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PEOPLE + STRATEGY

THE PROFESSIONAL JOURNAL OF THE SHRM EXECUTIVE NETWORK

ESG 2.0 A MOMENT OR A MOVEMENT?



The Search for the
Soul of Business

How to Hybrid:
A Case Study in
Returning to Work

What's the Future
of the Employer-
Employee Relationship?

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Message from the President

Set Guardrails on Political Discussions in the Workplace



While social and environmental issues are often hot topics of conversation among employees these days, the contentious nature of today's political landscape means that, like it or not, employers must contend with the reality of politics.

Political discourse volatility can certainly distract workers and disrupt work. And with the midterm elections in our rearview mirror and the presidential campaigns on the horizon, politics will remain a topic of conversation for the foreseeable future.

We work intently to build our workplace cultures, but if we don't properly consider the threats to them, we risk failure. Political dissent can divide the very people we seek to unite. If people are going to talk politics at work—and I believe they are—then we must help them do it in a manner that does not erode workplace culture, workforce morale or performance.

Focus on Inclusion. If we are serious about establishing diverse and inclusive workplaces, we must open the door to political diversity and be willing to engage workers with varied opinions. We can't have different people in the building and exclude or silence them. This would only breed isolation and resentment. In an ultra-competitive labor market, we must avoid alienating anyone. When someone does not feel they can constructively express their political views for fear of retribution, that's the polar opposite of diversity and inclusion—it's division and exclusion.

Erect the Guardrails. Set guardrails for political discussions to create a space for people to express their opinions. Make the goal of these discussions understanding each other. Direct workers to share their views without tearing down someone else. If people want to share their viewpoints, they must also be committed to listening to others—not to judge or respond, but to understand. Make it clear this is not a persuasive endeavor. We are not here to convince someone that one side is right or wrong. The proper guardrails will help foster discussions that do not devolve into debates.

Demand Civility. The baseline for any discussion should be respect and civility. Workers should respect each other's opinions, particularly if they disagree. Protect your workforce from the toxicity and vitriol that often accompany heated political discussion. Indeed, we know everyone will not agree, and we can accept this. But we cannot accept personal attacks, escalating arguments and outright disrespect in our places of business. It is unprofessional, counterproductive and unwelcome.

Train Your People Managers. Equip your people managers with tools for de-escalation and conflict resolution. People managers should apply the same principles they have for racial and gender discrimination to these scenarios.

Though it may not be easy creating workplaces that work for all, it most assuredly is worth it.

Johnny C. Taylor, Jr., SHRM-SCP
President and CEO, SHRM

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Has ESG Outlived Its Usefulness?

Two months ago, I opened the news app on my phone one evening after dinner, and two of the top five stories in the scroll touched on environmental, social and governance topics (ESG). The first was a report on Sen. Ted Cruz attacking “woke capitalism” and, specifically, going after BlackRock as the poster child for including sustainability considerations as part of its investment strategy. A second story reported that the Sierra Club was pulling its money from BlackRock because the asset manager is not, to the Sierra Club’s thinking, placing sufficient priority on climate change in its investment and proxy voting decisions.

Then, on November 28, one of our editorial board members, Deb Bubb, forwarded me an article from *The New York Times* titled, “Have the Anticapitalists Reached Harvard Business School?” The subheading to that article could have served one of the areas for exploration in this issue: “Social justice joins discounted cash flows on the syllabus as essential knowledge for aspiring corporate leaders.”

Just what is the role of an organization when it comes to the broader sustainability of our communities, society and planet? At what point does pursuit of ESG goals undermine the performance of the organization? And what is the business case for setting such goals in a way that actually increases value over time—value for shareholders, employees and the broader ecosystems through which the organization operates and interacts?

In these pages, you will find the voices of a diverse range of CEOs, board members and senior HR leaders. We range from the future of capitalism—based on Alan Murray’s conversations with dozens of CEOs and directors—to fundamental questions about the role of the employee-employer relationship to the specifics (and limitations) of executive comp and the way it links to overall performance of the organization.

A recurring theme in this issue is that ESG as a label has outlived its usefulness. By lumping such a broad range of issues under the single “ESG” moniker, mostly what has been accomplished—on the anti-ESG side of the spectrum—is to create a lightning rod for those opposed to any individual initiative.

On the “pro-ESG” side, the genericism of the label has created such a broad-umbrella category that is too often disconnected from organizational strategy and operations as to risk being meaningless in terms of focus, execution and impact.

Another critical touchpoint for these articles comes from our Research + Insights section (pg. 60). In the original polling SHRM conducted for this issue, it becomes clear that while there are many issues important to many employees, no single issue rises to the level of a majority vote. At the same time, executives are spending an increasing amount of time and prioritization (according to their survey responses) on sustainability-related issues.

To be clear, we are not suggesting that this means executive attention should exactly map to employee sentiment. One of the strengths of creating a sustainable organization will always be leadership’s ability to step back and look for core undercurrents that have escaped the attention of the majority but could disrupt the organization’s ability to excel and maintain its health over the long term.

Rather, what I think the research indicates is the critical importance that leaders’ efforts on sustainability are clearly connected to some fundamental expectations about the workplace for employees—a predictable paycheck; clarity around an employee’s role; a sense that this organization is a place I can contribute to with few distractions, and maybe even with pride.

It’s a complex swirl of ingredients. For leaders in the 21st century, this new reality will require rethinking how we mix and match those ingredients to not only meet short-term metrics, but to create an organization that sustains and creates added value over time.

Kind regards,

A handwritten signature in black ink that reads “David Reimer”. The signature is written in a cursive, flowing style.

David Reimer
Executive Editor



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There is no better source of knowledge than colleagues going through the same challenges. Refer your organization's HR leaders to join the SHRM Executive Network for the tools, guidance and community needed to create the progressive workplaces of the future.

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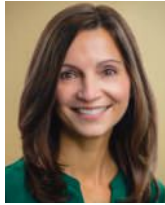
What's the Future of the Employer-Employee Relationship?

For centuries, the traditional notion of employer-employee relationships has been framed in terms of leverage. Who has the upper hand? Who can “get” the most from the other? But the pandemic forced both sides to reconsider that arrangement—and to want something better. We asked two CHROs to share their insights on how organizations can rethink the future of employee relationships.



The Benefits of Creating a Co-Designed Work Experience

Laura Fuentes is the chief human resources officer at Hilton.



The COVID-19 pandemic disrupted the world of work in ways we've never experienced before. First, it was systemic and affected all workers, including those on the front lines. Second, it was sustained, lasting longer than any of us anticipated. Finally, it was synchronous, as the working world went through it at nearly the same time.

The combination of all these reasons accelerated a combustion of workplace frustrations and brought them to the forefront for employees globally. This vast disruption also led to a lot of soul-searching, revealing what we as humans ultimately seek: a fully human experience at work. And as both humans and employees, we need to know our purpose—our “why”—to fulfill this ultimate expectation. Knowing our why allows us to live authentically, create followership and navigate all of life's ups and downs.

Alongside this rise in pandemic-fueled introspection, the competition for talent intensified unlike ever before. The combination of personal soul-searching and the hot talent market motivated workers to ask their employers for new and different things.

This confluence sparked discussion about how this period represented a paradox for employers: How can it be possible to be both fully inclusive while also addressing individual wants and needs? How can employers provide career growth opportunities while also preventing burnout?

Rather than a healthy look at human needs, the cultural narrative became a push-pull between employers and employees focused on the balance of influence.

Having come through this unique period together, employers and employees need to shift perspective and reframe the mindset from one where there is an



expectation that someone is always in control to one where both groups are co-designing the future of work together. With this mindset, employers can now focus on the opportunity to build a fully human experience at work.

People want to work for an employer where they can reach their full potential and live their best and most authentic lives, while at the same time working together to grow our businesses. Employers can embrace this moment as an exciting, purposeful chance to build a

- Is this a place that aligns with my values?

By asking and answering these key questions, we can deliver what people need to feel fulfilled. If we or any employer can achieve this, the healthy relationship between employers and employees can begin to evolve in more constructive ways.

The challenges of the past few years were extreme. But they also ignited a sense of clarity—both for people and for companies—that put greater

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better future of work and ultimately a better world together.

Now more than ever, it is important to create an ecosystem within companies that is more inclusive, healthier, more growth-oriented and more values-driven. At Hilton, we developed a framework anchored on four pillars reflective of both the pressing issues of our times and the timeless issues of our lives:

- Am I welcome here?
- Is this a safe space?
- Is this a place where I will develop and be my best self?

emphasis on the importance of each of those four pillars.

For industries like ours where we are in the business of people serving people, the recipe for our success is based on a co-designed work experience, where we listen to our team members' voices and shape our business collaboratively.

By embracing that new clarity and understanding what humans need to be truly fulfilled, employees and companies can work to build a new kind of healthy relationship together.

Provide Meaning and Purpose to Win During This ‘Great Reflection’

Andre Joyner is the chief human resources officer at JCPenney.



By now, we’ve all heard of the Great Resignation—the mass exodus of employees from their respective careers and organizations.

While the reasons for leaving one’s job vary person to person, at the root is something singular—reflection:

Am I happy and thriving?

Am I valued and seen?

Am I contributing to something worthwhile?

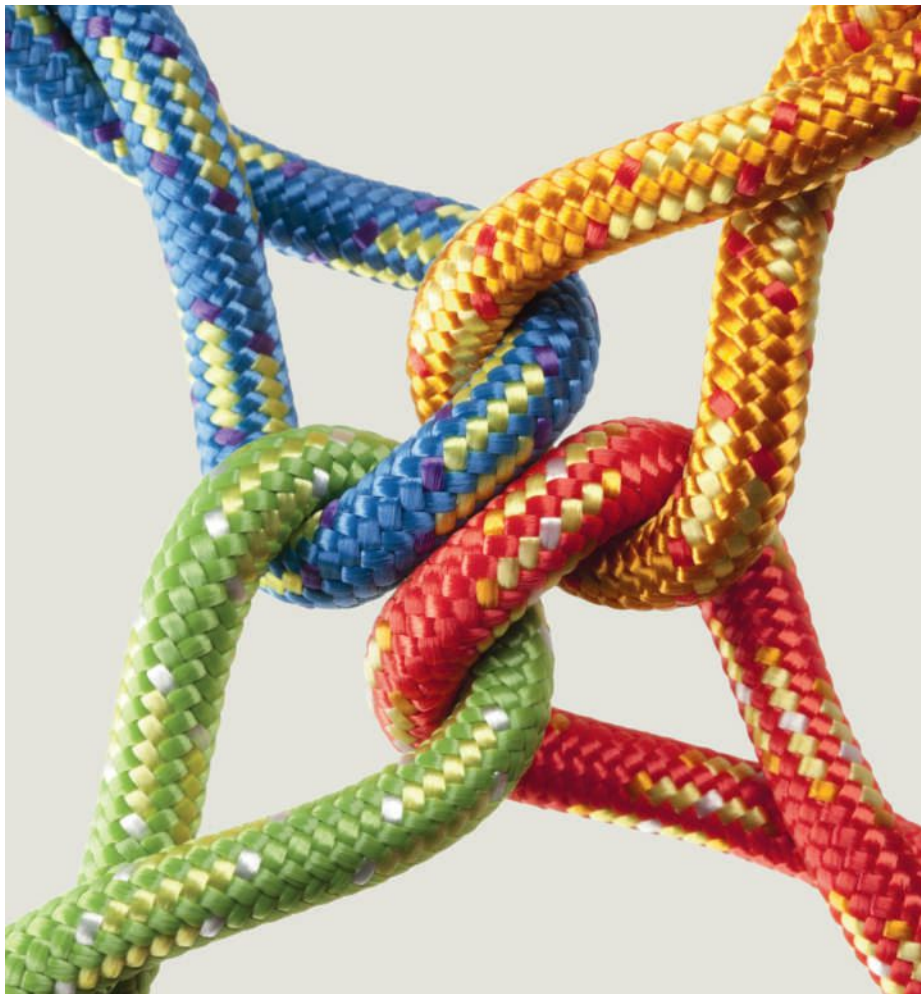
Employees are in a period of Great Reflection, and employers are now right there beside them.

In the midst of tumult and uncertainty in the world, people want greater purpose and meaning for their lives and in their workplace. Employees are thinking more deeply about what matters to them and are seeking more purpose in their jobs and in their lives outside of work.

Previously, organizations were not typically seen as active partners in pro-

viding their employees with a personal sense of purpose. People were more accepting of limitations associated with work/life balance. Through a combination of technology and tenacity, expectations have evolved, and employees are collectively amplifying their voices to communicate their needs and wants. Individuals now have the power to nudge organizations towards taking

As employees take greater ownership of their careers and personal lives, organizations have the opportunity to reshape their approach to employee engagement.



a closer look at how they can enable the type of meaningful and enriched lives employees seek to have.

These shifts in employee and employer dynamics have left many organizations in a delicate balancing act. How can organization leaders provide greater value to employees that will support their social, emotional and professional aspirations?

There are a few key steps organizations can take to meet employees at the intersection of work and life fulfillment:

1. Get Personal

Companies want to make as many connections as they can with their workforce. So they often cast a wide net of values and philosophies that ultimately may not resonate fully with employees. Inclusivity should be at the forefront of getting personal with employees to develop a wholistic picture of wants and needs.

For some, robust medical benefits may be the priority. For others, access to reliable childcare is a crucial element of daily life. Organizational workforces should be equipped with the tools and resources they need to be successful, both on and off the clock.

2. Invest in the Whole Employee

Recent surveys indicate that 87 percent of organizations are currently experiencing a skills gap or expect to face a skills gap within the next few years. Investing in appropriate training and resources not only strengthens the skillset of your workforce, but it also signals support for and commitment to your employees' development.

Have conversations at all levels of the organization to uncover the skills gap that require the most attention and bridging. And be prepared for the possibility that a real commitment to the whole employee might mean watching them leave.

As employers, sometimes we have to be open to the possibility that our employees are seeking to grow in ways that the organization may not be able to support at the time, which indicates a potential for the employee to fulfill those personal needs elsewhere. At the end of the day, organizations need to care about the human experience in totality.

Employees who may need to depart at a particular time can return later when the time is right. That level of support goes far when people are seeking what matters to them.



Previously, organizations were not typically seen as active partners in providing their employees with a personal sense of purpose. People were more accepting of limitations associated with work/life balance. Through a combination of technology and tenacity, expectations have evolved.

3. Listen and Adapt

We often see employee-employer relationships as a static construct, with rules and norms that govern the work environment. But as the last few years showed, individual priorities and interests change, sometimes quite quickly or dramatically. Employees who prefer a transactional work relationship today could seek deeper connections in the workplace tomorrow due to life events or changed perspectives.

For example, a decline in the health of a close relative could require an employee to become a primary caregiver, which would necessitate a more flexible work schedule.

An employee who struggles with mental health might be best supported with a broader array of self-care options that best meet their unique circumstances.

Listening to your employees is the

only way to know what they need. Leverage different forums and channels and remain nimble as you mine the feedback, assess the needs and adapt to serve your employees.

When considering how to best engage and support employees in today's work environment, organizations should look inward.


Look to your people—their needs, their preferences and their personal goals—and examine your company values to develop a human-centered approach that focuses on creating inclusive solutions to support the needs of a diverse workforce.

When this period of Great Reflection comes to pass, it will be the organizations that lead with curiosity, act with empathy and adapt to meet people where they are throughout their dynamic, ever-evolving lives and careers that employees will want to call home. 🏠



Pursuing Purpose

Alan Murray, CEO of Fortune Media and author of *Tomorrow's Capitalist*, argues that ESG is moving from a function to the fabric of organizations—not for feel-good reasons, but because it's the best way to create long-term value for a company.



ver the past few years of cultural and political extremism, America's corporate leaders have emerged as the pragmatic center of movement for social and economic progress. This is leading to a revolution in the way corporations are run. Responding to demands by their customers and employees, companies are tackling the fundamental issues of our time, including the climate, diversity and inequality. But is this just a moment in time or a true movement? And how should business leaders handle the backlash against so-called "woke capitalism"?

David Reimer, the executive editor of *People + Strategy*, and Adam Bryant, articles editor, sat down to discuss these issues with Alan Murray, the author of the new book, *Tomorrow's Capitalist: My Search for the Soul of Business*. Murray is the CEO of Fortune Media, author of popular *Fortune CEO Daily* newsletter and a former deputy managing editor at *The Wall Street Journal*.

People + Strategy: Let's start with the big question about the heightened focus on ESG and companies rethinking and refashioning capitalism: Is this a moment or a movement?

Alan Murray: I think it's a movement, and that's why I wrote the book. I came at this not as an evangelist but as a journalist. I've been working at the intersection of business and society as a journalist for four decades. And in the positions that I've held as editor of *Fortune*, CEO of *Fortune* and deputy editor of *The Wall Street Journal*, where I was organizing conferences and writing columns, I've had the opportunity to spend a lot of time talking to CEOs. Over the last decade, I started hearing very different things from them about how they were thinking about their role in society and their obligations to society. That intrigued me and I started talking to more and more people about it. And I asked myself the question you asked me—is this a moment or a movement?

When I really became convinced that it was a lasting movement was when the pandemic hit. My initial response, when we saw that we were going to head into a recession, was that I've seen this movie before. We went through it during the Great Recession. I assumed that all this talk about stakeholders and social good was going to get put on the backburner because the bottom line was deteriorating, and companies were going to have to focus on the bottom line. To my surprise, what I found in the early months of 2020 was that the exact opposite happened. Because of the nature of the pandemic crisis, companies stepped up their focus on their social contribution—initially by paying particular attention to employee wellbeing—but also customer wellbeing.

Then we saw a huge explosion in climate commitments because of the collective sense of vulnerability that came out of the pandemic. That convinced me we were dealing with something that was more fundamental than just a fad and why I wanted to understand and then explain the forces driving this change in business.

P+S: There is a lot of talk from companies that doesn't match the walk. So many companies are proclaiming that they are mission-driven and purpose-driven, and some of it seems forced.

Murray: I had, and still have, a lot of skepticism. No question that it's become window dressing for some companies. No question there's a lot of "green-washing" going on. But what strikes me on a regular basis in my conversations and reporting is how much serious action there is.

For example, when Mary Barra, the CEO of General Motors, said last year that the company was going to move to 100 percent electric vehicles by 2035, that changed everything within that company. Because the automotive industry operates on long-term investments, hundreds of daily decisions at that company are now filtered through the commitment to shift to producing only electric vehicles.

When Doug McMillon, the CEO of Walmart, said, "We're going to be a regenerative company," that meant having discussions with all of Walmart's suppliers to reduce their carbon emissions. Think of all the companies that want to sell through Walmart. The message to them is that you've got to take this seriously or you're not going to be selling at Walmart in the future.

A third example came from Søren Skou, the CEO of Moller-Maersk, the giant shipping company. It recently made a massive investment in hydrogen fuel production in the North Sea by partnering with a Danish power company to build wind farms to create the hydrogen fuel. It is not economic right now to do that, given the cost. I asked him, "Why are you doing this?" He said, "I'm doing this because every week I get a call from one of my biggest customers saying they have made a commitment to get to net zero by a certain date, and they can only get there if we also get all the carbon emissions out of our shipping business."

I keep hearing stories of very real impact. You can find similar things happening in diversity, equity and inclusion, as well as in the increased focus on wellbeing and the way companies are treating their most valuable workers.

P+S: How do you think about the line that some people see between pursuing "an agenda" and being a capitalist?

Murray: That was a richer debate a few years ago than it is today. For so many CEOs, it's no longer a question. This is

no longer about doing good. This is about how you create value as a company.

One of the facts I stumbled across in doing research for the book helps explain what's going on. If you looked at the balance sheets of *Fortune* 500 companies in the 1970's, you would find that more than 80 percent of the value on those balance sheets came from physical things. It was about which companies had the big plants, the equipment, the inventory on the shelves. If you had that physical stuff, which required financial capital to accumulate and support, you were more likely to win. That's where the value was.

Today, more than 85 percent of the value on balance sheets is intangibles. It's intellectual property. It's the emotional connection that the brand has with customers. Those are all things that are much more closely tied to human beings. The role of people in the business-value equation is so much greater today than it was 50 years ago, and so you have to think differently about how you run the company. That's really a big part of what's going on. There's much more of a focus on the wants and needs and desires of your employees and your customers. I think the result is that companies are becoming more human-centric.

responsibilities much more seriously and raise them up to a different level. And to attract the best people and attract customers, they have to be clear about their values and to be willing to stand up for them. But at the same time, they'll tell me that they want to stay out of politics. "Politics is incredibly destructive and polarizing," they will say. "Part of the reason that we as companies are doing these things is because the political system has failed so badly, and if you put us in that environment, we'll fail, too."

