



Executive Summaries

The 12th Annual SHRM Foundation Thought Leaders Retreat

Rebuilding the Talent Value Proposition for What's Next

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Key Themes of the 2010 Thought Leaders Retreat

Overview

As firms wrestle with challenging economic realities, HR leaders are focused on what they can do and need to do to enhance their organization's talent value proposition. Among the key perspectives offered: a compelling talent value proposition is about much more than compensation and strategy; it is about purpose, trust, authenticity, transparency and creativity. It is about creating a culture and an environment where each person feels valued and is connected with the strategy and purpose.

In rethinking and reshaping an organization's talent value proposition, HR professionals must act as agents of change in formulating and executing this evolving talent strategy.

Context

The SHRM Foundation's Thought Leaders Retreat brings together leading executives, academics and thinkers about HR to explore key issues shaping the future of the human resources profession. The 2010 event, the Foundation's 12th annual Thought Leaders Retreat, focused on the talent value proposition for what's next.

Key Themes

- **The macroeconomic environment is likely to remain highly uncertain.**

While officially the Great Recession may be over, the economy remains sluggish and projected growth rates of around 2% are well below historical norms of 5–6%. Consumer confidence is still low, the housing market remains soft, and the economy is increasingly vulnerable to shocks. Deleveraging will continue, deflation may be an issue, and companies are reluctant to invest.

Cost cutting has been, and still is, a top priority at many firms, which may result in a limited budget for talent management.

The macroeconomic situation will affect all aspects of talent management: who firms hire, how they hire and how they engage and retain employees.

- **Now more than ever, talent value propositions must be based on a clear sense of purpose.**

People aren't attracted to companies based on their products or strategies, and compensation is not the key to engagement or retention. People are motivated to join a company, are engaged and choose to stay with an organization when they feel a meaningful purpose. In a challenging economy with different generations in the workforce, mission and purpose matter more than ever.

And, beyond having a clear, overriding purpose, it is important that each employee feels that what they are doing is meaningful work that is personally connected with this purpose.

A key part of HR's role is to create strategies that translate the purpose into action and connect the purpose with each person's day-to-day job responsibilities.

- **Thought Leaders presenters identified several key elements of talent value propositions.**

A successful talent value proposition will attract, engage and retain the right employees. In addition to mission and purpose, presenters throughout Thought Leaders emphasized the need for cultures and talent value propositions that include:

- *Authenticity.* The authenticity of leaders matters greatly, as employees see through disingenuous words and actions. When intent is genuine, the right behavior and initiatives naturally follow.

- *Trust.* There was much discussion of trust. Trust is hard to measure, but is essential in successful organizations. When trusted relationships exist, people are more empowered to make decisions throughout the organization and people work together to solve problems. When people don't feel trust, they are less engaged and more likely to leave.

- *Transparency.* Part of fostering an environment of trust is being transparent. This entails being open about the vision and strategy, the challenges faced and the results. Based on the ability of employees to use technology to immediately access information, transparency is now expected and lack of transparency hurts an organization's talent value proposition.
- *Caring for employees.* Successful talent value propositions go beyond creating just employer/employee relationships. Employees feel empowered and behave as owners of the company, and employees feel cared for by the employer.
- *The opportunity to create and innovate.* Google has embedded innovation into its culture by allowing each employee to spend 20% of their time innovating. This benefits the company, as breakthrough innovations are developed, and is appealing to employees (and potential employees), who are encouraged to spend time creating and innovating with no questions asked.

These elements of a successful talent value proposition transform the relationship between a company and its employees from a transactional relationship to a trust-based relationship that connects with a person's emotions.

- **In rebuilding the talent value proposition, HR must be an agent of change.**

Changing economic conditions, changing workforce demographics, and a changing talent value proposition are among the key changes affecting organizations and HR

professionals. These changes require that HR professionals act as agents and leaders of change in their organizations. The basic steps of leading change are well established and include creating a shared need, translating the vision, mobilizing commitment, monitoring progress and attacking the cultural challenges.

One of the key challenges that HR executives face is getting line business leaders to take ownership of talent management. HR needs to help these managers understand why specific hiring, development, assessment and profiling activities are in their self-interest, and that they can't achieve the business results they want by themselves.

- **Applying the talent value proposition to what's next requires understanding how to attract and develop talent in China and India.**

As companies and workforces becoming increasingly global, it will be necessary for many firms to develop international talent value propositions, particularly in China and India. It is necessary to understand the cultures and contexts in these countries.

Other Important Points

Use of analytics. A growing trend is use of analytics in talent management. More organizations and HR practitioners are using data and analytics to help make HR decisions. For example, Google is using data about the performance of top performers and bottom performers to help determine best practices and improve performance.

Connecting HR With Business Where It Matters

Speaker: **Padma Thiruvengadam**, Vice President-Operations, Pfizer Oncology

Overview

Human resources is about more than people management. In times of continual change, HR has the opportunity to reach beyond its support role to become the agent that integrates and aligns organizational structure, talent, processes, systems and metrics with the near- and long-term corporate vision. By doing this, HR will earn its place on the leadership team.

Context

Pfizer's Padma Thiruvengadam, who moved from human resources to operations, discussed HR's role in furthering corporate goals.

Key Takeaways

- **To realize its potential, human resources must understand and facilitate the corporate mission.**

Every successful company has a mission, but does everyone in the organization understand it? It is HR's responsibility, working through people, to translate that mission into value, objectives and execution. HR must address these questions:

- *Path*. Where does the company want to be in three, five and 10 years? These targets establish financial and competitive goals.
- *Deliverables*. What concrete results do these goals imply? Deliverables should drive job descriptions, career development and recruiting efforts.
- *Metrics*. How will these deliverables be measured? What performance metrics are in place and which need to be added or changed?
- *Organization and processes*. Are today's organizational roles, infrastructure and business rules the right ones to achieve the company's goals?

"HR has a huge opportunity to put the business in perspective. You can make or break the business."

— Padma Thiruvengadam

The mission might vary by region. Pfizer needed to differentiate the mission for its European business, characterized by an aging population, from that of the emerging Asian market, where the battle is over brand names versus generics.

- **Embedding company goals—and the means to achieve them—everywhere in the organization ensures superior outcomes.**

Every company wants to deliver outstanding results in the form of sustained growth and profitability, customer satisfaction, employee loyalty and innovation. To get there, HR must be an integral player in weaving company targets across four overlapping and interdependent realms:

1. *Strategy—how the company thinks and plans*. How is this formalized in developing, reviewing and communicating the plan?
2. *Processes—how the firm operates*. Every department, from sales to manufacturing, has processes that determine information flow, decision rules and key roles. How well do these mesh with and support strategic goals? Can they be redesigned for greater efficiency?
3. *Systems—how everyone interconnects*. Infrastructure determines how daily business is conducted, and it drives the company's operating culture.
4. *People—how the organization leads its employees*. Does everyone understand how to behave to accomplish strategic goals? Does talent development over time support product and market targets?

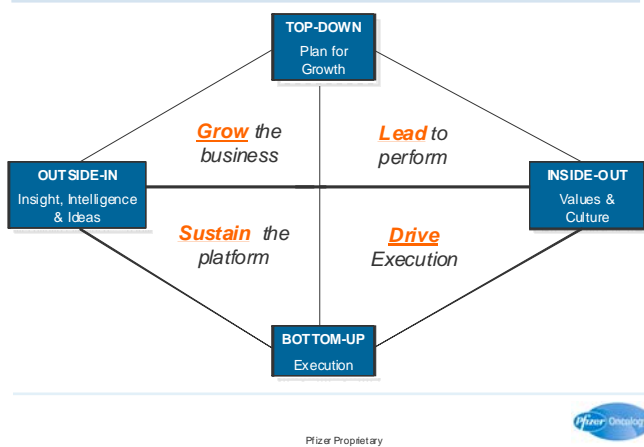
It is useful for HR to think in terms of ROI (return on investment) for disparate stakeholders: investors, customers, colleagues and industry analysts, who help determine available funding. Although each group has

different objectives and needs specific information, HR can ensure that all communications are consistent with the corporate mission.

- **To support an organization's brand, HR must help align strategy, execution, market knowledge and company culture.**

The platform that underlies a successful company's performance can be visualized as a matrix with two dimensions: plan/execution and outside/inside. (See below.)

Platform for Organizational Brand



Coordinating top-down strategy with bottom-up execution (the vertical dimension) can't be done without the tight integration of internal values and external insights (the horizontal axis). Managed together, these variable factors enable a firm to grow the business (top/outside), lead high-performing staff (top/inside), drive execution (bottom/inside) and sustain the platform (bottom/outside).

"If HR wants to be an integral part of the company, it has to be more than a business partner."

— Padma Thiruvengadam

Part of HR's role is to see that these platform axes remain aligned throughout the lifecycle of the business, geography and product. In linking an executive's pay-for-performance to tangible results, for example, HR must

address the company's competitive environment, growth plan, internal values and execution competencies. As the company moves into a new geographical region, HR must assess the impact of geopolitics on managing cross-cultural talent in the same location.

- **HR can ensure consistency and stability during major transitions such as a merger.**

HR's "playing field" encompasses three jobs: 1) translating business strategy into objectives and performance metrics, 2) identifying and improving key business processes, and 3) defining the organizational structure and managing talent.

Change is a constant, as all companies seek to grow through geographic expansion, deeper penetration into current markets, or acquisition. During times of major change, HR has the opportunity to be the integrator that maintains "business as usual" but also ensures that everyone is kept informed and reassured about upcoming directional shifts.

"The only thing I guarantee my staff is change."

— Padma Thiruvengadam

During an acquisition, HR can form a core transition team charged with producing an integration blueprint for the combined operation. The acquiring company focuses on process-improvement opportunities available in the new business, while the acquired firm is more concerned with the change-management aspects of adapting their existing processes to fit the new environment.

Other Important Points

- **Culture shock.** When an executive moves from Saks to Wal-Mart, HR can enable a successful transition to new products, customers and values.
- **Rapid growth.** In going from 15th in the global oncology business to third in only two years, Pfizer had to revamp its operational processes.

