

THREE

THE HUMAN RESOURCES
EMERGING EXECUTIVE

IAN ZISKIN

WILEY

“Ziskin provides a highly readable and engaging look at the roadmap to excellence for aspiring Human Resources executives. The advice is focused and actionable, clear and highly relevant. If you want to be a great HR executive, this is a must read place to start. When combined with curiosity, courage, flexibility, and hard work it is a very powerful formula for success.”

William Allen
Chief Human Resources Officer
Macy’s Inc.

“Ian’s book provides a comprehensive framework for any aspiring HR executive who wants to maximize their career potential by driving organizational performance.”

Joseph A. Bosch
Executive Vice President, Human Resources
DirecTV

“If you could be coached by an HR leader who epitomizes unique HR insight and wisdom – forged by working with leaders and employees at all levels, across multiple industries, organizations, and business challenges – Ian Ziskin is that HR leader. In *THREE*, Ian has distilled his insight and wisdom into a game-changing, highly practical, and forward-thinking tool that raises the bar on HR capability by addressing the what, who, when, where, why, and how of great HR leadership.”

John W. Boudreau
Professor and Research Director
Center for Effective Organizations
USC Marshall School of Business

“Ian has always had the unique ability to take HR from the theoretical to the practical and make it ‘real’. In today’s business environment, the organizations that differentiate talent and human capital management for competitive advantage and value creation will be the ones

that break out of the pack, and this book offers a ‘real world’ approach to achieve just that.”

Aris Chicles
Executive Vice President and President, Industrial Process
ITT Corporation

“Increasingly, business success hinges on effective leadership and management of human capital. Ziskin’s passion for the HR profession is captured in *THREE* as he generously shares insights based on his own experiences and thoughtfully takes us through the critical components of being a successful business leader. This book provides great practical guidance for both current and future leaders.”

Lisa Connell
Executive Director
HR People + Strategy

“In this wonderful book for rising HR executives, Ian combines personal experiences as a leader and consultant with top organizations to help rising high performers reach their potential. This truly unique book goes beyond, and offers a range of tools and frameworks that can aid one’s journey.”

Robert Cross
Associate Professor of Commerce
McIntire School of Commerce
University of Virginia

“Ian is a guiding light in the world of HR, and *THREE* is a fantastic integration of the major trends in business and how human capital (or people) management must respond to drive business value. *THREE* is a must read for anyone who’s interested in the creation and management of high-performance organizations.”

Mike Dulworth
President & CEO
Executive Networks, Inc.

“*THREE* is a primer in the world of the human resources executive, written by one who has BEEN THERE and DONE IT. Ian Ziskin

knows his subject matter thoroughly, as he has lived it. We are privileged that he has taken the time to share it.”

James Ellis
Dean of the Marshall School of Business
Robert R. Dockson Dean’s Chair in Business
Administration, and Professor of Clinical Marketing
USC Marshall School of Business

“As a former CHRO and as a parent to two emerging HR leaders, I know what book I will be recommending they read. Ian has done us all a great service by providing an engaging vehicle for current and prospective HR leaders to contemplate their personal development and to learn from proven leaders in the HR profession.”

Debra Engel
Board Member, Institute for the Future
Former Chief Human Resources Officer, 3COM

“One of the most important jobs we have as CHROs is to develop the next generation of HR leaders who will take the function to a higher level...Ian’s book will help all of us to make that happen.”

Rich Floersch
Executive Vice President and Chief People Officer
McDonald’s

“*THREE* provides sound, practical and actionable ideas, as well as practices and tools for any aspiring (or current) CHRO. Ian has brought his 30 plus years of HR leadership to bear in providing a resource to the profession that is infinitely readable and more importantly do-able.”

Curt Gray
Senior Vice President, Human Resources & Administration
BAE Systems

“The more the business strategy and the people strategy are integrated....the bigger the wins. Ian has created a very practical guide to help HR leaders get laser focused on the right questions to drive to the right solutions and outcomes for the business. Great HR leaders are the ultimate portfolio managers, not just managing processes, tools

and frameworks, but ruthlessly prioritizing where to invest in the right people to accelerate value for the firm.”

Monique Herena
Senior Executive Vice President and Chief Human Resources Officer
BNY Mellon

“Ian has done a masterful job of distilling the art and science of HR into a practical and compelling guide. A must read for any aspiring HR leader.”

Ravin Jesuthasan
Managing Director
Towers Watson

“At heart, great HR leaders are great business leaders. *THREE* delivers a dynamic mix of thought-provoking insights and practical tools for HR professionals to continue their own growth and help the function achieve its full potential. Ziskin does an amazing job of challenging HR leaders to lift up their heads, look around, and develop themselves in a way that connects with both the function and the business overall.”

Lacey Leone McLaughlin
Director, Executive Education
Center for Effective Organizations
USC Marshall School of Business

“*THREE* offers a thorough, balanced and actionable framework for CHROs and senior HR executives seeking to define and sustain HR functional excellence within their organization. Ziskin has advanced the HR profession considerably with an operative model firmly grounded in a critical analysis of the function, augmented by years of insights across a wide range of industries and organizational settings.”

Alan May
Executive Vice President, Human Resources
Hewlett Packard Enterprise

“Ian Ziskin has been able to crystalize over three decades of impressive HR experience into a compelling, thought provoking, and ‘must read’

book for everyone who seeks to be a great leader in HR and a great leader overall. Most compelling for me is Ian's vision of exemplary HR leaders as "Orchestra Maestros" with the responsibility and opportunity to 'lead, follow, or get out of the way—to reach out beyond the boundaries and traditional disciplines of HR to bring together expertise and capabilities from multiple functions.' Ian's vision for excellence, combined with practical advice, should be on everyone's reading list!"

Eva Sage-Gavin
Vice Chair, Aspen Institute's Skills for America's Future Advisory Board
Senior Advisor, The Boston Consulting Group
Former Chief Human Resources Officer, Gap Inc.

"*THREE* is packed with future vision as well as practical ideas. Learn how great leaders are like orchestra conductors managing human capital black holes and white spaces. Ian provides an insight into future trends that will impact us all, but he gives us the opportunity to influence our future."

William A. Schiemann
Principal
Metrus Group

"Ian provides a must read for aspiring and current CHRO's alike. His bold, transparent and constructive insight merges the paths of leadership and HR to forge the type of strategic leaders CEOs demand in today's competitive and ever changing environment."

Jeffrey S. Shuman
Senior Vice President, Chief Human Resources Officer
Quest Diagnostics

"Ian Ziskin has created an engaging and delightfully readable work. But make no mistake—his experience, insight, and thoughtful advice are right on the money for any aspiring future CHRO."

Ronald Sugar
Former Chairman and CEO
Northrop Grumman Corporation
Member, Boards of Directors of Chevron, Amgen, and Apple

“Ian has a knack for observing good HR work and offering practical advice for the emerging HR professional. His work transfers his insights and experiences into actions aspiring HR professionals can quickly adopt.”

Dave Ulrich
Rensis Likert Professor of Business, University of Michigan
Partner, The RBL Group

“Lots of books exist extolling what great HR looks like, how to build great HR functions, and how to align HR with the business. However, all of these efforts require leaders...HR executives who have developed their own leadership styles, values and goals. Ian Ziskin’s *THREE* is one of the few books that focus on how individual HR professionals can emerge to become true leaders. It is a must read for those that aspire to rise to the highest levels of the organization, and from there to have a positive impact.”

Patrick M. Wright
Thomas C. Vandiver Bicentennial Chair in Business
Director, Center for Executive Succession
Department of Management
Darla Moore School of Business
University of South Carolina

THREE

This book is dedicated to my family and friends for making me want to be a better person, and to my clients and colleagues for making me want to be a better professional.

THREE

The Human Resources Emerging Executive

Ian Ziskin

WILEY

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Introduction

In 1987, I was sitting in my HR boss's office having a feedback discussion related to the recently conducted company succession planning process. It was one of those meetings that turned out to be life-changing on a few levels.

First, the fact that my company, TRW, had a succession planning process was in and of itself more uncommon than I understood at the time. I believed all companies had a real succession planning process. Crazy, right?

Second, I actually thought it was quite common to receive candid feedback from the succession planning process. I believed all companies gave their leaders feedback about their strengths, development needs, and career potential. Crazier still?

Finally, the most remarkable thing of all was receiving the following feedback. My HR boss told me that the senior HR leaders of the company believed I had the potential to someday be the executive vice president of human resources for TRW—what many of us call “chief human resources officer” these days. I was twenty-nine years old and will never forget the first thing that popped out of my mouth, even before I could express gratitude, excitement, disagreement, or fear. Half-shocked, I simply blurted out, “WHY?????”

Some people to whom I have told this story over the years have suggested that, if I were smarter, I would have asked “WHEN?” rather than “WHY?” Trust me, I am just not that smart.

It wasn't that I was questioning the motives or wisdom of the HR leadership. I was instead literally dumbfounded and wondering what they saw in me that I didn't yet see in myself.

My boss did provide me very helpful feedback that day about "WHY?"—some flattering, some developmental, and some downright intimidating. It was great to know someone thought I was a high potential, and frightening to think about the responsibilities and implications of such an endorsement—especially at such an early stage in my career.

But this story is not about the details of the feedback I received, nor is it an ego trip related to being told I was a high potential. The point is that this one discussion embedded an indelible image in my mind about the importance of real feedback—good or bad—and the implications and responsibilities of great development that must accompany the feedback in order to make it meaningful. That one meeting changed my life.

Ever since that day, stimulated by my own experience, I have been obsessed with better understanding how to identify, develop, and prepare leaders for leadership roles. As a career-long HR leader, I have a particular passion for working with and enabling other HR people to figure out what makes for great HR, and for great HR leadership. Therefore, think of this book as a compilation of thirty-three years of many mistakes and a few smart moves made, challenges won and lost, and lessons learned and lessons I should have learned based on my own experiences. It is also a nod to the experiences of hundreds of HR and non-HR leaders—friends and colleagues whom I have had the pleasure to work with and learn from.

THREE is written for high potential HR emerging executives who want to accelerate their effectiveness and business impact, and for the bosses, peers, colleagues, friends, coaches, mentors,

and teachers who want to assist them in doing so. There is even something in here for line leaders who are looking for ways to get the most out of their HR people—leaders who want to raise the bar on everyone’s expectations of HR, including their own.

Chapters 1 and 2 will make you think about yourself—what you want to be known for as a leader and how well or poorly you are controlling your own destiny by managing your own development. These self-management elements are a crucial foundation to enable HR people to be better leaders themselves, and to therefore bring out the best in others.

Chapters 3 through 10 explore what the very best emerging and experienced HR leaders know and do. These chapters will cause you to consider whether you are focusing on the right capabilities, competencies, and content that will make the biggest difference to your effectiveness as an HR leader—now and in the future.

Chapters 11 and 12 illustrate the importance of learning from others. We will benefit from the unvarnished perspectives of eight academic thought leaders who study and work with HR executives and organizations all over the world, and we will also learn from input provided by over 100 highly experienced and up-and-coming HR colleagues, all of whom have a lot to say about what it takes to be successful as an HR executive.

I am fortunate to be in a profession I love, surrounded by incredible colleagues who make people and organizations more effective. Thanks to them, and to you, for making a difference—every day!

Ian Ziskin
June 2015
Sag Harbor, New York

THREE PulseCheck (Before)

Before you read this book, I recommend you allow yourself the luxury of a little self-reflection time to consider your own strengths, development needs, aspirations, and actions as an HR leader. The *THREE* PulseCheck will help you consider what parts of this book might be most meaningful for you, and where you will need to put some extra attention and effort if you want to close a few capability or experience gaps.

Be brutally candid with yourself. Everyone else is already talking about you—and they are not holding back. Your secret is out. People know you are not perfect. They are discussing your strengths, development needs, and potential . . . but they are probably not discussing these things with you.

Scale

- 1 = Don't do/don't know anything about it
 2 = Rarely do/don't know much about it
 3 = Sometimes do/know something about it
 4 = Often do/know a lot about it
 5 = Always do/know more about it than most

- | | | | | | |
|---|---|---|---|---|---|
| 1. Do I have a personal leadership philosophy I share with others that describes what I stand for and want to be known for as a leader? | 1 | 2 | 3 | 4 | 5 |
| 2. Do I have a balanced approach to my own development that includes what I need to know (capabilities, content, competencies, etc.), who I need to spend time with (bosses, peers, direct reports, employees, external constituents, etc.), and when I am learning from key experiences (critical developmental inflection points)? | 1 | 2 | 3 | 4 | 5 |
| 3. Do I integrate business and human capital strategy in a simple way, by following the value chain by which the business makes money? | 1 | 2 | 3 | 4 | 5 |
| 4. Do I lead change by focusing on a few high priority things that must be changed, understanding "from what to what," and overcoming key resistance points? | 1 | 2 | 3 | 4 | 5 |
| 5. Do I demonstrate business partnership by first mastering the art of the question, rather than attempting to prove how much I know about the business? | 1 | 2 | 3 | 4 | 5 |
| 6. Do I know what the best organizations do to develop their leaders and other key talent? | 1 | 2 | 3 | 4 | 5 |

- 7. Do I understand what distinguishes successful **high potentials** from everyone else, and whether I am one of those people myself? 1 2 3 4 5

- 8. Do I drive a **performance culture** in my organization? 1 2 3 4 5

- 9. Do I understand the role of HR leaders with the **board of directors**? 1 2 3 4 5

- 10. Do I see around corners to anticipate the **future of HR** and related trends? 1 2 3 4 5

- 11. Do I **pursue insight** from others to find new ways of thinking about HR? 1 2 3 4 5

- 12. Do I have **HR HeRoes** from whom I learn about great HR leadership? 1 2 3 4 5

What are my one to three biggest potential strengths and weaknesses relative to the above dimensions that I need to explore further while reading *THREE*?

CHAPTER

1

Act Like It's Personal

Personal Leadership Philosophy

In his book, *Leadership Is an Art*, Max DePree defined leadership as follows: “The first responsibility of a leader is to define reality. The last is to say thank you. In between, the leader is a servant” (DePree, 1989, 11). I can’t think of a more appropriate way for HR people to think about themselves as leaders.

Our job as HR executives is to cause people and organizations to be more effective and to address reality with brutal optimism. We help others to see challenges for what they really are, confront them, and resolve them. It is also our job to serve others—not to be subservient, but to serve the needs of people and the organizations in which they work. Serve them by making them better and more effective. Serve them by helping them seek the truth, obtain real feedback, and deal with change. Serve them by enabling them to develop their talents and be their best. Serve them by giving them the confidence, courage, and capabilities they need to make important things happen and deliver results. Serve, not be subservient.

Despite the criticality of the HR executive’s role in helping other people be better and more effective leaders, I find that most HR leaders do a terrible job of figuring out who they themselves are as leaders. Like the cobbler’s children, I think we spend so much time worrying about how to develop others that we give precious little thought to who we are and what we want to be known for. While you might believe that there is a noble unselfishness in this approach, it is also a sure path to leadership mediocrity.

Personal Leadership Profile

It is virtually impossible to invest in and build capable leaders without first investing in and developing ourselves as HR leaders. The very best HR executives I know have a point of view about themselves—what they believe in, what they want to be known for, how they want others to see them, how they hold themselves accountable, what their leadership brand is—they have a personal leadership philosophy. And, once they have a clear point of view, they actually tell other people what it is. Not in an arrogant way, but in a clear and confident way: “Here is what I stand for, and here is what I expect of you and others.”

The personal leadership philosophy can take many forms and may be shared with others in many ways. But there are two things common to all good personal leadership philosophies I have seen and heard. First, they are short enough to articulate and remember. And second, they are not a secret.

While the importance of having a personal leadership philosophy applies not only to HR leaders, but to all leaders, wouldn't it be great if you were better at it than anyone else and could put yourself in the position of teaching others how to create such a philosophy? There is no better way to be perceived as a credible leader than to teach other leaders how to be more capable and credible leaders.

The personal leadership profile (see Appendix 1 for the full version) is a tool I use to work with all kinds of leaders in crafting their personal leadership philosophies. It's a process for working through your beliefs and priorities about leadership and what you want to be known for by others. So ask yourself the following questions and see where you stand:

3. *What Is Important to Me:* What people, things, philosophies, values, beliefs, and/or experiences are most important to me?

4. *What I Value in Others:* What are the behaviors, attributes, and/or characteristics I value most highly in others?

- 5. *My "Hot Buttons"*: What things might people do—or fail to do—that drive me crazy, upset me, or keep me from being my best?

- 6. *My Personal Leadership Philosophy*: What are the principles for which I want to be known?

Once you have spent time working on your personal leadership profile and begin crafting your personal leadership philosophy, put it down for a while. Then come back to it every few days to review, rethink, and refine it. After you have had a chance to get comfortable with it and begin to believe it sounds like you, take the next step. Share your personal leadership philosophy with someone. Tell him or her what you want to be known for. Check for reactions. Ask the person for feedback and suggestions. Have the person ask questions about what you are trying to say and why these particular things are important to you. Tweak your personal leadership philosophy based on the input. Then share your profile again, with the same person or with someone else. After that, share it with your team and others with whom you work. Try it.

Lather. Rinse. Repeat.

After practice and refinement, you will find your personal leadership philosophy becomes more natural to you and a useful tool to articulate who you are as a leader and a person. Then, when you are working with others to develop them as leaders, be a teacher and a coach. Help others better describe who they are as leaders by showing them how to create and communicate their own personal leadership philosophies. What a great way to serve others while taking a leadership role in so doing!

Whenever I work with leaders on their personal leadership philosophies, the discussion almost invariably turns to me at some point. They ask me about my personal leadership philosophy. Often, they don't have to ask. After all, if I am going to convince them about the benefits of having and sharing a personal leadership philosophy, I should be practicing what I preach and sharing it with them, right?

So here it goes, with one important caveat. I share my personal leadership philosophy with you here as an example, to help you think through what yours might look and sound like. I do not share it to suggest that your personal leadership philosophy should be the same as mine, nor that the principles upon which it is based are appropriate for you. If there is something in here that works for you, feel free to steal shamelessly. If not, create your own. There are only two important things I want you to remember about your personal leadership philosophy. First, have one. Second, tell people who are important to you what it is.

The 4 Cs

I have used one version or another of my personal leadership philosophy for more than twenty years. I call it “The 4 Cs,” shown in Figure 1.1. It’s about Credibility, Collaboration, Courage, and Competence.

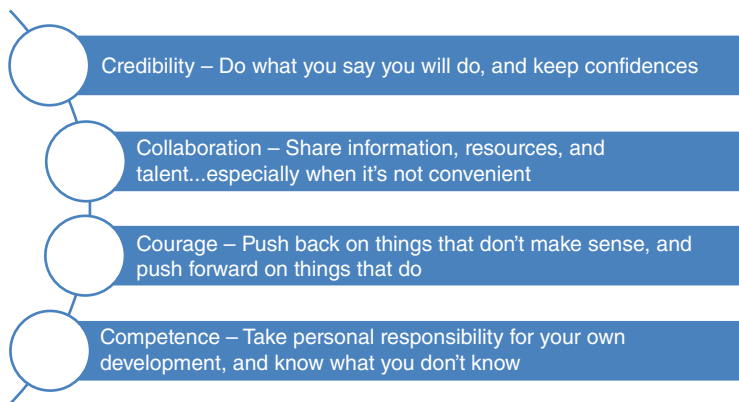


FIGURE 1.1 The Four Cs

Credibility involves doing what you say you will do and keeping confidential information confidential. I can't tell you how many smart and experienced HR people I have seen implode because they couldn't deliver on their commitments, and/or

because they failed to keep their mouths shut about important and confidential things. Once people figure out that they can't trust you to deliver and that they can't rely on you to keep confidential things to yourself, you are done as an HR leader. Period.

There is always a fine line between being truthful and transparent, and keeping confidences. The best way I know to strike the right balance in this dichotomy is to accept that the truth has a time and place. The truth is always important, it is paramount. But, it doesn't always have to be shared in this precise moment in this particular setting, in front of these particular people. Think about context. Think about the audience. Think about the information that needs to be shared. Think about the person who shared it with you and whose confidence you promised to keep. And then use common sense and your best judgment.

Share what needs to be shared, when it needs to be shared, with whom it needs to be shared—without violating the confidentiality expected by the person who is relying on your good judgment and without violating the commitment you may have made to keep what he or she told you in confidence.

Collaboration entails sharing resources, information, and talent—especially when it is not convenient to do so. It also implies an understanding of a counterintuitive fact about collaboration—that it does not occur without a healthy respect for constructive conflict and debate.

Collaboration is nearly impossible to promote if you are unwilling and unable to accept divergent points of view that enable the real issues to be surfaced and highlighted for discussion. As Edwin Land, inventor of the Polaroid camera and film and co-founder of the Polaroid Corporation, once said, "Politeness is the poison of collaboration."

Courage relies on the willingness to push back on things that don't make sense—and to push forward on things that do make sense. Do you have the guts to stand up against things that are

illegal, immoral, unethical, just plain dumb, and/or bad business? Likewise, do you have the conviction to fight for ideas, ideals, and people you believe in, even—and especially—when they are unpopular or defy conventional wisdom? I am not talking about being a perpetual contrarian. I am talking about picking your spots and standing up for or against something important.

Competence implies taking responsibility for your own development, knowing what you don't know, and surrounding yourself with the very best people who are better than you at important things. It's about updating and sharpening the tools in your personal tool kit and being confident and comfortable enough to ask for help from others who know more about, or are better at, certain things than you are.

I want to be known for Credibility, Collaboration, Courage, and Competence. These are the components of my personal leadership philosophy that are most important to me. They are not all-encompassing. They are not the only things. But they are the most important things to me. What is most important to you?

CHAPTER

2

Balance the Triangle

What? Who? When? Development

One of my favorite sayings is from Lily Tomlin, the actress and comedienne: “I’ve always wanted to be somebody, but now I see I should have been more specific.” HR leaders have been fighting to “be somebody” for as long as I can remember, but the specifics have been all over the place and somewhat out of balance. We talk about having a seat at the table, being business partners, and becoming more strategic and less transactional. At various points along the way, perspectives from “Why We Hate HR” in *Fast Company* magazine (Fast Company Staff, 2005) to “It’s Time to Split HR,” by Ram Charan in *Harvard Business Review* (Charan, 2014) have suggested why we should hate, eliminate, split, or otherwise restructure HR to somehow fix it.

Some people think it is fashionable to bash HR as a means of making the case that it can and should be better as a profession. We already know and accept that it can be better. But we don’t need to bash the function. We need to simultaneously love and improve it.

HR doesn’t need to be fixed any more than Finance or Marketing do. Just like most other professions, HR is an amalgamation of great people and practices, along with those we would just as soon forget. Are there areas where we can improve? Absolutely. Do we need to be apologetic for bringing humanity and sanity to organizations that are badly in need of both these days? Absolutely not. Don’t play second fiddle to anyone or feel sorry for yourself; you are better than that. Collectively, we are better than that. And HR leaders are better than Finance, Marketing, or others at making people and organizations more effective. *That’s what we do.*

You can also make sure you take responsibility for developing yourself to be ready and relevant for what organizations most need from HR leaders—strong business acumen, a broad base of experience, an ability to capitalize on relationships and networks that span organizational boundaries, and a keen awareness of how to take full advantage of your own developmental inflection points in the moment they are happening. Oh, and you need to be able to accomplish things and deliver results that have a profound impact on business performance. If you cannot or do not want to do these things, you may deserve the criticism that HR people sometimes receive. Or perhaps you should find another profession. If you are already doing them, thanks! Now, let's work together to help others get better at them, too.

HR Competency Models

My biggest concern is not that HR people need to be fixed; it's that the way we have been trying to fix them is out of balance. The vast majority of efforts to improve the capability of HR people have focused on competency models—a laundry list of what HR people need to know and do in order to be effective. These competency models come in all shapes and sizes, and there are some great ones out there. A couple of my favorites include ongoing work by my colleague Dave Ulrich as well as the Society for Human Resource Management's (SHRM's) HR competency model initiative.

These HR competency models all tell a valuable story about the knowledge base HR leaders need to have to be effective, so I do not mean to criticize them in any way. What I do criticize is that most companies devote virtually all of their HR development resources to teaching content, assessing capabilities, and hiring or promoting HR talent based almost exclusively on these kinds of competency models. They are an important piece of the puzzle, but they do not portray the entire picture.

Furthermore, many HR people in organizations large and small will never see or be affected by these competency models, because they are complex and can be expensive to implement. Hundreds of thousands of HR people are being skipped over, without any access to these models as developmental tools, because they don't have the time or money to utilize them.

Having reviewed a fair number of HR competency models over the years, a couple of years ago I decided to create what I like to think of as the "poor person's" version of the much more comprehensive competency models that are available. I call it the HR Leadership Development Checklist (Figure 2.1), and it represents a summary of the key things I see the very best HR leaders knowing and doing, with a very simple approach to asking whether each capability represents a strength or a gap, or a place where the HR person's knowledge and experience base are solid. While this one-page approach is probably not as sexy and comprehensive as some others I have seen, it is faster, cheaper, and more accessible than most. So feel free to use it if you find it helpful, and if your budget does not afford you the opportunity to use something more sophisticated.

As you think about your own capabilities and knowledge base, or those of your team, let's dive a little more deeply into

What HR Leaders Do	Gap	Solid	Strength
Human Capital Strategy			
Leadership & Talent Development			
Change Leadership			
Advice & Partnership			
Driving Performance			
Board Relationships			
HR Excellence			
Future of HR			

FIGURE 2.1 HR Leadership Development Checklist

each dimension to ensure understanding. Before reading Chapter 1, you completed the *THREE* PulseCheck that helped you better understand and assess what parts of this book might be most relevant and useful for you. We are going to address each element in subsequent chapters of this book, but a short summary here will help set the stage.

What the Best HR Leaders Know and Do

Human Capital Strategy refers to the degree to which you and your team understand how to integrate business strategy and human capital strategy and how to focus on a few priorities that matter most to the business. You demonstrate that people priorities must be derived first and foremost from understanding the value chain by which your business makes money and how human capital challenges must be overcome, and actions taken, to maximize the value chain and drive business results.

Leadership and Talent Development refers to the extent to which you and your team know the best ways to identify, acquire, and develop leaders and other key talent in the organization and have the willingness and ability to segment pivotal roles and people to apply limited resources to the highest leverage talent.

Change Leadership refers to how well you and your team take an active leadership role in planning and orchestrating both routine and transformational change and have an understanding of the steps needed to make it happen and to overcome resistance along the way.

Advice and Partnership refers to the ability that you and your team members have to provide trusted coaching and counsel to the operating, line, and/or other functional leaders you support. It implies knowing and speaking the language of the business, but perhaps more importantly, it is heavily reliant on the ability to ask good questions first—the kinds of questions that cause

others to make good decisions and tough choices about business and people issues.

Driving Performance refers to the comprehensive knowledge that you and your team have to utilize the full array of tools that influence business performance. These tools might include building a performance culture, ensuring appropriate incentives and consequences are in place to influence the right behaviors, maximizing the value of compensation and benefits-related costs, reducing headcount, increasing management spans of control, minimizing the number of organizational layers, and/or redesigning organizations to be more effective and less costly.

Board Relationships refers to how much you and your team understand and contribute to the HR matters that board members care about. Increasingly, boards are paying attention to executive compensation at the CEO and leadership team level; succession planning and talent management for the CEO role, leadership team roles, and high potential and other pivotal roles; diversity and inclusion initiatives and progress; workforce engagement scores and actions; employee safety and well-being; environmental sustainability efforts and their contribution to employment value propositions or brands; and human capital dashboards supported by people analytics. Depending on your role and level in the organization, you may find yourself spending more time with board members personally on these and related matters, or you may be working indirectly on projects and initiatives that are of increasing interest to board members—even if you are not personally spending time with the board.

HR Excellence refers to the degree to which you and your team are focusing on assessing whether the HR organization is up to the task of leading and addressing the human capital issues and challenges your organization is facing. It suggests a willingness and ability to look in the mirror and ask yourself: “Do we have the talent, processes, operating model, and credibility we

need in HR to do what the company needs of us, and if not, what are we doing about it?”

Future of HR refers to the ability you and your team have to see around corners, to understand the changing nature of the workforce, workplace, and work itself—and the implications these trends have on how HR work, HR people, HR technology, and HR organizations will have to change to remain relevant and add value in the future.

The above HR capabilities are certainly not all-encompassing, nor are they intended to be. They are instead meant to highlight the things I see the very best HR people paying attention to and addressing. The other things you are doing, such as employee relations, high volume hiring, policy interpretation, shared services, and more, are all extremely important and foundational to high-quality HR work. Generally speaking, however, they are not going to differentiate you, except negatively. In other words, doing them well is table stakes. Doing them poorly generally means you won't be around long enough to worry about the other stuff anyway.

HR Leader Development Triangle

With these capabilities and definitions as a foundation, I would like to encourage you to expand your perspective about HR leader development. Think of it as a triangle—a balancing act between three critical dimensions of development: *What?*, *Who?*, and *When?* (Figure 2.2).

What? involves the areas of content knowledge and capabilities that we have already been discussing in this chapter, so I won't belabor them other than to reinforce the importance of these dimensions as foundational elements of HR leader development. They are so important that we will address each one in more depth in subsequent chapters of the book. But they are



FIGURE 2.2 HR Leader Development Triangle

simply not enough to ensure well-rounded and well-prepared HR leaders.

Who? includes a critically important and often under-emphasized element of HR leader development, the people with whom you spend time, and how that distribution of people and time should change substantially as you move along in your HR career.

As you think about who you spend time with now, and who you might need to spend time with in the future to be even more effective, consider the following five premises, and ask yourself: “Do any of these sound like me?”

1. Most HR people don’t spend enough time on HR-related public policy issues at the local, state, federal, and/or global levels, nor do they influence public policy in ways that would be beneficial to their employees, companies, industries, or to the HR profession.

2. Most HR people understand very little about what other companies do, both within and outside of their own industries.
3. Most HR people are so inwardly focused that they spend very little time with their peers in other companies to network, share best practices, learn new ways of doing things, and/or advance the HR profession.
4. Most HR people over-rely on spending time within the HR function to the detriment of working effectively up and across the rest of the organization outside HR.
5. Most HR people are spread too thin, try to be everywhere for everyone, and are uncomfortable differentiating their time to spend higher quality time with specific employees or talent segments that are in the highest priority pivotal roles.

If you see yourself in any or all of the above five premises, you may have some work to do to change the way you are spending your time, and with whom. Generally speaking, the most effective HR leaders I know are very good at balancing the internal demands of their day-to-day jobs with spending more time outside to gain a broader, more external perspective. That's where the HR profession is heading, so if you want to distinguish yourself relative to others, here's your chance.

To be fair, if you are not doing some of these more externally oriented things, you are not unique or a bad person. You may, in fact, have some very legitimate obstacles or other priorities that have prevented you from being more externally focused. If you need some help with reasons, have no fear. I have some prepared for you—and all are very legitimate. “My company has no budget for these kinds of things.” “My boss is not a supporter of any external involvement.” “I am very busy and work a lot of hours already, and don't have time to be involved externally.”

“I have family or other personal obligations that prevent me from doing things externally.”

If I didn't include a reason that works for you, I have confidence you can come up with a few more on your own. However, if you would rather figure out a way to get some external perspective despite whatever competing priorities or obstacles you may be facing, here are a few suggestions.

Join one national or local HR professional association and make regular attendance a priority. Some local and national HR organizations I know and like, depending on your role, level of experience, and particular interests, include HRPS, SHRM, Executive Networks, USC Center for Effective Organizations, Cornell Center for Advance HR Studies, Boston University HR Policy Institute, University of South Carolina Center for Executive Succession at the Darla Moore School of Business, The RBL Institute, Corporate Executive Board, and many others. There are also a number of very good groups that are more exclusive to particular sub-functions of HR, and to CHROs. There are many options; pick at least one and get out there!

Read one periodical, website, or blog that gives you a broader perspective on business and HR outside your current company or industry. Again, there are many options, depending on your interests, but I particularly like *The Wall Street Journal*, *The New York Times*, *Fortune*, *Bloomberg Business Week*, *Harvard Business Review*, *Human Resource Executive*, *Fast Company*, and LinkedIn. I don't read all of them all the time, nor do I always read every article or post—no one has the time for that, including me. But if you pick and choose a few things each week or month that are outside your comfort zone or experience base, you will learn a lot about new things and broaden your horizons. If you don't like my list, find a few things to read that stimulate your interest instead. But do something different to expose yourself to new ideas!

Identify one HR-related public policy issue that interests you and that has some implications for your employees, company, industry, or the HR profession. Examples might be the Affordable Care Act, executive compensation legislation, child labor issues in other countries, or workforce education and skills development initiatives. Don't worry about becoming an expert. Just see whether you can learn more about it or become involved in a community organization that has some connection to it. If you become a little smarter about public policy issues affecting how HR people do their jobs, you will be more informed than 99 percent of other HR people and will become a more well-rounded business person in the process!

Ask most CHROs and they will tell you they are increasingly spending their time working up and across the organization, rather than down or within HR. In fact, one of the most frequent criticisms I hear of CHROs from within their own HR organizations is: "We never see our CHRO and have no idea what they are doing with their time. But they are certainly not spending it with us."

It turns out, most of them are working up, with the CEO and the board. And they are working across with their peers, including the CFO, general counsel, and business unit leaders in particular. Most of them regret (at least a little) not being able to spend more time with their HR people. However, the most effective CHROs don't allow their regret to get in the way of where they need to be spending their time to be most effective. It's not that HR doesn't need their attention, or that employees multiple layers down in the organization don't need their attention either. It's just that the evolving role of the CHRO is such that "up, across, and out" have become even more important. The CHRO role requires orchestration across multiple functions and leadership perspectives. More on this issue later in the book.

One side-effect of the increasingly “up, across, and out” nature of CHRO roles is an emerging mini-trend I discovered a couple of years ago. While conducting a scan of company practices for a coaching client, I learned that some CHROs are beginning to put in place a chief of staff role, someone who can help them handle the many day-to-day operational and execution-related priorities within their HR organizations that they no longer have time to focus on. These chiefs of staff represent a broad range of backgrounds and experience bases, but where they exist, they all serve essentially the same purpose. They take care of a myriad of issues within the HR organization so that CHROs can spend more and more time outside the HR organization. This is a relatively recent phenomenon, and it’s too early to call it a trend, but it seems to signal the beginning of a trend and a dramatic repositioning of how senior HR executives are spending their time.

For now, let’s acknowledge that the way CHROs are spending their time is having a profound impact on the way HR leaders at multiple levels of their HR organizations are spending *their* time, perhaps including you.

Like your CHRO, you, too, should be spending more time outside HR than you are in it, interacting with other functions to solve complex cross-functional issues and challenges. That’s where you can make the biggest difference. And, like many of the best CHROs, you should be learning to segment and differentiate the way you are spending your time, by focusing most of your energy on working with the highest leverage and highest potential people in your company. That is not to suggest that everyone else is unimportant. Quite the opposite, they are central to how the organization operates, and every good company needs good people. The solid contributors deserve your attention as an HR leader. They just don’t deserve all your attention, or even the majority of it. Reserve a significant portion of your time for the

best people and those in the most critical roles. That's where the real performance leverage is.

My thoughts on who I am spending my time with and whether I need to change this time allocation:

When? means that, in addition to paying attention to what you need to know and with whom you are spending your time, the third dimension of effective HR leader development involves knowing when you are experiencing critical developmental inflection points and how well you take advantage of what you are learning, especially in the moment. When I am with groups of HR leaders, I am fond of asking them three questions and seeing how many people raise their hands in response: “How many of you have a new job in the last three years or less?” (Generally, 70 to 80 percent of people raise their hands.) “How many of you have a new boss in the last three years or less?” (Even more hands go up.) “How many of you wish you had a new boss in the last . . . ?” I usually don’t even finish the question because people are laughing and everyone is playfully raising their hands.

Learning to deal with a new boss is only one vivid example of the power of *When?* We have all had the challenging, mind-stretching,

and sometimes painful experience of working for someone new. Someone who does things differently, or asks tough questions, or challenges the status quo, or doesn't respect the past, or isn't worried about who he irritates or insults, or may be a giant breath of fresh air compared to the loser we worked for previously. In any case, dealing with a new boss is a huge developmental experience.

Have you ever been part of a start-up business, operating unit, or new company? What about working in an organization that was in trouble and needed to be turned around and fixed? Have you ever experienced a high-growth environment where everything was happening too fast without enough resources? What about being part of a merger, acquisition, or divestiture—as either the conqueror or the conquered?

When was the last time you experienced the pain of moving across businesses, functions, industries, or geographies? Have you been part of a big reorganization and lived to tell about it? Have you ever had a global role that caused you to live or work outside your country of origin or to work with others from different cultures who speak a different native language? When was the last time you were put in a new leadership role that was so challenging that your head hurt and you lay awake at night staring at the ceiling and wondering, “Can I do this job, and did I really ever want it in the first place?”

As HR people, we are often intimately involved in creating, designing, and executing these kinds of developmental experiences for others. But what about us? What about you? Someone once said, “Variety is the spice of life,” but it is also the secret sauce that drives development. New and different experiences make all the difference. As we know from the Center for Creative Leadership's research, *The Lessons of Experience*, 70 percent of development comes from new experiences and assignments, especially challenging experiences and assignments. Why should HR leaders be developed any differently from others?

