Gaining Competitive Advantage through Human Resources Management

An Overview

Executive Roundtable Series
March 1, 2005
Gaining Competitive Advantage through Human Resource Management

Thought Leadership Summit on Digital Strategies
An executive roundtable series co-founded by the
Center for Digital Strategies at the Tuck School of Business and Cisco Systems, Inc.

The Thought Leadership Summit on Digital Strategies recently convened for the ninth in its series of roundtables. This discussion focused on approaches to leveraging human resources strategies, capabilities and systems for competitive advantage in global organizations. The sessions included business leaders and academics from Cargill, Cisco, Eastman Chemical, Eaton, Emory University, Hasbro, IBM, Sysco, and the Tuck School of Business at Dartmouth. The summit was moderated by John Gallant, editorial director and president of Network World.

Key Insights Discussed in this Article:

- The human resources (HR) function is at an inflection point: It must reshape itself to deliver the strategic value that today’s business environment demands and refocus its energies to become a change catalyst and leader.................................................................2, 9
  HR is in a position to shape corporate culture, spread best practices, and drive enterprise-wide consistency of important shared values and messages.

- HR and IT must jointly leverage technology and their unique cross-enterprise views to enable companies to become increasingly flexible and adaptable, drive enterprise-wide transparency, and provide ‘high-touch’ experiences where and when they are really needed....................5, 10
  Information technology is enabling “digitization” of routine transactional processes and event management, at the same time providing all levels of the enterprise more data about its human capital than ever before.

- Talent management and development is a high leverage opportunity for HR.........................4
  HR can play a major role in creating a performance and accountability culture via compensation systems, opt-out programs, recruiting, and continuous learning processes. Technology offers tools to do this more effectively and efficiently.

- Both HR and IT can benefit from sharing ‘embedded’ talent with each others’ organizations and with other business functions.................................................................6
  Cross-pollination of managerial talent and perspectives can help increase understanding, cooperation and goal alignment.

- Self-service HR systems, when well designed, can deliver benefits beyond increased capacity and efficiency .................................................................8
  In addition to empowering employees and managers, IT-enabled systems can also deliver new managerial insight by aggregating and leveraging data that were previously inaccessible. Self-service HR systems should be event-triggered, workflow-driven and role-based whenever possible.

- In making outsourcing and automation decisions, HR must consider both corporate efficiency goals and the strategic benefit of ‘high-touch’ customer and employee experiences.................7
  Executives must understand what’s strategic and value-added to the business and what’s not, and let those distinctions drive the design of new processes and programs.
Introduction

The human resources function is at a crossroads, as new technologies create opportunities for more strategic leadership in the management of human capital and corporate culture, while commoditizing some of HR’s traditional administrative functions.

What’s the strategic vision for HR in today’s large organizations? How can HR proactively help drive business results and business transformation? What are best practices in global talent management, self-service HR systems, and outsourcing? Who is the customer for HR? How can HR and IT work together to further the corporation’s business goals? A broad discussion of participants’ experiences and views yielded some compelling insights and best practices.

The Strategic Role of HR

In the opening session, participants discussed the leadership opportunity for HR and how they are proactively moving HR toward a more strategic role within each of their organizations.

Cisco’s Hollie Castro began by saying she saw HR’s potential as a change catalyst, to “create a sustainable supply of P/E enhancing talent,” and to support “future growth in markets that we want to be in that we’re not in today.” Castro recounted a recent experience analyzing profit models and their HR implications with Cisco’s executive team. “That’s a very different conversation for HR than most people were used to,” she said.

“HR used to be very transaction oriented, very much a cop role,” added her colleague Bill Souders. “That’s not [true] anymore, [HR] really needs to be an enabling function.” Souders said he thought preserving and evolving company culture—“the thing that glues together behaviors and expectations”—was a crucial strategic role for HR. Emory University’s Maryam Alavi added that to be a catalyst for strategic change, HR would need to focus on creating a work environment that promotes continuous learning. “That’s really completely different” from the traditional HR task and mission, she noted.