Global Trends and Issues in Talent Management

Speakers: **Thomas Belker, SPHR, GPHR**, *Managing Director, Corporate Human Resources, OBI Group Holding*
HongLing Jiang, Ph.D., *Associate Director, Confucius Institute, Purdue University*
Harvey Rosenblum, Ph.D., *EVP & Director of Research, Federal Reserve Bank of Dallas*

Overview

Continued slow growth in the economy has serious implications for how HR managers approach talent management. Bifurcation is taking place in the labor market. Large numbers of unskilled workers have been laid off from jobs that are not coming back. The highly skilled workforce market, however, is experiencing shortages and is characterized by rising wages.

Ongoing financial crises in Europe are forcing a paradigm shift in HR that will require managing through volatility and thinking in new ways. There is a shift away from the well-educated "specialist" who worked for the same company for many years to one who is more of a solo traveler, with his or her own agenda.

China is dealing with the global issue of human resource management and how to recruit and retain talent. Setting compensation has become a priority as compensation issues have become the top reason for labor disputes. Chinese companies view the loss of an employee as a loss of talent, money and reputation.

Context

The panelists discussed how the economy is affecting HR across the world. Specifically, Dr. Rosenblum gave an overview of the economy, discussing the implications of slow growth on HR. Mr. Belker described how the weak economy has impacted HR management in Europe. Dr. Jiang presented a history of China's HR development and discussed current labor relations challenges.

Key Takeaways (Rosenblum)

▪ **Recent economic activity suggests that sluggish growth and deleveraging will continue.**

From the mid-1980s through 2008, the U.S. economy was defined by two "states"--stability/growth and instability/contraction. Stability and growth ruled for much of that

time, with periods of instability and contraction perceived as short term and not of concern. Recent economic activity suggests that a third state, stasis/stagnation, may be emerging, characterized by sluggish growth and deleveraging. This possibility is reflected in the following indicators:

- *The recession is over?* Although the recession officially ended in June 2009, for many companies, 2010 results compared to 2008 do not look good.
- *Slow recovery continues.* The recovery continues, but has slowed notably. Following the financial crisis, the U.S. economy has been expected to grow at 2% per year, which compares to historical recovery rates of 5%–6%. Consumer confidence is still low. Housing experienced a double dip, may have a triple dip, and will not contribute to the economy until 2013 at the earliest.
- *The economy is still vulnerable.* The recovery is increasingly vulnerable to shocks.
- *Deflation may be an issue.* The rate of inflation is currently 1%, a level not seen since the 1950s. Federal Reserve statements about a "declining inflation trend" reflect a concern about deflation. The Fed has some room left to lower long-term rates, but there are implications related to what the exit strategy is.
- *Ample liquidity is not leading to investment.* Large companies have raised massive amounts of capital but are not using it to increase hiring or investment spending.
- *Unconventional policy tools are being used.* The Fed is using unconventional policy tools, most of which are not tested.
- *Wage growth is below target.* Money wages normally grow at a 4.5% annual rate in the long term. In this recession, money wages are 9% below targeted growth, a major gap that has to be made up. Debts taken on five to ten years ago were based on 4.5% wage growth,

making current debt burdens much higher than planned.

- *The stock market is rewarding global companies.* The stock market is rewarding companies with global operations, contributing to their ability to raise capital and fund expansion goals. Companies with purely U.S.-based operations are not being rewarded by the market.
- *Legislation is contributing to stagnant investment.* Health care and financial-regulation reform have created uncertainty in the business community because companies do not know what the cost of compliance will be.

▪ **The gap in the labor market raises complex HR issues.**

Bifurcation is taking place in the labor market. Many unskilled workers have been laid off from jobs that are not coming back. The highly skilled workforce market, however, is experiencing shortages and is characterized by rising wages. Employers complain that they cannot fill high-skill jobs. These labor issues are complicated by the loss of mobility created by a declining housing market.

"A bifurcated environment makes having an HR policy very, very complex."

— Harvey Rosenblum

Key Takeaways (Belker)

▪ **Aftershocks of the financial crisis are still being felt in Europe and in some ways reflect a crisis of leadership.**

The financial crisis has led to chronic crises in European countries. Reflecting a crisis of leadership, people don't trust banks, fear job loss and have a low opinion of government. Looking to the past provides answers for some of the problems faced today. Robert Bosch, an early 20th-century German entrepreneur, said that it was better to lose money than to lose the trust of your customers.

"The state of the crisis we are in is also the crisis of leadership."

— Thomas Belker

▪ **The recession is forcing a paradigm shift in talent management.**

Companies must learn to manage through volatility, the new norm. Recessions require tough decisions and for some companies there will be no budget for talent management. The coming paradigm shift requires HR to think in new ways:

- Talent management is no longer a linear extension of the present into the future. Companies must seek employees that don't necessarily reflect the existing corporate culture.
- Talent management can exist without a budget if the proper mindset is in place.
- Talent management must be more targeted.
- Talent management must become talent empowerment.

There is now a shift away from the well-educated "specialist" who worked for the same company for many years. Younger specialists want ownership of their own manpower, not wanting to place their expertise at the disposal of their employer. The specialist is becoming more of a solo traveler, with his or her own agenda. Companies must adjust to this by:

- Educating their talent to be managers of change.
- Educating managers of change to be thought leaders and cultural trainers of solo travelers.
- Recognizing that there is no age limit for managers of change.
- Knowing that systematic talent management will serve as an effective parachute in critical times.

"The specialist is becoming more of a solo traveler . . . a kind of job nomad."

— Thomas Belker

Key Takeaways (Jiang)

▪ **HRM development in China has evolved since 1979.**

Since 1979, there have been five stages of HRM development in China:

1. *Experimental (1979-1982)*. The focus was on how to manage people and how to develop incentive programs.
 2. *Formulization (1983-1985)*. Management-responsibility systems were widely established and management reform was implemented.
 3. *Systemization (1986-1989)*. A nationwide practice of optimization was adopted. Team efficiency improved and job descriptions became clearer.
 4. *Transformation (1990-1996)*. New policies were introduced.
 5. *Strategic reorganization (1997)*. Restructuring and reorganization were emphasized.
- **Labor relations has become a very important part of talent management in China.**
- China is dealing with the global issue of HRM and how to recruit talent, set compensation programs and retain talent. A survey conducted from 2007 to 2008 by the Society for Academy in China provided data about employee turnover in China.
- *Turnover by functional area*. The highest employee turnover occurred in finance, marketing, R&D, sales and HR management.
 - *Turnover by industry*. Industries with the highest turnover are the product industry (31.5%), the service industry (28.3%) and the IT industry (25%).

— *Reasons for turnover*. The top reasons for turnover include low compensation, limited career development, interpersonal relationships and health issues related to job stress.

Also, from 2007 to 2008, labor disputes, which typically relate to compensation issues, increased significantly in China as a result of a lack of trust about job security.

"Compensation issues were the most important reason for labor disputes."

— HongLing Jiang

▪ **Chinese organizations view the loss of employees as a loss of resources and reputation.**

In Chinese culture, organizational commitment affects an employee's motivation. More attention must be paid to salary, social exchange and meaningfulness of one's work, whereas in Western culture, these qualitative factors are more of a personal issue. In Chinese culture, corporations take the loss of an employee very seriously because it shows that a competitor provides a better salary and environment for its employees. Long-term employment is very important for talent management in times of economic uncertainty because it is how corporations build trust.

"In Chinese culture, corporations regard turnover as a loss of people, money and reputation."

— HongLing Jiang

Social Capital: The Missing Link in the Value Proposition for Talent

Speaker: **Karen Stephenson, Ph.D.**, *Social Network Thought Leader, NetForm*

Overview

Social capital (the knowledge that is transferred between people) is the missing link in the performance equation, which has historically valued only human capital (skills, talents and experience). Social capital is difficult to measure because it is tacit; it is knowledge not captured in documents or computers. Trust is the currency that carries this knowledge back and forth.

Culture can be decoded when the structure of networks is studied. Key connectors within networks are the people who hold the culture together. Understanding who the key connectors are is critical to an organization's ongoing success.

Recent crises such as 9/11, the aftermath of Hurricane Katrina and the Gulf oil spill all reflect failures of institutions to collaborate effectively. The challenge of the 21st century will be the intelligent integration of hierarchy and networking within heterarchies (3 or more institutions).

Context

Using empirical science from her 35 years of researching social networks, Dr. Stephenson discussed how she is applying her method of analysis to small group dynamics and social capital measurement. Dr. Stephenson's firm NetForm conducts social network consulting for business organizations as well as government agencies.

Key Takeaways

- **Social capital is the missing link in talent management because it is difficult to measure.**

Intellectual capital, which is what employees are paid for, is comprised of human capital and social capital.

— *Human capital.* Skills, talents and experience. An example of human capital is trustworthiness, which is a competency that can be easily measured.

— *Social capital.* This is the connections within networks in an organization. Trust is a social capital measure that

takes two people to define and is more difficult to measure.

Social capital is the missing link in talent management because it is tacit and hard to measure. Eighty percent of human knowledge is tacit, not captured in documents or on computers but in the knowledge shared among those who have worked or collaborated together. This is a significant number that organizations should be measuring and including as a credible form of knowledge in compensation/performance reviews.

"Eighty percent of human knowledge is not written down in policies or procedures but held in the tacit knowledge shared among colleagues who have worked together or collaborated in some capacity."

— Karen Stephenson

From a business perspective, social capital is the advantage created by a person's location in the structure of a relationship and explains how some people gain more success in a particular setting through their superior connections with other people.

- **Trust is a powerful force that holds cultures and organizations together.**

Social, economic and anthropological research over the past 150 years shows that transactions, authority and trust are the ties that bind an organization.

— *Transactions are a simple exchange.* There is no uncertainty or ambiguity associated with using an ATM machine or a credit card over the Internet. Companies do many transactions because they are simple and easily accomplished.