There are not many HR executives who have experienced all the developmental inflection points summarized above. And you may have experienced others that are not on this list. But have you experienced any? How many? When was the last time? Did they just randomly happen to you or were they part of some grander plan? What did they prepare you for next? Most importantly, did you stop what you were doing just long enough to pay attention to what you were learning, what your strengths and development needs were, and whether you were addressing any of those via the experiences you were having? If not, take some time to reflect and make note of how your development experiences at critical inflection points may have served you well or not so well.

My thoughts on my critical developmental inflection points and whether I need to get new or additional experiences:

In my coaching and leadership development roles, I often work with up-and-coming HR leaders who need to address a variety of common development gaps. There are generally five development areas that are very consistent for emerging HR leaders, and are also common among more senior HR executives

who are stepping into CHRO roles for the first time. These gaps cut across the dimensions of what HR leaders need to know and do, with whom HR leaders need to spend time, and when HR leaders know they are experiencing critical developmental inflection points that will shape their learning. Let’s examine each of these gaps in more detail (Figure 2.3).

Most HR leaders who are not yet experienced CHROs struggle with learning what they need to know about executive compensation and executive-level talent development and management before they step into their first CHRO job. Quite simply, there are limited opportunities to go deeply into these topics unless and until someone is sitting in the CHRO seat. Companies are making concerted efforts to rotate high potential HR executives through executive compensation and/or chief talent officer kinds of roles prior to becoming CHROs, which helps. But it is not the same as being the CHRO, much like being the co-pilot of an airplane is not quite the same as being the pilot.

One of the most important nuances of executive compensation and executive-level talent issues is not necessarily the content, but the audience. The board of directors plays a key role in these two content areas for HR executives, and it is difficult to replicate the experience and stress of working with the board until an HR leader is actually working with the board. Many companies are creating opportunities to give up-and-coming HR leaders



FIGURE 2.3 Lessons Learned About Gaps

more exposure to the board, through special assignments, board presentations, and invitations to board members to participate in company activities that give them reasons to interact with high potential executives, including HR leaders.

Anything you can do to gain better insight into how your company's board members think and operate will give you better insight into how you can do a better job as an HR executive. For example, pay attention to the companies, industries, and other organizations key board members represent. Do you know any HR people in those places who can provide you some insight about HR practices or the particular board member's ways of thinking about executive compensation, talent, or other key HR issues? Find out what other company boards your company's board members sit on. Do you know any HR people at those companies? When I was a CHRO, I found it very helpful to have great working relationships with my peers at some of the companies where my board members were either executives or board members. Don't wait until you are a CHRO to become comfortable with this kind of cross-company collaboration and networking. This skill will serve you well both before and after you become a senior HR executive.

In my experience, providing advice and coaching to the CEO and other senior executives is another area that up-and-coming HR leaders struggle with. Even though most HR people pride themselves on being good advisors, operating at the CEO and senior leadership team level is a whole new ball game. Decisions are tougher, stakes are higher, and egos are bigger. The credibility and confidence to advise at this level is directly related to one's ability to provide pragmatic perspective, as well as the willingness to seek the truth and say what needs to be said when it needs to be said.

A strong corollary to this challenge of advising senior level executives is the need for courage and the willingness to

push back on ideas and people who don't make sense and to push forward on behalf of those things that must be done and said, even though they may be unpopular. The willingness to tell your boss or a senior level executive that an idea is ill-conceived or just plain wrong is a role that not every HR leader is prepared to embrace. The best preparation is practice—on small issues before big ones—with people you know and trust before you have to confront people you don't know and/or don't trust.

Finally, most up-and-coming HR leaders I meet are significantly under-developed when it comes to external perspective. They simply don't know enough about what's going on in the world outside their company and industry. This shortcoming can present a rude awakening when someone moves into the CHRO role and is interacting with senior executives and board members who are globally savvy and broadly experienced people. As we discussed earlier in this chapter, you will be much better off sharpening your external perspective before you fully need it, rather than trying to play catch-up with other senior leaders after you move into bigger roles.

CHAPTER

3

Follow the Money

Business/Human Capital Strategy

Artist and inventor Leonardo da Vinci reportedly said, “Simplicity is the ultimate sophistication.” He could have been talking about the process of integrating business and human capital strategy.

We HR leaders have an uncanny ability to “complexify” human capital strategy in the name of being more strategic. Sometimes, we love to out-strategize the strategists by making our approach to people strategy even more complicated, lengthy, and difficult to understand than the business strategy. Or we throw up our hands in exasperation and claim that we can’t put together a people strategy because either the business doesn’t have a clear strategy or because no one will tell us what it is—because it’s a secret.

In the spirit of simplification, there are only a handful of critical things to know about putting together a good human capital strategy:

1. Strategy is about helping the business win.
2. Human capital priorities should be derived directly from business priorities.
3. Your human capital strategy should not take more than a few pages to explain and should be able to be summarized on one page.
4. Since strategy involves knowing what you are going to do and not do, you need to start by asking good questions before you can determine the right answers.
5. If you have more than three to five strategic human capital priorities by the time you are finished, you are probably not being very strategic.

I have seen and worked with many approaches to human capital strategy over the years. None is perfect, and all have their advantages and disadvantages. Mostly, the secret to creating an effective people strategy is that it's practical and simple enough for HR and non-HR people to relate to and embrace. Therefore, the process for creating the human capital strategy is as important as, if not more important than, the framework you use to articulate it. So use something you can relate to, and involve others in its creation.

Human Capital Strategy Framework

Earlier, I recommended using a framework that has three to five dimensions. Figure 3.1 shows an approach to human capital strategy I have used over the years. Feel free to use it as a place to start and modify it as you see fit.

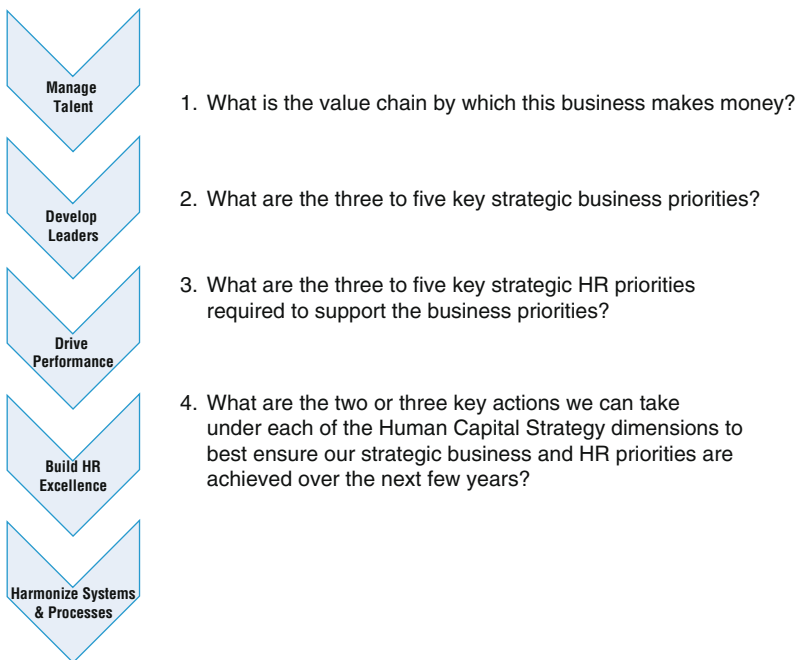


FIGURE 3.1 Human Capital Strategy Framework

The five human capital strategy dimensions I like to use are Manage Talent, Develop Leaders, Drive Performance, Build HR Excellence, and Harmonize Systems and Processes. They have worked for me because they are comprehensive enough to accommodate a wide variety of specific priorities based on the needs of the business, yet they are focused enough to direct attention and resources to a handful of things that matter. They provide flexibility within a framework. But if they don't work for your business, come up with your own set of dimensions, as long as they are sufficiently limited in number to help you prioritize and flexible enough to accommodate your key strategic people-related actions.

Some things to note about this or any human capital strategy framework are, most importantly, begin with a few basic questions, especially: "What is the value chain by which this business makes money?" Following the money will always point you in the direction of what is working well and what is in the way of people doing their jobs as effectively as they might. Things that are working well, and therefore need to be protected and preserved, are prime candidates for attention in a human capital strategy. Things that are not working well, and are hindering great business performance, are likewise strong candidates for attention in your people strategy.

Identifying and crisply articulating the top three to five strategic business priorities is also essential. Sometimes, these vital priorities are very clear. Everyone knows what they are and people are always talking about them. If so, that's great. Write them down and retest them with key people to ensure they are still valid. If not, talk to people from a wide range of roles and at multiple levels in the organization. Depending on your business, consider including some customers, suppliers, or other external constituents. Pick their brains. Ask what's working well and what's getting in the way of them doing their jobs effectively.

After you talk to enough people, a pattern of top business priorities will emerge.

Examples might include business priorities like, “We are trying to grow this business 20 percent year-over-year for the next five years, which will be crucial to win in the marketplace, but we don’t have enough leaders who are ready to step into the bigger jobs that will be created by this growth” or “All of our competitors have a much more global footprint than we do, but we know very little about doing business outside our home country” or “For this company to survive, we need to create new products and services at a much faster rate, but we don’t know how to foster innovation, and we punish or fire anyone who makes a mistake or fails.”

Next, begin thinking about the top three to five human capital priorities that will help you address the top three to five business priorities you have identified. Utilize teams of HR and non-HR people to help you identify and prioritize possibilities. Start with a long list and narrow down to a shorter, more focused list over time. Then, decide on the three to five that matter most, using the human capital strategy framework to help you succinctly describe them.

Examples might include HR priorities such as, “As we build our strategy for 20 percent year-over-year growth, we must also create a pipeline of ready-now leaders to assume bigger jobs” or “As we prepare to compete globally, we need to build a globally capable organization that can execute across countries, cultures, time zones, and long-distance relationships” or “To foster innovation, we must change the culture to encourage experimentation and welcome new ideas, wherever they come from.”

After taking this step, begin identifying the two to three key actions you can take under each of the human capital strategy dimensions to best ensure your strategic business and HR

priorities are achieved over the next few years. Even though many business strategies have a five-year time horizon, I find that the strategies for years four and five begin to cross over from vision to hallucination, from fact to fantasy. They are, essentially, a partially educated guess and are rarely accurate. So I prefer to think of human capital strategy on a three-year time horizon rather than five, but do what works for you and your business.

When I was a chief HR officer, I used to assign the human capital strategy as an action learning project for high potential operating leaders to work on as part of a leadership development program I sponsored. It is a very powerful way to collect creative ideas and build buy-in for and ownership of the human capital strategy by non-HR people as well as their HR partners. Consider ways you can involve a broad base of people who can provide input into your organization's human capital strategy.

The Art of the Question

A significant part of crafting any human capital strategy is “the art of the question.” This process will be addressed several times in this book, but it starts right here with building a human capital strategy. Because good strategies are always an amalgamation of choices—what to do and what not to do—they also must begin with asking good questions.

Under each of the five human capital strategy dimensions, there are some questions you may want to ask yourself and your business and HR leaders. These questions are generic enough to be relevant for virtually any business or industry, but sufficiently difficult to answer that the debate and discussion they create will take you into deeper and more specific questions that must be addressed to position your business for important choices related to high priority people issues (Figure 3.2).

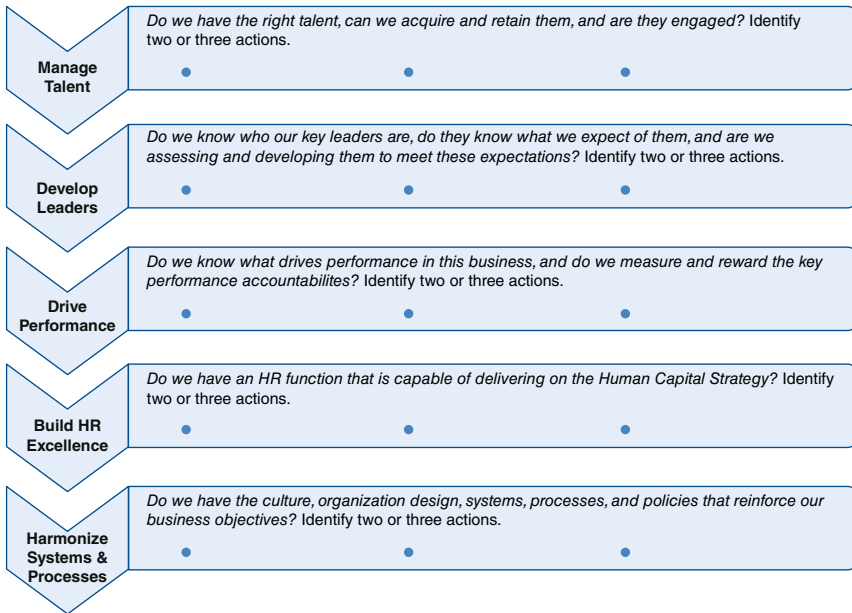


FIGURE 3.2 Human Capital Strategy Questions

Manage Talent. Do we have the right talent? Can we acquire and retain them? and Are they engaged?

Develop Leaders. Do we know who our key leaders are? Do they know what we expect of them? and Are we assessing and developing them to meet these expectations?

Drive Performance. Do we know what drives performance in this business? and Do we measure and reward the key performance accountabilities?

Build HR Excellence. Do we have an HR function that is capable of delivering on the human capital strategy?

Harmonize Systems and Processes. Do we have the culture, organization design, systems, processes, and policies that reinforce our business objectives?

The process of answering these key questions will inevitably find you wrestling with even more questions and making some

rather specific and sometimes controversial strategic choices. These decisions have implications for the way you will manage talent, develop leaders, drive performance, build HR excellence, and harmonize systems and processes. Examples of these strategic implications include the following (Figure 3.3):

Manage Talent. Are we prepared to identify pivotal roles and key talent segments, and then differentiate how we treat key people in these roles and segments from how we invest in everyone else?

Develop Leaders. Are we ready to treat the top 10 to 15 percent of leaders in the company as corporate assets, rather than as business unit assets, and then develop them and assign them to roles that help us close the gap in key jobs that do not have ready-now successors?

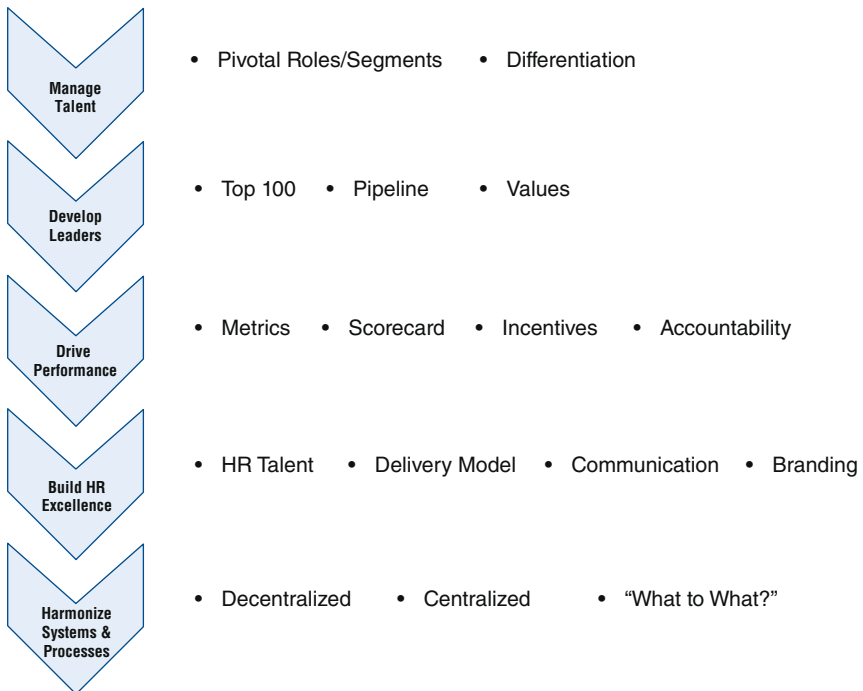


FIGURE 3.3 Implications for Human Capital Strategy

Drive Performance. Are we going to hold people accountable for performance using an integrated set of scorecards, metrics, analytics, incentives, feedback, rewards, and consequences that are connected, transparent, and “no excuses”?

Build HR Excellence. Are we willing to develop, upgrade, and/or replace our HR talent to raise the bar on their business savvy and strategic contribution and change the HR operating model to better reflect business realities?

Harmonize Systems and Processes. Are we going to rewire HR processes, practices, and systems to reflect where the organization is going, rather than where it has been?

These questions, while only examples, suggest significant implications for the strategic choices HR leaders and their organizations must make to effectively address human capital strategy. The better questions you ask, the better answers you will find. Leading this process is one of the most important roles you can play as an HR executive.

ZTRON Technologies Mini-Case Study

If you are interested in further developing your experience and comfort with human capital strategy, consider utilizing the ZTRON Technologies mini-case study in Appendix 4 as an example. It will help you practice building a human capital strategy, and you can then apply the principles from the case study to your own organization.

CHAPTER

4

Think from What to What

Change Leadership

When questioned about an upcoming fight, boxer Mike Tyson said, “Everyone has a plan until they get punched in the mouth.” Leading change is about turning dreams into realities, plans into truth. Sometimes, things just don’t work out the way we plan; they just don’t come true.

I wish I had a dollar for every time I have heard someone say, “People hate change.” I actually believe most people think change is okay. What they hate is ambiguity and uncertainty. That’s why we often hear people respond as follows to the suggestion that things need to change: “What’s in it for me?”

I do not believe that people ask this question to be selfish, so much as they want to reduce the unknowns that affect them. They are actually willing to give change the benefit of the doubt, as long as it means something positive for them. A new and better job. More money. A saner boss. An easier commute. Additional time to spend with their family and friends. More excitement and fun at work.

Watch shoppers during the year-end holiday shopping season. When things go on sale, they don’t complain: “Hey, who changed the prices? I was just getting used to the old, higher ones. I hate change.” Instead, they go into a buying frenzy because they see the lower prices as a personal invitation to them. The “What’s in it for me?” is saving their hard-earned money, despite the long lines, crowded stores, and impossible-to-navigate websites. They accept and welcome change, even inconvenience, when they can see how it benefits them. If you want to see unhappy consumers, tell them that you are going to change the prices at holiday time, but don’t tell them when the prices will change or whether they are going up or down, or by how much. Now, that will drive them crazy.

So the secret to change leadership is helping people see how it benefits them, right? Not exactly. It helps, but it's not enough, or even possible, sometimes.

Helping people see what's in it for them is a great change leadership strategy as long as there is actually something in it for them. The problem with most change initiatives in organizations is that the connection between what's in it for the individual and what's in it for the organization is often murky at best, especially in the short term. And the path to clarifying this connection is anything but a straight line.

Therefore, effective change leadership is more about achieving clarity and selling the need for and the inevitability of change than it is about making change desirable or attractive. To me, the least relevant metric to assess change readiness is whether people like it. The most effective metric is whether people understand it well enough to execute.

The best HR leaders help people understand, accept, and then ultimately embrace change. The least effective HR people spend their time trying to get everybody comfortable with change. Understanding and comfort are not the same thing.

The toughest transformational change initiative I ever had to lead involved presiding over a major company restructuring and a related 14,000 employee headcount reduction during the implosion of the telecommunications industry in the 2000–2002 time period. It was the least fun I have ever had in my career and one of the most important and defining periods in my development as an HR leader. I learned a lot about leading change during this experience. I also learned a great deal about how people respond to change and uncertainty, as well as the opportunities and stresses that change creates.

First, I learned that change is complicated, but the way you lead it doesn't need to be. Quite a few consulting firms earn a

very good living by making change incredibly complicated and difficult to understand, and then selling clients the secret formula to simplify and demystify the change process. I found out that change is easier to manage if you can keep it from getting complicated in the first place.

Second, I learned that people are complicated, but the way you lead them doesn't need to be. I worked with many incredibly courageous and unselfish leaders and employees during this extremely difficult telecom company transformation. Unfortunately, I also worked with a few people who melted under the pressure and tough times, and they set a bad example for others.

Third, I learned that I sometimes made change and leadership more complicated than they needed to be, and I had to push the reset button a couple of times to make sure I was keeping things simple enough for other people to understand what we were asking of them. We needed them to remain as positively engaged as they could be under the circumstances. I learned a lot about myself as an HR executive during this transformational change process.

Fourth, I learned how to think about change using a fairly simple six-part change leadership framework (Figure 4.1), a half-dozen questions that I could capture on one page that drive most change efforts.

Leading Change Framework

1. From what to what?
2. For what reasons?
3. What is the risk of unintended consequences?
4. What role do key leaders play?

5. What are the likely resistance points, and how do we overcome them?
6. How do we know whether we are going too far, or too fast?

I discovered that the single most important part of any change process is being able to answer the question: “From what to what?”

Most change initiatives start off with a grandiose vision of what the organization is going to be like when it grows up and reaches nirvana: “We will be the best, biggest, most profitable, most admired, most customer-centric, greatest place to work on the planet, for all eternity. . . .”

There is absolutely nothing wrong with having an aspirational view of how the organization is going to be new and improved following a change effort. In fact, it’s essential. But it’s the wrong place to begin. Often, in our zeal to identify the

1. From what to what?	2. For what reasons?
3. What is the risk of unintended consequences?	4. What role do key leaders play?
5. What are the likely resistance points, and how do we overcome them?	6. How do we know whether we are going too far, or too fast?

FIGURE 4.1 Leading Change Framework

new, better, grander view of who we will be, we forget to spend time understanding who we are now, where we have come from, and what the positive attributes of the organization are that made us successful in the first place. Even the most screwed up organizations were not always screwed up, and there is usually something worth preserving and nurturing. In fact, that “something” is often what the organization somehow lost along the way and is trying to get back to doing or being. So make sure you figure out what is worth preserving before you allow everyone to skip right past it or trample all over it.

If you don't want to throw the baby out with the bathwater, you have to ensure you and your team think about where you are coming from, before you lock in on where you are going to. Failure to do so is the most common mistake I see leaders make when initiating change, and their HR partners are right there with them making the same mistake. Compare and contrast where you are coming from with where you want to go. The comparisons between the “from” and “to” will be your best guide to your change leadership priorities.

In addition to this most central question about “From what to what?,” five other questions are crucial for any change leadership strategy.

“For what reasons?” is a key question in any change process. Are we trying to improve operating margins, grow revenue, become more globally competitive, be more customer-centric, reduce bureaucracy, be more collaborative, drive innovation, become a better place to work, or what? “If you don't know where you are going, any road will get you there.” As an interesting aside, this quote is mistakenly attributed to Lewis Carroll in *Alice in Wonderland*. It is a paraphrase of what Carroll actually wrote in the book, “Alice came to a fork in the road. ‘Which road do I take?’ she asked. ‘Where do you want to go?’ responded the Cheshire Cat. ‘I don't know,’ Alice answered. ‘Then,’ said the Cat, ‘it doesn't matter.’”

If everyone is talking about changing the culture, without being able to articulate *why* we need to change the culture and what we are going to change about it, that's your first clue—it is now officially okay to start worrying.

“What is the risk of unintended consequences?” is my way of asking whether we know how changing one aspect of the organization will affect other organizational dynamics. Organizations are organic systems, much like the human body. Things are connected and interdependent. If we operate on the brain, it can affect cognition, memory, speech, and sight, among other things. If we conduct spine surgery, it can have an impact on the patient's arms, legs, posture, flexibility, and other capabilities. If we remove a lung, we may change breathing and endurance, and cause additional side-effects. Like the human body, organizations can recover from well-conceived and performed surgery. Similarly, they can suffer and even die if the surgery is poorly planned and executed. Understand the risks and risk-mitigation strategies.

“What role do key leaders play?” is really a two-part question. First, who are the key leaders we must engage in the change process? Second, what do we want them to do? If we simply want all the leaders to support the change, that's not sufficiently precise. Are there certain people who have a lot of credibility in the organization, whom many people listen to and watch for cues as to how everyone else should be feeling? These people may be leaders of thought, without necessarily being in formal leadership positions, so be careful not to rely too heavily on the formal organization chart to answer this question. Rob Cross, a professor of management at the University of Virginia and an expert on social network analysis, calls these people “Influencers.” They drive what other people think. Find them, involve them, listen to them, and let them know what you want them to do.

“What are the likely resistance points, and how do we overcome them?” is the flip side of the coin related to the above point about “Influencers.” Resistance points can be people, organizations, sacred cows, or other issues that we can or should assume will be difficult to persuade or overcome as we drive change. They may not like change, they may not like you, or they simply may have too much to lose if things don’t stay the way they have always been. The strategy for dealing with resistance points is just like that for dealing with the “Influencers.” Find them, involve them, listen to them, and let them know what you need them to do. But never let them believe that their lack of cooperation will deter you from driving change.

“How do we know whether we are going too far, or too fast?” is often the toughest question to answer, because it usually takes longer than we would like to gather enough evidence to act on or respond to. However, there are some early warning signs. People don’t understand what is being asked of them, and therefore have difficulty executing on expected changes. More energy is being devoted to undermining planned changes than to understanding those changes. Changes become increasingly disruptive to external customers.

Of course, even though it is important to monitor whether change is going too far or happening too fast, moving too slowly can also negatively affect any change strategy. Therefore, my advice is to always err on the side of speed. Most change efforts move too slowly, not too quickly.

One thing is certain: there is very little correlation between moving too far or too fast and whether people like the change. If people hate the idea of change, they will complain whether it moves slowly or quickly. So put your energy into doing it right by addressing the above questions first, and then adjust the speed and intensity as you go.

CHAPTER

5

**Master the Art of the
Question**

Business Partnership

Author and illustrator Dr. Seuss reportedly said, “Sometimes the questions are complicated and the answers are simple.” More often than not, success is predicated upon asking the right questions.

The single most-talked-about aspiration of HR professionals over the course of history has been how we get a seat at the table and become strategic business partners. I find all the discussion about this topic fascinating. Isn’t it ironic that the most debated subject can also be the least understood?

Although being viewed as business partners continues to be a bit of an obsession among HR people, I also think this situation, while less than perfect, has steadily improved over the years. When I began my career in HR, there was little talk of this topic. As time went by, when the discussion on business partnership came into vogue, I would ask HR people how they knew whether they were viewed by their line leaders as business partners. I used to hear underwhelming answers like: “Because I am invited to their staff meetings.”

Years later, the conversation progressed to discussions about understanding the business, being able to speak the language of the business, and having business acumen. Still aspirational and a bit fuzzy, but better.

More recently, HR leaders are so tired of talking about business partnership that new labels for this phenomenon are being proposed, including “HR business leadership” instead of HR business partnership. These discussions have a similar flavor to the early debates about moving from Personnel or

Industrial Relations to Human Resources. Now, we have some HR leaders using the terms People and Organization, People Operations, and Human Capital, among others. Instead of chief HR officer, I find myself thinking a lot about whether “chief organizational capability officer” describes better what we are all about.

Increasingly, HR is about the intersection of organizational capabilities such as leadership, talent, culture, transformational change, agility, speed, innovation, performance, networking, integration, organizational design, analytics, digital technologies, and orchestration across multiple disciplines, functions, and boundaries. The chief HR officer *is* the chief organizational capability officer.

No matter. Whatever label you prefer, it does not change the fact that one of our most important roles is to provide sound advice, counsel, and coaching to line leaders and employees. To play this role well, we need to understand business challenges, issues, opportunities, and dynamics well enough to offer a relevant and practical perspective. In the struggle to take on this role, we often talk about the need to learn the business, but we have actually demonstrated a very spotty track record over the years in handling this process. Is it possible we have been focusing on the right shiny coin, but staring at the wrong side?

We look for ways to show how much we know about the business, when we should instead be finding ways to ask the right questions about the business. Think of this approach as mastering the art of the question.

In earlier chapters, we identified a series of questions that highly effective HR leaders ask across a wide range of circumstances and situations, including integrating human capital strategy with business strategy and leading change. To repeat some examples for emphasis, I like questions such as:

1. What do I stand for as a leader, and what are the things for which I want to be known?
2. What is the value chain by which this business makes money?
3. What are the three to five key strategic business priorities?
4. What are the three to five key strategic HR priorities required to support the business priorities?
5. What are the two or three key actions we can take to best ensure our strategic business and HR priorities are achieved over the next few years?
6. From what to what?
7. For what reasons?
8. What is the risk of unintended consequences?
9. What role do key leaders play?
10. What are the likely resistance points, and how can we overcome them?
11. How do we know whether we are going too far, or too fast?

Later in the book, we will explore additional questions that are central to developing talent, driving business performance, building a performance culture, and understanding the future of HR, among other things.

Practical HR Business Partner Questions

For purposes of exploring the role of an HR business partnership and the important responsibilities of advising and coaching other leaders and employees, I recommend adding the following questions (Figure 5.1) to your personal cheat sheet:

1. What are this person's strengths?
2. What are this person's development needs?
3. What does this person need to start/stop/keep doing?
4. Is this issue a blind spot for the person, and if so, why?
5. Is this an issue that would best be dealt with all at once in a blunt way or in multiple, more subtle discussions?
6. Is a quick resolution more important than a smooth resolution?
7. Is there a known consequence of the person not facing up to the issue?
8. Is this a highly confidential matter, or do a lot of people know about it?
9. Is this issue based on a difference of opinion, fact, and/or style?
10. Is this situation completely new or a repeat performance?
11. Is this person looking for help or resisting it?
12. Is it important that people know or not know you were involved in addressing this situation?
13. Is there someone else who is central to the resolution of this matter, and what is that person's relationship with the person you are advising?

Whether it's handling a situation involving a single individual, or a large-scale organizational challenge, the best HR executives use an array of great questions to understand the circumstances, dissect the issues, prioritize potential solutions, and offer pragmatic advice. They don't try to show how much they know about the business until they demonstrate how much they don't know about the situation. They use their diagnostic skills to get their arms around the unknowns before they leap to conclusions. They ask, and then they advise—not the other way around.

So relax if you are not an expert on your business, if you are not extremely financially savvy, or if you are new to the company or industry you now find yourself working in. Should you spend time learning the business and understanding the financials and the value chain by which the business makes money? Of course. Do you need to lead off with this knowledge in order to add value or have any credibility? No. First, ask good questions.

The list of questions you might ask is potentially endless, but the above abbreviated list I like to use has been honed over years of practice and supplemented by asking other HR leaders about the questions they like to use. This list includes some of my favorites for assessing individual and organizational situations. Feel free to use any that work for you and add your own. Ask others what questions they like to ask and try out new ones. Keep your list handy, and pull it out before you meet with a

This list is a sampling of questions HR Leaders can use to get the insights needed to provide sound advice and counsel:

1. What are this person's strengths?
2. What are this person's development needs?
3. What does this person need to start/stop/keep doing?
4. Is this issue a blind spot for the person, and why?
5. Is this an issue that would best be dealt with all at once in a blunt way or in multiple more subtle discussions?
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13. Is there someone else who is central to resolution of this matter, and what is their relationship with the person you are advising?

What other questions work for you?

FIGURE 5.1 The Art of the Question

line leader about an important situation. Over time, you will become more comfortable with this technique, and it will become second-nature to you. Eventually, you will no longer need the cheat sheet. But keep it anyway, just in case. I do.

The Ten Inflection Points of Coaching

In 2014, I wrote a chapter on coaching titled, “The Ten Inflection Points of Coaching: Navigating the Successful Leadership Coaching Journey” for the book, *HR Directions: HR Leading Lights on What You Should Know Right Now About Leadership, Engagement, Technology, and Growing Your Own World-Class HR Career* (Ziskin, 2015). This chapter was written as a guide for effective leadership coaching, and the ten principles also provide useful guidance for HR leaders who play the role of coaching their line leaders through demanding circumstances and their own development journeys.

I invite you to read the entire chapter in *HR Directions* or via my website (www.exexgroup.com/pdfs/Ian-Ziskin_Ten-Inflection-Points.pdf). I share a summary of these coaching principles here (Figure 5.2) to assist you as an HR executive in rounding out your arsenal of effective techniques for advising, counseling, or coaching other leaders—as you play your business partner role.

The ten inflection points of coaching include:

1. Setting the Tone (Expectations)
2. Seeing the Wind (Feedback)
3. Finding Buried Treasure (Strengths)
4. Polishing the Lens (Development)
5. Building Self-Confidence (Belief)
6. Raising the Bar (Aspiration)
7. Making Practice Perfect (Preparation)
8. Visualizing Success (Optimism)

9. Staying in the Moment (Realism)

10. Deserving to Win (Inevitability)

1. Setting the Tone (Expectations) Setting the Tone involves asking essential questions up-front to establish shared expectations, such as:

- What are the business and leadership effectiveness challenges we are trying to address?
- What is realistic to achieve and in what timeframe?
- What does success look like?
- What does failure look like?
- What does the line leader need support in addressing—remedial help to improve his or her effectiveness and/



FIGURE 5.2 Ten Inflection Points of Coaching

or developmental support to better prepare for his or her current or bigger, more complex roles?

2. Seeing the Wind (Feedback) Seeing the Wind acknowledges that feedback is like the wind. It's there, even when we can't see or hear it. Most leaders wonder whether they are really getting the straight story about how they are viewed. Candid and meaningful feedback becomes increasingly rare the higher up the organization leaders rise. You can help line leaders by assisting them in seeking the truth through focused, intentional, and active gathering of feedback and then helping them deal with it constructively.

3. Finding Buried Treasure (Strengths) Finding Buried Treasure involves building on strengths rather than being overly focused on improvement needs. Strengths are things that have helped leaders be successful in the first place. They represent not only what leaders are good at now, but also what they could eventually be good at. It's a matter of helping them focus their passion, priorities, learning, development, resources, and time, and giving them the chance to revisit past successes to reclaim forgotten or underused talents. Sometimes, strengths do not jump out, and we need to help leaders find and nurture them.

4. Polishing the Lens (Development) Polishing the Lens is about addressing developmental needs. But these needs may or may not be weaknesses. They may instead be considerations leaders need to focus on to best position themselves for greater success in their current or anticipated new positions. Either way, the emphasis should be on providing multiple lenses through which leaders can better understand themselves and their development needs. These lenses may include 360-degree feedback tools, assessments, interviews with key constituents, as well as the personal leadership profile introduced in Chapter 1. The

objective is to provide a well-informed set of lenses through which leaders can see themselves in the eyes of key stakeholders and then help them learn what to do about the things that matter most to success.

5. Building Self-Confidence (Belief) Building Self-Confidence is achieved when belief and hope are accompanied by reason. Self-confidence is essential to effective leadership, but counter-intuitively, we often discover there is a lot of work to be done to help leaders close the gap between who they believe themselves to be today and who they need to be to perform effectively in current and future roles. One of the most valuable outcomes of any advising, coaching, or business partner relationship is to help leaders walk away with high self-confidence about their fundamental value and ability to do good work, as well as clarity about obstacles and developmental needs. There is a fine line between self-confidence and arrogance, and you can play a key role in building confidence while unmasking arrogance.

6. Raising the Bar (Aspiration) Raising the Bar is a natural extension of building self-confidence, because it breeds a belief in one's ability to accomplish more and to aspire to bigger and greater things. This process is an excellent time to double-check that the leader's aspirations are well-aligned, not only with his or her own expectations, but with your company's expectations. I like to tell leaders: "The closer you get to the sun, the hotter it gets." As people move to more senior level jobs, these roles are often accompanied by complexity, politics, scrutiny, risks, and consequences that are not fully anticipated by leaders until they actually are in those jobs. By then, it's too late to learn how to navigate these conditions, especially alone. HR executives can be a great resource for leaders who need to raise the bar on their own expectations and performance.

7. Making Practice Perfect (Preparation) Making Practice Perfect implies recognition that reaching for broader and more complex leadership roles will require preparation for new, unfamiliar, and often uncomfortable responsibilities. This process involves understanding and then practicing to handle scenarios that leaders are likely to face on the job—much like an athlete or musician would practice to prepare for a game or performance. Helping leaders prepare to address key decisions and situations that they might face, before they actually have to face them, helps them develop the mindset and “leadership muscle memory” they need under real-life conditions. You can partner with key leaders to help them prepare in advance for difficult decisions and scenarios well before they must act.

8. Visualizing Success (Optimism) Visualizing Success is about helping leaders see themselves as successfully meeting the demands of current or new roles and generating excitement rather than fear in the process. Perfection or complete readiness for a job are not prerequisites for optimism. But optimism helps leaders more easily see themselves as achieving success. There is a certain skill to helping leaders develop what I call “brutal optimism,” the ability to see things as they really are while seeing the possibilities associated with what could be. You can play a critical role in striking this delicate balance.

9. Staying in the Moment (Realism) Staying in the Moment suggests that it is essential to know where the fine line is between optimism and realism. While optimism is required for visualizing success, realism is needed to achieve it. Most leaders come into their roles with a long track record of success, and past performance is usually the best predictor of future success. But potential is still anticipatory and somewhat imaginary. It involves future expectations based on a trajectory that the person has already achieved

to date. However, potential is influenced by factors that are not entirely within the control of the leader, such as strategic changes in direction or a change in boss, coupled with factors they do control, such as their leadership behavior or willingness to learn from mistakes. You are an important player in helping leaders wrestle with the dichotomy between their performance and their potential.

10. Deserving to Win (Inevitability) Deserving to Win encompasses recognition that the pursuit of personal growth and career success is a competitive endeavor, even if leaders are competing only with the aspirations they have for themselves. Leaders' belief that they deserve to win, that they deserve to be successful, is crucial to actually winning. Therefore, winning is first a state of mind before it can become a reality. A belief in the inevitability of winning stems from devoted preparation, good decision making, strong execution, and hard work. Winners believe that success is inevitable because they have the wherewithal to make it happen—and they deserve for it to happen. The big value you can provide here is to help leaders reach the point where they identify with being a winner who deserves to win. Not because of ego, but because of preparation, persistence, and passion for the journey as well as the destination. Athletes and musicians learn to love playing before they love winning. So do business leaders.

