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Strategic HR Management ...

Building a World-Class Workforce: Two Case Studies

by Rick Koonce

Diversity is a critical element of a world-class workforce but its recruitment and retention is a challenge. One irony: to achieve true equity within such a workforce, you may have to treat people differently.

Corporate America faces a looming recruitment and retention crisis in the years ahead. As 64 million baby boomers in the workforce gray and start to retire, companies are being challenged, as never before, with how best to fill their shoes.

Today, the corporate competition in hiring and retaining high-end knowledge workers is especially keen. Why? For starters, not all high-tech/high-skill jobs can be outsourced or sent offshore, and there are far fewer generation X (born in the 60s and 70s) and Gen-Y workers (born between 1979 and 1994) than there were baby boomers a generation ago. Consequently, for companies of all kinds, winning today's recruiting and retention wars has become an increasingly intense and competitive effort.

Second, many younger workers today (those in their 20s to late 30s) are different—in their attitudes and approach to work—from their baby boomer parents. Many of them (blackberries and laptops notwithstanding) see work/life balance and free time for personal pursuits as more important goals than job security, big salaries, fat bonuses or a corner office. Others are turned off by authoritarian bosses, too much hierarchy, and the prospect of working for years to climb the corporate ladder to achieve career success.

Still others, including many women, gays, and lesbians, refuse to work for companies that tolerate discrimination, that have toxic corporate cultures, or that deny them job flexibility or domestic partner benefits.

In the gray flannel, white-shirted corporations of 40—and even 20—years ago, such workplace individualism wouldn't have been tolerated, much less accepted or acknowledged. Now it is everywhere.

In response, companies are becoming increasingly innovative and aggressive when attracting and retaining talent. They're making flexibility and

inclusiveness key tenets, not only of their recruiting practices, but also of their corporate cultures. Finally, (outsourcing notwithstanding) they're coming to view acquisition and retention of high-value internal talent as a critical and strategic business imperative, vital not just to marketplace agility and competitiveness, but also to long-term business success and viability.¹

¹ For a more in-depth discussion of this point, especially as it pertains to older workers, see The Conference Board Executive Action Report No. 187 *Age and Opportunity: Plan Strategically to Get the Most Out of a Maturing Workforce* by Charles Mitchell

Aligning Human Capital Needs with Business Strategy

A soon to be released research report by The Conference Board, *Strategic Workforce Planning: Forecasting Human Capital Needs to Execute Business Strategy*, looks at the value and methodologies employed in strategic workforce planning.

Strategic workforce planning (SWP) is the analytic, forecasting, and planning process that connects and directs talent management activities to ensure an organization has the right people in the right places at the right time and at the right price to execute its business strategy.

While no organization claims to have achieved it yet, many believe that the ultimate payoff from SWP will be a vibrant, internal job market that transcends the boundaries between business units and geographies. The company will be able to mine employee data to locate talent anywhere in the organization, woo passive job candidates and find the “best and highest use” for each employee. This same capability could also empower individuals to search for potential job opportunities, assess their developmental needs and find resources to help them advance.

Source: Strategic Workforce Planning: Forecasting Human Capital Needs to Execute Business Strategy, The Conference Board, Research Report R-1391-06-WG by Mary B. Young

SWP is becoming increasingly important to organizations in response to:

- The aging workforce and approaching retirement wave
- Current and projected labor shortages
- Globalization
- Growing use of a contingent, flexible workforce
- The need to leverage human capital to enhance return
- Mergers and acquisitions
- Evolution of technology and tools

SWP delivers value by:

- Generating insights and knowledge executives can use to make business decisions.
- Providing a deeper and more nuanced understanding of workforce dynamics than was previously available.
- Enabling organizations to manage human capital more efficiently – for example, by evaluating the long-term impacts of various staffing options and creating a stronger internal job market.
- Enabling HR to realize its long-held desire to become a player and a valued contributor to high-level business strategy decisions.

Case Study #1: Rockwell Collins: Radical Changes in a Corporate Recruiting Model

Take avionics manufacturer Rockwell Collins.

Based in Cedar Rapids, Iowa and spun off from defense contractor Rockwell International in 2001, Rockwell Collins is a company of 17,000 workers with a growing global business footprint that's wrestling with the need to hire increasing numbers of highly specialized engineers to work on military and commercial aviation contracts.

