2019
HR@MOORE
Survey of Chief HR Officers

BUILDING THE EXECUTIVE LEADERSHIP TEAM:

Results of the 2019 HR@Moore Survey of Chief HR Officers

Patrick M. Wright

Donald J. Schepker

Anthony J. Nyberg

Kenneth Carrig

Spenser Essman

Center for Executive Succession
Department of Management
Darla Moore School of Business
University of South Carolina

moore.sc.edu/ces

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Darla Moore School of Business

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Southern Company

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EXECUTIVE SUMMARY

The 2019 HR@Moore Survey of Chief HR Officers examined a number of aspects of executive leadership teams (ELTs), including team composition, the frequency with which CEOs meet with the whole team and individual members, team cohesion, and how the CHRO assesses problems that might exist within these teams.

In terms of composition, our results showed that the average ELT size was 10.6 members, with 75% of ELT members being male, and only 16% of members from underrepresented groups.

Just under half of CEOs tend to meet with the entire ELT on a weekly basis, with 25% meeting every two weeks and 24% meeting every month. CEOs formally meet with CFOs, COOs, and CHROs the most frequently, with over half meeting daily or weekly. CEOs meet informally with CFOs (75%), COOs (63%), and CHROs (60%) far more frequently than the formal meetings.

In terms of ELT cohesion, our results indicate that most teams seem to get along professionally, but that they generally do not seem to form more personal bonds. Specific conclusions about how teams are building cohesion are inconclusive.

Finally, CHROs tend to work with the CEO to assess the ELT's effectiveness as well as to diagnose the potential causes of a lack of high performance. The causes tend to be a lack of alignment, poor communication, or a lack of trust among ELT members. Solving these problems tends to be accomplished through more clearly communicating goals and agreeing on basic principles for how the ELT should operate.

EXECUTIVE LEADERSHIP TEAMS

Successful CEOs must be able to build teams that can help to develop and execute the firm's strategy. However, past HR@Moore Surveys of CHROs have pointed to the fact that many Executive Leadership Teams (ELTs) seem to function more as groups of individuals pursuing their own agendas. The 2019 HR@Moore Survey again delved into the functioning and composition of the ELT, as well as exploring how CHROs diagnose and deal with problems on those teams.

Composition of the ELT

We asked CHROs about the number of members of the ELT and found that the ELT size ranged from 2 to 19, with a mean of 10.6. Of those members, 75% were male and 25% female. **Figure 1** shows the exact breakdown of the ELTs by sex and race. The figure shows that 84% of ELT members are white, 6% Asian, 5% Hispanic/Latino, and 4% Black/African-American. In other words, with women representing one-quarter and underrepresented groups making up 16% of ELT members, it seems that these teams do not yet tend to display high levels of racial diversity.

Figure 1

Race and Sex Composition of Executive Leadership Teams
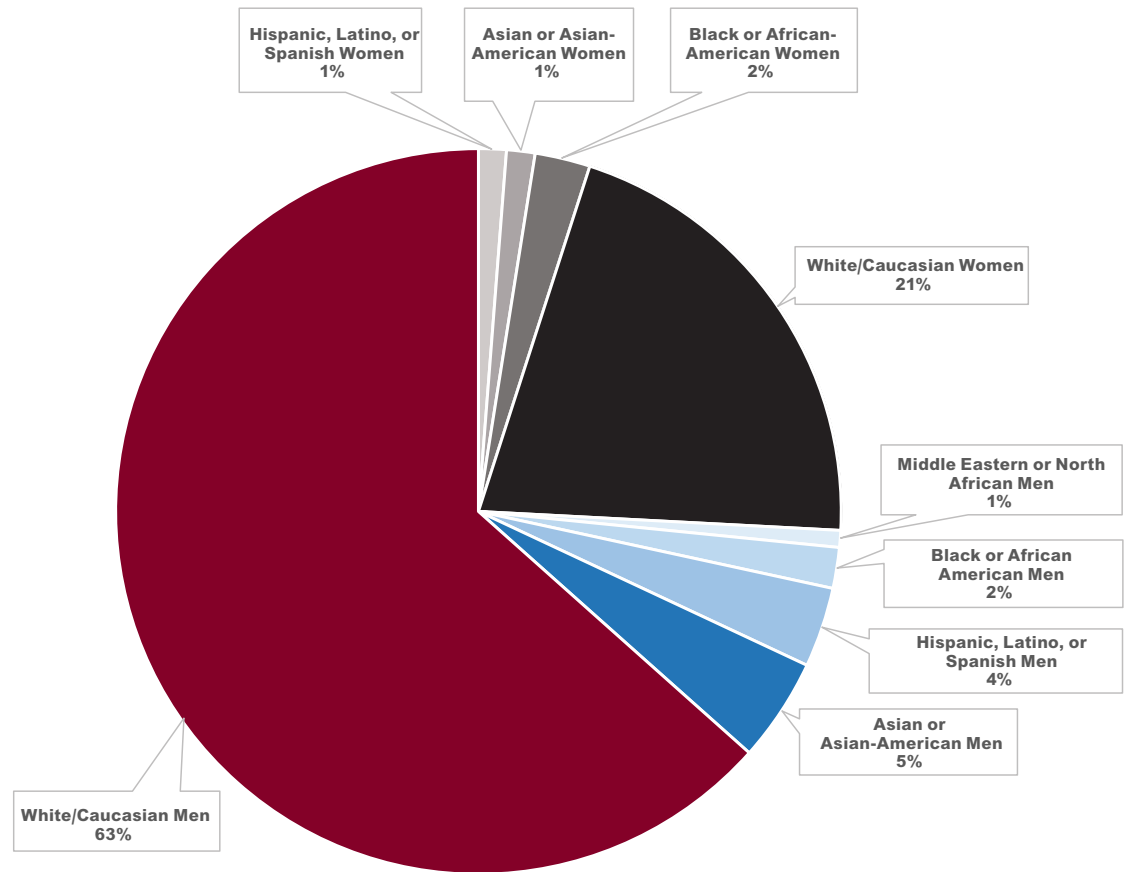
**ELT Membership = 75% Men and 25% Women**

Interestingly, of the average of 10.6 members on the ELT, CHROs reported that, on average, 2.7 executives were newly placed in their positions in 2018, indicating significant turnover (25%). This suggests there is constant disruption in the C-Suite as executives move on and off the ELT, which is likely to make facilitating cohesion among ELT members increasingly important.

CEO Meetings with ELT and Members

We asked the CHROs to report how frequently the CEO meets (a) with the entire ELT, (b) formally with each of the ELT members, and (c) informally with ELT members. In terms of formal ELT meetings, **Figure 2** shows that the largest percentage (45%) of CEOs meet with the entire ELT on a weekly basis, followed by meeting with them every two weeks (25%), and then monthly (24%). Very few (6%) met only on a quarterly basis.

