal predict the U.S. is poised to deliver stronger economic growth and lower unemployment if the Federal Reserve makes its first rate increase in a decade.

Economists have incorporated the inevitability of rising interest rates into their forecasts and still expect the economy to accelerate to 2.6% next year from 2.2% this year, according to the average estimate.

The unemployment rate will fall further, reaching a nine-year low of 4.7% by the end of 2016, their forecasts say. "The momentum in the U.S. economy is building and 62 consecutive months of jobs growth creates a strong base for consumption," said Constance Hunter, Chief Economist for the accounting, tax, and advisory firm KPMG.

The U.S. economy has added jobs in every month since October 2010, and is set to create approximately 2.3 million new jobs in the coming year, according to the survey.

That would be slightly slower than the 2.6 million jobs added over the past 12 months.

*(Source: Economists See Growth Rising, Unemployment Falling in 2016 Wall Street Journal (12/11/15) Josh Zumbrun)*

**The Bottom Line:** The economy looks much like what occurred in 2015. CEOs are forecasting growth and have an optimistic outlook for 2016.

The raising of the interest rates is due partly to continuation of new jobs.

This means top talent is becoming even a greater challenge as compared to 2015.

# If The Strategy Is Working; Why Is The Execution Suffering?

As we have seen in the “What To Expect” section the majority of CEOs have known about the talent problem for a long time. In fact, we see in one annual survey of global CEOs, 80% said they would change their talent management strategy in 2015. Yet, CEOs said the same thing in this survey for the past 7 years.

**“You can design and create, and build the most wonderful place in the world. But it takes people to make the dream a reality.”**  
-Walt Disney

**Why is the shortage of top talent remaining as a critical problem year after year?**

It can only mean whatever the current strategy CEOs are using is not working or perhaps they are not doing anything different.

If these statements are true then we can expect 2016 to have the same result as 2015.

It also means having the right leaders to execute the strategy or having the skills to motivate their teams to meet the tactics is lacking.

If CEOs do not address this issue with specific plans to correct, train or recruit top leaders then we can expect the same results.

***Not surprising we expect the divide between the CEO and HR to widen.***

***CEOs ask: Why isn't HR strategic? And HR is asking: Why don't they include us in strategy?***

Consider this, just 55% of CEOs believe the HR leader is a key player in strategic planning, however over 70% of CEOs really wants HR to be a key player. Yet, a significant number of respondents believed HR leaders are spending the bulk of their time to the daily demand of the HR department, focusing too much on processes and rules, while 37% believed they didn't understand the business well enough. In a recent survey conducted by *The Economist*.

***How wide is the gap between CEOs and HR?***

CEOs and HR leaders were asked the following questions in a recent survey:

Do our employees believe that their organization inspires them to do their best work every day?

- 61% of CEOs strongly agreed or agreed
- 31% of HR professionals strongly agreed or agreed

Do our employees rate our culture as positive, strong and motivating?

- 67% of CEOs strongly agreed or agreed
- 37% of HR professionals strongly agreed or agreed.

If employees were asked if they would agree the feedback they receive from their managers was constructive and useful?

- 79% of CEOs believed that their employees would strongly agree or agree
- 33% of HR professionals believed that their employees would strongly agree or agree.

If employees were asked how frequently they received feedback from their manager?

- 56% of CEOs believed that employees would report receiving feedback immediately or on-the-spot.
- 11% of HR professionals believed that employees would report receiving feedback immediately or on-the-spot.

Why the disconnect? When CEOs interact with employees they want to impress the boss. When HR interacts with employees they hear complaints.

**The Bottom Line:** CEOs focus on business issues and talent issues, but not HR issues.

CEOs talk about revenue, profitability, productivity, competitive situation, innovation and customers.

HR is talking about cost per hire, absence rate, satisfaction and turnover.

HR uses metrics that is not understood by the CEO. Why? Because these metrics are lag indicators and do not explain the impact to the business.

