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Human Resource Executive®

McDonald's New Golden Age

Chief People Officer David Fairhurst is playing a key role as the storied brand adapts to a changing business.
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The Case for a Specialty-Drug Strategy
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Human Resource Executive®

September 2019

COVER STORY

McDonald's New Golden Age

BY ANDREW R. MCILVAINE

Just four years ago, things were trending downward at fast-food giant McDonald's. Now, the company is enjoying rising sales, profits and stock prices—and HR is chief among the players credited with that turnaround. From culture change to organizational restructuring, Chief People Officer David Fairhust shares the company's recent recipe for success. Page **14**

HR Tech

Driving HR-Tech Adoption 18

BY TOM STARNER

Employers are expected to keep ramping up their spend on HR technology—but, once they buy (or build) it, how can organizations ensure the workforce actually uses the new technology? Several employers and experts share their takes on best practices for increasing HR-tech adoption. Also in this section, HR Tech Influencers make the case for investment in this space, while we also look back at a highlight of HR Tech China. Columnist Josh Bersin explores some easy ways to kill trust with technology misfires, and Jason Averbook looks at how HR can build the best possible employee experience.

Health & Benefits

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BY JULIE COOK RAMIREZ

Specialty drugs account for just 1% to 2% of prescriptions, but more than 40% of total U.S. drug spend—and that figure is projected to rise to 50% by 2020, prompting many employers to go into panic mode. Several organizations have employed specialty-drug strategies to get a handle on costs, while still helping their employees stay healthy.

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Philippe Krakowsky, executive vice president and chief strategy and talent officer, chairman and chief executive officer of IPG Mediabrands at the Interpublic Group of Companies Inc., topped the list of the 50 highest-paid HR executives in 2018. As a group, the top earners brought in 11.6% more than in 2017, marking the second year in a row that overall compensation increased.

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BY JULIE COOK RAMIREZ

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As the employee experience takes center stage, many organizations are moving to pulse surveys to ensure they know what their workforce is looking for from the employer—leading to new survey tools on the market.

Cover photo by George Papadakis

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HUMAN RESOURCE EXECUTIVE® Magazine (ISSN 1040-0443 USPS 002-565) is published monthly with combined issues for January/February and July/August by LRP Magazine Group, an LRP Media Group Company, Suite 500, 747 Dresher Rd., Horsham, PA 19044, (215) 784-0910. Periodicals postage paid at Horsham, PA and additional mailing office. Single copy price: $8.95. Subscription rates: In U.S., $94.95 for one year; $138.95 for two years; $180.95 for three years. In Canada and Mexico, $106.95 for one year; $169.95 for two years; $222.95 for three years (U.S. currency). In all other foreign countries, $138.95 for one year; $222.95 for two years; $307.95 for three years (U.S. currency; prices include air mail delivery). For subscription information, call 1-800-386-4176 or FAX to (215) 784-0317. POSTMASTER: Send address changes to: HUMAN RESOURCE EXECUTIVE, PO Box 2132, Skokie, IL 60076.

Editorial

Welcome *HRE*'s New Editor

It's been several weeks since I joined *Human Resource Executive*®, and now that I've met most of my colleagues and can find the coffee and mostly work our website, it's time that I introduce myself to you, our *HRE* readers.

I'm thrilled to say hello. And I'm eager to hear from you about the content we're delivering and how we can change or improve it to better serve you. As you know, I will never be able to replace editor emeritus Dave Shadovitz, but I'm honored to take the reins into the future.

A few personal details about me: You can call me Elizabeth or Liz. I'm married and live in a quirky town called Lake Worth Beach, Fla., with my husband, a fellow journalist, and two teenagers. I joined the *HRE* team from the world of daily journalism in South Florida—a hotbed of news even before the election of our part-time neighbor President Trump. Most recently, I was editor of the *Palm Beach Daily News*, a community newspaper and website serving the small, oceanfront town of Palm Beach.

Before that, I spent many years as a reporter and an editor, including five years as a sports writer for the *Palm Beach Post*. As a newsroom manager for the past six years, I spent a small percentage of my time on HR concerns—primarily performance management, recruiting and retention, diversity and inclusion, and training and development. In that time, I experienced the sometimes-painful transitions from paper forms to online tools and HR-technology systems that increasingly became vital in the industry.

Still, it's only been in the past few months that I've spent much time thinking in-depth about that term: human resources. That's the new and interesting part of this job and of this publication: that intersection of people and work, where we all spend so much of our time, our energy and, if we're lucky, our passion.

What that means is that I'll be editing and guiding coverage about those subjects that matter most to you as HR executives leading your companies into the future. We're working for you, digging into such key topics as talent acquisition, technology, and health and benefits to provide information and insight—and that's the essence of journalism, no matter the publication.

If we're doing our jobs well, we'll do more than tell your stories. We will help you solve problems. We will recognize your achievements. We will understand your challenges, maybe before you do, and help you steer around them. We'll be here doing what we love in hopes of helping you do your jobs better, no matter what part of the market you're in. Over the coming months, that will mean a growing connection between our print magazine, our digital content and our related conferences, as all three complement each other in providing you vital information and tools.

First, I've got a lot to learn. I'm grateful to those of you who have already offered to help me understand this space. I'll be taking you up on those offers. Keep them coming, especially if you don't mind a few inevitable dumb questions. And let me know who else I should meet, what events I should attend, whose podcasts I must listen to and what I've got to read.

It will take some time. Luckily, the experienced staff here are expertly leading the way through the transition. I also have two other *HRE* newbies with me on this learning curve: My boss, Tim Burke, senior vice president/publisher of HR products, and Kathryn Mayer, benefits editor and chair of the Health & Benefits Leadership Conference, also have joined the team in the past few months.

I hope to meet many of you soon, either virtually or in person, maybe during HR Tech this fall in Las Vegas. Until then, please contact me with your suggestions for *HR Executive*—or anything else on the subject of the people, tools, themes, challenges and ever-changing technology of human resources.

You can reach me at eclarke@lrp.com; on Twitter @LizClarke92; or on LinkedIn.

Elizabeth Clarke
Executive editor

Quoteworthy

"Business acumen is a key skill you don't typically think about L&D leaders having or needing but, as I talk to business leaders, it's what they crave."

—**Michael McGowan,** *managing director and practice leader of leadership and talent at BPI Group*

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Human Resource Executive®

VOLUME 33, NUMBER 7

Hiring for Growth While Building a High-Performance Organization

Today's very low unemployment rate, combined with an emerging need for harder-to-find "soft skills," is challenging employers in their desire to source, hire and develop the right people required to drive a company's ongoing growth objectives.

BY TOM STARNER

Hiring for Growth While Building a High-Performance Organization

Under the best of circumstances, strengthening a workforce that reflects an employer's true business values, culture and growth objectives while filling critical talent needs represents a challenge.

But with today's historically low unemployment rates and ongoing skills gap, the formidable task of recruiting and retaining talent with the required skills to drive growth is even more difficult. In fact, the widening skills gap accompanying full unemployment numbers (3.7% in the U.S.[1]) deliver a one-two blow to employers. Weathering the current storm requires innovative thinking and technology to fill talent needs through well-stocked pipelines, which, in turn, will lead to optimized productivity and the desired increases in business growth.

Research shows that the skills gap is not only very real, it's reaching serious proportions. The Society for Human Resource Management's survey of 1,028 HR professionals in late 2018 found that an eye-opening 83% say they had difficulty recruiting suitable candidates in the past 12 months.[2] And a separate study found that 70% of HR professionals are experiencing a skills shortage among applicants—with even the minority who reported an abundance of applicants stating that those who apply do not have the requisite skills.[3]

Today, that widening skills gap—which, in most cases, involves the emotional intelligence and soft skills required to build a workforce that can drive productivity, deliver financial success and boost employer brand—is creating perhaps the most hard-to-solve talent-acquisition and retention landscape ever across the globe.

Pamela Stroko, Vice president of HCM Transformation at Oracle, says the ongoing skills gap is challenging HR professionals at every turn, especially when they are tasked with providing the necessary talent to spur growth under today's trying conditions.

"There are two questions that everybody in HR is asking," Stroko says. "First, people want to know if the skills gap is a real thing. Then, if it is real—and the data says it is—the second question is, how do you hire to support growth with a widening skills gap? These conversations are happening every day within HR."

Today's job candidates can ask for things in this economy they couldn't ask for just 10 years ago, Stroko adds.

"People are also much more willing to take a risk and 'try something on' or go to a company maybe they always thought about working for because there's so much opportunity," she says. "There is a mindset out there—be it right or wrong—that, if I try it and I don't like it, I can just go get something else.

"It's shopping; but, in this case, they're job shopping," she says.

Hiring for Emotional Intelligence: Finding Soft Skills

Keeping talent pipelines filled with the right candidates to meet emerging business challenges has prompted employers to shift needs and requirements from technical skill sets being the number one priority to candidates with so-called "soft skills," including characteristics like emotional intelligence, clear communications, critical thinking, problem solving, innovation, desire/willingness to learn, teamwork and creativity.

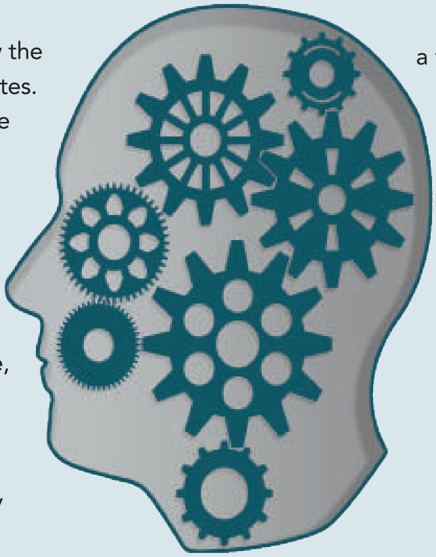
Stroko confirms that the notion of soft skills not being on equal footing with technical skills no longer holds true.

[1] Bureau of Labor Statistics, June 2019

[2] SHRM, *Skills Shortage Tightens Job Market; 83% of HR Professionals Report Difficulty Recruiting: SHRM Research*, February 2019

[3] Challenger, Gray and Christmas Inc., *Challenger Hiring Survey: Employers Report Skills Shortages; HR in Demand*, June 2019

“Soft skills are now the hard skills,” Stroko notes. “They’re actually some of the hardest factors to hire for because those skills are not in great supply in the marketplace. Things like emotional intelligence, and how it aligns with an organization’s culture, values and growth plans, are very important.”



According to Wendy Lynch, founder of Lynch Consulting Ltd. and co-author of *Get to What Matters: Tools to Transform Conversations at Work* and co-founder of *The Heart of Human Capital* blog, employers have made the mistake of discounting very important foundational attributes by even calling them soft skills in the first place.

“We don’t have a great connotation for the word ‘soft’ when it comes to skill sets,” Lynch says. “We imply that the real skills are the other things, like what someone has learned in school or with experience that they’ve had in the workplace. But that’s simply untrue, especially with the changes happening in today’s business landscape. Soft skills now are in demand, but are hard to find.”

Sourcing Diverse Talent Pipelines that Fit Your Culture, Business Values

How do employers today match up talent needs with their culture, values and growth objectives, while landing and keeping employees who have those much-desired soft skills?

Elissa Tucker, principal research lead of HCM at the American Productivity & Quality Center—which partners with 500 employers globally in benchmarking, best practices, process and performance improvement, and knowledge management—says that outcome will only happen for employers that take the time to pursue a variety of options in terms of sourcing, but also develop relationships with and learn about the talent.

“If you’re trying to find talent that fits with your culture and your business values and growth objectives, you need that time to engage with that candidate pool to be able to identify candidates who are going to be a good fit on all fronts,” she says.

Tucker says that this includes being:

- Proactive—It takes planning to build a diverse slate of candidates with the potential to be high performers in a given organization, with its unique set of values and ways of working. This means starting the sourcing process well before a requisition is submitted.
- Flexible—To expand the candidate pool, recruiters need to think broadly and creatively regarding potential sources of candidates. Both HR and hiring managers need to be open to different types of employees, such as contract, part-time, job-share and remote workers, as well as internal talent and passive candidates.
- Predictive—Being open to new sources of candidates is important, but organizations should, at the same time, use the data they have on previous hires to predict which sources of talent are most likely to result in high-performing employees.

Oracle’s Stroko concurs, explaining that employers need to start thinking about external pipelines well before they need to fill a job. She also suggests an effective but low-tech networking strategy as a way to get external high performers interested in a company.

“I often tell people that every single executive at your company needs to go to some conference somewhere for some reason every year,” Stroko says. “While they’re away, have them go out of their way to meet people, take down names of those who impress them.”

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Next, those executives should build their social presence with those connections, because every person they meet can be put into an employer's recruiting system, which will likely be a key factor in keeping up with growth objectives.

"They could be a potential job candidate at some future date, or could know somebody who could be a potential candidate," she says. "You have to get much more thoughtful about this."

Stroko is convinced that hiring is no longer a cause-and-effect proposition.

"It's not, 'There is an opening, so let's fill a job,' " she says. Instead, she says, employers need to understand that they are going to have job openings over a period of time, so they must solve the issue of how to bring people into its online community, in social conversations, in wanting to learn about the company. Next, employers must nurture those relationships long term and, finally, determine how to tap that talent resource at the optimal moment.

"These questions are critical for an organization's future growth and financial success," she says.

Networking remains a potent strategy for successful talent sourcing, according to Stroko.

"If that's how people are mainly getting hired, then build a network that can yield that kind of support for your organization," Stroko says. "It's critically important."

As for potential high performers already in the fold, an internal pipeline for sourcing talent will work because, so often, the right person for an opening is already working in the company.

"Internal talent remains largely under-leveraged as a source of desirable recruits," Tucker says, adding that best-practice organizations use resources like career coaches and career maps to help employees move internally.

"They empower employees to be more engaged in the career process and streamline internal hiring," she explains. "Employers must build or fortify their organizational infrastructure to support internal promotions and look for ways to reskill and upskill existing employees."

Technology plays an increasingly important role in employee retention and internal mobility—using career-development, learning and succession-planning tools to hire from within. By doing that, employers with rapid growth expectations—situations that create a steep learning curve for both new hires and internal talent transfers—can keep pace with the speed that can cause a whiplash effect during rapid-growth scenarios.

Tucker offers the following example of a large technology employer, which created these opportunities to foster hiring from within to keep pace with its ambitious growth projections:

- Career coaching—Employees can interact with digital assistants to design and pursue their desired career paths and get connected to appropriate training resources and opportunities immediately.
- Training and development—The organization created an interactive-training media hub that tracks users and awards them badges through the organization's gamification system.
- Internal talent acquisition—Employees can upload their resume to a digital assistant that uses an algorithm to match their capabilities to the jobs that best fit them.

"Historical workforce data like the number of years in a position and performance ratings can be used by an organization to predict which employees are ready for a new challenge," Tucker says. "It also can be used to predict which candidates are most likely to become high performers if hired."

Stroko adds that, without effective career planning, not only will employers potentially miss the chance to source talent internally, they could lose them altogether.

"In this market, keeping who you already have is so important," she says. "I've recently read that if a high potential had someone in the company who served as an advocate or mentor to them, they were 89% less likely to leave.

"If you want to keep people, first start building those connections so people feel like someone's

looking out for them—somebody cares about them, someone is investing in them," she says. "Without those efforts, talented people just won't stay."

Rewarding High Performers

According to Lynch, infusions of new talent certainly can help build or reinforce a high-performance culture and add momentum to corporate growth. But the success of any individual employee—new or experienced—also depends on an organization's ability to harness and reward high performance. Thus, successful recruitment and onboarding are natural extensions of a successful approach to human capital management.

"Finding and attracting top talent is critical," she says. "But companies cannot hire their way into high performance and profitability. Hoping that talent by itself will transform an organization is a fallacy."

Lynch says that, after an unsuccessful hire, it's common to blame recruitment for "selecting people who weren't a good fit," when it is more likely that the environment stifled performance by not nurturing their unique contribution. Simply put, she says, with aligned incentives (a win-win culture) and an aligned purpose (clear, shared values), talented, motivated employees thrive.

"To best position an organization [and new recruits] for growth and achievement, evaluate ways to improve communication, alignment and skill development," she says. "When the pathway to mutual success is clear, it attracts and retains talent."

Onboarding: Fostering a Long-Term Relationship

If there is a best time to communicate to high-potential external candidates that they can trust a new employer to help them flourish, it's during onboarding, when new hires experience a true sense of whether they made the right choice. It is also a critical early step in creating a lasting high-performance culture because, if employers want those talented newcomers to stick around, they must provide the best possible environment for career satisfaction and success. Onboarding can help drive that outcome.

"If you are onboarding a new employee and you want them to be able to feel comfortable to take risks in a team setting, it's really important to focus on the interpersonal side and not let the tactical/administrative side take center stage," Tucker says. "That especially means streamlining the administrative pieces and focusing on relationship building from the get-go."

To support a high-performing workforce, Tucker says, onboarding needs to be "paced, social and personal." For example, onboarding should be a longer-term (up to nine months, if necessary) coordinated effort that provides new hires with information, relationships, tools and experiences at the moment of need, she says. It also should be a people-focused process, involving training, networking and performance management. Finally, a successful onboarding experience should be designed from the perspective of what new hires want, not just what the organization needs. Leveraging mobile technology as part of your HCM solution is a logical way to build this personal, intelligent onboarding experience that can connect new employees to the training, communications and welcome events that make their transition easier.

"Surveys of new hires show that their experience has improved," she says.

According to Stroko, research from entities such as the Aberdeen Group has shown there are two critical difference-makers in successful onboarding.

"The first thing you have to do is tell people what's expected of them at work. Tell them what the deliverables are," she says. "You need to be very specific."

Stroko says employees are more likely to stick around when they understand what's expected of them. So employers need to quickly (within 60 days) take the second critical step of clearly spelling out how performance will be evaluated.

"Unfortunately, the first time many companies talk to a new hire about what's expected is at the first performance review," Stroko says. "And with that, you've already missed the boat. That situation can stir up issues around retention because the new hires don't feel like they were honestly told what was expected of them." If employers lose those potential high performers, a negative impact on growth is sure to follow, she adds.

Lynch says employees are listening for clues when learning about a new organization during onboarding, trying to assess what's happening there and whether their new employer has its act together.

"We do not want high performers to spend their time wondering who they can trust, what they are really supposed to do, how they will be evaluated and whether or not their compensation will reflect how well they do," Lynch says. Rather, she says, those matters must be so clear and considered non-issues that the new employees can focus on performing.

"Too often, we mess up by delivering ambiguity and mixed messages when what they need to know is what they are to accomplish, how they will be evaluated and what is important to the organization," Lynch says.

Building Productivity, Brand and Meeting Growth Demands

In the end, if employers can follow these roadmaps, the result—more often than not—will be a high-performance culture that ignites productivity, builds an attractive employer brand and boosts return on investment—a key metric that shares a hand-in-hand relationship with positive growth.

Stroko, working with Oracle's Talent Strategy Institute, found that employers that consistently make the various great places to work lists share a key attribute: Their leadership throughout the ranks clearly outlined the company values and truly lived those values.