Figure 2
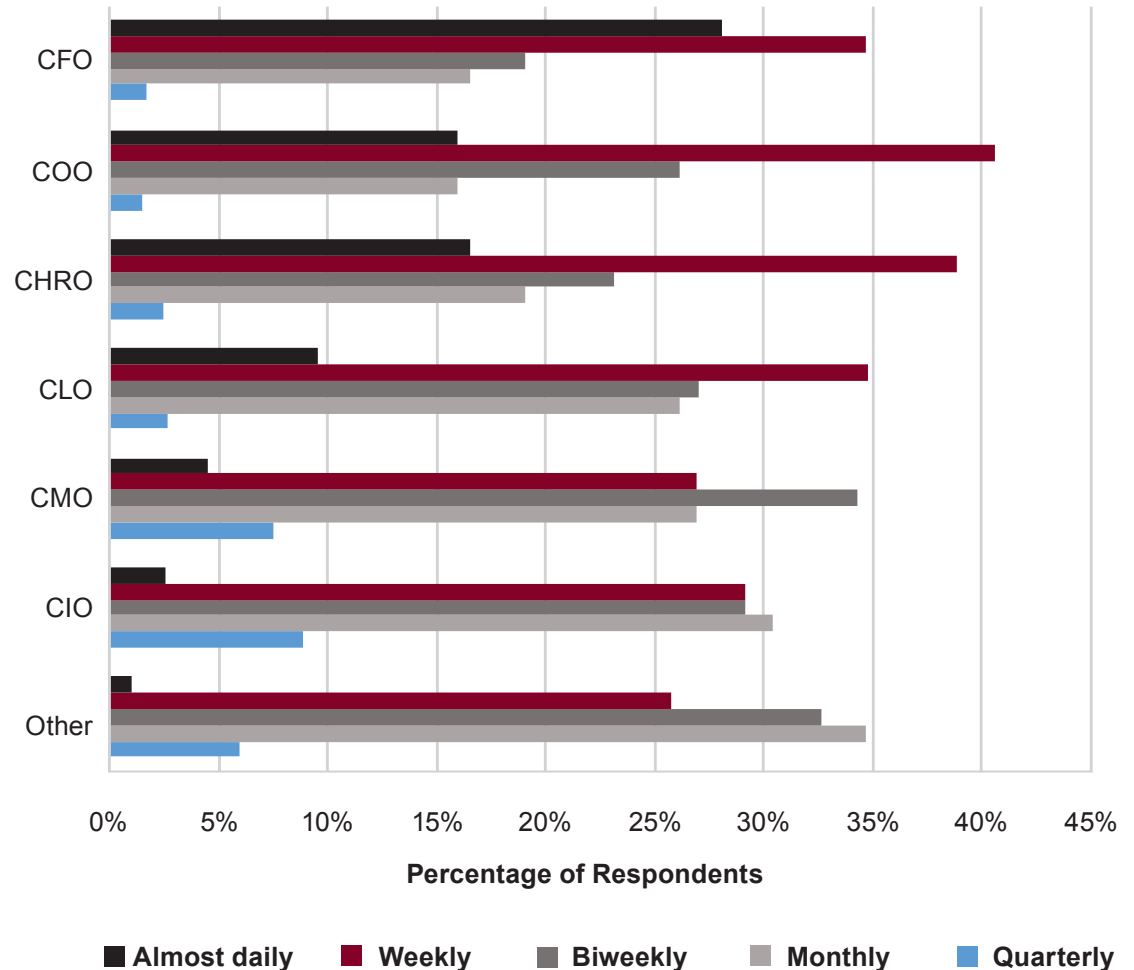
CEO Meeting with ELT (collectively)
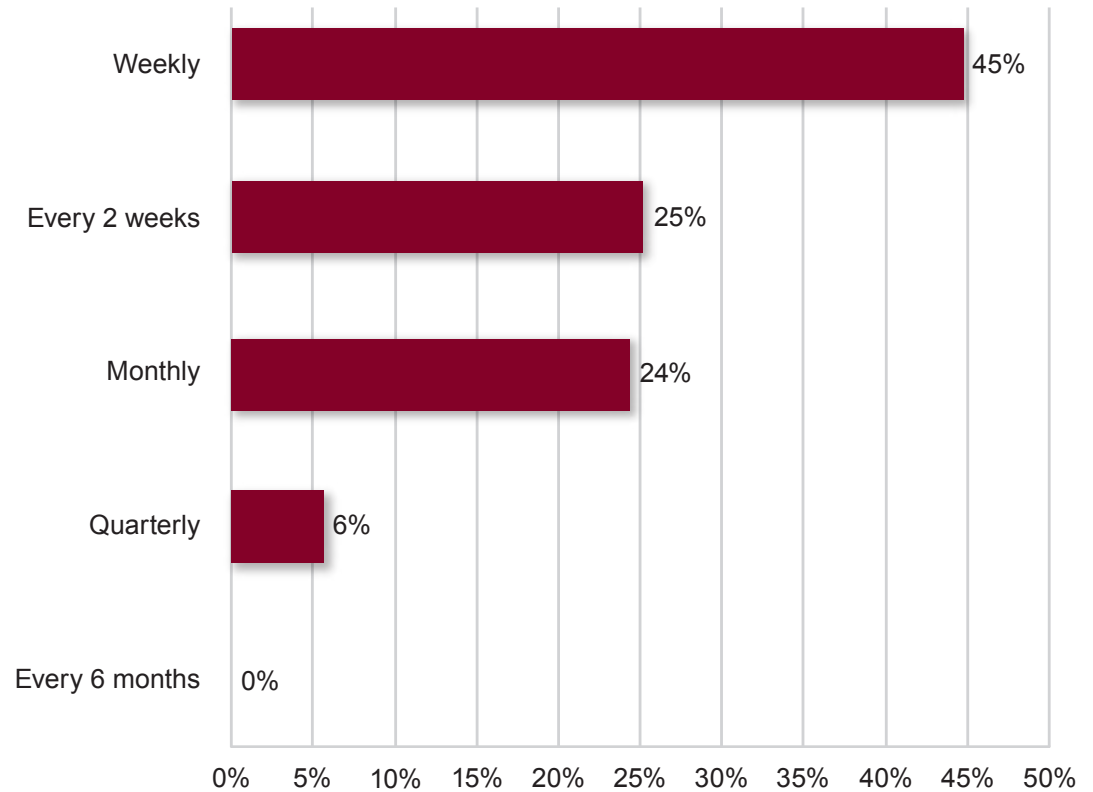
Interestingly, as **Figure 3** shows, CEOs formally meet with individual ELT members either weekly, bi-weekly, or monthly, and very seldom on just a quarterly basis. The CEO formally meets most frequently with the CFO, followed by the Chief Operating Officer (COO) and the CHRO. In addition, CEOs seem to meet with the Chief Legal Officer quite frequently. Given the CEO's responsibility to effectively manage the financial capital, human capital, and operations, these three roles clearly require more consistent formal one-on-one meetings. Also, the increasing emphasis on managing risk speaks to the need to meet frequently with the CLO.

