

# Chief People Officer Roundtable Series

## Q3 2024 Summary



## **Overview**

In September 2024, FlemingMartin organized roundtable discussions with more than 100 Chief People Officers (CPOs) from leading Technology and Life Science companies.

### **Topics included:**

- Succession planning
- The current state of the employer-employee power dynamic
- Performance reviews
- Return-to-office and employee well-being
- Budget priorities for 2025

We have summarized key themes from these discussions below and provided suggested resources (vendors, articles, books, subject matter experts, etc.) shared by the attendees.

### **Does Your Organization Have a Structured Approach to Succession Planning?**

Without a doubt, this was the hottest topic of discussion. We saw a clear bifurcation between publicly traded companies with independent boards requiring formal succession planning versus smaller, private companies. Many participants questioned the value of investing too much time in succession planning in light of how fast smaller companies change.

### **With Rising Investments in AI and Widespread Layoffs, What Is the Current State of the Employer-Employee Power Dynamic?**

Nearly everyone agreed that with rare exception (e.g., AI and ML engineers), the pendulum of power has swung back towards employers. Many HR leaders are questioning whether their low attrition rates are a good thing and if engagement may be falling off.

### **How Is Your Organization Handling Performance Reviews and Progress Conversations?**

Our second most popular topic revealed a wide range of philosophies in how companies conduct or do not conduct performance reviews. We observed a clear trend of companies moving away from numeric ratings and a need for continuous training in conducting progress conversations.

### **Super Commuters: Is Your Organization Concerned about the Impact of RTO on Employee Health? What Is Considered an Appropriate “Commutable Distance?”**

Most companies that have required employees to return back to the office did establish a commute time or radius cutoff. Many employers are embracing a “hub” strategy and several attendees indicated that there was increasing pressure to hire people within close commutable distance to hubs.

### **What Is the #1 Item in Your 2025 HR Budget That You Are Going to Fight for?**

Productivity tools, L&D, and wellness benefits were at the top of the list. Other budget items included increased headcount, larger T&E budgets for teambuilding, and salary increases.

### **Interesting Articles Mentioned:**

- [The Great Regression: Employee Engagement in 2024](#)
- NY Times [AI Article about Eliminating Entry-Level Finance Jobs](#)
- [The Ultimate Guide on Managing the Candidate Use of GenAI](#)

**Vendors Mentioned:**

- [David Rock](#) at [NLI](#) (performance review expertise)
- [Glean](#)
- [Dory](#) for meetings to collect questions (allows for anonymous questions)
- [Bonusly](#) (recognition rewards tool)
- [LinkedIn Learning](#)
- Performance management systems mentioned: [15five](#), [Culture Amp](#), [Lattice](#)
- [Metaview](#) (AI notetaking for interviews)
- [Clay](#) (An AI platform tool for GTM)

**Select Highlights**

**Topic 1:** The [delicate art of succession planning](#) was on full display this summer with President Biden ultimately announcing he would not seek reelection. **Does your organization have a [structured approach to succession planning](#)?**

What was glaring to me, was that we really need to do a lot of work on the development of people to have a better [succession] pipeline.

We put in a new board as a [recently] public company. This is the first time I have not had a structured succession planning process in place. My CEO's comment was that if our top people left, we would need to go external to hire.

We are looking at succession for each of the ELT members. We are keeping it simple with a one-page template. Genentech and Roche were much more formal about the process. The Board Directors are pretty involved in the process and really are the drivers for this activity.

Our comp committee met yesterday, and I presented our C-level succession planning [VPs and up]. It was a simple presentation for 17 of us. The Comp Committee discussed the CEO's personal plan as well. It was the first time we'd done it and it went well.

At small companies, most succession is external. The process is important though because it takes out the guesswork and helps with planning in an emergency. That reduces drama when [the unexpected] happens, even if the decision is to go external.

We have our Chief Operating Officer and Chief Medical Officer ready as potential CEO replacements. We put them through the [G100 Next Generation Leadership training](#), which worked well when our CEO left and the CMO stepped in. We also got the Board involved in succession planning to "look around corners" and create a pipeline for the future. We communicated that this was just good planning, and that we were not signaling anything by taking those steps.

We have had suitors every year since we went public. So, we have run two versions of succession -- one for if we stay independent and another for if we are acquired. Our Board was heavily involved.

Our internal "successors" develop grassroots stretch assignments for themselves. It has worked well and we have been excited to see their creative thinking.

