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Build a Workforce That's Resilient, Agile, and Future-Ready

The workplace of tomorrow is in our hands today. If we don't prepare our workforce now, in a not-so-distant future we'll be telling the story of how we failed to adapt and fell behind. Or, worse, how we failed to evolve and didn't make it. All because we didn't adapt to changing workforce trends.

We've all seen how fast technology is advancing. The pace of change isn't slowing; it's accelerating. And while I understand that many business leaders are cautious about embracing new technologies — they're complicated, uncertain, and largely unregulated — we simply can't afford to wait. Our competitors willing to take strategic risks will outpace us. Playing it safe will only land you safely irrelevant.

As companies grow and evolve, employees must keep pace. This means investing in your people by creating opportunities for them to reskill and upskill alongside the organization. But here's the thing: It's a two-way street. Employees must also be willing to seize these opportunities. In today's fast-changing landscape, businesses can't afford to hold on to talent unwilling to adapt. There's a world of eager, adaptable workers ready to grow. Find them, invest in them, and bring them into your workforce.

So where do you find these adaptable workers? It starts with embracing a wider talent landscape. Hiring practices are already starting to favor skills and credentials over traditional qualifications — and for good reason. Why limit your

talent pool to diplomas when competencies are equally important? Organizations such as the SHRM Foundation are paving the way, showing HR professionals how to evaluate the full spectrum of candidate potential (*see page 12*).

Tapping into untapped talent pools will be key to staying competitive. For too long, businesses have overlooked valuable talent simply because they didn't fit the traditional mold. Organizations now need to expand opportunities for people who have been historically sidelined, including veterans, people with disabilities, caregivers returning to the workforce, older workers, and people who were previously incarcerated. These individuals have immense potential, yet too often face barriers that prevent them from getting a foot in the door.

Finally, let's not forget about benefits. As the workforce changes, so too do the needs of your employees. The benefits you offer must align with the lives and needs of our current workforce. What worked yesterday may not work tomorrow. Smart organizations will continually evaluate and adjust their offerings to ensure they attract and retain top talent. If your benefits package still looks like it did a decade ago, you're already behind.

The future isn't waiting for us. It's coming—fast. The question is: Are we ready for it? Let's make sure we are. ■■



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FUTURE-READY HR

How CHROs Are Reinventing Their HR Functions to Balance Tech, Talent, and Transformation

BY DAVE ZIELINSKI

When Chris Courneen peered into the future of his HR department, he knew something — and some people — needed to change. As vice president and global head of HR for MS International Inc. (MSI), an Orange, Calif.-based counter and flooring provider, Courneen realized the type of HR function that capably served his company for years would not survive the radical changes expected in the next decade. He needed a new kind of HR professional, a transformed HR operating model, and a major tech upgrade to meet the challenges ahead.

Courneen is among a growing wave of CHROs who are modernizing their HR operations in response to a series of workforce disruptions. Today's HR leaders face a mountain of new challenges, including deciding which HR roles AI will enhance or replace, how to harness an explosion of data to drive talent decisions, and how to adapt to a volatile political and economic environment. All of this will require new skills and adaptability for HR staff, alongside renewed pressure to control costs.

HR leaders are getting the message about the need for change. A 2024 Gartner study found that 87% of HR leaders believe that shifting business needs require continuous transformation of the HR function. And SHRM's new *CHRO Priorities and Perspectives* report found that CHROs ranked "Preparing HR staff for future challenges" as the second-biggest challenge facing the HR function this year, right behind "HR budget constraints or limited resources."

Jill Goldstein, global managing partner for HR and talent transformation at IBM Consulting, said a growing part of the CHRO role is to plan for the next market disruptions that will inevitably arrive.

"I hesitate to use the term 'future-proof' because it implies an ending," Goldstein said. "Instead, HR has to be 'future-ready' and make sure its model is designed in a way so it can easily pivot to support whatever direction the business, the industry, or the market takes in the future, because change is sure to come."

Wanted: A New Breed of HR Professional

In making their functions future-ready, CHROs often start by assessing the skill sets on their HR teams and considering the skills needed for the future. As a result, HR leaders increasingly find themselves searching for certain core traits when hiring HR staff rather than established expertise in functional HR areas. For example, Courneen said he now looks for adaptability, business acumen, and curiosity when hiring for roles in his HR department.

“Those three traits are more important than ever because every role in the HR organization is changing to some degree,” Courneen said. He recently hired a new employee for his HR team who had very little experience in the task that she would be asked to perform.

“But that didn’t matter because she has the proven smarts, business acumen, and adaptability. We feel like we can teach her everything else she needs to know about the work,” Courneen said. “It’s not essential that someone understands every aspect of FMLA or how to do a EEOC credibility analysis. We can teach them those things if they have the core traits.”

Courneen believes the trait of adaptability is especially crucial because HR professionals increasingly have to develop greater literacy in AI and people analytics.

In a Mercer survey last year, nearly two-thirds of HR executives (65%) said that in the future, they will be focusing more on nontraditional areas in their HR positions, such as scenario planning, business operations, analytics, and technology. This underscores the need for HR leaders to develop a broader set of skills in themselves and their teams.

The study also found that 42% of HR leaders said accelerating the development of their HR team’s skills was one of their most prevalent challenges. A main catalyst: the rising importance of data and technology in the HR function.

As AI usage accelerates in the coming years, CHROs will be faced with difficult new staffing decisions, including choosing the optimal mix of humans and AI within the HR function. Kyle Forrest, dean of Deloitte’s Next Generation CHRO Academy,

“The HR business partner role is becoming a bigger conversation for many organizations. If those partners aren’t empowered to act as true, valued strategic consultants to the business and are still mostly doing transactional HR work, like filling out forms and moving reports from one system to another, their jobs aren’t necessarily safe. They can be replaced by AI agents.”



— STACEY HARRIS, CHIEF RESEARCH OFFICER AND MANAGING PARTNER AT SAPIENT INSIGHTS GROUP

advises CHROs to use an AI-focused decision framework when planning for the future division of labor in HR.

“CHROs need to think about what work in HR can be **AI-assisted**, meaning it’s primarily still a human-to-human interaction; what work can be **AI-augmented**, where it takes an equivalent amount of time and effort for humans and AI together to do the work; and what work can be **AI-powered**, where AI does the majority of the job and the human role shifts more to oversight to ensure quality AI outcomes,” Forrest said.

A true business partner? The HR business partner (HRBP) is a role where such decisions already are coming into play. Some experts believe that if that job doesn’t evolve from being focused on compliance and process to a more strategic role, it may be ripe for replacement by new tools such as agentic AI. This technology features autonomous agents that can execute multi-step HR processes on their own.

“The HR business partner role is becoming a bigger conversation for many organizations,” said Stacey Harris, chief research officer and managing partner at Sapient Insights Group in Atlanta. “If those partners aren’t empowered to act as true, valued strategic consultants to the business and are still mostly doing transactional HR work, like filling out forms and moving reports from one system to another, their jobs aren’t necessarily safe. They can be replaced by AI agents.”

Cultivate data literacy. As AI acumen and data literacy have grown more essential to Courneen’s HR strategy, he’s worked to develop those skills in existing staff or hired people externally for that expertise. Last year, for example, he created a new role of data analytics manager.

“That manager’s job is to improve how we leverage all the people data we have,” Courneen said. “It started with our talent acquisition process to identify where we’re having success and where we’re falling short in terms of identifying good candidates, improving time-to-hire, quality of hire, and where we may be spending unnecessary money.”

But Courneen doesn’t just want data skills in his people analytics group. “We spend more time now, particularly with those interviewing for HR business partner jobs, digging into things like how well they understand and can use people analytics,” he said. “We want to know, for example, how they calculate employee attrition and can use that metric to drive decision-making. We ask similar questions of people applying for TA and learning and development jobs.”

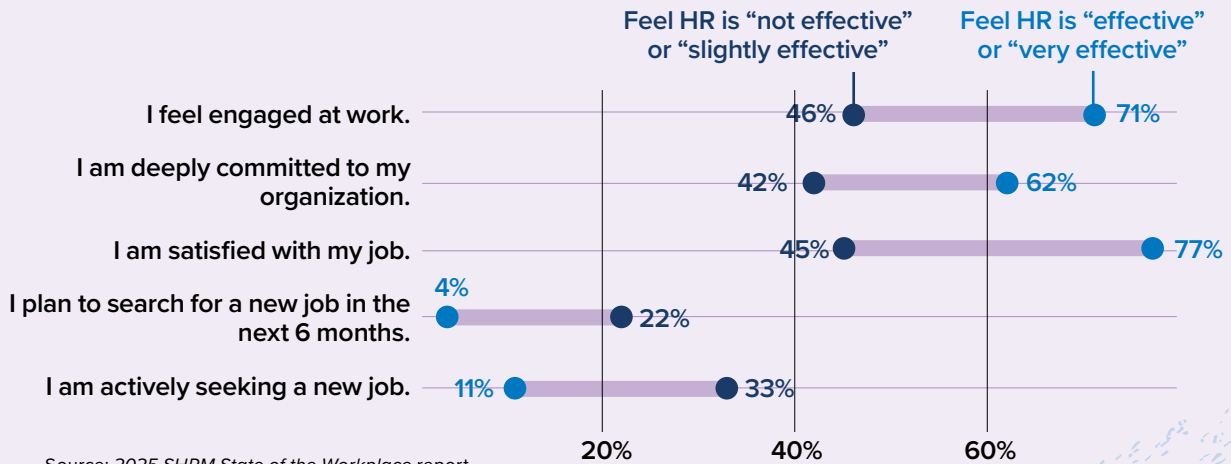
Betsy Summers, principal analyst on the Future of Work team at Forrester, said enhancing data literacy throughout the HR department is key to making HR more future-ready. “CHROs need to pivot towards the embrace of data and technology to bring all of their HR programs to life, rather than just thinking of analytics and AI as consigned to dedicated teams off to the side,” she said.

As part of becoming future-ready, Courneen also created what he calls “curiosity jobs” on his HR team. One of those jobs is filled by an AI intern.

“All that intern does is go out and research the latest AI tools we could potentially use here, to help us understand what’s still in

EFFECTIVE HR = A COMMITTED, ENGAGED WORKFORCE

How important is having a modern, high-functioning HR department? New SHRM research shows that U.S. workers who regard their HR departments as “effective” or “very effective” are significantly more likely to exhibit positive workplace behaviors and attitudes — and they’re less likely to go searching for a new job.



development and what is maturing,” Courneen said. “Someone serving in that intern role initially identified the talent acquisition technology partner we ended up using. You won’t keep up with the rate of change in business and in HR if you’re not innately curious. Things are changing so fast, especially in technology, that we can teach something today and it’s outdated in three months.”

Modernizing HR Operating Models

CHROs also are rethinking HR operating models and organizational structures to become future-ready, be more agile in meeting business needs, and accommodate the growing use of HR technology. Research from the Institute for Corporate Productivity (i4CP) found that 75% of HR leaders said they’ve revamped their HR organization structures post-pandemic, a trend that continued deep into 2024.

Mercer’s 2024 *Voice of the CHRO* study found a strong link between changes in HR operating models and the accelerating adoption of AI. Almost half of study respondents made significant changes to their HR operating model, and companies making those changes were twice as likely to be in the AI planning or piloting stage.

Some CHROs are redesigning operating models to bring unity and new efficiencies to historically disconnected parts of HR. Global HR analyst Josh Bersin, founder of The Josh Bersin Company, calls this approach “systemic HR,” in which traditional HR siloes are dismantled to allow functional groups to work together more seamlessly and solve core business problems. Those core problems include transforming staff roles around AI and addressing chronic talent shortages in some areas of the business.

“CHROs need to pivot towards the embrace of data and technology to bring all of their HR programs to life, rather than just thinking of analytics and AI as consigned to dedicated teams off to the side.”



— BETSY SUMMERS, PRINCIPAL ANALYST ON THE FUTURE OF WORK TEAM AT FORRESTER

A recruiting group directly linked to learning and development (L&D) in a systemic model, for example, has advantages that functions operating in silos can’t capitalize on.

“Recruiting might go to L&D and ask, ‘Our data shows we have a growing number of business units hiring people with these specific skills. Are you developing programs to build those skills?’” Bersin said. “Because if L&D is building those programs, maybe recruiting doesn’t have to hire so many external people. Developing those skills in the existing workforce means some of those people could move to open jobs.”

The systemic HR approach also includes creating solution teams aligned around specific business issues — teams that often become cross-disciplinary over time. “There might be a solution team with various HR and line experts that’s built around leadership development, sales performance, underperforming employees, or other specific areas,” Bersin said.



AI IN ACTION: HOW ONE HR EXECUTIVE FREED UP 20% OF RECRUITERS' TIME

One path CHROs are taking to drive AI efficiencies is implementing AI-powered technology to streamline recruiting. That's what Chris Courneen (*pictured above*), HR leader at MSI International, decided to do when he found that 20% of his recruiting team's time was being spent scheduling interviews with job candidates and hiring managers.

"We were able to eliminate 100% of that problem with a new AI-driven platform that automatically schedules those job interviews for us," he said. In addition, MSI eliminated about 30% of HR's manual work related to onboarding because the new platform also automatically walks new hires through filling out needed onboarding forms, reading policies, and completing other core orientation tasks.

Introducing that automation also meant some HR staff were displaced. Notably, the recruiting coordinator roles were phased out.

"We decided to eliminate that entire job level and reskill everyone who had been doing that job, teaching them how to start reviewing resumes and conduct phone screens with job candidates," Courneen said. "The upside is that the recruiting coordinator job tends to be a high-burnout, high-turnover role. So people were excited about an opportunity to take on higher-value work."

Hiring demand was strong enough to retain those people in new recruiting roles. MSI spent six months reskilling the former recruiting coordinators to prepare them for their new positions.

Redesigning HR for Accountability

Some CHROs have transformed their HR operating models with other objectives in mind. Ekta Vyas, CHRO of Keck Medicine at the University of Southern California, led a transformation of her HR function designed to bring new accountability and transparency to HR's work.

"It's been a complete overhaul at the system level, with a transformation across processes, people, and technology," said Vyas, who oversees four hospitals and several ambulatory locations.

Vyas created a center of excellence (COE) model with supporting HRBPs, a shift that moved service and transactional work once handled in functional areas to a centralized HR business center. The business center now employs AI-powered technology from provider ServiceNow to handle a wide range of employees' HR-related issues and questions through a case ticketing system. Vyas felt the change was necessary in part to make HR more accountable and responsive to the business.

"One of the biggest challenges in a HR system model, where functions are distributed across many different areas, is confusion among employees about where to go within HR to answer their questions," she said. "People often find themselves bouncing from one place to another and becoming frustrated."

Under the old organizational structure, Vyas found it difficult to identify who in HR was working on what issues and had ultimate accountability for results. The new operating model resolved that problem. However, the transformation did require considerable changes for Vyas' HR staff.

"From an upskilling perspective, it was a completely new world for my HR team," she said. "People who were positioned in talent acquisition, HR operations, HR technology, and other areas at different local hospital entities are now part of a new org design under HR business center leadership. They're operating like a call center, which required learning things like the ServiceNow technology, among other new skills."

Vyas also changed the role of HRBPs so they'd have more time to conduct strategic consulting with business leaders. "Many were getting bogged down in transactional work. But we streamlined and standardized that work and moved it to our new HR business center," she said. "Our three COEs are now drafting and designing their own programs, so that's also freed HRBPs to do more strategic consulting with the executive teams of our hospitals."

Build, buy, borrow, or bot? Forrest of Deloitte said a challenge many CHROs grapple with today is how to staff their HR functions with the proper "flex capacity" to meet shifting business needs. That requires making the right "build, buy, borrow, or bot?" decision when it comes to matching what often can be limited HR resources to capacity needs.

"CHROs need a better understanding than ever of the HR skills needed to do the work, as well as of the strategic nature and time duration of projects or initiatives," Forrest said. "They then can scale up or down, using not just full-time HR employees but third-party vendors and contingent workers to flex as things come up throughout the year, whether it be a change in business strategy, a macroeconomic event, or other factors."

Forrest also said he is seeing more CHROs modify their organizational structures to reflect the growing use of AI and analytics within HR. "In some cases, for example, CHROs have made a change so the people analytics team now owns the AI strategy for the HR function," he said. "That's because they feel the analytics team best understands how to use people data to train AI models to deliver good outcomes."

CHANGE WITHOUT CHAOS: MANAGE HR STRESS DURING TRANSFORMATION

The typical HR professional role is stressful enough. Layer on a major HR transformation initiative and you have a recipe for burnout and disengagement within the HR team.

“It’s easy to forget about the needs of your own HR team when you’re so focused on serving the needs of the business,” said Ekta Vyas, CHRO of Keck Medicine at the University of Southern California. “Building a plane while you’re flying it, which is what many HR transformations feel like, can create burnout and other issues in your HR group. Many already are managing big workloads, and now you’re also throwing a transformation at them. It can create change anxiety.”

Don’t assume your team will just be able to adapt. Supporting your HR professionals will make them better equipped and more willing to take care of the organization on the other end.

To head off that problem, Vyas hired change management experts on her team to help manage the stress and uncertainty from the transformation. Such experts can communicate to employees why change is necessary, explain what’s in it for them, and help get buy-in to new strategies and processes.

Digital-First HR: A Key to Future Readiness

HR industry analysts agree CHROs likely have seen only the tip of iceberg when it comes to AI integration in the HR function. As the technology matures, it will increasingly augment — and in some cases fully replace — the work of HR professionals, especially in areas such as service call centers. These are inevitable changes HR executives should be planning for today.

“In the past, we would say that HR is ‘people-led, technology-enabled,’” said Goldstein of IBM Consulting. “But today, it’s become ‘digital first, people-enabled.’ That requires a whole different set of competencies in the HR function. CHROs today have to be invested in teaching their HR teams technology acumen, which is easier than teaching technology experts HR skills.”

Research from Sapient Insights’ new *HR Systems Survey* illustrates how HR leaders have begun prioritizing AI and people analytics skills. In the past year, the two HR roles that saw the highest growth in hiring were HR technology and HR operations. Those topped the perennial high-growth areas of recruiting and L&D.

“CHROs are looking not just for HR technology expertise but operational expertise as well that can help them remake HR,” said Harris of Sapient Insights Group. “It also reflects a growing

“In the past, we would say that HR is ‘people-led, technology-enabled.’ But today, it’s become ‘digital first, people-enabled.’ That requires a whole different set of competencies in the HR function.”

— JILL GOLDSTEIN, GLOBAL MANAGING PARTNER FOR HR AND TALENT TRANSFORMATION AT IBM CONSULTING

desire for staff with operational knowledge who understand data, because investing in analytics and AI doesn’t do you much good if your people data isn’t clean and accurate.”

Courneen is among CHROs looking to develop more technology acumen on their HR teams, such generative AI skills. And he walks the talk in doing so. He recently created his own custom GPT application to help solve a vexing HR problem. Analytics at his company showed hiring managers were struggling to ask good, behavioral-based questions when interviewing job candidates. Putting those managers through a full day of interview training had little lasting impact.

To address the problem, Courneen built a custom GPT that hiring managers can now use to generate interview questions for various job roles. Managers simply upload into the tool a job description, the candidate’s resume, and a list of key traits and skills needed for the job. Based on those inputs, the GPT generates behavioral-based questions and an interview guide that can be easily shared. Hiring managers also can use the tool to role play interviews, with the GPT assuming the role of the candidate.

Courneen now encourages his HR team to look for opportunities to create similar performance-support tools using ChatGPT. In preparation, he put his whole staff through classes on prompt engineering and how to create custom GPTs on the LinkedIn Learning platform.

“Be it [an] HR business partner, a recruiting specialist, or an L&D expert, I ask that when they see something that isn’t working to try to figure out a better way to support the business,” Courneen said. 🍀

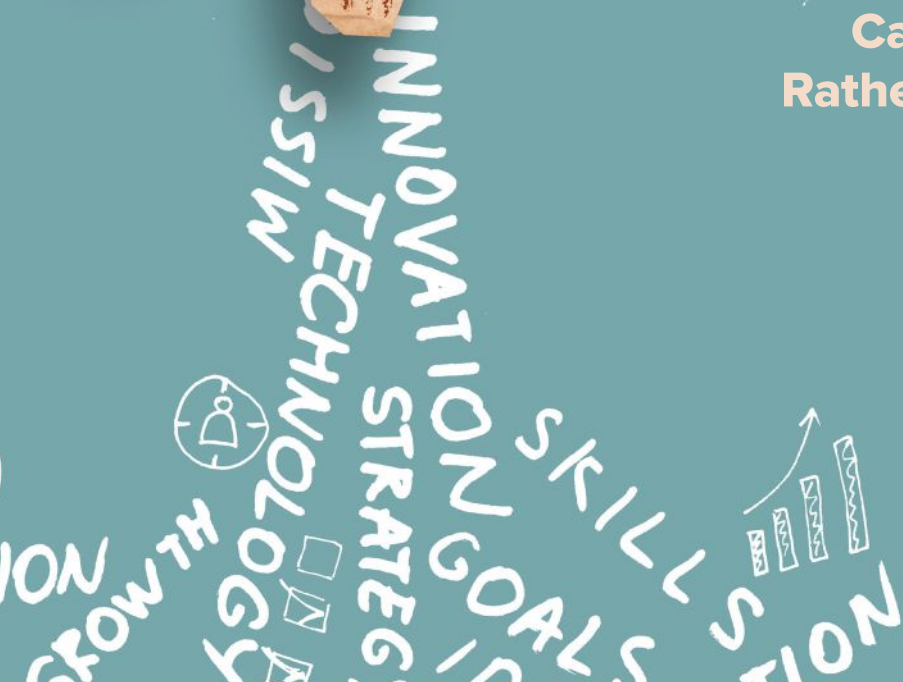
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BEYOND DEGREES A SKILLS-FIRST MINDSET

How Organizations Are Expanding Their Talent Pools by Strategically Prioritizing Candidates' Skills Rather than Credentials

BY SALLY WINDISCH



Sometimes, the biggest challenge is not knowing where to start. This was the case at Coastal Plain Area Economic Opportunity Authority Inc., a Georgia-based nonprofit that promotes economic development, when it came to attracting enough quality candidates to its door.

Dr. Tanya Thomas, Coastal Plain's executive director, realized she had to change the way her team approached the hiring process. After much discussion, the organization discovered that the biggest barrier to entry was its requirement that candidates for many roles must have college degrees.

"We decided to work on our job descriptions to hire more skills-based candidates within our agency," Thomas said. "The challenge was that we had to try to streamline our job descriptions to match that."

The results were swift and telling. After removing degree requirements from job descriptions, her team soon noticed an increase in applications. This was a big win for growing jobs within their local community while also fulfilling Coastal Plain's organizational needs.

The Talent Shortage Dilemma

Thomas is not alone in her story. As the business world undergoes unprecedented shifts, the future of workforce development has landed squarely on the agenda of executives. The accelerating pace of technology, an increasing demand for new or evolving skills, and a competitive talent marketplace have come together to create a unique set of challenges for employers. Among these is a growing need for companies to rethink traditional hiring practices that may no longer be serving their evolving workforce needs.

In both the short term and the long term, U.S. organizations are facing a clear shortage of workers, driven by Baby Boomer retirements, declining birth rates, and a shrinking working-age population. Looking at data from the U.S. Bureau of Labor Statistics' (BLS') Job Openings and Labor Force Turnover Survey (JOLTS), the ratio of unemployed people to job openings has remained below 1.0 in recent years. That means the number of job openings is consistently running higher than the number of unemployed people who are actively looking for work.