The company's avionics business has boomed since 9/11. However, until very recently, the company did little active recruiting, relying instead on internet ads and employee word-of-mouth to attract job candidates. That all changed a couple of years ago, when the company's HR managers began to see the need to fill a growing number of jobs in critical "domains" of engineering such as systems engineering, flight controls, communications, information assurance, and aircraft navigation. Such jobs require skills that "you can't easily find on the Internet," says Patty Nelson, Rockwell Collins's former director of talent acquisition.

Top Leadership Support Involved

Foreseeing that the company's need for specialized engineering skills would only grow in the future, Rockwell Collins redesigned its hiring process in 2005 to focus on specialized recruiting. The effort, spearheaded by Rockwell Collins Chairman, President and CEO Clay Jones was intended to help make talent acquisition a key foundation of the company's future competitive success.

"Rockwell Collins's future depends on its ability to retain and develop people and on the ability of those people to provide winning solutions for customers around the world," he says. In Jones's mind that involves building a workforce that includes people with a multitude of backgrounds, beliefs and experiences, because "we think diversity fosters creativity and innovation in what we do."

To ensure that critical skills hiring is aligned with the company's business goals, specialty recruiters work closely with the company's senior engineering leaders to develop job descriptions, and to identify the critical "domain" skills the company needs to continuously acquire. They also work with the engineering departments of key universities, and with groups such as the Society of Women Engineers, Women in Aviation, The National Society of Black Engineers, and the Society of Hispanic Professional Engineers to identify job candidates for future positions.

Specialty recruiters also push Rockwell Collins as a "world class" place to work; a place where both newly graduated engineers and mid-career professionals can be involved on the front lines of technological research and development. "This company is developing new technology used on every kind of commercial and military aircraft in the world today, including those used in the Iraq war," says Nelson.

Using Diversity Efforts to Drive Recruitment Initiatives

Today, Rockwell Collins has employees at over 80 locations worldwide, and the company's global reach continues to expand. Nevertheless, Nelson acknowledges that her company faces some significant recruiting challenges. For starters, it doesn't yet enjoy high "brand recognition" among job seekers. When it comes to recruiting minority candidates, Iowa's lack of racial diversity (only 6 percent of the population is non-white) can be an obstacle.

To meet these challenges, the company implemented a new diversity strategy in tandem with its new recruiting approach. The new strategy is designed "not only to attract women and minority engineers to a company that traditionally has been white and male," but also to retain minority employees overtime, says Rockwell Collins Senior Vice President of Human Resources Ron Kirchenbauer.

“There’s great strength in our Midwest culture and values,” he says, but adds that to succeed in the avionics and aerospace business today requires teams consisting of people from a wide variety of cultural, ethnic, geographical and social backgrounds.

As evidence of the company’s commitment to diversity, Kirchenbauer points out that the company’s senior vice president of engineering and technology, Nan Mattai, is a woman of Indian ancestry, and, that the company recently introduced same-sex domestic partner benefits for its gay and lesbian employees. Implementing same-sex partner benefits involved some “very emotional” conversations within the company, but it was the right business decision, Kirchenbauer says. “We want to attract all kinds of talented people to our company and we want all of them to enjoy the same benefits working here.”

Rockwell Collins’s commitment to diversity also extends beyond its corporate doors. It is a founding partner, along with several other Cedar Rapids/Iowa City employers, of Diversity Focus, a community initiative whose purpose is to promote greater cultural, social, and ethnic diversity in the Cedar Rapids/Iowa City Metropolitan Area.

Flexible Benefits and Variable Pay

While recruiting more new hires to Rockwell Collins is one goal, retaining them is another, says Kirchenbauer. That’s why the company recently took other steps to make it an employer of first choice. It redesigned its benefits offerings and now offers employees a generous mix of benefits that they can customize to their needs. Workers can compare their benefits to those at their spouse’s workplace, for example, and create a benefits package that makes sense for that individual and their family. The company also has introduced a strong portfolio of competitive rewards to employees based on individual job performance. And in late 2006 it will introduce a new “onboarding” program, designed to provide new hires with mentors and “buddies” to help them succeed in their first months of employment.

Adding benefits like these is key not just to recruiting attractive job candidates, but also to fostering a strong corporate culture of “employee involvement, alignment and ownership,” says Kirchenbauer.

While workforce diversity is important to innovation, Kirchenbauer says the company is equally committed to finding job candidates with the right work values. At Rockwell Collins those values include teamwork, integrity, innovation, customer focus, and leadership.

