

Chief People Officer Roundtable Series



Q4 2023 Summary



Overview

In December 2023, the FlemingMartin practice leaders organized roundtable discussions with more than 100 Chief People Officers (CPOs) from leading Life Science and Software companies. Topics included strategies for building trust between the Head of HR and broader employee base, CPOs sitting on corporate boards, maintaining a proactive People function in the face of RIFs, managing demands for new benefits amidst rising premiums, retaining early and mid-career HR professionals, and the evolving return-to-office debate. We have summarized key learnings from these discussions below and we have provided select snippets from attendees.

Building Trust as the Head of HR

CPOs shared a variety of best practices to help foster a sense of trust with employees. These tips included regular pulse-checks, spending face time with a wide array of colleagues (across seniority levels/functions/regions), conducting “stay interviews,” hosting fireside chats, and being as transparent as possible during all-hands meetings. Many Roundtable participants pointed out how the HR function is typically viewed with great suspicion after layoffs.

CPOs as Board Directors

Roundtable participants who have a CPO sitting on their current Board universally welcomed this development. They were enthusiastic and positive: appreciating the support and mentorship provided by Board Directors with deep HR expertise. The majority do not have a CPO on their Board today, but most feel this addition would help advance their business and provide a valuable perspective that is absent in their Boardroom.

Maintaining a Proactive People Function

CPOs are repeatedly highlighting how their function impacts business results and organization effectiveness in the face of widespread layoffs. By increasing automation, investing in new software, and hiring in lower-cost regions, many HR functions have been able to operate fluidly and strategically while belt-tightening and reducing headcount.

Benefits Tradeoffs Amidst Rising Costs

Amidst escalating healthcare premiums, many CPOs have elected to cull less popular benefits and/or shift a greater percentage of cost over to employees. These decisions are not easily made and can negatively impact engagement. However, many of our CPO attendees view benefits enhancement as a key retention tool at their companies, so they have expanded offerings for 2024. Others have listened to employee survey data which reveals a preference for cash and time off above new benefits offerings. Relatedly, the Roundtable attendees shared their plans for merit increases -- most commonly in the 3.5% to 4% range, along with a 1% to 1.5% range for promotions, for 2024.

Retaining People Professionals

Many CPO attendees attributed burnout, particularly from the pandemic years, to be a driving factor behind the high number of HR professionals contemplating a career change. To retain more junior People professionals, CPOs shared strategies to ensure their own teams practice self-care, embrace stretch assignments, obtain further exposure across the broader business, and push through difficult situations.

Forecasting a Complete Return to Office?

The Return-to-Office debate rages on and tech and life sciences CPOs have adopted a diverse array of approaches (with varying on-site expectations between companies and functions). Many executive teams have asked their CPO to help solve for an oversupply of office space, a lack of connectedness, and feelings of resentment (from employees whose jobs are tied to being on-site). A strong majority of CPOs believe that a full return to 5 days/week in-office is not in the cards for their company, and such a stance would majorly damage retention and recruitment as employees greatly value this newfound flexibility.

Select Soundbites

1. Only **21% of employees** say they trust the Head of HR to tell the truth about what is happening in their organization according to Edelman's *Trust Barometer Special Report*. What have you done to effectively facilitate trust between yourself and your organization's employees?

We started an Employee Advisory Group that meets with our executives regularly, as well as with my team. We get feedback on our communication, on our new performance review process before rolling it out, etc. I treat employees as my consumers, and we tailor (programs) to what they need and want.

We're global and have employees in 16 different countries. I've taken it upon myself to go to each of the regions... Encouraging them to have a lot of different touchpoints with HR – from the coordinator they talk to during the interview process to their HRBP – is impactful. It's also critical to build trust with an array of leaders who can emulate a positive relationship with HR for everyone else.

Humility is a personal value that I hold really close. When I started here, I was asked to become the executive sponsor of the social committee. I show up every other week and... I contribute to the calls. I also show up for events and help setup/cleanup when I can... it's about taking a servant leadership approach.

People are pleasantly surprised when we do "stay" interviews. I don't tell senior leadership who I've spoken to but they're eager to hear the feedback from these conversations that I conduct.

