

Welcome to Session 242

Charming or Cerebral? Delivering Global Business Value

**Row Henson, Oracle
Karen Beaman, Jeitosa**



IHRIM 2007 Conference & Technology Expo

Row Henson, Oracle

- 35 years in Human Resources and Human Resource Management Systems; for 8 of these years she held the role of Vice President of HRMS global product strategy at PeopleSoft where she was involved in setting the direction for their flagship Human Resources product line.
- Before PeopleSoft, 15 years in the computer software industry with Dun & Bradstreet Software (previously MSA) and Cullinet Software, primarily focused on marketing, sales, support, and development of Human Resource Systems
- Voted one of the “Top Ten Women in Technology” by Computer Currents.
- In 2000 received IHRIM’s (International Association for Human Resource Information Management) coveted Summit Award for lifetime achievement in the field.
- In 2002 named the first Visionary of HR Technology at the Annual HR Technology Conference.
- Frequent speaker at HR associations, including IHRIM, HR Technology, SHRM, The Economist, and The Conference Board, and has published numerous articles book chapters and books regarding the future of HR.
- Prior to working in the HR industry, served as Director of Personnel for seven years with a non-profit health agency.
- Bachelor degree in Business Administration, with an emphasis in Management and Insurance, from the University of Georgia.



Karen Beaman, Jeitosa

- Founder and Chief Executive of Jeitosa Group International, an HR consultancy focused on making global HR possible.
- Responsible for setting the strategy and developing the design for Workday's new global HCM offering; previously responsible for ADP's professional services across the Americas, Europe, and Asia/Pacific.
- Co-founder and Editor-in-Chief of the *IHRIM Journal* and Program Chair for IHRIM's Global HRIT Forum.
- Published works in the fields of Linguistics, Humanities, Management, Human Resources, and Information Technology, including four books for IHRIM Press:
 - *Boundaryless HR: HCM in the Global Economy* (2002)
 - *Out of Site: An Inside Look at HR Outsourcing* (2004)
 - *Common Cause: HR Shared Services Delivery* (2006)
 - *HR Frontiers: Shifting Boundaries, Changing Borders* (2007)
- Member of the Human Capital Institute's Global Talent Strategy Board.
- B.A. from Old Dominion, M.S. from Georgetown; Ph.D. candidate in Sociolinguistics and Computational Linguistics.
- Recipient of IHRIM's Summit Award in 2002.
- Fluent in English, German, and French; conversational Portuguese



Agenda

- **The “Charming” or the “Soft” Side of HR – Row**
 - Workforce Demographics
 - Employee Engagement
 - Leadership Deficit
 - Transforming HR
- **The “Cerebral” or the “Hard” Side of HR – Karen**
 - Web Services / SOA
 - SaaS / On-Demand
 - Right Sourcing
 - Global Strategic Talent Management
 - Intelligence Analytics

The “Charming” or “Soft” Side of HR



IHRIM 2007 Conference & Technology Expo

Some Thoughts

“The returns from managing people in ways that build high commitment, involvement, learning and organizational competence are typically on the order of 30 to 50 percent, substantial by any measure.”

Jeffery Pfeffer

Companies identified as having enthusiastic employees out performed average companies in the stock market by more than two and a half times, and blazed ahead of companies with unenthusiastic employees by more than five times.

The Enthusiastic Employee

Firms of Endearment (FOEs) outperformed the S&P 500 by a significant margin. In fact, they returned 1026% for investors over 10 years, compared to 122% for the S&P 500, more than an 8:1 ratio.

The Cost of Un-Caring, Abusive Behavior

- 50% - 80% of nastiness is directed by superiors to subordinates
- 20% - 50% is between co-workers
- Less than 1% at superiors by underlings
- The estimated total cost of one JERK for one year = \$160,000
- In a business of 1000 people, that's \$1,600,000
 - The No Asshole Rule
 - Robert Sutton, Ph.D.

The “Charming” or “Soft” Side of HR

- Everyone wants to be “strategic”, but strategic doesn’t mean we don’t care about the individual
- Caring about the individual means we must know about the individual
 - Diversity and demographics
 - Education levels
 - Where they will come from
 - Where they will be located
 - What will motivate them and keep them engaged
 - Impact of the contingent workforce

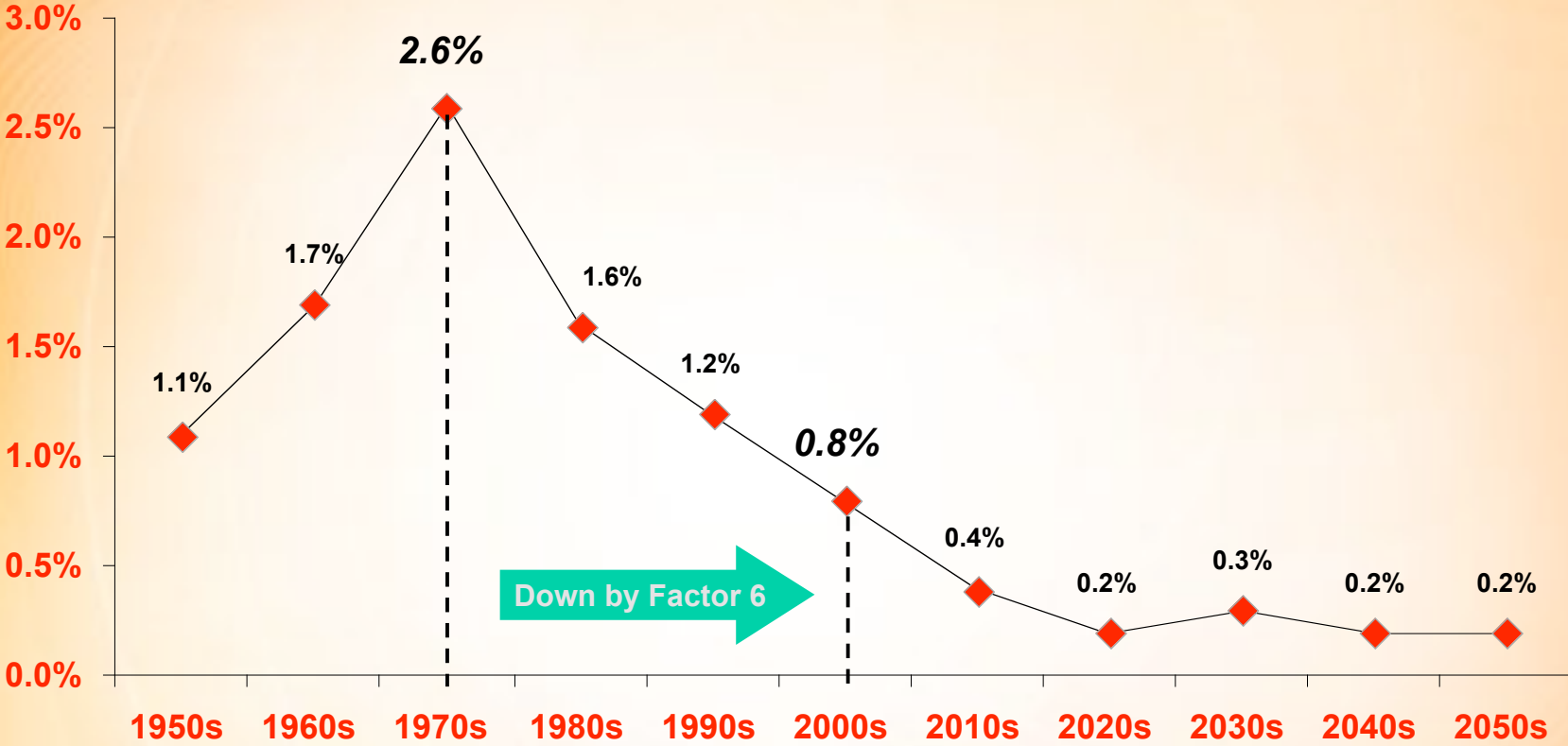
Workforce Demographics



- Workforce is getting smaller
- Workforce is getting older
- Increase of women in the workforce
- Rise in the contingent workforce
- 50% of workforce “minority” by 2050
- Global, mobile, virtual worker
- Dominant language in next 50 years – Chinese?

Labor-force Growth Slowing...