That raises two big questions that I think are unanswered. One is that I don't know how you have values and not be involved in politics, because that's what politics is about—social values. So that struggle is very real and very difficult.

The second thing is that these CEOs are saying that we can't be a successful company in the long-term if the planet is burning. We can't be a successful company in the long term if massive inequality has made society unstable. We can't be successful in the long term if we don't make the best use of the human resources available to us, regardless of race, gender, sexual orientation, etc.

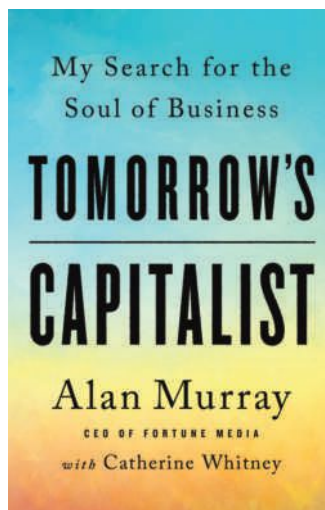


No question that it's become window dressing for some companies. No question there's a lot of 'green-washing' going on. But what strikes me on a regular basis in my conversations and reporting is how much serious action there is. ... I keep hearing stories of very real impact."

A colleague of mine at *Fortune*, Geoff Colvin, has written about how we spent most of the 20th century trying to get people to be, in effect, better machines. That's what scientific management really was — you create a big production line and figure out how to get people to effectively plug into the production line. In the 21st century, it's increasingly clear that the machines are going to take care of themselves, and we need people to be better people. That requires a complete change in management techniques. That's what is driving a lot of these things that we're talking about.

P+S: How are CEOs supposed to navigate the politically charged environment we are in?

Murray: It's a struggle. It may be the biggest question facing these CEOs now. I find almost universally, in the conversations I am having with big company CEOs, is that, on the one hand, they have no doubt that the world has changed and requires them to take their social



What I don't hear anybody saying, but what is equally true, is that we can't be successful in the long run if our political system is failing. That's the question that most of them have yet to come to terms with. Our political dysfunction is a big problem for business. It's a big problem for everyone. It's a complex problem. If we don't figure out how to solve it, you're not going to be able to run a successful business in the long-term.

There's a whole set of questions about how businesses and politics engage that is being avoided right now. For the most part, the CEOs I talk to want to stay as far away from politics as they can but do the right thing. There is some pulling back about

speaking out and being more judicious and careful about speaking out. But I don't think that reflects any change in the underlying trend of how companies are acting on issues like climate, diversity and inclusion or care for their employees.

P+S: What do you make of the backlash against what many on the right wing are calling “woke capitalism?”


Murray: It’s really disturbing and misguided. We have a political system that tries to politicize everything. But as I’ve been saying, this isn’t driven by companies trying to play politics. Doug McMillon, the CEO of Walmart, is not trying to curry favor with Senator Elizabeth Warren. What he’s trying to do is figure out the most effective way to run his company and create value.

This has gone from leaders saying, “I’m doing this because it feels like the right thing to do,” to saying, “I’m doing this because I have to create long-term value.” What really drove Mary Barra to transition to build only electric vehicles at GM was Tesla. Tesla demonstrated to the world that there was enormous value to be had from making this transition, and that a lot of money was going to be spent during the transition. And so her decision was not just about electric vehicles ultimately going to be the right thing for the environment. It was about a broader transition in the industry and her wanting to get there faster than other

As much as companies want to avoid politics, politics is not going to allow them to avoid it. They have to figure out a better way to engage on these issues. How they do that is the big unanswered question.

Michael Porter of Harvard Business School and his colleague Katherine Gehl wrote an interesting piece for *Fortune* about five years ago, which they then developed into a book that used Porter’s strategic framework to evaluate what’s going wrong with our politics. They noted that this is a classic duopoly. The parties behave in ways that are clearly good for them. They’re thriving, raising lots of money and getting lots of engagement. It’s just not working for citizens, who are in effect the consumers. Business has to figure out a way to get on a better path, because it is crazy to live in a world where the political system is beating companies up for focusing on their positive contribution to society.

P+S: We raised this before, but it does seem like the commitment to real action is uneven. While you noted some important examples of companies taking concrete and meaningful steps, there is a lot of sloganeering going on at a lot of organizations, without real action behind it.



The CEOs I talk to want to stay as far away from politics as they can but do the right thing. But I don’t think that reflects any change in the underlying trend of how companies are acting on issues like climate, diversity and inclusion.”

legacy car companies. Brian Moynihan, the CEO of Bank of America, addressed this question by saying, “This isn’t woke capitalism. It’s just capitalism. We’re trying to create long-term value.”

P+S: Do you think the woke capitalism backlash is going to grow or is it going to fade out?

Murray: I don’t think it’s going to fade out quickly. We know it’s going to be a major theme in our politics for the next few years, and companies are going to have to figure out a smart way to deal with it.

I totally understand why CEOs don’t want to tie themselves inextricably to the Democratic party. We’ve seen enough polls now that say a majority of Democrats don’t believe that capitalism is the right system for organizing society. I totally disagree with that, and pretty much every CEO I know totally disagrees with that. So how can you cast your fate with a party that doesn’t seem to believe that capitalism is an effective means for dealing with resource allocation and addressing society’s problems? And to the extent that the Republican party decides to pursue this notion that anything that sounds like ESG is just woke capitalism, that presents a very difficult political situation for companies.

Murray: We’re talking about business becoming more human. Human motivations are complex. Most human beings are a mix of good and bad, and companies are the same. So there’s going to be a whole spectrum of behavior on all of these issues.

What we’re learning is that there is a set of behaviors that defines the best companies.

Jim Collins will tell you that it’s always been this way—that the best companies have always been the ones that had a clear purpose. What’s happening now is that’s becoming less of a nice option and more of a necessity.

If you want to survive and thrive in this very disruptive marketplace, you’re going to have to do this in a very real way or your company is not going to get the best employees. And if you don’t get the best employees, you’re not going to win the corporate battle.

Employees are very good at sniffing out the difference between purpose-washing and true purpose.

This is my advice to board directors: If you really want to understand whether your company has a true purpose that’s driving its operations every day or just a purpose that’s out there for public relations, the best way to find out is to look at the employee surveys. Look at what the people who actually work there are saying. ■■

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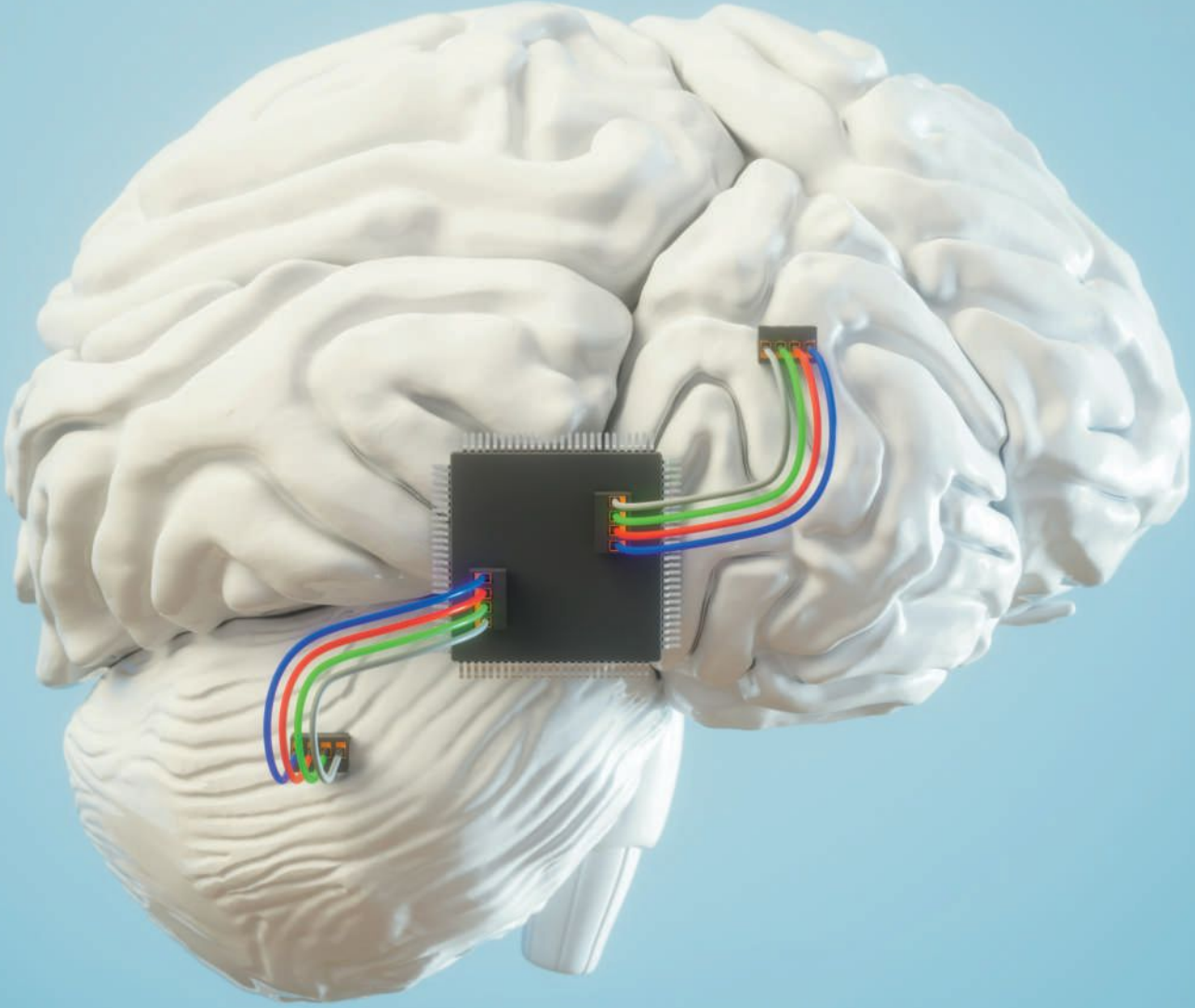
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Mastering the Hardware and Software of Sustainable ESG

An effective ESG framework is similar to the components of a computer. A business's financial performance constitutes your company's "hardware," which will provide a solid base for sustainable competitiveness. People-related factors—their sense of business ownership, engagement and alignment around ESG goals—are the "software."

By Anastassia Lauterbach

March 2020 will go down in corporate history as a moment when the failure to plan for a global catastrophic event became visible to companies and individuals. A few years from now, we will continue to reflect on the unprecedented heroism of healthcare workers and the impact of the Zoomosphere on every corner of society. We already joke about best practices for keeping kids and barking dogs away from videoconferencing.

More importantly, we are beginning to acknowledge a new era of uncertainty that requires a balance between the competing challenges of innovation and stability, agile growth models and sustainable targets.

Companies are recognizing it is a business imperative to turn what were once seen as contradictions into a new set of trade-offs. At its core, this presents a sustainability challenge for leaders balancing short-term deliverables with long-term strategy.

For many organizations, this has placed sustainability and ESG (environmental, social, governance) discussions in a prominent place on their agendas. From boardrooms to investor days to meetings at Davos, it has become clear we don't fully understand ESG's impact on the short-term goals of enterprises, communities and individuals. This article is about the hidden side of sustainability.

This is still a new muscle for many organizations, considering there is still only a relatively small number of for-profit companies that have positioned ESG as the foundation of their business. For example, Patagonia and BoKlok, a Sweden-based homebuilder, have made sustainability their primary lens as they review their product design, product access and operational footprint. Sustainability is organic to their corporate leadership.

Most companies, in contrast, make ESG part of a long list of other priorities, with marginal and questionable impact on the environment or for advancing social change. Though well-intended, we as board members and leaders tend to fall into old corporate habits—continuing to make capital allocation and budgeting decisions that might lead to environmental and social damage.

For most of the past 50 years, enterprises predominately have operated with low corporate social responsibility budgets, relying on philanthropic giving for arms-length community impact, and outsourcing the handling of

environmental, social or governance scandals to PR professionals. It would be naïve to think this long-held muscle memory would disappear in a matter of two years, simply because the term ESG has landed on our agendas.

Similarly, ESG investment funds have not had the impact many had hoped for in terms of influencing change. Often, they invest in technology stocks without adequate understanding of the companies' environmental and social footprint. The risk is that labeling something "sustainable" might disappoint retail investors and pension funds once the shortcomings of such practices become apparent, increasing already burgeoning cynicism in the marketplace.

Operationalizing sustainability can be problematic because it requires foresight on investment risks that may or may not result in long-term positive results for a company's position in a community, market and the environment. Adding to that risk is the reality that scalability of business models and operational execution has never been more difficult, given the complexity of supply chains, geopolitical risks and reporting costs.

Building a drone enterprise for transporting blood samples to a lab in a catastrophe-stricken region might be profitable and beneficial to communities, but can it become a kernel of a future *Fortune* 1000 company? Using information from mobile devices to extend microcredits in rural India can help people out of poverty and bring decent returns to shareholders, but will it contribute to preventing failures in finance systems?

We face a paradigm change in terms of what constitutes excellence and success in individual businesses and entire economic systems. Companies can be celebrated as excellent only if they master balancing short-term targets with long-term strategies. The ability to calibrate and balance conflicting targets for sustainable business development is fast becoming a necessary skillset for an effective leadership team.

Given the complexity of the challenge, it can be useful to break it down into its key components. In broad brush, an effective ESG framework is similar to the components of a computer—hardware and software. A business's financial performance, with a solid track record in data technologies and clarity over all components of ESG, constitute your company's "hardware," which will provide a solid base for sustainable competitiveness. People-related factors—their sense of business ownership, engagement, and alignment around ESG goals—are the "software."



The ‘Hardware’ of ESG: Financial Performance

Leaders can’t deliver on sustainability targets if their companies fail financially, of course. Stable financial success will not come from maintaining the status quo. It requires a permanent culture of transformation, including:

- Investing in new technologies and business partnerships.
- Identifying common ground for lobbying with competitors to increase political bargaining power.
- Building financial reserves to offset the adverse effects of miscalculations and future “black swan” events.

Radical candor about mistakes in investment, hiring decisions or M&A are signs of agile and long-term-oriented companies. (See examples of questions to practice radical candor in Figure 1 at right.)

Focus on data and digital technologies

Data now makes up 90 percent of any company’s assets, regardless of industry or geography. In 2012, this figure was just 12 percent. Over the past decade, data has become a proven driver of growth and profitability. However, most companies are still in the relatively early stages of experimenting with data technologies. As a result, they are still developing their ability to identify opportunities or implement scalable solutions.

Internalizing and disseminating data and digital technology know-how is a crucial task of every leader. Yet data sophistication is not a part of most organizations’ curriculum for developing leaders. Data unleashes growth and improves the bottom line. As cybercrime markets grow quickly as companies engage in data businesses, implementation of good cybersecurity risk management becomes integral to reaping the benefits of the information age and properly managing risks to a company’s reputation.

The fusion of data science and advanced computing (including quantum computing) with industrial know-how will help solve the climate crisis while reshaping automation to better address the needs of shifting demographic groups.

Resilient organizations play an active role in identifying—and developing—leaders who invest in increasing the digital literacy of themselves and their teams. Such leaders understand that data can enable better decisions and lead to more efficient problem-solving. At the organizational level, companies that can systemize these ways of thinking and working

can start to apply a more advanced systems thinking to the complexities of delivering on short-term performance *and* ESG goals. That combination enables true sustainability.

This is not to suggest a single focus on technology is sufficient to achieving sustainability. Merely that digital fluency is often missing, at the systems level, from how organizations evaluate and develop leaders who must help the organization navigate an ever-more-complex landscape.

But in parallel, the people managing technology will continue to need a range of developmental and management support, too. If the individuals working with the data are neglected, or if their well-being is taken for granted, then technology will not be enough. Communication and organizational agility have a more significant impact on technology adoption than, say, choosing one vendor over another.

Achieving clarity on ESG

Alignment around ESG targets happens when people understand the practical action and measurability behind each letter in the acronym. This alignment is critical because some environment-related programs might decrease short-term profitability, highlight risks in the supply chain, deprioritize local communities’ investments in favor of companywide programs or change how governance between different legal units of a business works.

The following provide actionable, practical definitions of each letter:

E: Sustainable leaders consider the environmental impact when designing products and services, making pricing decisions, selecting providers and changing business models.

S: Businesses need to clarify how they define the communities in which they plan to have an impact. For example, creating partnerships with universities could be a good investment for a pharmaceutical company that depends on recruiting scientists. If your products and services are for seniors, it makes sense to donate money to care centers and explore ways to improve the quality of life for older people. Investment decisions depend on the business mission and organizational alignment.

G: Good governance increases a company’s stability. It includes clarifying the processes of cooperation among the company and its ecosystem of stakeholders, as well as risk monitoring. Company boards and internal governance committees must ensure adequate time and diverse expertise are brought to bear to make decisions for internal and external stakeholders.

Examples of Questions to Practice Radical Candor in an ESG Context

(FIGURE 1)

Do market analysts have a different view of our business and financial profile than the executive leadership team and board of directors? What are the gaps, and do the competing points of view have merit?

Did we implement share buy-back programs in the past that hurt our ability to invest now?

Can we learn lessons from prior capital allocation and investment decisions, particularly decisions that seem misguided in hindsight?

How can our product design and market entry decisions be improved?

Did our procurement practices put any suppliers and vendors out of business, or break trust with key partners?

Can we explain our rationale for any transformation or reorganization in simple terms every employee can understand?

Did we think through the impacts to our business continuity plans before announcing corporate reorganization?

Do we run our business functions (e.g., HR) like businesses, with a disciplined approach involving metrics and concrete outcomes?

Do we have cash reserves to survive a major crisis?

Critical Questions to Address Digital and ESG Readiness Through a Sustainability Lens

(FIGURE 2)

What is the data governance framework of the business to facilitate innovation and competitive-scenario building at every level of your organization?

Does the leadership framework of my organization include ESG? If so, how are we developing leaders to advance our performance and create insights within that framework?

How does the company define the communities in which it plans to have an impact?

What do leaders in the organization do to help their communities?

Does the company have a full understanding of its environmental footprint? How is this measured, and how well understood are they at various levels inside the company?



The ‘Software’ of ESG: People Factors

If the prior section can be taken as the organizational “hardware” required for achieving sustainability, then the people inside the organization are its software. Focusing on them requires, as a first step, leaders to own their responsibility as the chief communicators in the organization, so everyone understands the collective narrative behind the shared ESG goals.

We have all seen or been part of organizations undertaking massive changes—from technology platforms to business models—where the underlying logic behind the change was sound or even impeccable, but the actual implementation became a fiasco. Similarly, many of us have seen or witnessed suboptimal solutions implemented to significant positive effect due to how an organization’s (or a country’s—observe Ukraine’s fight against Russian troops) people have rallied behind the cause despite sub-par tools or technology.

A leader must steer people toward being the best version of themselves. People can do their best if they are proud of their work and understand how their contribution serves a bigger purpose. The software (the “how”) of any successful business depends on three people-related factors—an ownership mindset, a culture of learning and alignment linked to awareness.

1. An Ownership Mindset

American entrepreneur Marc Andreessen wrote about how U.S. economic and political system failed to prepare for the pandemic and the sub-

sequent fractures in globalism, supply chain and economic resilience. At some point, “we decided not to build,” says Andreessen. He goes on to point out that, as leaders and a society, we chose not to invest in pandemic prevention. We chose not to keep jobs close to home, because we wanted to take advantage of cheap labor in China and the Philippines. Similarly, when Putin took Crimea, we decided to close our eyes.

While these shortfalls are perhaps easier to see in hindsight, Andreessen’s points raise an imperative for today’s leaders and directors: What aren’t we asking ourselves about how we continue to innovate, take risks and bounce back from mistakes to ensure long-term sustainability?

In 1941, James Burnham, a European politician, spoke of the end of capitalism. He argued it would not be replaced by socialism but rather by the rule of administrators in companies and governments. “Owners”—those who’d built some of the most iconic organizations in the world—had retired. They were being replaced by “Managers.”