Eaton’s Bob Sell and Sue Cook highlighted workforce performance management as a key strategic contribution. “Our CEO has adopted HR as the practice that is going to help us win in the future,” said Sell, including “innovative programs ranging from performance management to talent development.” Technology can enhance HR’s strategic role by helping speed cultural change, added Cook.

So what are the obstacles to a strategic role for HR? Silos can create challenges for anybody trying to drive consistency and change across a global corporation, noted Hasbro’s Bob Carniaux. Hasbro grew as a result of numerous acquisitions, he noted, with heterogeneous teams, cultures and processes left in place. “A major part of my job is trying to coalesce this confederation,” said Carniaux. “There should be some common DNA across the organization.”

Carniaux highlighted the importance of cross-silo communication by telling the story of a successful Tonka Toy truck that missed its profitability targets because it had to be retrofitted after the fact with country-appropriate packaging due to lack of up-front communication during product development. “I don’t know whether we’re catalysts for change as much as we are nurturers of change within the organization,” said Carniaux, pointing to HR’s efforts to get the whole company on the same page about financial goals, to develop better communication channels through a global leadership development program, and to help top management confront difficult strategic issues.

“I think the biggest turning point for us was building up credibility in our management ranks,” explained Carniaux. “Some of the most important conversations we need to have are when we go into the CEO’s office, or the head of a business unit, and we’ve got to tell the emperor he has no clothes on.”
IBM’s Bruce Anderson cited business-model specific challenges HR must face, such as the demands of a
talent-intensive, high attrition rate service business. “Our business has shifted from ten percent services to
sixty percent services,” explained Anderson. “It’s just staggering when you think of bringing all those folks in,
getting them into the culture, making them productive.” HR’s key challenge, he said, is “getting aligned
with the business strategy so we’re not looking for yesterday’s people, we’re looking for tomorrow’s
people.”

Other challenges cited by participants included ensuring consistency across the enterprise, and pacing
culture change efforts to the organization’s capacity. “You’re going to run way too fast for part of the
organization and way too slow for the other half,” said Cargill’s Jody Horner. “So how do you bring people
along at a pace that’s acceptable to the organization but allows the majority to follow?”

Tuck’s Eric Johnson provocatively asked whether HR gets enough respect to be a strategic contributor in
most organizations, noting that surveys find only a minority of HR executives view themselves as strategic,
and that HR’s slice of IT spending typically hovers at only about one percent. “There’s a disconnect there,
how do you address that disconnect?” asked Johnson.

Sysco’s Susan Billiot suggested the answer is to get the business to clearly understand the tie-in between
HR initiatives and financial outcomes. She told of working together with Sysco’s marketing department to
do simultaneous surveys of the company’s employees and customers, which revealed a clear link between
employee and customer satisfaction at Sysco’s various divisions. “When the chairman of the company
stands up and starts talking about this,” said Billiot, “then they look around and say, ‘so, it’s not just that I
need to be nice to people, but Bob is making more money than me.’ It’s not HR for HR’s sake but it really
does drive and support their business objectives.”

How do you measure the ROI of strategic HR? Participants were divided, with some pointing to hard-dollar
 savings and gains from greater effectiveness and better compliance, and others indicating it’s neither
 possible nor appropriate to try to financially quantify the value-add of strategic HR programs. “I get kind of
 concerned when we try to get everything down to dollars and cents,” said Hasbro’s Bob Carniaux, recalling
 a scorecarding exercise years ago which looked only at ‘rear-view mirror’ metrics like dollars per hire.

Sysco’s Twila Day noted that some areas like e-learning and task automation are more conducive to hard
ROI measurements than others like talent development and retention. “There are some quantifiable
measurements you can put into place,” she said. “I think it depends on what you’re talking about.”
Hasbro’s Carniaux suggested looking at multiple hard and soft metrics, including how many good people
are getting recruited away from the company. “As the head of HR, one of the worst things you can have is
no headhunters calling your organization for your people.” Other participants suggested looking at a range
of value metrics over time including productivity improvements, performance ratings, and retention rates.

