Become your CEO's Most Valuable Partner

How to elevate HR's strategic impact to increase the value of your company.

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INTRODUCTION

Maybe you didn't get into the HR profession because you had a keen eye for business valuation. You probably had more passion for the people part of the job.

But in 2024, as businesses across all industries face **distinctly difficult challenges,** business and people leaders are inextricably linked. The relationship between CEO and CHRO (or comparable roles at your organization) is crucial. CEOs are increasingly connecting a regression in earnings and revenue to people issues—in particular, the inability to hire, train, and retain top talent.

When HR and senior leaders are aligned, the results are magical. Each person hired, and every team built, has a clear tie to a business goal or objective. No more bloated headcounts; no more aimless projects. Get the right people doing the right work, and you enable the business to succeed.

As for what happens when HR and leadership are *misaligned*? It's chaos.

Getting HR a seat at the executive table is no longer some sort of novel concept. **In fact, your company's very worth depends on it.**

Businesses that ranked in Fortune's Top 100 to Work For List **outperformed the market** by a wide margin over the past 25 years. These companies prioritized the people matters, and profitability followed.

People management will continue to drive future valuations and PE ratios. In other words, being a great place to work isn't just about slapping stickers on your entryway doors or congratulating yourself on social channels.

It actually *pays* to have HR at the table. As an HR leader, you have the power to build credibility with the C-suite—and elevate the organization as a whole.

The employee energy crisis: a complex cocktail

Today's businesses have been through the wringer. The list of people issues is ever-growing, yet solutions feel few and far between.

Here are some of the biggest problems businesses face:

- **Talent shortages**
- **Work stoppages**
- **Post-pandemic ills**
- **AI adoption and upskilling**
- **Generational friction**

And that's before we even talk about how *you're* doing. HR teams are so heavily tasked with solving other people's problems that they may overlook their own struggles.

When your team is feeling burned out, strapped for resources, or both, it can be challenging to muster the time or energy to improve your standing. You may wonder: *Where do we even begin to make our case?*

Dave Ulrich, Professor at the University of Michigan's Ross School of Business, has long extolled the ways **HR can create real value for stakeholders.** But in coining more exec-friendly terms such as "human capability," Ulrich isn't just making a clearer connection to capital. He's reframing a fundamental question: *What is HR about?*

This redefinition has a lot to do with, as Ulrich puts it, challenging "assumptions about the future of work."

That's where this resource can help. Let's walk through each of the challenges listed above and explore how HR—*you*—can become an executive's greatest confidant.

WORKPLACE PROBLEM 1

Overcoming talent shortages
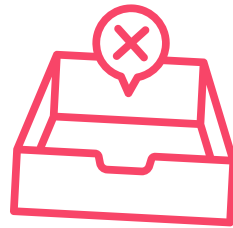
1. Overcoming talent shortages

Talent shortages aren't new to HR teams. What *is* new, however, is the way forward-thinking companies are adapting in the face of those shortages.

Many companies believe they can just "stay the course" through a bad labor market and come out unscathed. What those businesses fail to realize is that the very nature of hiring is evolving—and fast. Fail to make the necessary adjustments, and those talent shortages will only grow.

To attract top talent, your business should be exactly that: *attractive*. **Work is on trial,** and your candidate pool is the jury.

Your employer brand must be impeccable, and that means going the extra mile to show candidates you understand their plight. No more ghosting because a person wasn't the right fit. Instead, show them you care about their future—regardless of whether or not it's with your company.

How exactly do you show that compassion? You model **empathy, honesty, and transparency** throughout the hiring process. From job posting to offer letter, your candidate experience needs to be best-in-class. Settle for second, and your talent will reflect that fact.

SOLVE WITH YOUR SENIOR LEADERS

If you don't have that sterling **four-or five-star Glassdoor rating,** now's the time to cultivate it. Doing so requires a keen eye toward what works well at other organizations and what doesn't. It also requires buy-in with your executive leadership, and renewed investment in the candidate experience.

But how can HR reps quantify—and communicate—the importance of that experience in terms of dollars and cents?

Start by calculating **the cost of employee turnover.** Regardless of which tool or formula you use, the point is to put a number to the problem.

> Calculate the cost of losing employees, as well as the cost of mis-hires. Armed with this data, you put the problem (or potential problem) in perspective, while highlighting the direct relationship between talent decisions and the company's bottom line.

