



LACE
Partners



The successful CPO

Unveiling the essential skills for
tomorrow's Chief People Officer



LACE is your go-to consultancy partner for all things HR transformation and people experience

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Executive summary

In the paper - produced exclusively for LACE Partners' CPO network and (not distributed publicly) - we examine the business challenges facing incoming Chief People Officers (CPOs) in the coming years and assesses the capabilities required and their readiness to address these challenges.

The report identifies several key themes across the business challenges, the skills required and the shortages being experienced across the CPO candidate marketplace. These include:

1. **Commerciality** – business acumen, strategic mindset, business-led people strategy; bringing experience from across a range of businesses, geographies, and challenges.
2. **Technology and transformation** – knowledge of and confidence with technology, digitisation, and data; experience of business, technology and cultural transformation and demonstrable change leadership.
3. **C-Suite experience, impact, and influence** – knowledge and experience of C-Suite ways of working and corporate governance; the capability and confidence to be part of strategic business discussions at C-Suite, and a critical friend / influencer to the CEO.

The report highlights market gaps in the skills sought for high calibre CPO roles and recommends some of the priority experiences candidates should look to add to their CV en-route to a CPO role. We also asked for advice from head-hunters on how to be successful when you get there. In the final segment of the report, we connect our research on the traits found in leading people functions.

In conclusion, the report sheds light on the business challenges faced by newly appointed CPOs, the skills and experiences required to navigate these challenges successfully. With the right preparation CPOs can position themselves as effective strategic leaders in an evolving business landscape.



About our research

What is the exam question?

We know that the economic environment is challenging, the business landscape is constantly changing and the future of work is rapidly evolving. We wanted to get a sense of what impact these factors are having on the HR (Human Resources) or People function and its leading CPOs/CHROs, as well as whether they have the skills and experiences to address these challenges. To answer this question, we approached CPO head-hunters, anticipating that the CPO search assignment briefings they are taking from CEOs, CFOs and outgoing CPOs are aimed at addressing both current and future business requirements. We also wanted to know about the primary skills and experience gaps against these requirements, and what aspiring CPOs can do to prepare well for future roles.

How did we answer it?

We reached out to our network of CPO head-hunters and recruiters to ask them a number of questions about the information they are receiving in CPO search assignment briefings, and the challenges, they are experiencing in the CPO recruitment market. Their insight gives us some strong indicators about the business challenges we should anticipate, and the skills and capabilities that CPO candidates should build as we move through the next few years.

We cross referenced our research with a small sample of CPO job adverts, giving us the opportunity to support or challenge some of the trends we saw from our survey participants. These were CPO roles in a range of organisations including public and private sector, using the job advert content to compare to our research findings.



More information

For more information about our methodology and participants, please see the Appendix.



Business challenges

We asked our respondents to tell us about the business issues they are hearing about when they are briefed about CPO search assignments. We provided a list of business requirements to choose from but also asked for their experiences in their own words. In the main, our respondents are taking their assignment briefs from the CEO, CFO, or the incumbent CPO, so it is fair to assume that their requirements are representative of the business leadership challenges faced.

In response to our pre-populated list, two thirds of our respondents reported growth, digitisation and experience as business challenges their candidates would need to address. The narrative that they followed up with supported these findings too but added a great deal of flavour to the initial responses.

	% of respondents
We must power up for growth	64%
We need to digitize our employee experience	64%
We want a better proposition / people experience for our employees	64%
We need a strategic HR voice at our top table	36%
We have to prepare for potential recession	36%
We have to get a handle on our <i>strategic workforce planning</i> (inc future skills)	36%
We need help to prepare for M&A activity	27%

We identified the following themes:

Economic Impact

It is no surprise that businesses of every shape and size are having to deal with the impacts of a turbulent economy, and that has a strong impact on the nature of the work that CPOs must be ready for. Our respondents described challenges including:

- Cost cutting, headcount reduction, declining budgets and getting more from less.
- Managing wage inflation.

