

# The 10 Challenges That Keep HR Professionals up at Night

Presenter: Pamela J.Green, SPHR  
Chief Membership Officer  
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# 1. Becoming More Strategic and Less Transactional

## 10 Challenges That Keep HR/Diversity Professionals Up at Night

- ❑ Many HR/Diversity professionals report that they spend most of their time on administrative transactions, tactics, and putting out fires.
- ❑ Very little time spent on being strategic
- ❑ Spend 80% of your time with the CEO, executive/senior leadership team and line leaders.
- ❑ HR strategies must enable them to achieve their business objectives.

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# 1. Becoming More Strategic and Less Transactional

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## **There's value in being more strategic:**

- It accounts for 43% of HR's total impact on business performance.
- It means “anticipating change and putting systems in place to rapidly align employee behaviors with evolving organizational needs.”

*(Source: Competencies for the New HR, Univ. of Michigan, RBL Group and SHRM)*

## 2. Aligning with Key Business Objectives

### 10 Challenges That Keep HR/Diversity Professionals Up at Night

- ❑ CEO and senior leader engagement is critical to the sustained success of HR/Diversity initiatives.
- ❑ What are your organization's Top 3 Business objectives?
- ❑ What is keeping your CEO up at night?
- ❑ In order to align with key business objectives, we need to:
  - Clearly articulate the organization's key business objectives
  - Clearly articulate the business case/strategy for diversity and inclusion
  - Ensure alignment
  - Fully integrate HR/Diversity initiatives in every part of the business
  - Communicate up/down/across/out
  - Measure/report meaningful business outcomes

### What is the difference between having senior leaders' support vs. their commitment?

| Support  | Commitment   |
|--|--|
| <ul style="list-style-type: none"> <li>• They say that HR is necessary</li> <li>• They approve the budget</li> <li>• They tell you to go do it</li> <li>• They say, “keep me informed” or “let me know if you need anything”</li> <li>• It falls on your shoulders</li> <li>• You get 10 minutes on the agenda</li> <li>• In the midst of organizational change, HR efforts get reprioritized/downsized</li> <li>• When you move on, HR efforts are stalled, discontinued, or they fail</li> </ul> | <ul style="list-style-type: none"> <li>• They say that HR is important</li> <li>• They provide input into the diversity mission, strategy</li> <li>• They communicate to employees, BODs, the public, Annual Reports, Town Halls, All Employee meetings, Executive offsites about what HR is doing</li> <li>• HR is a key business initiative—part of the business objectives</li> <li>• Senior leaders are held accountable by CEO, EVPs, SVPs (performance appraisal, compensation, coaching, other forms of recognition)</li> <li>• They require monthly/quarterly updates</li> <li>• HR is considered on key business decisions</li> <li>• You have the necessary staff to do the work</li> <li>• They ensure barriers/obstacles are removed</li> <li>• HR efforts sustain through org/leadership changes</li> </ul> |

### **As HR practitioners, we tend to speak in terms of HR outcomes. Examples:**

- ❑ Hire the best and most qualified talent—a more diverse workforce; greater representation
- ❑ Increased retention of our minority employees
- ❑ Greater pay equity, fairness for employees
- ❑ Movement of xx% on employee engagement/attitude survey results
- ❑ External recognition & awards/lists
- ❑ A more inclusive work environment
- ❑ Number of employees trained

**On the other hand, executives speak in terms of business outcomes. For example:**

- ❑ Increased revenues; profitability
- ❑ Increased market share; market expansion
- ❑ Innovative/quality solutions'/Product development
- ❑ Stock price performance
- ❑ Return on investment
- ❑ Customer/member satisfaction & retention results
- ❑ Competitive index
- ❑ Productivity
- ❑ Process/product Improvements

*Note: We should not try to convince them to speak our language, we have to speak theirs. When we continue to speak only in terms of HR outcomes we continue to have to sell/justify our value.*

## 2. Aligning with Key Business Objectives

### 10 Challenges That Keep HR/Diversity Professionals Up at Night

#### Examples of what can show an impact on the bottom line:

- Increased efficiency (due to better recruiting processes, new technology in HR, advertising / marketing)
- Cost per hire (decreases)
- Cost Savings
  - increased retention; decreases in health care costs due to wellness programs instituted
  - new hire ramping up time/learning curve is cut by xx days or weeks
  - e-learning solution vs. classroom; new vendor benefits
- Product improvement/development
- Increased quality scores on customer service (due to training).

