

# The Making of the Super CHRO

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Today CHRO's are judged on what they deliver and how they get things done. Aligning talent, fostering engagement, enabling common shared vision and values are critical elements in their toolkit. The CHRO has a vital role in shaping the direction of the organization and ensuring business success for all its shareholders. A tall order for sure but one that I believe we are fully equipped to deliver.

In a previous article, [Aligning HR Strategies to Create Business Success](#),<sup>1</sup> I (Philip Wilson) described a Human Resources Framework encapsulating the five components which I propose are the knowledge competency base that are requisite elements for CHRO success:

1. Strategic Business Planning and HR Alignment
2. Talent Acquisition Allocation and Management
3. People Management
4. Compensation, Rewards and Recognition
5. Employee and Leadership Professional Development

This article gives more detail on item 1 above - Strategic Business Planning and HR Alignment. The intent is to provide the reader with a deeper insight and focus on the strategic business planning process and how CHRO's can help align HR with the overall strategic business priorities of the firm. That activity must include consideration of areas such as board governance, corporate vision, mission, values, logic modelling and how the strategy is executed. Bill Greenhalgh, currently President and Chief Executive Officer Stratx Inc., provides insights from a CEO's perspective.

If we look at strategic planning overall it is (Wikipedia says) about defining an organization's direction and making decisions on the allocation of resources to pursue it. Generally, with Board guidance and input from various stakeholders, the senior leadership of an organization is tasked with determining that.<sup>2</sup>

How strategic HR fits with the overall business strategies is neatly explained in the popular 2003 HR textbook, *Essentials of Managing Human Resources*:

Strategic human resources involve identifying key HR processes and linking those to the overall business strategies. Strategies involve the formulation of an organization's

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<sup>1</sup> Wilson, P.C. (2016). *Aligning HR Strategies to Create Business Success: Lessons Learned Over 30 Years*. Retrieved November 09, 2017, from <http://irc.queensu.ca/articles/aligning-hr-strategies-create-business-success>

<sup>2</sup> Strategic planning. (2017, November 06). Retrieved November 09, 2017, from [https://en.wikipedia.org/wiki/Strategic\\_planning](https://en.wikipedia.org/wiki/Strategic_planning).

management goals and objectives, followed by other plans that take into consideration competitive forces and environmental influences.<sup>3</sup>

An important consideration is that while organizations may be in very different businesses, the successful ones have two things in common. Boards and senior leadership teams create effective strategic plans and they need to execute them flawlessly. To do so, they must have the right talent and critically, the entire senior leadership team must be aligned in terms of vision, mission and business priorities. The CHRO can enable this alignment and set the “tone from the top.”

For most organizations, creating the strategy is maybe 5-10% of the work; the other 90% is its execution. As this part fully involves people, the CHRO must play a pivotal role in facilitating both the creation and execution of the corporate business strategy by providing, in conjunction with the CEO and the senior leadership team, the requisite leadership in the design, facilitation and delivery of the strategic planning process itself.

That includes insight and data analytics (such as results from employee engagement surveys and turnover and hiring analysis), and leading the corporate SWOT analysis to validate options and outputs in the creation and execution of the business priorities. They should also facilitate a deep dive into the organization’s values, identifying customer segments, value propositions, channels, key activities, customer relationships and all business components and elements that define the company in its marketplace.

At DST Consulting Engineers, a cross section of employees, leaders and board members reviewed our vision and mission and created a business logic model. A logic model is like a road map or GPS whereby we identify the route travelled to reach a certain destination. It describes the rationale of how DST creates, delivers and captures value. For more in-depth understanding and insight, you can refer to *Business Model Generation*, Alexander Osterwalder & Yves Pigneur.<sup>4</sup> The logic model components require participants to map out the activities of the firm (how we keep busy), the outputs (what our customers get) and applying thinking and analysis, new behaviour and big goals leading to long-term strategic outcomes.

What some companies can forget, or misunderstand, is what business they are in and that can lead to catastrophic failure. Kodak is a case in point – their whole marketing presence was around the Kodak Moment or Memories which could easily have been captured using the digital camera that they invented, but then ignored. However, they were so emotionally invested in film and the

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<sup>3</sup> Stewart, E. B., Belcourt, M., Bohlander, G., Snell, S., & Sherman, A. (2003). *Essentials of managing human resources* (2nd ed.). Toronto, Ontario: Nelson Education.