The economy has a lot to do with trust and HR. People want to know if layoffs are coming, and it's a question at every town hall right now. It's a tough one to answer because of the privacy attached to it, but I try to be as transparent as possible... When economics improve, employees' trust in HR improves too.

What is critical in our role is the partnership and alignment with the CEO and executive leadership team. We have to be aligned on what transparency looks like, how we communicate, and ensuring consistency around it.

Obviously, trust takes time to build, and there is sometimes a built-in negative stigma attached to HR. The CEO and other execs really help set the stage for how HR is viewed. I work with a first-time CEO, and he likes to use a good cop/bad cop approach to conflict, where HR is often the bad cop. I've let him know that we have to be aligned and transparent, otherwise this fosters distrust. It's also critical that managers take accountability for their people instead of always bringing in HR to handle performance issues. HR can't be the scapegoat.

The executives that have high levels of trust across our company have one thing in common: they are consistent... They demonstrate consistency in both their words and their behaviors.

As someone who has been through several layoffs and multiple leadership teams, we've rolled out big initiatives to our managers beforehand as a case study. We ask for their questions and feedback, which helps us create an FAQ document for the entire organization. That way, we have key questions and concerns answered at the forefront. We've also had to embrace humility from a leadership perspective. We admit our faults and we're transparent about how we'll learn, grow, and move forward from our mistakes. With transparency comes one more piece of advice: Don't be afraid to say no. You can't make everyone happy. You have to do what's best for the business and if there are decisions that don't (please) employees, we'll have those hard, but honest conversations, even if that means talent may leave... What you see is what you get with our HR team.

We have an open enrollment for fireside chats that are limited to 20 people with two senior executives.

We have argued about whether people should be able to ask questions anonymously or not. I think that when someone asks a question anonymously that is a signal in and of itself.

We stopped letting people ask questions anonymously because some of the chat threads became filled with questions that were inappropriate. As soon as people had to put their name to things, the questions were worded more appropriately.

2. Would your Board ever consider naming a sitting or former [Chief People Officer as a Director](#), and would you welcome Board oversight from an executive with deep HR expertise?

We actually have one. It's really nice to have... that other voice who can echo and confirm our recommendations from the HR side. Our board is very culture-centered.

We do have someone on our board who was formerly the SVP HR (at one of the largest global pharma companies). I love it because she's amazing and it's really great to be able to talk to her about a variety of issues. She's so supportive of everything HR tries to do within the company.

My Comp Committee chair is a sitting CHRO, and it has been 99% positive. You can speak in HR shorthand and bypass a lot of explanation. Every once and a while she tries to micro-manage and step into my role, but we are able to discuss it and work it out.

We actually brought in a Board Director who had been the Managing Partner at a renowned global talent acquisition firm. He really understands the search process and has been fantastic for us. While it's not exactly like having a CPO on the Board, he certainly understands the impact of talent, career paths, etc.

My Comp Committee is more focused on human capital (broadly) now... But they wouldn't consider an HR leader on the Board. As long as everything's going well and the company is performing and reaching goals, they're probably not inclined to make a switch.

My Compensation Committee is great, and they know how to be very involved with people engagement. They are not former HR leaders, but they have a great understanding of human capital.

We don't, but I'm jealous of those who do. Most of my BOD are finance guys. They ask what the cost is, not what the makeup of the team will be, or how healthy the team is, etc.

We are pre-IPO and a CHRO (on the Board) would not be right for us at this stage. I have found that one BOD member has more of a slant toward the people side and I utilize her to help align and influence.

It's one of the biggest missing pieces... from my perspective. I rely on these roundtables to serve as a sounding board and to get advice because I don't have a board member that I can go to from a people perspective.

3. Given the present belt-tightening in HR, has your People organization become [more reactive than proactive](#)? If not, how have you been able to successfully advocate for adequate resources?

Highlight how you are impacting business results. Wherever possible, figure out how your team has an impact on the overall business results. As we reduce resources on the HR side, our roles become a lot more tactical, and we are not helping the business achieve the larger goals.