IBM’s Richard Stanger, while agreeing that seeking an overall ROI for HR often doesn’t make sense,
suggested putting a cost case together for each strategic HR initiative, and trying to bake in measurements
which can be used to create accountability over time. “I should track longitudinally what peoples’
performance ratings are, what their promotions are, and whether they’re part of successful teams, and be
able to prove that I added real business value,” said Stanger. “You can come up with a lot of examples
where you’re demonstrating that you’re being successful. That, to me, is how you measure the strategic
value of HR.”

Talent Management and Building Performance Cultures
A major theme of the day was HR’s potential to help create positive business outcomes via programs for
talent development and management, and by working to create a ‘culture of performance.’ Several
participants cited talent planning and development programs as key strategic leverage points for HR, and went into detail describing how they had structured such programs.

“We’re getting better visibility to the pool of talent that we have,” said Hasbro’s Doug Schwinn, describing an HR-driven program to identify and develop internal management talent. “For the first time over the last couple of years we really had a good baseline with all of the senior management across the world in all of our divisions, where before they only had progression within their own organization.”

Eastman Chemical’s Edna Kinner spoke of developing a broader ‘leadership pipeline’ to replace its traditional succession planning process of using an outside vendor to conduct management assessments, and of technology-enabling the talent management process so leadership development could be mapped to a database of development activities and competencies. And Eaton’s Sue Cook described her company’s executive development program for exposing key leaders globally to the ‘Eaton Business System,’ and to outsiders’ views of the company. “We were trying to move into an integrated operating company model… it’s turned out to be a very good ‘Eatonizing’ program,” she said.

Richard Stanger described IBM’s elaborate, highly technology-enabled talent development processes which enable the company to assess and track talent on both a bottom up and top down basis. “We’ve devoted a lot of effort to this whole process,” said Stanger. “Everything except decision making and the communication is automated. It’s a combination of performance appraisal and individual development plans, and the degree of execution against those plans is taken very, very seriously.”

Stanger said the automation has enabled execution to be pushed out to management, supported by a ‘pretty thin’ line-embedded HR team. “There’s a lot of management time diverted to pulling this off,” Stanger explained, “to really making a commitment to tagging people, learning about their development, seeing that the development opportunities happen, and making objective assessments about who will be elevated and who will be dropped.”

Key benefits, Stanger noted, include the ability to track the success of the program and the extent to which people realize their potential. “We also cut this by geography, by diversity, and by performance rating, because we really want to able to see correlations all over,” he added. “And we can know which managers are good at driving process and making it work.”

Bill Souders echoed the theme of managerial accountability, noting that a similar program at Cisco gives visibility into how managers are making their decisions, for example on incentive compensation. “People will know the fact that you’re peanut-buttering the company in bonuses, you’re not moving people around, and so forth. We’re not building the rules into the system per se, but you’re making the information visible, creating a common language about performance.”

Souders cautioned however that HR needs to make sure the talent management tools don’t become the process. “We’re right on the edge of that, trying to figure out how to take it to the next generation. It needs to be an enabler… if you start leading with the technology before you’ve really thought through the business practices, you get yourself down a blind alley.”

Several participants said that as a prerequisite to building a performance culture, companies should weed out the weakest performers through so-called “opt-out” programs so they don’t siphon off management bandwidth. “You can’t treat [people] all the same because you’ll wind-up not being able to target enough of what you can do for the folks that are important,” explained IBM’s Bruce Anderson.

“You play the hand you’re dealt,” indicated Eaton’s Sue Cook. “We needed to upgrade the workforce, and
we did not have a culture based on accountability and giving honest feedback. Eaton was at the extreme of nobody ever was fired for performance, nobody ever left. So, we’ve put in an ‘opt out.’ The person gets to take the money and hit the road. It’s going to build accountability into our organization.”

