Strategic HR: A Journey

Larry Miller
Cleveland SHRM
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My Primary Objective Today

ENCOURAGE
ONE ANOTHER
Today’s Itinerary

1) Get to know a little about some GREAT global organizations rooted in our region

2) Share some “Lessons Learned” at various levels:
   - Self
   - HR Team/Function
   - Enterprise
   - Region/Global

3) Reinforce the importance of HR as an important enabler of company success, especially in today’s global environment
HR’s Journey

- Early days: **Welfare officer**…taking care of employees. Enforce new labor laws
- WW1-WW2: **Administrators**…Keep records, keep score, and increase productivity
- 1945-1979: **Personnel**…Focus on collective bargaining and employee relations
- 1980-2000: **Human Resources**…Efficiency and Effectiveness, Self-Service
- 2000-today: **HR Business Partner**…“At” the table; “Human Capitalists”
- 2018 and beyond: **Strategic Business Partners**. Business and community leaders. Facilitators of “peak performance.”

* A great opportunity for HR!!! *
What Keeps CEO’s Up at Night

1. Being ready to flex in a world of flux (Change Management)

2. Building, not busting, trust
   - 2018: Starbucks and Facebook

3. Tackling the talent challenge
   - Shrinking, shifting talent pools
   - Impact of automation?

4. Reimagining the leadership model

Source: World Economic Forum, Davos, 2017
My Journey
Lessons Learned
An unusual start...Rome

Life Lessons in Italy:
- Explore. Walk around...a lot. It’s healthy!
- Learn languages...by listening at first
- Engage up-close!
- Be careful not to judge by externals
- “Life is an opera...savor every scene...”
- Social interactions matter...and take time!
Caring

Note to Self: Walk around more.
HR Helps Engage an “All-Volunteer Army”
Next Stop: Lubrizol

- Founded in 1928 in Cleveland, through CWRU
- HQ in Wickliffe, Ohio; early global presence
- Lubrizol Additives, Lubrizol Advanced Materials (2004 Noveon acquisition), and Lubrizol Life Sciences
- Products: Lubricant additives and performance materials
- Clients: Large oil companies, OEM’s, personal care products, Pharma
- Purchased by Berkshire Hathaway in 2011 for $9.7BB
- 2017: $7BB revenue; 9,000 employees
- Among 50 “Top National Workplaces” (2013)
- CEO Eric Schnur
HR as a Steward of Culture

- Rewarding our shareholders by providing a high return on invested capital.
- Providing superior products and outstanding service to our customers.
- Investing in research and development to maintain and improve our technical position.
- Insisting on honesty and integrity with customers, suppliers, all third parties and with one another.
- Treating each employee with dignity and a sense of worth and supporting open communication with one another.
- Developing and promoting personnel from within our ranks on the basis of individual performance.
- Rewarding employees’ efforts through a merit-oriented compensation program.
- Maintaining the health and safety of our employees, customers and neighbors, and protecting the environment.
Engagement Drives Success

<table>
<thead>
<tr>
<th>U.S. Employees</th>
<th>Not Engaged</th>
<th>Actively Disengaged</th>
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<tbody>
<tr>
<td></td>
<td>51%</td>
<td>16%</td>
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Gallup
Engage
The Most Important Resource...Engaging Leadership

At Lubrizol:

- Clear expectations of leaders discussed regularly: the “what” and the “how”
- Quarterly Global Leadership Forum
- Significant investment in supervisory and leadership development. Create a “coaching culture.”
- Performance coaching process

“The most important meetings I have are when I sit down every six months with each of my direct reports and review their Succession and Development plans. I owe it to you, and to our shareholders, to make sure that we are making progress on leadership and employee development.”

James Hambrick (former CEO)
“85% of your financial success is due to your personality and your ability to communicate, negotiate, and lead. Shockingly, only 15% is due to your technical knowledge.”

-Carnegie Institute of Technology
Invest in Emotional Intelligence

EI investments pay off:

- Sales - by as much as 50%
- Productivity - new software delivered 3 times as fast
- Stability - reduces turnover 67%
- Employee satisfaction and engagement
- Risk management - fewer accidents, less theft
- Improved customer service

Source: Study of 40 Fortune 500 companies
It’s ALL about Trust

Stephen Covey was a very wise man!!

- **Become Independent:**
  - Be Proactive (Habit 1);
  - Begin with the End in Mind (Habit 2);
  - Put First Things First (Habit 3)

- **Then become Inter-dependent (“Partner”):**
  - Think Win/Win (Habit 4);
  - Seek First to Understand, Then to Be Understood (Habit 5);
  - Synergize (Habit 6)

- **Grow always: Sharpen the Saw (Habit 7)**

Make frequent “deposits” ....
Everyone in HR is a Business Partner

- Think and act like a consultant
- Become a Trusted Advisor
"In God we trust; all others bring data." - W. Edwards Deming

“The language of senior leaders is NUMBERS. If you want to help senior leaders, you have to learn to speak their language.”

- Measurement:
  - Activity
  - Satisfaction
  - Impact

- “Big Data”

- Cybersecurity and Privacy

- Follow: Josh Bersin, Principal, Deloitte Human Capital
Financial self-service (ATM’s), service, and software

- Founded in 1858. HQ in North Canton, Ohio
- Dissolved InterBold joint venture with IBM in 1998
- Grew a direct international organization of 6,000 employees ($1.0B revenues) by 2001
- Merged with Wincor Nixdorf in 2016
- Revenues $3BB; 15,000 employees
- Primary Centers: USA, Germany, Brazil, UK, China
- CEO Gerrard Schmid
Think Big !!
Create a Roadmap for Change

John Kotter

ADKAR

- **Awareness** “I see…”
- **Desire** ”I care….”
- **Knowledge** ”I know (how)…”
- **Ability** ”I can…”
- **Reinforcement** ”I do it… (habitually)”
Bring It Together: Integration and Identity

PROCOMP

DIEBOLD

SIAB

CablePrint B.V.B.A.