— *Authority, on the other hand, has some uncertainty and ambiguity associated with it.* Someone has to be in charge, take the credit or the blame and dispense orders to solve a problem. Authoritative systems will always exist, but they can handle only small amounts of uncertainty.

— *Trust can handle the greatest degree of uncertainty.*
Trust is a currency that carries knowledge back and forth. A disagreement with a trusted spouse or colleague leads to discussion and resolution of a problem. Trust is a powerful force that holds corporations and cultures together and is the primary reason why cultures don't change.

Trust-based relationships facilitate the flow of information between people and networks and are the key to understanding social networks and the structure of culture.

"Trust is the powerful nuclear force that holds corporations and cultures together."

— Karen Stephenson

▪ **Culture can be decoded when the structure of networks within an organization is studied.**

The notion of culture within organizations has been "mystified" over the years because failures by management to effect change within organizations have been attributed to the culture. For example, if a merger or acquisition fails, the blame is placed on disparate cultures. The reason why change fails, however, is that management does not know where trusted networks exist within the organization. When organizations can detect where trusted networks exist and diagnose if they are aligned with objectives, they can then manage them more effectively.

Nascent networks begin with egocentric networks (trusted friends and colleagues) that act as an island of enterprise. Once the networks start to connect, they form an archipelago or community and a social network results. Culture can be decoded when the structure of networks is studied, because networks are the structure of culture. Trust binds these networks together.

"Networks are the structure of culture."

— Karen Stephenson

Interestingly, social media does not track trust; it tracks transactions. Although wonderful, social media is not a substitute for trust or organizational culture.

▪ **Identifying the key connectors in an organization is critical to effecting change.**

Connectors are people who hold the culture together and are essential to the success of an organization. Without these people, an organization will fall apart. The challenge is finding who these people are. If key connectors can be identified and convinced to become engaged in the change process, they will effectively communicate the organization's message because they are trusted.

An organization must connect with at least 5% of the key connectors to bring about sustainable change. Less than 5% does not work.

"Key connectors hold the structure of the culture together."

— Karen Stephenson

▪ **Network analysis has been successful in identifying organizational problems in corporate and government entities.**

Dr. Stephenson developed Social Network Analysis, a methodology and diagnostic analysis that illustrates the connections and communication behaviors within an organization. Social Network Analysis was successfully used to diagnose organization problems at the following institutions:

- *Doctors Without Borders.* One of the doctors wanted to do work in another part of the world before retiring. With the support of his colleagues, he left the organization. Once he left, however, the organization fell apart because, unbeknownst to him, he had been a key connector.
- *Government agency.* A 35% increase in new hires failed to produce the desired result of increased effectiveness. A Social Network Analysis showed that the organization lacked a good strategy and plan for onboarding new hires. In addition, the analysis found that a group of smokers was "where the knowledge was," and also where a small group of non-smokers who recognized this hung out.
- *National Institutes of Health.* A network study revealed two people within the organization who would be good

successors to the current director of a division. These individuals were effective communicators both internally and externally. Very successful as the acting director, one of these people ultimately became the director of the division.

- **The intelligent integration of hierarchy and networking within heterarchies is the transformational challenge of the 21st century.**

A heterarchy is a network of three or more institutions that are linked together in some way. Historically, heterarchies within health care, education and government have not collaborated effectively.

The Iraq war is an example. People died because of a lack of collaboration in the supply chain. In health care, people die because of miscalculations and mistakes made when transferring patients from institution to institution. Crises including 9/11, the aftermath of Hurricane Katrina and the

Gulf oil spill all reflect failures of multiple institutions to collaborate effectively.

The transformational challenge of the 21st century is the intelligent integration of hierarchical structures and networking within heterarchies.

"The now is hierarchy; the new is the network; and the next is heterarchy, which is intelligent integration."

— Karen Stephenson

Other Important Points

- **More information.** Information about Dr. Stephenson's work can be found at the following web sites: www.netform.com and www.drkaren.us.

www.pwc.com/us/peopleandchange

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The Impact of Organizational Strategy and Culture on Talent Strategy

Speakers: **Dick Antoine**, *Former Global Human Resources Officer, Procter & Gamble*
Steve Kerr, Ph.D., *Executive Director, Jack Welch Management Institute*
Moderator: **Anthony Rucci, Ph.D.**, *Professor, The Ohio State University*

Overview

Strategy doesn't drive people. Unless understanding and executing strategy becomes personally meaningful for employees, any strategy is doomed. To accomplish ambitious goals in a constantly changing world, companies must ensure that they consistently integrate their talent strategies across boundaries, put the right committed leaders in the right jobs and keep adapting their approaches to new conditions and requirements.

Context

Dr. Kerr and Mr. Antoine discussed the challenges of managing company talent in an era of change.

Key Takeaways

▪ Change never stops; the basic techniques for leading change have remained largely constant.

Despite changing circumstances—such as the emergence of the “Me Generation,” media pronouncements about the “death of bureaucracy,” and the economic turmoil of recent years—the need for thoughtful talent planning is as great as ever. Companies that used to treat change as temporary episodes between stable stretches now understand that change is constant. The guiding techniques, tools and steps for leading change haven't changed:

- *Create a shared need.* Top management needs to articulate a vision that engages employees. A vision's job is to set direction, clarify values and direct ambition.
- *Translate the vision.* HR must convert the vision and values into specific job descriptions for what people will do to move the firm forward.
- *Mobilize commitment.* It's easy to downplay the inspirational component of leading change and instead focus on structured financial rewards. But gaining commitment and trust requires consent among those affected that the goals are legitimate and worthwhile. The Obama administration's TARP stimulus program,

whatever its merits, ignored the inspirational piece and has yet to win the public's commitment.

- *Monitor progress.* Because people need to know how well the change process is going, it is important to issue clear benchmarks and indicators. While HR is good at quantifying the “harder” elements such as pension funding, the “softer” metrics of success are more difficult (but not impossible) to quantify.
- *Attack the cultural challenge.* Sometimes the existing culture needs to be reinforced; at other times it must be updated to reflect new circumstances. Regardless of the specific situation, the work still needs to be done.

“You ignore these proven steps at your peril.”

— Steve Kerr

▪ To deliver on the strategy, HR leaders must ensure that the right capabilities are in place.

Although it should be self-evident that the business strategy must drive the talent strategy, too often they are disconnected. Two firms with dramatically different business strategies may have talent-management approaches that sound identical.

HR should ensure that the company develops and incorporates the skills and capabilities that the specific business strategy demands. Some skills, such as leadership and analytical ability, are timeless. Others, though, are emerging as essential, such as:

- *Transparency.* With the emergence of the BlackBerry and iPhone as essential corporate tools—and a new generation's ability to immediately acquire information—it's clear that data access and transparency are requirements, but internal systems often assume the opposite.
- *Integrative thinking.* The ability to assess data and viewpoints from multiple sources and then arrive at insights is something great leaders have. HR needs to identify and nurture integrative thinking.

— *Cross-boundary leadership.* To be successful, almost every leader now faces the need to manage across more than one boundary: functional, organizational, geographical and ethnic/cultural.

▪ **When a talent strategy is really working, common success factors integrate its components.**

It's possible to develop outstanding programs in isolation, but unless an organization's programs are connected to each other and the strategy, the talent-management program will fail. An HR department might have a great training program, but it must be linked with other programs and with the business strategy to realize its value.

This essential "plumbing," at which GE excels, goes beyond regular communication; it involves embedding common success factors throughout the organization. Some groups may be encouraging team collaboration, for example, while others are making achievement a zero-sum game. Once these success factors are identified, a smart talent system will consistently integrate them throughout the employee experience: hiring, training, performance reviews, talent assessments, promotions and even exits.

▪ **Mergers test a talent strategy's ability to understand and manage company cultures.**

Four out of five mergers and acquisitions fail, due to a poor strategic fit or a "culture clash," which is not usually defined in useful terms. When Procter & Gamble acquired Gillette in 2005, the product-line and market fit was good, but would the cultures mesh?

"Too much is at stake in a big merger. You have to get this right."

— Dick Antoine

To get beyond opinions about how to blend the companies, P&G surveyed 5,000 people across both organizations, asking them to rate various factors in their work environments. For example, they could characterize "decision-making style" as decentralized at one end of the spectrum or top-down at the other. "Communications" could range from transparent and frequent to closely guarded.

P&G found that the firms were similar on 10 of 14 criteria, while 4 factors were significantly different. For each of these "variant" findings, the newly combined company had to decide which culture to modify.

In the end, a firm needs consistent change and leadership models, not dozens of approaches. This is particularly important when operating globally.

▪ **Committed line leaders must own the talent-management system and direct meaningful work.**

It is not enough to tell line leaders to execute talent-management directives because "it's your job." The best HR approaches won't succeed if line leaders don't embrace them. HR needs to help these managers understand why specific hiring, development, assessment and profiling activities are in their self-interest, and that they can't achieve the business results they want by themselves.

"The talent-management system must provide workers a good boss and challenging work."

— Dick Antoine

What drives commitment? Surveys told P&G that, of all the reasons people left the company, "because of my boss" and "my work isn't meaningful or challenging" accounted for 80% of responses. ("Compensation" was rarely a top reason.) This finding underscores how, in most organizations, a "focus on purpose" is underutilized as a contributor to strategic business results. To this end, P&G emphasizes the "Four A's":

- A sense of **achievement**.
- Meaningful **autonomy**.
- Some level of decision-making **authority**.
- **Accountability**.

Other Important Points

- **Dead end.** At IBM, if you as a manager haven't identified a qualified successor, you're not promotable.
- **Field trip.** If GE can't find the right internal assignment to develop an upcoming leader, it may place him or her with a customer for six months.

Scaling Innovation

Speaker: **Shannon Deegan**, *Director of People Operations, Central Staffing and Business Development, Google*

Overview

Innovation is Google's bread and butter. The company creates an employee environment that encourages innovation and celebrates risk taking. Employees are expected to act like owners and are treated like owners. Google's commitment to transparent communication is a key element to fostering this shared approach to the company's mission.