In February 2025, there were nearly 500,000 more job openings in the U.S. than there were unemployed people, according to the BLS. Even if it were possible to match every unemployed person with a job opening, a significant number of positions would remain unfilled, underscoring a critical challenge in meeting workforce demands. What's more, this trend is expected to continue for the foreseeable future.

According to SHRM's *2025 Talent Trends* report, more than two-thirds of organizations (69%) reported having difficulty recruiting for any full-time regular positions in the past year. Among organizations experiencing recruiting difficulties, 51% said this was due to a low number of applicants.

Yet, despite these challenges, restricted hiring practices remain rooted in many organizations.

The Case for Skills-First Hiring

Talent shortages continue to be a barrier for businesses, stalling growth, innovation, and competitive positioning, as has the need for new skills. According to SHRM's *2025 Talent Trends* report, 1 in 4 organizations said that full-time positions they've hired for in the past year have required new skills. Compounding matters, more than 3 in 4 of these organizations reported difficulty finding qualified individuals for these roles.

One increasingly popular approach to expand pools of potential candidates is to implement skills-first hiring. A skills-first hiring strategy means evaluating candidates based on their skills and competencies, regardless of where they accumulated them. The candidate's ability to perform the role-specific tasks takes precedence.

This strategy can help organizations broaden their talent pipelines, improve diversity, and remain agile in a fast-evolving business landscape. According to the *Talent Trends* report, 76% of the organizations that eliminated degree requirements for certain positions said they had successfully hired at least one candidate who would have previously been deemed unqualified for their position.

Skills-first hiring is a strategic talent solution. Only 39% of U.S. residents ages 25 and older hold a bachelor's degree or higher, according to the U.S. Census Bureau. This leaves 61% of the population — many of whom possess valuable skills and experience — excluded from consideration at organizations with strict degree requirements.

Notably, an overreliance on degrees has two significant downsides:

1. It disqualifies skilled candidates who gained their expertise through alternative routes, such as skilled credentials, apprenticeships, or self-directed learning.
2. It reinforces barriers to diversity by excluding nontraditional candidates who might bring fresh perspectives and problem-solving approaches.

To address persistent talent shortages, organizations can shift their focus toward identifying the skills truly needed to do the job. Yet, many employers struggle with putting this approach into practice. Luckily, HR executives can use their knowledge and insights to lead the way.

Putting Knowledge into Practice

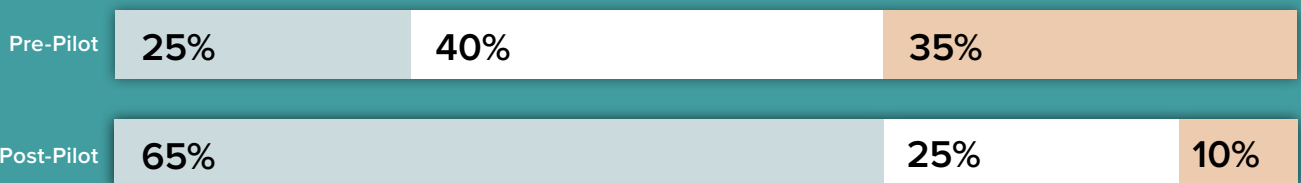
To better understand which combination of tools and training can best help employers shift toward a skills-first hiring future, SHRM and the SHRM Foundation piloted a skills-first training program with 20 employers over the course of eight months. The participating organizations came from diverse industries, organization sizes, and readiness levels. The goal was to identify scalable solutions that could be implemented effectively across organizations with differing resources and capacities.

The 20 participating employers were divided into three cohorts to test the program's effectiveness at three different levels of support and assistance:

- **Unassisted:** a self-directed skills-first program with resources you can use when needed.

WHERE TO BEGIN? THE ENTRY POINT TO SKILLS-FIRST HIRING

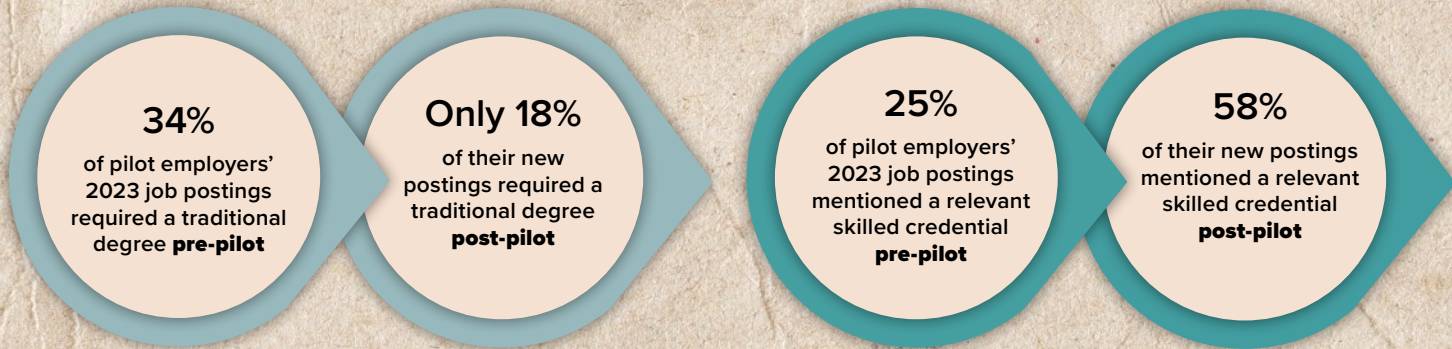
A lack of a clear entry point to skills-first hiring is a barrier for many employers. We asked 20 organizations this question before and after they participated in the SHRM skills-first pilot training program: **To what extent is not knowing where to begin with a skills-first focus in talent acquisition a barrier preventing your organization from considering nondegreed candidates?**



● Not a barrier ● A small barrier ● A moderate or substantial barrier

HOW A SKILLS-FIRST PRIORITY TRANSLATES IN JOB POSTINGS

In SHRM's pilot training program, the participating employers' progress toward a skills-first future is highlighted in their job posting data — specifically, a decrease in postings that required degrees and an increase in postings mentioning skilled credentials.



- **Technology-assisted:** a self-directed group along with technology-based guidance and all the resources available to the unassisted group.
- **Fully assisted:** a guided skills-first program with regular coaching check-ins, plus all the tools from the first two groups. Additionally, all three cohorts participated in monthly community of practice meetings specific to their group.

The pilot program revealed insights that are essential for any leader interested in advancing skills-first practices within their organization. Among those insights:

INSIGHT No. 1: The Right Tools Support Implementation

Skills-first hiring solutions don't have to be resource-intensive to drive impact. Low-touch initiatives, when backed by strong organizational commitment, also deliver progress. It can be helpful to have a go-to resource when shifting to skills-first hiring. One employer in the pilot program noted that SHRM's Ready for Success toolkit laid out the fundamentals of the skills-first move.

"It helped to shift the narrative and open the mind for a broader, more diverse and equitable way to look at recruiting," said Sharon Van Pelt, employee engagement and experience coordinator at Call2Recycle, a battery recycling firm. "It offered a lens into parts of the real world that may be forgotten simply because they don't fit into a traditional box. It kept a bit of humanity in the way we approached recruiting, reminding us of why we do what we do in the first place."

These go-to tools led Coastal Plain to implement specific behavior-based questions in their interview process. These were questions Thomas and her team hadn't previously thought to ask, and the change made a significant impact on understanding whether candidates were the right fit for their organization's roles. Handing off these specific questions to their hiring managers helped filter out candidates who didn't have the necessary "soft skills."

"The behavioral questions have really shaped the way we interview now and look at the application and the candidates," said Thomas, who added that the strategy helped Coastal Plain successfully place five new hires in the organization, improving the organization's productivity.

When a retail company revamped its job description for a manager role to emphasize leadership skills instead of years of retail experience, the company reduced turnover for this position by 45%, and job abandonment dropped by 50%.

Try focusing on a single department or a critical role where your organization is facing a talent shortage. By establishing incremental and early successes, you can help make the case for expanding skills-first hiring practices across more departments and teams. As confidence grows, so does the potential for larger-scale changes.

Over the course of SHRM’s eight-month pilot program, employers across all three levels of support showed clear progress in adopting a skills-first hiring process. Prior to the program, 75% of participating employers identified “lack of direction” as a barrier preventing their organization from fully considering nondegree candidates. After participating in the pilot, that figure dropped to only 35%. This finding is of particular importance for employers seeking to integrate skills-first practices in a cost-efficient way, proving that progress doesn’t always require heavy resource investments — sometimes, all that is needed is smart, strategic alignment.

INSIGHT No. 2: Job Postings Can Be Catalysts for Change

Updating job descriptions to focus on skills rather than degrees was a key strategy for many employers in the pilot. This approach led many participants to see a surge in applicant numbers and reach a broader range of candidates.

“The challenges we were facing were low application numbers for critical positions and not enough qualified staff based on our listed qualifications,” said a service-sector employer who participated in the pilot program. “We started by revising our job descriptions to highlight knowledge, skills, and abilities in a way that allowed our applicants to be able to see what our goals were. After we made this change for our most recently posted job position, we saw a major increase in applicants.”

Throughout the pilot, the 20 employers’ share of job postings that featured relevant skilled credentials collectively jumped from 25% to 58%. At the same time, the share of postings requiring traditional degrees fell from 34% to 18%. These shifts highlight the

strategic value of routinely revisiting and updating job descriptions to identify and remove outdated or unnecessary qualifications that are restricting companies’ access to talent, paving the way to ultimately expand access to a broader candidate pool.

Case in point: A retail company revamped the job description for its manager-on-duty position to emphasize transferable leadership skills rather than years of retail experience. The result? The company reduced turnover for this position by 45%, and job abandonment dropped by 50%.

INSIGHT No. 3: Internal and External Collaborations Are Key

Collaboration between internal team members is pivotal for the continuity and success of these initiatives. One lesson learned from the pilot was that when participants left their organizations — whether through turnover or role changes — the lack of a co-champion for the skills-first initiative often disrupted implementation efforts. Likewise, peer-to-peer discussions, such as implementing monthly community of practice sessions, played a key role in pilot employers maintaining momentum, offering participants valuable opportunities to learn, engage, and network with fellow employers in their group while also benefitting from their support.

Part of this process of getting an internal team on board means getting managers to recognize the opportunity to hire with a skills-first mindset.

“The challenge that we encountered is that when we’re recruiting and hiring, managers think within a box. ... Part of that is looking outside of the usual formats and lanes that we would look to hire,” a service-sector participant said. “We’ve expanded where we’re looking. We’re looking at veterans, we’re looking at women who are coming back to the workforce who may have temporarily left because they were taking care of a family, or retirees who have come back into the workforce.”

Another example of a successful collaboration occurred at Coastal Plain when the organization received stakeholder buy-in to introduce an employer-funded credential for its child care program. Thanks to the change, new hires who came into the organization as subcontractors could now gain qualifications on the job.

Organizational initiatives thrive on continuity, and skills-first hiring is no exception. To drive the success of skills-first strategies, alignment across executive leadership, HR, and hiring managers is critical.

5 Steps for Building a Skills-First Action Plan

Now, it’s time to turn those insights into action. Here are five ways to kick-start your talent strategy plan by enhancing your organization’s hiring process to meet the demands of today’s workforce.



Recognize that the right tools do not have to be resource-intensive.

Costs of implementation are a key consideration for organizations exploring any new investments or initiatives. The lesson of the SHRM pilot was that starting

a skills-first hiring journey does not have to be expensive. Free resources, such as the SHRM Foundation's Ready for Success toolkit, offer practical, step-by-step guidance to help organizations implement skills-based hiring without significant expenses.

2.

Prioritize skills-first hiring as part of your growth strategy.

Effective implementation of skills-first hiring requires both prioritization and commitment.

Organizations must intentionally set aside resources and actively integrate these strategies into their operations, avoiding the risk of deprioritization in favor of other competing needs over time. Just as with other strategic initiatives, making skills-first hiring a central pillar of your talent strategy requires sustained support and effort to achieve impactful, lasting results.

3.

Understand that there is no one-size-fits-all approach.

For the best results, spend time thinking through unique challenges your organization may be looking to solve in order to help customize these solutions to your organization's specific needs. Key considerations include HR capacity, organization size, and available resources. A strategic, customized approach ensures these efforts integrate seamlessly into broader organizational goals.

For those seeking a starting point, the SHRM Foundation's Skilled Credentials Action Planner offers valuable support, leveraging technology to assess readiness, guide change management, and develop a tailored workplan for successfully adopting skills-first hiring practices.

4.

Create a long-term vision by starting small.

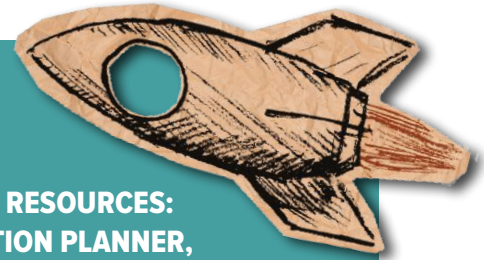
Focus first on achieving and celebrating small wins. Prioritize smaller steps that can alleviate concerns and hesitations that your organization might have about implementing skills-first hiring strategies. Highlighting the benefits of these smaller successes can help build confidence and showcase the potential impact of these initiatives.

Try focusing on a single department or a critical role where your organization is facing a talent shortage. By establishing incremental and early successes, you can help make the case for expanding skills-first hiring practices across more departments and teams. As confidence grows, so does the potential for larger-scale changes.

5.

Engage peer networks.

Engaging with leaders at other organizations that have successfully implemented — or are actively pursuing — skills-first hiring strategies can offer valuable opportunities to exchange insights and proven approaches. Leveraging these peer connections can deliver actionable strategies for addressing potential challenges and strengthening your own initiatives.



SKILLS-FIRST RESOURCES: TOOLKIT, ACTION PLANNER, CREDENTIALS, AND MORE

The SHRM Foundation recently launched the Center for a Skills First Future, which offers several tools to support organizations transitioning toward a skills-first hiring and retention mindset, including:

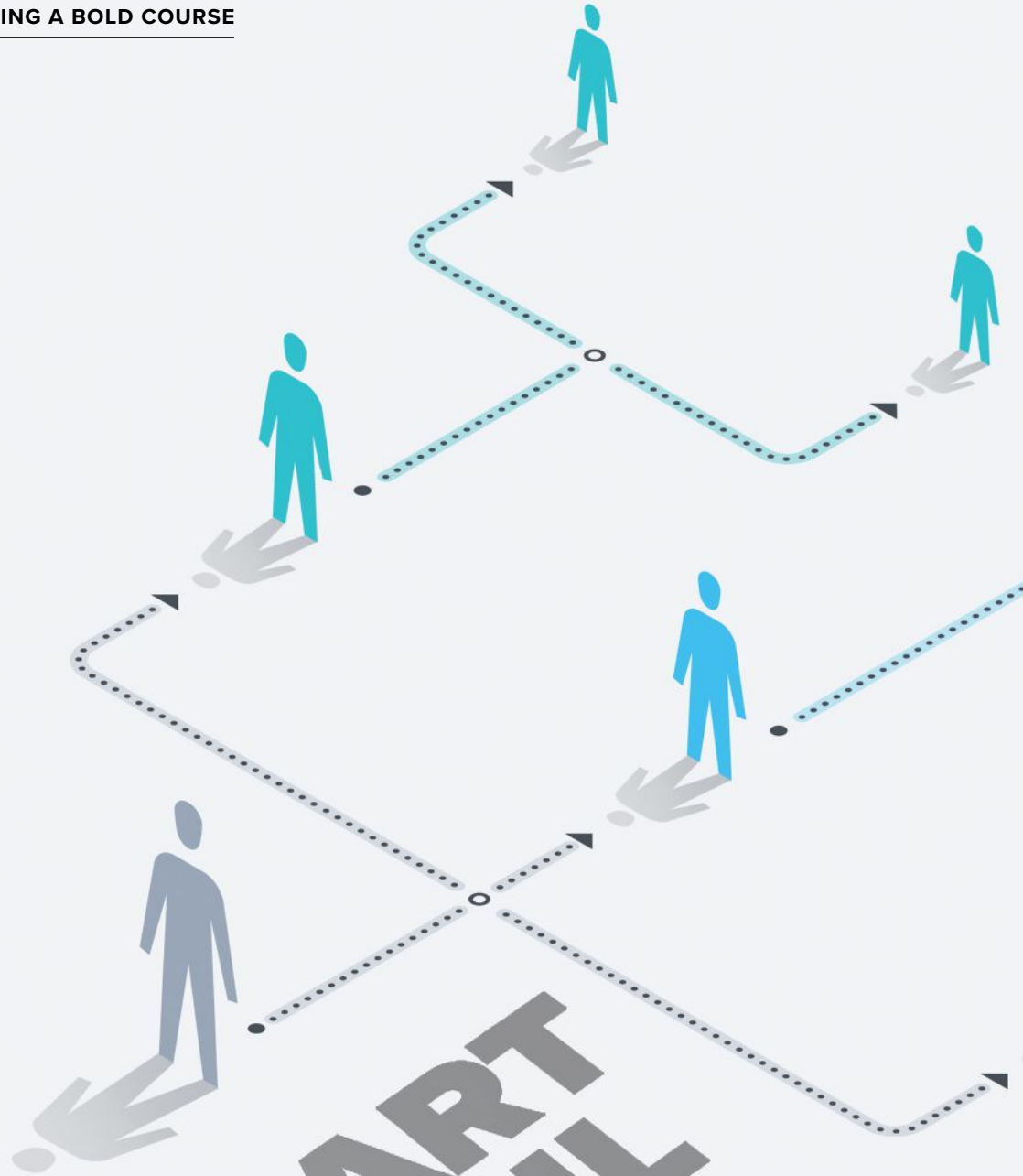
- **Skills Library:** More than 500 employer-focused skills-first resources, including the Ready for Success toolkit, which walks you through 12 actions to build a skills mindset.
- **Employer Examples:** Over 200 real-life stories of employers who successfully adopted these skills-first talent management strategies.
- **Skills Action Planner:** A quick, free assessment tool that HR leaders can use to understand where their organizations stand on skills-first adoption and the steps needed to get where they want to go.
- **Vendor Database:** A tool to understand the quality and value of different vendors and credentials in the skills-first space.
- **Skills-First Credential:** A first-of-its-kind credential developed with SHRM Education to train you on skills-first strategy adoption.

You can find these resources and more at www.SkillsFirstFuture.org.

Skills-first hiring is not just an HR matter, it's a business imperative. By approaching skills-first hiring with deliberate action, prioritization, and commitment, organizations can remain ahead of the curve when it comes to finding the right talent. 🚀

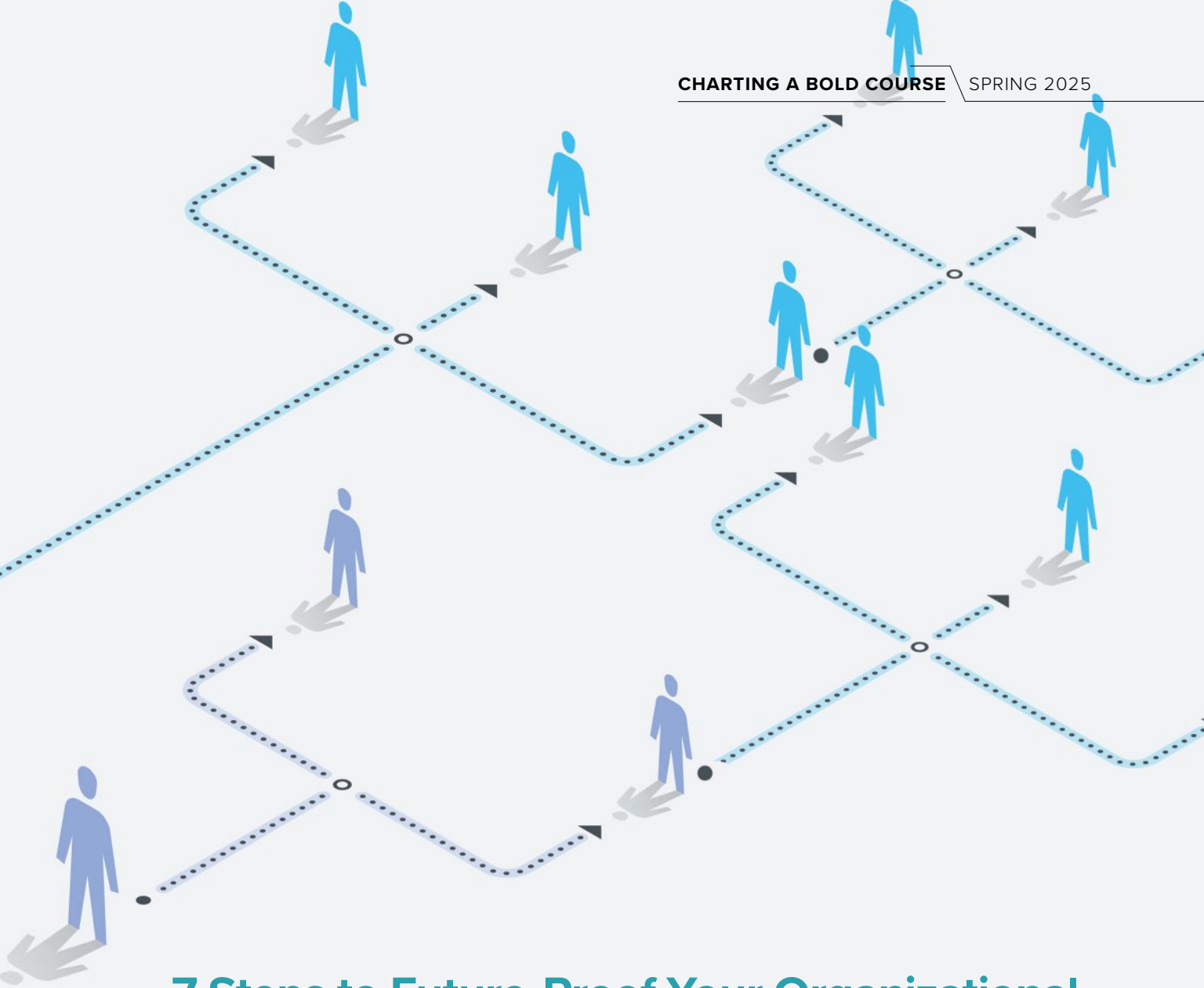


SALLY WINDISCH is a researcher on the Thought Leadership team at SHRM.



ORG CHART OVERHAUL

BY CAROL HENRIQUES AND GINA MAX



7 Steps to Future-Proof Your Organizational Structure for Tomorrow's Challenges

Organizational transformation and growth are only possible with intentional organizational design. And while this process often involves restructuring, simply creating a new organizational chart is not enough.

An organization operates like a living system, where various interconnected performance levers — roles, systems, processes, culture, leadership, and talent — all work together. Shifting one lever affects the others. For example, if a company shifts its strategy from serving customers based on geography to focusing on product needs, merely adjusting the organization's structure in isolation will create a misalignment of talent. Structure alone cannot support this shift. All

performance levers must be aligned to work together in harmony.

So where should leaders start? Before focusing on the performance levers, the first step is to define the strategy that will drive the organization's design. From there, it's critical to assess your organization's current design and what needs to change to drive the strategy forward.

To set up your organization for sustainable, long-term success, resist the urge to implement a new org chart from the top down. Instead, adopt a value-based approach to organizational design and implementation, as outlined in this seven-step framework.

STEP 1: Define a Clear Vision and Strategy

Clarifying your organization’s vision and business strategy is essential to designing a future-state organization. If your leadership team has already defined and aligned on a vision and strategy, you’re ready to move forward. If not, begin by creating a strategy map that defines:

- **The shared vision** of a future state. What will be different for customers/clients, and what does that mean for the business and employees?
- **The strategy.** What are the choices, priorities, and trade-offs that leaders make to move the organization toward its vision?

