

CFO Insights Defining – and delivering – your talent agenda

A talent agenda is consistently a top priority for incoming finance chiefs in our CFO Transition Lab sessions. As they assess the skills and influence required to implement their 180-day action plans, these new CFOs invariably realize that something – or someone – is missing. Moreover, they quickly grasp that getting talent right is often crucial to attaining their overall goals.

But what are the elements of a talent agenda, and who should deliver it? Based on our lab sessions and transitions research, there are four main pillars to a robust talent agenda for incoming executives. These are:

1. Getting the right people in the right seats to deliver on top priorities;
2. Creating a sustainable organization that develops the next generation of leadership;
3. Building an engaged high-performance team that outperforms the competition;
4. Framing organization models and policies to efficiently deliver the future.

In this issue of *CFO Insights*, we'll discuss each of these pillars, as well as the role of human resources (HR) in delivering an effective talent agenda – and what to do if HR doesn't meet your expectations.



Right people; right seats

Having the wrong people in critical positions can cost an incoming executive significant “time” – a business leader’s main unrecoverable resource. Getting the right people in the right seats, however, usually requires support from HR in four areas:

Ability to assess the current team. Determining the capabilities of the current team quickly is vital. But gaining access to prior performance reviews and finding the information necessary to assess those capabilities is not always easy. Often, incoming executives find prior reviews provide virtually no useful information and have to devise assignments that test the team in practice.

Strong performance management information. One reason prior reviews are lacking may be because the company’s existing performance management system is broken. It may not capture whether previously-agreed-to commitments were met, or it may not highlight behavioral issues. Without such information, the incoming executive may be delayed in evaluating and documenting poor performance, and it becomes difficult to build the case to exit unproductive members. Moreover, the company may become vulnerable to lawsuits.

Methods for recruiting or exiting employees. The recruitment support an effective HR organization can deliver ranges from model job descriptions to sourcing and managing recruiters for finance talent. CFOs and other new leaders should ask if their HR function has the right recruiters or recruiting firms in place to find that talent. Similarly, are there strong processes for counseling or exiting poor performers? Overall, does HR provide a supportive and coordinated process that serves the parties involved efficiently?

Compensation models for critical talent. There are times when incoming senior executives (e.g., CFO or CIO) require specialized, high-quality talent. It could be a critical tax director, FPGA director, or cyber-security specialist. Yet, if compensation models are tied to number of reports managed, the model may not be effective at attracting the necessary talent. As a senior executive, it's important to determine what compensation models are vital to hiring critical talent – and also important to have a HR department willing to flex the models to your needs.

Being able to put the right people in the right seats promptly is essential to a new executive's success. This often requires managing through and getting the adequate level of HR support on the above issues.

Creating a sustainable organization

Building a sustainable organization is about having the training and development models to grow staff capabilities, retain critical talent, and ensure a strong pipeline. Incoming senior executives should ask HR the following questions as they work toward that goal:

What are the existing formal training programs, and how well do they meet staff needs? Reviewing existing programs and budgets can determine how much the company is committed to staff development. For example, do the programs in place meet the functional knowledge requirements of staff? What elements are delivered by external providers and which are offered in-house? Overall, do you consider the existing training to be "high quality?"

What are the leadership development resources, such as coaches, currently in use? Often an incoming executive finds a staff member has the desired functional skills, but has a communication or behavioral issue that impedes success. This can require coaching or other guiding conversations to remedy. Knowing which coaches have effectively done this for the company is helpful in assessing their capacity to support this very likely future need.

Are there reasonable succession plans in place?

For example, have critical high-potential staff, critical roles, and flight/retirement risks been identified? And is there a strategy to retain specific employees and a clear succession plan if they depart?

What experiential learning programs are available?

Developing a succession pipeline requires depth and breadth of leaders. Rotational programs can provide promising staff with a broader perspective of the organization as well as opportunities for experiential learning of functional and leadership skills. Knowing how HR has delivered these types of learnings previously can provide a template for future programs.

Is there a "progression plan" for staff members?

Our finance talent research shows a top reason for the departure of high-potential staff is lack of progression. So challenge your direct reports and HR to develop an overall "progression plan," one that takes high-talent staffers and grows their capabilities and responsibilities in a way that is likely to retain them.

Executive transitions are great opportunities to reframe a talent agenda to create a sustainable organization. Visibly investing in training, leadership development, and coaching or rotational programs can signal real commitment to developing the organization in a way that motivates and increases the commitment of key staff.



The engaged and high-performance team

Incoming executives sometimes inherit low-performing organizations that need to be rebuilt to deliver high-quality performance. Four areas that demand HR support include:

Employee engagement. Engaged employees generally deliver higher levels of personal performance than unengaged employees. So it is important to measure – through annual employee satisfaction or engagement surveys – and develop strategies to increase engagement.

