

# CEO, Talent Scout

The old image of the charismatic (but distant) chief executive is long gone—replaced by more detailed personnel duty.

By Lisa Maxwell

Chief Executive Officer, once a revered title, has undergone a remarkable transformation in recent months. CEOs face tough challenges as they try to maintain cost-effectiveness and profitability, no small feat in this economic crisis. Currently, even the title itself sparks a wide range of perceptions from the general public—some positive, some not so positive.

At the recent HRO Summit in Tampa, former New Hampshire Republican Senator John Sununu talked of how the CEO role has changed. He spoke passionately and in great detail about the economic landscape, financial and regulatory reform, the science of (and economic impact of) climate change, and technological change. He explained how the image from “the good old days” of the charismatic CEO doesn’t work anymore. That resonates with many people observing the CEO’s role in talent management.

There is little doubt that today’s CEOs are held to a higher degree of responsibility than in the past. Whether asked for or not, they now have a much larger obligation to delve deeply into business strategy. And that means including talent management on their agenda.

Foreshadowing the current situation that many CEOs face, a recent article from *The Economist Intelligence Unit* detailed their evolving role in talent management. The research drew on in-depth interviews with CEOs across a broad range of industries. They concluded that talent management is too important to be left solely to the human resources department. Identifying leadership potential, performance evaluations, and targeted development activities are leading priorities for the top executive.

Talent management consists of many elements including sourcing, attracting and recruiting qualified candidates with competitive backgrounds, managing and defining competitive salaries, training and development opportunities, promotion and transitioning, performance management processes, and retention programs.

By convention, the search for, and management of, top-tier talent has always been well within the realm of HR. In addition to the current economic atmosphere, accountability demands have increased from both external agencies, such as the government, and internal inquiries from the board. These changes have prompted CEOs to assume more participation in talent management. It is imperative that CEOs closely monitor the latest devel-

opments in the company’s search and maintenance of elite talent needed for their companies.

CEOs are increasingly in need of the board’s input and support when tackling talent management issues. Effective boards are asking new questions: Is our company culture aligned with our values and business goals? Do we have an active plan to retain our most talented executives? What is our evaluation process, and how does it assess executive’s strengths and weaknesses?

The amount of time that boards spend on talent management can sometimes be considerable, up to 50 percent. The board’s role is not necessarily developing a strategy around talent management and getting down into the granular details of the day-to-day execution. That is still the role of the CEO. The board’s focus is on making sure the talent management strategy is in place and evaluating outcomes.

Second to managing the P&L, creating human capital strategies has become the most significant responsibility of the CEO—trumping marketing new products, turning around struggling business units, and even general operations management. The most effective CEOs have a clear view of their present and future talent needs up to at least five years out. They have implemented talent management processes to uncover gaps at all levels and align their business and talent management strategies.

With the changing role of the CEO, visible management is what it is all about. The impact of the financial meltdown on the scope and nature of the CEO role has been significant, fundamentally changing the way they organize leadership to deliver success.

Staff management and development is mission critical for all organizations. Personal involvement of the CEO in terms of developing deep relationships with staff at all levels to understand their career ambitions, strengths, weaknesses, and even individual family situations promotes stability in any organization. Ultimately, this improves retention and creates loyalty far beyond compensation and other employee benefits.

The most successful organizations know that their Chief Executive has a strong commitment to members of his/her staff. They understand that human capital management is the fundamental key that supports the overall business strategy. **HRO**



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