On the topic of incentive compensation, the group seemed to agree that the devil is in the discipline of creating incentive programs linked to personal performance commitments. “We do audits on those commitments looking for quality and stretch” explained Eastman Chemical’s Edna Kinner. “The commitments are the results, and we’ve also added behaviors, those that we felt we had the biggest gaps in. I don’t look at this as an HR process… I look at this as a management process; it’s a business process that helps you make your results.”

Hasbro’s Bob Carniaux raised the issue of getting management to enforce performance compensation consistently—describing one bad year where top management was ready to pay itself big bonuses but pulled back when HR pointed out the signal it would send to the organization. “That was the big wakeup call to everybody… you’ve got to make a statement at some point in time,” said Carniaux. “We’ve spent a tremendous amount of time on getting our management team to walk the talk.”

And Tuck’s Len Greenhalgh questioned the whole concept of linking incentive pay with accountability, noting that Japanese executives who come to the U.S. are often taken aback to find that U.S. companies would give incentive pay to somebody “for something they were supposed to do in the first place.” What the Japanese say, said Greenhalgh, is “when we hire somebody we expect them to do the absolute best they’re capable of, and that is normal performance.” Eaton’s Cook agreed that the bar must keep rising on performance. “You can’t have a goal that’s doing your job… a goal is what are you going to do to change something, or improve it, or be different.”

**The HR + IT Collaborative Leadership Opportunity**

Given the similarities and interdependencies between HR and IT—and the horizontal view that both have across the entire organization—participants discussed what that relationship looks like today and how it could be better leveraged to offer proactive leadership and drive business results enterprise-wide.

“I think IT and HR are really kindred spirits,” noted Hasbro’s Bob Carniaux. “We’re each other’s customers, as well as collaborators within the organization. We find ourselves both fighting for a seat at the table in terms of corporate priorities, both struggling to figure out what it means to manage our respective functions on a global basis.”

“We look at the CIO role also as a much broader leadership role in the company,” said Cargill’s Jody Horner. “Rita [Heise, Cargill’s CIO] has even been championing and teaching some of our leadership programs. I think there’s a partnership there as it relates to broader leadership and talent management issues.”

Cisco’s Hollie Castro said that while she thinks HR/IT collaboration has been strong, she’d like to see it extended to other parts of the organization. “Where I’d like to see it improve,” said Castro, “is our ability to drive business strategy in conjunction with finance. We view it as the triumvirate, the three legs of the stool. We’re the three functions in our corporation that have the ability to see all the way across.”

Others spoke of how they have improved the relationship dynamics between HR and IT. “We actually view IT as our customer,” said Sysco’s Susan Billiot. “We tend to back off sometimes on asking for something because I know all the other things that they’re trying to do. I’d like to move to a point where we get them involved more on the front end when we start on a project, rather than as an afterthought.”
“Our HR Department has been one of the most progressive departments,” said Eaton’s Bob Sell. “What we’re [IT] focusing on now is trying to move from an order-taker role to more of a business partner role. So, if we can’t provide the services, then we’ll partner with Sue [Cook] and her team to get the appropriate services [from the outside].”

Several participants said they’ve found sharing talent between IT and HR to be a best practice for collaboration. “I have one of Bill’s best and brightest that reports on my staff now, and that’s been a key tenet of how we’ve built the teams,” said Cisco’s Hollie Castro.

“I have an HR manager who is really on my staff, and that person doesn’t come to IT with an agenda,” said Eastman Chemical’s Jerry Hale. “The HR manager goes back to the rest of HR and is an advocate for IT to help us achieve our mission and help us stay aligned with where corporate HR wants to go. That brings a lot of value to me, and I don’t feel like HR is trying to tell me how to run IT.”

When asked what capabilities HR would most like IT to deliver to them, participants gave a range of responses centering around data: better integration of talent-related data in different systems, better access for managers to global data, and better metrics and reporting. “We have a global database, a single instance of Oracle,” said Eaton’s Sue Cook. “And it takes an act of God to get data… the reporting tools are terrible.”