Google uses data to shape every people process, from looking at who are the top and bottom performers to figuring out what motivates different people, especially top performers. Google's annual survey of employees provides management with feedback about how to improve the employment experience at the company.

Google continues to look for new ways of incenting employees, addressing the issues associated with 12 years of rapid growth and operating with agility.

Context

Mr. Deegan discussed how Google, with 24,000 employees in 60 offices in over 20 countries, approaches HR and the innovative ways the company motivates and retains talent.

Key Takeaways

▪ Innovation is central to Google's culture.

Innovation is Google's bread and butter. The company emphasizes an atmosphere of creativity and challenge, making big bets on innovations that may never pan out. This risk taking is part of Google's culture and is celebrated, even if a new product initiative fails.

Innovation is ubiquitous at Google; it comes from every employee, team, office, country and function. Google employees (Googlers) are encouraged to test new products that are under development and provide feedback. Providing an environment that allows people to innovate is how big products like Gmail began. "Awesomeness" awards are given to those who innovate and lead.

Google sustains an innovative environment by:

- *Institutionalizing the practice of innovation.* Employees can dedicate 20% of their time to working on anything they want. Employees are not evaluated on what they do during that 20% of their time, but if they do something great, they will be recognized.
- *Making product development everyone's job.* Innovation is expected and supported in all segments of the organization, from software developers to childcare providers.
- *Allowing for mistakes.* What may be a failure to others is not seen as such at Google. Even if a project doesn't succeed, like Wave, it may be possible to reuse it elsewhere. At times the company gives monetary rewards for projects that fail.

"If we stop innovating, we stop existing as a company."

— Shannon Deegan

All Googlers are encouraged to think and act like an owner of the company. A culture of participation defines the organization. If something is broken, employees are expected to fix it or find someone who can. Engineers are encouraged to invent solutions that are not yet possible, and are able to give Larry Page (co-founder of Google) five-minute new idea pitches.

▪ Transparency is a key element of Google's employee relations.

Transparency is key. Senior management treats employees like owners by "over-communicating," giving everyone access to ambitious company-wide goals and setting a shared vision for what is to be accomplished in the quarter. The route to achieving these goals is open to employees, allowing them to create their own process for getting there. Every Googler designs their own quarterly objectives that are shared publicly and reviewed at the end of the quarter.

Every Friday, a happy hour with senior management is held for questions from employees. This give-and-take

fosters trust, allowing for debate that leads to decision making by leaders.

"Transparency is the one thing that all companies can do."

— Shannon Deegan

▪ **All people decisions at Google are based on data and analytics.**

Google's People Operations are based on a 1/3, 1/3, 1/3 model. One-third of this department is comprised of traditional HR personnel, one-third are management consultants and one-third are Ph.D.'s in the social sciences.

Google uses data to shape every people process, from looking at who are the top and bottom performers to figuring out what motivates different people. Attrition rates are extremely low for high performers at Google. This is due to a focus on understanding what drives them. This analytical focus requires:

- Making people metrics universally useful and accessible.
- Ensuring that all people processes are analysis-driven.
- Using analytics to attract, engage, retain and raise productivity of Googlers.
- Being a laboratory for breakthrough talent-management ideas.

"We use data to shape every people process."

— Shannon Deegan

▪ **Google's annual survey of employees is an effort to identify factors that drive business outcomes.**

The purpose of Google's annual survey of employees, "Googlegeist," is to use employee feedback to improve the company's employment experience. With 75 questions in 13 survey dimensions, the survey's goal is to identify factors that drive business outcomes and understand what keeps people motivated. Developing the survey is a rigorous process involving complex formulas.

Survey results indicated that career development is an issue for Google employees. Because the company grew from 0 to 20,000 employees in its first ten years, Googlers

were promoted quickly, sometimes managing others just weeks after joining the company themselves. Google is mentoring employees and trying to change the discussion from "promotions" to "doing interesting things in one's career." Finding ways to provide internal mobility and international opportunities is a focus.

"Understanding what keeps people motivated is really important."

— Shannon Deegan

Lessons can be generalized from Google's survey experience. In particular, the desired business outcomes of the employee survey are retention and innovation. When conducting an employee survey, companies must:

- Take the results seriously.
- Ensure every item on the survey is actionable and related to company goals.
- Build a climate of trust among employees to get a better response rate and to encourage employees to provide confidential, rather than anonymous, data.
- Use results to foster internal competition and benchmarking.
- Engage employees in finding and creating solutions to the issues/problems uncovered.
- Search for areas where the same HR policies are being perceived very differently.

▪ **Google continues to look for ways to improve its employee experience and understand what the future organization will look like.**

Going forward, Google has made reducing bias during performance reviews a priority. In addition, the company is rethinking the value of employee benefits. As the company has matured, the needs of employees have changed. In the past, a great ski trip was a motivation for a younger employee. That same employee may now have a family and desire different benefits. Because Google grew so quickly and hired so many people at a rapid rate, career progression has become an issue. It is hard to get promoted to a senior level at the company, a concern the company is addressing.

Other areas of focus include encouraging managers to think through different cost scenarios when seeking replacement employees. In addition, there are continuing discussions about what the growth curve will look like if Google takes a pay-for-performance approach to incenting employees. Figuring out how to better deal with the highest and lowest performers is also a goal. In an effort to identify potential future employees, Google has asked for permission from employees to access their Facebook and LinkedIn profiles.

"We are spending a lot of time on what the future shape of the organization will look like."

— Shannon Deegan

▪ **Agility fosters an ability to respond to opportunities.**

To remain agile, Google takes the following approach:

- *Create only as much structure as absolutely necessary.* Although there is a hierarchy at Google, the company operates as "flat" as possible, creating only as much structure as is necessary.
- *Provide the raw materials.* The company strives to make life easier for employees by having an onsite laundry and dry cleaning facility as well as tech help. In

addition, employees are able to replace their phones and computers every 1–2 years.

- *Hire people who are good at many things.* Google hires people that are good at many things. The company tries to be as anti-bureaucratic as possible, but when it comes to hiring, the process is "incredibly bureaucratic." The company received two million applications last year. Hirings are made by committee and there is an extensive interview process. The executive management team decides which of the finalists get through the process. Finalist packets are then sent to Larry Page, who goes through each packet and makes the final decision about each hire. Hires are assessed on general cognitive ability, role-related knowledge, leadership and "Googliness" (people that are passionate about what they are doing in their life).

"Hiring is the heart and soul of the company."

— Shannon Deegan

- *View managers as resources, not bosses.* Managers work for the team they are managing.
- *Reward and recognize employees.* Google has unique ways of incenting and rewarding employees.

Developing Better Leaders Through NeuroLeadership

Speaker: **David Rock**, *Founder & CEO, Results Coaching Systems*

Overview

Developing leaders is very difficult. Part of the problem is that as leaders move up in an organization, their capacity for social and self awareness goes down. The environment in which leaders operate typically leads to mental and cognitive exhaustion, which critically impairs their capacity for problem solving. Brain research shows that insight is a necessary component of problem solving. Yet insight can occur only when a person has time for quiet reflection, which is not a reality for most executives.

The brain is deeply social and perceives physical and social pain in the same way. Understanding this connection and the implications of social experience in the workplace is important. SCARF is a brain-based model developed by David Rock that organizations can use to address social experience and limit leadership practices that trigger the employee threat response.

Context

Since 2006, David Rock, co-founder of the NeuroLeadership Institute and CEO of Results Coaching Systems, has been bringing neuroscience research into the leadership world. He discussed how NeuroLeadership can be applied to HR.

Key Takeaways

- **Leaders are cognitively exhausted, which hinders their problem-solving capabilities.**

Developing leaders is hard because there is no theory for what leaders do and no way to predict who will be an effective leader. Leaders must be adaptive and have high levels of self and social awareness.

Surprisingly, when people move up higher in an organization, their capacity for self and social awareness actually goes down. This occurs because leaders function in an environment that doesn't allow them adequate time to think. Senior managers typically are mentally and cognitively exhausted, leaving little room for problem solving.

"A funny thing happens on the way to leadership—your capacity for self and social awareness actually goes down."

— David Rock

- **Brain research can benefit leadership development.**

Brain research can help in leadership development in the following ways.

- *It increases openness to learning.* When brain research is connected to an issue, such as leadership, people are more interested in the findings, because brain research is an evidence-based science.
- *It highlights what leadership programs should do more of.* Brain research highlights the importance of insight in problem solving. This discovery can influence how leadership programs are developed.
- *It explains things we didn't know.* Brain research sheds light on how and why the brain responds in different situations.
- *It improves the quality of interventions.* Leadership programs that use the findings from brain research have a better chance of effecting change. For example, for the brain to change, there needs to be 1–4 hours of new learning every week, an important consideration to include in leadership development programs.

- **Insight is a necessary part of problem solving.**

Insight is the experience of solving a complex problem that a person's conscious resources can't solve. The average brain freezes up when trying to multiply four digits, yet the information necessary to process this calculation is far less than required to make the average tough decision. Most people do not physically have the capacity to make tough decisions. Solutions typically come to us through insight.

There are four phases the brain goes through in coming to insight.

— *Impasse*. Being aware that a problem exists is the first step toward insight.

— *Reflection*. Thinking about and being anxious about a problem does not lead to insight; reflection is necessary. There are four qualities in the reflection phase that significantly increase insight:

- **Quiet**. The brain needs quiet. Insights involve connections between small numbers of neurons, yet the average thought binds millions of neurons. Insights must be able to rise above the noise.
- **Internally focused**. This requires looking at your thoughts and shutting off visual and auditory distractions.
- **Positive frame of mind**. Innovation happens when people are happy. Stress and anxiety reduce insight and problem-solving ability.
- **Avoid problem solving**. It is necessary to stop actively trying to solve the problem. This avoids having the wrong solutions become dominant in your brain.

— *Insight*. When insight occurs, adrenaline-like and dopamine-like substances are released into the brain.

— *Action*. Insight brings short-term urgency for action. Insight solves problems in a complex way that makes long-lasting changes to the brain.

"Insight is the heart of change."