We also note that the formal meetings denote a clear prioritization of the CEO's calendar, but that many informal meetings pop up on an as needed basis. As **Figure 4** shows, similar to the formal meetings, CEOs informally meet with the CFO, COO, and CHRO on an almost daily basis. This suggests a near constant interaction between the CEO and these executives, which likely stems from physical proximity of offices leading to naturally occurring interactions. It is also notable that while a few of the positions only seem to meet formally with the CEO biweekly or monthly, these roles appear to meet informally at least weekly with the CEO.

Figure 3

CEO Formal Meeting with Direct Reports

Percentage of Respondents

■ **Almost daily**   ■ **Weekly**   ■ **Biweekly**   ■ **Monthly**   ■ **Quarterly**

Figure 4

CEO Informal Meeting with Direct Reports

Percentage of Respondents

■ **Almost daily**   ■ **Weekly**   ■ **Biweekly**   ■ **Monthly**   ■ **Quarterly**
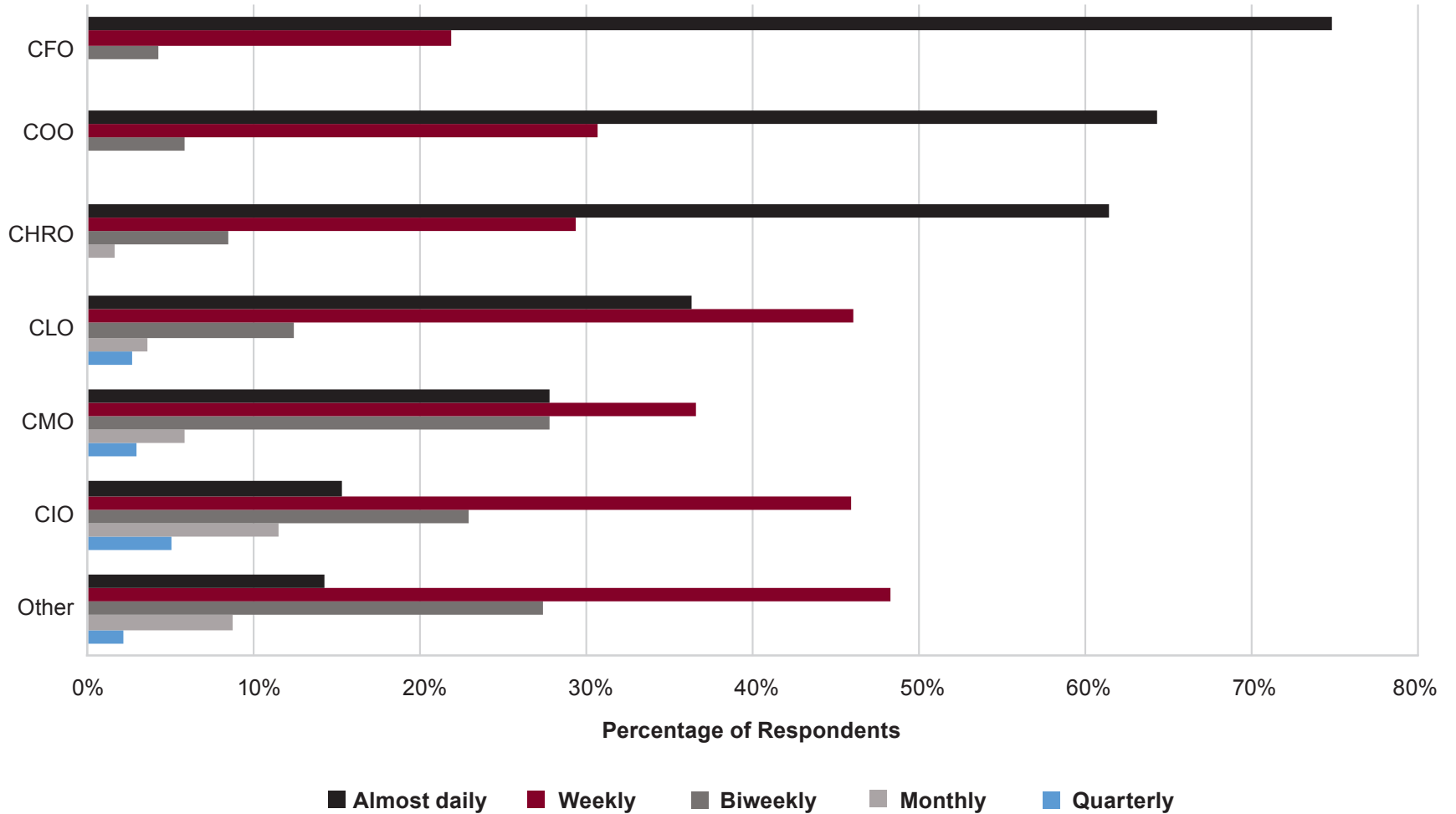
ELT Functioning