This process of defining the vision and strategy builds alignment among leaders. And when communicated in a compelling way, it will mobilize the entire organization to move forward together.

Whether you’re shaping a functional or enterprisewide strategy, aligning on a clear business strategy — such as customer-centered growth, operational efficiency, or product innovation — sets the foundation for a new organizational design. It’s important to engage key decision-making leaders from the start to ensure alignment and ownership throughout the process.

Best practice: Clarity drives execution and results. Be as specific as possible when articulating your strategy. Define the measurable changes that will occur and the timelines (e.g., “We will launch three market-disrupting products by 2030”).

STEP 2: Assess Your Organization’s Strengths and Gaps

Once you’ve aligned on your business strategy, the next step is to identify the capabilities your organization needs in order to achieve that future-state vision. Start by answering the question: *What do we need to do exceptionally well to execute our strategy?*

Next, you need to understand the organization’s current strengths and gaps in relation to those future-state capabilities. This requires a deep dive into your current state to assess where you excel and where improvements are needed. Keep in mind that organizations are like living systems, and the strengths and gaps are interconnected across several performance levers, including roles, processes, culture, structure, leadership, and talent.

As your strategy evolves, each of these levers will be affected by the changes you implement. That’s why assessing the current state

“Resist the urge to implement a new org chart from the top down. Instead, adopt a values-based approach to organizational design and implementation, as outlined in this seven-step framework.”

of each lever is critical for shaping your future-state organization. The output of this assessment will be a report that provides an objective overview of the organization’s strengths and gaps.

Best practice: Share these findings with key stakeholders early on to prepare the organization for change. Make it clear that realigning the organization goes beyond creating a new org chart. It’s about realigning the entire system to support the strategy.

STEP 3: Determine Your Design Objectives and Principles

Building your future-state organization model starts with assembling an all-star design team. This team should include leaders who own key parts of the strategy, subject matter experts, and key influencers who will champion the change and rally others.

When selecting members of this team, balance the need for expertise with the power of informal influence. Because the design process can be somewhat messy, ensure that members can hold discussions in confidence and act in the interest of the organization rather than focusing on personal agendas. Make sure to include any key voices whose perspectives would be valuable in shaping the future state.

Bring the design team together for a series of working sessions. Start by determining your design objectives and success measures. To pinpoint these objectives, ask the question: *What do we need the organization’s design to enable in our organization?* Consider whether the change is primarily focused on driving innovation, strengthening customer relationships, or increasing efficiency.

From these objectives, you can identify the design principles that will guide the design process. These are the essential “musts” and “must nots” for the design. They might include statements like:

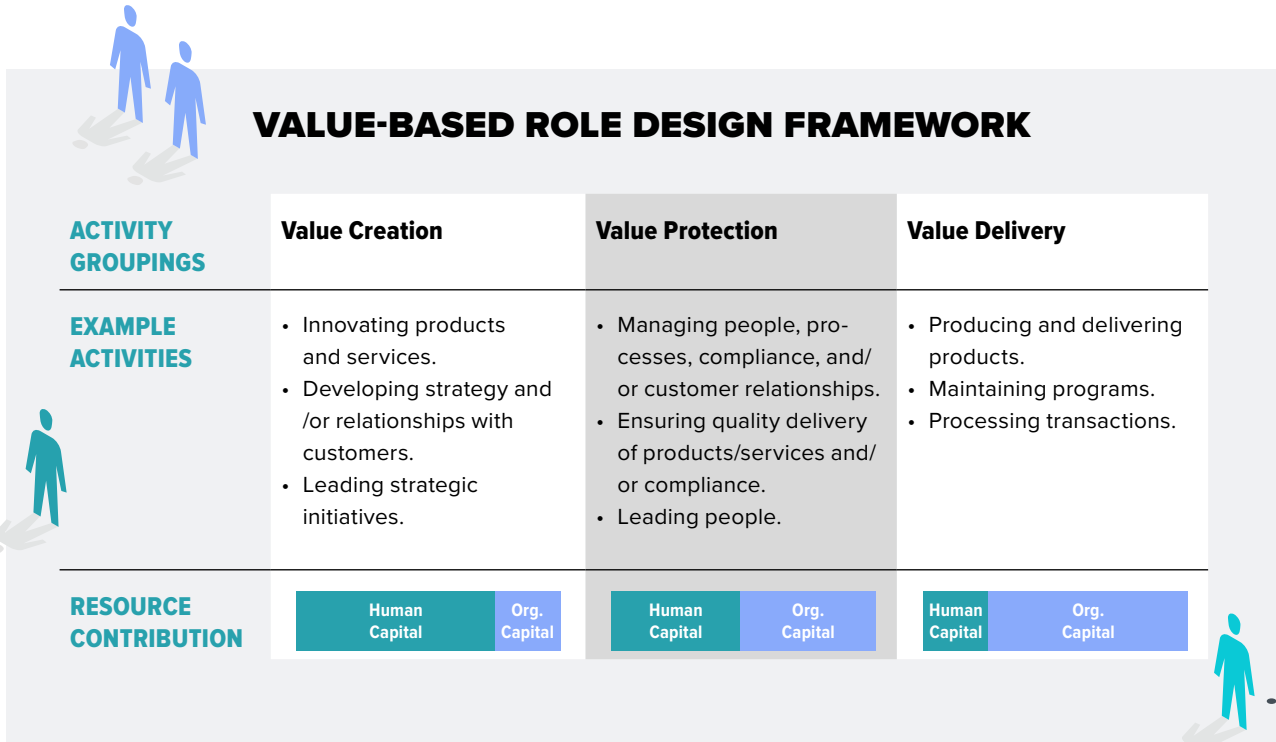
- Must promote integration across teams to prevent silos.
- Must improve the recruitment and retention of talent.
- Must build capabilities to meet the needs of the next 10 years.
- Must drive efficiency and enable us to scale.

Best practice: Design principles ensure your organization’s values are reflected and prevent unintended consequences in the design. For that reason, it’s critical to share these principles with key leaders, gather their input, and ensure alignment.



CASE STUDY: THE 7 STEPS IN ACTION

When Knauf Insulation North America set an ambitious 10-year strategy aimed at doubling its revenue, the global company realized it needed to rethink its organizational structure. To learn how Knauf used this seven-step process to transform its org design, visit the online version of this article at SHRM.org/org-chart-overhaul.



STEP 4: Design the Operating Model and Leadership Structure

Organization design, at its core, is about organizing work in a way that makes the most sense for the strategy you’re seeking to achieve. The operating model serves as the blueprint. It should include governance considerations, high-level business process flows, and ongoing business activity groupings required for each design objective (e.g., client/customer relationship functions, technical and expert functions, and operational functions).

For example, an operating model framework can group activities by the type of value needed to optimize innovation, expertise, and customer experience. Here’s how activities might be organized:

Center of Expertise

- **Objective:** Bring technical expertise, knowledge, and consistency to programs and services.
- **Activities:**
 - o Provide technical expertise.
 - o Identify and establish best practices.
 - o Design and build programs and policies.
- **Outcomes:**
 - o Enhanced service innovation.
 - o Proactive response to changing needs.

Shared Services

- **Objective:** Minimize involvement and time spent by other functions on transactional activities.
- **Activities:**
 - o Deliver transactional and process-driven activities.
 - o Build and continually improve transactional processes.
 - o Manage efficient delivery of transactional services.

- **Outcomes:**
 - o Increased efficiency with decreased cost.
 - o Improved service quality.

Relationship Management

- **Objective:** Provide exceptional customer experiences.
- **Activities:**
 - o Provide support to customers and users.
 - o Act as a key contact to customers and broker services from Centers of Expertise and Shared Services.
 - o Gather input on customer needs from these groups.
- **Outcomes:**
 - o Stronger customer relationships.
 - o Improved client satisfaction.

Building the operating model from these activity groupings ensures maximum impact, efficiency, and employee engagement. The groupings look different depending on your business strategy and org design objectives. The design team will lead the process of defining the operating model through collaborative working sessions.

Once the operating model is in place, you’re ready to build the org’s leadership structure. This should be derived directly from the activity groupings. Typically, a small group of leaders from the function or division, along with the HR function, will lead this process. The broader design team is not involved in this step because they typically have a vested interest in the structure itself.

Begin by presenting two to three leadership structure options that meet the design objectives and reflect the activity groupings. Use a facilitated dialogue to identify the pros and cons of each option, and choose the structure that best supports the business strategy.

At this point, communication and change management become critical. Share the leadership structure with the design



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team to re-engage them in the process. The way you communicate with the design team will set the tone for how the broader organization will be informed.

Best practice: Incorporate change management and communication practices throughout the organization design process. By doing so, you'll help prevent resistance to change and ensure quicker alignment and support.

STEP 5: Develop Future-State Roles

Once the operating model is designed, bring your subject matter experts and design team back together to develop the future-state roles. Start with the high-level business process flows outlined in your operating model. Then, dig deeper to define the work processes, systems, and roles that drive success in the new structure.

Just as the operating model is built around activity groupings, roles should be designed for maximum productivity and job satisfaction. One effective approach is to align activities based on whether they create, protect, or deliver value. For example, in the box on page 21, the values-based role design framework aligns activities to roles based on whether the activities create value (drive innovation and growth), protect business value (ensure quality and stability), or deliver value (execute business functions).

To craft roles using this values-based framework, create a "responsibility matrix" that defines roles according to their place in work processes. Include design team members and other subject matter experts to ensure accuracy and relevance. Resistance to change often comes to the surface during this role design process. For that reason, engage those closest to the work to foster alignment and ownership.

Before finalizing the new organizational structure and changing roles, host working sessions with executive stakeholders to refine roles and ensure they align with the organization's goals.

Best practice: A well-designed role should focus primarily on one — or two, at most — of the value types. If a role spans all three categories (value creation, protection, and delivery), it likely includes too many competing responsibilities, limiting the person's effectiveness.

STEP 6: Plan for Implementation

Now that the strategy, structure, processes, systems, and roles are defined, shift your focus to determining your organization's staffing and talent needs. Start by having HR leadership work with team leaders to determine the number of roles and full-time employees needed to support the new structure. Conduct a workload analysis to properly size the organization based on strategic objectives along with the current and anticipated workloads. Additional talent needs will emerge over time, but this initial assessment provides a strong foundation.

Once your staffing needs are clear, plan for how you will select current talent for new roles and identify roles that require new external talent. For some employees, the shift will be minimal, requiring only slight role adjustments. Others may face significant changes that demand new skills and competencies. A thoughtful, values-driven approach to managing these transitions will be essential.

"Make it clear that realigning the organization goes beyond creating a new org chart. It's about realigning the entire system to support the strategy."

- To guide implementation, create a change plan that includes:
- Identifying impacted groups and when they'll experience change.
 - Anticipating employee concerns and key questions.
 - Providing structured support, such as role-based learning, job aids, mentoring, and change ambassadors.

After finalizing the sizing plan, talent selection strategy, and transition plan, share them with key leadership for feedback. From there, refine the plan and prepare to move to full implementation.

Best practice: Consider a co-creation approach to building your implementation, transition, and change plans. Involving employees in the process increases engagement and fosters a two-way dialogue that strengthens buy-in.

STEP 7: Activate the New Org Design Plan

The difficulty in implementing your new organizational design will vary based on its complexity, but a structured approach ensures a smooth transition. Keep these tips in mind:

- **Launch the leadership team first.** Establish alignment and shared ownership. Consider a facilitated offsite where leaders can focus without distractions.
- **Roll out changes by level.** Announce staffing decisions in a cascading manner based on level. Then move quickly to provide necessary support.
- **Align key people practices.** Adjust learning programs, rewards, performance management, and career development to reinforce the new design.
- **Activate the new org design.** Support the transition with change management, clear communication, and ongoing operational support.

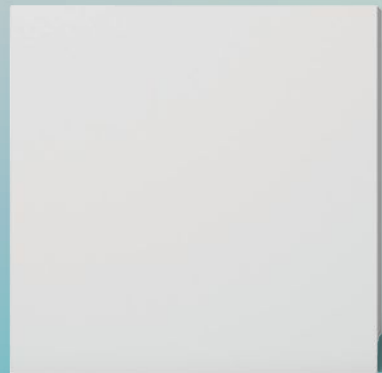
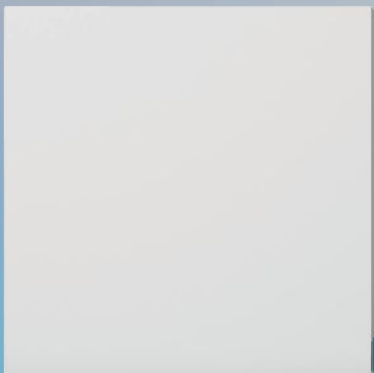
Best practice: Building ownership and engagement requires setting people up for success. Ensure your systems and processes are in place before asking employees to take on new work or new ways of working. ■■



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OUTSIDE THE 9-BOX

A HOLISTIC APPROACH TO TALENT EVALUATION

The 9-box grid has been a staple of talent assessment and succession planning for decades. But as the workforce grows more complex, it is time to retire that matrix in favor of a new scorecard.

Bain & Company's global head of talent says the solution is a more balanced approach to talent assessment that incorporates three key lenses: the business, the team, and individual aspirations.

BY JOHN HAZAN

Since the beginning of the new millennium, HR has progressively transformed from an administrative function to a strategic partner, helping managers maximize the collective potential of their people to drive their business priorities. However, despite the sweeping changes in HR in recent years — including a greater emphasis on well-being, flexibility, and diversity — one key tool for helping employees maximize their individual potential has remained relatively unchanged: the 9-box matrix.

Introduced in the 1970s by McKinsey & Company and made famous by General Electric, this simple tool continues to be a staple in talent assessment and succession planning. However, its limitations are becoming more apparent as the workforce grows more complex.

If talent truly is the most valuable resource, does the 9-box matrix still serve a purpose, or is it time to rethink how we assess and develop talent?

Flaws of the 9-Box Matrix

The 9-box matrix was originally introduced as a way to help companies prioritize investments across different business units. The tool allows users to evaluate employees using two factors that serve as the X/Y axes: their current performance and their future growth potential. The highest ranking is high performer/high potential and the lowest is low performer/low potential, with combinations in between those two extremes that often use the word “moderate.”

While this method is straightforward and familiar, it has several inherent limitations that can hinder an organization’s ability to manage its workforce dynamically. This tool, designed to help managers guide individuals in their personal transformation, is itself in need of transformation.

There’s one main reason the 9-box can now be rated itself as merely a low-to-moderate performer: The distinction

between performance and potential is often unclear. How does anyone objectively measure potential? This ambiguity frequently leads to subjectivity and bias in evaluations.

Managers often confuse those two notions of performance and potential, assuming that strong performers today will excel in more complex future tasks and roles tomorrow. But everyone in HR knows that many (if not most) executives struggle to scale themselves as leaders when they take on bigger roles with more breadth and responsibilities. Moreover, many organizations spend valuable time debating how to deal with underperformers, rather than focusing on the high-potential employees who can drive future success.

Second, the matrix’s binary focus fails to account for critical aspects of modern work. It primarily assesses employees as individuals contributing to company goals but fails to account for their impact within teams or for their own personal motivations. This narrow view can lead to missed opportunities for employee growth, as it ignores how individuals contribute to team dynamics or how their unique aspirations could align with broader organizational goals.

The 9-box matrix may have been effective in a more stable era when companies operated in a linear manner. However, the complexities, fluidity, and integrated nature of business today introduce new dimensions to decision-making that the 9-box cannot capture.

Finally, in an era when agility and diversity are essential to organizational success, the 9-box grid’s rigid structure can feel outdated. New tools, driven by data and AI, offer more dynamic ways to assess talent, yet many companies are hesitant to move away from the familiar 9-box approach.

A Broader View of Talent: From 1 Lens to 3

To address the limitations of the 9-box model, organizations can adopt a more balanced approach to talent assessment, incorporating three key lenses: the business, the team, and the individual aspirations.

The Business Lens: Rethinking Performance and Potential

The business lens retains the fundamental approach of the 9-box, in that it assesses how well employees perform in their current roles and their ability to take on more complex positions. But this approach should go beyond simply promoting top performers to higher ranks. A more dynamic business lens needs to consider horizontal mobility, acknowledging that an employee’s potential might be best realized in a lateral move rather than an upward one.

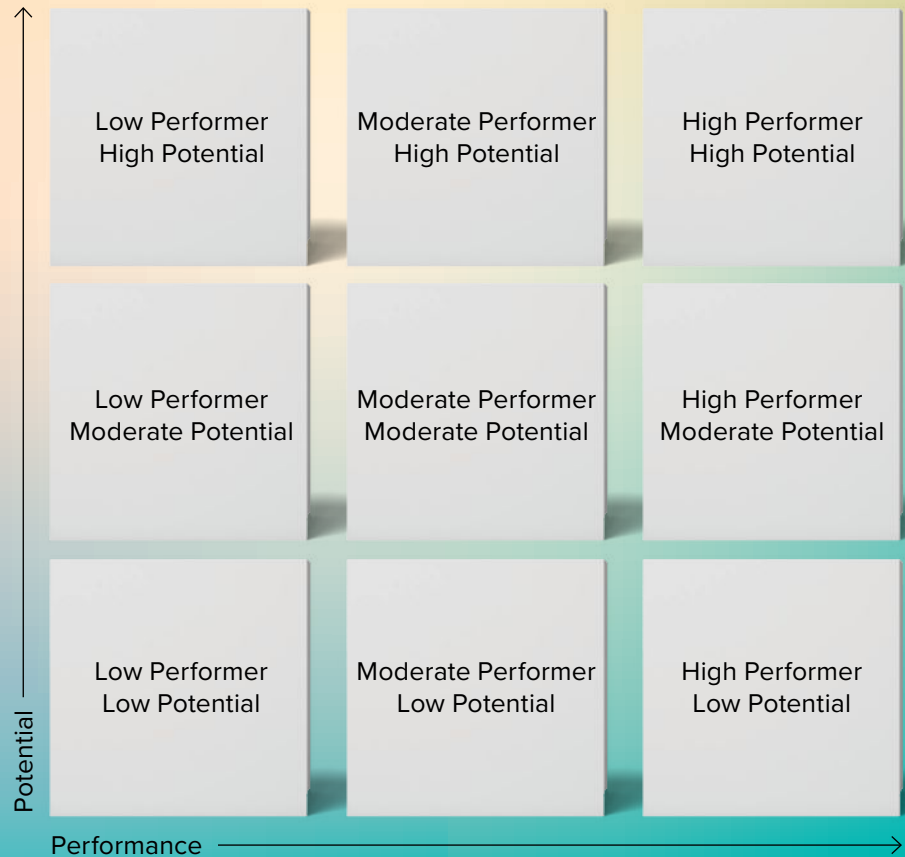
Even those with strong potential to move into the most senior leadership roles can benefit from a lateral move earlier in their career to get exposure to different aspects of the business and demonstrate their agility and impact in different contexts. In fact, those lateral moves can include a rewarding stint in HR.

As just one example, Anne Mulcahy, the former CEO of Xerox, shifted from running sales to running HR to broaden

The 9-box matrix may have been effective in a more stable era when companies operated in a linear manner. However, the complexities, fluidity, and integrated nature of business today introduce new dimensions to decision-making that the 9-box cannot capture.

The Traditional 9-Box Matrix: A One-Dimensional View

The 9-box matrix has been a core talent assessment and succession planning tool for HR departments since the 1970s. It allows users to evaluate employees based on two factors: their current performance and their future potential with the organization. However, the limitations of the 9-box are growing more obvious as the workforce grows more complex, requiring organizations to turn to a more dynamic view of talent assessment.



her base of experience. “I’d always believed that human resources could be a very powerful part of an organization and often wasn’t,” she said in a 2009 interview with *The New York Times*. “So I kind of threw my hat in that ring [and] wound up running human resources for Xerox worldwide. That was a decision that certainly changed my career path and reinforced the power of leadership for me.”

To build a future-ready workforce, the business lens can include continuous feedback loops and frequent check-ins. Leaders should use data-backed performance reviews combined with human insight to ensure they are placing employees in roles where they can both succeed and contribute meaningfully.

We have all seen employees who struggle in a certain role but then thrive when moved to a different role, a phenomenon described as, “Right plant, wrong pot.” Ultimately, the business lens becomes far more effective when it reflects not just past performance but the evolving needs of the organization.

The Team Lens: Beyond Individual Contributions

In today’s increasingly collaborative work environments, it is critical to look beyond individual contributions and assess how employees function as members of a team. The team

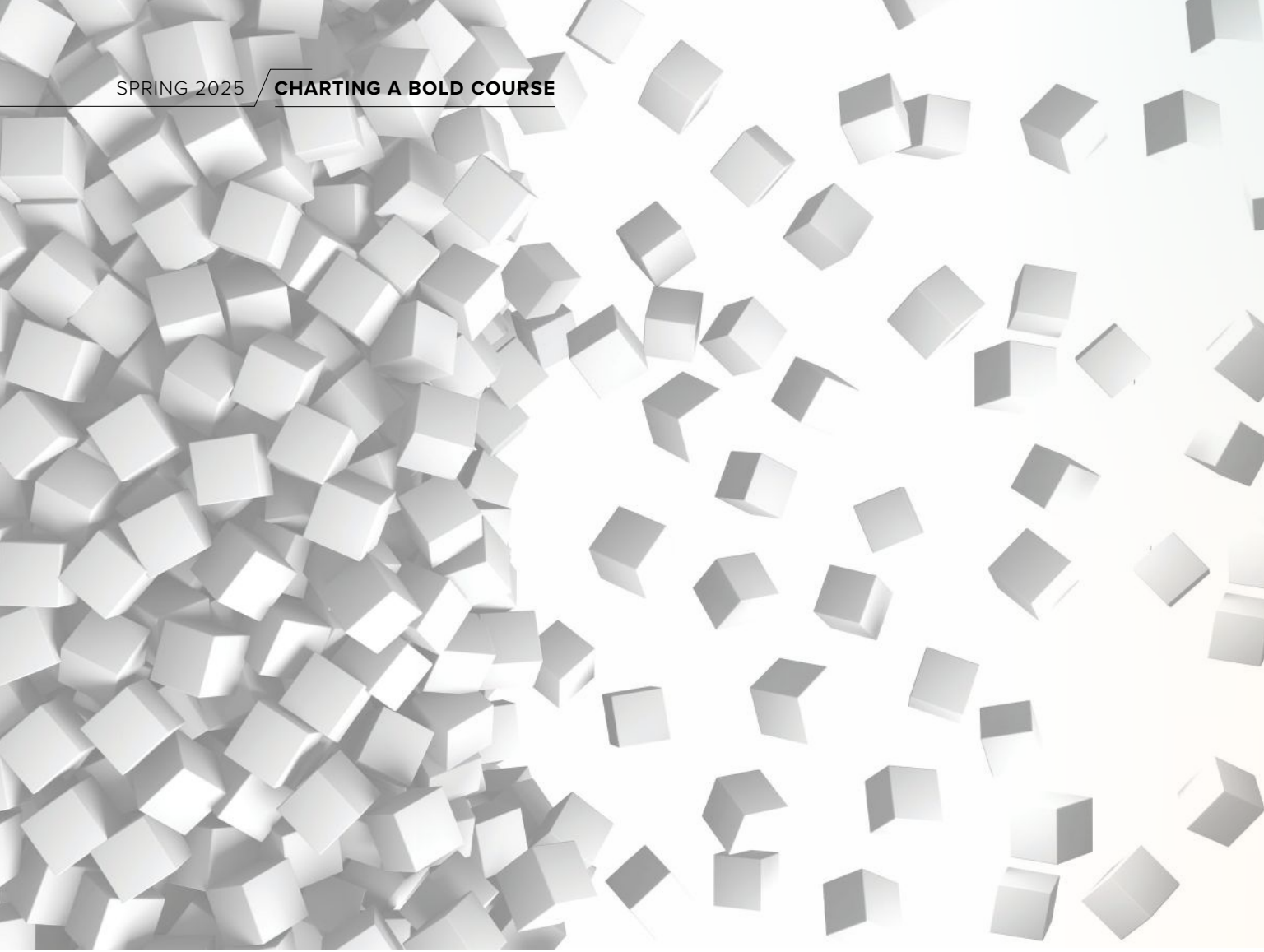
lens focuses on how employees contribute to team dynamics, support their colleagues, and help drive collective success.