"There was no mistaking what they valued from the top of the organization, and that translated down through the company," Stroko says. "Every company needs a what, a purpose. What do we stand for? What are our values? How do we act towards people?"

To recruit for and achieve a culture that will succeed in today's seriously competitive talent landscape, employers must imbue their values across the workforce.

"It's critical how you drive your values through any organization," Stroko concludes. "You need to create authenticity, meaning you actually do what you say you're going to do and live by the words you say you're going to live by. With that, a high-performing culture and corresponding positive growth are the likely result."

To learn how Oracle HCM Cloud can help you hire for growth, visit oracle.com/hcm.

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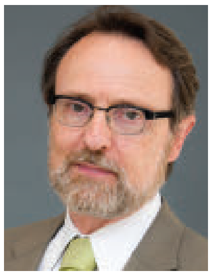
Talent Management

By Peter Cappelli/Columnist



Why Millennials Aren't That Different

The Washington Post recently published an interesting summary of data about millennial experiences, particularly as opposed to those who were the same age decades earlier.

The first point the *Post* made is that fewer of those in this age group, born from 1981 to 1996, are married than previous age cohorts were at this point. The trend toward later marriages has been going on for some time, though. The Pew Foundation reports that, while the average age of first marriages in 1960 was 20 and 23 for women and men, respectively, it is now 27 and 29.

The average age at which they have children is also up, by about seven years as compared to baby boomers. The one most important to realtors is that they are about six years older than baby boomers before they own a home. About 20% of that difference appears due to the fact that this cohort owes more in student loans than did the baby boomers. They also are more likely to have attended college and gotten a college degree at this point in their life than any group before them: 36% of millennial women have a college degree versus 20% of baby boomer women, while the figure for men is 29% versus 22%.

The linking theme in the above figures comes about from one more difference: This group has had less income growth in their career than prior cohorts. Many of them graduated into the teeth of the Great Recession, the worst job market in modern times, whose effects still linger. Recent studies asking young adults why they have not had children turn almost entirely on the lack of financial resources.

Importantly, most of the differences, on average, for this age group are driven by those who did not go on to college. Compared to prior generations of individuals without a college degree, many in this age category delay or sidestep getting married, having children or buying a home. Not surprisingly, that seems driven by the depressed labor market for those individuals.

An important point is that these differences are things that have happened to millennials, largely because of the Great Recession. Nothing about them as individuals caused them to earn less than previous generations did at this point in their lives, for example, which appears to be the driving factor in these other results.

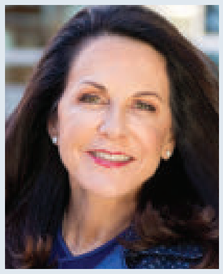
Finally, nothing in any of these results supports claims that people in this age group are different than previous cohorts were at this age, need to be managed differently, want different things and so forth. They are behaving somewhat differently because of what has happened to them, not because of who they are.

If you are an employer, what does this mean for you? Nothing. Nada. Zip. It's true that those entering the job market now feel much more entitled, because of the tight job market, but those who entered a decade ago still feel less so, because of the lousy job market, they say. They are supposed to be part of the same millennial cohort. As far as we can tell, there is still no reason to think this cohort should be treated any differently than young people were in earlier periods. They still appear to want the same things—marriage, children and a home—they just haven't been able to afford them.

Peter Cappelli is the George W. Taylor Professor of Management and director of the Center for Human Resources at The Wharton School of the University of Pennsylvania in Philadelphia. Send questions or comments to hreletters@lrp.com.

HR Leadership

By Eva Sage-Gavin/Columnist



6 Roles to Put On Your Radar

You've probably heard the statistic that 65% of children today will work in jobs that don't exist yet. As a leader in your company's talent practices, you may be wondering, "How do I hire talent to equip us for the future, when the future is morphing so rapidly?"

It's understandable to think of mapping future talent as daunting due to the constantly changing nature of business, but I prefer to over-index on the exciting aspects of this challenge. I thought I'd share with you several of the roles I see emerging in the talent landscape. They are industry-agnostic and HQ-related, but they could spur some interesting conversations in your talent planning.

Trust Leaders: Two-thirds of consumers say they are attracted to a brand because it does what it says it will do and delivers on its promises. Trust leaders will protect customer data, as well as help incorporate safety into every aspect of the customer experience.

Marketing Monitors: Functioning as an ombudsperson, they will monitor automated outputs from bots or artificial intelligence, ensuring they mesh with—rather than contradict—brand values. Enterprise use of AI grew 271% over the past four years, so this type of oversight will become more crucial.

Growth Hackers: I'm sure we all know someone wired for this job—a person who enjoys rapid, almost restless, experimentation, someone always in search of the Next Big Thing. These people will contribute to product and service development, driving innovation to unlock growth.

Chief Storytellers. This role already exists, just not in large numbers. Storytellers rally around the larger brand and purpose, as well as how what a company does represents it, driving deeper emotional connections with customers.

Futurologists. What company doesn't want to identify the next huge trend, from a surge in vegan eating to the sharing economy? While a few companies are on the leading edge, few have institutionalized this role versus hiring ad hoc.

Cause Matchmakers. Purpose-led companies are the future, so cause matchmakers could be the evolution of sponsorship leaders. They will identify opportunities to do good and deliver something back to customers and society, functioning as the corporate lynchpin to greater good.

Did any of these spark thoughts of your organization? If so, it's not too early to be hiring this type of talent. Hiring for tomorrow's needs today is how many corporate titans broke the mold for true innovation.

I'll leave you with a story: One of my team members has a gifted 14-year-old son, who recently attended a STEM job fair. When he arrived home, my colleague was slightly bewildered at his descriptions of careers in vegetation management, neutrino physics and biomimicry architecture. But she said his eyes lit up as the words tumbled out of his mouth.

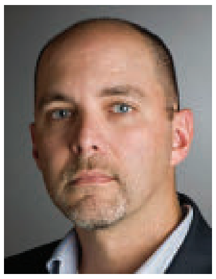
He is just a few years away from being hirable. And I would venture to guess that job descriptions far more futuristic wouldn't rattle him one iota. I also think that older versions of him have recreated themselves for the new job market, equally as excited about the future.

That's the talent we need to tap for roles that don't exist yet. It's not too soon to start.

Eva Sage-Gavin is a former CHRO with more than three decades of experience in Fortune 500 corporations. She currently serves as the senior managing director for Accenture's global talent and organization consulting practice and as a technology board director. Send questions or comments to hreletters@lrp.com.

Inside HR Tech

By Steve Boese/Columnist



How Tech Can Combat Talent Shortages

In light of the current labor market, HR leaders have to be more innovative than ever to help their organizations compete to find and retain talent—and technology can play an important role in this effort. Given this, I want to share one example where a combination of HR and HR tech is making a difference: the U.S. commercial-trucking industry.

According to the American Trucking Association, the industry is on pace to have a truck-driver shortage of 175,000 by 2026. In addition, it needs to hire up to 900,000 drivers in the next 10 years to replace those leaving the industry, mostly through retirements.

Hiring in the trucking industry has always been tough. The jobs are difficult and require significant training for drivers to qualify for the required CDL license and remain certified. Often, commercial drivers are away from home for days, even weeks, at a time. Drivers are subjected to health risks, including long stretches of sedentary driving, interspersed with elements of physical work to secure loads and perform maintenance on their vehicles. The job itself has also increasingly been portrayed in the media as one that has a high likelihood of being disrupted by technology. Self-driving trucks are in active development and testing, and some experts believe we will see wide deployment of self-driving trucks even sooner than self-driving personal vehicles.

Facing such challenges to hiring and retention, U.S. Xpress, one of the nation's largest trucking companies based on total revenues, recently made some significant investments in and changes to its driver-training programs, infusing modern technologies into every step and relying on feedback from its 8,000 truck drivers along the way.

The formerly classroom-based training program is now self-paced and available online, with more than 30 videos to help drivers engage and become familiar with upwards of 200 commercial-vehicle learning topics. Additionally, at its new training facility in Georgia, the company deployed a virtual-reality simulation for truck drivers before they even get behind the wheel, making U.S. Xpress the largest carrier yet to use such technology. Candidates put what they learned from the instructional videos and VR simulator to the test on the company practice course. All of this is designed to better engage and prepare drivers for a demanding job, while HR leaders see the benefit to engagement and retention by equipping drivers with the tools and experiences they need to succeed.

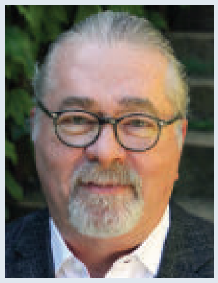
The company will likely still have to employ other, more traditional HR approaches to address recruiting and retention challenges. Walmart, for example, recently adapted (essentially loosened) its initial screening process to get more driver candidates into the recruiting funnel, as well as announced salary increases and benefits improvements for its truck drivers. Increasing wages and improving benefits are as traditional as a company can get when it's attempting to increase hiring effectiveness and reduce unwanted turnover. The real solution probably lies in a creative and comprehensive combination of both approaches—applying modern technologies to improve the employee experience, while offering an enhanced employer-value proposition. This will be how HR leaders position their company as a preferred employer in a tight market.

We will showcase success stories like those from U.S. Xpress and Walmart at the HR Technology Conference, Oct. 1 through Oct. 4 in Las Vegas. There, you can learn from a range of HR leaders and innovative technology and service providers on how this partnership of HR and HR tech can help your organization meet its most pressing business and talent challenges.

Steve Boese is a co-chair of HRE's HR Technology Conference & Exposition®. Send questions or comments to hreletters@lrp.com.

Emerging Intelligence

By John Sumser/Columnist



Why HR is Becoming a Science

Between the newfound ability to connect HR initiatives to business outcomes and the explosion of intelligent tools, technology is making it increasingly possible to understand and predict the organization and its behavior. We're still in the early stages, yet it's easy to imagine an evolution in which HR can help business leaders anticipate the results of their people-related decisions and guide them through complex decision-making.

The spectrum of improved tools include reporting, people analytics, predictive analytics, machine learning and natural-language processing. Coupled with burgeoning frameworks for understanding work, people and organizational cultures, these tools constitute the exploratory elements of the new science.

From here forward, the hallmark of HR will be its ability to use data to steer the workforce towards the organization's future.

The goal of all science is to understand the world in ways that make it more predictable. Until now, organizations and their members posed impossible challenges in modeling and predicting behavior. Even the best 20th-century assessment tools left much to be desired and offered little in the way of useful correlation.

Both people and organizations are examples of complex systems. They behave differently in different contexts, and minor nuances can generate extremely different outputs. The combination of data models, inexpensive computer processing and virtually limitless storage in the cloud make what used to be impossible calculations now possible.

Early on, it looked like intelligence tools would be added to core software processes like apps on a smartphone. There are over 600 venture-financed experiments involving tiny, unconnected bits of HR—a good model for exploring the limits of possibility and a bad one for integration and connectivity. Now, little start-ups are essentially in a tryout stage for absorption into a larger entity.

Every year, I create a report that describes the issues and players in the emerging science of HR. My presentations at next month's HR Technology Conference in Las Vegas are the result of hundreds of hours of interviews, demos and a deep look at how machine learning and AI work. As I research, I'm starting to see an uptick in absorption of these smaller experiments; the big fish are feasting on the little ones.

The danger is that the acquiring operations rarely produce a cohesive big picture. If the little, focused AI apps run the risk of unintended consequences, an assembly of them can multiply the problem. Whether you like it or not, you are going to spend a considerable chunk of your time figuring out how to dummy-proof your systems from the AI that has come to live there.

It's getting clear that any large organization (say, more than 5,000 employees) will want to have its own analytics and data-science laboratory. That's where organization-specific nuances and algorithms will be built. Here's the start of a reading list that will get you in shape for this new, scientific HR:

- *Organizational Culture and Leadership*, fifth edition, by Edgar Schein;
- *The Model Thinker: What You Need to Know to Make Data Work for You* by Scott Page;
- *Superforecasting: The Art and Science of Prediction* by Phillip Tetlock; and
- *The Human Use of Human Beings* by Norbert Weiner.

John Sumser is the principal analyst at HRExaminer. He researches the impact of data, analytics, AI and associated ethical issues on the workplace. Send questions or comments to hreletters@lrp.com.

The Latest Trends in Human Resources

HR Trends

Top Story

Encouraging Employees to Report Misconduct

There's a good chance that more than half of your employees look the other way regarding compliance misconduct by co-workers, according to a new survey.

Gartner gathered responses from more than 2 million respondents from 167 organizations worldwide between 2009 and 2017. The results revealed that nearly 60% of all misconduct observed in the workplace is never reported, which can create huge risks for organizations. The No. 1 reason is fear of retaliation, says Vidhya Balasubramanian, managing vice president of Gartner's legal and compliance research group.

"Almost one in four employees tells us they wouldn't report because of fear of retaliation from their co-worker, manager or organization in general," she says. Likewise, employees who don't report misconduct feel they lack enough information—uncertainty lowers reporting rates—or don't believe the company will take action.

At the very least, Balasubramanian says, HR can strengthen its reporting system by observing five key steps.

First, reframe the concept of reporting, she says. Instead of employees believing they're simply tattling on a co-worker, HR should rebrand reporting as a process that enables employees to clarify or ask questions about company policies or procedures.

Then, create various reporting avenues, such as an anonymous hotline or a specific email or web portal. HR managers then must offer guidance to workers regarding whom employees can address their issues with, such as HR, a boss or another supervisor.

Next, HR needs to ensure the reporting process is consistently communicated, says Balasubramanian, including during onboarding, new-manager training, leadership programs, town-hall meetings and in employee communications.

Equally important is manager training. According to the Gartner survey, two-thirds report misconduct directly to their boss. But does that boss know what to do with the information?

"That will dictate whether employees will come to [their boss] again and what they're going to tell their friends," says Balasubramanian. "Most employees are just as likely to speak up and report something they've seen to their manager and ask for guidance in the same breath."

The last step, according to Balasubramanian, is to increase transparency, which, in turn, demystifies the entire reporting process by keeping employees updated on any developments in a case.

"You don't need to give them all the details," she says. Instead, give them "regular touchpoints so they don't feel their information got lost in a vacuum somewhere. Employees who report expect to have some sort of update about the investigation process."

Besides facing legal and financial troubles, she says, companies that dismiss reports of employee wrongdoing can also damage their own reputation, which often leads to high turnover or recruitment challenges.

"Many companies are taking to heart the #MeToo movement and also the number of scandals over the last couple of years that have implicated senior leaders," says Balasubramanian. "That's been a big impetus for companies to reassess their processes."

—Carol Patton

What to Know about the EEOC's Pay-Data Rule

When the White House Office of Management and Budget announced plans to stay the Obama-era pay-data-collection rule in August 2017, few observers were surprised. It was just the latest move by the Trump administration to roll back many of the rules and regulations instituted by his predecessor.

However, employers' collective sigh of relief was short-lived. In response to a lawsuit filed by the National Women's Law Center against the OMB, a federal judge reinstated the rule this spring, requiring the Equal Employment Opportunity Commission to collect pay data—sorted by job category, race, ethnicity and gender—from companies with more than 100 employees.

Previously, employers were required to provide a "headcount report," broken down by job category, race and gender, explains Brett Coburn, a partner in the labor and employment group of Alston & Bird. While the revised EEO-1 form "uses the same building blocks," he says, it also collects total W-2 compensation data and hours worked. The rule is intended to help the EEOC identify instances of pay discrimination, but Coburn is dubious it will do anything but create an administrative burden for employers.

"The data that will be collected is so aggregated and lacking in a lot of critical ways, I don't know how it's going to provide useful information to government regulators," says Coburn. "A company that has been doing EEO reporting for a long time has the headcount stuff under control, but when you start aggregating all the compensation data and hours data, you may need to have two or three or even more different systems communicating with each other to make this happen."

The deadline for submitting the data is Sept. 30. If you haven't yet started the process, Coburn recommends a good starting place is for HR professionals to pull together the requisite data and ensure it can be generated in the appropriate format. And, while he's not completely sold on the idea that the rule will help the EEOC identify instances of pay discrimination, Coburn believes savvy companies will look upon the process as an opportunity to turn the mirror on pay equity in their own organizations. This, he says, can hopefully help them avoid what he predicts will be the "next big wave" of employment lawsuits.

"This new EEO-1 rule provides an opportunity to HR professionals to start having a robust dialogue about these issues and how to tackle them," says Coburn. "It's not an easy thing to fix, but gone are the days when companies could bury their heads in the sand. They need to be proactive and identify issues and start trying to address them."

—Julie Cook Ramirez

Decision Drag

As the world of work is rapidly redefined, Gartner recently found that the No. 1 skill for hiring managers needs to be decisiveness—as too many are dragging down hiring with slow decision-making. In particular, the firm found:

- the average time between the initial job interview and the hiring manager making an offer was 33 days in 2018, up 84% from 2010;
- longer decision-making around hiring causes a 16% reduction in candidates accepting offers; and
- decisive hiring managers hire 10% more high-quality candidates than traditional hiring managers and reduce time-to-hire by 17%.

Loneliness: The 'Dark Side' of Teleworking

Dan Schawbel works from his Manhattan studio apartment every day during the work week. Not long ago, he realized he was feeling miserable.

"People only talk about the upside of working from home; no one talks about the dark side of it," says Schawbel, research director of Future Workplace.

The "dark side" includes less, if any, human contact, feelings of isolation and loneliness, and disengagement from the organization.

"When people feel like that, they're less productive, happy and fulfilled," he says.

Schawbel has some numbers to back him up. Last year, his firm published a study of remote workers based on interviews with more than 2,000 employees and managers. It found that two-thirds of remote workers do not feel engaged and over one-third said they never get any facetime with their team members. Remote workers also feel less attached to their employer: Only 5% said they always or very often see themselves working at their company for their entire career, compared to one-third of employees who do not work remotely.

In his book *Back to Human*, Schawbel explored ideas for bridging the gap between telecommuters and the home office. These included having leaders travel to meet with their direct reports in person and letting remote workers lead group meetings.

"People don't want extremes," says Schawbel. "The research shows that they need time for collaborating and time alone."

And yet, he says, "We have an inherent need to be around other people. It helps us brainstorm and collaborate and reminds us we're a part of something bigger than just ourselves."

Telework remains very popular. Nearly half (47%) of job seekers polled by Indeed last year said having a telecommuting option is "an important factor" in choosing a job. Telecommuting has been on the rise since 2005, according to data from the U.S. Bureau of Labor Statistics and the U.S. Census. The BLS' *2017 American Time Use Survey* revealed that 23% of U.S. employees did some or all of their work at home.

A new survey from Citrix Systems finds that the high cost of housing in some of the nation's largest employment centers is also an impetus for telework. The survey of 5,000 workers from across the U.S. finds that 70% would move from major cities if they could perform their jobs at the same level elsewhere. However, despite 85% of respondents saying they believe they could do their jobs effectively from anywhere and 69% saying remote work would enable them to be more productive and focused, only 35% of companies say they're introducing better flexible/remote work policies.

