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PEOPLE + STRATEGY

VOLUME 48 | ISSUE 3 | SUMMER 2025



NURTURE WHAT'S NEXT

People-Centered Investments
for Tomorrow's Workforce

The CEO's Language | Analytics with Benefits | CHRO Master Class | Price of Success

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Johnny C. Taylor, Jr., SHRM-SCP
President & CEO, SHRM

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The Future of Transformation Is Human

Ask any business leader about digital transformation, and you'll probably hear about new technologies adopted, platforms integrated, and systems upgraded. Companies invest millions in these initiatives, hoping the right tools will unlock new levels of productivity and profit. We're certainly seeing a flood of this investment right now in the age of AI. Yet often, those tools go underused. The issue usually isn't the technology itself; it's that the people meant to use it aren't prepared, equipped, or engaged. The truth is that technology is only as powerful as the people behind it.

Too often, organizations roll out new systems and expect their employees to adapt effortlessly. But change is challenging, even when the rationale is clear. That's why it's essential to lead with empathy. When employees are involved from the beginning — heard, supported, and empowered — they become partners in the process. Adoption turns into engagement, and engagement drives innovation.

While many view digital transformation as simply a technology investment, it's a cultural transformation at its core. Organizations thrive when learning is not just a response to change but a driver of it. Reskilling and upskilling opportunities must be accessible to employees across all levels, and HR must play a central role.

Managers need to act as coaches, not just supervisors,

guiding their teams through unfamiliar territory. This requires time, resources, and a shift in mindset. But the return is significant: Employees who feel valued are more likely to take smart risks, collaborate effectively, and innovate meaningfully.

Leadership makes all the difference. Purpose, empathy, and intentionality are the true enablers of transformation. It's tempting to focus solely on road maps and ROI, but success comes from recognizing the individual experiences of the people affected by change. When companies support their people — acknowledging their challenges and celebrating their growth — they create the conditions for lasting success.

Technology can streamline operations and connect global teams, but it doesn't drive change on its own. People do. When they're equipped and inspired, transformation becomes more than possible — it becomes inevitable.

The future of digital transformation is human-centered. It calls on leaders to communicate clearly, lead with empathy, and invest as deeply in their people as they do in their tools. When that happens, technology's full potential is realized — not just in software and systems but in people empowered to create a better future. ■■



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SPEAKING THE CEO'S LANGUAGE

**By Framing HR Initiatives in
Hard Numbers Rather Than
Narratives, CHROs Can Secure
Executive Buy-In, Unlock
Budget, and Elevate Their
Strategic Credibility**

BY BOB GOODWIN

In countless boardrooms, talented HR leaders face the same frustrating reality: HR is often perceived as merely a cost center — a necessary expense rather than a strategic investment. Despite decades of advocating for a more strategic role, many CHROs still find themselves sidelined from core business conversations, especially when discussions pivot around growth, profitability, and investment.

This disconnect is not just about priorities. It's about language and lens, with HR and the C-suite often talking past each other. This gap becomes especially clear when examining the topics each group prioritizes in their communications. HR content frequently focuses on qualitative areas such as engagement, culture, and well-being, while CEOs and CFOs consistently emphasize financial metrics such as revenue growth, profitability, cash flow, and risk management.

For example, a recent analysis of trade media found that “employee engagement” appears in more than 25% of HR-related publications but in only about 6% of content aimed at the CEO/CFO audience. Meanwhile, terms like “profitability” and “cash flow” dominate CEO/CFO newsfeeds, appearing roughly 18% to 24% of the time. Yet, those words are barely ever referenced in HR discussions. While these perspectives are not inherently misaligned, they often feel worlds apart due to differences in language, framing, and perceived relevance.

Show Them the Money

This gap in communication isn't just a minor misunderstanding; it significantly hampers HR's ability to secure necessary investment and influence organizational strategy.

Peter Cappelli, director of the Center for Human Resources at the University of Pennsylvania's Wharton School, said C-suite leaders frequently underestimate the hidden costs associated with turnover, unfilled positions, burnout, and disengagement. These are critical factors that HR understands intimately but struggles to translate into CFO and CEO terms.

Cappelli pointed to turnover costs as the most obvious example because they're not on the balance sheet. CEOs are never going to see those costs. But they do see employment costs. HR leaders must bring those costs front and center to the attention of CEOs and CFOs. As Cappelli told *HR Executive* last year, everybody thinks turnover costs are an important

The future belongs to CHROs who can translate people strategies into financial results — and articulate them with the clarity and confidence that CEOs demand.

metric, “but unless you can put a number on it and show it to them, nobody higher up is going to care.”

This underscores the critical need for HR to quantify and communicate the hidden costs of turnover, unfilled positions, burnout, and disengagement in terms that resonate with CFOs and CEOs.

The good news: This disconnect presents a tremendous opportunity. CHROs who master the language of their executive peers — specifically by clearly linking HR investments to measurable business outcomes—are uniquely positioned to drive strategic growth and enhance organizational performance.

To earn a seat at the strategic table, CHROs must speak the language of growth. That means engaging CEOs and CFOs in conversations that tie people investments directly to business outcomes. Drawn from real-world insights from top CHROs, CEOs, and academics, these strategies help HR leaders build credibility, influence high-stakes decisions, and reposition HR from a support function to a powerful driver of organizational success.

Why Financial Fluency Matters

For HR executives seeking stronger buy-in from CEOs and CFOs, one crucial but often overlooked element is the need for deeper financial and business acumen. HR leaders are experts in people strategy and organizational culture, but their ability to influence investment decisions can be dramatically enhanced when they're equally fluent in the language of business strategy and finance.

This doesn't imply that HR leaders must become finance experts. But senior HR professionals should aim to develop a clear understanding of the fundamental economic drivers and financial metrics their CEOs and CFOs rely upon daily. Doing so equips CHROs to present people initiatives not merely as valuable in abstract terms, but as directly contributing to the company's strategic and financial goals.

CHRO CHECKLIST: BUSINESS AND FINANCIAL ACUMEN

Financial fluency is no longer optional for CHROs — it's essential for driving strategic impact and credibility in the C-suite. Here are key questions every CHRO should be able to answer to connect workforce strategy with business performance:

- **How exactly does our company make money?** Understand the core revenue drivers, cost centers, and margin levers.
- **What are the primary financial metrics our CEO and CFO discuss most often — and why?** Focus on revenue growth, operating margin, customer acquisition cost, and cash flow.
- **What are the most important profitability measures for our ownership structure?** For example, Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) for private-equity-backed firms, operating margin for public companies, and surplus for nonprofits.
- **How does employee turnover or underutilization affect our operating efficiency or margins?** Connecting talent metrics to margin pressure helps HR build the case for retention efforts.
- **What specific workforce metrics can we directly connect to financial outcomes?** This could include cost savings, productivity, revenue growth, or other metrics.
- **How do labor costs compare to other key expense categories on our P&L?** For example, knowing metrics such as labor as a percentage of total operating expenses (see *page 22*) helps inform smarter budgeting and resourcing decisions.
- **How does HR investment performance get reported — or overlooked — in board or leadership meetings?** CHROs need to clearly communicate these metrics at the highest levels.

For example, it's essential to know precisely how your company generates revenue and profit. Can you clearly explain how your organization's pricing models, customer acquisition strategies, or market expansion plans impact the bottom line?

HR leaders in publicly traded companies should be able to grasp how Wall Street analysts evaluate their organizations' performance. Metrics such as earnings per share (EPS), operating margins, and revenue growth rates often drive major strategic decisions. Understanding these indicators helps position HR to demonstrate how people initiatives can directly improve these metrics. For instance, reducing turnover rates can enhance operating margins, and boosting employee productivity can drive higher revenue per employee.

Among the financial metrics that HR executives need to understand:

- **EBITDA.** If your company is owned by private equity (PE), it's important to understand why they prioritize Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) above almost all else. EBITDA is critical for PE firms because it offers a straightforward indication of a company's operating profitability, which directly influences valuations and exit strategies.
- **Operating margin.** This metric reflects operational efficiency and is improved by optimizing workforce productivity and reducing costly turnover.
- **Revenue per employee.** This directly links employee productivity and workforce effectiveness to financial performance.

- **Cost of capital and ROI.** These metrics are essential for assessing whether people initiatives meet or exceed company hurdle rates and investment expectations.

By speaking confidently and convincingly in financial terms, HR leaders can elevate their strategic credibility, secure greater executive buy-in, and ultimately increase the impact of their initiatives.

Building a Business Case: 5 Key Metrics to Master

The good news for CHROs is that many of HR's most powerful contributions — such as reducing turnover, improving engagement, and boosting internal mobility — can be translated into quantifiable business outcomes. The challenge is having the right tools, discipline, and mindset to extract those numbers correctly and consistently.

Here are five essential areas where HR leaders can immediately begin quantifying impact using straightforward, business-centric metrics that resonate with executive teams:

1. Turnover Costs: HR's Hidden Profit Drain

Turnover isn't just disruptive, it's expensive. Yet, many HR teams grossly underestimate the true financial hit. Turnover costs vary widely by company, role, and skill level, but most studies estimate that the total cost lands between 30% and 200% of annual salary. For revenue-generating or technical roles, the higher end is more likely. Here is a simple way to calculate turnover costs:

Total Turnover Cost = Separation Costs + Replacement Costs + Training Costs + Lost Productivity

For a starting point, consider these common inputs:

- **Separation costs:** exit interviews, offboarding time, severance, and legal or compliance risks.
- **Replacement costs:** job postings, recruiter fees, assessments, and interview time (multiply by hourly rates).
- **Training costs:** onboarding time, peer mentoring, and formal training expenses.
- **Lost productivity:** ramp-up period (often three to six months), plus disruption to team performance while backfilling.

Tracking, analyzing, and proactively reducing turnover must be a core HR responsibility — not just a tactical function, but a strategic lever tied to margin protection. CHROs who can identify these costs credibly and offer business-aligned solutions position HR as a true cost-management partner to the finance team.

Real-world example: In 2024, Hilton Worldwide reduced global employee turnover to 26%, its lowest level in years, after doubling down on two front-line-centric retention strategies. First, it expanded same-day pay, enabling hourly workers to access earned wages immediately, which is an increasingly valued benefit in front-line labor markets. Second, it scaled its “Journey to Manager” upskilling pathway, giving high-potential employees a clear route to leadership. These moves didn’t just lift morale, they strengthened Hilton’s talent pipeline and slashed replacement costs.

The messaging: Frame your retention initiatives in terms of cost avoidance. For example, “A 10% reduction in turnover saves us \$X million annually.”

2. Reasons for Attrition: Move from Guesswork to Strategic Intervention

Most employee retention efforts fail not because leaders don’t care, but because they’re trying to solve the wrong problem. Too often, organizations rely on gut instinct or outdated assumptions about why employees leave, like blaming pay when the real issue is a lack of growth, burnout, or poor management.

To change this, CHROs must champion systematic listening and then turn those insights into business action. That means aggregating and analyzing exit interviews, stay interviews, pulse surveys, and HRIS data to isolate root causes. It also means segmenting attrition by department, tenure, level, and location to identify patterns and prioritize interventions.

Then comes the business case: Highlight “preventable exits” — workers who could have been retained with earlier action — and tie them to productivity loss, customer disruption, and recruiting spend. When framed this way, retention becomes less about engagement scores and more about financial and operational continuity.

3. Internal Mobility: A Hidden Engine of Growth

Talent is already inside your organization, you just need to know where to look and how to unlock it. Internal hires are typically faster to onboard, less expensive to recruit, and significantly

more likely to stay. Yet, many companies still rely too heavily on external hiring, missing the opportunity to develop and redeploy from within.

That’s where internal mobility becomes a strategic differentiator. Tracking metrics such as internal fill rate, promotion velocity, and lateral movement helps HR leaders gauge whether employees are growing or getting stuck. A healthy internal fill rate (10% or higher) not only cuts recruiting costs but also builds a stronger employer brand by showing your people they have a future with you.

Real-world example: In 2024, Amazon overhauled its Career Choice program, an educational benefit that teaches hourly workers new skills for career advancement. More than 140,000 employees enrolled, and participants are twice as likely to be promoted internally within a year than their peers. It’s not just a retention strategy, it’s workforce agility in action.

The messaging: Frame internal mobility initiatives as not just “nice to have” but as a way to save money, boost engagement, and reduce regrettable exits.



QUICK CALCULATIONS TO WIN YOUR CFO’S ATTENTION

HR initiatives land better with the finance team when they come with simple, back-of-the-envelope math. Use these rough benchmarks to frame conversations around cost, productivity, and workforce investment.

Turnover Cost = 150% × Salary

Established benchmarks place the cost of replacing a midlevel employee between 100% and 200% of their annual salary. Using 150% is a CFO-friendly average that captures separation, recruiting, training, and lost productivity.

Productivity Loss from Open Role = 50% × Monthly Revenue

For revenue-generating positions, an open seat can mean missed sales, delayed delivery, or lower team output. A conservative estimate is that each month the role is vacant costs half of what that person would have generated.

Cost per External Hire vs. Internal Promotion

Recruiting externally often involves job ads, recruiter fees, assessments, and longer ramp-up.

Internal promotions can save 30% to 50% in direct and indirect costs while also improving retention. To quantify impact, compare internal versus external fill costs over a 12-month period.

TEMPLATE: HOW TO MAKE YOUR HR INVESTMENT PITCH

An example of a structured, C-suite-friendly format to present your HR initiatives in business terms

CEOs and CFOs aren't looking for exhaustive details of your HR initiatives. They're looking for clear proposals with hard numbers showing that the initiative supports the organization's goals. Here's an example of a five-step template that simplifies the process and helps CHROs frame their proposals in terms that resonate with the C-suite's priorities and decision-making criteria. This template uses the example of a health care tech firm's initiative. You can adapt the key template categories — problem, initiative, expected outcome, implementation plan, and risks — to your own HR proposals.

Company: A midsize health care tech firm

Audience: CEO and CFO

Topic: Addressing nurse attrition in client hospitals to protect revenue and strengthen client value

PROBLEM STATEMENT

Client hospitals are experiencing nurse attrition rates exceeding 30%. This is driving up temporary staffing costs, eroding patient satisfaction scores, and undermining confidence in our workforce management platform. Based on industry benchmarks, each 1% increase in nurse turnover costs a hospital approximately \$150,000 annually in recruiting, onboarding, and lost productivity. Across our 80 active client sites, this translates to an estimated \$3.6 million in client-side losses annually, which has already led to stalled renewals in four key accounts. Without intervention, we risk erosion of customer trust and losing up to \$5 million in recurring revenue over the next 18 months.

PROPOSED INITIATIVE

Develop and deploy a Nurse Retention Analytics Toolkit within our product suite, powered by predictive attrition modeling and supported by an internal Retention Advisory Service. The toolkit will help clients identify high-risk turnover segments and recommend targeted interventions. We will first pilot the model internally with our clinical operations team to validate performance before client rollout.

EXPECTED OUTCOME

- Reduce nurse turnover by 10 percentage points across client sites within 12 months.
- Improve average client net promoter score by 12 points, reinforcing product value and satisfaction.
- Increase contract renewal rates by 7%, resulting in \$4.2 million in protected recurring revenue.
- Establish our company as a strategic partner in workforce optimization, increasing cross-sell potential.

IMPLEMENTATION PLAN

- **Q1:** Conduct internal pilot using existing HR information system and product data to validate predictive model.
- **Q2:** Build analytics dashboard, finalize algorithm, and develop marketing and training collateral.
- **Q3:** Launch retention toolkit and advisory service to top 20 clients.
- **Q4:** Measure impact, gather client testimonials, and prepare for full client base rollout.

RISKS AND CONTINGENCIES

- **Client data quality may vary**, so we will standardize inputs through a pre-launch integration audit.
- **Skepticism around predictive analytics** will be mitigated using internal pilot results and case studies.
- **Advisory capacity constraints** will be addressed through phased staffing aligned to new revenue milestones.

4. Employee Well-Being: Apply Hard Numbers to This 'Soft' Issue

Poor employee well-being quietly erodes productivity, increases absenteeism, and accelerates turnover. Yet, it's often tracked too loosely or too late. As Oxford University economist Jan-Emmanuel De Neve has argued, workplace well-being is not just a lagging HR metric but a leading indicator of business performance — predictive of customer satisfaction and even share price over time.

Track absenteeism rates, EAP participation, stress scores, and disability claims. But don't stop at surface-level fixes. As the World Economic Forum noted, organizations that rely on mindfulness apps or yoga stipends alone miss the point. Well-being is structur-

al. True impact comes from rethinking manager behaviors and work design — not just adding perks.

Real-world example: As part of SAP's Pledge to Flex program, the software company introduced hybrid flexibility norms and mental-health reset days, resulting in an 18% drop in short-term sick leave and a record-high 84% engagement score.

Why does this matter so much? According to a joint WEF-McKinsey report, improving workplace well-being could unlock \$11.7 trillion in global economic output. Closer to home, companies that prioritize belonging — identified by De Neve as the top driver of well-being, even ahead of compensation — are seeing measurable gains in loyalty and performance.

5. HR Data Ownership: Managing What Matters

You can't tell a credible story if your data is scattered across vendors or inaccessible. Audit your data systems, negotiate structured quarterly data exports, and build internal dashboards linking workforce data to business key performance indicators.

Real-world example: Pfizer shows the payoff. Its 2024 Skills Radar data lake unified the company's learning management system and HRIS feeds. In its first year, the platform saved \$8 million by redeploying 300 research and development scientists to high-priority projects instead of hiring externally while giving executives real-time insights into skills gaps.

The messaging: Position "owning the data" as an enterprise risk-mitigation strategy that also unlocks tangible cost savings.

How to Engage Your CEO in a Strategic Investment Conversation

Securing executive buy-in for HR initiatives requires more than just passion and knowledge of the company's numbers. It demands a business case that speaks the CEO's language. Here are some strategies to help CHROs turn strong metrics into strategic momentum and frame HR proposals as high-value investments:

Reframe the Request from 'Need' to 'Investment'

The traditional "HR needs more budget" appeal often sounds to the C-suite like a cost center asking for a handout. It lacks specificity, outcomes, and urgency. Instead, position your proposal as an investment with projected returns, whether in productivity, retention, or speed to market. When you reframe the request this way, you earn credibility and create alignment with how CEOs and CFOs evaluate all major decisions.

Lead with Business Outcomes

Old-school HR conversations often start with programs, processes, or philosophies. None of this anchors to what keeps the CEO up at night. Flip the order. Lead with the business results first, such as cost savings and margin impact. Then, describe the HR lever that supports it. This shows you understand what the business is trying to achieve and that HR is a driver, not a distraction.

Use Numbers, Not Just Narratives

Many HR presentations lean heavily on stories, survey quotes, or anecdotal wins. But without numbers, your case lacks teeth. Bring simple, defensible data points, such as turnover cost, time-

The traditional "HR needs more budget" appeal often sounds to the C-suite like a cost center asking for a handout. ... Instead, position your proposal as an investment with projected returns, whether in productivity, retention, or speed to market.

to-fill, engagement-productivity links, or even estimates of lost revenue from open roles. Doing so shows you are evidence-driven and positions you as a peer to your CFO.

Be Brief, Bold, and Businesslike

Long PowerPoints and detailed org charts rarely change minds. Busy executives want clarity, not complexity. Deliver your case in a single-slide summary or one-page memo (*see template on page 8*). Open with your strongest insight, and be ready to go deeper only if asked. This brevity signals confidence, preparation, and respect for your audience's time.

Anticipate Objections and Have Responses Ready

Too often, HR gets thrown off when challenged, viewing push-back as resistance instead of interest. Prepare for questions. Bring internal benchmarks, small pilot results, or third-party data to pre-empt common objections. Acknowledge trade-offs honestly and offer mitigation steps. This positions you not as a program pusher, but as a strategic thinker who has done their homework and is ready to lead change.

From HR Leader to Business Leader

The future belongs to CHROs who can translate people strategies into financial results — and articulate them with the clarity and confidence that CEOs demand. The CHRO of tomorrow isn't just a functional leader — they are the integrator across the C-suite, influencing CEO strategy, CFO budget decisions, and front-line leadership models alike.

By reframing people initiatives as strategic investments, leading with business outcomes, using simple but credible metrics, and aligning with executive priorities, HR leaders can move from being viewed as requesters to revenue enablers. The seat at the table isn't given — it's earned. And today, it's earned by speaking the language of impact. ■■

Old-school HR conversations often start with programs, processes, or philosophies. None of this anchors to what keeps the CEO up at night. ... Lead with the business results first.



BOB GOODWIN is the president of Career Club, where he works with senior executives to elevate leadership performance and align business strategy with people outcomes. He hosts a podcast called Career Club Live,

featuring CHROs from leading brands, and co-hosts another podcast called The Work Wire alongside SHRM President and Chief Executive Officer Johnny C. Taylor, Jr., SHRM-SCP.



When the COVID-19 pandemic threw workplaces into chaos, HR leaders expanded almost overnight from tactical operators to a strategic engine for navigating uncertainty and shaping the future of work. In the wake of the crisis, HR leaders managed a transition to remote work, helped stabilize unsettled workers, and created workforce plans to deal with potential downturns.

“The pandemic served to identify the art of the possible for HR,” said Jim Link, SHRM-SCP, CHRO at SHRM. “Many CHROs had strategic skills that were perhaps disregarded until they became absolutely necessary. After gaining recognition for helping organizations cope with the COVID crisis, HR leaders

have since been increasingly relied on to help build organizational effectiveness.”

Currently, as organizations navigate executive orders, a potential recession, and transformative technological change, people leaders are in the hot seat once again.

“We saw CHROs adapt during the pandemic and reimagine what work could look like,” said Dawn Zier, former CEO of NutriSystem and a board member at Hain Celestial Group and Prestige Consumer Healthcare. “Now, they will once again have to rethink what the future of work looks like.”

