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Leaders Have To Be Able To Manage Trade-offs Across The Entire Business

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Annie Drapeau, chief people officer of Toast Inc., shared her key leadership lessons with my colleague, David Reimer, CEO of The ExCo Group, and me in our latest Strategic CHRO interview. Subscribe [here](#) for future interviews.

Reimer: How has the job of the CHRO role changed from your first years in the chair?

Drapeau: I've had a few chief people officer roles, but I'm not a career HR person. I've done a lot of strategy and finance work, and that's how I've approached the role, because how your strategy comes to life is ultimately about talent. And so I gravitated to questions like, how do you help organizations scale? How do you think about the capabilities needed to create value over time? What makes a successful leader? I'm glad to see that's the direction the whole HR profession has moved in over the last decade.

And many important changes have happened just in the last few years. We are dealing with so much uncertainty, but that creates a lot of really cool and exciting challenges. Certainly the pandemic accelerated the fact that the way people want to work is going to change forever. HR gets to play a big part in reinventing that.

I also have responsibility for real estate at Toast. The office spaces of the future need to look totally different. People are going to come together to collaborate, not necessarily to work at a desk. So we're thinking completely differently about how we design the space and

how we build flexibility into that. The traditional ways of thinking about where we do our work are obsolete.

The trend toward employee engagement and activism is also really exciting and challenging, and I think it's here to stay. Traditionally, the way we thought about managing people and processes was around the question of, do we understand how people have performed, in the past tense? Then it became, do we understand their potential going forward? But now, those two are not sufficient. It's also about understanding what your people's hopes and dreams are? What gets them excited about coming to work every day? What demotivates them? What do they expect their organizations to stand for?

Bryant: It takes a certain mindset to be able to thrive amid so much ambiguity. What set you up in your early years to be okay with this daily Rubik's Cube of new challenges?

Drapeau: My family has been in a family-run business for three generations, and I worked there through high school and college. My dad is a serial entrepreneur. He kept experimenting with new products, new ideas, new services, and the business evolved a lot.

There were a lot of dinner-table conversations, and there still are, about connecting dots and recognizing opportunities for innovation. I grew up surrounded by that for as long as I can remember. To me, that's what business was about — understanding the market, always evolving, with a deep curiosity about what was going on around you. I feel really lucky to have been part of that since I was a kid.

Reimer: How do you think about planning today, particularly for HR, given all the crises and inevitable disruption?

Drapeau: We've adopted a "work from almost anywhere" philosophy. So I can come up with rough scenarios around what our headcount might look like under a range of different business scenarios. But I can no longer predict where our people are going to be based. I used to ask all the time, "How do you feel about relocating to Boston?" I haven't asked that question in two years. It's about optionality and flexibility.

There are certain areas, such as real estate, where we are going to have to make some decisions that involve risk. But ultimately, we want to preserve as much optionality as we can because there is so much uncertainty. I don't think people really know yet how and where they want to work going forward. When people start to come into the office again, are they going to find that they love it? Or are they going to say, I want to be home? I don't think any of us know for sure.

Bryant: How are you coaching leaders today on navigating all the societal issues that companies are expected to weigh in on now?

Drapeau: I wish I could say I have the magic bullet on this. I don't. People are asking leaders about their personal perspectives, as well as the company's. We've established a set of guiding principles on issues where we have clear positions, such as Black Lives Matter and LGBTQ+ rights.

That has to coexist with the fact that we recognize that not everyone

may share our perspective on certain issues. We've decided to largely stay out of political discussions. We respect diversity of opinion and thought. We respect the need for civil discourse on these issues. But there are certain topics, especially around diversity, equity and inclusion, where we are unwavering in our beliefs. This is new territory for most organizations, which largely stayed out of the fray on many social issues, but employees today expect more.

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And it's also okay for leaders not to have an answer at the ready for every question. It's okay to say, "I don't really know how I want to respond to that right now. I appreciate the question and I appreciate that you care about this, but I need time to think about how I want to respond to it." That may not be entirely satisfying, but leaders shouldn't feel like they're out there alone. We're all in this together.

Reimer: As you are assessing and developing leaders, what are the key X-factors for you?

Drapeau: We want to ensure that leaders understand how to lead people whose jobs they can't do. So many of our leaders grew up in a functional line. That's where their career path has been. So they're often leading junior versions of themselves. To really scale as a leader, you have to feel comfortable leading people whose jobs you can't do

and who are better than you are, and better than you would ever be if you tried to do their job. That can be a really tough pivot for some folks.

So one of the things that we try to do is to make sure that we are giving people, especially those who have stayed within functional lanes for a long time, experiences to step into a new functional lane or into a general management role.

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Another is the ability to really manage all sorts of trade-offs, for instance, the trade-offs between short-term and long-term goals, which often feel like they're in conflict. How do you think about how constrained resources should be allocated across an organization? How do you make trade-offs across stakeholder groups?

With that has to come an investor mindset. Again, when folks have spent a lot of time in a functional lane, they can sometimes be parochial in their thinking or protective of their function. In order to really scale, they have to be able to think about and manage those trade-offs across the business.

Over the last couple of years, the ability to lead through uncertainty and embrace the uncertainty is really important. That means being able to

coach and be empathetic to people who often aren't as comfortable with that level of uncertainty, or may be feeling unprecedented levels of stress.

Bryant: You mentioned that your family's business was an important early influence for you. What were others?

Drapeau: I was always experimenting and involved in a lot of different things in school. I played sports. I was involved in drama and music and student government. I just wanted to soak it all in. I also have needed to experience things to really figure out what I love and what was going to give me energy.

That trend has continued, because I've done a lot of different things in my career. There's so much to learn and so much to see. I'm also a musical theater fanatic and I like to think that everything in life can be tied back to a Hamilton lyric, including, "There's a million things I haven't done." That's how I have felt my whole life.

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