— David Rock

▪ **The brain is deeply social.**

Neuroscience has revealed that the brain is deeply social and perceives social pain and physical pain in the same way. The human threat response occurs when there is physical or social pain. For example, if a colleague insults your work, you feel attacked and your threat response goes up. In this state, you are less able to do deliberative work because the threat response in the brain soaks up executive resources.

Humans highly value social connectedness; loneliness is perceived as a bigger threat than hunger. Facebook is so successful because it taps into what your brain likes to do

best: think about yourself and others and how you connect.

"One of the insights of neuroscience is just how social our brain is."

— David Rock

▪ **SCARF has implications for employee engagement, leadership practices and organizational change.**

"Managing with the Brain in Mind," a paper written by David Rock, outlines SCARF, his brain-based model for collaborating with and influencing others. The five qualities of SCARF that enable employees and executives to minimize the threat response and enable the reward response are:

— *Status*. Status is insidious because the brain is always assessing if you are better or worse at a given activity. If you feel that your status has gone up, the brain releases dopamine and you become more creative, and perception and cognition go up. High status also makes you live longer. Bad news, on the other hand, raises a status threat and leads to a threat response. Status is accidentally threatened at organizations all the time, leading to a significant amount of wasted time. Status explains why performance reviews are very difficult and why many HR initiatives fail.

— *Certainty*. The brain categorizes everything into threat or reward. When you create uncertainty in an organization, you are creating pain. Uncertainty is a big threat in and of itself.

— *Autonomy*. A feeling of having a choice dramatically reduces stress levels.

— *Relatedness*. Until proven otherwise, others are perceived as a threat. This is a big problem with virtual global teams. People don't collaborate well with foes or with people that they don't know. Trust and connectedness are critical.

— *Fairness*. Brain regions associated with primary rewards, such as food, pleasant touch, or money, are also active when people receive fair offers.

SCARF has implications for employee engagement, leadership practices and organizational change. Organizations can use SCARF to test the impact of new initiatives on employee engagement. SCARF also can help identify leadership practices that negatively or positively impact employees. When organizational change is the goal, managers can identify which elements of SCARF are important to their team and incent and motivate accordingly.

"The five domains of SCARF are as important as physical pain to the brain."

— David Rock

Additional Resources

Books by David Rock:

Your Brain at Work

Quiet Leadership

Coaching with the Brain in Mind

Web Sites:

www.ResultsCoaches.com

www.NeuroLeadership.org

<http://blog.davidrock.net/PsychologyToday.com/Blog/Your-Brain-Work>

E-mail: DavidRock@WorkplaceCoaching.com

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Kevin Hostler

CEO/President
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The Talent Value Proposition at USAA

Speakers: **Liz Conklyn**, EVP, People Services, USAA
Joe Robles, CEO, USAA

Overview

Companies often say people are their most important asset, only to then slash headcount in tough economic times. However, talent really is USAA's most critical asset. The company's people strategy focuses on hiring for keeps, driving culture to engage employees and structuring benefits and compensation to encourage tenure. These strategies leave no doubt in employees' minds that they are highly valued, strategic, long-term assets.

Making talent feel valued and offering a compelling employment value proposition are the keys to building a high-performing, world-class workforce that delivers superior customer service. But authenticity matters. A company that doesn't genuinely value its talent won't successfully engage employees, retain them, or reap the customer service rewards it otherwise could.

Context

Mr. Robles and Ms. Conklyn explained why USAA's people strategy works to create a high-performing, world-class workforce.

Key Takeaways

- **USAA's people-focused business requires employees who care about members.**

USAA was founded in 1922 to sell reasonably priced flight insurance to military officers. Today, the company is one of America's largest financial services providers. USAA exclusively serves military personnel, veterans and their families—providing this customer base with a wide range of affordable financial services products.

Customers are referred to as "members" of the USAA family; there are 8 million today. CEO Joe Robles has expanded the company's potential market by extending the membership opportunity to the children and grandchildren of veterans and active-duty military personnel. That's a potential market of 61 million.

Tapping that vast market opportunity means reaching potential members with a relevant message and product/service offering. USAA is in the people business. Its people are a critical conduit of the message to members and potential members.

USAA employees enhance the relevance of the company in members' lives by genuinely caring about members. The company takes 62 million phone calls per year. There are many examples of call center representatives going above and beyond to help a member in ways that are more typical of a friend or family member than a service provider (e.g., taking on the chore of making funeral arrangements for a retired colonel whose daughter had died in a car accident).

"Because we're in the people business, we have to be relevant to our customers and employees."

— Joe Robles

Employees care so deeply about serving members well because they themselves feel well cared for and valued.

Many companies say that employees are their most important asset. USAA means it. USAA employees know they are a strategically valuable, long-term asset. As a result, engagement is high, members are well cared for and the relevance of USAA in members' lives is enhanced.

That is why it is strategically important for USAA to offer a talent value proposition that makes employees feel valued.

"Our greatest assets are our people. We put our money where our mouth is. . . . We don't use employees to balance the organization's books."

— Joe Robles

▪ **USAA's talent strategy fosters caring engagement because employees feel valued and well cared for.**

A strong employee value proposition is essential at a time when 76 million baby boomers are about to exit the workforce and be replaced by a much smaller generation of 45 million. Attraction and retention of top-notch talent will be high priorities for most industries in coming years.

Among USAA's strategic priorities is creating a world-class workforce and workplace. USAA's three-part people strategy is focused on achieving that goal. The three (somewhat unconventional) elements leave employees with no doubt that they are highly valued:

1. *Hire for keeps.* This means not viewing employees as disposable assets but as long-term strategic assets. Because USAA did not lay employees off during the economic downturn, the company is better positioned for the recovery. Showing employees they are wanted for the long haul can't just be empty words. When USAA had to close two offices, it offered everyone who was displaced a position in another location. (Half chose to relocate—a high percentage.) Mr. Robles also takes every opportunity to tell employees how much they are loved and to do the "little things" that go a long way toward expressing that, like celebrating long-term service milestones. With a goal of hiring for keeps, however, a careful selection process is critical.

"We hire for life and show employees every day we love them and care about them . . . and expect them to care about our customers."

— Joe Robles

2. *Drive culture to engage employees.* USAA credits its continued growth through the Great Recession to both its responsible, ethical customer base and to an employee base that loves the membership. The corporate culture encourages employee empathy for members—which is a recipe for high engagement (USAA scores high on Gallup engagement surveys). A critical element of engagement is "communication, communication, communication" from senior leadership to every employee. Employees need to be kept informed to feel involved and engaged. Culture is

driven deep into the organization in several ways, including Mr. Robles' quarterly employee meetings, hiring and onboarding processes, and recitation of the mission at the start of every meeting.

"We point employees in the right direction. We say, 'You work here, you've got to love our members.'"

— Joe Robles

3. *Structure benefits and compensation to encourage tenure.* A company won't achieve a world-class employee base without both hiring carefully and following through with lots of support for employees—in terms of facilities, benefits and compensation. USAA has an attractive benefits package, including one of the top ten retirement programs in the country. The workplace looks like a college campus, with multiple fitness centers, Starbucks and cafeterias. A "My Helper" program offers employees the opportunity to hire people (at attractive rates) to run personal errands like getting oil changes, which decreases absenteeism.

The keys to building a high-performing, engaged workforce and retaining top-notch employees, believes Mr. Robles, are giving individuals the tools they need for a successful, happy life and showing them in every way possible that they are a valued asset to the company.

"If you give employees all the tools they need—great workplace, competitive pay, amenities so they can have fun in life—and show them in every way you can they are valuable, you will have a high-performing workforce."

— Joe Robles

▪ **Authenticity matters to engaging employees.**

"Joe's authenticity flows down through every level of management," says Liz Conklyn, architect of USAA's people strategy. Leaders' authenticity matters greatly when engaging employees. Employees see through disingenuous words.

Many companies say they want engaged employees and top-notch customer service, but really just *want to want* these things. There is a huge difference. An analogy is the way people often say they want to lose five pounds. If they really wanted to, they would.

Any company that purports to want highly engaged employees delivering outstanding customer service needs only to mean it to achieve it. When the intent is genuine, the right behavior and initiatives naturally follow--i.e.,

showing employees they are valued as long-term strategic assets by providing them with an attractive employee value proposition.

"Believing employee engagement is important has to be true. Then you do the stuff to engage employees. If you don't really value that, it doesn't happen."

— Liz Conklyn

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The India Way: How India's Top Business Leaders Are Revolutionizing Management

Speakers: **Peter Cappelli, Ph.D.**, *George W. Taylor Professor of Management and Director of the Center for Human Resources, The Wharton School*
Hema Ravichandar, *Strategic HR Advisor and Former Global Head of HR, Infosys*

Overview

Approaches to doing business in India are very different than in America. Unlike American CEOs who prioritize delivering financial results to satisfy shareholders, Indian CEOs prioritize strategy, culture and human capital. Social missions are inseparable from companies' core missions. Human capital is viewed as the greatest source of competitive advantage for firms.

With the linkages among human capital, business strategy and financial performance much better understood in India, HR departments work closely with senior management in creating strategy. And Indian firms use HR metrics in more sophisticated ways than do firms in the United States.

Context

The speakers shared insights into Indian firms' characteristic outlook on business strategy and developing talent assets.

Key Takeaways

- **The ways of Indian business are instructive for U.S. companies.**

India has an enormous population, 1.2 billion, enormously diverse in language, religion and culture (English is the default language). In six Indian states, poverty is worse than in sub-Saharan Africa. But poverty in India has declined dramatically in recent decades.

India's business environment is more challenging than that in the United States—with far fewer business support services and government systems in place. It is far more difficult to enforce contracts, trade across borders, protect investors, get credit, register property and start or close a business. Companies have had to be resourceful "to make progress while the government sleeps."

U.S. companies have much to learn from their Indian counterparts. For one reason, India's business sector is outperforming America's. India is the second-fastest growing economy (projected to grow GDP 9.4% in 2010). It is producing global leaders in industries traditionally led by U.S. companies.