As business and work continue to change, organizations will continue to rely on HR leaders to guide them through transi-



The CHRO of the Future

How to Build the Skills and Mindset That Tomorrow's C-Suite Will Demand

BY NANCY MANN JACKSON

tions. To do that effectively, HR professionals should take steps now to prepare themselves for the demands of the future. That includes building the skills and competencies that will be needed in the C-suite moving forward.

For many HR leaders, preparing for the future starts with a mindset shift.

“We can’t see ourselves as just HR leaders anymore. We have to see ourselves as business leaders,” said Darrell Fincher-Crusan, head of HR at global biotech firm Octapharma. “With things changing so quickly, we need to understand the fundamentals of the business and how it works, how it makes money, and any potential risks to be able to develop effective people strategies.”

4 Core Habits for Next-Gen HR Execs

In taking on the mantle of a strategic business leader, the CHRO of the future will need to develop or sharpen a number of competencies and habits, including:

1. Lead with Technology

The C-suite looks for leaders who can “leverage emerging technologies, such as AI, in ways that enhance both the workforce and the client experience while keeping people at the center of the strategy,” said Cathy Moy, chief people officer at BDO, a global professional services firm.

Currently, 43% of organizations use artificial intelligence to

support HR-related activities, according to SHRM's 2025 Talent Trends survey. HR must not only leverage new technology but also actually lead the charge to adopt AI across the enterprise.

"CHROs will need to be the AI experts for their organizations, as they can best deploy the skills that AI can bring for organizational effectiveness," Link said. "AI encompasses a new way to access knowledge and gain clarity, and because AI is a workforce optimization tool, HR leaders are the ones to be the experts. They must not only be good at AI to enable themselves but also to enable their organizations."

For example, Fincher-Crusan is working with AI simulations to help develop leaders at his company. The AI tools provide managers with targeted learning content, simulate real-world employee conversations, and generate reporting on managers' development.

To prepare organizations to embrace AI, HR leaders will need to champion the culture change that the tech will bring. To ensure that AI isn't viewed as taking away from the workforce, the messaging should be that AI is additive.

"HR will need to encourage curiosity and learning and create training forums that teach teams how to embrace AI to increase productivity, which in some cases will replace things that humans do now but can also open the door for more rewarding work as people learn how to utilize AI as virtual assistants and brainstorming partners," Zier said. "Training, development, and retooling will need to be an investment that companies make to retain their best and brightest, and this will need to be led by HR."



"The executive HR leader's ability to be a lead voice in the room is a critical skill set. You have to speak up with confidence where your voice is heard and demonstrate that what you're saying has real value to the organization."

— NICHOLE OOCUMMA,
CHIEF LEARNING AND CULTURE OFFICER
AT METROHEALTH



2. Decode the New Employee Mindset

The best HR leaders have always been intuitive. But as the workforce and workers' expectations evolve, that depth of understanding becomes increasingly important.

For example, when Nichole Oocumma, chief learning and culture officer at MetroHealth in Cleveland, began working in employee engagement in 2010, "engagement" was still a relatively new concept — driven by a rising generation of workers who no longer expected to spend 30 years with the same employer.

"Now, we're in the next shift, with a new generation of employees who believe 'Work isn't everything I am' or 'I can go somewhere else or start my own business and be fine,'" Oocumma said. "After the pandemic, people recognized there was more to life than work, and many of them made different decisions when they came back."

To respond to the changing demands of the workforce, HR leaders need empathy and openness. "We need to recognize the things that are happening in the world are not just on the news; they're happening to us," Oocumma said. "We need to focus on our organizational mission and how we're living it out. This generation cares about those things more than work."

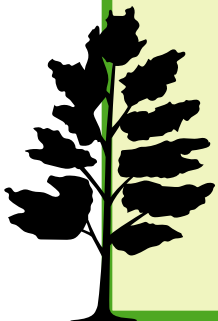
In addition to understanding what workers want, the CHRO also needs to understand and tackle business challenges, including the ongoing worker shortage. According to SHRM's 2025 Talent Trends survey, 69% of organizations reported difficulty recruiting for full-time positions in the past 12 months, up from 50% in 2013. To address these challenges, CHROs will need to combine strategic business insight with a comprehensive understanding of workforce dynamics.

"Attracting talent alone is no longer enough," Moy said. "HR leaders must create environments where employees feel supported, engaged, and motivated to grow their careers."

THE 10 C'S

TRAITS THAT CEOs VALUE MOST IN THEIR HR LEADERS

1. Catalyst for change
2. Continually learning
3. Courage to challenge
4. Candor and precision
5. Critical thinking
6. Communicate with impact
7. Credibility with management
8. Command of business acumen
9. Consistency in leadership
10. Collaboration across the C-suite



5 STEPS TO BUILD A PERSONAL DEVELOPMENT PLAN

As the world of work changes rapidly, it may seem overwhelming to think about all the possible options for sharpening and expanding skills and competencies. HR leaders can make learning and development manageable by creating a focused personal development plan. “Every HR leader, even those at the top of their game, should have a strategic road map for their own personal growth and development,” said Cathy Moy, chief people officer at BDO, a global professional services firm.

Consider these five steps for building a development plan that will guide you through your growth journey:

- 1. Make it personal.** One HR leader’s development plan may not work for another. Consider the skills that are needed or that will be needed in your specific industry and organization, as well as your personal strengths and weaknesses, when creating a plan for your professional development.
- 2. Make it multidimensional.** It’s not enough to focus on just one or two tasks, said Jim Link, SHRM-SCP, CHRO at SHRM. He recommends including skills “at both ends of the spectrum,” ranging from tactical skills to “soft” interpersonal skills. “Work on yourself, your organization, and your business all at the same time,” he said.
- 3. Build a network.** The best personal development plans include building a personal board of advisors or mentors you can rely on to provide input and feedback along the way. Link said he looks for people he admires as leaders or people who have a skill set he believes he needs to develop. Also, “choose people who will challenge you and don’t think like you,” he said. “Be willing to accept their feedback and aim to understand it.”
- 4. Include your team.** Leadership development often happens through the act of leading. “Fostering a culture of inclusion and trust within your teams is essential, but that doesn’t happen on its own,” Moy said. “Listen and learn from the experiences and perceptions of others.”
- 5. Align your plan with organizational needs.** “Your development plan should align with your personal growth goals and your organization’s evolving needs, ensuring you are prepared to lead through change and drive long-term success,” Moy said.



As the war for talent continues and workforce motivators shift, CHROs will need to understand what makes the workforce tick, Zier said. They must be prepared to strategically develop talent acquisition and retention plans that combine performance, compensation, and generational needs “to ensure that their organizations have engaged, invested workforces rather than transactional ones,” Zier said. “The companies that master this will perform the best.”

3. Speak Truth to Power

Increasingly, executives value the HR leader’s role as a voice for the workforce, bringing fairness and candor to inform decisions.

“The executive HR leader’s ability to be a lead voice in the room is a critical skill set,” Oocumma said. “You have to speak up with confidence where your voice is heard and demonstrate that what you’re saying has real value to the organization.”

For example, to sway executive decisions, Oocumma might share data about the costs of turnover, revenue associated with

retention, or research about how engaged employees serve customers better.

During Zier’s tenure as a CEO, she said she viewed the CHRO as “the chief truth teller” and depended on her to candidly explain what was and what was not working from an organizational and culture perspective.

“A CHRO must be willing to tell the CEO, leadership, and — at times — the board things they may not want to hear,” Zier said. “They have to constantly be checking the pulse of the organization and looking for things that might be eroding the culture or corporate trust.”

4. Gauge External Threats

Along with a deep understanding of the organization’s internal culture and business needs, the successful CHRO of the future will need to stay informed about external happenings and risks. For example, today’s forward-thinking leaders are tracking and



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“One of the best skills for HR is self-awareness. I journal a lot as I go through different experiences and later take time to reflect on what I learned or what I could do better next time. ... If you haven't taken time to reflect, you don't learn what you could from each experience.”

– DARRELL FINCHER-CRUSAN,
HEAD OF HR AT OCTAPHARMA



advising their organizations on the potential impacts of executive orders, trade negotiations, and economic uncertainty.

“Right now, keeping up with what's going on in the world requires a lot of competence,” Link said. “The best thing to be known for is an ability to think through a problem, see it from multiple angles and lenses, and make good decisions. Organizations need an HR leader who will critically think through the threats and determine what needs to be done for the business.”

Developing the Skills of the Future

Continually building and sharpening forward-looking skills doesn't happen by accident. Tomorrow's top leaders will proactively and deliberately take steps today to invest in themselves and their careers, including:

Embrace Multiple Learning Methods. Learning comes in many forms, and preparing for future challenges means adopting a variety of training and development options.

Fincher-Crusan recommended that leaders find the learning formats that work best for them. In most cases, that will include an assortment of formats, including formal education and ongoing interactions with other professionals.

For example, because Fincher-Crusan's employer is working to improve its culture, he's been listening to a workplace culture podcast while working out. He interacts regularly with his mentors via virtual meetups and has learned much by serving as a mentor for an HR professional at a different organization. Finally, he builds in time for self-reflection for ongoing growth.

“One of the best skills for HR is self-awareness,” Fincher-Crusan said. “I journal a lot as I go through different experiences and later take time to reflect on what I learned and what I could do better next time. ... If you haven't taken time to reflect, you don't learn what you could from each experience.”

Prioritize Relationships. Building and nurturing relationships — with employees, executives, mentors, and others

— is an ongoing habit that can sharpen skills and also prepare HR leaders for future conversations. In Oocumma's 35th year as an HR professional, she said her relationships with mentors continue to be critical.

“Relationships and openness to collaborate is more important than the work you get done,” Oocumma said. “The newer generation of leaders is not as comfortable with one-on-ones. But there's nothing better than face time, collaboration time, conversation time. Relationships are really big for up-and-coming leaders. When you have strong relationships, you can explain things and challenge executives' thinking.”

Those relationships will be especially important during challenging times, Link said.

“You can be paralyzed by knowing you need to move forward, or you can be motivated by it,” he said. “Rely on your network of advisors and your own core intellect. Navigation may not occur with the same level of confidence as before, but we will navigate through it together.”

Focus on Strategic Development. HR tactics remain important, but HR leaders will need to add more strategic skills as business becomes increasingly complex.

“Gone are the days when HR can be viewed as an administrative function that can be outsourced,” Zier said. “Chief people officers need to be strategic partners to the CEO. They need to help the leadership team think about how to maximize productivity and engagement across the organization in a way that promotes healthy ways of working with zero tolerance for toxicity.”

A vital part of that strategic development must include determining the impact that technology will have on roles and functions and figuring out how to redefine and reimagine them, Zier said.

Moving from a job-based mentality to a skills-based mentality will enable you to upskill and retool teams. This may involve cataloging different types of information into talent databases that can be used across the organization to create growth and mobility.

Adopt a Learning Mindset. Change is inevitable, so ongoing learning is a requirement for those who want to keep up. That means adopting a mindset of continual learning through actively listening to others and seeking opportunities to acquire the knowledge and skills needed next.

“If we've learned nothing else since the pandemic, it's that effective change management skills are crucial,” Link said. “We need to understand that change is a requirement and upskill ourselves. We must form and build cohesive networks within our organizations or networks so we have a sensing mechanism to understand what's going on and plan ahead. Then we can rely on a vast network of people, tools, and technology to be prepared for what might lie ahead.”

NANCY MANN JACKSON is a freelance journalist who writes regularly on finance, HR, health care, and education. Her work has appeared in *Entrepreneur*, *Forbes*, *Fortune*, *CNBC*, and other outlets.



ROI-DRIVEN HR

THE 5 CRITICAL PEOPLE-BASED INVESTMENTS FOR 2025 AND BEYOND

BY CRAIG WALLACE, PH.D.

As stewards of organizational growth and culture, CHROs are in a unique position to guide companies through the ever-evolving landscape of modern business. But with finite budgets and growing pressure to show measurable results, the challenge for HR leaders is deciding how to strategically invest the resources they can leverage to ensure not only survival but long-term success.

Based on years of research and practice in HR, five critical priorities stand out as the pillars where HR investments deliver the most outsized returns. By focusing on these areas, CHROs can amplify their influence and dramatically enhance organizational capacity. This article focuses on these five

interconnected pillars that deliver the biggest ROI for your organization:

- Leadership development.
- Human-centered digital transformation.
- Organizational capability building.
- Talent architecture.
- Culture engineering.

Far from being standalone initiatives, these key focus areas form a cohesive framework where each element amplifies the others. The organizations that will lead tomorrow's business landscape are those making deliberate, systematic investments in these five areas today. This article offers a practical road map for prioritizing and investing in these five pillars to strengthen not only the HR function but also the entire organization.

1

LEADERSHIP DEVELOPMENT: BUILD SKILLS THAT STICK

Exceptional leadership is the hallmark of a thriving organization. Yet traditional approaches to leadership development often fall short of addressing today's complex workplace challenges.

Take health care as an example. It's typical for health care organizations to promote their best nurses into supervisory positions, simply because the person is a great nurse. But often, the organization loses a great nurse and gets a less-than-great manager. The same thing happens in many other industries. Firms promote their most skilled individual contributors while neglecting to provide an adequate level of leadership development, setting these individuals up for failure.

But it doesn't have to be this way. Investing in a leadership development program that's intentional and scalable can yield extraordinary results.

The data bears this out. For example, a Gallup study found that organizations with highly engaged talent outperform their competitors by an extraordinary 147% in earnings per share. This speaks volumes about the transformative power of engagement. Gallup's data also shows that leaders' actions go a long way in supporting (or killing) engagement, and as a consequence, the bottom line. When organizations invest in developing essential leadership skills — so-called soft skills, such as communication, influence, presence, and emotional regulation — employees are 65% more likely to want to be involved in their work, said Gallup.

In my own work, I've found that organizations that have implemented a high-involvement leadership training program (i.e., training, development, coaching, action planning, and succession planning) have reduced turnover by up to 75%, with an average retention increase of 40%. These outcomes are not anomalies, but they do require significant investment from the organization. Still, this financial investment in leadership development can offer a tenfold return on investment.

The primary investment comes in the form of time and effort. Firms need to allow leaders and employees the time, effort, and space to truly develop. There's compelling evidence that leadership development is far more than a strategic initiative that can be marked as "complete" on a checklist. Rather, it's a dynamic core business function, and the foundation upon which employee motivation, performance, and organizational success are built.

When leaders are equipped with the skills to inspire, engage, and empower their teams, employees are more likely to feel valued and committed. This reduces turnover and creates a ripple effect on morale and productivity — a ripple that comes back full circle to reinforce good leadership.

The good news: Organizations are getting the message about the importance of this topic. According to SHRM's *CHRO Priorities and Perspectives* report, more than half of CHROs (51%) identified leadership and manager development as a top priority in 2025, making it the most frequently cited focus among these leaders (see chart).

For HR executives, the challenge lies in not only designing leadership programs that go beyond surface-level training but also convincing other C-suite members that the investment will pay off exponentially. To demonstrate value, focus on cultivating adaptive leaders who can navigate complexity, foster innovation, and model the values your organization holds dear. Then track the benefits and ROI from a quantitative and qualitative perspective.

Embedding leadership development into your organization's DNA could involve mentorship programs, real-time feedback loops, and experiential learning opportunities that simulate real-world challenges. Such programs should start from "day zero." Start investing in leadership upon a new employee's hire date, not the first day they show up to work. When firms hire new leaders, they can use assessment data from selection systems to create onboarding coaching plans.

By investing in your leaders today, you're not just building individual capacity; you're creating a foundation for long-term organizational resilience.

CHROs GO BIG ON DEVELOPING LEADERS IN 2025

When CHROs were asked to identify their top three priorities for 2025 from a list of 16 HR practices, one topic stood out by a significant margin. Here's the percentage of CHROs who listed each priority among their top three:



Source: *CHRO Priorities and Perspectives*, SHRM, 2025.

2

**DIGITAL TRANSFORMATION:
CREATE EFFICIENCIES WITH
EMPATHY AND PURPOSE**

The digital revolution has fundamentally reshaped the workplace, touching every aspect of how we work, communicate, and innovate. Yet many organizations still treat digital transformation as a purely technolog-

ical endeavor — a checklist of software upgrades, system migrations, and automation initiatives. This narrow focus overlooks the most critical component of any successful transformation: the people who bring the technology to life.

A human-centered approach to digital transformation reimagines operational efficiency by integrating cutting-edge technology with empathy, collaboration, and purpose. At its core, human-centered digital transformation acknowledges that technology is not an end in itself, but a means to empower employees. This perspective shifts the narrative from one of disruption to one of opportunity — an opportunity to build workplaces where innovation and well-being can coexist.

HR executives are uniquely positioned to lead this charge. Acting as both advocates for employees and architects of organizational change, they hold the key to ensuring that digital transformation efforts are engaging and impactful. Rather than imposing new systems in a top-down way, HR professionals can foster a culture of collaboration by involving employees in the transformation journey from the very beginning.

Engaging employees early on isn't just a courtesy; it's a strategic imperative that provides employees with psychological ownership over the process. By soliciting feedback on existing pain points, organizations can uncover valuable insights that might otherwise go unnoticed. Employees are often the first to identify inefficiencies in workflows or gaps in resources that hinder productivity. When their voices are heard and valued, they become active participants in co-creating solutions that address these challenges.

For example, before rolling out a new project management tool, HR teams can facilitate workshops or surveys to understand which features employees need. This collaborative approach will ensure the new technology is aligned with the day-to-day realities of the workplace. The result? A smoother adoption process, higher engagement levels, and solutions that genuinely enhance both efficiency and employee satisfaction.

One of the most exciting aspects of digital transformation is its potential to free employees from repetitive and boring tasks, allowing them to focus on work that's more meaningful and fulfilling. AI tools can automate routine administrative duties, such as data entry and scheduling, giving employees more time to engage and focus on innovation and strategic planning. This shift increases productivity and fosters a sense of purpose by enabling employees to contribute at a higher level.

Similarly, advanced data analytics tools can provide HR leaders with actionable insights into workforce trends such as employee engagement, turnover rates, and skill development needs.



“At its core, human-centered digital transformation acknowledges that technology is not an end in itself, but a means to empower employees. This perspective shifts the narrative from one of disruption to one of opportunity.”

Armed with this information, organizations can make more informed decisions about talent management strategies while proactively addressing challenges before they escalate.

3

**ORGANIZATIONAL
CAPABILITY: WELL-BEING
FUELS PERFORMANCE**

Well-being is no longer a nice-to-have but a must-have. Employees who feel supported in their physical, emotional, and professional needs are more engaged and more productive. They're also more

likely to become advocates for their organization. According to the American Psychological Association, 89% of employees who work at organizations where leaders support well-being initiatives are likely to recommend their employer as a great place to work.

HR leaders must adopt a holistic view of capability building — one that puts employee well-being in the foreground. By fostering a culture that prioritizes the physical, mental, emotional, and social health of employees, businesses can create a thriving workforce. Deloitte found that each dollar invested in employee mental health support yields roughly a fivefold return for employers. That's a big return, not to mention the resulting increases in engagement and performance.

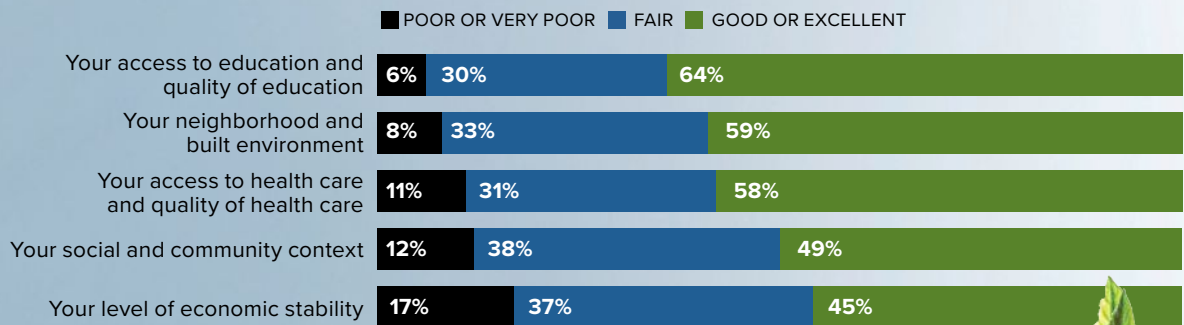
When employees feel supported, their productivity and engagement soar. Organizations that prioritize well-being also experience reduced turnover and absenteeism because workers are less likely to burn out or disengage. Additionally, investing in well-being generates significant cost savings by mitigating the financial burden of stress-related illnesses and mental health challenges.

To enhance employee well-being, employers should prioritize four key strategies that address both individual needs and organizational culture:

- **Embrace flexible work arrangements**, such as hybrid schedules and adjustable hours. This empowers employees to balance personal and professional responsibilities, reducing stress and boosting engagement.
- **Offer comprehensive mental health support** through counseling services, mental health days, and mindfulness programs. This creates a supportive environment that addresses emotional well-being.
- **Foster a culture of recognition and social belonging**

HOW DO EMPLOYEES VIEW THEIR WELL-BEING?

Workers in 16 countries were asked to rate how they are faring on these five social determinants of health. The result: While they're feeling good about their quality of (and access to) education, they're less positive when it comes to economic stability and social connections.



Source: Global Worker Project — From Trust to Transformation: How Workers Are Faring and Who They Trust Most to Make Positive Change, SHRM, 2025.



ROMOLOTTAVANI / ISTOCK

through team-building activities, peer-to-peer acknowledgment, and inclusive events. This strengthens relationships and morale.

- **Promote physical wellness** by subsidizing gym memberships, providing onsite fitness options, and organizing inclusive wellness challenges. This improves health and also signals the company's commitment to holistic employee care.

Together, these strategies create and promote an environment where employees feel valued, supported, and motivated.

Remember that capability building is an ongoing process rather than a one-time event. It's the same thing for well-being. As you integrate employee well-being programs, make sure you build with flexibility.

4

TALENT ARCHITECTURE: ALIGN SKILLS WITH STRATEGIC GOALS

Talent is an organization's most valuable asset, but only if it's correctly aligned with strategic objectives. That's where talent architecture comes in. A robust talent architecture ensures that the right people

with the right skills are in the right roles at the right time.