The 9-box matrix tends to isolate employees, focusing on individual performance metrics that may not fully reflect their value in a team setting. An employee might be a moderate performer individually but excel in collaborative roles where they help others succeed. Conversely, a high performer might struggle with working in teams, undermining overall productivity. Integrating a team-based dimension into talent assessments ensures organizations can foster stronger, more resilient teams.

By emphasizing the team lens, leaders can identify key players who elevate others and create an inclusive environment where diverse perspectives thrive. This approach also aligns with inclusion and diversity goals, as it highlights employees who contribute to creating a supportive, inclusive team culture — a key factor in driving innovation and long-term success.

The Aspiration Lens: Understanding Personal Motivations

One of the most significant omissions in the 9-box matrix is its disregard for employees’ individual motivations. People come to work for various reasons, and understanding what



drives each person can significantly impact engagement, retention, and overall performance.

The aspiration lens is informed by the concept of worker archetypes. Bain & Company identifies six primary archetypes: operators, givers, artisans, explorers, strivers, and pioneers. Each has unique motivations:

- Operators prioritize stability.
- Givers seek purpose.
- Artisans focus on mastery.
- Explorers crave variety.
- Strivers are driven by achievement.
- Pioneers look to create lasting impact.

For example, artisans value continuous improvement and autonomy, making them highly engaged when given opportunities to deepen their expertise. In contrast, givers might thrive in roles that emphasize collaboration and the well-being of others.

Recognizing and aligning these motivations with career paths not only boosts job satisfaction for employees but also enhances their contributions to the organization.

The 9-box matrix tends to isolate employees, focusing on individual performance metrics that may not fully reflect their value in a team setting. ... By emphasizing the team lens, leaders can identify key players who elevate others and create an inclusive environment where diverse perspectives thrive.

The solution to the 9-box matrix's shortcomings is to create a Balanced People Scorecard that incorporates the business, team, and individual lenses. It provides a holistic view of an employee's value and potential. ... This multi-lens approach encourages ongoing development, alignment with company goals, and a focus on employee well-being.

To create a holistic talent management system, organizations can further consider these diverse aspirations. Employees who feel understood and supported are more likely to be engaged, productive, and loyal, reducing turnover and fostering long-term success.

The 'Balanced People Scorecard'

The solution to the 9-box matrix's shortcomings is to create a Balanced People Scorecard that incorporates the business, team, and individual lenses. It provides a holistic view of an employee's value and potential.

By balancing these perspectives, organizations can make better-informed decisions about talent development, ensuring that they are not only promoting the right people but also placing them in roles where they can thrive. This multi-lens approach encourages ongoing development, alignment with company goals, and a focus on employee well-being.

The future of talent management will depend on our ability to adopt these more nuanced and flexible models that reflect the complex reality of today's workforce. The Balanced

People Scorecard offers a way forward — one that integrates performance, potential, team dynamics, and personal aspirations into a unified framework for growth.

Transformation is a process, rather than a one-time event or a destination. As anyone leading or supporting a transformation knows, developing the strategy is the easy part. The real challenge lies in helping employees accept that the status quo is no longer an option, and that change is absolutely essential. Then, once employees are on board with the need for change, it is HR's role to help managers ensure their people are placed in the right roles to maximize their impact in driving transformation.

It's time to think outside the 9-box and implement a tool and approach that better matches the complexities and dynamism of today's work environment.. ■■



JOHN HAZAN is the global leader of Bain & Company's Talent solution, as well as a core member of Bain's People and Organization practice.

How CHROs Are Upskilling for 2025 and Beyond

As your organization evolves, the skills you cultivate in employees today will go a long way toward determining your success in the upcoming decade of disruption. As part of this issue's look into future-proofing your workforce, we asked three accomplished HR executives this question: **What skills is your organization prioritizing in 2025, and how are you upskilling your workforce to ensure long-term competitiveness?**



Coke's Formula: Digital Literacy, Critical Thinking, and Leadership Skills

Christine Motherwell

SENIOR VICE PRESIDENT OF HR AT COCA-COLA CONSOLIDATED

Our organization is prioritizing digital literacy, critical thinking, and leadership skills to maintain a competitive edge. We are investing in comprehensive training programs that include online courses, workshops, learning experiences, and mentorship opportunities. By fostering a culture of continuous learning, we aim to empower our workforce to adapt to new technologies and methodologies, ensuring sustained growth and innovation.

We have implemented leadership programs at all levels within our organization, focusing on developing servant and authentic leaders who can effectively engage their teams. Key focus areas for our leaders include becoming agile coaches who inspire trust, maximize team performance, create visions, and execute plans to achieve results.

For our front-line workforce, we are focusing on initiatives to improve recruitment and training for specialized technical positions, including equipment technicians, warehouse automation experts, and production mechanics.

Our sales organization is building career pathways to develop a talent pipeline from entry-level to senior-level sales positions.



An 'Always On' Mindset to Building Tech Skills

Aimee George Leary

CHIEF PEOPLE OFFICER AT BOOZ ALLEN HAMILTON

At Booz Allen, 2025 is the year of tech at full speed. Our upskilling and development programs have long focused on cultivating advanced technology skill sets in AI, cyber, and software engineering. We are continuing to invest in those skills, as well as emerging fields like quantum computing. As the pace of change continues to accelerate, we need to think creatively about how we harness the full capacity of our workforce to deliver outcomes at speed and scale.

We prioritize an “always on” mindset for building tech skills. This means our entire workforce is tech-minded and tech-engaged.

We continue to expand tech upskilling through our formal badging and certification programs. And we amplify opportunities for hands-on learning, apprenticeship, co-creation, and network-based sharing of best practices. We embed advanced technology development into leadership residential programs and cultivate community and collaboration through our Technical Experience Groups (TXGs). We are also launching new upskilling partnerships with commercial tech partners and using our internal talent analytics to help employees identify new career paths inside the organization to apply their technical skills.



Skilling Up: Foster a Growth Mindset that Embeds Innovation, AI, and Ethics

Tarun Varma

GLOBAL CHIEF HUMAN RESOURCES AND SUSTAINABILITY OFFICER AT TATA CONSUMER PRODUCTS

Among our six strategic pillars is, “Shaping a future-ready organization.” This means that while we keep growing, we will keep transforming by investing in functional and leadership capabilities that help us constantly deliver value without compromising our values.

Specifically, we focus on mission-critical skills through our SkillUp program. For example, we offer curriculum on skills such as AI-powered sales and data analytics, upskilling teams in predictive analytics, ROI optimization, and AI-driven decision-making to enhance sales execution and field productivity.

Being part of the 155-year-old Tata Group also means we are entrusted with the responsibility of leading with ethical choices and conduct. Our Brilliant Basics program covers a mandatory curriculum on ethics, sustainability, safety, and innovation, ensuring all employees are aligned with the core values and comply with expected leadership norms.





Evolve to Solve Workplace Inclusion

How Great Companies Are Adapting to Build Workplaces Where Everyone Can Succeed

BY ANURADHA HEBBAR

The landscape of workplace inclusion and diversity (I&D) is shifting once again. In January, the Trump administration issued a series of executive orders (EOs) targeting diversity, equity, and inclusion (DEI) initiatives, sending ripples beyond the federal government and into the private sector — including federal contractors.

With heightened scrutiny and legal uncertainty, many companies are reassessing their I&D strategies. Some have scaled back publicly, while others are questioning the long-term viability of these efforts. But here's the paradox: On the one hand, there's a seeming groundswell of anti-I&D sentiment. On the other hand, the C-suite leaders I talk with aren't walking away. They remain committed to inclusive and diverse workplaces — what they need now is clarity on how to move forward.

A recent survey of CEOs and other C-suite leaders reflects this tension. In the survey conducted in early February by the global law firm Littler, more than half of respondents (55%) said they are now more concerned about increased litigation and regulatory action related to their I&D policies. At the same time, 47% plan to maintain or increase their I&D commitments in 2025.

This resolve is matched by shareholders. So far this year, anti-I&D proposals have attracted less than 2% of shareholder support, according to data from The Conference Board. To begin 2025, shareholders at three high-profile companies rejected anti-I&D proposals.

That doesn't mean change isn't necessary. At SHRM, we've seen how workforces can be both highly diverse and highly divided, signaling the need to move forward in a new and more relevant way. The first step in doing so is to examine what's worked — and what hasn't.

I&D Today Isn't Working Like We Hoped

We need to face an uncomfortable truth: Too many I&D programs lack strategic alignment and measurable success.

Spending on I&D programs totaled \$9.4 billion in 2022 alone, with the worldwide spend projected to reach \$24.4 billion by 2030. So why is measuring the return on investment (ROI) so difficult? Surely, progress has been achieved, but many companies also suffered from “check-the-box” activities with no link to business goals. Others saw these programs become a sprawling bureaucracy that lacked direction or accountability.

Worse still, we've failed to win over many of the intended beneficiaries — our workforces. A SHRM survey found that 53% of workers link DEI to business polarization, and 69% said the results of corporate diversity programs are mixed at best.

In short, we've forgotten the strategic intention of this important work. Too often, I&D and related programs have been disconnected from business objectives, focused more on symbolic gestures than on creating organizational capabilities that drive innovation and results. Without proper measurement



and assessment, these efforts become a “nice-to-have” — easy to ignore and easy to cut at the first sign of trouble.

From Reckoning to Rebirth

The reckoning is here. Despite the very real challenges ahead, there’s a silver lining: a chance to evolve I&D and align it with business strategy and metrics that matter.

Far from “I&D is dead,” this moment can be a rebirth as HR leaders and CEOs at future-ready businesses work together to evolve I&D.

Why am I optimistic about this future? Because I’ve spent my career navigating these issues, with all their ups and downs. I’ve counseled dozens of CEOs at large companies through tough conversations about inclusion’s role in business performance — conversations that, when grounded in data and strategy, lead to real impact.

As president of SHRM CEO Action for Inclusion & Diversity, I have the opportunity and privilege to bring together like-minded CEOs to drive meaningful and sustainable change across workplaces. And what I hear from them is clear: I&D isn’t going away, but it must evolve.

If we want to build workplaces where every person can thrive, we need to embed inclusion by using the right data, better understanding CEOs’ thinking on these issues, and aligning I&D to the core business strategy. The playbook is changing, and it’s time we rewrite it for lasting impact.

Inclusion’s Benefits, by the Numbers

Let’s be clear: Inclusion can be a powerful force for good that creates better outcomes for workers, companies, and society. Inclusion is proven to advance workplace equity, accessibility, and belonging. Leading with inclusion leverages our diversity as our strength, continuing to foster competitive, sustainable, and thriving organizations.

I&D is more than just a strong rhetorical argument, it’s a differentiator between your business surviving versus your business thriving. Decades of data have revealed how inclusive workplaces deliver tangible, transformative results in areas such as:

TEAM PERFORMANCE. Great teams achieve more together than apart. That’s even more true when they operate in an inclusive and diverse environment. Korn Ferry found that diverse teams make better decisions 87% of the time, especially when those teams are backed by inclusive leadership. Not only are these teams more creative, but they also deliver on those insights, averaging 19% higher revenue from innovation. Similarly, research cited by Deloitte said inclusive teams are more likely to spot risks — and avoid them.

RECRUITMENT AND RETENTION. Finding the right employees will only become more difficult as Baby Boomers retire and the working-age population tops out. Inclusion is your secret weapon in the war for talent. An EY survey found that 63% of workers would choose a company that prioritizes

I&D, with even higher percentages among Generation Z and Millennial workers.

Inclusion can also prevent voluntary turnover: When employees describe their workplace as “inclusive,” they’re twice as likely to stay put and three times more likely to describe a

feeling of belonging. This effect can be seen in countless sectors. For instance, when supply chain companies operated effective I&D programs, only 10% of employees expressed a desire to quit, according to a SHRM-led survey. That figure rose to 42% in supply chain companies with ineffective I&D programs.

EMPLOYEE ENGAGEMENT. Inclusion can generate measurable increases in employee engagement, with Kincentric finding that engagement levels were eight times higher in inclusive environments. Meanwhile, Boston Consulting Group found that when employees believed that senior leaders value I&D, their happiness increased by 31% and their motivation increased by nearly 25%.

When you build a culture of inclusion and improve employee engagement, you’re also contributing to performance outcomes. Gallup has identified 11 measurable benefits of high engagement, including sales productivity, profitability, and product quality.

The bottom line: Inclusion isn’t charity or a fad. It’s a business imperative that can fundamentally transform how organizations compete, innovate, and succeed.

What C-Suite Leaders Are Saying About I&D

The events of 2020, led by the reaction to George Floyd’s murder, pushed companies to make grand commitments related to diversity and social justice. They hired diversity-focused executives, made public pledges, set aggressive internal goals, and donated billions of dollars to racial-justice causes. But few companies connected these efforts to their strategy, culture, and operations.

Despite these setbacks, C-suite leaders continue to understand the potential of I&D. They know that inclusive and diverse workplaces help employees thrive while delivering more value to stakeholders. But they also know that something needs to change.

In my conversations with C-suite leaders — and particularly CEOs — it’s clear they want a new approach. They’re looking for data-driven, evidence-based ways to embed I&D principles in business practices that can transform their organizations while minimizing risk.

HR leaders are crucial to this effort. You need to understand not just the nuts and bolts of effective I&D programs, but also how CEOs view the challenges and opportunities.

Here are a few key themes from the conversations I’ve had with senior executives.

Leading Companies Are Evolving I&D, Not Abandoning It

Some companies were never all that committed to inclusive and diverse workplaces. At best, they were laggards during the #MeToo era and through the pandemic. The pendulum keeps swinging; it’s time for inclusion to stop being reactive and instead be a core part of being a great company.

Companies with a longtime commitment to inclusion have realized a level of tangible business impact. But they need help devising a new approach to I&D.

TEAM OWNERSHIP OF I&D OUTCOMES

Real I&D progress happens when inclusive behaviors are treated as core leadership competencies — not side initiatives. We must reimagine I&D accountability as a shared responsibility. Here’s how ownership could flow:

CEOs Set the Tone

Tie I&D to business strategy and report progress to the board, investors, and employees.



EXECUTIVES Link to Performance

Include inclusive behaviors and outcomes in compensation, not just representation.



BUSINESS-UNIT LEADERS Make It Operational

Track inclusion in business reviews, as you do with other key metrics.



MANAGERS Model and Mentor

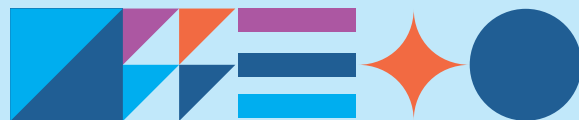
Develop all team members and foster collaboration.



INDIVIDUALS Recognize What Matters

Reward inclusive behaviors that improve team performance.

Transparency and accountability build trust. This framework helps organizations turn good intentions into measurable progress — even in challenging times.



In the past, they might have focused primarily on representation targets, but now they're looking for approaches that drive business performance. They might be saying less publicly, but that doesn't necessarily mean they're doing less.

The shift is strategic, not just semantic. Instead of checking boxes, companies and their CEOs want to build I&D into the operating model, just as they do for things such as capital expenditures, research and development, and mergers and acquisitions. They want to see hard data that signal success or failure, not vanity metrics that only document participation. Leading organizations are increasingly asking fundamental questions, including:

- How does inclusion enhance our competitive position?
- Which capabilities will future-proof our talent pipeline?
- How can we measure inclusion's impact on business outcomes?

These are just a few questions HR leaders need to answer as you work with your CEOs to evaluate and evolve I&D initiatives.

C-Suite Alignment Is Essential to Win Over Employees

Most workers want to feel like they belong, can be their authentic selves, and have opportunities to learn and grow on their own merits. SHRM's research backs this up: 68% of U.S. workers want their employer to make diversity a greater strategic imperative by focusing on the key systems that create an inclusive employee experience. I know HR leaders want this, too, as I've heard from many in recent months. But historically, companies haven't been this comprehensive. They often delegate I&D to a single executive or department. These efforts wind up siloed, short on resources, and disconnected from the hearts and minds of business leaders.

To solve this, the C-suite must be aligned on why inclusion matters to their business, what success looks like, and where the organization currently stands on its inclusion journey. Creating this alignment requires everyone's buy-in.

This buy-in is especially essential in the C-suite. Senior leaders lose credibility when their words don't match their actions. Research from Spencer Stuart found that when senior leaders were sincere about inclusion, 70% of employees reported working in an inclusive environment. But when those efforts were viewed as insincere, only 3% of employees regarded the culture as inclusive.

The most effective leadership teams establish clear roles and responsibilities across functions, including in the CHRO-CEO relationship. At the highest level, your structure might look something like this (see box, page 34):

- CEOs set the vision and hold the executive team accountable.
- CHROs design systems and processes that enable inclusion.
- CFOs greenlight resources and quantify the financial impact.
- Business unit leaders implement and model inclusive behaviors.

As you'll see later, shared accountability creates the conditions for sustainable change, preventing inclusion from being siloed or treated as irrelevant to business strategy.

7 HIGH-IMPACT WAYS TO PARTNER WITH YOUR CEO ON INCLUSION

Reimagining I&D as core to your organization's business starts with a strong CHRO-CEO partnership. Here's how to lead together in today's environment:

1 Be a Strategic Advisor

- Position I&D as a business-first response.
- Offer proactive, strategic solutions.

2 Communicate with Clarity and Passion

- Acknowledge challenges and spotlight opportunities.
- Share success stories and tangible impacts that resonate.

3 Guide CEO Messaging

- Frame inclusion through business outcomes.
- Focus on opportunity, not preferential treatment.

4 Lead with Merit and Fairness

- Center on skills, not demographics.
- Promote equal access based on merit.

5 Embed Inclusion in Core Processes

- Rethink talent systems for real accessibility.
- Align I&D with business process redesigns.

6 Provide Actionable Insights

- Run regular assessments.
- Tackle internal barriers with data-driven solutions.

7 Build Accountability

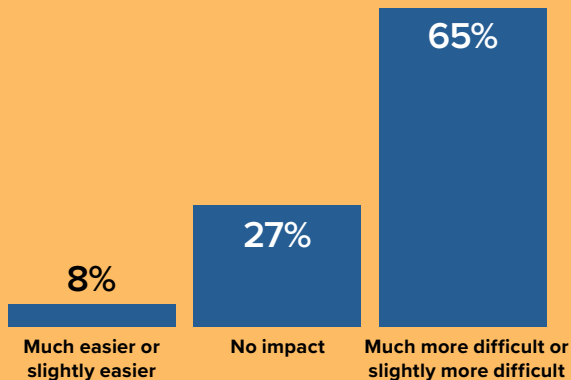
- Create I&D key performance indicators that matter, integrating them into other business goals.
- Cascade and report progress organizationwide.

Legal and Political Concerns Are Real but Navigable

Many companies remain committed to inclusion, but there's no denying the currently fraught environment. This uncertainty is exacerbated by the administration's EOs being both wide-ranging and confusing. The legal battle over these orders could drag out, and large organizations can't rest easy. Many federal agencies are

WILL THE DEI ORDERS MAKE HR JOBS MORE DIFFICULT?

A SHRM survey asked HR professionals if they anticipate their role becoming easier or more difficult over the next six months due to President Donald Trump's diversity, equity, and inclusion (DEI) executive orders.



Source: February 2025 Current Events Pulse, SHRM. A total of 2,076 HR professionals were surveyed.

already launching investigations into private-sector organizations that practice what the administration calls “illegal DEI.”

Companies are already reviewing existing I&D initiatives, HR policies, and supplier arrangements. Many are trading explicit demographic targets for merit-based approaches. For example, they might still collect demographic data, but they're retooling policies and programs to emphasize equal opportunity rather than quotas or representation-based goals.

4 Ways to Make I&D Strategic and Sustainable

This moment calls for leadership fortitude. We need leaders brave enough to evolve I&D instead of abandoning it. We need leaders



Too often, I&D and related programs have been disconnected from business objectives, focused more on symbolic gestures than on creating organizational capabilities that drive innovation and results. Without proper measurement and assessment, these efforts become a “nice-to-have” — easy to ignore and easy to cut at the first sign of trouble.

who are visionary enough to transform I&D from a siloed project into a core strategic endeavor that drives measurable outcomes. We need leaders who see this disruption and, rather than panic, roll up their sleeves and get to work.

Importantly, evolving I&D isn't about cosmetic changes like renaming programs or using different acronyms to mean the same old thing. This is a strategic shift that looks different for every organization. Making I&D strategic requires deep thinking about your current state, where you'd like to go, and how you integrate it into everything you do. Here's how to get started with that shift:

1. Evaluate to Evolve

The first step is conducting an honest assessment. Review your current I&D initiatives with a critical eye toward strategic alignment and impact. As a starting point, ask questions such as:

- Which programs are driving measurable business outcomes?
- Where are we investing resources without clear returns?
- Are our initiatives accessible to all employees based on merit and opportunity?
- How do our programs contribute to core business objectives?

This evaluation isn't about dismantling your I&D infrastructure — it's about ensuring every element serves your strategic goals. It's not about finding fault, but about understanding what's working, what can be improved, and what doesn't make sense in today's landscape. The most effective organizations are going beyond compliance audits to interrogate I&D initiatives for their connection to business performance and employee experience. Then, they loop in everyone at all levels to mitigate risks, correct deficiencies, and develop better policies.

2. Embed Rather Than Silo

Many organizations operate I&D programs in silos, sometimes even apart from HR or talent functions. A dedicated department might sound impressive, but in effect, this has created bureaucracy without integration. When business leaders want to tighten their belts, such work looks expendable. Strategic I&D embeds inclusion into every facet of your organization, including:

- Talent practices that emphasize skills assessment and minimize bias.
- Leadership development that builds inclusive behavior as a core competency.
- Innovation processes that intentionally incorporate diverse perspectives.
- Business planning that accounts for inclusive market expansion.

When inclusion is embedded in an organization's systems and processes, there's no need for a separate “I&D track.” Instead, I&D drives business performance, making the company more sustainable — not as a cost center or experiment, but as a core business strategy for talent, innovation, and results.

3. Measure What Matters

Companies have long tracked demographic data for compliance and workforce distribution insights. However, this data doesn't reveal whether talent is valued or thriving or if the culture is

truly inclusive. Sustainable change requires metrics that connect inclusion to business results. For example, you might:

- Define and apply behavioral indicators of inclusion, such as psychological safety, voice in meetings, and decision influence.
- Track behavioral indicators, not just demographics. Measure process effectiveness across groups — who gets promoted, whose ideas are implemented, and who receives developmental opportunities.
- Evaluate the customer/market responsiveness that results from inclusive practices.
- Measure productivity and innovation gains in teams that excel in inclusion and opportunity.

These metrics shift the focus from “Who’s here?” to “Are we leveraging everyone’s talents?” and “What business results does inclusion drive?” Companies can visualize and internalize this approach by creating integrated performance dashboards that showcase inclusion metrics alongside other business key performance indicators, helping leaders see the impact on bottom-line results.