Interestingly, within 15 years, a host of consultants and thinkers, such as Peter Drucker, ushered in a managerial revolution. Scaling and spreading best practice techniques and management frameworks undoubtedly improved organizations’ capabilities and corporate governance.

A downside of conferring such discipline upon managers over the past 70 years, especially within the context of a narrow focus on share price and efficiency, was establishing a cultural expectation that we didn’t need employees to act as entrepreneurs. We needed them to “do,” to be efficient.

In today's world, that expectation must change. Sustainable leaders in sustainable organizations are now engaging with employees throughout their organizations to feel a sense of ownership, and to engage each other to contribute to better sensing of risk and opportunity within their ecosystems.

Concretizing and increasing ownership in times of democratization of corporate governance and rising demands from retail shareholders and stakeholders are difficult. Organizations are using decentralized data technologies and increasingly agile compensation instruments to make new ownership a reality.

As just one example of building a culture of shared ownership of all the leadership challenges, recently a CEO asked her direct reports to write down everything they wanted to change and accomplish in their business units but were uncertain about the path to execution. That exercise led to 80 questions, which the CEO posted on the company's internal website. She engaged her HR leaders to develop a bonus program to incentivize everyone to answer these questions. She received answers to all questions within eight months and built a new strategy and operating playbook from the information.

2. A Culture of Learning

The development of a culture of learning in organizations requires continuous training. Best-in-class companies implement sophisticated scenario-planning exercises with entire management teams to ensure all arguments are on the table. Inspiration for scenario-building might come from unusual but perhaps uncannily prescient sources.

For example, one leading glass manufacturer established business continuity plans to respond to a power outage after their COO read the disaster thriller *Blackout* by Marc Elsberg. Published in 2012, the book detailed the catastrophic consequences of a compromised power grid long before Russia's current attack on Ukraine, which has forced European nations and industries to rethink their approach to energy resources.

As another strategy to foster a culture of learning, many companies, especially in the software industry, have created positions of chief education officers. As a best practice, this person ideally has operational experience and understands what it takes to resolve problems in real-world operating environments.

Bringing the company's strategy together with its sustainability plans, the CLE is responsible for driving initiatives to increase skills that will help drive deliberate impact on the things the organization has said will factor most heavily into its long-term performance. This might include digital

and financial literacy, communication and conflict management.

Learning is not limited to new developments. It can also apply to reviewing failed initiatives. For example, in Germany and Austria, many founders meet in "Screw-Up Nights" to share and learn from past mistakes.

As an analogue to this model of rapid learning, technology companies use dedicated software and hardware environments, as well as tools and procedures, to build minimum viable products, pilot them and kill or productize the results depending on the outcomes. Legacy businesses must develop the ability to do the same.

Software Factors of Sustainable Businesses

(FIGURE 3)

FACTOR	ENABLERS
Ownership	Venture capital and corporate financial subsidiaries/captives
	Decentralized data technologies (e.g., decentralized data markets on distributed ledger)
	Compensation plans fostering ownership and inclusion
A Culture of Learning	Systematic scenario-planning exercises
	Dedicated executive position (chief education officer) creating learning opportunities
	"Screw-Up Nights" to share and learn from past mistakes
	Piloting and incubating new ideas supported by smart technology choices
Alignment and Self-Awareness	Programs promoting DEI in the employee base, and in external partners and vendors
	Group workshops with external or internal speakers to constantly refresh the internal understanding of how the macro-conditions impact the internal sense of urgency, clarity of strategy and planning scenarios
	Companywide communication channels, networks and technologies (e.g., jam-session platforms) that build a realistic, company-specific narrative about the opportunities and challenges the company faces
	For learning and development professionals, tailored individual coaching or training, set against an overarching organizational point of view, to foster a deep understanding of the leader's role (including those related to ESG)

Examples of Questions to Facilitate Self-Awareness

(FIGURE 4)

How does what I do reflect on who I am?

How will I know when my job is done?

When did I last acknowledge to my stakeholders that I made a mistake?

What do I believe about vulnerability and how might that serve me?

What am I not saying that needs to be said?

How do I listen more effectively?

What is being said to me that I am not hearing?

How do I handle disagreements?

What did I do to contribute to complacency?



3. Alignment and Self-Awareness

Ravi Chaudhry, a former CEO and chairman of Tata Industries, said organizations have to become like streams, built on continuous change and fluidity. A successful CEO of such a business excels in creating a fully aligned leadership team. Alignment doesn't mean forced consensus or everyone starting from the same belief set. It means people engage and listen to each other. "What they know is never an impediment to what they don't know," as Chaudhry said.

Companywide communication channels and platforms become increasingly necessary in a world where individual employees may, outside of work, be part of very siloed communities and networks, especially on social media. The employees might bring utterly conflicting views of reality into the workplace every day. The organization's job is to create a shared narrative and common perspective on the "real" factors a business seeks to solve, including clarity on the success factors and measurements.

Organizations must rally around *only a few* factors to execute alignment with success. Too many factors won't capture attention.

Leadership style is a byproduct of our self-awareness. How well do we face uncomfortable truths about our past? Why do we resolve conflicts? Do we communicate differently with people depending on their status? Radical self-inquiry is essential to leading well. (*Find questions to facilitate self-awareness in Figure 4 at left.*)

It is natural to think at a very high altitude about big questions surrounding ESG and leadership. Our economies are unsettled and changing. Opposing outcomes—good and bad—both seem highly possible. Current approaches to ESG are still characterized by a focus on reporting instead of long-term thinking and engaging in potentially polarizing debates.

Working on the software—the people side—of the equation and encouraging bottom-up initiatives, ownership, thoughtfulness, agility and perpetual education could empower businesses to overcome long-term threats and risks. The quality of leadership will decide our advances or our collective failure. ■

Resources

Ariel Evans, *Enterprise Cybersecurity in Digital Business: Building a Cyber Resilient Organization* (Routledge, 2022)

Marc Andreessen, *It's Time to Build*, Andreessen Horowitz, a16z podcast, episode 544

ExCo Insights articles page (articles to be published)

Adam Bryant, *Organizations Are Now Like Streams, Always in a State of Flow and Change* (March 30, 2022), LinkedIn



Anastassia Lauterbach is a seasoned global senior executive and the managing director, EMEA, of The ExCo Group. A global strategist and ICT industry thought leader, she brings a deep understanding of the high-tech ecosystem. Lauterbach is also an experienced board member who has been involved with CEO succession and legacy turnaround.

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Framing the **ESG** Conversation

Here's a structured framework
—focused on values—
to de-escalate emotion from
the ESG discussion.

By **Gabrielle Thompson**





Over the past few years, companies have taken a more vocal stand on ESG topics—whether a commitment to net zero emissions, social justice, investments in minority-owned businesses, targeted recruiting or quotas for hiring diverse candidates. The inclusion of ESG goals in the design of executive compensation has also been gaining traction among shareholders.

“In fact, ESG is now the topic most often covered during shareholder engagements that include company directors,” according to a PwC report.

Yet other shareholders, states and individuals have expressed skepticism about corporate stances and have publicly pressed companies on their actions to address climate change, social issues and other ESG areas. For these stakeholders, stated ESG objectives potentially come at the expense of shareholder return.

Those of us who have responsibility for recommending, or even deciding, the company’s position and actions must weigh these opposing views in our planning. Specifically, as we design executive compensation, how—if at all—should ESG be considered and to what degree? (See page 25.)

Some elements of ESG are crucial to company growth and many already have been included in executive compensation short-term plans, although not necessarily highlighted as ESG. A focus on diversity and belonging, leadership and talent development and employee engagement are critical to attracting talent. Governance elements like company policies and standards, disclosure and compliance issues have been required of public companies for years, although not necessarily spelled out in exec compensation designs. These issues are certainly heavily considered when selecting key executives, particularly for the C-suite.

If those goals will indeed be part of the ESG Rubik’s cube we most solve, three questions arise:

1. How do we help the organization clarify what priorities it is setting and rewarding?
2. How do we help ground those priorities to our culture, strategy and values?
3. At what weighting of total exec comp can “ESG-type” goals make a difference without taking leaders’ eyes off financial performance?

Clarifying ESG Priorities: Start by Avoiding the Labels

For companies that have taken a strong, positive stance on environmental, social and governance issues, their view is often that government is incapable of affecting change without their help. Many stakeholders—including many shareholders—believe that companies should have an obligation to affect sustainability, address poverty, speak out against social injustice, be responsible for their communities and be held accountable for their contributions (or lack thereof).

However, pushback is on the rise. According to the August 2022 McKinsey Quarterly, “ESG is something ‘good for the brand’ but not foundational to company strategy. It is additive and occasional.” McKinsey also notes that plenty of critics refer to ESG efforts as “greenwashing,” “purpose washing,” or “woke washing.” Others say ESG is severely discounting the importance of shareholder return. And another subset argues that corporations can have little impact on climate change and sustainability without a commitment from all countries to do the same, and therefore, we’re wasting time that should be focused on driving financial performance.

I would argue that ESG is generating these polarizing reactions because ESG is being referred to as one thing. But if we evaluate what ESG entails, it’s more likely that many of the elements can be agreed upon even by those who hold positions at the extreme ends of the current dialogue. It is the simplistic conversation of talking about ESG as a single, blended topic that drives our polarization.

It is my belief that this acronym will shortly disappear and not be replaced by another stand-alone label. Yet the principles behind ESG will certainly survive and will surface individually. Some elements will be more controversial and more difficult for corporate involvement than others. Others will be discussed as an extension of culture and talent, and ultimately tying directly to company advantage and profitability.

Regardless, we as CPOs, HR executives and heads of total rewards do have to evaluate how ESG and its elements will play in our company strategy, our culture and our compensation design.

A Structured Framework for the Debate, Focused on Values

My own views are molded by many elements—my experience as an HR and total rewards executive, conversations with colleagues, my family upbringing, my political views, the media, among others. When considering the right framework for your own organization and stakeholders, it’s important to factor this subjective backdrop into your thinking. This can personalize the conversation in ways that other business or financial decisions are less susceptible to.

Perhaps we become defensive of our ESG positions because the media cycle and our current civics climate have trained our brains to immediately challenge opposing positions before truly understanding them in greater detail. Can a good framework help us get to a discussion state where we recognize an underlying truth—perhaps we’re not that different?

We need a framework to de-escalate emotion from the conversations and instead focus our questions on whether and how ESG goals should be part of our company strategy, and specifically executive compensation. We will need to make decisions that affect divergent shareholders, public perception, culture, current executives and their compensation—and decisions that also shape our ability to attract and engage new and existing talent.

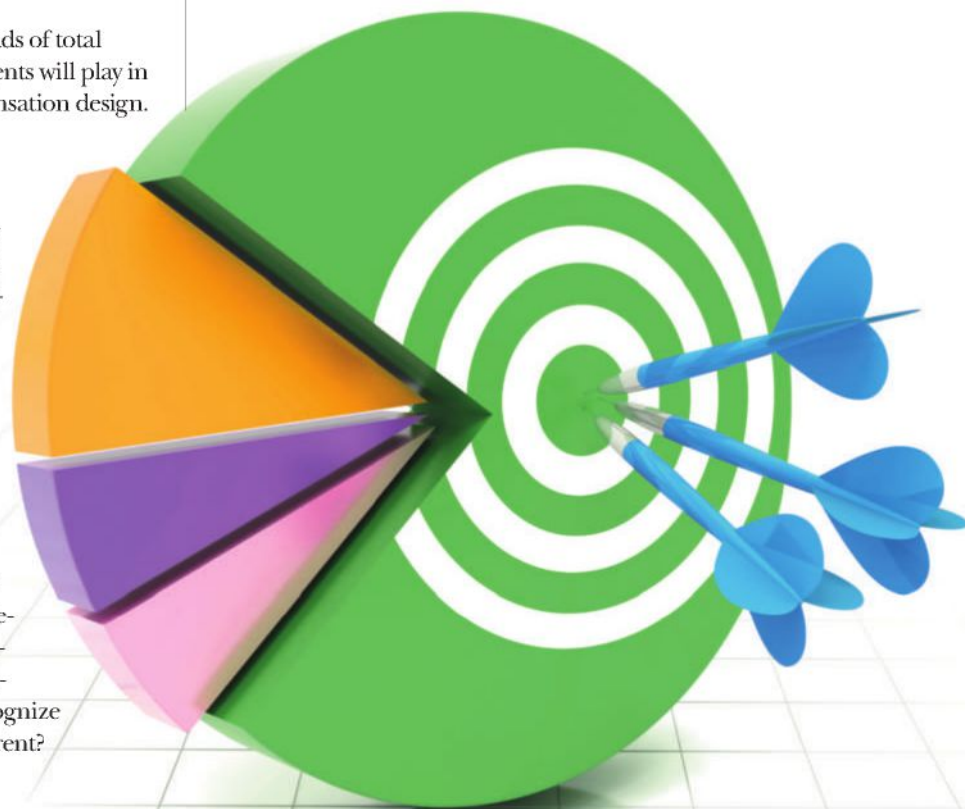
To attract and keep talent and create an environment where employees continue to be engaged is critical. Employees want a trusting and supportive environment. They want to be recognized and be recognized frequently. And they want to be compensated fairly. All of this means that our conversations about integrating ESG and compensation strategy should start at an unexpected place—neither ESG, nor exec comp. Start with values instead.

Here’s a possible framework:

1. Identify Key Values That All Can Agree On.

Avoid the broad categories of environmental, social and governance. Get specific instead. Focus on foundational values that most of your key people can agree on. Some examples:

- People of every race, color, sex, religion, socio-economic status should be valued.
- Exceptional leadership promotes strong employee engagement, enabling company growth.
- Understanding shareholder sentiment is essential to continued shareholder investment.
- We can and should make a difference in our community and the world (whether through employee/employer matching donations, community volunteering, etc.).
- Regardless of other country (or company) actions, we each individually (and/or collectively as a company) have a responsibility to do what we can to care for each other and our world.



How to Incorporate ESG Into Your Compensation Plans

According to Russell Investments, some companies—more heavily S&P 500 than the Russell 3000—have started to include specific ESG goals in the design of either short or long-term incentive plans. In fact, elements of ESG have been included in many short-term incentive plans for years, without referring to the more “soft” nonfinancial goals as specifically a part of ESG. These goals have focused on quality leadership, employee engagement, customer satisfaction, turnover and diversity, to name a few.

Identifying the right metrics, though, can be challenging and potentially difficult to measure. And if success is measured against other companies, the difficulty increases as metrics are not necessarily quantified in a consistent and easy manner. But when metrics are defined and measured, and they focus leaders to support a positive culture and employee experience, then including those measures in short-term incentive compensation is appropriate and needed.

Simply focusing on financial goals (revenue, profitability, EBITDA, as examples) avoids the importance of people. The key is to set the goals well and ensure they align to the company’s values agreed upon in step 1 of the framework (page 24).

Let’s take one complex example: carbon footprints. Before leaping into an approach to carbon emissions, it’s worth asking, “Is there any validity for our company to do what it can to make a positive difference within our own ecosystem?” If the answer is “yes,” then ask the next question: “What is your company’s ability to reduce emissions, reduce waste, drive towards sustainable products, etc. at a reasonable cost?” Remember that investors still want a good financial return, and the company must continue to be profitable to survive and grow. As long as there is alignment around what “good” looks like, the process of creating longer-term executive compensation plans becomes more feasible

Pay for Performance and Shareholder Support

According to a 2021 “ESG + Incentives” report by exec-comp consulting firm Semler Brossy, “The most common approaches to incorporating ESG metrics in incentive plans are to use them as part of a scorecard of nonfinancial or strategic objectives or as part of an individual performance assessment that is used to adjust incentive plan performance.”

C.J. Clouse, a senior writer for GreenBiz.com, notes that ESG targets are typically linked to 10 percent, sometimes as much as 20 percent, of an executive’s incentive pay. And companies tend to favor baking ESG targets into short-term incentive plans (i.e., annual bonuses) rather than long-term incentive plans.

Analysis by ISS shows that 14.6 percent of S&P 500 companies with ESG targets link those targets to annual bonuses, while only 1 percent tie them to long-term incentives. This is something investors and advocates would like to see change, because it often takes time—five years or more—for shareholder value and ESG outcomes to align. This can be especially true when you’re talking about climate and other environmental targets.

However, since fixed accounting requires that specific and quantifiable goals for performance shares be set in advance, it is more likely that long-term ESG metrics will focus mostly on operational metrics, such as customer satisfaction—at least for now.

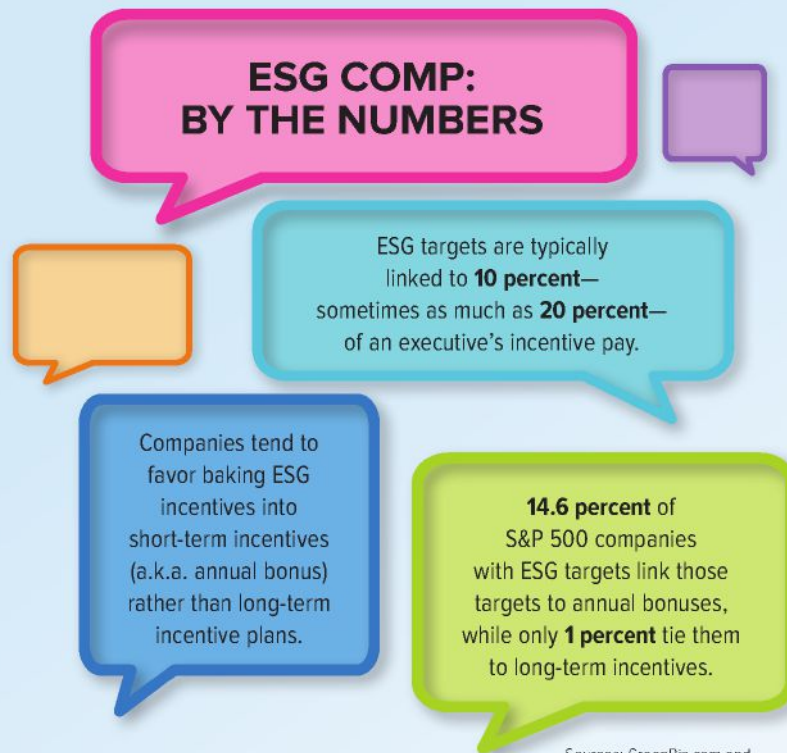
This is the antithesis of what one would expect, as environmental progress takes years of focus and dedication. Perhaps if the environmental goals can be broken down into annual milestones, we could see a shift over time to milestone metrics included in long-term incentive design.

At the end of the day, pay for performance will always be the key metric by which investors will invest. Pay for performance compares executive pay to

the company’s absolute financial performance. Without success, there will be little shareholder support for companies, regardless of their ESG focus.

It is my view that executive compensation should include some company-appropriate ESG goals that are tied to the agreed-upon values and that will enhance the company’s appeal to great talent. Many of these goals will continue to focus on social impact, leadership, employee and customer satisfaction, to name a few. Goals that have few underpinnings to the strategic business priorities will continue to be debated.

Financial performance has, and will continue to be, the measuring stick for continued investment decisions. For this reason, the effect of these goals on one’s compensation is not likely to exceed 20 percent of their total compensation. Overweighing ESG can result in a misalignment of executive pay to company performance, something intolerable to shareholders.



Sources: GreenBiz.com and Institutional Shareholder Services



‘ESG is generating these polarizing reactions because ESG is being referred to as one thing. But if we evaluate what ESG entails, it’s more likely that many of the elements can be agreed upon even by those who hold positions at the extreme ends of the current dialogue. It is the simplistic conversation of talking about ESG as a single, blended topic that drives our polarization.’

2. Gauge Shareholder Sentiment. Avoid the generic acronym ESG and evaluate the specifics of their requirements and views.

- For public companies, consider what the top 10 investors are sharing about their current and future requirements for continued investment. If they support ESG metrics, what are they? Are they simply for PR or are they purposeful toward making a positive difference and can they be measured? To what degree is the sentiment of shareholder groups similar or opposing? What is the sentiment of the board of directors?
- For private companies, consider what is known about the views of the founders and owners.
- In either case (public or private), is there a strong sentiment in the communities we operate about our role in areas that might fall under “ESG”? How do those sentiments align or contrast with those of our key shareholders and board?