Compound Annual Labour Force Growth, Per Decade



◆ Labour Force Growth (Population = 16-65)

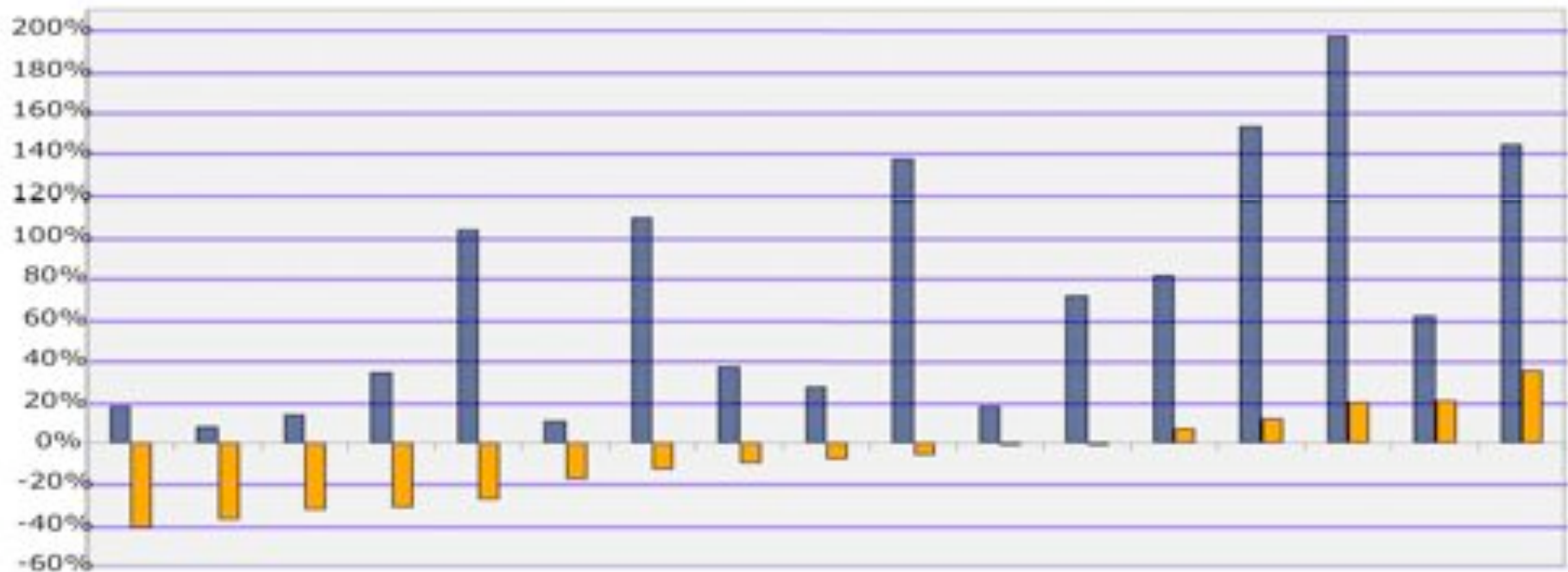
Source: Watson Wyatt Worldwide

It's not just the U.S....

A Shrinking Workforce

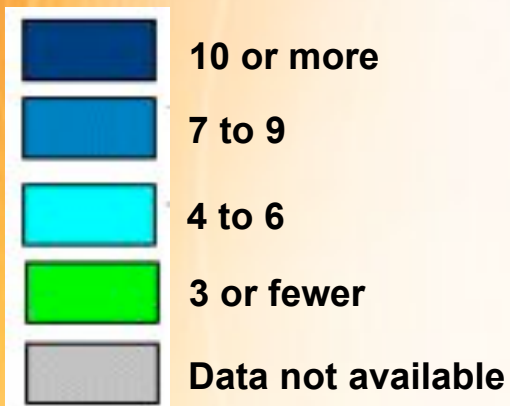
Projected Change in Working Age Population (15-64) 2010-2050

■ 1970-2010 ■ 2010-2050

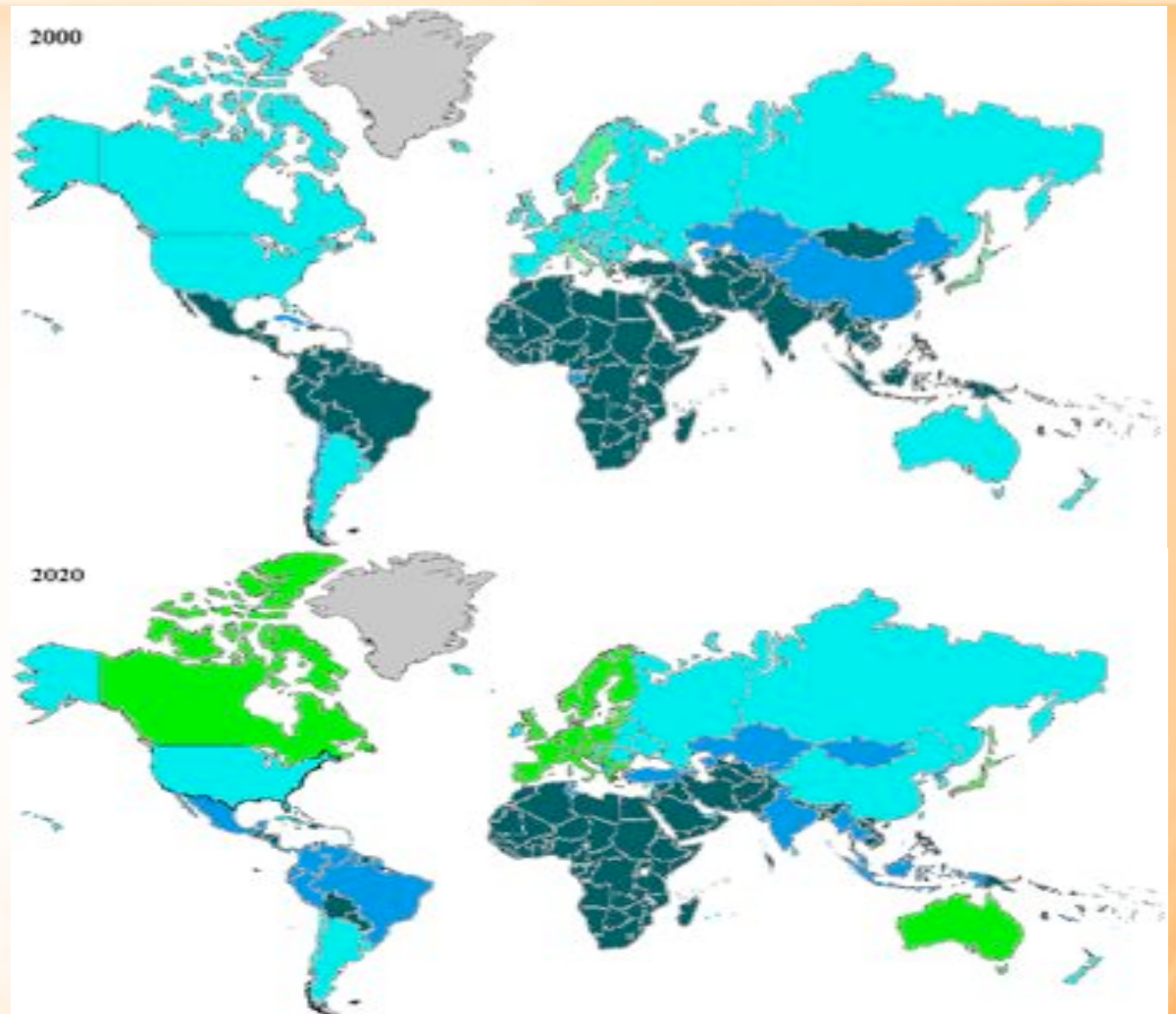


It's Getting Older Around the World

Number of persons aged 15 to 64 for each person aged 65 or older.....



Note: Some smaller countries are not shown.



Source: United Nations

The Workforce is Changing....



Key Demographic Trends:

- For the first time in American history, the number of younger workers entering the labor market will not replace those who are leaving
- Every day 10,000 Baby Boomers turn 55 years old
- One in six workers will be over age 55 by 2006
- For every two experienced workers leaving the workforce, one will enter..
- By 2010, American businesses will face a labor shortage of more than 10 million workers
- By 2030, the gap will grow to 35 million

Source : Corporate Leadership Council
State of the Workforce 2004 United States

If You're Still Not Worried – See its effect on various industries!



- In the auto manufacturing environment 40% of managers will retire in the next 5 years
- The Public Sector in the US, Canada and Australia will lose more than 30% of workforce by 2010 – Healthcare and Energy are close behind
- In the US alone it is expected that we will be short by 1,000,000 nurses by 2012
- Science and Engineering degrees – 5% of graduates in US, 42% of degrees in China; German engineer degrees declined by 30% to only 36,000

Generational Diversity

- ✓ 3 Generations in your work environment
 - ✓ Baby Boomers, Gen X, Gen Y
- ✓ The largest proportion of our workforce is currently Gen X
- ✓ Each generation has its own distinct set of behavioural characteristics, values and expectations
- ✓ Because of these differences, generations have varying needs from their employer

Baby Boomers: 1946 – 1961

Flower Power, Prolonged Good Times



Currently

- > 44-60 years old
- > Make up 43% of Workforce
- > Largely traditional views of corporate loyalty
- > Make up most of Middle & Upper Management
- > IT a learned language, for some

By 2020

- > Over 60 years old
- > Phasing down work commitment, but not retiring in the traditional sense
- > Potentially continuing to dominate executive and board ranks

Generation X: 1961 – 1981

The 'Glorious' 80s



Currently

- > 24-44 years old
- > Make up 50% less than Baby Boomers
- > Loyal to profession.. not company
- > Expect to change jobs for career advancement
- > Motivated by “What is in it for me?”
- > Early adopters and IT literate

By 2020

- > Over 39-59 years old
- > Moving into senior management ranks
- > Inclusive management styles
- > Challenged in managing multi-generational workforce