I didn't put my (HR) people on this last RIF. I need to... protect my time. We'll need to rehire all of these people if we lay them off, so I'm trying to hold off on letting go of any team members for as long as possible.

I was encouraged to retain a (specific support-level HR person), but I decided that it would be best for me to take on more hats myself instead. As Head of People, you need to advocate when you require the resources, but it's just as important to advocate for the business when you're overstaffed.

The main thing is planning for the reactive (work). We plan about 25% of our capacity to be reactive. It all comes down to priorities that we need to deliver on. Presently, we are focused on lowering cost per head. So, we are hiring in India and Poland: lower-cost markets.

I fought for (keeping) the Employee Experience team which is focused on what we can do to engage with our employees. We have 3 people on that team (2000 employees total), and they are based in Mexico to keep our cost lower. We went completely virtual and sold off most of our physical locations. This team is largely about helping us more effectively connect in a virtual world.

My advice is become BFFs with your CFO because you can see the trends and figure out what may be coming down the line. We also automate as much as humanly possible so we can focus on being more proactive with

higher-level initiatives and strategic planning. There's very little manual work for us to do now and it has freed our team up significantly. I'm even loaning my HR team to help others in the organization automate their tools. It is impossible to shrink your way to greatness!

The State of California has a program called [ETP](#) (Employer Training Program)... for funding L&D. Companies can take advantage of that resource to... to keep programs. They're strong at what they do.

4. Presently, many employers are [struggling to meet demands for new worker benefits](#) amidst rising costs. How are you determining whether a specific benefit is worth the investment? Which existing benefits are you cutting (or adding) in 2024? How are you making such decisions as a leadership team?

With rising healthcare costs, we talked about transferring costs. For example, we cut costs by not using Zoom when Teams is a free platform for us.

We considered bringing in external training for managers but after looking at costs, we decided to run it internally. We've focused on training for our middle managers, who really need it the most, and where we believe we can have the most impact. It's been motivating for my internal team (to lead this) and worked well.

Employees asked us to reduce pet insurance and allocate those savings to enrich their gym membership benefits.

We've had very generous paid time off, kind of an accrual plan. We didn't really have a great culture of logging PTO, so our balance just kept growing. We accrued \$8 Million just on paid time off, which was really weighing things down. We love giving people time off and we don't want to take that away, but we really needed to consider what to do about that accrued time off... So, we decided to move to flexible time off.

We changed our healthcare cost sharing model (shifting a larger % to the employee)... It didn't go over great, but people understood. Kaiser went up by 25% But we're adding [Hinge Health](#) (physical therapy platform).

For CA, we've told employees that we will not be offering Kaiser in 2025, and some have reacted negatively.

Kaiser was up 12% for us this year. Around 30-40% of our population is with Kaiser and I have heard that Kaiser was up more like 20% for larger employers.

We didn't change our benefits too much, but we put more guardrails on how perks are used. For wellness, we were giving more instruction on how they should be thinking of this (instead of getting Botox).

The number one hardest thing for any of us is to do is change things or take away things, but we have to make sure our benefits are sustainable as we grow. When I came in, they were doing merits twice per year. This is not a normal practice. There was a lot of animosity around changing that and it took 18 months for the employees to get over it. We got slammed in our engagement survey super heavily for it.

We looked at (adding) education benefits, fertility support, etc., but our people wanted more cash, more time off, and more growth opportunities. So, we're keeping benefits as is for now and looking at merit instead.

We actually have a very, very generous benefit for our healthcare insurance... When we saw our increases this year, I made a strong recommendation that we move to a more balanced cost-sharing plan... It would've been tiered where if you make over \$150k, you pay a little more. Under \$150k, you pay less. Our senior leadership team talked about it, and we ultimately decided that we need to focus on retention, and it would be too disruptive to ask people to pay more when we know inflation is hitting them...

We didn't cut anything... Employees are giving us feedback that what we're doing is working for them. We are adding [Modern Health](#) and an LOA administration platform, [Tilt](#), through a third party for 2024.