Every hire is pivotal—no matter the business or position in question—and mis-hires lead to costly turnover. But a hiring process that's bolstered by behavioral data is both more objective and more sustainable.

Addressing work stoppages
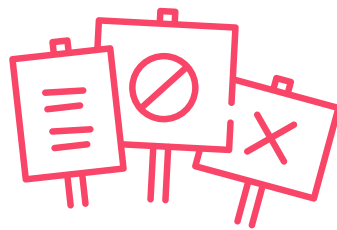
2. Addressing work stoppages

Today's workforce has a renewed sense of empowerment. If **trends like "quiet quitting" and "act your wage"** are any indication, people are becoming increasingly disenchanted with the traditional notions of "work."

When employers treat their people transactionally, take their efforts for granted, and sell them a lukewarm set of benefits, they risk disengaging those people - or watching them quit outright.

Outdated hierarchies, reporting structures, time-off policies, and inadequate compensation are no longer just accepted as the norm. The growing "burnout crisis," as it's been dubbed, has made mental health support, wellness packages, and flexibility for caregivers core components of competitive company offerings.

There's a sense that **artificial intelligence can bolster these benefits.** From managing workloads to predicting burnout, the upside of AI is tremendous—and yet, the rollout has been sporadic. For now, HR teams must reframe benefits not as perks, but as the non-negotiables many modern workers view them.

People want real benefits and balance, but they also seek meaning and reward from their work. That transcends compensation, extending beyond pay to include a sense of *payoff*, sought after by everyone from start-up scions to hourly-wage vagabonds.

Pursuing that payoff often demands action, even at the cost of short-term losses. Employees are seeing the long game and banding together with greater cohesion and solidarity.

From the NCAA to hotels and Hollywood, strikes and walkouts are happening with eye-opening regularity. And labor disputes, even when they end in agreement, are costly for businesses. Your company may not wield the clout or resources of Starbucks, but you can bet your employees are paying attention to how such **union efforts play out at scale.** The optics are important, even if the Xs and Os of the actual negotiations aren't applicable to smaller labor populations.

"Modern workers refuse to be cogs in the machine.

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Even if unionizing isn't on the table, HR teams are in a tough spot. They have an obligation to their employees, but they're also asked to ensure compliance for their employer. When managing both sides of the equation, it can be hard to strike a balance.

Remember that management is a team sport, and failure of management is a failure of the system.

Communicating upward might be a matter of business solvency, but sustainability means getting aligned in *all* directions.

HR leaders should empower managers to become the conduit for business solutions. And that empowerment starts with proactive partnerships and behavioral awareness. Being transparent and communicating based on a person's strongest behavioral drives can help others feel ownership—and accountability for the organization's success.

Employee empowerment is not some short-term trend. It's a reflection of the post-pandemic landscape. For many individuals, freelance work, solopreneurism, or consulting on one's own terms can often seem preferable to organizational fealty, which can feel arbitrary and unfulfilling.
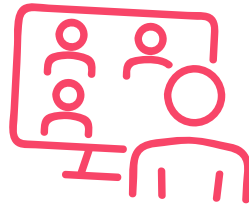
People have taken stock of their professional lot these last few years, and they're asking valid questions about what their time and efforts are worth.

Leadership must take heed. It's incumbent upon HR leaders to be transparent with their people's findings, contributing to an informed and evolved business strategy.

Navigating a lack of post-pandemic purpose

3. Navigating a lack of post-pandemic purpose

In the wake of a global pandemic, employers are still struggling to get remote and hybrid work right. Workers are battling unprecedented levels of isolation and loneliness, and grappling with **complex feelings of being and belonging** in the workplace.

"It's a labor crisis," says Mike Zani, CEO of The Predictive Index. "The people who do the work are bearing the brunt of the remote and hybrid work fallout—sunk commercial real estate costs notwithstanding—and as a result, they're feeling uncertain, unfulfilled, and disconnected at an alarming rate."

"Prolonged remote and hybrid work is taking a significant psychological toll on many individuals. And those individuals—your people—are your greatest asset."

Many of the youngest professionals know nothing but remote work, and **as they find their way,** they need guidance from their more tenured colleagues (more on this later).

Perspective and empathy are at a premium. If we learned anything from the COVID pandemic, it's that everyone is dealing with something, and we should assume positive intent. **You never know what someone else has going on.** This maxim has long guided many HR folks, but it's beginning to resonate more in the C-suite as well.