Generation Y: 1981 – 1997

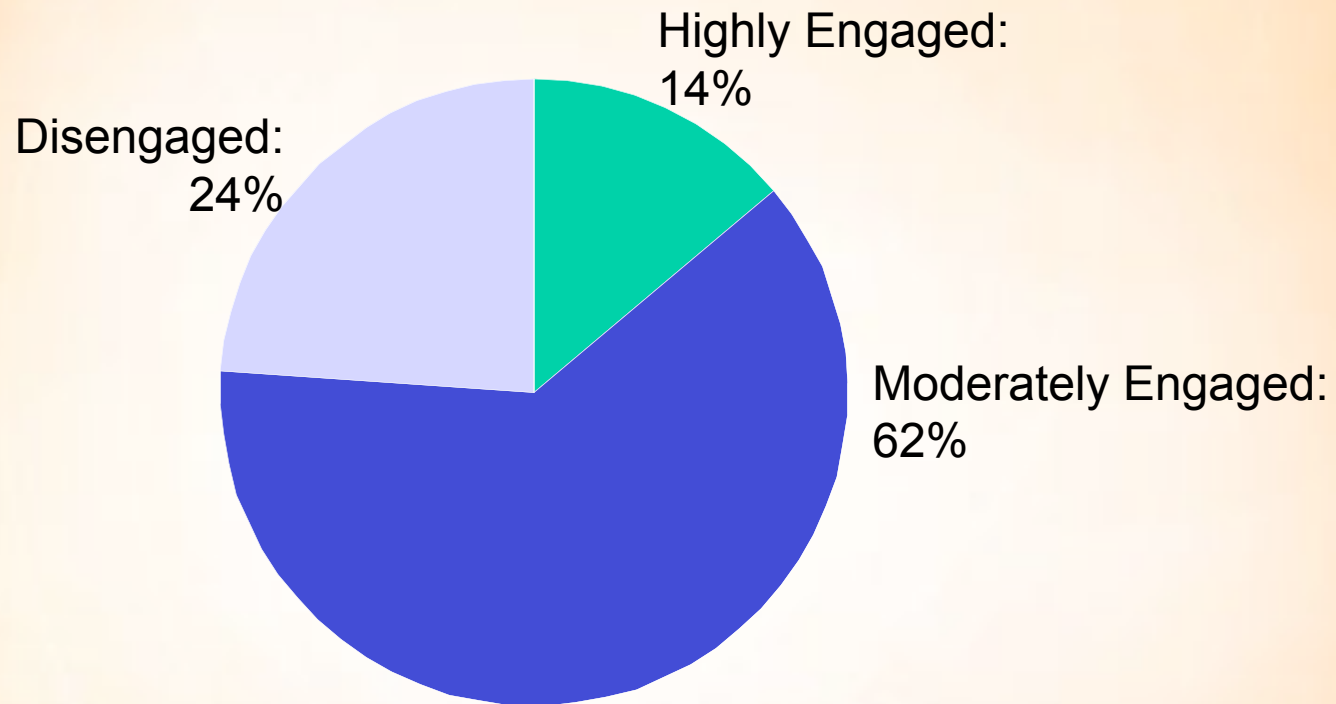
The Dot Com Era



| Currently | By 2020 |
|--|---|
| <ul style="list-style-type: none">> Under 24 years old> Entrepreneurial aspirations> Expect success> 78% say Work / Life Balance a priority> Telecommuting – work is time driven, but no longer time bound> IT fluent and native speakers | <ul style="list-style-type: none">> 23-39 years old> Entrepreneurial focus> Self managed careers and lifestyles> Some 'let down' as working life fails to meet high expectations |

Employee Engagement

Globally, only 14% of employees are highly engaged and 24% are actively disengaged



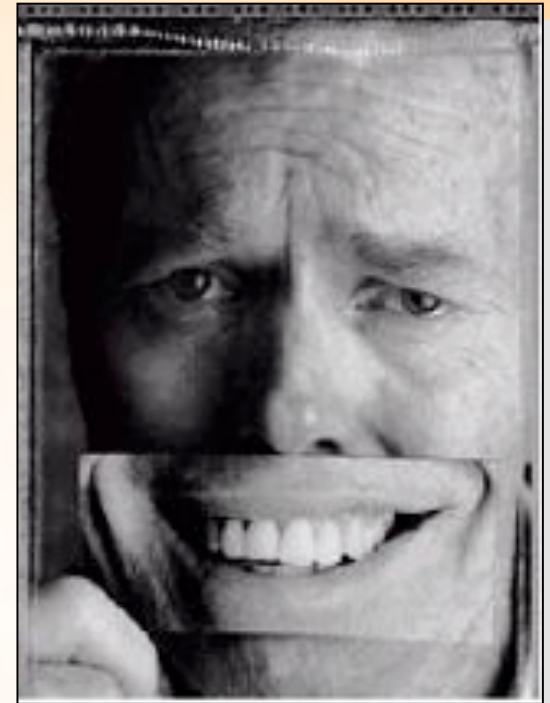
Highly engaged = top scores across the nine items that define engagement
Disengaged = bottom scores across the nine items that define engagement
Moderately engaged = everyone in between

Source: 2005 Global Workforce Study, Towers Perrin

The Disengaged Employee

Growing discontent in the workplace

- United States: \$350 billion
 - Only 49% of Americans satisfied in 2003 (59% in 1995)
 - Largest decline among 35-44 year olds (once the happiest group!)
 - Cynicism, technological advances, political instability, economic slowdowns
 - 53% have little trust in corporate execs to solve problems
 - 40% of employees report feeling anxious and distracted by national and international events
- UK: _38 billion
 - More than 80% are uncommitted; a quarter of these are actively disengaged
 - Work the longest in Europe
- Similar situations in France, Singapore, Australia
- Stress, suicide (60% increase in 45 years)



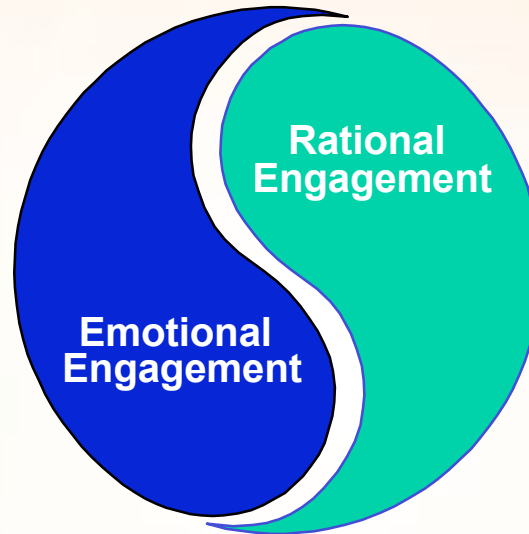
Source: Deloitte Study, "It's 2008: Do You Know Where Your Talent Is?"

Nine Core Engagement Factors

Towers Perrin defines employee engagement based on emotional and rational factors that predict discretionary effort

Emotional Engagement

1. I would recommend my company to a friend as a good place to work
2. My company inspires me to do my best work
3. I am proud to tell others I work for my company
4. My job provides me with a sense of personal accomplishment
5. I really care about the future of my company



Rational Engagement

6. I understand how my unit contributes to the success of my company
7. I understand how my role is related to my company's overall goals, objectives, and direction
8. I am willing to put in a great deal of effort beyond what is normally expected to help my company succeed
9. I am personally motivated to help my company be successful

Source: 2005 Global Workforce Study, Towers Perrin

Leadership Deficit

Confidence in leadership is relatively low, especially in terms of the ability to communicate, inspire and lead



- **51%** believe senior management is communicating a clear vision for success
- **49%** believe senior management acts in a way that is consistent with company values
- **47%** believe senior management supports new ideas and ways of doing things
- **46%** believe senior management makes an effort to be visible and accessible
- **40%** believe senior management effectively communicates the reasons for important business decisions
- **38%** believe senior management communicates openly and honestly
- **32%** believe senior management is aware of the issues employees face day today

Source: 2005 Global Workforce Study, Towers Perrin

Transition from HR to HCM

PAST

- Record-keeper
- Legal Protector
- Local Focus
- Counts Heads
- Cost Center
- Department
- Caretaker



TODAY

- Strategist
- Legal Advisor
- Global Focus
- Makes Heads Count
- Profit Center
- Enterprise Empowerment
- Caregiver

Transforming HR



- One size does not fit all
- Innovate or be outsourced
- Business partner/business alignment
- Owner of corporate culture/employee brand
- Competency/talent identification and development
- Process flexibility and adaptability
- Better analytical skills
- Don't forget to CARE

“The Soft Stuff Matters!”