The survey results reveal that, on average ELTs seem to function reasonably well but not extremely well together, particularly in terms of work-related tasks. As **Figure 5** shows, "The members of the ELT are cooperative with each other" and "ELT members know that they can depend on each other" were the highest rated items, and followed by "ELT members are valued for who they are as people, not just their role as executives" and "Members of the ELT work together well as a team." We emphasize the work-related nature of the relationships because it seems that while they work well together, these relationships do not translate into friendships. The lowest rated item was "The members of the ELT regard each other as friends" and "ELT members feel they can reveal their true selves without being threatened" also scored near the bottom.
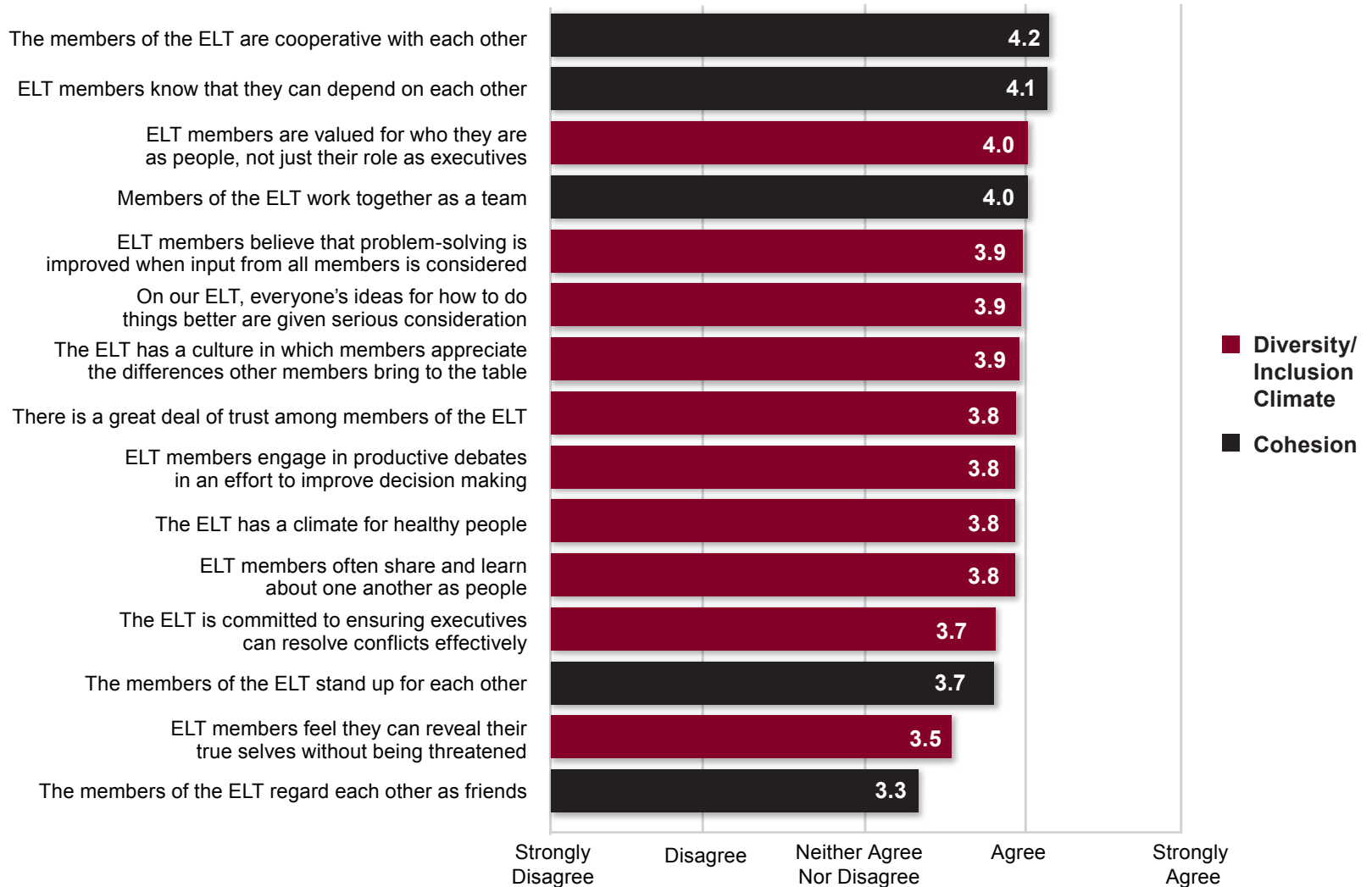
These individual items suggest that ELTs do not seem to excel in terms of how the members work with one another. We note that none of the items got to the point where the average was in the "strongly agree" category, and a number actually fell below the 4.0 of "Agree." In order to examine this further, we broke the items down into two different scales representing underlying dimensions of ELT functioning. First, the "Cohesion" dimension describes the extent to which the team appears to act as a cohesive "team" as opposed to simply a group of individuals who have to work together. Second, the "Diversity and Inclusion" dimension assesses the extent to which ELT members value the differences each brings to the team and seeks to create an inclusive operating model and climate.

Figure 5
ELT Cohesion

Statement	Value	Category
The members of the ELT are cooperative with each other	4.2	Cohesion
ELT members know that they can depend on each other	4.1	Cohesion
ELT members are valued for who they are as people, not just their role as executives	4.0	Diversity/Inclusion Climate
Members of the ELT work together as a team	4.0	Cohesion
ELT members believe that problem-solving is improved when input from all members is considered	3.9	Diversity/Inclusion Climate
On our ELT, everyone's ideas for how to do things better are given serious consideration	3.9	Diversity/Inclusion Climate
The ELT has a culture in which members appreciate the differences other members bring to the table	3.9	Diversity/Inclusion Climate
There is a great deal of trust among members of the ELT	3.8	Diversity/Inclusion Climate
ELT members engage in productive debates in an effort to improve decision making	3.8	Diversity/Inclusion Climate
The ELT has a climate for healthy people	3.8	Diversity/Inclusion Climate
ELT members often share and learn about one another as people	3.8	Diversity/Inclusion Climate
The ELT is committed to ensuring executives can resolve conflicts effectively	3.7	Diversity/Inclusion Climate
The members of the ELT stand up for each other	3.7	Cohesion
ELT members feel they can reveal their true selves without being threatened	3.5	Diversity/Inclusion Climate
The members of the ELT regard each other as friends	3.3	Cohesion

Scale: Strongly Disagree — Disagree — Neither Agree Nor Disagree — Agree — Strongly Agree

Legend:
■ Diversity/Inclusion Climate
■ Cohesion

Having created scales for each dimension, we found that on average, teams scored a 3.86 on cohesion and 3.82 on the climate for diversity and inclusion. These results suggest that teams are not necessarily as cohesive or inclusive as might be expected, given average scores fall below the agree level. To better understand the data and nature of team cohesion and climates for diversity and inclusion, we examined the distribution of ELT scores based on our sample data, as shown in **Figures 6** and **7,** respectively.

In terms of "Cohesion" the figure shows that about a third of the ELTs described would be considered "high performing" teams, as their scores fell in the 4.5 or 5.0 categories (i.e., scores fell between 4.0 and 5.0). Thus, some teams do exhibit extremely high levels of cohesion. However, some teams certainly do not. The figure shows that 4% of ELTs would probably be described as "low performing" as their scale scores fell into the "Disagree" range (and between 1.0 and 2.5). Another 9% fell slightly below the "Neither Agree nor Disagree" range (2.5-3.0), suggesting that they are far from exhibiting high levels of cohesiveness. The highest proportion of ELTs fell in the "Agree" category (36%), indicating that while they may not be hitting on all cylinders, they do not seem to exhibit critical flaws.

To some extent, the results regarding the Diversity and Inclusion Climate scale exhibit very similar results – although, we might have expected higher diversity and inclusion scores due to artificial scoring inflation because when there is relatively little diversity executives are prone to thinking that they are more inclusive than when there are higher levels of diversity. Again, about one-third seemed to be at the high end of the scale indicating a very positive climate among ELT members. Also, 4% fell in the bottom two categories (1.0-2.5) indicating that these teams had very poor climate for diversity and

inclusion, and another 9% were slightly below the "Neither Agree nor Disagree" range. Again, the most frequent (40%) category contained ELTs who seemed to be functioning at what we would consider at best an adequate level.

