



## FTSE 350 CHROs:

Are today's HR leaders ready for tomorrow's challenges?



**The future of work will be different from the past.** This much is obvious — but the extent to which the future of work relies on HR leaders has also never been clearer. The pandemic has accelerated a move to a distributed workforce, redefining the office as a hub for creative collaboration and social interaction rather than a daily destination. The shape of the workforce is changing, as well, with many leaders concerned about the availability of the skills they need to move strategy forward.<sup>1</sup> At the same time, environmental, sustainability and social justice issues have risen to the fore, catalyzing new expectations of employers to take a stand on issues both inside and outside the organization.

**Talent strategies must evolve to match future needs.** HR leaders are now tasked with revolutionizing compensation and benefits policies and rethinking performance management systems to incentivize a hybrid and purpose-oriented workforce. Deploying the right technology is a huge component of these efforts, as is applying a diversity, equity and inclusion lens to all talent decisions. Recent research on the future of work identified 21 new HR roles — including the Future of Work Leader, Gig Economy Manager and Human Bias Officer — that will be necessary to help the workforce adapt to new realities.<sup>2</sup>

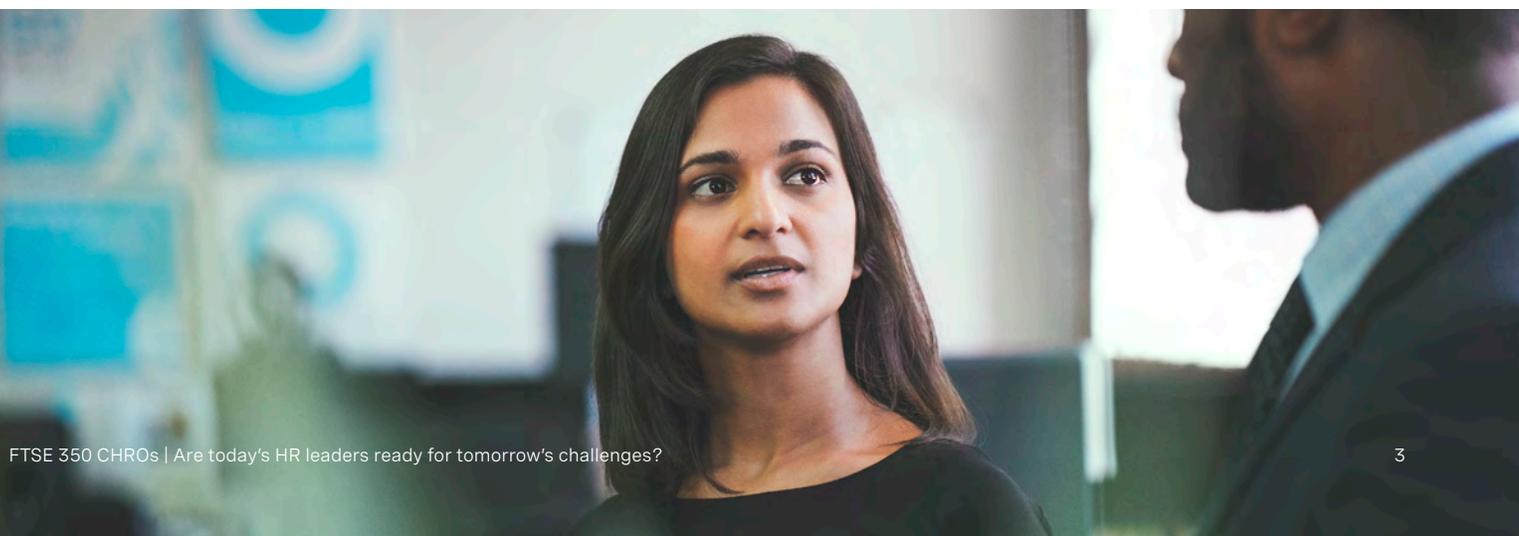
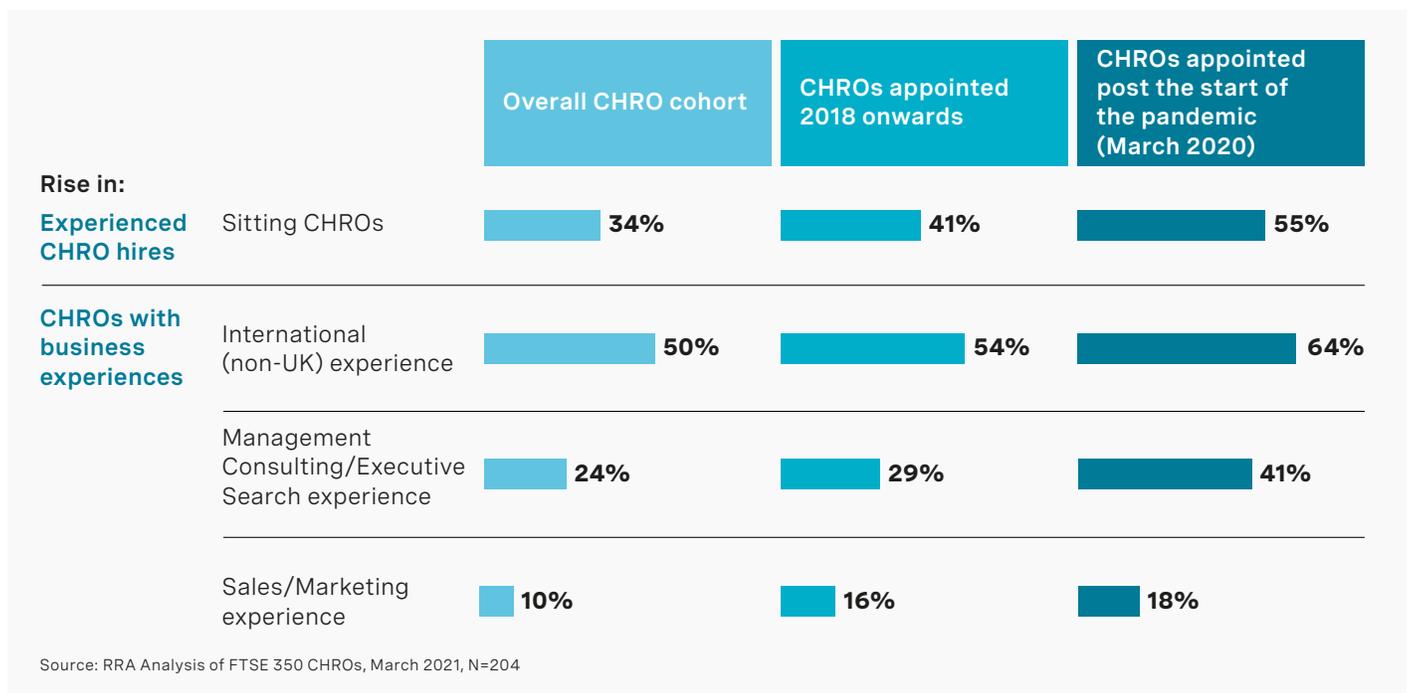
**This evolution has major implications for the CHRO role.** The profile of a listed company CHRO is already starting to shift in response to the changing work environment. This is partly an agile response to lessons learned throughout the pandemic and a smart way to prepare for its lingering effects. The question that all leaders must confront, however, is whether today's CHROs are ready for tomorrow's challenges.