# WHAT TO DO



**CEOs are losing the battle for top talent, they are struggling to develop leaders who can drive strategic change and successfully execute the company's strategy year after year.**

**In this section I will offer 3 actionable initiatives to generate the greatest Return-On-Investment (ROI) for you and your company.**

# Metrics Are The Language Of Business

The first area we must change is the language we use to describe metrics. The metrics used by HR to communicate to the CEO, is like asking for directions in Japanese to someone who only speaks English.

This is not HR's fault. The industry has always taught these metrics are important to report. The goal is to change the meaning of the metric to something that the CEO and the rest of the executive team understands.

What typically happens at the monthly executive meeting is HR reports to the CEO and the executive team: "The turnover rate last month was 20%."

How does the CEO and executive team react? They might ask; "What are we doing to reduce it?". HR responds and the next topic on the agenda is discussed.

## **Why is this?**

**"Measurement Eliminates Argument"**  
- Rich Grehalva

Because this is a report not a metric. Worse yet, it is a lag report. It tells the CEO what happened in the past and NOT what the impact is to the business in the future.

***Metrics are tools to help make decisions.***

If the VP of Sales and Marketing reported to the CEO and the executive team, "We lost 20% of our customers last month."

How would the CEO and the executive team react? Would they ask, "What are we doing about it? And move on to the next topic?

***We know this would not be the case.***

There would be much discussion with many questions like:

- Why did they leave?
- Where did they go?
- Are we not providing our customers with what they need?
- Are we at risk of losing more customers?
- Will our market brand and reputation suffer?
- Will our ability to attract new customers diminish?

The discussion would not end there as meetings would be scheduled and corrective actions would be demanded by the CEO.

## **Why would this happen?**

Because they immediately understand the real issue, lost revenue and potential lost future revenue.

Losing customers will impact profitability, market positioning, reputation and more.

The problem would be viewed so critical the board of directors would be informed and it would certainly be on the next board meeting agenda.

What are the keywords CEOs and the executive team hear?

- Revenue
- Productivity
- Profitability
- Competitive (Innovation)

To illustrate this, we will use the technology industry as the example. The average Revenue Per Employee is \$324,153 and the Net Income Per Employee is \$43,027. Revenue per employee is calculated by dividing a firm's revenue by its total number of workers (Revenue/Number of Employees) and Income per Employee is the total Operating Income divided by the Number of Employees.

### ***What does Revenue per Employee reveal?***

- A benchmark to compare your company goal versus the industry and your competitors
- Outcome of productivity initiatives
- The number of employees required to meet the revenue objectives for the fiscal year.

### ***How Revenue per Employee can mislead the CEO and executive team.***

For the sake of this example let's say the average Revenue Per Employee is \$100,000 based on 1000 employees to generate \$100,000,000 million in annual revenue. If we had 20% leave the company. The Revenue Per Employee would rise for the month as well as the Net Income Per Employee.

This would distort the number to make it appear the company is exceeding its goal for achieving the revenue and profitability

target yet, the facts underneath this number would tell a much different story.

Let's change the scene for the monthly meeting where the HR leader reported to the CEO and the executive team, "With our turnover rate of 20% last month, we run the risk of missing our revenue by \$20 million". Would they ask probing questions? Would they want to solve this problem?

The key is to express the metric in business terms so the CEO and executive team are informed of the business impact and ultimately decisions can be made to correct the situation.

### ***What about leadership?***

HR has been taught that exit interviews give valuable data and insights as to why people leave? Do they really? If you talk to employees like I have and ask them are you going to tell them the real reason why you are leaving? The answer is generally..."no". They do not want to get anyone in trouble or they do not want to burn any bridges.

So why do they leave? Ask the former employee a few months later and you will get the real answer. What could it be?

A Gallup study of 7,272 U.S. adults revealed that 1 in 2 left their job to get away from their manager and improve their overall life at some point in their career.

This is an alarming but it gets worse. According to Gallup research, great managers possess a rare combination of five talents. They motivate their employees, assert themselves to overcome obstacles, create a culture of

accountability, build trusting relationships and make informed, unbiased decisions for the good of their team and company.

Only 18% of current managers have the right talent required to do their job effectively, while an astounding **82% do not have the talent needed.**

This has to get your attention because if you can attract top talent the chances they will stay are not good.