### 3. Recruiting Top Talent & Building a Pipeline with Leadership Capabilities

#### 10 Challenges That Keep HR/Diversity Professionals Up at Night

#### **External Environment: Demographic shifts place greater complexities and higher demands on recruiting.**

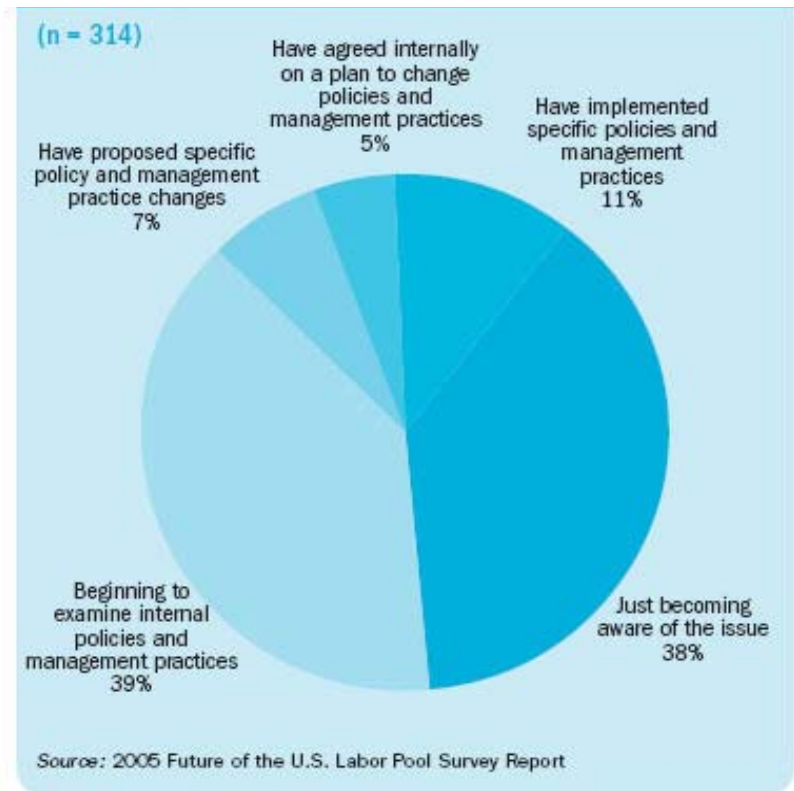
- According to Bureau of Labor Statistics, there are 76.9 million Baby Boomers in the workforce.
  - Accounts for more than 50% of the workforce
  - Every day 10,000 Baby Boomers turn 55 years old
  - With Baby Boomer retirements, loss of executives and experienced workers
  - Impact to pension plans and retiree health costs
  - Employees are stretched with care of children/parents
- For every 2 experienced workers leaving, 1 inexperienced worker replaces them.
- For the first time, we have the largest number of all four generations in the workplace than we've ever had.
- Women and minorities now represent 70% of new labor force entrants.
- The Hispanic population has nearly doubled since 1990 (the largest growing segment of our population).
- Growth in number of employees whom English is a second language
- Increase in religious diversity