3. Consider What Your Candidates and Employees Want from Your Company. Remember, they will have differing views on ESG-related matters and the degree to which they want their employer involved. Serving only one voice will cause other voices to feel dismissed, losing their commitment to you and their passion for your company.

Though we’re serving a range of views, many are potentially grounded in the same key values that we identified in step 1. Identifying those values can build common ground within the broader talent pool. Understand how you want to engage with the range of views to avoid the perception that one or two groups have an outsized voice while others are being ignored.

4. Identify Your Desired Company Culture. What is the current culture in your organization and what is your aspira-

tional culture? Based on the agreed-upon key values identified above, are there particular areas of focus you need to achieve the aspirational culture?

5. Balance the Financial Picture. How do you balance the need to drive total shareholder return and yet invest both in terms of resources and strategic bets? How will you define what “good” financial performance looks like overall, so that you can measure the impact of ESG stances against that baseline?

6. Set Priorities. How do you identify the most critical actions consistent with your agreed-upon values, shareholder sentiment, the voices of needed talent, the aspirational company culture and key financial performance measures?

Employees want to feel that they belong. No one wants to feel excluded, pushed aside or invisible. There are elements of ESG that are absolutely focused in this space.

A sense of belonging may come from taking actions that:

- 1) Create a diverse workforce in an inclusionary way;
- 2) Focus on improving employee engagement through exceptional leadership and recognition/rewards;
- 3) Provide encouragement and a means for employees to give financially or contribute their time to their community.

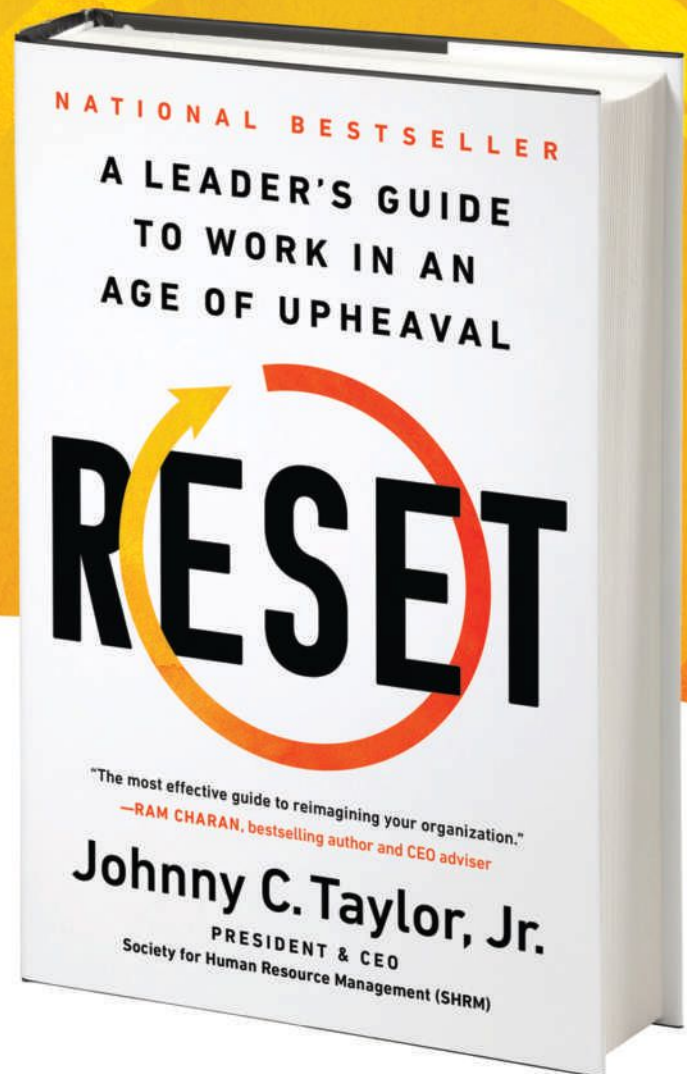
Starting with what unites us can make for much more productive conversations about how we approach problem-solving from that common base. ■■



Gabrielle Thompson is a strategic HR executive and has served as the primary partner on compensation committees with industry leaders like Cisco and Intel. At Cisco, she served as the senior vice president of acquisitions and total rewards.

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Striking the Balance Between Profits and Purpose

From the Met to BlackRock to Harvard: Deborah Winshel's Journey to a More Balanced Approach to ESG.

DEBORAH WINSHEL, A SENIOR LECTURER AT HARVARD BUSINESS SCHOOL AND former managing director at BlackRock, would ideally like to see those three letters—ESG—eventually disappear. She argues that putting a separate label on a set of expectations that should be firmly embedded in every organization undermines a more holistic, long-term approach to social responsibility. And that separate label has allowed ESG to become the lightning rod that has sparked the “woke capitalism” backlash we’re seeing today.

Adam Bryant, articles editor of *People + Strategy*, sat down with Winshel to discuss her experience in the ESG space and where she sees the debate going from here.

People + Strategy: You led both impact investing and social impact for BlackRock for more than six years. What prepared you for those roles, given that these were still relatively new fields?

Deborah Winshel: When I joined BlackRock in 2015, I didn’t have direct experience in what was emerging in the industry as sustainable investing or ESG. But I did have experience in thinking about the fact that organizations have more

than one bottom line—and multiple responsibilities beyond short-term financial objectives. I first explored that idea when I was the chief financial officer of the Metropolitan Museum of Art. I came to understand that the organization had a double bottom line—that while the Met was deeply committed to its mission, equally it needed to be financially sustainable over the long run to accomplish that mission. The Met had a very experienced board, and it allowed us to reframe the way we operated with a broader lens of balancing mission and financial goals. You can't sustain one without the other, and that requires thinking about different perspectives and constituents at the same time.

There was a similar dual focus when I served as president of the Robin Hood Foundation, a venture philanthropy with a dual lens on creating social impact and a return on investment. Organizations are often challenged to find leaders or stakeholders who understand that balance. They may focus on a social mission and not be quite as attuned to the practicalities and other demands of the organization. Or they rely on a financial perspective, and the other strategic and operating priorities are essentially layered on top, not considered in a more integrated way.

P+S: And so what was your approach to your roles at BlackRock?

Winshel: My role was to create a sustainable impact investing platform. ESG were three increasingly popular letters at the time, although not nearly as recognized as they are today. Early on, when I spoke with clients and at conferences, I often mentioned that ideally those three letters would disappear. I said that because creating an acronym or label around what was considered a new set of expectations for companies was misleading in many ways. It created a segregated way of thinking about issues that for decades were implicitly embedded in many CEOs' visions of their responsibilities.

In a way, one could argue that creating this separate approach to ESG undermined a more integrated, holistic and long-term way of thinking about core responsibilities as a leader and as an organization. That's been a lightning rod that has sparked the backlash we're seeing now. ESG—and responsibility to a broad set of stakeholders—has been isolated as an independent, standalone objective no longer embedded in the context of a company's long-term operating health.

P+S: Companies are getting pressured from so many different stakeholders now, often with conflicting demands and expectations.

Winshel: It can be challenging for companies to balance what are often competing priorities. And in difficult economies or challenging markets, objectives that support long-term financial sustainability can take a backseat. But successful companies focus on how best to satisfy their customers, how best to ensure that their employees feel committed and how best to support the communities and environment in which they operate.

'ESG has, in some cases, become code for suggesting that the company's leadership is taking its eye off the ball, even changing the goal posts on what performance or responsibility means.'

The role of the CEO is to be the long-term visionary and to create a sustainable company for years to come. Many companies think deeply about how to make sure they have the right balance among all their stakeholders.

As is frequently raised in these debates, when you have a sharp focus on quarterly earnings, it's difficult to sustain a two-level perspective of worrying about what you're trying to deliver at the end of a quarter and also trying to figure out what makes sense for the company over the next five to 10 years.

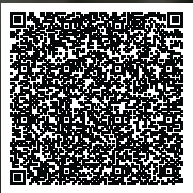
P+S: The CEO role has always been difficult, but it feels like leadership has become five to 10 times harder in the last three years.

Winshel: We put CEOs in an almost untenable position as they try to strike a balance. There are investors, such as pension funds, that are in it for the long-term, alongside activist investors who are often focused on a more immediate return. How do you create that balance? ESG has, in some cases, become code for suggesting that the company's leadership is taking its eye off the ball, even changing the goal posts on what performance or responsibility means. I argue, instead, that for a well-managed company, all those considerations are deeply embedded in the strategy and operations.

A number of companies have invested deeply in thinking about how to be more environmentally conscious because it's efficient for their operations. It's just smart business. And when companies can express what they are doing in a way that specifically relates to the advancement and progress and success of their company—rather than something they are promoting in isolation—that's when the debate can settle down. It's about getting back to the fundamental purpose of companies. Why do you exist? It's usually to deliver something to a customer. And if you build your purpose from that, other "ESG" issues will surface, but they're in context. This is about going back to the basics of how you have a smart, efficient, responsible company that generates good long-term returns. ■■

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What would a restorative capitalistic system look like if we insisted on a way of living and working that prioritized the restoration of both the planet and our own creative resources?

By Rahaf Harfoush

the great rejection & recalibration

In a move that sent shockwaves through France, eight new graduates from AgroParisTech, one of the country's most respected agricultural universities, announced they were deserting the industry altogether. "We don't see ourselves as 'talent' working for a sustainable planet," said Lola Keraron in speech delivered to her classmates at a recent graduation ceremony. "We see that agribusiness is waging a war on the living world and against farmers everywhere on earth."

Keraron warned her fellow engineers to reject the premise that climate change can be easily solved with new technologies, and instead urged for a fundamental rethink of agricultural practices and the ideologies that underpin them. An op-ed in *Le Point*, a weekly magazine published in Paris, described the dissenting new graduates as being infected by a "nihilist fever" that was sweeping the country.

In the United States, bewildered managers were confronted by the rise of "quiet quitting." The often-misunderstood phrase tried to capture the motivations of workers who were rejecting the toxic hustle-culture ideology that glorifies sacrificing one's health, relationships and sleep as markers of



Rahaf Harfoush

success. It has garnered a backlash, as well. For example, Arianna Huffington declared quiet quitting to be “a step toward quitting on life.”

Halfway around the world, while President Xi Jinping encouraged Chinese youth to devote their energy in pursuit of national prosperity, his target audience was flocking online to join the “lie flat” movement. They were choosing to opt out of a punishing work life that failed to fulfill the promises of affordable housing, a reasonable cost of living and a better quality of life than their parents. In recent months, the “Lie Flat” has evolved into “Let It Rot,” an intentional rejection of the status quo powered by the dissatisfaction of a generation that is grappling with limited economic opportunities and who lived through a 70-day heatwave. Chinese media labelled Lie Flatters as “the slacker generation.”

This disappointing refrain has been repeated time and again: Young people don’t want to work hard or participate in society anymore. But the current debate misses this core point: Wanting a different way of work is not the same thing as not wanting to work at all.

The rejection of modern-day working standards is the forced recalibration of economic systems that have been out of balance for decades. These systems were founded on a critical fallacy: an infinite supply of resources that will always be readily and cheaply available—a belief that equates unlimited growth as a key indicator of business performance.



‘The rejection of modern-day working standards is the forced recalibration of economic systems that have been out of balance for decades.’

Many people carry this ideology into their personal lives, applying the same unrealistic standards of performance in a never-ending race to be constantly productive. Isn’t burnout simply the mismanagement of energy based on the assumption that creativity and attention exist in a never-ending supply?

Sustainable Ambition: Playing by New Rules

The term “regenerative agriculture” has been appearing more frequently in the online communities I study, as a new generation of activists, farmers and researchers seek ways to exist in harmony with the planet. Where sustainable farming prioritizes working with natural processes to achieve economic viability, restorative farming takes this process one step further and includes *actively reversing* current climate trends to restore the land instead of simply maintaining the status quo.

The current limitations of ESG are that we’re attempting to change our style of play, while still being committed to the same game.

If ESG is the “sustainable farming” approach to our economic system, what would be the equivalent to restorative farming? In other words, what would a restorative capitalistic system look like if we insisted on a way of living and working that prioritized the restoration of both the planet and our own creative resources?

Companies would need to prove they were not simply sustaining the environment, but actively improving it. Stock prices would reflect a leader’s ability to leave the planet in a better state than they found it. Instead of just measuring profit, we would measure the number of species removed from the endangered list, acres of reforestation, tons of microplastics removed from the ocean. We would measure the quality of life of communities where these companies operate.

For talent, we would orient business practice around sustainable performance practices like the rising popularity of the four-day work week.

The Restorative Workplace

Leaders can take small steps towards embracing a new ideology, including:

Establish realistic workflow. The expectation that employees can tackle complex and intellectually demanding tasks for the entirety of the workday is unrealistic. Time-tracking systems should have a set category for recovery. Each project would include an allocated amount of time set aside for recovery that workers are expected to use as a part of their workflow.

Limit the time and number of meetings. Meetings are another area that are particularly draining for workers. Default meeting times can be reduced to 50 minutes (or 25 minutes) to give workers some time to catch their breath between back-to-back calls. Limits can be set on the number of meetings allowed per day, and some days can be designated meeting-free.

Set expectations on digital communications. HR leaders should set clear norms around the use of digital communication tools. For example, what are the expectations for answering emails or messages outside of working hours? How long does a person have to reply? Setting expectations reduces stress within teams and enables them to focus on their work with fewer distractions, helping them finish faster and produce higher quality deliverables.

Encourage and pay for PTO. Companies could implement policies including mandatory paid time off. Organizations like LinkedIn and Nike have had success with companywide paid time off, alleviating the guilt of being on vacation while your team is still in the office. Leaders should model recovery behavior and encourage their teams to take full advantage of PTO.

Rethink performance reviews and workloads. Performance reviews should be oriented around “meeting expectations” or delivering the required quality of work in the allocated hours. Despite what #hustleculture wants you to believe, it is possible to be driven, committed to your job, invested in the company’s success AND be able to log off at the end of the day to have a personal life. This might require a deep audit of employee workloads to determine if the assigned responsibilities can reasonably be completed within a standard work week. The 2008 economic recession gave rise to “super-jobs” in which employees were often doing the work of more than one person, setting a trend for unrealistic work demands that were never adjusted post-recovery.

Reconsidering #HustleCulture

At the root of our society’s obsession with hustle culture is the intertwining of working hard with our self-worth as individuals. Working constant overtime, having a jampacked calendar and not taking vacation days are seen as proof that you are deserving of your success—an iteration of the American Dream anchored in glowing articles detailing the morning habits of billionaires and social media memes that insist that waking up a little earlier is the only thing standing between you and financial freedom.

I had a client recently ask me this question: “*How can we maintain our standard of excellence if our employees want to work less?*” I replied by asking why they were automatically assuming that excellence is linked to working more.

These narratives are tricky and embedded into how our society talks about success. “Going above and beyond” is the perfect example work devotion culture in practice. Doing your job (let’s assume at an excellent and professional quality) is not enough—you must be ready to sacrifice your personal life, free time and relationships on the altar of productivity to prove to your boss that you’re a committed team player deserving of advancement. It’s no longer about the work itself, it’s how much of yourself you’re willing to give.

Move or Be Moved

We’re overworked. We’re burned out. We’re continuing to use productivity systems that were never designed for people or the planet.

Just like human beings were never designed to work without rest, the planet is not designed to be mined, fished, drained and depleted without having a chance to replenish itself. Something needs to change.

Leaders who are unwilling or unable to take immediate and urgent action should step aside instead of blocking the next generation from determining their own futures.

“Young people should have more say in the future that they alone inhabit,” writes Conor Friederdorf in *The Atlantic*, warning about the dangers of gerontocracy, where aging leaders delay that natural demographic transfer of power to the next generation. He cites countries like the United States, Iran, Saudi Arabia, Lebanon, China and Russia that are all currently governed by people older than 65.

Economist Nassim Nicholas Taleb recently said, “You never cure structural defects. The system corrects itself by collapsing.” Summer 2022 was a nightmarish preview of what that collapse might look like. Record-breaking temperatures, catastrophic flooding and droughts impacted global markets, crops, exports and working conditions. The ongoing debate around return-to-office, hybrid work and quiet quitting are also signaling a profound renegotiation of the role of work in our lives.

Change is coming soon—whether by choice or by force.

It’s too late for ESG. What we need now is to be brave enough to play a new game and to measure the things that matter, like our capacity to collectively restore and safeguard the planet for future generations. The environmental crisis, the work crisis and the pandemic are fundamentally also a crisis of imagination. We need leadership that is willing to rewrite the rules of work and business to encompass regeneration instead of mere sustainability.

Vision requires a state of creativity, something that cannot be achieved when operating in constant depletion. It’s time we rethink our strategies in how we can create companies that have regenerative ambition as a core operating principle. Let’s protect and replenish our creativity because the world needs it now more than ever. ❏

Rahaf Harfoush is the executive director of the Red Thread Institute of Digital Culture. She teaches “Innovation & Emerging Business Models” at Sciences Politique’s School of Management and Innovation in Paris. She is a *New York Times* best-selling author, and her most recent book is *Hustle & Float: Reclaim Your Creativity and Thrive in a World Obsessed with Work*.

Accountability From the Top





Lessons Learned from Corning's CEO-Led Office of Racial Equality and Social Unity.

By Lewis A. Steverson

In 2020, Corning created the Office of Racial Equality and Social Unity (ORESU). The murder of George Floyd and several other racially motivated incidents, along with the national riots and dialogue that ensued, were clearly a major impetus. When our leaders came together to discuss these events, we agreed we wanted to do *something*. But, at first, we didn't know what that would be.

Corning is very much an operational, hands-on company. We try to take actions only in places where we have the presence and power to actually make a difference—in the communities where we live and work. Corning has been committed to DE&I for many years, but we wanted to capitalize on this momentum to make sustainable changes.

Our next step was to conduct listening sessions to better understand what our employees were thinking and feeling. Everyone had strong opinions. We incorporated this feedback into the creation of our goals for ORESU.

Unity, Not Just Equity

We specifically added the goal of “social unity” because we knew that if we simply named our initiative “Racial Equality” or “Racial Equity,” this might prompt a reaction we didn't intend. We wanted to say that no matter where you fall politically, religiously or socially, we're here for you. We want social unity. We want everyone to get along, including our employees. We've been trying to encourage people that they can share their opinions on any issue, as long as everybody's being treated respectfully and allowed to have a voice.

In 2020, we were also revising our corporate operating model because the company was preparing for a new era of growth. We established what we call the Office of the CEO, which is a smaller group of our most senior executives with the authority to make decisions about significant internal and external issues. We decided to place ORESU under the Office of the CEO to make sure people understood how serious this initiative was for us.

We have three senior leaders running each of the components of ORESU. Since I run the Office of the CEO, I oversee ORESU and its three work streams. My job is to coordinate all these activities, ensure each is well-resourced

and to hold the company accountable to its commitment.

The first of ORESU's three work streams is our internal focus on diversity, equity and inclusion. The second stream is at the local level, in regions where we have facilities. And the third is national, which represents the greatest challenge because we are not as large as Apple or Google. We are not so massive that whenever we talk, people listen. Our hope on the national level was that there would be coalitions of groups that we would work with if their goals aligned with ours.