Even before the financial meltdown, the United States had the world's second worst-performing stock market. High rates of corporate malfeasance in America contrast with Indian companies' deep commitment to social responsibility. In U.S. firms, employee interests take a back seat to the flexibility to restructure and lay off—which Indian companies rarely do.

"We in the U.S. might want to think: This is an opportunity to look more broadly for lessons."

— Peter Cappelli

Moreover, India is a huge and growing market. Even companies that are not planning to set up shop there should be aware of the market opportunities and dynamics. For that, understanding the mindset of Indian competitors is critical.

"There's lots of scope for future growth, so even if you are not employing in India, you need to look at it as a market."

— Hema Ravichandar

- **Indian business priorities and strategy are starkly unlike those of corporate America.**

Indian business leaders see the world through very different eyes than their American counterparts, as Dr. Cappelli learned from interviewing 100 Indian CEOs.

While representing the interests of owners and investors is the top priority for U.S. CEOs, it ranks fourth on Indian leaders' priority list. Ahead of shareholders' interests:

1) driving the business strategy; 2) creating and maintaining the organizational culture; and 3) being a guide/teacher for employees.

"These are just stunning differences in priorities, and they reflect differences in the way these companies operate."

— Peter Cappelli

Indian leaders focus more on business strategy and on human capital drivers of performance than is typical in the West. As a result, there are stark differences in how companies operate:

— *Social mission is paramount to business success in India.* The Indian CEOs interviewed all described their business in the context of its social purpose. Serving society is fundamental to the way Indian businesses operate. Social mission isn't ancillary to financial objectives but is seen as the way to achieve them. A focus on social mission pays off in an enhanced brand that can better attract, engage and retain employees and customers. An example of the difference between Indian and American style CSR: The leading U.S. software manufacturer approached CSR by making products more accessible to the disabled. Its Indian counterpart built and staffed an entire children's hospital.

"[It's not that] these companies aren't worried about financial performance. They just see a path to financial performance that runs through doing good. That is how they will motivate people, engage customers and succeed in the long term."

— Peter Cappelli

— *Business strategy comes from within the company.* The CEOs never mentioned their leadership teams as critical to success, but identified their firm's entire human capital capability as the source of its competitive strength. Consultants are uncommon, as are strategies focused on market repositioning (like M&As) or financial restructuring. Business models focus on producing high quality at low cost, quickly—imperatives in India's fast-moving markets.

— *Companies invest in and engage their employees.* Extensive training periods for recruits, in college-like settings, are typical. New hire training in the IT sector averages 60 days. The learning function is seen as an important source of strategic value. Employee engagement and transparency are high priorities. One company, HCL, prioritizes employees before customers. Another, MindTree, analyzes its own ethical violations openly on its website. A third, Sasken, has no executive perks.

With the linkages among human capital, business strategy and financial performance accepted as self-evident, HR departments work closely with senior management in creating strategy. And Indian firms use HR metrics in more sophisticated ways than do firms in the United States.

— *"Jugaad" is a uniquely Indian "can-do" approach to solving problems.* Resourcefulness in a culture of scarcity permits the improbable to be accomplished; e.g., manufacturing a \$2,000 car or delivering high-volume, low-cost cardiac surgeries for children. Such innovations aren't "rocket science." They reflect numerous tweaks to known models, requiring diligent trial-and-error adaptations.

■ **India's talent landscape presents unique HR challenges.**

The intense competitive landscape of India's business sector requires imagination, speed and execution excellence—and top talent is viewed as critical to all of those capabilities. But the talent market is intensely competitive as well.

"My former boss used to say, 'Imagination, speed and excellence in execution—without these we will disappear as quickly as dew on a sunny morning.'"

— Hema Ravichandar

A few of the HR challenges Indian companies face include:

— *Talent is increasingly expensive*, with wages projected to rise 17% in 2010.

- *Stark mismatches between talent supply and demand* in some industries require innovative methods to fill talent pipelines (e.g., engineering graduates are retrained for IT spots; universities and teachers are incented monetarily to prepare students for specific companies' workplace demands).
 - *Diversity/inclusion management is critical.* Indian companies are very conscious of the conflicts that can arise in teams of people from different regions.
 - *Building a collaborative, team-oriented culture* conflicts with aspects of India's social mindset, where students view each other as competitors.
 - *People bring personal problems to work; managers must play emotionally supportive roles.* Companies are like families.
 - *Companies jeopardize reputations if they fail to honor recruiting agreements or lay off employees.* They do so at their own peril. Customers remember.
- **A priority for successful Indian companies is building a trusted employer brand.**
To recruit, engage and retain top talent amid the complexities and ambiguities that characterize India, the best companies cultivate a widely trusted employer brand. The cultural expectation that employers take care of their

employees is a strong one. Customers have long memories.

Other human capital priorities that distinguish the best Indian firms:

- Invest in middle management and leadership pipelines.
- Invest in training; train to benchmarks.
- Practice just-in-time manpower planning. This is important given how quickly business needs can change and the importance of honoring any recruiting agreements.
- Incentivize knowledge management. Document best practices.
- Focus on execution with a data-driven culture that makes extensive use of metrics and dashboards.
- Take a systematic approach to developing capabilities, enabled by a strong technology footprint.
- Weave customer satisfaction into initiatives like customer-needs research, client-centric workshops and learning interventions.
- Keep employees in the loop. Leaders should communicate news to employees the same day as to other stakeholders.

Sustaining Trust in Times of Change

Speakers: **Rich Floersch**, *EVP and Chief Human Resource Officer, McDonald's*
Pat Nazemetz, *Corporate Vice President and Chief Ethics Officer, Xerox*

Overview

Xerox and McDonald's are iconic companies that both staged impressive turnarounds over the past decade. In both cases, HR leaders worked closely with CEOs on formulating strategy, and HR-related objectives and strategies were instrumental in effecting the talent management and cultural changes necessary for success.

Context

The speakers shared the stories of the turnarounds at Xerox and McDonald's, highlighting the HR strategies that were pivotal to success.

Key Takeaways

- **HR strategies were critical to the successful turnarounds of both Xerox and McDonald's.**

Xerox and McDonald's have staged impressive comebacks from hard times in recent decades. In both situations, senior leadership worked in close partnership with HR leaders to create the turnaround strategies that revitalized the businesses. Implementing these turnaround plans enabled the success that each of these companies enjoys today.

HR-related strategies were integral parts of the turnaround strategies in both cases. Indeed, one lesson that Ms. Nazemetz learned from working under former Xerox CEO Anne Mulcahy (when Ms. Mulcahy headed Xerox's HR during the 1990s) is that a successful HR strategy cannot be divorced from the overall corporate strategy. The two must be integrally linked.

- **A talent-retention strategy led to Xerox's successful turnaround.**

Ten years ago, Xerox was nearing bankruptcy. Its business had gotten off track, although competitors were doing fine. Its stock price plummeted as pundits aired negative views in the business press. Internally, morale plummeted as well.

In those pre-Enron days, before the dot-com bubble burst, working at a company perceived as having made strategic missteps was shaming enough to cause employees to avoid neighborhood barbecues. People seriously questioned whether Xerox had a future and asked themselves whether they should stay.

To remain viable, leadership urgently needed a compelling, nonfinancial way to retain Xerox's top performers.

A "high-touch" talent retention strategy was implemented. The 150 people most critical to Xerox's successful turnaround were identified. The goal was to keep 95% over the coming three years. Xerox did even better—retaining 98%.

It was a simple strategy of sharing how much Xerox needed them. CEO Anne Mulcahy met personally with these people. They were told how important they were to the company, asked what was important to them and asked their views on turnaround strategy. When the company shared how sorely it needed them to stay, nearly all did.

"Our talent strategy played a critical role in moving us into a successful turnaround and positioning us for a successful future."

— Pat Nazemetz

As the turnaround vision was communicated firm-wide, people began to envision a new future for Xerox, with themselves as a part of it. They saw how they could help shape that future and became excited about the new career opportunities that doing so could open up.

- **Xerox's turnaround was implemented in phases, each with different HR-related objectives.**

The HR-related objectives of each phase of the company's turnaround were primarily focused on engaging and retaining people. These HR objectives emphasized:

1. *Purpose.* In the first phase, leaders set the tone by asking opinions, listening and establishing dialogs to align the organization around a common purpose. The HR objectives were:

- Establish a clear vision for the future.
- Kindle passion among the leadership, then communicate with all employees, connecting them in the turnaround mission.
- Build alignment and commitment.

2. *Possibility.* Once aligned around a common cause, employees could envision the possibilities of the future. The key HR objectives were:

- Highlight the opportunities.
- Encourage risk around the purpose.
- Focus the organization on achievement.

HR initiatives included strategies for retaining the employees who would become the “starting lineup” and retooling talent-development activities for the changed needs of the company’s future.

3. *Pride.* A major role of HR was to help everyone feel proud to be part of the team working toward a larger purpose. Evidence of progress was celebrated—both internal milestones and external recognition that was received.

▪ **Managing talent to promote a high-performance culture was a core HR challenge in the revitalization of McDonald’s.**

McDonald’s was floundering during the 1990s. The business environment had changed. The company opened too many restaurants in an attempt to chase a higher price/earnings ratio. New competitors distracted the company. Management now says, “We took our eyes off our fries.”

The years 2002 and 2003 brought sweeping organizational changes: staff reductions, a CEO change and a call to action termed a “Plan to Win.” Since 2003, McDonald’s has enjoyed remarkable success, including 29 consecutive quarters of increased same-store sales, even during the

economic downturn. Jim Skinner, CEO for the past six years, refocused the company on fundamentals, operations and staying close to its customers.

The core HR-related challenge in turning McDonald’s around was not talent retention as was the case for Xerox; it was managing talent with the rigorous processes necessary to build a high-performance culture.

A bit of background: Some 40% of senior managers at McDonald’s have come up through the ranks from store-level positions. They feel enormous pride, and that tradition is important to the corporate culture. A negative of this “family” culture, however, is that it led to inflated performance reviews. Practically every senior manager was outstanding. For those who weren’t performing up to par, another place in the company was always found.