**To better understand the current state of the role and future implications, Russell Reynolds Associates recently analyzed the backgrounds, career paths and tenures of FTSE 350 CHROs.** Based on our findings, we identify three important trends in how CHRO appointments have evolved over the years, and since the start of the pandemic. We also look at key considerations for boards, CEOs and CHROs as they hire and develop the next generation of HR leaders.

# The evolution of FTSE 350 CHROs

1. There has been an increasing preference for CHROs with experience in the role or in other parts of the business over time. The pandemic further accelerated this trend.

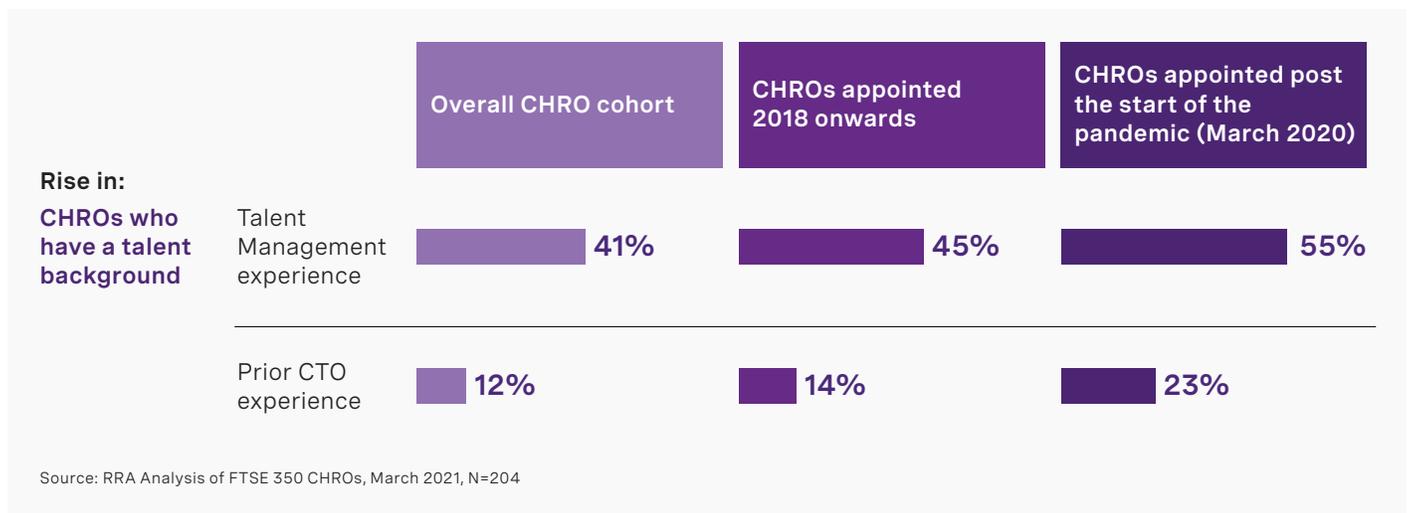
Public company boards and CEOs are looking for galvanizing leaders during this time of crisis. Consequently, there has been a rise in appointments of experienced (sitting) CHROs, and executives with significant experiences in other parts of the business.





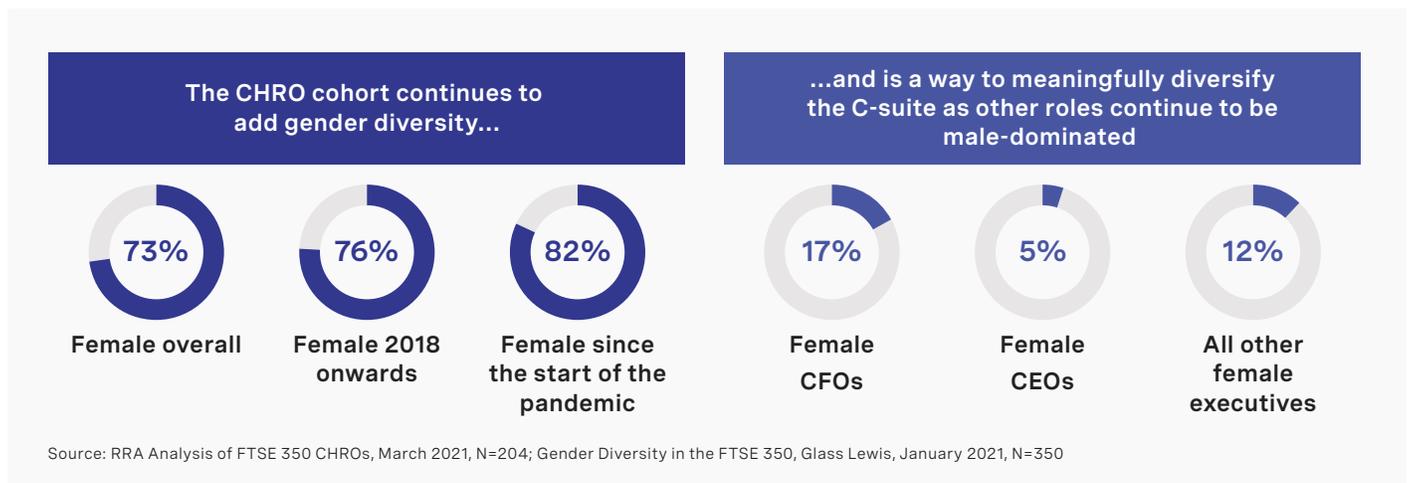
## 2. The pandemic has elevated the CHRO role and put the focus back on talent.

Public company boards and CEOs are increasingly concerned with their ability to find and retain employees with the right skills and experiences, as [RRA's 2021 Global Leadership Monitor survey](#) confirmed. An emphasis on diversity may also be putting the spotlight on the talent function. Consequently, there has been a rise in appointments of CHROs with talent backgrounds.



### 3. The CHRO role continues to be an important source of C-suite diversity

More women than men now occupy these top roles, a trend that has intensified since the start of the pandemic, making it a rare bright spot for gender diversity in the C-suite. This high demand is further propelled by the fact that most CHROs directly or indirectly own the organization's diversity, equity and inclusion agenda.