“We’re in the midst of a global goal to deploy a standard HR footprint,” acknowledged Hasbro’s Doug Schwinn. “…we’re using a lot of effort and emphasis to put that infrastructure in place.”

Participants also described numerous successful initiatives which resulted from IT and HR working together. Sysco’s Susan Billiot and Twila Day described their company’s ‘best business practices portal,’ which lets managers share operational knowledge across divisions, and also a new applicant tracking system which has reduced cost per hire by 75 percent. In addition to the information sharing benefit, explained Day, the system gave users an avenue for cross-company communication that they’d never had before. “It does allow people to have peer-to-peer contact, she said. “It’s actually opening up the doors from a human perspective.”

Hasbro’s Bob Carniaux described a series of projects executed with IT, including a global, multi-language employee survey capability and a global communications platform. “We can virtually zap [content] around the globe so that everybody gets the same message at the same time,” said Carniaux. “Technology has really become not an afterthought, but part of the strategy whenever an important corporate announcement has to get out.”

Cargill’s Rita Heise mentioned a reverse auction system for the company’s benefit providers—developed collaboratively with HR and Procurement—that enabled “real bottom line improvements.” Eastman Chemical’s Kinner described two collaborations underway with IT to better mine, aggregate and leverage HR-related data such as medical cost information and workforce planning data. “We’re developing a projection model to do strategic staffing based on projection,” Kinner explained, “to say these are the type of skills we’re going to need at this point.”

IBM’s Bruce Anderson described a successful internal resume indexing project which lets managers instantly identify which of 150,000 employees have rare combinations of expertise—say a ferrous metals expert with ERP experience—and check their availability. “A lot of it was really just leveraging what we already had,” explained Anderson. “You know, the cost data on the people was in one system, and the resumes were in another system… it just wasn’t being used the way it could, and IT really came up with the solution.”
Gaining Competitive Advantage through Human Resources Management

Outsourcing
Outsourcing is a top-of-mind issue for both HR and IT these days, and participants shared thoughts on what to outsource, best practices for outsourcing, and how outsourcing will change HR’s role over time. Top reasons cited by the group for outsourcing HR functions such as benefits administration included tapping external domain expertise and capabilities, cost efficiencies, and ensuring consistency and process standardization across the company.

“We’ve tried to either e-enable or outsource administrative type roles,” explained Eastman Chemical’s Kinner. “We made a decision two years ago that doing retirement counseling, for example, was not core. We’re on a journey… what was core three years ago we may not consider core any more. Our benefits department has gone from 25 to 13 in the last three years.”

“We’ve had this strange hybrid of insource and outsource,” said Carniaux, noting that both technology infrastructure and cultural issues have limited Hasbro’s ability to outsource. “We do outsource open enrollment benefits, but we don’t outsource benefits administration per se. We grew up as this family run business, and we struggle with the issues of high-touch versus high-tech in terms of what we outsource and what we don’t.”

Cook said that outsourcing has enabled Eaton’s HR team to better enforce consistency and compliance across traditionally decentralized locations. “We had to have a way to protect the company on some of these key processes,” said Cook. “With 120 locations, you can’t keep their knowledge base up with what they need to know to run things well, for example on employment, affirmative action planning, relocation, and ex-pat administration.”

Several participants suggested that those HR functions which could provide some core business or strategic advantage shouldn’t be outsourced. “We’ve been very selective on areas that we outsource,” said Cargill’s Horner. “We’ve tried to build our internal capabilities in most cases—we probably have a bias not to outsource.”

“I don’t ever want an Eaton manager to call a third party to get advice on firing somebody,” agreed Cook. “It’s a decision you get to as a result of your values. It’s what creates your culture. Every time you have one of those discussions with a manager they learn something. How do you give that to somebody outside of the company?”