We Won’t Rest
HR and Branding

- Help develop and communicate a compelling Business Brand
  
  Vitamix: “Improve the vitality of people’s lives….”
  
  Diebold: “We Won’t Rest”
  
- Link the Employment Brand to Business Brand: Build HR systems, processes, and media to promote and boldly express the Employment Brand
  
- Develop and align your personal brand
Model and Promote Well-Being

Plan for Fitness and Well-Being…

- Career Well-Being
- Physical Well-Being
- Financial Well-Being
- Social Well-Being
- Community Well-Being
- [Emotional Well-Being/Mental Health]
Be interested in other “cultures.” Explore. Even if you never leave Cleveland.

Know what to look for “culturally” --- language, history, rituals, how decisions are made, time horizons, etc.

The first step in “learning languages” is listening.

Be “in the moment”

Take some risks. Be vulnerable.

Network actively
• Founded in 1921. HQ in Olmsted Township, Ohio
• Manufacturing and Global Call Center: Strongsville, Ohio
• Jodi Berg (“Entrepreneur of the Year”) is the fourth Barnard family CEO
• Vision (2014): “Improve the vitality of people’s lives and liberating the world from conventional food and beverage preparation boundaries”
• Values: Family… Customers… Integrity… Quality… Teamwork
• Customers:
  • Commercial: Starbucks, juice chains, fast-food chains, restaurants
  • Household consumers: through Costco, Williams-Sonoma, Target
• Started “info-mercials” in 1949
• 1,000 employees, most in Ohio
• An iconic, global brand
Collect data to help focus work on a few key “Moments of Truth” in the Customer (and Employee) Experience Cycles.

Customer Focus
HR: Plan Strategically

What is our winning aspiration?
Where will we play?
How will we win?
What capabilities must be in place to win?
Priority initiatives?

Action Plan:
- Who?
- What?
- When?
- Measures
- Reviews

Based on Playing To Win by AJ Lafley and Roger Martin.
Strategically Scan for Disruptors
HR Imperative:
Improve On-Boarding

Vitamix On-Boarding includes:

- “Blending 101” for employee and family
- Two-Day Cultural training
- Meetings with team, manager, customers and partner groups
- Meeting Executive Team in first 30 days
- A “buddy” system and regular check-ins/surveys
Action: A Spirit of Outreach and “Welcome”
The World has Changed

CRAIN'S CLEVELAND BUSINESS

Team NEO report says demand for entry-level candidates exceeds supply

Unemployment rate (seasonally adjusted)
The HR Cycle

Business Planning

HR and Talent Planning

Search and Recruiting

Hiring, On-Boarding, Deployment, (Re-)Engagement

Training and Team-building

Performance

Culture

Lessons:
1) Link HR to Business and Performance
2) Early steps (hiring) are very important
3) Consistent vocabulary across HR processes
4) Be intentional and disciplined
5) All steps impact your employment brand and culture

Performance and Development Discussions

Rewards

Monitor, Measure, Feedback, Learn (Improve and Innovate)

Exit

Transition and Development Planning

Exit
Build New Bridges
For us, diversity is not about compliance. It’s about our global business. We want every customer to feel at home when they visit our company anywhere in the world.

-James Hambrick, former Lubrizol CEO
Improve Candidate Experience

- Increase capability to identify and attract passive candidates

- ATS systems still need significant improvement:
  - Redundant questions/entries
  - Time-consuming … often more so than paper systems
  - Can’t upload resumes or LinkedIn profiles well
  - Silence. Lack of feedback.
  - Mobile access

- Ability to attract non-traditional candidates who may not have all the “key words”
Build New Talent Pipelines

- Work on more upstream TA and Workforce issues:
  - Industry groups by sector to work with Colleges and Universities
  - Specialized entry-level worker training programs (RITE Board, Lincoln Electric programs for welders, etc.)
  - Internships
  - Support professional societies
  - Elementary and high school classes, camps, and career clubs
  - Support Youth Opportunities Unlimited, etc.
  - Outreach to parents, teachers, guidance counselors, etc.
Build New Pipelines

- The unemployed
- Under-represented communities
- Military veterans
- People with disabilities
- International students at local universities and international Communities (Global Cleveland)
- Formerly incarcerated citizens
- New Zip Codes, including people living in poverty (through integrated “wrap-around” outreach programs)
- Over-55 job-seekers
Opportunity to Improve Regional Talent Pipelines

Jacob Duritsky
TeamNEO
Vice President, Strategy and Research
Create/Review your annual, personal “Well-Being” and Growth Plan
- Physical, Social, Career, Financial, Emotional, etc.

Promote Emotional Intelligence in your HR team and company

Brainstorm (and get data about) “Moments of Truth” for employees and launch a team to improve those processes

Do something specific to Explore unfamiliar cultures (other companies, other nationalities, etc.)…even right here in Cleveland

Dinner at Edwin’s!!

Start a conversation in your company (and with similar organizations) about improving the flow from critical talent pipelines…or building new ones

Keep learning! (Technology, AI, Big Data, Disrupt HR, etc.). Sharpen the saw!

Enjoy HR
Thanks. Travel well!

Merci beaucoup. Bon vent!
Grazie mille. Buon viaggio!
Muito obrigado. Boa Viagem!
Vielen dank. Gute Reise!
Xie xie!
Dziękuję!
Spasibo!
Domo arigato!