The “Cerebral” or “Hard” Side of HR



IHRIM 2007 Conference & Technology Expo

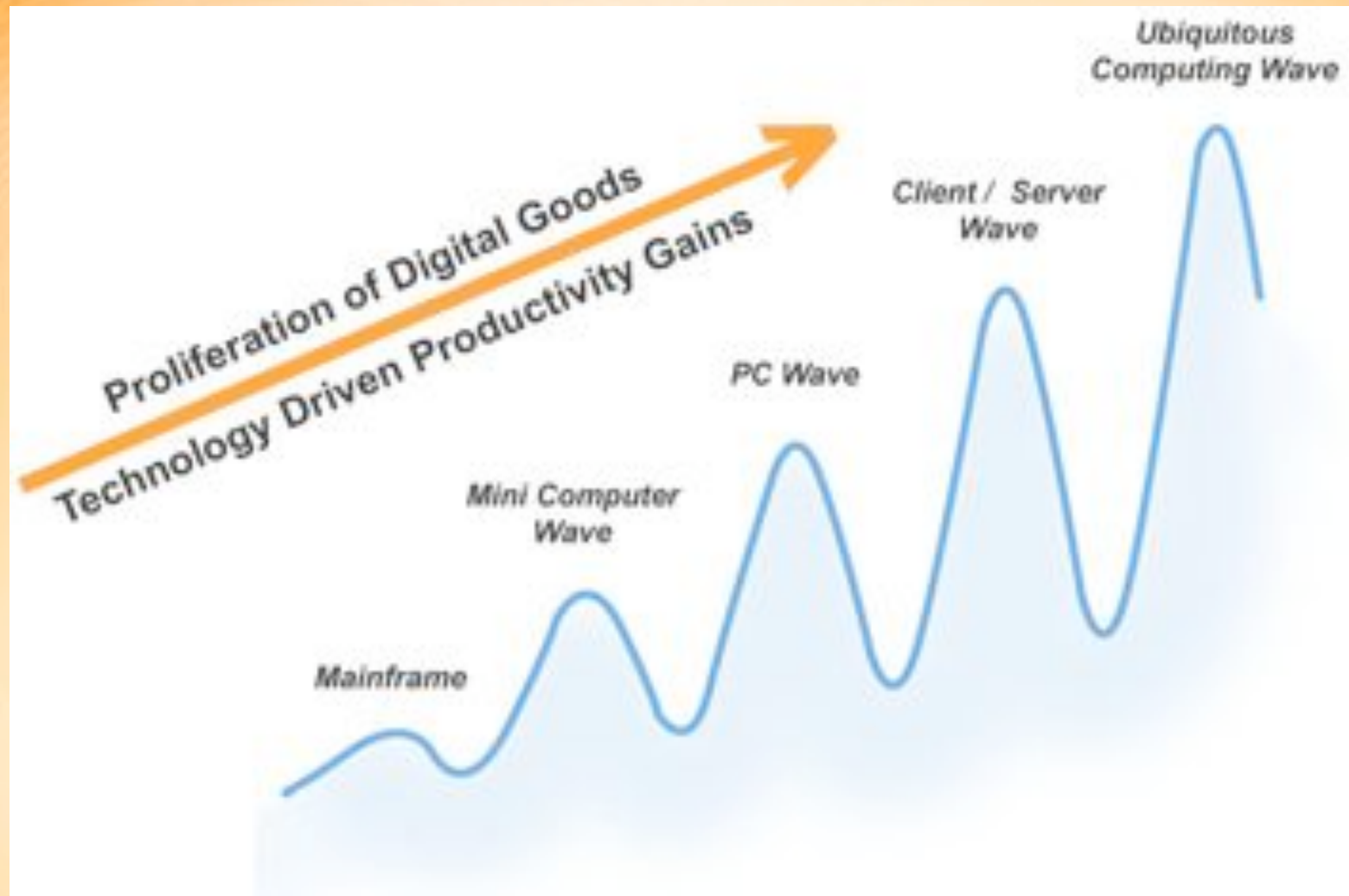
“Everything should be made as simple as possible, but not simpler.”

-Albert Einstein

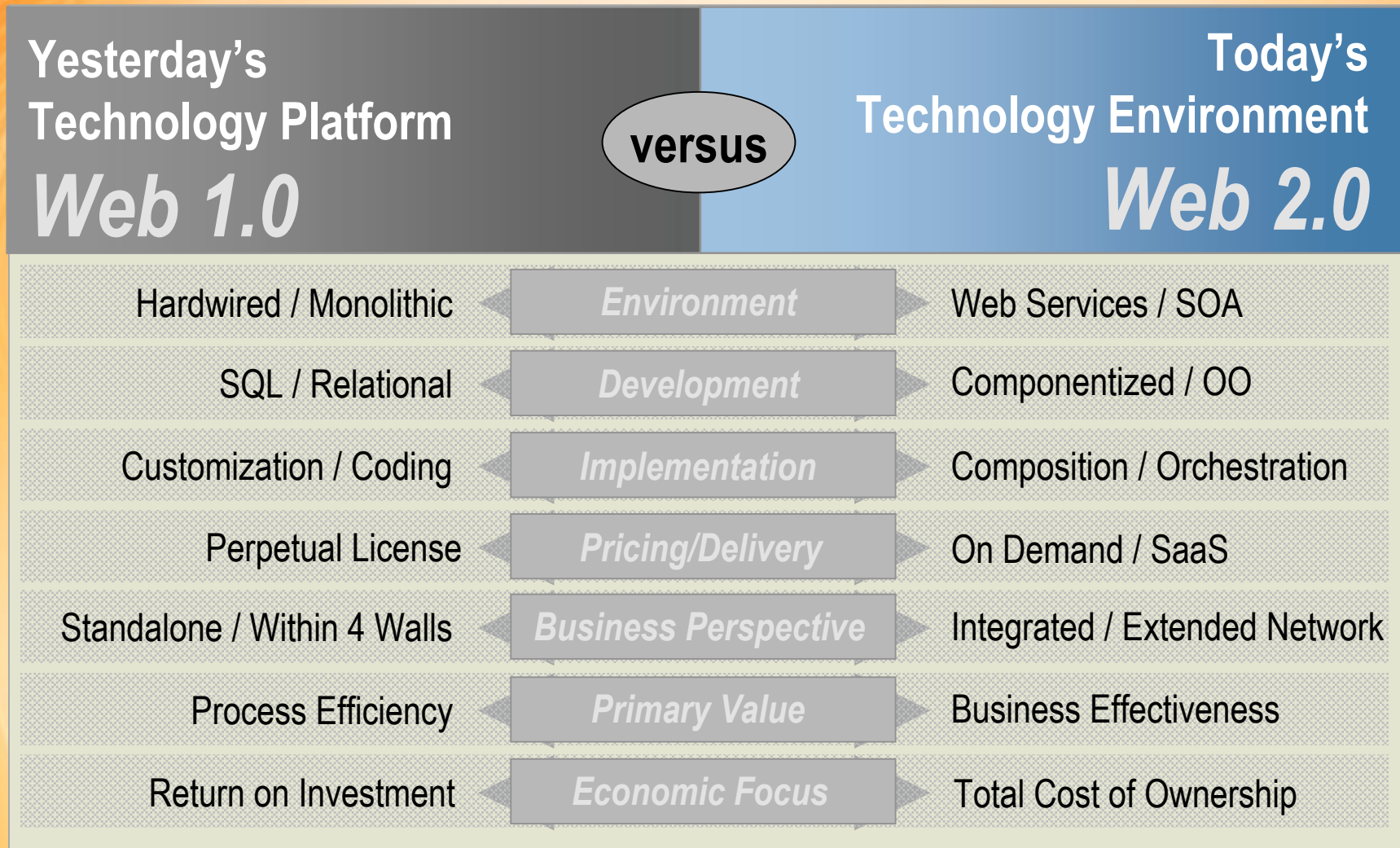
The “Cerebral” or “Hard” Side of HR

- HR must leverage the HCM system to bring greater business value to the organization:
 - **Web Services** – lighter, standardized integration enhancing business agility
 - **SaaS** – flexible, more easily upgraded solutions delivered On Demand – pay as you go, only what you need
 - **Right Sourcing** – blended sourcing solutions for greater flexibility and efficiency
 - **Global Talent Management** – third-generation HCM applications focused on leveraging our scarcest resource
 - **Intelligent Analytics** – embedded, just-in-time, actionable metrics for improved decision-making