This requires more than just effective recruitment. It demands a comprehensive approach to talent management that spans onboarding, development, succession planning, and retention. HR executives must act as strategic partners to business leaders, ensuring talent strategies are directly tied to organizational priorities.

One way to achieve this is through workforce planning tools

that map current capabilities against future needs. This allows you to proactively identify critical skills gaps and address them via targeted developmental strategies, whether through hiring new talent or upskilling existing employees.

Skills mapping will be critical in the AI age. Globally, by 2030, employees' skills are projected to change by 50% — or by 68% when the explosion of generative AI is factored in, according to the *2024 Work Trend Index* by Microsoft and LinkedIn.

Additionally, HR professionals should consider how diversity plays into their organization's talent architecture. That includes diversity of mindsets, skills, and experiences. Diverse mindsets bring fresh perspectives and innovative solutions to complex problems. By prioritizing diversity of thought and skill set at every stage of the talent life cycle — from sourcing candidates to promoting from within — you can position your organization for long-term success.

5

INTENTIONAL CULTURE ENGINEERING: DEVELOP THE BEHAVIORS YOU WANT

Company culture is often described as "the way we do things around here." But what if leaders reimagined culture as something to intentionally design, rather than passively inherit? What if, instead of allowing culture

to evolve organically, we treated it as a living, breathing system that can be shaped to fuel performance, engagement, leadership development, employee well-being, and long-term business success?

Intentional culture engineering does exactly that. It transforms culture from ambient pseudo-stimuli into a strategic asset,

a source of competitive advantage that not only defines the company but also propels it forward with clarity and purpose.

Begin with the end in mind by defining what “success” truly means for your organization. This isn’t just about financial metrics or market share. It’s about painting a vivid picture of the behaviors, values, and mindsets that will drive long-term success. What do you want your organization to stand for? What kind of environment will empower your people to thrive?

Once you’ve articulated your vision of success, reverse-engineer your desired culture by identifying the ingredients, systems, processes, habits, and rituals that will breathe life into it. Think of it as designing an ecosystem where every element, big or small, works in harmony to reinforce your organization’s cultural DNA.

Here’s a concrete example of how to get started: First, define your key values — for example, innovation. To strengthen your culture of innovation, ask yourself: How can we foster an environment where creativity flourishes and calculated risk-taking is celebrated? This may mean building high involvement and psychological safety into your leadership philosophy, so employees feel empowered to experiment without fear of failure (see page 46). Or perhaps it involves rethinking how you recognize and reward employees, not just for outcomes, but for

radical, game-changing ideas and the courage to experiment with such ideas.

On the other hand, if collaboration is more central to your strategy, consider how you can design both physical and virtual spaces that encourage connection and knowledge sharing. From open office layouts to digital platforms that connect remote teams, every touchpoint should reflect and amplify your commitment to teamwork.

Intentional culture engineering requires ongoing care and vigilance, just like the previous four pillars of HR success. Cultures aren’t static; they evolve as organizations grow, markets shift, or new challenges arise. Conduct regular “culture checks” to ensure alignment with your strategic goals and adapt when necessary.

Ask yourself: Are the rituals you established still relevant? Do the systems you’ve put in place continue to support the behaviors you value most? By staying attuned to these dynamics, you can ensure that culture remains a powerful driver of performance, rather than an obstacle to progress.

HOW THESE 5 PILLARS WORK TOGETHER

While each of these pillars offers significant benefits on its own, their true power lies in their interconnectedness. Leadership development enhances culture. Digital transformation supports human efficiency and performance. Talent architecture aligns with both strategy and well-being, and so on.

HR executives must adopt a holistic mindset when implementing these strategies. Treat capacity building not as a series of isolated initiatives, but as an integrated framework where each element reinforces the others. For example:

- Leadership development programs should incorporate insights from digital transformation efforts.
- Talent strategies should be informed by cultural priorities.
- Capability-building initiatives should align with both individual well-being goals and broader organizational objectives.

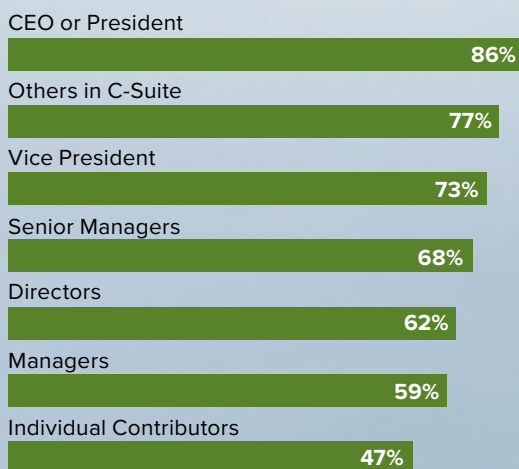
By weaving these threads together into a cohesive tapestry of strategic investment — and treating capacity building as an ongoing journey rather than a destination — you’ll position your organization not just for today’s challenges, but also tomorrow’s opportunities. The organizations that will dominate tomorrow’s business landscape are those currently making deliberate investments in leadership development, digital transformation, capability building, talent architecture, and culture engineering.

So ask yourself: Which investments will you make today to ensure your organization leads tomorrow? The answer lies within these five pillars — and your ability as an HR leader to bring them to life. 🧩

WHEN IT COMES TO CULTURE, DOES THE C-SUITE WEAR ROSE-COLORED GLASSES?

A positive workplace culture plays a big role in recruiting and retaining talent. But is your culture truly good? A SHRM study found that C-suite leaders are significantly more likely than individual contributors to rate their culture as positive.

Percentage of employees (by job level) who rate their culture as good or excellent:



Source: *The State of Global Workplace Culture in 2024*, SHRM.



CRAIG WALLACE, PH.D., is an organizational psychologist and the founder and managing partner of Involved-Talent, a talent development and organizational advisory and consulting firm. He also serves as the head

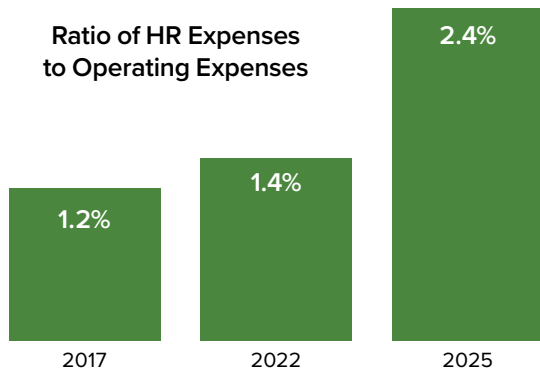
of the Management Department at the Powers College of Business at Clemson University and is a fellow of the Society for Industrial and Organizational Psychology.

Investing in HR and Talent: Benchmarks for 2025

AI is sending shockwaves through the HR profession, reshaping roles and putting traditional HR structures at risk. But SHRM's 2025 CHRO Benchmarking data brief shows that employers are continuing to invest more people and dollars into their HR functions and talent initiatives. Here are some key findings from the data, which was collected from a survey of more than 2,300 HR professionals between January and March 2025. [Read the full report at SHRM.org/2025benchmarks.](https://www.shrm.org/2025benchmarks)

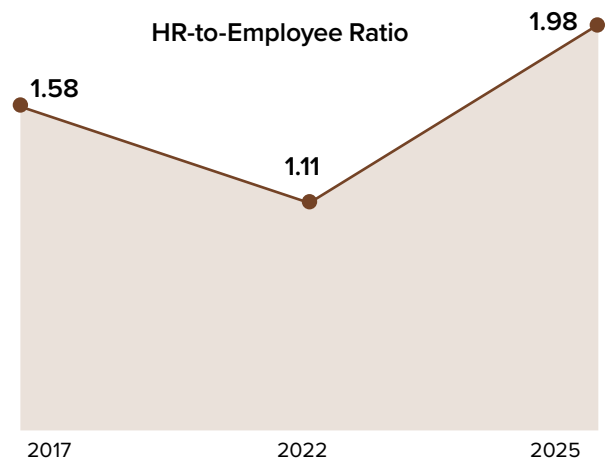
SPENDING ON THE HR FUNCTION CONTINUES TO RISE

The median HR-expense-to-operating-expense ratio, which represents the portion of total organizational expenses allocated to HR, reached 2.4% this year, double the ratio in 2017. This trend of stronger HR investments is also shown when examining HR spending per full-time equivalent (FTE). The median HR-expense-to-FTE ratio in 2025 climbed to \$2,479 per FTE, more than twice the amount recorded in 2022 at \$1,093 per FTE. These findings indicate that administering HR is now more costly. But they also suggest more organizations are making a greater commitment to financially support the HR function.



HR STAFFING SURGES AS ROLES EXPAND

The 2025 median HR-to-employee ratio of 1.98 indicates that on average, nearly two HR professionals are available for every 100 employees in an organization. This is a notable jump from 2022 and exceeds the pre-pandemic ratio of 1.58 in 2017. This trend suggests that organizations may be placing greater emphasis on building HR capacity, possibly to help navigate increasingly complex workforce challenges, including implementing AI. Note: Organizations in scientific, professional, and technical services saw the most HR-related growth since 2022.

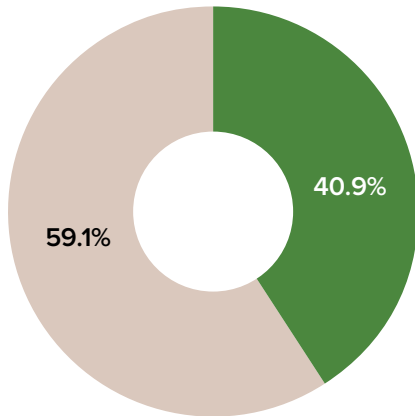


SALARIES TAKE A BIGGER SLICE OF THE BUDGET

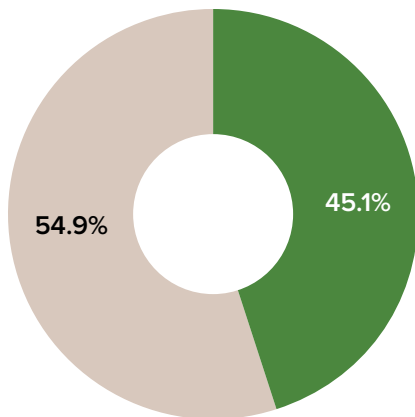
In 2025, employee salaries and wages accounted for a median of 45.1% of organizations' operating expenses, up sharply from 40.9% just three years ago. It's a clear sign that employers are working to stay competitive in a tight labor market. But that commitment comes with a challenge: HR leaders say they're trying to balance the pressure to offer competitive wages with the need to manage overall expenses, both of which are top-of-mind concerns for HR leaders in 2025, according to SHRM's *CHRO Priorities and Perspectives* report.

Salaries as a Percentage of Operating Expenses

■ Salaries ■ Other Expenses



2022



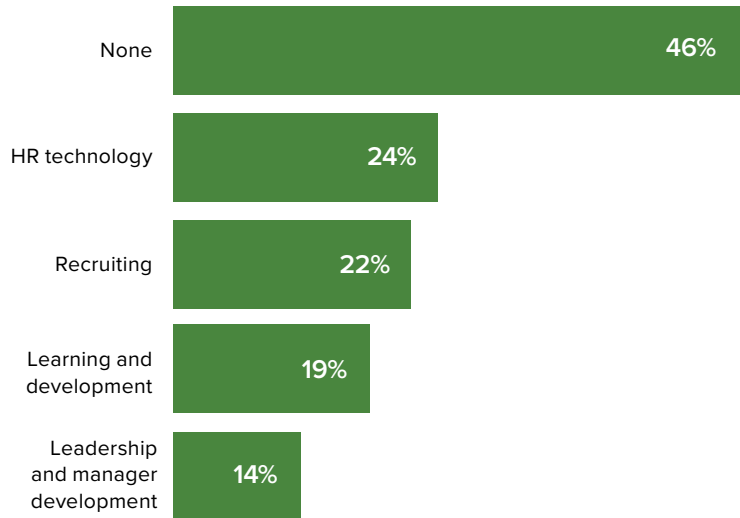
2025

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OUTSOURCING IS POPULAR, BUT NEARLY HALF KEEP HR IN-HOUSE

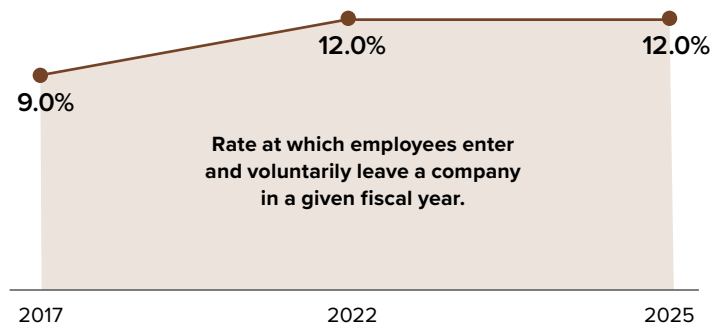
While more than half of HR professionals say they're outsourcing one or more of their HR functions in 2025, a full 46% said they manage all of their HR responsibilities internally. HR technology is the most common area where HR teams lean on external vendors, followed by recruiting and L&D.

Percentage of Organizations That Outsource Various HR Functions:



VOLUNTARY TURNOVER REMAINS HIGHER THAN PRE-PANDEMIC LEVELS

This year, the median voluntary turnover rate stood at 12%, matching the rate from three years ago. However, the turnover rate is still higher than the pre-pandemic median of 9%. This suggests that even as turnover stabilizes, organizations are still contending with a highly competitive talent market where retaining top performers remains a critical challenge.



Which Investment in Your Career Yielded the Biggest Return?

Careers are no longer linear journeys. They're dynamic pathways shaped by pivotal decisions, strategic risks, and intentional investments. Charting your own unique path begins with a commitment to personal growth. As part of this issue's look into strategic investment and growth, we asked three experienced executives this question:

What is the investment in your career that has paid off the most?

A circular portrait of Jeremy Reese, a man with short dark hair, smiling, wearing a dark suit jacket over a light-colored shirt. The background of the portrait is a solid light green color.

From Music to Management: How the Stage Taught Me to Lead

Jeremy Reese

HEAD OF LEARNING & DEVELOPMENT AT H&M

Ironically, the investment in my career that paid off the most is my Bachelor of Fine Arts degree in musical theatre. In hindsight, my time in college laid an incredible foundation for my current career in corporate learning and development. There is a level of detail, organization, and meticulous planning that goes into studying music, choreography, or the lines of a script for a performance that those outside of the performing arts world may not know.

While that specialized skill set was my foundation, I've since been able to build technical skills in project management, adult learning, curriculum development, and talent management. By combining these two unique skill sets, I'm able to bring a deeper level of passion and presence to my work.

Whether I'm delivering a keynote in an auditorium of hundreds of people or facilitating an intimate roundtable discussion with senior leaders, the ability to connect with my audience and deliver a clear message links directly to my background and training in the performing arts.

Leadership Coaching and Mentoring Inspired My Courage to Pivot

Marvin Carr-Ligons

SENIOR DIRECTOR OF THE NATIONAL FOUNDATION AT WALMART

Participating in a pair of leadership development programs gave me the courage to make a bold, intentional pivot in my career.

During one coaching session, my advisor asked me a simple but profound question: Was the path I was on the right one? It wasn't. That moment led me to move out of federal grantmaking and into corporate philanthropy, a shift that aligned more deeply with the type of strategic impact I wanted to have.

These leadership programs also revealed critical gaps in my skills, notably in strategy development. Through these programs, I gained a network of thoughtful, values-driven leaders from across the country — people I still turn to for perspective and support. I was also introduced to career coaching, which now plays a central role in how I support others.

The clarity, confidence, and community I found through these programs continue to shape who I am as a leader today.



Certifications and Connections Built a Platform for Success

Cara Walker

SENIOR HR EXECUTIVE CONSULTANT AT KORN FERRY

The investment in my career that has paid off the most has been my commitment to continuous learning and relationship-building. Earning the SHRM-SCP credential was not just about obtaining a certification; it was about deepening my strategic understanding of human resources and aligning my approach with global best practices.

Certification provided me with a strong foundation in HR strategy, talent development, organizational leadership, and legal compliance. And it strengthened my credibility and sharpened my ability to develop agile people strategies.

Also, working across various sectors has taught me how to tailor HR strategies to meet different organizational missions and operational realities. Building strong relationships and maintaining a robust network has also expanded my influence and effectiveness as a leader.





ANALYTICS WITH BENEFITS

Harness the Power of Next-Gen Data Tools to Rein in Health Spending and Optimize Employee Care

BY DAVE ZIELINSKI

Rising health care costs have long been a thorn in the side of employers. In 2025, health benefit cost increases are expected to run near or above 5% for the third consecutive year after a decade of average increases near 3%. However, new technologies are helping organizations tilt the cost battle back in employers' favor.

Powered by predictive analytics and machine learning, a new wave of digital tools is helping organizations fine-tune their benefits plans and curb unnecessary spending. It's not just about cutting costs — it's about getting smarter and delivering more personalized care to employees.

CHROs have labored for decades to design benefits plans that attract and retain top talent but don't fan the flames of rising health care expenses. Historically they've sought to achieve that balance by using cost-containment strategies such as increasing benefit plan deductibles or directing employees to high-performance networks that promise more cost-effective care. But the reality is that many of the levers that HR executives have pulled in the past to rein in health care costs have also undermined a key component of their employee value propositions: using benefits as a top job perk.

Studies show workers (particularly those in Generation Z) are increasingly willing to switch jobs for better health care benefits. And health care continues to be the most-valued benefit among employers, with 88% rating it "very important" or "extremely important," according to the 2025 SHRM Employee Benefits Survey.

To future-proof their organizations against spiraling health care costs, more CHROs are turning to next-generation technologies and artificial intelligence. Tools such as predictive analytics software, "nudge tech" systems, and fast-evolving machine learning can help CHROs better analyze their benefits data to detect

cost trends, predict future health care use patterns, incentivize employees toward desired behaviors, and slash administrative labor costs for benefits programs.

So far, the headline-grabbing uses of AI in HR have focused on improving tasks such as writing job descriptions and screening candidates. But behind the scenes, evolving software and digital tools can bring direct bottom-line value in the benefits arena by giving CHROs improved insights into benefits usage patterns and identifying employees at risk of developing chronic (and costly) conditions.

Capitalizing on the benefits of those tools requires that CHROs re-evaluate and modernize their HR technology stacks. A recent industry study found, for example, that 8 in 10 employers still rely solely on spreadsheets to analyze their employee benefits data. Spreadsheets are inexpensive and easy to use. But they have limitations, including an inability to provide real-time analytics, integrate disparate benefits data, and create adequate data security protections.

Analysts say more advanced, specialized software can provide the sophisticated and scalable capabilities needed by CHROs to tackle the complex benefits cost containment challenge.

A Shift Toward Cost Control

Health benefit costs per employee are projected to rise 5.8% this year, even after cost-reduction efforts taken by organizations, according to a Mercer study. A handful of factors are driving the escalation in costs, including:

- An increase in cancer-related costs due to more employees being diagnosed at advanced stages of the disease.
- The expense of increasingly popular drugs such as GLP-1s for weight loss, which can cost up to \$1,500 per employee per month.

- Health care providers raising prices due to factors such as staffing shortages or to regain revenue lost during the pandemic.
- Growing behavioral health costs associated with a rise in employee anxiety and depression.

Escalating cost increases — and the prospect of continuing health care price inflation in 2026 — have caused CHROs and their C-suite colleagues to rethink benefits strategies. The Mercer survey found that more than half of employers (53%) planned to make cost-cutting changes to their benefit plans in 2025, up from 44% in 2024. The spike in employers focused on cost control represents a shift from the past few years, when the competitive labor market caused more companies to expand their benefits offerings.

In this period following the pandemic, enhancing benefits to attract and retain talent was the top priority of respondents to the Mercer survey. In 2025, however, expanding benefits fell to third place. The top two strategies in the survey now both address the need to contain expenses: “Managing high-cost claimants” and “Managing cost for specialty drugs.”

“In recent years, many employers have avoided making these types of changes, but this becomes more difficult in a period of sustained higher cost growth,” the authors of the Mercer study wrote.

Technology as an Expense-Control Lever

Against that backdrop, CHROs are increasingly looking to technology as a means to achieve new cost efficiencies and stronger ROI from benefits offerings. New tools allow benefits teams to analyze vast datasets to better predict and manage future health care costs.

“The ability for employers to use machine learning to anticipate future benefit costs and future risk is significant,” said Elodie Olsen, a senior director in consulting firm WTW’s health and benefits group. “New technology can help HR leaders move the needle on managing health care costs in ways they haven’t been able to before.”

These exponentially powerful technologies can detect emerging patterns in benefits data that elude human data analysts. For example, AI can identify employees with potentially undiagnosed conditions, as well as those reluctant to take preventive tests that can help reduce the long-term costs tied to chronic illness.

Greg Vert, human capital applied AI leader at Deloitte Consulting, said next-generation technology is a valuable but often-underused tool to help CHROs control health care costs in ways that don’t undermine the power of benefits packages to attract and retain top talent.

“AI and machine learning capabilities are continuing to mature and can help organizations analyze and make sense of large structured and unstructured datasets related to benefits and health care,” he said. “When provided with the right internal and external data input, AI can automatically detect patterns and identify drivers of health care costs, such as chronic diseases or high-cost treatments, enabling a more targeted cost-reduction approach.”

Organizations can now tap into huge amounts of data on employees and their benefits usage that can help proactively detect (and address) expensive health conditions before they become more serious, such as type 2 diabetes and cardiovascular conditions (*see box below*).



DATA VS. DIABETES: HOW ANALYTICS TOOLS CAN SAVE LIVES AND MONEY

Organizations are sitting on a wealth of untapped employee benefits data that new technologies can unlock to proactively identify and address many costly health conditions and enable early detection.

“Companies can do that by consolidating data such as medical claims, biometric screenings, and wearable device data to uncover patterns and risk factors that can indicate the presence of undiagnosed or poorly

managed health conditions,” said Greg Vert, human capital applied AI leader at Deloitte Consulting.