These ten inflection points of coaching can be useful guideposts in your role as advisor and business partner to others. But they are not a checklist that must be followed in precise order or without exception. They are key ingredients in a recipe that can and should be modified to satisfy circumstances, styles, and tastes.

At the most basic level, great HR business leaders do three things extremely well. First, they know the business. Second, they do the right things and give the right advice at the right times. And, third, they ask good questions before they do the first two things.

CHAPTER

6

Build the Talenterprise™

Leadership and Talent Development

H. Jackson Brown, Jr., author of the bestseller, *Life's Little Instruction Book*, and other titles, said, "Talent without discipline is like an octopus on roller skates. There's plenty of movement, but you never know if it's going to be forward, backwards, or sideways."

When I ask CEOs, operating leaders, and HR people what their top three concerns are for their businesses over the next five to ten years, they most often say, "Talent, Talent, and Talent." The challenge is clear. What to do about it is not so clear.

Most organizations seem obsessed with finding and keeping talent, but rather haphazard about what to do to develop and fully utilize that talent. They may not be willing to sufficiently invest in the processes, the "disciplines" to make it happen. Big mistake.

How do you know whether your organization is making the proper investments in the processes, tools, and culture to become a Talenterprise™, an organization that is fully committed to and capable of developing leaders and other talent? Complete the assessment on the next page as you consider your organization's leadership development practices. It's a tool I often use with leaders to help them determine their organization's level of commitment to leadership and talent development.

Developing Leadership Talent Assessment

Rating Scale

1 = Practice not in place or not at all effective

2 = Solid practice in place, and reasonably effective, but a long way to go

3 = Excellent practice in place, and very effective

4 = Best in class practice in place, and highly effective, others benchmark us

We have a leadership competency model in place upon which other elements of our leadership development strategy are based.	1	2	3	4
Leaders in our organization know what behaviors and performance will lead to their being promoted or fired.	1	2	3	4
Each of our business units and functions has formal succession planning reviews with the CEO, and a summary of the succession plan is shared with the board.	1	2	3	4
The CEO and other members of the senior leadership team personally know the key talent .	1	2	3	4
Our succession planning process includes transparent and candid feedback to leaders regarding their strengths, development needs, and potential.	1	2	3	4
We have a defined leadership development approach or tools for key talent segments (e.g. key roles, diversity, high potentials, etc.).	1	2	3	4
Part of our leadership development curriculum is delivered by leaders teaching leaders .	1	2	3	4
Leaders receive 360 degree or other multi-rater feedback .	1	2	3	4
Our organization uses job assignments and changes, and/or special projects to develop leaders.	1	2	3	4

We have defined a specific population of leaders (e.g. top 10 percent) who are treated and developed as corporate assets , rather than business unit assets.	1	2	3	4
Our key leaders have access to coaches/mentors who provide confidential advice and feedback.	1	2	3	4
Our organization disciplines or removes leaders who deliver financial results but do not behave in accordance with the company's core values.	1	2	3	4

After rating all practices, make note of your organization's three strongest and three weakest practices.

Three strongest practices:

Three weakest practices:

Many companies are investing considerable effort and resources to become better at some or all of the above leadership and talent development practices. Very few, however, are equally good at everything. The most common improvement trends are higher transparency of feedback, increased segmentation of pivotal roles and people, and greater frequency of talent reviews and action plan follow-up.

Talent processes at the best companies are becoming more open, more candid, more differentiated for key players, and more a part of daily organizational life, rather than a once-a-year special event. Leadership and talent development is also becoming more integrated, with additional reinforcing mechanisms increasingly coming into play, such as diversity and inclusion, signature development programs, and leaders who are becoming talent agents by advocating for and moving people across organizations, functions, geographies, and roles. Things are improving, but from a relatively weak historical base. There is much work to be done.

Despite the need to improve many of the above elements of effective leadership and talent development, very few organizations have the surge capacity to address them all simultaneously.

Your job is to determine the few highest leverage areas where closing some gaps would make the biggest difference to the business and drive improvement on those. After you master the first few, pick a few more to address. Do not try to become immediately world class at all of them, or all at once. You won't win the game based on the volume of talent management practices. A better strategy is to pick a few things, do them extremely well, deploy them more fully over time, and then add to your portfolio of practices after you master the first few.

While ownership for successful leadership and talent development efforts must rest with line leaders, HR leaders have a critical role to play that must go well beyond making sure meetings happen and that forms are filled out and submitted on time.

There are four key areas of contribution (Figure 6.1) where HR executives can make the biggest difference:

1. Integrate business, human capital, and leadership strategies.
2. Know the talent.
3. Segment the talent.
4. Make tough calls on people.

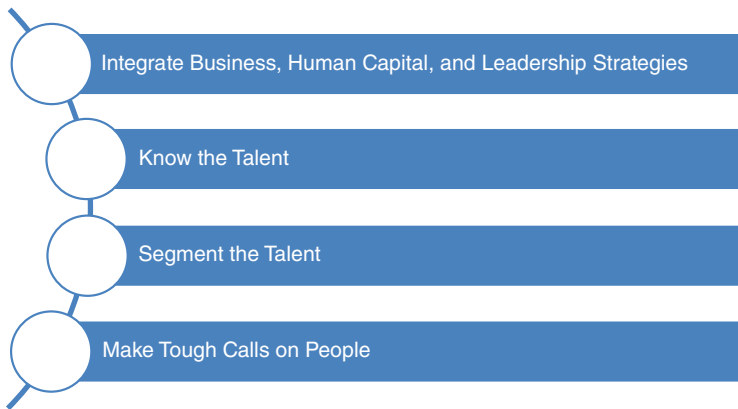


FIGURE 6.1 Four Key Areas of Contribution

Moving from Assessing to Driving Leadership and Talent Development

Just as we discussed the importance of integrating business and human capital strategies in Chapter 3, so must HR people play a central role in connecting leadership strategy to business and human capital strategies. This process involves ensuring that leadership development initiatives, processes, and programs are tied directly to business priorities and outcomes. If you are going to bother having a succession planning process, make sure it focuses on key roles and people who make the biggest difference to the business. If you are going to have a common signature

development program, make sure it teaches participants what is expected of leaders in your company, based on the most important strategic business issues your company is facing. If you are going to develop people by moving them across business units or functions, ensure that the jobs they are moving to are relevant to execution of key business priorities. If you are going to put in place analytics and metrics to track your commitment to leadership and talent development, make sure your metrics focus on outcomes, such as the percentage of pivotal roles with ready-now successors, rather than on activities, such as how many talent review meetings you have completed or the percentage of performance review forms submitted on time.

It is not enough for HR leaders to ensure that talent reviews and other related initiatives are in place. You must move beyond managing the process to knowing the talent. Since you can't possibly know everyone, this commitment entails reallocating your limited time to ensure you spend it getting to know the capabilities, priorities, strengths, development needs, and career aspirations of key people in critical roles. Perhaps the best compliment one of my CEOs gave me was when he told me that I knew the top 300 people in the company better than he did. Your credibility will be dramatically enhanced if you can talk about the capabilities and aspirations of key leaders because you know them, not because you read about them on a form in preparation for a talent review meeting.

A big part of integrating leadership development strategy and knowing talent involves segmenting the talent. The days of peanut butter spreading initiatives and programs across all employees are essentially over—organizations simply do not have the resources to be all things to all people any more. Likewise, HR people are being asked to do many more things with fewer and fewer resources. One strategy for surviving this trend is segmentation . . . allocating limited time and attention to pivotal

roles and people. This action does not suggest ignoring everyone else; they are important, too. It does, however, suggest that certain high-leverage and sometimes expensive development programs and actions be reserved for people and jobs where the return on investment is likely to be greater. It also suggests that operating and HR leaders must become more comfortable with and clear about why everyone is not going to participate in everything.

Finally, HR executives can make a huge impact by making tough calls on people, helping organizations and their leaders decide when it is appropriate to remove, replace, reassign, reorganize, or re-energize select leaders—even though these decisions can sometimes be extremely difficult and occasionally unpopular. I will never forget having to tell my new boss, after only three weeks in the job, that one of the people he had openly identified and put into a horse race as his potential successor—someone he had mentored for twenty years—was actually viewed by just about everyone in the organization as a terrible leader, someone most people would not willingly follow. I was confronted with this issue as the top challenge as I stepped into this brand new job in a new company, and everyone was watching to see how I handled it.

I remember how terrified I was to address this very uncomfortable issue with my new boss, and I first had to verify its veracity in a few short weeks. I was afraid, but I also knew it needed to be done. My boss was shocked by the news, and not very happy to hear it. To his credit, however, he did listen and seemed to appreciate the honest feedback. The issue was eventually resolved, although not smoothly. The leader in question was very upset to learn he was not well-regarded by others and left the company quite abruptly. But the situation was nonetheless diffused. I learned the value of making tough calls on people during this episode, even though I certainly did not enjoy it. It's an important part of the HR executive's job.

CHAPTER

7

Find Your WillBe™

High Potential Acceleration

I had a lot of fun writing my first book, *WillBe: 13 Reasons WillBe's Are Luckier Than WannaBe's* (Ziskin, 2011). It is a book about what distinguishes highly regarded high potentials from others who aspire to be, but are not.

In *WillBe*, I quote the ancient Roman dramatist, philosopher, and politician Seneca, who said, “Luck is when preparation meets opportunity.” The point of this quote, and the entire book, is that, while luck is terrific, it typically has very little to do with success, especially that which is sustained over time. Instead, success is more often associated with great preparation and the ability to take advantage of opportunities when they present themselves. That’s what successful high potentials do.

In the book, I identify thirteen things that WillBe’s do better than others to demonstrate why they are, in fact, high potentials. Paying attention to what high potentials do, figuring out what makes them high potential in the first place, and being able to tell the difference between true high potentials and those who aspire to be high potentials but really are not—the WannaBe’s—is a key differentiating capability between highly effective HR leaders and those who are not.

It also turns out that highly effective HR leaders display many of the behaviors I attribute to WillBe’s in that book. HR leaders can be WillBe’s, too!

Thirteen Things High Potentials Do

If you are interested in a detailed treatment of what makes high potentials special, I would be pleased to have you read *WillBe*. For purposes of *THREE*, I would like to share an overview of the thirteen WillBe dimensions and some key elements of each that will help you better understand how these lessons might apply to your role and potential as an HR leader. Understanding high potential capability is a significant multiplier on the investment that HR executives and their organizations make in developing leaders and other key talent. Here is what I have found high potential WillBe's do, whether they are line or HR leaders (Figure 7.1).

1. Define the Moments (Ethics) Someone once told me: “You never know what your values are until they cost you something.” WillBe's understand that the highest standards of ethics and integrity are foundational to everything else. How prepared are

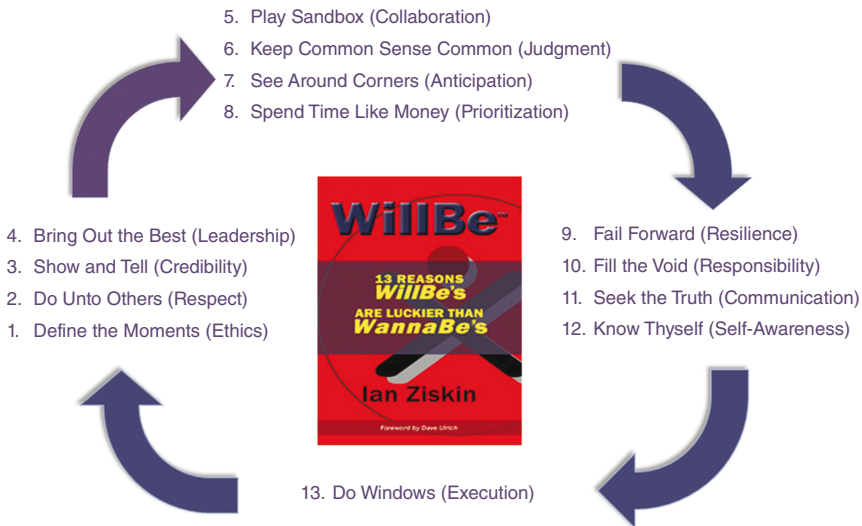


FIGURE 7.1 Thirteen Characteristics of WillBe's

you to raise issues, ask tough questions, take a stand, and potentially put yourself at risk by challenging people who may not like to be questioned? How effective are you at identifying and nurturing these behaviors in other high potential leaders? Your fundamental role in defining the moments is to help people challenge up the organization to superiors whenever ethical questions arise and support down in the organization to protect and encourage those who may be reluctant to raise such issues.

2. Do Unto Others (Respect) Casey Stengel, the legendary baseball manager, said, “The secret of leadership is to keep those who don’t like you away from those who haven’t made up their minds.” That’s sage advice for WillBe’s, too. High potentials are often smarter, more capable, and more likely to move ahead quickly in their organizations than their peers and bosses. This dynamic sometimes can present some interesting challenges to interpersonal chemistry between WillBe’s and everyone else. Yet, WillBe’s have an uncanny ability to operate above the fray by endearing themselves to others who have no particular reason to want to help them. They treat other people with dignity and respect. Your job in doing unto others is to find and develop talented people who treat everyone as they themselves wish to be treated, and also to be a strong role model for this kind of behavior yourself.

3. Show and Tell (Credibility) Barry Posner and Jim Kouzes, co-authors of great leadership books such as *Credibility* and *The Leadership Challenge*, talk about credibility in terms of “DWYSYWD” (Do What You Say You Will Do). WillBe’s show they are credible by telling people what they are going to do, doing it, and then showing people that they actually did it. They take personal responsibility and accountability, and don’t make lame excuses or blame others for their mistakes or problems. They simply admit they made a mistake, fix it, learn from it, and

move on. Your job as an HR leader is to show and tell people that you are doing what you said you would do and to identify and nurture others who are highly credible in this regard as well.

4. Bring Out the Best (Leadership) In my experience, one universal theme rings true about extremely effective leaders. They bring out the best in people, even under the most difficult circumstances. This realization is best summed up for me with a line from the movie, *As Good as It Gets*. Jack Nicholson's character, Melvin Udall, says to Helen Hunt's character, Carol Connelly: "You make me want to be a better man." Good people gravitate to strong leaders, wanting to be around them, aspiring to live up to their higher standards and expectations. WillBe's have a positive multiplier effect on other people's capabilities and commitment. So do the best HR leaders. Surround yourself with the very best people, and then rely on and listen to them. Identify other leaders who are great at this, too.

5. Play Sandbox (Collaboration) Watching children play in a sandbox is the best way I know to understand collaboration in organizations. Some kids share their toys willingly. Others not only hoard their own toys, but also try to steal everyone else's stuff. WillBe's play sandbox by willingly sharing their ideas, resources, and people. They reach out to others across organizational boundaries. They work and play well with others and don't grab toys that don't belong to them. These high potentials also understand that collaboration is not only about working with others to reach agreement, but that it's also about learning to embrace and resolve constructive conflict as a necessary condition for true collaboration. Your role as an HR leader is to ensure the organization has a capacity for collaboration and a culture that makes effective use of conflict. To do so, you need to first be good at these things yourself.

6. Keep Common Sense Common (Judgment) Thomas Paine, one of the fathers of the American Revolution, said, “The funny thing about common sense is that it’s not that common.” WillBe’s keep common sense common. They know when to act and when to watch, when to be assertive and when to stand back. They know when to talk and when to listen, when to lead and when to follow. They know how to push for what they want and when to compromise. They know how to win gratefully and how to lose graciously. They know how and when to make decisions, and when to wait for additional information before deciding. They keep a “free electron” or contrarian close to them, to help them see things differently. Your job is to make sure high potentials can do these things, and to start by making sure you can as well.

7. See Around Corners (Anticipation) Management guru Peter Drucker, said, “The best way to predict the future is to create it.” WillBe’s have a keen sense of what’s coming next, the ability to see around corners. This sixth sense enables them to anticipate, predict, adapt, respond, and implement more quickly and accurately than others. It’s a combination of asking great questions, knowing what signposts to look for, and doing the right things at critical inflection points. WillBe’s do a very effective job of integrating and processing a wide variety of inputs, and they have uncanny insight about complex situations and relationships. They prepare as if they are right, but allow for the possibility they might be wrong. Spotting these capabilities in others, and capitalizing on these talents yourself, is an important part of the effective HR leader’s role.

8. Spend Time Like Money (Prioritization) Woody Allen said, “Eighty percent of success is just showing up.” Perhaps another way to think about it might be that 100 percent of success is showing up in the right place, at the right time, for the right

reasons, with the right approach. Presence equals priorities, and WillBe's spend time like money, like it's a precious commodity, by showing up for things that are important to them and other people they care about. They master the paradox of competing priorities by doing a focused set of things extraordinarily well, rather than many more things in mediocre fashion. Review your calendar to test your balance between thinking, creating, executing, building relationships, exercising, and having fun. WillBe's seem to strike this balance very well, and you would be well-served by seeking the same sense of balance.

9. Fail Forward (Resilience) There are three immutable laws of failure. First, failure sucks. Second, failure is, on occasion, inevitable. Third, failure still sucks. Acknowledging these laws makes it easier for us to understand—not accept—failure. Then, failure can be channeled to help us reflect, rethink, reshape, respond, and rebound. WillBe's exhibit remarkable resilience in the face of failure. They never seem to give up nor accept failure as defeat. These high potentials treat failure as a temporary delay in gratification, rather than a permanent state of being. And they recognize that they cannot always control what happens to them, but they can control how they respond to it. Effective HR leaders are great at identifying resilience in others, when it's there, as well as demonstrating it themselves in tough situations.

10. Fill the Void (Responsibility) Many years ago, I received a great piece of career advice: “The best way to make a contribution is to find a void and fill it. Look for problems no one is solving, those things that need fixing that no one else is fixing. Take responsibility for things that no one else will.” WillBe's fill the void by taking responsibility, even when they do not or should not have to. They know the secret to figuring out where to start and what to fix. They ask. People may not always be able

to describe the root cause of problems, but they will always know what gets in their way and what frustrates them. WillBe's are very good at finding out what gets in people's way. Rather than waiting for divine organizational guidance from above, they control their own destiny by making things happen. Spot the talent that fills the void and be a void-filler, too.

11. Seek the Truth (Communication) George Bernard Shaw said, "The biggest problem with communication is the illusion that it has taken place." Leaders of any organization have a huge challenge in promoting an environment of openness, candor, trust, and inclusion. We often think of people who are great communicators as those who are effective or even dynamic speakers and presenters, people who can tell a story with flair and charisma. These capabilities are helpful, to be sure. But truly great communicators are first and foremost great listeners. WillBe's have a way of making people comfortable about telling them things. Not only do they seek the truth, but they promote, encourage, foster, and embrace it. Ron Sugar, the great retired chairman and CEO of Northrop Grumman, used to say, "We want good news to travel fast, and bad news to travel even faster." He wanted the truth, whether it was welcome or difficult news. WillBe's cherish the truth, especially when it hurts, because they believe it's their friend. Seek the truth, and cultivate this skill in others.

12. Know Thyself (Self-Awareness) My oldest son bought me a T-shirt with a great quote on the back: "I married my wife for her looks, but not the ones she's been giving me lately." That sums up self-awareness to me. WillBe's adhere to the adage, "know thyself," and are objective about their strengths, weaknesses, priorities, motivations, and effect on others. They actively seek feedback—formally and informally—and spend more time trying to critique their own developmental needs than they do

convincing themselves and others how great they are. WillBe's know how to have fun, laugh at themselves, and not take themselves too seriously. They openly admit they are not perfect, because they have accepted that everyone else around them already knows that. Get to know yourself, and build and test self-awareness in others.

13. Do Windows (Execution) A wise mentor once told me: "One's past track record is the best predictor of future success." There is no substitute for working hard, executing well, and delivering great results. Period. One of the big fallacies of being a WillBe is that people tend to think primarily in terms of the future. Hence, the term "WillBe." In reality, being a WillBe starts with the past and present—being an "AlreadyAre." WillBe's already are well-regarded, excellent performers who are not reluctant to roll up their sleeves and do real work. They do windows, and they do them well. They recognize that being a high performer is a prerequisite to becoming a high potential. Assess and develop execution capability in others, as well as in yourself.

One of the most essential and differentiating contributions effective HR executives can make to an organization is to assess, develop, test, and verify high potential in emerging leaders. This process starts with searching for and recognizing these same attributes in yourself and other HR leaders. Doing so is an extremely important subset of the connection between personal HR leadership and the ability to develop other great leaders that we have been discussing throughout *THREE*. In this spirit, ask yourself the following questions using the WillBe™ Checklist that follows.

WillBe™ Checklist

How well do I . . .

	Strength	Weakness	Not Sure
1. Define the Moments by understanding that ethics and integrity are foundational to everything else?	_____	_____	_____
2. Do Unto Others by treating everyone with dignity and respect?	_____	_____	_____
3. Show and Tell by doing what I say I will do?	_____	_____	_____
4. Bring Out the Best by causing others to want to be better?	_____	_____	_____
5. Play Sandbox by willingly sharing ideas, resources, and people across boundaries?	_____	_____	_____
6. Keep Common Sense Common by having good judgment and knowing when to act and when to stand back?	_____	_____	_____
7. See Around Corners by having a keen sense of what's coming next, and an ability to anticipate, predict, adapt, respond, and implement?	_____	_____	_____
8. Spend Time Like Money by reconciling competing priorities and focusing on people and things that matter most?	_____	_____	_____
9. Fail Forward by treating failure as a temporary delay in gratification, not a permanent state of being?	_____	_____	_____

CHAPTER

8

Navigate the Crossroads

Performance Culture

Peter Drucker said, “Culture eats strategy for breakfast.” If you believe as I do that the fundamental job of HR leaders is to make people and organizations more effective, then it follows that a big part of our role is to drive performance. To do our jobs right, we need a firmer grasp on the levers that have the biggest impact on performance and the elements of organizational culture that enable or hinder great performance.

Culture may eat strategy for breakfast. But confusion about what drives performance eats culture alive, whole. There is no organizational culture strong enough to make up for lack of clarity about what it takes to perform, to deliver results.

Driving Performance

It’s pretty difficult to get a group of people or an organization aligned around performance until we understand the core elements underpinning performance. Only then can you as an HR leader make a difference. In my experience, business performance is driven by the following elements (Figure 8.1):

1. *Goals*: What do we need to achieve?
2. *Accountability*: Who has to do it?
3. *Organizational Capability*: What kind of culture and leadership do we expect?
4. *Engagement*: How do we get people involved and committed?

5. *Execution*: How do we get people and the organization to take action?
6. *Rewards*: How do we reinforce actions and results?
7. *People Cost Management*: What costs must be reallocated or reduced?

HR executives play a central role in defining and articulating what happens in each of these important dimensions of performance, so let's address each one in a bit more detail.

1. Goals Goals are the foundation upon which all performance is judged. What are we trying to accomplish, and how will we know we are successful? There is, however, a fair amount of nuance to setting goals. Are they reasonable and realistic given circumstances within and outside our control? Do we have the resources required to make progress? Are we being aggressive enough to ensure there is an appropriate amount of stretch inherent in what we are trying to achieve? Are we being too easy on ourselves, thereby creating a risk that, even



FIGURE 8.1 Business Performance Drivers

if we achieve our goals, our performance will simply not be good enough? I learned from several different board members over the course of my career that the biggest area for potential tension between the board and management is not about whether goals are achieved or not. The tension begins with the debate about whether financial and qualitative goals are the right goals in the first place and whether they have the appropriate degree of stretch in them. HR leaders at every level have an obligation to ensure that goals make business sense.

2. Accountability Accountability involves making a determination about who is doing what, by when, and what happens if they succeed or fail. Whether you are playing a sport or playing in a band, or running a military operation or a company, nothing good happens without people knowing who is supposed to do what and when it is supposed to occur. Most organizational failures can be traced in one way or another to a failure of accountability. How many great ideas have you seen that fell on their face because people didn't understand who was supposed to do what by when? As an HR leader, your job is to ensure everyone knows who is accountable for what.

3. Organizational Capability Organizational capability entails a blend of culture and leadership. What kind of culture do we need to drive performance, and what kind of leaders do we need to make it happen? We will get into the culture issue much more deeply later in this chapter, but I learned a long time ago that the culture you are trying to create is only as good as the leaders you have available to make it happen. That's because nothing important takes place without leadership from someone about something. Unfortunately, bad leadership can be just as influential in shaping culture as great leadership can. The sweet spot where

HR leaders make a difference is at the intersection of culture and leadership talent, working with leaders to define the culture they want the organization to be known for, as well as what they expect their leaders to be known for in bringing the culture to life.

4. Engagement Engagement is one of those important yet elusive factors that influence performance. Despite the increasing popularity of workforce engagement efforts over the past ten years or so, considerable evidence indicates that engagement across most companies and industries is growing steadily worse, not better. It seems the more data we have about employee engagement, and the more analytics we apply to better understand who is engaged or disengaged and why, the more we prove to ourselves that we have achieved very little traction in driving engagement. This phenomenon would be very frustrating if it were not so intoxicating.

I am not a very good golfer, but I have played the game just enough to know that every once in a while, you hit a great shot that makes you believe there is hope for you after all. This glimpse of success keeps you coming back to play again, even though rational evidence suggests you are unlikely to become much better on a consistent, sustainable basis. Engagement efforts are like golf—the data suggest we are not getting much better, but the occasional small wins and glimpses of progress keep us coming back anyway. So, as long as we are willing to play, HR's role is to keep practicing our engagement swing and trying to get better despite all the evidence. Trying to engage employees is better than not trying to engage employees.

5. Execution Execution can be boring, but the right kind of boring, the get-it-done kind of boring. People say they are going

to do something, and it is done. The organization makes a commitment, and the promise is kept. This kind of attention to keeping promises seems a little old fashioned in an era of attention deficit hyperactivity disorder (ADHD) with complications caused by “It’s-Not-My-Fault-Itis.” The concept of meeting commitments just does not seem in vogue. The silver lining is that basic, boring execution can be a competitive advantage, because so few people and organizations are good at it any more—or even recognize its importance. HR leaders actually can have significant leverage showing everyone that boring is beautiful, and so is the ability to execute.

6. Rewards Rewards for good performance are not what they used to be. In the past, everyone seemed generally satisfied with being paid fairly, having a somewhat stable work environment, and receiving the occasional if half-hearted thank you from someone in management. Increasingly, people seem to expect much more, rightfully so, and HR leaders are working hard to give it to them. Individual and team incentives tied to specific deliverables and outcomes, more transparent and frequent feedback, increased flexibility regarding where, when, and how work is done, greater opportunities for career development and special assignments, and formalized coaching or mentoring are just a few examples of the new reward systems that are going well beyond compensation and health benefits. This evolution has been happening for many years. What is relatively new, however, is people’s willingness to quit good jobs and change companies for things they used to see as nice-to-have options, rather than essential ingredients. Top talent wants more in exchange for delivering performance, and they are willing to find it elsewhere if they cannot get it from you. Okay, HR leader, what are you doing about it?

7. People Cost Management People cost management is far and away the least fun and sexy thing on this list of ways to drive business performance. But it is an essential ingredient in the formula. Invariably, as we turn all the knobs and push all the buttons associated with fine-tuning performance, we can't avoid addressing the costs associated with people. Compensation, benefits, pensions (remember those?), global labor cost arbitrage, layers of management, spans of control, and good old-fashioned headcount are just a handful of elements for which there is opportunity to create best value for cost. These are rarely popular, but always needed, areas for critical evaluation when the HR leader's job is to drive business performance.

Performance Culture

Now that these dimensions associated with driving business performance have been outlined, we can turn our attention to what is perhaps the most important area of special emphasis—performance culture—and the HR leader's influence in building a performance culture. At the beginning of this chapter is a quote about culture eating strategy for breakfast, and confusion about what drives performance eating culture alive. We could debate for some time about who is really capable of eating whom. More importantly, there is an undeniable connection between business strategy, human capital strategy, business performance, and culture.

One dilemma I often encounter is that there is a great deal of misunderstanding about what culture is and about how one builds a culture to drive performance. People talk very excitedly about building a culture or changing the culture, but have more difficulty describing what culture is or how it should be defined. Culture happens, whether or not we build, transform, or manage it. Culture is already there, like the air.

While there might be misunderstandings about culture, there is certainly no shortage of great books written on the topic or consulting firms ready to provide very able assistance in this important arena. Like many other topics where books and consultants are in evidence, however, complexity reigns supreme. Having studied the “culture thing” quite a bit, I believe the following things (Figure 8.2) will help you determine in a practical way how your organization might go about creating a performance culture or deciding whether it already has one.

In a performance culture...

<p>Shared beliefs include ideas such as:</p>	<p>Artifacts such as dress, titles, office design, etc. are characterized by:</p>
<p>Assumptions about what is true or false, good or bad, worthwhile or undesirable include:</p>	<p>Heroes are people who:</p>
<p>Norms about appropriate behavior include:</p>	<p>Failure is addressed by:</p>
<p>Consequences for inappropriate behavior include:</p>	<p>Power is used to:</p>

FIGURE 8.2 Performance Culture Framework

The Performance Culture Framework can help you think through what happens—or should happen—in a performance-driven culture:

1. Shared Beliefs
2. Assumptions
3. Norms
4. Consequences
5. Artifacts
6. Heroes
7. Failure
8. Power

Shared beliefs are about the commonly held views and ideas that most people in the organization can relate to and which connect people to one another. In a performance culture, these shared beliefs might have something to do with the importance of doing what you say you will do, delivering on commitments, protecting people's safety or preserving the environment, putting customers or quality before profits, or putting financial performance before everything else.

Assumptions include an understanding about what is true or false, good or bad, or worthwhile or undesirable in the organization. In a performance culture, there might be assumptions that suggest individual accountability is more attractive than teamwork, or vice versa.

Norms address appropriate behavior in the organization. For example, we may want to decide whether it is better for people to follow orders or to debate and discuss alternatives before deciding how to proceed.

Consequences involve what happens when people behave inappropriately. We can decide whether we should confront, reassign, re-educate, ostracize, or fire them.

Artifacts are symbols, such as dress, titles, and office design, that tell us something about the work environment and how hierarchical or unstructured it may be, as an example.

Heroes are the people the organization praise and hold up as role models, based on certain behaviors, knowledge, credentials, or accomplishments. Heroes may be people who get things done at all costs, work long hours, represent the voice of the customer, respond to emergencies, have deep technical expertise, possess the right educational background, or treat people well.

Failure is related to how we address mistakes, problems, risk taking, and not accomplishing things as planned. As an example, we could decide to hold people accountable with a “no excuses” mindset or view failure as an opportunity to learn and improve.

Power is a question of who has it and what they do with it. Power can be used to get things done or to win at other people’s expense.

As we dive more deeply into culture, it should become obvious that one of the biggest challenges is that there are many more choices than there are right answers. Culture is about alternatives, conscious decisions, and tradeoffs. But, if we are not careful, it can also be about failing to make choices, making unconscious decisions, and neglecting to manage tradeoffs. That’s because your organization has a culture whether you create it or not.

The above culture-related alternatives imply choices and the importance of choosing. They are not intended to suggest that there is one best way to build a performance culture—or any kind of culture, for that matter. You need to work with your organization to decide the kinds of cultural attributes for which you want the organization to be known by employees as well as by important external constituents such as customers. The only bad choices involve failing to choose, or misaligning your culture with the business priorities you are trying to achieve.

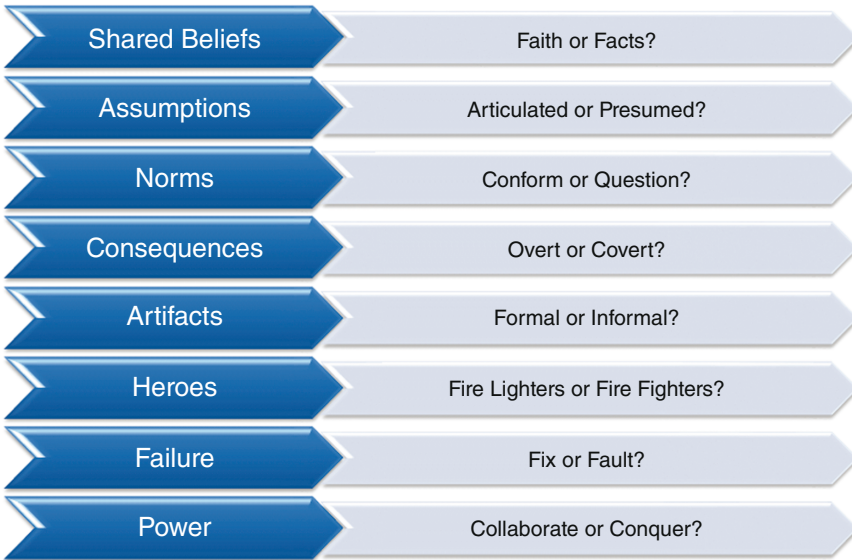


FIGURE 8.3 Cultural Crossroads

To effectively shape culture and ensure it drives business performance, we need to overlay some cultural crossroads we might face—conscious tradeoffs organizations and their HR leaders can make about the kind of culture they want to create.

Shared beliefs might be addressed by asking, “Do we want to rely more on faith or on facts?” Do we expect people in our organization to take things on faith that what we believe is important and accurate, or do we like to prove that our beliefs and values are correct by supporting them with facts and data in a more analytical way?

Assumptions can be further explored by asking, “Are they articulated or presumed?” Do we plan to put energy into actively communicating our assumptions about how the organization should be run, or do we expect people to understand these things because they are unspoken truths that are foundational to what we stand for as a company?

Norms could be tested by asking, “Do we expect people to conform or question?” Do we want our people to follow orders and guidance from their bosses and others above them in the organization, or should they have the obligation and right to question decisions and conventional wisdom as a way of pressure-testing ideas before they are fully implemented?

Consequences are often better understood by asking, “Are our actions overt or covert?” Do we prefer that if someone is going to be disciplined or fired, we want other people to know about it so they can learn from others’ mistakes—a public execution of sorts—or do we prefer that people disappear quietly into the night so as to send a much more subtle signal about what happens if someone doesn’t perform or live the company values?

Artifacts can be approached by asking, “Do we want to be known as a formal or informal environment?” Do we want people to know that there is an organizational hierarchy and respect it, or do we prefer that people work more informally, and engage as peers and colleagues?

Heroes might be defined by asking, “Do the people who have the best reputations here tend to be fire lighters or fire fighters? Do we want our people to receive accolades for being passionate leaders of important causes and able to inspire others to follow them, or would we rather admire people who fix problems, respond to urgent situations, and save the day?

Failure is best understood by asking, “Do we intend to put most of our energy into finding a fix or by finding fault?” Do we want to drive innovation, creativity, and performance by focusing our attention on addressing things that go wrong and learning from the experience, or do we want to make sure we understand who was to blame for a problem and how we can discipline them and prevent them from failing again? This cultural dimension is

often central to an organization's ability to foster, or tendency to hinder, innovation.

Power can be tested by asking, "Do we expect people to use their clout to collaborate or conquer?" Do we believe that the people with the most resources and influence in the organization should help others to deliver great results, or should they focus on winning the internal battle for scarce resources, while others lose?

These cultural crossroads are a caricature of tradeoffs, extremes your organization might consider. Most often, the appropriate answer for your company culture can be found somewhere in between these positions, not at the margins. However, the important lesson is not about the margins, but about the choices. Make conscious decisions regarding how you want each dimension of culture to take shape and what actions you need to take to align organizational practices with the culture you are trying to create.

If you are interested in more detail about the elements of performance culture, see the Performance Culture Assessment in Appendix 3. This assessment will be a useful tool to assist you in determining whether your organization has the right cultural and people-related practices in place to drive performance.

CHAPTER

9

Get on Board

Boardroom Dynamics

Groucho Marx once said, “I refuse to join any club that would have me as a member.” Not so for many HR executives. Most HR leaders would say that they have been working their entire careers, not only to be invited to join the club and earn a seat at the leadership team table, but also to become a key player in the boardroom. That aspiration is beginning to come true for many HR executives who support the boards that oversee their own companies, and a mini-trend is also beginning to emerge whereby a small but growing number of current and retired CHROs are themselves invited to sit on other companies’ boards.

This trend is long overdue, given the contributions highly experienced HR leaders can and do make to boardroom dynamics and decision making. However, we may also be witnessing a classic case of “Be careful what you wish for, or you might get it.” Greater HR involvement in issues that are important to boards of directors brings with it increased accountability, politics, scrutiny, and time demands.

While many HR leaders relish the new opportunities that accompany involvement in board-level discourse, other HR leaders have been burned by interactions with board members who have not understood how to best utilize HR leaders. Even worse, there have been some examples of board members with hidden agendas attempting to derail or hijack HR leadership by putting undue pressure on CEOs and their CHROs to do things that simply don’t make good business sense.

The pressure to do the right things for the business, sometimes in the face of contrarian, or even activist, board members,

is real. So, too, are the great opportunities to learn and contribute to the effectiveness of boards of directors, and that's a relatively new place for the best HR leaders to make a difference.

Depending on the role you are in today, you may or may not have direct interaction with board members. If you are a CHRO, spending time with the board is probably consuming an increasing part of your life. If you are working below the CHRO level, it's possible you never have met your company's board members. But you may still be experiencing more board influence than you realize. The issues that boards care about are having a growing and profound effect on how HR people at all levels of the company spend their time. There is a significant trickle-down effect that is taking place, because boards now involve themselves more deeply in people-related issues than they ever have previously.