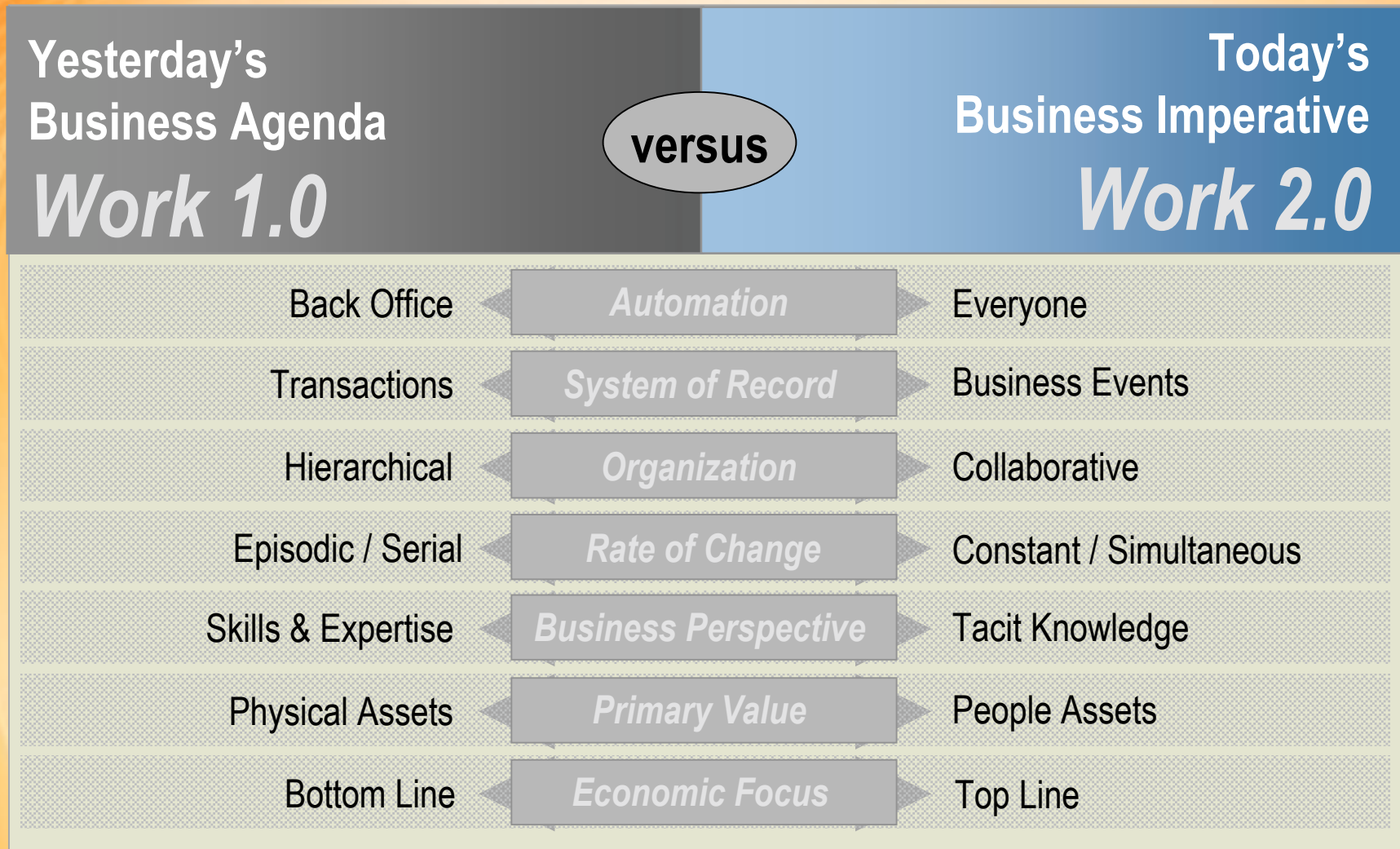
Five Waves of Technology



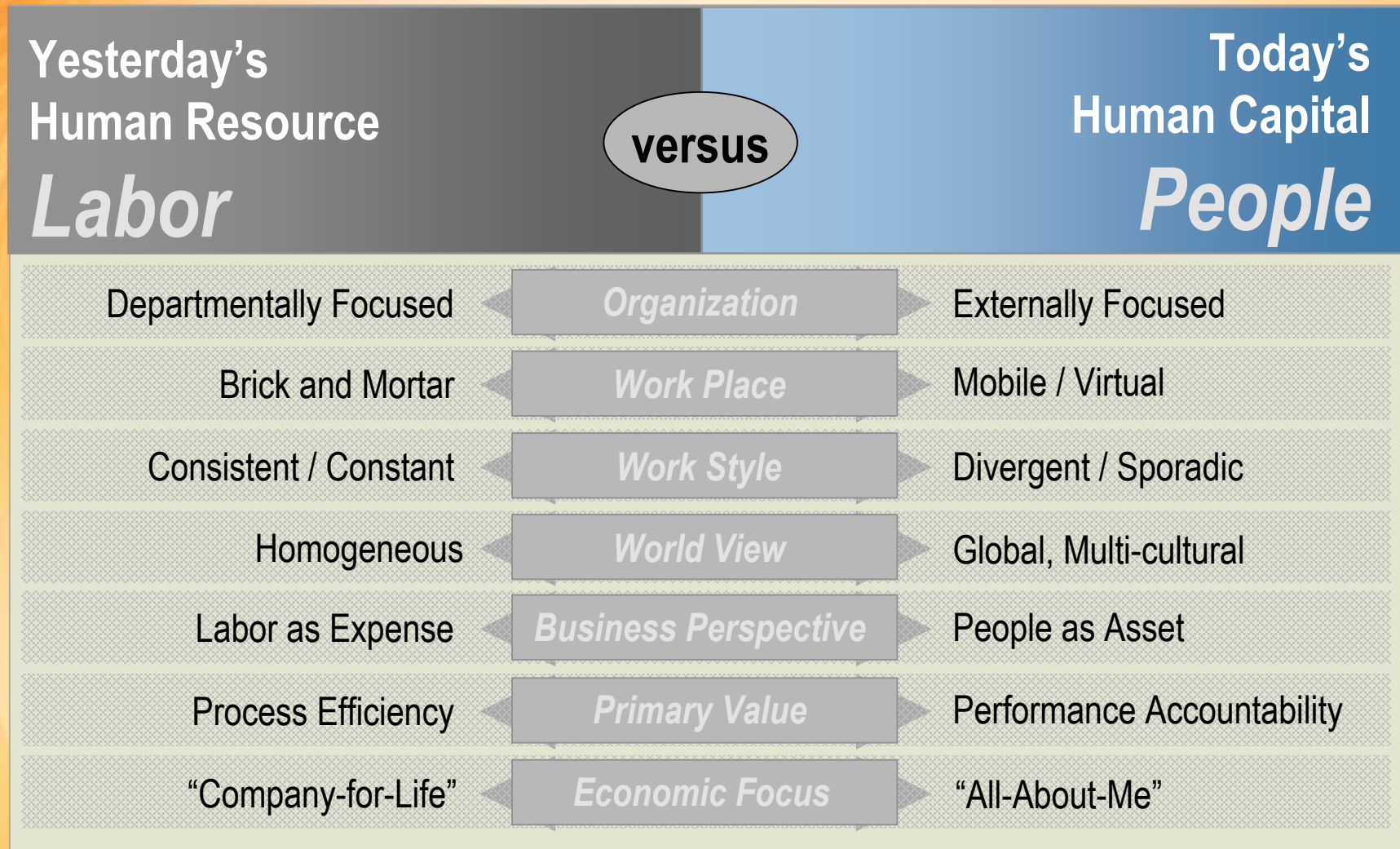
Evolution in Technology



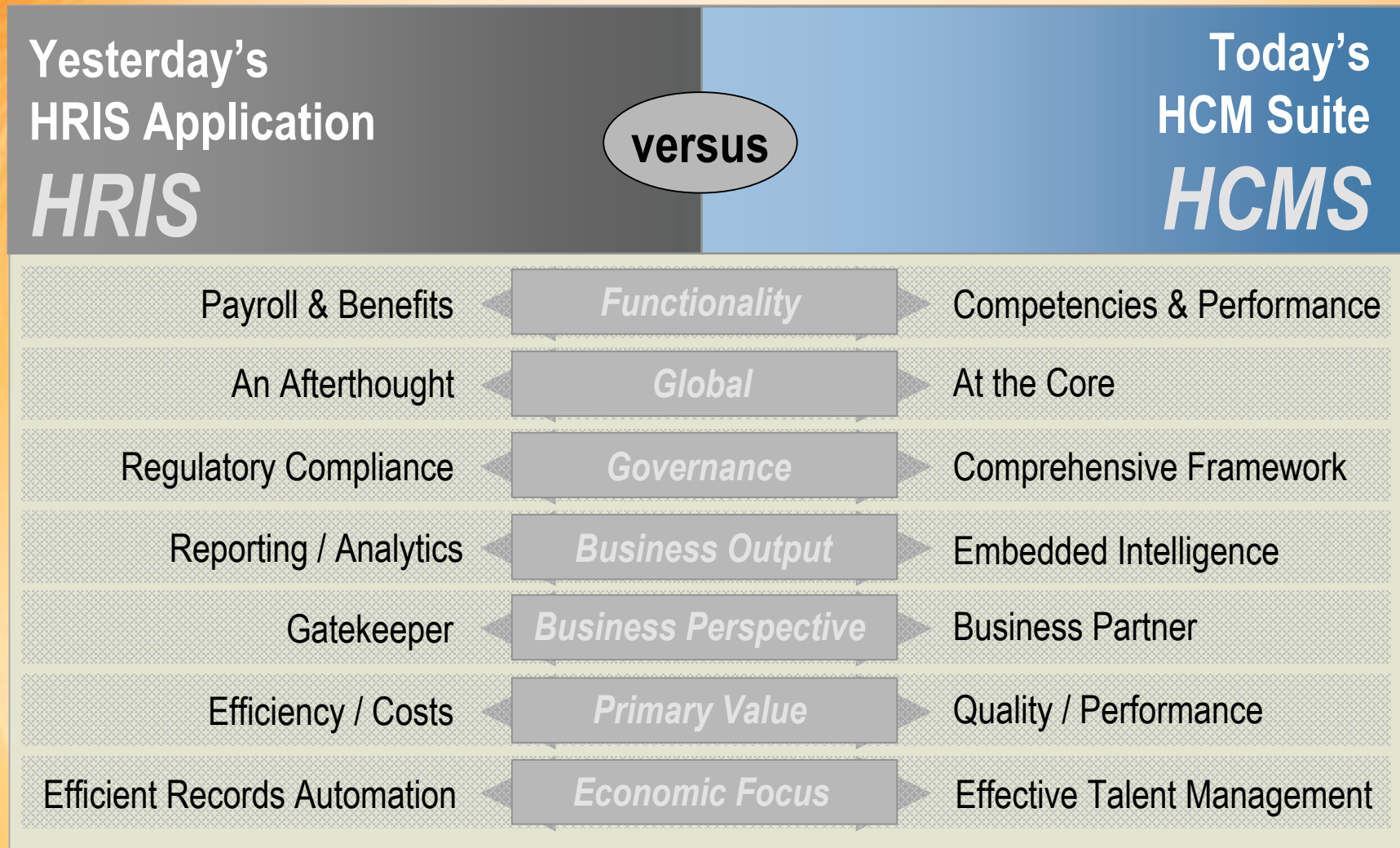
Evolution in the Business Environment



Evolution in the Workforce



Evolution in Human Resource Systems

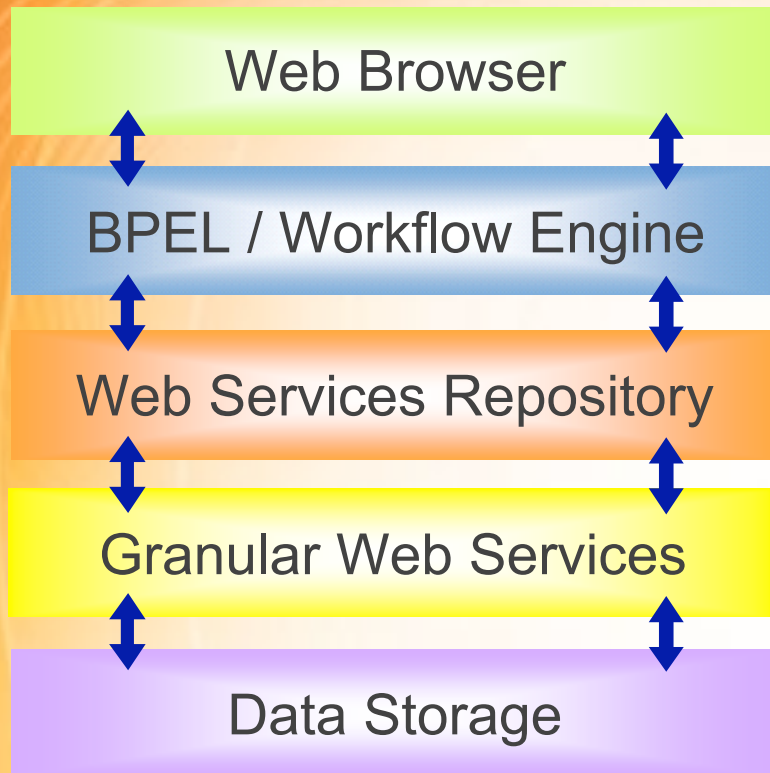


The Integration Challenge

- The number one technology concern of CIOs has been integration since the surveys began in 2002.
- IT: Too expensive, too slow and too inflexible -- caused by integration.
- A typical Global 2000 company has 30 to 50 enterprise applications and spends 25% to 40% of its IT budget on application integration



Service Oriented Architecture (SOA)

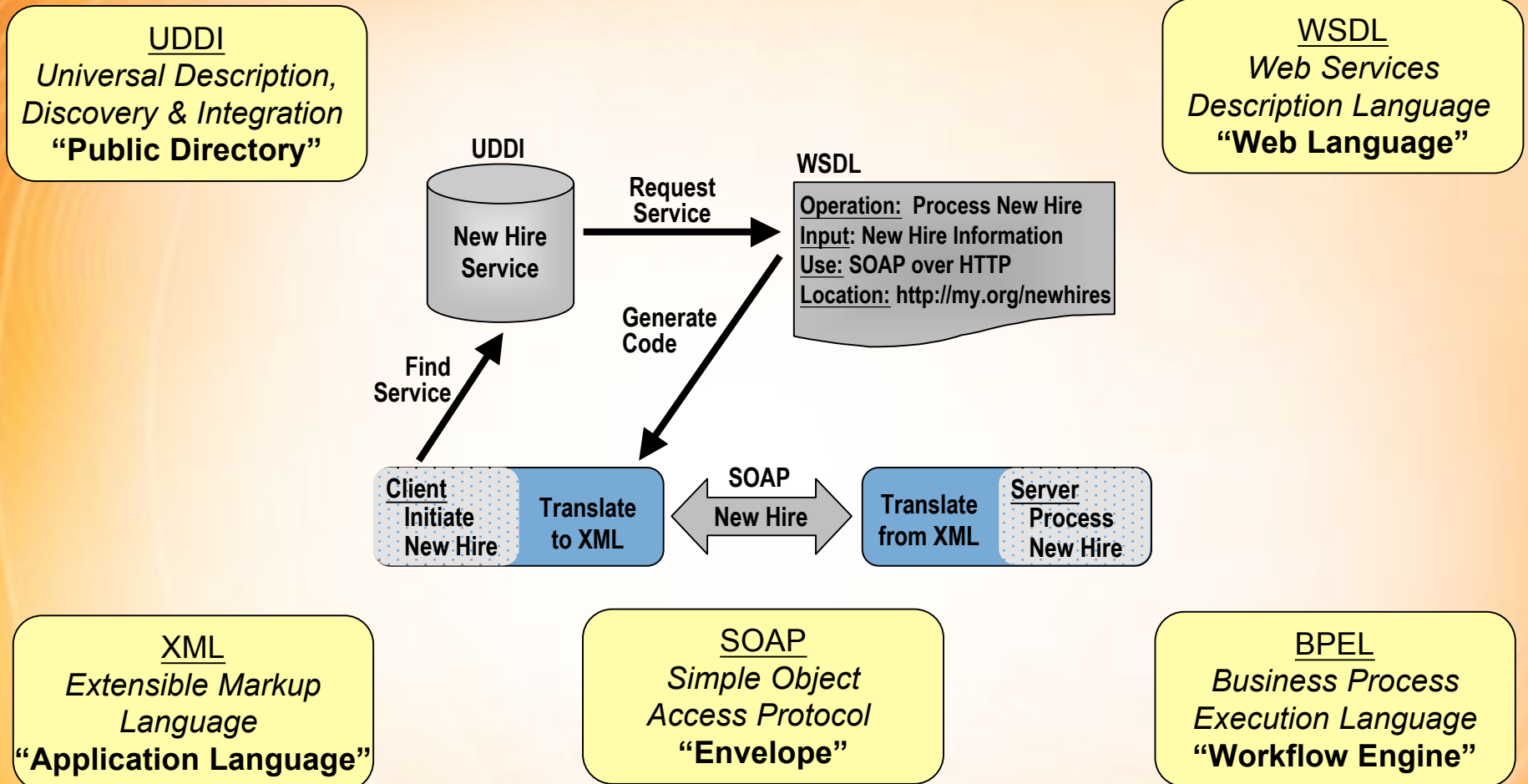


Source: Beaman et al.



Source: Gartner

Service Oriented Architecture (SOA)