Such shortsightedness could hinder companies' access to talent.

"People today want to work where they want to work," says Tim Minahan, vice president of strategy for Citrix.

Yet, teleworkers often feel forgotten and left out of important company events. Technology—specifically, video conferencing—can help compensate, although it's not the only solution, say experts.

At OperationsInc, an HR outsourcing and consulting firm, 30 of its 100 employees work remotely. President and CEO David Lewis says he works to keep those employees in the loop by using technology to try and simulate the same experience they'd have if they worked on site.

"We do Skype video calls with them instead of voice-only conference calls," he says. "The face-to-face contact cannot be overestimated in terms of its value."

Christina Andrade, director of operations at Metis Communications, says the firm—whose employees are dispersed across the U.S.—uses technology to help employees understand their colleagues' workflow, quirks and preferences. It schedules company video chats that are intended to give team members time to get to know one another on a personal level. At the video meetings, employees show one another where they work from, talk about their pets during "bring your pet to lunch" meetings and have "water-cooler chats" where the only rule is that there's no talk about work for 20 minutes.

"The more we learn about each other's hopes, fears and stories, the easier it is for us to create a strong team dynamic," she says.

A master Google calendar helps employees know the status of each other's schedules so it's easy for them to know the best times to ask their colleagues questions or just to check in and say hello, says Andrade.

Major company get-togethers are opportune moments for helping remote workers get some valuable facetime with their colleagues, says Lewis.

"Company meetings tend to have big social components, such as going out bowling or to happy hour," he says. "Look for ways to include teleworkers on that level and budget for it—it's well worth the cost."

At Chili Piper, a software firm that automates scheduling for sales and marketing professionals, every one of its 31 employees work remotely, including CEO Nicolas Vandenberghe.

"We've committed to hiring talent without regard to their physical location," he says.

The company makes heavy use of tools such as Slack and Zoom for collaboration and keeping employees connected, says Vandenberghe. All employees participate in weekly video meetings via Zoom to get the latest company updates.

To help employees avoid feeling isolated, Chili Piper also rents employees space in co-working offices, such as those operated by WeWork.

"At co-working spaces, you have access to a second set of colleagues you can talk to and go to happy hour with," says Vandenberghe. "For us, it's become a strong point for recruitment."

Lewis says the challenges remote workers face are often exacerbated by managers who haven't been trained in managing people from a distance. Often, these managers may be skeptical that teleworkers are actually working.

"Some managers still believe teleworking is really a dodge for taking care of kids or goofing off," he says.

This level of distrust can end up doing real harm to the relationship between remote workers and the company, says Lewis. Trained managers, in comparison, understand how to give remote workers the opportunity to demonstrate that they're productive and successful, he says.

"It's not about having creepy webcams to spy on these employees, but helping managers successfully lead remote teams," says Lewis.

Remote workers should also be prepared to make changes on their own to combat feelings of isolation. Schawbel says he learned to build in face-to-face meetups during each workday to ensure he doesn't spend all of his hours alone in front of a screen.

"I started scheduling my days so I was regularly meeting other people, whether it was coffee with friends, lunches with clients or business partners, what-have-you," he says. "I got very strict about blocking off time for those meetups because it's very easy to fall into that trap of working all the time without realizing you're shutting yourself off from the outside world."

—Andrew R. McIlvaine

Remote Workers

- Two-thirds do not feel engaged
- One-third never get facetime with team members
- 5% always or very often see themselves working at their current job permanently

Source: Future Workplace

Training Employees to Be the Eyes and Ears Of the Company

Active-shooter training is an unfortunate reality today, but do your workers know how to spot problem signs before an incident occurs?

The statistics about workplace violence are alarming: Nearly two million Americans are victims of workplace violence each year—yet a quarter of violent incidents at work go unreported, according to the Occupational Safety and Health Administration. The severity of such incidents varies widely, but the Bureau of Labor Statistics reports workplace homicides jumped from 83 to 2015 to 500 just one year later, with homicides accounting for about 10% of all fatal occupational injuries. That year, nearly 80% of workplace homicides were the result of gun violence.

With workplace shootings occurring with seemingly increasing regularity, active-shooter trainings are a grim reality at many workplaces. While such programs can prepare workers for an emergency situation, there's a lot more companies should be doing to stymie workplace violence before it escalates, says Matthew Doherty, senior vice president and leader of the Threat and Violence Risk Management Practice at Hillard Heintze.

Doherty joined the security and risk-management firm 12 years ago after a career in the U.S. Secret Service, retiring as the special agent in charge of the National Threat Assessment Center. Now, Doherty and his team advise private-sector organizations and federal agencies on active-shooter planning and threat assessment, with a particular focus on creating policies and programs that support a culture in which workforces are empowered to identify and report potential threats.

HRE spoke with Doherty about this work, and the integral role HR leaders can play in preventing violence.

Your active-shooter training focuses not just on what to do if someone opens fire, but also how to prevent situations from progressing to that point. How does that compare to most active-shooter trainings today?

Hopefully, it's the start of a trend. Oftentimes, I'm called by companies because of media exposure around the phenomenon of active shooters in the workplace and asked to provide active-shooter training—and I'll do it, and do it well. We'll teach people how to run, hide, fight and how to react if there is a shooter in the workplace. But my first response when I get these calls is, "What are your violence-prevention programs and policies?" It's a fact that most active shooters, with very few exceptions, have some association with the company, whether they're a terminated employee, a suspended employee, a disgruntled customer, an ex-husband of an employee. When you hear the statistic that 33% of women killed in the workplace are killed by an intimate partner, that's almost to epidemic proportions. So, companies need to be thinking about their policies in general and what managers can do to recognize signs of an issue. There have been behaviors that have concerned others in almost every single [recent high-profile case of workplace violence], so if we can start identifying those behaviors early enough, there is the potential for intervention before the situation escalates into violence.

Do companies tend to have policies in place for violence prevention?

Not yet. We do an analysis of violence-prevention policies so we can help them build a program before we even think about doing training, and we follow best-practice guidelines [for such policies] from the Department of Labor, OSHA and Society for Human Resource Management. We've found several commonalities that point to not-very-sound approaches to prevention.

For example, in most employee handbooks, we find that prevention policies are punitive, with a focus on zero tolerance: "Workplace violence is not to be tolerated at Company X." Well, if you think about it, most acts of workplace violence are not committed on impulse; they're planned in advance, and there are warning signs. If someone is suffering depression or despair, is that a violation of this zero-tolerance policy? If you notice that your female co-worker is wearing excessive makeup to hide bruises, how is that a zero-tolerance violation? When I ask for policies, I get these zero-tolerance policies, where companies say how they'll fight direct threats of bodily harm or sexual harassment. Those, of course, should be in place. I'm fairly confident that if I walked into any workplace and there was a fight between two co-workers in the lobby, it would certainly be reported. But what about the early warning signs of despair, depression, domestic abuse? Those warning signs, left unchecked, can lead to the acts we've seen in the news.

What does your training look like?

We target three audiences. The first is the general workforce, who are the eyes and ears of the company. They're the people you see, after there has been an active-shooter situation, interviewed about how this person's behavior concerned others. That training is typically less than an hour and can be done in person or through an online learning-management system, and it focuses on the behavior signs to look for and emphasizes that reporting warning signs isn't punitive: If you care about your and your co-workers' safety, it's not whistleblowing if you recognize and report warning signs.

We also have a training to help managers and supervisors understand how to handle issues the general workforce may report to them. And the third, and just as important, is for an interdisciplinary team, which the DOL, OSHA and SHRM all recommend. It can be a team of HR folks, legal, security, members of the [employee-assistance program] or local police. If there is somebody whose behavior is concerning, you can have this team look at it, instead of just the security director or HR.

Beyond training, what policies can employers put in place to support a violence-prevention strategy?

One that we recommend is regarding protective or restraining orders. There are a whole host of reasons acts of violence [from intimate partners] take place at workplaces; jealousy, the fact that the workplace is providing this individual independence or simply that's where the person can be located. So, if you have a restraining order, some companies now have a policy that you have to bring it to the supervisor or HR.

People often get these orders where they live, but it isn't expanded to their workplace. If you live in one town and work in the next town over, that information won't be shared with the local police whose jurisdiction includes your workplace, so the employer needs to make sure that police where the workplace is located are aware. You want to get a copy of the order and a picture of the person named in the order, and that can posted at the entrance to the building or at the security station. You can offer the employee an escort to their parking spot because that is often the most vulnerable point at the workplace. And the employee needs to be reminded that they will not be discriminated against merely because they are a victim, or suspected of being a victim, of domestic abuse.

What does such a policy look like in actual practice?

We just recently trained the general workforce of a major insurance company. During the break, the CEO was up at the head table with me and an office manager approached me with a young woman I could tell was distraught; I knew right away she had a restraining order and was coming forward. She said, "I have a restraining order, and I haven't had the courage to bring it forward to HR." The CEO was there with me and there was no judgment. They changed the access controls to the building, provided her a special parking space, got the photo, notified police—and she's still an employee there. And I think there were other employees there paying attention to how this was handled, who could see, "This company cares about me."

How can HR help cultivate that type of culture, where people feel comfortable coming forward?

Without negating zero-tolerance policies, successful violence-prevention programs need to involve an educated workforce. They need to know about things like protections regarding restraining orders, that warning signs won't be handled in a punitive way, how to identify concerning behaviors—for that to happen, HR has to provide leadership in creating a culture of caring. They need to create an atmosphere where this issue is not treated as a whistleblowing exercise. If HR just has a strict "We won't tolerate violence" approach—if that's the summation of the policies—there will be a reluctance to bring forth concerning information. All of this work needs to promote courtesy, respect and safety. If those three pillars can be promoted by HR, it'll provide a much safer workplace for everyone.

—Jen Colletta

Listening to Employees On Benefits

A survey of more than 2,200 employees conducted by the National Business Group on Health revealed:

- one-third want more help with financial health, particularly with prescription-drug and housing costs;
- 27% of employees are looking for more mental-health support, especially regarding workplace burnout; and
- 58% of workers whose employers support four or five wellbeing dimensions report excellent or very good health, compared to 43% of those whose employers support three or less dimensions.

3 Ways to Make Performance Management Less Painful

Performance management continues to be a thorn in the side of workers, despite extensive efforts by employers and technology vendors to improve the process, according to a new report from Bersin, Deloitte Consulting.

The report, *Performance Management Solutions: Market Primer*, paints a picture of employers and solution providers attempting to reinvent the dreaded practice, which achieved a net promoter score of -60 in the *Bersin High-Impact Performance Management* study.

"If you had a product with a net promoter score of -60, you'd probably kill it—you wouldn't even try to improve it—but killing performance management is not an option because it can provide a lot of value," says Kathi Enderes, vice president and talent and workforce research leader at Bersin.

Organizations and vendors have attempted to improve perceptions by adopting names like "check-ins" or "total performance," but such efforts have largely fallen flat, says Enderes.

"Rebranding without changing how you do it is not effective because you're changing the name but not what people don't like about [performance management], which is that it is too infrequent, too subjective and just not value-added," says Enderes.

The report highlights three essential activities Bersin identified as inherent to performance-management solutions:

Goal Management: In lower-performing environments, this is typically a once-a-year, forward-looking process where goals are set and possibly shared with a direct manager, but then forgotten until they are revisited six or 12 months later, according to Matthew Shannon, senior research analyst of solution provider markets at Bersin. With the aid of technology, high-performing organizations turn goal management into a future-focused activity in which individuals develop short- and long-term goals that align with specific organizational objectives and can be course-corrected in real time.

Multi-Source Feedback: No matter how hard we try to be impartial, bias is implicit in everyone and it negatively impacts the performance-review process, according to Enderes. The solution lies in removing bias from the process, not the person. While low-performing organizations tend to embrace practices that unwittingly embed bias—such as having a single manager own the entire feedback process—high-performing ones utilize multiple sources of feedback. Technology supports the process through automatic "nudges" to collect feedback from peers, direct reports and other internal stakeholders.

Performance evaluation: According to Shannon, technology can help organizations create more objective and relevant annual reviews by capturing data throughout the year, providing tangible examples of performance in real time. Natural-language processing can extract meaning and themes from the data, while analysis of specific projects helps ensure more accurate ratings.

"The challenge," Enderes says, "lies in making performance management a more value-added process, so that people feel it is supporting the business and their ability to improve their performance."

—*Julie Cook Ramirez*

Introducing the Josh Bersin Academy

Today's most contentious business issues—including digital transformation, AI and automation, pay equity and inclusion—are redefining the way companies operate.

While HR has the biggest role in determining how organizations will adapt to these changes, global industry analyst and HR Tech Conference keynoter Josh Bersin says most HR leaders don't spend enough time or have the right resources to prepare themselves or their HR teams for the future.

Indeed, according to a recent Deloitte survey, nearly half of 10,000 respondents cited the need to upskill their organizations' HR teams as an "urgent or very high" priority.

In an effort to help both individuals and organizations overcome their upskilling challenges, Bersin recently launched the Josh Bersin Academy, which he describes as the first global-development academy for HR and talent professionals. It can be accessed on any mobile device with a browser.

The academy was created in partnership with Nomadic Learning and its integrated digital-learning solution, which is designed to help individuals and teams adopt new ways of working and thinking.

The academy's programs are designed to address the business and talent issues all organizations face today, such as HR strategy, employee experience, diversity and inclusion, talent management and technology innovations. Complementing the programs is a library of specially curated learning resources, which include articles, research briefs, videos and tools for on-the-job support. New resources will be added weekly to ensure members have access to the most current information, Bersin says. The academy also fosters a global community of HR and talent professionals working together to solve problems and advance the profession.

The launch follows a multi-month pilot program that sought input from people at 16 companies, including United Health Group, Taj Hotels and Kronos.

"My background in learning design and architecture gives me a keen appreciation for the academy's learner experience," says Pamay Bassey, chief learning officer for the Kraft Heinz Co., another one of the pilot program's participants. "The engaging interactions, the innovative way it encourages collaboration and engagement, and the relevant library of quick reference resources all contribute to a high-impact solution."

The academy, which already has 423 enrollees, currently offers the following programs: People as Competitive Advantage, The Agile Learning Organization, Performance Management Reimagined, The HR Tech Workshop and Wellbeing at Work. Programs planned for later in 2019 include Introduction to People Analytics, Designing the Employee Experience, AI in HR and The New Role of the HR Business Partner. Members receive a certificate for each completed program, and those with SHRM certification can receive 20 recertification credits for each completed course.

"Every problem that's new, we're going to do a program on it," Bersin says. "Our goal is to make sure we have content that applies across the whole board of the HR function."

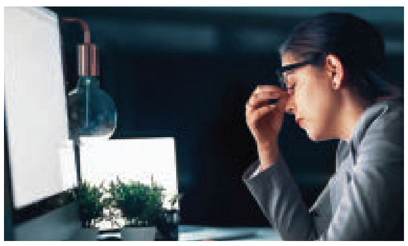
One of the stated goals of the academy is "to provide a high-quality learning and development experience to HR and talent professionals at all levels at an affordable cost." To that end,

individual practitioners and small HR teams can join the academy's global edition for $40 per month per member, while introductory enterprise pricing starts at $450 per member per year and comes with the ability to customize programs, in-depth analytics and personalized onboarding services.

Attendees at the HR Tech Conference in October will have exclusive access to Bersin's HR Technology Market Report. For more information, visit www.hrtechconference.com/hrtechfactbook.html.

—Michael J. O'Brien

Addressing Burnout in the Workplace



Your star employee is coming to work late, seems detached from her job and exhausted on most days. While illness or personal issues may be the culprit, there's another possibility: She may be burned out.

The World Health Organization recently classified burnout as an occupational phenomenon or work hazard in its *International Classification of Diseases*. The organization says burnout is characterized by the following three symptoms:

- feelings of energy depletion or exhaustion;
- increased mental distance from one's job, or feelings of negativism or cynicism related to one's job; and
- reduced professional efficacy.

Although WHO doesn't label burnout as a medical condition, its consequences are still harmful, says one workplace expert.

Employees who are burned out may call in sick more frequently, says Jaime Vinck, CEO at Sierra Tucson, a behavioral-health organization that supports 450 employees. Likewise, the quality of their work may decline. They may miss deadlines, make careless mistakes, lose interest in work tasks or projects they were once passionate projects or those that offer different perspectives of the company or industry, she says. Also, review your communication policies. Are employees expected to respond to phone calls, texts or emails after work and on weekends? It's important to "be present" when speaking with employees, she says, adding that managers should be paying attention to the affected worker, not to their cell phone or laptop.

Burnout can be reduced or possibly prevented by reinforcing overall wellness activities involving the body, mind and spirit, says Vinck. HR leaders can encourage employees to take short walks during the workday, meditate or engage in breathing exercises, as well as offer time off for self-care to help build their resilience.

Although HR can train employees on preventing or managing burnout, Vinck says, the real challenge is persuading resistant managers to acknowledge it. HR professionals can get their attention by addressing the financial impact it has on employee turnover, productivity, employee morale and engagement in their department or throughout the company.

"It's very important to develop an environment of connection and support," says Vinck. "Anything you can do to prevent burnout will help employees in the long run with their mental and physical wellbeing."

—Carol Patton

Upcoming Events

Sept. 10–12 2019 Learning & Leadership Development Conference, Encore Boston Harbor, Boston. Attendees will receive the tools and strategies needed to identify, develop and coach leaders to better engage and retain teams and will find out how retention is the hard-won outcome of engaging and challenging talent. For more information: Human Capital Institute at https://lldconference.com.

Oct. 1–4 *HRE*'s HR Technology Conference & Exposition®, The Venetian, Las Vegas. Whether attendees are looking to increase their knowledge to buy and effectively implement new HR systems or to stay on top of this rapidly changing industry—success starts here. As the industry's leading independent event for 20-plus years, HR Tech has been a key catalyst for tens of thousands of HR and IT executives in their quest to leverage technology and secure HR's role as a pivotal component in their company's overall success. Hailed as the industry's "Town Hall Meeting," HR Tech is a once-a-year chance to learn from—and network with—respected thought leaders and like-minded professionals. HR Tech is not a user conference and does not sell speaking slots. That means each session offers practical and actionable takeaways—minus the sales pitch and vendor hype. Plus, home to the world's largest HR-technology expo—the size of seven football fields—HR Tech gives attendees the chance to compare more products and services side by side than any other event. For more information: LRP Media Group at www.HRTechConference.com.

Oct. 27–30 The HRSouthwest Conference, Fort Worth Convention Center, Fort Worth, Texas. This conference offers educational sessions on relevant HR topics, including employment law, healthcare, talent management and more. Attendees will have networking opportunities and interaction with the expert lineup of educational speakers. For more information: The HRSouthwest Conference at https://hrsouthwest.com.