Our plan year is actually April-March, so we are not up for renewal yet. Some employees are asking us to add weight loss drug reimbursement (as a benefit). Some of these drugs are not covered by a traditional prescription drug plan, so we are considering it. The drugs are super expensive out of pocket.

We actually had a decrease in our insurance costs. It's through TriNet, and the year before there was a really high increase... We don't have a 401(k) match though. As we commercialize and hire more people, they're going to be looking for that.

We changed providers and are paying... more now to cover 90% of healthcare and 100% of dental and vision for our employees. These benefits help us attract and retain talent. We're also pulling levers elsewhere, such as moving from pure Options to a mix of RSUs/Options on annual refreshes.

We introduced a 1-month work-from-anywhere program... The number one thing people talk about is that benefit and there has been no disruption on the work being done... Culturally we have acclimated very well to it.

We started a lifestyle spending account which is not large: \$25/month for everyone and \$50/month if you are in a customer-facing role... We are really trying to home in on what will drive mental health support too: better coaches, therapists, etc.

Modern Health is who we selected for our mental health provider. I really wanted to implement [LYRA](#) but they are too expensive for where we are at. For Modern Health's cost, it depends on how many visits you are looking to provide for your employees. Where we landed was 12 visits (6 coaching / 6 therapy sessions) at approximately \$12 PEPM (per employee per month).

We added [Omada Health](#) and like that you pay per session versus per employee since most do not use the service.

We use MMA for our benefits and we had a \$14k credit which we applied to offer a new service called [Prosper Wise](#) (financial planning services)...

We increased our leaves for bereavement and miscarriages from one week to two weeks.

5. In a [global survey cited by SHRM](#), 62% of HR professionals are considering leaving the function. What advice have you given to younger HR team members to encourage them to continue pursuing this career path?

I think the pandemic affected our profession a lot in general. Quite a few folks have contemplated whether they want to do something completely different or take a break. I have also seen... people who are incredibly burnt out. My team is still young and excited...

Usually, when I have a new team, I get them all to do [StrengthsFinder](#) and then we do a values exercise to find out how their strengths tie into their values. We also do peaks and valleys to find out areas they've loved or things that were at the low end for them over their careers. I talk to them about my own experience and how I came to be in my position, which helps them to see that there are different paths you can take. We're trying to figure out where their gaps are and helping them develop those.

HR isn't valued by a lot of managers and leadership teams, so it comes off as a thankless job. It can be tiring for some people in this function. The more we can get HR people front and center it will bode well for the profession.

I also talk to my team about self-care. As HR people we can't help our team if we're not helping ourselves. Take your PTO and mental health days!

Celebrate where you can and, during the hard times, sometimes all it takes is closing the door to breathe and tell (your team members): "This too shall pass."

I encourage (the team) to stick it out -- take a tough situation or challenge to learn from the experience... For those who are not happy, go somewhere where you are valued. Go... where the team lives and breathes values that you agree with. Don't stay with a company that... just sticks a set of core values on a website.

I like to have my People team present to senior leadership occasionally. Then, the senior leaders will have more trust in them and go to them for advice. My team has more visibility this way. So, they help with town halls, and I like to expose them to different situations like that. It builds their confidence and has worked for the most part.

I encourage my people to have their hands in a little bit of everything to continue to broaden their knowledge. The exciting thing is the business partnership that HR can -- and should -- have with the entire company... The

days of (HR being seen as simply) hiring, firing, and throwing parties are gone. The return on a good HR partner is invaluable. So, I encourage my people to learn as much as they can and find mentors across the business.

I like to be very realistic with people who are starting out while also encouraging them. My team is pretty cohesive. As long as you give them stretch assignments and they continue to learn and grow, they seem pretty satisfied. I don't think there's a flight risk here.

It's a leadership challenge, isn't it? I do a lot of one-on-one mentoring and counseling where I affirm people's unique talents and abilities and ensure that they understand how good they are at their job and how important their impact is. Those affirmations reenergize people and help them to ride the ups and downs of the job. Sometimes, HR teams are treated like the cobbler's children who have no shoes of their own. We need to fix that by leading our departments with the same attention and professionalism that we expect from others.