# Looking ahead: Leadership considerations for future CHROs

## TREND:

1

**More than half of recently appointed CHROs have previously held the role, as organizations flock to safety in times of crisis**

**Future implications: While an experienced CHRO may be a safe choice, their preferred playbooks may not meet the organization's changing needs.** As the structure of work evolves, the CHRO's remit increasingly will include deep technology expertise to enable a distributed workforce along with the ability to speak the language of social justice and manage difficult conversations. This means CEOs and boards must redefine what experiences and skills a CHRO needs to best serve the organization. While past experience in the role will always be an attractive criterion, it is important to look beyond pure experience and consider the personal attributes, or competencies, that a candidate can bring to the role.

## TREND:

2

**Successful CHRO candidates increasingly have a background in talent management**

**Future implications: As talent becomes an even higher priority, it will be essential to include it in development plans for high-potential HR professionals.** Talent is not only one of the most strategic elements of HR, it is also one of the most likely to be on the board's radar, which helps future leaders build important connections. Looking more broadly, rotations for high-potential HR talent should also include HR analytics and other data and technology-oriented roles to prepare for a future CHRO job.

## TREND:

3

**The majority of FTSE 350 CHROs are women, providing gender balance to many C-suites**

**Future implications: As more companies look to add gender diversity via the CHRO role, they risk over-relying on a finite pool of experienced female candidates.** This points to the need for better, more proactive succession planning for the CHRO role, and more broadly, across the C-suite; an issue that more than 60% of executives identified as an area of weakness for their leadership teams in the [2021 GLM](#). Better succession planning means starting the process earlier and launching internal development efforts as well as external market searches to maximize the number of qualified candidates. As other roles start to see higher levels of diversity, the CHRO role will be under less pressure to be the (sometimes sole) representative of C-suite diversity.

# Conclusion

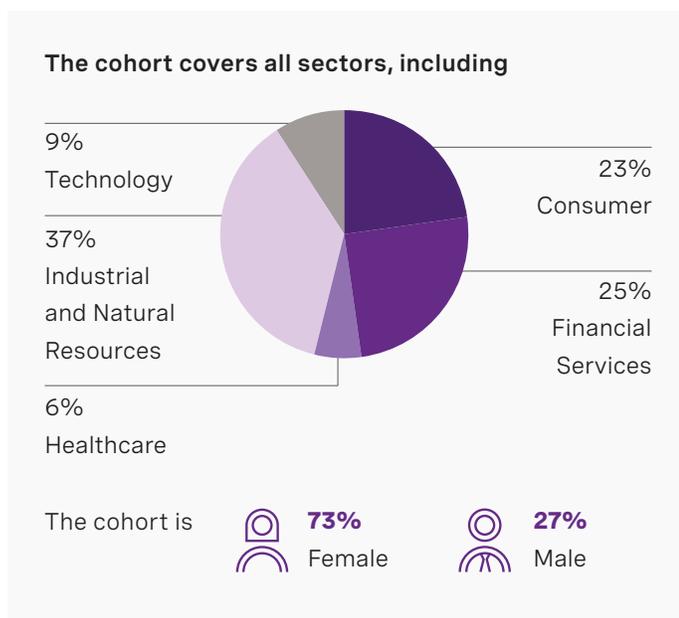
Throughout the pandemic, successful CHROs have shown themselves to be agile, commercially astute and ready to collaborate across functions and business units to ensure business continuity and employee wellbeing.

In the wake of massive disruption, organizations have a unique opportunity to re-make and re-tool with the goal of performing better in the future. As organizations look to hire and develop their next HR leaders — as well as other C-suite executives — it is critical to take a fresh view of what the organization requires from the role and who is best suited to fill it.

As recent CHRO appointments converge around certain characteristics, leaders would do well to take them into account, while also considering more broadly the requirements for success in the role over the next five to 10 years.

## Methodology

This analysis is based on FTSE 350 Chief Human Resources Officers route to the top data as of March 2021 and includes 204 CHROs



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## References

1. 2021 Global Leadership Monitor: Leadership preparedness for the road ahead, Russell Reynolds Associates, May 4, 2021
2. Meister, Jeanne C. and Robert H. Brown, 21 HR Jobs of the Future, Harvard Business Review, August 12, 2020

# About Russell Reynolds Associates

Russell Reynolds Associates is a global leadership advisory and search firm. Our 470+ consultants in 46 offices work with public, private and nonprofit organizations across all industries and regions. We help our clients build teams of transformational leaders who can meet today's challenges and anticipate the digital, economic and political trends that are reshaping the global business environment. From helping boards with their structure, culture and effectiveness to identifying, assessing and defining the best leadership for organizations, our teams bring their decades of expertise to help clients address their most complex leadership issues. We exist to improve the way the world is led.

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