Gartner Hype Cycle – Web 2.0



Gartner Hype Cycle – SaaS



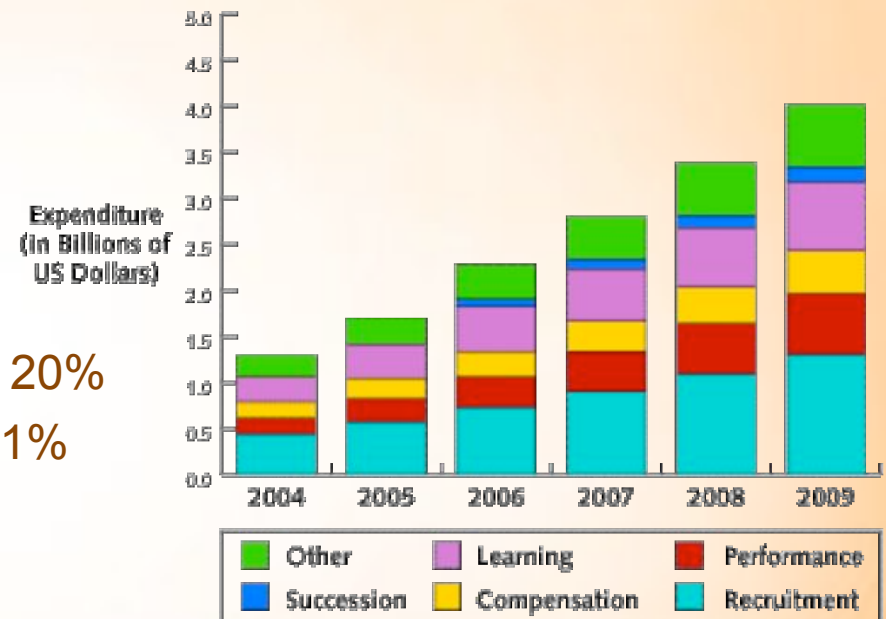
What Does This Mean for HR

- **Business Agility** – through Business Process Management (BPM), provides a way to flexibly change and extend services
- **Systems Agility** – business agility requires systems agility, making change/configuration intrinsic to the systems architecture
- **OnDemand** – hosted platform that continuously improves functionality without installing patches or impacting interfaces
- **Business Intelligence** – encapsulates intelligence, embedding real-time analytics and performance management
- **Collaboration** – provides the ability to link distributed and diverse systems, devices, and providers across space and time
- **Efficiency** – componentized architecture and reusability lowers total of cost of ownership

