

For twenty-seven years, the Executive Edge has been a value added service to support our clients and candidates in their Personal & Professional Development. Now known as LeaderShift Perspectives, it will continue to provide the same value and insight its readers have appreciated for years.

How CEO Human Capital Strategies Drive Growth & Deliver Real Returns

By Joe Hunt

In 1927, the average life span of an S&P 500 company was sixty-seven years. Today, that life span is merely fifteen years. Even more humbling, are the findings of recent studies regarding the sustainability of businesses.

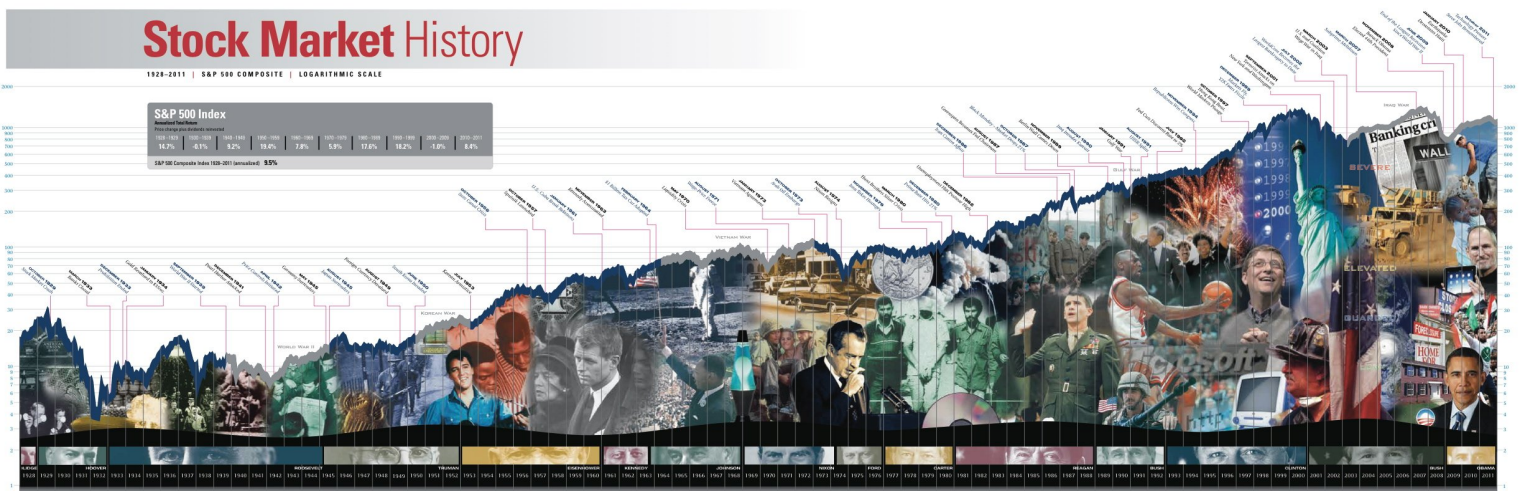
In 2014, a study conducted by the John M. Olin School of Business at Washington University estimated that 40 percent of today's F500 companies on the S&P 500 will no longer exist in 10 years.

In 2016, the Babson School of Business estimated, based on their findings that by 2020, 75% of the companies on the S&P 500 will be companies we've not yet heard of.

Businesses and their leaders no longer have the luxury of treading water for half a century while maintaining modest growth and returns. Now more than ever, companies must capitalize immediately on opportunities and implement plans to grow their businesses rapidly. The alternative is to join the other 75% who will be eaten by the sharks.

This leads us to the obvious question: *What must I do to make sure my company is still relevant in 3 years?*

The answer begins and ends with your people.



While admittedly, there is no surefire plan to guarantee success 100% of the time – if there were, no company would ever go under, nor would any executive need to be fired – there are certainly signals to watch for and strategies to which you can adhere that will increase the likelihood of corporate and/or individual success and longevity.

Here are two strategies/lessons to help ensure your Human Capital decisions will drive growth and deliver real returns.

1. Succession Planning: Never Lose Sight of the Big Picture.



“When the going gets tough, the tough get going.” We’ve all heard this cliché as long as we can remember, and the truth at its core is rarely disputed.

Think back to the housing collapse and the subsequent recession of 2007. Successful companies adapted their human capital strategies to meet the demands of a challenging market.

[PwC Saratoga released an analysis in 2014 titled *Global Trends in Human Capital*.](#)

One of the biggest observations I extrapolated from the data, was evidence of a major flaw in how US companies manage positive Human Capital markets – those which exist during periods of economic growth.

When market downturns occur, most companies display predictable human capital behavior changes. They begin by first cutting back on headcounts. Then, as the available talent pool becomes flooded, spending on internal leadership development and external recruiting is cut.

Looking back to 2007-09, the promotion rate in the US fell from 10.2% to 6.5%, and the resignation rate fell at a similar pace. But the most telling statistic, which reveals a flawed logic related to human capital planning is the rate of usage of succession pipelines.