- Organisational productivity, performance management and gaining efficiencies in business process and performance.

Transformation

Although the nature of the change varied - from market entry, scaling or retraction, business or HR functional transformation, or technological change and modernisation – transformation was a key feature of the business landscape for all our respondents.

The role for CPOs and their people function is key – whether leading or driving the change efforts associated with them, managing the people implications of change, providing support to business leaders in times of transition, or the addressing the impacts of change on the nature, quality or level of HR service offered.

Talent

Talent was a strong theme for our respondents, with retention (particularly senior retention) as a core issue. Talent strategies to support growth, address future skills gaps (including digital talent shortages) and attract key talent were highlighted.

Culture

Diversity was mentioned consistently as a business requirement for the new CEO to address, for example (“Driving a DE&I (Diversity, Equity and Inclusion) strategy that makes the organisation a destination for diverse talent” and undertaking “meaningful work around DE&I”). Our interpretation is that organisations want to push DE&I beyond the a tick box exercise and focus instead on real impact. Others are targeting a broader ESG (Environmental, Social and Governance) agenda and looking for the CPO to take ownership of that too.

Additionally, cultural challenges such as the impacts of hybrid/flexible working, performance focus and the development of the EVP (Employee Value Proposition) also featured.

Alignment

Finding the right balance across a number of these strategic imperatives was also highlighted as a challenge, particularly in maintaining a positive and engaging employee experience whilst still delivering initiatives in support of the business strategy that might mean budget constraints, headcount changes and more demanding productivity targets.

“...the CHRO will have a pivotal role delivering the operational and strategic HR agenda...”

“...this person will have an important role across the system shaping, designing and developing our workforce and culture of the future...”

“...be influential across the business...”

Critical skills

We asked our respondents to describe some of the skills and experiences they were tasked to source to address these business challenges. Again, we curated a set of capabilities based on our own work and experience with People functions, asking our respondents which they had been tasked to look for in CPO candidates.

	% of respondents
Business acumen, strategic mindset, commerciality	73%
Business transformation and change leadership	64%
Cultural transformation	64%
Building a compelling value proposition and employee experience	55%
Optimizing productivity	55%
Preparing for the future world of work	36%
Creativity, innovation, new ways of working	36%
Growth strategies	36%
Driving an ESG agenda	18%
DE&I	18%
International experience	18%
Digital transformation	9%
People analytics and workforce planning	9%

We also asked participants to share their own insights on the requirements they are being asked to source by their clients – the CEOs, CFOs, and incumbent CPOs.



Commerciality

The strongest theme from our respondents was a need to source candidates with strong commercial acumen, able to deliver growth and scaling, and bring agile thinking and innovation to the fore. Blending a strategic mindset with a hands-on approach was key.

Experience

Interestingly, some respondents were tasked to source candidates who had previously held roles outside the function, with a focus on bringing business and operational skills and experiences into the CPO role.

Additionally, businesses were keen to recruit candidates with diverse backgrounds and a mix of sector experience (including international), and a blend of established and start-up businesses.

Governance

Experience of governance structures was seen to be critical for board level CPO roles, where successfully chairing or responsibly participating in such committees (eg REMCO) would be a key element of the role.

Transformation

There was a strong focus on change management capability, with respondents referencing 'transformation' experience and ownership of Target Operating Model (TOM) development.

Functional expertise

Functionally, our respondents were typically tasked with sourcing candidates who brought experience of developing and implementing an impactful people strategy, vision and communications. Engagement and experience featured too, with requirements focussing on the employee experience impacts of change, and on how businesses can engage people to deliver growth and improve organisational capability and performance. "Bringing values to life" was a core requirement. We also noted a requirement for specialist expertise in at least one COE (e.g., talent, performance or ER), and a particular focus on Reward. A knowledge of technology, and how it impacts organisations was also referenced, alongside data-driven strategic planning and decision making.