We produce a [succession] report regularly for the Board and we have a very structured process. We do a 9-box exercise and decide who should undergo a specific development plan. We don't tell the employees who are identified

as the Hi-Pos or say, “Yes, you’re number 3 [in the line of succession] for this role...” At my former, Big Pharma company, we actually told people whether they were a Hi-Po and it eroded the culture a bit. Those who were without that designation were resentful. We also lean on our Board Members by asking, “If [Jane Doe] retired, and we don’t have that successor capability in-house, who do you know in your network whom we could potentially bring in?”

We focus more on contingency planning versus structured succession planning. At a prior company, I developed success guides to describe the skills needed in a particular role in order to be effective. We tied development plans to success guides and checked on alignment between the two at a regular cadence.

We have someone who is identified [for CEO succession] but we need to revisit the plan; we are a different company than we were three years ago. We need to look at the gaps and where the issues may be with this individual. We are having these conversations now and defining the ideal profile now.

We are reviewing our critical roles and people. Our CEO is likely considering retirement in a few years, so we’re planning for that. We partner with a human capital consulting firm, which does a deep dive of the team – strengths, opportunities, and a scan of the external market to provide an internal and external view. Below the executive level, we do a segmentation model of our talent. It’s not rating their performance, but their readiness to do more, [or less], or to support a single point-of-failure. This helps managers prioritize the development of their people.

I presented a color-coded org chart of our key executives and critical talent to the BoD, which was color coded based on risk. The BoD had a deep discussion and got a better understanding of the internal talent and plan for succession, whether sourcing externally or from within. The CEO and BoD appreciated the approach and discussion, and they now agree that we need multiple options for succession. That discussion also resulted in us creating a new VP Finance & Accounting role as an internal successor to the CFO.

We have tried to use predictive analytics to determine who will be the likeliest people to leave and we have not been too accurate.

We are too small to have internal successors for every position, but we do present an emergency succession plan to the Human Capital Committee on the BoD. We highlight internal talent that can essentially cover more than one role. If someone were to leave, we wouldn’t necessarily have to replace them. The exercise was an eye-opener for us.

A big lesson learned for us is not to tell people [or even imply] that they have been identified as a potential internal successor. When we chose an outside candidate instead of an internally identified successor, who was very strong but not quite ready, he became very disengaged, and we lost him.

We would have to go outside to replace our key executives like-for-like. Our BoD pushed back, asking whether we truly need that much horsepower, and whether we could allow good people to grow into the job, instead. We decided that having a like-for-like successor was more critical when we were pre-commercial, but now that we’ve been at the commercial stage for over two years and have hit our stride, we may have more flexibility on that.

We have a formal process that kicks off every June. We do a 9-box to determine our HiPos and leadership succession candidates. We are constantly revisiting things. The executive we had in mind to succeed the CEO ended up retiring before the CEO did.

We’re trying to improve how we drive the right follow-ups. For example: what is the biggest skill gap and how are we managing that? It’s easy to say “take this course” but I don’t think that’s enough. We need to give people increased exposure and get them on challenging projects.

In a smaller company, everything moves too fast for succession planning to be a great value.

Having a successor in place for every role is so impractical. By the time the role is open, that person may have moved on.

Beyond named officers, we don't go too far in building out the bench strength – the ROI is not there. The people you put in might fizzle out. I know that my current CEO does not want to spend the cycles on it.

We did a talent review recently and identified those who were big retention risks in our higher impact roles. We're focusing on those first. We've identified some large skill gaps as well and are looking at building external talent pools to address those gaps.

We've approached this from a risk management perspective. If a position vacates, can we refill internally, with interim, or are we dead in the water? If DITW, we need to have an outside pipeline.

One of our executives realized on his own that he had gaps. He wanted to stay and so he helped us hire someone above him. I asked him last week how it's going, and he likes that it's less stressful on him and allows him to focus on his niche.

I built my own ChatGPT to help with our succession process. This tool has surfaced employees that have 75% of the skills we might need. I am trying to get our leadership to think about if we have the mix to move folks around in the next 12-18 months. I'm finding that broadening the approach to skills is helping our leaders think differently about our internal talent. It is really about engagement. It is not that our leaders don't care, but they feel like it is a luxury to do succession planning.

How do you manage expectations around succession? [Top talent] gets impatient. If the next level job is not available to them, then they say, "Put me in that role now, or I'm out."

I was asked to take on Customer Success but my passion is being a Chief People Officer and yet, this experience of working in a more external customer-facing role is making me better at being a CPO.

Our succession program focuses on three Es – Education, Exposure, and Experience. We overemphasize Experience.

