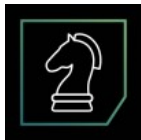




Michael Fraccaro, Chief People Officer, Mastercard



**Strategic CHRO**

Conversations with leaders who are transforming the world of HR.

# Storytelling, and Conveying a Simple Message, is a Critical Skill for CHROs

Published on January 14, 2020



**Adam Bryant** [in](#)

Managing Director at The ExCo Group (formerly Merryck & Co. Americas)

***Michael Fraccaro**, the chief human resources officer of Mastercard, shared smart insights about the crucial skills that CHROs need to build with me and **David Reimer**, my colleague and CEO of **The ExCo Group**, an executive mentoring firm.*

**Reimer: How did you get into the field of HR?**

Fraccaro: My background is in education. I'd been teaching high school economics, geography and social sciences for about three and a half years. Then one of the lead teachers came up to me one day and said, "I've seen how you've progressed, but I think you can do even more." She encouraged me to pursue other experiences.

I got a job in a technology company doing training for banks in Australia. That was really the catalyst for me to move into the world of people and development. From there, I did a couple of post-graduate degrees in human resources, and then moved into broader, generalist HR roles.

**Reimer: How has the job of CHRO been different than what you expected?**

Fraccaro: My transition into the role happened quickly, so there wasn't a lot of time that typically you would have in terms of a transition. So I spent the first six months really understanding what this role required. It's very relationship-based, and so I needed to understand what to do to ensure there's a human face to the role in the C-suite.

The second focus was around building relationships with my peers on the leadership team. And the other one was around building relationships with the directors on the board to really understand where they're coming from.

**Bryant: What are your thoughts on the board's role in culture?**

Fraccaro: We've put together a dashboard to help track various elements of our culture. The first column is around behavior and conduct, with issues that come up from audit, compliance and our ethics hotline that we share on a regular basis with the audit committee to show whether we are in breach on any issue and how quickly we resolve them to ensure we're protecting the company.

The second one is really around reputation, like customer surveys, social media impressions, the investor community or shareholder reports. How do we show we are thought leaders? Some of that is more qualitative than quantitative.

*"There's a whole range of ways that our board gets a sense of what's happening in the company."*

The third one is around people, including retention of key talent, how well we integrate companies that we acquire, what's our turnover rate overall, and how we're doing from a diversity perspective.

The last column is around the culture outcomes – the three or four things that the CEO is driving in terms of culture, including innovation and customer-centricity. Finally, we also have a series of breakout groups at the board meetings where managers present what they are working on. So there's a whole range of ways that our board gets a sense of what's happening in the company.

**Bryant: How do you make good on your goals around diversity and inclusion?**

Fraccaro: The intention does have to follow up with action, and it leads to a bigger question around trust and purpose and transparency. With employees and potential employees looking at your company, if they don't see an alignment between your public website and what they see internally, you can lose a lot of credibility.

So we measure our corporate leaders through our performance management and compensation systems. That's a key piece. Our goal of driving a winning a culture with decency at its core is in every one of the corporate leaders' scorecards. Every one of our leaders has a regional action plan in terms of diversity and what they're doing there. It has to be embedded in some way in compensation and reward and recognition because otherwise it won't get the attention.

**Reimer: Where did this idea of “decency at its core” come from?**

Fraccaro: It came from a conversation with our CEO, Ajay Banga, who comes from a very diverse background himself and understands what

that means from an optics perspective. But he also started seeing what's happening in the corporate world globally, and he felt that a lot of corporations look at IQ and EQ, but there was a missing ingredient – he coined the term DQ, or “decency quotient,” to describe it.

Typically, you hire for experience and education and how people work together. But the idea of decency quotient goes beyond that. We don't want this just to be a nice place, because you don't win being nice. Sometimes you have to say no and give people clear feedback, and you have to maintain relationships. We can be a very successful company, but we have to do this with the mind and the heart and bring those two pieces together.

**Reimer: If you're building the CHRO of the future, what's the career path or the career advice you're offering for that person?**

Fraccaro: There are a couple of dimensions. One is that business acumen is such a critical component of the CHRO role, because without knowing the business strategy – the fundamental foundations of how you make money as well as the longer-term strategy and the macro ecosystem you're in – it's very hard for you to be credible at the table.

So how do you develop that business acumen? You can develop it within the HR function, but I do believe there is benefit in rotating people into operations for a period of time and then coming back into the HR function. I've done that in a couple of cases. More HR development has to go in that direction.

*"Having experience in some of the major markets around the world is really critical."*

The other thing that's been valuable for me is the fact that I've worked in different markets and different geographies. If you're a CHRO working in a global company, having experience in some of the major markets around the world is really critical to giving you that global view.

Another key aspect is the skill of storytelling – being able to convey a message in simple ways, whether you're talking to a new employee or to the board or to a C-suite executive. We're also seeing more requests coming in from investors who want us to talk about gender pay or CEO pay. Being able to have those conversations is increasingly a skill that CHROs need.

**Bryant: The relationship you have with the CEO is so important to your effectiveness as a CHRO. What questions should a CHRO candidate ask of the CEO to test whether it will be a good partnership?**

Fraccaro: The questions that I would say are really important to start building that trust are, "What's on your mind? What worries you?" Yes, you can have conversations around business performance, but these C-suite jobs can be very lonely and there's an element of vulnerability that you need. The way you build trust is to show that you care and you

can listen.

The test of a good relationship between a CEO and a CHRO is not the formal scheduled meeting. It's whether your CEO can just walk down the hall and jump into your office and sit down and just shoot the breeze on a particular theme or topic. That's when you know you've got a trusted environment. Or they'll call you or they'll send you a text message about what's on their mind.

**Bryant: Who were some early mentors for you?**

Fraccaro: I went to a Catholic all-boys school, and I was pretty good at soccer. Because I spent so much time on that, my grades were really suffering. Then one teacher said to me, "Look, you can continue doing that. I'm not sure where it's going to take you, but if you really want to make something of your life and to make your parents proud, you've got to reposition and reprioritize your school because I see a lot of potential in you."

Those words – "I see a lot of potential in you" – were the first time I had heard them. That was the catalyst for me to realize that there's more that I could be doing here.

My father was another big influence. At one point, I thought I might quit school early and go and work in the same factory where he was a tool engineer. And he said, okay, come along. I worked there for three weeks, with the early mornings and loud machines, and he said, "Do you want to do this?" And I said, "no." He said, "Okay, go back to

school.” My mom was 100 percent in support. She also taught me many life lessons. But that’s a story for another day.