Defining Success

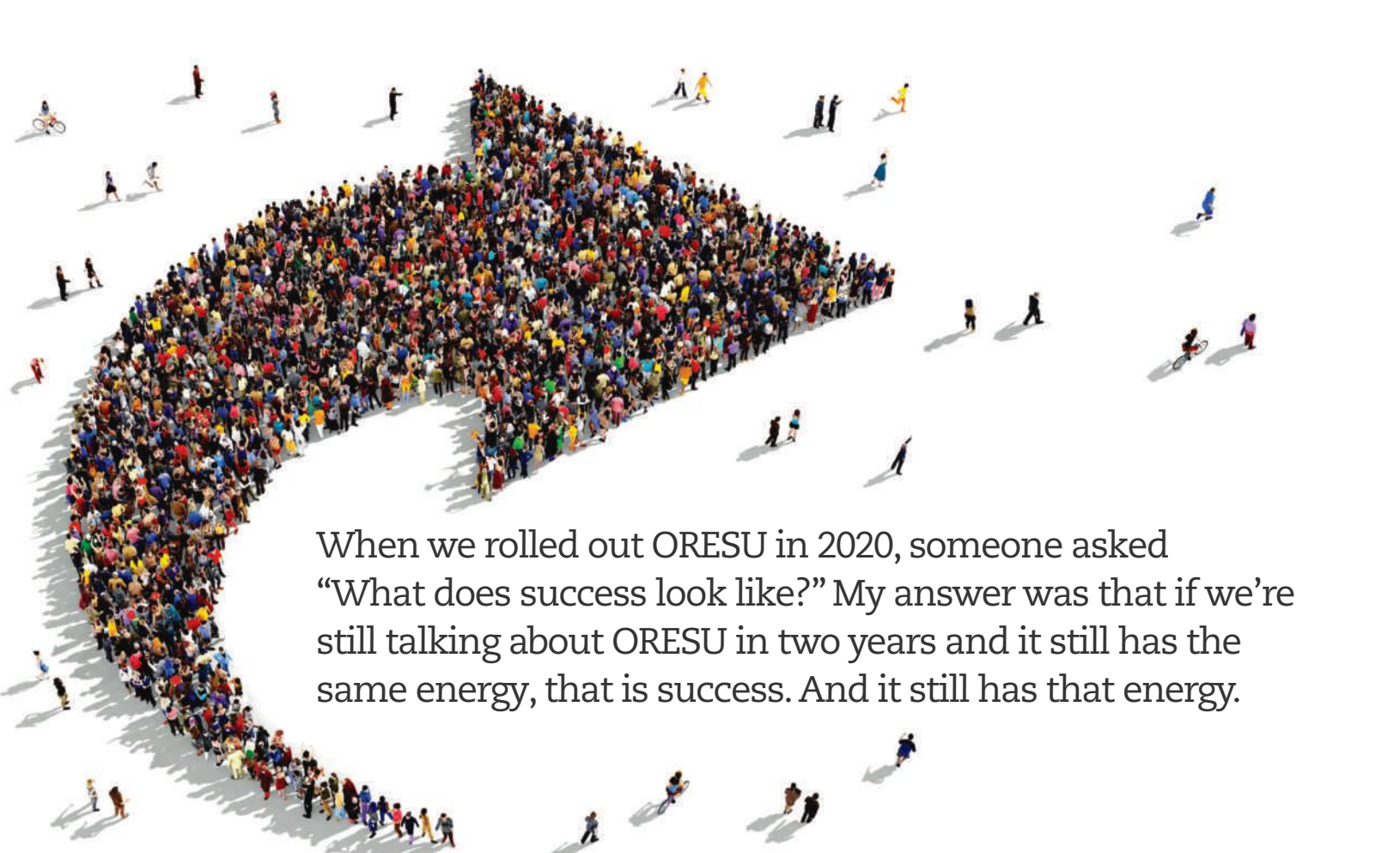
When we first rolled out our plan for ORESU to our top 200 leaders in the company, someone posed the question that the senior leadership team had asked itself early on: What does success look like?

My answer in 2020 was that if we're still talking about ORESU in two years and it still has the same energy we have today, that is success. And it still has that energy. ORESU continues to be effective, progressive and sustainable.

Success internally will also be measured by whether we meet the metrics we set for ourselves in terms of recruiting, retaining and fostering an inclusive workplace. We have programs that identify and develop diverse talent, with specific succession plans for leadership positions.

We've also implemented unconscious bias training so employees can understand that we all have biases and how to address them. Most people, once they've learned they're biased in a particular way, want to change their approach and thinking. Last year, our salaried employees received training. This year, our hourly workforce received it. Going forward, additional DE&I topics are being rolled out to our employees.

We have had many successes at the local level as well. For example, Corning employees make up about half the people who live in Corning, New York, a small town of about 11,000 people. In 2020, we met with the chief of police, the mayor, the sheriff and the state police in this region. We brought them all together and asked, “*What can we do to help you?*” We believed the issues were broader than instances of mistreatment of minorities by police. After meeting with them, we ended up purchasing body cameras for 11 municipalities in



When we rolled out ORESU in 2020, someone asked “What does success look like?” My answer was that if we’re still talking about ORESU in two years and it still has the same energy, that is success. And it still has that energy.

the area, which not only protect the people the police deal with, but also protect the police.

In addition, we extended our longstanding support of historically black colleges and universities (HBCUs). Corning donated \$5.5 million over five years to provide more than 50 scholarships to students to prepare them for STEM education and careers.

We also created programs in local schools that improve diversity, including DE&I training for teachers, staff and students, and recruiting programs for Black teachers. We’ve even launched a podcast, called Vital Voices, in which students and teachers who have benefited from these programs share their experiences. The goal is to encourage others to pursue STEM and education careers and emphasize the importance of helping your community.

3 Lessons Learned

Now that our ORESU initiative is more than two years old, it’s a good time to reflect on lessons we’ve learned that might be useful for other organizations.


1. Think globally. The first step is to know your audience, as in your employee base. At the outset, we were thinking about this initiative more from a U.S. perspective. We heard from employees in other countries saying that we hadn’t considered what happens in countries like China, Japan or India.

The message was that we should be thinking beyond the United States, and we heard it clearly. As a first step, we sharpened our focus on gender equity and equality at our offices and operations in several countries.

My advice to people who are thinking about going down a similar path: If you are running a global company, you should think about this issue globally. Don’t think only about the U.S., because there are racial equality, racial equity and social unity issues around the world.

2. Lead from the top. I want to underscore the importance of having initiatives like this placed under the top level of a corporation. In our case, that was under the Office of the CEO. We also had unanimous support from our board of directors. In fact, each of our directors even signed up to work with the ORESU leaders. This type of initiative needs powerful backing to succeed.

3. Allocate time and attention. Finally, make sure the person leading the initiative—or in our case, each of the pillars of the initiative—has the time to do the job effectively. You don’t want your new program to be run as a part-time job. It’s about focus and time and making sure the initiative has real power behind it. These are some of the main reasons ORESU has been a success for Corning.

We realize our actions through ORESU are just the beginning of our journey toward building greater racial equality and social unity. We know it’s not easy to create lasting change, so we’ll continue to evaluate the most effective ways to drive sustainable progress within our communities. 



Lewis Steverson is the executive vice president and chief legal and administrative officer at Corning. He previously served as senior vice president and general counsel for Motorola Solutions.

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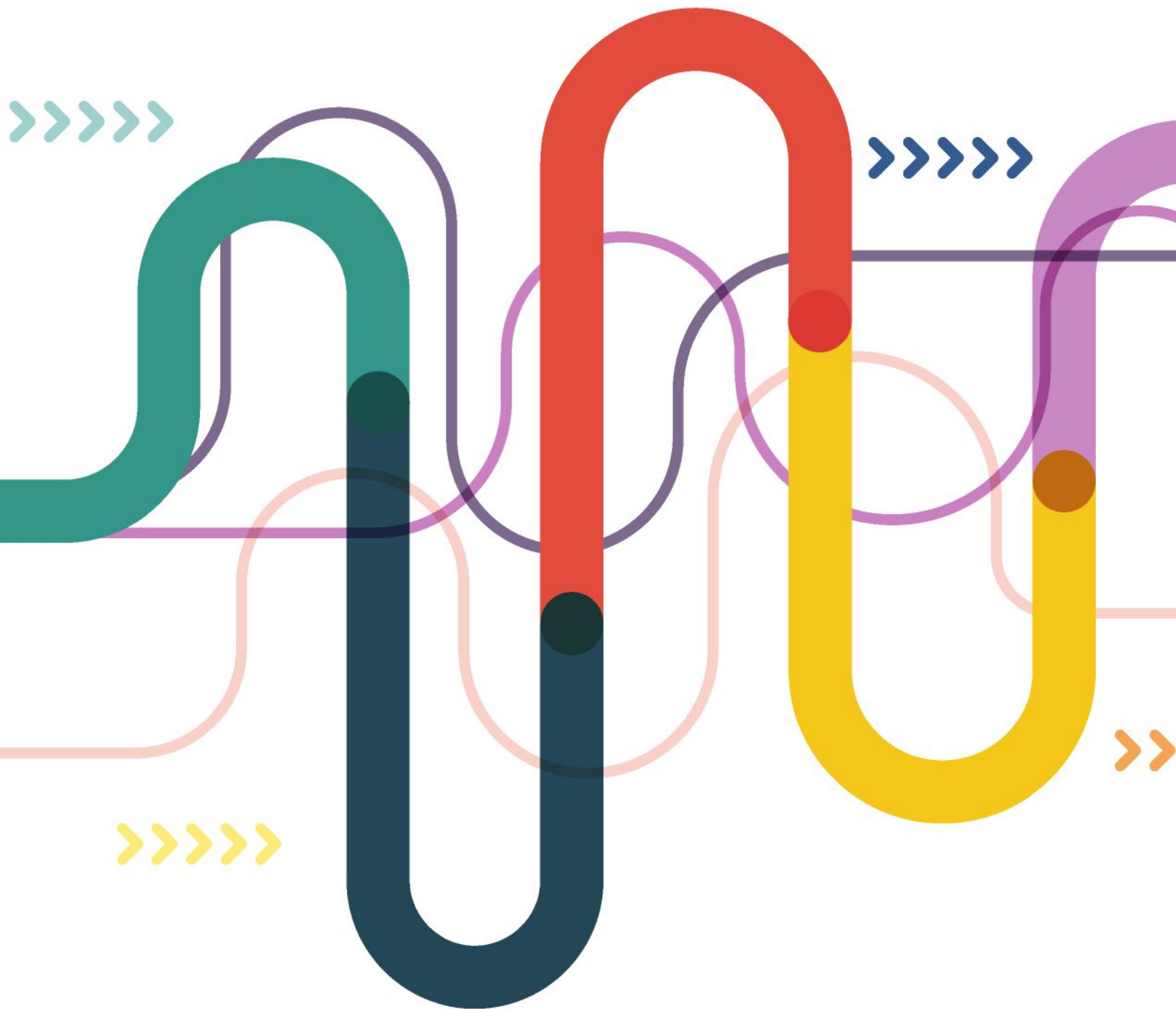
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At an all-hands meeting in April 2021, Andy Katz-Mayfield, the co-CEO of Harry's Inc., looked at the gallery of faces on Zoom and realized he'd never met half of his approximately 600 employees in person. Over the course of the pandemic, Harry's had changed in myriad ways. One of the most salient—and a challenge shared across thousands of companies of all sizes, and in all industries—was the emergence of hybrid work as a cornerstone of the company's future, with implications for every part of their business, from culture to operations.

As a consumer packaged goods platform, Harry's Inc. brands include Harry's, Flamingo, Cat Person and Lumé. Katz-Mayfield, along with his co-founder and co-CEO Jeff Raider and Chief People Officer Katie Childers, saw the disruption posed by the pandemic as an opportunity to design a full-scale transformation to a new, permanent hybrid work model that would not only address the current moment, but also lay the groundwork for the company's future. The rollout of a formalized hybrid work model would also serve as a re-onboarding for their entire employee base.

In the years before COVID, Harry's and transformation consultancy SYPartners worked together on a strategy related to culture and company vision. As a partner at SYPartners, I worked closely with Katz-Mayfield, Raider and Childers on this before the pandemic. When the challenge of architecting a new hybrid model arose, we revisited our past work to explore adapting it to a new set of realities. We sought to create a path that was both strategic and practical. In this article, our goal is to share

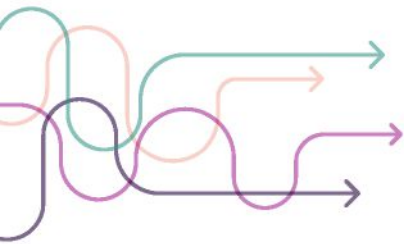


How to

A case study in using hybrid planning as a catalyst for the future of work.

Hybrid

By Carina Cortese, SYPartners



A company's approach to hybrid speaks volumes about its strategy and **creates a meaningful signal** for employees and prospective talent about what matters to the organization and how much **employees are valued and trusted.**

the frameworks and approaches we used, and to provide a case study with insights and takeaways other organizations may find useful as they navigate the universal challenge of fostering a high-performing culture in a hybrid work environment.

Having worked remotely for more than a year, we recognized the inevitability of hybrid work but also knew that in-person connection would remain important for Harry's culture. So we brought a product mindset to our approach, aiming to make return-to-office something people would want—a "pull" rather than a "push."

Like most leadership teams at this time, it was hard to wrap our heads around all of the variables at play. "It felt like a tangled decision tree we couldn't quite find our way through," said Childers. "And so many things were also out of our control. We couldn't predict how pandemic protocols would evolve. We couldn't guarantee zero COVID cases in the office even with the best precautions. And we couldn't make people embrace hybrid or in-person work."

As a result, we started to think about the hybrid model as a metaphorical playpen rather than a decree. The guardrails we established would provide clarity and comfort to employees while also giving teams and individuals latitude to experiment and make decisions on their own.

In September 2021, Harry's officially launched the new hybrid work model across their global organization of three offices and 600 employees. A year later, we have a better understanding of the actions and approaches that turned out to be most integral to successful transition and adoption. In particular, three rose to the top:

- Identifying design principles to guide the strategy and design of a new working model,
- Focusing on moments that matter most, and
- Establishing transparent and continuous two-way communication.

Data-Informed Design Principles

As a first step, we sought input from employees in all locations, all departments and at every seniority level to understand what was most important to them. We ran companywide surveys and facilitated 11 focus groups with 99 team members, approximately 15 percent of Harry's employee base. From the survey and focus group data, we learned:

- Most people wanted to come back to the office, though not everyone.
- People wanted a gradual shift back into the office rather than a hard switch.
- Tension was arising between flexibility and mandates. Not providing flexibility made employees feel they were not trusted by leadership. At the same time, people craved a degree

of certainty and clear expectations to coordinate effective collaboration.

- While it would be impossible to satisfy everyone with our approach, people seemed most concerned about work/life balance, productivity, cross-functional work and connection.
- It was hard for employees to know definitively what they would want and need in the future, given all the disruption caused by the pandemic.

After reviewing the feedback, there was a consensus among the Harry's executive team that employees wanted the company to enact a hybrid model.

"But that didn't mean it was a straightforward decision," Childers recalled. "It was tricky to navigate potential tensions in what we were hearing or feeling from the team. For example, a desire for both connection and flexibility can be inherently in tension, because coordinating days reduces flexibility. We leaned into transparency and understood that not everyone was going to be happy with where we landed."

Our team then gathered a diverse set of leaders from across the company to imagine what hybrid work could enable for their teams and business—at its best, what friction could it alleviate and what could it enable? Coupled with data from previous surveys, this brainstorm helped us determine that we needed to prioritize safety, clarity, fairness, connection and productivity. We refined these priorities into our design principles, framed as these questions to help guide our decision-making:

1. **Does it put safety first?** First and foremost, we prioritized safety and employee comfort around risk. This led us to hire an epidemiologist, increase safety protocols (e.g., air filtration, PCR testing offered 3x per week), and run fireside chats to share the latest COVID-related data and information.
2. **Is it fair and inclusive?** We designed our process to be collaborative with a broad segment of Harry's employees so we could listen deeply and create equitable experiences across personal identities, roles, geographies and needs. We ran extensive surveys and then shared back insights and how they were used in decision-making. We also held numerous testing sessions to help us iterate the tools we created.
3. **Does it foster connection?** We embraced the value of building relationships and community—and sought to do so in a way that activated company values and fostered moments of delight. We revamped day-to-day work processes and tools, adapting those that could potentially feel exclusionary to remote workers, such as onboarding, and made sure to create hybrid moments of connection in addition to those that happen in person.
4. **Does it create clarity?** There was a lot to process for employees, so it was important to create transparency

around decision-making, including making information easy to use. We wrestled with how much to mandate at the company level and how much to leave open to teams. Ultimately, we decided some companywide guardrails were needed to create clarity and fairness (e.g., setting standard working hours, a loose expectation of being in the office two to three days per week), but tried to keep mandates to a minimum.

5. Does it support productivity? While we set some companywide parameters, we largely entrusted teams to determine how to best enable effective individual and collaborative work among themselves.

Through 1:1s and a weekly briefing at the leadership team meeting, the people team worked with Harry's executives to align the design principles with Harry's current culture, as well as their ambitions for the future.

Clarifying design principles is a foundational step, one that is especially important in urgent, consequential situations. Design principles reduce the risk of getting off track in the midst of competing concerns, and they provide clarity for prioritization—especially for executive teams. They help guide decision-making and provide a bulwark against internal misalignment. By identifying what's most critical for the greatest impact, design principles focus efforts and keep everyone on the same page.

Moments that Matter Most

Identifying the right moments to focus on first can facilitate a smoother, faster and more successful transition.

Using the insight from surveys and focus groups, we identified the concerns and pain points that had the greatest impact on individuals (burnout from blurred boundaries, commute time, loss of flexibility with a rigid nine-to-five schedule, etc.), teams (lack of clarity into who would be in the office when, meeting overload, etc.), and the organization (lack of shared communi-

cation norms, uncertainty about how and when to gather in the office, etc.).

We then zeroed in on the moments that were most important for inclusion, a key cultural pillar that was most at risk of being eroded in a hybrid work environment. Three moments came up again and again:

Moment 1: Setting Sustainable Schedules

Working together in an office offers helpful cues as to whether someone is available—cues that don't exist in a hybrid environment. Our team decided to use our calendars as a proxy and introduced three new "types" of time as a method for communicating when and how people are working:

- **"In the Office"** lets people know that they can find you in person
- **"Heads Down Time"** signals deep, focused work time
- **"Golden Time"** protects personal commitments that fall during the workday.

We encouraged people to book these types of time on their calendars, and had senior leaders model the practice to drive adoption.

In particular, "Golden Time" was a huge success. It gave everyone—regardless of position or level—permission to hold commitments on their calendar without having to explain why, which resulted in greater equity. A child's soccer game is just as important as a therapy appointment. If someone's Golden Time created a challenge for their team, managers worked with the employee to identify a solution.

"Flexibility is the #1 thing people want," said Childers. "We saw that in every survey or discussion—but it means different things to each person so it's really hard to address it at a corporate level. The unlock for us was giving individuals agency and the ability to figure it out on their own, and then make decisions as a team. Golden Time was a powerful signal and people were floored that we cared."

HARRY'S IDENTIFIED HYBRID MEETING PAIN POINTS THAT LEAD TO EXCLUSION

 <p>Screen abyss</p>  <p>"My materials are full-screen, and I can't see anyone's faces while they're talking."</p>	 <p>Clustering</p>  <p>"Everyone in-person is really far away and seems to be focusing on something I can't engage with or see."</p>	 <p>Phantom voice</p>  <p>"Who is that speaking? I didn't even realize they had joined the call!"</p>	 <p>Beaking</p>  <p>"I feel as though I am not even in the meeting, with everyone turned away from their laptop screens."</p>	 <p>Silhouetting</p>  <p>"I can't see the speaker's face or body language while they're talking because of the lighting."</p>	 <p>Echoing</p>  <p>"I can't hear anything because the audio is overlapping in the room."</p>	 <p>Sideline</p>  <p>"I can't get a word in edgewise. I feel like I'm at a disadvantage working remotely."</p>
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Moment 2: Clarifying Norms and Expectations with a 'Re-Kick-Off' Workshop

For teams, we introduced a new ritual: the re-kick-off. The 90-minute workshop, facilitated by leaders, centered around a team conversation about collaboration norms—including communication, ways of working and meeting times. These discussions created an opportunity to support individual flexibility, underpinned by clarity around expectations.

Team leaders were trained on how to run these sessions, and they were given a detailed facilitator guide and slides designed to capture their “Team Agreements.” We cascaded these re-kick-off meetings through the organization over four weeks, with the leadership team doing theirs first, then running it with their direct reports, and so on. Because of this approach, managers got to experience the re-kick-off as an individual employee before being asked to lead their teams through it.

As Childers noted, “It was amazing how little of that sharing had gone on about remote versus hybrid and which days. From a flexibility perspective, we didn’t want to have to mandate ways that teams should work. We wanted to enable them to create what worked best for their team. Teams that invested here—and leaders that took a clearer approach to how their team should function—operated a lot more effectively.”

Moment 3: Running Inclusive Hybrid Meetings

Both good and bad meeting design is amplified in a hybrid setting. Because live collaboration is a huge part of how Harry’s teams work, we focused on ways to uphold equity for all participants in hybrid scenarios.