4. Build Skills, Not Just Awareness

Traditional corporate diversity training is often focused on building awareness. But as studies have found, the key to successful change management is changing people’s mindsets and behaviors. A better approach lies in developing your workforce’s skills so they can improve their behaviors. Areas might include:

- Equipping managers to lead inclusive teams and have difficult conversations.
- Developing executives’ ability to model inclusive leadership behaviors.
- Building employees’ capacity for collaboration across differences.
- Fostering an organizationwide growth mindset that welcomes diverse perspectives.

Shifting from “knowing better” to “doing better” requires deliberate practice and reinforcement, leveraging behavioral science. Leading organizations develop inclusive leadership through coaching, feedback, and accountability, framing it as a growth opportunity rather than a mandate.

The Future of I&D Is Yours to Champion

I&D isn’t a “nice-to-have” or “just” a compliance exercise. It’s a fundamental element of workplace culture that empowers



Far from “I&D is dead,” this moment can be a rebirth as HR leaders and CEOs at future-ready businesses work together to evolve I&D.

employees to be their best in measurable, strategic ways. We don’t know how the regulatory and legal environment will play out. And, of course, compliance is essential. But when it comes to your culture and business performance, you can’t play it safe with I&D. The stakes are too high. This work is too vital for us to remain siloed or silent. That’s why I’m here. That’s why you’re here.

Tomorrow’s leading organizations will embrace this uncertainty. They’ll cultivate inclusive cultures where innovation flourishes, where talent from all backgrounds can contribute fully, and where adaptability is built into the organizational DNA.

Your organization can react and retreat from the principles of I&D, but there’s no guarantee you’ll avoid further legal or regulatory risks. Meanwhile, you’ll alienate your employees, harming engagement, retention and, eventually, business performance. Or, instead, you can seize this opportunity to reset and evolve, building an approach to I&D that’s more resilient, more impactful, and more closely tied to your business success than ever before.

The business case is there, if you’re ready to advocate for it and commit to the work. Your workforce is watching. Your customers are watching. Your competitors are watching.

Together, we have a choice to make: Will we settle for a status quo that holds businesses and people back, or will we lead? ■■

ANURADHA HEBBAR is the president of SHRM CEO Action for Inclusion & Diversity. She is a seasoned human capital executive and business strategist with more than 25 years of experience advising Fortune 500 companies on leadership, talent, and organizational transformation.

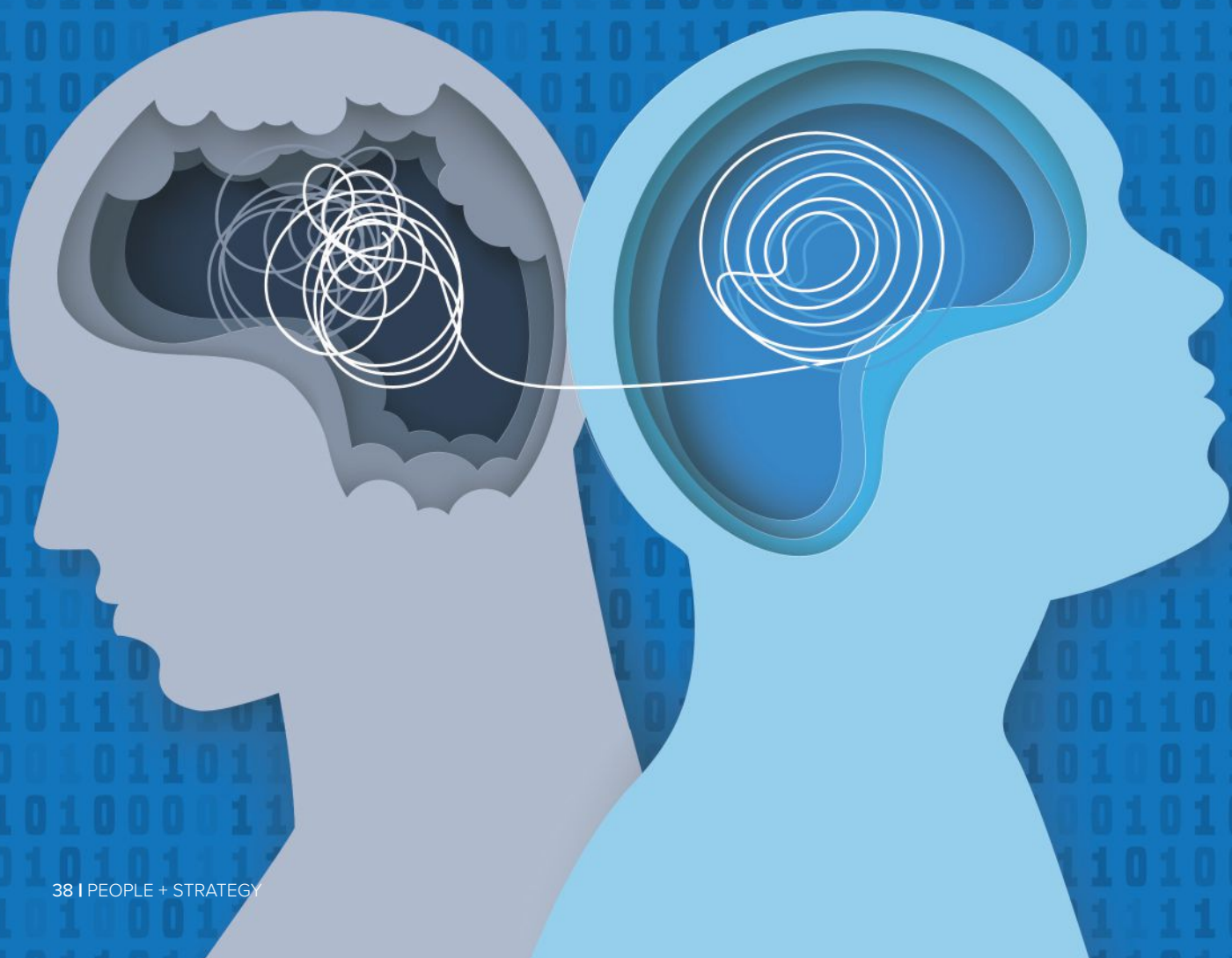


TOOLKIT: SHRM’S BEAM FRAMEWORK

Empower your team with a proven framework to navigate the changing landscape of workplace inclusion. SHRM’s Belonging Enhanced by Access through Merit (BEAM) Framework offers a five-step, practical guide to help implement inclusion and diversity strategies grounded in merit, access, and measurable results — not just intentions. Access the full toolkit at shrm.org/beamtoolkit.

THE CURE FOR AUTOMATION ANXIETY

BY GLEB TSIPURSKY



How Leaders Can Use Psychology-Based Strategies to Overcome Employees' Resistance to AI

The integration of generative artificial intelligence (GenAI) carries the promise of transformative efficiencies and innovation for organizations. But this cutting-edge technology comes with a sharp edge: the emotional and psychological toll it can impose on employees. Fear of job displacement, resistance to change, and unease about navigating unfamiliar systems all contribute to heightened stress and disengagement.

For organizations to truly harness the benefits of GenAI, leaders must move beyond solving for technical challenges alone. While it's essential to address algorithmic accuracy and data privacy, the critical success factor lies in tackling the human dimension of GenAI transitions. Central to this effort is bridging the empathy gap. That's the disconnect between leadership's focus on technological efficiency and employees' emotional needs as they adapt to a rapidly changing work landscape. Failing to close this gap risks alienating the very people responsible for making GenAI a success.

Behavioral science strategies can help organizations navigate the complexities of GenAI adoption and build resilient, AI-ready teams. By leveraging psychology-based approaches — such as positive reinforcement, personalized learning, and the fostering of psychological safety — leaders can mitigate stress, build trust, and create a culture where both employees and AI thrive together.

The Promises and Perils of GenAI Integration

Bringing GenAI as a partner into organizational operations offers a mix of bright opportunities and significant challenges.

On the benefits side, GenAI enhances productivity by automating routine tasks, which frees employees to focus on higher-value strategic initiatives. Plus, the potential for AI to drive innovation is immense. In health care, for instance, GenAI is improving diagnostics and patient care by assisting with data analysis. In retail, giants such as Amazon and Walmart are leveraging AI to enhance customer engagement through real-time product suggestions.

These benefits come with notable challenges that organizations must address. One key hurdle is employee resistance to change, which is often rooted in fears of job displacement and uncertainty about the future. Researchers call this “automation anxiety.”

Separate studies from SHRM and the Massachusetts Institute of Technology, however, suggest that job displacement will likely be gradual, giving employees time to adapt and learn new skills in preparation for a more AI-integrated future. In addition, data privacy concerns pose significant barriers, particularly as GenAI systems rely on vast amounts of personal information. The ability of AI to create deepfakes and synthetic media adds to these concerns.

Beyond these challenges, the emotional toll on employees cannot be overlooked. Stress, fear, and reduced morale are common side effects when AI is implemented without proper support, especially when surveillance-like data collection practices raise concerns about privacy and workplace ethics.

Organizations must address these challenges with a comprehensive approach, balancing technology implementation with a strong focus on the human side of GenAI integration.

The Role of Cognitive Biases in Employees' Resistance to AI

The resistance to change in humans is often rooted in various forms of cognitive biases, such as status quo bias and loss aversion.

Status quo bias reflects a preference for maintaining current conditions. This leads people to resist change even when new alternatives offer clear improvements. For instance, employees may oppose using a more efficient project management software, opting instead to stick with a familiar but outdated platform.

Loss aversion amplifies a person's fear of potential losses more than the appeal of equivalent gains. In the context of GenAI, employees may focus on the difficulty of mastering new skills or their fear of losing their job security, overshadowing the advantages of technological progress.

These biases significantly influence employees' behavior during AI transitions. Employees resist using new tools because they're comfortable with existing ones, even when the new technologies promise huge leaps in productivity. Similarly, the fear of losing current roles or routines can make employees blind to AI's benefits of reduced workloads and upskilling opportunities.

Examples of bias-induced resistance can be found in every industry. For example, medical professionals resist AI-driven diagnostic tools, favoring traditional methods despite evidence of improved accuracy with AI assistance (*see box below*). And in financial services, analysts may be skeptical of AI-created financial forecasts, although they are typically more accurate than human predictions. Such skepticism can hinder the adoption of AI systems that could radically improve employees' decision-making processes.

Addressing employees' cognitive biases — including status quo bias and loss aversion — is essential for successful GenAI integra-

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“Leaders need to recognize that transitions are not just technical processes but also deeply human ones. Employees facing new systems and workflows often feel vulnerable, unsure, and overwhelmed. A lack of empathy in addressing these challenges can erode trust and morale, hindering the implementation process.”

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tion. Organizations can counter workers' resistance by offering training programs, maintaining transparent communication about AI's benefits, and involving employees in the transition process. These strategies help to mitigate fears, foster trust, and encourage a more open attitude toward technological innovation.

How to Bridge AI's Empathy Gap

The biggest cognitive bias might be the empathy gap, which refers to how people tend to underestimate the impact and significance of other people's emotions. In the context of GenAI implementation, it refers to the disconnect between leadership's focus on tech advancements and employees' emotional experiences.

Leaders need to recognize that transitions are not just technical processes but also deeply human ones. Employees facing new systems and workflows often feel vulnerable, unsure, and over-

CASE STUDY NO. 1: BUILDING TRUST, REDUCING RESISTANCE

Organizations across various industries are using behavioral science strategies to bring their employees into the AI era. Here (and on page 41) are examples of how I've worked with my clients to smooth the AI transition.

Challenge: A large health care provider faced major pushback from its employees when adopting AI-powered diagnostic tools. Workers expressed

concerns about data privacy, fearing sensitive patient information could be compromised. Plus, employees showed an emotional resistance to AI, with many voicing concerns that technology could potentially replace their roles.

Approach: Company leadership prioritized transparency and communication to build trust. The company hosted interactive workshops at which employees

could see firsthand how the AI tools worked and understand the robust data safeguards in place.

These sessions included live demonstrations showing how AI improved diagnostic accuracy and streamlined patient care, reassuring staff about its role as a supportive tool rather than a replacement. Emotional resistance was further addressed by inviting open dialogue and creating

forums where employees could voice their concerns.

Outcome: These efforts led to a measurable shift in attitudes among staff. Confidence in AI systems increased by 35%, according to post-implementation surveys, and patient care metrics improved significantly. For example, diagnostic turnaround times decreased by 20%, leading to quicker and more effective treatments.

whelmed. A lack of empathy in addressing these challenges can erode trust and morale, hindering the implementation process.

Companies that neglect this element of change management face significant consequences. Without adequate emotional support, employees are more likely to experience heightened stress, which can cascade into reduced focus, errors in work, and an inability to adapt to the new tools. Studies show that workplace stress costs U.S. businesses more than \$300 billion annually due to absenteeism, turnover, and lost productivity. Introducing AI without prioritizing emotional well-being is a mistake, as employees will be more likely to perceive the technology as a threat rather than an opportunity.

Neglecting empathy can also lead to long-term disengagement. Employees who feel unsupported during transitions are less likely to invest effort into learning the new systems or adopting innovative practices. This disengagement diminishes the immediate effectiveness of AI implementation, and it creates a lingering resistance to future changes.

Prioritizing emotional support during AI transitions requires leaders to actively listen to employees, validate their concerns, and demonstrate a commitment to their well-being. By doing so, organizations can foster a more resilient, adaptive workforce that views technological change as an opportunity rather than a burden.

3 Behavioral Science Strategies to Combat GenAI Resistance

Successfully navigating GenAI adoption demands a thoughtful application of behavioral science strategies to foster a supportive environment. Here are three approaches leaders can use to help employees overcome resistance and fully engage with new technologies:

1. Positive Reinforcement

Recognizing and rewarding small wins can significantly boost motivation. Studies show that positive reinforcement strengthens desired behaviors, such as demonstrating adaptability during organizational change. For example, leaders might publicly acknowledge an employee who successfully incorporates AI into their workflow or reward teams that complete AI training milestones.

These gestures don't need to be extravagant. Even simple recognition, such as thank-you notes or mentions in team meetings, can have a powerful impact. Research by Gallup shows that employees who receive regular recognition are five times more likely to be engaged in their work. By celebrating progress, organizations create a culture that values adaptation and encourages others to follow suit.

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“Introducing AI without prioritizing emotional well-being is a mistake, as employees will be more likely to perceive the technology as a threat rather than an opportunity.”

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CASE STUDY NO. 2: BRIDGING KNOWLEDGE GAPS

Challenge: A global financial services firm struggled with low AI literacy among its employees. Many lacked the technical knowledge to understand or trust the AI tools being introduced, which fueled the resistance. Additionally, employees showed distrust of AI-generated financial forecasts, even when the data showed that these tools provide higher accuracy than human predictions.

Approach: The company set up collaborative training sessions that brought together IT teams and business professionals. These sessions were aimed at demystifying AI by showing employees how the technology works and how it complements their expertise rather than replaces it. They introduced progress-tracking tools that allowed teams to monitor their adoption journey and celebrate milestones, fostering a sense of accomplishment.

Outcome: Employee understanding of AI's role increased by 40%, according to internal assessments, and the firm saw a marked improvement in customer service metrics. For instance, response times to client queries dropped by 30%, and risk management processes became more proactive and precise, helping the company avoid costly errors.



2. Personalized Learning

Within your workplace, employees have varying levels of skill and comfort with AI. Tailored training programs that meet employees where they are — whether they're beginners or advanced users — can build confidence and reduce feelings of overwhelm. Personalized learning can involve offering self-paced online courses, one-on-one coaching sessions, or role-specific tutorials that directly align with an employee's job responsibilities.

For example, a sales team might benefit from learning how AI can analyze customer data to personalize pitches, while an HR department could focus on AI's potential for streamlining recruitment. A study from LinkedIn Learning found that 94% of employees say they would stay longer at a company that invests in their career development. By addressing individual needs, organizations help employees feel supported and equipped to succeed.

3. Psychological Safety

Creating a psychologically safe environment is perhaps the most crucial strategy for fostering support during an AI transition. Psychological safety refers to the shared belief that employees can

ask questions, admit mistakes, and voice concerns without fear of judgment or repercussions. Studies show that in a psychologically safe workplace, employees are more likely to engage and experiment with new technologies. Leaders play a key role in cultivating this atmosphere by modeling vulnerability and responding to concerns with empathy and solutions. According to a study by Google's Project Aristotle, psychological safety was the most important factor in determining team effectiveness.

Managing AI Change with Empathy: 4 Practical Steps for Executives

Successful GenAI implementation requires leaders to focus on the human side of change management. Here are four ways to ensure smoother transitions, greater employee engagement, and optimal outcomes:

1. Provide Transparent Communication About the 'Why'

Employees are more likely to embrace AI if they understand its purpose and potential benefits. Leaders must articulate a clear vision for why GenAI is being adopted, tying it to organizational goals, such as improving efficiency, enhancing customer experiences, or driving innovation.

Transparency is key. Addressing questions such as "What will this mean for my role?" and "How will this technology impact the company?" will reduce anxiety and build trust. Sharing specific success stories and data points of how AI has positively transformed similar organizations can provide reassurance — and motivation.

2. Customize Learning Paths to Boost AI Confidence

Not everyone learns the same way, and employees' familiarity with AI technologies varies widely. Providing a range of accessible, flexible learning resources — such as online tutorials, in-person workshops, and self-paced courses — will help employees build confidence at their own speed.

Leaders should ensure these resources are role-specific, focusing on practical applications directly relevant to employees' day-to-day responsibilities. Gamification elements, such as quizzes or badges, can also make learning more engaging.

"In a psychologically safe workplace, employees are more likely to engage and experiment with new technologies. Leaders play a key role in cultivating this atmosphere by modeling vulnerability and responding to concerns with empathy and solutions."

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"Prioritizing emotional support during AI transitions requires leaders to actively listen to employees, validate their concerns, and demonstrate a commitment to their well-being."

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3. Leverage Employee Feedback for Ongoing AI Improvement

GenAI integration shouldn't be viewed as a one-time event; it's a constant process. Establish channels for ongoing feedback that allow employees to share their experiences, voice concerns, and suggest improvements. Whether through anonymous surveys, focus groups, or regular check-ins, this feedback can help leaders address pain points in real time.

For example, if employees find a specific AI tool cumbersome, leaders can work with IT teams to refine the interface or provide additional training. Demonstrating responsiveness to feedback reinforces trust and shows employees that their input matters.

4. Recognize and Celebrate Progress

Acknowledging achievements during the transition process can significantly boost morale and foster a sense of shared success. Leaders should publicly recognize people or teams who have embraced AI. Highlight tangible results, such as improved metrics or successful projects. This reinforces positive behaviors and builds momentum for broader adoption. Simple gestures such as shoutouts during meetings, celebratory events, or internal newsletters featuring "AI Champions" can create a culture of enthusiasm and pride around the initiative.

Bottom line: The integration of GenAI is as much about people as it is about technology. Prioritizing empathy and leveraging behavioral science strategies are essential to overcoming resistance and fostering engagement. By focusing on transparent communication, personalized learning, iterative feedback, and recognition, leaders can navigate the complexities of AI adoption while building a resilient and motivated workforce.

As organizations look to the future, the call to action for leaders is clear: Prioritize emotional support and employee well-being at every stage of transitions. Doing so will not only ensure the success of GenAI initiatives but also create a culture of trust and adaptability that positions teams to thrive in an AI-driven world. ■■



GLEB TSIPURSKY is the CEO of the future-of-work consultancy Disaster Avoidance Experts and was named the "Office Whisperer" by *The New York Times* for his work on GenAI and hybrid work. He authored the best-selling books *ChatGPT for Thought Leaders and Content Creators* (Intentional Insights, 2023) and *Returning to the Office and Leading Hybrid and Remote Teams* (Intentional Insights, 2021).

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TALENT 2025

KEY TAKEAWAYS ON THE FUTURE OF HIRING, RETENTION, AND THE EMPLOYEE EXPERIENCE

With the job market and the workplace evolving rapidly, HR leaders are rethinking how they attract and retain top talent in today's shifting landscape. The SHRM Talent 2025 conference welcomed more than 3,000 HR leaders to Nashville's Music City Center to discover and discuss forward-thinking recruiting and retention strategies in this era of change. Here are some key takeaways ...

BY MOLLY COHEN

Favor Disruptive Voices When Hiring to Drive Innovation



The role of the human at work will become more critical, not less, during the era of artificial intelligence.

"Talent becomes more important in a world where you can automate tasks," said

Mike Walsh, founder and CEO of Tomorrow, a global consultancy. "The question is: How does this new age change the value of what we do and what it is to be good at your job?"

When scaling your company, focus on hiring employees who will come along with you on the journey to the future. The "reward hackers" are the employees who focus on maximizing their workload most efficiently. In the vein of working smarter, not harder, these employees may challenge you or your organization's norms. But their ability to increase efficiency will be worth the acclimation period.

"Hire the person who thinks they can do your job in half the time with new technology," Walsh said. "They know the job of the future is the job they destroy by finding a smarter way of doing the work."



Earn Buy-In for Reskilling Initiatives by Pointing to Real ROI Metrics



With work in the midst of dramatic change, so are the skills needed to perform it. When advocating for the budget and initiatives to upskill and reskill your existing workforce, it's critical to identify bottom-line metrics so that your CFO and CEO can relate. These real metrics are what will help you protect your workforce.

"Most often, programs on reskilling or upskilling have been looking at satisfaction with content or course completion rates," said **Tan Moorthy, CEO of Revature**, a technology talent development company. "It's important to move away from that and say: What does this mean for business? How do you make an impact on the total human capital costs for the organization?"

When adopting reskilling or other learning and development (L&D) programs for your employees, it's important that CHROs work together with their L&D teams. It's common for chief learning officers to be tasked with closing the skills gap. But to be most effective, they need to have an active partnership across the executive team. This connection will help L&D challenge their assumptions and better understand organizational needs.

Lean into KPIs to Improve Your Talent Acquisition Strategy



By choosing the right KPIs to focus on and creating a dashboard to highlight their current workforce challenges, HR leaders can improve their quality of hires and internal mobility rate.

"Think about the ecosystem you've built and whether or not it's providing you the insight that you need to take back to the business and say: Here's an opportunity cost," advised **John Dawson, division vice president of Dayforce Talent**.

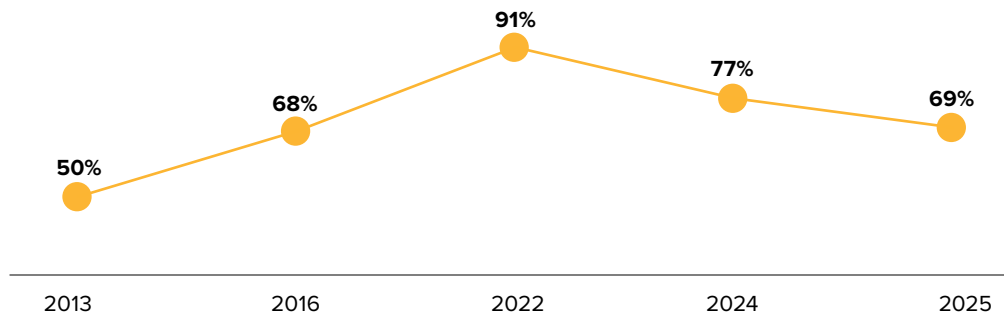
Here are four tips that Dawson shared for increasing your return on talent systems:

- 1. Take a macrolens on what's really going to move the needle.** When setting your KPIs, think big picture about the potential you have to make an impact on the longevity of your employees.
- 2. Recognize your power to impact the employee experience.** It's up to HR leaders to be the gatekeepers on what's going to work and what's not.
- 3. Implement AI with data.** If an HR process would work better if it could be done 24/7, then that is likely a task that should be completed using AI.
- 4. Set KPIs that match your organization's needs.** Take your time to set KPIs that benefit your specific companywide goals.