In my coaching and leadership development work with up-and-coming HR leaders below the CHRO level, especially those who are being groomed as potential successors to the CHRO role, perhaps the most common development gap is evident: most of these emerging HR executives have very limited to no experience working with boards. Yet this area of focus is often viewed by CEOs and boards as essential for success in the CHRO role. Furthermore, there is often not a lot of tolerance or patience for learning on the job when it comes to board matters. The consequences of getting things wrong are too high, and the importance of building credibility with the board early and fast is great.

Therefore, my approach to this dilemma is to help HR leaders gain as realistic a preview as possible about what boards care about, and to help them prepare for this crucial aspect of the senior HR leader's job. Of course, it also doesn't hurt if you can work on some projects and issues that boards are interested in and use those opportunities to interact with and build relationships with key board members before ever taking on the CHRO role.

The Board's Role

The first step in getting a better handle on the HR leader's role with the board is to understand the board's role with the company. There are many ways to think about the board's role, and the following are the most crucial, in my view (Figure 9.1):

1. Representing shareholder interests
2. Providing governance and oversight
3. Making selection, performance, and compensation decisions about the CEO and other key senior leaders
4. Reviewing, shaping, and endorsing strategy
5. Offering wisdom and advice
6. Balancing between input and consensus

1. Shareholder Interests The first and most fundamental responsibility of the board is to represent the interests of shareholders, those individuals and institutions that invest capital in



Representing shareholder interests



Providing governance and oversight



Making selection, performance, and compensation decisions about the CEO and other key senior leaders



Reviewing, shaping, and endorsing strategy



Offering wisdom and advice



Balancing between input and consensus

FIGURE 9.1 The Board's Role

the company and expect a financial return. In this capacity, board members are expected to play an objective, impartial role in ensuring that company management makes wise, profitable, and risk-appropriate decisions that benefit shareholders.

2. Governance and Oversight As an important supplement to protecting shareholder interests, boards are also expected to provide strong governance for and oversight of how the company is run. This role involves ensuring there are rational goal-setting, financial, audit, risk management, legal compliance, environmental sustainability, ethics and integrity, and other similar processes and safeguards in place.

3. CEO Selection, Assessment, and Compensation Many experts would say that the single most important decision a board makes is selecting the CEO. The board has direct authority and accountability for hiring, assessing, and compensating the CEO and, increasingly, the CEO's direct reports as well. Boards, and compensation committees in particular, ensure that the senior team is being stretched, they evaluate or oversee the assessment of the senior team's performance, and they make certain that senior leader compensation is appropriate in light of company and industry competitor performance, economic and market conditions, and delivery of results against goals.

4. Strategy Boards are increasingly becoming involved in discussing, debating, reviewing, and approving company strategy and the operating priorities that underpin strategy. There is a fine line between the board's role in reviewing and approving strategy and management's role in conceiving and executing strategy. This seems to be one of the greyest areas of board involvement and promises to become even less clear over time as boards seek to ensure strong representation of shareholder interests.

5. Advice One of the most potentially positive and simultaneously perilous roles a board can play is providing wisdom, advice, perspective, challenge, and support to the CEO and other key company leaders. The best board members know precisely when to offer insights and counsel. The worst board members regularly overstep their bounds and issue orders and ultimatums. Providing advice with the right touch at the right time can be extraordinarily valuable to the CEO and senior leadership team, including the HR leader. Giving orders and telling management what to do and how to do it can be extremely disruptive.

6. Input vs. Consensus A key insight about boards is that they are typically a collection of very smart, experienced, and capable individuals who have strong opinions and the willingness to share them. Therefore, boards are generally much better at providing a collection of inputs than they are at reaching consensus and speaking with a single voice. The chairman of the board, or the lead director, can therefore be important in collating, interpreting, and communicating the collective board input in a manner that is translatable into action for the CEO and other key leaders. This balancing act between input and consensus is a non-trivial pursuit.

The Role of the HR Leader with the Board

Now that we have summarized the key roles of the board of directors, let's build a bridge between the board's role and the evolving role of the CHRO and other HR leaders in handling board dynamics. The evolving HR leader role with the board has four primary components (Figure 9.2):

1. Executive compensation
2. Talent and organization
3. Key metrics
4. Advice and engagement



FIGURE 9.2 Evolving CHRO Role with the Board

1. Executive Compensation Executive compensation has been the hottest HR-related board concern over the past ten years and may finally be giving ground to talent and organization issues. But the party is not over just yet. There are essentially three areas related to executive compensation (Figure 9.3) that dominate the landscape: pay, performance, and governance.

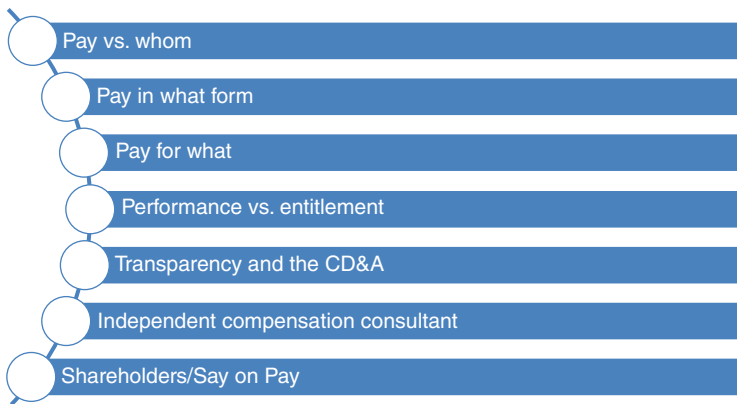


FIGURE 9.3 Executive Compensation Priorities

Pay is a function of the following interrelated questions—pay relative to whom, pay in what form, and pay for what? Without intending to sound cynical, the search for answers to these questions is a means of protecting boards and compensation committees from being embarrassed by the three-headed compensation monster . . . comparing ourselves to inappropriate peer competitors, paying ourselves too much too soon, and setting the wrong goals that are too easily achieved. All of these issues are fodder for perceived—or real—abuses by management and have the potential to subject the company and board to unwanted scrutiny and criticism.

Boards are extremely sensitive, and appropriately so, to any perceptions that management might be attempting to bolster their own compensation by making market data comparisons to companies or industries that are inappropriately large and/or high-paying or to specific executives who are also notorious for being highly paid. Compensation committees have increasingly put in place safeguards to ensure that the companies they oversee use market and peer company comparisons that are appropriately conservative and balanced, and that do not fluctuate wildly from year to year in an effort to chase the pay practices and levels most likely to justify higher CEO and management team compensation.

Likewise, boards are highly focused on ensuring that compensation program designs for CEOs and senior leadership teams have an appropriate blend of base pay, annual incentive, and long-term equity-based components. While percentage distributions vary somewhat by business strategy and industry, practices that align with shareholder interests and vary with business performance are in favor, and those that smack of guarantees or short-term payoffs absent performance are out of favor.

Boards are also on a mission to make executive pay consistent with delivering performance against well-conceived and realistic but achievable targets—and rewarding performance

above target while penalizing performance below target. Pay for performance. Pay for achieving annual revenue, operating profit, return on assets, and operating margin targets. Pay for superior total shareholder returns versus peers. Pay for results rather than effort. And boards are often more concerned that company goals are appropriately aggressive, and that they have the right amount of stretch associated with them, than they are concerned about which types of financial measures are used.

In addition to their focus on pay, boards and compensation committees care about driving performance rather than perpetuating entitlements. Practices that bolster payouts for non-performance or instead focus on tenure and position versus results are increasingly under board and shareholder scrutiny. Out of favor practices include perquisites, severance payments, tax gross-ups, executive medical plans, and pensions and senior executive retirement plans (SERPs), among others.

Boards and management teams are also continually working to improve good governance and transparency. The “compensation discussion and analysis” (CD&A) included in the company’s proxy statement has contributed significantly to broader communication about CEO and executive compensation practices. Although criticisms of CD&A complexity and length are well-founded, the principles behind the evolution of CD&As during the past seven or eight years have created the right mindset about disclosure of and transparency about executive pay. If you are not familiar with your own company’s CD&A included in the proxy, read it thoroughly. It will tell you a lot about your company’s executive compensation philosophy and practices.

Speaking of the proxy, Robin Ferracone, CEO of executive compensation consulting firm Farient Advisors, offered a nice summary of hot trends in executive compensation and proxy-related issues in “Proxy Season 2014: A Mid-Year Look at What’s

Hot and What's Not" (Ferracone, 2014). She indicated that Say on Pay votes have shown remarkably little difference over the first four years that such shareholder votes on executive compensation practices have been in place. While 88 percent of companies received "For" votes in support of company executive compensation practices during mid-2014, she also reminded us, "While SOP (Say on Pay) support has been running at a fairly constant level, there are other trends in CEO pay practices among the Russell 3000 that signify change." Ferracone predicts the following developments in executive pay going forward:

- As long as performance continues to improve—defined by total shareholder return (TSR)—CEO compensation will continue to climb.
- Say on Pay votes will remain stable.
- Investors will pressure companies to justify any increases in compensation by demonstrating that pay is tied to performance measures and goals that drive shareholder value.
- Investors will likewise expect CEO pay to decline if there is any degradation in performance.
- Say on Pay support will decline, perhaps dramatically, if pay decreases do not accompany performance degradation.

Along with increased attention to the CD&A, as summarized in the proxy, as well as accompanying Say on Pay votes by shareholders, most boards have moved or are moving toward utilizing independent compensation consultants who provide an external view independent of management to verify the appropriateness of compensation levels and practices. This practice provides both the perception and reality that boards are receiving objective advice on delicate and routine executive compensation matters.

2. Talent and Organization Talent and organization issues (Figure 9.4) may be fast eclipsing executive compensation as the challenge of choice for boards. The issues in this arena tend to focus on succession planning, talent development, workforce engagement, diversity, human capital strategy, safety and health, sustainability, and board effectiveness, among other things.

As mentioned earlier in this chapter, the most important job of a board of directors is to select the right CEO. This accountability is closely followed by ensuring the CEO receives the proper coaching, development, and performance feedback and that there is an ever-present focus on CEO succession—both in emergency situations as well as in the normal course of CEO transitions. Increasingly, this focus on the CEO is being expanded to include select members of the senior leadership team, where boards or compensation committees are also exerting additional influence and involvement in approving selections for positions such as CFO, CHRO, general counsel, and certain operating executives.

By the way, if you are being considered for a CHRO position, do not take the job without interviewing with the board's



FIGURE 9.4 Talent and Organization Priorities

chair of the compensation committee. If the board and CEO do not also insist on this process, think twice about taking the job. Chemistry with the compensation committee chair is becoming as important as chemistry with the CEO.

Depending on your board, the industry your company is in, and the strategic people issues facing your company, boards also are expanding their interests to a fuller range of human capital priorities. Common examples include employee engagement, diversity and inclusion, human capital strategy, and related organization change initiatives. Similarly, boards and committees often engage directly in reviews of company safety and health practices, risk management assessments, and corporate social responsibility and environmental sustainability initiatives.

CHROs sometimes find themselves involved in helping boards conduct evaluations of board effectiveness and performance, as well as in supporting the process of identifying potential candidates for board seats. They are not involved in final decisions, but they are often involved in orchestrating the processes, collecting data, and conducting interviews, for example.

3. Key Metrics Key metrics (Figure 9.5) are becoming a natural extension of the HR leader's role in executive compensation and talent and organization issues with the board. It is becoming more commonplace to see HR's role expanding to include tracking, analyzing, and reporting on key metrics that are often included in a human capital scorecard or dashboard and shared monthly, quarterly, or annually with the leadership team and board as appropriate.

Executive compensation metrics often address the connection between financial performance and compensation goals and potential payouts, performance and pay relative to peer companies, and results of Say on Pay votes and feedback. These metrics tie pay to performance and ensure executive compensation payouts are consistent with established targets.



FIGURE 9.5 Key Metrics

People costs typically include budgets and expenditures on compensation, benefits, and pensions. People cost metrics often address these costs as a percentage of revenue or operating profit, as well as relative to annual budget targets. These metrics may also include analytics about organizational layers and spans of control, as a proxy to demonstrate the efficiency of the organizational operating model and structure.

Engagement metrics involve scores, feedback, and actions completed relating to workforce engagement processes. These metrics often not only demonstrate progress against internal engagement targets and priorities over time, but also provide benchmark data relative to peer companies.

Talent metrics focus on succession planning progress, including bench successors and the percentage of pivotal roles with ready now or soon to be ready successors. These metrics are a way of demonstrating robustness or gaps in the talent pipeline, particularly for pivotal roles.

Diversity metrics measure the percent of roles at various organizational levels that are occupied by women, people of color, or other protected or underutilized groups, and how these

percentages compare to market data and peers. Such metrics normally incorporate both company-specific targets as well as availability data for like positions in similar companies, and are helpful in highlighting significant underutilization of women, minorities, or others.

Safety metrics track the lost work day incidence rate or equivalent measures of commitment to and performance against safety goals. These metrics demonstrate commitment to employee safety as well as safety costs and disruptions to business performance.

Sustainability metrics are increasingly focusing on carbon footprint, water usage, and other energy waste reductions or improvements. These metrics are generally part of more comprehensive corporate social responsibility strategies and are included in annual corporate responsibility reports that companies are using to describe their sustainability progress to key internal and external constituents.

4. Advice and Engagement Advice and engagement (Figure 9.6) is another area for which the dynamics are rapidly changing between the board and HR leaders, particularly CHROs. This



FIGURE 9.6 Advice and Engagement

dimension comes in a variety of shapes and sizes, depending on the board's needs and expectations, and the CHRO's credibility and experience. There are, however, a number of increasingly common ways HR and other leaders are engaging with board members.

One of the least understood and most influential tools for building strong relationships with board members is the art of the pre-meeting. For example, the CHRO and the head of executive compensation are responsible for preparing the compensation committee chair and the other committee members for what will be discussed and potentially decided in each committee meeting. If you believe in the "no surprises" theory of management, as I do, ensure your compensation committee is well-prepared for every meeting and that there are no surprises during the meeting.

It is important that you meet or speak with the compensation committee chair before the meeting takes place. The agenda for this pre-meeting usually includes a review of the committee meeting agenda, materials that need to be prepared, a discussion of which agenda items are intended for information and discussion and of which require committee decisions and approvals. Once the meeting materials are prepared, another pre-meeting or discussion should take place to review the materials, answer the committee chair's questions, and identify issues that may be particularly difficult or controversial. Some HR leaders I know go through this process, not only with the compensation committee chair, but with each committee member prior to every committee meeting. This process takes an incredible amount of time, but not as much time as picking up the pieces following an extremely difficult and contentious compensation committee meeting where participating board members feel surprised, ignored, confused, or misinformed—or they simply don't agree with management's recommendations.

In addition to employing the effective use of pre-meetings with the compensation committee chair and members, there is also great value in conducting a pre-meeting with the board's independent compensation consultant, assuming there is one. These meetings are essential to ensure mutual understanding of facts and assumptions, as well as clarity about where management, the board, and its consultant agree and disagree. Most importantly, these pre-meetings minimize the risk of surprises in the boardroom. It is highly undesirable and unproductive to have the CEO, CHRO, or head of executive compensation fighting with the independent compensation consultant in front of the board or compensation committee. Likewise, it is equally distasteful to have the chair and members of the compensation committee surprised by a position taken by their own consultant or by management. The "no surprises" rule should be standard operating procedure when working with the independent compensation consultant.

An underlying assumption that governs interactions with the compensation committee chair is "Who's the boss?" While it's certainly true that the CHRO fundamentally works for the CEO, practically speaking, the head of HR has a fiduciary responsibility to the board, and the compensation committee chair in particular. Therefore, HR leaders really have two bosses, at least on matters that relate to compensation committee purview. This reality places huge responsibility on the shoulders of HR people.

On one hand, we are expected to be loyal to the CEO and leadership team. On the other, we are expected to be loyal to the board and the shareholders they represent. This dynamic can be a challenging balancing act, especially in situations where there is tension between the board and CEO. This political scenario can be further intensified in situations when the chairman of the board is someone other than the CEO and someone different from the compensation committee chair. CHROs are

often actively engaged in discussions about board-related matters with three different bosses at the same time. For those HR people who have been fighting for a seat at the proverbial table, this scenario represents a seat at the table on steroids. But it's an essential part of the CHRO's job, and those who aspire to the role need to see it as clearly as possible before they step into the role.

Given these conditions, the compensation committee chair can either be the HR leader's ally, confidant, and supporter—or just the opposite. Pay close attention to the relationship between the CEO and compensation committee chair. Pay close attention to the relationship between the compensation committee chair and the other board members. Pay close attention to where the compensation committee chair has learned about executive compensation and talent management and the resulting perspective, biases, and hot buttons they may have regarding these topics.

The compensation committee chair and other board members may be influenced by practices at the company they work for now and companies they have worked for in the past. Their views will also be affected by whether they have been in the CEO role or some other position. Experience on other company boards, and the people-related practices at these other companies, will also influence their thinking, as will their relationships with independent compensation consultants. Board member biases will also be shaped by whether their experience is primarily big company, private equity or venture capital, public sector, academia, military, financial, and so forth.

Study closely the other organizations that the compensation committee chair and other committee and board members have been associated with. Connect with the HR leaders of those other organizations when possible and appropriate. Don't make it a secret. Make friends with your peers at these other companies

and learn about how their practices may be similar to or different from your company's. Chances are your compensation committee and board members have seen some practices elsewhere that they think are better or worse than your company's. Wouldn't you like to know which ones are which?

In addition to the above-described roles that HR leaders are playing with the board and compensation committee, there are a number of other ways that HR leaders are contributing, including facilitating board member orientation to and familiarization with internal company practices and key leaders. The more familiar board members are with company practices and people, the more effective they can be in their role as board members. The HR leader is often asked to manage or contribute significantly to this process of bringing board members under the company tent.

For example, board members can be great contributors to company leadership conferences, development programs, and other events as speakers, panelists, and faculty. They have tremendous insights to share based on their own leadership roles and extensive experiences that typically go well beyond your own company and industry. These board members also have the potential to make terrific role models for your company's up-and-coming leaders.

Likewise, many companies now make it standard practice to have board members conduct site visits to a select number of company locations each year—sometimes for board meetings where they are accompanied by the CEO and leadership team, and sometimes unaccompanied. These site visits are also an excellent opportunity for board members to interact one-on-one with senior or high potential company leaders they have heard about during the company's succession planning/talent review process, but to do so on the leaders' home turf, rather than in the more formal boardroom setting.

Another valuable way for boards and management teams to interact is via various versions of “board buddies.” These efforts typically include formally assigning and connecting each board member to a member of the management team to support one another with assimilation to the company, better understand board and business priorities, offer mutual advice and insights, and build closer working relationships.

It is also quite common to find that board members have a variety of pet projects or interests in which they like to be involved. Examples might include leadership development, diversity and inclusion, women’s leadership, working with high potentials, environmental sustainability, corporate responsibility, community and social causes, and others. These areas of interest present multiple opportunities to more deeply engage board members in issues important to your company while taking fuller advantage of their particular areas of expertise and passion.

All the above dimensions represent ways that HR leaders can play a significant role in orchestrating a more effective relationship with the board, for their company leaders and for themselves. That said, as you become increasingly proficient at leading and executing these actions with the board, you must also prepare yourself for some very difficult and sometimes very uncomfortable questions and lessons learned.

Tough Board Questions

Here is my top-ten list of favorite difficult questions from board members:

1. What do you (and others) think of the CEO’s leadership style, strengths, weaknesses, and/or performance?
2. Why can’t you get the CEO to agree to _____?

3. Don't you think the CEO and leadership team are making too much money?
4. Will you tell the CEO he/she doesn't deserve a bonus?
5. The CEO thinks _____ should be his/her successor. What do you think?
6. Is _____ worth keeping in his/her job or is the CEO just being protective?
7. How are people in the company really feeling?
8. What do you think of the other board members?
9. Can you help my (relative or friend) find a job?
10. Is there anything I can do to help you?

If you are a savvy HR leader and a rational human being, you are probably thinking to yourself, "I hope I never am asked any of these questions!" Ironically, the more credibility you have with the board, the more likely it is you will be asked at least some of these questions. So hope or avoidance will not be your best strategy for dealing with these inevitable issues. Instead, begin thinking through how you might answer these questions before you are ever asked. Think of what your "elevator speech" should be, well in advance of having a need to deliver it. Practicing how you think about and articulate your responses to difficult questions will help you prepare for your role with the board and give you confidence. You will then be ready if and when the opportunity comes for board interactions that are up close and personal.

Board Lessons Learned

Let's step back from the details of interacting with the board and reflect on some key lessons learned regarding how boards work and what implications these dynamics have for CHROs

and other HR leaders. In particular, here are six lessons that I, and some other CHROs I know, have learned the hard way:

1. Real decisions
2. Lasting impressions
3. Independence and transparency
4. Board vs. team
5. Endorsement vs. trust
6. Illusion of communication

1. Real Decisions Less than 50 percent of real decisions happen in the boardroom. CEOs, leadership teams, and CHROs spend so much time preparing for board meetings that they often forget that most real board decisions actually happen between and outside the formal board meetings, where deeper discussion, dialogue, and questioning can take place. Often, formal board meetings are a summation and reminder of important strategic, operational, and governance decisions that have already been debated over many weeks and months—decisions that would be impractical to give adequate attention within the time constraints of board and committee meetings alone.

2. Lasting Impressions Greater than 50 percent of lasting impressions are created outside the boardroom. There is no doubt that more than a few executives have hurt their reputations during their fifteen minutes of fame, when they made a bad presentation or underwhelmed board members with an unprepared response to an important question in the boardroom. There are plenty of examples of these kinds of magical boardroom moments. However, the majority of impressions you and other leaders will create with board members actually happen outside the boardroom. These situations may involve a private

discussion with a specific board member who has a question for you, or with whom you are interacting in preparation for a committee meeting. They might include circumstances in which you need to handle highly confidential information. Or they could be moments of truth when you need to decide whether and how to approach a board member about a delicate matter without being asked.

3. Independence and Transparency CHRO credibility equals independence and transparency. The fastest way to hurt your credibility with the board as an HR leader is to create the impression that you are in the CEO's pocket and are simply doing his or her bidding. Boards expect HR leaders to have an independent and objective view and to push back on the CEO or other leadership team members when appropriate. In this capacity, HR leaders have a fiduciary obligation to serve and work for the board, even though they also are members of the management team and work for the CEO. This obligation may include disagreeing with the CEO on occasion, as well as ensuring your views are transparently shared with board members. Failure to master this dichotomy is perhaps the most direct way to undo your reputation with the board or get you off to a very rocky start if you have yet to establish your brand with the board.

4. Board vs. Team The board is not a team. Boards are a collection of broadly experienced, very intelligent individuals who have great wisdom and insights to share if they are well-informed and properly utilized. However, they generally do not operate as a highly integrated team. This is not a criticism as much as it is a reflection of the realities that characterize boards. Boards meet approximately five to seven times per year. They do not work together regularly, as management teams do. They do not share a common frame of reference about your company or industry,

other than the information your CEO and management team provide. They do not have the same level of information or detail about the company's day-to-day challenges that you do. And they have many other roles, responsibilities, and competing priorities that consume their attention when they are not playing their part-time roles as board members of your company. Therefore, it is a mistake to assume that boards have a common point of view or shared set of priorities—or that your company is paramount in their minds every day. These integrated perspectives must be nurtured and cultivated through conscious consensus building over an extended period of time.

5. Endorsement vs. Trust Board endorsement does not equal board trust. The best boards operate under the trust but verify theory of leadership. They often trust the CEO, leadership team, and HR leaders until they prove they can't be trusted. But it doesn't take much to lose their trust, especially if and when they feel they are not getting the straight story or management is not protecting shareholder interests. Therefore, just because the board endorses a particular decision, it does not mean they inherently trust everything the management team is doing. This trust must be earned and re-earned, verified and re-verified. Boards generally trust you, right up until the time they don't. And that transformation can happen very fast and without warning.

6. Illusion of Communication “The biggest problem with communication is the illusion that it has taken place.” I mentioned this quote from George Bernard Shaw in Chapter 7, and it is worth repeating here. One of the biggest mistakes I see CEOs, leadership teams, and CHROs make with boards is relying on the belief that they have communicated something to the board, and it therefore must have been heard and understood. Each board meeting requires that board members review and absorb

an inordinate amount of information, often about things that are unfamiliar to them. One of the simplest yet best practices I have seen in dealing with boards is to start off each board or committee meeting with a reminder of things that were discussed and decided at the previous meeting. Even if those subjects are now closed, this refresher approach helps board members get back on the same page following a two-month break from the prior meeting, and provides continuity and context for the current meeting's agenda and decisions. So do not assume that, just because you have told board members something important, they remember and fully understand it. Dealing with this challenge is not a matter of intelligence but a matter of common sense.

CHAPTER

10

Conduct the Orchestra

The Future of HR

William Gibson, speculative fiction novelist, said, “The future is already here; it’s just not evenly distributed.” Approximately three years ago, John Boudreau, a professor of management at the USC Marshall School of Business and director of research at the Center for Effective Organizations, and I began working together on a study about the future of HR and effective organizations. This project has generated a considerable amount of buzz as we have engaged more and more HR and business leaders in the process. Quite a few people are excited by the prospect of creating the future of HR by understanding where we have been as a profession, identifying strengths and gaps, and taking high-priority actions to close the gaps. Most importantly, this project is based on developing a shared understanding of the evolving business context and environment in which HR and other business leaders operate and the resulting required changes in work, the workforce, and the workplace.

Work, Workforce, and Workplace Trends

A seemingly endless array of shifts is taking place in where, how, and when work is done, and by whom. These trends are affected by a wide variety of factors (Figure 10.1). For purposes of this book, let’s focus on five such factors to set the context for a series of future of HR themes that are beginning to emerge:

1. Jobs
2. Globalization

3. Technology
4. Engagement
5. Demographics

In 2008, as the global economic downturn was just getting into full swing, labor economists were talking about an unemployment rate of over 9 percent in the United States. As bad as that number seemed at the time, it was actually worse. Factoring in people who were settling for part-time rather than full-time jobs and people who were so discouraged that they had completely given up looking for work, the real effective unemployment rate was often cited as 16 percent or higher. Even more challenging, economists at the time predicted that it would take at least five years for a full economic recovery. Here we are in 2015, and we are finally reaching the point at which the economy is growing, jobs are being created at a steady pace, and unemployment is below 6 percent and dropping in the United States.

Despite these improvements, many people would say that they have not yet seen a full recovery in their company, community, and/or country. We continue to face the dilemma that many of the jobs being created do not match the skill sets of available talent, and these people may therefore remain structurally and permanently unemployed or under-employed. Anyone paying attention to the future of HR is also concerned about the future of jobs and job creation.

- Jobs – 9%/16% unemployment with **5 year recovery**
- Globalization – majority of jobs, growth, and math/science skills are **outside U.S.**
- Technology – the **Internet** has created 2.6 jobs for every job it has destroyed, but...
- Engagement – 25% of high potentials at **high risk of leaving** within one year
- Demographics – more than 10,000 Baby Boomers will reach **age 65 every day** for the next 19 years

FIGURE 10.1 Workforce/Workplace Challenges

While globalization has been on the radar screen for a long time, only in recent years has it become obvious that the majority of jobs, growth, and math and science skills required to do them are increasingly available outside, rather than within, the United States. This shift is putting significant pressure on companies and HR people who need to find and keep top talent. It is also interesting to note that one of the reasons the recent global economic downturn has been so severe and difficult to recover from is that the economy has become increasingly global. The downturn spread quickly because economies across the world are so interdependent. The downturn has recovered slowly because these same economies are mutually dependent on one another for job creation and skills availability, as well as for the availability of investment capital.

Even the “hot” economies around the world are quickly changing. While countries like Brazil, Russia, India, and China (BRIC) are most often thought of as the strongest emerging economies, a number of other countries are hot on their heels, including Colombia, Indonesia, Vietnam, Egypt, Turkey, and South Africa (CIVETS). The increasing interconnectedness of the global economy has huge implications for the future of HR.

I have heard it said that the Internet is credited with creating 2.6 jobs for every job it has destroyed. That’s the good news. The bad news is that there is a complete disconnect between the technology-based jobs most often created as a result of the Internet, and the skills possessed by many people who are looking for work. This skills mismatch is a fundamental source of tension in job markets around the world. Imagine the impact of this disconnect on the future of HR, including the ability to find the right talent for key roles.

A soft job market, coupled with a scarce supply of talent with the capabilities that companies need, inevitably leads to a question about workforce engagement and the ability to keep pivotal talent. Some engagement studies suggest that 25 percent

or more of high potential employees are at significant risk of leaving their current companies within the next year or less. This challenge is becoming even more pronounced as the economy slowly but steadily improves, thereby creating more opportunities and less anxiety related to the risks of changing jobs and companies. There is a growing realization among HR leaders that people are leaving (or want to leave) their current companies, and this trend has the potential to reach epidemic proportions as the global and improving economies present new and exciting opportunities for key talent.

Likewise, the very nature of work and the definition of “employee” are also rapidly evolving. Increasingly, people are looking for short-term, project-based gigs, rather than long-term, traditional full-time employment relationships. They want to work where they want, when they want, on what they want, with whom they want—and then move on to the next thing when they are ready, not when the company is ready. These trends toward “free agency” imply an erosion of traditional employment models and a deepening need for HR leaders to figure out how to hold onto the very best talent, whether they are employees or freelancers. We need to be more creative, flexible, and employee-centric. The future of HR may include the search for new ways to love and fully engage employees, many of whom may not actually be employees by traditional definitions.

While the trajectory of the above challenges can be influenced in some ways based on the actions HR leaders take, demographics are much more difficult to manage. In large measure, when it comes to the workforce demographics challenge, demographics are destiny because they are what they are. For example, in the United States, 10,000 Baby Boomers will turn age sixty-five every day for the next nineteen years. That’s an aging population, and an aging workforce. Critical skills will be leaving the workforce in droves, even if people are increasingly delaying their retirement

due to the financial squeeze created by the economic downturn of 2008 or their own personal desires to remain actively engaged in the workforce. Knowledge transfer, leadership readiness and succession, cultural continuity, and execution capability will all be top-of-mind issues facing HR leaders and the future of HR.

Black Holes and White Spaces

With the above emerging business issues as a foundation, and as the future of HR project unfolded, John Boudreau and I began holding a series of formal and informal discussions with HR and operating leaders to further explore unresolved or unaddressed human capital-related issues that might require future attention. This emerging pattern of unresolved and unaddressed issues eventually became known as black holes and white spaces (Figure 10.2).

Black holes are things that we have been talking about in HR for years, but which, for various reasons, have yet to be resolved. Examples raised by a wide variety of people have included topics such as HR leaders having a seat at the table and becoming strategic business partners, performance management, integrated HR systems, and others.

White spaces include issues that HR people have yet to pay adequate attention to and have, therefore, remained largely unaddressed, but would make a big difference to organizational effectiveness and performance if we did address them. Examples cited have included issues like analytics and measurement, big data, differentiation, and more.

1. What are the “black holes” in HR – things we’ve been talking about for years, but never seem to resolve?
2. Where are the “white spaces” in HR – things we’ve yet to talk about or address, but would make a big difference?

FIGURE 10.2 Black Holes and White Spaces

These discussions about black holes and white spaces, and a related scan of common company business and HR challenges and priorities, began to yield a pattern of future of HR trends, six of which emerged as core priorities for HR leaders to face and address head on.

Six Future of HR Themes

The six future of HR trends we identified (Figure 10.3) and began to explore include the following “from/to” transitions:

1. Hero leadership to collective leadership
2. Intellectual property to agile co-creativity
3. Employment value proposition to personal value proposition
4. Sameness to segmentation
5. Fatigue to sustainability
6. Persuasion to education

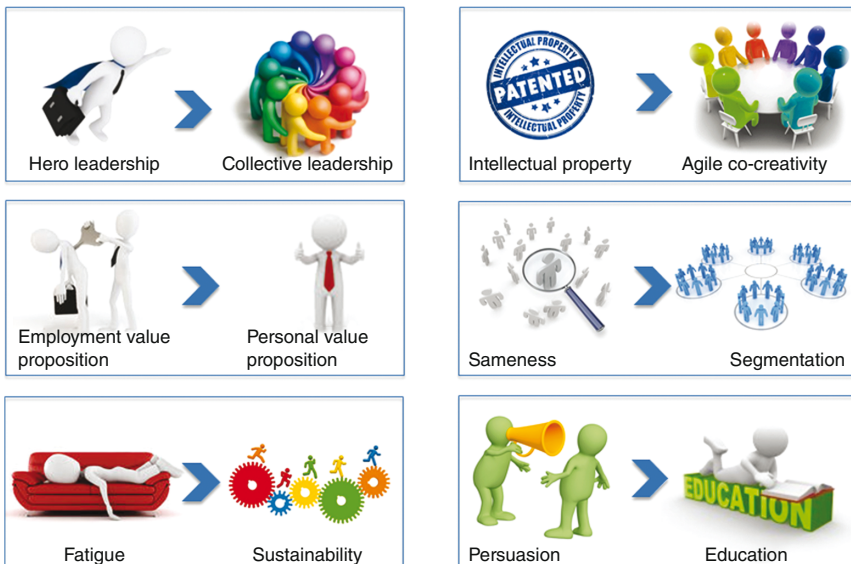


FIGURE 10.3 Future of HR Themes

1. Hero Leadership to Collective Leadership

Hero leadership to collective leadership is about the shift from singular, high visibility, often charismatic leaders who become synonymous with the company brand and reputation, to a broader set of leaders who represent a common collective view about what it means to be an effective leader in a particular company. This shift begs the question: “Is leadership an individual or an organizational capability?” Actually, it’s both. Organizations are increasingly recognizing the need to minimize reliance on larger-than-life, highly visible individual leaders, and instead, to build a broader organizational leadership capability that is not overly dependent on the credibility of any one particular person. It’s not that individual leaders don’t need to be great; they do. Rather, individual great leaders need to be part of a great leadership team that collectively delivers highly competent leadership at every level of the organization.

The untimely death of Steve Jobs, and its subsequent impact on Apple, may be an instructive example of the perils of over-reliance on a singular charismatic leader to define a company’s brand and image. I never met Steve Jobs, nor have I done work with Apple as a consultant, so I don’t have any more direct insight than anyone else. What I do know is that Tim Cook has his hands full as the successor CEO of Apple, demonstrating that Apple’s technology and product design genius wasn’t all about Steve Jobs. Several years after Jobs’s death, Apple and Cook are still trying to prove to customers and shareholders that Apple’s new product pipeline is based on more than just leftovers from the Jobs regime, despite how well their stock has done. By contrast, competitors like Samsung have been taking huge market share of the mobile device business on a global basis. Can anyone even name Samsung’s CEO? This scenario is a great example of the shift from hero leadership to collective leadership.

HR executives, therefore, have an obligation to ensure a proper balance between developing highly credible and capable individual leaders, on the one hand, and cultivating a culture that embraces a broader understanding of leadership expectations, capabilities, and competencies on the other. Companies that invest in a collective “brainwashing” of leaders about what it means to be a leader and what is expected will have a distinct competitive advantage over companies with larger-than-life CEOs, but not much additional leadership capability behind them. This evolution is further reinforced by the notion that leadership is not about a position, job, or role as much as it is about a mindset, skill set, and opportunity set. People at all levels can think and behave like leaders—if we prepare and enable them to operate that way.

2. Intellectual Property to Agile Co-Creativity

Intellectual property to agile co-creativity suggests a shift from innovation and organizational change being the sole purview of some person or function to an opportunity where everyone can contribute to large-scale transformation that extends beyond organizational boundaries. Historically, innovation has been the day job of highly creative people charged with inventing or developing new ideas, products, or services. In pharmaceutical companies, this role might fall to scientists in the research and development organization. In automotive companies, designers might be at the center of new car model development. In advertising agencies, the “creatives” tend to be the people who are central to ad campaigns. Everyone else has traditionally been expected to stand on the sidelines, out of the way, and cheer on the innovators. No more.

A number of market and organizational conditions are conspiring to change the way we innovate and drive large-scale change. First, there is growing recognition that good ideas can and should come from anywhere. Second, social media is making

it easier to connect and integrate a wider array of people and perspectives. Third, innovation and change lifecycles are shrinking dramatically, severely stressing traditional innovation pipelines and the old organizational models designed to drive innovation and change. These traditional constructs are simply not fast enough to keep pace.

As a result, we can expect to experience new ways of innovation that are much more inclusive, open, and transparent. It is becoming more commonplace for organizations to create cultures that promote cross-functional, multi-disciplinary, and boundaryless ways of finding and exploring great ideas anywhere they can be found. This trend is being accompanied by transformational change through social media, and it can even be seen in the way that entire countries are transforming themselves.

Events in the Middle East over the past several years, often referred to as the Arab Spring, paint a vivid picture of what is happening in institutions in which dissatisfaction drives a perceived need for change, fueled by distrusted and out-of-touch leadership, accelerated by social media tools that enable virtual and rapid connection among like-minded individuals. A number of leaders in these Middle Eastern countries were deposed (or worse) by a movement driven by twenty-five-year-olds on Facebook and Twitter. You might be thinking: “What does a Middle East political revolution have to do with innovation and change in organizations?”

