



The Strategic CHRO: Karalyn Smith of Sephora on the Metrics that Matter

Published on May 21, 2018



Adam Bryant fluencer | [Follow](#)

For the next installment of our interview series with leaders who are transforming the role of the chief human resource officer, David Reimer, the CEO of The ExCo Group, and I sat down recently with Karalyn Smith of Sephora. Since joining Sephora in 2016, Smith has been implementing an ambitious agenda, including establishing a new leadership curriculum across the company, building more of a coaching culture, and creating more robust workplace analytics. Stay tuned for more interviews in coming weeks with other leaders in the HR field.

Q. What are the due-diligence questions that a CHRO should ask of a CEO before accepting a job?

A. The greatest truths and lessons can often be found in simplicity, so I’d want to know if people really matter at the company. My line of questioning would be to find out if the CEO was hiring a CHRO just to fill a box on the org chart, or does this CEO really believe that people will make the difference in a company?

Q. How do you probe on that?

A. I would ask questions like, “How much time do you spend thinking about it? How much time does your executive team spend wrestling with the things that matter to the employee? Have you ever thought about employees through the same lens that you use

for clients, and really study what the employee experience is like? And is that something that you believe would be accretive to the business? Is that part of the job that you would want your CHRO to be looking at?”

As they answer these questions, I’d want to know what kinds of questions they have about the reality of how the strategy translates down to every single human being in the company. That’s an “us” problem for the executive team, so I’d be listening for whether they’re expecting me to do it.

Q. If a CHRO at another company called you for advice because they were promised a seat at the table but the reality is they don’t have one, what would you tell them?

A. The first thing is to show that you can do more. Even if the CEO believes the strategic HR mindset is valuable, that is not a muscle that a lot of companies have built, and so they will quickly revert back to business as usual. It doesn’t necessarily mean the intent isn’t there. It means they don’t know how or they haven’t seen what good could look like.

Even in a case where you feel like all the raw materials are there to be that strategic CHRO, you’re still going to need to prove yourself. So find a quick win or a way to bring quantitative data into the discussion. This is the language they speak. That opens the door to other conversations about research and human behavior.

The other thing I’ve told people is, don’t wait to be invited. I think a lot of times the door feels like it’s closed but you have to find those opportunities to invite yourself. Even after 18 months here, I’m finding myself doing that, and my peers are fantastic. I try to find a way to be accretive to their strategic conversation, because that’s where the gold is for the HR person.

The third way is being comfortable with setting up other leaders in the company to be the face of my point of view. That idea might be provocative or controversial to some people who think you have to vie for credit. In a HR leadership role, you shouldn’t care who says it. I just care that we actually make a difference.

To me the biggest success would be if another business leader stands on stage, quite literally, and owns an idea as if it was theirs, because that’s how the idea is going to get traction. You’ve got to let go of your ego or your need to be the voice of an idea, and find your advocates and champions.

Q. What other strategies have you used for building peer relationships in this role?

A. I lead with a little bit of a consulting and coaching mindset. My approach is to lead with questions to get to know who the leader is, what they’re thinking about, what’s keeping them up at night, what’s happening on their team, what are their biggest

projects. That sets up an easy transition into org development or change conversations.

Q. What are the most important dashboard metrics that a CHRO can present to their colleagues?

A. Talent and people metrics are often more gray than the financials because human beings are unpredictable and complicated. But in some ways, the issue is not dissimilar to our client metrics, like loyalty and the lifetime value of a customer. And those aren't all an exact science, either. We tend to talk about them like they are, but you can't perfectly predict what they're going to do. That's part of the conversation I often have with leaders, which makes them open to a longer conversation.

There are probably four or five metrics that I think are particularly important. One is total cost of labor. A lot of people make the mistake of just looking at headcount and whether it's going up or down. But I could go down one senior person and add two people and it could be net neutral to the company, and I'm actually getting more work done. I think cost is more important.