### 3. Recruiting Top Talent & Building a Pipeline with Leadership Capabilities

#### 10 Challenges That Keep HR/Diversity Professionals Up at Night

## Lack of preparation for potential labor shortage due to baby boomer retirements

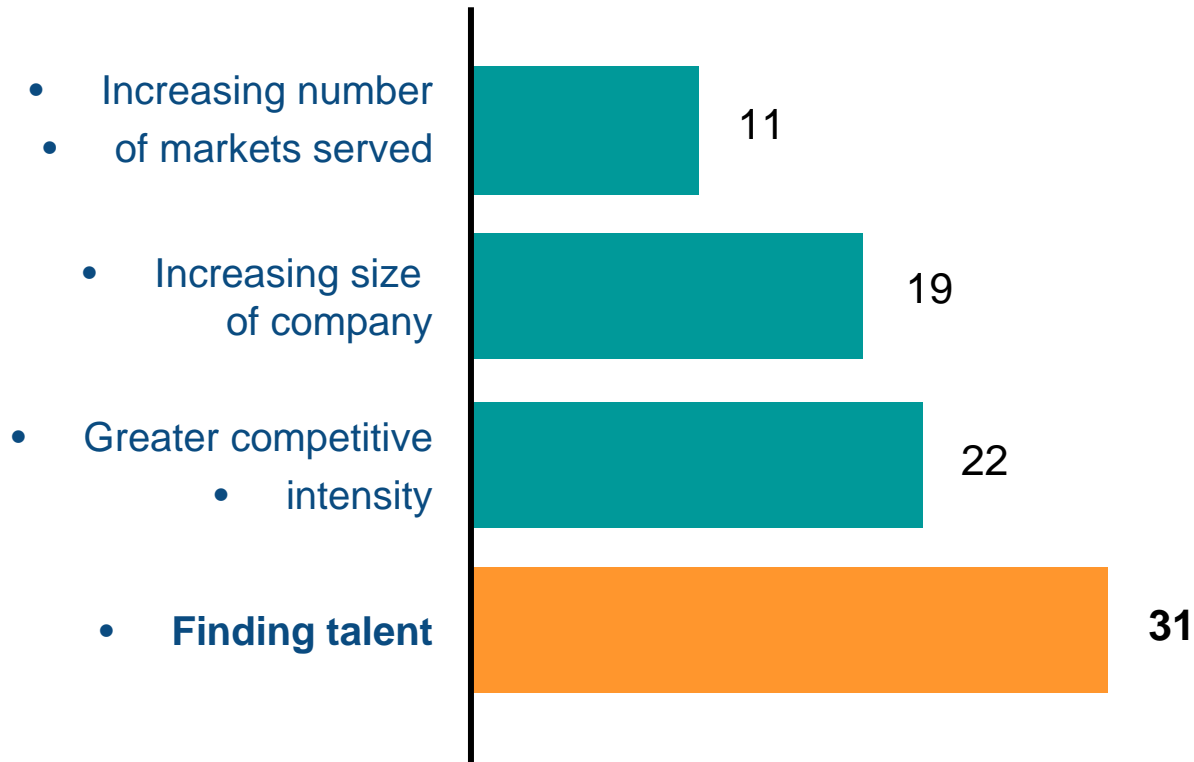
- ❑ 50% of 3.2 million boomers turning 62 may retire in 2008 (source: USGAO)
- ❑ In SHRM's 2005 Future of U.S. Labor Pool Survey, only 11% of companies had implemented specific changes
- ❑ 38% were just becoming aware of the issue
- ❑ 51% were in the process of addressing the issue



### 3. Recruiting Top Talent & Building Leadership Capabilities

10 Challenges That Keep HR/Diversity Professionals Up at Night

**Finding talent is seen as the most important management challenge facing business executives in the next 5 years**



Source: McKinsey & Company

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### 3. Recruiting Top Talent & Building a Pipeline with Leadership Capabilities