Values-led

And on a personal level, head-hunters are being asked to identify candidates with high integrity and resilience, who are values-led, with the ability to influence at board level and partner closely with C-Suite and the CEO ("act as the 'consigliere' to the CEO"). It was felt that the "rise of the moral compass" is setting a strong requirement for the interpersonal skills and values of successful CPO candidates.

"...this person will have an important role across the system shaping, designing and developing our workforce and culture of the future..."

The market gap

With these typical requirements in mind, we were keen to understand the state of those skills in the market and get a sense of where CPO recruitment may be struggling to match the business requirements to typical candidate profiles. Our respondent head-hunters reported a few key areas of skills shortage, listed below.

Commerciality

Despite reporting it as one of the key skills that CEOs are looking for in their CPOs, our head-hunters tell us that commerciality is one of the harder skills to find. They mentioned a struggle to find candidates who are proactive in adding commercial value, and translating commercial objectives into an impactful people strategy. Commercial impact and credibility are lacking, and there is not enough future-thinking among candidates. FTSE50 experience would be highly sought after but hard to find, as would a blend of established and scale-up experience.

governance experience (particularly REMCO) and reward experience.

Global

International experience and willingness to travel were also reported as being scarce in the CPO candidate market.

Technology and data

There is a shortage of candidates with strong technology / digital knowledge, confidence and capability, and candidates with a demonstrable data mindset are highly sought after.

Functional expertise

Some areas of functional experience are also lacking in the CPO talent marketplace. Whilst our head-hunters reported that most of the 'hard' HR skills are in supply in the market, there is a shortage of



Build for the future

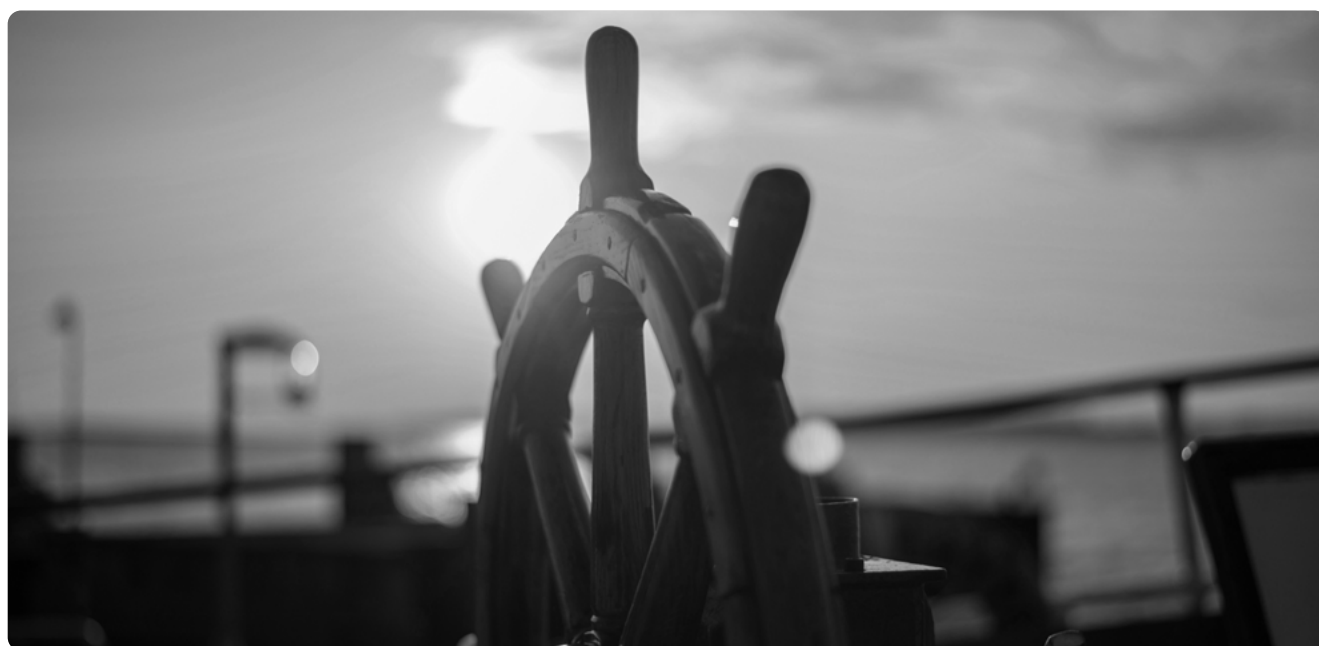
We asked head-hunters what skills or experiences aspiring, or accomplished CPOs and other senior HR leaders should develop to stay competitive and relevant in the market. We wanted to understand how they can ready themselves to address the business challenges we identified earlier in this report.