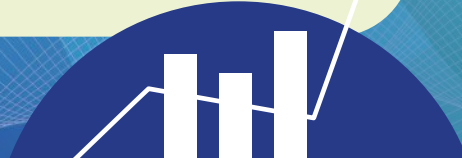
Next-generation predictive analytics tools can help identify employees who may be at higher risk of certain health conditions with the goal of intervening earlier to help them avoid developing more serious illnesses.

“One example is potentially undiagnosed diabetics,” said Elodie Olsen, a senior

director in consulting firm WTW’s health and benefits group. “You can use machine learning to comb through many data points to help recognize patterns in things like medical claims to be able to say, ‘We think in XYZ population there may be 20 people with undiagnosed [type 2] diabetes.’ That creates the opportunity to intervene with those people before they become diabetics.”

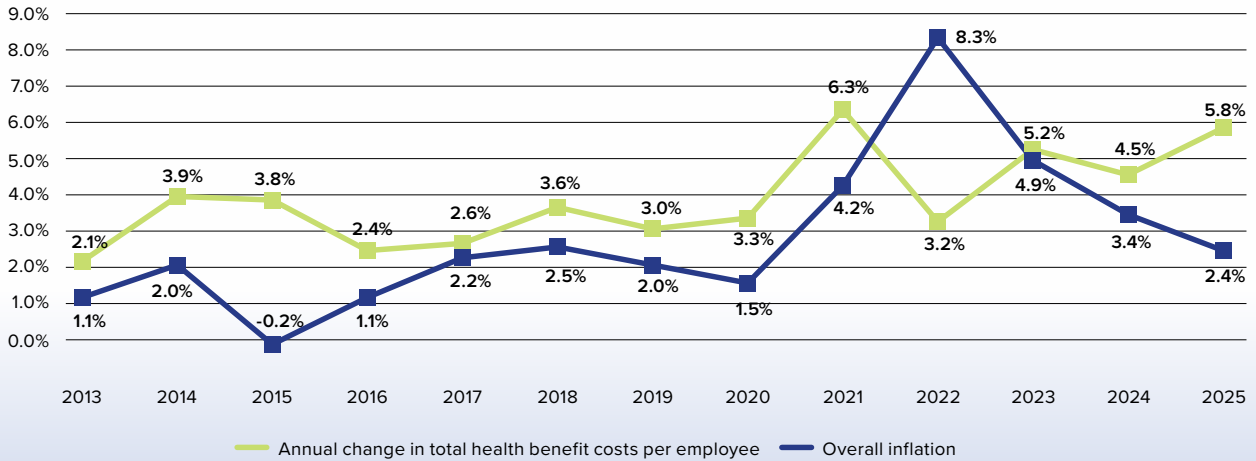
Technology can be used in similar ways to identify

emerging cardiovascular or orthopedic conditions, as well as chronic obstructive pulmonary disease. With hypertension, for example, benefits teams can now use machine learning to analyze claims, pharmacy records, and blood pressure screening data to identify potentially high-risk employees and offer targeted well-being and lifestyle modification programs to reduce the frequency of heart disease and stroke, Vert said.



HEALTH BENEFIT COSTS TRENDING HIGHER

Health benefit costs per employee are projected to rise by 5.8% this year, the third consecutive year of cost increases near 5% following a decade of increases averaging only about 3%.



Source: National Survey of Employer-Sponsored Health Plans, Mercer, 2024.

The high cost of popular GLP-1 drugs such as Ozempic, Wegovy, and Zepbound — medications that have proven effective in managing type 2 diabetes, obesity, sleep apnea, and other chronic conditions — also has become a major driver of rising health care costs. These drugs, now frequently used for weight loss, can cost more than \$10,000 per patient annually.

Olsen said the use of new technology can help better manage and anticipate the cost of such drugs, as well as estimate the future costs of other high-cost claimants.

“The good news is that companies can now use tools like AI to look at data based on expected health conditions in an employee population and project which of these specialty drugs might be prescribed to certain employees,” she said. “That helps them to plan for that future cost exposure.”

More Digital Innovations from Health Care Providers

New tools from third-party providers are helping employers analyze past benefits usage to better forecast and manage future health care spending.

For example, Blue Cross and Blue Shield (BCBS) of Minnesota unveiled a new digital platform, Blue Care Advisor, to help organizations close critical gaps in their member health care and guide employees toward healthier behaviors.

“We use AI and machine learning to place member-employees into one of 140 different clinically validated segments, which helps determine their risk profiles,” said Matt Hunt, vice president of customer experience and digital products for BCBS of Minnesota. “That allows us to personalize the health care experience for those segments, which are built on members’ claims data, individual health assessments, and more to help us identify

their health priorities and any obstacles to achieving them.”

Blue Care Advisor also uses AI to identify patterns such as emergency room overutilization and employee adherence to prescribed medications. In addition, the platform uses embedded claims data along with AI to make it easier for employees to use cost as a criterion when searching for the right medical professional for their needs.

“As they search for doctors online, there is a price attached to [the doctors’] services,” Hunt said. “Members can see what the cost might be given their specific benefits plan, as well as get information on quality of care to help make the best decision. They also can receive cost estimates on ordering medications from different pharmacies in their area. It helps employees better understand what they’re getting into before they ever step into a doctor’s office.”



“When provided with the right internal and external data input, AI can automatically detect patterns and identify drivers of health care costs, such as chronic diseases or high-cost treatments, enabling a more targeted cost-reduction approach.”

— GREG VERT, HUMAN CAPITAL APPLIED AI LEADER AT DELOITTE CONSULTING



NEXT-GEN ENROLLMENT

New Digital Tools Help Workers and HR Execs Make Smarter Benefit Decisions

What truly drives employee decisions when selecting benefit plans? HR leaders like to think their workers make educated decisions after much fact-based analysis. But a report from HR software company Justworks found that more than half of Generation Z and Millennial workers (51%) admit to having blindly chosen a health insurance plan because they didn't understand the complicated terms and definitions. That's double the number of Gen X and older workers who said the same (25%).

Such a "throw up your hands" approach not only can drive up benefits costs for employees — it can inflate those costs for employers as well.

But all is not lost. New digital tools can remove much of the frustration from the benefit selection process by making it easier for workers to compare and contrast benefit plans during open enrollment. Fast-evolving AI, for example, has added new capabilities to decision-support tools on benefits administration platforms. These tools can be a lifeline for anxious employees when busy HR professionals aren't available to field emails or calls about benefits-related questions.

"AI has added a lot of strength to chatbots that once offered only canned, decision-tree-based answers to employees," said Evelyn McMullen, a research manager with Miami-based Nucleus Research, who specializes in recruiting and benefits technologies.

These digital benefit assistants can now pull from a broader set of data within the context of the individual employee communicating with them, which provides a more tailored experience and targeted recommendations during open enrollment.

"For example, new chatbots can look at a family's claims history as well as any life changes to better predict what an employee can realistically expect as far as health care needs in a given year," McMullen said. "That can help employees sign up for the most appropriate health care plans without having to spend hours trying to figure out what's best for them."

PERSONALIZE BENEFITS FOR EACH GENERATION

The benefit needs of your Gen Z employees can be radically different than those of your Gen X and Boomer staff. New technologies can help HR teams identify benefit preferences among different generations in the workforce. These tech-assisted insights also help HR sidestep the problem of "survey fatigue," where employees become reluctant to fill out benefits-related surveys because they already feel overloaded with regular engagement surveys.

"The good news about AI and natural language processing is that HR leaders can use these tools to quickly and effectively analyze data to understand what different cohorts want and need in more personalized benefits options. And that doesn't necessarily mean sending another survey," said Rebecca Wettemann, CEO and principal analyst at Valoir, a technology advisory firm in Arlington, Va.

For example, Wettemann said using AI to analyze the type of benefits questions employees are asking on a self-service benefits portal can be an effective way to gain insights into which offerings may be missing from your current benefits lineup.



"New chatbots can look at a family's claims history as well as any life changes to better predict what an employee can realistically expect as far as health care needs in a given year. That can help employees sign up for the most appropriate health care plans."

— EVELYN MCMULLEN, RESEARCH MANAGER AT NUCLEUS RESEARCH

‘Nudge Tech’ Can Improve Employees’ Habits and Guide Their Care Choices

Blue Care Advisor also uses digital tools that can encourage employees toward positive health behaviors. With this “nudge tech,” machine learning is used to analyze multiple data points and then serve up personalized health recommendations for individual employees, such as next steps for them to take after visiting a primary care provider. Those suggestions are delivered through a mobile app, email, or portal.

For example, when Blue Care Advisor reviews patient claims or lab results, it can identify when employees have high blood sugar levels. “If we see that result multiple times, it can set off an alert to recommend to that member a preventative diabetes program they can access,” Hunt said. “The idea is to give people early stepping stones and to personalize recommendations to help them avoid developing more serious conditions down the road.”

Sending employees suggestions for the next steps to improve their health or well-being is one thing, but getting them to follow through is often another. To address that adoption challenge, the platform includes an incentive and rewards program that employers can use to encourage employees to stay committed to improvement.

“Organizations can build their own incentives directly into the tool. So when an employee is sent a next best action to take, the employer provides a reward for taking that action in form of points that can be redeemed for merchandise,” Hunt said.

Metrics indicate the platform is already paying dividends for client organizations. Employees who register to use Blue Care Advisor are two times more likely to get key preventive exams than those who don’t register. Such exams can detect conditions such as cancer and cardiovascular issues before they become more chronic and costly.

Workday is another industry provider using evolving technology to help HR executives make more informed benefits and wellness decisions. The company’s new Workday Wellness program capitalizes on improvements in API (application programming interface) technologies that allow different software systems to communicate with each other. This gives executives faster access to benefits data stored by insurance providers.

API connections between Workday’s human capital management system and those providers allow a real-time data exchange that resolves a common problem. In the past, HR leaders would have to ask those insurance companies for information, such as plan participation rates, claims data, utilization, and more. This process often led to delays of weeks or more in receiving that data. Now HR can access that information instantly via API connections between disparate systems.

“Timeliness is a big factor, and the program provides more real-time insight for HR executives about what’s happening with their benefit and wellness offerings,” said Cristina Goldt, general manager of talent optimization at Workday. “Receiving up-to-date data on things like program usage can allow executives to optimize costs and return on investment of their programs.”



“Companies need to take into account the delicate balancing act of leveraging employee benefits data and the privacy of that data. Many HR teams accomplish that by not getting to the specific employee level in using that data and avoiding any claims of discriminatory treatment because of what may be in an individual employee’s DNA.”

— RON HANSCOME, RESEARCH VICE PRESIDENT WITH GARTNER IN HR TECHNOLOGY

Pay Attention to Data Privacy, Legal Risks

Using technologies such as AI in the benefits space doesn’t come without regulatory and ethical risks. Employing machine learning tools to analyze sensitive health data, for example, can raise data privacy issues that CHROs and chief information officers must tread carefully around.

“Companies need to take into account the delicate balancing act of leveraging employee benefits data and the privacy of that data,” said Ron Hanscome, a research vice president with Gartner specializing in HR technology. “Many HR teams accomplish that by not getting to the specific employee level in using that data and avoiding any claims of discriminatory treatment because of what may be in an individual employee’s DNA.”

Vert said organizations need a comprehensive approach to mitigate AI-related legal and regulatory risks when mining benefits data. “That should include proactive and secure data management techniques, ongoing monitoring and governance, and recurring compliance audits,” he said. “In addition, the regulatory environment is likely to create a moving target for organizations to navigate for years to come.”

Best practices should include removing all personally identifiable information and aggregating benefits data to analyze trends for groups, rather than focusing on individual employees, Vert said.

“Organizations also are starting to offer ‘opt in/opt out’ choices to give employees more control over where and how their benefits data is used,” he said. “Typically, employees will choose to opt in if they have a clear benefit or incentive to participate.” ■■

DAVE ZIELINSKI is a business journalist who covers the impact of emerging technologies on the workforce. He is a frequent contributor to SHRM publications.

The CHRO Master Class

Candid insights from 9 leading HR executives on lessons they've learned, their biggest surprises, and what they want the next generation of CHROs to know.

Since the onset of the pandemic, the CHRO has taken center stage in organizations, driving and leading change through all the disruption, ambiguity, and rapid shifts in recent years. The expectations have never been higher — or the opportunity for impact greater.

Adam Bryant, a *People + Strategy* contributing editor and senior managing director of The ExCo Group, in partnership

with World50, recently conducted in-depth interviews with nine veteran CHROs about the future of the CHRO role, the lessons that have shaped how they lead, and the wisdom they want to share with the next generation of HR leaders.

Their answers serve as a master class of insights, stories, and takeaways for current and future HR leaders, with guidance that's both timely and timeless.



PETER FASOLO

Former CHRO at Johnson & Johnson



LOUISE PRASHAD

CHRO at Diageo



ELLYN SHOOK

Former CHRO at Accenture



PAUL NORMAN

CHRO at the MTN Group



CARA CHENNAULT-REID

Vice President of HR at Koch Inc.



JENNIFER TIPPIN

Group Chief Operating Officer for NatWest Group



SUSAN PODLOGAR

Former CHRO at MetLife



JENNIFER SAAVEDRA

CHRO at Dell Technologies



JAD VODOPIJA

Chief People Officer at BHP

What are the X-factors that will separate the best CHROs of the future?

PETER FASOLO

Focus on business outcomes, not HR process. “The role of the HR chief — in the eyes of the CEO, the board and P&L leaders — has to be defined by whether they are helping drive business outcomes with a focus on value creation. Moving forward, the HR chief has to be able to continuously demonstrate that the work they do is creating high-performance work systems and bringing in new capabilities that are linked to the outcomes that P&L leaders and boards and CEOs care deeply about. Rather than starting with our own set of practices, you have to start from the outside in.”

Your inner mirror matters.

“You have to have a deep sense of self. Know yourself really well and understand how you show up and how you lead. This is not new, but as the world has evolved, there is a greater emphasis on being human as a leader. A role of CHROs is to create a more humane space in their organization, but you can’t do that if you are not yourself very aware. So this old concept of self-awareness as a leader has never been more important.”

PAUL NORMAN

Become a personal talent magnet. “What really sets brilliant CHROs apart is their ability to be a magnet for talent. You’re spotting that talent, attracting it, nurturing it, and growing it. You’re the person making the phone call to say, ‘Please come here. This is the reason why you’ll love working for this business, and here’s how it’s going to make a big difference to your career.’ ”

JENNIFER TIPPIN

JAD VODOPIJA

Plan for the next decade, not for tomorrow. “The ability to see around corners — for the next two, five, and even 10 years — is certainly important. What work do you need to do now to ensure that your organization is prepared for what’s coming and has the necessary competitive advantage? There’s a foresight and externality component to these roles now that is far more pronounced than a decade ago. Because of the unique purview, we have to see across the enterprise.”

SUSAN PODLOGAR

Be proactive, not reactive. “Have the courage to be a leader and bring ideas forward, because this is the moment for HR to have the biggest impact on business outcomes. Others may see HR as a support function, but HR has to show up as a business driver. You’ve got to understand how all the business components work together and not sit back and wait until someone asks your opinion, especially on topics like AI. HR is in the best position to drive AI adoption in the organization, with the support of the leadership.”

Connect the dots using data.

“You need the ability to distill a lot of information and create an analytical, fact-based, decision-making model that you can bring to your C-suite colleagues to navigate through unknown situations. There’s no playbook for the challenges we’ve seen in recent years. You have to create options, with pros and cons, and then be able to influence your colleagues to help make decisions with a more holistic process.”

JENNIFER SAAVEDRA

What is your best advice for a first-time CHRO?

Protect your sense of self.

“Be careful not to lose yourself in the role. When you take on a big role like this, you come in with lots of dreams and aspirations. You come in with your sense of self intact. But then you can get seduced by the role and you start believing your PR because everybody is reacting to your position, not you. And if you get lost in that journey, you won’t find yourself down the road. So find a way to stay grounded.”

PAUL
NORMAN

LOUISE
PRASHAD

Identify your strengths and apply them.

“You have to start at a high level to really understand what is going on in your company and what is likely to happen over the next few years. Before I took on this role, I thought deeply about what this role is going to need. Ask yourself, ‘What can I uniquely bring to this business? What am I passionate about? Where are my strengths within that? How do I bring that to bear for the business, for employees, and for other stakeholders?’ ”

Embrace the role of “absorber.”

“In organizations, there are always ‘amplifiers’ and ‘absorbers.’ As a CHRO, you have to be an absorber. You have to observe and be calm and forward-looking. There’s a lot of uncertainty out there, and a lot of issues with many gray areas, like AI. You’re not going to have all the answers, but you have to be calm and focused on the path forward and be able to balance needs of the business, the culture, and your people.”

JENNIFER
SAAVEDRA

PETER
FASOLO

Stay anchored to what matters.

“You’ve got to be really good at aligning your set of issues with the direction of the corporation and staying on point, because many people or teams or stakeholders will try to take you off your agenda. You’ve got to stay anchored on the few things that matter. You have to know what’s important and what’s not, and be comfortable letting those things roll off your to-do list. You don’t need to chase down everything. You’ve got to be right in the right places and not be right in the wrong places.”

Balance the head and the heart.

“You can do more than you think you can do. The role is shifting, and there’s a very interesting balance of head and heart right now. We are learning so much more about neuroscience, psychology, and anthropology, in addition to the role that technology can play. And the heart part is about caring for the well-being of our employees and developing personalized solutions for them. You’ve got to marry those two to get to the business outcome you want.”

SUSAN
PODLOGAR

ELLYN
SHOOK

Speak for the people.

“CHROs need to always remember that they play a very special role on the C-suite team, because they are the voice of the people. As issues get discussed, CHROs always have to bring to the table what’s on the minds and in the hearts of people, because organizations cannot grow and thrive and be successful without their people. When you first get to that table, you may forget that. You want to be one of the crowd, but you can’t forget your role and responsibility.”

What surprised you most once you stepped into this role?

JAD
VODOPIJA

The emotional strain of big decisions. “The role does come with an emotional burden. You have to make big calls, and you don’t want to get them wrong. Because the stakes are so much higher with some of your decisions, that requires a lot of emotional energy. I underestimated just how draining the role can be if you’re not thoughtful and careful about managing that.”

Agility and learning are essential. “I didn’t quite appreciate how much learning and curiosity and agility you need to solve the big problems that you face every day in this role. You are coaching people individually through sticky situations, and then maybe dealing the next minute with a crisis, or an acquisition or divestiture that isn’t playing out as expected. You’ve got to be really open to learning and knowing how to solve issues.”

PETER
FASOLO

The exhaustion of being “always on.” “I would say how physically exhausting it is. I wasn’t doing manual labor, of course, but the role is exhausting for two reasons. One is the complexity of thinking that is required for the challenges you’re working through. Second, you have to be always on. We lived in a condo in Hoboken, N.J., for a while, and I would see MetLife employees in the elevator even when I was just heading to the gym in my sweatpants. You are always in the role, and you are always representing, no matter where you are.”

LOUISE
PRASHAD

Investors want a piece of your time. “One thing that surprised me is that I spend quite a bit of time with investors, and investors want to speak to me. They are extremely interested in knowing that you have the long-term talent that you need. Are you putting the right capabilities into your business? How are you fostering a culture that’s going to sustain the business over time?”

SUSAN
PODLOGAR



Courage to Speak, Humility to Listen

“You need to have the courage to be able to raise your hand and challenge a decision or assumption. At the same time, it takes a tremendous amount of humility to recognize and admit what you don’t know and then seek help to fill in those gaps. The connection between the two — courage and humility — means you also must be willing to be vulnerable sometimes.”

— CARA CHENNAULT-REID

What do you consider the hardest part of leadership?

CARA
CHENNAULT
-REID

Building success through relationships. “One of the biggest challenges is making sure you invest enough time in the people around you to help them be successful. You have to meet them where they are, and that gets harder as your team gets bigger. This requires a commitment to knowing them, making space to know them, and having intentional conversations with them about their likes, dislikes, desires, passions, goals, etc.”

Putting on my own oxygen mask. “The hardest part is maintaining your own equilibrium in a role like this where you have to give a lot of yourself to the organization, to employees, and to your team. How do you keep your own oxygen mask on? How do you keep that sense of personal fulfillment? The hard part is being ready to continuously invest in yourself so that you can bring your best to the role.”

LOUISE
PRASHAD

Slowing down and stepping back to gain clarity. “You need to slow yourself down and have the discipline to be less busy with activities and more focused on the few things that matter. You also have to be able to provide a perspective on so many different issues. Leaders need different angles on problems, and you’ve got to be able to share your perspectives. If you can’t do that, you can’t lead. In leadership positions at the top of big organizations, you must be able to teach, slow down, and provide your perspective.”

PAUL
NORMAN

Integrity during tough calls. “The hardest part of leadership is being able to remain true to yourself and still make an impact in the world. We make a lot of decisions, and many have a big impact on many people. Sometimes that means 1,000 people have to lose their jobs. It’s a part of the job, but you always have to remember that there are real people behind those decisions, not just numbers.”

PETER
FASOLO



My Purpose: ‘To Lift as I Rise’

“I vividly remember the moment I finally understood what my purpose is in this role. I was at a dinner for *Fortune’s* Most Powerful Women. The speaker was Courtney Banghart, who was the coach at the time for Princeton’s women’s basketball team. She shared what her dad said to her when she was 12: ‘Courtney, you need to remember to lift as you rise.’ That became my purpose. That is what I wake up every single day to do — to lift as I rise.”

— ELLYN SHOOK

Origins of Impact

Long before they stepped into the C-suite, these CHROs were shaped by early experiences that forged their resilience and sense of purpose. Here, some of them share the personal roots of what drove their passion to lead.

From Apartheid to Accountability



“I grew up in the apartheid era of South Africa. That was, in part, about coming to grips with your sense of belonging and the importance of understanding diversity,

equity, inclusion, and all the issues we grappled with at the time. ... So I ended up in various situations throughout my early life where I was either part of transforming things or at the precipice of pushing change. That built into me a sense that you have to make things happen. You have to drive transformation. Because of that, I am comfortable with lots of change and ambiguity, and I try to make sense of that for those around me.”