Oct. 27–29 2019 Strategic HR Forum, Renaissance Boston Waterfront Hotel, Boston. This forum will offer opportunities to engage in forward-thinking discussions and explore strategies companies are using to lead better workplaces. Attendees can develop new frameworks for meaningful and dynamic employee experiences, new approaches to talent acquisition, learning and inclusivity, and more. For more information: HR People + Strategy at https://www.hrps.org/executive-events/strategic-hr-forum/Pages/default.aspx

Nov. 6–8 National Workers' Compensation and Disability Conference® & Expo, Mandalay Bay, Las Vegas. Thousands of workers' compensation and disability-management professionals from across the nation come together for this once-a-year event that's not to be missed! NWCDC offers endless opportunities that will propel workers' comp and disability-management programs forward. With more than 35 sessions spanning six unique program tracks, NWCDC will help attendees gain new ideas on how to use workers' comp programs to engage absent workers, speed return-to-work and much more. For more information: LRP Media Group at www.WCConference.com.

Nov. 14–15 HR Comply 2019, Renaissance Nashville, Nashville, Tenn. This event is formerly the Advanced Employment Issues Symposium. It is a leading human capital management conference for HR professionals, executives and in-house counsel. The content and expert presenters will help attendees get ahead of workplace-policy updates with an overview of breaking updates and proven best practices. For more information: BLR at https://live.blr.com/event/hr-comply.

March 23–25 2020 People Analytics & Workforce Planning Conference, JW Marriott Turnberry, Aventura, Fla. Attendees will hear how high-performing organizations are creating a competitive advantage with workforce analytics. Learn how to balance just-in-time talent demands with long-term planning, build your workforce planning and analytics function, apply analytics across the talent lifecycle, and more. For more information: Human Capital Institute at https://pawpconference.com.

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Cover Story

McDonald's New Golden Age

Despite the pressures of a rapidly changing industry, McDonald's has embraced innovation in its people policies and practices in order to fuel a financial turnaround. BY ANDREW R. McILVAINE

For David Fairhurst, the entrepreneurial spirit took hold at an early age.

"I had my own sweets shop when I was 10 years old, selling to local kids," the northwest England native says.

The lure of commerce wasn't the only thing on young Fairhurst's mind, however. He also seriously considered becoming a pastor and took public-speaking lessons at his local church, in addition to engaging in lots of community volunteer work.

Upon graduating college, however, he'd lost his ambition for a career in the church—yet he hadn't lost sight of his idealism, nor his fascination with business. He ended up combining the two into a career in HR.

"When people science and commerciality come together, it feels like HR," says Fairhurst, who continued his community involvement by serving as a visiting professor at the U.K.'s Manchester University and working with nonprofits to teach workers new skills.

Fairhurst today is corporate executive vice president, chief people officer at McDonald's Corp., which is itself a global symbol of commerciality and entrepreneurialism. Beginning with a single hamburger stand in San Bernardino, Calif., in 1948, founders Richard and Maurice McDonald pioneered a system in which burgers, fries and milkshakes were produced with assembly-line efficiency. They later partnered with Ray Kroc, a milkshake-machine salesman who greatly expanded their franchise operations. In 1961, the McDonald brothers sold the business to Kroc for $2.7 million. Under his leadership, McDonald's expanded rapidly throughout the U.S. and then the world, providing the opportunity for numerous franchisees around the world to become millionaires.

These days, McDonald's, like its fast-food competitors, is facing a turning point. The industry's global growth has slowed, even as consumers' expectations for innovation and convenience continue to grow. Customers want home delivery, healthier eating options and the ability to pay via their phones; yet, they also want more than the convenience that McDonald's has built its reputation on—they want a hospitable environment where they feel welcome, says Fairhurst. Meanwhile, a tight labor market and competing opportunities from the emerging gig economy mean that finding and retaining restaurant employees to help maintain that environment is harder than it's ever been.

Despite these pressures, McDonald's financial performance has been on the rise. The company's stock price is at an all-time high, while profits have risen by 4.5% since CEO Steve Easterbrook took over in 2015. According to data from Technomic, total sales rose 2.4% last year to $38.5 billion.

Easterbrook, who's led a turnaround at the company that's resulted in cost savings of $500 million, moved Fairhurst into the top HR job shortly after becoming CEO. Easterbrook had previously served as president of McDonald's Europe, where Fairhurst was chief people officer.

"I have the privilege of working with a CEO who's really a catalyst of change and knows how to harness all the 'capitals': financial, cultural and human," he says.

Dave Ulrich, Rensis Likert Professor at the University of Michigan's Ross School of Business and a partner at the RBL Group, served as a consultant to the company on its cultural transformation and has high praise for Fairhurst.

"David is just one of the best HR people I've run into," he says. "He has great insight into the business and great instincts on what HR can do to help."

The Power of Organization Design

At the time Fairhurst stepped into his current role in 2015, things were trending downward at McDonald's. A year before, a *Consumer Reports* survey declared McDonald's hamburgers the "worst-tasting" of all fast-food chains. The company felt compelled to run commercials denying that its hamburger meat contained "pink slime." Same-store sales had been declining for six consecutive quarters, and its stock price was barely budging upward. And, unfairly or not, McDonald's bore the brunt of criticism over the fast-food industry's role in the nation's obesity epidemic.

Meanwhile, consumers were showing an increased preference for fresh, healthy alternatives to traditional fast-food items, or for newer chains such as Chipotle and Five Guys Burgers.

"Our heritage was about understanding our customer, but the challenge was that our customers' needs had moved on, and we hadn't kept up as well as we should have," says Fairhurst. "We needed to reconnect with our entrepreneurial heritage but in a contemporary way, and this required an evolution of our culture."

From 2012 to 2015, the business hit a tough spot of negative sales growth across the entire system. "The reality is that we lost touch with our customers as we were trying new innovations that were not generating customer growth," he says.

Easterbrook swiftly launched a turnaround plan. He closed less-profitable locations, invested in upgrading food quality and restaurant technology, and restructured the company.

Fairhurst has played a vital role in the restructuring effort that reduced costs by $500 million. This included moving from a decentralized reporting relationship to a centralized one, with all 18 of the company's wholly owned markets reporting directly to corporate headquarters.

"Getting all of the behaviors aligned was a top priority," says Fairhurst. "It's not about becoming a different McDonald's, but a better McDonald's."

He cites the importance of organization design in helping the company reshape itself for the future.

"One of the things I've recognized over the years is the power of OD," he says. "OD is about ensuring the right people focus on the right things."

Too often, however, OD gets "switched on and off"—brought in to help solve a particular issue, and then abandoned once the issue is resolved, says Fairhurst. Instead, OD should be "always on"—driving scenario planning and conceptualizing the shape the organization will need to take in order to deliver against those plans. "Always-on OD" can also help ensure the organization can adapt quickly to changing business needs, he says.

As part of the organization redesign, McDonald's various markets—which traditionally had been organized according to geography—were

Corporate Executive Vice President,
Chief People Officer David Fairhurst

GEORGE PAPADAKIS

McDonald's New Golden Age

reoriented toward being grouped in "segments," depending on which stages of evolution they were in, he says.

"Working closely with Steve, we got to the point where we realized that, although defining our structure by geography had served us well for 40 years, it was not the best way to support our business strategy," says Fairhurst. "When you put markets together which have similar needs, challenges and opportunities, innovation happens more readily."

Core functions such as HR and finance departments were also globalized, with the intent of allowing the business side to focus its attention on operations, he says.

Changing the Talent Model

The changes at McDonald's extended to the executive suite at McDonald's corporate headquarters in Oak Brook, Ill. (The company has since relocated to a new building in Chicago's trendy West Loop neighborhood.)

Working with Ulrich, Fairhurst oversaw an "objective assessment" of the business to gain a solid understanding of what "world-class leadership" means and how it would apply to McDonald's.

"We wanted to see how we stacked up against others not only within our industry sector but to leading businesses outside our sector as well," he says.

Fairhurst and his team eventually came up with an acronym called "BEST," for Building Blocks, Execution Proficiency, Strategic Proficiency and Talent Proficiency.

"This highlighted the historic strength we needed to build on while helping us focus on the new muscle we needed to develop," he says.

Building Blocks, for example, refers to the behaviors and traits most critical in an agile, growth environment, while Execution Proficiency refers to the ability to prioritize and get things done. Strategic Efficiency centers on making customer-led decisions to drive competitive advantage, and Talent Proficiency relates to building the capabilities of others.

All senior leaders at McDonald's were assessed against the BEST model. For the first time in the company's history, each one was assigned an executive coach. Through a combination of developmental opportunities and replacement of some members of the team with new talent from within or outside the organization, McDonald's executive team evolved to reflect a blend of internal and external experience, says Fairhurst.

By 2017, nearly every senior leader on Easterbrook's executive team was new to his or her role.

"Steve and David have done a marvelous job of redefining leadership for the next generation," says Ulrich. "Traditionally, McDonald's DNA was all about cleanliness and convenience. They've upgraded that to 'customer obsession'—as in, rather than employees just smiling at the customer, the customers smile back because they're delighted with the service."

The goal for Easterbrook and Fairhurst is to have an organization stocked with "ambidextrous" managers—those who are comfortable dealing with ambiguity and paradox, says Fairhurst.

Reinventing Performance Management

Fairhurst's zest for shaking things up and questioning established ways of doing things extends to processes such as performance management.

"What I hear is that performance management in most organizations has little correlation to the performance of the business," he says. "It involves lots of appraisals, processes and time but a big question mark as to how it relates to driving business performance."

Fairhurst aspired to something different at McDonald's.

"We completely redesigned performance management," he says. "You can't manage performance, but you can motivate it."

The new PM model at McDonald's is built around clear and effective goal setting, performance feedback and career-development conversations with managers, says Fairhurst. More than one person now delivers feedback, and managers are required to have at least one goal-setting conversation with direct reports at least annually.

"We've gotten great results so far," he says. Eighty-seven percent of employees report having had goal-setting conversations with their managers, while 75% have received performance feedback and 82% have had career-development conversations.

Fairhurst has also emphasized the importance of teams within the organization.

"Organizations are typically siloed into different functional areas, but the reality is that more of our work cuts across those functions," he says.

The company's partnerships with the Uber Eats and DoorDash online food-delivery services are prime examples. McDonald's was able to extend the services to its customers by quickly pulling together the right people from around the world, irrespective of geography or function. In 2018, McDonald's partnership with Uber Eats generated $3 billion in revenue.

"The future is about fluidity, agility and speed," says Fairhurst.

An Evolving Culture

These days, it's not enough for McDonald's to be focused on customer service—that needs to be redefined to customer obsession, says Fairhurst.

"That's a strong thing to aspire to," he says.

When Easterbrook arrived, he began pushing franchisees to try new things, such as all-day breakfast. "This was something consumers said they wanted," says Derek Berube, the company's director of HR analytics.

By working closely with franchisees and mandating that they upgrade and remodel their stores, the company has ensured that the customer experience at McDonald's reflects the speed and efficiency they've come to expect while they also enjoy new perks, such as digital menus and tableside delivery.

These changes have been helped along by a reshaping of McDonald's corporate culture, says Berube.

"Historically, you were considered a very good performer here if you were able to influence others, kept your budget down and supported the market, but there wasn't really an emphasis on driving anything," he says.

In order for the company to continue innovating, the culture had to change, he says.

Working with Ulrich, Fairhurst created the slogan "Better Together" to emphasize collaboration over competition among the company's various global markets. Rather than compete with one another, they were encouraged to share ideas, says Berube.

"One of my favorite parts about the whole culture piece is that we're very clear on what we don't do anymore," he says. "We're not going to obsess about operational gains over customer gains, for example, which we used to do."

Managers all the way down to the store level are encouraged to lead and be innovative, he adds.

Meanwhile, the centralized reporting relationship with the various global markets has helped McDonald's avoid duplicative efforts, says Berube.

"We had this horrible problem of creating the same thing [multiple] times," he says. "Every country would go out and create their own trainings, spending lots of money on the same training being done elsewhere."

Thanks to the centralized relationship, that sort of duplication no longer happens—instead, frameworks are adopted companywide and tweaked to fit individual markets, says Berube.

The corporate HQ move to downtown Chicago is emblematic of McDonald's changing culture, says Fairhurst. The new building features outdoor terraces, an employee café with stadium seating and a layout that features a mix of huddle rooms, communal seating, private workstations and private phone rooms.

"It's designed in such a way to encourage collaboration," he says. The company is recruiting heavily on college campuses, which had not been a priority before.

Meanwhile, every HR company process has been challenged—if it doesn't have a good business case, then out it goes, says Fairhurst.

The employee experience has also been prioritized, he says. "Attracting talent is just one element of this. It's also vital that people have a great employee experience, and we continue to innovate to ensure we're an engaging and enjoyable place to work."

Ulrich says that, while Silicon Valley companies tend to get the lion's share of attention these days, older companies offer valuable stories of reinvention.

"People often point to exciting HR organizations at places like Facebook or Tencent, but those are relatively new companies," says Ulrich. "McDonald's is an older company in an industry that has huge headwinds against it, but they're turning it around."

Send questions or comments about this story to hreletters@lrp.com.

Here Are Some Goals David Fairhurst Wants You to Consider

Teams matter: "You'll know you've created a teaming culture when the biggest compliment someone can give you is that you keep losing your best people to rapid-action, cross-functional teams."

Build leaders at every level: "We're supporting our people at every level of the organization to become less managerial and more inspirational."

Challenge every HR process: "Traditionally, HR has been too keen to follow established processes rather than question, objectively review and reinvent."

Run HR like a business: "Take a similar approach to zero-based budgeting: Make a business case for everything. Is every HR process making a difference? If not, consider eliminating it."

Develop ambidextrous leaders: "We need leaders who are comfortable dealing with ambiguity/paradox."

Prioritize diversity and inclusion: "For far too long, D&I has been something of a peripheral activity, often sitting as part of an organization's [corporate social responsibility] agenda. In some ways it still will, but only if we change the definition of CSR to 'core strategic response.' "

And finally: "Being a disruptor is tough—but being disrupted is even tougher."

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If you buy (or build) it, will they really come?

BY TOM STARNER

Driving HR-Tech Adoption

There is little question that employers around the world will continue to invest in HR-related technology in the coming years.

The global HR-management market, for instance, is anticipated to reach $30 billion by 2025, with a compound annual growth rate of 11% over that time, according to a new report by Grand View Research Inc. The report defines the main HR-management market as core HR, employee collaboration and engagement, recruiting, talent management, workforce planning and analytics.

That predicted spending spree on the horizon begs the question: Will HR-technology adoption rates meet expectations? In other words—borrowing a version of the tagline from the popular baseball film *Field of Dreams*—if you buy (or build) it, will they really come? It depends, say both experts and HR leaders who have experienced recent success with HR-technology adoption. Importantly, they note, high adoption/usage rates will only happen if HR leaders plan properly, a topic that will be explored in depth at the HR Technology Conference & Exposition® in Las Vegas in October.

"The idea that, if you just buy it and roll it out, 'they will come' is not going to happen unless there's an effective strategy in place," says Chris Pinc, director of product management, data surveys and technology line of business at Willis Towers Watson. Pinc notes that planning needs to start well before implementation and go-live dates. Primarily, he says, HR must work through what the technology provides for users, delivering concise messages focused on why adoption is a good idea in the first place.

Regardless of the features and functionality of new software, HR must still take a proactive role to drive up adoption rates.

"There are very few products out there that drive adoption on their own," Pinc says. "Nothing really sells itself."

Earning Company-Wide Buy-In

Automaker General Motors, for example, identified employee recognition as one of the top drivers of employee engagement, as well as for its potential to accelerate cultural change.

According to Sandra Garcia, global compensation and global strategic initiatives lead at General Motors, culture alignment was at the center of its revamped approach to recognition, for which it worked with Achievers, a provider of rewards and recognition technology.

"We took 60-plus disparate recognition programs and created a single unified program under one recognition platform, globally aligned behind our company behaviors," she says. With that, the program enabled General Motors to provide a globally consistent recognition experience for its employees and measure program success.

When selecting its technology partner, Garcia explains, GM determined simplicity and user experience would be key in driving program adoption. The company worked with Achievers to develop a comprehensive communication and training plan to ensure a successful launch.

"As the recognition platform was so intuitive, we were able to focus communications efforts on why recognition is important, everyone's role in recognition and how to effectively recognize employees," she says.

With strong messaging from the CEO and senior leadership integral to the plan, GM launched the new program to more than 68,000 employees across the globe in August 2017. In just three weeks, Garcia says, activation rates reached 87%, against a target of 80%. Since the launch, the program has set the record for most activations in the first day of program launch (26%) in Achievers' history. Currently, GM has a 99% activation rate, with seven out of 10 employees actively using the platform monthly.

"Since launch, we've seen increases in positive perceptions of recognition in our engagement survey and steady improvements in program metrics," Garcia says. "It's the result of a robust program-sustainment strategy, comprised of ongoing communication, education and a phased rollout of new programs and program enhancements—all aimed at boosting program engagement and usage."

Vanessa Brangwyn, chief customer officer at Achievers, says that, for employee-experience technology to deliver value to company leadership, HR departments and managers, employees need to actually use the technology, which is why Achievers focuses on driving consistently high levels of employee participation, especially during implementation.

"To earn company-wide buy-in and drive productivity, we created a frictionless installation process for the Achievers employee-engagement platform to take the burden off HR leaders and make it easier and faster to meet employees where they are," she says. The platform also uses push notifications to mobile and email to drive participation and engagement. Overall, Brangwyn says, Achievers' customers report an average 86% activation rate, with 94% launch satisfaction.

Consistency and Communication

Brunswick Corp., a publicly held company with annual sales over $4.5 billion, chose a technology solution to re-energize its sagging wellbeing program and drive employee engagement. According to Melissa DiLeonardo, wellbeing program manager at Brunswick, the company struggled to prioritize wellbeing in daily operations, which ultimately affected engagement, productivity and turnover. Brunswick, which has approximately 15,000 employees in more than 30 countries, works in three primary product categories: marine propulsion, boating and fitness.

DiLeonardo explains that manufacturing employees endure physically taxing, repetitive work and strict shift hours that make it hard to prioritize self-care. Alternately, employees in office environments are sedentary and susceptible to stress. Brunswick knew wellbeing and engagement can help drive the best business results, but its existing program wasn't effectively reaching Brunswick's complex population, a sentiment confirmed through a series of employee focus groups conducted at its larger sites.

DiLeonardo says the previous wellbeing offering was dated and not in tune with industry trends—such as shifting from ROI to VOI and pivoting from clinical wellness to holistic wellbeing.

So, leadership chose Limeade, a provider of employee-experience software, to help redesign its approach to wellbeing as an engagement driver. A new wellness program, called Be Your Best, launched last year to deliver relevant, whole-person opportunities to its diverse population and support wellbeing in every corner of the organization.

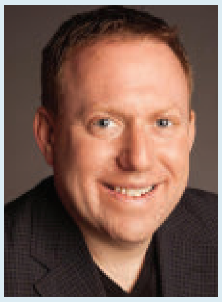
Brunswick also committed to a more data-driven approach to tracking employee engagement through the Limeade Insights Dashboards. The program needed to provide a simple, relevant experience to manufacturing-line employees, who have limited access to email and minimal time for participating in wellbeing initiatives during the workday, and communicate organizational support for wellbeing across all the company's locations.