Get commercial

- Develop your commercial business acumen - be curious about the business landscape, the context you operate within and the economic variables that will impact on business success.
- Build your P&L experience – understand the financials of the business.
- Consider an MBA or similar to formalise your experience and learning.

Bring expertise

- Gain exposure to REMCO and/or other C-Suite governance structures.
- Spend some time as a COE specialist
- Build your experience in programmes like DEI that have demonstrable impact, and be ready to tell that story.
- Build your knowledge of *strategic workforce planning*.
- Lead a business transformation (digital, cultural, business) and excel at driving effective and lasting change.



Be tech savvy

- Build your confidence in technology and digital experience and stay up to date with emerging trends and developments.
- Make friends with data – develop your analytics and insights capability and learn how to use it effectively to support and value your strategy.

Spread your wings

- Develop your international experience and find opportunities to travel to build your geographical portfolio.
- Consider the breadth of your experience and look to add FTSE50, start up and rapid growth businesses to your CV.

Stay connected

- Seek out opportunities to bring in external thought leadership and develop a ferocious appetite for learning.
- Understand and shape how the CPO role will evolve in the future in your industry and beyond.
- Maintain a strong network internally and externally - build your engagement skills!
- Develop strong influencing skills in the C-Suite environment. Be a critical friend to your business leaders and the voice of employee experience at every level.



Be the best

We asked our head-hunter respondents what skills or experiences made the best candidates stand out in the market. There are some recurring themes, with commerciality featuring heavily, but there are some other factors that could give candidates the edge:

Commerciality and brand experience

This is a clear trend in our research. Commerciality has been highlighted as a priority need for businesses and a capability shortfall in the CPO marketplace, so it might go without saying that the best candidates are bringing strong commercial acumen to the table. However, it is worth highlighting a few key points from our respondents in terms of what really mattered in this area:

- Breadth of expertise – across industry and size, including experience of both growth and retraction.
- Brand experience (and the associated employer branding) – focussing on high performance businesses with a reputation for performance and experience.
- Impactful engagement with the CEO and providing challenge as a critical friend.
- A credible voice in strategic business discussions beyond the people / HR agenda.
- Charisma and followership, leading with integrity and a strong moral compass.
- Experience of senior governance structures, e.g., REMCO and board experience.

Track record of success

Beyond experience, our respondents were also keen to highlight the importance of being able to demonstrate a track record of success in previous senior roles, particularly in areas such as culture development and implementation, and DEI. The very best candidates are able to evidence the impact of their role and the return on investment (ROI) of the initiatives they have led.

Future thinkers

The strongest CPO candidates have an eye on the future, and are acutely aware of innovations, trends and thought leadership impacting the people function. They may be following, shaping, or leading thinking, but they will certainly be aware of the possibilities of the future rather than acting on past trends or maintaining a status quo. They are typically big thinkers, who understand the bigger picture and can demonstrate that they proactively prepare their organisation for what is coming down the line.