#### 10 Challenges That Keep HR/Diversity Professionals Up at Night

#### Internal Environment

- ❑ Building leadership capability starts with creating a culture that makes employees want to stay
  - ❑ Ensuring that all employees have full and equal access to opportunities
  - ❑ Implementing leading-edge talent management programs such as:
    - ❑ Mentoring
    - ❑ Cross-functional development assignments
    - ❑ Job rotations
    - ❑ Special assignments
    - ❑ Career pathing
    - ❑ Skills inventories
    - ❑ Succession planning
      - 55% of employers already doing succession planning

## At SHRM, Inclusion is .....

**.... the achievement of a work environment in which all individuals are treated fairly and respectfully; have equal access to opportunities and resources; and can contribute fully toward an organization's success.**



## 4. Building an Inclusive Culture

### 10 Challenges That Keep HR/Diversity Professionals Up at Night

**When an employee perceives that a company and its leadership are committed to a diverse and fair workplace, they are:**

- More likely to stay with that company
- More likely to recommend their company to others
- Less likely to have experienced discrimination
- Less likely to have missed days at work
- More engaged in their work

## 10 Challenges That Keep HR/Diversity Professionals Up at Night

- ❑ Globalization is becoming synonymous with organizational competitiveness and sustainability.
- ❑ Diversity has different meanings and different challenges in different countries. For example:
  - ✓ In the U.S. diversity has been connected with issues of human rights and civil liberties.
  - ✓ In Europe, diversity has been associated with language and cultural heritage.
  - ✓ In Latin American countries, the diversity dialogue focuses on innate dignity of individuals.
  - ✓ In Asian societies, diversity is interpreted as collective accountabilities.
- ❑ HR practitioners will need to develop a sophisticated knowledge of global business operations and fluency with strategic issues related to international expansion.
- ❑ The success of an organization's globalization efforts is dependent upon its ability to understand the people, the country's laws, practices, history and cultural norms.

- ❑ **57%** of HR professionals say global competition for jobs, markets, and talent will have a major impact on the workplace  
(Source: SHRM 2008-2009 Workplace Forecast)
  
- ❑ **55%** of CEOs say their organizations are planning to do business outside of the U.S. (Source: PriceWaterhouse Coopers 2006 Global CEO Survey)
  
- ❑ By 2015, **75%** of the world's new workers will be from Asia. Just 3% will be from North America and Europe

### Global trends most likely to have a major strategic impact on the workplace – *SHRM 2008-2009 Workplace Forecast*:

|  | Major Impact | Minor Impact |
|--|--------------|--------------|
| Decline in value of US dollar compared to other currencies   | 63%          | 30%          |
| Overall decline in workforce readiness of new US entrants to the labor force compared to other countries | 58%          | 34%          |
| Increased global competition (jobs, markets, talent)   | 57%          | 32%          |
| Poor educational performance of US student compared to global competitors                                | 57%          | 34%          |
| Economic growth of BRIC (Brazil, Russia, India, China) emerging markets                                  | 53%          | 32%          |
| Acceleration of rapid change globally  | 48%          | 36%          |
| Increase in competition from emerging markets for the most talented foreign workers and entrepreneurs    | 48%          | 40%          |
| Greater need for cross-cultural understanding/savvy in business settings                                 | 48%          | 41%          |
| Growing economic interdependence among countries   | 46%          | 39%          |
| Increased expansion of US companies into global markets  | 46%          | 41%          |