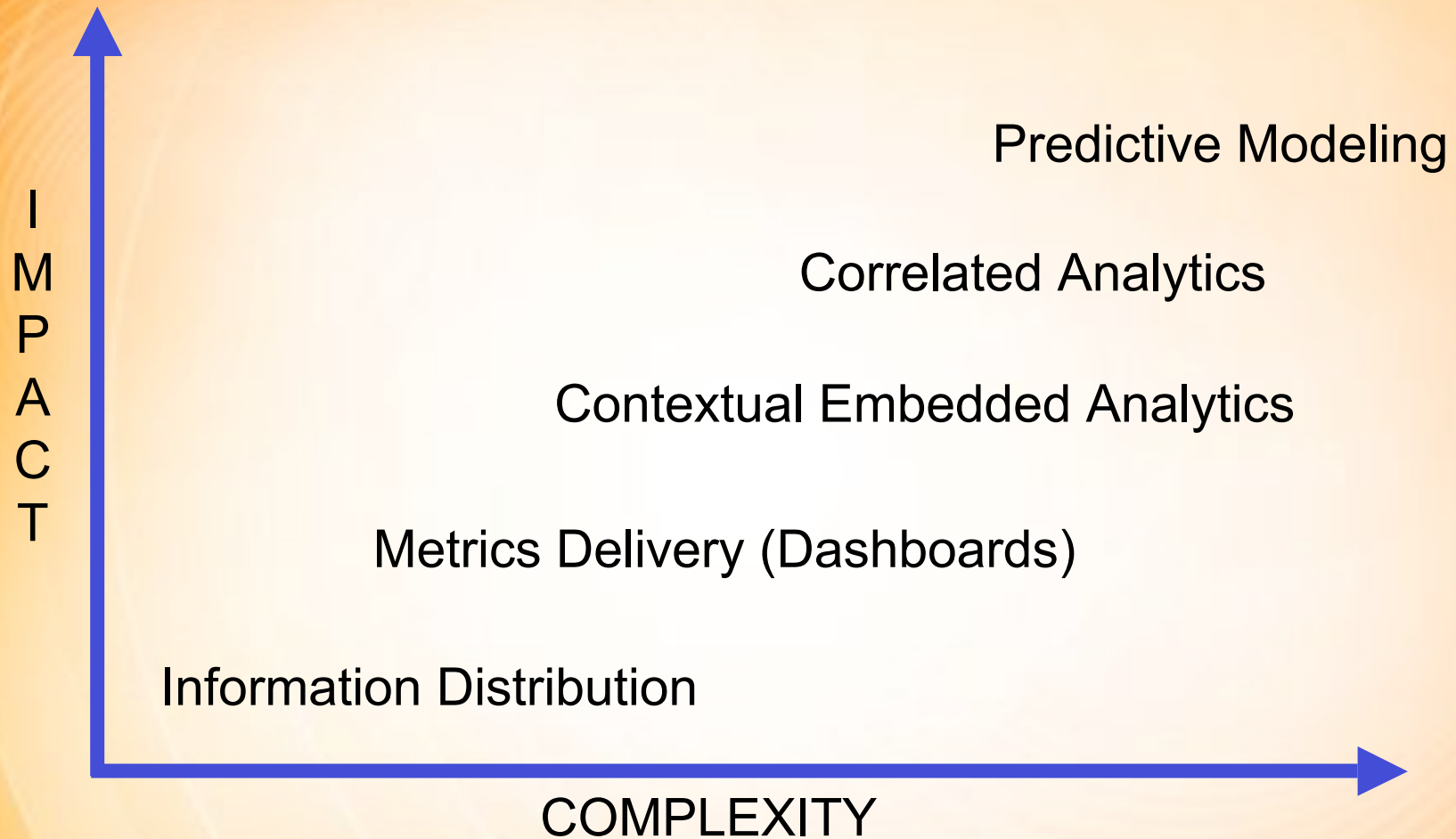
Strategic Talent Management

- Market growth driven by strategic applications
 - Talent & Performance Management
 - Workforce Management
 - eLearning Systems
- Growth rates vary by domain
 - Strategic applications
 - Performance/Talent Management: 20%
 - Learning Management Systems: 11%
 - Workforce Management: 10%
 - Mature domains
 - Core HRMS: 3%
 - Recruitment: 5%

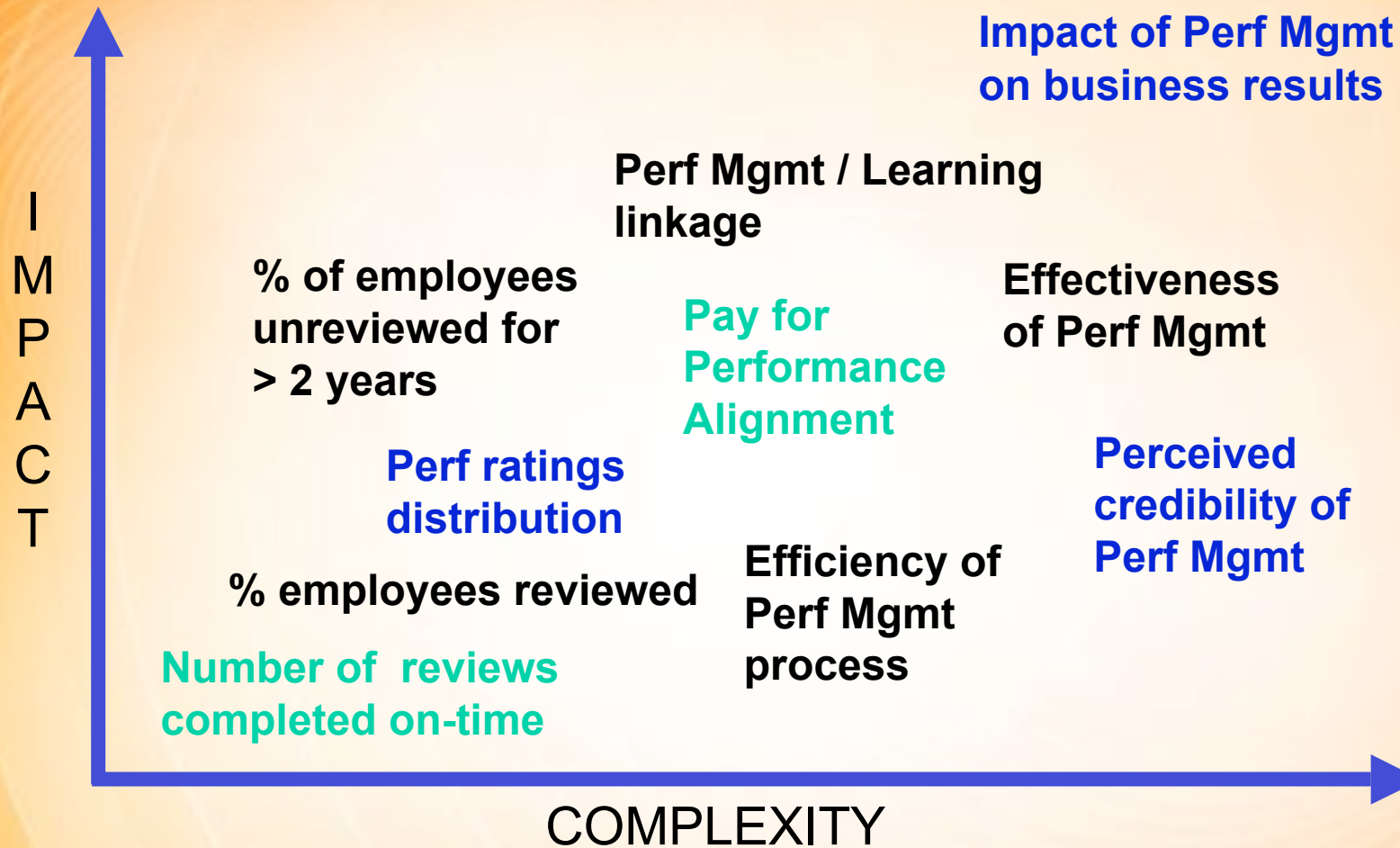
Talent Management Worldwide Forecast (2005 to 2009)