During the heat of the recession in 2007-08, 77.5% of US companies maintained a strategic succession pipeline. As the economy began to show signs of turning in 2009, that number dipped to 51.2% then bottomed out at 45.7% when the economy was in full recovery mode 2010.

If utilizing a strategic succession pipeline is necessary during times of uncertainty, would it not then be of even greater benefit during times of competitive growth where ‘A-Player’ talents are fully employed, well compensated, and harder to come by?

Many of our clients have identified this need and have enlisted our **'HELP'** in building and developing their pipelines.

[Follow this link to learn more about how the Hunt Executive Leadership Pipeline can be of 'HELP' to you.](#)

Don't wait for difficult times to develop a plan for your human capital needs. Those companies who build and maintain deep talent pipelines will be the ones still standing come 2020.



2. View Disruption as an Opportunity to Hire (or Train) Innovative Leaders.

Disruption is unavoidable in this day and age. Again, it is becoming cliché, but technology has forever changed the scope, pace, and method of business. The companies who will continue to thrive in this new world will be those who bring in every innovative leader they can get their hands on.

Peter Drucker describes the opportunities for innovation in his book, *The Discipline of Innovation*.

“Innovation comes from the systematic analysis of 7 types of opportunities:”

1. Unexpected Occurrences
2. Incongruities
3. Process Needs
4. Industry and Market Changes
5. Demographic Changes
6. Changes in Perception
7. New Knowledge

To be frank, if you don't see at least one of these opportunities within your current role, then you are not an innovative thinker. If that is you, all hope is not lost. Just like any other skill, being an innovator takes development. Read through our list of [Attributes of LeaderShift Innovators](#) (located on the next page) and ask yourself:

“How can I develop each of these attributes in myself or my team?”

Once you've recognized an opportunity for innovation, the next step is to identify the right innovative leaders to capitalize on it.

[Elon Musk, CEO of Telsa, SpaceX, and renowned innovator, discussed how he identifies the right people to lead his hyper-innovative companies with Business Insider.](#) “When I interview someone... I ask them to tell me about the problems they worked on, and how they solved them.”

Musk goes on to reveal this question is how he determines if a person is really a problem solver/innovator. If someone demonstrates multi-level understanding of the problem and how the solution was achieved, then they were truly the driving force.

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“If they get stuck,” Musk continues, “you can say, ‘This person was not really the person who solved it, because anyone who struggled hard with a problem never forgets it.’”

Corporate cultures built on a foundation of innovation will be far more prepared to hire the right leaders who possess the capacity to adapt, persevere, and deliver solutions to the business challenges of tomorrow.

LeaderShift 2020
Human Capital Strategies That Drive Top Line Growth & Deliver Bottom Line Results



Attributes of LeaderShift Innovators

I	INSIGHTFUL	Needs to be fully aware of future technology trends and market dynamics.
N	NETWORKED	Not only from a people networking perspective, but also from a domain networking point of view. Connecting challenges and ideas from different segments can surface unique solutions.
N	NIMBLE	Innovation won't be a full-time day job. It needs to be interwoven with what one is trying to achieve. Be nimble and tackle time & resource challenges swiftly.
O	OPTIMIST	Believe in yourself, your teams, and the future. As the famous quote goes, “You can, if you think you can.”
V	VALIANT	Determination in the face of adversity reveals a person's true grit – an essential quality for innovators and entrepreneurial leaders.
A	AUTHENTIC	Shallow efforts face away quickly. Only genuine efforts and authentic leadership last.
T	TECH-SAVVY	Technology can no longer be avoided. You need not be a slave to the machine to be an innovator or a master of it.
O	OPEN	Open-minded and open-hearted leaders are better equipped to take on failures as opportunities for growth.
R	RESILIENT	If innovation was simple, everyone would be an innovator. Learn from missteps and as Jimmy V said, “Never give up!”

I began this article with a question: What must I do to make sure my company is still relevant in 3 years?

I think it is only fitting to end it with another: What is my company's Human Capital strategy?

Now ask yourself: Do I know the answer? Does my company even have a defined plan? Does that plan address the challenges associated with succession planning, innovation, diversity/inclusion, digital convergence, development of internal talent, and global talent integration? Does my company have a well-defined corporate culture?

If you answered ‘No’ to any of those questions, then the time to act is now. Consider this your opportunity to recognize a process need, and be the innovative leader who solves it.

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On September 9, I will be hosting a CEO discussion panel at the [GMA Leadership Forum](#) that will be diving deeper into the topic of Human Capital Strategies.

My fellow panelists include, **Michele Buck, CEO of Hershey, Kees Kruythoff, President of Unilever NA, and Mark Smucker, CEO of JM Smucker.**

If you are attending this event, I welcome you join us in the Crystal Room at 11:00am for what will certainly be an entertaining and informative session. [Click here for more information about our session and panelists.](#)



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