Locations where  
CEOs plan to send  
work

India-69%

China-8%

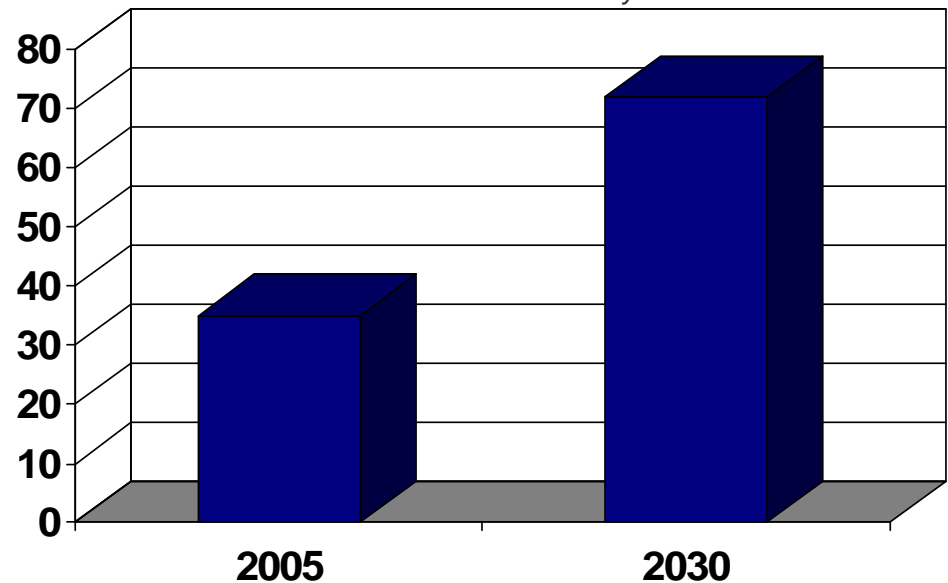
Philippines -- 5%,

Latin America -- 5%

Eastern Europe -- 4%

### Global Economic Growth

Source: 2007 World Bank study



■ in US\$ trillions

**Nearly 3 in 10 U.S. companies offshore one or more business functions.**

| <u>Reasons to Offshore</u> |     |
|----------------------------|-----|
| Lower labor costs          | 54% |
| New business opportunities | 41% |
| Access to technical skills | 26% |
| Lower health care costs    | 5%  |
| Regulatory environment     | 2%  |

*Source: SHRM 2005 Offshoring Survey Report*

### Offshoring Issues for HR to consider:

- Impact on employee morale
- Country-specific cultural issues
- Impact of different corporate culture
- Possible investor/customer backlash
- Security risks
- Natural disasters in certain regions
- Does offshoring fit into an organization's strategic direction?



**Effective practitioners typically have several roles and/or wear many hats.**

For example:

|               |              |
|---------------|--------------|
| Firefighter   | Teacher      |
| Coach         | Mediator     |
| Legal Analyst | Hall Monitor |
| Sales Rep     | Reporter     |
| Detective     | Politician   |

- ❑ We must manage our own stress while helping our organizations become stress-less.
- ❑ Similarly, practitioners express “Diversity Fatigue.”
- ❑ Practitioners must hone existing skills and develop new ones.
- ❑ Our role as practitioners continues to evolve and become more expansive and complex.

- Strategic thinking
- Influencing
- Effective communication skills

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#### Wellness programs:

- ❑ #1 cost-control strategy of large employers
- ❑ 72% of large U.S. employers offered health risk assessments in 2007 (*source: Watson Wyatt*)
- ❑ Focused on improving employee health in 5 areas:
  1. blood pressure
  2. cholesterol
  3. tobacco use
  4. weight control
  5. exercise
- ❑ Another big focus is on Stress Management.

## 7. Rising Cost of Health Care

### 10 Challenges That Keep HR/Diversity Professionals Up at Night

In the presence of these trends, it is especially important to:

- ❑ Highlight the need for fairness and equality in health-care provisions regardless of cultural background.
- ❑ Offer flexibility so employees may customize their coverage to their needs.
- ❑ Ensure that programs and services are communicated and provided in a culturally-sensitive manner.
- ❑ Consider providing for alternate care approaches to match a wider range of culturally-based preferences.