**Topic 2:** Gartner reports that fewer CEOs and senior business leaders are [focusing on their workforce](#) amid greater priority put on AI. Recently, Intuit's CEO wrote a memo [defending the RIF of 1,050 employees](#) (10% of the Intuit workforce) as cutting those who were "not meeting expectations." He also posited that "companies which aren't prepared to take advantage of this AI revolution will fall behind and, over time, no longer exist." **With rising investments in AI and widespread layoffs, what do you believe to be the current state of the employer-employee power dynamic?**

Highly talented employees have a ton of opportunities and retaining them is critical. They are always in a power position. For people you want to encourage to leave, it's tougher to do that now because they don't feel they have better options outside the company. In the past, when you signaled it wasn't working out, they used to jump because they had other good opportunities. Now, they don't move unless we manage them out.

I do think it's shifting, at least at my company. We lived in fear for so long. As an executive team, we recently acknowledged what we want to build and we established clarity on our focus. Now, if people don't want to be here, then we're not doing our job [effectively communicating our values and objectives].

Our voluntary attrition is only 3% right now. I can pat myself on the back or ask, "What does that mean?" Are employees [and us] getting a little complacent? People seem "clingier" now.

We're having tougher conversations and hosting monthly "skill-up" calls to teach managers how to have these conversations.

["We went from the war for talent to the war on talent."](#) ...Employees are feeling this way.

Since everything has to have a label, we are now in "The Great Hibernation."

60% of our employees are a mix of Gen Z's and Y's. This group hasn't seen business transformation cycles, so they don't have perspective. We must educate this group as they haven't experienced this before.

My TA team is closing down job postings now within a week because we are getting so many qualified applicants. I do not see this related to AI, but more to recent layoffs.

Companies are laying off 7-10% of the workforce with the ability to hire back 2-3% with new skills, but no one is talking about it [because it has become so common].

We are not talking about reductions [due to AI], but we may not need to hire as much. We have an agreement with [Udemy](#) and have created a learning path with them so that our employees can take the (AI) training. We got 9500 comments from our recent employee engagement survey and I ran those through ChatGPT and it did an amazing job summarizing and saved me days of work.

I think biotech is a bit slow to embrace AI. Big Pharma might tackle AI first and then it'll trickle down. I also don't think most jobs will become obsolete, but we'll have to work on upskilling the workforce in the next five to ten years on AI. I can't wait to see what kind of strides it will bring in medical care!

We have encountered the issue of candidates who are reading AI answers on a second screen during our Zoom/phone interviews. So, we are starting to bring more people on-site for interviews earlier on [in the process] to bypass this risk.

It's a big topic. We don't want to ignore it, and we do want to put some boundaries around AI. Each vendor has a different AI-powered tool they want to sell you now. I don't think AI will replace any jobs in our space yet, but it could help and enhance the jobs. In late September, I'm going to a related conference in San Jose: [The Role of the HR Leader in the World of Artificial Intelligence](#).

We just launched a new robotic platform, which includes AI-enabled treatment planning for our users (surgeons). I'm considering attending this conference in November in Menlo Park: [AI Agents and Super Productivity](#).

I think leadership sometimes uses "AI disruption" to justify reductions-in-force.

There was a firestorm on LinkedIn about the CEO of Lattice advocating for [creating space in their org chart for AI agents](#). We've got AI taking on tasks here, but we would never slip them into the org chart. I understand that the plan

[at Lattice] was intended to be forward-looking, but the comments on LinkedIn about it were so super-charged. I feel the power dynamic does need attention – you are dishonoring your real, human employees by writing about it in this way. AI has the potential to hurt how humans are feeling at work if there are already tensions about how people get their work done, what flexibility looks like, etc.

There has been a whole lot of investment in AI for early drug discovery, and it will make a difference, but it's way in the future. In terms of the jobs AI will impact in biotech, it will be early-stage research positions that will feel the greatest hit. That's still a way off. It will take time. Some tactical entry level roles will surely go away.

I recently partnered with an analyst on our GTM team that is using [Clay](#), an AI platform tool. This person was able to pull data from companies in our space and identify the headcount for each function within competitors' companies (<https://www.clay.com/tools/employee-count-finder>). I got to see how our HR department compares headcount-wise relative to other organizations in our space. We are well below our competitors in terms of HR-to-overall-employee ratio. The analyst was able to break everything down in headcount for the sub-functions within HR too.

**Topic 3:** According to a 2024 Gallup survey, [only 2% of CHROs from Fortune 500 companies](#) “strongly agree” that their performance management system inspires employees to improve. **How is your organization handling performance reviews and progress conversations?**

There is a huge difference between performance management and performance reviews, and HR, as a profession, has not done a good job of separating those two activities. Performance management happens every day, whether intentionally or not. Performance Reviews are part of performance management, but they are not the same.