Regarding outsourcing best practices, several common themes emerged, including the value of writing detailed specifications, working with best-of-breed providers, simplifying processes before you outsource them, and maintaining a focus on internal clients and goals throughout the whole process. And finally, “don’t outsource just to cut costs, outsource to get [additional capabilities] that you want to get,” advised Eaton’s Bob Sell.

Participants discussed the importance of finding a middle ground between working with numerous best-in-class outsourcing vendors, which costs more, or working with a single-source vendor who will not likely provide top-notch capabilities across the board. The market hasn’t yet matured to the point where single-source works, participants agreed, but pushing for consolidation and standards makes sense. “It’s a balancing act between the risks associated and the gains that you get through more consolidation,” explained Cisco’s Hollie Castro.

On the whole everyone seemed to agree that outsourcing offers an opportunity to change HR’s role for the better. “I think role clarity and focus are two of the benefits we got when we reengineered our HR function about five or six years ago,” said Cargill’s Jody Horner. “We did a pretty massive change-out of HR
capabilities, and for business leaders the biggest change was they didn’t know what they didn’t know. If they didn’t have a good HR business partner, they didn’t know what they were missing. Once you got someone in there with the right skills, the sky’s the limit.”

“We’re creating organizational room to be able to trade up,” echoed Cisco’s Hollie Castro, referring to the freeing up of HR bandwidth to focus more on adding business value and driving organizational change. “By successfully outsourcing some specialties,” added her colleague Bill Souders, “we’re moving from a model of a collection of [HR] specialists to a much more highly skilled generalist population.”

**IT-enabled and Self-Service HR Systems**

Like outsourcing, the topic of self-service and IT-enabled HR systems has broader implications for the role and strategic effectiveness of HR. In two separate breakout groups, participants discussed the current state and future potential of self-service HR systems. They spoke of their experiences deploying self-service and IT-enabled systems for a variety of HR functions, including benefits enrollment and processing, training and best practices sharing, recruiting, employee communications, talent management and compensation planning.

Participants identified a long list of potential benefits from these systems including cost-savings, speed, convenience, control, flexibility, increased productivity, better reporting, greater accuracy and consistency, and empowering and expanding the capacity of employees, managers, and HR staff. “I think there is a broader agenda around employee self-service that says, [it’s] how do I as an employee do my whole job, [it’s] not just about managing my employee data,” said Cargill’s Heise.

Yet there was a lot of discussion around what it really takes to achieve the benefit of self service. Cisco’s Souders noted that in the course of implementing self-service many HR departments downsize, and essentially push administrative work back to employees. “People take [self-service] as the code word for dump more work on my desk,” said Souders. “So, another way we’ve been talking about it is really accountability to the desktop… here are the expectations, here are all of the tools that you need to make the right decision.”

“I think it’s very easy just to reallocate work and not really digitize it or improve it—there has to be value add or why would you do it?” said Eastman Chemical’s Jerry Hale. “For us it was the ownership piece,” responded Cargill’s Heise. “People being personally responsible for their information, for their data, for the flow of how that information is put in place.”

Participants agreed that self-service systems must be event-triggered, workflow-driven and role-based to be effective, in addition to being well designed, intuitively easy to navigate, secure, and remotely accessible. Additionally they should provide ‘one-stop shopping’ access to the right data and knowledge bases.

When asked by moderator John Gallant for the arguments against self-service, the group raised several issues centered around the loss of so-called ‘high-touch’ human interactions. “You can get to the point where you’ve depersonalized so much that there no longer seems like there’s a service orientation to what you’re trying to do,” cautioned Sysco’s Twila Day. “From an employee’s perspective I want to make sure that the company cares about me as an employee.”

“Is self-service fundamentally at odds with high-touch?” asked Gallant. “We use high-touch for strategy and change,” responded Eastman’s Hale. “We want high-touch in terms of communicating our ethics program, and talking about our business philosophies,” added Eaton’s Sell, “but not high-touch for paper processing.”
Tuck’s Eric Johnson mused that higher-touch HR service could become a differentiator in the future that companies would use to compete for scarce talent and better employees. And Hasbro’s Doug Schwinn proposed that companies do some market research on self-service to find out. “You need to involve employees, and do some surveys, and see if it works.”