## 8. Religion and Spirituality

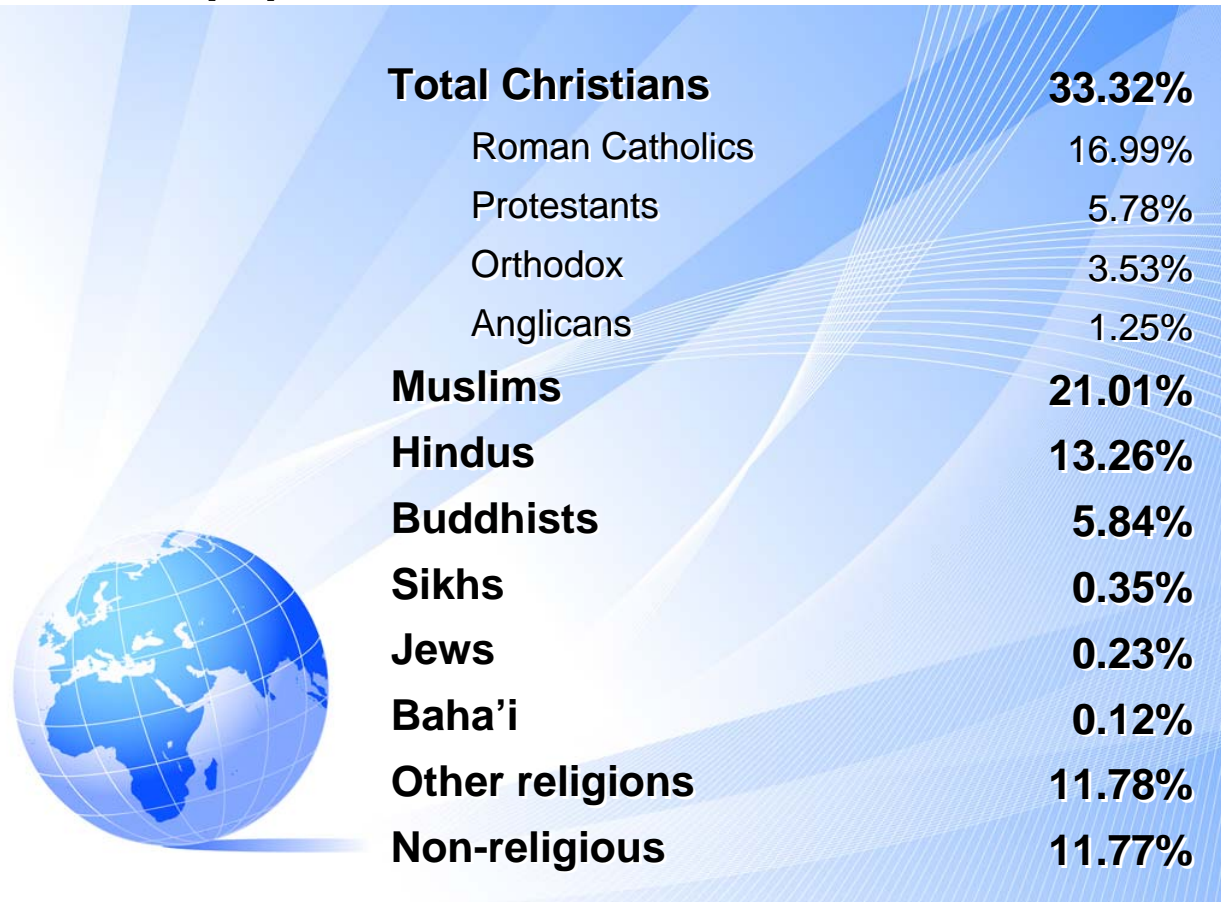
### 10 Challenges That Keep HR/Diversity Professionals Up at Night

- ❑ Religion and spirituality are about a personal set or institutionalized system of religious attitudes, beliefs, and practices.
- ❑ “Conversation” about religion and spirituality, and faith is increasing in the workplace.
- ❑ The percent of EEOC complaints based in part on religion has increased gradually from 2.1 % in 2001 to 3.4% in 2005 although the number of complaints have stayed within a range of 2,500 to 2,900.
- ❑ We have to address issues such as holidays, food, prayers, complaints and affinity groups.