Figure 6
Distribution and ELT Cohesion

EXECUTIVE LEADERSHIP TEAMS
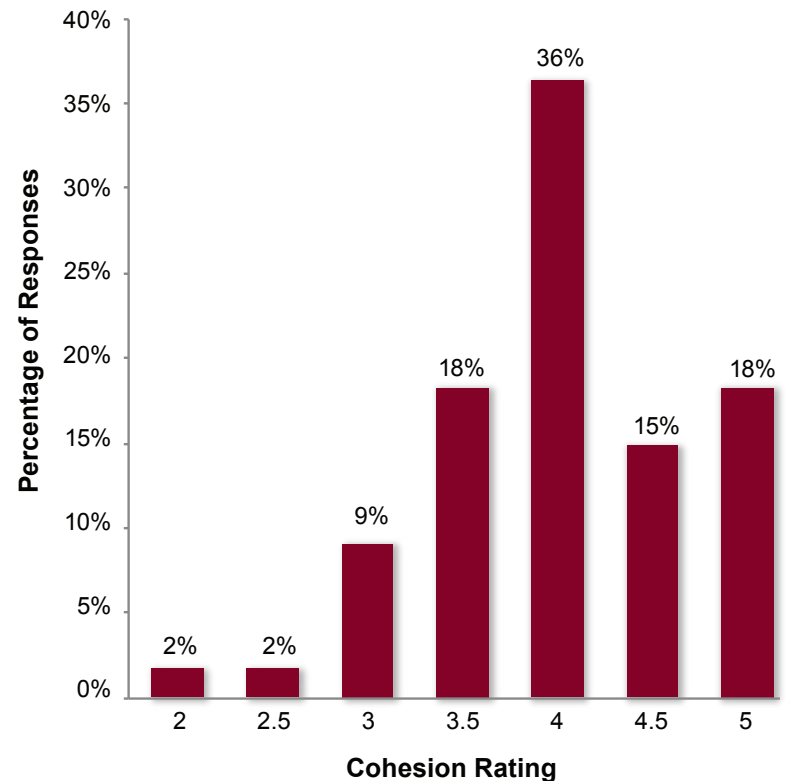
ELTs

Thus, these results suggest that while some (roughly one-third) of ELTs seem to truly operate as a cohesive team that values what each individual brings to the team, a significant percentage (11-14%) have serious problems, and an additional 20% have much room for improvement.

Figure 7

Distribution of Diversity & Inclusion Climate
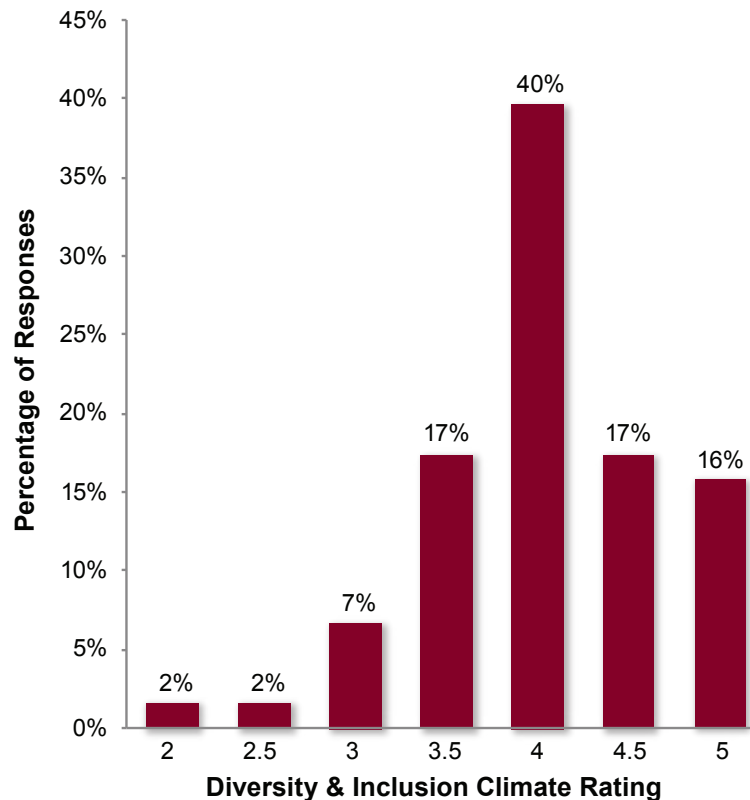
Diagnosing and Solving Team Problems

The previous results pointed to the fact that many teams perform sub-optimally when it comes to how members get along with one another, and when this happens, it is unlikely that the team achieves maximum results. Our work with CHROs indicates that they are viewed as the critical sensor of team functioning (certainly compared with other ELT members). Thus, we also explored how CHROs go about diagnosing and solving problems that might keep a team from functioning at a high level. We asked about what CHROs relied on when (a) assessing the overall effectiveness of the ELT, (b) diagnosing the cause(s) of the lack of high performance, (c) the usual causes of a lack of high performance, and (d) effective ways of increasing the performance of the ELT.

Our results (**Figures 8 and 9**) show that CHROs partner with the CEO to evaluate the ELT's overall effectiveness and diagnose problems underlying an ELT's lack of high performance. In addition, CHROs rely heavily on their own personal observations of the team, indicating that they likely see the problems and then discuss them with the CEO to ensure that both individuals share the same perceptions. Interestingly, CHROs acknowledge the criticality of the ELT functioning cohesively as a team, and most CHROs recognize the value of formal assessments, few companies use formal mechanisms to evaluate the functioning of the team and instead rely on their own (or the CEO's) personal observation. The lack of additional mechanisms, other than personal observations by team members, is somewhat surprising given the validity of other mechanisms to enhance performance, as well as the potential for bias being induced through personal observations.

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EXECUTIVE LEADERSHIP TEAMS

Regarding the causes of a lack of high performance, **Figure 10** shows that the "Other" category received the highest rating (4.0). Nine individuals noted that category and then specified things such as "favoritism by CEO; Lack of leadership from CEO, newness of team members, and a lack of diversity." The more consistent causes of a lack of high performance stem from a lack of alignment (3.7), poor communication (3.6) and lack of trust (3.4). These causes might

suggest that significant efforts at building teams might ameliorate the problems.