Read postings on GlassDoor.com, Yahoo! Finance, and other social media sites and blogs, and then ask yourself whether disengaged and dissatisfied employees or other constituents might be able to push a CEO or senior HR executive out of a company using social media tools to foment change. The leap from a deposed political leader to company leader is not as far as we might imagine.

Consider the example from the late 2014–early 2015 timeframe, when hackers attacked Sony Pictures Entertainment and revealed embarrassing emails, stole private employee

information, and hijacked unreleased movies and distributed them on the Internet. Disgruntled cyber-terrorists, whose identities are still unknown as of this writing, turned the company, its reputation, and its relationships with Hollywood talent and its own employees upside down overnight. The stage is set—new and different ways of thinking, driven by activist employees, customers, shareholders, or critics, enabled by social media. This is the new formula for large-scale change.

On a more positive note are a growing number of companies looking outside their own walls to fuel innovation, creative ideas, and change. Companies are increasingly reaching beyond their own borders to engage consumers, fans, and independent thought leaders in contests, competitions, and open requests for assistance with solving complex problems previously reserved exclusively for internal company resources. This movement toward open innovation and transformational change has significant implications for HR leaders.

How do we engage, involve, recognize, and reward people outside our organizational walls? How do we foster open innovation while simultaneously preserving confidentiality and competitive advantage within our own organizations? How do we ensure we have a handle on how constituents outside our traditional boundaries are feeling about our companies and leaders, before we are blindsided and surprised by those who think they deserve better than what we are able to deliver? These are becoming key questions and challenges for emerging HR executives.

3. Employment Value Proposition to Personal Value Proposition

The shift from employment value proposition to personal value proposition is a trend that is best appreciated when viewed through a marketing lens. Most HR leaders are preoccupied with making their organizations attractive and compelling places to work.

Accordingly, we are in constant pursuit of ways to articulate an employment value proposition that enables us to describe to current and prospective employees why our company and opportunities are the best option for employees when compared with alternative choices. The theory behind the employment value proposition is that, if we can convince people of how great a place our companies are to work, employees will be less inclined to leave and more inclined to stay and do great work. In the same way, this presumption extends to potential employees. Our job is to convince them that they want to work with and for our company and to somehow distinguish ourselves among a sea of other alternatives.

This line of thinking is still very valid, but it is also not sufficiently precise. In addition to making our companies compelling places to work in the generic sense, we are also going to find a need to be more laser-like in focusing on the needs and interests of select pivotal talent segments and individuals with critical skills. As the economy continues to recover and the talent shortage heats up due to an aging workforce and the mismatch between available labor and technology-based roles, certain people will be in unprecedented demand. They will be able to write their own tickets in terms of employment deals that they will expect to be customized to their personal needs and priorities. This level of customization and personalization makes HR people nervous, to say the least.

Imagine yourself at Ford Motor Company in the early years of the Model T. The Model T was introduced in October 1908. In October 1913, mass production of the Model T began. In 1914, in the interest of streamlining production, the Model T was no longer available in red, blue, green, or gray; it became available in “any color so long as it [was] black.”

Following this strategic decision, you are sitting in a company meeting to discuss future plans for the Model T. Around the table are the people who have been responsible for designing,

engineering, manufacturing, marketing, and selling the Ford Model T. Everyone is very proud of the Model T's successful launch and receptivity among consumers, and deservedly so. The Model T has transformed the market and made owning and driving an automobile accessible and affordable to a broad base of consumers. It is a game-changer.

It is also black, just black. The marketing executive then suggests the Model T would have even broader appeal if it were available in some other colors. Not an infinite number of colors, but a choice sufficient to accommodate the diverse needs and tastes of a broad population of consumers. The sales leader thinks this is a great idea because more appeal to more consumers should translate into more sales.

Before everyone around the table gets too excited, the head of manufacturing starts raising objections about how inconvenient it will be to offer consumers a choice. A singular color, black, enables one painting process and supply chain and a constant flow on the production line without interruptions for color changes. Besides, he wonders, "Won't consumers just be confused by having to choose? And don't people want to know they are getting the same thing as everyone else? If we tell them what they can have, they will just accept it and not expect anything more. And they will like it. Consumers will accept what we offer, won't they?" Needless to say, the marketing and sales people eventually prevailed, and mass customization was born.

The translation of this story is not that everyone can have his or her own color or employment deal. It is that, many years after the introduction of the Model T, people have learned to expect and value some choices within a reasonable range of alternatives. A choice of six colors, not 100. Three different interiors, rather than one or ten. A selection of electronics, safety features, and other toys. The ability to buy or lease, with a variety of payment and financing terms. And certain high-value customers with a

track record of being repeat buyers of the brand have the power to negotiate a better price and terms than the one-time casual buyer can. Information at the buyers' fingertips about pricing, features, peer consumer opinions, and other valuable product insights that used to only be available to the car dealers. Oh, and car dealerships are not even the only way people can buy a car these days. The consumer now holds the power—which is a long way from “you can have any color you want, as long as it's black.”

The entertainment industry may offer a sneak preview of what an emphasis on personal value proposition could have in store for us. Entertainers and executives with personal contracts that specify terms, conditions, and expectations that may be different in some ways from what everyone else receives. I am not suggesting that every employee will have his own dressing room and will specify the color of M&Ms he wants. But I do believe there is room for flexibility and choice within a framework of options, and key talent in pivotal roles will expect the opportunity to exercise these choices.

Fast forward to the future of HR and our role as HR leaders. Is the appropriate strategy for finding, keeping, and engaging an increasingly scarce talent pool to declare proudly: “You can have any employment deal you want, as long as it's black?” Like the manufacturing leader in the Ford Model T example, are we fighting for administrative convenience, or is it our job as HR executives to fight for a value proposition that recognizes the inevitability of personal choice within a broader employment framework? The trend is toward flexibility within a framework.

4. Sameness to Segmentation

Sameness to segmentation is a related trend that continues to build on the notion of using accepted marketing principles to address human capital-related challenges. This trend tests one of the most

fundamental of all HR assumptions—that fairness is a central organizational operating principle. And it is probably the shift that makes HR executives more uncomfortable than any other.

If you are anything like me, you have been taught that one of the most important roles HR people play is to preserve fairness and ensure that employee rights are protected. This role remains essential. However, like most great ideas that have been taken to extremes, the original intent has been warped to a degree that was never intended. Furthermore, current and future business conditions necessitate that we rethink our approach.

Fairness taken to extremes has evolved into sameness. In order to ensure we treat people fairly, organizations have operationalized this very valuable principle by treating everyone the same. We have equated sameness with fairness because it is easy to explain and defend, both practically and legally. HR leaders have convinced themselves that, if they can show an employee she or he is being treated the same as everyone else, the employee will also be convinced she or he is being treated fairly. On the surface, this strategy holds some logic. On a deeper level, however, the sameness-equals-fairness argument begins to lose steam, both in terms of logic and practicality. At its core, over-relying on sameness as a proxy for fairness is not a very effective business practice. Furthermore, in an environment of scarce resources, organizations can no longer afford to peanut butter spread solutions and programs across all employees in an effort to keep everyone happy.

The best way I know to understand this argument is to think about gardening as a metaphor. There are all kinds of flowers and plants in the world. Some require sunlight to thrive, while others do better in shade. Some need lots of water, while others grow with very little water. Some do best in certain types of soil, while others prefer almost none. Yet, as HR leaders, I think we are often guilty of putting all employees in the sun and pouring lots of water on them, whether these conditions are welcome or

not. We have simply concluded that, if each flower or plant—or employee—looks around and sees that everyone else is being treated the same as he or she is, the employee will not complain. This might be a strategy to minimize complaints, but it's not a very effective strategy for fully engaging our best people or driving individual and organizational performance.

A closer examination of this situation using marketing principles suggests that we begin to shift our perspective from a focus on sameness to an emphasis on segmentation. Rather than practices that ensure we treat everyone the same, HR leaders will instead be called upon to segment their talent, identify pivotal roles and individuals, understand their unique needs, and fashion compelling ways to attract, retain, develop, reward, and engage these key people.

Marketing professionals are very comfortable with the tools and practices of segmentation and differentiating how customers are engaged and treated based on which segments they comprise. For example, airlines make it very clear that they treat preferred customers, such as frequent business travelers, differently than they do the occasional vacation traveler. It's the same for hotels, rental car companies, restaurants, and many other fields. The principle is pretty straightforward—understand the unique needs of different customer segments, meet those needs, create engagement and commitment between customer and company, and uniquely treat and reward the customers who create the most value. Surely, there is something HR people can learn from this model about how we might segment employee populations and differentiate the ways we treat employees based on which segments they represent.

While it is not practical for every segment or every employee within a segment to receive a special deal, as described earlier, marketing principles teach us that mass customization is a very viable and effective means of segmenting. The segmentation part

is relatively easy. The difficult challenge is getting HR executives and the operating leaders they work with to have the courage to differentiate between segments based on business drivers. The biggest obstacle to segmentation continues to be the reluctance and fear on the part of HR people to make the tough but legitimate decision to treat people differently. Imagine how frequent business travelers might be treated by airlines if marketing people were too afraid to treat them differently—and better—than everyone else.

Differentiation is good business, but it is difficult business to get right. Our objective is not to alienate certain people or to make them feel undervalued, underappreciated, or unfairly treated. Our objective is to have them feel treated well and fairly, in accordance with their contributions to the business. And to have them recognize that others may be treated differently based on their unique value and contributions to the business as well. Dare I say that some roles and employees are simply more central to business outcomes than others? People may not like being treated differently, but they really don't like being lied to. So our major strategy for segmentation and differentiation must start with transparency and a willingness to let people know where they stand, how they contribute to organizational success, and how others do as well.

This philosophy of transparency and business legitimacy is why airlines can successfully treat frequent business travelers better and differently than they treat everyone else. It is probably true that the last person who boards the plane in search of her middle seat in the back near the rest room would rather board the plane first and be upgraded to first class. However, passengers understand that the people who do board the plane first and sit in first class are quite often accorded that status because they are the airlines' best and most frequent customers. The differentiation is clear, but so are the reasons.

I think organizations and HR leaders might be able to learn a few things from the marketing people at airlines, even though I am sure we all have our own personal airline horror stories. Treating everyone the same is not how to achieve fairness. Treating everyone with respect and transparency, and according to his or her contributions and “pivotalness,” is how to achieve and preserve fairness. Segmentation, on the other hand, is about achieving business outcomes by prioritizing limited resources and delivering the best value to the most valuable contributors.

5. Fatigue to Sustainability

The shift from fatigue to sustainability carries with it a double meaning that was never intended or anticipated when John Boudreau and I began our research on the future of HR a few years ago. We started by trying to understand the phenomena associated with people being asked to do more with less in their organizations, largely as the result of the global economic downturn. Headcount and budget reductions were accompanied by large-scale reorganizations and reshufflings. But the work was not going away. In fact, in many cases the workload was increasing for many individuals and for companies overall. The inevitable outcome of these competing priorities, still in evidence today, is that a large percentage of employees are simply exhausted.

People are being asked to do more with less, even faster than before, and for longer periods of time. Exhausted employees do not build sustainable organizations. Eventually, organizations, and the people in them, run out of airspeed and altitude and then crash. Stress levels have never been higher, while engagement scores have never been lower. This is not a formula for long-term, sustainable success.

While we were examining sustainability through this lens, another angle also began to emerge. We kept running into people

who were expanding the notion of sustainability to include environmental sustainability—the organization’s emphasis on and contribution to protecting the environment, including carbon footprint reduction, energy conservation, recycling, water preservation, and the like. This angle on sustainability had a different twist—and was not one we intended to study. But the more people we talked to about it, the more we concluded that there was an interesting incongruity brewing.

When we began to ask HR people what their role was in their organizations with regard to environmental sustainability, they often looked at us like we had four heads. They typically saw no role for themselves personally or for HR in general. The view was that environmental sustainability was not yet a major organizational priority or, if it was, it was someone else’s job outside HR to worry about it. Often, responsibility for environmental sustainability might be housed in operations, engineering, or environmental health and safety, which sometimes reports to HR and sometimes does not.

When we asked non-HR people, particularly those who did have direct responsibility for environmental sustainability, we heard a very different perspective. They were asking, “Where’s HR?” Their view was that HR needs to play an active role in environmental sustainability. To them, sustainability is an employment branding issue. It is an organizational culture issue. And it is of significant importance to new entrants into the workforce, particularly Millennials. Therefore, it is a talent acquisition issue.

Clearly, there has been a disconnect between HR executives and others about the role HR people can and should play relative to environmental sustainability. We discovered this incongruity quite by accident, but it has emerged as a major issue nonetheless. HR executives are central to building and sustaining organizations—and to integrating the priorities associated with people, planet, and profits.

6. Persuasion to Education

The last of the six original future of HR themes involves the shift from persuasion to education and, more precisely, education through analytics. This trend acknowledges that HR leaders have over-relied on their ability to persuade other people to their point of view based on passion, enthusiasm, and relationships. And they have under-relied on the rigor of data-based decision making supported by analytics. This trend is an indication of the growing recognition and relevance of big data, business analytics, data mining, dashboards, scorecards, storytelling, and other means of building business cases, gleaning business insights, and/or verifying progress against performance targets. This theme is the most emergent and therefore least well-defined of all the six future of HR trends, and I have therefore devoted less attention to it in this chapter than to the five other themes.

For additional detail on the six future of HR themes described above, see “The Future of HR and Effective Organizations” in *Organizational Dynamics* by John W. Boudreau and Ian Ziskin (*Organizational Dynamics*, 40(4), 2011, pp. 255–266).

Nine Future of HR Trends: A Deeper Dive

As John Boudreau and I began to socialize the six themes discussed above with a broader range of HR and operating executives, we found increasing interest in exploring the future of HR more deeply. This interest spurred a cross-industry consortium of eleven companies to band together through the USC Center for Effective Organizations. We worked with more than 300 HR leaders from these eleven companies to examine nine deeper-dive themes related to the future of HR (Figure 10.4).



FIGURE 10.4 Nine Deeper-Dive Future of HR Themes

1. Big data
2. Gamification
3. Generational diversity
4. Globalization
5. Mass customization
6. Open innovation
7. Personal technology
8. Social media
9. Sustainability

Most of these themes were derived from or are extensions of our original research and findings, but allowed us to develop a better understanding of the degree to which these trends were becoming more important and real to HR people. We also wanted to understand how important these trends were relative to one another. And we wanted to examine the role that HR people think they should be playing in each of these areas in the future compared with the current state.

For purposes of this chapter, I am going to briefly and simply describe each trend, and then focus on the most eye-opening insight regarding the future of HR that John Boudreau and I have thus far gleaned from analyzing the data.

1. Big Data

Big data is data that is too big, too unstructured, or too diverse to be stored and analyzed by conventional means, processes, or tools. Such data come from consumer mobile devices, product and component real-time logistics, online advertising, web portals, and financial and other news feeds. Most agree that there is great value in big data, but how to extract that value is still hotly debated. McKinsey's Quarterly Era of Big Data report states, "academic research suggests that companies that use data and business analytics to guide decision making are more productive and experience higher returns on equity."

Big data is typically used for marketing and consumer insights. For example, the consumer analytics department at U.S. retailer Target analyzed big data from buying patterns to predict which customers were pregnant and sent those customers coupons and advertisements for baby products. The father of a teenage girl who received these ads accused Target of encouraging his daughter to get pregnant. Days later, he apologized after his daughter admitted that she was, in fact, already pregnant. That's the power of big data. And speaking of power, according to Gartner, Inc., through 2015, "Big data is expected to generate \$3.7 trillion in products and services, and generate 4.4 million new jobs" (Bersin, 2013).

As with customers, an increasing array of channels provides data about employees, applicants, HR processes, and the employment brand. Such information may come from emails, Twitter feeds, job board postings, zip codes, and even geographic

tracking through cell phones. Companies like Google, Wal-Mart, and others have built internal HR analytics functions staffed with experts in statistics, algorithms, social sciences, storytelling, and other “non-HR” disciplines. These companies are using big data and people analytics capabilities to develop insights about employees and organizations in much the same way marketing experts analyze customer insights.

2. Gamification

Gartner, Inc., defines gamification as “the broad trend of applying game mechanics to non-game environments to motivate people and change behavior.” The concept of engaging and motivating people, whether they are customers or employees, is not a new concept. However, with the advancement of technology and social media, engaging and motivating can become more interactive and fun for the end-user. Game-based principles, such as points, competitions, badges for levels of expertise and accomplishments, leader boards, and other features, can make motivating behavior and performance not only more interactive, but more transparent as well.

Marketing and sales organizations are incorporating gamification into their toolkits because it has the potential to increase brand loyalty, customer engagement, and sales. Gamification is being used by a wide range of companies from global giants like Samsung to smaller, privately held firms like Popchips. For example, Samsung has created Samsung Nation, an engagement tool that allows users to collect badges and increase their rankings as they submit product reviews, watch videos, and participate in Q&As. There are an increasing number of examples like this, where organizations are gamifying relationships with consumers. According to Gartner, Inc., by the current year, 2015, we will also see that “more than 60 percent of organizations that manage innovation processes will gamify those processes.”

Gamification in HR-related applications is also on the rise, particularly in areas like recruitment, learning and development, health and wellness, change management, employee engagement, rewards and recognition, and performance management. Companies like Blue Shield, Capgemini, IBM, Shanda, and others are making effective use of gamification for HR purposes.

Blue Shield is using a mobile-enabled platform to link elements of competition, team accountability, and incentives to employees' physical activity. Shanda is one of the largest gaming companies in China. Using their expertise in game development for customers, they designed a performance management and talent development system to resemble a multi-player online game. Employees receive points for job performance, special projects, and helping others. These kinds of approaches are just examples of the small but growing trend toward "gamifying" HR practices to make them more engaging, interesting, and relevant to employees—especially Millennials.

3. Generational Diversity

Generational diversity refers to the presence of many different age groups among employees, citizens, and consumers. While the precise definitions and make-ups of each generational category vary a bit, it is often noted that there are now at least four generations working side by side in today's global workforce—the Silent Generation (born 1933–1945), Baby Boomers (born 1946–1964), Gen X (born 1965–1976), and Millennials (born 1977–1998). These generations bring different experiences and expectations into the mix and present challenges as organizations attempt to deal with a wider generational span and therefore a broader range of needs and interests. According to Professors Alec Levenson and George Benson, "By 2025, 75 percent of the workforce will be Generation Y [Millennials], vs. only 7 percent today."

Generational diversity presents a combination of very exciting opportunities and highly complicated challenges for companies to appeal to a broad spectrum of priorities, tastes, and interests. While consumer segmentation has been a staple of marketing for decades, generational marketing is becoming essential for tailoring marketing messages to particular generations. Car companies rely on similar ad campaigns targeted toward Boomers and Millennials, because both groups prefer individual vehicles, while differentiating ads for Gen X'ers, who prefer family-oriented vehicles.

Generational diversity can also affect the entire employee lifecycle. HR services are being created and delivered to be customized and segmented by generation. Recruitment strategies are considering how to tap a wider range of potential applicants. Work design is accommodating the part-time needs of retirees as well as students. Learning systems are being changed to facilitate knowledge transfer between aging and younger workers. Intergenerational conflicts and misunderstandings are becoming a central theme of diversity and inclusion efforts. For example, Cisco and many others are using reverse mentoring not only to support diversity and inclusion, but to aid strategies to improve social media savvy among older employees. MasterCard and other companies are utilizing young professional resource groups to encourage networking, information sharing, and leadership development among and across generations.

4. Globalization

Globalization is the integration of world economies through the exchange of goods, services, and capital. Companies are increasingly globalizing their business models to battle saturated home markets and to keep pace with competitors,

customers, suppliers, and consumers who are also globalizing. Trading across borders has been around for centuries, but innovations and new technologies are cutting the cost and time to do so. *U.S. News and World Report* indicated in 2011 that, “40 percent of profits of firms that comprise the S&P 500 Index are from overseas.” This number is expected to continue climbing.

Entry into global markets can be through exports, contracts, strategic alliances, and/or direct investment. Globalization can occur in any part of the value chain, including research and development, supply chain/sourcing, design, engineering, manufacturing, sales, or others. Globalization is more than a business strategy; it is an organizational capability. It takes the talent, the leadership, and the right organizational culture to make it happen.

Literally millions of companies around the world are globalizing in large and small ways. Therefore, there are significant implications for HR practices and people that touch a nearly endless array of issues, such as global labor markets, talent shortages, crisis management, cultural misunderstandings, expatriate versus local leadership development, compensation and benefits incompatibilities, project teams that must collaborate across multiple time zones, global shared service centers, and lack of experience with emerging markets, to name a few.

Companies are working to better educate and prepare employees for the complexities of globalization in multiple ways. For example, IBM has developed the Corporate Service Corps, a leadership development program that also helps solve real problems in emerging markets in Africa, Asia, Eastern Europe, and Latin America. Participants include IBM employees from more than fifty countries, with an emphasis on building global relationships while addressing important business and social challenges on a worldwide scale.

5. Mass Customization

Mass customization at its core is a marketing concept that focuses on combining mass production and delivery of products or services with specific customization to individual consumers or consumer groups. At its most extreme, it means creating and building each product or service to a specific customer's order and set of requirements, while maintaining large-scale production and delivery.

Examples of mass customization include Dell Inc., a well-known pioneer of the concept in the laptop computer industry; NikeiD, which allows consumers to design their own sneakers with patterns and colors to fit their style; Chocomize, which allows consumers to create their own gourmet chocolate bars by adding fruits, nuts, and even sugared rose petals; and Pandora, which streams music to personalized “radio stations” by learning listener preferences.

As mentioned earlier in this chapter, mass customization in HR will include shifts from employment value proposition to personal value proposition and sameness to segmentation. Both concepts employ the use of marketing-related principles to solve people-related organizational challenges. Customizing the employee experience challenges traditional HR principles such as full-time employment, linear and hierarchical career progression, and “fairness as equal treatment” in total rewards and talent management. It also stretches the notion of “employee” from someone who works *for* our organization to someone who performs work *on behalf of* our organization—and then moves out and on to other things. A multi-company study by Accenture revealed that, “Only 6 percent of employees agreed that their company's human resources practices were highly relevant to them.” These data suggest that many of today's companies have HR practices that are the antithesis of mass customization.

About ten years ago, Deloitte piloted mass career customization (MCC), shifting career progression from the corporate

ladder to the corporate lattice, and empowering each employee to design a career path based on personal and professional preferences over time. The concept of “workforce-of-one” guided Accenture and Microsoft to segment their workforces based on learning styles, personalities, and roles with the companies. Rewards and employment arrangements began to be tailored to specific employee groups. Skyline Construction allows its employees to choose their own salaries within a range, thereby enabling people to opt for lower salaries with a larger bonus versus a higher salary with a lower bonus. The Chicago Mercantile Exchange (CME Group) shifted its strategy from technological innovation to business development, in part by transforming its traditional egalitarian reward system to one providing differential rewards to employee segments based on their different strategic contributions. These are just a few examples of organizations moving further along the path to mass customization of HR practices.

6. Open Innovation

The term “open innovation,” coined by Dr. Henry Chesbrough, is the inflow and outflow of knowledge to increase internal innovation. Others have expanded the definition to include the following refinements:

- *User innovation.* A business model in which consumers design the product that will ultimately be sold back to them
- *Innovation ecosystems.* A platform or environment that companies provide for innovators through which they can develop and sell products, such as the Android Marketplace
- *Co-development.* Two or more organizations working together to develop a product

- *Innovation contests.* Encouraging innovation through competitions and/or prizes
- *Crowdsourcing.* Gathering input from a large group of people that extends beyond traditional sources of innovation and organizational boundaries, and may include employees, suppliers, consumers, citizens, and other interested constituents

The use of open innovation dates back hundreds of years, so it is not really a new concept. However, developments in technology and an increased emphasis on organizational collaboration and transparency are combining to make it much less expensive and much more practical to engage global online communities of interest instantly. Open innovation is often used in the consumer goods industry to reduce research and development spending while expanding access to creative input for new products. Unilever has an open innovation team and receives input external to Unilever for 60 percent of its product line innovations. Imaginatik, a full-service innovation firm, has partnered with organizations such as Cargill on global idea campaigns and with Pfizer for internal and external crowdsourcing. Netflix paid a \$1 million prize to an external team of researchers who designed a new movie search recommendation algorithm. These and many other examples build on and reinforce the concept of agile co-creativity that we highlighted earlier in this chapter. Innovation is no longer just the purview of a few R&D people locked behind closed doors in a secret lab.

Open innovation is finding increased usage in HR circles, particularly in crowdsourcing. Ideation, workforce engagement, recognition, and talent sourcing are examples of where open innovation is being applied to HR challenges. JetBlue Airlines has partnered with Globoforce to build a social recognition tool whereby crew members can recognize peers and nominate them

for awards. Company leaders can then access valuable data to identify top talent. IBM and many other companies have used various versions of “Jam sessions” to involve hundreds or thousands of employees in large online brainstorming sessions. These sessions are often used to gain input on topics ranging from redefining company core values to cultural or leadership attributes.

7. Personal Technology

Personal technology includes mobile platforms such as smart phones, laptops, and tablets, as well as future technologies such as wrist-devices, Google Glass, and the apps that support them. In addition to platforms and apps, individuals will increasingly be connected to one another and to web-based information in seamless and constant fashion. (Speaking of staying connected, it’s been reported that 65 percent of Americans sleep with their cell phones. Some may say that’s a little too connected.) Personal technology is big business, with mobile advertising already an \$8 billion industry and growing, and the app industry at \$25 billion and growing.

Companies are using personal technology as a distribution channel through which they can engage consumers, as well as a mechanism through which they can gather valuable data about consumers, including tracking in-store browsing and buying habits. For example, Nomi is a startup company that uses radio signals from mobile devices to provide data to merchants, which they in turn can use to test the effectiveness of window displays, time spent in store, and other parameters.

HR is also using personal technology as a channel for communicating and gathering information about employees and prospective employees. The majority of HR mobile tools currently available are primarily focused on talent acquisition and management, learning and development, rewards and recognition,

and other well-accepted HR processes. PeopleAnswers.com introduced a mobile-enabled version of its online hiring assessments for people applying for jobs via smart phone. JobSpeak is a mobile app that gives users sixty seconds to describe their ideal candidate and post a relevant picture of their business. Workday allows employees to access pay information on mobile devices. FlexJobs.com uses Yammer as its primary collaboration resource. These and thousands of other examples are placing significant pressure on organizations to employ Bring Your Own Device (BYOD) policies in the workplace, allowing employees to utilize their own personal technology devices, rather than company-required devices.

8. Social Media

Social media is all about the dialogue created by online networks and two-way communication channels in a virtual world. Networks have expanded and relationships have been extended in unprecedented ways. Social media has revolutionized how information is disseminated and consumed, as well as how communities of interest are created and connected.

Companies of all kinds are utilizing social media to interact with customers, suppliers, fans, and critics alike. A Bain & Company study found that customers who engage with companies through social media spend 20 to 40 percent more money with those companies than other customers do. PepsiCo used social media networks to gather consumer insights via its DEWmocracy promotions, which in turn led to the creation of new varieties of its Mountain Dew brand. Jimmy Choo, a luxury shoe designer, used the location-based social network, Foursquare, to launch and promote a new shoe collection—pairs of the new shoes were hidden around a city. Users could then win them by locating the shoes using clues on Foursquare.

Within HR, social media has made the most inroads in recruiting and employee engagement, although its imprint can increasingly be felt in other people-related areas as well. According to a KPMG report, 76 percent of companies use LinkedIn for recruiting, and that number continues to rise. Traditional resumes are now being coupled with additional sources of candidate information, including Google or Bing searches, Twitter followers, size and quality of LinkedIn communities, and/or Klout scores. Software company Salesforce.com has been known to include in its job postings specifications like “a Klout score of 35 or over.” Fashion retailer H&M created a LinkedIn Alumni Group for former employees, to keep these former H&Mers connected to and engaged with the brand, reduce knowledge loss, and maintain ties with a pool of potential rehires. Facebook has become so popular that, with over 700 million users, it is sometimes described as the world’s third-largest country, behind China and India. Social media is the new engine powering HR practices and processes.

9. Sustainability

Sustainability is the ability to meet the needs of the present without compromising the ability of future generations to meet their needs. One of the main tenets of sustainability is to maximize the benefits of a business’s operations for all stakeholders, while maintaining the balance and regenerative abilities required for a lasting enterprise. The triple bottom line of people, profit, planet is often used by organizations as a way of expressing what they are trying to achieve and measure as part of their sustainability efforts.

Sustainability has environmental, financial, and social implications. Companies tend to focus on areas such as carbon footprint, energy usage, water preservation, recycling, and waste reduction in operations and supply chains. Retail giant Wal-Mart has worked to address the fuel efficiency of its fleet since 2005, with approximately

70 percent improvements to date. General Motors generates \$1 billion in revenue a year from reusing or recycling material that would otherwise be thrown away. Starbucks is committed to fair trade in its farming communities, with an ongoing \$1 billion pledge to ethically source 100 percent of its coffee by this year, 2015.

Sustainability as it relates to HR is still an emerging trend, as mentioned earlier in this chapter. HR executives have gone from failing to see sustainability as relevant to a greater and growing awareness of its relevance in employment brand, workforce engagement, organizational culture, and talent acquisition. However, a combined look at several studies shows that, although 57 percent of companies have sustainability embedded in their business strategies, according to McKinsey, the Society for Human Resource Management (SHRM) reports that only 6 percent of HR people see sustainability as an important part of what they do. This trend is changing rapidly—and needs to. At UPS, HR plays a key role in environmental sustainability initiatives such as recycling, energy efficiency, and waste reduction. Nike Inc. has incorporated HR learning and development programs throughout its network of vendor factories around the world, to improve HR practices in terms of adherence to ethical labor standards and to help workers learn the skills required to contribute to factory performance and productivity.

HR's Reach Exceeds Its Grasp

John Boudreau and I surveyed more than 300 HR people about these nine themes and discovered, not surprisingly, that, while all of them stimulate interest, not all are equal in how real or relevant they feel to HR leaders (Figure 10.5). We also learned that certain trends have arrived, while others are still emerging on the horizon but are not yet prevalent.

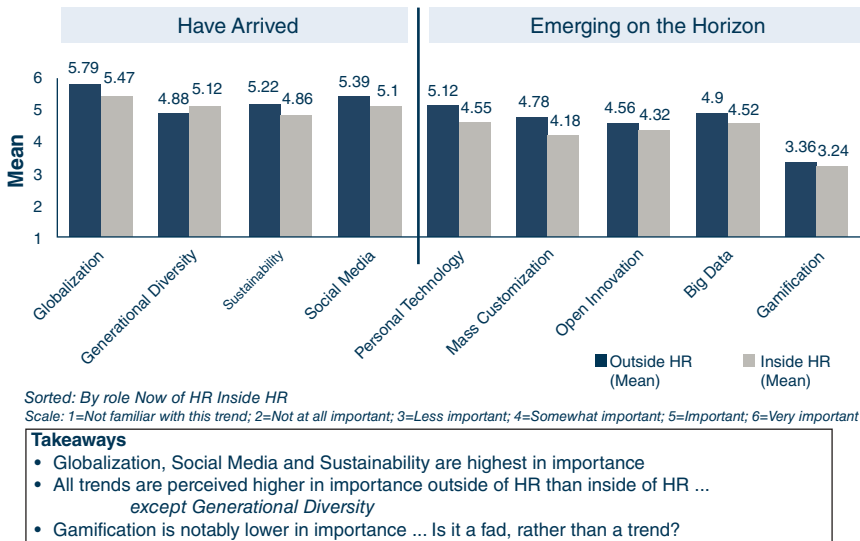


FIGURE 10.5 Importance of HR Trends

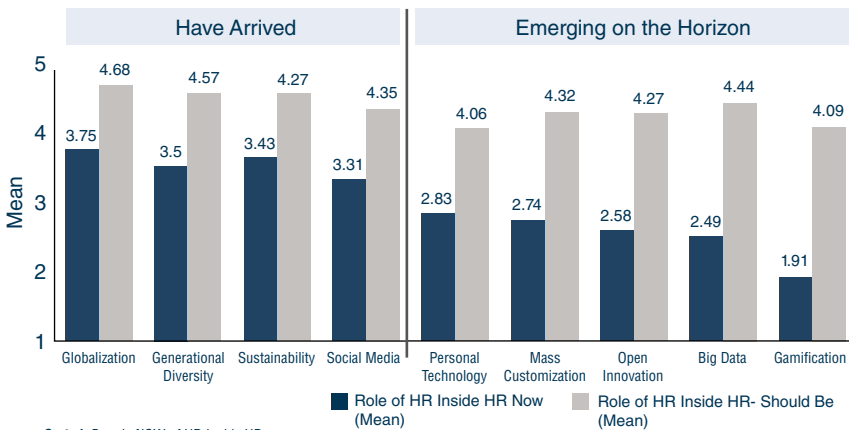
The trends that have arrived for most of the HR leaders we surveyed include globalization, generational diversity, sustainability, and social media. It was also very interesting to note that sustainability moved from not being on most HR people’s radar screens a few years ago to quickly becoming one of the four most real and relevant trends in our deeper dive analysis. This rapid evolution may suggest that other seemingly distant emerging trends could experience similar quick shifts to relevance over the next couple of years.

Trends that have not quite arrived yet, but which are increasingly being felt and talked about, include personal technology, mass customization, open innovation, big data, and gamification. In particular, big data and gamification may seem to HR executives like dim and distant lights at the end of a very long tunnel, but is that light an oncoming train? And how fast is the train traveling? Time will tell, but I believe even the most distant of these trends will arrive in some form and fairly soon challenge HR leaders to incorporate capabilities and solutions to address

them. However, the way HR executives choose to incorporate these capabilities and solutions is where things really begin to be interesting.

In addition to gauging which trends have arrived and which are emerging on the horizon, we also asked HR people for their thoughts on the current role they were playing in their organizations relative to each trend versus the role they thought they should play in the future. We learned at least two things of note. First, there is a significant gap between the role HR people are playing today and the role they think they should be playing in the future (Figure 10.6). Second, HR people seem to want to be directly involved in all nine things, with very little differentiation between the trends that have arrived, and are therefore most real and relevant, and the emergent trends that are furthest down the road. We want to be great at, and directly involved in, virtually everything.

These findings leave John Boudreau and me wondering . . . even if all nine trends were equally real and relevant, would it be



Sorted: By role NOW of HR Inside HR

Scale: 1=No role; 2=Occasional role; 3=Active support role; 4=Primary input role; 5=Leader and key expert

Takeaways

- For all trends, a majority want HR to be at least a Primary Input Role and often Leader/Expert
- “Have Arrived” trends have smaller gaps between current and ideal roles than “Emerging”

FIGURE 10.6 Role of HR in the Future

possible for HR executives to be equally knowledgeable about and prepared to personally contribute to each of them? Should HR leaders even try? Furthermore, can HR leaders expect to become knowledgeable and prepared fast enough to keep pace with their organizations' needs to successfully address each of these trends?

Our conclusion is no, no, and no. It would not be possible for HR people to become equally knowledgeable or prepared, nor would they be able to address all these things simultaneously. It would not be desirable for them to try. And they could not move fast enough to be personally relevant in all these areas, especially when we also consider that many HR people are already trying to master the capabilities more often found in traditional HR competency models.

It is not that HR leaders are unintelligent or unmotivated. We could eventually learn how to address many of these emerging trends as well as those that have already arrived. But we don't need to. That is not our role or the best way to approach the challenge. Our role is to lead, follow, or get out of the way—to reach out beyond the boundaries and traditional disciplines of HR to bring together expertise and capabilities from multiple functions. We don't necessarily need to solve big hairy problems by ourselves, but we do need to ensure they are solved.

HR as Orchestra Conductor

Most challenges that organizations face today and will confront in the future are large, complex, multi-disciplinary, and cross-functional in nature. They strongly suggest the need for an organizational capability to orchestrate a highly collaborative and broad-based approach to driving solutions. HR executives

will therefore be called upon to reach out well beyond the traditional boundaries and capabilities of HR people and organizations to deliver an integrated set of solutions to these complex organizational challenges. Think of HR as an orchestra conductor (Figure 10.7), bringing together a highly diverse set of people and capabilities to engineer answers to these complex organizational issues.

The symphony orchestra conductor is not necessarily an expert at playing the violin, clarinet, flute, trumpet, or timpani. Rather, he or she is adept at finding the very best musicians who are experts in their respective instruments and bringing them together to produce beautiful and harmonious music. The key differentiating leadership role is orchestration, not universal expertise.

The orchestra conductor is a metaphor for the new role of HR emerging executives. Bring together experts from a variety of disciplines such as anthropology, communications, finance, law, marketing, project management, statistics, supply chain management, and so on. Reach out beyond the traditional boundaries and comfort zones of HR. Orchestrate integrated solutions to multi-disciplinary problems.



FIGURE 10.7 HR as Orchestra Conductor

CEOs and other operating leaders don't care where these integrated solutions come from, or who leads them. They don't care whether they fit neatly in the traditional HR competency models or comfort zones. All they care about are solutions and results. So why don't we HR leaders take the lead in orchestrating these solutions? That's what organizational capability is all about. And who better to deliver it than us?

Now, it is probably impractical for you to suddenly and immediately start hiring a bunch of Ph.D. anthropologists or experts in customer intimacy into your HR organization. And you might be thinking to yourself: "Why would these non-HR people want to work in HR anyway?"