Advice to the new CPO

We asked our participants what advice they would offer to CPOs to help them to thrive in their role, and summarised their comments as follows:

Connect

- Build key relationships ahead of start date.
- Get close to the frontline early / feel where the customer touches the business first-hand.
- Engage with stakeholders as quickly as possible.
- Understand the drivers of the business and the key relationships to forge.

needs to be ahead of the changes on the horizon rather than reacting after the event.

Grow

- Onboarding coaching, regular informal touchpoints during notice period and beyond get the right team capability.
- Use an external executive coach to supplement onboarding and help to develop their 100-day plan.

Engage

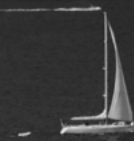
- Pick a CEO that values HR!
- Build trust from the leadership team and wider employees from day one.
- Work out how to brand your HR strategy internally for maximum effect/buy in.
- Develop a clear picture of the culture the business is aiming for, and test that against reality.

Commerciality

- Understand how the organisation makes money.
- Demonstrate commerciality.

Scan and learn

- Optimise opportunities for external learning.
- Get a mentor.
- Maintain an external network
- Keep on top of external changes relating to People issues - the function



LACE perspective: 10 traits and the link to CPO skills

The genetic code of a modern, leading people function

Every leading People function requires a combination of four key 'bases' as part of its DNA: people, process, technology, and governance. The specific combination is unique to each organisation, with the traits determined by the desired service offering and experience for employees, people managers and business leaders. It is this combination of traits which creates the function's genetic code. Based on our research, and our work with People/HR functions in many global organisations, we have distilled 10 core traits for future success.



There is a strong alignment between the 10 Traits framework and the CPO skills and experiences described in this report:

CPO skills			
1	Business aligned and partnership driven	The People function is seen as an equal partner and value driver.	→ <ul style="list-style-type: none">Actively demonstrates strong commercial acumen.Understands the business model well enough to contribute to how HR can drive value.C-Suite influence.CEO critical friend.Talent strategy focus.
2	Employee centric and experience rich	The function has a deep understanding of the 'voice of the employee' enabling people solutions and services to be tailored to deliver both value and impact.	→ <ul style="list-style-type: none">Engaging people through change.Engaging people to deliver business growth.
3	Change leader mindset	The function is resilient and embraces ambiguity, constantly striving to do more, better. People teams are led by high calibre leaders with a mix of business and HR experience.	→ <ul style="list-style-type: none">Transformation delivery.Breadth of experience in different functions, industries, and geographies.
4	Solution and innovation lead	The people function designs and delivers a holistic, connected HR service and people experience.	→ <ul style="list-style-type: none">Participation in external facing networks and thought leadership.Staying connected to trends and functional innovation.
5	Constantly learning, adapting, and evolving	Professional development programs are accessible across all roles, and active participation in external events is encouraged to stretch thinking.	→ <ul style="list-style-type: none">Building functional expertise (including COE specialisms).Networking.Seeking out external perspectives.
6	Focused on points of competitive differentiation	The people function designs and delivers a holistic, connected HR service and people experience across different user journeys and lifecycles.	→ <ul style="list-style-type: none">Understanding the people experience differentiators and their value to the business bottom line.
7	Super-charged People Managers	The function recognises that business success pivots on strong people-centric managers.	→ <ul style="list-style-type: none">Enabling and empowering people leaders to deliver a compelling employee experience.
8	Quick and agile decision making / planning	The function utilises clear decision matrices, escalation points and defined decision-making groups across the function and beyond. Governance is fit for purpose, and agile when necessary.	→ <ul style="list-style-type: none">Understands the business context and the people agenda response.Responsible stewardship in corporate governance.
9	Digital and technology enabled	A clear technology strategy and roadmap are in place for use and development of digital platforms and tools to enhance the user experience and increase productivity.	→ <ul style="list-style-type: none">Awareness of emerging and current technology.Digital knowledge and confidence.Delivers technology transformation.
10	Data and insights mindset	Processes and capabilities which combine internal and external data points to deliver competitive business insights and action are advocated and developed. Data trumps opinion.	→ <ul style="list-style-type: none">Data and analytics capability.Optimising technology and systems.Digitising the employee experience.

