

# The Chief Talent Officer: The Rising Star in the War for Talent

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Faced with a shortage of skilled labor and a highly competitive recruiting environment, a growing number of companies are adding a chief talent officer (CTO) to serve as a strategic partner to the senior leadership team.

In a tight job market, the CTO is laser-focused on acquiring and managing the human resources needed for long-term, sustainable success. In addition to traditional recruiting and retention strategies, a CTO's role may also encompass executive coaching, succession planning and leadership development.

Many companies are not yet convinced they need a CTO and are taking a more traditional approach, with the HR department responsible for attracting, hiring and retaining top talent.

Both strategies can be effective in winning the war for talent, particularly when supported by focused recruiting, social media and technology initiatives, according to a recent Chief Talent Officer survey conducted by Pearson Partners International. The study surveyed CTOs and human resource executives, asking a few key questions about the scope of the chief talent officer role, other executives fulfilling these duties, talent-related challenges and unique approaches to meet these challenges.

We received 79 responses from corporate executives in manufacturing, media, healthcare, real estate, technology, aerospace and defense, accounting, investment, law, construction, transportation, financial services and other industries. These companies ranged in size from **10 to more than 10,000 employees**, and from \$1 million to more than \$10 billion in annual revenue.



## KEY FINDINGS //

The findings reveal that while many people are familiar with the concept of a CTO, this new role has not yet been widely adopted.

- Fewer than half of companies surveyed have a CTO. Most organizations have a senior human resources executive in charge of talent-related challenges.
- There is not yet a common “CTO” job description. In some cases, the CTO focuses on the recruiting, hiring and onboarding process; in others, the CTO is also responsible for leadership development and succession planning.
- The tight labor market has prompted many companies to expand their recruiting and retention programs. Some organizations are partnering with high schools, colleges and universities to build early career relationships. Others are encouraging managers to have “stay conversations” with exiting employees to change their decisions—a slightly different approach from the traditional “exit interview.”



## FEWER THAN HALF OF RESPONDENTS HAVE A CHIEF TALENT OFFICER //

As one CTO said, “My role covers recruiting, selection, assessment, onboarding, succession planning, performance management, learning, coaching, and offboarding or knowledge management. It’s not compliance, safety, compensation and benefits, labor relations, employee relations or payroll.”

While a CTO’s responsibilities vary widely from company to company, the most-mentioned include talent management, recruiting and talent acquisition,

**Just 39%**  
of the 79  
respondents  
have a CTO.

Yet, many feel that talent management and HR are diverging into two separate functions.

learning and development, succession planning and organizational development. Regardless, it's clear from the respondents' comments that the CTO is a senior-level role with strategic importance to the organization:

*"Our CTO oversees the health of our culture, protecting the positive contributions and identifying issues that hold the company back."*

*"In today's world, the selection and retention of lasting talent cannot be left to anyone but the leader reporting to the CEO."*

*"Our talent leader works for the CEO and conducts observations and provides constructive feedback as an internal consultant role. The goal is to develop key executive talent to ensure highest level of performance possible in-role and a bench of ready successors."*

*"Our vice president of talent and culture has global responsibility for 9,000 employees. The role focuses primarily on top/high potential talent, executive talent management and talent acquisition."*



*"In a services organization, every leader is accountable for helping to attract, develop and retain our talent. The CTO has responsibility for talent acceleration from talent management, talent engagement (which encompasses talent development, performance management and culture), and talent operations."*

*"Our director of talent management has end-to-end responsibility for talent, including recruiting, assessment, onboarding, training, leadership development, talent review and succession planning, as well as coaching, mentoring, executive search and strategic exits."*

## TALENT-RELATED CHALLENGES //

Organizations of all sizes—with or without a CTO—are facing the challenge of attracting and retaining skilled and unskilled workers.

### The top five talent-related challenges cited by survey respondents are:



Respondents also cited high turnover and attrition rates, as well as difficulties in transferring people across borders. “Finding employees who actually want to work and take ownership in what they do is a constant headache,” one executive noted.

Today’s employees want flexible schedules and the ability to work from home or other remote locations, and respondents reported that the millennial generation has vastly different expectations than prior generations of workers:

*“There has been a seismic shift in the availability of talented people and in the expectations of those people. Every generation of workers has always been seen as unique, but never before has one truly been as particular about the kind of company they are joining. Work is no longer a job, but a lifestyle commitment, so they are the ones selecting the company.”*

“Currently, our two biggest challenges are supply of hourly workers and recruitment competition. We have a large hourly worker population, and those jobs are not interesting to the millennial generation. There is also high competition in our market, and we are losing employees to higher pay and compensation incentives.”

“In my talent scouting, I am finding that many new members of the workforce believe that education comes first. For me, education is important, but it does not replace real work experience.”

A few respondents reported challenges with leadership development and succession planning, but those issues were strongly outweighed by the overriding concern for recruiting top talent in a tight labor market—especially for managerial and executive positions.

## UNIQUE APPROACHES //

Many companies are turning to internal development programs, employee referrals and executive search firms to attract top candidates.

*“We are relying more heavily on employee referrals than anywhere I have been,” said one HR executive. “Those connections between people make the difference.”*

### The five most common approaches cited by respondents to meet current workforce challenges include:



Many organizations are taking an incremental approach, adopting gradually to tighter market conditions. As one executive said, “We are working to be a more flexible employer, speed the time to productivity and ensure strong management. We do a nice job of balancing internal and external recruiting resources, and we have enhanced our social media efforts for posting roles and sourcing potential candidates, as well as leveraging technology for the pre-hire experience for the millennial generation.”



Organizations are deploying plenty of innovative strategies, such as starting the recruiting process earlier in the relationship chain. That might involve reaching out to high school and vocational schools, and offering internships for promising students. One CTO commented, "Our campus intern program is a main source of talent for us, as we grow our team organically."

Several HR executives mentioned a greater focus on talent planning, including engaging executive search firms to identify potential candidates before they are needed in the organization. "Once we identify a strong talent, we need to stay connected," said one executive. "We assign someone for ongoing outreach to that individual."

### Other successful approaches respondents cited to recruiting and hiring top talent include:



Offering an employee stock ownership model



Promoting e-learning and development opportunities



Implementing an applicant tracking system to stay in close contact with candidates

Many CTOs and HR executives have also implemented retention programs designed to keep good workers on board.

"We are training our front-line leaders on how to improve performance and retention," said one respondent. Another company launched a 16-week Emerging Leaders Program to help fill the need for experienced senior executives.

Several respondents emphasized the importance of connecting with experienced workers who are planning to leave the company. "We want to ensure that our managers are having the 'stay conversation' before someone exits our organization," said one executive.

"That gives us an opportunity to discuss our value proposition as well as hear about any concerns the employee may be experiencing."



Reflecting on the changes in the North American job market, an HR executive offered a thoughtful comment: "We are very deliberate about everything we do in the people space. We have held firm to the concepts of accountability, differentiation and performance-based pay, while others have focused on employee happiness. Our somewhat traditional approach has allowed us to remain strong at a time when many of our competitors have fallen by the wayside."



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Pearson Partners is a member of IIC Partners, one of the world's top 10 executive search organizations. We teamed up with IIC Partners this past fall to conduct a separate study exploring the role of Chief Talent Officers in today's business climate. Read the white paper entitled **The Chief Talent Officer: Conquering the War on Talent** to learn more about how organizations are strengthening their internal talent management capabilities under the stewardship of a CTO.