— PAUL NORMAN

Raised by Givers, Inspired to Serve



“I had people around me as I was growing up who were incredibly purpose-driven in the things they did for others. I grew up in a Jewish family, in a Jewish community, and I

saw many people who were very giving of themselves. That inspired me to be somebody who really supported and enabled others. And I saw a lot of resilience in my early life. There were many people around me who faced a lot of adversity, going back to the roots of my cultural heritage. So I grew up thinking that I have a role to play in society with others — and really digging in and giving it your all, particularly through tough times.”

— LOUISE PRASHAD

A Hunger for Competition



“I was an athlete growing up, so I like to be in the game. I don't like to be on the sideline. And when you see an incredible need in a company, why wouldn't you want to be part of

the solution? Why wouldn't you want to be in there trying to make a difference in people's lives, helping the company be successful? I want to help make a difference, and I'd rather do it than not.”

— JENNIFER SAAVEDRA

Leading Through Respect, Not Rank



“I learned a certain amount of resilience as the youngest in a big family, especially putting up with pranks from older siblings. You learn to go with the flow. The other gift from

being part of a big family is that I never liked hierarchy. Throughout my entire career, I've never seen hierarchy in organizations. Every person is playing a different role. How do you interact with them respectfully?”

— SUSAN PODLOGAR

The Reward Is in the Support



“You have to have a real passion for people — their stories, their journeys, their potential, and how you can help them. If that doesn't excite you, you won't find a lot of joy

in this job. But if you find energy and excitement in supporting others, and if you like huge variety, this is a dream job, particularly at this moment.”

— JENNIFER TIPPIN



ENX AT SHRM25: PREPARING HR FOR WHAT'S NEXT

At the SHRM25 Executive Network Experience (ENX) in San Diego this summer, nearly 500 of the country's top HR executives gathered to explore the future of work, workers, and the workplace, along with the changing nature of HR itself. Across two days of real-world insights, here are key takeaways to help CHROs lead with agility and strategic impact.

BY PAT DIDOMENICO AND MOLLY COHEN



IDENTIFY ‘BRIGHT SPOTS’ — DON’T JUST FIX PROBLEMS

When the results of an employee engagement survey arrive, executives typically focus on what’s going wrong and how it can be fixed. That’s because leaders see themselves as “the problem-solvers-in-chief” and thus, spend an excessive amount of energy trying to get the 10% of unengaged workers engaged, said **Dan Heath**, a No. 1 bestselling author of six business books, including *Reset* (Simon & Schuster, 2025).

“I dispute that framework because I think leaders should be in the business of improvement,” Heath said. “If you’re looking for the seeds of improvement, you’re going to find them by carefully and analytically studying what’s already working in your company.”

Leaders should overcome their problem-solving bias, Heath said, and instead focus on “bright spots” — identifying, celebrating, and incentivizing positive performance and behaviors you want to see in your organization. This type of management is an outgrowth of solution-focused therapy, a goal-oriented approach that Heath said “is obsessed with two questions: what’s working and how can we do more of it.”

Heath offered an example: A health care company experiencing a nursing shortage got meager results when it aimed to solely solve the concerns of its departing and unengaged nurses. When the company flipped its approach to study the nurses who were super engaged, it learned that those employees thought of the nursing profession as a true identity. The company then formulated a series of new recognition and engagement programs that reinforced that sentiment.

“Are you on the lookout for bright spots?” he asked. “Sometimes we can unlock positive leverage points simply by understanding more deeply about the times when we’re already succeeding.”



HR EXECES CAN SHAPE WORKFORCE POLICY FROM THE INSIDE OUT



As the head of HR, when was the last time you had a one-on-one meeting or lunch with the leader of your government affairs department? That relationship is critical to aligning on the policies that directly impact your workforce, said **Emily M. Dickens, J.D.**, SHRM's chief of staff, head of government affairs, and corporate secretary.

"As the leaders of the largest expense on the bottom line — the humans in your

organization — you should know why policy issues matter, and you should be able to convince your CEO why they matter," Dickens said.

Having influence within your workplace on policy issues is important, but Dickens also encouraged CHROs to use their knowledge and position to impact policy outside of the workplace. She urged attendees to join workforce development boards in their county or state.

"You are the experts. You know what is needed in terms of training and reskilling and upskilling in the locations where you have businesses," said Dickens, who noted that SHRM has reached out to state labor leaders in all 50 states to encourage them to add people with HR backgrounds to their workforce development boards.

"We've got to get you the experts to be seen by more people as experts," Dickens told the ENX attendees. "You can influence where and how the state and county are spending their resources on workplace issues. It won't be overnight, but you can leverage your experience to convince people to think differently about how resources should be spent."

SPARK INNOVATION BY LISTENING FOR NEEDS, NOT SOLUTIONS

Innovation is essential for business growth and change, but the origin stories of most innovations are romanticized — and just plain wrong.

"The idea of a lone genius sitting in a dark room coming up with the future is not actually how things work," said **Justin Ferrell**, founder of the professional fellowship program at the Institute of Design at Stanford University. "The goal should not be to get to the single answer, but to generate as many possibilities that we can start to evaluate. The more ideas you generate, the higher the likelihood that one of them will be that unique value."

Also, if you're looking for radical innovation, don't expect your customer base to generate those ideas through focus groups or surveys. For example, a quote often attributed to Henry Ford says that if he listened to people, he would have developed a faster horse instead of a car.

"When you're trying to create something new to the world, you can't ask others to articulate what it is," Ferrell said. Instead, when asking customers what they want, listen for verbs, not nouns. "Nouns are solutions. The verb is the need."

To build a creativity engine and consistently come up with new possibilities, Ferrell recommended the following:

- **Assemble diverse groups.** "Diversity is the core of creativity," he said. "The more different you are from people that you work with, the higher the likelihood you have to come up with creative ideas."
- **Encourage bold ideas.** When groups collaborate, they often agree to combine their thoughts rather than swing for the fences with bold plans. "Do we want to create things that are born of meeting in the middle? That, by definition, is mediocre," Ferrell said.
- **Get closer to your end user.** Don't host focus groups to discuss products or ideas that are far down the line. It's better to conduct "early-stage empathy interviews, which is really about understanding peoples' behavior and their context and needs rather than a solution."



SOLVE THE ‘BENCH-STRENGTH CRISIS’: A 4-STEP FRAMEWORK

As companies face increasing turnover and a critical shortage of ready-now leaders, succession planning needs to be a year-round priority.

“We’re in the middle of a bench-strength crisis. Over 80% of companies lack confidence in their internal pipelines and we’re feeling that pressure in the boardroom,” said **Jill Morrison**, CHRO of Paylocity. Specifically, CEO turnover hit record highs last year, particularly among companies in the S&P 500.

More than two-thirds of companies are using predictive tools and performance data to guide their succession planning, Morrison said. Still, “the most powerful insights still come from the conversations and sitting down with succession candidates to hear about their aspirations and mapping real development plans. ... Data and AI can help inform decisions, but it can’t replace the dialogue.”

Morrison shared this four-step framework for leading your succession planning:

- 1. Determine your business objective.** Succession planning starts with determining your “why.” Tie your talent pipeline to your business strategy so leaders see value beyond compliance.
- 2. Identify critical roles.** Focus on the 5% to 10% of positions that could potentially break the business if they’re left vacant for too long.
- 3. Assess and review talent.** Layer performance data, skills inventories, and manager insights. Make sure to always include a human element.
- 4. Develop custom plans.** Build readiness road maps, mix learning with stretch assignments, and track progress quarterly, not yearly.



WHERE IS HR HEADED NEXT? 3 PREDICTIONS EVERY CHRO MUST FACE

With the HR role expanding, how should CHROs prepare to tackle what’s next? Here are three predictions from **Andy Biladeau**, SHRM’s chief transformation officer.

- 1. HR’s role will expand into new, complex territory.** CHROs are the connective tissue within the organization, and they are being asked to take on an increasing number of tasks. “I think the mandate for HR going forward is going to be, ‘We’re going to tackle this big, complex problem that no one else wants to touch but we know is creating massive inefficiencies,’” Biladeau said.
- 2. AI will reshape HR’s compliance role.** With policies and regulations around AI increasing, there will be a heightened awareness on whether HR processes are compliant. The regulatory environment needs to change rapidly, and that will impact employees and HR tools. “It’s going to be strategic compliance that sets HR departments apart,” he said.
- 3. The looming retirement cliff will require more cross-training.** Given the aging workforce, now is the time to bring together older and younger generations of workers to ensure your organization doesn’t lose that institutional knowledge when older employees are ready to leave. Through

cross-training, Biladeau said, younger employees bring their creativity with technology, and the older generation brings institutional knowledge.



HELP MANAGERS DEBUNK THE MYTHS ABOUT THE ‘SILVER TSUNAMI’

In the past two decades, the number of U.S. workers over the age of 50 has grown by 47%, while the number of those under 50 increased by only 3%. As the workforce ages, both HR leaders and managers need to be aware of any preconceived notions or unconscious biases they may have about older workers.



“It’s our responsibility to make sure hiring managers aren’t using coded language,” said **Andy Ortiz**, CHRO at Cedars-Sinai Medical Center (*second from left in photo*).

Here are two myths to be aware of:

Myth 1: Older workers won’t be receptive to AI. “We know that Baby Boomers are integrating AI into their workflows at the same rate as everyone else,” said **Claire Casey**, president of the AARP Foundation (*third from left*). “Older workers have a massive appetite for training and for learning, but they’re actually just being offered those opportunities at half the rate of everyone else.”

Myth 2: Once retired, workers are unlikely to return. Many recently retired people quickly realize they miss working and want to maintain their sense of purpose and impact. Boomer-ang employees may opt to return in part-time or consultant roles. “Often folks will want to step back into an individual contributor role from a manager role. Allow those folks to do that and mentor in that way,” said **Colleen Paulson**, founder of Ageless Careers (*at far left*).

WATCH FOR THE QUIET SIGNS OF EMPLOYEE BURNOUT

“Burnout doesn’t just show up, it creeps in. It’s a process and you can see it build slowly if you look,” said **Marjorie Morrison**, a licensed clinical psychotherapist and SHRM’s executive in residence for mental health.

There are several signs an employee may be burning out: They stop speaking in meetings, they miss deadlines, they turn off cameras in Zoom meetings, or they show little emotion. Displaying a need for control can also be a sign of burnout.

“Look for people that are getting more controlling in their departments. That’s because people are most controlling of their environments when they are most out of control in their minds,” said **James Huysman**, a licensed clinical social worker, psychologist, and executive director of the STAR Network.

Nearly a third (30%) of employees globally report feeling burned out, and these employees are more than three times as likely to look for a new than their counterparts, according to SHRM’s *The State of Global Workplace Culture in 2024* report.

Huysman said employers can help workers avoid burnout with strategies such as consistent workloads and supportive

management. But the best way is to help them learn techniques to regulate their emotions — everything from expressing emotions constructively to using physical strategies such as deep breathing and sleep hygiene.

“The point of burnout is this: We’re responsible for our own systems, and emotional regulation is the key to healing,” Huysman said.



THE MOST VALUABLE INVESTMENT IS A SHARED VISION

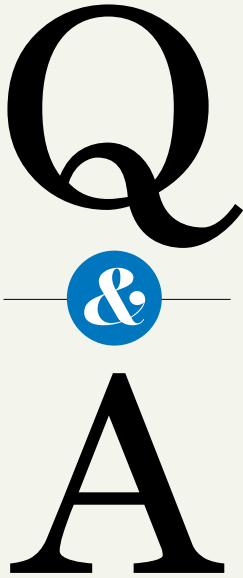
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Teuila Hanson

is the chief people officer at LinkedIn, where she leads the global talent team responsible for hiring, developing, and growing talent. Prior to joining LinkedIn, she served as the chief strategy and people officer at the Federal Reserve Bank of San Francisco. Hanson also holds a law degree and serves on the board of the Smithsonian Institution's National Museum of American History.

As part of the Strategic CHRO interview series on LinkedIn, Hanson sat down with The ExCo Group's CEO David Reimer and Managing Director Adam Bryant to discuss the future role of the CHRO and the HR function.



'There Isn't a Playbook for This Moment': LinkedIn's HR Chief Is Betting on Speed, Risk, and Reinvention

REIMER: What do you see as a top-of-mind issue for HR these days?

HANSON: It's hard not to talk about AI. There's so much excitement and enthusiasm around AI, as there should be, but there's not enough excitement and enthusiasm around the role of humans when it comes to AI. It feels like the conversation is either about machines or humans. At the end of the day, humans are the ones who need to adopt and embrace AI so they can then focus on doing human things like being creative and collaborative.

AI is also giving us the opportunity to revisit those areas of HR that we've just accepted as status quo in the past. Now we have the opportunity to do things differently. For example, a lot of people are not excited about performance management

and annual reviews. There's always a bit of dread associated with the process. But perhaps that can be replaced with more immediate feedback through AI, rather than waiting for those usual cycles.

How do you get your arms around these things, and how do you innovate? For me, there's a lot of optimism if you have people who are energized by change and see this as an opportunity to bust through the status quo. If AI can help people do a lot of their work faster, that in theory creates a lot of free time. So how do you as a leader inspire people to think of ways to use that free time to innovate and collaborate?

BRYANT: It is an opportunity, but also a leadership challenge. What is the role of leaders in all this?

HANSON: Leaders need to see themselves as change leaders right now. Rather

than looking at your book of business simply through the lens of productivity and efficiency, you need to be creating a list of what you can change and innovate. Every leader probably has a list of things they wish they could do if they had additional resources. But it can be hard to dream big because people get tied down to the mundane. This is the moment to make your wish list. It's not just an efficiency exercise. It's about bringing more value and joy to work.

REIMER: What has changed, and what has not changed, for CHROs in recent years?

HANSON: I'll start with what has remained constant, which is being the voice in the room who thinks about the employee experience. You're the one who raises your hand to say, "Let's really think

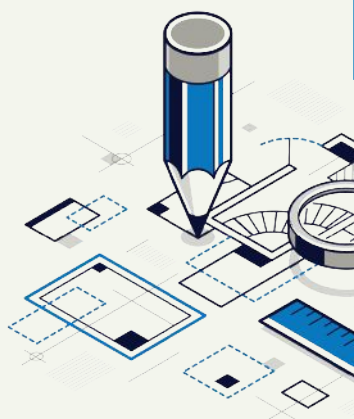
about how this is going to land with our employees,” or to raise the question about how much change you can drive at once, because change exhaustion is real.

What has changed is that there isn't a playbook for this moment. For CHROs, it's about getting comfortable with sprinting and pivoting. Traditionally, the CHRO role has been a conventional and risk-averse role. It's been the role that's sort of the “steady Eddie” on the executive team. This is a moment of being unconventional. You're experimenting, you're using design thinking, you need to sprint and pivot. That's a different muscle.

For HR, it means understanding what is a smart risk. It means holding off on saying “No” as much as you can in conversations. People often assume they are going to hear no when they go to HR. So with my team, I tell them, let's not start with no. What if this new idea is the only choice we had? How would we make it work so that we could sleep well at night knowing that we've done our jobs from a risk mitigation perspective but we're also helping LinkedIn win? It's a muscle that you want to build.

REIMER: What do you see as the biggest leadership challenge for senior executives these days?

HANSON: It's self-awareness, and how leaders are showing up. Yes, leaders must have technical acumen and understand how to drive results, but it's really



“Traditionally, the CHRO role has been a conventional and risk-averse role. It's been the role that's sort of the 'steady Eddie' on the executive team. This is a moment of being unconventional. You're experimenting, you're using design thinking, you need to sprint and pivot. That's a different muscle.”

important for them to understand how they are showing up and inspiring and motivating their workforce. Even if they don't have all the answers, they need to bring energy and show confidence and stability. The skill and ability to be self-aware is so critical, but it is still often overlooked.

BRYANT: What's the best leadership lesson you learned from one of your worst managers?

HANSON: I worked for a really tough senior lawyer in my early law firm days — the type of person who made your stomach turn inside-out before you went into their office. Early in my time there, I gave her a research project that wasn't very good. She turned to me and said, “If you're going to make it here, you need to justify your existence.” My heart just sank. To her, it was just about how much I could bill.

But there was a silver lining, because the lesson that I got, in a very brutal way, was to understand that when you're in business, you can't forget that there are outcomes that you're trying to drive. It is something I keep in the back of my mind, though in a much more productive way. And when someone on my team comes

up with an idea, I always want to know how it's tied to our core metrics and how it will help drive business outcomes.

REIMER: How do you hire? What questions do you ask in job interviews?

HANSON: I'm trying to learn how resourceful the person is, and whether they have the hustle mentality. In my role, I'm hiring vice presidents. I'm less interested in the big new program they launched in their organization with a budget of a couple of million dollars. I'm much more interested in how, even when they had zero budget, they were able to make magic happen in the organization.

That speaks to how they can influence others and drive change. Were they able to tell their team or convince other teams to stop doing something to free up resources for a new initiative? When you find someone who can do that, particularly in a low-margin business, you better hire them because that person is going to be your go-to employee who will, through hustle and grind, find a way to make things happen. Those are your future leaders. They will be part of your succession plans. Those are the people who can get stuff done and not take no for an answer. ■■



“Leaders need to see themselves as change leaders right now. ... You need to be creating a list of what you can change and innovate. ... It's not just an efficiency exercise. It's about bringing more value and joy to work.”

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A Culture of Vulnerability: 4 Levels of Psychological Safety That Can Spark Innovation

BY ALISTAIR AITCHISON, TIMOTHY CLARK, AND BRAD WINN

Growth-minded C-suites recognize the potential for innovation associated with their most valuable resource — their people. Still, they are often perplexed at how best to maximize the ingenuity of their workforce in environments where fear, hierarchy, and perfectionism quietly stifle fresh thinking.

One key to unlocking employees' potential for innovation is creating a culture where they feel genuinely comfortable being vulnerable and open enough to share bold ideas, admit missteps, and ask questions without fear of judgment or retaliation. In fact, an environment of rewarded vulnerability is often part of

what psychological safety means in the workplace.

So how can leaders build a culture of vulnerability and psychological safety in their organizations? In this article, we'll dig deep into the four stages of psychological safety that can help spark innovation and competitive advantage.

1.

INCLUSION SAFETY

Inclusion in Exchange for Human Status and Security

Inclusion safety satisfies the basic human need to connect and belong. It is a human right. It is owed, not earned. If you do not present the team with harm, then I am morally obligated to include you. When inclusion safety is present, employees feel valued and safe to bring their authentic selves to work. Without it, employees feel afraid to learn, contribute, or challenge. Inclusion safety is the foundation of all other aspects of psychological safety.

With inclusion safety, leaders know employees' names and respect their heritage, background, and identity. All feel comfortable sharing about their lives and exposing their values and what is important to them.

Reflection: Does your organization foster an inclusively safe environment? Self-assess with these questions:

- How well do managers and leaders know team members on a personal and professional level?
- Do you hear equally from all team members?
- Are leaders aware of any biases that may impact their ability to engage with, support, and develop certain team members more than others?
- What valuable insights might leaders not be hearing that could help them understand their team members?

Strategies: Executives can help their organizations create inclusion safety by

role-modeling and coaching their leaders on the following key behaviors:

- Encourage leaders to ask more questions than they give answers, which creates space for dialogue and shared problem-solving.
- Clearly articulate the values and purpose that guide your team's work.
- Establish meaningful rituals that help employees connect on a personal level.
- Make yourself available and interruptible.
- Lead with humility — never hide

behind a title, position, or authority.

- Recognize contributions and express appreciation frequently and sincerely.

2.

LEARNER SAFETY

Encouragement in Exchange for Engagement

Learner safety is fundamental to supporting employees in their personal and professional development by giving them permission and confidence to stretch beyond their current abilities and tap into their potential.

Learner safety encourages team members to engage in all aspects of the self-development process without fear of rejection or neglect. In this environment, employees feel safe to ask questions, give

HOW TO CREATE A 'SPEAK-UP' CULTURE

Successful workplace cultures consistently provide employees with permission to challenge the status quo in good faith. But you can't speak a "speak-up" culture into existence. Here are three ways leaders can create conditions to give their employees a voice — and motivate them to use it.

Separate loyalty from agreement. When loyalty becomes contingent on agreement, it produces manipulated conformity, which isn't loyalty at all. True loyalty, which refers to genuine concern for and dedication to the best interests of the institution and its people, must allow for (and even encourage) independent thought. Unless the organization divorces loyalty from agreement, the pressure to conform can produce dangerous groupthink.

Separate worth from worthiness. People will retreat from the opportunity to be their authentic selves or voice contrarian ideas if doing so is expensive. But if their worth is separate and distinct from the worthiness of their input and opinions, they'll be more willing to use their voice.

Separate status from opinion. Many organizations stigmatize and punish contrary opinions, motivating each person to become their own gated community. In such workplaces, fear exacts a tax on open dialogue. Smart people don't become a smart team unless they can harness their collective intelligence by networking their minds. This depends on their ability to invite and process dissent.



“One key to unlocking employees’ potential for innovation is creating a culture where they feel genuinely vulnerable and open enough to share bold ideas, admit missteps, and ask questions without fear of judgment or retaliation.”

and receive the “gift” of feedback, admit when they don’t know something, and take measured risks by trying things they haven’t done before.

When this form of psychological safety is in place, team members learn from (and openly share) their successes and failures. This creates an agile environment where managers and leaders support their employees in trying alternative approaches to challenges without the risk of reprisal if things don’t quite go according to plan.

Reflection: As executives cultivate learner safety within their organizations, they could ask themselves if their employees are:

- Encouraged to take appropriate risks.
- Supported in learning from mistakes (or punished for first-strike errors).
- Provided with equitable opportunities to grow.
- Given sufficient support to uphold their appetite to try new things.
- Offered an adequate safety net in case they fail.