Job candidates must also be able to work well in team settings. “A lot of our work as a company involves building complex systems that become part of larger systems and end products,” he says. “To build these components, people have to be able to work together in teams, and to partner with other teams.” Kirchenbauer says this requires that people be flexible in their temperament and work style, and be aligned around common goals.

Creating a Climate of Organizational Alignment

To find these work traits in job candidates, and link recruiting to the company’s strategic goals, Kirchenbauer says Rockwell Collins uses behavioral-based interviewing to ensure a high likelihood of success with its hiring decisions. It’s also moving to include behavior-based evaluation methods in annual employee performance evaluations.

To drive its new recruiting approach, Rockwell Collins also changed the metrics it uses to monitor its recruiting efforts. “We used to base recruiting performance on ‘time-to-fill’ specific positions,” says Kirchenbauer. “Now, in critical-skills areas, we judge ourselves on ‘on-time delivery of critical-skills’ to key technical programs and customer projects. This new metric is more appropriate in a manufacturing environment,” he says.

The company also designed the jobs of specialty recruiters to be different from those of its other recruiters. Today, specialty recruiters handle eight to ten critical skill requisitions at a time compared to the 30 that traditional recruiters manage.

An Ambassador for Diversity and Recruitment Efforts

Nan Mattai, senior vice president for engineering and technology (and the company's most senior female executive) is pleased with how Rockwell Collins has reinvented its recruiting process. "It's critical to the company's future success in today's exceptionally competitive avionics and aerospace environment," she says.

Mattai played a big role in redesigning Rockwell Collins's talent acquisition efforts. Back in late 2003, the Department of Defense (a principal client) began moving toward defense transformation and network centric operations. To meet the technical challenges of transformation "the company had to augment some of its critical engineering skills," she says. Shortened cycle times also were becoming critical to completing high priority projects, as the country ramped up the war on terror.

In the midst of this, the company's average time to fill some critical skills positions was growing, "in some cases, to 90 days or more", Mattai says. The company also faced the challenge of an aging workforce, a large percentage of which would be looking to retire in five to ten years.

As Rockwell Collins's chief engineer, Mattai huddled with Nelson to redesign the company's talent acquisition process. As part of the redesign, senior engineers, hiring managers, and the company's recruiters started working together to determine not only critical skills gaps and hiring/interviewing requirements, but also appropriate timeframes for filling individual jobs—especially critical-skills positions. Today, the company no longer

uses a single time interval (34 days) as the standard for filling all jobs. Some jobs are filled in less time while others take longer.

Mattai also became even more involved in Rockwell Collins recruitment activities. Today, she appears at career fairs and speaks to numerous business and student audiences. As a senior Rockwell Collins executive with an unusual background, she's a perfect ambassador for the company's current diversity and recruitment initiatives.

One of Mattai's biggest priorities is to forge strategic partnerships with selected universities—especially their schools and departments of engineering. She serves on the Engineering College Industrial Advisory Council at Iowa State University, and works with the university on engineering curriculum design. For Mattai, the reason to have strong community and university relationships is clear: She believes, like other company executives, that the company's future lies in its ability to attract and retain a diversity of bright engineering talent—especially young talent. "We're no longer Rockwell Collins of Cedar Rapids, IA. Today's we're doing work in Europe and elsewhere around the world. Our workforce must relate to different cultures and speak different languages if it is to do business in that global environment."

To be effective, Mattai believes that innovative talent recruitment efforts need to be carefully integrated with other HR processes—including diversity programs, training, leadership development, and succession planning. For example, in Rockwell Collins's case, once new engineering and technologist hires come on board, the company provides them with continuous training/development opportunities including job rotations, internships, mentoring, and domain training. High potential Rockwell Collins engineers are also eligible for nomination to a dual Masters of Systems Engineering and MBA Program offered at Iowa State and the University of Iowa, with tuition paid by the company. The company sends about 15 engineers to the program every two years.

Mattai says one of the things that make Rockwell Collins's commitment to better hiring practices so strong is the enthusiastic involvement of the company's top executives, including CEO Clay Jones. "Clay puts a lot of emphasis on aligning our talent recruitment plans with the company's strategic business goals," she says.