## 8. Religion and Spirituality

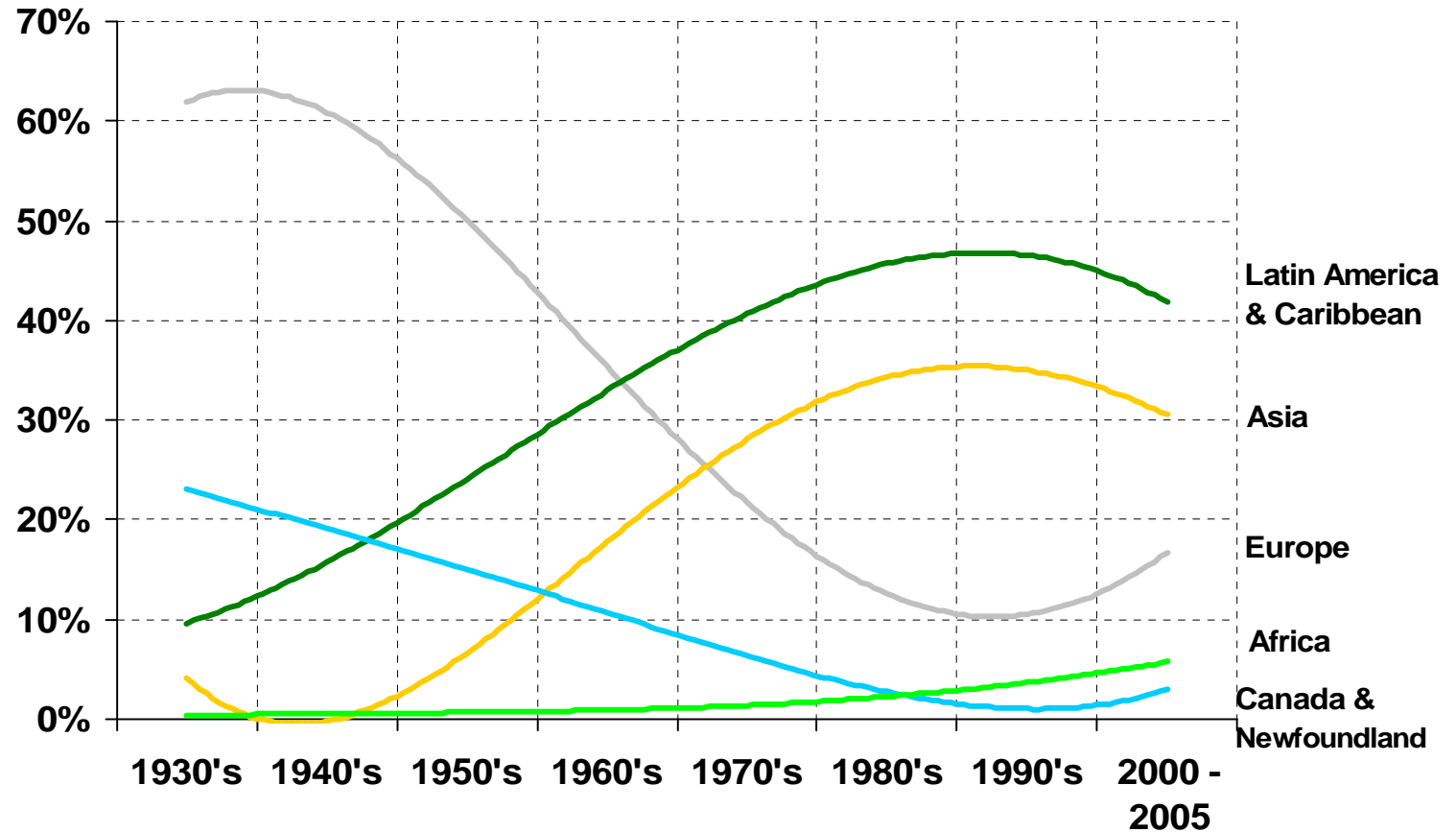
### 10 Challenges That Keep HR/Diversity Professionals Up at Night

**In 2007, Islam continued to grow and now represents 21% of the world's population.**



Source: 2008 World Factbook, U.S. Central Intelligence Agency  
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### Trends in Primary Sources of U.S. Immigration



Source: U.S. Department of Homeland Security. 2005 Yearbook of Immigration Statistics.