DiLeonardo says that, when launching broader HR initiatives, one of the company's key objectives is to replicate the messaging through any and all available communication channels. When it partnered with Limeade to power Be Your Best, it announced the changes with home

"As the recognition platform was so intuitive, we were able to focus communications efforts on why recognition is important, everyone's role in recognition and how to effectively recognize employees."
— Sandra Garcia, General Motors

PEOPLE SIDE OF DIGITAL

By Jason Averbook/Columnist



Creating a Window to the Workforce

Every major enterprise is undergoing transformation. If "we" (collective) HR disruptors have done our jobs, we've encouraged digital transformation to follow the needs of the workforce, which follow the needs of the customer. You can't provide value-adding service or goods to your market—and you certainly can't remain competitive while doing so—without an engaged workforce that is fully equipped and empowered to do their jobs easily and well. Happy employees, happy customers. In fact, stop separating the two; your employees are your primary customers.

This all leads to our obsession with employee experience. What is the evolving role of HR professionals in crafting the organizational experiences of tomorrow? It begins with the realization that workforce experience is the most important priority of the people function (HR) in any organization—ahead of anything else. It *should* be your obsession, HR. If you address this, first and ahead of everything else, other priorities will naturally fall in line.

Along these lines, I've heard a funny little expression about HR "looking in the mirror," like it will help us discover our true purpose or more clearly see our function in a new light. Rather than looking in the mirror and expecting answers to jump out at us, why not turn the proverbial mirror into a window through which you see your workforce?

Employee experience must have purpose at the center. Purpose is what today's workforce cares about when they choose where to work (and we *are* in a job market and economy where people are in a position to choose). Employees want to understand the mission of your organization, they want to feel personally connected to it, and it needs to align with their own values and guiding principles. If you connect those dots—if they truly connect, organically and not artificially—and you sustain and support that over the long haul, you have created an engaged workforce that will drive real and valuable competitive advantage. They will also *tell you* what they need to continue to perform their best work for you; if you listen, this will determine where and how you need to evolve and transform your business to continue to meet their needs … *if you listen.*

I hope you caught that part.

It's impossible to be a purpose-led HR organization if you don't measure purpose. Designing HR processes based on workflows or that reek of compliance serve the HR function, not the workforce. Flip the script. Start with mindset and design with the workforce in mind; this is how you will transition to a purpose-led people function. Rather than measure cost per hire, measure the sentiment of the workforce. Rather than measure NPS, measure employee experience.

Think about measurement differently. HR technology is the intravenous that goes from the people function to each worker in a personalized, relevant, channel-sensitive way, with empathy built into it. Use it to measure experience *and* to deliver experience. Constantly asking employees how they feel about their work or the way they do it can lead to survey fatigue. And if it's often done reactively, not proactively, that makes it difficult to do anything about it.

Let your systems tell you something about sentiment: Are workers logging into systems you thought they couldn't live without, or have they abandoned systems they find to be useless, confusing or cumbersome? When you measure sentiment at moments that matter through real use and application of your workforce tools, you begin to proactively optimize and design tools that can better support the workforce where they are.

HR has never seen a more immediate opportunity to design a workforce experience that measures and delivers tangible impact to the business. That's why Leapgen is attending the upcoming HR Technology Conference & Exposition, Oct. 1 to Oct. 4 at the Venetian in Las Vegas. Our entire team will be on hand to provide guidance on building a strong core HR foundation, human-centered design thinking for workforce experience, building a people-analytics practice and more. Hope to see you at Booth #3022 and in my workshop on Oct. 3, where I will outline the difference between digital transformation and technology transition.

Jason Averbook is a leading analyst, thought leader and consultant in the area of HR, the future of work and the impact technology can have on that future. He is the co-founder and CEO of Leapgen, a global consultancy helping organizations shape their future workplace. Send questions or comments to hreletters@lrp.com.

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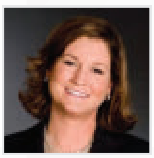

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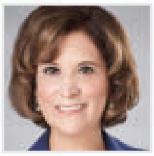

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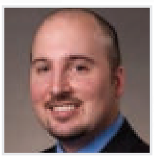

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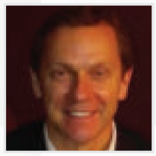

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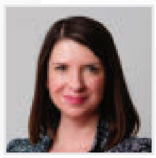

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- And more!

mailers, email reminders, on-site fliers and posters, and HR demonstrations during open-enrollment meetings. Senior and local leaders were also provided with program highlights so they could incorporate reminders during other employee meetings.

"We also developed a new wellbeing program logo and aligned with company branding, so all material is anchored in the same visual cues/memory triggers," adds DiLeonardo. She says partnering with Limeade helped improve participation at launch through having single sign-on capabilities and straightforward, well-communicated initial login instructions with customer support. Limeade also helps maintain Brunswick's improved utilization with a wide variety of available activities and challenges. For example, one successful effort had local "program champions" responsible for improving adoption and supporting employee inquiries.

Within three months of the 2018 launch, 57% of eligible Brunswick participants registered, compared to 30% participation in its prior wellbeing program in 2017. Today, registration sits at 71% of eligible employees, with 87% of department managers participating in the program.

According to WTW's Pinc, creating champion networks, as Brunswick did, can work well in driving maximum HR-tech-adoption rates. The best example of the champion concept, he says, involves a group of employees—or even a single champion in each office, or one on each team or in a department—who are early tech adopters by nature and go through training early. Pinc says it's best to choose employees who are tech-savvy and adept at helping others.

"It's typically easy to find those kinds of folks in any workplace," he says, adding that HR needs to get that group on board early so, when people have questions or get confused at any point along the way, they can turn to their local champion and say, "I know I'm supposed to use this new tool, but I can't remember how to do it," he says.

Maximizing the Benefits

Craig Johnson, a partner in Mercer's Workforce Communication & Change Group, offers the example of launching a new HCM system, where it's imperative that an adoption strategy is strong both on training and communication with the workforce.

"We've seen companies who will actually communicate that something's going live, but there might not be any training available," he says. "Or, we see some companies conversely who provide some training, but then there's no follow-up communication or reminders. You need both elements here."

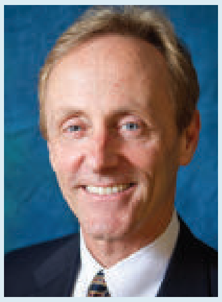
Johnson says HR must provide context that lets managers know, for example, that, even though they may not have been involved in onboarding before, the new HCM platform changes that.

"Now that they will be involved in the onboarding process, HR needs to clearly spell out their role and responsibility and provide thorough training on the tool that enables them to meet those new demands," Johnson says. "You won't have high adoption rates without the right combination of training and communication."

Brian Sommer, president and founder of TechVentive, which advises technology and services firms on

HR IN THE FLOW OF WORK

By Josh Bersin/Columnist



4 Ways to Kill Employee Trust

A wide range of tools and technologies now in use by HR organizations around the world are collecting volumes of employee-related data. Outside of HR, companies are using systems that assess employee emails for network analysis, record conference calls and video meetings, and monitor employee activities through badges. While such information can certainly be useful, it can also be a huge liability when misused. Additionally, what data a company collects and how they are used significantly impacts employee trust.

Below are four dimensions of trust that comprise the ethical and fair use of employee data and analytics.

1. Privacy: Every day, we read about companies that have gotten into trouble because of compromised data privacy. As we bring in more and more data-collecting technology into the HR function, data privacy must be an area of focus for HR leaders. Are we protecting the privacy and confidentiality of our employees? Who has access to the various types of information collected automatically? Are employees informed about what data are collected and how they are used?

I see two equally important components to privacy. The first is the establishment of rigorous privacy policies that govern all employee-related data across the enterprise. The second is to be completely transparent with employees about what data are collected, how they are collected and how they are used.

2. Security: The sister of privacy is security. Are the data stored in a way that protects them from hacking, theft or misuse? Do you have password policies, encryption and other data-protection practices in place so an employee can't take the data home, send them to a third party or accidentally release them onto the internet?

While IT has long dealt with the security of financial, customer and competitive information, companies now must implement security practices around employee information, such as pay, job history, healthcare data and performance.

3. Bias: The newest and most complex problem related to people analytics is bias. Whether you are analyzing the data yourself or buying an AI tool from a vendor, it is important to remember that all algorithmic systems are based on existing data. If the existing data are biased, the predictions and recommendations generated will also be biased.

AI-based technology can actually reinforce or introduce bias in a number of ways, including:

- A system may compare an employee's pay to that of peers, but ignore factors such as race, location and age when assessing fair pay.
- Systems that predict retention may inadvertently discriminate against minorities or other groups who leave the company because of corporate culture.
- Assessments for job fit may institutionalize old, discriminatory hiring practices that are embedded into hiring history.
- Systems that use organizational-network analysis to identify performance may not factor in the role gender or age can play in work relationships.
- Identification of high performers could be biased toward individuals previously rated highly.

To counter such built-in bias, you need to monitor and train your analytics systems. In other words, look at the predictions and recommendations they are making, and inspect the results for bias.

4. People Impact: How the use of analytics impacts employees is perhaps the most important dimension. If employees believe they are being monitored for the wrong reasons, the impact will certainly be negative. Therefore, your team should document how data collected by every system capturing employee-related data are being used. In particular:

- Do not use monitoring data to surreptitiously inform performance reviews.
- Do not use any form of wellbeing data for succession planning, performance reviews or any other form of employee coaching.
- Do not use training data for performance evaluation.
- Do not cross boundaries between personal and professional data.

In fact, it would be wise to do a legal review before you start capturing data to ensure you are adhering to GDPR and HIPAA guidelines, as well as other confidentiality protections. Focus your analytics program on strategies that positively impact people. If you're tracking people to measure work productivity to make work better, then you're moving in the right direction. If you're using the data to weed out low performers, you're probably violating your company's management principles.

My overarching recommendation is to use the recent consumer experiences with data as a guide. Companies that expose massive amounts of consumer data have suffered in terrible ways. Today, trust is one of the most important business assets we have. Take it seriously and make sure your efforts to make management more data-driven move in the right direction.

Josh Brsin is an analyst, author, educator and thought leader focusing on the global talent market and the challenges and trends impacting business workforces around the world. Send questions or comments to hreletters@lrp.com.

thought leadership and sales training, says truly maximizing the benefits of new HR technology requires what he calls a success chain.

"You will make this work because you do your homework, your due diligence and you make an impressive business case, both with leadership and the workforce," he says, suggesting that, before anything else, HR leaders need to go out into the field and "play in traffic."

"That's my term," he says. "They can't just go to events like the HR Technology Conference in Las Vegas and be passive. They need to get involved and come away fully understanding the entire range of possibilities that HR technologies can bring to bear."

Laura Hamill, Limeade's chief people officer and chief science officer, notes that, in a recent study from Gallup, only 17% of U.S. employees agree with the idea that their company "readily implements new technologies that help us be more productive."

"It's a signal that employees don't trust their employers to implement technology that's in their best interest," she says. "The impact? Low utilization or worse—a sense of negativity or even hostility when it comes to using HR tech."

Ultimately, boosting utilization depends on creating a meaningful and compelling experience for employees—an experience that's done *for* them, not *to* them, Hamill says.

"We focus our approach on showing employees that the organization cares about them, which our research indicates is a great way to create a place to work where employees are engaged and want to stay," she says. "When we do this, employees feel a sense of mutual trust and are more likely to utilize the solution—which is a win-win for everyone."

"Since the Limeade program launched, we've noticed a change around the engagement, energy and collaboration of our employees," adds Brenna Preisser, Brunswick's chief human resource officer. "It allows us to drive initiatives across the entire enterprise, and it's really resulted in great gains from a cultural standpoint."

Send questions or comments about this story to hreletters@lrp.com.

The HR Technology Conference & Exposition® will be held Oct. 1 through Oct. 4 at the Venetian in Las Vegas. For more information, visit www.hrtechnologyconference.com.

2019 TOP 100 HRTech INFLUENCERS

Influencers Make the Business Case for HR-Tech Investment

IBM CHRO Diane Gherson and others weigh in on what it takes to gain C-suite approval for investing in HR tech.

BY *HRE* STAFF

Below are excerpts of Q&As with several of our inaugural HR Tech Influencers about making the business case for investment in HR technology (for the full list of Influencers, visit http://hrexecutive.com/top-100):

Mark Stelzner
Founder/Managing Principal
Inflexion Advisors, LLC

What's the most dramatic shift you see happening in the HR-tech space today?

The exciting (and relentless) pace of industry innovation is requiring unprecedented organizational agility. Whether due to legislative and regulatory changes, maintenance enhancements or scheduled releases, employers must constantly triage and prioritize the absorption of net-new capabilities across their HR portfolio. Without thoughtful readiness, we are seeing organizations fall materially behind in the cloud.

How can HR leaders best make the business case for HR-technology investment?

Having secured approval for every business case we've ever authored, I can state with confidence that it always comes down to core alignment with the organization's strategic objectives. A thorough and forensic discovery process provides the content, but the context is derived by exploring whether employee experience, cost reduction, cost avoidance, restructuring, de-risking, competitive pressures and/or a foundation for growth are the drivers for enterprise transformation.

Are there certain strategies that are more effective than others when it comes to getting your workforce to use new HR technologies?

Although seemingly obvious, organizations should always put the employee at the center of every experience. Secure change advocates representing all population types, infuse their voices into your planning and test cycles, and continually audit the efficacy by confirming that device enablement, ease of access, speed of support and multi-channel touches are foundational to any deployment.

Tim Sackett
President
HRU Technical Resources

What's the most dramatic shift you see happening in the HR-tech space today?

Intelligent automation and artificial intelligence being built into technology that can take on so many of the tactical parts across every spectrum of what we do in HR, recruiting, payroll, benefits, LOD, compensation, etc. This type of technology is forcing organizations to rethink what it means to be in every single role under the HR umbrella.

In acquiring and implementing new technologies, what are the most common mistakes HR organizations make?

They don't build in measurable performance indicators within the process and technology. I've never once had an adoption issue with my HR- or TA-tech implementations because we make sure that using the technology will increase performance, and that performance is measured—so, if you don't use the technology, you won't be performing well. It pretty much ends all adoption issues immediately.

How can HR leaders best make the business case for HR-technology investment?

The exact same way that a finance leader or operations leader or sales leader makes that same case for the technology they need for their function to be successful: Build the business case around agreed-upon business-success measures for your organization and make your case. We are trying to build the space shuttle from scratch—we are trying to increase the talent of the organization—and I've yet to find an executive who doesn't think that is the single most important part of their business.

Ravin Jesuthasan
Managing Director
Willis Towers Watson

What area of the HR function will be most impacted by emerging technologies?

Virtually every aspect of HR is a candidate for some form of process or cognitive automation (i.e., AI). While we have seen much progress in recruiting, given the data intensity and repetitive nature of the workflows, creating opportunities for advanced analytics and process automation, I believe this is just the tip of the iceberg. As my co-author John Boudreau and I described in our recent book, *Reinventing Jobs: A 4-Step Approach for Applying Automation to Work*, leaders need to first deconstruct the job or workflow to categorize activities into three continuums in order to understand the optimal role and type of automation. The three continuums capture whether the work is repetitive versus variable, independently performed versus interactive and physical versus mental.

What's the most dramatic shift you see happening in the HR-tech space today?

It has been fascinating to see HR functions shift from their legacy focus on process-enablement technology to automation solutions that enable them to optimize the performance of their workforces through substitution of highly repetitive, independently performed rules-based activities; augmentation of more variable, often interactive work; and creation of new types of work that place greater emphasis on the more "human skills" like empathy, creativity, etc.

Are there certain strategies that are more effective than others when it comes to getting your workforce to use new HR technologies?

Start by defining the optimal talent experience (TX) to understand the specific outcome (behavior) you are looking for and deconstructing the underlying workflow to understand the role and type of automation to apply for various tasks. Understand that automation should either substitute, augment or create/transform human work and be clear about which of these outcomes you are trying to achieve.

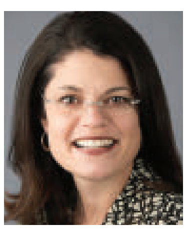
Diane Gherson
Chief Human Resource Officer
IBM

How can HR leaders best make the business case for HR-technology investment?

The most important place to start is the business pain point. In our case, it was cost of replacing talent (this was self-funding and provided savings for other projects). Then, it was investing in AI (skills inference, personalized learning platform, matching candidates to openings) to solve the skills gap (not self-funding, but strategically important). We funded that from using chatbots to take 40% of the volume from our HR service centers and by automating much of our operations, starting with payroll, travel reimbursement and HR controls.

In acquiring and implementing new technologies, what are the most common mistakes HR organizations can make?

We are now able to apply AI to employee data for social-sentiment analysis, organization-network analysis, skills inference, assessing flight risk and so on. Just because we can look at our employees' emails or social-media activity or comments in Slack channels doesn't mean we should. Like all AI, we need to be transparent about where the data come from and what they are being used for. For example, our sentiment analysis can pick up tone, volume and themes, but not what people are actually saying, or who is saying it. Email and social-media activity are off-limits; for most of us, that is an invasion of privacy.



Linda Brenner
Managing Director and Founder
Talent Growth Advisors

In acquiring and implementing new technologies, what are the most common mistakes HR organizations make?

Believing that technology is going to replace deep expertise. In talent acquisition, for example, no technology is going to replace an expert, knowledgeable, persuasive recruiter who can compel and convert a passive candidate with highly valued and scarce skills to become a new hire.

Buying slick technology without objectively identifying what problem such a system needs to solve, how it will work, who will use it and what measures will define whether it's been successful. Without this rigor up front, technology is acquired but not properly implemented, configured, integrated or optimized. The time it then takes for the company to realize the value of its investment, if ever, can be longer than the technology is relevant.

Are there certain strategies that are more effective than others when it comes to getting your workforce to use new HR technologies?

Good, old-fashioned, boring change management. Technology is embraced and optimized when a thorough impact analysis has been completed, in advance, for every group that will be affected by it. Only then can a company effectively engage the organization in closing the gaps between the current state and the future state and preparing for a new way of working.

Closing these gaps may require any or all of the following: org-design changes, training, communication, performance-management changes, systems access, etc. Bona fide change management is the key to rapid adoption and realizing the value of new technologies.

How can HR leaders best make the business case for HR-technology investment?

HR leaders can best make the case by expressing and quantifying the technology's benefits in economic terms—the language of business. Appropriate HR-technology investments provide efficiency and effectiveness benefits, presently and in the future. For example, investing in automation that interfaces multiple systems can greatly enhance efficiency now, while investing in technology that supports data integration and deep analysis can greatly impact the effectiveness of future decisions.

The greater the value of collective benefits, the more compelling the business case for technology. It is usually easier to quantify efficiency benefits, but invariably, effectiveness is more valuable; hence, the need to sharpen skills to express effectiveness benefits in quantifiable (economic) terms.

Send questions or comments about this story to hreletters@lrp.com.