Regarding how CHROs reported what they believe to be the most effective ways to increase the performance of the ELT, **Figure 11** shows that again the "Other" category received the highest rating (4.7), but this category exhibited no consistency. The seven people

Figure 8

Assessing ELT Effectiveness
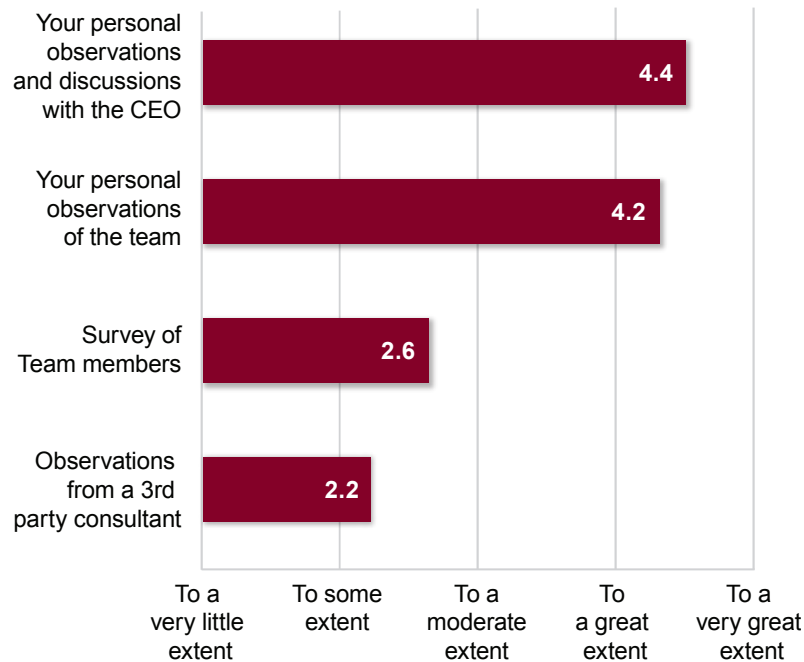
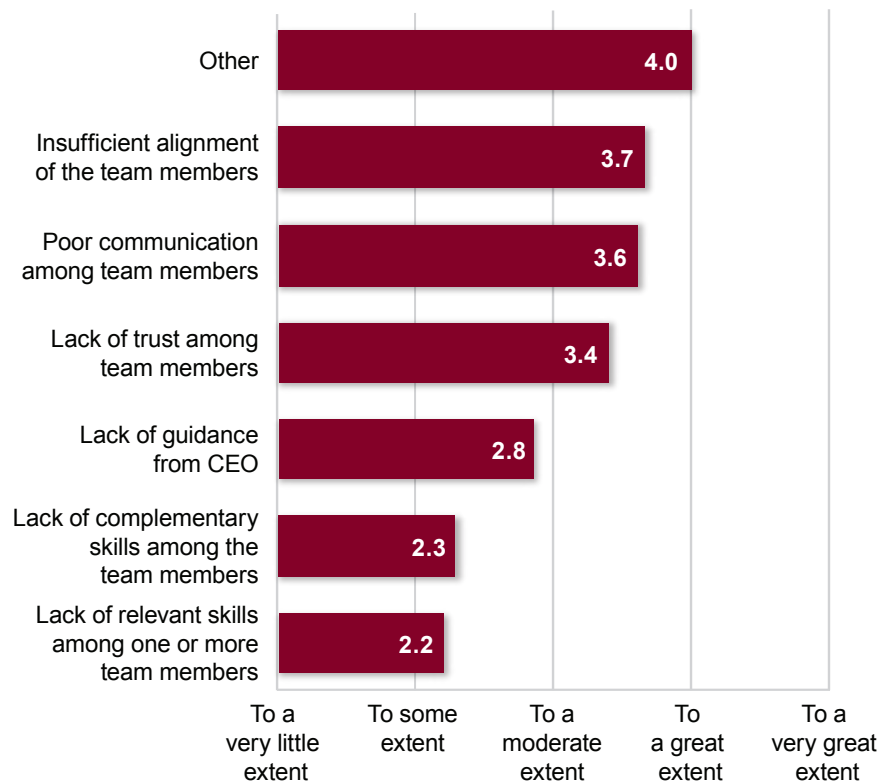
Figure 9
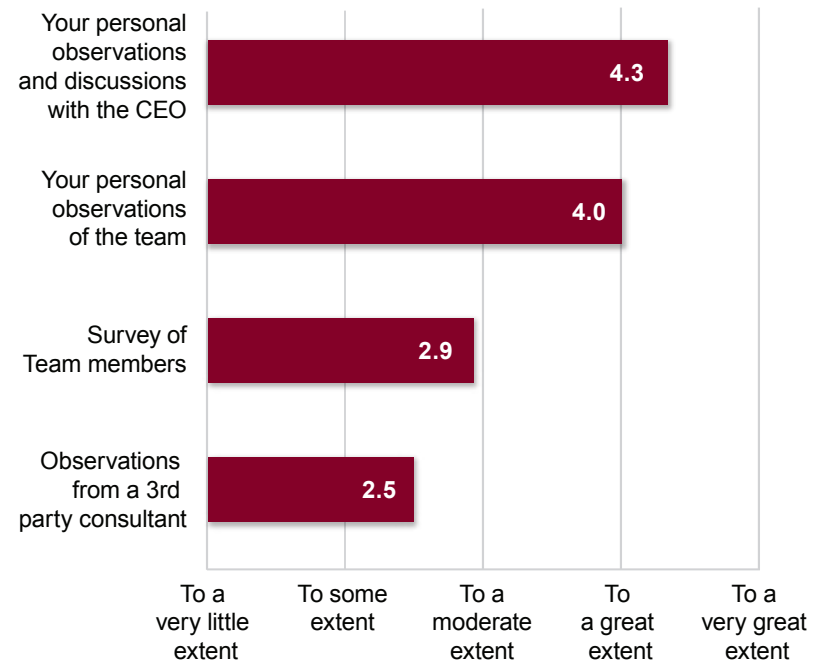
Diagnosing ELT Problems

who indicated a technique wrote things like "attracting and retaining individuals with deep leadership experience, cross-functional work, diversity of team, feedback from the CEO, rebuilding the team, time spent together developing and aligning on strategy and goals, and trust building and holding each other accountable." Of the categories offered on the survey, clear communication of goals received the highest ratings (4.1) followed by discussion of how the ELT should operate as a team (3.7). Interestingly, team-building exercises received the lowest rating (2.6).