Another is turnover. But that's actually a negative metric, so I like to flip it and think of it as a retention metric. How many people are leaving us versus how many people are staying with us? The goal is not 100 percent retention. We need new thinking. We have people who have different aspirations, or who aren't performing for one reason or another. We don't want all those people to stay. So we focus more on identifying who the high performers are over time and making sure we are holding on to them.

The other big one is employee-relations issues, like complaints and incidents that come up. You have to collect those and measure them because you can start to then pinpoint more proactively where you might have some leadership challenges, so you can target some interventions. Most of the time you can correlate those issues with performance of that particular region or store. That helps us direct our resources to the places where they will have the biggest impact.

It's the CHRO's job to notice where the culture is alive and where there's some friction, and then fix it. You've got to get to that 40,000-foot level so the landscape becomes clearer and you can see where you want to dive. And that's part of the CHRO role – to be intentional about understanding the impact on people of a shift in direction in strategy. If we're going to do these three things differently, how do we communicate that and built them into our leadership programs and performance reviews?

Q. If you were speaking to a room full of 100 CEOs, and you could give them some blunt advice on maximizing the return on their investment in a strategic CHRO, what would you tell them?

A. I would say to challenge yourself and your own predispositions and judgments about

how much people matter to a business. You've got to wrestle with it yourself. The CHRO doesn't need you to be the perfect leader, but you do need to be honest about these questions because that is the only way you can, as a company, deal with what you have.

Q. And what if the audience were 100 CHROs? What would be your advice to them?

A. We all love this touchy-feely human behavior psychology. But you're going to need to tuck that away in your portfolio because if you walk into the boardroom and you start talking about it, that is not the first question that boardroom or C-suite people are asking.

They are asking, how do I get more customers, how do I drive more sales, how do I get more profit? If their perception of you from the minute you walk in is that you want to talk about the touchy-feely stuff – and listen, I would love to talk for hours about that! -- you might never be invited back.

Q. And then what if the audience were board directors?

A. The message to them would be to challenge their executive team to think about the leadership of the company. Are they the leaders of the future you need? Where are they winning in terms of their leadership behaviors? I don't know if it ever happens in the boardroom. There's always a comp committee, so there's always going to be the conversation about how you're paying these people. But the first question should be, are these the leaders you need for the future?

Q. Let's talk about hiring. What is your favorite job interview question?

A. "Tell me about one of the biggest challenges or failures you've had and what did you learn from it?" It's about self-awareness, which is hugely important. If you are going to be somebody who can contribute, build relationships with peers, and drive results, I don't think you can do any of those things if you don't have self-awareness of who you are and how you show up. If you can tell me how you've learned and gotten better, then I trust that you're going to continue to learn and get better.

Q. Can you share a key leadership lesson that you've learned over your career?

A. It happened when I was working at a consulting firm. A partner had asked me about a particular project, and I gave him a long answer about all the things we had done. And he let me go for about a minute or two and then said to me, "So let me get this straight. Net effect positive?" And he walked away. The insight for me was that he was not asking me to give him a play-by-play of what happened. That helped me be more conscious of who I'm talking to, their motivation, and what they need to hear from me, not what I need to tell them. It's about how you shape your story.

Q. What about some earlier lessons? What were you like as a kid?

A. I grew up in a really normal working class neighborhood. We had a very independent life growing up. I had two parents who worked. If I forgot my key, there was no cell phone. So I could sit on the stoop and cry until my dad comes home or we could hatch a scheme of how we were going to solve this problem, because I really needed a snack and it was inside the house. We had a chute for the milk delivery, so my older sister would boost me up and I would have to go in through the chute if we forgot our key.

There's just a lot of things like that you just figure it out. So I have this can-do attitude and a mindset to think about what's possible as a guiding principle for the way I approach work and life

The field of HR is in a period of transition, and many people have the opportunity to become more strategic, have a bigger impact, and be seen as a more value-add to a company.