Li Dong, vice president of Donghao Lansheng Group and chairman of the board of Shanghai Foreign Service (Group) Co., Ltd., spoke at HR Technology China in May about how data and AI are fueling the Intelligent Age.

3 Mindsets Needed for the Intelligent Age

BY JEN COLLETTA

The modern HR function is increasingly being fueled by rapid changes in the economy and technology, prompting the need for collaboration among HR and other parts of the business—along with a shifting mindset to support those changes.

That was the message delivered to attendees at HR Technology China this spring by Li Dong, vice president of Donghao Lansheng Group and chairman of the board of Shanghai Foreign Service (Group) Co., Ltd. Dong detailed how today's Intelligent Age—marked by developments in artificial intelligence and big data—is creating new driving forces, higher efficiency and business transformation, all of which are reshaping the HR function.

To keep up with that evolution, HR leaders must first, Dong said, establish a "human capital mindset," rooted in the concept that human resources must be distinguished from human capital, which he defined as "the combination of knowledge, experience, technical skills and health conditions embodied in the ability to perform labor so as to produce economic value."

Second, a digital-driven mindset is needed to propel collaborative innovation among humans and machines. Stronger ties need to be established on several fronts, such as between human wisdom and AI, humans' emotional quotient and machines' intelligent quotient and humans' subjective opinions with machines' objective calculations, he said.

Finally, HR leaders have to shift their mindsets to focus more on creativity and collaboration, Dong said.

"In the Intelligent Age, the information technology will realize ubiquitous connectivity, fast interactions and transform the business mode from traditional value chain-based to platform-based," he said. "As a result, enterprises are required to design customized experiences, interactive activities and converge ecosystems for customers by forging a creative and integrated mindset and creating a platform for cross-industrial cooperation."

Dong shared that his company, FSG of DLG Group, determined in 2014 it aimed to transform into a technology-driven platform enterprise, developing three platforms that "enable customers and the whole industry" with more intelligent HR SaaS products. "The company is growing into a globally competitive enterprise in human resources service," he said, "by improving its experience, efficiency and quality through extensive technology applications."

Send questions or comments about this story to hreletters@lrp.com.

Human Resource Executive HEALTH & BENEFITS LEADERSHIP CONFERENCE

With specialty drugs accounting for an ever-increasing portion of total spend, plan sponsors are employing creative cost-cutting strategies. BY JULIE COOK RAMIREZ

Prescription for Savings

From the early days of the apothecary in the late 1890s until nearly a century later, prescription drugs were fairly mainstream—an antibiotic or pain medication, for example. Perhaps something to soothe an itch or relieve nausea. Later on, patients benefited from innovations like birth-control pills and medications to ease the symptoms of anxiety. As the 20th century came to a close, however, an exciting new class of drugs made its debut. Known as specialty drugs, these advanced medications are used to treat complex or rare chronic conditions, such as cancer, rheumatoid arthritis, hemophilia, HIV, psoriasis, inflammatory bowel disease and hepatitis C.

In recent years, these have become some of the most widely advertised drugs, with TV viewers regularly bombarded with commercials for Humira, Stelara, Remicade, Keytruda, Methotrexate and other medications. The ads boldly tout the benefits—and side effects—of these drugs and encourage patients to ask their doctor if such treatments are right for them. What they don't say is these are some of the most expensive drug therapies ever to be commercially offered in the U.S. (An effort by the Trump administration to require that prices be divulged in TV ads was struck down by a federal judge in July.)

The average monthly outlay for a specialty drug is $3,000, according to Strategic Benefit Advisors. However, many of the most commonly prescribed specialty drugs cost far more. Enbrel, which is widely used to treat rheumatoid arthritis, juvenile idiopathic arthritis, plaque psoriasis and other chronic conditions, averages more than $4,000 per month, while Hepatitis C drug Harvoni averages $1,125 per pill, equating to $94,500 for a 12-week treatment course. Meanwhile, the list price of Neulasta, which helps prevent infection in cancer patients receiving chemotherapy, is $6,231 per dose.

Specialty drugs improve patients' quality of life, extend life expectancies and can even cure disease, but those benefits come at quite a high cost. According to Express Scripts, specialty drugs account for just 1% to 2% of prescriptions, but more than 40% of total drug spend in the U.S., stats that shine a light on the need for employers to consider a specialty-drug strategy.

In May, the Food and Drug Administration approved a new gene therapy for spinal muscular atrophy, a rare disease affecting infants and toddlers. Pharmaceutical giant Novartis has priced the one-time drug at $425,000 per year over five years. At $2.1 million for a full course of therapy, Zolgensma is now the world's most costly drug.

For patients, the benefits of these innovative drug treatments are clear: They improve quality of life, extend life expectancies and sometimes—such as in the case of Hepatitis drug Mavyret—even cure disease. However, insurance carriers and self-insured employers are struggling to figure out how they can possibly cover the astronomical cost of specialty drugs, which currently account for just 1% to 2% of prescriptions, but more than 40% of total U.S. drug spend, according to the *Express Scripts 2018 Drug Trend Report.* And that figure is projected to rise to 50% by 2020, reports the Pharmacy Benefit Management Institute.

Panic Mode

While they recognize the challenge posed by the high cost of specialty drugs, less than half of employers had enacted a specialty-drug strategy as recently as 2015, according to a survey by Mercer. A heightened awareness of the challenge of specialty-drug costs—a topic sure to be on the minds of many at the Health & Benefits Leadership Conference April 15-17 in Las Vegas—has likely resulted in a greater number of employers adopting strategies over the past four years, according to David Dross, managing pharmacy practice leader in Mercer's Houston office. However, he believes employers still feel there's not much they can do to get a handle on costs.

"It's the biggest issue in the pharmacy space, and employers recognize they need to take action, but they don't feel they have a whole lot of options," says Dross.

Paul Fronstein, director of health research and education for the Employee Benefit Research Institute, goes one step further, saying many plan sponsors and HR executives are in full-blown "panic mode" when it comes to getting their specialty-pharmacy spend under control.

"They want employees to get the right care, but they feel their hands are tied with regard to the cost of these medications," says Fronstein.

That feeling of panic isn't likely to ease up any time soon, as specialty drugs are accounting for an ever-increasing percentage of the prescription-drug business. According to Strategic Benefit Advisors, just 10 specialty drugs were available in 1990. Today, there are more than 300 on the market, with another 700 in the pipeline. That intensifies the need for employers to craft a specialty-drug strategy. Many are left to wonder if they should even try to cover such drugs or exclude them from the plan altogether.

"There are concerns around ethics. Do we cut off specialty at a cap? Do we give a lifetime amount? Do we exclude gene therapy because it's going to cost millions of dollars?" says Kelly Chillingworth, senior vice president and pharmacy practice leader at Lockton Cos. "Employers don't want to discriminate, but they don't see these costs as sustainable."

According to Fronstein, the easiest approach is to simply increase co-pays or deductibles. While he sees a great deal of interest in that strategy, Fronstein says, it's not an effective means of controlling costs because asking an employee to pay an extra $1,000 or $2,000 will do little to chip away at a $50,000 or $60,000 pharmaceutical cost—and may even damage employee morale or discourage employees from taking a necessary medication to avoid the hit to their pocketbook. The result is a disengaged, sickly employee who may cost the company more in the long run because their condition is left to fester.

Chillingworth has a few clients that have opted not to cover specialty drugs at all or only cover them if there are no other therapies available to treat a given condition. While that certainly is the employer's prerogative, Chillingworth says, Lockton doesn't recommend that approach. Fronstein concurs, adding that it's "going to be really tough to exclude" specialty drugs if they have been approved by the FDA, Medicare covers them and they have been deemed medically necessary by the prescribing doctor.

While she's seen other companies excluding or restricting specialty drugs to save money, Misty Guinn, director of benefits and wellness at BenefitFocus Inc., has a "strong stance" against the strategy, which she calls "short-sighted."

"The negative impact on employees' wellbeing comes into play and, in that sense, it's not allowing them to achieve better health and could lead to higher claims costs in the long term," says Guinn.

Still, Guinn recognizes the need to adopt an aggressive strategy for reigning in the cost of specialty drugs, which, she says, represented the largest growth area in medical and pharmacy benefits for BenefitFocus during the 2017-2018 plan year.

"Our ultimate goal is to prevent the ripple effect of high claims that drive overall healthcare spend at BenefitFocus," says Guinn. "Our primary strategy for accomplishing this is to identify the chronic conditions present in the employee base, identify the utilization and medication compliance by these employees and put specific programs and initiatives in place to educate employees and help offset the cost."

Low-Hanging Fruit

In her first year at BenefitFocus, Guinn instituted a strategy that employs a "step-up" approach, in which traditional, generic drugs are tried first. If the desired outcome is not achieved, providers are then allowed to step up treatment to incorporate specialty drugs.

BenefitFocus has also begun requiring pre-authorization to verify that a specific drug is medically necessary. According to Nadina Rosier, health and group benefits pharmacy practice leader at Willis Towers Watson, such pre-authorization and other utilization-management programs help an employer keep a lid on costs, while also ensuring a given drug is appropriate for a patient's specific condition.

"Ensuring the drug is clinically appropriate is the first key to managing specialty drugs because you don't want to pay for drugs that you know clinically are not going to work," says Rosier. "You don't want to use a drug for breast cancer that's only been proven effective for lung cancer."

In addition to pre-authorization, Chillingworth recommends plan sponsors consider requiring reauthorization, which she describes as "a newer thing in pharmacy-coverage land." Under reauthorization, employees will be granted six to nine months of coverage to determine if they are responding appropriately to the drug treatment. After that point, they must meet reauthorization criteria.

"We might ask for evidence that their viral load is dropping or their inflammatory markers are under control," says Chillingworth. "If we find that it isn't working, why would we want to continue paying for that drug indefinitely?"

Employers would also benefit from limiting the initial supply of a specialty drug to 30 days, according to Brian Marcotte, president and CEO of the National Business Group on Health. That allows sufficient time to assess not only the effectiveness of the drug, but to watch for side effects and determine whether a dose adjustment is needed for maximum benefit, while avoiding the waste that would come if the patient had been provided a larger supply of the drug from its initiation.

Lincoln Financial Group has adopted a multi-faceted specialty-drug strategy that also incorporates a pre-authorization requirement and a step-up approach, according to George Murphy, senior vice president of total rewards, HR technology and operations. Rather than starting a patient on a specialty drug "right off the bat," patients are started on a less expensive drug and then moved up "through the more expensive classes of drugs" if they are not achieving the desired result. This approach not only saves money, explains Murphy, it also results in more effective treatment for that particular individual.

"We want to make sure we are getting the most effective drugs into our employees' hands, not necessarily the most expensive ones," says Murphy. "The difference could be related to how a person metabolizes drugs in their system."

While some specialty drugs are taken orally, the majority are injected or infused, thus requiring administration by a medical professional. That opens the door for employers to practice site-of-care management, another promising cost-control strategy, as patients are encouraged or required to access treatment through less expensive providers. Lincoln Financial Group practices this strategy, which can result in significant savings. Chillingworth points to Remicade, commonly prescribed to treat certain types of arthritis, Crohn's disease, ulcerative colitis and chronic plaque psoriasis. She says the cost to administer the drug in an outpatient hospital setting is double the cost in an office setting.

"If you can incentivize or drive employees to have their drug treatment administered in an office setting instead of a hospital, you're going to save $5,000 to $10,000, which otherwise would have been completely wasted money," says Chillingworth. "There is so much low-hanging fruit where we can shave off some meaningful dollars by doing things that don't impact member access or quality."

Send comments or questions about this story to hreletters@lrp.com.

The Benefits of Covering Benefits

By Kathryn Mayer

I never set out to be an employee-benefits reporter and editor—does anyone?!—but, nearly nine years in, I can't imagine a beat I'd enjoy covering more.

In my years writing about the industry (I've spent the last few years as editor-in-chief of *Employee Benefit News*), I've seen a lot of action—everything from the passage of the Affordable Care Act to fluctuations in employer-sponsored healthcare to ongoing fears over healthcare costs. More recently, it's been about an exciting new crop of offerings. Dare I say that benefits are in and cooler than ever?

Though table-stakes offerings like healthcare and retirement remain vital components of a benefits package, a hot job market and an increased focus on employees' overall wellbeing and work-life balance are bringing more attention to such benefits as student-loan-repayment programs, generous paid-leave programs, caregiving and tuition perks. (And it's making my job a whole lot of fun!)

How much does this matter? Nearly everyone is an employee, and changing benefits are changing the workplace. This multifaceted industry is having a direct impact on millions of workers' lives, happiness and financial security. Benefits are at the heart of a job, and smart HR executives are taking note.

That's why I'm excited to join *Human Resource Executive*® to cover this beat and to chair *HRE*'s annual Health and Benefits Leadership Conference, which will take place April 15-17 in Las Vegas. In both roles, I hope to share my love of benefits, to tell stories that matter to senior-level HR leaders and to meet people who are eager to change the industry.

In the meantime, I'd love to hear from you. Please send story ideas, tips and comments to me (or just say hello!) at kmayer@lrp.com or find me on Twitter @ mayereditor.

The Health & Benefits Leadership Conference will take place April 15-17, 2020, at Aria Resort & Casino in Las Vegas. For more information, visit www.benefitsconf.com.

The Upward Trend Continues

The group of top-earning HR execs reported an 11.6% increase in compensation packages in 2018.

BY JEN COLLETTA

Editor's note: The year-to-year trends in this analysis and the accompanying chart are based on a recalibration of the 2017 HR's Elite list, which was revised after HRE *published the rankings last year in order to match the inclusion methodology employed in 2018.*

For the second year in a row, the average annual compensation package increased for the 50 highest-paid HR executives named in filings with the Securities and Exchange Commission in 2018. The average compensation increased last year by 11.6% to $3,643,324, on the heels of a 7.8% increase in 2017, and a decrease of 6.1% the year before that.

Topping the list was Philippe Krakowsky, executive vice president and chief strategy and talent officer, chairman and chief executive officer of IPG Mediabrands at the Interpublic Group of Companies Inc., who took home $7,800,456. He was followed by Abbot Laboratories' Stephen Fussell, who earned $6,685,518, and Mark James of Honeywell International Inc., whose total compensation was $6,546,808.

The 2018 HR's Elite list was culled from a universe of 267 former and current HR executives at Russell 3000 companies who were among the five most highly compensated officers in their companies and were therefore included in those organizations' filings with the SEC. (In 2017, 224 former and current HR executives made the cut.)

In determining the rankings, Equilar calculated total compensation as the sum of base salary, discretionary and performance-based cash bonuses, and the grant-date value of stock and option awards. (Benefits and perquisites were excluded from the calculation.) All compensation values were taken directly from the summary-compensation table for each company's proxy statement.

Like last year, all 10 of the top earners brought home more than $4 million.

"As the economy has done well over the past couple of years, that has benefited companies and their executives, whose pay is usually tied to company performance," says Courtney Yu, director of research at Equilar. "This is similar to trends that we see with CEOs as well, whose pay has also increased over the past few years."

The 2018 top 10 features four women. Overall, 56% of the top earners are women, compared to 50% in 2017 and 38% in 2016.

Yu notes a number of factors that could be at play in the diversifying of the list.

"As some executives step down over time, they may be replaced by someone of the opposite gender," she says. "In addition, the top HR officer isn't always one of the top-five highest-paid executives, so some of these executives might continue to be similarly paid in future years, but they won't crack the highest-paid list because they weren't one of the highest-paid in their own company."

Nancy Phillips, CHRO at Nielsen Holdings, was deemed the biggest winner, jumping from the 40th spot in 2017 to 16th last year, earning $4,290,209. Neil Marchuk, executive vice president and CHRO at Adient, dropped from second place in 2017 to 34th last year, earning $2,586,743; Marchuk resigned in February 2019.

Together, the top 50 earned $182,166,219, compared to $163,189,832 in 2017.

As a percentage of CEO pay, the average compensation for HR leaders was 39%, an increase from 32% in both 2017 and 2016. The average CEO pay in 2018 topped out at $13,482,785, compared to $11,887,974 in 2017.

All top 50 HR executives received full-value stock awards, up from 98% of the top earners in 2017. The average value of full-value stock awards increased 20.4% from 2017 to 2018, to $1,990,654. The prevalence of stock-option awards increased slightly from 54% to 56% between 2017 and 2018, while the average value shot up 16% to $432,649.

Fewer top earners received a bonus last year, with 88% taking home a bonus, compared to 94% in 2017. The average bonus decreased 4.6% between 2017 and 2018, to $639,633.

As for base salaries, CHROs earned, on average, $542,059 in 2018, compared to $534,859 in 2017 and $523,921 the year before.

On a per-employee basis, average HR-executive pay decreased to $696, compared to $747 in 2017. At the high end, Scott Milsten, senior vice president, general counsel, corporate secretary and chief people officer at e.l.f. Beauty Inc., earned $8,390 per employee. On the opposite end of the spectrum, Lowe's Cos.' Executive Vice President and CHRO Jennifer Weber earned $15 per employee.

The largest employer on the list was the Walt Disney Co., with 201,000 employees; its CHRO, Mary Parker, jumped four spots to the fourth position, earning $6,347,065. The smallest was e.l.f. Beauty Inc., with Milsten earning $2,324,096 and dropping 15 spots from the 2017 list.

The annual revenue for the top 50 companies averaged $15.6 billion, down from about $15.7 billion in 2017 and $16 billion the year prior. The average workforce size increased to 49,400 employees, up from about 44,720 in 2017, which also increased from 40,000 in 2016.