Through rounds of prototyping and employee feedback, we landed on a set of four companywide meeting norms, which were rolled out in an hour-long training session every Harry’s employee attended. The session introduced the norms, explained the rationale behind them and gave employees the opportunity to practice them.

“This was a safe space to try these new behaviors, and also set the expectation of experimentation,” Childers said. “More than rules, these were a baseline for us to iterate from as we learned more over time.”

Harry’s four norms for all hybrid meetings:



One person, one screen. Each meeting attendee should have their own camera and connection.



Digital-first experiences. Prioritize digital materials and interactions so everyone can contribute, whether they’re in person or remote.



Moderator mindset. Use Zoom features such as chat and reactions to help make space for people to contribute.



End the meeting when the video ends. Pause on any further work discussion post-meeting and pick back up through your team’s chosen hybrid channel.

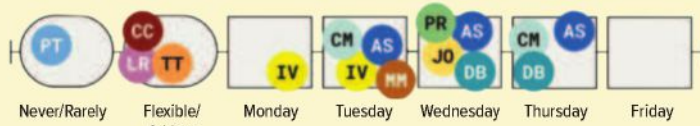
ILLUSTRATIVE EXAMPLE OF THE TEAM EXERCISE FROM A 'RE-KICK-OFF'

How we structure our time together

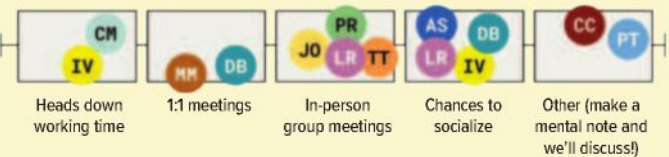
20 mins

STEP 1: Place your dots

A. You can expect me in the office (mark all that apply):

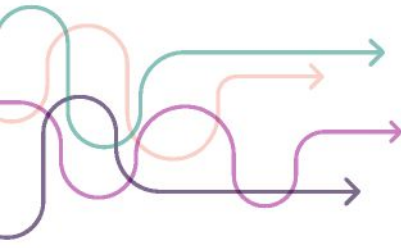


B. (If relevant) What I prioritize in the office (mark all that apply):



STEP 2: Let's discuss our recurring meetings

What are our recurring meetings?	What kinds of topics do we discuss?	Does this need to be a meeting?	How often should they happen?	Is there a day of the week we want to target?	Do we want to try to prioritize meeting in person?	Notes & ideas (specific norms or ways of working associated with this meeting, including tools)
All staff	Companywide updates		Weekly	Wednesdays 10:30 am ET	No—join from where you are	Zoom—everyone but speakers are automatically muted, except for crowd input moments. Chat use encouraged. Chat monitored. Sli.do used for logging Q&A.
1:1s	Wins, priorities, discussion, feedback, Sample agenda linked	Yes (unless moment calls for simple email, Slack updates)	Weekly (and skipped levels at least quarterly)	N/A—decide with your manager	N/A—decide with your manager	Decide with your manager how you want to show up to this meeting. Typically, we would ask team members to have “video on” if meeting is remote.
Team stand-ups	Chance to connect socially: icebreaker question prompts (rotating), key updates	Yes (unless we’re in a sprint and a written update will suffice)	Bi-weekly (every Tuesday and Thursday)	Tuesday and Thursday mornings	No, unless it works with in-person preferences	We will set a “video on” norm for this meeting.
Team monthly	Deep dive on key strategic priorities	Yes	Monthly	First Tuesday of the month	Yes	We want to host this meeting in person (where geography allows!).



It can seem easier in the short term to set rules people have to follow rather than **giving them tools to create** their own norms. But in the long run, companies will see greater adoption and innovation if **employees feel trusted and empowered to lead** their teams how they know best, within clear, shared guardrails.

For each of the three key moments we identified, we designed practical tools for employees to use every day. We then packaged the new resources in a “How to Hybrid” manual, geared toward easing the hybrid transition for employees. Inspired by Harry’s expertise as a product company, we invested in creating “products” employees actually wanted to use, with illustrations and digital interactions. (Editor’s note: You can view and download Harry’s “How to Hybrid” document at www.tinyurl.com/hybridharry.)

Clear, Transparent Communication

Times of uncertainty often create fear, confusion and misinformation. So we focused on being transparent with employees about what was known and unknown. We shared our design principles, details from survey data and information about our hybrid approach in multiple channels and formats.

Such modes of communication included an in-depth report on clear themes from the surveys and discussion groups; preparing managers and the people team with answers to anticipated employee questions; dedicated time together as a company (led by the co-CEOs and CPO) to discuss the new models; and a support system for employees to ask questions of their manager, or people team partner or anonymously.

When we did encounter pushback, Harry’s leaders explained the rationale and shared supporting data. For example, questions emerged around the guidance to make Wednesdays and Thursdays in-office days. However, the data showed that after the office reopened, people came in an average of one to two days a week, predominantly on those days.

Rather than try to enforce compliance, we aimed to enlist employees as co-owners of the business and its culture by communicating our rationale clearly, transparently and consistently, while taking into account employees’ feedback.

“Our entire approach to defining our working model was driven by feedback—real data on people’s actual, lived behaviors using the office and regular surveys and focus groups for more qualitative nuance,” Katz-Mayfield said. “We really listened, and then used what we heard to create guardrails and flexibility, as opposed to mandates and rules.”

It can seem easier in the short term to set rules people have to follow, rather than giving them tools to create their

own norms. But in the long run, companies will see greater adoption and innovation if employees feel trusted and empowered to lead their teams how they know best, within clear, shared guardrails.

The Bottom Line

Harry’s hybrid working program resulted in greater autonomy, democratized governance and prioritized inclusive ways of working. We also successfully created the “pull” we had hoped for, with more than 60 percent of the company returning to the office for more than one to two days a week in the fall of 2021.

Now, a year after the official rollout, the impact of this new working model can be seen across the company. In a 2022 employee survey, more than 80 percent of respondents agreed with the statement, “The new hybrid first model feels fair and flexible enough to support my work” (with 14 percent neutral). In the same survey, 84 percent of respondents agreed with the statement “I feel connected to my team” (11 percent neutral). Harry’s also saw an increase in the ratings for “I feel connected to Harry’s overall” from their pre-rollout benchmark and November 2021 survey.

A company’s approach to hybrid speaks volumes about its strategy and creates a meaningful signal for employees and prospective talent about what matters to the organization and how much employees are valued and trusted.

Return-to-office and hybrid work can be an opportunity for companies to rally their people behind an ethos of experimentation, and to crystallize a methodology they can call on again and again as they continue to face new challenges.

“We’re operating in a totally different world today than we were before COVID,” Katz-Mayfield said. “To meet that reality, we not only invested in defining a working model and norms that fit our culture, but we decided to zoom out and refresh our company vision and values overall. It was a good moment to step back and align on not only where we are now, but where we want to go in the future.” ■



Carina Cortese is a Partner at SYPartners. She has led large-scale transformations alongside leaders at IBM, UnitedHealthcare and AARP, among many others.

Mohamed Kande is the U.S. Chair, Consulting Solutions Co-Leader and Global Advisory Leader at PwC.

People + Strategy Executive Editor David Reimer spoke with Kande about successfully driving change in an organization, and how his multicultural background affects that outlook.

How to Lead on the ‘Endless Journey’ of Change

People + Strategy: Transformation is a process now, not an event—a kind of limitless Rubik’s cube. What is your framework for thinking about change?

Mohamed Kande: Change is the only constant these days, and I think it’s important to see change as an endless journey rather than a series of milestones with a beginning and an end. And it’s particularly important to approach business with this mindset.

Think about a company that grows from \$5 billion to \$11 billion in revenue over five years. That both requires and results in a tremendous amount of change. And, how you run an \$11 billion business is very different from how you run a \$5 billion business.

With greater scale, you face new and different problems, and you need to evolve to address them. To add to that, you need to look forward. How do you set the stage to become a \$15 billion or a \$20 billion business? You must look at every business process. And you must consider how the changes impact your workforce—from talent attraction and retention, incentivizing and engaging your people and driving collaboration.

P+S: Human beings do crave a degree of certainty, and that

means resolution and closure. How do you get people to be open to this idea of an endless journey?

Kande: It’s tempting to want to solve every problem right away. Many leaders I know want to solve problems and move on. But if you are going to drive sustained outcomes and lead an organization that will continue to evolve into the future, you need to be comfortable with the fact that

transformation is a never-ending journey.

To get people to buy into this idea of an endless journey, you need a destination. For most business leaders, that destination is a clear organizational purpose that all their decisions map back to. If people know your company’s purpose and understand how you are fulfilling that purpose in your transformation efforts, they will be more open to this idea of an endless journey.

And while the journey may be endless, it is important to establish measurable, time-bound phases of transformation that will focus your efforts in a way that people can understand and embrace. And be transparent with your stakeholders about how your transformation efforts are going. Being able to drive transformation in distinct, quantifiable pieces allows people to have the certainty and closure that they seek, while continuing on the broader journey.

P+S: That requires something different from leaders to keep people comfortable around the idea that it’s a constant journey.

Kande: It requires an entirely different mindset. Many leaders grew up leading projects that had a beginning and an end—and



Mohamed Kande

they too have to adjust how they think, work and lead.

To be successful in driving change, we should focus on the individuals who are expected to drive, be responsible for implementation or may be impacted by the change. By personalizing the change, we can help people better understand the impact to them, their jobs and what we need from them. But to do that, we need to understand the people.

You simply can't have a "one size fits all" approach—you need to understand who they are, what they do and what they care about. Good leaders take the time to constantly listen and understand—to help inform their transformation strategies from the very beginning and figure out what is working and what is not, and course correct along the way.

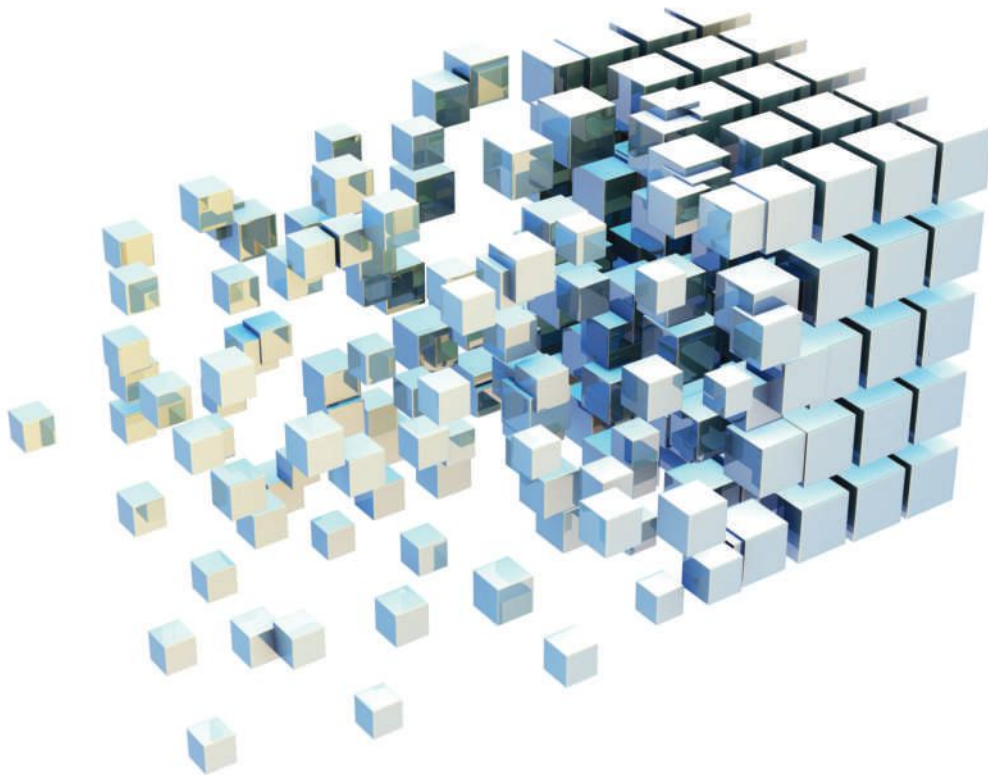
P+S: What were some important early influences for you that made you comfortable dealing with so much ambiguity?

Kande: My life experiences have forced me to become comfortable with change and ambiguity. While I grew up in West Africa, I moved to France when I was 16, to Canada when I was 21 and then to the U.S. when I was 25. I didn't know anybody in those countries when I moved there, and I only really learned to speak English once I moved to the U.S. Later in my career, I traveled extensively and lived in the Middle East and Asia.

These experiences reinforced the need to be curious. Ask questions. Put yourself in other people's shoes. And accept the fact that you are going to be wrong a lot. And that's ok—in fact, it's necessary. Just figure out how to learn and grow from your mistakes.

P+S: How does your personal journey impact the way you advise clients?

Kande: My journey has taught me not to go into any room and think I know all the answers. Frankly, it's about having and asking the right questions.



GOOD GROWTH 3 TACTICS FOR SUSTAINABLE PROGRESS

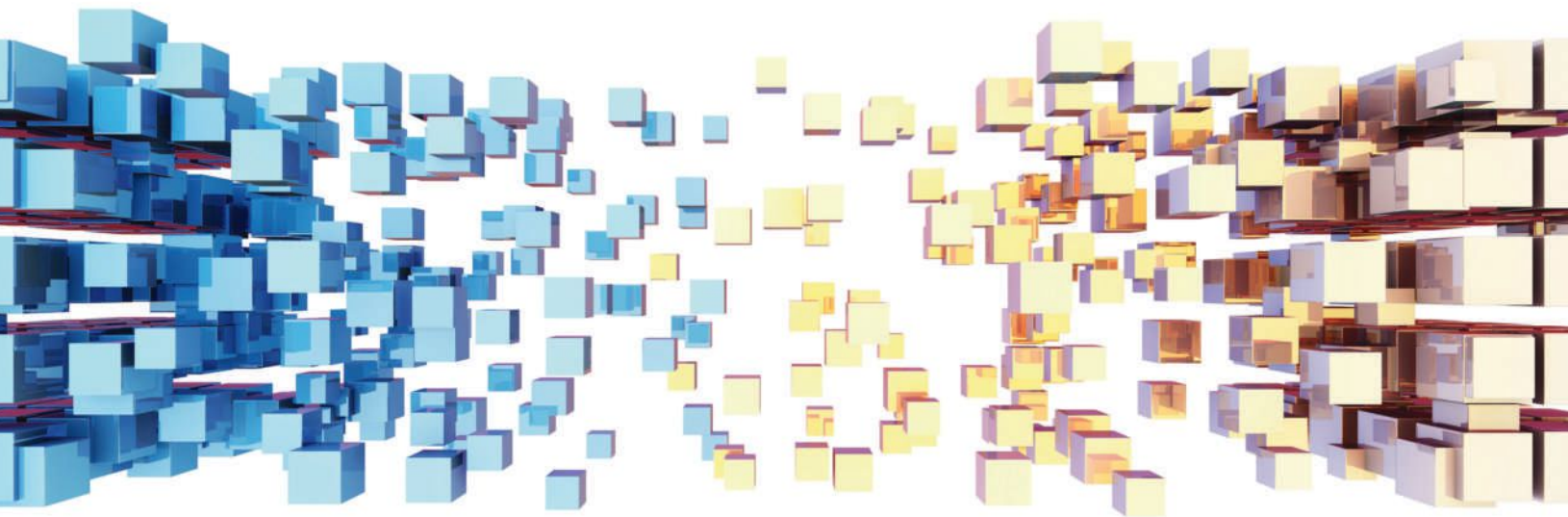
Before joining PwC, Mohamad Kande doubled the size of his consulting business in five years. P+S asked Kande to identify the top three pieces of advice for somebody who is starting out on a similar growth challenge:

First, ask a lot of questions. Learn not only about the business; learn about the people. Listen more than you talk. You'll be surprised how much more equipped you are to lead.

Second, be picky about the team that you surround yourself with. Don't confuse good executives with good friends. Don't surround yourself with people who make you comfortable. Surround yourself with good people who can challenge you. And surround yourself with builders who can carry on without closure, not with managers who like projects with a beginning and an end.

Finally, have an unwavering focus on the results because the results are the currency that encourage people to follow us. But it's not just about financial results—it's everything. Are we getting the right people? Do we have a purposeful culture? Do we have a clear idea of what good looks like? Are we delivering on the vision? Whatever you commit to, you have to deliver.

In First Person: Mohamed Kande



Asking the right questions helps us understand and solve the right problem. There's nothing worse than putting a lot of work into ultimately solving the wrong problem.

It has also given me much more empathy for my clients. As I worked all over the world, I found that in many places—especially where resources are scarce—you need to have options. Backup plans are necessary because you never know when you're going to run out of resources. I've found that this actually applies to clients more broadly, especially in an environment where everything is changing constantly.

It's not about walking in and providing a single answer. It's about giving them options. And then even when you commit to one, keep the other options open. It really goes back to the idea of being able to live with some amount of ambiguity rather than focusing on gaining closure. It's a different mindset and one that can be difficult for consultants.

P+S: Simplifying complexity is a key leadership skill, but there is a fine line between simplifying and oversimplifying. How do you think about that?

Kande: Simplification is good, but simplification cannot be done at the expense of optionality and sophistication. Industries are being redefined and boundaries between

'Asking the right questions helps us understand and solve the right problem. There's nothing worse than putting a lot of work into ultimately solving the wrong problem.'

them are collapsing. So many things are interconnected and require system thinking to connect information that is not naturally connected. Often, leaders don't know what the next challenge will be and should keep their options open—exploring multiple options in parallel.

The reality is that you can't take shortcuts in the name of simplification. Lazy leadership would say yes to one path and move on because it's easier to execute. But that can lead to the wrong decisions.

Taking a more sophisticated approach is hard. That sophistication to diagnose problems is what I expect from all my leaders.

Sometimes we take the more difficult path because that will take us where we need to go. I refuse to make a decision because it is easier for the leadership team and more difficult for the rest of the business. Our job is to make sure that the rest of the organization can be free from that friction.

Taking this approach takes more time. And it goes back to listening.

You've got to ask questions and reflect on the answers. You have to drive dialogue and debate. And you need to have those conversations across business areas.

P+S: How have you learned to leverage HR as you've navigated these various stages of change?

Kande: PwC is a people business, so one of our top focuses is attracting and retaining top talent. You need the right HR team to help you do that. The most effective HR teams not only understand the people elements, they deeply understand all aspects of your business. They need to constantly evolve with the nature of your business and be problem-solvers across functions and business areas.

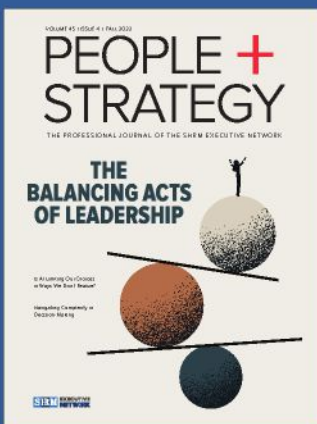
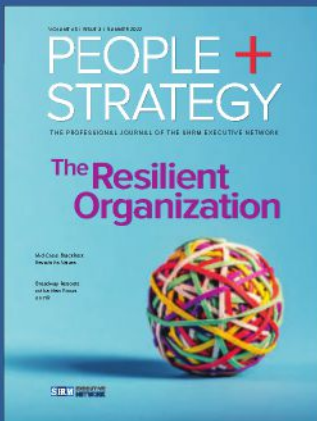
Our HR team is the eyes and ears on the ground, so they often have a better vantage point to understand the impacts of change on our people, helping us understand the right questions to ask. ■■

CALL FOR PAPERS

People + Strategy Journal
46.2 (Spring 2023)

DE&I: What Has Changed—and Still Needs to Change

Executive Editor: David Reimer
Articles Editor: Adam Bryant



PEOPLE +
STRATEGY

Early this year, to mark the three-year anniversary of the start of the pandemic, there will be the inevitable wave of articles that take stock of all the lasting change in how we live, work, learn and interact with each other caused by the pandemic.

Soon after, another date will give rise to a similar reckoning—May 25, 2020, the day George Floyd was murdered by a police officer in Minneapolis. The horrific video of the officer kneeling on the neck of George Floyd for 9 minutes and 29 seconds put racial injustice at the center of national and global conversations, leading to protests and a lasting movement to right the historical wrongs of racial inequality.