They may or may not want to work in HR per se, but they may be very interested in solving complex organizational challenges. They don't necessarily have to work within HR to contribute to the solution. Remember, the analogy we are looking for is orchestration, which does not require complete control over or a lifetime commitment by the talent who can help solve the problem. Identify the capabilities you need. Engage these experts on a part-time or full-time basis. Bring them into the HR organization, second them to HR for a specified period, or simply partner with them across internal or external organizational boundaries. The operating model you use is not nearly as important as the willingness to utilize non-HR talent to solve people-related challenges. This willingness, and your ability to orchestrate business solutions to complex issues, may indeed be the single most important factor that will differentiate you and the next generation of highly successful HR leaders from all the rest.

Author's Note: Recall the work you started on the ZTRON Technologies mini-case study referenced in Chapter 3 and included in Appendix 4. Now would be an excellent opportunity to revisit the case, make note of any new insights you have gleaned from Chapters 4 through 10, and revisit your thinking—not only regarding the ZTRON Technologies case, but also in terms of how you might apply the learnings from the case to your own business and human capital priorities.

CHAPTER

11

Pursue Insight

New Ways of Thinking About HR

At a conference I attended a couple of years ago, Dan Rosensweig, president and CEO of Chegg, said, “We used to live in a world where water was free and we paid for music.” Now, people think music should be free and, in many places, water is more expensive per ounce than gasoline. Things do change. And these changes have a profound impact on how organizations are run and require new ways of thinking about how HR can make a difference.

I am fortunate to have a number of academic colleagues who are not only world-renowned thought leaders in HR, but who also have served as highly valued mentors and partners to me. And they were willing to share their advice, insights, and wisdom with all of us. This chapter is dedicated to featuring new ways of thinking about HR from eight such academic leaders in the HR field, including John Boudreau of the University of Southern California, Wayne Cascio of the University of Colorado, Denver, Jay Conger of Claremont McKenna College, Ed Lawler of the University of Southern California, David Lewin of the University of California, Los Angeles, Dave Ulrich of the University of Michigan, Al Vicere of the Pennsylvania State University, and Theresa Welbourne of the University of Nebraska.

These thought leaders prepared their contributions to *THREE* independently, and their views are their own. However, their insights are remarkably consistent in important ways. First, they are candid about the state of the HR profession, sometimes brutally so. Second, they are provocative in their perspectives and conclusions. Third, they are encouraging and clear about

offering practical advice and solutions. Fourth, they provide extremely valuable situational awareness about the challenges, opportunities, issues, trends, and potential actions that face HR emerging executives. And, fifth, their points of view are all in response to the same question:

“What is the one capability, experience, lesson learned, or relationship that will make the biggest difference to the success of HR executives over the next three to five years and beyond, and why?”

While the eight essays in this chapter cover a multitude of topics, the following four common themes are evident:

1. Spend more time looking up, out, and across, as external and multi-disciplinary context and perspective will be essential.
2. Demonstrate the courage to challenge conventional wisdom and question the status quo; asking the right questions and making people think will add tremendous value.
3. Drive innovation and transformation; leading change and putting a premium on speed will be competitive differentiators.
4. Be a business person, rather than a business partner; building business acumen will continue to be the key to relevance and a prerequisite to serving as a trusted advisor to CEOs, leadership teams, boards, and others.

Perhaps not surprisingly, these collective insights are rather consistent with many of the themes addressed throughout the first ten chapters of this book. So the good news is that a lot of us are seeing the same things regarding issues and opportunities. The bad news is that we are also seeing many of the same things regarding lack of sufficient progress in addressing them. The challenge is there. Are you ready to step up? I know you are.

The “Art of the Question” Trumps “the Answer”

John W. Boudreau

University of Southern California

Leadership, particularly through HR, is more often a matter of framing the right question rather than having the perfect answer.

HR professionals often believe that the key to their success and professional impact is to have the right answers. This is a natural impression from a long tradition in which HR leaders created value primarily through their unique expertise about laws, compliance, collective bargaining contracts, and the psychological science of rewards, staffing, and development. It is a logical conclusion from the emphasis of HR certifications on what you know. It is also an unstated assumption underlying the recent explosion of tools to bring big data and predictive analytics to bear on human capital, organization, and talent issues. It is easy to believe that, if HR has more precise data, better answers, and more compelling evidence, then the profession and its leaders would have more influence and impact in organizations.

Let me suggest that, while professional expertise is good, the most impactful HR leaders are often not the ones with “the answer” but rather are the ones who can frame vital questions in a way that invites collaborative problem solving. As the world becomes ever more dynamic, volatile, and unpredictable, the chance of having “the answer” diminishes with each passing day, no matter how much HR bolsters itself with data systems, analytics, and the power of the Internet to locate massive amounts of data.

The fact is that “the answer” is less likely to exist, as there are often many good answers to vital strategic questions. Indeed, even if “the answer” can be found today, it is likely that it will change so quickly that constant questioning is a better way

to prepare for the future. My blog at *Harvard Business Review* (<https://hbr.org/2014/09/what-to-do-when-you-cant-predict-your-talent-needs/>) described research spanning twenty years of evidence and 80,000 expert predictions, showing that experts who had one big idea they were certain would reveal what was to come were handily beaten by those who used diverse information and analytical models, were comfortable with complexity and uncertainty, and kept their confidence in check. Thinking you know the answer can often be detrimental to good decision making!

So can you become a strategically impactful leader when you don't know the answers? Yes! It's all in how you frame the questions.

Consider these questions, from the book *The Art of Powerful Questions*, by Eric E. Vogt, Juanita Brown, and David Isaacs (2003, Whole Systems Associates):

- “What might DNA look like in 3D form?” This question led to the discovery of the double helix.
- “What is the most ethical action we can take?” This question, posed by James Burke, the CEO of Johnson & Johnson, led to restoring consumer confidence in the company after Tylenol was contaminated.
- “Where can I get a good hamburger on the road?” This question, posed by Ray Kroc, led to the founding of McDonald's restaurants.

In my seminars and coaching of HR and business leaders to create more strategically impactful talent decisions, I ask them to share the questions that have been most and least productive in creating strategic partnerships. The least productive questions are those that focus on generating an answer, such as “What HR program do my constituents want most?” or “What is the best

way to reduce the gap between projected talent needs and projected talent supplies?” The most productive questions are those that focus on generating inquiry, such as “Where does our talent need to be better than our competitors’ for our organization to win (and where can our talent be ‘good enough’ but not ‘stellar’), or “What is the most pivotal organizational outcome where an improvement would make the biggest difference to our competitive success?”

The latter questions are examples of those that my colleague Pete Ramstad and I suggested in our book *Beyond HR: The New Science of Human Capital* (2007). We suggested that skillful use of such questions would allow HR leaders to practice “Talentship,” the art of helping leaders outside of HR become smarter and make better decisions. An important element of Talentship is helping leaders ask better questions, not simply rely on their HR leaders for answers.

Many emerging areas of HR will be best served by HR leaders who are good at framing insightful and pivotal questions, rather than striving to find “the answer,” such as the emerging arena of big data and analytics, where “storytelling” and “hypothesis generation” may be far more potent than complex and detailed statistical analysis striving to find the answers. I won’t try to list them all here, but rather focus on an arena that is often taken for granted, but may represent one of the most fundamental shifts in the future world of work.

HR leaders must ask this question: “Will employment be the way to get work done in the future?”

Consider your HR systems, your strategic talent planning, and the careers and development paths of HR and non-HR leaders. Virtually every system you have is based on the idea of “employment” as the fundamental relationship through which you get work done. Of course, many organizations make use of outsourcers, freelancers and contractors, but these are often

seen as exceptions to the main job of managing and nurturing employees. Yet, platforms that offer an alternative to employment represent some of the fastest-growing segments in the global economy.

They include web communities that organize and match project work with freelancers, such as Odesk, eLance, and TopCoder. They include creatively crafting “tours of duty” (in the words of Reid Hoffman, one of the cofounders of LinkedIn), in which people are encouraged to see their careers as a series of short stints in many organizations, each one focused on a specific project. In their *Harvard Business Review* blog (<https://hbr.org/2013/06/tours-of-duty-the-new-employer-employee-compact/ar/1>), they state: “An employee who is networking energetically, keeping her LinkedIn profile up to date, and thinking about other opportunities is not a liability. In fact, such entrepreneurial, outward-oriented, forward-looking people are probably just what your company needs more of.” In my book with Ravin Jesuthasan, *Transformative HR* (2011), we tell the story of Khazanah National, the strategic investment fund of the Government of Malaysia, that created a central exchange in which leaders from one Malaysian company (say a leading bank) are traded with leaders from another company (say a leading oil company) so that each set of leaders can gain experiences they could not have in their home company.

Some alternatives to employment don’t even use money as a reward, as I wrote about in my blog “Human Capital in the Cloud” at CFO.com (<http://ww2.cfo.com/hiring/2012/02/human-capital-in-the-cloud/>). An article in *Nature Structural & Molecular Biology* listed Foldit Contenders Group and Foldit Void Crushers Group as two of the authors. Both were teams of online gamers playing a game called Foldit. In three weeks, the gamers solved a thorny retrovirus enzyme structure problem that had eluded scientists for years. The solution will have significant

implications for the treatment of diseases like AIDS. The gamers were independent players who were not even compensated for their contributions by the organizations that will use the breakthrough to develop new drugs and other treatments.

Your annual planning and budgeting processes likely pay great attention to forecasting the supply and demand of individuals to fill positions in your organization, and you probably spend time developing succession plans that map development experiences for your leaders. Yet all these approaches assume that leadership and human capital will be built through an employment relationship—that your future human capital will be contained among your employees. Can your planning systems embody the cloud of human capital in the same way they embody the cloud of data and software? The human-capital cloud may hold your greatest opportunities.

The point is that the most impactful HR leaders of the future will emphasize asking great questions, not trying to find the right answer. In your next strategy meeting, perhaps try asking some of the questions described above. I'll wager that the ensuing discussion will be messier than a typical session organized around presenting the answers, but I'll also wager that the ensuing discussion will be far more impactful than any one answer could possibly be.

Environmental Scanning: A Pivotal Competency for All HR Executives

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At 3M, six key leadership attributes link all management practices, and they underlie assessment, development, and leadership-succession plans. These attributes describe what leaders

need to know, what they need to do, and the personal qualities that they need to display. Here are the six: (1) thinks from outside in; (2) drives innovation and growth; (3) develops, teaches, and engages others; (4) makes courageous decisions; (5) leads with energy, passion, and urgency; and (6) lives 3M values. Notice the first of the six: “thinks from outside in.” In functional areas such as marketing, sales, or operations, it is traditional to interpret this competency as the ability to adopt the perspective of the customer.

How many HR executives do you know who think from outside in? In my experience, many, if not most, think from inside out, but there is good reason to believe that this may be changing. After all, as military planners are fond of saying, “We live in a VUCA world”—volatile, uncertain, complex, and ambiguous. Johansen (2007) described each of these succinctly:

- *Volatility*: The nature and dynamics of change, and the nature and speed of change forces and change catalysts.
- *Uncertainty*: The lack of predictability, the prospects for surprise, and the sense of awareness and understanding of issues and events.
- *Complexity*: The multiplex of forces, the confounding of issues, and the chaos and confusion that surround an organization.
- *Ambiguity*: The haziness of reality, the potential for misreads, and the mixed meanings of conditions; cause-and-effect confusion.

A recent article in the *McKinsey Quarterly*, cleverly titled, “Management Intuition for the Next 50 Years,” concluded: “The importance of anticipating and reacting aggressively to discontinuities is rising dramatically in our increasingly volatile world. That means monitoring trends, engaging in regular scenario-planning exercises, war-gaming the effects of potential disruptions—and

responding rapidly when competitive conditions shift” (Dobbs, Ramaswamy, Stephenson, and Viguerie, 2014).

Consider the impact of evolving, disruptive technologies. It is certainly no exaggeration to say that modern technology is changing the ways we live and work. Consider just a few economically disruptive technologies: the mobile Internet, the automation of knowledge work, cloud technology, advanced robotics, and next-generation genomics. Business leaders simply cannot wait until evolving technologies disrupt the status quo. Rather, they need to know how the competitive advantages on which they have based their strategies might erode or be enhanced a decade from now by emerging technologies. They need to understand how technologies might bring them new customers or force them to defend their existing bases or inspire them to invent new strategies (McKinsey Global Institute, 2013).

This is not the province of a select few, carefully chosen senior managers. Rather, consider crowdsourcing—the practice of engaging a “crowd” or group for a common goal—often innovation, problem solving, or efficiency. Crowdsourcing can take place on many different levels and across various industries (*Crowdsourcing Week*, 2014). Why not crowdsource an organization’s employees for the purpose of environmental scanning? HR executives have a great opportunity to champion this approach. Here is how it might work.

The process begins by acknowledging that organizations operate in multiple environments: political, economic, socio-cultural, technological, legal, and environmental (PESTLE). With respect to each of these areas, there are two key questions to address: (1) Which factors are likely to have the greatest impact on the ability of our organization to achieve its short- and long-term objectives? (2) How might these effects change over the short and long terms? From the perspective of HR, the key challenge is to identify and then prioritize the people-related implications of these developments.

Environmental Scanning Networks

Environmental scanning networks are similar to the diversity networks found in many large organizations. Members volunteer to serve, and may meet during work time. Large organizations might even have environmental-scanning networks in each separate location or region in which they operate. The charge for each network is as follows:

- What's new in the political, economic, social, technological, legal/regulatory, and environmental realms?
- What are the implications for the ways we manage our people?
- How might this affect our organization's (or our department's) long- and short-term strategic objectives?

To integrate information across the networks, consider collecting summary results from each environmental scanning network on a quarterly basis, and then sending those results to a central screening committee that reflects the composition of the workforce. The task of the screening committee is to evaluate reports and to identify the most pressing trends or actions identified in them. The screening committee then presents those trends or actions to senior decision-makers for further analysis and action. To provide incentives for participation, it will be important to recognize members for their participation, and to award prizes and additional recognition to all members whose contributions are judged to be the most useful and actionable. One approach to doing this might be to invite those employees to present their findings to senior managers—and to gain visibility in the process.

There are several advantages to implementing an approach such as this. One, it demonstrates in a tangible manner to all employees that your organization actively encourages a culture

of continuous learning. Two, it will position HR leaders favorably as proactive and “out front” in identifying strengths, weaknesses, threats, and opportunities that might affect the ability of your organization to achieve its strategic and operating objectives. Three, relying on the insights of employees from a broad swath of your organization harnesses the insights and intuition of employee diversity in all of its dimensions. Four, it makes it more likely that your organization’s strategy will capitalize on, and not be blindsided by, disruptive technology or emerging trends in the political, economic, social, legal, and environmental domains.

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Boardroom Presence: The Most Important Capability That HR Executives Can Possess

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If I were to single out one capability for HR executives to possess in the future, it would be “boardroom presence.” HR executives

have long clamored that they need a “seat at the table”—referring to having a strong voice within their own executive leadership team. These aspirations stop short of a more important target: HR executives need a seat at their corporation’s boardroom table. In contrast, today’s HR executives, particularly the CHRO, are called upon to play cameo roles within their boardrooms. Their influence is remarkably limited. This is the product of an all too narrow focus within boards when it comes to human capital issues. But in part, it is the product of HR executives failing to achieve certain expressions of leadership behavior and lacking certain types of background experience. To date, the HR executive career path has consistently failed to foster the trait of “boardroom presence.”

So what does “boardroom presence” look like in an HR executive? It manifests itself in at least five ways: (1) a sophisticated fluency about the company’s strategy and its direct links to human capital, (2) a wealth of experience with leading organizational change, (3) a compelling and articulate presentation style, (4) a confidence and ease in the presence of “high powered and highly accomplished individuals,” and (5) a set of interpersonal skills that ensure engagement and influence with powerful others. HR executives possessing these capacities are treated as peers within the boardroom. Their voices have far greater impact. In sharp contrast, most HR executives are perceived as experts who contribute on a narrow front to the board. Their expert “testimony” is required only when it comes to the handful of HR issues that a board will address. You could say that HR executives are trapped in a “partner” or “consultant” frame, not in a leadership frame when it comes to their boardroom roles.

Why is boardroom presence particularly critical for HR executives today? Human capital issues receive far too little attention from corporate boards, yet they have a profound impact on the organization’s capacity for performance and adaptation. The condition and capabilities of a company’s workforce is one of the

primary determinants of whether strategies can be successfully implemented (Conger, 2009). Yet, financial/investment issues, and increasingly cyber crime, have the lock on boardroom attention. Outside of CEO succession and executive/board member compensation, most boards spend scant time on the other human capital issues. CHROs themselves report spending only 10 percent of their time dealing with corporate board issues (Wright, Boudreau, Pace, Sartain, McKinnon, and Antoine, 2011). Few CHROs even sit on their company's board or on any board. Approximately 10 percent of large corporate boards report having a current or past CHRO on their boards as a member (Lawler, 2009). In one study of senior executives' attendance at board meetings (Lawler and Finegold, 2006), the head of HR "always" attends board meetings in only 19 percent of the companies studied and "often" attends board meetings in another 22 percent of companies. Contrast this with the chief counsel, who "always" attends board meetings in 85 percent of the corporations in the sample, and the chief finance officer, who "always" attends board meetings in 91 percent of the sample. In essence, the presence of HR executives is softly felt in boardrooms today.

Let's take each of the five skill areas associated with boardroom presence and ask ourselves what each would look like in the boardroom. Moreover, how would an HR executive develop these capacities? We will start with fluency around the company's strategy. The HR executive should be able to draw direct links between the strategy and the talent management requirements to achieve it. They should be able to link human capital metrics like "employee engagement" to the profitability of the company. They should be able to devise sophisticated talent strategies to attain the new organizational capabilities demanded by shifts in the organization's strategic directions. As Boudreau and Ramstad (2007) and Boudreau and Lawler (2009) have argued, HR executives need to come to the boardroom with human capital

metrics and decision models that guide strategic decisions based on organizational capabilities and human capital availability. Most currently do not. As a result, they fail to have the same level of credibility and influence as the company CFO has.

In addition, HR executives need to have more career experiences in line roles outside of HR, in particular in market-facing roles where one can see the impact of strategic decisions directly. Training in strategic decision making should also be an imperative, especially at the point at which an HR professional is transitioning into an executive role. Assignments to the right kinds of corporate staff roles can similarly provide invaluable experience. For example, Lawler and Boudreau (2006) showed that having corporate staff groups with strategic HR expertise is directly related to the degree to which a board looks to HR for strategic help. As well, HR staff experience in human capital development, labor economics, talent supply, and the cost of talent acquisition and development are determinants of the degree to which boards look to the CHRO for guidance on strategic decisions.

Our second capacity—leading organizational change—is one role where HR can and should play a pivotal role, but historically has not. This is a missed opportunity given how “routine” major change has become in most organizations. For example, it is estimated that during a typical corporate CEO’s tenure of five to seven years there will be two significant change efforts facing the entire organization. Boards are now involved in these change efforts. As the custodian of leadership talent, HR can and should play a decisive role in change interventions.

Jack Welch of General Electric and his successor Jeffery Immelt masterfully deployed human capital processes as a *primary* lever in their massive organizational change efforts. For example, Immelt, on taking charge as CEO, decided to refocus GE’s strategy toward organic growth opportunities, especially in technology. With his HR executive, they revamped the

leadership competency framework for the company to reflect the new strategy. Soon all the coursework at the company's training facility in Crotonville focused on developing these characteristics. To build out technology innovation capabilities, the talent management strategy was revamped to recruit some 5,000 engineers and 2,000 marketers. Almost every lever associated with talent management was pulled to ensure that the human capital requirements were deeply aligned to support the new strategic direction. In other words, Human Resources provided a decisive leadership role in implementing the new GE strategy. As a matter of fact, it may have played the most comprehensive role of any single function in orchestrating the change effort.

Why don't more CHROs and their teams play a similar role? In part, many have not seen their full potential to play this role. More importantly, they are shortsighted—seeing training as simply training and not as a crucial lever in change efforts. They see recruitment as a hiring process, but not as a change lever for building new capabilities and a cadre of change agents. Boardrooms and CEOs are clamoring for help with change strategies and assessing their viability. CHROs should be playing an essential role.

On the presentation skills side, HR executives in general need to be more adept in their communications and persuasion skills. Their careers have reinforced the need to be an “expert”—someone with deep but specialized knowledge at the cost of a broader vision and a deeper communications skill set. Most would benefit from extracurricular practice via toastmasters clubs or courses or coaching. Even the occasional drama course could prove helpful. The ability to be concise and persuasive in the boardroom is critical. Because of their historic role as expertise contributors, HR executives often provide too much detail and too many options in their boardroom presentations. It is also essential to find opportunities beyond CEO succession and compensation for dialogues about

human capital with the board. HR executives must be masterful in their persuasion to move the boardroom agenda beyond its narrow focus on CEO succession and executive compensation. They need to successfully sell the board on the many roles that human capital does and can play in realizing strategic ambitions and maintaining a well-functioning company culture.

The last two boardroom attributes are intertwined: a confidence and ease in the presence of “high powered and highly accomplished individuals” and a set of interpersonal skills that ensure engagement and influence with powerful others. To a large degree, these are cultivated over time through a great deal of exposure to executives and to role models possessing strong and constructive influence skills. These attributes can also be gained beforehand by sitting on the boards of nonprofits and smaller companies. Some of these qualities can be learned in executive coursework on boards and through coaching. In addition, HR executives should proactively seek out all the appropriate opportunities to network with board members, starting with the board member’s recruitment to the board. One of the most effective ways to achieve strong relationships in the boardroom is to play a coaching role with the board itself. I know of several CHROs who coach the lead director or board chair and provide performance feedback on the effectiveness of the board as well as individual members. This coaching role has built deeper confidence in the CHRO and, in turn, a greater openness to his or her advice across a broader spectrum of topics.

In conclusion, boardroom presence is the most important attribute that an HR executive can and should cultivate. It demands that we reexamine how we develop this talent, creating more diverse experiences earlier in a career and relying on executive education and coaching in domains reserved for line executive talent. If more HR executives attain genuine “boardroom presence,” then the profession will truly own a “seat at the table.” They

will move from being advisors to being leaders. Human capital will in turn realize its full potential as a force to achieve the grander ambitions of organizations and their employees.

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What HR Executives Need to Know

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Any discussion of what key capabilities HR executives will need in the future must begin with a discussion on what HR should do in the future. For the past twenty years, John Boudreau and I have been conducting a longitudinal study on the role of HR in corporations (Lawler and Boudreau, 2015). The data are clear and quite disappointing. They continue to show that the work HR does in most large corporations is dominated by administrative and some “business partner” activities (57 percent of their time). Missing from the work of most HR functions is significant

strategic input and action with respect to business strategy and overall organizational effectiveness (27 percent of their time).

It is not certain why HR is not more of a strategic contributor in most corporations. It has expertise about one of the most important assets, and in many cases the most important asset, that an organization has, its human capital. Other executives do recognize that human capital is a critical asset in today's knowledge work environment, so the lack of market need does not appear to be a reason.

One reason it is not a significant contributor may be because it sets too low an aspiration level. Talking about HR as a business partner certainly does not help the situation. Asking to be a business partner just does not get the "job done." It sounds like HR is a "crybaby wannabe" rather than an "is." No one ever hears finance, marketing, or information systems people talk about wanting to be a business partner. They are significant contributors to the overall effectiveness of organizations because they have relevant business information and knowledge. This is what HR should have and, in most cases, it should make a very strong argument to be positioned as a major strategic contributor.

There is a second possible reason why HR may not be a key contributor when it comes to the strategic role of human capital. It is that the individuals who occupy senior executive roles simply do not have the skills and capabilities needed in order to correctly position HR as a source of expertise and key decision making with respect to talent and business strategy.

Our research has found that both HR executives and non-HR executives rate "business understanding" as one of the most important HR skills (Lawler and Boudreau, 2012, 2015). However, the same research shows that HR staff members, in general, are not rated highly by HR executives and other executives when it comes to their business acumen and knowledge of the business. Less than 50 percent of the HR executives are

satisfied with the skills of HR staff in the areas of strategic planning, organization design, and change management. Further, it shows little improvement from 1995 to 2013. This leads to the obvious conclusion that in order to be successful in the next decade, HR executives must improve their understanding of the relationship among talent, organization design, business strategy, and organizational effectiveness. This relationship is captured by the “Star Model” that Jay Galbraith has used so skillfully in his writing about organization design and effectiveness.

HR executives do not need to understand strategy and organization design to the depth that is expected of an executive who specializes in these areas. But it is important that HR executives have a solid knowledge of the relationship among talent, organization design, business strategy, and organization effectiveness and that they speak the language of business. Through the understanding of these relationships, the entire HR function can become an important strategic contributor in complex organizations.

Unfortunately, there is no magic formula that can be used to help HR executives develop the capability to understand and implement effective HR business strategy relationships. There are a couple of obvious points to make here, however. At the present time, many HR executives reach their senior positions without having an MBA or a line management position. This career path is not one that is likely to prepare an individual for a senior HR position that contributes to strategy development, strategy implementation, organizational design, and organizational effectiveness. This is why HR and managers in our studies report low satisfaction with the cross-functional experience of HR staff members. At the very least, senior HR executives should have some experience in a profit center line management position.

At the other end of the experience continuum, our research data has shown that about 25 percent of the individuals who are

placed in charge of HR have no background in HR. To say the least, this does not seem like the right background for a senior HR executive either. Expertise in HR is needed. According to our research data, there is a high correlation between the skill level of HR executives and the effectiveness of the HR function, and a lower but significant relationship between their skill level and the effectiveness of their organization.

All too often, individuals who have never worked in HR assume that they “understand people,” and therefore can step into HR positions and perform well. Unfortunately, all too often they not only do not “understand people,” but they also do not understand the many complex legal, administrative, and human issues that HR functions have to manage.

Overall, it is clear that there is no obvious path that executives can take in order to develop the key strategic business capabilities needed to be an effective HR executive in the future. But it is possible to state the obvious: simply understanding traditional HR is necessary but not enough. HR executives in the future need educations, career tracks, and personal growth experiences that produce a good understanding of business strategy, organizational design, organizational change, and organizational effectiveness. The world is becoming more complex and demanding, and in order to perform well in it, HR executives need to increase the skills they have both horizontally and vertically.

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The Development of Leadership Capability in Modern Organizations: The Role of the HR Executive

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I have been asked to address the following question: “What is *the one* capability, experience, lesson learned, or relationship that will make the biggest difference to the success of HR executives over the next three to five years and beyond, and why?” My answer to this question is this: developing leaders who have an integration perspective on the organization.

To better grasp this answer, consider that the human resource executive has traditionally headed a functional unit in organizations. Whether titled chief human resource officer (CHRO) or chief of people or senior vice president, human resources (SVP-HR), or something else, the head of this function has long been regarded as a senior staff specialist who provides advice and counsel to line officers and managers about a wide range of human resource management and employment relations issues, problems, and challenges. These range from human resource strategy and succession planning to performance management and employment conflict resolution.

The head HR executive has her or his counterparts in other functional units, typically including marketing, finance, operations, information technology, legal, and research and development. Together, these functional heads form a senior staff cadre that is relied on heavily by senior line officers, and even from time to time by board of directors members. It is traditional, common, and understandable that each of these senior staff specialists brings a relatively narrow functional perspective to his or her

advice and counsel to senior line management. In my judgment, however, it is the head HR executive who is best positioned and most likely to develop leaders who have an integration perspective on the organization.

What do I mean by an integration perspective? I mean a perspective that recognizes that an organization—any organization—has four main inputs that are ultimately processed and transformed into outputs that, in turn, determine the extent to which an organization achieves its strategic objectives. In other words, this perspective is grounded in an input-transformation-output framework, as depicted in the diagram in Figure 11.1.

The first of these components, inputs, includes (a) customers, (b) financial resources, (c) human resources, and (d) operating systems (suffused with technology). In functionally structured organizations, each of these component inputs is within the domain of specialized expertise. To illustrate, marketing executives focus centrally on customers, who are the main sources of

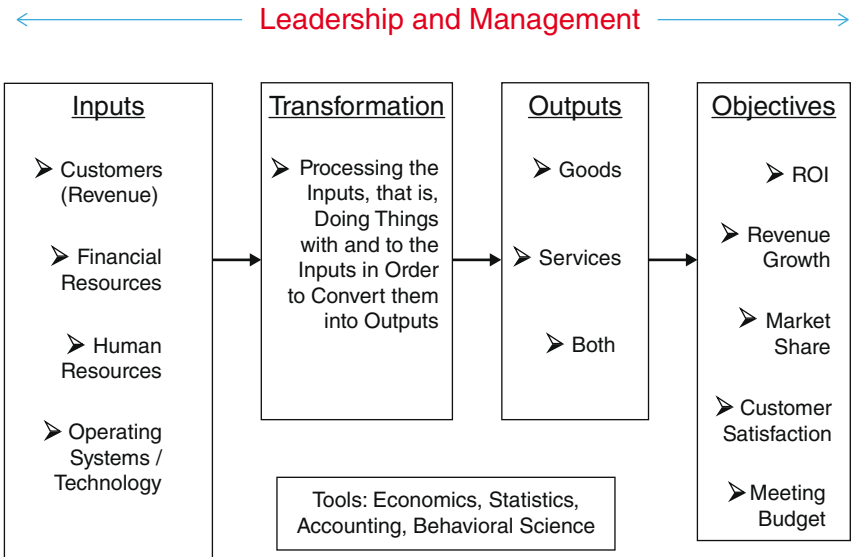


FIGURE 11.1 Leadership: An Integrated Perspective

revenue for business enterprises and who have their analogs in public and not-for-profit organizations (taxpayers and donors, respectively). Finance executives focus centrally on the sources, uses, and management of financial resources. Human resource executives focus centrally on the sources, uses, and assessment of the performance of people—talent—in organizations. Operations and information technology executives focus centrally on the design, uses, and performance of operating systems in organizations.

Moreover, in each of these four input areas, there are external subject matter experts, such as university business school faculty and specialized consultants. Indeed, marketing, finance, organizational behavior/human resources, and operations management courses are part of the core curriculum of virtually every business school MBA and executive MBA program. Research and teaching in each of these four input areas has become even more specialized, with strong emphasis on theoretical frameworks and quantitative empirical research. As a result, each of the four input areas has developed greater depth but, therefore, also narrowness. This is further reflected in the lack of a broader integration course in business school MBA and executive MBA program curricula.

In a parallel development, most line executives of organizations come from one or another of these four input areas—functional specialties—and often bring their particular functional expertise into the C-suite, where they rely heavily on that specialized expertise in their decision making. Traditionally, a specific functional expertise constituted the dominant if not sole pathway to senior line management positions. Leading examples include the dominance of marketing backgrounds among senior officers of consumer products companies, engineering backgrounds among senior officers of aerospace, airline, and high-tech companies, and operations backgrounds among senior officers of manufacturing companies.

By contrast, an integration perspective on organizations views each of these component inputs and areas of specialized expertise as approximately equal because they must collectively be transformed into outputs in order for an organization to achieve its strategic objectives. Generically and at their broadest level, these outputs are goods and/or services. Such goods and/or services, however, must be “produced” within the parameters established by an organization’s strategic (or business plan) objectives, which typically include a specified rate or increase in the rate of return on capital investment (ROI) and a specified amount of sales revenue or sales revenue growth. Hence, this integration perspective reflects a flow-based horizontal view of organizations, in contrast to a vertical, functionally structured, or siloed view of organizations. In my judgment, senior executives of the future will need to possess this integration perspective or, in other words, overcome the particular functional specialty and relatively narrow expertise from which they originated.

Who is most likely to grasp and be key to developing this integration perspective in organizations? I believe that it is HR executives. This is in part because HR executives are highly experienced in the development of human capital for their organizations, but also in part because these executives have come to play a considerably stronger role in setting organizational strategy than did their predecessors. Indeed, “HR as a strategic business partner” has become the mantra of the HR field. Building on this trend, the next phase in the evolution of the role of HR executives in organizations should be their championing and building the programmatic infrastructure for the development of organizational leaders who possess the integration perspective identified, analyzed, and advocated in this essay.

Becoming an HR Professional

Dave Ulrich

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I have been privileged to have been associated with incredible mentors¹ who have informed my professional and personal choices. Professional colleagues and personal guides² have taught me by word and by deed. They have shaped who I am, what I do, and how I do it.

After dozens of books, hundreds of personal coaching sessions, and too many workshops to count, I find myself appreciating the value of mentoring. Individual mentoring comes from personal conversations with next-generation business leaders, HR professionals, and neighborhood young adults. Collective mentoring comes from distilling and disseminating insights to inform the next generation. Some of these insights are the “content” of HR and come from theory, research, and practice, for example, how to gain a perspective on HR value (that is, focusing outside in), how to define HR outcomes (for example, talent, leadership, and capability), or how to deliver HR (through an HR department and HR competencies). But other insights are more about the “process” of becoming an HR professional and come more from reflecting on personal experiences.

In this essay, I want to focus on the process of becoming an HR professional more than the content of HR. How could I coach or mentor him or her? I imagine myself sitting one-on-one with you, the aspiring HR professional who wants to improve and add value. While I could give you content advice with readings and research on HR theory, roles, and competencies, I would also discuss with you the process of becoming an HR professional. This advice requires personal reflection on three questions that

might help you make wise choices about your professional and personal pursuits.

Question 1: What Do I Want? *Be clear.* Probably the most critical question you will ask yourself for both your personal and professional pursuits is simply: “What do I want?” Knowing what you want captures your desires, clarifies your measures of success, focuses your attention, ensures that you have passion for what you do, and allows you to be resilient when challenges inevitably happen. As an HR professional, what do you most want from your career? Influence? Power? Status? Impact? Autonomy? Respect? Defining what you want starts with recognizing your strengths and passions by reflecting on some personal questions:

- What are my strengths? (Do a strengths test.³)
- What are my predispositions? (Do a personality test.)
- What challenges do I enjoy thinking about and solving? (Think about a time when you really enjoyed your work.)
- What comes naturally to me? (Reflect on tasks you look forward to doing.)
- What work would I choose to do? (Imagine you could pick any job or task, what would you do?)

I am amazed at how otherwise thoughtful and directed people fall into their careers by default, not intent. When you are clear about how your strengths will help you discover and solve problems you care about, you will have more enduring passion for what you do. You should be able to use HR competency models to benchmark yourself throughout your career.

Turn aspirations to actions. When you realistically build on your strengths and tie your choices to your values, you move out of the amorphous realm of boundless options and into the world

of action. One of my favorite quotes comes from St. Francis: “Preach the gospel and if necessary use words.” In other words, whatever ideas we use to influence others, we will have the greatest impact by how we live, not what we say. Ensure that you have a line of sight between your wants and your actions. If you consistently do things that do not reflect what you want, reevaluate and reorient your career. Doing something for someone else will never work long term. If you want to learn or have impact, take on assignments that require risk taking.

Be realistic. Defining what you want requires a sense of realism. Are your passions consistent with your abilities? Do not run up sand dunes and pursue what does not work for you. One senior HR professional I coached was frustrated that he was not getting the attention he felt he deserved for his ideas. As an HR professional, he spent time behind the scenes architecting business success. I suggested he change careers. A successful HR professional is more often a silent partner whose influence comes from ideas with impact more than from a visible position with status. I often coach executives who say they want to lead, but are not comfortable or open to giving performance feedback. It is difficult to lead without being able to share feedback.

Show grit. Most people are pleased to know that IQ is not the biggest predictor of long-term leadership, career, or personal success. Nor is EQ. Resilience, learning agility, perseverance, determination . . . grit . . . is a better predictor. If you are doing work based on what you want, you are more likely to stick with it. Your resolve is increased if and when you value what you do. Doing work that others want you to do is not as sustainable as doing work that *you* want to do. Knowing what you want, acting on it, and being realistic increases your gritty-ness.

Question 2: Who Do I Serve? Sometimes brilliant leaders lack interpersonal savvy. They are lollipop leaders who have great brains,

but no hearts. They have not recognized that learning to work with others is a foundation for both personal happiness and professional success. Research has shown that people who care about people are 60 percent more likely to be promoted. Economist Arthur Brooks also found that those who gave more and served more made more money, not less. Those who gave to charity are 43 percent happier than those who do not give. Volunteering and helping others gives you emotional, physical, and economic well-being.

As an HR professional, repeatedly ask yourself the questions: Who can I help today? What can I do for someone else? How will the initiatives I craft affect others? Many days, nothing much comes to mind; other days, you may be reminded of opportunities to reach out and give to others. As you contemplate those you help, realize that the answer should be those inside the organization (employees, line managers), as well as those outside the organization (customers, investors, and broader community). When I ask HR professionals: “Who are your customers?” the best answers are the customers who buy products or services from the organization, investors who fund and profit from the organization, or the community that is nurtured by the organization. Think outside in to deliver long-term value to others.

When you focus on others, you turn your personal point of view into your personal brand. You use your strengths to strengthen others. When you perceive that your job as an HR professional is to make others better, you are less focused on who you are than on how you can improve others. You can model serving others by:

- Acknowledging others’ efforts both privately and publicly. Be Teflon in success (share credit) and Velcro in failure (take responsibility).
- Expressing gratitude for what others do well. Research has shown that others improve when we have 3:1 (at work) and 5:1 (outside work) positive to negative messages.

- Seeking others' opinions for how to improve. One of my favorite coaching questions is "What do you think?" before giving an answer to a question.
- Listening to understand why others are doing what they are doing. Learn to see their choices from their points of view.
- Offering candid encouragement for what they can improve. Learn to have positive accountability conversations.