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HR's Elite

2018 Rank	2017 Rank	HR Executive	Title	Company Name	HR Total	HR Exec. Pay as a % of CEO Pay	Salary	Bonus	NEIP Payouts	Stock Awards	Option Awards	Other**	Total Employees	Revenue ($MM)
1	3	Philippe Krakowsky	exec. v.p. & chief strategy & talent officer; chmn. & CEO, IPG Mediabrands	The Interpublic Group of Cos. Inc.	$7,800,456	47%	$1,250,000	n/a	$3,528,125	$3,022,331	$-	$187,193	54,000	$9,714
2		Stephen Fussell	exec. v.p., HR	Abbott Laboratories	$6,685,518	31%	$620,000	n/a	$682,000	$2,691,621	$2,691,897	$97,779	103,000	$30,578
3		Mark James	sr. v.p., HR, security & comm.	Honeywell International Inc.	$6,546,808	36%	$774,231	$-	$1,080,000	$3,519,537	$1,173,040	$53,150	114,000	$41,802
4	8	Mary Parker	sr. exec. v.p. & chief HR officer	The Walt Disney Co.	$6,347,065	10%	$996,938	n/a	$2,100,000	$1,950,105	$1,300,022	$80,456	201,000	$59,434
5	7	Donna Kimmel	exec. v.p. & chief people officer	Citrix Systems Inc.	$6,213,952	33%	$446,250	n/a	$572,181	$5,195,521	$-	$62,193	8,200	$2,974
6		InaMarie Johnson *	chief people officer	Zendesk Inc.	$5,292,145	169%	$192,404	$50,000	$103,613	$3,192,750	$1,753,378	$102,522	2,700	$599
7		Tracy Keogh	chief HR officer	HP Inc.	$5,148,187	27%	$630,000	$-	$1,421,536	$3,096,651	$-	$39,800	55,000	$58,472
8		Alan May	exec. v.p., HR	Hewlett Packard Enterprise Co.	$4,954,029	39%	$590,000	$-	$1,296,525	$3,067,504	$-	$506,363	60,000	$30,852
9	12	David Johst	corp. exec. v.p., HR, general counsel, chief admin. officer & corp. secretary	Charles River Laboratories International Inc.	$4,857,518	36%	$650,509	n/a	$867,101	$2,682,666	$657,242	$411,881	14,700	$2,266
10	11	Steven Pelch	COO & exec. v.p., organization planning & development	Emerson Electric Co.	$4,590,560	31%	$550,000	$700,000	n/a	$3,340,560	$-	$80,130	87,500	$17,408
11		Brent Hyder	exec. v.p. & chief people officer	The Gap Inc.	$4,586,669	22%	$686,539	$-	$115,396	$3,354,430	$430,304	$170,141	135,000	$16,580
12		Patricia Wadors	chief talent officer	ServiceNow Inc.	$4,508,129	27%	$375,000	n/a	$271,560	$3,861,569	$-	$10,195	8,154	$2,609
13		Anne-Marie Law	exec. v.p. & chief HR officer	Alexion Pharmaceuticals Inc.	$4,449,885	27%	$650,000	$-	$910,000	$2,889,885	$-	$846,604	2,656	$4,131
14		Paulette Alviti *	exec. v.p. & chief HR officer	Mondelez International Inc.	$4,367,929	30%	$335,342	$500,000	$357,340	$2,837,324	$337,923	$48,673	80,000	$25,938
15	27	Adam Kokas	exec. v.p., general counsel, secretary & chief HR officer	Atlas Air Worldwide Holdings Inc.	$4,343,622	65%	$614,024	$-	$2,037,347	$1,692,251	$-	$171,375	3,275	$2,678
16	40	Nancy Phillips	chief HR officer	Nielsen Holdings Plc	$4,290,209	22%	$500,000	$-	$-	$2,490,207	$1,300,002	$27,885	46,000	$6,515
17		Kathleen Scarlett	chief HR officer & pres., U.S. retail stores	Best Buy Co. Inc.	$4,037,465	24%	$684,615	n/a	$1,444,451	$899,283	$1,009,116	$165,029	125,000	$42,879
18		Jill Larsen *	exec. v.p., HR & chief HR officer	Medidata Solutions Inc.	$3,991,071	39%	$275,897	n/a	$247,750	$2,967,424	$500,000	$167,111	1,998	$636
19		Ana White *	exec. v.p. & chief HR officer	F5 Networks Inc.	$3,847,404	56%	$280,380	$400,000	$166,933	$3,000,091	$-	$4,400	4,409	$2,161
20	25	Tracy Skeans	chief transformation & people officer	YUM! Brands Inc.	$3,739,022	28%	$664,231	$-	$824,766	$625,015	$1,625,010	$8,665	34,000	$5,688
21		Aimee Hoyt	sr. v.p. & chief people officer	Illumina Inc.	$3,707,979	34%	$435,348	$-	$371,910	$2,900,721	$-	$149,192	7,300	$3,333
22		Christine Deputy	chief HR officer	Nordstrom Inc.	$3,588,827	82%	$604,587	$-	$432,819	$2,551,421	$-	$86,153	74,000	$15,860
23		Brian Stolz	chief people officer	Activision Blizzard Inc.	$3,480,091	11%	$685,936	$-	$445,341	$2,348,814	$-	$53,472	9,760	$7,500
24		Shelley Milano	chief HR officer	L Brands Inc.	$3,319,090	93%	$849,846	$-	$996,408	$1,357,942	$114,894	$133,123	25,500	$13,237
25		Thomas DiDonato ◊	sr. v.p., HR	Lear Corp.	$3,253,425	34%	$671,875	$-	$467,625	$2,113,925	$-	$220,244	169,000	$21,149
26	23	Marcia Avedon	sr. v.p., HR, comm. & corp. affairs	Ingersoll-Rand Plc	$3,236,761	22%	$643,750	n/a	$736,527	$1,409,821	$446,663	$102,458	49,000	$15,668
27	15	Timothy Huval	sr. v.p. & chief HR officer	Humana Inc.	$3,150,985	20%	$590,921	$-	$857,427	$1,291,525	$411,112	$162,451	41,600	$56,912
28		Lisa Buckingham	exec. v.p. & chief people, place & brand officer	Lincoln National Corp.	$3,030,920	22%	$667,812	n/a	$1,022,036	$961,292	$379,780	$187,329	11,034	$16,424
29		Danielle Kirgan	exec. v.p. & chief HR officer	Macy's Inc.	$2,945,512	23%	$750,000	$-	$938,500	$777,018	$479,994	$199,471	130,000	$24,837
30	21	Linda Bradley-McKee	exec. v.p., HR	Aramark	$2,841,759	18%	$700,227	$-	$541,500	$1,120,024	$480,008	$55,634	180,000	$15,790
31	24	Jennifer Weber	exec. v.p. & chief HR officer	Lowe's Cos. Inc.	$2,783,812	20%	$615,000	$200,000	$166,850	$1,342,653	$459,309	$60,567	190,000	$71,309
32		Carmel Galvin *	sr. v.p., people & places, & chief HR officer	Autodesk Inc.	$2,726,803	30%	$361,539	$50,000	$289,026	$2,026,238	$-	$7,326	9,600	$2,570
33		Ernie Meyer	exec. v.p. & chief HR officer	Portola Pharmaceuticals Inc.	$2,709,863	47%	$156,153	$75,000	$48,600	$895,500	$1,534,610	$127,499	324	$40
34	2	Neil Marchuk †	exec. v.p. & chief HR officer	Adient Plc	$2,586,743	304%	$655,000	$400,000	$-	$1,531,743	$-	$348,010	85,000	$17,439
35		Elizabeth Whited	exec. v.p. & chief HR officer	Union Pacific Corp.	$2,547,371	20%	$438,958	$-	$608,000	$900,365	$600,048	$19,007	41,967	$22,832
36		Robin Kranich	exec. v.p., HR	Gartner Inc.	$2,544,614	22%	$475,405	n/a	$449,775	$1,133,573	$485,861	$39,967	15,173	$3,975
37		Jenny Brandemuehl	chief people officer	Chegg Inc.	$2,523,313	28%	$398,333	n/a	n/a	$2,124,980	$-	$6,125	1,087	$321
38		Anthony Webster	exec. v.p. & chief HR officer	Evoqua Water Technologies Corp.	$2,465,320	20%	$365,304	$635,000	$-	$1,200,015	$265,001	$31,428	4,000	$1,340
39		Kenneth Sawyer	sr. v.p., HR & comm.	Verso Corp.	$2,459,911	34%	$353,500	$124,950	$446,205	$1,535,256	$-	$102,581	4,400	$2,682
40	38	Daniel Smith	sr. v.p., organization & admin.	Owens Corning	$2,438,974	29%	$562,500	$-	$189,841	$1,686,633	$-	$95,648	20,000	$7,057
41	35	Robert Ravener †	exec. v.p. & chief people officer	Dollar General Corp.	$2,420,220	23%	$578,875	n/a	$416,595	$713,436	$711,314	$57,157	135,000	$25,625
42		Dennis Berger †	exec. v.p. & chief HR officer	AutoNation Inc.	$2,391,110	19%	$376,894	$-	$264,250	$1,749,966	$-	$286,398	26,000	$21,413
43	43	Kenneth Julian	sr. v.p., admin. & HR	Thor Industries Inc.	$2,367,472	16%	$500,000	$-	$633,065	$1,234,407	$-	$-	17,500	$8,329
44	44	Pamela Tondreau	exec. v.p., chief HR officer, chief legal officer & corp. secretary	Cypress Semiconductor Corp.	$2,329,746	33%	$373,461	n/a	$267,133	$1,689,152	$-	$3,770	5,846	$2,484
45		Maurice Harapiak	exec. v.p., HR & chief admin. officer	Cleveland-Cliffs Inc.	$2,329,288	16%	$426,000	$-	$1,243,866	$659,422	$-	$40,680	2,926	$2,332
46	31	Scott Milsten	sr. v.p., general counsel, corp. secretary & chief people officer	e.l.f. Beauty Inc.	$2,324,096	31%	$325,000	n/a	$-	$1,499,096	$500,000	$5,500	277	$267
47		Sharon Brunecz *	chief HR officer	Amedisys Inc.	$2,303,247	48%	$215,385	$60,770	$63,583	$1,179,407	$784,102	$137,492	21,000	$1,663
48	34	Mara Swan	exec. v.p., global strategy & talent	ManpowerGroup Inc.	$2,290,171	20%	$610,000	$-	$330,000	$1,080,150	$270,021	$67,788	30,000	$21,991
49	39	Pascale Meyran	sr. v.p. & chief HR officer	Capri Holdings Limited	$2,249,973	16%	$500,000	$-	$250,000	$1,299,963	$200,010	$12,213	11,096	$5,238
50	42	Anup Banerjee	sr. v.p., HR & chief development officer	Snap-on Inc.	$2,221,180	27%	$449,003	$-	$198,864	$841,521	$731,792	$48,508	12,600	$4,070

**THIS VALUE IS EXCLUDED FROM HR TOTAL
SYMBOLS ON EXECUTIVE NAMES: * NEW EXECUTIVE, † FORMER EXECUTIVE, ◊ NO LONGER HAS HR IN TITLE, BUT STILL WITH COMPANY

SOURCE: EQUILAR INC. (WWW.EQUILAR.COM)

The 2017 rankings noted on this list differ from those published in *HRE* in September 2018 because a new, broader methodology was used to determine this year's list. To show accurate comparisons, the 2017 rankings were reconfigured using this same methodology.

Learning by Example

Learning leaders are charged with overseeing the development of the workforce, but how are they tending to their own developmental needs?

BY JULIE COOK RAMIREZ

A mere generation ago, learning and development was a vastly different proposition. Except for those instances where "high-potential" employees were singled out to be groomed for executive positions, "training" typically involved a one-size-fits-all approach that saw employees herded into mass sessions where they suffered through boring presentations or watched outdated videos. Even hands-on learning opportunities were done by rote, rather than tailored to an individual's specific needs.

Driven by advances in technology and changing demographics, today's L&D landscape bears little resemblance to that which existed even at the arrival of the current millennium. Learning is increasingly individualized, mobile and on demand. At the same time, a shortage of skilled workers has led many organizations to hire based on soft skills, culture fit and a willingness to learn, rather than a resume full of relevant capabilities and experiences.

The result is a massive shift—from learning and development being a "nice-to-have" to an environment in which L&D leaders are playing increasingly pivotal roles in the success or failure of their organizations, according to Tracy Duberman, president and CEO of the Leadership Development Group. With the heightened importance of learning, Duberman says, today's chief learning officers are partnering with the CEO to align learning and development to organizational strategy.

"L&D leaders are facing unprecedented challenges and opportunities to do some really awesome work with individual contributors, emerging leaders, high potentials and leaders, as they respond to massive and significant changes going on in their respective industries," says Duberman. "The biggest push is for L&D professionals to create programs and services that help their organizations execute on future strategies. That requires playing at a higher level, as the stakes are higher for L&D executives now."

Rather than feeling bogged down by the increased demands, Laura Lee Gentry, vice president of talent and learning at Ultimate Software Group Inc., is invigorated and excited to be working in the current L&D environment.

"It's a very dynamic time for L&D," says Gentry. "Change is the new normal, and it's the responsibility of the learning organization to make sure that companies and their people are ready and able to adapt to the new future of work."

While learning and development has taken on a heightened importance, budget cuts and reallocation of resources have led many organizations to slash L&D staff. For Leah Minthorn, director of North American learning operations for Iron Mountain Inc., a data- and records-management company, that equates to the need to be skilled—and skill her L&D team—to serve as "learning consultants." Unlike the traditional role, in which L&D professionals served as "order takers," Minthorn strives for "consultative partnerships," in which she and her staff get to the root cause of a problem, offer the most appropriate solution and deliver on it.

"In today's environment, learning and development leaders need to be strategic, consultative partners who can really convince business leaders of the value of learning," says Minthorn. "The leader needs to engage with stakeholders to understand what makes the business successful and where there are gaps, so they can offer solutions for how L&D can make it even more successful."

Deeply Rooted

Responding to those heightened demands requires a different set of skills and competencies than was typically needed to deliver on organizational learning and development expectations, according to Michael McGowan, managing director and practice leader of leadership and talent at BPI Group. In addition to a thorough understanding of "the latest and greatest in terms of adult education," McGowan says, today's L&D leaders need skills around change management and organizational design, along with a deep foundation of business acumen.

"Business acumen is a key skill you don't typically think about L&D leaders having or needing but, as I talk to business leaders, it's what they crave," says McGowan. "They need [L&D leaders] to be able to understand how the business operates and, from there, introduce, create and buy the right types of programs that will help close skills gaps throughout the organization."

At Ultimate Software, Gentry credits her team's business acumen for its ability to be highly impactful, although she personally didn't have

to cultivate such knowledge as an L&D leader—she brought it with her. Before she began working in talent management in 2011, Gentry was a financial professional. She earned both her undergraduate and graduate degrees in finance and embarked on a professional career that included stints in finance at both Smith Barney and Bell South. While that experience gave Gentry a "leg up," she recognizes that other members of her team may not have the same advantage. To ensure that they, too, develop a deep business acumen, Gentry sees that they are embedded in the business, sitting at the table with leaders, hearing the challenges business leaders are dealing with on a day-to-day basis and responding with ways the L&D function can help. She also rotates members of her team throughout the business to give them "cross-functional understanding."

"If you're not delivering programs that are delivering value to the business, you are wasting your company's money," says Gentry. "The needs of the business are front and center for us, and all of our partners have to be serving a business need."

While Gentry came to the world of L&D already well-versed in the language of business, Minthorn has spent the entirety of her more than 20-year career in learning and development. She recognizes the need to align her team, resources and initiatives with the changing demands of the business. Admittedly, she doesn't have the "best financial acumen," but is constantly striving to bolster her knowledge by reading industry publications, watching TED Talks, and seeking advice and coaching from the senior leaders of the organization.

That intellectual curiosity is a crucial component for any L&D leader striving to stay up to date with emerging trends, says Minthorn. You don't have to be a subject-matter expert in everything, she says, but you do need to be "curious enough to understand someone's day to day" in order to make recommendations that will support their needs. Likewise, interpersonal skills, compassion, patience and understanding are critical to building the kind of relationships that will enable an L&D leader to create a collaborative environment, says Minthorn.

Connecting the Dots

With more organizations undergoing massive changes to better position themselves for future success, the learning and development function is further challenged—not only to retrain the workforce, but also to help the organization's current and future leaders develop their capabilities for leading during times of transformative change. Perhaps that is best epitomized by New York-based Phillip Morris International. More than 170 years after London tobacconist Philip Morris opened his flagship shop, the world's most successful cigarette company has decided to transform itself into a "science and technology-minded company, actively working towards a smoke-free future."

Overcoming this "massive challenge" requires a highly personalized, individualized approach to learning and development, according to Charles Bendotti, senior vice president of people and culture. Critical to the endeavor is communication, he says, as a major transformation entails helping people "connect the dots" to determine whether they have a future in the new organization and what skills are needed to take them there.

"We have to move from being an organization where we tell people what they need to learn to one in which people share their learning together," says Bendotti. "That requires knowing each person well enough in all aspects to clearly define what they need to develop in order to be successful."

While Bendotti relies in part on conferences and conversations with his peers to help inform him of trends in the L&D space, he stresses that he is "very careful" when considering what strategies to employ at his organization. That's especially true when it comes to technological solutions.

"What we are facing is very different from any other organization, so I'm not sure anyone can tell me what we need," says Bendotti. "What might be important for Facebook or Google might be very different for PMI. It's critical to do very introspective work to ask where we stand, where we want to go, where are the gaps and how can we move forward."

Indeed, while much has been made of tech-enabled learning, mobile learning apps and the introduction of innovations like artificial intelligence to the learning and development space, L&D leaders must be careful not to become too enamored of the "bright, new, shiny thing," according to Doug Lynch, senior fellow at the University of Southern California's Rossier School of Education in Los Angeles, managing director of StartED New York and author of *Evidence Matters: The Penn Handbook for Evaluation in Workplace Learning*. Rather, he says, they should focus on designing and facilitating increasingly individualized learning plans that combine an array of modalities.

At Iron Mountain, "roles and responsibilities continue to evolve," according to Minthorn, requiring learning leaders to create more adept L&D processes to keep up with the changing environment. Increasingly, that means a blended approach that incorporates newer technologies, along with traditional learning experiences and good old-fashioned coaching.

"The blended learning experience gives people what they need that's unique to their needs, as opposed to a one-size-fits-all model," says Minthorn. "You have to reach all their senses, so we start with e-learning, which is an overview of what they are going to experience firsthand in experiential learning, followed by on-the-job training and then ongoing coaching with a leader. That's critical to giving people the tools they need to be successful."

According to Lynch, L&D leaders are often amazing at developing others, but not necessarily the most adept learners themselves. Bendotti agrees, equating the situation to the saying "the shoemaker always wears the worst shoes."

"When you lead the learning function, you are very good at telling people what they should do, but you are not very good at learning yourself," he says.

Throughout his career, Bendotti has avoided that fate by considering himself a perpetual student and being eager to learn. He accomplishes this goal of continuous learning by putting himself in "not normal" situations, such as traveling to different countries and immersing himself in diverse cultures and learning their values and philosophies, which he then applies to his professional life.

At Ultimate Software, Gentry says, her L&D team avoids the "cobbler's children" scenario by employing the same rigorous learning approach it recommends to the workforce.

"We need our people leaders to be the best people leaders on the planet because we are growing quickly and it's very difficult to maintain a relationship-driven, family-feeling culture with that kind of growth," says Gentry. "We can't very credibly coach them on being great leaders if we aren't modeling great leadership ourselves."

Send comments or questions about this story to hreletters@lrp.com.

CASE STUDIES
IN HR EFFECTIVENESS

Addressing Gender-Pay Gaps During Annual Salary Planning

Overview

ALCAL Industries is Central and Northern California's largest independent electrical distributor. It is the parent company of Alameda Electrical Distributors and California Service Tool. The two subsidiaries have 12 branches and provide one of California's most respected offerings of electrical products, tools, tool-rental and repair services, safety equipment and project management.

Challenge

Prior to UltiPro, the company developed a compensation plan with bands and ranges for managers to apply to their employees, tied to specific employee ratings. However, because managers completed this salary-planning process manually on spreadsheets, they had difficulty comparing how their employees were ranked within the company's compensation system. In addition, HR was required to invest a substantial amount of time reviewing the data manually once it received the spreadsheets back from managers.

Solution

ALCAL sought to provide managers with the necessary visibility and insight to make the best pay decisions and selected UltiPro, going live in April 2018.