Executives have a unique role in helping their organizations understand that failures are only milestones on the journey to success. If your people are not failing, they are trapped within their comfort zones and



“Executives have a unique role in helping their organizations understand that failures are only milestones on the journey to success. If your people are not failing, they are trapped within their comfort zones and aren’t stepping into new arenas where risk and reward are possible in equal measure.”



aren’t stepping into new arenas where risk and reward are possible in equal measure.

Strategies: Here are examples of ways executives can role-model and encourage others to guide their organization to create learner safety:

- Share your personal learning goals and what you’re actively working to improve.
- Demonstrate a growth mindset by regularly highlighting the learning potential in others.
- Support dedicated time, space, and resources for meaningful employee development.
- Provide your team with stretch challenges that spark new thinking.
- Foster a collaborative learning culture where employees support and learn from one another.
- Dedicate time in meetings for staff to share insights from recent learning.

3.

CONTRIBUTOR SAFETY

Autonomy in Exchange for Performance

Contributor safety satisfies the need for employees to offer meaningful contributions that can make a difference. As

leaders, when we help create this type of environment, we encourage employees to tap into their knowledge, share their ideas, build on one another’s ideas, and encourage one another to improve. There are no stupid questions, no dumb ideas, and no lack of celebration of effort and intent.

If contributor safety is in place, team members feel safe to tap into their unique knowledge and abilities to participate in the value-creation process. Team members solve problems by asking questions of one another, working with appropriate autonomy, and bringing their discretionary contributions into the workplace. This is the environment that employees hope for when they start working, but that vision is often frustrated by poorly prepared managers and blinkered leaders.

Reflection: As executives working to establish contributor safety, challenge your leaders to ask whether they are:

- Mindful of whether a few voices consistently dominate team discussions.
- Aware that junior team members may feel hesitant to speak up around more senior leaders.
- Noticing who tends to remain silent during meetings — and asking why.
- Attuned to capable team members who may be holding back on their contributions.

Executives have a critical role to play in helping their organizations recognize the value that contributor safety brings

8 WAYS EXECUTIVES CAN PROMOTE PSYCHOLOGICAL SAFETY

- 1. Assign someone else to conduct the meeting.** Visibly redistribute power by leveling yourself down to be more of a player-coach.
- 2. Don't sit at the head of the table.** In many physical settings, seating reflects hierarchy. You can disrupt those rituals.
- 3. Create warmth and informality.** However, know the distinction between what's informal and what's inappropriate.
- 4. Model acts of vulnerability.** You have a first-mover obligation to demonstrate vulnerability to encourage others to do the same.
- 5. Stimulate inquiry before advocacy.** When you share your position too quickly, it softly censors your team.
- 6. Reward challenges to the status quo.** Your team can help you see your blind spots and tell you what you're missing, but only if a "speak-up" culture is encouraged.
- 7. Listen and pause.** This sends a clear message that the individual, and what they're saying, matters.
- 8. Give highly targeted praise and recognition.** Don't withhold or be stingy with recognition. People want to know that you see and value them.

in encouraging alternative perspectives. When employees feel truly valued and heard, continuous improvement becomes possible through their generosity, ideas, and willingness to speak up.

Strategies: Here are some ways executives can demonstrate and promote contributor safety in their organizations:

- Exhibit curiosity by seeking out perspectives that are different from your own.
- Step back intentionally to create space for others to speak.
- Acknowledge and build on others' ideas to show that contributions matter.
- Recognize and praise the effort behind contributions — not always just the results.
- Invite input from quieter voices by asking specific people for their views.

4.

CHALLENGER SAFETY

Air Cover in Exchange for Candor

Challenger safety satisfies the human need to question the status quo and imagine something better beyond what's currently visible. It empowers people to speak up when the present situation isn't

delivering on its full potential and to explore new possibilities without fear of retaliation or damage to their position or reputation.

When challenger safety is present, teams feel energized to confront outdated thinking, address layers of bureaucracy and entrenched processes, and create space for fresh ideas and new capabilities to take root.

Reflection: Executives can diagnose whether challenger safety is present in their organizations by asking whether:

- Employees feel comfortable respectfully challenging one another in their meetings.
- Leaders tend to set the tone by sharing their ideas too early and dominating discussions.
- Team members feel safe challenging hierarchy or established viewpoints.
- The status quo is challenged regularly and constructively.
- New employees are encouraged to share insights from past experiences.

Strategies: Executives can show and encourage these behaviors to help create a sense of challenger safety among their workforce:

- Invite others to challenge ideas and perspectives openly.
- Encourage "intellectual friction" in meetings and discussion, while working to diffuse social friction.
- Intentionally bring diverse perspectives into key creative discussions.

- Assign individuals to represent different lenses through constructive dissent to strengthen decision-making.

SAFE ENVIRONMENTS DRIVE INNOVATION

Leaders open the door to innovation and competitive advantage when they create safe environments where employees feel vulnerable enough to challenge the status quo, contribute their honest thoughts, and maximize their potential.

By embracing these four stages of psychological safety, executives can fully tap into the potential of their teams. This not only strengthens their position within the C-suite but drives agility, continuous improvement, and a culture of innovation. 📊



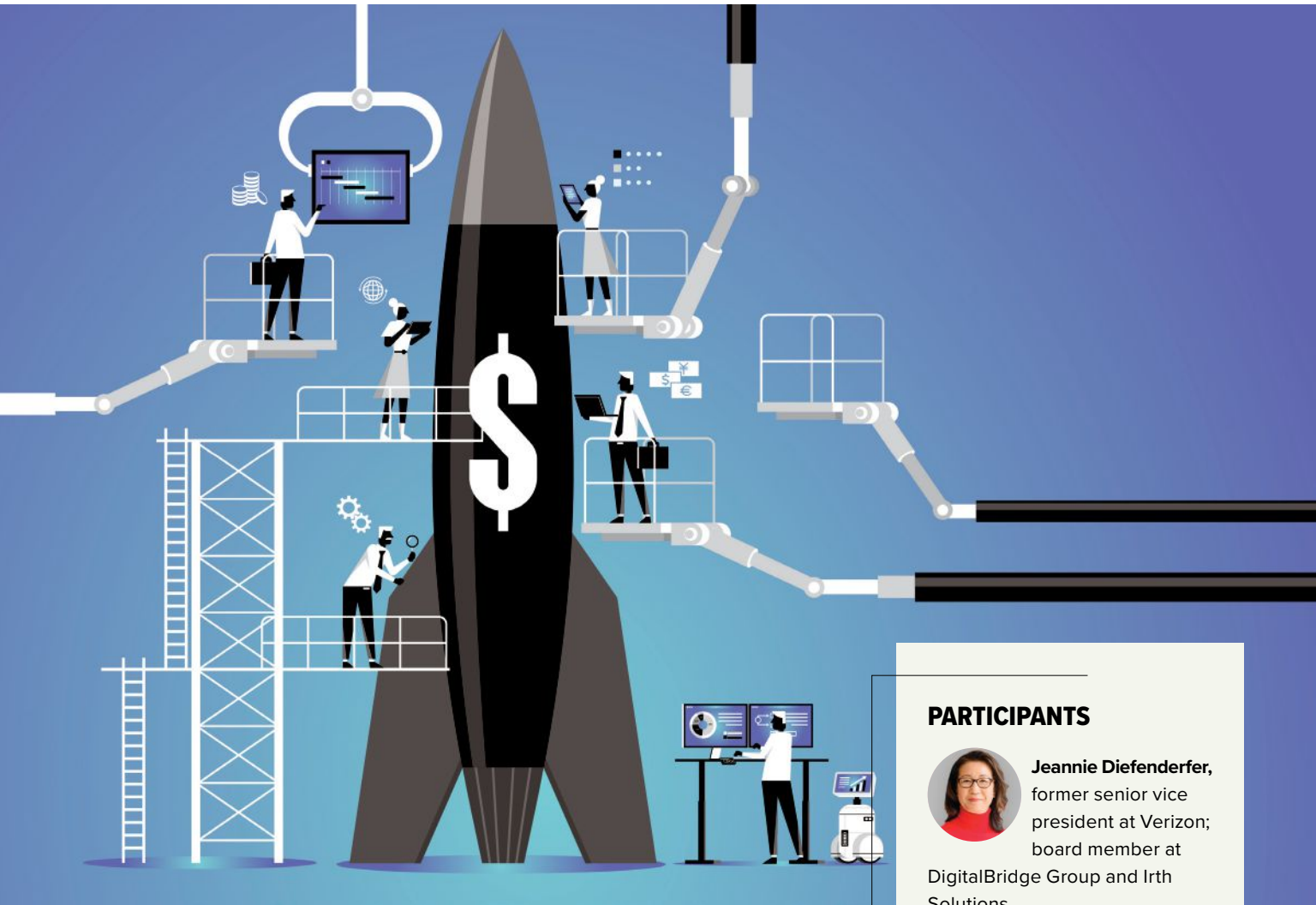
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The Boardroom View: HR's Role in Building Long-Term Success

As disruptions multiply and growth depends more on people than ever, corporate boards are paying closer attention to how companies invest in talent. In this edition of the Directors Roundtable, three experienced executives who also serve as board directors discuss the board's evolving role in workforce and talent decisions.

PARTICIPANTS



Jeannie Diefenderfer, former senior vice president at Verizon; board member at DigitalBridge Group and Irth Solutions



Saar Gillai, former CEO of Teridion; chairman of Liquid Instruments; board member at Semtech; former board member at Xilinx and SpacelQ

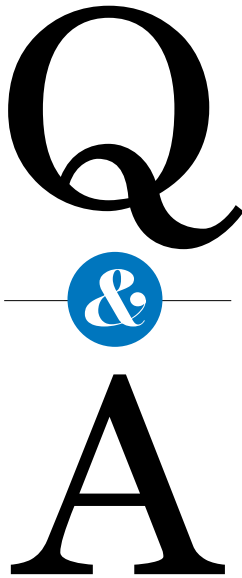


Kim Lubel, former chairman and CEO of CST Brands; board member at PBF Energy Inc., Arcosa Inc., and Westlake Corporation

MODERATOR



David Reimer, CEO of The ExCo Group



BALANCE PRESENT AND FUTURE

DAVID REIMER: What does it mean, from a board perspective, to be building future-ready organizations?

JEANNIE DIEFENDERFER: It depends so much on whether the company has done a decent job of tying their investment thesis to their long-term strategy. Not every company does this well. I find that some companies like fighting the current fight because it takes them off the hook for thinking about the future.

Some leaders are really excellent at being in crisis mode, whereas others tend to be more paralyzed by current events and would rather keep talking about the future. They will think, “Let’s just stick to what we’re doing,” and as a result, they become a little myopic about taking care of the present.

I’ve found that if you’re really solid on long-term strategy, then it’s easier for boards and management to think about the current issues that demand their attention, including the potential consequences for the long-term future. Otherwise, they can go down rabbit holes that further [increase] uncertainty on how their present actions tie to long-term goals.

SAAR GILLAI: As always, you need to focus on what you can control. The question is, how much can you control? Different companies are in different situations for various reasons, and there are always a lot of balls in the air. There are dangers in ignoring any of them, including everything that’s happening geopolitically. And there is also danger in getting so wrapped up in the current issues that you ignore other balls or long-term strategy and investments.

So, the board has to maintain perspective and ensure the company is dedicating enough bandwidth to the challenges of the moment. But you have to make sure those issues don’t consume all the bandwidth.

KIM LUBEL: I agree that this is where the board can help. With everything that’s going on day-to-day, it’s sometimes really hard to pull up above the crises of the moment. But the board, given that we have some distance, can say that this too will pass. We can try to help calm the waters.

And it is almost easier right now to think long-term rather than short-term. For example, if you’re in the building products business, you know that there’s a housing crisis looming down the road. You can’t pinpoint the exact timing of it, of course, but there are some long-term trends that can lend some certainty to strategy discussions.

FOCUS ON CLARITY AMID CHAOS

REIMER: I’d like to pick up on the point Jeannie made about how different leadership teams handle today’s challenging times. A former CEO made the comment recently that this current period feels a bit like the early days of COVID, except that the COVID crisis felt more predictable.

DIEFENDERFER: I’m always watching for management’s process for solving problems. In times of stress, many leaders tend to tighten up and think that they



“It’s easy to feel in times of stress and crisis that you have to do something. But sometimes, not doing anything is the better course of action, rather than doing something immediately. If COVID taught us anything, it’s that ‘second-level thinking’ is really important.”

— SAAR GILLAI



need to have all the answers. In sunny-day scenarios, they will get input from others. But when things get hard and they get stressed, they tend to close in and say, “I have to take care of this, and I’m going to make decisions and start executing.”

That’s often a mistake because, particularly in infrastructure businesses, the people below the CEO usually have strong ideas for what to do in a particular situation. You should empower them to do that.

GILLAI: There are similarities to COVID in that everyone is forced to focus on what they can control. And as with COVID, your competitors are in the same boat as you. If your company can no longer ship to China, your competitors can’t ship to China either. It’s almost as if competitors in a specific industry have to operate like a team, trying to figure out the implications of whatever policy was announced that day.

Another point is that it’s easy to feel in times of stress and crisis that you have to



“AI is such a larger phenomenon than anything we’ve dealt with. And there is so much still that we don’t know about how all this is going to play out. That requires some vulnerability to say that we have to learn as fast as we can with imperfect information. ... We have to be in this mode of constantly experimenting and not having an arm’s-length relationship with this technology.”

— JEANNIE DIEFENDERFER



do something. But sometimes, not doing anything is the better course of action, rather than doing something immediately. If COVID taught us anything, it’s that “second-level thinking” is really important.

RETHINK FIRST INSTINCTS

REIMER: Can you unpack that thought about second-level thinking for us?

GILLAI: First-level thinking is to follow your instincts, based on what you’ve done before. That makes you think you know what to do. Second-level thinking is to say, “Hold on a second. Maybe this is not another pattern that I’ve seen before. Let’s examine this as a clean slate, because maybe it’s something different. Maybe I should talk to a few people before we just go off and execute on what we assume initially is the strategy.”

That’s really hard for anybody to do. And it is an opportunity for the board, because they’re better positioned to stop and ask questions, to slow people down and help push management to that second-level thinking.

INVEST IN YOUR TALENT

REIMER: I want to ask about talent. How should boards be thinking about whether they are making the right investments in talent to provide a strong leadership bench for the future?

LUBEL: A big part of the talent question is the generational shifts that are underway. Think about all the people who are going back to the office after COVID. I worry more about this generational shift’s impact on the corporate culture, and especially for heavy manufacturing companies, how it affects the safety culture.

Before COVID, safety culture was built through person-to-person contact, making sure that people knew what they’re doing before executing tasks. My adult children only communicate by text right now — and they’re no different than a large swath of today’s workforce. There is no substitute for face-to-face communications; texts can’t capture all the nuances of some of these issues.

When a company sees a spike in safety issues, the leadership team, with board encouragement, needs to emphasize the importance of getting back out in the field and making sure people are talking through all the potential outcomes of a particular project and that everyone’s on the same page.

DIEFENDERFER: AI is creating new challenges in terms of how companies think about investing in the talent and skills they need for the future. Even technology companies can struggle with leveraging internal experimentation to understand the skills and experience they need to maximize value for the company. AI is such a larger phenomenon than anything we’ve dealt with. And there is

so much still that we don’t know about how all this is going to play out.

That requires some vulnerability to say that we have to learn as fast as we can with imperfect information. And that starts with the board. What is the board itself doing? We have to be in this mode of



constantly experimenting and not having an arm's-length relationship with this technology. Directors have to immerse themselves too.

GILLAI: Boards always have to remember that the most important talent is at the bottom of the company. There is a natural tendency for leadership to focus on the one or two levels below them, but the real stars at the end of the day are the early-career or midcareer folks. When I ask about the top performers in a company, I want to make sure that people in all the different bands are getting recognition, and not just the usual characters at the top.

In terms of AI, I find that leaders are too busy running the business to actually think properly about the implications of AI. This is where the board needs to play an active role in provoking their thinking. One way is to say, "If you were to start this company from scratch today, how would

you build it with current AI tools compared to the way you run it now?" It's not that you're going to change things overnight, but you can at least start developing a model of what the company should look like and how it should operate long-term.

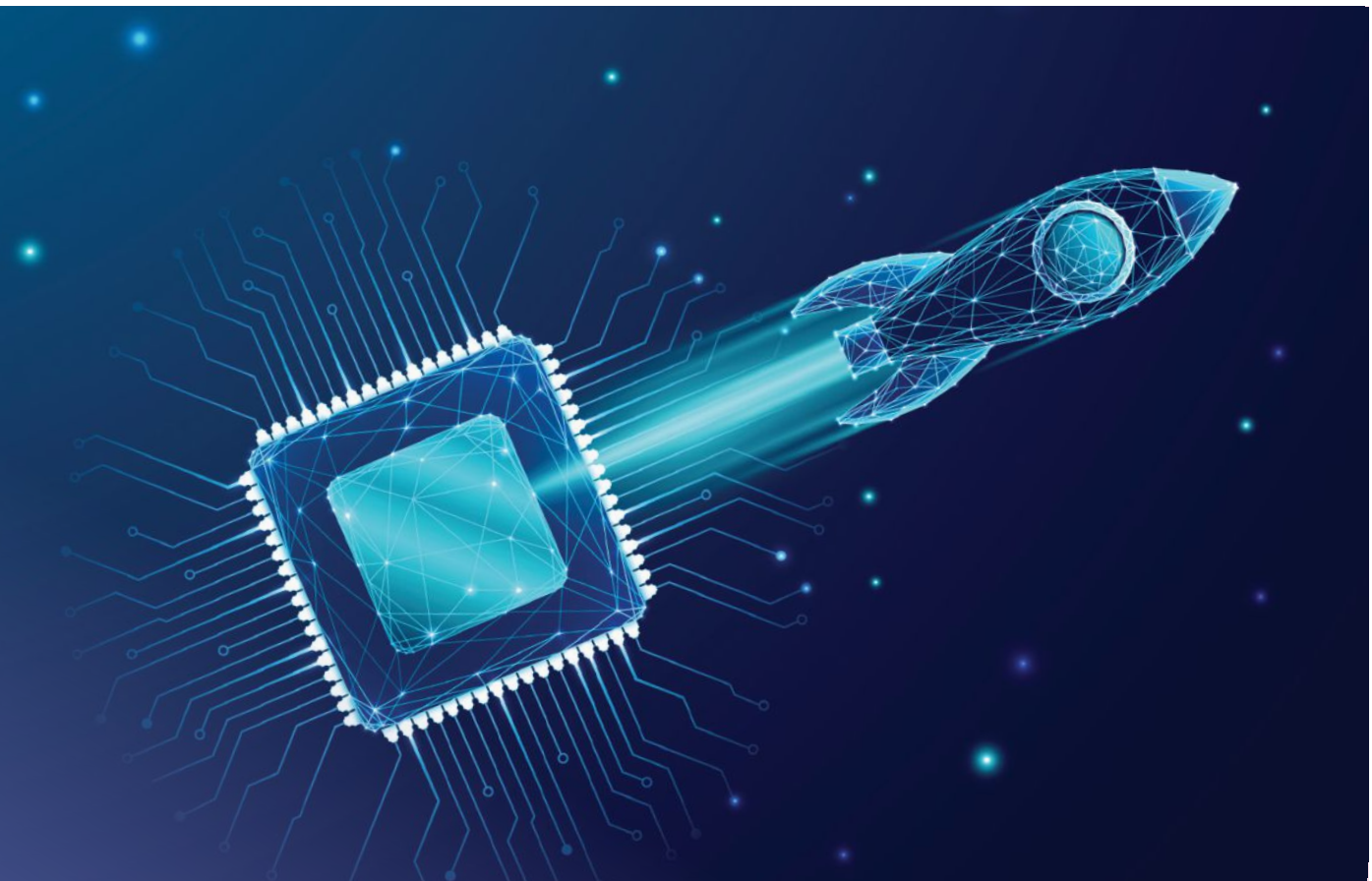
Pretty soon, the people coming out of schools will be AI natives. The bigger challenge, from an HR perspective, is turning the people who are already inside your company into AI natives. People can get defensive and worry about how AI is going to take their jobs, so they just don't engage with it. So, it's the role of HR and leadership to explain to employees that they should view AI as a way to improve your career and make you more relevant.

Some people are paranoid about AI. And many of them should be, because the first people who will be displaced by AI are the people who refuse to use AI in their jobs. HR has to advocate for figuring out how to get the workforce to adopt AI

and make sure that the tools are available to everybody.

DIEFENDERFER: There can be at least five AI consultants per capita in every company. Every person who thinks they're an AI expert wants to come in and educate everybody, including the board and management. For people who are not comfortable with technology, the tendency is to think that they can check the box just by hiring the right consultants and following somebody else's playbook. The mistake in that, of course, is that the people who are hired as experts don't have a clear understanding of how AI can help the company, because they are often so removed from what actually matters in the business.

I finally said to a couple of my organizations where I am a director, "Let's just pause for one minute before you bring in another AI consultant to talk to me. Let's first talk about relevancy. What's the



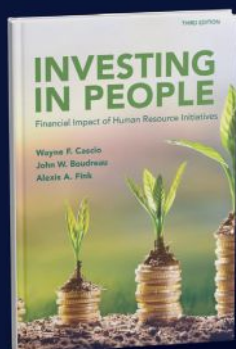


STRATEGIC GROWTH

STARTS WITH SMARTER INVESTMENTS IN PEOPLE

To help leaders drive meaningful, measurable impact, SHRM Books offers proven, practical guides on topics including quantifying the ROI of your people strategy and transforming how you hire, lead, and grow teams.

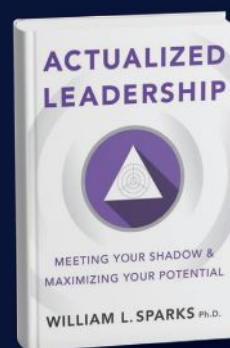
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impact we're looking for? What matters most, rather than having someone just give us a stock presentation?"