LACE perspective: How we can help

Supporting the C-Suite and their People Function

- We can deliver a CPO health check – a fast-track, structured diagnostic that assesses the full health of your people strategy function and its impact in line with your business goals.
- We can conduct a 'red review' of your existing People strategy – is it delivering against its intent.
- We help you build your People strategy and HR plan.
- We can facilitate an Immersive half-day or full-day people experience workshop to inspire and align your leadership.
- We will help you to map out, assess your existing EVP, so that it supports your talent attraction and retention plans.

Supporting CPOs

We can help new or established CPOs to answer some of the following questions:

- As a newly appointed CPO, or a CPO in a changing business, how do I quickly understand my business context, my people function and our business priorities?
- How can I reasonably evaluate my People function against best practice in comparable businesses?
- What are the four or five critical things I have to focus on to support the business with achieving its goals?
- How can I set out our strategic HR intent to my business stakeholders in an engaging way?
- How will I measure success?
- How does my HR function need to change to ensure we can deliver our critical people outcomes?
- We want to become a more digitally enabled HR function delivering great experiences for our people – what does that look like and how do I get there?

Developing CPOs

- Our *News and Insights* provide an external thought leadership perspective on issues influencing and impacting the People function. .
Read or listen here: <https://lacepartners.co.uk/resources/insights/>
- We support CPOs with formal and informal mentoring, executive coaching, and advisory support. We particularly focus on developing impact and influence at C-Suite level. Contact us to talk about your requirements.



About LACE Partners



LACE is your go-to consultancy; your partners for all things HR and people experience.

We're independent

We are independent so we are quick to adapt, but also are agnostic when it comes to technology recommendations.

We're with you every step of the way

Whatever stage of the journey you're on, we can work with you to build capability and pave the way.

We get it

We know HR, the challenges and what great looks like. Our capability is drawn from world-class consultancies and people who have held senior positions at major corporates.

We're practical and tailored in our approach

We don't use a one-size-fits-all, rather, we create bespoke, pragmatic, solutions for our clients' needs.

We're committed to driving value for your business

We create a partnership to drive business value and make experiences at work amazing!

Together we drive business value and make experience at work amazing.

We're your fundamentally different experts.

Appendix

Methodology

Our *News and Insights* provide an external thought leadership perspective on We approached a number of head-hunter organisations to scout their views on the skills being sought for vacant CPO roles. We also reviewed CPO job adverts to test some of our findings.

Participant profiles

We identified a set of target participants, based on their company profile and their typical client base, looking at the type of role they recruit for their clients. Survey participants were invited to contribute to our research via an online survey. Some questions were limited to a selection of answers, but the majority were free text.

		% of respondents
No of respondents	11	
Response rate	18%	
Recruitment profile	Perm	36%
	Interim	18%
	Both	45%
Typical roles recruited	C-Suite	45%
	Snr HR roles	82%
	HRBPs/Specialists	36%
	Other HR roles	9%
Client Geographical coverage	Country (UK)	45%
	Regional (e.g. EMEA)	36%
	Global	18%
Client company size	Super large (1001+)	36%
	Large (251-1000)	55%
	Medium (51-250)	9%
Typical client contact for briefing	CEO	55%
	Incumbent CPO	73%
	Other	18%
Typical clients	Unilever, BDO, PE Backed, M&S, BT, Oakley	

Job Adverts

We identified a handful of CPO recruitment profiles which included roles in the charity sector, public sector and global manufacturing.



 **LACE Partners**
FUNDAMENTALLY DIFFERENT

LACE is your go-to consultancy partner for all things HR transformation and people experience