As you serve others, you will ultimately build your personal well-being and a reservoir of good will. You will also become a role model to others about how to collaborate.

Question 3: How Do I Build? Some go into HR because they "like people." While a good idea, it will likely limit your career because liking people may not create full value for the organizations where you work. Hopefully, you will not stop by helping people, but increase your value by building organizations.

The last fifteen to twenty years of the HR profession has been shaped by remarkable work captured in the "war for talent." Many have built systems for bringing people into the organization (sourcing, having a value proposition), moving them through the organization (development, performance management, engagement), and removing them from the organization (outsourcing). The war for talent was a great battle, but we now turn to victory through organization.

Talent is not enough. To fully become an HR professional, you not only represent yourself and serve others, but you must establish organizations that leverage individual talent through collective actions. The whole organization should be greater than the separate parts. United states are stronger than individual states. Teams outperform individuals. Individuals are champions, but teams win championships.

You need to be the architect and anthropologist of your organization's capabilities. These capabilities might include innovation, collaboration, agility, efficiency, customer service, or culture. You should help diagnose the right capabilities. Help your organization turn market expectations that show up in brand promises, commercials, or other social media into specific employee actions, leadership competencies, and cultural statements. When HR professionals become the architects of cultural capabilities, they create organizations that outlast current individuals. When HR professionals build the right culture, they make sure that promises to those outside the organization become standards for actions inside the organization. The value of values comes when an organization's value turns into customer commitments.

As a cultural steward, shape an intellectual agenda so that the right culture exists, a behavioral agenda so that culture influences personal decisions, a process agenda so that the culture guides HR (staffing, compensation, training) and other (information, budgeting, marketing) processes, and a leadership agenda so that a leadership brand influences leaders throughout your organization.

HR professionals who shape the right culture leave a lasting legacy of organizations that outlasts the current regime, long-term sustainable success, and employees who gain well-being because their personal styles fit with their organization settings.

Conclusion David Kinnaman found that, when disenfranchised young adults had a mentor, they were much more able to define their values and find meaning in their lives.

I hope that those of us who are more mature in the profession can mentor others to help them create an HR community that will deliver even more value in the future. Each generation of HR professionals should build on the past to create a better future. I like HR as a profession, as a body of knowledge, as a set of

tools and practices, as a cohort of thoughtful colleagues, and as a source of building long-term business and personal value. While I hope to continue to be a part of moving this profession forward (I hope I still have ideas that will have impact), I realize that much of my long-term contribution will be creating next-generation HR professionals. I hope that the next generation of HR professionals will know themselves, serve others, and build organizations.

What do I want? Know yourself.

Who do I serve? Give yourself.

What do I build? Leverage yourself.

Notes and References

1. It is hard to limit mentors to a few, but some of my key mentors are Bonner Ritchie, Paul Thompson, Steve Kerr, CK Prahalad, Ed Lawler, Bill McKelvey, and Ray Reilly.
2. It is impossible to mention all my personal guides from family (Wendy, parents, children) to church (Thom Nielson, Helen Bauss) to incredible friends and colleagues too numerous to mention (but I have to mention Wayne Brockbank, Norm Smallwood, and Ginger Bitter).
3. Martin Seligman and his colleagues offer an excellent strengths test: <https://www.authentic happiness.sas.upenn.edu/user/login?destination=node/504>

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The HR Executive's Most Crucial Capability? A Strategic Leadership Mindset

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Facilitating an organization's capacity to anticipate and adjust to rapid and continuous change has emerged as a defining competence for effective HR leadership. Developing that capacity requires self-awareness, intellectual discipline, and the cultivation of a big-picture, strategic leadership mindset.

Some years ago in a classic *Harvard Business Review* article, Robert M. Katz described three clusters of skills required for effective leadership. *Technical* skills involved the practices, tools, and processes required to do a job. *Human* skills involved the ability to understand, communicate, and work with others. *Conceptual* skills involved an intuitive sense of the bigger picture, a longer-term horizon, an ability to connect seemingly unrelated patterns or elements, and the creative development of new or novel ideas.

We know that leaders at all levels must have competencies in all three skill arenas. Knowledge and proficiency in the technical

aspects of any job are essential to performance and advancement. The ability to engage and energize others is a cornerstone of effective leadership. But conceptual skills, the capacity to think strategically, to look ahead to create the effective organization of the future, is crucial at the executive level. That is especially true for tomorrow's HR executives.

The pressures of change have morphed into a relentless transformational force. Technological advances are unfolding at a frenetic rate. Networked business ecosystems are redefining organizational roles and relationships. The great recession has precipitated a shift in employee attitudes toward work and organizations. The growing consumer class in developing economies has shifted targets for market growth. These and many other developments require HR leaders who, in addition to having a solid grounding in HR management and the ability to energize others around HR initiatives, also have the capacity to anticipate change and the intellectual openness to create novel organizational solutions to emerging environmental shifts.

Over the years, I have observed that, although effective strategic leaders can and do have different personality types, styles, backgrounds, skill sets, and so forth, the most effective of them seem to share a common mindset for setting direction and dealing with change. That mindset helps them to hone their conceptual skills and develop their strategic leadership perspective.

Effective strategic leaders, whether they be HR executives or in other roles, engage with colleagues and assess relevant data to help them understand where the organization was and where it is. But once armed with facts and analyses, they exercise their conceptual skills by engaging in an "outside-in" assessment of where the organization needs to go. This shift is the essence of the strategic leadership mindset and can be observed as an intellectual process that unfolds in five phases.

Look out. A striking characteristic of effective strategic leaders is their intense focus on developments external to the organization—social and demographic trends, economic shifts, technological breakthroughs. They see these trends as the context for business strategy and organization development. They focus on the critical questions of what their organization needs to do and how it needs to change in order to anticipate, adapt, and take advantage of developments in the changing external environment.

Look around. Having “looked out” and placed the organization in the context of emerging external trends, effective strategic leaders then “look around” to consider what can be learned by studying the experiences of comparator organizations, including competitors, benchmark organizations, potential disruptors, and others. What changes seem to be driving strategy and investment for these organizations? What is working for them? What isn’t? What are they likely to do next? What can we learn from their experiences? How can we leverage those lessons? How can we make a quantum leap?

Look in the mirror. Armed with an assessment of the external context and insights from comparator organizations, effective strategic leaders then “look in the mirror” to consider what they must do to ensure that the people who work with them and for them understand the external context and have considered the lessons of comparator experiences. They develop an “influence strategy” to facilitate engagement and discussion of externally derived and potentially game-changing information.

Look to the team. Having framed their influence strategy, effective strategic leaders then engage with their teams to discuss how key external trends and comparator information can be used to frame strategy development and execution. From those discussions, they build the plans and set the agendas that will move the organization into the future.

Look for results. Effective strategic leaders work hard to balance their organizations' focus on current performance with openness to future potential. They not only build strategies for the future and engage people across the organization around those strategies, but they also define processes to monitor progress, drive results, and maintain a focus on new changes and developments in the business environment. They ensure that focus on current performance is balanced with a constant connection to the future.

How do leaders master this process and hone their strategic leadership mindset? In a recent TED talk, Boston Consulting Group's Roselinde Torres suggested that leaders should keep three critical questions at the forefront of their personal development agendas:

- *What are you doing to help you anticipate change?* How are you staying on top of trends, information, developments that could impact you and your organization?
- *Are you developing a diverse network of people, benchmarks, and experiences?* Are you engaging with people from different companies and industries? Are you interacting with people with different interests and backgrounds? Are you taking some personal risk by learning new things and experimenting with new experiences?
- *Are you learning from your experiences, open to change, courageous enough to lead change?* Are you willing to challenge the status quo, defy conventional wisdom, and direct others toward alternative futures?

These three questions help frame the future challenge for HR executives. Effective strategic leaders view the creation of their organizations' future as their top priority. That is particularly important to HR executives, who are charged not only with helping to craft futuristic strategies but also with significant responsibility for

implementing those strategies. An open, externally focused mindset, coupled with intellectual discipline around the five phases of strategic leadership, can help HR executives become beacons for and leaders of change. And that is what strategic HR is all about.

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The Story of HR Courage

Theresa M. Welbourne

University of Nebraska

The difference between mediocre HR and high performance HR is and will be HR courage. HR leaders who are courageous enough to change through innovation, to have a clear point of view, and to create high-quality connections will be the individuals who grow their businesses. Success will be personal, with higher impact throughout their careers, and the wins will be attributed to the people who are part of their departments.

Change Through Innovation There is no doubt that HR departments have had their fair share of change throughout the years; however, how much of that change is a function of strategic innovation versus cost-cutting? HR is rarely in the business of innovating. Over the years, HR work has been automated, but it is not thought of as innovative. HR professionals are not known for changing or challenging the core of how HR does business.

There's often a lot of talk and frustration about how HR work is done, but in the end, HR often succumbs to what is popular. I can't tell you how many HR executives tell me they are doing something because their CEO said they should do it; however, most of these same individuals cannot explain why the CEO proclaims the need for a new process. The most frequent response received is that the CEO's peers are doing it. HR copies; HR listens; HR follows, but these non-innovative ways of doing business are not driving success. Instead, they are creating pools of mediocrity. The reason for this is the lack of courage in HR. Therefore, those who succeed today, and in the future, will be people who are courageous enough to say no at the right times and to innovate rather than copy.

Almost every CEO I meet is worried about his or her company innovating; given the fast pace of change and escalated rate of competition entering markets, CEOs want to be ahead of the game. The path forward is innovating—in just about every part of the business but HR. Thus, to move ahead in HR, a leader must break tradition and make the business case for courage versus compliance.

Consider the topic of benchmarking. Whoever said that, in order to win, an organization should be like all the rest? That's exactly what happens when the mantra going forward is to make decisions based on meeting industry benchmarks. We are copying our competitors' ways of doing business, whether we are benchmarking compensation, engagement, selection methods, or leadership practices. However, benchmarking is always a looking backward exercise.

Consider whether an organization would set as a goal matching their competitors' average stock price from last year. When an organization creates objectives to meet benchmarks on data such as employee survey scores, they are comparing today's scores to the average of their competitors from some past date; it's like looking at old stock price data. Why would anyone do

this to win? Innovation would lead to creating goals that are different from the competition and then meeting or exceeding these objectives. Look at the competition and innovate; do this by courageous and unique thinking.

Clear Point of View HR professionals are well-informed and are not afraid to speak up; therefore, when I mention having a clear point of view as a criterion for the future, you may think I'm a bit off base. However, I have learned over the last few years that there is strong need to help HR professionals not only be clear about defining their points of view, but also to share them with the executives with whom they work.

About six years ago, I started teaching an executive development program focused on data-driven storytelling. There is certainly a need for this skill in almost every organization I visit. We have become very good at obtaining data and presenting data, but telling a story with data is an art form that has not been mastered by many, not only within the HR function.

How does one tell a story with data? We have developed a number of tools that use processes from Hollywood—or from the world of movie-making and directing movies. In addition, we pull in storytelling basics or the need for every story to have a beginning, middle, and end. Last, there is an incredible amount of new work in the area of neurological science that helps inform not only why stories are important, but how to create powerful, data-driven stories. With all of these tools, data, and knowledge, we set off to create multiple classes—public, multi-day programs and custom keynote sessions and workshops. As a result of working with large numbers of HR professionals during these programs, my number-one learning is that HR is holding itself back through fear of articulating a clear point of view about what they see in the data.

In fact, the issue is so paralyzing and extreme that many an HR professional will argue it is not his or her job to have a point

of view. The topic goes beyond data to other aspects of the business. The problem stems from lack of courage. HR professionals clearly see it is their job to obtain data, but presenting findings with a clear point of view, to many, is immoral and improper. The perception is that they are tricking their internal customers by finding a story in the data; the executive or user of the data should see the data and come up with his or her own findings.

However, HR is being paid to use their expertise and knowledge to make sense of the data in the same way that other professionals do (such as marketing, accounting, finance, or manufacturing). Sharing a clear point of view is critical for driving action, and you can't even start to create a story without a viewpoint. Thus, point of view is the starting point for not only data-driven storytelling but for any type of actions taking place within HR.

A point of view is not random; it is informed by years of experience and knowledge. In order to persuade others, drive action, and move the organization forward, HR must be in a position to articulate and carefully share their points of view, and this action takes internal courage.

High-Quality Connections In order to innovate and share a point of view, the data and information HR obtains must be high-quality and relevant. High-quality connections or informants are critical for HR leaders to position their work in the business environment. HR leaders who succeed are on the cutting edge because they understand the business, and that knowledge comes from positive relationships with people who know the organization, including customers, investors, vendors, and other stakeholders. Thinking carefully about how to obtain the right information and then how to develop important connections are part of every HR professional's job.

This means HR goes beyond talking to HR and develops deep connections to keep *everyone* informed. Think of HR as a

spider web of people going deep into the organization, helping and creating networks that move information where needed.

Creating the Best Organization Means Putting the Pieces Together HR will excel and move the business forward by being well-informed, creating high-quality connections, maximizing the quality of relationships, and then using that knowledge to develop a clear and powerful point of view. Innovation will flow. However, critically thinking about how to innovate in HR is a challenge. We may see HR research and development departments because innovation, frankly, is so new to HR that it may be easier to start with stronger institutionalization.

In addition to HR being innovative, HR must be fast. In a recent survey I conducted with a sample of leaders, I asked the degree to which they wanted HR to be fast versus accurate. We were not surprised to learn that speed beat out accuracy. It's not that the leaders want HR to be inaccurate; however, the wait for perfection is driving leaders insane. We use a race car analogy. If, when the driver gets to the pit, the crew takes too long to prep the car for the rest of the race, that the driver never gets out—well, then the race is lost without the driver even having a fighting chance. In some cases, we see this with HR. The fight for perfection leads to slowness and lack of use or frustration by the customers of HR. With courage, we can go fast; we can deliver part of a process, gain input, and then pivot the product. There's a lot to learn from lean manufacturing, lean start-up learning, agile programming, and extreme programming.

Courage will change HR. Courage will lead to innovation and high-quality work. Courage will result in HR professionals making change for the better versus for the sake of change. Courage will lead to HR being leaders, not just in HR but in the organization overall.

CHAPTER

12

Honor HR HeRoes

Lessons Learned on the Playing Field

About seven years ago, I had occasion to write a song, “HR HeRoes,” which was intended to honor the courage, capabilities, and contributions of HR leaders I worked with in my own company as well as peers in the bigger HR community. It expresses my appreciation for being part of a profession I love, surrounded by colleagues I admire and respect.

HR HeRoes

*Everybody's looking right at you
And then they slowly step away
They're wondering what you're gonna do
And what you're gonna say
Will you take the bullet?
Will you bust right in and save the day?
Somebody's gotta go*

*When the truth is brutal
And justice really is the only way
When courage overcomes the fear of failure
And of leading change
When the situation
Makes it clear things must be rearranged
Somebody's gotta go . . . tell the CEO*

*We're the HR HeRoes, here to save the day
Wanna make things better, that's the only way
We're the HR HeRoes, nobody knows our names
Bring out the best in others now, it's our claim to fame*

It's time to stand right up and together we'll face down reality

Even stacks of PowerPoint can't provide enough security

Let people know what's going on

And help them see what they can't see

Nothing's ever what it seems

So listen carefully

Somebody's gotta go . . . save the world, you know

We're the HR HeRoes, here to save the day

Wanna make things better, is that the only way?

We're the HR HeRoes, nobody knows our names

Bring out the best in others now, it's our claim to fame

Give 'em all your powers, give 'em all your strengths

Give 'em X-ray vision, give 'em confidence

Show 'em how to fly into the sky, how to leap tall buildings in one try

Show 'em how to laugh . . . and how to cry

Make them the HeRoes, make them the HeRoes, make them the HeRoes . . .

We're the HR HeRoes, we're the HR HeRoes, we're the HR HeRoes . . .

Now the lyrics of this song imply a degree of extraordinary heroism on the part of HR people that may or may not be apparent in all the HR leaders you know. However, the song is really intended to suggest that great HR is about typical HR people doing remarkable things without much credit or recognition. The most important job of HR executives as I see it is to bring out the best in other people and to make them more effective than they would otherwise be. That's a big job. It's a sometimes thankless job. But it's our most important job.

Just as I asked eight academic thought leaders to share their views on one important question, and included and summarized those essays in Chapter 11, I have similarly asked dozens of HR

colleagues to share their practitioner points of view regarding one very similar, important question. These perspectives are captured here in Chapter 12. More than 100 highly experienced and emerging HR executives from a wide array of organizations and industries responded to the following question: **“What is the one capability, experience, lesson learned, or relationship that will make the biggest difference to your success as an HR executive over the next three to five years and beyond, and why?”**

The answers are as diverse and fascinating as the HR executives who have supplied them, and yet they also tend to cluster around some very common core themes.

The insights come from CHROs, other highly experienced HR leaders, and emerging HR people who are much earlier in their careers. They represent different industries, companies, and geographies. Yet, they see what’s happening in the changing nature of work, the workforce, and the workplace. They know what’s coming. They sense what’s at stake. They feel excited and optimistic, while they simultaneously feel frightened and concerned.

The five themes that surfaced most consistently might be thought of as two sides of the same important HR coin. One side of the coin could include the familiar yet extraordinarily important themes that you may have heard before, but which we, as HR leaders, clearly have not yet mastered. The other side of the coin might include the relatively newer and less familiar themes that you may not have heard or know much about . . . yet.

When considered collectively and holistically, however, these five themes paint a very compelling blueprint of where the very best HR leaders have been and where they are going—what they know, do, ask about, and execute against that makes them highly effective now and will make them even more so in the future. Chapter 12 honors HR HeRoes, not only those who responded to my request for input, but all HR people who are on the organizational playing field every day and who do the important work of making people and organizations more effective.

Top Themes

Here are the top themes that emerged in response to the question: “What is the one capability, experience, lesson learned, or relationship that will make the biggest difference to your success as an HR executive over the next three to five years and beyond, and why?”:

1. **Business acumen** to advise and influence
2. **Strategic multi-disciplinary perspective** to broaden context
3. **Agility** to drive faster transformational change
4. **Courage** to confront and question
5. **Analytics** to customize digital and data-based solutions

Not surprisingly, there are some very specific parallels between these themes and the views articulated by academic thought leaders in Chapter 11. In particular, the shared viewpoints highlighted by both academics and practitioners include the increasing importance of business acumen, external context and situational awareness, multi-disciplinary perspective and solutions, ability to handle the pace of change, courage, and the art of the question.

Equally importantly, the above five themes bring a significant richness and context to the first eleven chapters of *THREE*, where we have explored many of these same concepts and capabilities. But we are going to ask our HR practitioners, the HR executives who demonstrate heroic leadership on the field of play every day, to provide the final word on what makes for great HR emerging executives. Let’s address each of the five themes a bit more in depth and see what many of our contributing HR leaders had to say.

1. Business Acumen to Advise and Influence

We have been talking for many years about the need for HR leaders to be business people first, and HR people second. CEOs, operating leaders, and functional peers have also been asking us to learn and speak the language of the business. Throughout this book, we have covered this topic in several ways, including the need to understand the value chain by which the business makes money, as well as ways to more effectively integrate business and human capital strategies and the importance of asking the right kinds of questions.

Has the HR profession improved as a whole in terms of better business acumen? Yes, over the past thirty-three years I have been in the field, I would say we have collectively improved—from an “F” to a “C-.”

Throughout this time, there have been numerous examples of “A+” HR leaders who understand the financials, speak the language of the business, and, in some rare cases, migrate seamlessly between HR and operating roles. But these business-savvy HR people continue to be the exception, not the norm. Most HR leaders prefer to talk about becoming more business-savvy while avoiding at all costs the education and experiences required to improve their business acumen.

Understanding how to read a balance sheet, knowing how your company’s products or services are produced, experiencing and interacting with customers, partnering with your peers in marketing, sales, engineering, operations, finance, and so forth, learning about what is important to boards of directors, and using the language of the business are all ways to become more business-savvy. Getting out of HR for a while to run a P&L or learn another business discipline or importing non-HR people into HR to bring their business perspective to the function are

also great ways to raise the bar on HR's business acumen. If you do these things well, you will set yourself apart from most HR leaders. If you do not, you will not. It is just that simple.

Despite the importance of real business savvy, however, there is also no substitute for the ability to influence through trust-based relationships. I have seen plenty of HR leaders who have great business heads, but who are also so analytical, cold, and confrontational that no one trusts them. In fact, they are often confused with the CFO, and I don't think that is a compliment. The CFO role is extraordinarily important, but organizations don't need two of them. HR leaders have a different and equally important role to play. Don't improve your business acumen by inadvertently selling your HR soul.

*(Authors' note: Select words and/or phrases in each of the following quotes are in **bold** for emphasis, and comments have been edited for length.)*

Here is what some of your HR colleagues had to say about business acumen:

"I really only need two words for the most critical capability—**business acumen**. . . . HR professionals need to be very comfortable in the boardroom, with the compensation committee, and with succession and talent planning and workforce issues. The good news is that boards have increasingly high expectations. . . ."

—*Laurie Siegel, Retired Senior Vice President, HR and Communications, Tyco International*

"Exposure to the board of directors. More and more boards are interested in talent and talent issues. HR needs not only to support the business, but also to **meet the needs of boards**."

—*Angela Lane, Vice President, Talent and Development, Abbvie*

“. . . interact with a wide variety of business leaders **in their language**. Of course, this would be even more valuable if the HR leader had **experience in a line role** where the company either generated revenue or it was a source of competitive advantage.”

—*Scott Sherman, Executive Vice President, Human Resources, Ingram Micro Inc.*

“A manufacturing executive emphatically said **Touch Our Products (TOP)**. As HR business leaders, it would benefit the company if we seek to understand the product—why, how, and who. Understand why by learning the story of the product’s conception . . . understand how the product is made and what differentiates it from the competition . . . understand who manufactures the product personally and what their common challenges are.”

—*Benjamin Chulaluxsiriboon, Leadership Bench Development, Northrop Grumman*

“The future of HR has tremendous potential for . . . business-focused, creative, problem-solvers . . . you have to know your business from every function and angle. . . . Learn the business. **Forget the social work.**”

—*Lisa Thompson, Director, HR, Engineering and Telecommunications firms*

“The ability to **exercise influence in the decision making** of the senior executive team and the board based on a deep understanding of the business and the credibility of the function.”

—*Curt Gray, Senior Vice President, Human Resources and Administration, BAE Systems*

“Influence, influence, influence. There’s a part of me that suspects that leaders believe that driving the business to be successful and paying attention to the people side of the equation are mutually exclusive, or at best, a zero sum game. It will take heaps of influence and no small amount of persistence to convince them that the two are complementary.”

—*Nathan Luther, Director, Human Resources, Avaya*

“. . . influence organizational decisions made by the CEO and the board. Any opportunity to shape the organization at this level is based on trust earned and competence. It cannot be **rushed by ambition and arrogance. . . . It can’t be all about us.**”

—*Cindy Rutz, Vice President, Human Resources, Samaritan’s Purse*

“Ability to **influence the Chairman, CEO, and executive team. . . .**”

—*Stephen Cerrone, Executive Vice President, HR and Communications, Hudson’s Bay Company*

“. . . influence the business direction **using financial acumen.**”

—*Gunjan Aggarwal, Ericsson*

“The CEO and team have to see you as a business leader first if you want to be influential. When I started my career in HR . . . my HR boss would visit me on the night shift and **expect me to tell him cold the efficiency rates of each packaging machine operator on the night shift, like I was the plant manager.** . . . as CHROs, we have to find our own ‘third shift efficiencies’ to teach the younger generation.”

—*Maryjo Charbonnier, Chief HR Officer, Wolters Kluwer*

“Connect with your business **like an owner, and not just like a hired gun** . . . asking questions like, ‘If I owned this business, would I choose to install this new system or spend money on this new program?’”

—*Mark Alders, Vice President, Total Rewards, Avery Dennison*

“‘The Care Factor’ . . . putting the business first, **thinking and acting like an owner**. . .”

—*Jennifer McEwen, Corporate Vice President, Talent and Organizational Capability, Lockheed Martin Corporation*

“. . . what makes a real difference is the ability to **translate profound business insights** into contributions to business decisions, and the translation to HR strategies to support these decisions.”

—*Jean-Christophe Font, Head of Human Resources, Nestlé Health Science*

“. . . approach all HR decisions **first as a business person and next as an HR professional** . . . think about HR work in terms of impact to business outcomes.”

—*William B. Jackson, Jr., Vice President, Human Resources, Unimin Corporation*

“. . . truly relate to the perspective of a senior business leader, **not just as their ‘HR guy’** but as someone who understands their business and their role in it.”

—*Steve Blankenship, Director, Human Resources, Fidelity Investments*

“Developing the relationships with business leaders to enable a strong, sustainable understanding of the business

needs. . . . The **time and effort wasted today to sync up demand and capabilities is a huge drain** on resources.”

—*Kevin Heslin, Vice President, Talent and Total Rewards,
ITT Corporation*

“. . . ensuring that the direction and actions taken by my team and I are aligned to the overall business objectives . . . I ask myself . . . **is this what the business needs (versus wants)** and where will this impact the organization in achieving its goals?”

—*Victoria Betlehem, Senior Vice President, Global Talent
Management, Adecco*

“. . . **prioritization or making the right choices** . . . the demand for what we do outstrips the resources available . . . **this requires an understanding of the business and environment at a detailed level**—and serious high-quality relationships with the CEO, executive management, and board members.”

—*Tim Harman, Head of Organization Development, Americas,
MUFG Union Bank (Bank of Tokyo Mitsubishi)*

“. . . the ability to **translate HR language/terminology** into conversational, business-oriented, pragmatic language.”

—*Iris Nafshi, Director, Executive Development, Microsoft*

“A laser-like focus on the mission, vision, and values of the company, and **using the language of business not the language of HR.**”

—*Nick Howe, Vice President, Learning and Collaboration,
Hitachi Data Systems*

2. Strategic Multi-Disciplinary Perspective to Broaden Context

Business acumen and strategic perspective go hand in hand. The ability to see around corners to anticipate and understand the business and what drives performance on the one hand, and the experience and perspective to integrate human capital priorities and business priorities on the other, are crucial. Furthermore, as we have discussed in earlier chapters, the very best HR leaders have a situational awareness about what is happening in the world around them through a broader global lens, across multiple functions, and external to their company and industry. They must have the ability to apply this perspective when making strategic choices and tradeoffs regarding people issues.

It is no longer enough to understand your own business as an HR executive. You must also understand the context and external environment in which your business and competitors operate and demonstrate the breadth of perspective to know what to do with this multi-disciplinary, external, and global understanding. And the very best HR leaders will play the role of holistic integrator, seamlessly aligning and orchestrating all the major elements of organizational strategy, including shaping, developing, communicating, and executing strategy.

Your HR colleagues shared the following thoughts on the importance of strategic perspective:

“You are responsible for shaping the business so that it can deliver its strategy . . . leading the work on strategy execution through organizational design, leadership development, performance management, and talent deployment will be essential. Developing strategy, communicating strategy, and executing strategy in one holistic system will be vital, and **someone will need to own the entire piece. The CHRO**

role will need to take over corporate strategy and communication.”

—*Ola Arvidsson, Chief HR Officer, Arla Foods*

“. . . be a part of the organizational business strategy and integrate the HR strategy in order to **lead change, develop leadership talent, and drive performance.**”

—*Charmion Patton, Director, HR, PwC*

“Aligning all work to the top strategic priorities of the enterprise and being able to **show how you make it easier.** . . .”

—*David Woodbury, Director, Succession Management, Humana, Inc.*

“. . . **connecting the dots** on where you are driving HR strategy across multiple business streams . . . setting the foundation (**alignment**).”

—*Nancy Smith, General Manager, HR, Technology, Projects, and Services, Chevron*

“. . . HR needs to work in different ways to add value in businesses grappling with **the challenges of a VUCA (Volatile, Uncertain, Complex, and Ambiguous) world.** HR colleagues and business managers alike must inspire and unlock leadership contribution in new ways. . . .”

—*Cristina Grace, Senior Vice President, Global Head of Leadership, Talent, and Learning, Royal Philips*

“. . . **innovation** execution as it relates to a successful business strategy . . . many HR practices today . . . not only do not support innovation, but work against it. . . . **HR executives need to blow up a lot of the infrastructure created**

over the last twenty years and shift quickly to a leadership role to drive innovation.”

—*Courtney Harrison, Vice President, Global Human Resources,
Juniper Networks*

“Strategic workforce planning skills . . . the ability to build commercially **viable workforce plans** that drive and inform our strategic and financial planning processes.”

—*Tony Weston, Executive Director, Human Resources,
Telstra Corporation Limited*

“I have learned that my success depends upon being both **strategic and tactical—or ‘stratactical,’** and being able to seamlessly shift back and forth between the two.”

—*Joscelyne Gray, Head of Compensation, Redfin*

“The ability to identify what may come, and . . . what is strategically important. If an HR executive can **anticipate what is around the corner**, then he or she can build organizational plans to not just respond, but to take advantage of opportunities.”

—*Troy Hayes, Director, Talent, Leadership, and Organizational
Development, Ingersoll Rand*

“. . . never forget that HR is all about **maximizing the value that the organization gets from its talent.** It’s about understanding the current and future business needs, and delivering and developing the talent needed to execute the business strategy. I never want to hear someone say, ‘It’s an HR issue.’ No. It’s a business issue that involves talent!”

—*Anonymous HR Leader*

“Systems thinking. HR is a space where **we frequently confuse activity with sustained impact**. The stronger my ability to see systems as a whole, to understand the multiple levers that will drive performance (behavior and outcomes), the more likely I have been able to get a sustained, positive impact.”

—*Dave Gartenberg, Chief HR Officer, Slalom*

“. . . operate from a position of context. Understand the internal and external challenges of the business so when HR people ask what the priorities are for HR, they come at this question with a comprehensive **understanding of the business context, not with a narrow functional lens**.”

—*John Webb, Senior Vice President,
People and Organization, Wrigley*

“Drive business strategy formulation as a member of the executive team, and most importantly, be the person in the organization that pushes the thinking on the following question . . . what are the **critical capabilities we need to build and execute against our strategy?**”

—*Liz Dente, Acting Chief HR Officer,
ITT Corporation*

“The ability to directly connect the HR vision/mission/objectives to the achievement of the business strategy . . . requires a deep understanding of financial skills, analytical capabilities for decision support, and experience working with colleagues to fully **understand interdependencies** and align on key milestones.”

—*Kurt Fischer, Chief HR Officer, Bill and Melinda Gates
Foundation*

“**Thinking and acting** strategically.”

—*Terry Schuler, Executive Vice President, Human Resources,
East West Bank*

“My experience living and working in developing and emerging markets for three years . . . completely changed my frame on business, talent, and capability issues and how we should use more of an East to West–type design principle for HR strategies, systems, tools, and processes . . . to ensure we have relevant models to win, not just today, but in the future. The experience taught me to ensure I **harness the collective intelligence from around the world** and leverage that diversity of perspectives to create breakthrough solutions.”

—*Monique Herena, Senior Executive Vice President and Chief
HR Officer, BNY Mellon*

“. . . the only way to be successful is to work from a position of abundance . . . recognizing **that there are resources available outside the four walls of HR that must be accessed and leveraged. Build strategic networks** with key stakeholders both inside and outside the organization. These colleagues can provide critical counsel, insight, connections, and other resources. . . .”

—*John Messman, Director, Leadership Development,
The Boeing Company (retired)*

“. . . apply knowledge and experience acquired **across multiple disciplines** . . . to construct flexible and effective people strategies.”

—*Elizabeth Huldin, Director, Human Resources,
The Boeing Company*

“The integration of **multiple intelligences** will be paramount. . . . We must raise the bar relative to HR **understanding the entirety of the landscape** in which we operate. The business landscape is becoming more complex and demanding on multiple fronts.”

—*Kathie Ross, Executive Vice President, Leadership Development, Healthy Companies International*

3. Agility to Drive Faster Transformational Change

Playing a central role in strategy development and execution implies expertise in leading change. And leading change is all about understanding what organizations need to change from, and what they need to change to, while preserving what has made these organizations successful in the first place. HR leaders are at the epicenter of large-scale transformational change—both as drivers of and victims of change. Inherent in the HR executive’s role as change leader is “agility ability,” the comfort and capability to handle the speed, pace, trajectory, and unpredictability of the internal and external forces that affect organizations. Agility is not only about seeing around corners, as we discussed in the Strategic Perspective section above, but also involves dodging the bullets and mastering the unforeseen bumps in the road along the way to making transformational change successful. Perhaps most importantly, agility implies an appreciation for the speed required to not only change fast, but faster than competitors.

Your HR colleagues had a great deal of wisdom to share about agility:

“Agility is the most important capability . . . specific **trends that will test agility will include four big themes . . . the digital world, four generations present in the**

workforce, changing organization relationships and the very definition of ‘employee,’ and economic and policy pressures created by diversity and income inequality . . . Scout, Scan, and Steer. . . Scout by anticipating trends, Scan for innovative approaches, and Steer by piloting new approaches.”

—*Anonymous HR Leader*

“Learning agility. Information and business models are rapidly changing and we need HR leaders who can process that information and understand the implications and opportunities . . . and better influence the business and direct the HR function through all the noise.”

—*Bill Tompkins, Senior Vice President, HR and Total Rewards, Macy’s, Inc.*

“In today’s hyper-speed world, anticipating and **getting to the future first, before competitors, has never been more important. . . we must move quickly to either disrupt the market or to counter disruptive moves by others. We need to help our leaders and teams put emphasis on **speed, experiments, and ‘good enough’ solutions.**”**

—*Andy Billings, Vice President, Profitable Creativity, Electronic Arts*

“Anticipating future organizational capability needs and . . . establishing an organization culture that is agile enough to **change faster than the competition.”**

—*Anonymous HR Leader*

“With the **pace of innovation occurring at light speed, the ability to manage change is paramount to success. Change has to occur swiftly with clear understanding of**

what is changing, why it's changing, and what this means for the workforce, the company, and the industry at large.”

—*Russ Schramm, Head of Talent Acquisition, Americas, Philips*

“. . . agility . . . the speed of change in the 21st century is dizzying, and business leaders prize the ability to adapt quickly to changing market conditions above all else. For HR leaders, this means **letting go of the slow, plodding execution of textbook-perfect policies and practices** and instead focusing on agile talent practices that morph with the evolving demands of the business.”

—*Eric Severson, Senior Vice President and Co-Chief HR Officer, Gap Inc.*

“Managing change . . . to influence the organization to **effectively transition** through change.”

—*Michelle Murphy, Vice President, Human Resources, BAE Systems*

“Lead change and transformation, and **don't sit on the sidelines and wait** to simply support the organization.”

—*Jeffrey Shuman, Senior Vice President and Chief HR Officer, Quest Diagnostics*

“Having served as a chief HR officer at six different companies, I have learned that . . . the most significant success factor for me is **resilience** . . . no two organizations are identical and HR strategies which served one organization well may be completely incompatible for another company. **Priorities change, leadership teams change, technology changes, and the best HR professionals must be able to respond quickly** or risk becoming irrelevant. . . .”

—*Marc Ugol, Executive Advisor, Ernst & Young*

“Given the pace of organizational, industry, and global change, **resilience and the ability to return to your resilient center** will be among the greatest attributes of HR leaders. . . .”

—*Bill Ingham, Vice President, Global Human Resources, Visa*

“**Resilience . . . nothing stays the same and things change when you least expect it.**”

—*Irwin Golob, Vice President, Human Resources, Avesis Incorporated*

“**Be the function of ‘yes,’** not the function of ‘no’ . . . figure out how to get things done . . . how to make it happen.”

—*Karren Fink, former Chief HR Officer, Edmunds.com*

“I have been a CHRO for twenty-one years. I believe the same capability that has made me successful through four CEO changes and numerous organizational and business changes will enable success in the future . . . the ability to **learn, adapt, and embrace change through self-reflection** and to help others and my team do the same is the secret sauce.”

—*Anonymous Chief HR Officer*

4. Courage to Confront and Question

Agility and the ability to drive change cannot happen without the courage to push back on the things that don’t make sense and to push forward on the things that do make sense. Courage is sometimes confused with being a contrarian or being willing to say whatever comes to mind, no matter how inappropriate or counter-productive. Great HR leaders don’t need to be contrarians for the sake of being contrary. They do, however, need to be willing to ask questions that need to be asked, to push people to places they might not otherwise go, and to protect the

organization and its leaders from doing unethical, inappropriate, or incredibly dumb things. Sometimes, this role requires confronting someone in a position of power who is not used to being challenged or questioning a practice or decision that no one else has the willingness or insight to address.

These situations always call for the need to listen with deep patience, understanding, and the willingness to consider different points of view prior to taking appropriate action. These are often not easy interactions. But they are essential if handled well, and disastrous if avoided for the wrong reasons. To paraphrase a quote from Mark Twain, “Courage is not the absence of fear, it is the willingness to act despite the fear.” Much of *THREE* is about our role and obligation as HR leaders to act despite the fear we or others may be feeling.

Your HR colleagues were very clear about their perspectives on the importance of courage:

“**COURAGE** . . . the courage to have a **strong opinion** and stand by it, the courage to take **tough actions**, the courage to ask **uncomfortable questions**, the courage to **innovate**, the courage to **challenge** the status quo, the courage to **dream big**, the courage to **take risks**.”

—*Gabriela Snobrova, Vice President, Human Resources, NCR*

“Confidence and **courage to do the right thing**. . . .”