TALENT TRENDS

HIRING TROUBLES DECLINE, BUT THEY ARE STILL ELEVATED

Percentage of organizations reporting difficulty recruiting for full-time regular positions in the past 12 months.



Source: Talent Trends 2025, SHRM, 2025.



Do Your Motivations Address the Human, or Just the Employee?



Motivation plays a big role in the staying power of employees. To increase retention, first take the time to understand your workforce’s “total motivation.” Ask yourself: How can I address the human, and not just

the employee?

“That’s big, because if you’re trying to get the most productivity out of that employee, if you keep calling them ‘employee’ and you don’t think of them as a human being, you’ve missed the mark,” said **Noble Potts, talent transformation expert at Checkr.** “That’s important as it relates to figuring out how to better engage and get that best employee experience out of that individual.”

An employee’s total motivation is comprised of:

- **Indirect motivators**, which are short-term factors that aren’t related to an employee’s identity. Examples include economic pressure and emotional pressure.
- **Direct motivators**, which tie an employee’s work to their identity. Examples include an employee’s sense of play (their curiosity and innovation at work), purpose (their alignment with the business objectives), and potential (their willingness to pursue development opportunities).

“If you’re able to focus more on [direct motivators], you’ll get that higher employee performance and that longer-lasting person without reliance on just the compensation,” said **Jared Snyder, director of talent management at The Shield Companies.**

Build Trust by Design: 5 Key Workforce Behaviors



Trust is the foundation of high-performing teams, but it doesn’t happen by chance.

“Strong workplace cultures are built on a foundation of three things: trust, communication, and alignment,” said **Steph Llano, a**

consultant at The Perk, a leadership development firm. “Building trust is teachable, and trust issues at work can be fixed.”

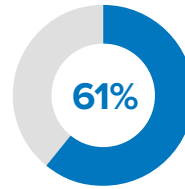
Llano outlines five key behaviors that create a culture of trust in the workplace:

1. **Connect.** People trust those they feel connected to. Foster genuine relationships by having meaningful one-on-one conversations, eliminating distractions, and listening with curiosity.

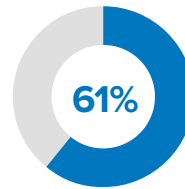
TALENT TRENDS

THE TOP 4 MOST EFFECTIVE RECRUITMENT STRATEGIES

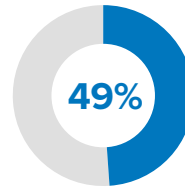
Percentage of HR professionals who ranked the following recruiting strategies among their organization’s most effective:



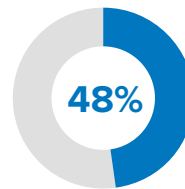
Offering more flexible work arrangements



Improving compensation



Streamlining the application process



Voluntarily including pay ranges in job postings

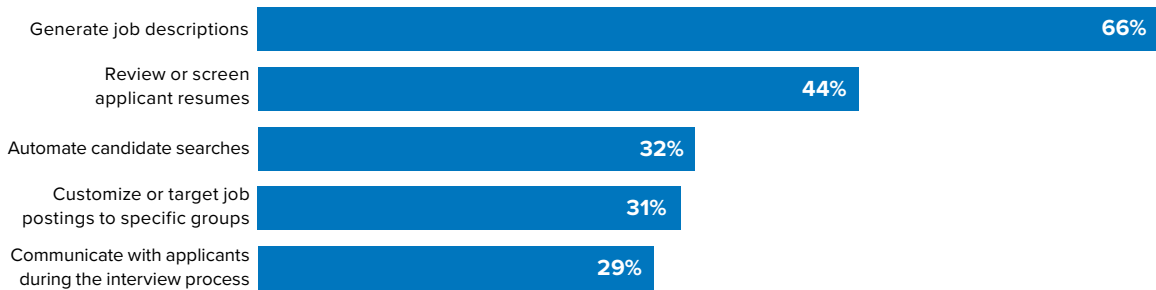
Note: Among those who indicated their organization uses that strategy.

Source: Talent Trends 2025, SHRM, 2025.

TALENT TRENDS

THE TOP 5 WAYS HR USES AI FOR RECRUITING

In 2025, 43% of organizations use AI to support HR-related activities, up from 26% last year. The most common reason HR uses AI is recruiting. Here are the top five ways HR departments use AI to support their recruiting efforts:



Note: Question was "Select all that apply." Among those who indicated their organization uses AI to support recruitment.

Source: Talent Trends 2025, SHRM, 2025.

- 2. Create safety.** Psychological safety encourages open communication and innovation. Leaders should model vulnerability, assume positive intent, and create an environment where employees feel safe to speak up.
- 3. Commit.** Do what you say you will do. Follow through on promises, communicate when challenges arise, and set realistic expectations for yourself and your team.
- 4. Be clear.** Ambiguity erodes trust. Clearly define expectations,

priorities, and responsibilities to ensure alignment. Establish behavioral norms and a shared vision.

- 5. Celebrate.** Recognize and appreciate contributions regularly, not just at major milestones. Ask employees how they prefer to be recognized and make appreciation a habit.

Know the Important Difference Between Engagement and Culture



When assessing your workforce, be mindful of how you think about culture and engagement. They're distinct things. Employees can be engaged in their work while also experiencing a toxic workplace culture brought about by peers or leaders.

"Engaged employees aren't a predictor of a healthy work culture," advised **Catherine Mattice, founder and CEO of Civility Partners Inc.** "You wouldn't believe the amount of times I've seen an executive keep an employee who acts like a bully because they are achieving business results. We think they're doing this to cause harm, but they've actually lost their way because they intend to get results."

When thinking about your organization's culture, take the time to consider what your employee surveys really measure. You want to establish accountability for the right behaviors and be prepared to coach employees to achieve the individual behavior you're looking for.

"Everyone needs training for them to reach accountability in terms of metrics, rewards, compensation, promotions, and more learning opportunities," said Mattice. "Your culture has to focus on managers and using them to help craft your culture."





Understand Generational Dynamics to Unlock Employees' Full Potential



HR leaders face a growing challenge in retaining younger workers, who often lack employer loyalty and are strongly impacted by their first manager. Giving these workers extra support is crucial for their development.

“A young person’s decision to leave an organization is directly tied to their first performance review,” said **Kim Lear, founder of Inlay Insights**. “The best thing leaders can do is help them move from ideation to execution.”

HR leaders are also focused on supporting “sandwich generation” workers, those raising children while also dealing with aging parents. Given these employees’ growing responsibilities, Lear advised that the best thing you can give employees in this life stage is time. Be mindful of the number of meetings on their calendars and consider replacing meetings with an email when possible.

To get the most out of your collective workforce, consider the leadership concepts of “whole self” and “best self.” Ask yourself as a leader: What energy am I bringing into the room? Which version of me will help my team right now?

The Right Technology Can Extend the Longevity of Your HR Team



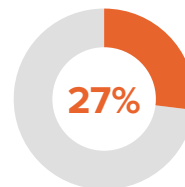
Especially in the past five years, HR leaders have been asked to play increasingly prominent roles in the organization — and HR is feeling the stress.

In the *2025 SHRM State of the Workplace* report, nearly two-thirds of HR leaders (62%) said their HR department has been working beyond its typical capacity, an increase from 57% in 2023. Outsourcing or using AI to handle the repetitive work of HR can give leaders more time to focus on the human elements of the profession they were originally drawn toward.

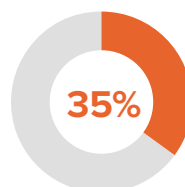
“If we’re not implementing technology to make things easier, to get rid of the manual activities, we have to blame ourselves for part of that,” said **Tony Buffum, head of enterprise strategy at Human Cloud**, a global advisory firm. “When you can build a story around ROI, this is going to pay for itself because you can pull out some of that deadening work and spend more time on

TALENT TRENDS

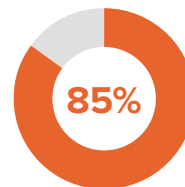
NAVIGATING THE TALENT SHORTAGE: TRENDS TO PUT ON YOUR RADAR



... of organizations have eliminated college degree requirements for certain positions as a recruitment strategy for full-time positions.



... of organizations use an internal talent marketplace to help create visibility into open positions (up from 25% in 2024).

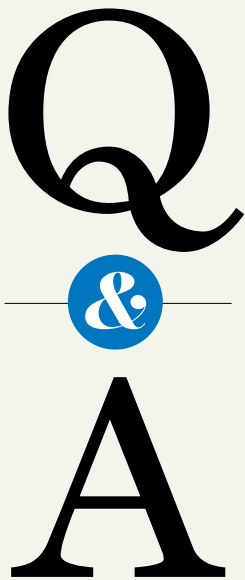


... of organizations that offer returnship programs say these programs have been effective in addressing talent shortages.

Source: *Talent Trends 2025, SHRM, 2025.*

what really adds value and what really uses your capabilities and skills. Then you can jump forward in terms of an advanced HR function that’s personally satisfying that you don’t want to leave.”

JOIN US AT TALENT 2026: Gain innovative talent management strategies at Talent 2026 in Dallas, April 19-22, 2026. Learn more at conference.shrm.org/talent-conference.



Donna Morris

has been the chief people officer at Walmart since 2020. She previously spent 17 years at Adobe, where she held a variety of leadership roles, including CHRO and executive vice president of employee experience. As part of the Strategic CHRO interview series on LinkedIn, Morris sat down with The ExCo Group CEO David Reimer and Managing Director Adam Bryant to discuss her career path and outlook on hiring, mentoring, societal issues, and the future of HR.



Managing the Largest Private Workforce in the US: Walmart’s CPO on Facing a ‘Fork in the Road’ for HR

REIMER: What big issues are top of mind for you these days?

MORRIS: I do think technology has the potential to create a fork in the road for companies. Some companies, by virtue of their ability to leverage digital technologies — generative AI, in particular — might end up with much smaller workforces. At those companies, there will still be a role for an HR team, but that role would likely be specialized into higher-level work around talent, rewards, and organizational strategies.

There will be another fork for companies like Walmart, where we firmly believe that we’re people-led and we’re tech-powered. When we look out 5 or 10 years from now, we believe that our workforce will probably still be around 2.1 million and that our revenue will grow a lot. Hopefully, we will be able

to rework the workforce because of technology, which means we will end up sustaining our organizational size but with different skills and different capabilities.

When I look at the people function, I firmly believe that there will be some areas where we have to embrace generative AI and that it will lead to wholesale changes for jobs within the people function, too. But the art and science of our roles has to come down to the fundamentals of helping drive the business, the organizational strategy, and the people strategy.

BRYANT: What were important early influences that helped prepare you for this role?

MORRIS: I grew up with two wonderful parents, and we were on the lower end of middle-class life. So, if I wanted extra

things, I had to work for them. I babysat from the time I was 11, and my first part-time job was at a dry cleaners at 13. Then, I moved to working at Shoppers Drug Mart when I was 15.



Often, executives focus on *what* is being delivered, but they overlook the importance of *how* it is being delivered. How are people working with others? How are other people leading?”

I have always enjoyed learning and growing and having a challenge. I get bored doing the same job, so even early on in my HR career, I was doing a different job about every two years. I have always wanted to make an impact in my life.

REIMER: Given the size and public profile of Walmart, I imagine there’s a lot of pressure to weigh in on a lot of broader societal issues. How do you think about that?

MORRIS: A few years ago, during the pandemic and the period of civil unrest, we as an organization and leadership team talked about which guardrails will frame what we talk about. Where do we as an organization feel we need to lean into?

But we’re all humans, so we all do have our own points of view on different issues. Post-pandemic, I decided I was going to pick a word of the year and really embrace it. At the beginning of 2024, I picked kindness, and now I’ve decided I’m not going to change my word again. I don’t think we live in a kind environment anymore. The fact that we even have to talk about civility underscores the point that we assume that we’re not necessarily going to be civil with each other.

So, my approach is that I want to be an ambassador for everybody. This means that I don’t want to pick a lane on anything, and I try to avoid any topic that could end up being really divisive or polarizing unless it’s a stand that we’ve taken as an enterprise that’s focused on serving our customers and members and/or our associates.

BRYANT: How do you hire? What questions do you ask in job interviews?

MORRIS: First and foremost, I always want to be clear on the three things that anyone needs to do in a particular role to be successful.

Second, I always ask, “What would people who know you really well tell me about you?” I’m trying to ascertain whether their personal behaviors and values align with what would be a good fit for our company.

REIMER: When you coach and mentor senior executives, what themes come up most often?

MORRIS: One common theme is the need to pay attention to the growth, development, and effectiveness of their team. So often, executives focus on *what* is being delivered, but they overlook the importance of *how* it is being delivered. How are people working with others? How are other people leading?

I think a lot of those discussions are about gently, or sometimes not-so-gently, putting the mirror in front of somebody to help them realize that their behaviors might not be bringing out the best performance in themselves or their team.

By the time people have reached very senior levels, they may have heard the same feedback before, and it can be harder to change when you’ve been working for decades. But the areas that are often the biggest gaps, in my opinion, are the fundamentals of how to manage and lead people, particularly at a velocity that matches the pace of change in the world.

BRYANT: What is your best advice for somebody stepping into their first CHRO role?

MORRIS: One, know your business as well as any of your peers, because you’re a business leader who now has to tie business and people and organizational strategy together.

Two, build confidence and trust with your leader and your peers and the board so that you’re able to have a point of view for any discussion you might have with them. Are you able to build trust so that you can eventually consult, counsel, and frankly influence when you need to?

Three, you’ve got to love the business of people. I know that might seem obvious, but I’ve met a number of CPOs and CHROs who don’t fundamentally seem like they really love dealing with people. It makes me wonder sometimes why they’ve chosen to be in the function. That’s what this job is all about, in my humble opinion. I think it can be the best role and executive-level position. ■



“You’ve got to love the business of people. ... I’ve met a number of CPOs and CHROs who don’t fundamentally seem like they really love dealing with people. It makes me wonder sometimes why they’ve chosen to be in the function. That’s what this job is all about.”



Fast Work vs. Slow Work: How Leaders Can Leverage AI to Maximize Human Potential

BY TODD MCLEES AND BRAD WINN

We've entered a new phase of human work. Artificial intelligence has evolved from a mere productivity tool into a force that enhances our most reflective and imaginative endeavors. As leaders, we face a pressing question: How do we guide our people through a transformation that touches both the everyday tasks that we rush through and the deep strategic thinking that we aspire to?

We've lived through countless innovations, from the steam engine to the internet. Each one focused primarily on making us faster or more efficient. Now, we're seeing a paradigm-shifting technology that isn't just

about velocity. AI promises to supercharge both the rapid "fast work" and the reflective "slow work," and that is rewriting our notions of human productivity.

Major employers confirm what's coming. Meta CEO Mark Zuckerberg said that in 2025, AI could effectively handle tasks once reserved for midlevel software engineers. And Salesforce CEO Marc Benioff hinted that his company will not hire more software engineers this year because its current team, empowered by AI, is already vastly more productive.

You've watched technology shape the workforce before, but never with this pace

— or this depth. Models from leading AI labs leapfrog each other in weeks, not years, and the performance benchmarks are jaw-dropping. If your people strategies aren't ready to take advantage of these innovations, you risk losing ground as this level of power becomes commonplace.

Finding Opportunity amid the Acceleration

As AI outperforms us in traditional knowledge work, the real question is: Where will human potential — and human value — shine? The answer may surprise you. AI excels at routine, high-speed tasks.

But even more importantly, it can free up human mental space for deeper, more meaningful work. In other words, it can help us not only capture value but also create it anew. And if your organization doesn't adapt quickly, you risk losing both efficiency gains and the spark of human innovation that could propel you into new markets, products, or ways of working.

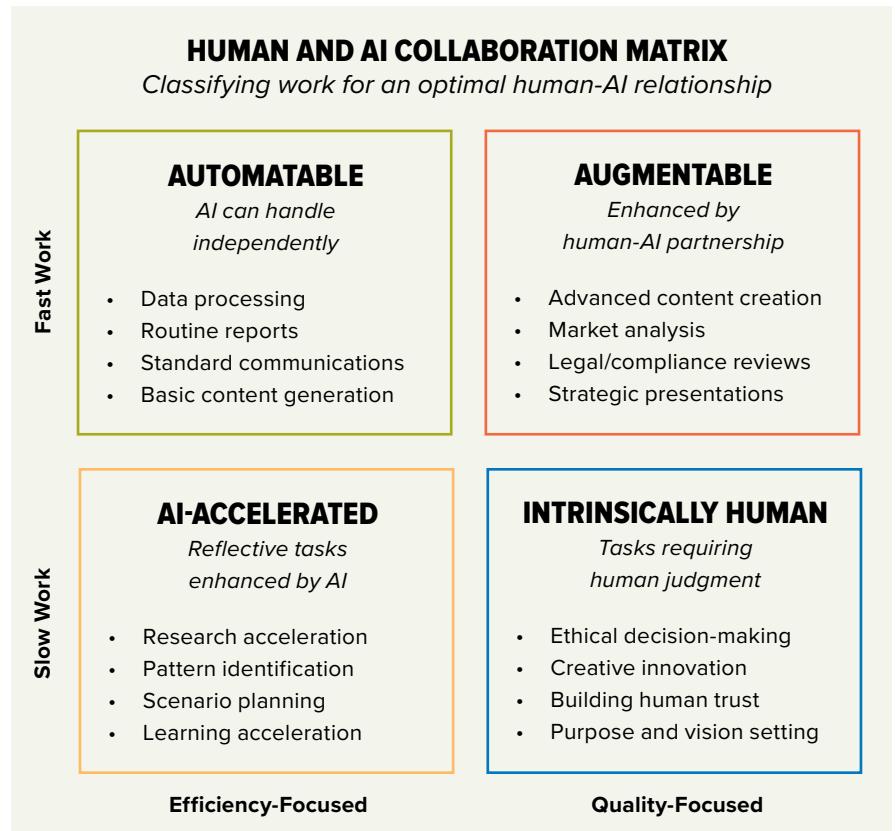
Yes, AI can outpace us in certain tasks. But there's a timeless element of human work — our ability to reflect, empathize, and dream — that remains uniquely ours. As a leader of human potential, you find yourself standing at the intersection of people and possibility. The real key lies in approaching these rapid changes with empathy, intellectual humility, and a beginner's mindset, leaning on curiosity to see opportunities rather than threats. Let AI accelerate routine tasks that currently command an inordinate amount of attention, and let human endeavor in the future focus on new realms of thought, creativity, and strategic impact.

This moment calls us to leverage AI's speed for routine tasks while freeing our minds to explore an unimagined future. If we embrace curiosity and open ourselves to reimagining what's possible, we'll find more than just efficiency gains. We'll discover new ideas, better questions, and a deeper sense of purpose in our work. The human potential leader



“We’re seeing a paradigm-shifting technology that isn’t just about velocity.

AI promises to supercharge both the rapid ‘fast work’ and the reflective ‘slow work,’ and that is rewriting our notions of human productivity.”



will explore how to harness AI's rapid evolution without losing the qualities that make us most human.

Augmented Productivity: How Humans Add Value

Drafting an S1 prospectus for an IPO once required six bankers working two painstaking (and expensive) weeks. Now, according to Goldman Sachs CEO David Solomon, AI can handle 95% of that work in minutes, saving more than \$100,000 in labor. But AI can't get that project all the way to the finish line.

“The last 5% now matters,” Solomon said, “because the rest is now a commodity.”

That shift frames what we call fast work (high-speed, automatable tasks) and slow work (deep, strategic endeavors). Now the question becomes: Where do humans add value when AI does the bulk?

Solomon says this change is an opportunity to transform productivity. “Productivity is the ability to take smart people and give them tools so they can do more, do more quickly, help our clients think about things in different ways,” he

said. This suggests an emerging mindset: We're not *removing* humans, we're *amplifying* them.

Becoming a leader who meaningfully develops human potential in the age of AI requires an “augmented human productivity” (AHP) approach. Rather than assuming a stark divide where AI does X and humans do Y, we can envision work in four key areas:

- **Automatable work**, including routine or data-heavy processes.
- **Augmentable work**, including activities where AI boosts quality, yet people retain essential oversight.
- **AI-accelerated work**, which reflects tasks that are enhanced by AI.
- **Intrinsically human work**, which requires complex judgments, empathy, and creative leaps.

In practice, the line constantly shifts as AI matures. Some roles that once seemed intrinsically human may become partly or fully automated, while new forms of augmentable tasks emerge.

AHP encourages leaders to continuously assess each workflow by asking not



“The organizations that thrive in an AI-rich world will be those that put their people first, using machines to eliminate drudgery while nurturing human curiosity, empathy, and strategic thinking.”

just, “Can we automate?” but “Should we automate?” By freeing humans from mechanical chores, organizations can refocus them on deeper, reflective, and more meaningful work.

Evolve Constantly; Don't Set a Rigid AI Agenda

It's one thing to say, “AI does 95% and humans do the remaining 5%.” It's quite another to decide *which* tasks to automate, *how deeply* to automate them, and *who* remains accountable when AI's recommendations go awry.

Each organization will define these lines differently, driven by culture, compliance, or strategic value. A premium consultancy might limit automation in client-facing interactions. A cost-focused institution might automate extensively. Some tasks are easy to automate technically but too risky to offload fully without human checks, especially in companies that have a low tolerance for risk. Prioritizing speed above all else can backfire if customer trust hinges on empathy.

Executive leaders must orchestrate the heavy lifting: dissecting each role, mapping subtasks, and determining where augmented human productivity best applies — technically, ethically, and strategically. In other words, long-term success depends on continuous, nuanced decision-making, not a one-and-done AI road map.

In 2001, the Apple iPod promised “1,000 songs in your pocket.” A generation later, AI tools offer something more profound: “1,000 Ph.D.s in your pocket.” AI models have achieved performance levels once reserved for top experts, tackling everything from medical diagnostics to complex software engineering. But the real power here isn't just abundant intelligence; it's augmented intelligence where people and AI partner to accomplish more than either could do alone.

A recent *JAMA Network* study suggests why this distinction matters. When AI worked independently on complex medical diagnoses, it outperformed human clinicians and doctors using AI tools. Why? When physicians tried combining

AI insights with their expertise, they often ignored or overrode helpful recommendations. This reflects a deeper issue: We can't simply layer AI on top of old processes. We must redesign roles, workflows, and mindsets to unlock the partnership required to fully gain the advantages of augmented intelligence.

In this sense, the biggest barrier isn't limited to a lack of AI capability, but a lack of entrepreneurial mindset combined with intellectual humility. Rather than focusing on cost savings, leaders should ask, “What can we achieve now that we have near-Ph.D.-level expertise on tap at all times?”

This demands experimentation, a tolerance for misfires, and a breaking away from “the way we've always done things” mentality. It also means investing in continuous upskilling so employees can frame the right questions (prompt design), interpret and elevate AI outputs, and spot red flags by exercising ethical discernment. When properly aligned, AI amplifies our human strengths including empathy, moral judgment, and vision. By letting AI handle brute-force tasks, we free ourselves for more creative, intuitive challenges. That's the promise of augmented intelligence: not a workforce replaced, but one made far more imaginative and impactful.

From an executive leadership perspective, culture determines how well augmented intelligence can flourish. If people fear AI, they'll resist its potential. If they embrace it as a partner, they'll explore new ideas and discover untapped growth. In other words, adding a powerful tool to an old toolbox pales in comparison to reinventing the toolbox altogether — and that's where leaders who merge data-driven rigor with entrepreneurial courage will thrive in unleashing human potential.