That's a sentiment with which Patty Nelson agrees. She says that between now and 2010 the company plans to hire 7,000 additional people, many of them in critical skills positions. "Our Chairman has made it clear that it's the responsibility of all Rockwell Collins leaders to bring in critical hires today," she says. "It's not just the job of HR."

Case Study #2: PricewaterhouseCoopers; Changing Emphasis—Now It's People First

PricewaterhouseCoopers is another company that puts a premium on the effective recruitment, development, and retention of key talent. When the professional services firm discovered about a decade ago that it was losing up to half its female auditors in its Boston office before they made partner, it initiated policies that enabled women to work only part time and still advance on the partner track, a position that pays as much as \$500,000 a year. It also introduced strong mentoring programs designed to give women exposure to senior male managers and important clients. These efforts were undertaken not only to promote the development and retention of women, but also to improve work life quality for female managers and associates.

In 2004, the firm broadened its mentoring efforts, launching an initiative called "Partner Connectivity," designed to give junior staff members and consultants access to the firm's 2,200 partners. Because research showed that people often left the firm when they were not able to build relationships with partners, the program assigns 12 to 15 staff members to each firm partner. The goal is to enable these "relationship partners" to build personal connections with associates and senior associates, learn about their career goals, get to know them not just as employees but as individuals, and to offer them career advice one-on-one.

The firm emphasizes "informality and personal disclosure in these arrangements, encouraging partners to share stories of their own personal and professional experiences and accomplishments with their protégés," says Jennifer Allyn, PwC's Director of Gender Retention and Advancement.

The firm also produced a book, *You're Not What I Expected*, which profiles the diverse lives and careers of 16 PwC partners, and which is shared around the firm. "The purpose of this book is to show associates and senior associates a diversity of role models within the firm, and to let people know that there are different potential paths to making partner," says Allyn.

Putting People First

Karen Vander Linde, leader of PricewaterhouseCoopers' U.S. change management practice and a "relationship partner" herself, says the use of relationship partners is "key to the firm's strategy today of emphasizing people first, quality second, and profitable/expandable growth third." Prior to 2003 the firm's strategy "stressed quality, profitable/expandable growth, and then people", she says.

PwC has put still other mentoring programs and practices in place today as well. One of these is the firm's Mentoring Partnerships Program (MPP) for high-potential women and minorities. In this program, high-potential managers and associates are paired with a senior mentor—a partner—two to three years before they are expected to make partner themselves. The goal is to help facilitate the firm's leadership development and succession planning.

Individual career development is also a big focus at PwC. Two years ago, the firm appointed diversity champions across all its business lines. Their role: to review partner plans, especially those of women and minorities, to make certain they include "robust" career and development goals. The firm also established affinity groups for women to enable them to network and connect with others across the firm.

Reaching Out to Gay and Lesbian Employees

Last but not least, about 18 months ago, the firm launched an initiative aimed at its gay and lesbian employees. “We convened a gay partner advisory board, made up of gay partners, to help us set our strategic direction for this initiative,” says Allyn. The board focuses on providing mentoring and networking opportunities to gay and lesbian employees, and also aims to make the PwC culture gay and lesbian friendly. “We’re trying to shift the conversation to make it more comfortable for people to come out,” she says. To that end, the firm is developing a website for gay and lesbian staff, and has started affinity groups for gay and lesbian employees. One of these, a Gay-Lesbian-Bisexual-Transgender (GLBT) group based in PwC’s Tampa, Florida office, won a special PwC Chairman’s award last year. “The group was singled out for its courage by our Chairman, Dennis Nally,” says Allyn.

Allyn says the purpose of all these efforts (and others like them) is to provide PwC employees with unique and customized work experiences and developmental opportunities. It’s also key, she says, to fostering employee commitment and to providing employees with what they want and need to grow professionally. “Every time somebody walks out the door it costs us about \$80,000,” she says, noting that in the last few years turnover rates have dropped by four percent.

Equity Means Treating People Differently

PwC’s human capital initiatives don’t just focus on mentoring and professional development. They also emphasize flexible work options, based on people’s particular personal and family needs. For example, the firm extends parental leave to both men and women, and offers a variety of flexible work schedule options to people, including working part-time from home, or working compressed work weeks.

“If I’m a pregnant woman and have to go on maternity leave, I have very different workplace needs than a 25-year-old single woman who’s willing to give a lot of time to her career, or a man who’s just had heart surgery, or a young associate who wants to take time off from work to go back to school.” Allyn says the firm realizes it must be able to offer different things to different people in order to assure equal opportunity and positive work experiences.