Leadership is very important to the organization yet, specific performance metrics are not captured, measured or reported. Corrective action is not taken as quickly as it should be, if at all.

I shared just a few metrics that need to be created. Hopefully, you recognize the urgency of why this needs to be done for all the metrics HR reports on.

**The Bottom Line:** The most important metric to the business is not captured and it is...Performance.

### ***The exception is the salesperson performance.***

Here we track many things like number of meetings or number of calls or number of demonstrations or number of responses to RFP's and the most important metric of all... the number of signed contracts. Many other things are tracked using SalesForce as the CRM tool for example.

Where else in the organization is performance tracked, discussed and action taken at this level?

What about management, customer support, delivery, product development and the list goes on and on.

What about the performance of the leaders in the organization? How is their performance tracked?

### **Actionable Tasks**

- CEOs, CFOs and HR must meet to review the numbers HR captures and help translate them into meaningful business metrics. It will mean many of them will need to be renamed and redefined. HR cannot do this without the help of the CEO and CFO because they have not been exposed to business metrics.
- Once this is done, the metrics need to be defined and importance communicated to the rest of the executive team, board of directors and employees.
- If you discover metrics that are not captured or collected do not ignore them. Establish a project to get this done.
- Leaders need to be evaluated and trained to learn how to motivate their employees, assert themselves to overcome obstacles, create a culture of accountability, build trusting relationships and make informed, unbiased decisions for the good of their team and company
- Most of all, performance for all employees measured weekly against the strategy goals must be done using performance management software.

# What's Missing From Your Strategy?

If you recall I began this report with the following quote:

*"Because the purpose of the business is to create a customer and keep a customer, the business enterprise has two—and only two—basic functions: marketing and innovation. Marketing and innovation produce results; all the rest are costs. Marketing is the distinguishing, unique function of the business."*

-Peter Drucker

Review any strategic plan and it will address goals to increase revenue, satisfy customers, remain competitive, reduce expenses, increase productivity and profitability.

## **What's needed?**

Top talent is critical to the successful implementation of the strategy and is the highest expense of the company yet, it gets overlooked for the importance it plays in the overall success of the organization as its own strategy.

Almost all plans identify the need for resources with words like "HR to recruit" or "To-Be-Determined (TBD)" or some other way to describe tasks about the need for people. They are generally incorporated into the goals, objectives and tactics of other plans but, not as a stand alone top talent attraction and retention strategy with its own set of goals, strategies, objectives and tactics.

## **What might be included in a "Talent Attraction and Retention Strategy Plan"?**

**Where Are You Now?** In this step we take an honest hard look at what is happening now. It is important to look at this from the business perspective meaning not just from the number of openings and the positions filled but, how has this impacted the business? When employees leave is it because of the leaders, pay, or opportunities? Where do they go and why? We must ask the question what is working and what is not working?

This is where we must get clear on the problems, challenges and future dangers facing your business as it relates to employees and leaders. Next, we must prioritize them into the ones creating the greatest impacts.

**Where Do You Want To Be?** You must support the company's vision's and include tangible targets like revenue goals per employee, market share of top talent are a few examples. Some people call values, culture and purpose as intangibles however, each of these are tangible and drive top and bottom line results.

**What Are The Problems?** Just like looking at the businesses competitors for insight in how best to become the vendor of choice also applies to top talent. They are going somewhere else why not you?

- Baby Boomers are leaving and their knowledge is leaving with them. What succession planning will you implement?
- Top Talent is choosing to go to companies in your space. Who is number 1 and so on. What are they doing well that you are not?
- What is working and not working with your retention strategies?

**What Resources Are Required?** This is not just a number of employees needed. It needs to be prioritized. What are the most critical positions in the organization that will generate the biggest impacts to the organization.

Hiring is letting the industry know you have openings. Recruiting is much more difficult because you must present your company and the position to someone who has a job, is not looking and doing well.