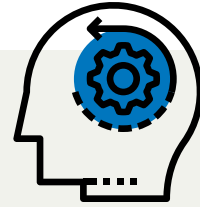
Differentiation Demands Audacious Creativity

Here's the stark reality: AI capabilities are advancing so quickly that many of today's stretch goals will soon become trivial. As high-powered models grow ubiquitous, the fundamental question morphs from “Can AI do this?” to “What should we create?” Imagination — not processing power — becomes our limiting factor.



“Culture determines how well augmented intelligence can flourish. If people fear AI, they'll resist its potential. If they embrace it as a partner, they'll explore new ideas and discover untapped growth.”





Your competitive edge hinges on AI agility: your organization's capacity to evolve and innovate as each breakthrough reshapes what's possible.

Most leaders start with quick wins, such as automating reports, trimming costs, and streamlining workflows. But that's table stakes. True differentiation demands audacious creativity — entirely new products, experiences, and business models that wouldn't exist without advanced AI. Stop measuring just efficiency gains. Start tracking how many bold concepts move from imagination to reality, powered by AI's expanding capabilities.

You can't bolt new algorithms onto old thinking and outdated systems. Foster a culture that rewards iterative improvements and imaginative leaps — but within clear ethical guardrails. An ad hoc approach breeds chaos; rigid control suffocates innovation. Strike a balance and define boundaries so teams can accelerate responsibly.

The AI Agility Framework is where augmented human productivity ignites transformation. Three critical elements drive human value creation:

- **Prompt design.** Your people need more than basic AI literacy. They need to be fluent in designing prompts and elevating AI outputs into market-ready solutions. Rather than focusing solely on efficiency, organizations should prioritize unleashing creativity at scale
- **Human + AI partnerships.** When empathy and judgment fuse with AI's analytical power, you unlock ethical innovation that builds trust and aligns with values. Your competitive moat extends beyond technology. Thoughtful deployment creates lasting advantage.
- **Cultivating human skills.** Sharp critical thinking, adaptability, and collaboration let teams adapt as AI evolves. These timeless human capabilities, augmented by AI, position your organization to remain future-ready and stay ahead of the competition.

The greatest threat isn't AI falling short — it's our imagination failing to keep pace. Organizations that align human potential with AI capabilities will transcend mere automation to discover transformative opportunities. Your

A PEOPLE-FIRST ROAD MAP: 5 STEPS FOR MAXIMUM AI IMPACT

Want to develop human potential in an intelligence-rich world? Start here.

- 1 **Map Your Workflows.** What deserves automation? What demands deep human reflection? Free your people from mundane tasks while spotlighting where their insight matters most.
- 2 **Redesign Roles for Augmented Intelligence.** Go a level deeper. Break down roles into three categories of tasks: automatable, augmentable, and intrinsically human. This clarity reveals where AI should lead, where partnerships flourish, and where human judgment remains essential. It also reveals opportunities for continuous upskilling that elevate people into higher-value roles.
- 3 **Cultivate Imagination.** Once AI handles the mechanical, perpetual reinvention becomes your edge. Foster intrapreneurship. Reward creative exploration. Find your organization's balance between cautious optimization and bold experimentation.
- 4 **Prioritize Responsible AI.** Accelerate AI adoption while championing fairness and transparency. Build checkpoints for bias. Establish clear data governance. Ensure AI amplifies human judgment rather than replacing it.
- 5 **Invest in AI Agility at Every Level.** Don't limit human-AI collaboration to your tech teams. Offer continuous learning opportunities so everyone can collaborate effectively with AI to capture and create business value. Pair lightweight governance with strong ethical principles — moving fast without breaking trust.

role as a leader? Champion curiosity and responsible exploration as you guide your company into a future where machine intelligence is abundant, but human imagination wins.

A Future Built on Human Potential

The organizations that thrive in an AI-rich world will be those that put their people first, using machines to eliminate drudgery while nurturing human curiosity, empathy, and strategic thinking. By blending fast work automation with slow work augmentation, you won't just build a more efficient enterprise, you'll create a more imaginative and resilient one.

Your mission as a leader is to refuse to let machine efficiency overshadow the traits

that define us. Champion this transformation and you'll turn AI from a mere productivity tool into an enduring advantage — for your organization and your people.

The future doesn't belong to those with the most powerful AI. It belongs to those who imagine the most inspiring ways to use it. ■■



TODD MCLEES is the founder of HumanSkills.ai and a recognized thought leader on generative AI's impact on people and work.



BRAD WINN is a leadership practice professor and executive MBA director at the Huntsman School of Business at Utah State University.



Is Your Board Focused on the Future or the Past?

As workforce challenges quickly grow more complex, boards must take a future-focused approach to talent strategy. In this edition of the Directors Roundtable, three experienced board members discuss tomorrow's workforce trends as well as how boards and C-suites can work together to navigate what's ahead.

PARTICIPANTS



Margaret Keane, former executive chair and CEO of Synchrony; board member at Allstate, Cision, and Tenable



Vivien Yeung, former executive vice president and chief strategy officer at Kohl's Corporation; board member at Jack in the Box Inc.

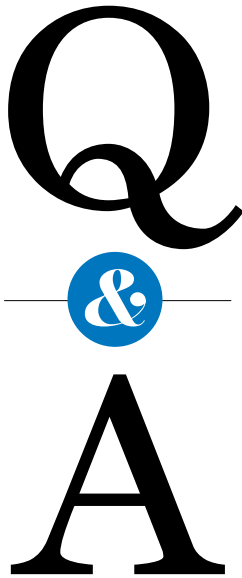


Dawn Zier, former CEO of Nutrisystem; board member at Hain Celestial Group, Prestige Consumer Healthcare, and Acorns

MODERATOR



David Reimer, CEO of The ExCo Group



THE BOARD OF THE FUTURE

DAVID REIMER: When you hear the phrase “workforce of the future,” what does that mean in the boardroom?

MARGARET KEANE: Technology and AI are a big piece of this, obviously. Where does that go? There are big hopes for AI. We haven’t really seen the fruition of that yet, but it will come. What jobs will be impacted? How do you make sure you have the right talent to deliver? How do you have the right protections inside your company for the risks that AI may create? You need the right talent to manage all of that, because it demands a certain level of sophistication in people’s skill sets.

DAWN ZIER: Technology is also the big issue on my list. Many companies right now are thinking about AI as a way to save costs rather than as a strategic tool, because it’s easier to see AI right now as a way to improve efficiency. But I don’t think that’s the unlock for companies long term. The unlock is using AI to accelerate innovative thinking and growth.

A lot of entry-level jobs and other roles in industries like manufacturing are going to be automated. And I worry a lot about the impact on high school and college grads and their ability to find work. There will

be economic pressure on the middle and lower class, which has implications for the broader class divide in society. Yes, new jobs will be created. But the way we educate the workforce through high school and college is going to have to change.

I also think about how work is becoming so much more transactional. Employees are putting greater value on their whole self in addition to their work self. Like a lot of people in my generation, I had a lot more of my identity tied up in my work. The approach of the younger generation is probably healthy, but it creates a challenge for companies in how they identify future leaders. And how do we invest in them to get them to invest back into the company? That’s a top priority for boards.

VIVIEN YEUNG: I’ll build on that to say organizations need to think about how they hire and develop people in terms of mindset and skill set. Technology is changing so fast that there’s no doubt jobs are going to change for almost everyone in the next five years. So, you have to hire for mindset — people who are adaptable and curious and comfortable with learning new skills all the time. That is going to be so much more important in the future.

In terms of skill sets, organizations have to think hard about their competitive advantage: How do they differentiate themselves in their industry? Then, focus on those skill sets. A lot of the other skills can be automated.

TAKING THE LONG VIEW

REIMER: What you’re talking about requires longer-term thinking. As directors, how do you balance the volatility of the moment with sustaining a long-term view?

YEUNG: What often drives the time frame in these conversations is technology investment. It’s real capital investment. How does it impact your workforce planning? It typically takes two years to roll out a new technology. To the extent that the technology plan and the workforce plan have to be intertwined, that is the horizon the board has to make decisions around.

ZIER: The environment of having an annual strategy session no longer works. We have to be talking about strategy all the time. We have to focus more on optionality, and I don’t think board and management teams necessarily do that so well.

There needs to be more process and discipline around not only the strategy, but also scenario planning, and real clarity around what success looks like. That will give you the benchmarks for holding teams accountable. We don’t want to pivot every week or every month, but, as directors, we need to encourage management to make faster determinations on when strategies are not working appropriately and pivot to other options.



“Jobs are going to change for almost everyone in the next five years. So, you have to hire for mindset — people who are adaptable and curious and comfortable with learning new skills all the time. That is going to be so much more important in the future.”

— VIVIEN YEUNG

KEANE: This period we are living through now is like the pandemic on steroids. That was such a challenging period because there was no road map. Everybody turned to the CEO for answers. And now, everybody is being whipsawed and dealing with so much uncertainty and disruption.

The question that boards need to ask now is: How resilient is the CEO and the management team? And how do you, as a board, support them through this?

Boards have to step back and think about how they can help the team and the CEO get through this tsunami of stuff coming at them. We're not always going to have the answer, but we need to make sure we're having the right discussions. We need to tell them we have their back, because this is one of the tougher times for CEOs and companies and leadership teams.

YEUNG: If the board feels they have the right leader in the CEO, then boardroom conversations need to pivot from aligning on specific decisions to aligning more broadly around the strategic goal. What is the company or organization trying to achieve? Once you align around that, then it provides management a wider degree of freedom in terms of what their actions might be. Because the work changes so fast, there's no way a board can keep up on everything every day with management.

IDENTIFYING TRUE CULTURE

REIMER: It can be hard, given that day-to-day volatility and the arms-length role of directors, to get a feel for the culture of a place. Pulse surveys present incomplete pictures. How do you get a clear sense of culture?

KEANE: You can get a sense of the dynamics as soon as you walk into headquarters, just from the person who welcomes you at the front desk. It's also important for directors to get to know the top talent in the company. As you spend time one-to-one with them over coffee, you're going to get a vibe for whether things are working or not. I also watch carefully for how everyone on the leadership team interacts with each other. Finally, I'm a big believer that the people who really know what's going on in a company culture are the people who are closest to the customer. As a board member, if you can get out and meet those people, you're going to learn a lot.

YEUNG: I also watch carefully for the baseline dynamic between the board and management team. You want to encourage straight talk around real issues. It's true for the organization at all levels, especially when people are geographically dispersed. You have to foster an environment where people can have difficult conversations.

ZIER: Those informal meetings between directors and the leaders who are below the C-suite, such as vice presidents and high-potentials, are critical. That's how you get to know more about what's going on inside the company. I also look at comments on Glassdoor, fully recognizing there's bias there because the people who go on Glassdoor to complain are usually a little jaded. But sometimes, you will see patterns and themes.

AVOID BEING MANAGED

REIMER: Many board meetings are run as if they were Broadway productions: "Get 'em in, give

'em a show, get 'em out." How do you make sure, as a director, that you're not simply being managed?

ZIER: That's a very real issue. I don't want to just be presented to. Assume we've read the deck. Assume we understand the basics. I want to have a conversation, so just talk to us. Tell us what's going on. What keeps you up at night? What's your concern? Also, you have to question the whole team, not just the CEO.

Our job as directors is to think about the strategy and manage the risk. So, you have to ask questions like: What if this doesn't work? What then? Also, directors need to watch to see if everybody on the leadership team first looks to the CEO before saying a word. That's a pretty strong signal that the CEO may not be empowering their team.

YEUNG: I fully agree with that. No one wants to sit through a long slide presentation. It's not productive. On the public board where I serve, we also encourage leaders to let the people who do the day-to-day work present and to allow time for plenty of questions. That way, the board gets to know the next level of talent. And because the expert is in the room, we can ask them deeper questions about specific issues. That serves the purpose of both developing next-level leaders and allowing the board to get under the hood a bit.

TALENT DISCUSSIONS

REIMER: When it comes to strategic talent discussions, what do boards need from CHROs right now?



"The people who really know what's going on in a company culture are the people who are closest to the customer. As a board member, if you can get out and meet those people, you're going to learn a lot."

— MARGARET KEANE



ZIER: It's about assessing for qualities and skills that are different from what we may have looked for traditionally. Are the leaders resilient? How do they deal with ambiguity? It's more about that wartime general mentality, because things are not business as usual. Some people thrive in a stressful environment. They get calmer. Other people lose it. So, how is the leadership team as a whole coming together? And where are the weak points?

I don't like the phrase "soft skills" because it implies they're less important. But in this environment, they're even more important. That's the strategic conversation we need to have.

KEANE: If the CHRO is good, they have a real pulse of the dynamics throughout the organization. If you're organized correctly in the HR function, the team will give you the measure of what's really happening out there in terms of employee morale and what's on people's minds.

I learned through the pandemic how important it is to be very connected face-to-face. Be in front of employees as much as you can. The CHRO is a critical piece of that whole process, helping management and the board understand what they need to worry about. How do we make sure we are doing the right things to be successful as a company?

The pandemic was this massive thing that happened to us as a human race. It's over, and we're kind of acting like it didn't change things. But it changed a lot, including the relationship people have with their jobs. At the end of the day, we have to motivate a whole workforce to feel good about coming in to work every day.

YEUNG: The long-term trend is that people want to live happy and fulfilling lives, and they want to more seamlessly integrate their work lives and their personal lives. That started before the pandemic, but the pandemic accelerated it. I don't think we can put that genie back in the bottle. We have to think of our colleagues as full human beings with lives outside of work. The companies that take care of their people and make them happy and fulfilled at work are going to hire and retain the best talent.

Depending on the unemployment rate and state of the economy at any given time, companies will have more or less leverage. But over time, companies have to think about how to engage their employees and make their jobs fulfilling. Many CHROs are very comfortable talking about individual talents and compensation. But a lot of companies don't have a plan around culture. What does the organization do beyond specific policies like return to office? CHROs need to think about the holistic culture they're trying to create in the organization.

ZIER: For younger and newer employees, the pandemic was a total reset on their values. And they will have different views when they become leaders themselves in the future. But we cannot try to use brute strength to go back to the way things were. This new workforce is saying, "I'm not doing that. Show me respect." The employment pendulum may have swung back toward the power of the employer at the moment, but it's a huge miss if we don't really understand that generational shift, because that's the future.

FUTURE-FOCUSED DIRECTORS

REIMER: How does everything we've been talking about affect the profile of who is going to be a really effective director?

YEUNG: I've always found it helpful for the board to maintain an updated list of skills they require. That can help you spot the gaps among your current directors. We need to bring in new talent and new profiles of board members. When it comes to skill sets and experience in technology, for example, we need to look outside the existing board profiles. They need to cast a wider net and bring in, often, younger board members with different experiences.

And as a board member, you have to be a lifelong learner. If you're not an AI expert, you still need to learn enough to ask the right questions and think about how technology is going to impact the organization in the future. That humility and curiosity is becoming even more important.



"As directors, we need to encourage management to make faster determinations on when strategies are not working appropriately and pivot to other options."

— DAWN ZIER



ZIER: Directors have to be curious and educate themselves on current issues. On my boards, we often bring in outside presenters or encourage directors to take courses on certain topics.

For example, I just finished taking an online course at MIT on AI to ensure I have a level of proficiency and can ask the right business questions. I don't believe the board needs to have a deep functional expertise in every area. We have to be able to think broadly and strategically across a lot of areas. Management teams need to be the experts.

KEANE: As board members, as leaders, we are in for a very challenging time. We have to increase our communication and our engagement as board members and be extraordinarily supportive of the CEO and the management team.

We have to be flexible, too. Sometimes, boards get caught up in their processes. We have to learn how to be more flexible as we help work through this uncertain environment. We have to help as much as we can without stepping over the line of managing the company. We're there to govern and protect shareholders but, at the same time, help the organization achieve its goals. ■■



The 2025 CHRO Agenda

Priorities and Challenges to Prepare for Tomorrow's Workforce

As strategic leaders, CHROs play a central role in aligning human capital strategies with broader organizational goals. They also equip their organizations to anticipate and adapt to emerging challenges. SHRM's new *CHRO Priorities and Perspectives* report examines the key strategic goals of CHROs in 2025, the range of challenges they face, and their visions for the future of work. The report was based on insights collected in December 2024 from 212 CHROs spanning diverse organization sizes and industries.



WHAT ARE THE TOP PRIORITIES FOR HR EXECUTIVES?

When CHROs were asked to select their top three priorities for 2025 from a list of 16 different HR practice areas, one topic clearly stood out as the most common priority. More than half of CHROs (51%) said leadership and manager development was among their top three priorities for the year. One key reason: With nearly 1 in 4 workers now 55 years of age or older, the impending retirement of many workers will create significant gaps in management roles that organizations must be prepared to address.



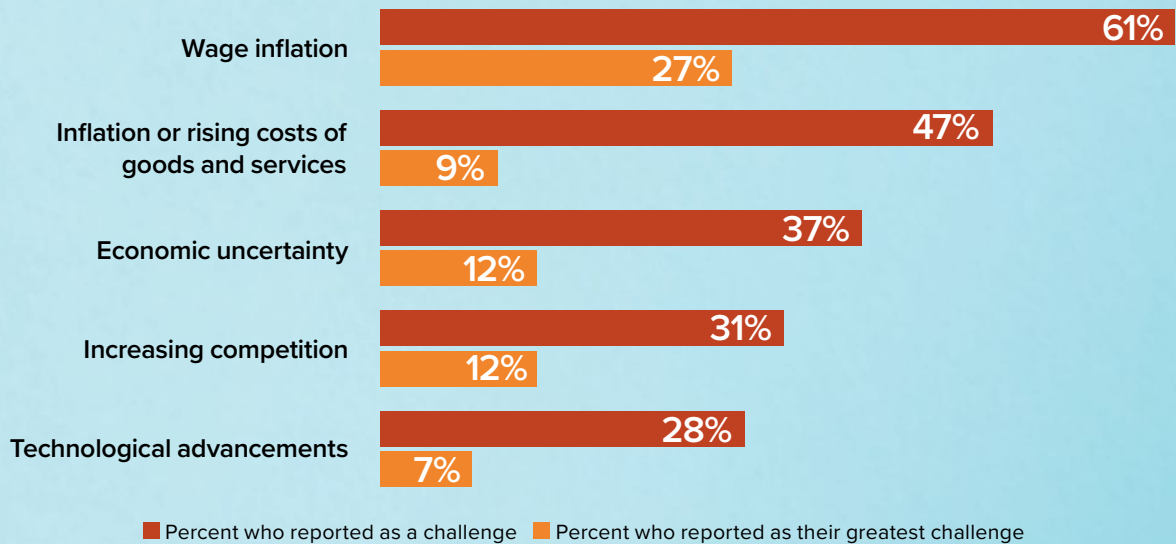
Note: Percentages for this and all charts rounded to the nearest whole number.

TOP MACROECONOMIC CHALLENGES

The Rising Cost of Wages, Goods, and Services Are Top CHRO Concerns

When CHROs were asked about the biggest macroeconomic challenges facing their employers, many unsurprisingly pointed to economic and financial pressures, including wage inflation, the rising costs of goods and services, rising operational costs, and pressure to achieve financial goals.

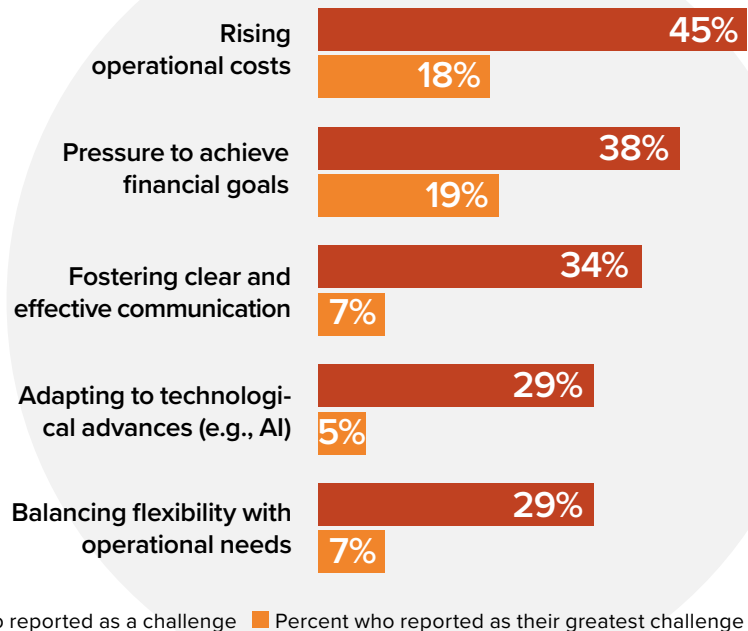
Here are the percentages of CHROs who said they are facing each macroeconomic challenge, plus the percentages who said each challenge is the greatest one they are facing.



TOP OVERALL ORGANIZATIONAL CHALLENGES

Financial-Related Hurdles Are the Biggest Companywide Worries

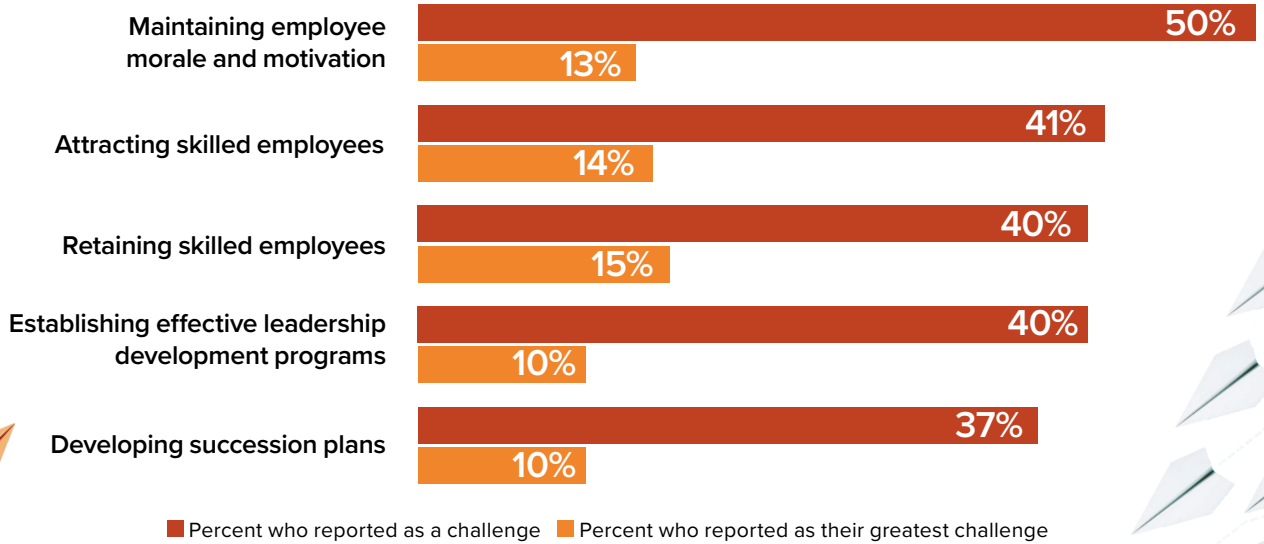
When considering challenges faced across the overall organization, financial realities and objectives remain a dominant concern for CHROs, followed by communication and technology issues. Here are the percentages of CHROs who reported facing these overall organizational challenges, plus the percentages who said each challenge is the greatest one they are facing.



TOP TALENT-RELATED CHALLENGES

Employee Morale and Motivation Is the Leading Obstacle

CHROs most frequently identified maintaining employee morale and motivation as an organizational talent challenge they face, with 50% highlighting this concern. In comparison, 41% cited attracting skilled employees as a challenge and 40% cited retaining skilled employees. Here are the percentages of CHROs who reported encountering these organizational talent challenges, plus the percentages who said each challenge is the greatest one they are facing.