GILLAI: I agree with you 100%. The most important thing is for people to forget the consultants and educate themselves. And the way you do that is to look at what the best companies are doing. Look at what startups are doing. Look at what people who are actually running AI companies are doing internally.

Leaders don't need to understand how the technology works in detail. They just need to understand capabilities and limitations. Talk to people who are using it and play with it yourself.

Take people in your company who are curious and tech-savvy and put them in a room and tell them to go play. They'll likely come back after about a month with ideas you can use. It's not rocket science. If you have strong people in technology in your company, just give them the time, and they'll figure it out.

EMPOWER TEAMS WITH AI

REIMER: How do you see the potential impact of AI on job elimination or creation?

LUBEL: The conversations in my boardrooms are more around the enabling aspects of AI. It's harder to recruit people into heavy manufacturing work, so how do we use AI in a way that enables our workforce if we're having a hard time attracting talent to the industry?

So it's not about hiring people; it's really about doing more with the workforce we have. How can we enable them to do their jobs better and more efficiently and more safely? I'm not sure AI is going to create a ton of new jobs, but I do think it will change the nature of every job. For instance, many people are using AI as co-pilots to do their work, but will AI ever be acting as captain instead of co-pilot?

GILLAI: AI will definitely change jobs. It's going to make people more efficient. Some people then say that if you make the workforce more efficient, then you will need fewer people. Well, maybe, or you can use AI to help the company do more.

I'm a bit skeptical about some of the talk about autonomous AI, having followed autonomy in the last 10 years and having been in technology for 30 years. There's always that last 5 or 10% of the work that AI can't do, and people tend to skip over that. AI still has a lot of problems, and I wouldn't dream of using it in any unsupervised way. I'm an optimist. I think that it will make humans better and more capable.

HIRE FOR STRATEGIC AGILITY

REIMER: What are the leadership implications for the C-suite, particularly CHROs, as everyone is leading through this transitional period?

LUBEL: The strongest CEOs and leaders are the ones who know what they don't

know, and they look to hire people who are more talented than they are. That's the ultimate success for a CEO — surrounding yourself with people who are smarter than you.

If you don't have the AI or technology skills, then you bring in someone who can help enlighten the team and bring the company along. So have enough self-confidence to say, "I don't need to know all the answers. I just need to have people around me who can help me get all the answers."

GILLAI: In addition to understanding what they don't know, leaders need to appreciate that people who are more flexible will do better. Even areas of your business that you think are steady and stable will not remain steady and stable.

Your industry may be flipped upside down because of some change you didn't see coming. You need leaders who embrace the challenge of change rather than fighting it.

DIEFENDERFER: My advice to CHROs is, rather than acting as an advisor, be an immersive CHRO who uses your own function as a laboratory. Don't be afraid to use AI for your own work, because there's no better way to learn. And you can be an example for other people as you ask them to adopt similar pathways.

The key word is agility for me. There are some leaders who are comfortable making decisions on the fly with incomplete information. You have to have the maturity to know when to make decisions and to put in guardrails, as needed.

LUBEL: It's an interesting moment to be a CHRO. They're not always burdened by the day-to-day operational technology that's required. They can actually step back and look at things differently. What are the impacts on people long term? What the CEO and the board [need] is a strategic CHRO to help us think differently. It's an opportunity for CHROs to step even more into the limelight. ■■



"It's an interesting moment to be a CHRO. ... What the CEO and the board [need] is a strategic CHRO to help us think differently. It's an opportunity for CHROs to step even more into the limelight."

— KIM LUBEL

The Price of Success

Navigating the Trade-Offs That Shape Career Growth

Career advancement is a powerful motivator for professional growth, offering opportunities to enhance skills, build influence, and achieve financial stability. But climbing the ladder often comes with personal sacrifices and strain on your well-being. To address these complex trade-offs, organizations and individuals must take a thoughtful, proactive approach.

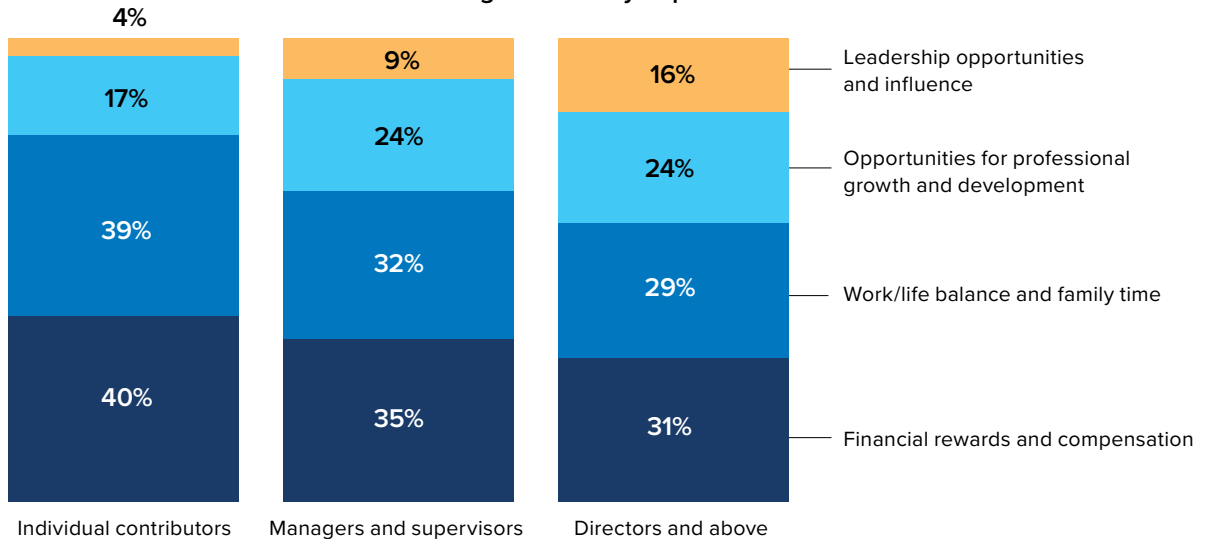
SHRM Thought Leadership explored this balancing act in a new survey of more than 2,200 U.S. workers at varying levels — including individual contributors, managers, and directors and above — to examine the trade-offs faced during career progression and the strategies that organizations can use to support their employees, even after they reach career milestones.



WHAT DO WORKERS PRIORITIZE AS THEY CLIMB THE CAREER LADDER?

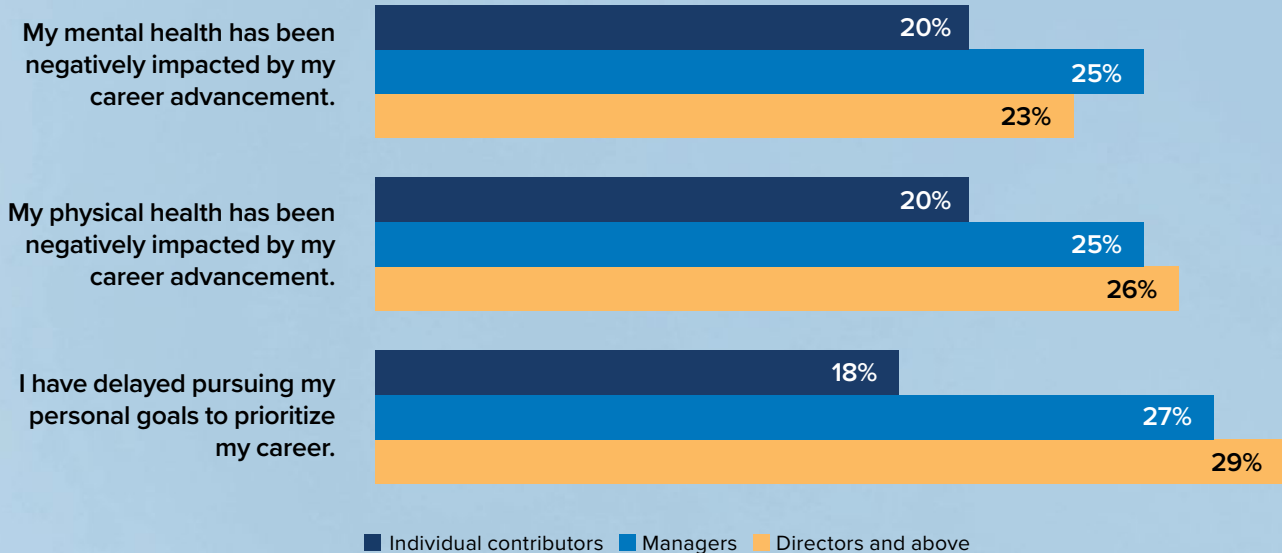
As employees advance from individual contributors to more senior-level roles, their focus shifts from financial rewards and work/life balance to prioritizing professional growth, development, and leadership opportunities.

When considering career advancement opportunities, which of the following factors do you prioritize the most?



THE MENTAL, PHYSICAL, AND PERSONAL SACRIFICES

Career advancement can bring challenges to workers' personal lives and well-being, and it hits differently at different career levels. Here are the percentages of people who agreed or strongly agreed with the following statements:



TOP 5 TRADE-OFFS WORKERS MADE TO FOCUS ON THEIR CAREERS

The demands of higher-level positions often result in increased workloads and responsibilities, which can lead to heightened stress and a sense of imbalance in people's work and personal lives. Workers identified these top five trade-offs as they moved up in their careers:

	Overall	Men	Women
1. Worked longer hours than I would have liked	63%	59%	67%
2. Spent less time on leisure activities and hobbies	50%	48%	52%
3. Spent less time with friends	49%	48%	50%
4. Spent less time on self-care	39%	30%	48%
5. Spent less time with family	36%	33%	40%

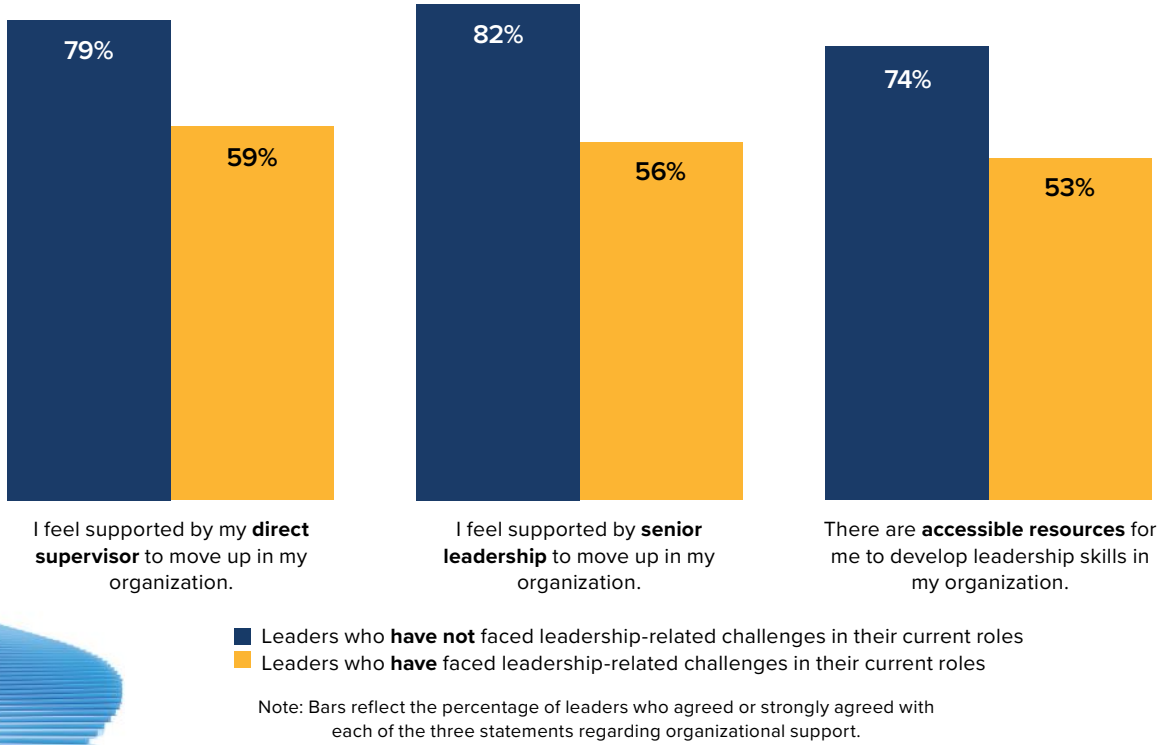
TOP CHALLENGES OF THOSE IN DIRECTOR AND ABOVE ROLES

Leaders at the director level and above face a unique set of challenges once they reach those higher levels. This includes feelings of isolation, a need for perfectionism, and lack of career support. The message: Continue to provide support for workers even after they reach these career milestones. Here are the top challenges reported by such workers:

- 1 Inability to confide in others about my struggles at work (20%).
- 2 I cannot make mistakes at work without major scrutiny (20%).
- 3 Lack of guidance and support for my career development (19%).
- 4 Others take credit for my work (18%).
- 5 Loneliness or isolation from others at work (17%).

THE POWER OF SUPPORT IN LEADERSHIP SUCCESS

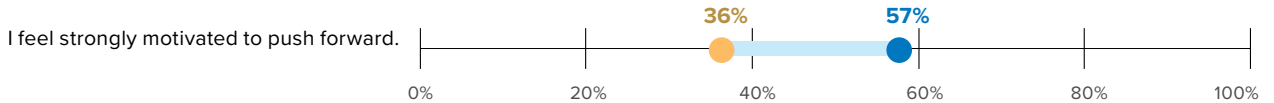
Organizational support plays a vital role in mitigating challenges for leaders in director and above roles. As this chart shows, people who feel supported by senior leadership or have access to leadership development resources were more likely to say they have not faced challenges related to leadership status (e.g. leader loneliness, inability to confide in others, etc.) in their current roles compared to those who do not have support:



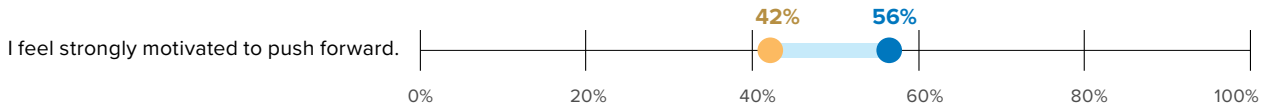
LEADERS WHO RECEIVE SUPPORT ARE MORE LIKELY TO SHOW RESILIENCE

Employees at all levels — particularly at the top — display more resilience in the workplace when they feel supported by their organizations. As this chart shows, those in director or above roles who received organizational support were significantly more likely to say they feel strongly motivated to push forward in the face of career adversity:

I feel supported by senior leadership to move up in my organization.



There are accessible resources for me to develop leadership skills in my organization.



Disagree NET Agree NET

Note: "Disagree NET" refers to those who slightly disagreed, disagreed, or strongly disagreed that they have these organizational supports. "Agree NET" refers to those who slightly agreed, agreed, or strongly agreed that they have these organizational supports.

MESSAGE FROM THE RESEARCHERS

Nurture the Climb: 3 Ways to Support Your Workers as They Grow in Their Careers

Climbing the career ladder is often celebrated as a path to achievement, greater influence, and financial stability. Yet, for many professionals, that progression comes with inevitable trade-offs. Sacrifices such as longer work hours and less time for personal pursuits can weigh heavily as employees take on higher-level roles. For organizations, understanding and addressing these challenges is critical — not only to support their leaders but also to foster a resilient and engaged workforce.

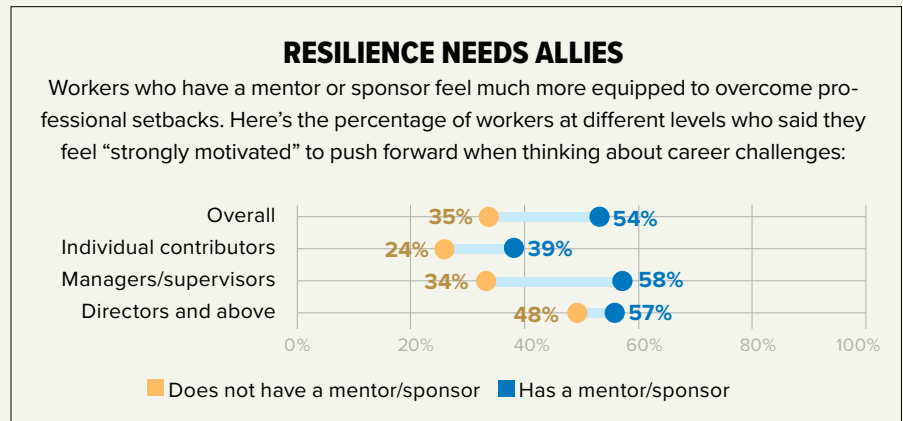
SHRM's new report *The Price of Success: Navigating the Trade-Offs That Shape Career Growth* shows that career progression often impacts personal well-being. However, while trade-offs may be unavoidable, they are also not inherently bad. In fact, many respondents to our survey said they would make the same trade-offs again, but with reservations.

Trade-offs may simply be a reality of professional growth, but organizations can take thoughtful steps to help mitigate their impact and ensure that employees feel supported at every stage of their careers. Here are three strategies to support your workers as they rise through the ranks:

1. Acknowledge Trade-Offs and Offer Resources

Building workforce resilience starts by acknowledging the personal challenges employees may face as they advance. Resources or accommodations such as flexible scheduling, mental health support programs, and strategic workload allocation can help workers manage stress and sustain a healthier work/life integration.

Senior leaders must also engage directly with employees. That includes offering open channels for communication and personalized check-ins to understand individual needs. These efforts signal to employees that their well-being matters, strengthening their ability to thrive amid the demands of career growth.



2. Provide Continued Support for Senior Leaders

Reaching the upper levels of leadership doesn't exempt professionals from making trade-offs. Senior leaders often grapple with heavier workloads and loneliness, with 1 in 5 reporting difficulty confiding in others about workplace challenges (*see page 57*). Without meaningful support, this pressure can lead to burnout, diminishing both individual and organizational performance.

To mitigate these risks, organizations should offer targeted resources for senior leaders. Mentorship and sponsorship programs can be particularly effective (*see chart above*). What's the difference? Mentors share wisdom and offer encouragement, while sponsors actively use their influence to open doors and elevate careers. Both provide personalized guidance, fresh perspectives on leadership challenges, and professional advocacy.

Investing in robust leadership development programs is equally vital. These programs help leaders and executives sharpen the skills required for high-visibility roles while ensuring they have the tools and confidence to balance organizational demands with personal obligations and interests.

3. Foster a Culture of Trust and Transparency

Too often, leaders hesitate to share their struggles, fearing vulnerability might

undermine their authority or credibility. In reality, organizations flourish when leaders embrace transparency about both their achievements and challenges.

This cultural shift begins with senior leaders. By openly discussing their own career trade-offs and how they've navigated obstacles, leaders set an example of authenticity that resonates across organizations. Mentorship and sponsorship programs offer an ideal platform for such conversations, providing opportunities for leaders to inspire employees while fostering a sense of connection and trust.

A transparent culture also enables leaders to address any underlying barriers that may be hindering employee growth. When challenges are openly discussed, organizations can take actionable steps to address them, ultimately creating a workplace where employees feel valued and empowered to advance.

Trade-offs may be an inevitable part of career progression, but they do not have to define the leadership experience. By providing intentional support and equipping workers and leaders with resources, organizations can foster resilience, trust, and engagement to drive success for both employees and the organization. 🏢



SALLY WINDISCH is a researcher on the Thought Leadership team at SHRM.



Insights from the leaders featured in recent episodes of the weekly People + Strategy podcast.

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Nikki Rappaport

CHIEF PEOPLE OFFICER
AT CALL YOUR MOTHER DELI

To Understand Your Staff and Customers, Join the Front Lines

In other jobs, I've seen leaders who are in positions of authority but aren't connected to what's actually happening with the work. ... So once a month, our whole support team goes out and works in our shops. We take the third Friday of every month, where we go work as a cashier or a barista. We spend time with our teams and really get to know the challenges and exciting things that our teams are facing every day and what our guests want.

"Nobody gets a pass on this because they have more experience or a more senior title. We really want to stay connected to our mission. And the only way that we can effect change as leaders is to strongly stay connected to what our teams are doing."



John Barrand

CHRO FOR THE
STATE OF UTAH

Invite, Don't Avoid, Conflict and Candor in Hybrid Settings

A lot of people assume that disagreement has been minimized in virtual environments. That can't be further from the truth. In fact, you have to work harder to illuminate what that conflict is. I often say that, when working hybrid or remotely, you minimize the 'surface area,' or the touchpoints. With in-office work, you're actually trying to increase the surface area for innovation. So, the converse is true if you're working remotely — you're reducing the surface area for conversation. And typically, conversation has to come with some form of disagreement or conflict.

"A lot of people will hide behind remote work or hybrid work as a reason to discount the amount of disagreement in their organization. Actually, you need to have a standard process or an organized thought on how to solve conflict in hybrid work."



Mai Lan Nguyen

SENIOR VICE PRESIDENT OF HR
AT SCHNEIDER ELECTRIC N.A.

Give Feedback That Targets the Problem, Not the Person

To enhance collaboration, you have to be kind with one another. But that doesn't mean being nice all the time. We owe it to our people to be intellectually honest, and that means building a culture of feedback — feedback well given and well received, so you can really build that growth mindset that we all want to see in people.

"So being 'kind on people but hard on problems' means that, ultimately, we all want the same thing. We want to reach our business objectives and execute on strategy. So, we need to say to the people around us that we might disagree about the problem, but it doesn't mean we disagree with one another as people. I'm not against you. You're not against me. We just have a different perspective."



**Andy
Biladeau**

CHIEF TRANSFORMATION
OFFICER AT SHRM



**Kat
Cole**

CEO OF AG1 AND FORMER
PRESIDENT OF CINNABON



**Tom
Tang**

CHIEF PEOPLE OFFICER
AT MAY MOBILITY

Turn Failure into Fuel: Break Free from Perfectionism

If you feel there is only a narrow path to success and only one way to get somewhere, it's going to limit your ability to see alternative perspectives. And that will push you towards needing it to be perfect versus recognizing that you actually have flexibility and room for error.