"UltiPro Compensation Management ensures that our managers understand our compensation plan and have clarity around the factors that drive it," says Courtney Paulsen, HR analyst at ALCAL. "As managers input their changes into UltiPro, they can see compa-ratios in real time and have instant visibility into all their employees. UltiPro's flexibility and analysis tools enable managers to identify pay disparities, even when men and women are in different roles with different pay ranges. Managers are able to make corrections when women's compa-ratios are falling at the low end, with recognition made easier because the performance ratings are also visible. As a result, managers can make better decisions, without relying on HR, and before HR runs its official analysis."

Paulsen notes that UltiPro makes the review and approval paths simple to set up, and the next level of management is also able to gain broad insights and easily compare manager worksheets.

"UltiPro Compensation Management expedited our compensation-management process, while at the same time elevating our conversation with managers about making decisions that are fair and consistent," says Paulsen. "HR is no longer viewed as an enforcer of compliance and laws, but rather as a trusted advisor regarding meaningful compensation decisions. UltiPro has made managers more sensitive to, and responsible for, a fair and equitable culture."

Results

According to Paulsen, UltiPro's Pay Equity report provides HR with the transparency to be more proactive with its annual compensation process and to ensure that any disparities that exist after the process are non-discriminatory.

"The Pay Equity report is highly visual, easy to use and simple to run because it is integrated into UltiPro Compensation Management," says Paulsen. "We can see easily if employees are falling outside of recommended ranges without having to move over to UltiPro Business Intelligence. Thanks to the ease of exporting data out of UltiPro, I am also able to run my own manual descriptive analysis, linear-trend analysis, forecast analysis and correlation matrix. Although I ran my own review outside of UltiPro, it returned the exact same results as Pay Equity."

HIGHLIGHTS

Organization: ALCAL Industries

Headquarters: Hayward, Calif.

Primary Business: ALCAL provides a respected offering of electrical products, tools, tool-rental and repair services, safety equipment and project management.

Challenge Faced: ALCAL developed a compensation plan with bands and ranges, but managers had difficulty comparing how their employees were ranked.

Case Studies in HR Effectiveness

How Aon Drives the Search for Top Tech Talent in the Digital Age

Digital transformation is changing how organizations operate, and CHROs have an opportunity to lead the charge. Creating a workforce for the digital age will involve defining new jobs and career paths. The case study below offers an example of how Aon partnered with an organization to re-engineer its rewards framework to attract and retain top talent in a competitive market.

Situation

A trucking and logistics company located in a small East Coast city had a strong company culture and attractive employee-value proposition. However, because of its location, the company faced difficulty attracting the talent it needed to move its business into the future. Employees with the right set of digital skills are already in high demand for companies across all sectors. Additionally, our client also faced unexpected competition for in-demand technology talent from a large telecommunications conglomerate headquartered in another city, which broadened the scope of peers our client traditionally viewed as competitors for talent.

Challenge

The company had previously hired mostly local talent but, with its industry facing digital disruption, it has become more dependent on technology. The business needed a workforce with strong skill sets in data analytics, cybersecurity and artificial intelligence. In order to find these skills, the company had to go to other locations outside of its normal target talent pools. Finding employees with these skills also meant the company needed to review its approach to rewards to attract new types of talent.

Solution

The company worked with Aon to completely reimagine and re-engineer its rewards framework from the ground up. Aon started by rebuilding the organizational chart using proprietary methodology, performing comprehensive data benchmarking for more than half of the company's jobs and then developing a new salary structure specifically to attract tech talent. Rewards opportunities for the types of new jobs the company was targeting differed in important ways from the client's traditional rewards plans. The analysis found that the company needed to offer higher pay for these jobs, as benchmarking insights revealed that the company simply wasn't offering market rate for the types of in-demand jobs it needed to fill.

Results

Beyond our approach to developing a new rewards structure for future jobs, the company also had an older rewards system in place that it found wasn't resonating with younger workers. These employees were typically drawn to factors such as a more dynamic employee-recognition program and greater opportunity for career progression. By helping the company reimagine its career framework and organizational structure, Aon was able to help it create a more compelling employee-rewards experience that attracted the type of talent it was seeking and engage its current workforce.

For more information about how Aon is helping organizations reimagine their rewards programs to identify, attract and retain top talent in the digital age, visit aon.io/DigitalWorkforce.

HIGHLIGHTS

Organization: A trucking and logistics company

Headquarters: A small East Coast city

Challenge Faced: Hire for new types of jobs to enable digital transformation and engage current workforce.

Solution: Revamp the current rewards plan and career framework to offer more competitive compensation and a more compelling total-rewards plan that meets the desires of a younger generation, as well as introduce flexible career paths.

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Keeping your Finger on the Pulse of Engagement

New survey products provide continual data on employee engagement. Here's how to make the most of them.

BY LARRY STEVENS

Like many companies, Nasdaq had been conducting annual surveys among all its workers to gauge employee satisfaction: Were they happy with how they were being compensated? Were they getting the training they needed and the recognition they desired? Did they see themselves remaining at Nasdaq?

The results rendered a clear picture of how well the company was engaging its workforce. But there was a big shortcoming with this method, according to Rich Taylor, vice president of employee experience at the company. "The data we got from the surveys weren't actionable," he says. Because the survey didn't pinpoint specific problem areas—teams, managers or departments, for instance—there was no way to help underperformers improve.

Nasdaq solved that problem using Culture Amp, a real-time survey product it launched at the start of this year that, Taylor says, makes it easy to conduct surveys and interpret results. Without much effort, the company was able to increase the number of surveys to four a year. Equally important, the data are more granular—indicating results to line managers. "Now, we can gauge employee engagement down to teams with as few as four people," Taylor says. He adds that he can actually get even more specific than four people, but that would threaten anonymity, which is essential to getting honest responses, according to all experts interviewed for this article.

Culture Amp is one of a number of real-time survey tools, which include Glint, UltiPro Perception, TinyPULSE and Deloitte EngagePath. These products facilitate the creation of survey questions; provide for survey cross-platform distribution; and, most importantly, create real-time graphical representation of the data using dashboards, heat maps, alerts, graphs and more.

The creation of the survey questions, facilitated by support from the vendor, Taylor says, adds an important dimension to the process. He can select questions from those provided by the software, which allows him to benchmark the company relative to other Culture Amp customers, and he can also get help in phrasing his own questions. For example, he discovered through this process that a question he intended to include could provide more meaningful results if asked as two separate questions.

Armen Berjikly, senior director of growth strategy for Ultimate Software, which makes UltiPro Perception, agrees that the wording of survey questions can be key to getting accurate results.

"People speak of things in different ways," he says. "Sometimes, that's a function of their position in the company, sometimes their experience." An entire survey, Berjikly says, can fail to provide accurate results because of a few misplaced words or sentences.

Distribution of the surveys is virtually automatic, and employees can access them on any device. Taylor says he keeps surveys short enough so that participants can complete them in less than three minutes. "If the surveys are too long, employees get tired and don't consider the responses carefully," he says.

Josh Bersin, global industry analyst, agrees that the standard annual surveys take too long to administer and for results to be compiled—and they rarely provide the information a company needs to solve its problems with employee engagement. Accordingly, many companies turned to outside consultants to administer the surveys and analyze the results.

"It could take months before companies got meaningful, usable data, if they got them at all," Bersin says. The new breed of products that provide both surveys and graphical interpretations are less expensive than hiring consultants, easier to use and provide immediate, actionable data. "Companies that need to gauge employee engagement should at least familiarize themselves with the capability of these tools," Bersin says.

Getting Managers on Board

For the implementation of a new survey solution to be successful, managers have to support it. Taylor acknowledges that, at first, some were worried that the tool might show faults with their management process. Once the rollout began, however, their worry turned to curiosity; they wanted to know how well they were doing.

"Before, managers had no way of really knowing what was in the minds of employees they worked with," he says.

In general, managers were pleasantly surprised at how engaged their teams were. Still, most managers found areas to work on. So, Taylor and other members of his department asked them to develop action plans to shore up areas of concern. "We asked them to prioritize one or two things that they would work on and hopefully improve before the next quarterly survey," Taylor says.

For example, if managers receive low scores from their teams on a question like, "I see good career opportunities at Nasdaq," they may hold regular one-on-one meetings with employees to discuss career paths at the company. Managers who are at a loss to determine how to fix a problem can also turn to the tool, which provides some suggestions. More importantly, managers can seek help from the company's employee experience department, whose members have expertise in solving employee-engagement challenges.

At Nasdaq, the primary purpose of the surveys is to help managers, not as a tool for evaluating managers' performance. However, Taylor says, he would be hesitant to recommend someone for promotion who consistently gets poor grades from those he or she supervises. He's also had to have a few difficult talks with managers whose teams struggled with engagement, asking if they think they are in the right position. "I suspect, as we move on and have more surveys under our belt, we will be having more of those types of conversations," he says.

4 Best Practices for Employee-Engagement Surveys

According to JD Peterson, chief growth officer at Culture AMP, architects of employee-engagement surveys should follow these basic principles:

✔ 1. Only survey as often as you can take action. It's not "survey fatigue," it's "lack-of-action fatigue."

✔ 2. When taking action, select one focus area, two actions and communicate the plan three times.

✔ 3. Democratize the concept of engagement. Share data, and be transparent about what you expect of others to build a culture-first company.

✔ 4. To build trust and support from end users, communicate your intentions for collecting feedback clearly and frequently.

Inclusivity is Key

Other companies use survey tools to help managers help themselves.

"We don't even see the results from individual managers," says Joan Burke, chief people officer at DocuSign, which has implemented survey product Glint. "Executives only see the roll-up results from all managers."

DocuSign gave all managers the ability to see their teams' survey responses, a practice Burke believes is essential to taking full advantage of survey results. When her previous company implemented Glint, she was a bit nervous about potential problems with the company-wide rollout of a brand-new product, so, at that company, she provided survey results only to people at the executive level. They reported the results were much easier to analyze than traditional row-and-column survey data, but they didn't always know how they could actually use the data to effect change.

Burke's experience with Glint at her former employer showed her that the "survey data were very interesting at a corporate level—and there are things you can do at that level—but they're limited," she says. Only when the company began including employees at the line-management level did it begin to see significant improvement in engagement, as measured by Glint.

So, when she implemented Glint at DocuSign, she says, "I wasn't going to make that mistake again." The company rolled out access to the software to all managers. She says the intuitiveness of the tool virtually eliminated the need for training, other than a brief introductory video. "Generally, I just tell people, 'Experiment with the dashboard. You can't break it.' "

Glint provides alarms to indicate areas that need work, but the specific actions managers take are up to them. For example, Burke found she was weak in the area of employee recognition, so she convened focus groups to hear specifically what workers felt was missing.

The tool itself can provide some suggestions, as can HR. At DocuSign, because of company expansion, a large number of people were moved into management, creating a population of managers with less than two years of experience. Accordingly, the company recently initiated a six-month manager-training program, which, Burke says, can include a focus on areas indicated as weak by the Glint tool.

ROI Implications

As with most technology rollouts, executive support is essential to success—which often hinges on demonstrable ROI.

Burke says the tool, in a sense, is self-justifying. "The traditional answer when HR is asked to justify the cost of a product is to say that, without the program, we would be in worse shape. But, with the tool, we can actually measure the benefit of it by comparing rolled-up data quarter to quarter," she says.

These tools can also be applied when seeking to measure effectiveness and improve specific corporate programs. For example, Andrew Bohacek, talent success manager at Duluth Trading Co., says his company uses UltiPro Perception to, among other things, fine-tune its 45-day onboarding process.

"Previously, we used products like SurveyMonkey, and that gave us a general idea of whether we were doing a good job of onboarding," he says. "But it didn't give us the granularity we needed to improve the onboarding program."

For example, if a training program was rated poorly, was it the medium in which it was presented? Was it the length? Was it too boring or too wordy? Was it sufficient? Was it too time-consuming? Says Bohacek, "It's great to hear that employees found HR was helpful—but what specifically did the employee like or dislike, and why? [These] were questions generalized surveys didn't always answer."

Now, using real-time data from UltiPro Perception, "We were able to completely revamp the onboarding program," he says. And while the company had been considering changes to the program even before getting the new tool, the surveys provided a roadmap. "We were no longer just trying things to see if they worked, with no data to actually determine scientifically if they were."

Duluth uses Perception to understand how employees are engaged after they complete the onboarding process as well. This is especially important since many of its workers do not sit in traditional offices, where there is regular interaction among managers and those who work for them. "Many of our employees work in a distribution center where they're pulling product and shipping, not having one-on-one talks with their supervisors," Bohacek says. In addition, many people in the customer-support area work from home.

In order to survey workers, Duluth passes around an iPad and also has kiosks around the distribution centers. The survey takes only a few minutes to complete. The fact that the workers don't identify themselves on the mobile devices—and, in fact, are not even using their own devices—gives them the reassurance many need that their responses are private. Once the survey is completed, heat maps show managers areas that the company needs to pay more attention to, such as compensation, recognition or training. Or, if problems show up in specific departments, there might be a need for leadership training of supervisors.

The ability for HR to gauge employee engagement continually, rather than once a year, is key in today's market, says JD Peterson, Culture Amp's chief growth officer.

"In today's fast-moving business environment, there is a lot of change," he says, noting mergers and acquisitions, expansions, contractions, promotions, new hires and exits all may affect employee engagement. "We need to be able to measure that effect continually, not just once a year."

Send questions or comments about this story to hreletters@lrp.com.

People

Compiled by Jen Colletta

American International Group Inc. has named **Karen Ling** as executive vice president and CHRO. She will lead the insurance organization's global HR department, with a focus on aligning talent strategy with long-term business objectives.

Ling was CHRO at Allergan for the last five years. She has also held HR-leadership roles at Merck & Co. Inc., Schering-Plough and Wyeth.

Ling has a law degree from Boston University and a bachelor's degree in economics from Yale University.

Ricardo Pravda is the new senior vice president and CHRO at *Catalent*, a global provider of advanced-delivery technologies and development and manufacturing solutions. Pravda held a number of positions at Catalent since 2005, most recently serving as vice president of HR for the company's 30 global sites.

Pravda has more than 25 years of experience across the HR function, including in talent acquisition, HRIS, compensation, succession planning, organizational design, performance management, acquisitions and divestitures. He has worked in HR leadership at companies such as Abbott Laboratories, Phillip Morris International, Nabisco International, BellSouth International and the Gillette Co.

He holds a bachelor's degree in business administration from Fundación UADE and a master's degree in HR from Universidad del Salvador.

Planet Fitness Inc. recently hired **Kathy Gentilozzi** as its chief people officer. In this capacity, she will oversee the fitness-center franchisor and operator's HR strategy, including talent acquisition, organizational development, employee engagement, benefits and compensation.

She has more than 30 years of HR experience, most recently as executive vice president of HR at FULLBEAUTY Brands. Gentilozzi previously held HR-leadership positions at Aeropostale, Macy's and the May Department Store Co.

Gentilozzi earned a bachelor's degree from Eastern Connecticut State University.

Michelle Nettles has been named chief people and culture officer at global workforce-solutions company *ManpowerGroup*, tasked with leading HR and culture across the organization's 80 countries and territories and its family of brands and functions.

Nettles comes to ManpowerGroup from Molson Coors Brewing Co., where she spent 20 years in various leadership roles, most recently as chief people and diversity officer.

She holds a law degree from the University of Wisconsin-Madison and a bachelor's degree from Florida A&M University.

Vestmark, a wealth-management partner that provides an SaaS platform, recently announced **Nick Thurlow** as its chief people officer. Thurlow will be responsible for all HR strategy, including talent management, employee engagement, total rewards and organizational development.

Previously, he was vice president of HR and public affairs at global energy company InterGen Services Inc. He also spent 15 years at Comverse Inc. in various leadership roles, including as vice president of HR, and also worked at Boston Technology and Cabletron Systems.

Thurlow has a master's degree in business administration from Boston College and a bachelor's degree in management, economics and sociology from Hartwick College.

Jewelry company *Pandora* appointed **Erik Schmidt** as its new CHRO.

Schmidt comes to the company from the CHRO role at Britax, a manufacturer of child-safety products, whose previous CEO, Alexander Lacik, became the CEO of Pandora earlier this year.

Schmidt has worked in HR leadership at global bank HSBC, Avis, General Electric, LEGO and Diageo.

He earned a bachelor's degree in commerce from the University of Edinburgh.

Phil Ulrich was recently named chief HR officer at *Flex*, a manufacturing-solutions provider.

Ulrich previously was senior vice president of HR for the electrical sector at Eaton, a global power-management company, and also worked at Cooper Industries Honeywell International.

He earned a master's degree in industrial/organization psychology from Clemson University and a bachelor's degree in psychology from Presbyterian College.

Data-intelligence company *Teradata* recently announced **Kathy Cullen-Cote** as its new CHRO. In this capacity, she will focus on workforce planning, talent management, learning and development, and employee experience.

Cullen-Cote has more than 30 years of experience in HR, most recently as executive vice president and CHRO at software company PTC. Previously, she held leadership positions at Johnson & Johnson, Raytheon, Imark Communications and Barry Controls.

By The Numbers | Figures from the workplace and beyond

COMPILED BY *HRE* STAFF

$183.8 million

The amount recently awarded by the Department of Labor to private-public apprenticeship partners to increase career opportunities in IT, healthcare and advanced manufacturing.

Source: Department of Labor

159%

Percentage increase in the number of remote workers in the U.S. since 2005.

Source: Global Workplace Analytics/FlexJobs

49%

Nearly half of surveyed employees say they are investing in themselves by learning about artificial intelligence (e.g., machine learning) because their companies don't provide training.

Source: Randstad US

37%

Percentage of employers that have loosened job requirements in order to recruit talent; 72% of these companies have done so within the last year.

Source: Adecco USA

2.8%

The increase in average compensation for U.S. civilian workers between 2018 and 2019.

Source: Bureau of Labor Statistics

27%

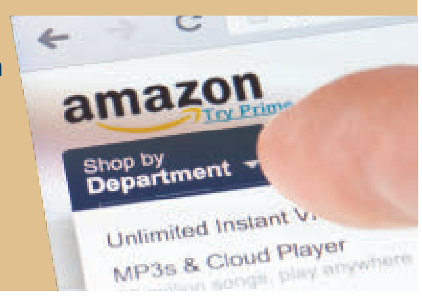
Percentage of employees who said their organizations are using technology well to better attract and retain top talent.

Source: Next Concept HR Association/Waggl

$700 million

Amount that Amazon plans to spend upskilling 100,000 employees by 2025.

Source: Amazon



One-third

Proportion of workers who go without needed healthcare because they can't afford it; this can increase the number of sick days they take by 70%.

Source: Integrated Benefits Institute

$3.1 billion

Amount that global HR-technology venture capital reached in 2018, more than triple the amount invested the year before.

Source: The HR Federation


SET YOUR SIGHTS ON JOBS OF THE FUTURE
As business leaders grapple with big-picture questions prompted by the digital economy, they must focus their vision on workforce planning. With Aon's help, HR leaders can see what talent issues are ahead and how to anticipate future workforce needs.
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