<sup>4</sup> Osterwalder, A & Pigneur, Y. (2010). *Business Model Generation*.

success it delivered that they missed the rapidly changing nature of their customer needs as well as the new coming competitors – the industry disrupters - and as a result they went out of business.<sup>5</sup>

For six years, Bill Greenhalgh was President of Cinram, a multimedia supplier of home entertainment products for the major movie studios and music labels. Under his direction, the company did successfully migrate from 8-tracks to cassettes, CDs, videos and DVD's and even into direct distribution of product to retail outlets. However, while on the surface, it seemed Cinram was in the manufacturing or logistics business, it was - in reality - in the business of delivering entertainment to people wherever and whenever they wanted it.

For a number of years, that could be done only with hard media but it was clear even as far back as 2001 that downloading and streaming would be the delivery vehicle for media of the future. The company was so tied to manufacturing and distribution, it was not possible to change the ingrained approach and model and the company went from being a multi-billion-dollar independent provider of entertainment media, with plants across the world to bankruptcy in little more than five years.

Often the seeds of tomorrow's failures are sown by today's successes.

When Bill was CEO at HRP, several CEOs were interviewed from a range of industries across Canada as part of a research study. They were asked for their views on their senior HR executives - what they did, what they do well and what would the CEOs like them to do differently. Without exception, four messages came back:

- Their senior HR execs had done an excellent job managing the changes in people needs in their organization caused by the various upturns and downturns in the economy.
- They wanted the senior executives to bring a people perspective to the business and be more vocal in expressing their opinions in C Suite meeting – to have “sharper elbows” as one person said.
- They relied on their CHROs as their trusted counselors and they were the “glue” that helped the other executives work well together.
- But most critically, the CEO's said that they wanted their CHRO to stand back a bit, be a bit more objective than the other executives and keep a keen eye on how the business was changing.

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<sup>5</sup> 24/7 Wall St. (2010, May 4). The 15 worst CEOs in American history. Business Insider. Retrieve Nov 9, 2017, from <http://www.businessinsider.com/the-worst-ceos-in-american-history-2010-5/jonathan-schwartz-sun-microsystems-1#kay-r-whitmore-eastman-kodak-12>.

CHROs, in addition to their functional responsibility, can be perfectly placed to ensure that they understand the essence of the business, what is important and how changing markets, technologies and attitudes can impact their organizations – to be, effectively the “custodians of the future.”

This meshes with one of their key roles ensuring the right talent is there with the necessary skills and the right fit with the corporate vision, values and culture. To make sure this happens, CHRO’s must possess not just the fundamental HR competencies such as organization design, talent acquisition, leadership, compensation, rewards philosophy and performance management etc., but also the strategic business planning process skills and the ability to lead the process to facilitate strategy formulation. They must understand corporate governance, and with the Board and CEO, formulate the organization’s objectives and ensure that they are aligned with leadership deliverables.

They also need to provide leadership in shaping the culture of their organizations; be knowledgeable of significant trends affecting the company; understand the implications for talent acquisition, technology, and generational diversity; and they must have a strong appreciation of the power of social media and market networking.

The STEPED framework developed by Dave Ulrich provides a very useful model to consider. It looks at the social, technological, economic, political, environmental and demographic components that face all organizations.<sup>6</sup> He further provides insight on the following required elements for a CHRO and business success:

1. Transformative Innovation contributes to effective enterprise strategies that add value to the organization.
2. Operational Excellence is a given. Implementation of the essential process for operational efficiency.
3. Leadership creating an organizational culture to foster people engagement.
4. Human capital enhancement to maximize future organization affecting the corporate vision mission and values.