*Immigration*

移民

Immigratie

移住

Immigrazione

Immigración

이주

- Compliance & Safety
- Hiring & Placement
- Advancement & Development

# 10. Legal Risks and Reputation

## 10 Challenges That Keep HR/Diversity Professionals Up at Night

### Impact to the organization:

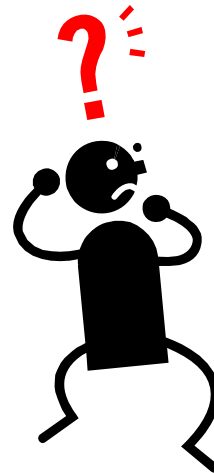
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What we can do:

- Develop solid working relationships with the CEO, General Counsel and senior leaders in the organization.
- Be proactive in establishing fair, consistent and inclusive policies, practices, and programs.
- Ensure representation at all levels in the organization.
- Respond to employee complaints/concerns in a timely manner.
- Leverage tools that will provide insight into the heart of the culture of the organization.
- \_\_\_\_\_
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- ❑ Our roles continue to evolve as the world changes.
- ❑ We must understand the complexities and their global implications and constantly upgrade our strategies and our competencies.
- ❑ We are “Chief Facilitators” and “Organizational Business Managers.”
  - We must run HR like a business
  - Become more strategic, less transactional
- ❑ Continue to build solid relationships up, down and across the organization.
- ❑ Focus on solving key business issues that are keeping your CEOs up at night and those that he/she may not even be aware of.

# Questions/Comments



**SHRM 2008 Diversity Conference scheduled  
for October 27-29, 2008 will be held in  
Atlanta, GA at the Atlanta Marriott Marquis.**

**Confirmed keynoters include:**



**Bill Strickland**  
President and CEO,  
Manchester Bidwell Corporation



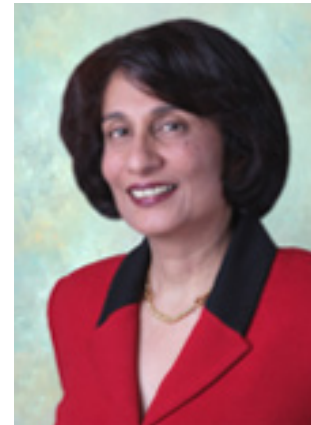
**Lisa Ling**  
Host, National Geographic  
Channel's *Explorer*



**Frans Johansson**  
Author, *The Medici Effect*

**Chief Diversity Officer Panel: “Global Diversity and Inclusion Issues  
in the 21st Century”**

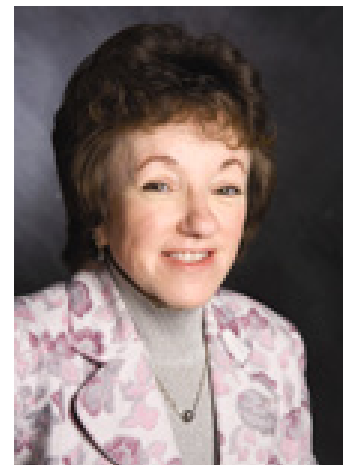
**Dr. Shirley Davis**  
Director of Diversity and  
Inclusion Initiatives  
SHRM



**Dr. Rohini Anand**  
Senior Vice President &  
Global Chief Diversity Officer  
Sodexo USA



**Steve Bucherati**  
Chief Diversity Officer  
The Coca-Cola Company



**Deborah Dagit**  
Executive Director of  
Diversity and Work  
Environment  
Merck & Co.