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The New Board Equation

Profit, Performance, People

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Many organizations are on the path toward a people strategy, enabled by core HR strategies, meaningful metrics, and a strong HR compliance function. Pressure moments show where People, Performance, and Profit can come together as a unified engine for enterprise value. This is what happens when boards rethink the role of the CHRO, from steward of compliance to architect of enterprise value.

Because when the Four Ps of a true People Strategy: **Protect, People, Performance, and Profit**, move together, the organization moves with them. Right now, far too many companies are running a one-P strategy and wondering why they're not getting four-P results.

Everyone understands **Protect**: compliance, risk mitigation, equitable practices. Necessary? **ABSOLUTELY!** Boards and the enterprise depend on it. But Protect is the floor, not the ceiling. You don't build an enterprise on baseline expectations.

People
Managing the associate lifecycle with intention determines whether your employee experience becomes your strategic fuel, or your silent fracture. Premium employee experience leads to premium customer experience. Nonnegotiable. No shortcuts.

Performance
Once you get People right, performance becomes the natural destination by design, not by accident. But performance isn't magic. It's architecture. It requires clear goals, capability building, aligned incentives, and systems that accelerate the business.

Profit (EBITDA)
Boards already have standards. Let's start there. No one hands the CFO a gold star for clean audits and basic accounting. That's the ticket to play. The real expectation is value creation:

- FP&A discipline
- capital allocation
- forecasting
- scenario modeling
- investment strategy
- cost structure optimization

The CFO protects the enterprise and propels it. The CHRO should be held to the same dual expectation.

Compliance with federal, state, and local labor laws is essential. But that's not a strategy, that's a requirement. Just as a CFO is expected to turn financial data into enterprise value, a CHRO should be expected to turn human capital intelligence into measurable business outcomes.

Talent isn't a cost center; it's an investment class, and every investment class has a return profile.

A modern CHRO should be influencing the P&L through:

- Org design that reduces drag and boosts capacity
- Leadership and workforce capability building that increases output and speed
- Workforce planning that anticipates shortages and opportunities ahead of competitors
- Culture alignment that reduces churn and lifts performance
- Retention analytics that eliminate avoidable turnover costs
- Strategic talent deployment that maximizes return on every compensation dollar

If boards are comfortable asking a CFO, "What's the ROI?", they should be just as comfortable asking the CHRO, "What's the RO IHC?" Whether the metric is ROIC or RO IHC, the principle is the same: What gets measured drives value. What gets invested drives growth.

The Wake-Up Call

Too many organizations are still running HR like it's 1994: all Protect, a sprinkle of People, a faint whisper of Performance, and zero line of sight to Profit. That's not a people strategy. That's a liability strategy dressed up as leadership.

My guidance to leaders:

CEOs: Expect a rigorous, investment-minded People Strategy AND review results.

Boards: Demand human capital insights that tie directly to business planning and enterprise value.

HR: Be the center of delivering value. Speak the language of capital returns. Operate like a strategic function, not just a cost center.

It's time to expect more. It's time to treat talent as the core of value creation, not the cost of doing business. Organizations that run a **Four-P People Strategy** don't just operate better, they **OUTPERFORM, OUT-INNOVATE,** and **OUTLAST.**

When boards rethink the role of the CHRO, they don't just strengthen people strategy, they strengthen the enterprise.