"There's a lot of power that comes from mistakes and failure. Like any other leader or human being, I've experienced failure and setbacks. The perfectionist in me would tell you that it shouldn't have been part of the plan. But in hindsight, you can connect the dots in reverse and say that failure was a critical defining moment and I learned something I can take forward. I never would've gotten that experience if I had been married to perfectionism."

Ask 3 Key Questions to Clarify Priorities, Spot Opportunities

There are three questions I ask [employees] when I need to quickly find priorities to help me organize limited resources in order to address a problem. These are the same questions you can ask when things are going well and you're looking to uncover opportunities so you don't get complacent. So, I ask:

- What's one thing we should stop doing?
- What's one thing we should start doing?
- What's one thing you would do differently if you were me?

"There are patterns, there are themes. I use these patterns — what's most frequently mentioned — to act on as a leader."

Model Vulnerability to Build a Culture of Trust and Truth

I'm a big believer in role modeling and of the same thing we talk about with employees, which is bringing my full self to work. So, lots of people at work know about my life outside of May, and that's intentional. People know I love food and love to travel. People know I'm a big car guy. I think that goes to that vulnerability and sharing more of myself.

"But another key part of being vulnerable is role modeling what it means to be vulnerable in the workplace. So, I'm the first to admit when I've made a mistake. I'm the first to say, 'Hey, I totally messed this up. Sorry. And here's what we can learn from it together.' That helps to intentionally create a culture of psychological safety."

Women in the U.S. Workforce: Gains in Talent, Gaps in Leadership

BY JUSTIN LADNER

The U.S. workforce is constantly in flux, shaped by forces such as immigration flows, an aging population, and changes in education that create new challenges and opportunities for organizations. Among the most transformative developments over the past 75 years is the dramatic rise of women in the workforce, a shift that has fundamentally reshaped the country's economy.

Historic Growth Levels Off

One of the most prominent consequences of this transformation is that women now account for a much larger fraction of the employed population. As shown in Figure 1, female representation in the employed population has risen from just 28.1% in January 1948 to 47.1% in April 2025.

The vast majority of these gains occurred in the latter half of the 20th century, particularly from the 1950s through the 1980s, as cultural norms shifted, educational access expanded, and economic necessity drove higher labor force participation among women.

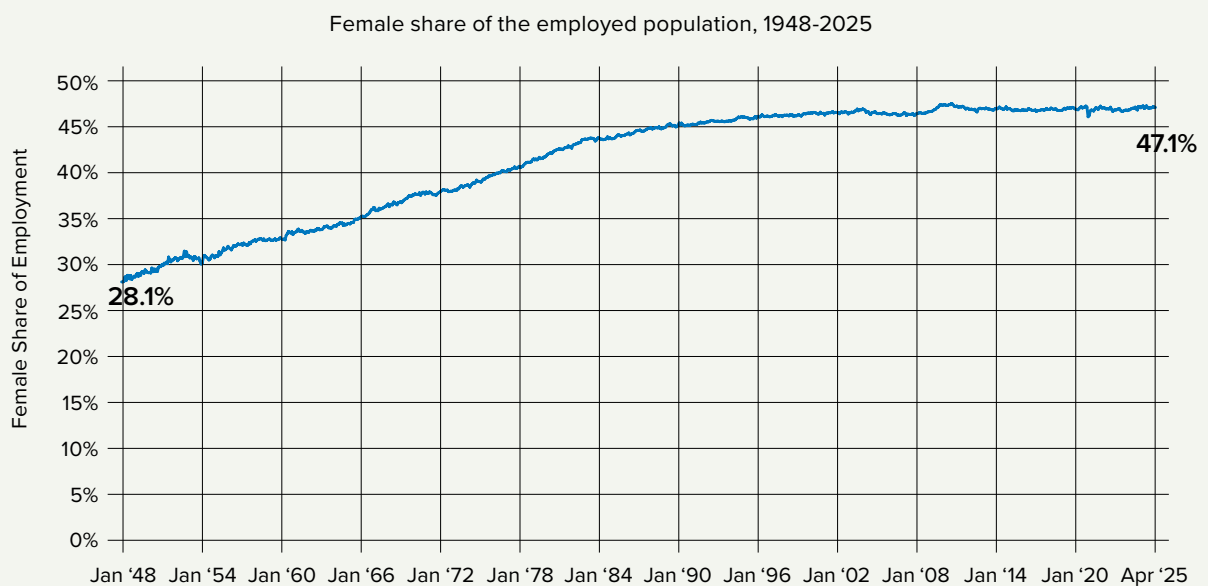
This trend continued during the 1990s, albeit at a much slower pace. But in the 21st century, the share of employed people who are female has nearly always hovered within a percentage point of the April 2025 value of 47.1%. This two-decade plateau suggests that while women have reached near-parity in overall employment, further gains in representation may depend less on labor force entry and more on progress within occupations, industries, and leadership roles.

Women Dominate in Some Fields, Lag in Others

While women now reliably account for about 47% of the employed population, that participation is not evenly distributed. In fact, Figure 2 reveals that the average female share of employment in major occupational groups over the past year varied from a low of 4.2% (construction and extraction) to a high of 84.2% (health care support).

On the upper end of the spectrum, women accounted for more than two-thirds of employment in six major occupational groups, mostly concentrating on health care, education, and administrative services. In both major health care occupational groups, women hold more than 75% of the jobs.

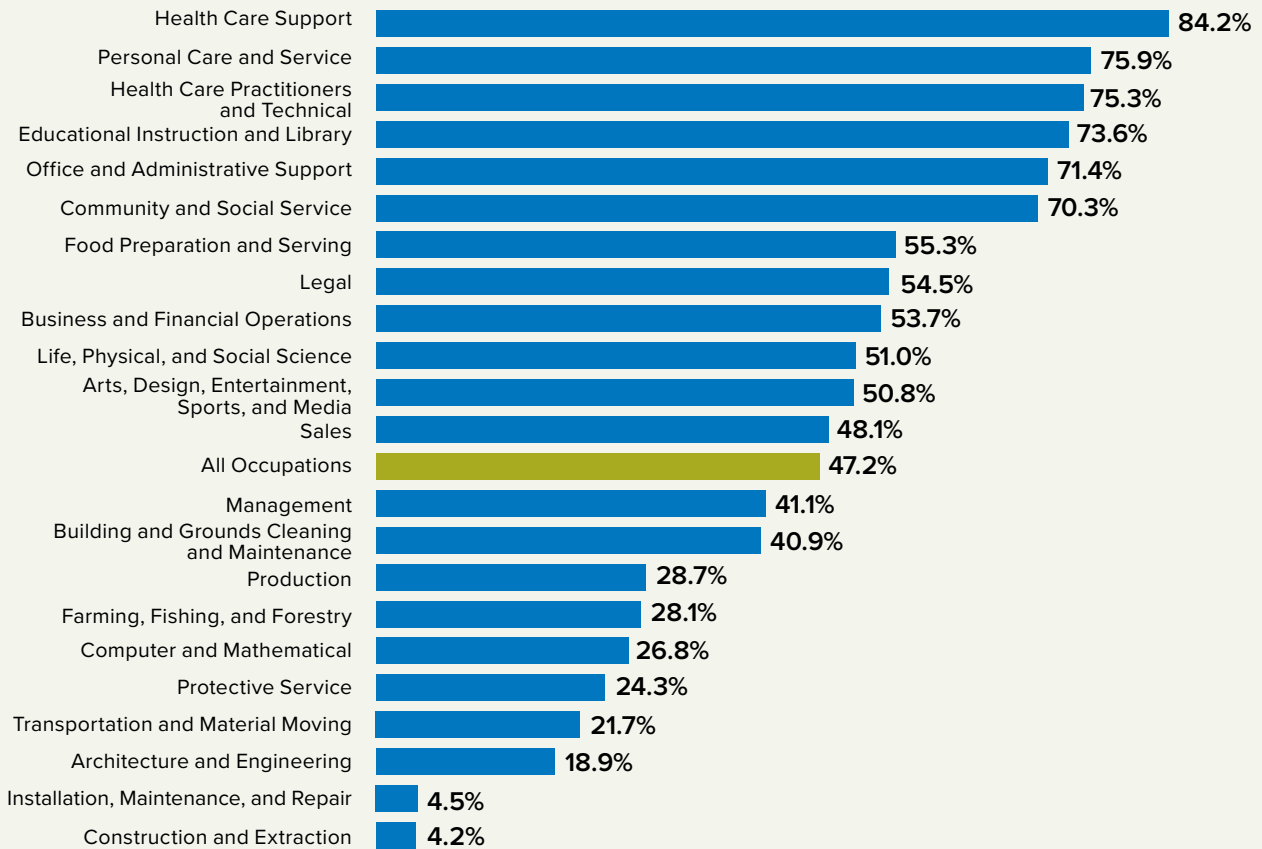
FIGURE 1: Women's Share of Employment Plateaus



Source: SHRM analysis of BLS CPS labor force statistics data series. Data is seasonally adjusted. Visit [SHRM.org/Research](https://www.shrm.org/Research) to learn more.

FIGURE 2: Where Women Work the Most — and Least

Average female share of employment by major occupational group, May 2024-April 2025



Source: Average values based on May 2024-April 2025 CPS basic monthly extract data downloaded from IPUM CPS. Data is not seasonally adjusted. Visit [SHRM.org/Research](https://www.shrm.org/research) to learn more.

On the opposite end, women accounted for less than 30% of employment in eight major groups, including less than 5% of employment in positions related to installation, maintenance, and repair and construction.

Broadly speaking, the groups lying at either extreme reinforce some commonly held stereotypes about the types of jobs that are “male” or “female.” For example, this data shows that women play a dominant role in health care, education, personal care, office/administrative support, and community/social services, while men account for a substantial majority of employment in occupations that emphasize production, manual labor,

protective services, and computers and mathematics.

It is critical to note, however, that women still account for at least one-fifth of employment in 19 of 22 major occupational groups, underscoring the vital role they play in every corner of the modern labor market.

Despite this broad-based representation in the employed population, evidence suggests that significant barriers remain to women participating and succeeding in certain jobs. For example, even though gains have been made over time, female representation in many science, technology, engineering, and math (STEM) occupations continues to lag.

Over the course of the past year, average female representation was just 26.8% in computer and mathematical occupations and only 18.9% in the architecture and engineering group.

Gender Gaps Widen in Leadership Roles

Female representation also remains relatively low in management occupations, particularly in more senior roles. Figure 3 illustrates this by plotting average female representation from 2003 to 2024 in overall employment, management occupations, chief executive roles (any C-suite or top-tier leadership role), and Fortune 500 CEOs. Two key points stand out in this analysis:



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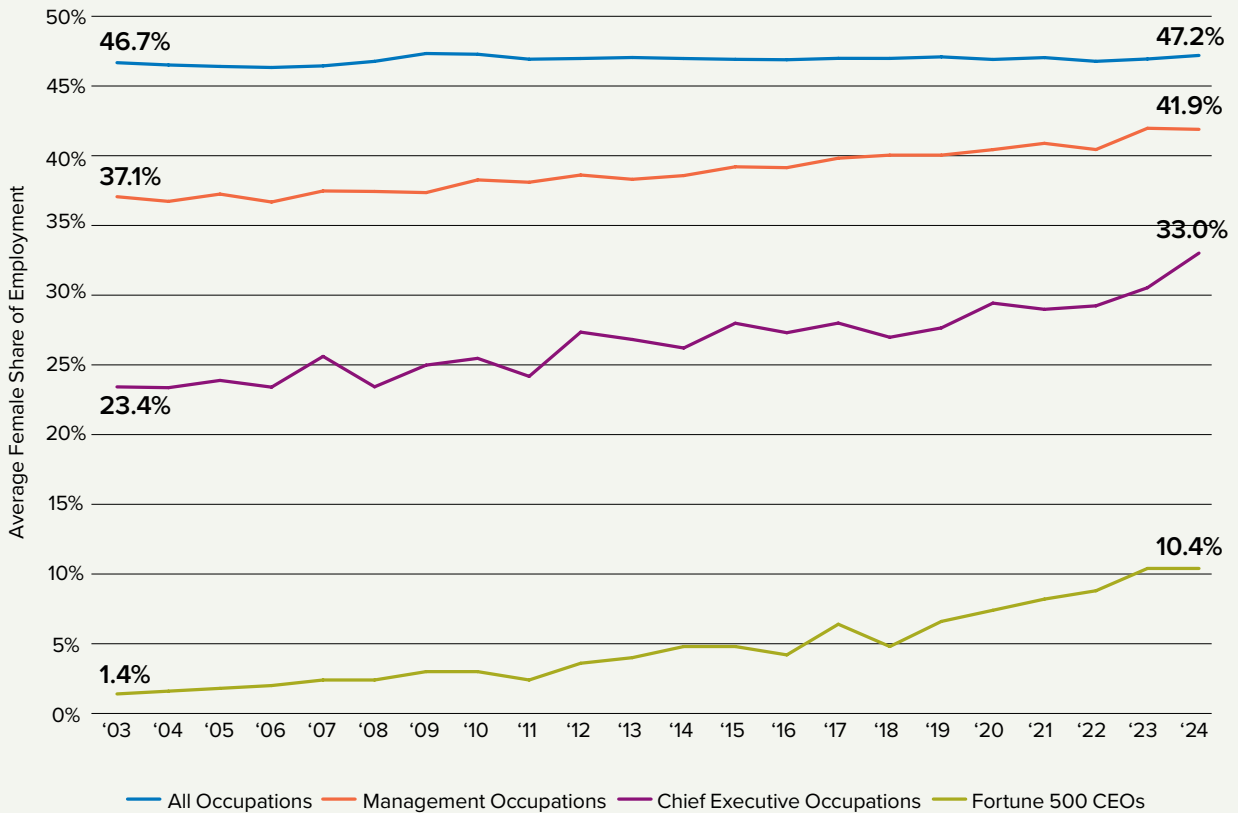


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FIGURE 3: Women’s Share Shrinks on the Way Up the Ladder

Average representation of women in successively higher levels of management, 2003-2024



Source: 2003-2024 CPS basic monthly extract data download from IPUM CPS. Female representation among Fortune 500 CEOs was calculated using historic data from the Fortune 500 list maintained by Catalyst. Data is not seasonally adjusted. Visit [SHRM.org/Research](https://www.shrm.org/research) to learn more.

- 1. Representation falls as rank rises.** Female representation progressively declines at increasingly senior levels of management. While 47.2% of all U.S. workers were women in 2024, women accounted for only 41.9% of workers in management positions. Furthermore, within the management group, average female representation among chief executive roles was just 33%, and only 10.4% of Fortune 500 CEOs were women.
- 2. The 20-year trend shows progress.** Even though women continue to be comparatively underrepresented in management occupations (especially in more senior roles), female representation in management has been

increasing over time. This is particularly true at more senior levels. For example, average female representation among chief executives rose from 23.4% in 2003 to 33% in 2024. And the percentage of Fortune 500 CEOs who are women rose from just 1.4% to 10.4% during that same period.

The Competitive Edge of Advancing Women

This data illustrates that women have become an indispensable part of the modern workforce, so much so that they now account for the vast majority of workers in a number of large occupational groups. At the same time, it is equally clear that female workers continue to

remain relatively uncommon in a wide variety of roles.

In an environment characterized by enduring labor shortages and fierce competition for talent, organizations that attract workers from previously underutilized populations and empower those workers to succeed at all levels will enjoy an enormous competitive advantage that promises to grow over time. Given that women already represent nearly half of all workers, the imperative to maximize the contributions of this population is especially clear. ■■



JUSTIN LADNER is the senior labor economist at SHRM.

What began as an unexpected career detour into HR turned into a defining direction for Olesea Azevedo. After college, she accepted her “dream job” in the marketing leadership track for a large international company. But Azevedo, who came from Moldova to the U.S. on a scholarship at age 14, lost the offer when she ran into work-permit delays.

After several temporary assignments, she interviewed for an HR role. “Everything I knew about HR changed that day,” Azevedo said. That first HR job opened up a new world for her, as she stepped into the business of putting people first. She grew in HR through expanded roles in food and health care companies, then joined AdventHealth in 2016. Since then, she’s served as its chief people officer, chief administrative officer, and now the chief culture and transformation officer.

What is the biggest challenge you have overcome in your professional or personal life?

AZEVEDO: I had started a new job as a HR director in a new city. The second week, my 2-year-old suffered a serious fracture of his femur, requiring him to be hospitalized for two weeks and then recover for two months in a full body cast. My husband and I took turns staying in the hospital while keeping full-time jobs. Being new to the city, without family, my new work family showed us incredible support to help us persevere through the challenge.

After my son was discharged with a full body cast, I shared with my colleagues that he could not walk or sit in a stroller for two months. To my surprise, the very next day, I walked into my office with a big box on my desk from my colleagues that contained a red wagon, which would allow him to lay down in his cast but still enjoy the outdoors. I could not hold back the tears as my heart filled with gratitude.

This experience reminds me of the power of caring for the whole person. And it acts as my guide to always remember that we need to serve our team members as whole people, fully

knowing that whatever is happening in their personal lives has a dramatic impact on their work as well.

What is your leadership philosophy?

AZEVEDO: As I have grown as a leader, there are three leadership principles that have served me well over the years.

1. Teams will only follow your vision if they know your heart.

Sharing your why and building trust are keys to gaining buy-in.

2. Leaders should eat last.

Having humility to serve others first is instrumental in building relationships and achieving results through influence.

3. Become a relevant voice.

When invited into a circle, whether it is HR or any other part of the business, learn the area and share a perspective to drive results and strengthen the partnership.

How do you envision the CHRO role changing over the next decade?

AZEVEDO: The role of a CHRO is becoming broader and more essential to leading organizations through

change and being able to succeed. Modern CHROs are innovating in ways that help HR functions evolve as a partner within the business in solving complex challenges, whether they are societal issues or large-scale transformations.

Additionally, CHROs will need to adapt to the rapidly changing world of work, which includes increased reliance on digital tools and technology with a sustained people-centric focus.

Which HR initiative that you have led are you most proud of?

AZEVEDO: About five years ago, to support our company’s brand and culture identity and to address the health care industry talent shortages, our team used design thinking and co-creation with our team members to make a promise of wholeness to our workforce.

We crafted specific experiences around key moments in the team member journey, which ultimately shaped their experience at AdventHealth as one that cared for their whole-person needs — body, mind, and spirit. This entailed specific promises to our team like Family from Day One, Lighted Career Path, Wholistic Leader, Informed and Heard, and Competitive Pay.

What is the one piece of advice that shaped you the most as a CHRO?

AZEVEDO: “If you are not failing, your strategy is not bold enough.” One of my mentors shared that taking thoughtful risks and empowering your teams to experiment is an integral part of learning. Otherwise, following a tried-and-true method will only get you the results that have been previously achieved. ■■

A professional portrait of Olessea Azevedo, a woman with blonde hair, wearing a dark blue blazer over a patterned blouse. She is sitting on a light-colored ledge against a textured, grey wall. Her hands are clasped in her lap, and she is looking directly at the camera with a slight smile.

Olessea Azevedo

CHIEF CULTURE AND
TRANSFORMATION OFFICER
ADVENTHEALTH,
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The Quiet Power of 4 Small Words

How ‘I need your help’ can become a bridge to resilience and shared strength.

BY RHONDA MORRIS



The many benefits of belonging to communities that we choose to join are self-evident: social connections, growth, learning opportunities, and, at their best, emotional support. However, life often thrusts us into communities that we want no part of, including the community of the seriously ill.

Medical challenges will impact us all. My family has been in and out of the scary, unpredictable, and stressful cancer community for the last few years. It recently gripped us again with vengeance.

Anyone who has dealt with a serious medical condition understands its wide-ranging impact on patients and their ecosystem — partners, children, siblings, parents, friends, co-workers, and neighbors — and how it wildly disrupts even the simplest routines.

What Help Really Looks Like

In my professional career, I often shared a powerful lesson I learned early on — the power of four magical words: “I need your help.” I owe my professional success in part to the small army of colleagues who responded immediately when I asked for their help.

The tables have been turned as we manage our family medical crisis. We are fortunate to have so many people offering to help us. But I am finding it is much harder to respond to offers of help from others than it is for me to ask for their help.

When I ask for help, I feel more in control because at least I have ideas of how to solve a problem. When others have

offered help during this medical crisis, I’ve struggled, in part because the problem cannot be solved simply. Often, the help I need is more intangible. It can be hard to share that I simply need a hug or someone to listen intently.

My response to a recent “Can I bring you anything?” text was: “If you could bring peace in a bottle, that would be great.” The person who reached out is also a member of the cancer community, which made me comfortable responding this way, knowing she would understand what was on my wish list.

‘How Are You?’

In recent years, we dealt with the COVID-19 pandemic, racial unrest after George Floyd’s murder, multiple natural disasters, and other stressful events. One of the powerful benefits of this turmoil was a shift in the intent of the question “How are you?” We all wanted to know how others were coping. We became more

open and rarely defaulted to the perfunctory answer of “fine.”

Our collective global pandemic experience is in the rearview mirror. But the world remains unsettling and stressful on top of our day-to-day life challenges. This sense of being out of control impacts employee performance and engagement. Many people have learned to mask the effects.

For leaders, there is a need to bring back the care and empathy of that simple question, “How are you?” Pause and be prepared to press for more if the answer is “fine.” People are more connected and perform better when we feel that our work community cares about more than just our work output.

The bonds of trust and humanity grow stronger when we know other people are dealing with similar challenges. One of my peers also had a spouse fighting cancer. He became an even more trusted confidant. Our talks helped me to focus on my family, work, and what I could control and encouraged me to take care of myself. We both retired recently and continue to support each other.

Regardless of whether we choose to be part of certain communities (or if the communities choose us), we must always remember to invest in them to reap their many rewards. Knowing we are not alone is essential for navigating life’s tricky waters. ■■

RHONDA MORRIS is the former CHRO at Chevron. She currently serves on the Workday board of directors.



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