TOP HR FUNCTION CHALLENGES

Budget Constraints and Preparing for the Future Are CHROs' Top Tests

Within the HR function itself, CHROs again pointed to financial-related challenges — specifically HR budget constraints or limited resources — as the most pressing issue they face, followed by preparing HR staff for future challenges. Here are the percentages of HR function challenges that CHROs reported encountering, along with the percentages who said each challenge is the greatest one they are facing.



MESSAGE FROM THE RESEARCHERS

Brace for Impact: The Top Workplace Trends that CHROs Are Preparing For

What will the world of work look like throughout 2025 and beyond? For CHROs, this isn't merely a speculative question. It's a critical driver of daily strategic decisions.

As the workplace and HR function evolve, CHROs are uniquely positioned to shape the future of their organizations. However, their roles are becoming increasingly complex, requiring them to navigate rapid changes with agility and foresight. To stay ahead, CHROs must proactively align their strategies with the trends redefining the future of work.

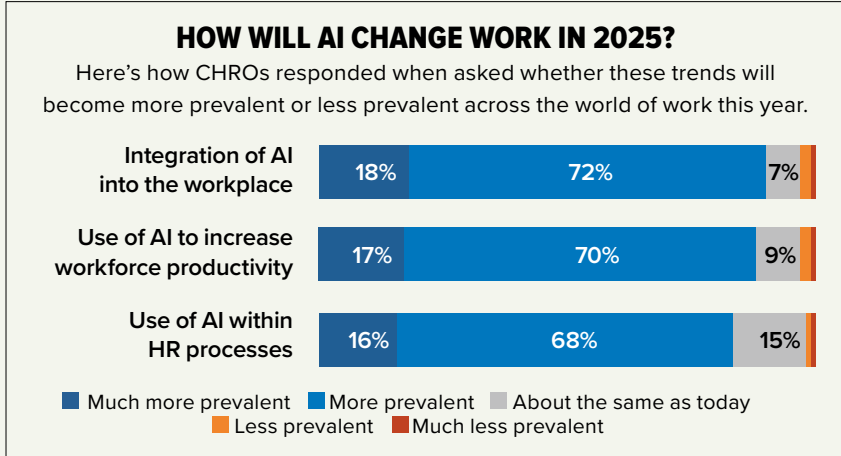
SHRM's recent *CHRO Priorities and Perspectives* report highlights the key workplace trends these leaders foresee and how they are preparing to face these challenges ahead.

CHROs Are Optimistic About the Role of AI

Artificial intelligence is the leading workplace trend that CHROs expect to gain traction in the future. An overwhelming 90% predict AI integration will become more prevalent in workplaces, with 87% confident it will boost workforce productivity and deliver broad organizational benefits.

Many CHROs also foresee AI playing a larger role in streamlining HR tasks and processes, underscoring its growing impact within the HR function. Beyond internal operations, CHROs predict AI will become more integral to workforce planning, influencing job requirements and taking on greater workloads within professional settings.

These results reflect CHROs' strong confidence in AI's growing impact on the workplace. Many see AI playing a pivotal role not only across the workforce but also within their own HR functions. As this technology evolves, staying ahead of trends will be crucial for CHROs to help their organizations leverage AI responsibly and effectively.



A Greater Emphasis on the Employee Experience

Amid the optimism around technology advancements, however, CHROs remain focused on preserving the human element of work. More than half (59%) expect an increased focus on employee well-being and mental health in 2025. In addition, 53% believe rapid skill development will be more prevalent, likely to help employees adapt alongside AI. Plus, 50% of CHROs anticipate an increasing emphasis on human-centered leadership, in which people's needs and an inclusive workplace are prioritized.

These trends indicate that as advanced technologies take on a greater role in the workplace, CHROs remain bullish on the human element. This dual emphasis on technological innovation and people-first strategies positions CHROs as pivotal leaders for facing change.

The challenge lies in seamlessly integrating AI's capabilities while safeguarding the human side of work to ensure that digital advancements complement, rather than overtake, the unique strengths of today's workforce.

How CHROs Are Preparing for Change

To lead organizations in responsibly integrating AI while preserving human-centric

needs, many CHROs are prioritizing two core areas: leadership and manager development and organizational change initiatives. These priorities, highlighted in the report, are pivotal for driving meaningful, lasting transformation.

By empowering leaders and managers to excel in their roles and embrace uncertainty, CHROs are fostering resilience and positioning their organizations for long-term success in an era of rapid change. Concurrently, strategic change management initiatives are enabling organizations to effectively adapt and thrive amid technological advancements, particularly with the increasing adoption of AI.

Research from SHRM in early 2025 showed that HR professionals think HR should lead or play a significant role in technology-driven changes, including employee adoption and training. As strategic leaders, CHROs are at the forefront of this transformation, ensuring their organizations not only anticipate change but also proactively build strong, flexible workforces prepared to meet the demands of the future of work. ■■



DERRICK SCHEETZ
is a lead researcher at SHRM.

Automation Displacement in the US Workforce: Who's at Risk?

BY JUSTIN LADNER

Automation has been a feature of technological change throughout human history, particularly since the start of the Industrial Revolution. However, rather than progressing at a regular, predictable pace, automation often occurs unpredictably during short bursts of rapid technological change.

Given that we currently find ourselves in such a period, there is renewed interest in understanding the types of jobs that are susceptible to displacement through automation, along with the likely number of workers affected. Many estimates have been produced over the years, but consensus remains elusive.

In response to this uncertainty, SHRM has embarked on new research in 2025 that aims to estimate the extent to which automation and related technolo-

gies (e.g., generative AI) will displace human labor in the U.S. workforce. As a first step, we have developed a novel approach to measuring automation displacement risk among U.S. workers

This research uses data from the Occupational Information Network (O*NET), a government database designed to track the characteristics of hundreds of occupations. Our approach relies on the O*NET “degree of automation” data, which reports the extent to which individual occupations are currently automated (i.e., not at all, slightly, moderately, highly, or completely automated).

We assume that an occupation’s current level of automation is predictive of future automation displacement risk. Furthermore, we allow automation displacement risk to vary within an individual oc-

cupation. For example, if 20% of O*NET respondents in a given occupation report that their job is highly or completely automated, we project that 20% of employment in that occupation faces a high or very high risk of automation displacement.

Many Will Be Affected, But Fewer Replaced

Occupational Employment and Wage Statistics (OEWS) data for May 2023 from the U.S. Bureau of Labor Statistics (BLS) reports a total nonfarm national employment level of about 151.9 million people. We estimate that a great majority of this employment (87.4%) is currently not at all, slightly, or moderately automated (see *Figure 1*). This suggests two notable things:

1. Most jobs currently require a sufficient level of human input to make their full displacement by automation tools unlikely in the immediate future.
2. Nearly half of all jobs currently involve a slight or moderate level of automation, which suggests that advances in automation technology will transform a huge fraction of U.S. employment, even if relatively few jobs are displaced.

Although we estimate that most jobs are unlikely to be displaced by automation in the near term, this risk does exist. Specifically, we estimate 19.2 million jobs (12.6%) are currently highly or completely automated, putting them at high or very high risk of near-term automation displacement. This figure comprises about 16 million jobs (10.5%) that we estimate face high risk and 3.2 million jobs (2.1%) that face very high risk.

Which occupations will feel the most impact? Exposure to high or very high automation displacement risk is not evenly distributed across occupational groups (see *Figure 2*).

FIGURE 1: 1 in 8 Jobs Face a High or Very High Risk of Automation Displacement

The estimated distribution of U.S. employment across levels of automation displacement risk, in millions of jobs and percentages.

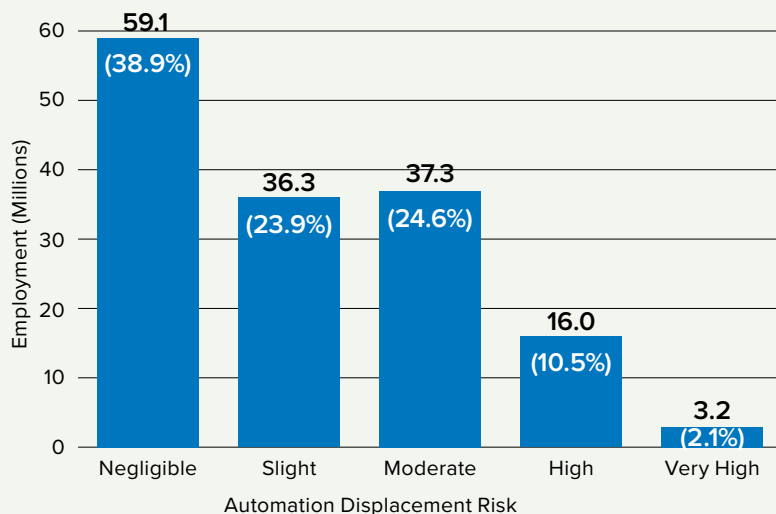
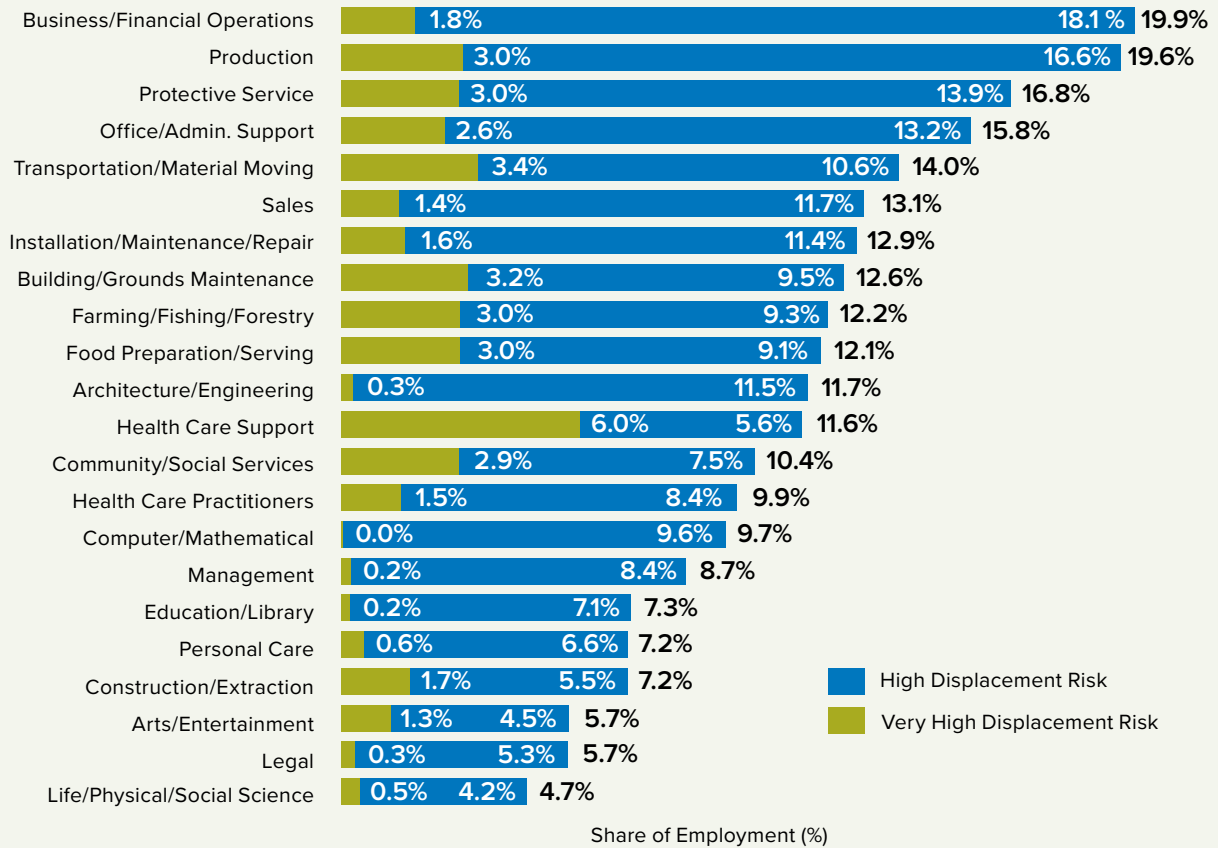


FIGURE 2: Which Roles Will Be Most Affected?

The percentage of workers within each major employment group facing high (blue bar) or very high (green bar) automation displacement risk, plus the total.



Source of both charts: Calculations based on O*NET 291 database (U.S. Department of Labor/Employment and Training Administration) and employment data from the BLS May 2023 National Occupational Employment and Wage Estimates. Totals may vary due to rounding.

On the low end of the spectrum, we estimate that less than 8% of employment is exposed to high or very high automation displacement risk in six occupation groups, including less than 5% in one case (life, physical, and social science occupations). Individual occupations in these groups often place strong emphasis on characteristics such as critical/creative thinking, creative expression, interpersonal interaction, and/or nonroutinized tasks.

On the high end, we find that at least 15% of employment faces high or very high automation displacement risk in four occupational groups, including nearly 20% of employment in business and financial operations. Often, occupations in these high-risk groups involve a large amount of routinized labor done by machines and software.

What Lies Ahead?

Before interpreting these findings, it's critical to note that our estimate of 19.2 million jobs facing high or very high automation displacement risk should not be construed as a projection of job losses stemming from automation. Instead, this research provides a sense of scale and highlights which jobs are most vulnerable. SHRM will continue to refine our estimates to assess automation's impact on job loss, creation, and transformation.

That said, the findings of this initial research provide some important insights for HR executives regarding the likely evolution of work, especially for organizations in which workers' jobs are already highly automated. Plus, it's important to note that complete displacement of workers by

automation isn't purely a technology issue. In many cases, the automate-or-not question depends on legal and regulatory issues, or is affected by factors such as customer preferences for human labor.

As HR executives navigate this era of rapid automation, the key challenges are not just anticipating displacement and replacement but actively shaping the future of work and focusing on transformation of roles. HR leaders must focus on workforce agility by investing in continuous learning, reskilling, and redesigning roles to complement automation rather than compete with it. ■■



JUSTIN LADNER is the senior labor economist at SHRM.



Insights from the leaders featured in recent episodes of the weekly **People + Strategy** podcast.

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David Reimer

CEO OF THE EXCO GROUP



Amy Cappellanti-Wolf

CHIEF PEOPLE OFFICER AT DAYFORCE



Prudence Pitter

GLOBAL HEAD OF HR FOR AN AMAZON WEB SERVICES DIVISION

Psychological Safety Isn't an Excuse to Avoid Tough Talks

P psychological safety has become one of those terms that, to some degree, has become weaponized. Some employees are saying, 'I don't want your feedback because your feedback makes me feel not psychologically safe.'

"Well, psychological safety doesn't mean that hard conversations are off-limits. It should mean, 'We're going to have difficult but respectful conversations so we can drive toward ultimate performance.' You need to create a culture that will allow leaders, frontline workers, and peers to have those hard conversations about what's going well, what's not going well, and how do we adapt."

Personalize the Employee Experience to Boost Retention

Treat your employees much like you treat your customers by knowing their demographics and their preferences. You market to a potential cohort of customers to sell your product, and we should be thinking about that the same way as with our employees.

"[Personalization] is becoming even more critical now because we've got so many different generations working together. You need to have different ways by which to address their needs, whether it's the benefits you provide, the way you communicate to them, or how you create opportunities for them to grow and develop."

Pause and Ask: Unlock Leadership Through Listening

I am a better communicator because I recognize that not everyone needs the same thing. For some people, it's about presence, meaning being there in person. For others, it's about output and productivity. Throughout my career, I've recognized that the best leaders were the ones who paused to ask.

"As a leader, that's one thing I'm proud of, that I've paused to ask my team about the ways that I can support them. What are some of things you need to be whole? What are some things you wish could change? Pause to ask individuals how they're doing. Truly listen and make it the norm."



**Robert
Glazer**

AUTHOR AND FOUNDER OF
ACCELERATION PARTNERS

Open Transitions:
Rethink the Two
Weeks' Notice

We know that people aren't going to work at our companies for a lifetime, yet the assumption is that they will. And then when they leave, it's like this whole kind of awkward thing.

"We decided to test something new, which led to this concept of an open-transition program that said it's OK when you want to leave, we're going to have a discussion. ... It doesn't work all the time, but I think it's a huge improvement in psychological safety. It gets issues out into the open. ... If people know they will not be walked to the door [if they talk about resigning], it makes them more willing to start conversations."



**Mike
Fromm**

CHRO AT
SHAW INDUSTRIES

If High Performers
Push Back, It's a
Sign to Listen Up

A lot of times when we say a high performer doesn't fit the culture, that person is actually demonstrating some of the things that the culture really does ask for. For example, someone that questions or challenges or really pushes and wants more.

"Some might be put off by that, but the reality is that these people are trying to be authentic and share that there's a better way to do something. We have to be careful that we don't just reject people because they push the organization. High achievers don't tolerate mediocrity. We've got to figure out through many conversations what's really showing up and how do we help the organization respond."



**Jill
Waite**

CHIEF PEOPLE OFFICER
AT PORTILLO'S

Instill Lifelong
Skills in Your
Young Workers

We have many 16- and 17-year-olds and this is their first job. Being able to teach them different job skills and life skills that they use on the job and outside the job is really important.

"For many young people, their communication skills are being taught on Snapchat and TikTok. We spend time teaching them how to listen, how to create eye contact, how to verbally communicate with our guests, in addition to teamwork. ... We believe in a blended learning approach using a combination of e-learning and videos."



Jyoti Chopra

**CHIEF PEOPLE, INCLUSION,
AND SUSTAINABILITY OFFICER
MGM RESORTS INTERNATIONAL, LAS VEGAS**

PHOTOGRAPHY BY JENNIFER BURKART

The door that led Jyoti Chopra to a career in HR was opened in a rather unique place — at the United Nations’ headquarters in New York City. Chopra’s first job was as a media consultant at the U.N. Secretariat Building, which placed her around people from more than 170 countries who spoke dozens of languages, giving her a profound appreciation for humanity and leading her to pursue a career in HR. Chopra’s current role is chief people, inclusion, and sustainability officer at MGM Resorts International in Las Vegas.

How did your job at the United Nations affect your decision to move into the HR field?

CHOPRA: The impact of the U.N.’s work in human development and alleviating global inequality resonated with me and became core to my career journey. My passion for supporting people — the desire to make a difference and to have an impact on the lives of people in a meaningful way — ultimately led me to pursue a career in HR.

Which HR initiative that you’ve led are you most proud of?

CHOPRA: The work that my team and I have led for MGM in the field of digitization of data. At MGM Resorts, going back to 2020, we were one of the first teams that designed, created, and deployed a human capital digital dashboard for our company.

We introduced digital dashboards that look at, for example, the composition of the workforce across a number of fields — by job category, by job level, by tenure, and by different classifications of work type. We’ve subsequently expanded into areas such as hiring, turnover, and open job requisitions. Today, our leaders have access to real-time data in the form of digital

dashboards that can help them make better-informed business decisions.

What’s the biggest challenge you’ve overcome, either in your professional life or your personal life?

CHOPRA: With the onset of the pandemic in March 2020, every single restaurant, outlet, or facility we owned or operated was closed down and locks were put on the doors of our buildings, which had never happened in the history of MGM Resorts. It was one of the darkest and most difficult moments in our company’s history.

We had to deal with everything from furloughing the majority of our workforce to dispensing hundreds of thousands of pounds of food that we had in our buildings to food distribution centers and food banks in a matter of days. ... I’m so proud of the resiliency of our company and the willingness of our people to put themselves at risk in the service of others.

How would you describe your leadership style and philosophy?

CHOPRA: My leadership style is one of focusing on others, investing

in the success of others, and following the model that MGM has taught me of servant leadership. As a human resources leader, the crux of it for me has been this: Through MGM, how do you enable people to see and realize the full potential of their capabilities and what they can be? How do we help them build meaningful career and development plans to achieve what they want in the long term?

The essence of what I strive for through my leadership philosophy is helping people succeed and be the best that they can be.

How do you envision this role of the CHRO changing over the next decade?

CHOPRA: I see the CHRO/CPO [chief people officer] role evolving into cultural leadership, extending beyond people into being the steward and the vanguard of a company’s culture.

The second big change I see coming in the next decade is through the evolution of emerging technologies and their applications across HR. The intersection of agile and adaptive technologies and the deployment of adaptive technology — and how it advances human development across a variety of domains such as learning, training, and shared service applications — is incredibly exciting right now.

What is a piece of advice that has shaped you the most in your career?

CHOPRA: I would offer to pay it forward through advice given to me by one of my past leaders, who taught me to invest in the success of others. ■■

Moving On, Staying Connected

How transitions challenge us to seek new communities and connections.

BY RHONDA MORRIS



Every day, I am grateful for the time I had to prepare for my retirement, which began this spring after 31 years of HR leadership at Chevron. And with a less hectic schedule, I have had time to reflect on broader lessons about how we think about leaving familiar communities and finding new ones.

While I felt ready to leave my role and the company, I was not prepared for what it would feel like to leave my work community — one filled with routines, structure, and daily moments of camaraderie. Leaving the comfort of familiar communities to join new ones can be both scary and fulfilling.

The theme feels like a constant thread these days, even with the start of the new Major League Baseball season. My team, formerly the Oakland Athletics, has moved to Sacramento. My plan to attend every home game with my husband will change. I will find different activities to fill my next chapter. We had routines, structure, and camaraderie with fellow fans and stadium staff for home games. We coordinated our attire, packed food, and drove the same secret faster route to the stadium parking lot each time.

We all know it hurts when someone or something you care deeply about is abruptly gone. We're seeing increasing instances in the news of employees receiving immediate notice of losing their jobs and having just a few hours to clear out their workspaces. Often this news is delivered impersonally via email, a scripted video meeting, or IT system access removal.

These stories are a stark reminder of what happened to my father. When I was in high school, he was laid off from a job he loved at a company he loved. His shock and devastation taught me the importance of keeping what I do separate from who I am — and to be prepared to leave a job at any time.

My father is also responsible for my love of sports. I spent my childhood watching and going to games with him. He passed away 20 years ago, but every time I went to a game at the Oakland Coliseum, it reminded me of wonderful memories of me and my dad.

The connections to both my work and baseball communities have officially ended. That means spending more time with people I love and who love me, negotiating new routines with my husband, and finding new communities.

I will learn to play chess so I can become a great chess player. Over the years, I have taken chess classes a few times and, for a variety of reasons, ended up withdrawing. I now have time to focus.

The other new community I joined is the Workday board of directors. The first meeting I attended was at a hotel on Market Street in San Francisco. This created a full-circle moment for me, as I started my career working in an office just a few blocks away.

Familiarity is comforting. Life changes and surprises magnify discomfort and unfamiliarity. My two new communities will provide opportunities to embrace discomfort as I acknowledge my fears, learn new things, and meet new people.

Leaving a familiar community is never easy, but growth comes from embracing the unfamiliar. As you navigate new communities in your life, give yourself permission to acknowledge both the loss and the opportunity. Stay connected to the people and routines that matter most, and remain open to new experiences. Seek out communities that align with your values and your interests, even if stepping into them feels uncomfortable at first. Embrace curiosity, ask questions, and remember that building new connections takes time.

And this baseball season, if you see two visiting fans at your stadium wearing matching Oakland Athletics jerseys, please be kind and friendly. And if you're in the Bay Area, look for me at the Berkeley Chess School. I'd be happy to meet up to play a game. ■■

RHONDA MORRIS is the former CHRO at Chevron. She currently serves on the Workday board of directors.



“Leaving a familiar community is never easy, but growth comes from embracing the unfamiliar.”

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