

The Strategic Importance of The Human Resource Function: A CEO Perspective

Human Resource Professionals of Minnesota
January 13, 2010

Background

- Over 35 years of experience in diversified industries:
 - Drackett Products (Bristol-Myers Squibb): Windex, Drano, O-Cedar, Vanish, Weight Watchers
 - Miles Laboratories (Bayer AG): Alka-Seltzer
 - Pillsbury (General Mills): Pillsbury, Haagen-Dazs
 - O-Cedar: "O-Cedar Makes Your Life Easier"
 - Sunbeam: First Alert, Health-O-Meter
 - Transport America
 - Chamilia
- Single common thread...bedrock of each company was the strength of its employee base.
- Key to success...tapping into that underlying talent to maximize performance.

Management Philosophy

- Regardless of the business or industry, have always had one over-riding goal...
Consistent and Profitable Growth
- Four Management Principles to Lead Organization:
 - The Customer / Consumer is Always Right
 - People Make the Difference
 - Teamwork Maximizes Productivity
 - Have Fun

Corporate Mission

- I believe every corporate mission statement should reflect the important contribution of its employees to the success of the business.
- At Transport America our mission is to consistently exceed the expectations of our:
 - Employees
 - Customers
 - Stakeholders
- Our Value Statement touches on honesty and integrity, creativity by our people, teamwork, and sharing rewards and recognition.

Business Strategy

Three Strategic Priorities at Transport America:

- Consistent, Profitable Growth
 - Loyal customers
 - Outstanding service
 - Premium rates
- Operational Excellence
 - Continuous Improvement
- Organizational Excellence
 - Best Talent
 - Empowerment
 - Accountability

Organizational Excellence

- Recruiting, developing and retaining talent in an organization is a shared role.
- But, the Human Resource Function MUST take a leadership position, along with the CEO, in assuring that the effort is successful.
- This responsibility must be viewed as a strategic role, not a tactical endeavor.

Guiding Principles of a Strategic HR Organization

- I. Ensure The Programs Are In Place To Develop The Best Talent In The Industry.
 - Job Descriptions
 - Job Grades and Competitive Compensation Ranges
 - Annual Performance Reviews and Career Planning
 - Annual Salary Reviews
 - Business Objectives for All Employees
 - Incentive Plans
 - Achievement Awards
 - Advanced Education Opportunities

Guiding Principles

- II. Human Resource Leaders Must Be Visible To The Organization.
 - The HR function must report directly to the CEO.
 - HR Leaders and associates must constantly interact with other functions to "keep a finger on the pulse of the organization."

Guiding Principles

- III. Human Resource Leaders Need To Demonstrate Solid "Business Sense" and "Common Sense."
 - Take time to understand the market in which your company competes.
 - Know the competitive landscape...could be a fertile recruiting opportunity.
 - Learn basic financial skills...like understanding P&L's and balance sheets.
 - Make your opinions known in executive team meetings and directly with the CEO.
 - Don't be afraid to use your instincts.

Guiding Principles

- IV. Build Trust By Being Accessible To The Organization.
 - Closed doors lead to closed minds
 - Manage by walking around...you will learn more than you think
 - Take on the tough issues face-to-face...builds respect

Guiding Principles

- V. Be Fair But Firm In Administration Of Policy.
 - Policy manuals should be viewed as "guidelines."
 - No one likes to give bad news...but at times it is necessary.
 - If a policy is being disputed, take the time to learn the facts, talk to all parties involved, take the emotion out of the issue.
 - Above all, stay neutral.
 - In the end take the time to communicate the rationale for the decision.
 - Document the event..."Inconsistency breeds contempt."

Guiding Principles

- VI. Strive To Find Or Be Mentors And Coaches For Key Talent In The Organization.
 - Coach supervisors on how to manage future talent...performance reviews, lateral job experiences, special projects and promotions.
 - Provide internal or external mentoring opportunities for future leaders.
 - Highlight discussion of key talent at annual performance review meetings with Executive Staff and Board of Directors.

Performance / Potential

Likely Future Work Contribution	TURN (Ready to move in the next 12 mo.)			
	GROWTH (Has just moved into role or is being groomed for another.)			
	MASTERY (Functions well in role, will either remain in role or has no desire to grow.)			
		LOW (Not yet full performance)	MEDIUM (Full performance)	HIGH (Exceptional performance)

Successors for Organization Talent:

Readiness

- N= ready now, could assume position today
- 1= ready within 12 months
- 2= ready in 2 years
- 3= ready in 3-5 years
- E= fill with an external candidate
- R= restructure position

FUNCTION POSITION EMPLOYEE IN POSITION SUCCESSOR READINESS

Guiding Principles

VII. Human Resources Must Take Oversight Responsibility For The Culture Of The Organization.

- First and foremost, the CEO and His/Her Executive Team must set the tone for the culture and "walk the talk."
- But, on a day-to-day basis, the Human Resources Organization can be the glue that holds it together.
 - Hiring Practices
 - Communication Tools
 - Talent Development
 - Policy Formulation and Administration
 - "Coaching Up"
 - Celebrations

Guiding Principles

VIII. Above All, Take Pride In Your Job And Strive To Constantly Improve The Professional Stature Of Your Position

- Get your Professional and/or Senior Professional Human Resource Management Certification for the knowledge and career enhancement opportunities they will provide.
- Enroll in academic executive programs that broaden your business background.
- Share best practices with peers and mentors that will provide independent feedback on common issues or opportunities.
- Attend and participate in industry organizations, networking groups and conferences.

Conclusion

- I believe that people are the major contributors to the strategic success of a company.
- That will not happen without an empowered human resource organization leading the charge... "Personnel departments are a thing of the past."
- Each and every one of you has an opportunity to make a difference in your company.
- I hope that you will take advantage of it.
- It has been a pleasure and privilege speaking to you today.
- Thank you.