**What Are The Goals, Strategies and Objectives?** For each problem, challenge and project you will want to prepare the following:

- A goal or broad primary outcome.
- A strategy or the approach you take to achieve a goal.
- An objective, the measurable step you take to achieve a strategy.
- A metric to measure and report progress.

**The Bottom Line:** HR can no longer sit on the outside when it comes to developing a strategy. The CEO and executives need to view HR not as a support unit but an area that is vital to the success of the organization.

**Actionable Tasks:** To add strategic value, HR leaders will need to step outside their office to truly understand the business. The CEO and COO need to develop an agenda for the HR leader to follow:

- Attend a sales presentation with a potential customer
- Review how it costs to deliver products or services
- How does the competition do it?
- Who are your customers?
- Spend time with customers.

# The Position Needed Now!

The shortage of top talent is real and is impacting the ability of organizations to fully achieve their strategic objectives. HR is feeling the pressure to change from a support function to add strategic value. HR already has a busy agenda within their current role and recognizes that change is needed but the question is what and how?

We have seen this before and it happened in Information Technology.

There are a number of similarities, where we can take lessons from what happened there and apply it to HR.

In early 1980s the terms CIO and IT didn't exist. "Management's Newest Star: Meet the Chief Information Officer," was the headline in BusinessWeek magazine in 1986. "This reflected the recognition that what started as electronic data processing was beginning to become business strategy," said Harvey Koeppel, executive director of the Center for CIO Leadership. In early 1990s technology started changing with more emphasis in business.

***HR is being recognized in the same way, moving from a support function to becoming a business strategy.***

***Recently, we have seen the role of Chief Human Resource Officer (CHRO) emerge and when we look at the profile summary of the CHRO and the CIO again we find some similarities:***

***The Chief HR Officer is responsible for providing leadership in developing***

***and executing human resources strategy in support of the overall business plan and strategic direction of the organization, specifically in the areas of succession planning, talent management, change management, organizational and performance management, training and development, and compensation. The Chief HR Officer provides strategic leadership by articulating Human Resource needs and plans to the executive management team, shareholders and to the board of directors.***

Source: SHRM

Today, technology is one of the keys to success and most of the top managers do not understand whether technology is an expense or investment. They don't know how to calculate expected returns from technology projects, yet they know it gives an organization a competitive advantage.

***HR faces the same questions. This is why the metrics need to change or be created to express the impact to the business of making top talent a competitive advantage.***

The CIO was so overwhelmed with keeping the infrastructure going CEOs became concerned they were not able to be strategic.

They wanted the CIOs to keep up with the business, the industry and identify solutions to meet these needs.

This was solved by the creation of Chief Technology Officers (CTO)

Chief Information Officer (CIO), whose responsibility is to solve organizational

challenges through the use of various information technologies. The difference between the two positions is that the CIOs role is an internal one, with a focus on developing and using technologies to help run the company. The CTO, on the other hand, has an external focus, charged with integrating new technologies into products being sold to consumers or clients.

***Recently, we're seeing the Chief Talent Officer, sometimes known as the Chief People Officer slowly emerge. Chief Talent Officers are most commonly defined as persons responsible for acquiring, developing and retaining a company's talent.***

To gain competitive advantage over competitors, a company needs to recognize the role of top talent and exceptional leadership in business and take advantage of it.

CEOs and the executive management team require understanding the returns they expect from investing in human resources. I believe the role needed today is not a Chief Talent Officer rather a:

### ***Chief Talent Management Officer (CTMO)***

The best situation is where the CHRO reports to the CEO and the CTMO reports to the CHRO. The CHRO and CTMO must work as one team. They should discuss both technical and business needs so that they can merge both goals into one. The roles and responsibilities of CHROs and CTMOs must be clearly stated and communicated.

### ***What is the role of the Chief Talent Management Officer (CTMO)?***

**The Big Picture:** A CTMO should know everything about the company's products and services and what it can and can't do, including what each department will need in terms of top talent to support the products and services. Effectively, the CTMO aligns people requirements with business strategy.