Figure 10

Diagnosing ELT Problems

**Figure 11**

Techniques for Increasing ELT Effectiveness
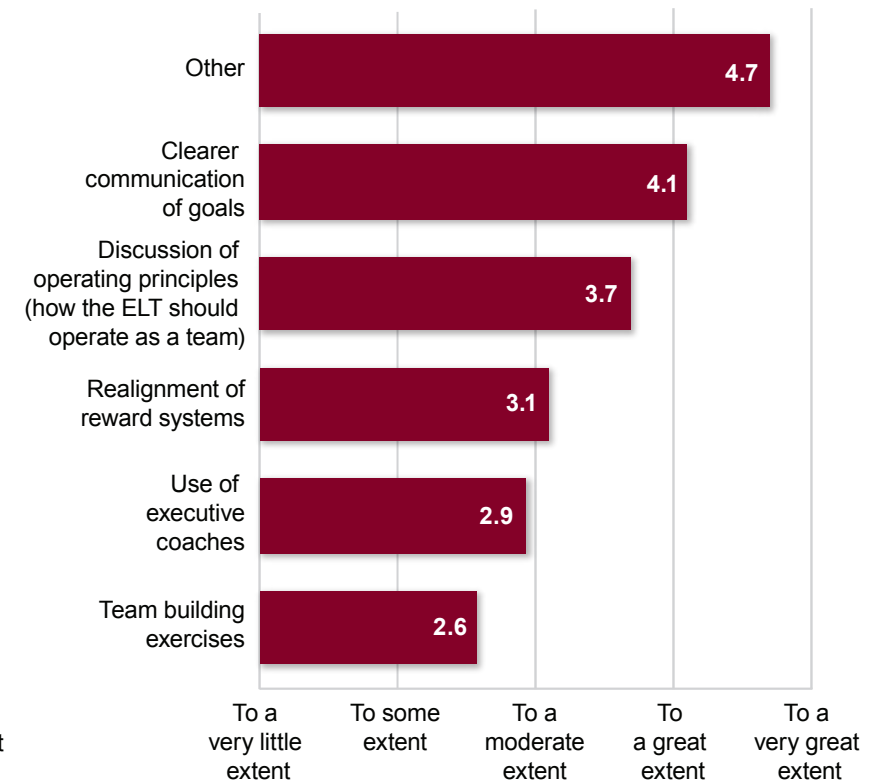
ELTs

CHROs reported their belief regarding the effectiveness of the different approaches to solving ELT problems, but we sought to examine how these approaches related to different aspects of ELT functioning. We correlated the score for each technique on the Cohesion and D&I Climate scales to explore if any were significantly positively related. In addition, we correlated them with the frequency with which the CEO meets with the team. These results are displayed in **Table 1**.

These results show that Team building, discussions of operating principles, and clearer communication of goals were all significantly correlated with both aspects of team functioning, while realigning reward systems and using executive coaches were completely unrelated.

In addition, team building was positively correlated with how frequently CEOs meet with the entire ELT. We do not suggest that this is causal, but rather that perhaps CEOs who value the ELT as a team BOTH spend more time with them and engage in team building activities to ensure that the team works well as a team.
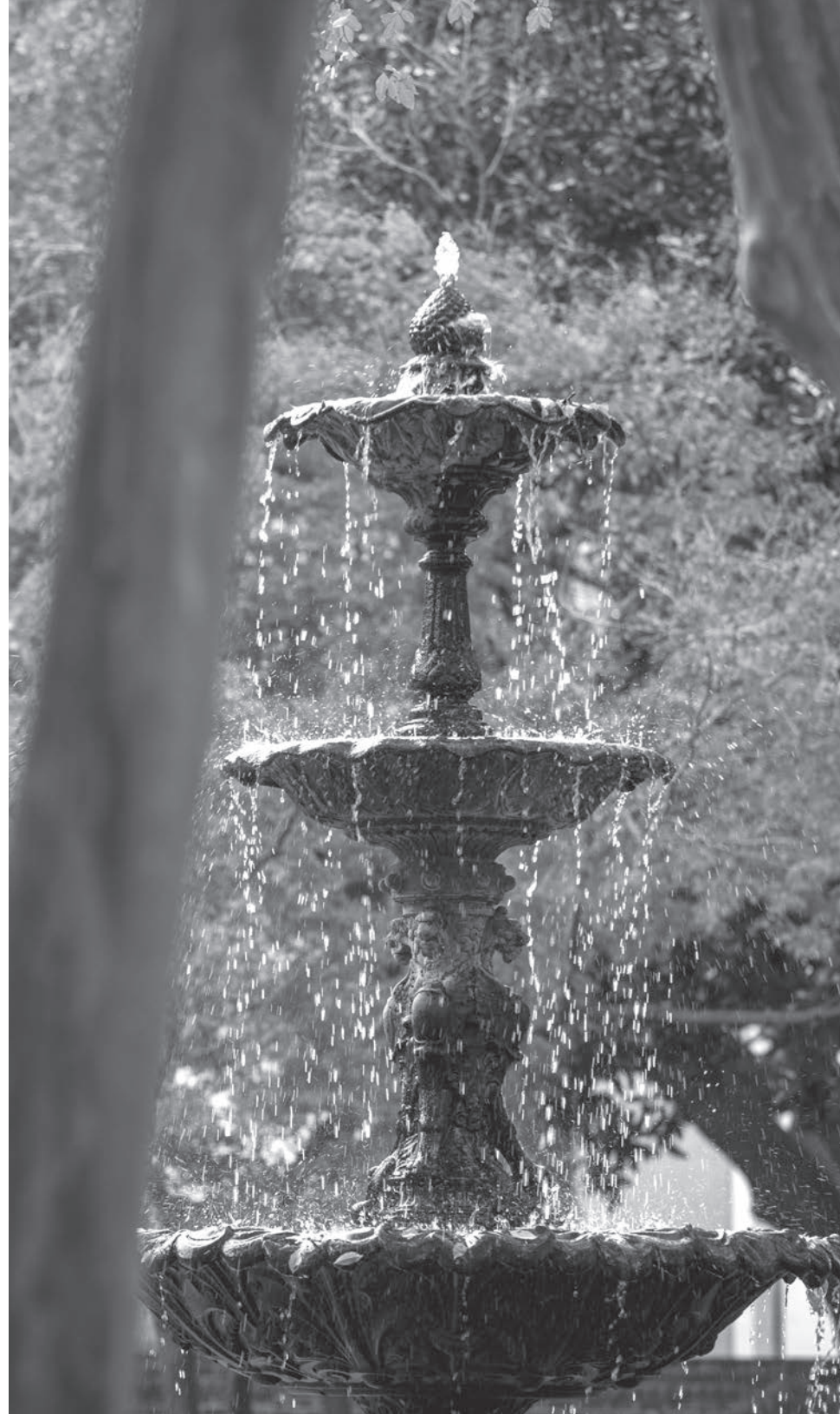
EXECUTIVE LEADERSHIP TEAMS

These results suggest that CHROs may not be effectively fulfilling their role as "Counselor, Confidante, Coach" to the ELT as often as many may assume. The previous section noted that most ELTs have room (in some cases significant room) for improvement. This section suggests that while CHROs work with the CEO to assess the effectiveness of the ELT and to diagnose problems, their methods for solving these issues seem limited and not particularly effective. While the responsibility for building the team clearly lies with the CEO, it seems that CHROs may need to step up their game in influencing the CEO to effectively perform that role.