When Mr. Floersch was brought in as CHRO, his mandate was to create a high-performance culture without sacrificing the family-based aspects of the existing culture. To upgrade organizational performance, he introduced more rigor and transparency concerning performance reviews and job fit.

Mr. Floersch credits the company’s compelling employee value proposition with cultivating the employee trust that leads to high performance. McDonald’s is continually working to differentiate its employer brand from competitors’ through an ever-finer understanding of what employees most value about working at McDonald’s. (What do they value? Three Fs—Friends and Family, Flexibility, and Future.)

▪ **Several components of McDonald’s revitalization plan fell squarely in HR’s domain.**

There were five parts to McDonald’s revitalization recipe:

1. *The “Plan to Win” and alignment.* The plan is a simple, one-page strategy comprising five Ps: People (intentionally first), Product, Price, Place and Promotion. The document allows franchisees freedom to introduce products that will do well in their local markets, while staying aligned to a clearly defined corporate framework.

2. *Customer focus and brand contemporization.*

McDonald's used to think about customer focus purely in operating terms like speed and convenience. Now, products reflect a finer-tuned customer focus (e.g., salad in a bowl, designed to appeal to moms eating in restaurants with kids). The brand now has a much more contemporary feel.

3. *Family-based and high-performance culture.* This dual mandate emphasized creating a family-based atmosphere while simultaneously reshaping the culture to focus on high performance.

4. *Innovation and execution.* Strong execution capabilities are a must for a company that serves 60 million customers a day. Innovation is cultivated by listening to franchisees' ideas, being curious, looking outside the company—and then rigorous testing and scaling. By the time a new product is rolled out nationally, the company is fairly certain of its success.

5. *Talent-management and leadership development.*

Talent management and leadership development together comprised one of CEO Jim Skinner's top three priorities when he joined the company. He tells managers to promote only people who they believe can perform as well or better than the manager himself — or else the company will be taking steps backward.

"We expect people to develop others to be better than themselves."

— Rich Floersch

Other Important Points

- **Leading the leaders.** Xerox's past two CEOs—Anne Mulcahy and Ursula Burns—were internally groomed, with 65 years of combined experience in the company. Their success, and Xerox's, is a tribute to the countless HR professionals who created the leadership development and succession processes that identified and cultivated the talents of these remarkable leaders.

Biographies

Connecting HR With Business Where It Matters

Padma Thiruvengadam
Vice President-Operations, Pfizer Oncology

Padma Thiruvengadam is the vice president of operations for the Asia Pacific and Canada region of the Oncology Business Unit ("OBU") at Pfizer Inc. She is primarily responsible for sales force P&Ls and product performance in Canada and Australia/New Zealand and actively participates in new product development strategies for Japan. Thiruvengadam works with the country leaders in Canada and Australia/New Zealand to achieve in-year and long-term revenue and market share goals and resource allocation. She works to align budgets with OBU objectives and financial targets and to drive overall business performance. Thiruvengadam also works with the country leadership teams to ensure in-country promotional programs for all oncology products to support global product strategy and in-country marketing needs. In addition, Thiruvengadam provides guidance on several business development projects. Prior to her current role, Thiruvengadam was the vice president of business integration, leading integration activities globally for oncology for the Wyeth merger. Thiruvengadam first joined Pfizer in 2008 as vice president of HR, where she provided overall HR strategic counsel to the OBU and worked closely with the OBU leadership in developing and operationalizing the new "Business Unit." She has 18 years of HR and business leadership experience with best practice companies, including Bank of America and Loral Space and Communications.

Global Trends and Issues in Talent Management

Thomas W. Belker, SPHR, GPHR
Managing Director, Corporate Human Resources,
OBI Group Holding

Thomas Belker is attorney-at-law and managing director of corporate human resources with the OBI Group Holding, a German-based home improvement retailer with more than 500 stores in 13 Central and Eastern European countries totaling sales of € 5.9 billion. OBI's aspiration is to be the leading DIY retailer setting the pace for the whole trade as an innovator. Belker oversees all aspects of HR management for the company's more than 38,000 employees. Before joining OBI in 2006, he served as vice president

of human resources at Hilti, a company renowned as a global provider of quality construction products and recognized for its distinct and innovative company culture. As director of HR with E-Plus Telecommunications, Belker led all HR directives for this German cellular phone service provider and served as HR liaison to the former shareholder Bell South, Atlanta. He is a graduate of Ludwig-Maximilians-University Law School in Munich. Belker serves on the board of directors of the HR Certification Institute. He is certified since 2003 as a Senior Professional in Human Resources (SPHR) and since 2004 as a Global Professional in Human Resources (GPHR).

HongLing Jiang, Ph.D.
Associate Director, Confucius Institute, Purdue University

Dr. HongLing Jiang is a lecturer of human resource studies in the Antai College of Economics and Management, Shanghai Jiao Tong University. She holds a bachelor's degree in English language from Xin Jiang Tarimu University, a master's degree in law and a Ph.D. in human resource management from Shanghai Jiao Tong University. Dr. Jiang teaches, conducts research and consults in the area of strategic human resource management, strategic entrepreneurship and labor relations, particularly focusing on how firms use people as a source of competitive advantage. She has published in research journals, has authored more than 10 book chapters and edited for *Shanghai Management Science Journal*. She has co-authored two textbooks, *Chinese Labor Legislation* (now in its second edition) and *Labor Law: From Theory to HR Practitioner*. She has taught in MBA programs at Shanghai Jiao Tong University, Nan Yang Technological University, Singapore. In addition, she has conducted programs and/or consulted for a number of large organizations, including Unilever, Shanghai Bell-Alcatel, Schneider, Siemens, Lian Hua Super Market Groups, United Electronics Co., Ltd., and Shanghai Electricity Co., Ltd. Dr. Jiang has also participated in MBA programs with Cornell University and the University of Texas.

Harvey Rosenblum, Ph.D.
EVP & Director of Research, Federal Reserve Bank of Dallas

Harvey Rosenblum is executive vice president and director of research at the Federal Reserve Bank of Dallas. He serves as

economic policy advisor to the Bank's president and as an associate economist for the Federal Open Market Committee, which formulates U.S. monetary policy. A widely recognized expert on both the national and Texas economies, Rosenblum has written articles for such publications as *The Journal of Finance*, *New York Times*, *Southwest Economy* and *The Handbook of Banking Strategy*. Rosenblum is a past president and member of the executive committee of the board of directors of the National Association for Business Economics (NABE), a prestigious trade association whose 3,000 members are the leading business economists in the United States and many other countries. Rosenblum is currently serving as executive director of the North American Economics and Finance Association. He was also appointed by the governor of Texas to the Product Development and Small Business Incubator Board. Active in economic education, Rosenblum is a visiting professor of finance at Southern Methodist University, teaching courses in contemporary issues on monetary policy and financial institutions and markets. His current research interests focus on monetary policy, inflation and the growing impact of globalization on the U.S. economy and businesses.

Social Capital: The Missing Link in the Value Proposition for Talent

Karen Stephenson, Ph.D.

Social Network Thought Leader, NetForm

Karen Stephenson, hailed in *Business 2.0* as "The Organization Woman," is a corporate anthropologist lauded as a pioneer and "leader in the growing field of social-network business consultants." In 2007, she was one of only three females recognized from a distinguished short list of 55 in Random House's *Guide to the Management Gurus*. In 2001, her consulting firm, Netform, was recognized as one of the top 100 leading innovation companies by *CIO*. Stephenson's prominence catapulted in 2000 when she was featured in a *New Yorker* article by Malcolm Gladwell regarding the social dynamics of office spaces. Stephenson has also earned praise for innovatively solving a variety of complex problems, as featured in *The Economist*, *Forbes*, *The Guardian*, *The Financial Times*, *The Wall Street Journal*, *Fast Company* and *Wired*. A global nomad, she has been sighted at the Rotterdam School of Management at Erasmus University, where she currently lectures. This was preceded by five years at the Harvard School of Design and 10 years at the UCLA Anderson Graduate School of Management. She received her Ph.D. in anthropology at Harvard University, an M.A.

in anthropology at the University of Utah and B.A. in art and chemistry at Austin College, TX.

The Impact of Organizational Strategy and Culture on Talent Strategy

Richard L. Antoine

Former Global Human Resources Officer, Procter & Gamble

Richard Antoine is president of AO Consulting, a human resources consulting firm working with CEOs and chief HR officers on leadership, talent development, ethics and HR strategy. Antoine retired from Procter & Gamble in early 2008 after a 39-year career in supply chain and HR, most recently after 10 years as P&G's global human resources officer. During his P&G career, Antoine lived in several U.S. locations and Kobe, Japan. Antoine is the president of the National Academy of Human Resources and serves on the boards of The University of Wisconsin Foundation and ORC. He also sits on the advisory boards for The University of Wisconsin Engineering School and The Center for Brand and Product Management. Antoine has a chemical engineering degree from the University of Wisconsin and an MBA from the University of Chicago.

Steve Kerr, Ph.D.

Executive Director, Jack Welch Management Institute

Steve Kerr is a senior advisor at Goldman Sachs and executive director of the Jack Welch Management Institute. He was a managing director and Goldman's chief learning officer in 2001-2006. Prior to that, Kerr served as General Electric's vice president of corporate leadership development and chief learning officer in 1994-2001, which included responsibility for GE's renowned leadership education center at Crotonville. Before that, he was on the business school faculties of The Ohio State University, the University of Michigan and the University of Southern California, where he was dean of the faculty and director of the Ph.D. program. Dr. Kerr is a member of the board of directors of Harvard Business Publishing, The Motley Fool and the Miami Children's Hospital Foundation and serves on the advisory board of the Wharton School/University of Pennsylvania GSE's program in learning leadership. He is a former president of the Academy of Management. His writings on leadership and "On the folly of rewarding A, while hoping for B" are among the most cited and reprinted in the management sciences. His most recent book is *Reward Systems* (Harvard Business Press, 2009).