**Company Evangelist:** A CTMO is the recruiting leader, meaning they have to inspire both prospective employees and existing employees. They do this by using their knowledge and unique perspective to convince others that their company is on the cutting edge, understand market needs, and can deliver value internally and externally. As a recruiting evangelist, a CTMO understand that top talent wants to be part of something greater than themselves.

**Culture Leader:** CTMOs act as magnets for top talent. They are able to pick out the best candidates and groom them as emerging leaders. As we know, attracting top talent is a tough game. Having a CTMO who inspires great people to join and stay at your company.

**Strategy:** A CTMO works with the CEO, CHRO and the executive team in developing the talent and retention strategy, specifically anticipating any business decision that will influence the people direction of the company. The CTMO must have a seat at the executive table with the CRMO.

**Marketing:** The CTMO is face of recruiting for the company, and should be able to translate a vision to the top talent, industry and customers. This includes

evangelizing the company vision at conferences, industry speaking events, and press/media opportunities.

They should make connections with important industry analysts as well as engage socially through blogs and other social media platforms.

The CTMO supports the marketing team and works with them to develop strategy that will influence and create a community around the product.

**Retention:** The CTMO will work with the CHRO to develop leadership training programs to focus on the skills needed to retain employees.

***The Bottom Line:*** Who can fit the role of a CTMO?

In a recent survey the most conservative people in a company's organization is legal, accounting and human resources.

The role does not require someone who is conservative, it is the opposite. It needs to be someone who understands: how to attract, convert, persuade, present, communicate, train, coach, overcome objections, understand metrics and compete.

***The best executive for this role has a sales and marketing background.***

They have the experience to develop a strategy and more importantly succeed at attracting top talent to the organization.

**Actionable Tasks**

- Develop job description for CTMO
- Develop specific metrics
- Develop duties of CHRO or VP of HR and CMTO
- Set up a hiring board made up of C-Suite individuals
- Initiate recruiting efforts

# Final Thoughts



My intent in preparing this report was to provide you with the spark, the catalyst if you will to explode your ability to meet your objectives for your business, customers, employee's and yourself in 2016.

After reviewing "What We Know" and "What To Expect" it became clear in "What To Do" was to identify the areas organizations are struggling with the most and provide possible solutions.

***It comes down to this; CEOs must "Change The Game".***

The continuation of the same processes will produce the same results.

The changes offered require changing your mindset and to commit to a multi-year strategy.

If there is a "War For Top Talent" as McKinsey suggested and the data is proving this to be true, then this requires new strategies to succeed.

The gap between the CEO and HR will continue to widen unless steps are taken to eliminate it.

- It begins with the language used to communicate from traditional reports to metrics with information about the business to facilitate sound decisions.
- HR is following the same path IT did. This happened when technology moved from just being a support function to a strategic advantage.

- Top talent is a competitive advantage and this requires HR having a strategy. A strategy no different in importance as the one used in attracting new customers and retaining customers.
- A new position is needed and it will not come from HR.
- The Chief Talent Management Officer must be someone with the experience with consultative selling, marketing, presentation skills and the best fit is a sales and marketing executive.
- The CTMO works with HR and the C-Suite in meeting the objectives outlined in the strategy plan.

***Why are great people leaving great companies? Because they quit their boss not the company.***

CEOs have elevated leadership and leadership skills as critical for motivating and leading people in their organization. Gallup has found one of the most important decisions companies make is simply whom they name manager. Yet their analytics suggest they usually get it wrong. In fact, Gallup finds that companies fail to choose the candidate with the right talent for the job 82% of the time.

- The criteria used to select leaders must change.
- Hard skills are important however, so called soft skills are critical and have a bottom line impact.
- If you are successful at attracting top talent the likelihood they will stay is not good. If they do not report to top talented leaders.
- Leaders who are engaged and have exceptional interpersonal skills are engaging their employees and this results in greater productivity,

profitability and fulfilling the annual fiscal year strategic objectives. It stands to reason those who do not have the opposite effect.

- One and done training is ineffective and a waste of time and money.
- New training programs must be reviewed to understand and apply interpersonal skills.
- Leadership critical success factors must be developed and compared to candidates to meet what matters most...performance.