“To achieve true equity, we have to treat people differently,” says Allyn, who is currently involved with an initiative to nurture relationships with former PwC employees who are now stay-at-home moms.

A Top Place to Work

Judging from its efforts thus far, PwC is making great progress in meeting employees’ diverse needs and creating a more committed and satisfied workforce. In 2005, it was named one of the top 10 companies for working mothers by Working Mother Magazine. That same year, the firm also received a score of 86 percent on the Human Rights Campaign’s Corporate Equality Index for providing an increasingly friendly environment for its gay and lesbian employees.

PwC Chairman Nally has committed PwC to increasing its percentage of female partners to 35 percent in the near future. As of this writing, women make up about 32 percent of all senior managers within the firm, and 15 percent of the partner ranks. And thanks to programs like “Partner Connectivity”, the percentage of women in the firm’s current partner class is up this year to 28 percent, according to Allyn. That puts the firm’s efforts to build greater diversity in its leadership ranks on a solid track moving forward.

A Recipe for Success

Both Rockwell Collins and PricewaterhouseCoopers have committed themselves to implementing innovative talent recruitment and retention practices, and both companies' efforts have gained traction because of the vigorous and visible support of top management. So what other things do these case studies illustrate in terms of talent acquisition and retention best practices that other companies can emulate?

- Both companies clearly recognize that the foundation for their future viability and competitiveness rests with their ability to hire and retain high quality employees, who can help position their organizations for future long-term success.
- Both companies have clearly committed themselves to recruiting and retaining a broader base of future workers, including more women and minorities, because both realize that workforce diversity is key to responding effectively to growing customer and marketplace diversity.
- Both companies realize that talent acquisition and retention efforts need to be clearly integrated with other human capital activities, including diversity efforts, training, leadership development, succession planning and strategic use of rewards, benefits and flexible work options.

The need for other companies to develop strong and aggressive minority talent recruitment and retention practices going forward is clear: According to the U.S. Census Bureau the percentage of whites in the workforce will drop to 62 percent by 2020 while the percentage of minorities will grow to 37 percent. (From 18 percent in 1980.)

These percentages, of course, will also be reflected in the consumer population, making it critical that companies build diverse workforces that reflect the diversity of their customer base.

So where does your company stand when it comes to the identification, acquisition and development of diverse managerial and leadership talent? To what extent is your senior management committed to talent acquisition and development as a key strategy for growing and sustaining your business? And to what extent, is your company willing to have challenging conversations around making the recruitment and retention of women, minorities, and experienced late-career employees a key business strategy?

Perhaps it's time for you and your company to have some in-depth discussions regarding your talent recruitment and retention strategies for the decade ahead. (See sidebar.) Asking powerful questions such as those included here can help shape your talent acquisition, development, and retention strategies going forward. More specifically, they can serve as the basis for creating the diverse workforce you'll need to be competitive in the global marketplace of tomorrow.

About the author

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Ten Questions to Ask About the Recruitment and Retention of Female and Minority Talent in Your Company

What's your company doing to build and retain the diverse workforce that will necessary for future business success? To compete globally as well as locally? And to create workplaces that are friendly not only to women and minorities but also to older workers? Here are some questions you should ask when it comes to the topics of recruiting and retaining top female and minority talent in the years ahead.

1. How strongly is my company committed to recruiting, developing, advancing, and retaining top flight female, minority and late-career talent?
2. To what extent has my company made this an explicit organizational goal and business value, key to the future success of the business?
3. To what extent do the CEO and the top management team champion greater recruitment, development, and nurturing of diverse managers and executives?
4. To what extent is this commitment displayed at all leadership levels inside the company?
5. To what extent has my company created the infrastructure (systems, programs, procedures, metrics, etc.) to support the recruitment and retention of key diverse talent in our company?
6. Do we track recruitment and retention statistics in order to determine whether we experience a "brain drain" of diverse talent over time?
7. To what extent does my company make an effort to provide career development and coaching opportunities to high potential diverse employees, managers, and executives?
8. Does my company offer specific kinds of mentoring, leadership development, coaching, and career pathing opportunities for high potential diverse managers and executives?
9. Has my company developed a strategy for recruiting and developing diverse executives that is aligned with its business strategy?
10. To what extent, are key individuals in my company rewarded (incented) for making strategic recruitment and retention practices a key priority?