Thousands of companies and other organizations spoke up about the atrocity and made stronger commitments to increasing diversity and inclusion within their own walls and across the nation overall.

For the next issue of *People + Strategy*, we want to explore what has changed—and what still needs to change—across the landscape of DE&I. We want to open the conversation to have practitioners and HR leaders share what they have learned in the nearly three years since organizations have pledged to do their part in this period of heightened awareness of racial injustice. Topics for exploration may include, but are not limited to:

The meaning of progress: Amid widespread calls for, and commitments to, widespread change, how should organizations, and society more broadly, measure whether real progress is being achieved?

Case studies of real change: We want to highlight concrete examples of initiatives, inside and across organizations, that have made real strides. Which companies have implemented internal programs to elevate, develop and invest in their Black talent? What organizations have used their platforms to drive societal change more broadly?

The role of HR: The HR function has moved to center stage in organizations over the last three years as they have led efforts to navigate all the new challenges that they have had to navigate. What has been the role of CHROs in leading efforts to promote diversity, equity and inclusion?

Developing Black leaders at the highest levels: For all the progress that organizations have made, there is a persistent lack of representation of Black leaders in the senior most roles, including boards of directors. What initiatives are under way to advance the representation of Black executives in C-suite leadership teams and on boards?

Articles should be strategic, impactful, actionable, grounded in research or practice, offer another point of view, and be readable with minimal jargon.

Submission Process

We encourage submissions of article ideas first to the editors prior to submitting the completed article. All proposals will be reviewed by the editors and returned with comments. If accepted, we will then guide you on the development of your article. Criteria for evaluation include significance of contribution to the field of human resources; timeliness of content; originality; provocative nature of content; and quality of supporting data.

Writing Guidelines

Articles should range from 1,800 to 2,500 words. Please include high-resolution graphics or charts to help present any complex information in a visual format. Limit references to no more than 10.

Submission Information

All proposals are due by **Jan. 10, 2023**, and should be sent to Patrick.DiDomenico@shrm.org. Please designate in the subject line that the submission is for the Spring 2023 issue.

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Corporate Leaders: The New Trusted Drivers of Social Change?

By Brad Winn

For decades, even centuries, the relationship between employer and employee has been framed as oppositional. Who has the greater leverage? With the pendulum swings of the economy and the employment

market, there are times when one side or the other seem to have the upper hand.

More recently, with the Great Resignation, workers seemed to be in the driver's seat, with companies bending

over backward to accommodate their wishes and needs.

Governments, which historically have been the protectors of societal interests, are divided and gridlocked. Citizens have little faith in the effica-



cy of governments to push forward social change and effectively regulate against corporate excesses, including exploiting employees, customers and the environment. Citizens also wonder if organizational leaders, boards of directors and investors can become a stronger partner in supporting solutions to society's greatest problems.

To what extent can we rely on corporate leaders and the resources of the private sector?

Corporations—long derided as greed-is-good, evil empires—are beginning to be more widely viewed as the most trusted drivers of social change. They have embraced the language of stakeholder capitalism and serving multiple constituencies. They are touting their purpose statements and describing themselves as mission-driven at every turn. They have launched diversity, equity and inclusion programs to help address some of the persistent problems of society—inequality and systemic racism—and are issuing regular reports to hold themselves accountable.

But where are all these initiatives headed? Are corporations embracing the idea of long-termism and seeing themselves as critical players in building a more sustainable planet? Is ESG moving from a function to the fabric of organizations? Will the growing backlash against “woke” capitalism, as critics call it, take hold, and push institutional investors to return to a singular focus on shareholder returns? Will the skeptics, who believe that many of the ESG efforts are little more than another form of “green-washing,” be proven right? Will economic challenges push CEOs to abandon their kinder approach in favor of more hard-hearted “it’s-called-work-for-a-reason” directives?

To address these societal and corporate leadership questions, we reached out to three business school deans who are engaged in developing future leaders. We asked them about these timely and universal challenges facing all organizations and their leadership teams:

What are some of the most pressing social and environmental challenges that leaders face in the world today?

Ian Williamson, Dean of the Paul Merage School of Business at the University of California, Irvine



Williamson: Among all of the global issues facing leaders today, you have to put climate change and the environment at the top of the list, because ultimately these become the final constraint.

For example, I've done a lot of work in the Pacific Islands around climate change and rising ocean levels. These are existential threats that are literally eradicating countries right now and evacuation planning is in place. But eventually climate changes have major implications for all countries and every industry, certainly including the financial sector. These are big issues and not ones that necessarily all executives and organizations can get their head around because the impacts are so pervasive.

Another issue that we need to think about more broadly is inequality. Obviously in the United States, wage and so many other inequalities are vexing concerns. But on a global level, it's something quite confounding.

Many developing countries in Southeast Asia, Africa and elsewhere struggle mightily. In these areas, there's a huge opportunity for enhancing the quality of life for billions of individuals. Yet the models we see in developed economies may not, and perhaps should not, necessarily translate to those settings.

So we are having to come to terms with the age-old story of how we balance collective wellbeing with individual accumulation. For example, Jeff Bezos at Amazon is one of the richest individuals in the world. And at the same time, this extraordinarily profitable company is coming under

tremendous pressure for its treatment of employees. In terms of economic sustainability, something's not right with how we're conceptualizing that problem. I look at Amazon as a microcosm of the broader concern around inequality. When it occurs, it's very destabilizing for societies and companies.

A third big issue has to do with technology, information, social media and data security issues. It's clear that technologies and data analytics are pervasive and can be used in myriad ways. But it's not exactly clear how we should use them and their potential unintended consequences. This includes thinking carefully about the ethical, moral, security and governance parameters that are really quite complex, including the role of government versus the role of companies to create some sense of stability and verifiable information in society.

'At U.S. companies, you're likely looking at a three- to five-year strategic plan. But when I worked in New Zealand, they had business plans of 50 years or for three generations. These are very different conceptualizations of what our goals should be and how we should run our organizations.'

– Ian Williamson

Linking Theory + Practice

Corporate Leaders: The New Trusted Drivers of Social Change?

A fourth issue is our obsession with short-term ROI and our focus on the quarterly timeframes we use to evaluate performance. Research shows there are incentive structures, typically provided by the board, that incentivize very quick and rapid growth rather than investing in long-term growth potential, such as R&D expenditures and things like training, which tend to generate longer-term firm viability.

Short-term growth models may not incentivize what is in the best interests of the company for the long run. This is a choice we've made in our economic models for how we run companies. But there are options.

For example, at U.S. companies, you're likely looking at a three- to five-year strategic plan, which interestingly somewhat mirrors the average tenure of the CEO. But when I worked in New Zealand, they had business plans of 50 years or for three generations. These are very different conceptualizations of what our goals should be and how we should run our organizations.

When leaders begin talking about product offerings that use a piece of land, they would often say they wanted to ensure the land is viable for their great-grandchildren. So, if they increase a product, crop or service today, what does that do 50 years from now? So that conceptualization of time as a mechanism of determining the return on investment is a very important one to consider.

Tackling some of the most pressing social and environmental issues that leaders face today is a tough job that's made even harder by our focus on short-term ROI. That's because these broader challenges of social inequality, information technologies and climate lend themselves to frameworks of evaluation that are more than three to five years. It really doesn't matter if you're Disneyland or a local family business, these global issues have major economic and social implications that can touch every business.

What advice would you give to leaders regarding the trade-off between doing well financially and doing good for society?

Joyce Russell, Dean of the School of Business at Villanova University



Russell: The next generation of employees wants to work in a place that is financially solid but also does good for society and our planet.

More than ever before, leaders are expected to be aware, take a stand and make a difference on the important social issues of our day. Leaders can't hide, but rather are expected to be aware of the issues and be positive role models.

Most leaders are not pushed into making a positive difference, but rather they feel an internal call to do good.

Corporations are actually pretty progressive. There are plenty of examples where corporations act on positive social change more quickly

than both academia and government. They might move faster on work life balance, maternity and paternity leave, health benefits, diversity, equity, inclusion, etc.

Some stakeholders would tell leaders, "Stay in your lane and focus on the bottom line." Others would say, "You have a platform so use that opportunity to effect change for the betterment of society."

I say that the trade-off between doing well financially and doing good for society is a false dichotomy. For example, by having a more diverse workplace, you discover different and creative ideas and you're able to better connect with your customers, clients, partners and constituents.

Research shows that business leaders are much more actively engaged in positive societal impact than is portrayed in the movies and popular press. Of course, there are greedy actors who just want to make money and do nothing good for society. But while many leaders are financially successful, many are also using that success for the betterment of society. Today's best leaders ensure profitability and play a role in making the world a better place.

My advice to leaders regarding the trade-off between doing well financially and doing good for society is to do both.

Don't buy into the false dichotomy. It takes vision and effort to change society, but it also takes a certain amount of resources. By doing well in business you can do good for the planet. And then you can pay it forward by mentoring the next generation and building leaders for a better world.

'Research shows that business leaders are much more actively engaged in positive societal impact than is portrayed in the movies and popular press. ... Today's best leaders ensure profitability and play a role in making the world a better place.'

— Joyce Russell



To what extent should we trust that corporate leaders will help move the needle forward on social change?

Jean-Francois Manzoni,
President of the
International Institute
for Management
Development (IMD)



Manzoni: The short answer is that we need all sectors to help move the needle forward on social change. We need businesses, governments, non-profits, philanthropists and others to partner together on this important challenge that has reached a tipping point.

The business sector has long been a powerful influence on human existence. Companies, work teams and organizations are pervasive in our daily lives. For many, work and

companies sustain life. But beyond providing sustenance, companies have historically behaved in both good and evil ways. That's because companies are led by people, and human nature is a complex mix of virtue and vice.

We do know that today's global, social and environmental challenges are large and almost overwhelming. We know that the business sector has resources and significant resources will be necessary to address these challenges. We can't rely solely on philanthropy because they do not have the necessary resources.

There is a growing segment of leaders and employees who are socially and environmentally minded. Part of this movement is in response to increasing transparency. Part of this is due to government oversight and regulation. Part of this is due to the type of education that future leaders receive. Part of this is due to the mindset of the next generation of employees. All of these factors are affecting the behavior of companies.

Should we trust corporations to push the needle forward and be socially and environmentally responsible? On one hand, yes. A growing number of leaders are accelerating their organization's transition to a more environmentally and socially conscious perspective. Not only is it the right

thing to do, but it is also increasingly necessary from a business perspective, as corporations are increasingly being held accountable by various stakeholders.

Ideally, this accountability would be reinforced by governments through providing greater financial incentives for companies to improve their environmental and social impact. Regulators and policy makers have been slow to move in this direction, but I think we are seeing an acceleration as the urgency of the situation becomes clearer to voters and governments around the world.

Endnote

Winn: While the future raises existential questions about the role of companies and even capitalism itself, it also forces a reexamination of some of the foundational disciplines of leadership. A core skill of a senior executive is being able to work through analytical frameworks, including weighing different options, to arrive at a decision. In effect, that meant closing doors to arrive at the chosen path. But in a volatile, uncertain, complex and ambiguous (VUCA) world, the skilled leader needs to shift toward creating more options, rather than eliminating them.

Leaders face tough decisions, tensions and competing values as they balance goals of doing well financially and doing good for society. These universal challenges are faced by all organizations and their leadership teams.

It may not be an either/or challenge, but rather a both/and opportunity to do good for the company and the planet. Stakeholders, including corporate leaders and investors, must be willing to focus on building both profits and sustainable ecosystems for long-term sustainability and success. ■■



Brad Winn, Ph.D., is a Leadership Practice Professor at the Covey Leadership Center and the Executive MBA Director in the Huntsman School of Business at Utah State University. He serves as a Senior Editor for *People + Strategy* and is the Principal of Winn Consulting Solutions. He can be reached at brad.winn@usu.edu.

'Companies have historically behaved in both good and evil ways. That's because companies are led by people, and human nature is a complex mix of virtue and vice.'

— Jean-Francois Manzoni



The Boardroom Perspective on ESG

How can boards of directors juggle the increasing demands of employees and customers to be good corporate citizens while staying true to what's important to shareholders and the company's growth?

Dawn Zier, Directors Roundtable Editor, and **Adam Bryant, Articles Editor,** interviewed three leading directors with deep board experience for their timely insights. Their comments were edited for space.

Participants

Glenn Welling, Director at NCR, Hain Celestial and Black Rifle Coffee Company

Andrea Weiss, Director at O'Reilly Auto Parts, Cracker Barrel Restaurants, RPT Realty and Bed Bath & Beyond

Susan Silbermann, Director at Mallinckrodt Pharmaceuticals, Hillevax and LianBio

People + Strategy: Let's start with big picture. What role should companies play in society?

Glenn Welling: I saw the results of a survey recently that asked a large group of people who they trusted most—the government, the media, their employer, among other constituents. The most trusted constituent was their employer. Most people want companies to fulfill an obligation to be fair, transparent and impartial. They want to be proud of the place they work and want their company to be a good corporate citizen. I think the reason employees trust their employer more than others is because companies don't have a political bone to pick. We've all seen the backlash that's happened when companies stepped outside of the middle. My advice, to those inside the boardroom, is that we're not here to take sides. We're here to be good corporate citizens. We're here to engage our employees, give them a place where they can feel good about what they do when they come to work, and make a difference in the lives of people who use our products and services.

Andrea Weiss: All good businesses, in my view, have always thought about their community and where they do business. They've thought about their employees. They've thought about wages. They've thought about compliance to regulation. That's what good companies do. But I don't think that all companies belong on the point of the spear in trying to drive societal change. And what I'm seeing, at least from the standpoint of overall valuations, is that many of the companies that have chosen to go to that point have suffered from that, and their shareholders have suffered from that, too.

Susan Silberman: There's been this interesting pivot toward companies as another major slice of the societal pie—but now a *talking* slice—that we're actually expecting to hear from. We have issues that are so cross-cutting that I can't imagine that even the smallest company might not have to pipe up and answer questions such as, *What are you going to do for abortion? What are you going to do for same-sex couples who want to adopt a child? What are you going to do in*

'We've all seen the backlash that's happened when companies stepped outside of the middle. My advice, to those inside the boardroom, is that we're not here to take sides.'

—Glenn Welling



light of the bathroom debate and transgender kids? Before, very few companies felt like they had to make a statement about it, internal or external. Now, regardless of what the issue is, you've got to really consider how it positions you, especially if you're a public company.

P+S: Companies are facing a mounting list of demands from stakeholders. How should they prioritize these demands while staying focused on what's important to the business?

Weiss: There's a very small subset of stakeholders that is getting a very loud voice, and sometimes drowning out more centrist point of views. However, I do believe that it's important to listen to these challenges that come from various perspectives and to understand what they're trying to say. And when you do that, you'll find in some cases that the demands have very little to do with stakeholder interests, employee interests, community interests or even the shareholder interests. But clearly boardrooms are being particularly targeted to try to force action on some of these point-of-the-spear issues. We cannot and should not take a stand on all things.

Silberman: You don't have to directly take a position on every issue. Sometimes you can align yourself with other organizations that will speak for you. In this new era of companies as spokespeople for society, liaisons with civil society—for example, nonprofits or nongovernmental organizations—have become even more important. If you pick the right partners, they will sometimes speak for you or at least stand with you—or you will stand with them.

There are organizations that, while they may have had their own issues (like the Human Rights Campaign), they are still trying to make sure that companies are committing to the right political positions and policy positions in line with their mission and goals. They can be formidable foes, but they can be really important allies for companies, as well.

Welling: I think there's only one guiding light, which is to make sure all stakeholders are rewarded by focusing on creating and sustaining shareholder value. Why do I say that? If you focus on optimizing and sustaining value for shareholders, you have to provide great products and services to customers. You have to treat employees fairly so you have an engaged workforce. And you have to treat your suppliers fairly so you get the inputs you need to succeed with your business.

You're really seeing the impact of this now more than ever. I don't think there's ever been a time where the relationships with your employees and your suppliers were more important. There's no question the demands on managers today are at a level that I don't think any of us have seen in our careers. But, again, I think the guiding light is if you focus on creating and sustaining shareholder value over time, and you don't think of it as a short-term decision, then the prioritization and figuring out what's important really does fall into line.

P+S: Every company these days seems to be saying it is mission-driven and purpose-driven, but often there's a gap between what they say and what they do. How do companies move from being purpose-driven to having purposeful impact and do all companies need to pursue a loftier goal?

Directors Roundtable

The Boardroom Perspective on ESG

Silbermann: This is where the interplay comes in with the investor community. I don't think any company can pivot on a dime. So when you think about mission statements of large companies that have been around for decades, they've always had some sort of a vision or mission statement that made it sound as if you were practically joining the Peace Corps—that they're going to do such good things for the environment, for the people they serve and the communities they work in. Then you look at the reality and it's not entirely true—maybe not even entirely possible—because in the end they were, and still are, more beholden to their shareholders who are investing in them than they are in the environment, for example.

The reason companies are starting to pivot is because both investors and talent are changing. The new generation of talent as well as that of investors are taking these commitments more seriously and demanding action. They don't want to be a part of, or an investor in, a company that offers just lip service.

Welling: Every company is different. Some are created to be purpose-driven organizations and others just aren't. And that's ok. For example, we've all been to Peet's Coffee—nice coffee shops, good cup of coffee. I like their banana bread and muffins. But I don't think of Peet's Coffee having a purpose other than fulfilling my need for caffeine and sustenance in the morning. If the company has a purpose, it's unbeknownst to me, and I'm probably in there once a week.

On the other hand, I sit on the board of Black Rifle Coffee Company. We're a public benefit corporation founded by veterans. Over 50 percent of our staff are veterans or veteran spouses. We donate millions of dollars of our revenues and product to veterans, law enforcement and first responders every year. We're having a big impact on that community and that's why we were founded. But if we didn't have a great product with engaged employees delivering at a margin and a growth rate that generates wealth for shareholders, we couldn't fulfill our mission.

Two companies, similar businesses, but one of them was founded for a purpose. In that company, if you come to work there or if you come into a coffee shop to get a coffee, you know you're supporting the veteran, law enforcement and first responder communities. That's a purpose-driven organization. You can succeed as a purpose-driven organization and as a business that also generates wealth for shareholders. You can do both. But not every company needs to do both. I think it's an aspirational thing for companies to want to be purpose-driven. But to be genuine, it has to be part of the ethos of the company.

Weiss: I'm a bit jaded now because I see "purpose" being bounced around as a marketing buzzword, and there's really not very much substance in some cases behind that. When I see a company that has gone that route, it calls into question for me the authenticity of the organization's leadership on every dimension.

So when people pop it up on the website or put it on the pages of a pledge in *The New York Times*, my radar is up because many of these organizations never had those purposes before and they've suddenly found them. They may be well-intended but they may not be going deeply enough into the power of what a real purpose and mission statement can do for the success of a company. By putting that thin veneer on it, they actually discredit the organization long term. People see hypocrisy and they see lack of authenticity, and in many cases, they quietly withdraw from that business.

P+S: How do you foresee the current tug of war between employer and employee getting resolved?

Welling: When I ask managers what their biggest challenges are today, most of them show me an org chart with holes in it. This tug-of-war is simply a supply and demand equation. Given the flood of money the government injected into the economy, coupled with the lack of legal immigration over the last five to six years, we are short employees. Then there's the impact of the pandemic, and some people haven't been able to come back into the workforce. And you have the impact of people not wanting to come back to the workforce because they got paid to stay home. So, as a result, employees have more bargaining power and they're going to take advantage of that.

I believe people need to get back to their office to feel better about what goes on every day. I don't think that people being out of the office and out of that environment has helped this situation. It's much easier to resign when you're not seeing your friends and your boss every day. It's much easier to quietly quit if people don't see you. It will revert eventually, but right now and I believe for the foreseeable future, we're going to have more jobs than people.

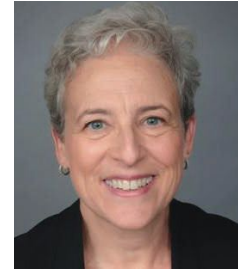
Weiss: The future success model of work is tied to an engaged workforce. At one of the companies where I was a director,



"I'm a bit jaded now because I see "purpose" being bounced around as a marketing buzzword, and there's really not very much substance in some cases behind that."