I try to ensure my team is having fun and take the time to do something fun together, even if it's just celebrating someone's anniversary and going to lunch. Help them pause and reflect and feel proud. During our weekly meetings, I will ask what they are proud of and try to get them out of their rut to focus on accomplishments.

It was exhausting during COVID, but seeing the results of the work we did during that time and presenting it to executives and the entire company (helped) everyone see the value of HR and what we bring to the table. It also helped us to get budget and recognition...

HR is not for the faint of heart. We're like a call center – often people only contact us with immediate questions and complaints. People (in HR) are getting tired of that. That's why these Roundtables... are so important. We get each other through the tough times and remind ourselves of the good work we're doing. When I do get positive feedback from the CEO or functional leaders, I share it with the entire People Team so they can see the impact we are making across our Company.

Earlier in my career, a number of colleagues would ask how I got into HR. They would ask if it's "because I love people?" I'd tell them quite frankly, if you love people, this is probably not the right role for you because you see the dark side. It can be discouraging, and you have to deal with difficult situations and get through. I support an org now where I can clearly see if I've directly or indirectly made a difference and that keeps my motivation high.

6. According to a [KPMG report](#) (surveying 1,300 chief executives in 11 countries), 64% of CEOs foresee [a complete return to the office](#), five days per week, by 2026. Do you feel that tech and life sciences companies will be in the majority with regard to RTO? Why or why not?

In life science and tech, I don't think most people want to be in an office 5 days per week, so companies will continue to downsize their facilities. That being said, it all depends on the company's size, distributed workforce, and if they need labs/manufacturing. Smaller companies probably will offer more flexibility than large companies, such as Gilead, or Workday, who are locked into their lease for 10 to 15 years.

Our CEO would like to see people back in the office 5 days a week. My team thinks it would be a disaster from a talent perspective. It's a topic that we continue to discuss and debate, but our people value their flexibility just as much as their compensation. I think we will see a lot of turnover if we demand people come into the office 5 days per week. Right now, I'm trying to use the carrot vs. stick method to get people onsite 3 days a week -- providing catered lunches, enticing events, etc.

We're moving from the term 'hybrid work' to 'flexible environment.' We're really focusing on how employees work best rather than when they come to the office. Our main focus is to build on connection and energy flow.

85% of our employees say we are doing it right. We are an outcome company – we do not focus on when and where people work, but instead we're looking at how we get the work done. People still want to be connected, so we ask employees to get together twice a year. We're moving away from 'everyone must be here x days'... instead, let's ask: "What's the purpose for having people come in? What outcome are we trying to reach?"

It creates a feeling of unfairness if people in the office are surrounded by colleagues with more flexible options.

Airbnb and others will not go back into the office because their business models support a work from anywhere philosophy. It was biotech that figured out ways to go back into the office with vaccines for COVID-19, and we can't do our jobs from our kitchens. When people are missing from the office, they can't collaborate in the same way. I'm sure we'll find a balance, but some will always need to be onsite in our industry. Inspiring, collaborative behavior works best in an office environment. So, how will remote work impact innovation over time?

It's a financial drain to have an empty office, so we have a hybrid schedule. Teams do what is best for them and make their own schedules. Leadership teams are onsite often. We hold in-person meetings without providing Zoom links and tell people to attend in-person if they feel it's a meeting that's important for them to attend.

We did a survey and over 50% of people are saying they want to be onsite just 1 day/week or not at all... So, we've told managers that team members who come in 3 or more days/week can have a dedicated seat, but if not, it makes no sense from an ROI perspective to lease space for those people who'll come in just once a week.

I foresee people coming into the office for anchor days 2-3 days/week at maximum... Moving forward, we'll likely have quarterly in-person meetings and ask all of our employees to fly into San Francisco for that.

We will not go back to a full 5 days/week onsite. One of our board members is at Gilead and they have been firm about having employees come in 5 days/week. I don't see that being the case for smaller companies though.

We are tying merit increases to being in the office per the policy. One of our values is collaboration and there is a tremendous amount of value in being together. No one has resigned (due to this stance), and people are enjoying themselves as the office gets more crowded again.

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