It's not just the youngest cohort that's wrestling with this profound paradox. Everyone had their professional life uprooted over the past few years, and nearly everyone, at some point or another, has considered the worth of their work.

Whether they're making cold calls, stocking shelves, or building code, workers want to know and feel the *why* behind what they're doing every day. They need their effort to equal the weight of the broader endeavor—and that starts with connecting their work to tangible business goals.

Jackie Dube, Chief People Officer at The Predictive Index, says career progression concerns are manifesting in new and different ways, too, complicating an already puzzling picture:

"It's perhaps the most pressing concern for people managers and aspiring leaders. How can we create the next generation of innovators if we aren't focused on their development? A lack of face-to-face interactions with supervisors and colleagues can lead to concerns about being overlooked for promotions or important projects. No longer can people exert influence as easily. They need to see your commitment."

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Employers who don't grasp the weight of employee choice will eventually become obsolete. Hybrid and remote setups aren't going anywhere. Trying to control when and where your people work is just diminishing their sense of agency—and purpose.

We're accumulating the data to back this theory. **RTO mandates are proving controversial**, to say the least, too often focusing on illusions of control rather than tangible payoff. As the best people professionals have long known: **Different people have different work styles.**

The key to flexible work is In accentuating the behavioral preferences that dictate those work styles, and catering to people's strongest drives. Managers, then, must be the conduit for that foundational principle to come to fruition. You can't expect people managers to understand their people's (or anyone's) behavioral tendencies without first **training them on behavioral data.**

HR leaders must equip managers and team leads with behavioral data. Doing so is essential to unlocking the strengths of their team members—and **achieving team goals.** When there's self-awareness at the individual, team, and organizational levels, people feel seen, heard, supported, and motivated. **Discretionary effort** will follow.

But it starts with leadership buy-in, which means being transparent in communicating the business mission, and answering questions about how you'll increase valuation: Is it through innovation? Better operating efficiency? Strategic acquisitions?
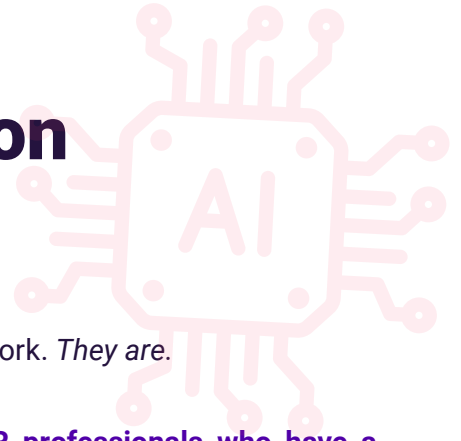
Each of these efforts will succeed or fail according to the underlying people dynamics.

Evolving your AI adoption and upskilling practices
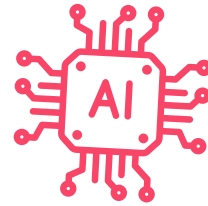
4. Evolving your AI adoption and upskilling practices

It's no longer a matter of whether your employees are using AI at work. *They are*.

Instead, the question becomes: How are they leveraging AI? **HR professionals who have a reskilling plan** look a lot more enlightened than those who view AI as a threat. Think about how **navigating and implementing AI** can complement your professional development pathways, or other HR initiatives.

Acknowledging AI's role in your business evolution is just the beginning. Bringing forward options for implementation is a much more pragmatic approach. It starts with simple education: a basic understanding of the tools at your employees' disposal, their most common applications, and their potential risks.

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Adoption rates for generative AI will continue to outpace awareness and understanding. The **earliest regulations and guardrails** are just now emerging, and the fallout is different in certain countries and industries.

> It's incumbent on HR teams to distill and distribute this information in a manner that both informs and insulates. Give leadership the top takeaways, but don't burden them by fear-mongering or poring over tedious details.

Find practical means of upskilling people; seize on ways in which they may already be leveraging AI, while adding structure. Give managers the autonomy to encourage upskilling, reskilling, and product mastery where possible, through avenues such as **webinars or office hours** focused on the many evolving AI use cases.

Consider it a matter of competitive differentiation.

Because frankly, if you don't… another employer will. Embracing AI doesn't mean adopting without caution. It means acknowledging its emergence and elevating the ways in which it *enhances* employee efficiency (as opposed to eliminating it).