It depends how you define performance management. If it simply has to do with your annual review, I wouldn't expect that to inspire versus having regular dialogue and helping the individual get to the next level. People in our industry are overachievers and incredibly smart. Telling them they are “average” during performance reviews doesn't make sense, so we moved away from ratings.

We used numerical ratings in the past, but our Compensation Committee Chair, a former CPO, recommended that we move away from that. Not using numerical ratings works well for us (250 employees). We review people against competencies and objectives. Not having numerical ratings makes compensation decisions a little harder and a little more subjective, but then people aren't stuck on their ratings. We have written reviews, and we give a lot of training to managers on giving feedback and emphasize managers having frequent discussions.

We moved away from visible ratings, although we use 9-box for leadership. We felt employees were getting stuck (“I'm a 3 and always will be...”), so we shifted away from that.

We just switched from very formal annual performance reviews to quarterly conversations and meetings on a regular basis. Also, we require the employee to set the appointment and come prepared with topics. Some managers love it, and others are adopting it more slowly, but it seems to be an improvement over our old approach.

We didn't have performance reviews until I moved into the HR role. We had anonymous feedback tools, but they were not being used in the right way. Managers were figuring out who said what and trust was broken.

We don't have formal “performance management,” but we set OKRs (Objectives and Key Results) for stretch goals using Lattice. We try to emphasize that feedback should be honest and often.

Middle management emphasize the wrong things pretty routinely during reviews. Someone may have had a great 3 months and then the headline is the one thing they did wrong.

**Topic 4:** Many professionals left large metros during the pandemic, and [hybrid work is creating longer commutes and more “super commuters.”](#) **Is your organization concerned about the impact of long commutes on employee health? What is considered “commutable distance” at your organization?**

We separate incumbent employees from our new population. We want new hires to be closer to a hub and in the office 3 days per week. Our execs are currently in the office Tuesdays and Thursdays and our teams are shadowing that behavior.

We’re geographically dispersed and 25% of our US workforce is remote. A year ago, we decided to start hiring around our hubs. In every U.S. geography except San Francisco, it’s easier to get people into the office. Location matters.

Teams are getting a little cliquy because they come to the office on the same days. Also, our CEO has a bias towards [favoring those] who are in the room even though he advocated for going remote.

We made our workforce in India return to the office and 61% left over the course of 6 months.

We are still fully distributed (remote).

In the U.S., we require 1 day per week in-office if you live within a one-hour drive.

Our cutoff is within a 90-minute commute.

Our cutoff is 50 miles.

The cutoff here is 35 miles.

Our policy is 4 days a week in-office in our Asia locations. It was the employees’ request.

We pulled the data from the local transit authority to show our team that they were not alone in returning to office. Ridership is higher than prior to COVID in our area (Chicago).

We did a trial with Google Gemini – we loaded everyone’s home address and asked Gemini to use Google Maps to calculate everyone’s rush hour commute times from home. That helped us determine who is eligible for RTO.

Some people want a dedicated desk whenever they come in. We rolled out “hot desks” and got a lot of pushback.

People are not considering the health of employees with these RTO decisions.

With the [many] new executives we are hiring, we have required these people to be in the San Francisco Bay Area. That affects how they want their teams to look and what they think about remote work. I suspect this could push some of our remote people to leave the company over time. We are now regretting some of our past decisions about remote hiring.

We ask people to be in the office 5 days per week because we’re building a young company. People have to take [commute] into consideration when accepting a job.



**Topic 5: As we approach budgeting season, what is the #1 item in your HR budget that you are going to fight for?****Technology/Productivity investment**

- AI tool to automate responses to repetitive employee requests (benefits, policy, etc.)
- LMS
- HRIS

**L&D**

- Manager training. We've invested in it but people are questioning the costs.
- Executive development as we move into full scaling mode - what does it mean to lead in a volatile and scaled environment?
- A 5-track leadership development program.

**Salary Increases**

- Most executives have no idea what base salary means to the average employee.
- It's great to throw more stock (RSUs or Options) out there, but people just want to buy a gallon of milk or a gallon of gas.

**Compensation Planning**

- Outside consultants for compensation and training.

**Wellness Benefits**

- [Modern Health](#)

**Other**

- T&E to bring the company together.
- Professional services fees for help in EMEA.
- Recognition programs.
- Headcount for HR.

**Bonus Topic: Within Life Sciences, what are people planning for merit increases/promotions in 2025?**

3-3.5% merit + 1-1.5% additional was the overwhelming feedback.

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