—*Bill Allen, Chief HR Officer, Macy’s, Inc.*

“Willingness to **challenge the status quo or tackle hard business issues** outside of the traditional HR and talent management space . . . willingness to take a personal stand (risk?) on an issue important to the business. . . .”

—*Terry Gray, Vice President, Human Resources, Cargill*

“Courageous leadership. Having knowledge of both the business and the organization to have a point of view is important, but **if not courageously expressed and used to influence, it is lifeless.**”

—*Shawn Hearn, HR Leader*

“The HR executive must be seen as clearly on the senior management team and yet still be the one person able to **step out of that reporting relationship and discuss critical situations** with the board when required.”

—*Scott Bontempo, Senior Operating Executive, Human Capital, Welsh, Carson, Anderson, and Stowe*

“... the **courage and strength of thought to take the lead in the development of culture** . . . do the hard work of selling and protecting it . . . and be the guiding voice when expedient but out-of-sync decisions creep in.”

—*Michael Sullivan, Chief Human Resources Officer, City of Colorado Springs, Colorado*

“More than any other executive, you must be known as the one who gets stuff done, especially the hard things no one else wants to do. You’re the glue that holds everything together. **No guts, no glory.**”

—*Stephen Fussell, Executive Vice President, Human Resources, Abbott*

“Our roles are about reaching hearts and minds to effect lasting change or to hold strong ground. You can’t do that if you can’t effectively **communicate clearly and simply.**”

—*Melon Yesboalul, Vice President, Human Resources, The Willis Group, Inc.*

“ . . . **listen really hard** with authenticity and curiosity.”

—*Simon King, Global Vice President, Human Resources,
Research and Development, Bristol Myers Squibb*

“**How does my curiosity make a difference?** (It) allows me to be open to learning, gathering different perspectives, creating new possibilities, and allowing space for new effective solutions.”

—*Andrea Bortner, Executive Vice President and Chief HR
Officer, Catalina Marketing*

“The ability to remain calm and carry on. . . . A deliberate and **patient approach** to problems, politics, and complex challenges **has provided confidence to others** . . . this capability permits me to help our executives put their own emotions in check and make the best decisions for the organization.”

—*John Rice, Vice President, Human Resources,
Carpenter Technology*

“The ability to **stop, pause, reflect, . . . be still, and listen** is the most important capability.”

—*Lisa Knight Gary, Director, Strategic Capabilities and Global
Learning, Ingersoll Rand*

“ . . . ask questions . . . but not just any questions . . . [they] must be probing without being offensive, thoughtful without being leading, and free of bias and supposition **If I could give myself a superpower, it would be the Power of Inquiry.**”

—*Susan Jacobs, Director, Human Resources and Administration,
Ingalls Shipbuilding*

“. . . **it is nearly impossible to ask too many questions** . . . understanding the components enables you to improve, enhance, and shape the actions you take to be more direct and meaningful. . . . It all starts with asking questions and listening.”

—*Anonymous HR Leader*

“. . . ask **the right set of questions** that will help a leader or organization arrive at a solution. . . .”

—*Heather Laychak, Director, Human Resources, Mattel*

“We must **operate from a rock solid core of ethics and integrity** which encourages others to trust us.”

—*Ed Garrison, Director, Leadership Development, International Paper*

“. . . to set the standard, to make expectations clear . . . **to provide the moral compass.**”

—*Fred Howell, Director, Talent Acquisition, Ingalls Shipbuilding*

5. Analytics to Customize Digital and Data-Based Solutions

As discussed earlier in this book, the future of HR includes decisive movement from the power of persuasion to the power of education through analytics. It is no longer good enough for HR leaders to persuade through passion, commitment, and conviction—or through their credibility based on trust-based relationships. These capabilities are helpful, but they are not sufficient in an increasingly resource- and time-constrained world, where every important decision is competing for leaders’ attention, support, and financial investment. Rather, the ability to persuade through passion must be accompanied by the ability to tell a compelling story, to build a business case, to educate through analytics, and to

speak with data—and to enable data-driven decision making in an increasingly mobile environment. The era of big data for big decisions and key insights, and mass customization and the personal value proposition for select roles and people, is arriving.

Your colleagues shared some terrific insights on the evolving landscape regarding analytics:

“Being an organizational ‘People Sensor.’ HR leaders need to dramatically improve their **ability to provide insights into the human side of the business**. . . . we also need to be able to predict the near- to medium-term future state if we are to be credible as talent and culture architects. This is not unlike the transformation that Marketing went through over the past one to two decades. Marketing used to be more of an art form and now it is quite **digital and ROI based**. We will need to think differently, have different skills, and employ more modern technology, data capture, and reporting systems.”

—*Dermot O’Brien, Chief HR Officer, ADP*

“Building trust with customers starts with building trust within the organization . . . with more transparency in business and with social media and customer ratings defining brands, the way we work with one another will be under increased scrutiny. . . . **Capturing insights that correlate business performance and customer reactions to leaders** who visibly role model . . . will reinforce the business case.”

—*Hayley Tatum, Senior Vice President, People, Asda Stores, Ltd.*

“Every visit to the CEO is about cost, financial value, and who your company intends to be. . . . **What’s your measure, and does it measure up?**”

—*John Shifflett, Director, Learning and Organization Development, Newport News Shipbuilding, a Division of Huntington Ingalls Industries*

“. . . **delivering measurable results** that have a positive impact on the business.”

—*Pam Mabry, Director, Human Resources,
The Boeing Company*

“**Flexible systems that allow for . . . personalization** in the new war for talent, and moribund HR systems simply won’t do!”

—*Patrick McLaughlin, Senior Vice President and Chief HR
Officer, Frito-Lay, Inc., a Division of PepsiCo*

“. . . disruption caused by mobile computing is changing every aspect of our lives. HR practices should be no different. Staid old ways of doing recruitment, performance management, reward differentiation, training, and ultimately exiting organizations will not stand the test of time. The use of **data to make people decisions** will be driven by technologies.”

—*Matt Schuyler, Chief HR Officer, Hilton Worldwide*

“. . . all commercial activity will be driven by an explosion in data. . . . HR will be impacted because all our organizations will require more sophisticated analytics and data gathering simply to survive. . . . Success in HR will require mastery of the tools of a digital age but also an ability to engage a digital worker. **If you did not start middle school with a smart phone in your hand, you will have to run twice as fast to keep up** with your HR colleague who did.”

—*William J.T. Strahan, Executive Vice President,
Human Resources, Comcast*

“. . . the days of copying best practices and using one-size-fits-all solutions have given way to much more **customized** HR strategies based on in-depth analyses which often employ sophisticated **quantitative methods**. HR leaders who routinely turn data into information and use that information to drive strategic insights into the HR practices of the organization will be most competitive. The key is to **get in front of the elephant with a bag of peanuts . . . and not behind it with a shovel!**”

—*Bob Myers, Senior Vice President and Chief HR Officer,
Black Hills Corporation*

“Quantitative capacity and financial acumen. I absolutely have to have **equivalent skills** in these areas as my fellow executive team members.”

—*Jared Lucas, Chief People Officer, Mobil Iron*

“. . . the use of metrics has been really important in **gaining funding for projects** . . . and has given me more credibility with private equity firms.”

—*Karin Davies, Senior Vice President, Human Resources,
Peak 10, Inc.*

“. . . data and mobile . . . but there is often a disconnect between our need to address these issues and . . . the systems that support them. . . many of our colleagues will primarily experience our innovations through a system. **Our ability to analyze data and make it actionable can only be as sophisticated as what we are able to extract, connect, and share in a secure manner.**”

—*Anjelica Garcia, Executive Director, Global Talent,
Sony Pictures Entertainment*

6. Other Words of Wisdom

In addition to the above five most commonly mentioned themes, HR leaders who provided input in response to my question about the one capability, experience, lesson learned, or relationship that will make the biggest difference to success also had many other words of wisdom to share. While these responses were not as common as the five themes summarized above, I have included a selection below because of the powerful insights they convey on topics including leadership and talent, inclusion, perspective, process orientation, judgment, and execution, among others.

Here is a sampling of words of wisdom for your consideration:

“. . . talent management . . . **having ‘A’ talent in all critical roles** with diverse experiences and backgrounds. . . you must have strong assessment skills and be a talent champion.”

—*Rich Floersch, Executive Vice President and Chief HR Officer, McDonald’s*

“**Shift from building managers to developing leaders.** Effectively, today teams are managed and there is very little connectivity or concern for employees. The Millennials will not tolerate this kind of management. . . . For organizations to be successful, they must have leaders that have open minds, challenge employees earlier in their careers, and foster teamwork.”

—*Daniel S. Brown, Director, Human Resources, BP*

“**Determine what kind of leader you want to be,** and build your confidence around that. . . .If you haven’t figured out what kind of leader you want to be, you will be ineffective at representing the function and influencing the business. . . .”

—*Rebecca Heller, HR Associate Manager*

“. . . the ability to **surround [yourself] with exceptionally talented people** and engage them to deliver exceptional results. It takes a true belief in talent and the ability to understand and leverage people’s strengths. It is truly amazing how much more enjoyable the work is when you have great, engaged people around you. . . .”

—*Mike Rude, Senior Vice President and Chief HR Officer,
Catamaran*

“. . . if I **find the right people for the job**, everything else becomes easy.”

—*Deborah Keller, Vice President, Human Resources,
Quality Health Strategies*

“HR executives are going to need to **raise the bar and capability of their teams** to deliver results.”

—*Kirsten Aranda, Director, Human Resources,
The Boeing Company*

“HR is really about how you treat people and **the tone you create.**”

—*Eve Waldman, Director, Human Resources, Lucky Brand*

“Create a space for authentic conversations about what someone is good at and not good at, **creating a culture of acceptance and inclusion** . . . use the metaphor of the popular children’s story ‘The Ugly Duckling’ . . . **not trying to create more ducks, and acknowledging the swans among us.**”

—*Stacey McFarlane, (former) Senior Vice President,
Human Resources and Workforce Management,
Special Olympics World Games*

“. . . ability to **think, behave, and lead through empathy** will be instrumental. . . to balance diverse needs.”

—*Robb Webb, Chief HR Officer, Hyatt Hotels Corporation*

“Maintaining **perspective**. . . the ability to **reflect, stand back, understand context, and leverage years of knowledge and diverse experiences**. . . it breeds calm amidst all the manner of storms and separates followers from leaders.”

—*Christine Talbot, Senior Vice President, Human Resources, World Vision USA*

“Process orientation . . . understand your company’s unique culture and **appetite for process heavy versus process light**, and craft program implementations accordingly.”

—*Charlie Bicknell, Director, Talent Management, Cambia Health Solutions*

“**SOUND JUDGMENT**. Lots of vectors influence good judgment. From situational awareness, emotional maturity, and self-confidence to operational savvy and functional expertise. When the individual brings all of these experiences and lessons to bear on decision making, the outcome is reasoned judgment. Very few have this characteristic in abundance . . . those that do really stand out.”

—*Jim Duffy, Chief HR Officer, Ally Financial*

“**Execution skills** while exhibiting the ‘right’ behaviors.”

—*Joe Laymon, Vice President, Human Resources and Corporate Services, Chevron*

THREE PulseCheck (After)

Now that you have made the investment of time to read *THREE* and have a better understanding of your strengths and development needs related to the *THREE* PulseCheck (Before) you completed at the beginning of the book, complete it once again here. See whether you feel more or less confident about these twelve dimensions, and consider whether you need to refine the next steps you will take to become the most effective HR leader you can be.

Scale

- 1 = Don't do/don't know anything about it
 2 = Rarely do/don't know much about it
 3 = Sometimes do/know something about it
 4 = Often do/know a lot about it
 5 = Always do/know more about it than most

- | | | | | | |
|---|---|---|---|---|---|
| 1. Do I have a personal leadership philosophy I share with others that describes what I stand for and want to be known for as a leader? | 1 | 2 | 3 | 4 | 5 |
| 2. Do I have a balanced approach to my own development that includes what I need to know (capabilities, content, competencies, etc.), who I need to spend time with (bosses, peers, direct reports, employees, external constituents, etc.), and when I am learning from key experiences (critical developmental inflection points)? | 1 | 2 | 3 | 4 | 5 |
| 3. Do I integrate business and human capital strategy in a simple way, by following the value chain by which the business makes money? | 1 | 2 | 3 | 4 | 5 |
| 4. Do I lead change by focusing on a few high priority things that must be changed, understanding "from what to what," and overcoming key resistance points? | 1 | 2 | 3 | 4 | 5 |
| 5. Do I demonstrate business partnership by first mastering the art of the question, rather than attempting to prove how much I know about the business? | 1 | 2 | 3 | 4 | 5 |

- 6. Do I know what the best organizations do to **develop** their **leaders** and other key talent? 1 2 3 4 5

- 7. Do I understand what distinguishes successful **high potentials** from everyone else, and whether I am one of those people myself? 1 2 3 4 5

- 8. Do I drive a **performance culture** in my organization? 1 2 3 4 5

- 9. Do I understand the role of HR leaders with the **board of directors**? 1 2 3 4 5

- 10. Do I see around corners to anticipate the **future of HR** and related trends? 1 2 3 4 5

- 11. Do I **pursue insight** from others to find new ways of thinking about HR? 1 2 3 4 5

- 12. Do I have **HR HeRoes** from whom I learn about great HR leadership? 1 2 3 4 5

What are my one to three biggest potential strengths and weaknesses on the above dimensions that I need to explore further now that I have finished reading *THREE*?

Epilogue

“No Excuses”

When my three sons were growing up, they all played basketball, with varying degrees of interest and ability. I did my best to be involved when and where I could, including coaching two of them and their teammates on their fourth- through sixth-grade travel teams. While our teams were pretty competitive and won more than our fair share of games and tournaments, we inevitably ran into teams that were bigger, faster, stronger, and simply better. Sometimes, we won despite the odds. Sometimes, we were crushed.

Whether we won or lost, I always tried to keep our players focused on our mantra of “No Excuses.” My goal was to teach the importance of taking personal responsibility for one’s own actions, behavior, performance, and results. When we won, everyone was all smiles and ready to go out for pizza or ice cream after the game. When we lost, especially if we got pummeled, our young players had a tendency at times to search for excuses or others to blame for our loss. “The referees sucked,” was a common complaint. “The other team’s players can’t be our age, they were huge,” was another theme. “The gym was too hot (or too cold),” came up on more than one occasion. “No one passed me the ball,” was also a standard excuse.

While the excuses were plentiful, and even somewhat entertaining, the sentiment behind them was always consistent. It was someone else's fault or responsibility that we didn't perform at our best and deliver the results we intended to deliver. As a coach, and a parent, I tried to instill a recognition that we cannot control the officiating, size of the opposing players, temperature of the gym, or even how often teammates pass one another the ball, as much as we can control our own actions and behavior when faced with these conditions. Take personal responsibility for your own actions and behavior, and the consequences and results of those actions. **NO EXCUSES.**

It's been a long time since I coached or cheered my kids in basketball now that they are grown, and I fully recognize that basketball is not quite the same as business or HR work. However, I think the "No Excuses" mantra still applies to being an effective HR emerging executive:

- Know what you stand for and want to be known for as a leader.
- Know the business, and the internal and external context in which you operate.
- Know what you need to know, do, ask, and answer as an HR leader.
- Know your strengths and development needs, and what you can do to build on those strengths and to close those gaps so that you remain relevant in an ever-changing world.
- Know how you can help others grow and develop as HR colleagues and give back to the profession.

If you know and do these things, you will give yourself the best chance possible of being a highly effective HR executive. **NO EXCUSES!**

Appendix 1

Personal Leadership Profile

Name: _____

Date: _____

Role Model

What leader has served as an inspiration to me? (*Identify a leader with whom you have had personal experience, and summarize his/her behavior, attributes, and/or actions.*)

Did/do I willingly follow this leader? Why?

What things did/does this leader do that I have learned from and tried to emulate?

Bringing Out the Best

When have I been at my personal best as a leader, particularly in bringing out the best in other people? *(Describe a specific situation in your work or personal life, what you did, and how you felt.)*

Values	Beliefs	Experiences
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

If I could pick only three from the above list, what would they be and why?

- 1. _____
- 2. _____
- 3. _____

What I Value in Others

What are the top ten behaviors, attributes, and/or characteristics I value most highly in others?

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____
9. _____
10. _____

If I could pick only three from the above list, what would they be and why?

1. _____
2. _____
3. _____

My “Hot Buttons”

What five or ten things might people do—or fail to do—that drive me crazy, upset me, or keep me from being at my best?

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____
9. _____
10. _____

If I could pick only three from the above list, what would they be and why?

1. _____
2. _____
3. _____

My Personal Leadership Philosophy

Given my thinking on the previous sections, what three to five principles comprise my Personal Leadership Philosophy—the things for which I want to be known?

1. _____
2. _____
3. _____
4. _____
5. _____

My Leadership Headline

What one word or phrase do I want people to use to describe me as a leader?

My Leadership Development Action Plan

Given all that I have discovered about myself and my Personal Leadership Philosophy, what two or three development needs do I have as a leader, and what actions will I take to address them?

Additional Notes, Ideas, and Random Thoughts

Appendix 2

Human Capital Strategy Framework

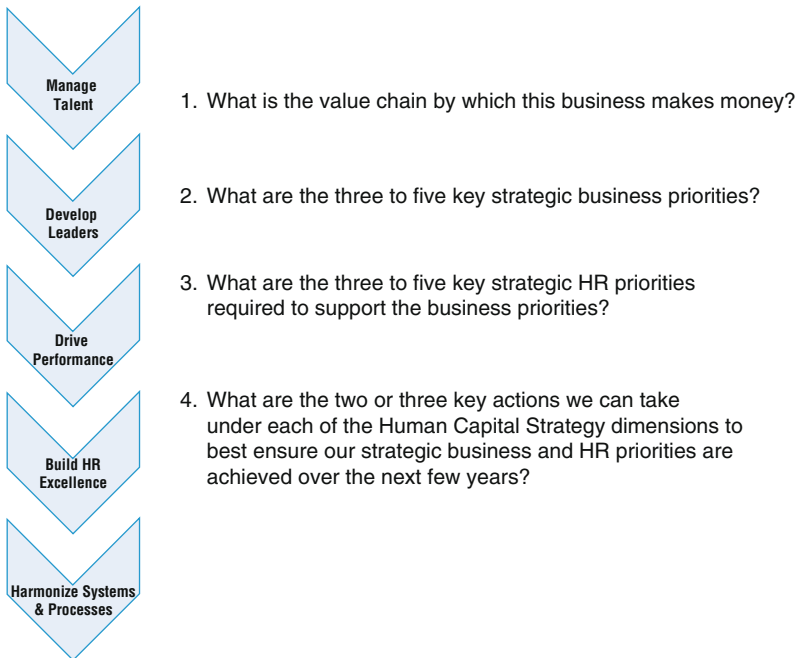


FIGURE A2.1 Human Capital Strategy Framework

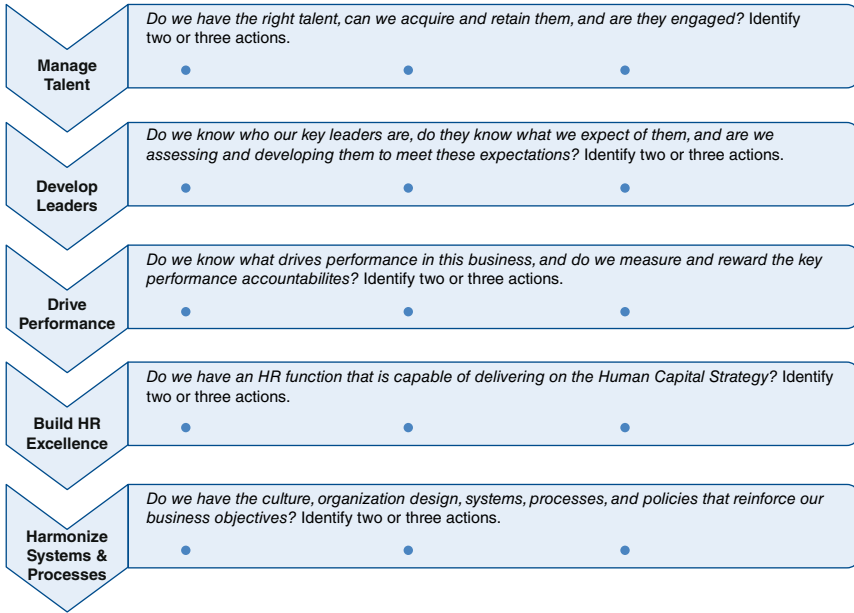


FIGURE A2.2 Human Capital Strategy Dimensions

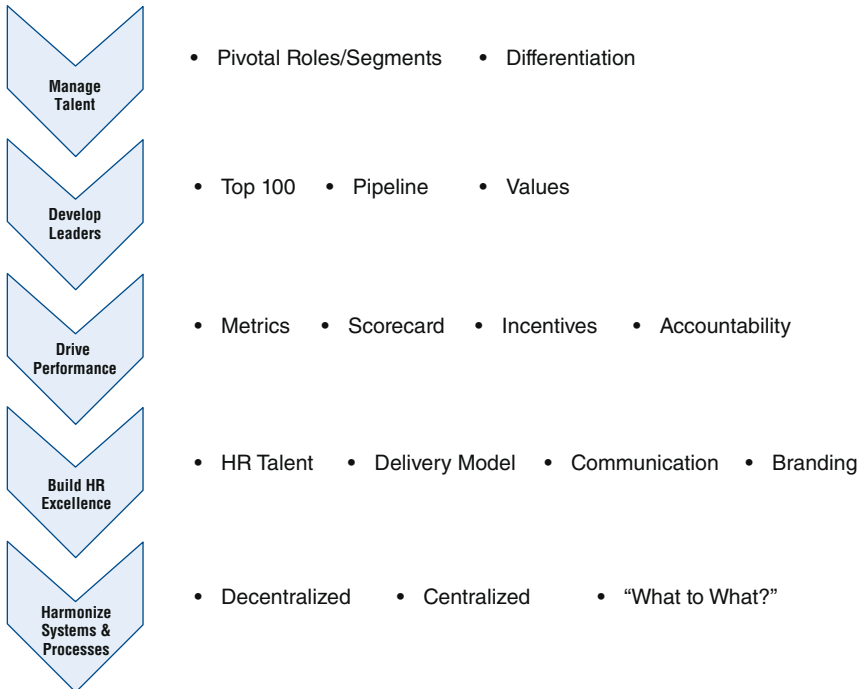


FIGURE A2.3 Human Capital Strategy Implications

Appendix 3

Performance Culture Assessment

Company: _____

HR Leader: _____

Date: _____

Organization Self-Assessment

This framework is designed to be used as a self-assessment to rate current status against each dimension that contributes to building a Performance Culture.

Rating Scale

- 1 = Practice not in place
- 2 = Practice in place, but not very effective
- 3 = Solid practice in place and reasonably effective, but improvement needed
- 4 = Strong practice in place and very effective
- 5 = Best in class practice in place and others benchmark us

In the spaces provided, note the top three biggest strengths and bottom three biggest gaps. Identify the two or three highest

priority actions your organization is committed to address over the next twelve months and summarize in the space provided.

Refer to the working definitions of each dimension on a separate page.

1.	Goals	Ratings				
1.1	Clarity	1	2	3	4	5
1.2	Alignment	1	2	3	4	5
1.3	Balance	1	2	3	4	5
1.4	Stretch	1	2	3	4	5
1.5	Innovation and Risk	1	2	3	4	5
2.	Accountability	Ratings				
2.1	Decision Rights	1	2	3	4	5
2.2	Balance	1	2	3	4	5
2.3	Consequences	1	2	3	4	5
2.4	Ethics	1	2	3	4	5
3.	Leadership	Ratings				
3.1	Behaviors/Competencies	1	2	3	4	5
3.2	Expectations	1	2	3	4	5
3.3	Assessment and Feedback	1	2	3	4	5
3.4	Leadership Development	1	2	3	4	5
4.	Talent	Ratings				
4.1	Performance Management	1	2	3	4	5
4.2	Talent Reviews	1	2	3	4	5
4.3	Segmentation	1	2	3	4	5
4.4	Differentiation	1	2	3	4	5
4.5	Diversity and Inclusion	1	2	3	4	5
5.	Culture	Ratings				
5.1	Attributes	1	2	3	4	5
5.2	Cultural Crossroads	1	2	3	4	5
5.3	Employment Value Proposition	1	2	3	4	5

5.4	Brand Alignment	1	2	3	4	5
5.5	Customer Focus	1	2	3	4	5
6.	Engagement	Ratings				
6.1	Survey Process	1	2	3	4	5
6.2	Follow-Up Actions	1	2	3	4	5
6.3	Communications Plan	1	2	3	4	5
6.4	Corporate Responsibility	1	2	3	4	5
7.	Execution	Ratings				
7.1	Program Management	1	2	3	4	5
7.2	Metrics	1	2	3	4	5
7.3	Scorecard	1	2	3	4	5
7.4	After-Action Reviews	1	2	3	4	5
8.	Rewards					
8.1	Pay for Performance	1	2	3	4	5
8.2	Pay at Risk	1	2	3	4	5
8.3	Base/Incentive/Long-Term Mix	1	2	3	4	5
8.4	Recognition	1	2	3	4	5
9.	People Cost Management	Rating				
9.1	Compensation	1	2	3	4	5
9.2	Benefits	1	2	3	4	5
9.3	Layers and Spans	1	2	3	4	5
9.4	Headcount	1	2	3	4	5
10.	Organization Capability	Ratings				
10.1	Systems and Processes	1	2	3	4	5
10.2	Operating Model	1	2	3	4	5
10.3	Organization Design	1	2	3	4	5
10.4	Alignment	1	2	3	4	5
10.5	Resources	1	2	3	4	5
10.6	Human Capital Metrics	1	2	3	4	5

Top Three (Biggest Strengths)

1. _____
2. _____
3. _____

Bottom Three (Biggest Gaps)

1. _____
2. _____
3. _____

Priority Actions

List the top two or three dimensions your organization is committed to address over the next twelve months.

1. _____
2. _____
3. _____

Performance Culture Assessment: Working Definitions

Use these working definitions to guide a candid discussion and realistic assessment of the organization's status relative to the Performance Culture Assessment. Success will be measured, not by high scores, but by improvement relative to a realistic baseline.

1. Goals

- 1.1. *Clarity*—top priorities are communicated and understood at every level
- 1.2. *Alignment*—top priorities are connected between organizational levels and across business units and functions
- 1.3. *Balance*—there is appropriate balance between financial goals and qualitative goals, and between modifying goals to accommodate changing priorities and holding people accountable for achieving established goals
- 1.4. *Stretch*—the organization drives for performance that is realistic, but also raises the performance bar by continuously challenging itself to improve
- 1.5. *Innovation and Risk*—performance is defined by results, but is also created by highly innovative thinking and appropriate risk taking that fosters new approaches and a culture focused on transformation, growth, and performance

2. Accountability

- 2.1. *Decision Rights*—it is clear who has responsibility for making decisions and taking actions
- 2.2. *Balance*—there is a system of checks and balances so that no one person or organization has unquestioned authority
- 2.3. *Consequences*—people are clear about what will happen if goals, commitments, and ethical standards are not met

- 2.4. *Ethics*—formal policies and processes are in place to ensure the organization maintains the highest standards of ethics and integrity

3. Leadership

- 3.1. *Behaviors/Competencies*—expected leadership behaviors and competencies are in place and are used as the foundation for leadership development, performance management, rewards, and succession planning
- 3.2. *Expectations*—leaders know what is expected of them
- 3.3. *Assessment and Feedback*—formal leadership effectiveness feedback is provided through 360-degree feedback, succession planning, performance management, and/or coaching tools
- 3.4. *Leadership Development*—development experiences and programs are in place to build leadership capability and prepare people for leadership roles

4. Talent

- 4.1. *Performance Management*—there is a formal process that leads to candid dialogue between managers and employees about goals, achievements, strengths, development needs, and career aspirations
- 4.2. *Talent Reviews*—there is a formal process for identifying and discussing key talent, including strengths, development needs and actions, potential successors, performance/potential matrices, gaps in the succession pipeline, and follow-up actions
- 4.3. *Segmentation*—pivotal talent segments have been identified, and include roles/people who are crucial to organizational success

- 4.4. *Differentiation*—key talent are developed, recognized, and rewarded in significantly different ways than others based on their strong contributions and value to the organization, as well as based on their levels of responsibility (entry, mid, senior, etc.)
- 4.5 *Diversity and Inclusion*—there are formal programs and/or practices in place to ensure that workforce diversity is embraced in its broadest sense, individual differences are respected, employees feel valued and are treated fairly, and they are included in all workplace-related opportunities as appropriate

5. Culture

- 5.1. *Attributes*—shared values and cultural attributes for which the organization wants to be known have been identified and communicated
- 5.2. *Cultural Crossroads*—the organization has gone through the conscious choice of deciding on its cultural priorities and tradeoffs
- 5.3. *Employment Value Proposition*—the features that make the organization uniquely attractive to current and potential employees have been identified and communicated
- 5.4. *Brand Alignment*—there is a logical connection between the organization's internal culture and its external image/reputation
- 5.5. *Customer Focus*—the organization's internal culture promotes the mindset and tools required to make serving external and internal customers a significant priority

6. Engagement

- 6.1. *Survey Process*—a formal survey tool is in place to measure employee engagement

- 6.2. *Follow-Up Action*—identifiable actions are taken to respond to employee feedback, where appropriate, and are connected back to engagement survey input
- 6.3. *Communications Plan*—leaders at all levels use communications practices and tools, including staff and town hall meetings, skip-level listening sessions, informal employee gatherings, and/or written messaging (emails, blogs, newsletters, etc.)
- 6.4. *Corporate Responsibility*—there are formal health and safety and environmental sustainability programs in place which include culture, metrics, corrective actions, continuous improvement, and accountability

7. Execution

- 7.1. *Program Management*—program management disciplines and processes are used to drive execution of priority projects through focus on and tracking of actions, assignments, responsibilities, timelines, and resources
- 7.2. *Metrics*—no more than three to six high-priority key financial and operating metrics are in place that measure the organization's performance against the most important goals
- 7.3. *Scorecard*—business dashboards/scorecards are used to track, report, and improve on key business metrics
- 7.4. *After-Action Reviews*—major project/product/service/investment decisions and implementations are reviewed following the conclusion of the process to assess potential improvements and identify lessons learned

8. Rewards

- 8.1. *Pay for Performance*—there is significant differentiation in the distribution of compensation based on individual contribution and business unit results

- 8.2. *Pay at Risk*—senior executive share significant annual and/or long-term incentives, and all employees share some percentage of pay at risk based on individual and organizational performance
- 8.3. *Base/Incentive/Long-Term Mix*—total compensation for executives is a combination of base pay, annual incentive, and long-term incentives, with the combined annual and long-term incentives representing 40 to 100 percent or more of base pay for senior executives
- 8.4. *Recognition*—formal and informal recognition processes are in place to acknowledge and celebrate outstanding individual and team contributions

9. People Cost Management

- 9.1. *Compensation*—an annual review is conducted to assess compensation costs and designs relative to business performance, affordability, and peer competitors
- 9.2. *Benefits*—an annual review is conducted to assess benefits costs and designs relative to business performance, affordability, and peer competitors
- 9.3. *Layers and Spans*—an annual review is conducted to assess whether organization layers and management spans of control are appropriate for business performance and cost competitiveness
- 9.4. *Headcount*—an annual review is conducted to assess whether employee headcount is appropriate for business performance and cost competitiveness, and a downturn management plan is in place to prepare for business downturns

10. Organization Capability

- 10.1. *Systems and Processes*—the systems and processes are in place required to support high-quality business decisions and related execution

- 10.2. *Operating Model*—the business operating model reflects current and future realities regarding the need for cost competitiveness and the ability to quickly execute
- 10.3. *Organization Design*—the organization design/structure promotes high levels of collaboration, information sharing, clarity of purpose, and related business results
- 10.4. *Alignment*—the Performance Culture Assessment dimensions are aligned, not conflicting
- 10.5. *Resources*—the limited resources available to invest in and address the highest priority dimensions and related gaps have been allocated
- 10.6. *Human Capital Metrics*—the organization has in place core human capital metrics in addition to company financial and operating metrics

Appendix 4

ZTRON Technologies, Inc. Mini-Case Study

Over the past ten years, ZTRON Technologies, Inc., has grown from a company with \$8 billion in revenue and 42,000 employees to a \$30 billion global powerhouse with 116,000 employees operating in four technology-based business segments: Bio-Medical Systems, Electronic Systems, Environmental Systems, and Information Systems. While the company has enjoyed some organic growth, it has mainly grown via a series of fifteen key acquisitions across each of its business segments.

Until recently, ZTRON has been run with a highly decentralized operating philosophy, culture, and business model. Each business segment has operated with considerable autonomy, with little interaction or collaboration expected among the four businesses. While the business segment presidents and their teams have been quite happy with this operating model, the newly promoted CEO, Leigh Dership, has a number of concerns she feels must be addressed.

Historically, ZTRON has been viewed by commercial and government customers as a technology leader with terrific products and services. However, these same customers also believe ZTRON is not very easy to do business with. The company

is perceived as arrogant and inefficient. For example, many customers cite stories of being called on by four or five ZTRON representatives from different parts of the company in the same week. These representatives do not seem to know one another, are not knowledgeable about the other parts of the company, and are unaware that the customers have also been visited by other ZTRON representatives. Leigh Dership is thinking that ZTRON needs a new approach that will better promote “one face to the customer.”

In addition, while ZTRON has a heritage of being a good company, its financial performance has been viewed by the investment community and board of directors as mediocre at best. Leigh Dership believes that, as the CEO, she must set a new tone that emphasizes a performance-driven culture and stronger financial results. She wants to improve revenue growth, operating margin percentage, and free cash flow to be the best among ZTRON’s industry peer competitors.

The CEO has concluded that, to achieve these objectives of one face to the customer and stronger financial performance, ZTRON must become a more integrated, collaborative, and performance-driven organization. This transformation will require a significant change in the company’s operating model and culture.

You are ZTRON’s new chief human resources officer, Hugh Manity. The CEO has asked you to begin putting together a new human capital strategy for ZTRON that will help address the need for better integration, collaboration, and performance. Although you have only recently joined the company and therefore have limited information at this point, you know that you will be participating in two important meetings early next week—the first with ZTRON’s senior leadership team (the CEO and all her direct reports) and the second with the board of directors.

These meetings will be significant opportunities for you to begin articulating what a human capital strategy might look like and to solicit some feedback from these two important constituent groups. The challenge will be to provide a high-level overview to give the senior leaders and board a feel for what you have in mind, without sounding like you have all the answers or are not interested in their input.

As a result of previous discussions with the CEO, conversations with several members of the leadership team, meetings with your HR leadership team, and your own observations, you already know a few important things about ZTRON in addition to its heritage of decentralization, growth through acquisitions, reputation as a technology leader, and financial performance challenges.

ZTRON's biggest strengths include program management, engineering, marketing, global reach, and highly talented people. These core capabilities must be preserved and protected, despite other changes that will be made to improve company performance.

Because of the company's decentralized operating philosophy, there are very few common systems, processes, policies, or initiatives that tie ZTRON's four business segments together. Likewise, there is no consistent approach to assessing or developing talent—especially leadership talent.

Very little has been done to address any redundancies or overlaps in organization structure and/or functions. Therefore, there is some confusion about the role of the corporate headquarters relative to the four business segment headquarters and vice versa. This issue has proven to be particularly challenging to address since the corporate headquarters and four business segment headquarters are all in different geographic locations—not to mention the 250 other locations

around the world where ZTRON's employees live and work. Geographic dispersion, decentralization, and cultural differences have made the company's operating model as well as vision and values seem a little fuzzy (and perhaps outdated) the past few years.

As you begin thinking about your presentations for next week's meetings, you recall a human capital strategy framework that you picked up at a development program for HR leaders you attended last year, and you pull it out of your files. While the framework is not perfect or complete, it is a place to start. The framework includes the following five dimensions:

- *Manage Talent.* Do we have the right talent? Can we acquire and retain them? and Are they engaged?
- *Develop Leaders.* Do we know who our key leaders are? Do they know what we expect of them? and Are we assessing and developing them to meet these expectations?
- *Drive Performance.* Do we know what drives performance in this business? and Do we measure and reward the key performance accountabilities?
- *Build HR Excellence.* Do we have an HR function that is capable of delivering on the human capital strategy?
- *Harmonize Systems and Processes.* Do we have the culture, organization design, systems, processes, and policies that reinforce our business objectives?

Using these five human capital strategy dimensions and the human capital strategy framework included in Appendix 2, answer the following questions and complete a draft human capital strategy for ZTRON Technologies:

1. What is the value chain by which this business makes money?

2. What are the three to five key strategic business priorities?

3. What are the three to five key strategic HR priorities required to support the business priorities?

4. What are the two or three key actions we can take under each of the human capital strategy dimensions to best ensure our strategic business and HR priorities are achieved over the next few years?

Continue to refine the ZTRON human capital strategy based on additional *THREE* book chapters and related content as you continue reading this book, including:

- Leading Change
- The Art of the Question
- Leadership and Talent Development
- WillBe
- Driving Performance
- Building HR Excellence
- Future of HR
- Etc.

Utilize the lessons learned from building a human capital strategy for ZTRON to apply these learnings to development of a human capital strategy for your organization.

What are key lessons learned from the ZTRON mini-case that I can apply to my own organization’s human capital strategy?

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