Table 1

Correlations between Techniques for Improving ELT Functioning and ELT Functioning

| Technique	Cohesion	Diversity and Inclusion Climate	CEO-ELT Meetings
Team Building	0.33[1]	0.31[1]	0.19[2]
Discussion of Operating Principles	0.23[2]	0.32[1]	0.03
Clear Communication of Goals	0.26[1]	0.24[1]	-0.02
Realignment of Reward Systems	0.03	0.12	-0.10
Use of Executive Coaches	-0.10	-0.07	0.02

[1] $p < .01$ [2] $p < .05$

SUMMARY AND CONCLUSION

Given the importance of ELT functioning to the successful performance of an organization, these results seem to suggest that CEOs can use significant help from the CHRO. ELTs seem to show opportunities for increasing cohesion, and a small but significant percentage of teams exhibit frighteningly low levels of cohesiveness and many more have much room for improvement. When problems arise, they arise among the ELT and do so because individual members are not aligned, do not communicate with each other well, and do not trust one another.

CHROs play a significant role in working with the CEO to assess how well the team functions, diagnose the causes of suboptimal functioning, and to develop solutions to their poor functioning. Clearly, CHROs conduct their own assessments in these areas, but then must work with the CEO to share their thoughts and get feedback from the CEO to come to some consensus. Because CEOs have to be a significant part of the solution, they must have significant input into the identification of the problem.

" *…CHROs may not be effectively fulfilling their role as "Counselor, Confidante, Coach" to the ELT as often as many may assume…while the responsibility for building the team clearly lies with the CEO, it seems that CHROs may need to step up their game in influencing the CEO to effectively perform that role."*
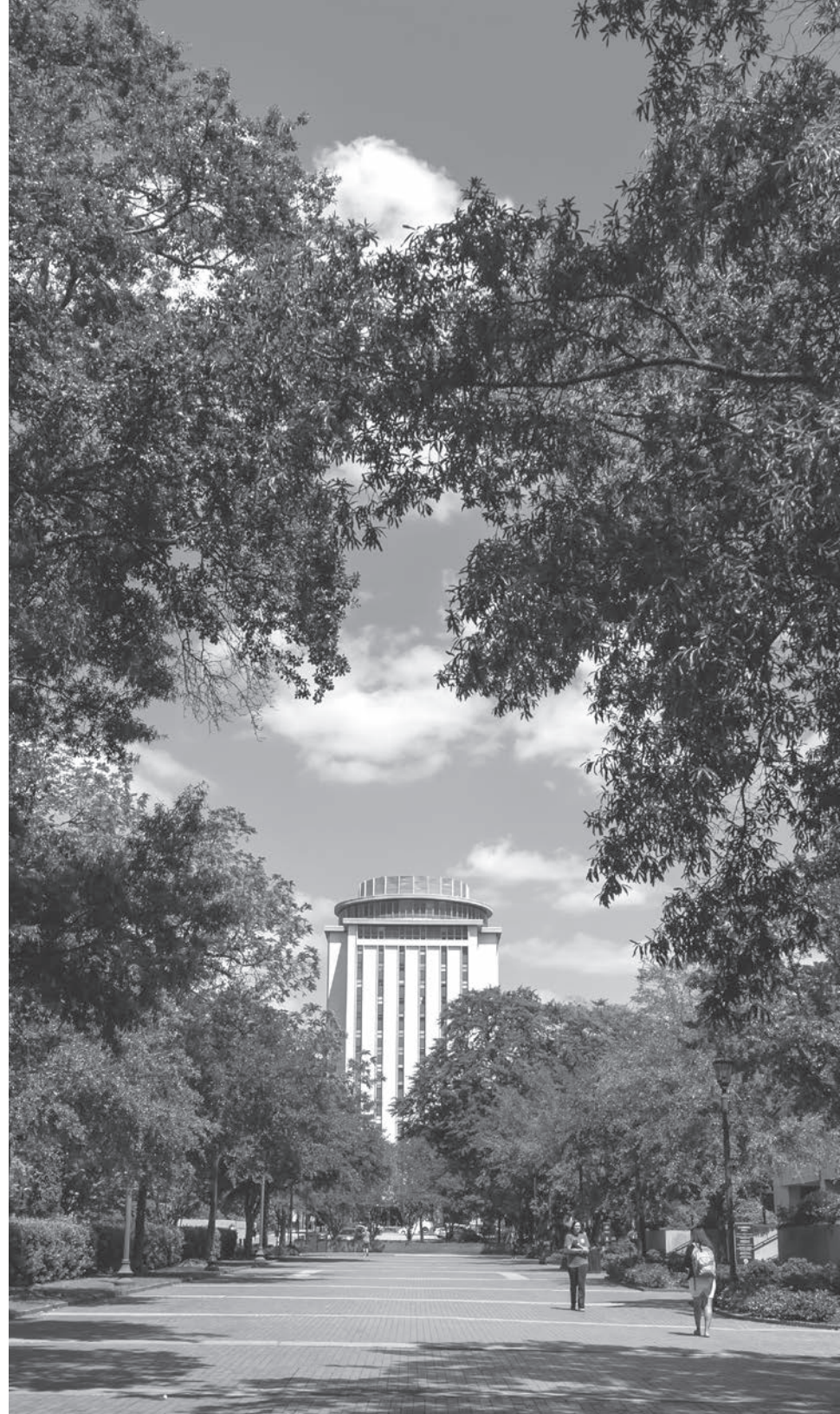
TEAM OF AUTHORS

Patrick M. Wright

Thomas C. Vandiver
Bicentennial Chair
Professor of HR

Patrick.Wright@moore.sc.edu

Donald J. Schepker

Assistant Professor of
Strategic Management
Research Director, CES

Donald.Schepker@moore.sc.edu

Anthony J. Nyberg

Professor of HR
Moore Research Fellow
Academic Director, MHR

Anthony.Nyberg@moore.sc.edu

Kenneth Carrig

Executive Director,
Center for Executive
Succession

KenCarrig@gmail.com

Spenser Essman

PhD Candidate in Business
Administration, Human
Resources

Spenser.Essman@grad.moore.sc.edu

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Founded in 1919, the Moore School has a history of innovative educational leadership, blending academic preparation with real-world experience through internships, consulting projects, study abroad programs and entrepreneurial opportunities. The Moore School has grown into a thriving site of academic excellence with an enrollment of more than 5,500 undergraduate students and more than 800 graduate students. The school offers a wide range of programs in nine undergraduate concentrations, seven master's degree and two Ph.D. degrees as well as executive education programs and consulting services to the business community.

In 1998, the school was named for South Carolina native Darla Moore, making the University of South Carolina the first major university to name its business school after a woman.

Patrick M. Wright
Thomas C. Vandiver Bicentennial Chair
1014 Greene Street
Columbia, SC 29208

803-777-7819
Patrick.Wright@moore.sc.edu
moore.sc.edu/CES

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**Center for
Executive Succession**
Darla Moore School of Business