Siloed versus team leadership. Often, incoming executives find the organization does not operate as a team. If so, it may be necessary to undertake team-building events, require leaders and staff to engage across siloes, and establish communication processes across the team – tactics that will likely require HR or external help.

Corporate culture. Sometimes the impediment to change is cultural. For example, when prior leaders have been too controlling, staff members are sometimes unwilling to take ownership of decisions and resort to “delegating up.” Re-empowering them requires diagnosing the prevailing beliefs that lead to “delegating up” and then creating communications that encourage staff to take ownership. Effective HR support should help with culture change, including the need to sometimes recruit employees who manifest desirable beliefs and behaviors.

Clear communication strategies. As an incoming leader, it’s important to frame a clear strategy and cadence for communicating to your team and organization. Sometimes a chief of staff or an internal communications resource may be available to help with town halls and communications. At other times, HR may be the main resource available to support communications. As you consider how to use HR, the communications skills of the HR support person assigned to you may be a critical capability.

Building a high performance team can require changes along multiple dimensions – from improving engagement to establishing collective team goals and creating a communications strategy that helps the organization have a clear and focused working memory.

Efficiently delivering the future

The fourth leg of a talent agenda is to design an organization that delivers on the incoming executive’s agenda and positions it to adapt to future needs.

Often, this is likely to require organization redesign and new talent policies. Some considerations for incoming executives include:

What is missing in my organization, and how can I organize to deliver critical capabilities? For example, CFOs may find no separate financial planning and analysis capability in the organization they inherit and may have to structure one. CIOs may find no real analytics capabilities. Having a forward-looking HR organization that could counsel an incoming executive on what is missing and the pros and cons of different organizational models might be an ideal, but would make an executive’s transition much easier.

How do I get the most out of an extended enterprise?

Today, many companies increasingly outsource work to other companies and even individuals. But, while outsourcing and offshoring can reduce costs, they also bring new risks. These include the loss of critical knowledge, disjointed career and development paths for on-shore versus off-shore employees, and the challenges of managing workflow through widely different organizations. How outsourcing activities are organized and how HR measures talent in these situations are critical to delivering results.

How do I create a more inclusive and diverse organization?

As many global executives understand, a diverse workforce is often a competitive advantage. Attaining competitive diversity, though, requires programs that are effective at increasing inclusion and engagement of diverse employees. What programs does HR currently administer, how can they be tailored to finance or other areas, and how are outsourced providers of such services measured?

How do I manage across generations and attract the next generation of talent to my company?

Whether we are talking about Generation X, Generation Y, Baby Boomers, or the soon-to-retire veteran employees, each brings different experiences and attitudes to the workforce. And at a time when critical skill sets are increasingly difficult to secure and retain, finance leaders should have a clear view of how to attract, develop, and retain people of diverse ages and ask what HR can do to help manage multiple generations effectively.

How do I effectively “globalize” my workforce?

While many CFOs may say they have a finance talent strategy, making that strategy work on a global scale is complicated. Should you implement standardized skill requirements worldwide or adapt for different regions – North America, Asia, Europe, Middle East, Africa? In addition, how do you identify critical players on a global basis and how will HR help you fill those roles if someone resigns tomorrow?

How do I leverage emerging technologies to engage employees?

New information technologies can enable new modes of work, including those that allow staff members to work more from home. What are effective ways to enable remote work into an organization, and how is HR measuring productivity and success rates?

Building the organization of the future may not be what an incoming executive does in the first six months of onboarding. But executives often have to grapple with such issues as outsourcing and globalization fairly soon and address the limitations of the organization design they inherit. A strong HR department could be a critical resource to help incoming executives navigate these issues and adapt the organization to deal with them.

HR’s role in your talent agenda

As discussed, there can be many dimensions to an incoming executive’s talent agenda. The HR organization should be the natural partner to deliver this agenda. But many C-level executives transitioning to new roles find HR support inadequate. In fact, based on our lab sessions, perhaps only up to a quarter of the HR organizations provide substantive support across the four pillars.

The inadequacies of HR support can significantly impede a C-level executive’s chances of a effective transition. So how will you deliver your talent agenda?

As a starting point, reach out and establish an early and close partnership with the CHRO – seeking his or her support across all four pillars. Next, get the CHRO to assign a high-talent staff member to support you in executing your agenda. In addition, it is important to quickly determine where HR does not have capabilities to support your agenda and where you might have to rely on your own team’s leadership. For example, as CFO you can use your own direct reports to create the training and rotation programs to develop staff or undertake a task-force project on how technology and mobility may permit work-from-home strategies.

As a C-level executive, you will need to find the support to execute around the four pillars. If HR fails to rise to the occasion, it may be time to determine what type of HR organization the company needs to succeed in the future. Quite simply, competing on talent may need to first start by upgrading the capabilities of HR.



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