Schwinn also noted that a generational shift is underway where younger employees are more willing and even eager to interact with technology. “There’s a change in demographic here, there was a resistance demographic before,” said Schwinn. Tomorrow’s employees, he added, are more likely to view technology as a way to get something done quickly rather than a barrier to human contact.

Emory’s Maryam Alavi, echoing the sentiments of the group, suggested that high-tech and high-touch will likely co-exist and complement each other, with strategic HR leaders increasingly finding ways to infuse “virtual high-touch” into high-tech systems. She noted, for example, that students today rely more and more on technology for high-touch experiences, and appear to have new definition of high-touch: “something that’s not that face-to-face, and collocation is not important. They use the technology to establish very close ties in ways that would be really strange to me.”

**Looking Forward**

What are the biggest opportunities and key issues facing HR going forward, and how will the HR role evolve over the next few years? At the end of the day, participants reflected on the future.

Several participants recalled pieces of the day’s discussion that seemed to merit further research. How to balance internal e-enablement vs. outsourcing? How to better measure the ‘soft’ ROI of HR initiatives? How to get the most value out of ‘manager’ self-service as opposed to employee self-service?

Emory’s Maryam Alavi said she was struck by the variety and volumes of data currently being collected, and wondered “how one can potentially use this data for all kinds of analysis and modeling in terms of how an organization operates?” Tuck’s Eric Johnson was struck by recurring theme of change management and CIOs’ and HR executives’ potential to act as ‘process consultants’ or ‘process gurus’ within their organizations.

Several participants were simply struck by the magnitude of opportunities available for HR to leverage technology to support strategic outcomes. And Eastman’s Edna Kinner expressed a desire for a more holistic unifying vision: “If we don’t start now will we ever get there?” she asked. “The world is changing on us so quickly.”

There was also spirited discussion about whether HR is customer-centric enough, and whether HR should view employees, managers, or the corporation itself as its ultimate customer. “Who is the customer of our process, and which part of the process?” asked Cisco’s Hollie Castro. “I think that’s a big shift for us, and when you can begin to be clear about that, you can really determine where you’re going to spend your investment.”

Sysco’s Twila Day said it may be worth pushing the definition of HR’s customer out to the company’s ultimate customer. “One of the things that we did in our department,” said Day, “was actually ask all of our employees to detail out who their customers were. A lot of times they think about the internal customers, but they don’t extend that out to the external customers.”

And Tuck’s Len Greenhalgh asked whether the day’s discussion had been too function-centric, focused on maximizing efficiency rather than maximizing employee satisfaction and morale. He noted that whereas in Japan workers start the morning with calisthenics and a happy work song, in the U.S. the best known work-
related song is ‘Take This Job and Shove It.’ “If you’ve got really unhappy employees you’re not going to have happy customers,” said Greenhalgh. “So, are you getting that information? The more we get away from things that change the culture in a positive way and get more technological, the more uneasiness I have about that.”

Several participants noted the similarities between the IT and HR functions, and their potential for working together more closely. Top of mind was the question of whether both functions faced more threats than opportunities, and could avoid being ‘marginalized’ by taking a broader leadership role.

“I think very clearly there are some forces out there that could marginalize both of these positions,” said Eastman’s Jerry Hale. “All of us, I think, ask those questions. Are we strategic? Are we perceived as strategic? But… the opportunity is there for both the HR leader and the IT leader to step-up and take that change management role.”

These central questions brought the leadership discussion to a head, with Cargill’s Rita Heise suggesting that CIOs and heads of HR can get too hung up on the question of whether or not they have a ‘seat at the table.’ “We have to think of ourselves as executive leaders,” she said, rather than as “enabling functions.” Her colleague Jody Horner agreed. “Many of us have a seat at the table, I mean we are sitting there today,” said Horner. “And the question that’s being asked is, ‘okay, where do we go? You know, guide us, lead us, take us there.’”