His thesis is clear. Business competitive advantage and competitive differentiation can only be attained through the intellectual capital of the company, “**People**”. Bill’s comment regularly is that engaged people are the only sustainable differentiator in organizations. Capital, processes,

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<sup>6</sup> Ulrich, D., Kryscynski, D., Brockbank, W., & Ulrich, M. (2017). *Victory through organization: why the war for talent is failing your company and what you can do about it*. New York: McGraw-Hill Education.

equipment and time can be bought. What cannot be is peoples' commitment and that is where CHROs can play such a vital part in their organization's success

As I have experienced more broadly throughout my career, CHRO's must take into consideration the priorities within both a local and global context. HR should have profound understanding of the global challenge, however, being sensitive to local requirements.

Much has been written about integrating human resources practices by D. Ulrich. In his most recent book, *Victory Through Organization: Why the War for Talent is Failing Your Company and What You Can Do About It*, he explains that to execute this one must "Differentiate between Corporate and Business strategies, and identify the culture required for your firm to win its customers hearts and wallets."<sup>7</sup>

In my opinion, human resources leaders must understand the business challenges that occur because of the disruptions such as digitization and globalization, creating conditions for constant organizational change and its impact on business strategies requiring organizations to adapt, be nimble and act.

Today CHRO's have a critical role in shaping the direction of the organization to ensure business success. And they are judged in terms of how they get things done – from aligning talent and fostering engagement, to enabling common shared vision and values. The key challenge in any organization in our rapidly changing world is balancing the need to operate at peak performance today while inventing a new business model for the future.

*The Three-Box Solution: A Strategy for Leading Innovation* by Vijay Govindarajan offers a solution. It is based on the Hindu philosophy of creation, destruction and preservation of a continuous cycle without beginning or end.<sup>8</sup>

Vijay suggests that organizations need to look at all of their activities and place each in one of three distinct boxes – the first is where they need to manage the present effectively; the second identifies those where they will selectively abandon parts of the past; and the third are those that are essential for their future. To systematically take three – somewhat overlapping and conflicting - actions and manage them simultaneously requires a very disciplined approach to strategy; a clear and coherent plan; and a commitment to allocate the necessary resource.

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<sup>7</sup> Ibid.

<sup>8</sup> Govindarajan, V. (2016). *The three box solution: a strategy for leading innovation*. Boston: Harvard Business Review Press.

I believe it is truly an exciting time for all human resources professionals. HR practitioners who understand all the linkages in terms of attraction, development, motivation and retention will succeed. HR is fast becoming recognized as essential in facilitating organizational and business success. It really is our time as professionals! We need to “grab the bull by the horns” and prove once and for all that we belong in the “C” Suite. So I ask the question, which Super CHRO do you want to be?

## About the Authors



**Philip C. Wilson**, CHRL, CHRE, gained over thirty years of progressively responsible experience in business and the HR field. He is currently Director Corporate Services (formerly the Chief Human Resources Officer) for DST Consulting Engineers Inc. where he is responsible for the quality and depth of talent that differentiate DST in the marketplace, while supporting their ability to deliver on strategic goals. At Felix Global Corp., he provided board governance consulting advice, coached executives and facilitated business strategic planning. He provided global leadership as Vice President H.R. at Corel Corp. As Senior Vice President H.R. at CIBC Phil led a global, multi-functional team of HR professionals responsible for CIBC’s executive leadership and training programs, organizational development, executive resourcing, global recruitment strategies, and business process outsourcing. Philip received the Queen’s University IRC Award for Lifetime Achievement in the Human Resources Industry at the 2015 HR Awards.



**Bill Greenhalgh** is currently Pres and CEO of Stratx Inc, a Strategy Consultancy. He served as CEO of HRPA for 12 years where he led the association in the introduction of the Ontario government Act appointing HRPA as the provincial HR regulator; a new competency framework for HR; and the related designation structure. Prior to that, he held a number of CEO roles with Cinram; Shred-it; President to the Globe and Mail; and various positions with Nortel in finance, marketing and general management. He has an Engineering degree, an MBA from the London Business School and is a graduate of both the Aspen Leadership Institute and Harvard Business School Strategy programs in Marketing and Manufacturing. He is a Chartered Director, an Ontario Government appointee as Vice Chair of the Public Accountants Council and has extensive experience as a Director and Committee Chair on many provincial, national and international organization Boards. He is a member of the Champions Council for the Canadian Palliative Care Association and in 2012, he was awarded the Queen’s Diamond Jubilee Medal for his contribution in that area.

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