Anthony J. Rucci, Ph.D. (Moderator)
Professor, The Ohio State University

Tony Rucci is associate to the dean for executive programs and clinical professor of management and human resources at The Ohio State University. A former executive officer with three *Fortune 100* companies—Baxter International, Sears Roebuck and Co. and Cardinal Health—Rucci received the 2008 Distinguished Human Resource Executive Award from the Academy of Management's Human Resources Division. He has managed corporate strategy, investor relations, government affairs, corporate branding, procurement, human resources, ethics, security, real estate and aviation at a global level. In addition, Rucci has been chairman of the board of Sears de Mexico and dean of the business college at the University of Illinois at Chicago. Published in many journals, including the *Harvard Business Review* and *Fortune* magazine, he has frequently been interviewed and cited by major media outlets, including *Fast Company*, *The Wall Street Journal* and *USA Today*. Rucci is an editorial board member for several professional journals, a frequently sought-after speaker and a recipient of numerous professional recognitions and awards. Rucci earned his master's degree and Ph.D. in organizational psychology from Bowling Green State University.

Scaling Innovation

Shannon Deegan
Director of People Operations, Central Staffing and Business Development, Google

A native of Verdun, Quebec, Canada, Shannon Deegan is the director of people operations, central staffing and business development at Google. He oversees the exchange of innovative practices across the organization and leads Google's global staffing organization to ensure that the company excels in finding and hiring top candidates. Deegan joined Google after several years in media and publishing, including a position as a management consultant at McKinsey & Company in New York City. He has lived in Malaysia, Hong Kong and Japan, where he led business development efforts in Asia for two of Canada's largest financial institutions. From 1993 to 1996, Deegan was the chief of staff and senior policy advisor on Asia to the Canadian Secretary of State. He has also served as a special assistant to former Canadian Prime Minister Jean Chrétien. Prior to his career in public service, Deegan was a professional hockey player with the Los Angeles Kings organization. He has a bachelor of arts degree from the University

of Vermont, where he received the university's Most Outstanding Student award. He also holds a master of philosophy degree in international studies from Ireland's Trinity College, Dublin, and an MBA from the Yale School of Management.

Developing Better Leaders Through NeuroLeadership

David Rock
Founder & CEO, Results Coaching

David Rock coined the term 'NeuroLeadership' and co-founded the NeuroLeadership Institute, a global initiative bringing neuro-scientists and leadership experts together to build a new science for leadership development. He co-edits the *NeuroLeadership Journal* and heads up an annual global summit. Rock is also the founder and CEO of RCS, a global consulting and training firm with operations in 15 countries. Academically, Rock is on the faculty and advisory board of Cimba, an international business school based in Europe. He is a guest lecturer at universities in five countries, including Oxford University's Said Business School, and on the board of the BlueSchool, a new educational initiative in New York City. Rock is the author of *Personal Best* (Simon & Schuster, 2001), *Quiet Leadership* (Harper Collins, 2006), *Coaching with the Brain in Mind* (Wiley & Sons, 2009) and *Your Brain at Work* (HarperBusiness, 2009). He lives between New York City and Sydney, Australia.

The Talent Value Proposition at USAA

Elizabeth D. Conklyn
EVP, People Services, USAA

Liz Conklyn is executive vice president of people services for USAA. She leads an organization of over 300 employees in people service functions, including staffing, leadership development, employee relations, compensation, benefits, diversity and health services. Prior to joining USAA in 1999, Conklyn was senior vice president of human resources for General Signal Corporation. Preceding that, she was senior vice president of human resources and quality for Mobile Telecommunications. She also held a number of human resource and education management positions at IBM over a period of 17 years. Conklyn serves on the board of directors of the Episcopal Church Life Insurance Corporation. She holds a bachelor's degree in economics from the College of St. Elizabeth, and she earned her master's and doctorate degrees in organizational behavior from Cornell University.

Josue "Joe" Robles
CEO, USAA

Joe Robles is president and chief executive officer of USAA, one of America's leading financial services companies. The association has been serving military families since 1922 and has become well-known for its exceptional service, offering its 7.3 million members a comprehensive range of insurance and financial services. Headquartered in San Antonio, Texas, with offices throughout the United States and Europe, USAA owns or manages assets of \$135 billion. Robles oversees a corporate organization that includes USAA's Property and Casualty Insurance Group, Federal Savings Bank, Life Insurance Company, Investment Management Company, Alliance Services Company and Financial Planning Services. Prior to joining USAA, Robles had a distinguished 28-year career in the U.S. Army, where he was recognized numerous times for service and honor. He served in a variety of command and staff positions, including active duty posts in Korea, Vietnam, Germany and Operations Desert Shield/Desert Storm in the Middle East. Most recently, he served as the director of the Army budget and as commanding general of the 1st Infantry Division (the Big Red One). In 2009, *The Christian Science Monitor* named Robles the "No. 1 Veteran in Business" and *American Banker* named him "Innovator of the Year." Robles serves on a number of boards, including DTE Energy and the CHRISTUS Santa Rosa Hospital. He is also a member of the FM Global Advisory Board.

The India Way: How India's Top Business Leaders Are Revolutionizing Management

Peter Cappelli, Ph.D.
George W. Taylor Professor of Management and Director of the Center for Human Resources, The Wharton School

Peter Cappelli is the George W. Taylor Professor of Management at The Wharton School and director of Wharton's Center for Human Resources. Vault.com recently named him one of the 25 most important people working in the area of human capital, and Recruit.com recognized him as one of the top 100 people in the field of recruiting and staffing. Professor Cappelli's recent research examines changes in employment relations in the United States and their implications. His publications include *The New Deal at Work: Managing the Market-Driven Workforce*, which examines the decline in lifetime employment relationships; *Talent Management: Managing Talent in an Age of Uncertainty*, which outlines the strategies that employers should consider in developing and

managing talent (named a "best business book" for 2008 by Booz Allen); and *The India Way: How India's Top Business Leaders are Revolutionizing Management* (with Harbir Singh, Jitendra Singh and Michael Useem), which describes a mission-driven and employee-focused approach to strategy and competitiveness. His forthcoming book, *Managing the Older Worker* (with Bill Novelli), dispels myths about older workers and describes how employers can best engage them. Cappelli's related work on managing retention, electronic recruiting and changing career paths appears in the *Harvard Business Review*. He has degrees in industrial relations from Cornell University and in labor economics from Oxford, where he was a Fulbright Scholar.

Hema Ravichandar
Strategic HR Advisor and Former Global Head of HR, Infosys

Hema Ravichandar is currently an advisor to several leading multinational and Indian companies. She has more than 27 years of HR experience across different industries. She served as senior vice president for Infosys Technologies Ltd. until July 2005. In this capacity, she designed and drove the HR agenda for Infosys globally as it scaled up from 250 employees in 1992 to 40,000 employees in 2005. Under her HR leadership, Infosys won several "Best Employer of the Year" awards in India and top 100 rankings overseas. Ravichandar sits on the boards of several companies. She has held several key industry positions and was formerly the chairperson for The Conference Board, USA's HR Council of India and a member of the National Advisory Council for National HRD Network of India. Ravichandar has won several "HR Professional of the Year" awards and was included on the lists of 25 Most Powerful Women in India in 2004, Successful Women Professionals in IT for 2004 and 2005, and 25 Hottest Young Executives of the Year in 2002. Ravichandar is an alumna of the Indian Institute of Management, Ahmedabad, and is also a Wharton Fellow.

Sustaining Trust in Times of Change

Richard Floersch
EVP and Chief Human Resource Officer, McDonald's

Rich Floersch is the executive vice president and chief human resources officer for McDonald's. He is responsible for McDonald's human resource function for its 400,000 company employees in 118 countries. As a member of the senior management team, he oversees the company's talent management, leadership development, rewards and employment branding programs. Floersch

joined McDonald's from Kraft Foods International in 2003, where he had served as senior vice president of HR since 1998. In this role, Floersch was responsible for all aspects of HR for this Fortune 100 organization, which employs 50,000 personnel in 66 countries. Prior to Kraft, he was vice president of corporate compensation at Philip Morris. Floersch is a member of the board of directors for the HR Policy Association, a public policy advocacy organization representing the chief human resource officers from more than 270 leading employers across the United States. He also sits on the Personnel Roundtable. In 2008, he became the fifth recipient of the Hunt-Scanlon Advisors' HR Leadership Award and was also named by *Human Resource Executive* to its Honor Roll. In 2009, Floersch was inducted into the National Academy of Human Resources (NAHR). Floersch earned his bachelor's and master's degrees in business administration from the State University of New York at Buffalo.

Patricia M. Nazemetz

Corporate Vice President and Chief Ethics Officer, Xerox

Pat Nazemetz is chief ethics officer for Xerox Corporation. She is also a vice president of the corporation, appointed in January 1999. Nazemetz is responsible for all aspects of human resources and the company's talent strategy, including resource planning, sourcing, talent management, leadership development, pay and rewards, diversity, work environment and industrial relations. In addition, she oversees all ethics and compliance initiatives for the corporation. Nazemetz joined Xerox in 1979 as a benefits operations manager and held a variety of HR assignments. She was named vice president of human resources in 1999 and took her current position in 2007. Nazemetz is a member of the board of directors of WMS Industries. She serves as a director on the board of Catholic Health Services of Long Island, where she chairs the human resource committee of the board, and TransforMED, an organization committed to the transformation of the practice of family medicine. Nazemetz is also a trustee of Fordham University and serves as vice chairman of its board and chair of the nominating and governance committee. She received a Bachelor of Arts degree in mathematics and a Master of Arts degree in philosophy from Fordham University.



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The Thought Leaders Retreat was started in 1999 as a way for SHRM Foundation board members to interact with outside experts and to generate new research ideas. From that beginning, the event grew each year to include members of the other SHRM boards and special guests. Since 2002, Thought Leaders programs have targeted a senior executive audience and focused on strategic issues such as HR leadership at the board level, attracting and retaining top talent, and positioning your organization for recovery. To view content summaries of past events, visit www.shrm.org/foundation/products.asp.

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