—Andrea Weiss

‘From a talent attraction perspective, if you want to have a diverse organization—because you believe all the studies that diversity leads to better results—you’re going to have to work really hard to make sure that your policies and your positions attract people of all sides and don’t alienate people who don’t believe in the same thing.’ —Susan Silbermann



we put a tremendous amount of effort in valuing every single employee in every single role and tied them into the mission of that company to help people lead a healthier lifestyle. It didn’t matter whether you were working at the call center, in marketing or packaging our goods. Everyone felt that they had some value in doing something that was important to the health of the people who were purchasing our product. One of the most important parts of our lives is work, so if people do not feel valued—I don’t mean just compensated, but appreciated and connected—then it’s not going to work.

There are ways for organizations to engage their employees in the decision-making process and make them feel heard. CEOs and human resource executives need to have great listening skills and seek to understand the employees’ voice. Executives also need to have a voice to explain why certain things can or cannot be accomplished within the current structure of their company. There needs to be a dialogue. Shouting past each other is not going to solve for the dynamic of the future.

Silbermann: Employees always had more power than the employer, but they didn’t have a voice. They didn’t have people supporting that power, that ability to force a decision on something. The proverbial war for talent has made employers say, “If I want to attract the next generation of scientists and engineers and operators and customer service reps, I’m going to have to listen a little bit harder. I can’t just shut it down, give them a raise and move on. I’m going to have to think about flexible work policies. I’m going to have to think

about sabbaticals. I’m going to have to think about remote work and real community outreach. These are things that I never had to worry about before, because if they didn’t like it, they could lump it and I’d go find somebody else.”

One of the most important decisions you make is the hiring decision. If you’re not getting candidates, it’s because they don’t want to work for your organization. And you as a people leader aren’t going to want to work there either because you’re held accountable for what your team can do.

I’ve always believed a good team and a mediocre product can still get great results, but a mediocre team and a good product are going nowhere. So the quality of the talent in an organization is critical, and if employers didn’t recognize it before, they sure are recognizing it now.

P+S: Do you worry about politicization of the workplace?

Silbermann: While it has always been there, I feel that politics entered the workforce in a big way in 2016. It’s going to be a long time before it recedes, and I doubt it will ever recede to the way it was before, when people would say, “You don’t talk about this at work.” I do think we’re going to see companies that are affiliated more with the right and/or the left. I think you’re going to get management teams that are being pushed to commit to where they stand on issues. And from a talent attraction perspective, if you want to have a diverse organization—because you believe all the studies that diversity leads to better results—you’re going to have to work really hard to make sure that your policies and your positions attract people of all sides and

don’t alienate people who don’t believe in the same thing.

Weiss: The biggest concern that people have is being cancelled. I’ve had people who have said to me, I’m afraid I can’t express that perspective, whichever way it goes, because I’ll be cancelled. And these are people who have important things to say. I feel like the pressure is everywhere. It’s in journalism, it’s in the boardroom. I’ve been fortunate as my boards have been more balanced. We’re having more centrist conversations because we believe that a lot of the best thinking is ultimately much more toward the center than it is out on the extremes. I’m finding that my boards are trying to embrace a nonpolitical, more centrist approach. I have a lot of empathy for people who are in a position where they accepted a board or management role and they find that they are politically not aligned with other colleagues, and they’re feeling the pressure.

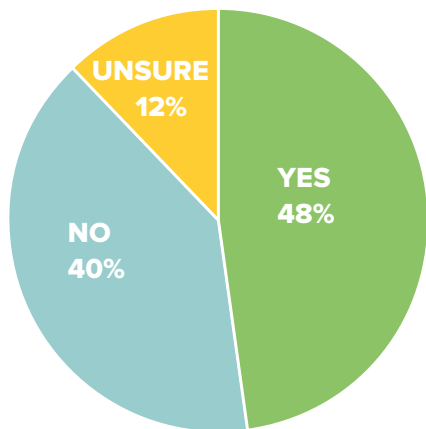
Welling: Our world has gotten so politicized. This isn’t the America we all grew up in. The survey I mentioned earlier tells me that most people want their employers to stay impartial. The loudest voices in the room may feel otherwise, but the majority just want to work in a safe place where they can do good things, make a good living and socialize with their co-workers. So yeah, I believe corporations should just stick to generating good returns, because by doing that they have more money to pay their employees. They have more money to pay their shareholders. They have more money to help their communities thrive. To me, this is simple and uncontroversial. ■■

ESG Outlook: Employees vs. Executives

As society pays increasing attention to the impact organizations have on environmental, social and governance issues, organizations have responded by investing in initiatives and programs that benefit society. These corporate financial interests are referred to as ESGs, and their role is to ensure accountability and systems to manage a corporation's impact. SHRM Research surveyed 1,009 U.S. workers and 284 executives in September and October 2022 to understand the incidence, importance and influence of ESGs in organizations.

Prevalence of ESGs

"Does your organization have environmental, social and governance goals?" (asked of executives)



The Importance of ESG Initiatives: U.S. Workers Compared to Executives

"How important are ESG initiatives to U.S. workers and executives?"

IMPORTANT



NOT IMPORTANT



The Most Important ESG Factors Ranked: U.S. Workers Compared to Executives

“Which ESG factor is most important to U.S. workers and executives?”

ENVIRONMENTAL (e.g., reducing waste and pollution, addressing climate change and increasing energy efficiency)



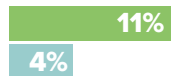
SOCIAL (e.g., improving health and safety for employees, helping local communities and supporting human rights)



GOVERNANCE (e.g., fair compensation at all levels of the organization, ethics and board composition and structure)

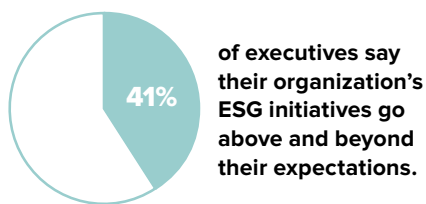


NONE OF THESE ARE IMPORTANT



ESG Expectations: U.S. Workers Compared to Executives

“Do U.S. workers and executives think their organization’s ESG initiatives meet expectations?”



Impression Management Problem: U.S. Workers Compared to Executives

“Do U.S. workers and executives believe their organization’s ESG initiatives are performative (i.e., supporting a cause to garner attention, support or monetization from others rather than caring about the cause)?”



ESG Initiatives Can Help Organizations Reach Their Recruitment Goals

By Ragan Decker, Evan Pearson, Daroon Jalil

It is well established that environmental, social and governance (ESG) initiatives can mutually benefit an organization’s performance while also bettering society. However, the impact of ESG efforts on other important organizational goals, such as recruitment and retention, is not well known—until now.

According to a new study by SHRM Research, one in three U.S. workers say their organization’s ESG strategy was a factor in their decision to apply to the organization. Given the rising importance of ESG initiatives, it would be wise for leaders to consider how they may adopt or optimize their ESG initiatives to boost their employer brand and stand out in a tight labor market.

Based on SHRM’s new research, here are three insights for organizations to consider when leveraging ESG initiatives to attract candidates:

1. Ensure your ESG initiatives are authentic

Executives and employees have different impressions of their organization’s ESG initiatives. Nearly two-thirds of employees believe their organization’s ESG initiatives are simply performative (i.e., supporting a cause to garner attention or financial benefit, rather than actually caring about the cause). Very few executives (only 15 percent) believe their organization’s ESG are performative.

This disparity suggests organizations are not effectively communicating why and how they are committed to their ESG initiatives. Leaders can achieve more authenticity by:

- Being transparent with employees about progress on initiatives
- Taking accountability for unmet goals
- Remaining committed to ESG initiatives during times of economic prosperity and difficulty, and
- Improving their self-awareness by seeking feedback from all levels of the organization.

Research + Insights

2. Align your ESG initiatives with organizational and employee values

SHRM Research found that 29 percent of U.S. workers would be willing to take a job with lower pay if the organization's ESG strategies aligned with their values and beliefs.

Yet executives and employees are not aligned on the ESG initiatives they value most.

For executives, social initiatives such as improving employee diversity and

improving employee health and safety are most important. Employees, however, said environmental initiatives such as reducing waste and pollution, solving climate change and improving energy efficiency should be an organization's top ESG priorities.

While it is important for organizations to align ESG initiatives with employees' values, ESG efforts should first and foremost be rooted in the organization's culture and key values. This approach will give organizations a

guiding light to follow so they avoid taking on ESG initiatives that are perceived by others to be performative.

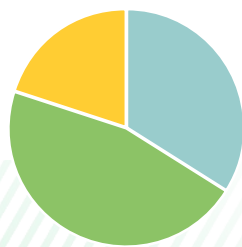
3. Promote your ESG-focused initiatives to potential applicants and employees

Nearly three-quarters (74 percent) of executives say their ESG strategy is central to their employer brand. Yet 36 percent of U.S. workers were not aware of their organization's ESG strategy when they applied for their job.

Spotlight on Recruitment and Hiring

"Are ESG initiatives a factor in U.S. workers' decision to apply?"

Of U.S. workers who work for organizations with ESG-related goals ...



33% say that their organization's ESG strategy was a factor in their decision to apply to their current organization.

31% say that it was not a factor in their decision to apply to their current organization.

36% say they were not aware of their current organization's ESG strategy when they applied.

Organizations with an ESG strategy should take steps to boost applicant awareness by building their ESG goals into their brand, mission statements and marketing efforts. This could include adding a page to the company website that highlights related achievements and goals or issuing press releases that describe new ESG initiatives or progress of current initiatives.

The bottom line: In this ultra-competitive talent landscape, leaders should recognize that ESG initiatives can boost their employer brand and attract candidates. To optimize ESG initiatives for this purpose, leaders need to

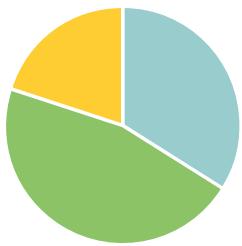
Organizations with an ESG strategy should take steps to boost applicant awareness by building their ESG goals into their brand, mission statements and marketing efforts.

engage in transparent communication about ESG initiatives both internally and externally. They must identify the ESG factors that are most important to both current and future employees. Finally, to counteract employees' skepticism about the authenticity of ESG initiatives,

organizations must ensure that these initiatives directly align with organizational values.

Ragan Decker, PhD; Evan Pearson; and Daroon Jalil are researchers at SHRM Research.

The Impact of ESGs on Profits



34% of executives say their organization's ESG strategies have a positive impact on profits

46% of executives say there is no impact

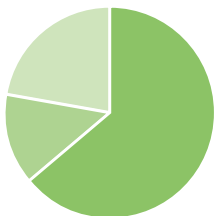
20% say there is a negative impact

"What issues are executives willing to sacrifice profit to address?"



The Future of ESGs

U.S. workers believe that ESG initiatives are a ...



64% long-term trend

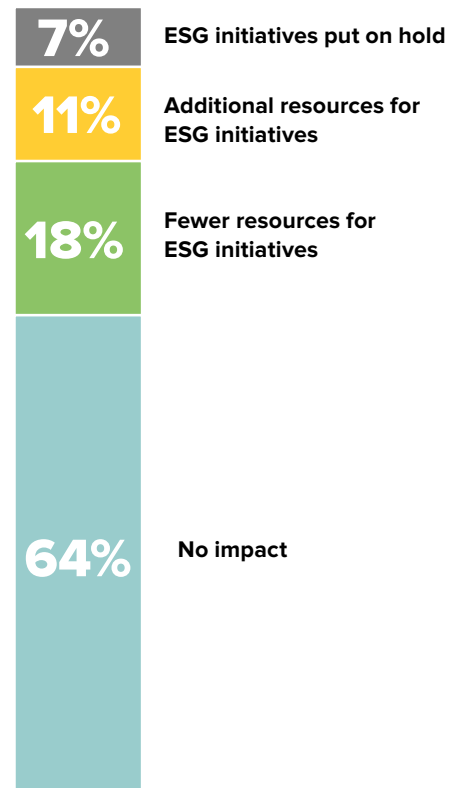
14% short-term trend

22% unsure

89% of executives believe ESG initiatives will be just as popular or more popular in 5 years.

ESGs and the Current Business Environment

"According to executives, how have business conditions (i.e., labor shortage, inflation, supply chain issues) in the last 12 months impacted ESG initiatives?"



0% of executives say they discontinued their ESG initiatives because of business conditions

Barbara Polk

Chief Administrative Officer

John F. Kennedy Center for the Performing Arts, Washington, D.C.

Barbara Polk says her journey to become the Kennedy Center's top HR executive is one that few would have predicted. She recently turned that story of a dysfunctional childhood and overcoming obstacles into a business memoir, *Potential: Leveraging Your Past for the Professional and Personal Success You Deserve*. Barbara previously worked in leadership positions for the American Red Cross and the National Restaurant Association.

HOW DID YOU GET STARTED IN HR?

I began working in human resources as a recruiter. This was my first real job after college. I found recruiting to be fascinating, particularly as a new college graduate who suddenly had the ability to change someone's life with a new job opportunity. I am also extraordinarily extroverted, so meeting new people and learning about their goals or interests have always been very appealing to me.

WHAT ARE YOU PASSIONATE ABOUT IN YOUR PROFESSIONAL LIFE?

It's a transformative time for performing arts. The pandemic demonstrated the vulnerability of our industry. In the performing arts, our passion for artistic expression and audience connection creates "the show must go on" mindset. There are lots of heroic efforts, late nights and weekends. Perhaps it's "COVID clarity," but now people are really saying they want a different work experience, more balance and flexibility. People are leaving the industry. So, I'm passionate about creating a very intentional employee experience in which people feel an enhanced bond to the organization as well as an affinity for the art. I want people to feel the organization is operating in their best interest.

WHAT'S THE GREATEST CHALLENGE YOU SEE IN HR RIGHT NOW?

I think it's alignment and knowledge of our businesses. You can't really nibble on the edges of the organization anymore. HR actually has to figure out what's next. We have to be viewed as subject matter experts, advisors and coaches. We have to demonstrate business acumen. I tell the HR team at the Kennedy Center, you have to go to performances, read about performing arts trends and understand our financials. We must be ambassadors of change and help build psychological safety in our organization. This is not a career for those who do not want to engage in intellectual growth and reinvention.

WHAT'S THE BEST ADVICE YOU'VE EVER RECEIVED?

I had a boss who once saw me in a meeting struggling to find my voice. He just said, "Speak up, speak up." And I said, "Well, I'm not sure." And he said, "Nobody's sure!" I think a lot of people, particularly women and people of color, have that issue, whether it's imposter syndrome or just not wanting to say the wrong thing. That really helped me early on to understand the principles of fearless leadership and the importance of being authentic.



The Takeaway: A Discussion Guide on Incorporating ESG Goals

If you were asked to lead a conversation about navigating the challenges of incorporating ESG priorities into your organization, what would be the most impactful themes to explore to generate actionable insights? Here are the critical questions that are at the core of key articles in this issue.

Pursuing Purpose

Alan Murray, CEO of Fortune Media and author of *Tomorrow's Capitalist*

Pages 10-14

1. How do your leaders and your organization balance the competing demands of various stakeholders?
2. Which of those balancing acts are most difficult and why? How can you bring those challenges into a broader company- or team-wide discussion to address them head on?
3. Are there ways to reframe those tensions and balancing acts as “and” propositions rather than “or” propositions?
4. By taking the long-term view around the best path to building a long-term sustainable organization, how can ESG be built into foundational conversations around strategy?
5. What is the framework within your organization for deciding whether and how to engage on the social issues of the day?



‘CEOs are saying that we can’t be a successful company

in the long term if the planet is burning ... [or] if massive inequality has made society unstable.’

- ALAN MURRAY

How to Hybrid: A Case Study in Hybrid Planning

Carina Cortese, partner at SYPartners

Pages 42-47

1. How can you make discussions around return-to-office less about policy and more about making it foundational to the culture of your organization?
2. Do you have clarity on what employees want, and why, so that discussions are focused more on a “pull” rather than a “push”?
3. How can your organization strike a balance by providing guidance on policies and avoiding both overly rigid rules and letting people simply decide for themselves?
4. What is your organization’s communication strategy, to not only make people feel part of the process but also to ensure they understand the decision-making parameters?



‘The [hybrid model] guardrails we established would provide

clarity and comfort to employees while also giving teams and individuals latitude to experiment.’

- CARINA CORTESE

Framing the ESG Conversation

Gabrielle Thompson, former SVP, acquisitions and total rewards, Cisco

Pages 24-28

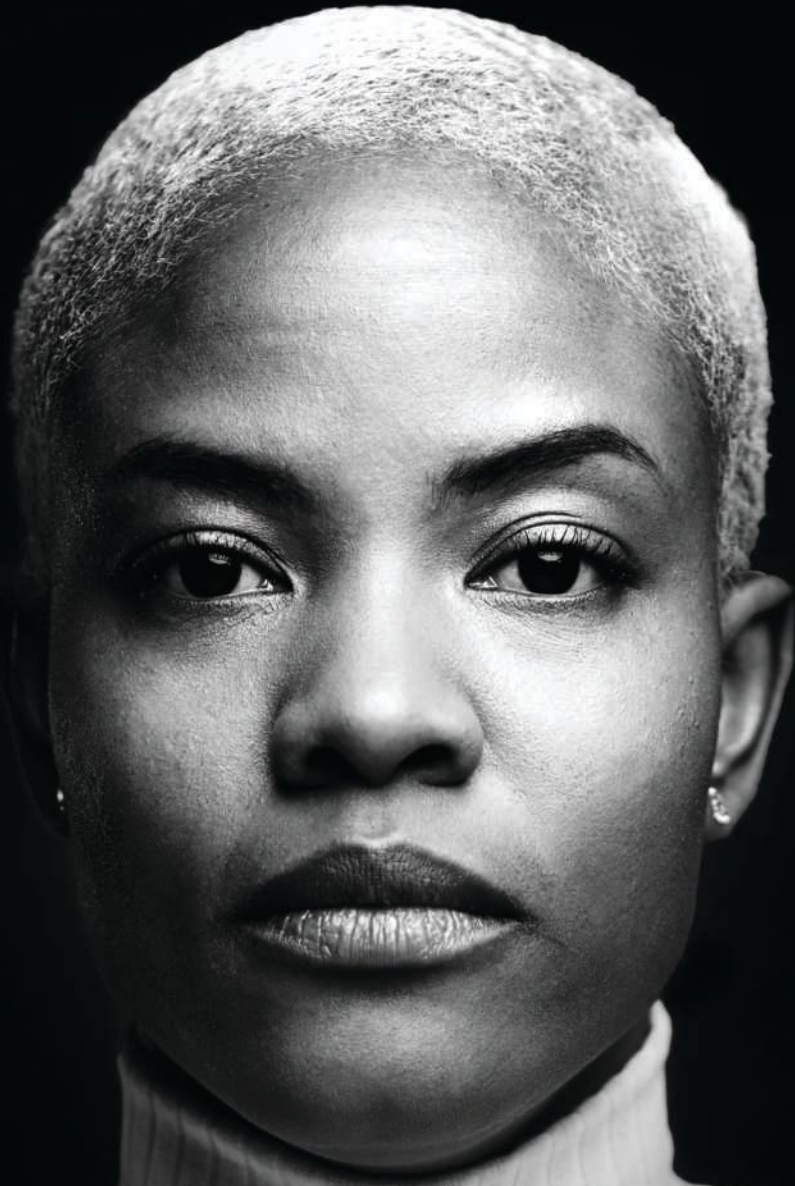
1. Are your organization’s commitments to ESG reflected in the way senior executives are compensated? If not, should they be?
2. How does the executive compensation plan balance a focus on core financial performance while also rewarding performance against ESG targets?
3. What is your company’s response if it ever faces criticism and pressure from external groups who believe that organizations should be focused solely on rewarding shareholders?
4. What are the views and values of your organization’s board of directors and largest shareholders on ESG commitments? What about employees?
5. How do you identify the clearest and most actionable metrics for measuring progress against ESG goals?



‘Executive compensation should include some company-

appropriate ESG goals—goals that are tied to the agreed-upon values.’

- GABRIELLE THOMPSON



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46% OF BLACK WORKERS
DON'T FEEL RESPECTED
AND VALUED AT WORK.***

When it comes to workplace equity, the truth is we still have much work to do. That's why SHRM started Together Forward @Work. It's a research-based initiative that offers tangible tools and concrete solutions to help you bring about real change in your workplace.

For more data and details, visit shrm.co/tfaw-winter22



*Source: Workplace Culture Supplemental Research, SHRM, 2021.



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