The execution of the organizations strategy is dependent on the employees executing the tasks yet, employees are not aligned with what the strategy is, even if it is documented and shared.

- To engage leaders and employees on the need for performance management tools is a “Must Have” not a “Nice To Have”.
- It is not excel spreadsheet, project management tools or Balance Scorecards, these tools help in their own way but still miss the mark.
- The company must engage in researching, identifying a performance management software tool that is simple to use and is providing information weekly of progress against the strategic quarterly goals, problems impeding progress and tracking performance of A, B and C players.

In closing, I would like to leave you with one final thought.

I was a VP/GM with a Fortune 100 company and at the annual executive meeting, as with all such meetings, there was a theme.

We were entering into a very transformational period. The theme was very appropriate then and now.

## **BE BOLD DON'T LOOK BACK**

# How We Can Help Your Company Turn Top Talent Into A Competitive Advantage

Organizations are competing for top talent due to the demand yet, there is a limited supply of people with these exceptional skills. Wheless Partners solves this problem with our unique and valuable service we call the Portfolio Approach.

***We simply do not attempt to meet the supply needs of the industry by taking on an unlimited number of clients.***

We choose to limit the number of clients we take on. We only work with CEOs who are committed to turn top talent and leadership into a competitive advantage and they are in the top tier of companies in their industry sector.

This affords us access to the top talent in an industry sector to meet the demand for our Portfolio Clients, while our competitors cannot. It means we meet our clients most critical top leadership and top talent needs and this is their “Unfair Competitive Advantage”.



Rich Grehalva is the Chief Architect for the “Strategic Leadership Talent Mapping Method™” This is an assessment to link the organizations strategy to talent management to individual performance.

**Take the next step and call Rich at 205.999.1973 and schedule a complimentary Discovery Meeting or text the word “Meeting” to 33444 on your smartphone  
[RGrehalva@WhelessPartners.com](mailto:RGrehalva@WhelessPartners.com) - [www.WhelessPartners.com](http://www.WhelessPartners.com)**

## About the Author

### Richard Grehalva

rgrehalva@whelesspartners.com



Rich has been a catalyst behind the explosive growth of companies spanning the technology, outsourcing, healthcare and management consulting industries. He brings over 25 years' experience helping dynamic companies develop business strategies, marketing and consultative insights, performance metrics, and high performance teams and leaders required to achieve breakthrough results. Rich is a widely recognized trusted advisor across technology markets, with a proven ability to help attract top C-Suite and Board talent to high-growth companies.

Rich served as Senior Vice President for Marketing and Strategic Consulting for MEDSEEK, a leading e-Health consultancy, and also as Corporate Senior Vice President for Superior Consultant Holdings Corporation, a leading provider of services to the healthcare industry. Earlier in his career, Rich served as Senior Vice President Global Sales & Marketing with Mahindra Satyam and also as Vice President and General Manager for Payer Systems with Computer Sciences Corporation. He is also a nationally recognized author and expert on consultative selling to move sales, marketing, product development, finance and human resources teams to peak performance. His book, *Unleashing the Power of Consultative Selling*, has become a must-read for graduate schools of management and growth-minded business executives focused on the complexities of selling into new markets and mastering change management. Rich is also a certified NLP practitioner and a certified trainer for accelerated behavior change to empower professional and organizational outcomes.

## About Wheless Partners

Wheless Partners is a trusted source of expert counsel and execution on Management, Executive and Board search. We also advise clients on Succession, Talent Mapping, Interim Executive solutions and related Human Capital issues.

Since our founding in 1986, we have partnered with global Fortune 500 companies, mid-size enterprises, leading public and private institutions, investment portfolio companies, not-for-profit foundations and smaller entrepreneurial startups across all industries and functions.

We have grown into a nationwide team of world-class consultants, researchers and support staff all focused on a common purpose – to inspire confidence and consistently exceed expectations in our shared pursuit of strategic client objectives that impact financial results, shareholder returns, global expansion, external perceptions and leaders' own brand equity.

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**“Taking action isn’t difficult, deciding  
the action to take is.”**

**- Rich Grehalva**



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