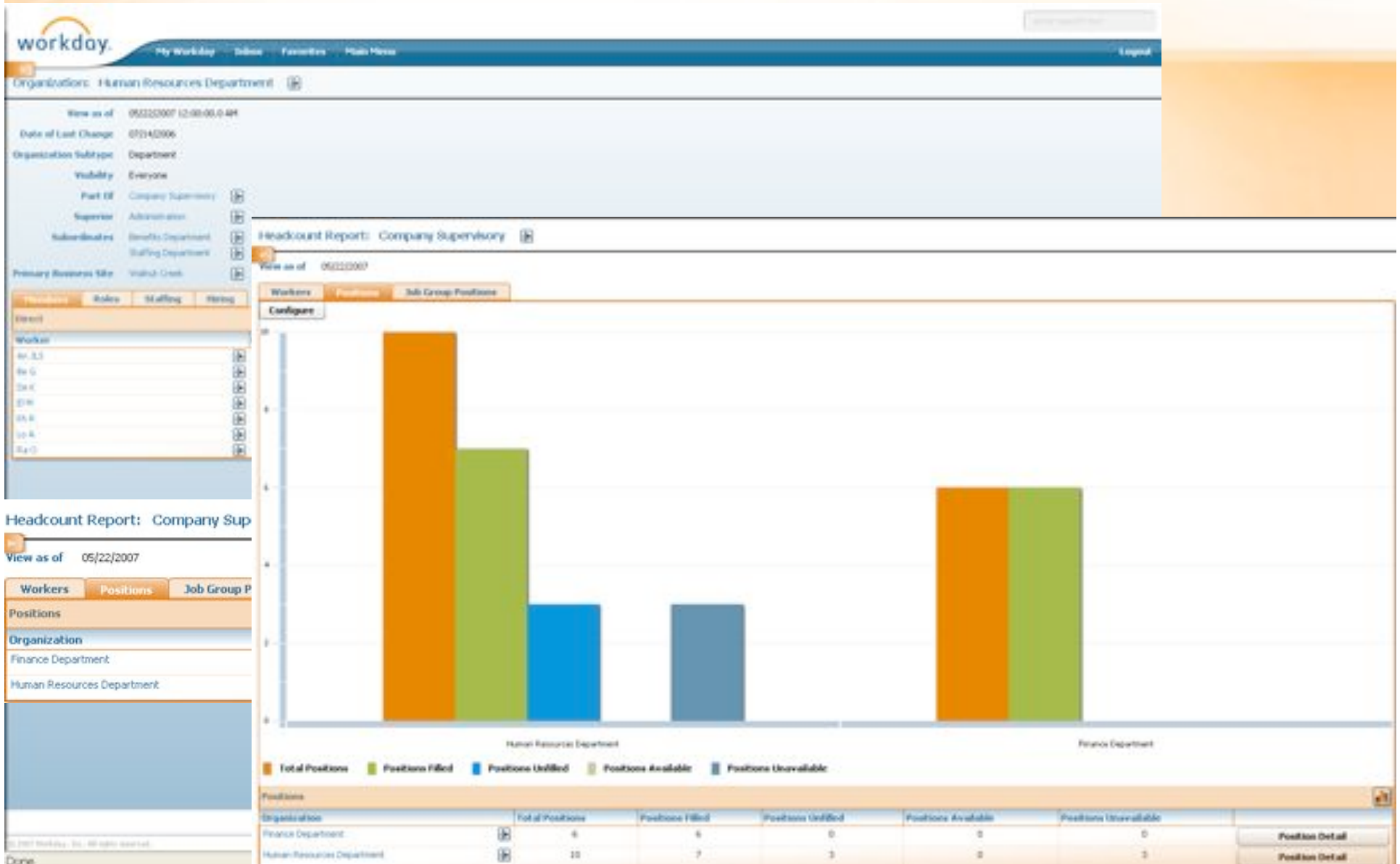
Strategic Analytics / Intelligent Metrics



Metrics that Matter: Performance



Embedded / Actionable Analytics



Global Data / Business Processes

Edit Address

Changes to this address require workflow approval. Please make your changes and submit.

Change To

Country: United States of America

Use: Payroll

Component

Country

Postal Code

City

Territory

State

P.O. Box

Suite

Building

Apartment

Street

Comment:

Edit Address

Changes to this address require workflow approval. Please make your changes and submit.

Change To

Country: Spain

Use: Payroll

| Component | Enter Value or Select Value |
|-------------|--|
| Block | <input checked="" type="radio"/> Enter Value <input type="text"/> |
| Lot | <input checked="" type="radio"/> Enter Value <input type="text"/> |
| Room | <input checked="" type="radio"/> Enter Value <input type="text"/> |
| Floor | <input checked="" type="radio"/> Enter Value <input type="text"/> |
| Postal Code | <input checked="" type="radio"/> Enter Value <input type="text"/> |
| | <input type="radio"/> Select Value <input type="text"/> |
| City | <input checked="" type="radio"/> Enter Value <input style="border: 2px solid red;" type="text"/> |
| | <input type="radio"/> Select Value <input type="text"/> |
| Province | <input type="radio"/> Select Value <input type="text"/> |
| Suite | <input checked="" type="radio"/> Enter Value <input type="text"/> |
| Building | <input checked="" type="radio"/> Enter Value <input type="text"/> |
| P.O. Box | <input checked="" type="radio"/> Enter Value <input type="text"/> |
| Apartment | <input checked="" type="radio"/> Enter Value <input type="text"/> |
| Street | <input checked="" type="radio"/> Enter Value <input style="border: 2px solid red;" type="text"/> |

Comment:

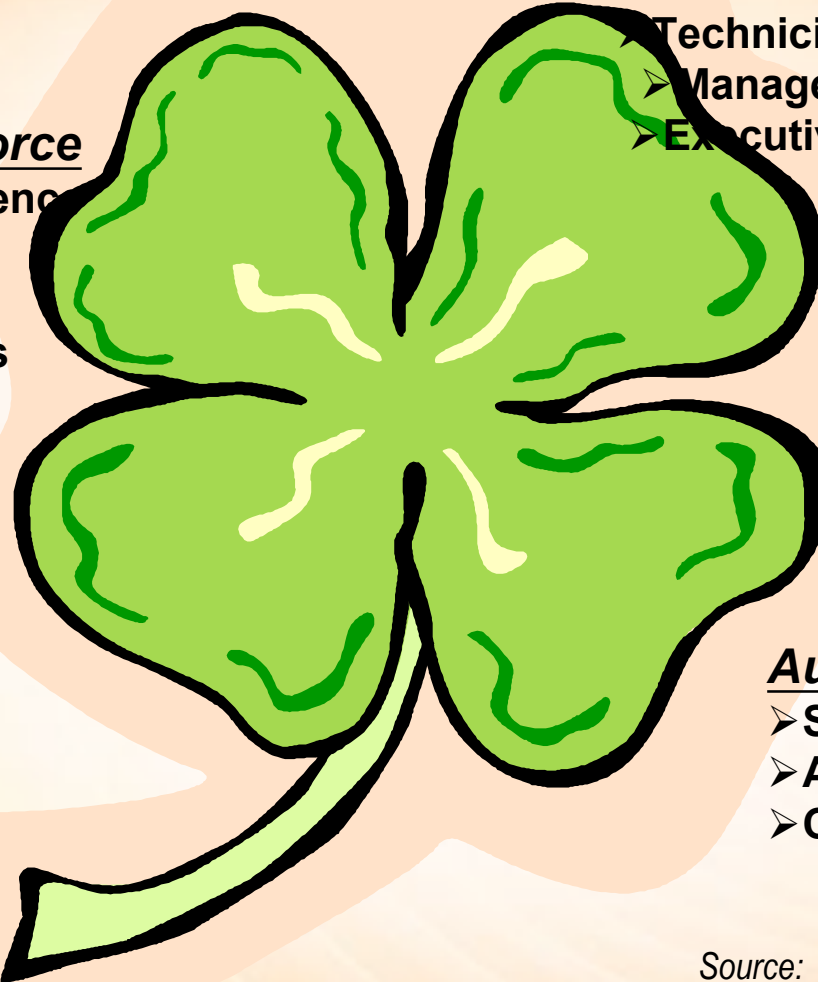
New Skills for HR

- **Agility** – flexible and adaptable to continuous, punctuated change
- **Velocity** – speed to market and ability to react quickly and effectively
- **General Business** – operational and financial business knowledge
- **Global** – geocentric, multicultural approach embracing global diversity
- **Technology** – ability to evaluate and implement enabling technologies
- **Analytical** – critical, analytical, problem-solving skills
- **Forward-Looking** – predictive, proactive, anticipatory business skills
- **Decision-Making** – action-oriented, solution-oriented approach
- **Collaboration** – team work, networking, and relationship building skills
- **Accountability** – ownership-focused and performance-based

The Specialised Workforce

Specialist Workforce

- Centers of Excellence
 - Outsourcers
 - Consultants
 - Other Vendors



Core Workforce

- Professionals
- Technicians
- Managers
- Executives

Flexible Workforce

- Contractors
- Part-timers
- Temporary workers
- Seasonal workers

Automated Work

- Self-service
- Automation
- Centers of Scale

Source: Charles Handy, *The Age of Unreason*, 1991

A Final Word...

“The empires of the future will be the empires of the mind ... [and the battles of the future will be battles for talent].”

Winston Churchill
Speech at Harvard University, 1943

As quoted in The Economist
October 7, 2006

Thank you!

| | | |
|----------------------------|------------------------|--------------------|
| <i>Merci</i> | <i>Obrigada</i> | <i>Ευχαριστω</i> |
| <i>Danke schön</i> | <i>Kiitos</i> | <i>Tack</i> |
| <i>Gracias</i> | <i>Dank u</i> | <i>Grazie</i> |
| <i>Shukriya</i> | <i>Tesekkür ederim</i> | <i>Takk</i> |
| <i>Terimah Kasih</i> | <i>Krop Kuhn Kah</i> | |
| <i>Dziêkujê</i> | <i>Arigato</i> | <i>Asante Sana</i> |
| <i>Go Raibh Maith Agat</i> | <i>Thank You!</i> | |

For more information, contact:

row.henson@oracle.com

karen.beaman@jeitosa.com

For more information on this topic

Go to www.ihrim.org

The IHRIM Learning Center

<http://www.ihrim.org/resources/LCindex.asp>

IHRIM Publications

<http://www.ihrim.org/pubonline/index.asp>

IHRIM needs your feedback!
Please complete a session evaluation for
Session 242

Charming or Cerebral?
Delivering Global Business Value

Row Henson, Oracle
Karen Beaman, Jeitosa

Thank you!