“Where HR and IT will probably exert the most influence over the next three to five years,” predicted Hasbro’s Bob Carniaux, “is how we work together in terms of making our organizations more flexible and adaptable, how fluid we can make our resources be—to go to the place where the need is the greatest within the organization. The original organizational models that we all grew up with are going to have to change.”

“I think it’s just a time of a lot of opportunity,” concluded Eaton’s Sue Cook on a confident note, “and you can be the boundary-less change leader in your organization if you choose to do that.”
### Participant List in Thought Leadership Summit on Digital Strategies
#### March 1, 2005

<table>
<thead>
<tr>
<th>Name</th>
<th>Title and Affiliation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maryam Alavi</td>
<td>The John and Lucy Cook Chair of Information Strategy</td>
</tr>
<tr>
<td></td>
<td>Goizueta Business School</td>
</tr>
<tr>
<td></td>
<td>Emory University</td>
</tr>
<tr>
<td>Bruce Anderson</td>
<td>Senior Partner</td>
</tr>
<tr>
<td></td>
<td>IBM Global Services</td>
</tr>
<tr>
<td>Susan Billiot</td>
<td>AVP, Human Resources</td>
</tr>
<tr>
<td></td>
<td>Sysco Corporation</td>
</tr>
<tr>
<td>Hans Brechbühl</td>
<td>Executive Director, Center for Digital Strategies</td>
</tr>
<tr>
<td></td>
<td>Tuck School of Business, Dartmouth College</td>
</tr>
<tr>
<td>Robert Carniaux</td>
<td>Senior VP, Human Resources</td>
</tr>
<tr>
<td></td>
<td>Hasbro Incorporated</td>
</tr>
<tr>
<td>Hollie Castro</td>
<td>VP, Human Resources</td>
</tr>
<tr>
<td></td>
<td>Cisco Systems, Inc.</td>
</tr>
<tr>
<td>Susan Cook</td>
<td>VP, Human Resources</td>
</tr>
<tr>
<td></td>
<td>Eaton Corporation</td>
</tr>
<tr>
<td>Twila Day</td>
<td>AVP, Technology and Applications</td>
</tr>
<tr>
<td></td>
<td>Sysco Corporation</td>
</tr>
<tr>
<td>John Gallant</td>
<td>Editorial Director &amp; President</td>
</tr>
<tr>
<td></td>
<td><em>Network World</em></td>
</tr>
<tr>
<td>(moderator)</td>
<td></td>
</tr>
<tr>
<td>Leonard Greenhalgh</td>
<td>Professor of Management</td>
</tr>
<tr>
<td></td>
<td>Tuck School of Business, Dartmouth College</td>
</tr>
<tr>
<td>Jerry Hale</td>
<td>CIO &amp; VP, Information Services</td>
</tr>
<tr>
<td></td>
<td>Eastman Chemical Company</td>
</tr>
<tr>
<td>Name</td>
<td>Position</td>
</tr>
<tr>
<td>--------------------</td>
<td>-------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Rita J. Heise</td>
<td>Corporate VP, Information Technology and CIO</td>
</tr>
<tr>
<td>Jody Horner</td>
<td>Vice President, Corporate Diversity in Human Resources</td>
</tr>
<tr>
<td>M. Eric Johnson</td>
<td>Professor of Operations Management, Director, Center for Digital Strategies</td>
</tr>
<tr>
<td>Edna R. Kinner</td>
<td>Director, Talent Management</td>
</tr>
<tr>
<td>Douglas Schwinn</td>
<td>Senior VP and CIO</td>
</tr>
<tr>
<td>Robert Sell</td>
<td>VP and CIO</td>
</tr>
<tr>
<td>Bill Souders</td>
<td>Senior Director, IT – HR &amp; Employee Services</td>
</tr>
<tr>
<td>Richard Stanger</td>
<td>Vice President Americas, BTO HR Solutions</td>
</tr>
</tbody>
</table>