Professional development plans are fluid. If you're approaching them accordingly, then AI is just another variable to consider, no different from past advances like video conferencing or cloud computing. The more you incorporate its known capabilities and benefits into your talent development roadmaps, the better equipped you'll be to answer employee questions and adjust to future developments.

Anticipating and alleviating generational friction
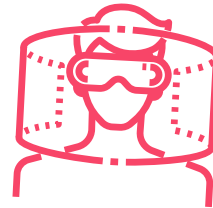
5. Anticipating and alleviating generational friction

The next wave of leadership is emerging from the Millenial and Gen Z cohorts. Those leaders will have plenty to say about how the future workplace looks, feels, and acts.

But in the meantime, our virtual and physical offices span four or five generations. Especially in a remote or hybrid environment, that can create complications.

Hierarchies and reporting structures can break down when communication etiquette and technological aptitude vary wildly. The traditional notion of being the "boss" holds less weight when you're just another floating head in a Zoom screen, having never met half your direct reports.

Not to mention, the concept of corporate capital, common in so many pre-pandemic workplaces, is increasingly ambiguous. How can you gain influence or build rapport with your colleagues when you "see" them once a day, for an hour or two, and don't remember where they live, let alone what they like to eat for lunch?

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Manage behaviors—not generations. Trust can quickly wilt when we don't invest in shared fate. As one Gen Z executive, Brian Phillips, **told the Lead the People podcast**, that shared fate intersects with purpose:

"You want to know that what you're spending eight, nine, 10 hours a day working on is going to have a broader impact…that what you spend the majority of your life doing is going to inspire change, it's going to leave a legacy, and you can go to sleep happy knowing you did something for the greater good that day."

Make no mistake: Every generation of the workforce has made difficult adjustments. The sales exec with 30 years under their belt doesn't have it any easier than the fresh-out-of-college BDR when it comes to **hybrid team building.**

> **HR leaders need to establish a shared sense of fate, and build on that story with their executives.** With this comes a sense of purpose, and clarity of the mission. It's awkward to enter each team meeting with **virtual icebreakers**, sure, but it can be reinvigorating when everyone understands the "*why*" and "*what*" they're working toward.

It's about transferring generational wealth, corporate game—whatever you want to call it. You can gripe about your colleagues, or you can meet them where they are. Creating a culture of feedback and clear communication can benefit everyone. But you need to codify guidelines for that culture.

Consider all mechanisms and mediums that can create tension (across generations or otherwise).

How and why are people getting frustrated? More often than not, conflict comes down to communication.

If you can foster a culture that caters to all forms of communication (as dictated by behavior), you promote inclusivity and empathy. HR plays a key role here, in that it can model these behaviors within its own teams or across its own working relationships.

MAKING PARTNERSHIPS PRACTICAL

Every business is unique, and so too are its individual relationships. People operate on different behavioral tendencies, and the more we understand these leanings, the better we can accommodate them. "Human capability," to borrow the burgeoning term for workforce value, is infinite. It's just a matter of capturing and capitalizing on it.

Think about your boss, or your company's executives. What makes them tick? How do they show up in the workplace, and in what situations are their skills and experience best leveraged?
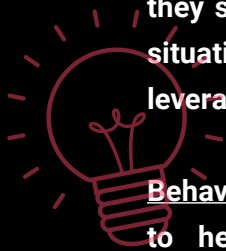
Behavioral data provides a common language to help you articulate these behavioral tendencies. When you have to back up your understanding of why the CEO is so detail-driven, or why another executive feels aloof, you can begin to build better relationships—and earn that crucial trust.

At PI, we're fortunate to have a CEO and Chief People Officer who literally ride to work

together. They know each other's quirks and flaws, because they've spent so much time together as *people*. And that understanding transcends their relationship as colleagues, extending to an appreciation for each other not always seen in the business world.

Riding to work together isn't an opportunity most HR leaders will have with their CEO. It also won't win over shareholders, nor will it convince a private equity group to provide more funding. But personal relationships *will* enlighten you about each other's strengths, vulnerabilities, and shared interests. Nurture those relationships, and you set the tone for organizational awareness—all while empowering the *people* who power the system.

It's a new day in HR and leadership—and these terms are no longer mutually exclusive. In fact, without a productive partnership that connects people and business strategy, you can kiss your best people *and* your profits goodbye. ✌️